



Weekly Regional HOG PRICE Report



February 8, 2022

Things to Consider....

As a continuation to the previously released article, a visit to the demand side of the equation is important to review to better understand the current bull market in hogs and many other agricultural commodities.

The latest US livestock and meat trade data reflected total US pork exports 48.9 million pounds lower than previously reported, notably the largest decline recorded historically into the month of December. The latest tally of US pork exports is 104.5 million pounds under last year, and while below record high levels recorded for this time the last two years, the current volume exported remains strong historically. At first glance the recent trade declines may appear negative however based on current supply issues facing 2022 production the market remains in an up trend.

Most major destinations for US pork recorded declines for December. US pork to Mexico and Colombia recorded the largest decreases, while other destinations such as Canada and China*, Honduras and Chile also made notable declines. Mexico fell 16.7 million pounds for December, after recording a new historical high in November. US pork to Colombia fell 14.1 million pounds in the latest data, coming down from a historical high in November as well. Exports to Canada dipped 5.8 million pounds, China fell 5.3 million pounds and continues in-line with pre-pandemic levels, while volume to Honduras was down 4.7 million pounds and Chile declined 4.0 million pounds.

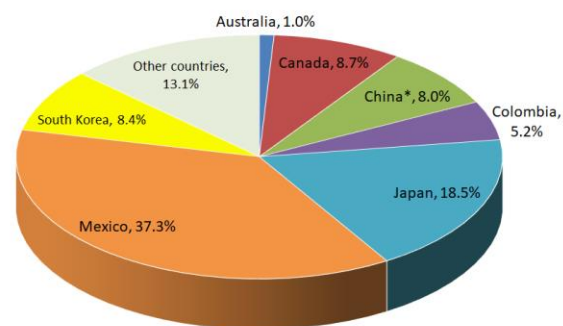
South Korea was the only major destination for US pork to record in increase for December, up 2.7 million pounds from a month earlier. Notably, Panama increased significantly in December rising 14.6 million pounds which is a 353.8% jump from November and is 70.8% over year ago levels. While it's not uncommon for Panama to import a higher amount of US pork for the month of December historically, the current volume represents a new historical high surpassing the previous record high of 15.1 million pounds recorded Dec 2019.

Total US pork imports for December fell 15.5 million pounds or -11.7% from the new historical high reached a month earlier however represents the second highest month on record, bringing current imports 38.9 million pounds or +50.1% over last year. Imports from Canada fell 10.3 million pounds or -12.7% from the new historical high reached in November, bringing US imports from Canada 22.2 million pounds or +46.0% over year ago levels. Notably, the US imported 24.5 million pounds more pork from Canada than it exported to the country for the month of December. Imports from Mexico fell 1.1 million pounds or -9.2% for November which is up 2.9 million pounds or +34.1% over last year.

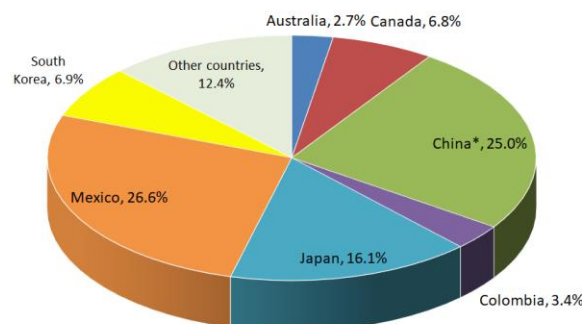
US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Dec-20	Nov-21	Dec-21	M/M%	Y/Y%	YTD/LYTD%
Australia	17,270	6,519	5,154	-20.9%	-70.2%	-25.4%
Canada	43,286	51,838	46,052	-11.2%	6.4%	-0.8%
China*	159,094	47,533	42,269	-11.1%	-73.4%	-45.0%
Colombia	21,413	41,698	27,583	-33.9%	28.8%	60.5%
Japan	102,592	99,981	98,123	-1.9%	-4.4%	1.9%
Mexico	169,207	215,001	198,325	-7.8%	17.2%	31.4%
South Korea	44,117	42,001	44,671	6.4%	1.3%	5.2%
All US Pork Exports	636,118	580,498	531,578	-8.4%	-16.4%	-3.5%

*Includes Mainland, Hong Kong & Taiwan

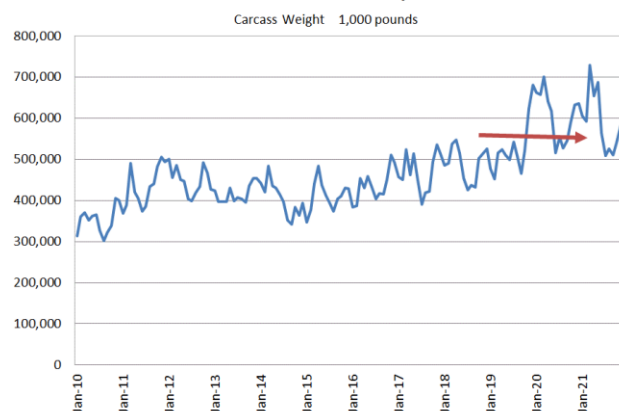
Percentage of Total US Pork Exports: Latest, Dec 2021



Percentage of Total US Pork Exports: Dec 2020



10 Year Total US Pork Exports



Weekly Hog Price Recap

Cash hogs declined for much of the week, however strong improvements recorded mid-week supported regional and national cash above the previous week's average. CME cash recorded daily improvements, with mid-week gains more modest than those recorded the remainder of the week. Wholesale pork values were mixed with hams and picnics lower while butts, bellies and loins improved on the week. US pork cutout edged \$0.25/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	04-Feb-22	Head	28-Jan-22		
ISM pm		\$85.57		\$78.03	\$7.54	9.7%
WCB pm		\$84.58		\$77.82	\$6.76	8.7%
Nat pm		\$79.72		\$71.01	\$8.71	12.3%
CME Index*		\$83.24		\$79.27	\$3.97	5.0%
Sows, 300-449lbs	14,084	\$47.35	12,717	\$38.64	\$8.71	22.5%
Sows, 500+ lbs	10,442	\$53.68	10,929	\$46.82	\$6.86	14.6%
BoC Exch		1.2705		1.2675	0.0030	0.2%

* Represents Friday-Thursday average

Canadian market hog values improved generally \$8-\$11/hog on the week, excluding those out of Hylife which were up \$2.25/hog. Hog values out of Ontario and the OlyW 20 were up the most, each up \$11/hog, followed by those out of the OlyW 21 which rose \$9.50/hog. The ML Sig 4 was up more than \$8.75/hog, while hog values out of Quebec and BP/TC were each up near \$8/hog. US hog values were up more significantly, with Tyson rising more than \$14.75/hog while JM rose \$14/hog from week ago levels.

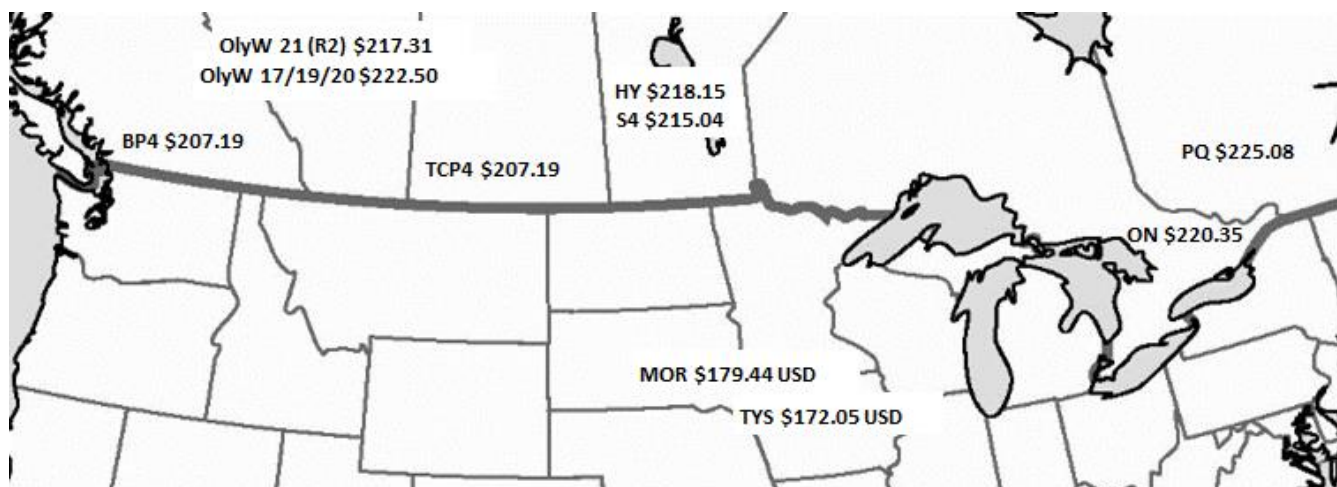
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 04-Feb-22	Difference to OlyW21
OlyW 2021 (R2)**	\$203.22		\$205.31		\$203.69		\$217.31	
OlyW 17/19/20*	\$199.48	-\$3.73	\$209.63	\$4.31	\$205.33	\$1.64	\$222.50	\$5.18
ML Sig 4	\$199.06	-\$4.15	\$202.22	-\$3.09	\$197.22	-\$6.47	\$215.04	-\$2.27
BP4/TCP4	\$199.45	-\$3.77	\$199.04	-\$6.27	\$196.99	-\$6.70	\$207.19	-\$10.12
Hylife	\$202.96	-\$0.26	\$207.26	\$1.95	\$202.72	-\$0.97	\$218.15	\$0.84
Ontario***	\$199.24	-\$3.98	\$203.84	-\$1.48	\$196.90	-\$6.79	\$220.35	\$3.04
Québec	\$211.59	\$8.37	\$212.33	\$7.01	\$209.02	\$5.33	\$225.08	\$7.77
Tyson (USD)	\$147.17	-\$56.04	\$156.85	-\$48.46	\$144.98	-\$58.71	\$172.05	-\$45.26
John Morrell (USD)	\$140.07	-\$63.15	\$156.83	-\$48.48	\$139.00	-\$64.69	\$179.44	-\$37.87

*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 recorded good improvements overall and strengthened to profitable levels this past week on support from improved cash hog values despite some pressure from another rise in feed costs. Canadian farrow-to-finish feed costs were up more than \$2.75/hog while those in the monitored US region climbed \$2/hog from a week earlier.

Hog margins out of Quebec improved near \$5 to \$7.50/hog profits while the OlyW 20 strengthened near \$8 to more than \$5.75/hog profits. Hylife margins weakened \$0.50 to nearly \$4.25/hog profits while those out of Ontario strengthened \$8.25 to \$3/hog profits. ML Sig 4 margins improved \$6 to \$1/hog profits while the OlyW 21 strengthened shy of \$6.75 to nearly \$0.75/hog profits. In the US, Tyson margins improved \$12.75 to more than \$10.75/hog profits while JM strengthened \$12 to \$20/hog profits from the previous week.

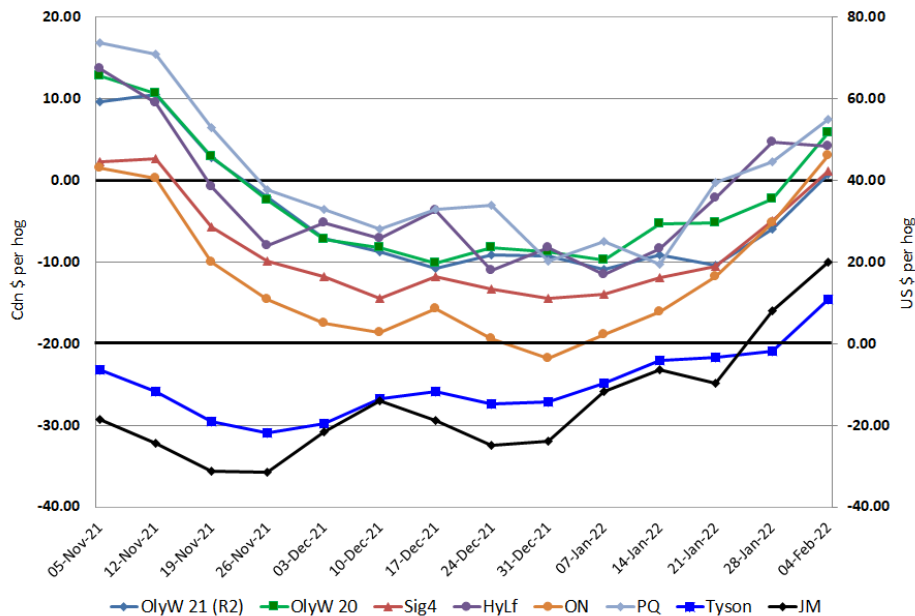
Regional MARGINS, \$/hog						
Packer/Region	04-Feb-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$222.50	\$157.13	\$39.45	\$20.05	\$216.63	\$5.87
OlyW 21 (R2)/Alberta	\$217.31	\$157.13	\$39.45	\$20.05	\$216.63	\$0.68
ML Sig 4/Manitoba	\$215.04	\$154.87	\$39.54	\$19.55	\$213.96	\$1.08
Hylife/Manitoba	\$218.15	\$154.88	\$39.54	\$19.55	\$213.97	\$4.18
Ontario	\$220.35	\$152.81	\$40.71	\$23.76	\$217.28	\$3.07
Québec	\$225.08	\$155.50	\$40.50	\$21.65	\$217.65	\$7.43
Tyson (USD)/Iowa	\$172.05	\$115.97	\$28.70	\$16.57	\$161.24	\$10.81
John Morrell (USD)/ND	\$179.44	\$114.24	\$28.70	\$16.57	\$159.51	\$19.93

* Feed costs standardized for a 285 pound market hog

Tyson: \$10.81 USD x 1.2709 = \$13.74 CAD

Morrell: \$19.93 USD x 1.2709 = \$25.33 CAD

Canadian & US Margins Last 13 weeks



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