



Weekly Regional HOG PRICE Report



Things to Consider....

January 18, 2022

Lean hog futures traded to new contract highs over the last week adding to forward contracting prices for all of 2022. The combination of “life of contract highs” in most lean hog futures and a Canadian dollar trading in the bottom tenth of the recent range provided hog producers with the greatest multi week contracting average seen in over half a year. Only in May and June of 2021 did the market experience similar contractible values giving hog producers a chance at potential profitability.

Reduced supply expectations and steady overall demand for US and Canadian pork have continued to be underlying influences on the latest leg of the rally. Although export volumes to major countries like China has been reduced, other buyers have stepped up in volume to continue to optimistic outlook.

With current cost of production elevated due to above normal feed costs and escalating fixed costs the need to control margin has never been as important as in the next 6- 8 months. Hog producers who are considering reducing exposure for the 2022 marketing year should use the latest rally as an opportunity to reduce price exposure. Particularly the volume of hogs that may coincide with recent feed or supply purchases. Isowean and/or feeder pigs purchased in the last 2-4 weeks will have used the recent rally as a factor in pricing and any risk of market hog declines during their growth phase could limit margin and profit possibilities.



Weekly Hog Price Recap

National cash hogs varied during the week with significant daily swings while regional cash was unreported Monday and recorded good strength Friday. CME cash was reported higher early in the week, however declined more moderately the latter half. Most wholesale pork values recorded good improvement, excluding picnics and butts which were significantly lower, with US pork cutout up \$0.80/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	14-Jan-22	Head	07-Jan-22		
ISM pm		\$69.95		\$67.14	\$2.81	4.2%
WCB pm		\$69.86		\$67.33	\$2.53	3.8%
Nat pm		\$65.82		\$65.64	\$0.19	0.3%
CME Index*		\$74.76		\$73.48	\$1.28	1.7%
Sows, 300-449lbs	12,485	\$41.66	11,958	\$45.73	-\$4.06	-8.9%
Sows, 500+ lbs	11,678	\$50.25	9,767	\$54.23	-\$3.98	-7.3%
BoC Exch		1.2565		1.2708	-0.0143	-1.1%

* Represents Friday-Thursday average

Canadian market hog values generally improved overall on the week. The OlyW 20 was up the most, \$3/hog higher, followed by hog values out of Hylife which were up more than \$1.75/hog. Ontario hog values were up \$1.50/hog, while the BP/TC rose \$1/hog. The ML Sig 4 & OlyW 21 each were up near \$0.50/hog from the week previous, while hog values out of Quebec dropped \$4.25/hog. US hog values improved significantly, with Tyson up \$5.50/hog while JM was \$5.25/hog over week ago levels.

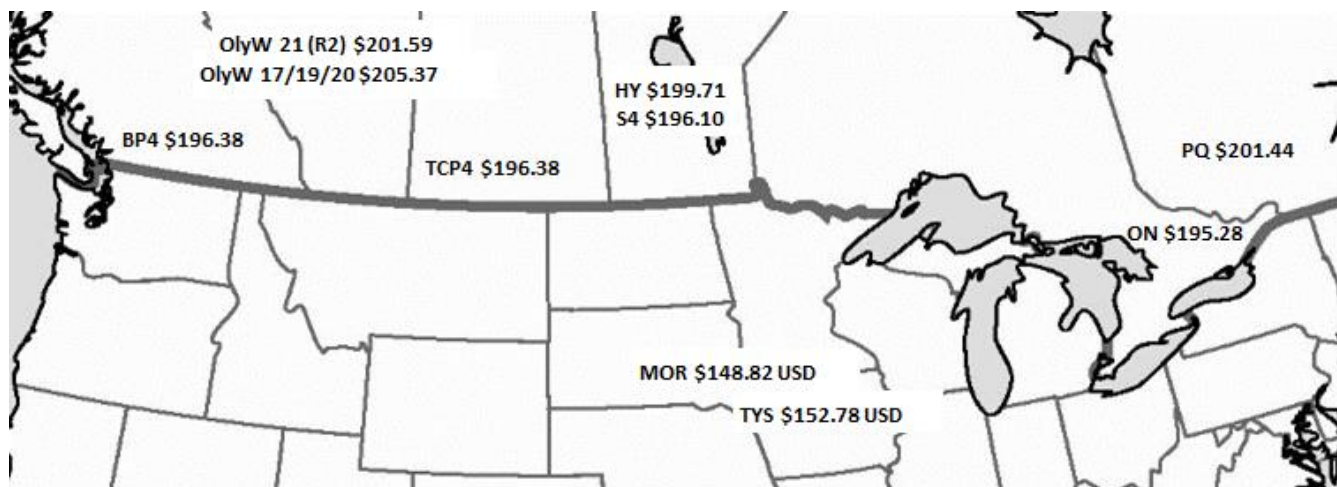
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021-22 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 14-Jan-22	Difference to OlyW21
OlyW 2021 (R2)**	\$202.49		\$233.86		\$206.27		\$201.59	
OlyW 17/19/20*	\$198.49	-\$4.00	\$247.38	\$13.53	\$207.68	\$1.41	\$205.37	\$3.78
ML Sig 4	\$198.22	-\$4.27	\$230.47	-\$3.39	\$197.40	-\$8.87	\$196.10	-\$5.48
BP4/TCP4	\$198.79	-\$3.70	\$231.27	-\$2.59	\$200.64	-\$5.63	\$196.38	-\$5.21
Hylife	\$202.10	-\$0.39	\$233.43	-\$0.43	\$202.66	-\$3.61	\$199.71	-\$1.88
Ontario***	\$198.27	-\$4.22	\$239.10	\$5.24	\$196.90	-\$9.37	\$195.28	-\$6.31
Québec	\$210.39	\$7.90	\$244.62	\$10.76	\$210.20	\$3.93	\$201.44	-\$0.15
Tyson (USD)	\$146.34	-\$56.15	\$190.02	-\$43.84	\$142.67	-\$63.60	\$152.78	-\$48.80
John Morrell (USD)	\$139.06	-\$63.43	\$183.50	-\$50.35	\$132.87	-\$73.40	\$148.82	-\$52.77

*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 improved on the week, however continue with overall losses. Canadian farrow-to-finish feed costs fell \$1.35/hog while those in the monitored US region were nearly unchanged from a week earlier.

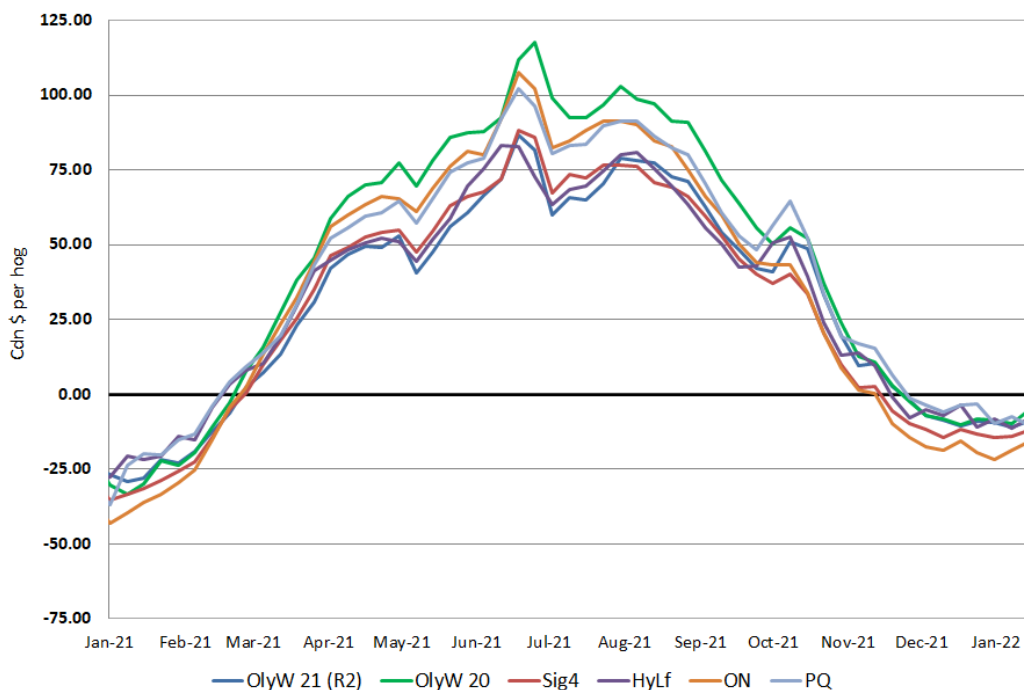
Hog margins out of Ontario strengthened \$2.75 to more than \$16/hog losses, while the Sig 4 improved \$2 to \$12/hog losses and Quebec hog margins weakened more than \$2.75 to \$10.25/hog. The OlyW 21 improved \$1.75 to more than \$9/hog losses, while Hylife strengthened more than \$3 to \$8.25/hog losses and the OlyW 20 improved more than \$4.25 to \$5.25/hog losses. In the US, Tyson margins were up \$5.50 to \$4.25/hog losses while JM strengthened \$5.25 to \$6.50/hog losses from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	14-Jan-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$205.37	\$151.23	\$39.45	\$20.05	\$210.73	-\$5.36
OlyW 21 (R2)/Alberta	\$201.59	\$151.23	\$39.45	\$20.05	\$210.73	-\$9.14
ML Sig 4/Manitoba	\$196.10	\$148.97	\$39.54	\$19.55	\$208.06	-\$11.96
Hylife/Manitoba	\$199.71	\$148.98	\$39.54	\$19.55	\$208.07	-\$8.36
Ontario	\$195.28	\$146.91	\$40.71	\$23.76	\$211.38	-\$16.10
Québec	\$201.44	\$149.60	\$40.50	\$21.65	\$211.75	-\$10.31
Tyson (USD)/Iowa	\$152.78	\$111.75	\$28.70	\$16.57	\$157.02	-\$4.24
John Morrell (USD)/ND	\$148.82	\$110.02	\$28.70	\$16.57	\$155.29	-\$6.47

* Feed costs standardized for a 285 pound market hog

Tyson: $-(4.24) \text{ USD} \times 1.2529 = -(5.31) \text{ CAD}$
 Morrell: $-(6.47) \text{ USD} \times 1.2529 = -(8.11) \text{ CAD}$

Canadian Margins 2021-2022



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