



Weekly Regional HOG PRICE Report



January 11, 2022

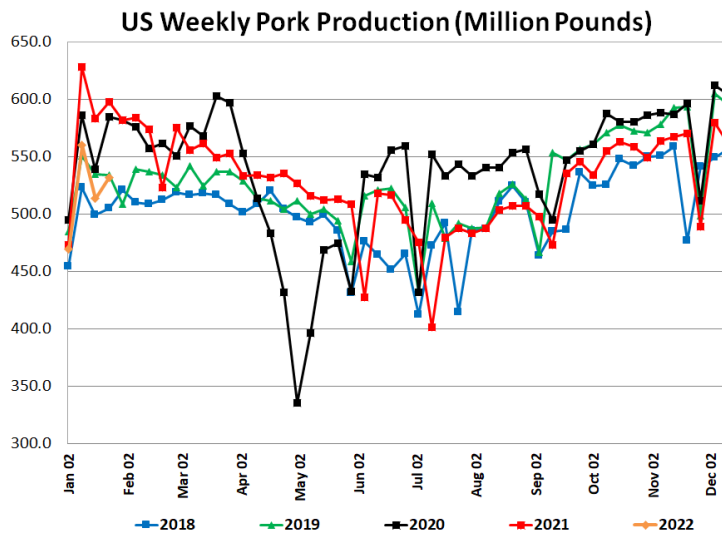
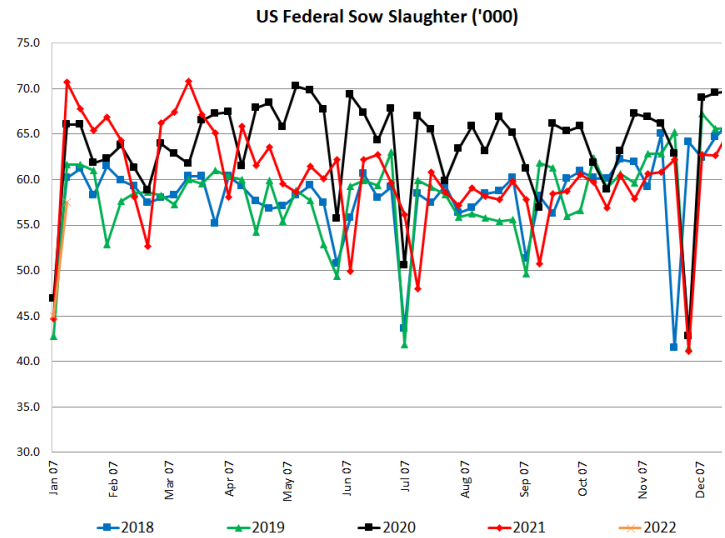
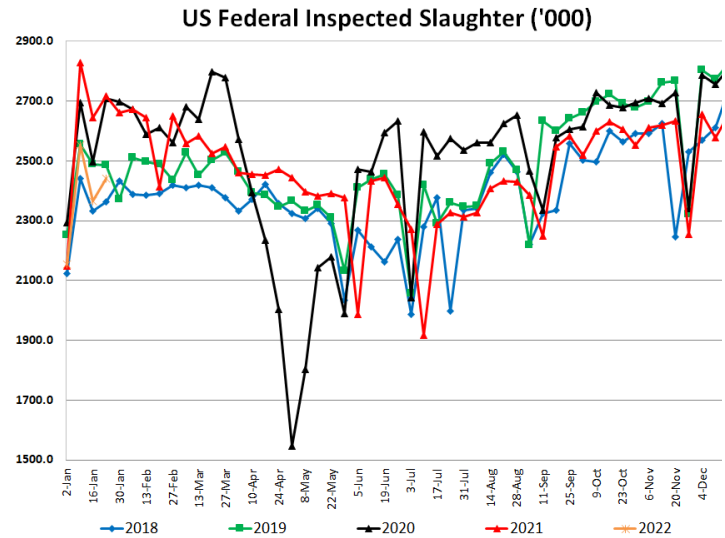
Things to Consider....

The supply of market ready hogs during the final months of 2021 and the start of 2022 have provided support seen in recent cash and futures markets. The year ending numbers of 2021 compared to 2020, recorded an annual difference of -1.5%, however that number was skewed by extremely low kill levels in the spring of 2020 when packing plants across much of the US were closed due to outbreaks of Covid-19 within the workforce.

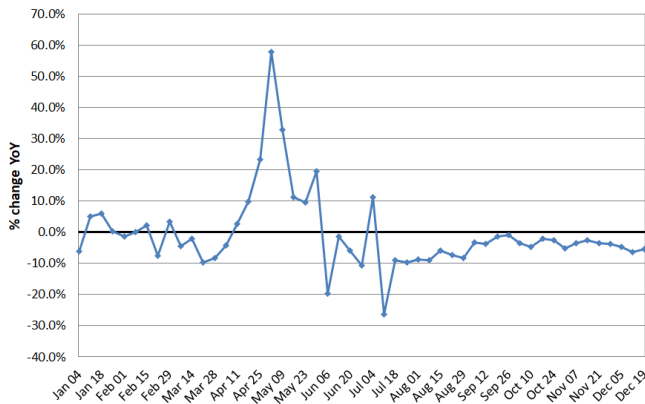
Since mid 2021 however, US federally inspected market slaughter has drifted between 2-8% depending on comparable weeks. Average slaughter for the last 6-months of 2021 tallied a difference of -5.4% which is more reflective of actual supply to the previous year.

2022 is starting off where 2021 finished with volumes projected 3-5% based on the latest H&P report. Poor hog prices earlier in 2021 and recent escalation in feed costs and resulting total cost of production has kept a lid on major expansion plans to date on both sides of the border.

Of the major threats that impact profitability for Canadian hog producers and specifically those in Alberta and the Prairies, the supply side of the economic equation is not expected to be a negative. Although supply numbers are not expected to be burdensome, producers need to keep in mind that the futures market has already factored in the decline in numbers.



US Federal Inspected Slaughter 2021 % of 2020



Weekly Hog Price Recap

National and regional cash hogs were reported primarily higher throughout the week, however national cash faced significant weakness Friday. CME cash also improved for much of the week, however recorded more moderate daily moves compared to cash hogs. Wholesale pork values varied daily, however most primals finished the week lower which weighed US pork cutout \$0.65/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	07-Jan-22	Head	31-Dec-21		
ISM pm		\$67.14		\$61.78	\$5.37	8.7%
WCB pm		\$67.33		\$61.34	\$5.99	9.8%
Nat pm		\$65.64		\$61.07	\$4.57	7.5%
CME Index*		\$73.48		\$71.91	\$1.57	2.2%
Sows, 300-449lbs	11,958	\$45.73	9,285	\$50.32	-\$4.59	-9.1%
Sows, 500+ lbs	9,767	\$54.23	7,831	\$58.94	-\$4.72	-8.0%
BoC Exch		1.2708		1.2753	-0.0045	-0.4%

* Represents Friday-Thursday average

Canadian market hog values generally improved \$1-\$3 per hog on the week, however markets derived from lagged base pricing declined. Hog values out of Ontario rose more than \$3.25/hog, followed by those out of Quebec which were up \$2.75/hog while the ML Sig 4 improved \$1/hog. Hylife hog values declined \$3/hog while the OlyW 21 fell near \$1.25/hog, the BP/TC was down \$1/hog and the OlyW 20 edged \$0.50/hog lower. US hog values improved, with Tyson up \$4.50/hog while JM surged \$12.50/hog higher than week ago levels.

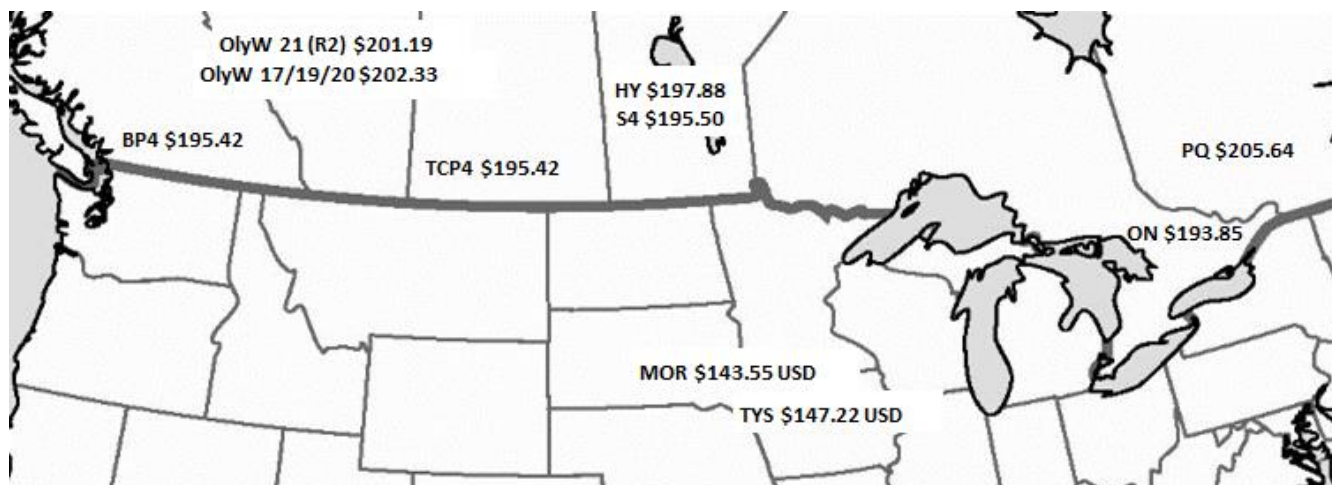
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021-22 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 07-Jan-22	Difference to OlyW21
OlyW 2021 (R2)**	\$202.29		\$234.47		\$209.53		\$201.19	
OlyW 17/19/20*	\$198.15	-\$4.14	\$248.18	\$13.70	\$210.93	\$1.40	\$202.33	\$1.14
ML Sig 4	\$197.97	-\$4.32	\$231.12	-\$3.36	\$199.71	-\$9.82	\$195.50	-\$5.69
BP4/TCP4	\$198.60	-\$3.69	\$231.93	-\$2.55	\$203.78	-\$5.75	\$195.42	-\$5.76
Hylife	\$201.94	-\$0.35	\$234.10	-\$0.37	\$205.15	-\$4.38	\$197.88	-\$3.31
Ontario***	\$197.99	-\$4.31	\$239.92	\$5.45	\$199.56	-\$9.97	\$193.85	-\$7.33
Québec	\$210.06	\$7.77	\$245.43	\$10.96	\$213.81	\$4.28	\$205.64	\$4.46
Tyson (USD)	\$146.04	-\$56.25	\$190.72	-\$43.76	\$143.25	-\$66.28	\$147.22	-\$53.97
John Morrell (USD)	\$138.76	-\$63.53	\$184.16	-\$50.32	\$132.74	-\$76.79	\$143.55	-\$57.63

*3 Year average uses actual OlyW'17, OlyW'19 and OlyW'20 for respective weeks. Starting Jan 2020 prices includes \$0.06 per kg proximity bonus

** 13 week average and the latest week uses the OlyW'21 including the floor price

*** Ontario pricing does not include any pork or cutout based formulas for market hogs

To Note: OlyW and BP4/TCP4 are nearly a full 1 week lag to Sig 4, Hylife, Ontario & Quebec



Weekly Hog Margins

Monitored hog margins remain at weak levels, however some markets managed to improve on the week on a rise in hog values. Feed costs increased modestly, with Canadian farrow-to-finish feed costs up \$0.35/hog while those in the monitored US region were up near \$0.15/hog from a week earlier.

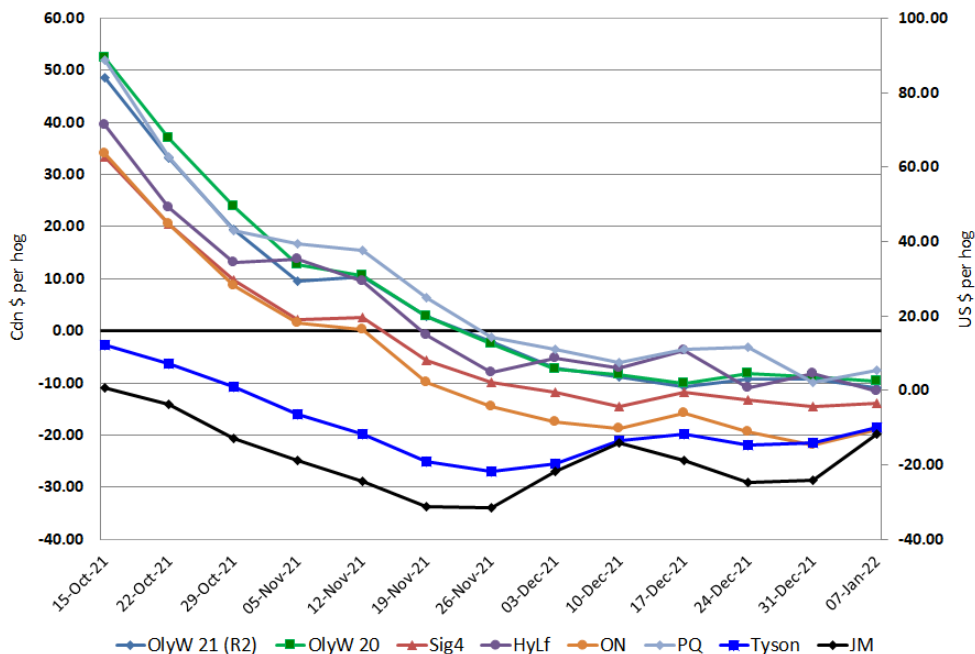
Hog margins out of Ontario strengthened \$3 to more than \$18.75/hog losses, while the Sig 4 improved \$0.50 to nearly \$14/hog losses. Hylife hog margins weakened more than \$3.25 to \$11.50/hog losses, while the OlyW 21 fell \$1.50 to more than \$10.75/hog losses and the OlyW 20 declined nearly \$1 to \$9.75/hog losses. Quebec hog margins were the least weak of those monitored in Canada, which strengthened nearly \$2.50 to \$7.50/hog losses. In the US, Tyson margins were up more than \$4.25 to \$9.75/hog losses while JM strengthened \$12.25 to \$11.75/hog losses from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	07-Jan-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$202.33	\$152.57	\$39.45	\$20.05	\$212.07	-\$9.74
OlyW 21 (R2)/Alberta	\$201.19	\$152.57	\$39.45	\$20.05	\$212.07	-\$10.88
ML Sig 4/Manitoba	\$195.50	\$150.31	\$39.54	\$19.55	\$209.40	-\$13.90
Hylife/Manitoba	\$197.88	\$150.32	\$39.54	\$19.55	\$209.41	-\$11.53
Ontario	\$193.85	\$148.25	\$40.71	\$23.76	\$212.72	-\$18.87
Québec	\$205.64	\$150.94	\$40.50	\$21.65	\$213.09	-\$7.45
Tyson (USD)/Iowa	\$147.22	\$111.73	\$28.70	\$16.57	\$157.00	-\$9.78
John Morrell (USD)/ND	\$143.55	\$110.00	\$28.70	\$16.57	\$155.27	-\$11.72

* Feed costs standardized for a 285 pound market hog

Tyson: \$(9.78) USD x 1.2606 = \$(12.33) CAD
 Morrell: \$(11.72) USD x 1.2606 = \$(14.77) CAD

Canadian & US Margins Last 13 weeks



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