

Things to Consider....

January 25, 2022

The latest US federally inspected hog slaughter was reported at 2,546 thousand head: up +4.3% from the MLK Jr holiday week, -4.3% under the same week last year and -7.2% year-to-date compared to the same weeks in 2021.

US sow slaughter for the week ending January 15th was up +9.8% from the previous week to 63,200 head, which is -6.8% compared to last year. Year-to-date, sow slaughter is down -9.5% compared to the same weeks in 2021.

Canadian federally inspected market hog slaughter for the week ending January 22nd at 407 thousand head climbed 1.9 thousand or +0.5% from the week previous and is -12.1% under last year and -12.8% compared to last year-to-date.

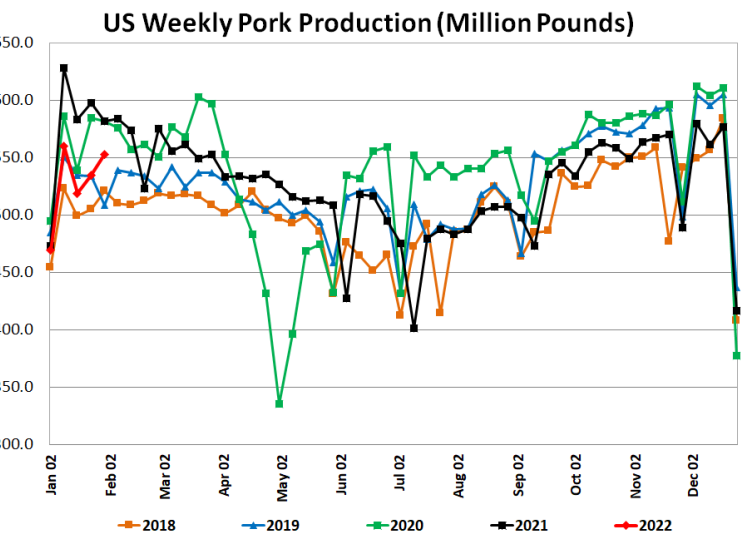
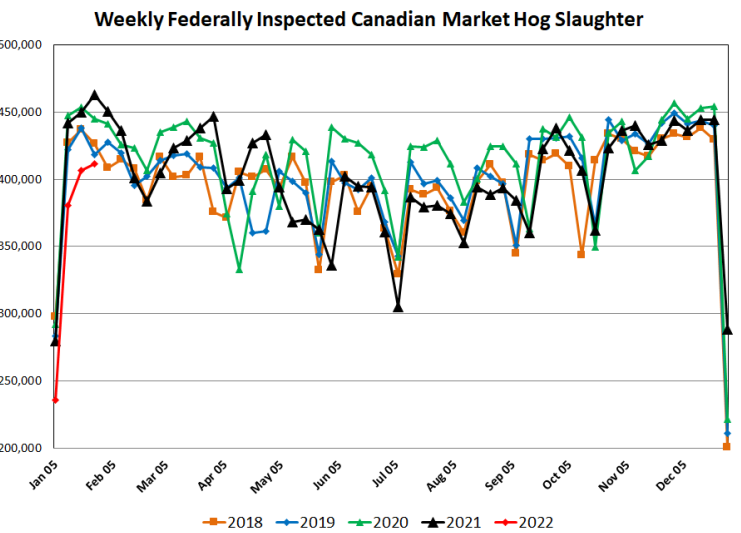
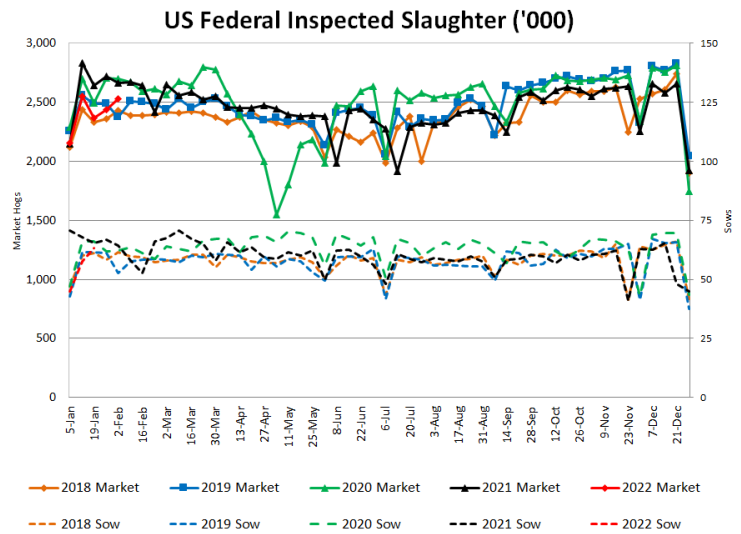
Canadian sow slaughter was reported at 1,796 head for the same week, up +22.2% from the week previous and -4.2% under than the same week last year. Year-to-date, Canadian sow slaughter is -11.2% under last year-to-date with 2020 representing a historically strong rate of slaughter.

US pork production rose 25.5 million or +4.8% to 556.9 million pounds from the US holiday week, bringing overall production -4.2% under last year and -8.0% under last year-to-date.

Canadian pork production numbers are estimates derived from current slaughter figures and an annual average Canadian slaughter hog weight. Based on the latest slaughter rates in Canadian weekly pork production climbed +0.6% for the week ending Jan 22nd, down -11.0% from year ago levels and -11.5% under last year-to-date.

Reduced slaughter and pork production relative to 2021 and 2020 are adding to the fuel of supply concerns as talks of disease and empty barns heats up across the Midwest.

Although cash hog markets have been slow to react, lean hog futures have caught fire and are continuing to add significant value for much of the 2022 marketing year.



Weekly Hog Price Recap

Cash hogs were mixed to lower during the week on significant daily price swings, with improvements recorded mid-week while declines were reported in other days. CME cash however improved throughout much of the week, with stronger moves at the start and end of the week. Wholesale pork values were mixed however stronger rises in hams, bellies and loins supported US pork cutout \$4.66/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	21-Jan-22	Head	14-Jan-22		
ISM pm		\$69.83		\$69.95	-\$0.12	-0.2%
WCB pm		\$68.99		\$69.86	-\$0.88	-1.3%
Nat pm		\$65.57		\$65.82	-\$0.26	-0.4%
CME Index*		\$76.76		\$74.76	\$2.00	2.7%
Sows, 300-449lbs	13,633	\$38.23	12,485	\$41.66	-\$3.43	-8.2%
Sows, 500+ lbs	10,944	\$46.80	11,678	\$50.25	-\$3.44	-6.9%
BoC Exch		1.2512		1.2565	-0.0053	-0.4%

* Represents Friday-Thursday average

Canadian market hog values improved overall on the week, as slaughter-based market prices were significantly boosted. Hog values out of Quebec were up the most, nearly \$11/hog higher, while Hylife rose \$7/hog, values out of Ontario were up more than \$5/hog and the ML Sig 4 climbed \$2.25/hog. Lag-based markets also generally improved as cash prices climbed the week prior. The OlyW 20 was up \$1/hog, while the BP/TC climbed more than \$0.50/hog while the OlyW 21 edged less than \$0.50/hog lower. US hog values were mixed, with Tyson up \$2.25/hog while JM fell more than \$1.75/hog from week ago levels.

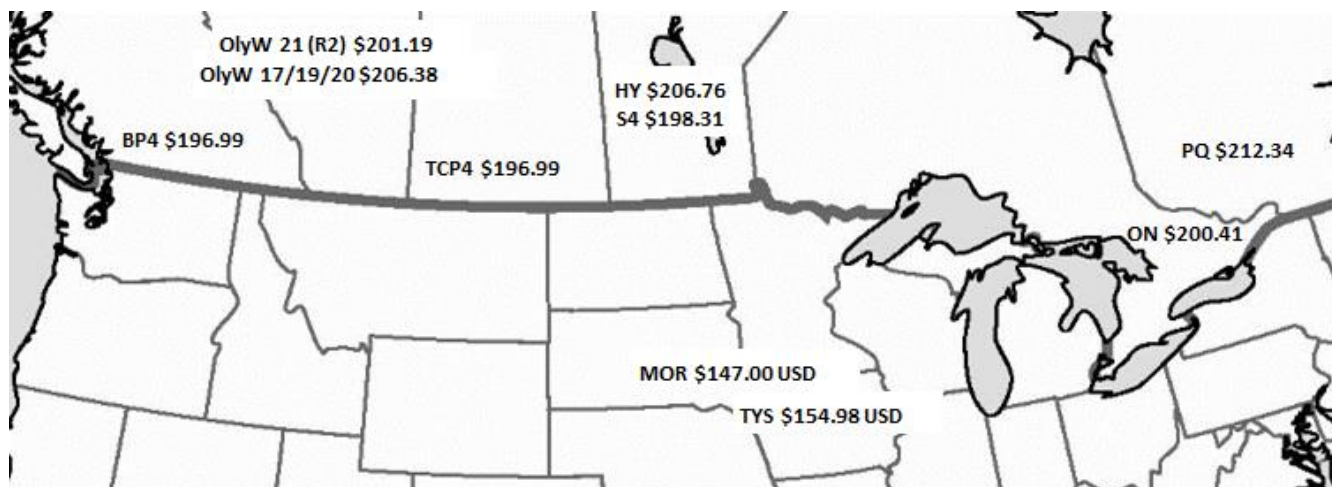
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021-22 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 21-Jan-22	Difference to OlyW21
OlyW 2021 (R2)**	\$202.70		\$233.25		\$204.02		\$201.19	
OlyW 17/19/20*	\$198.80	-\$3.90	\$246.64	\$13.38	\$205.54	\$1.52	\$206.38	\$5.20
ML Sig 4	\$198.47	-\$4.23	\$229.89	-\$3.37	\$196.12	-\$7.90	\$198.31	-\$2.88
BP4/TCP4	\$198.98	-\$3.71	\$230.65	-\$2.61	\$198.30	-\$5.72	\$196.99	-\$4.19
Hylife	\$202.34	-\$0.36	\$232.94	-\$0.31	\$201.78	-\$2.24	\$206.76	\$5.57
Ontario***	\$198.56	-\$4.14	\$238.39	\$5.14	\$195.52	-\$8.50	\$200.41	-\$0.78
Québec	\$210.79	\$8.09	\$244.03	\$10.78	\$208.72	\$4.70	\$212.34	\$11.15
Tyson (USD)	\$146.60	-\$56.10	\$189.38	-\$43.87	\$142.52	-\$61.50	\$154.98	-\$46.20
John Morrell (USD)	\$139.29	-\$63.40	\$182.84	-\$50.41	\$133.08	-\$70.94	\$147.00	-\$54.19

*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 overall, supported by rising market hog values and tempered with a rise in feed costs. Canadian farrow-to-finish feed costs were up near \$0.85/hog while those in the monitored US region rose nearly \$1.50/hog from a week earlier.

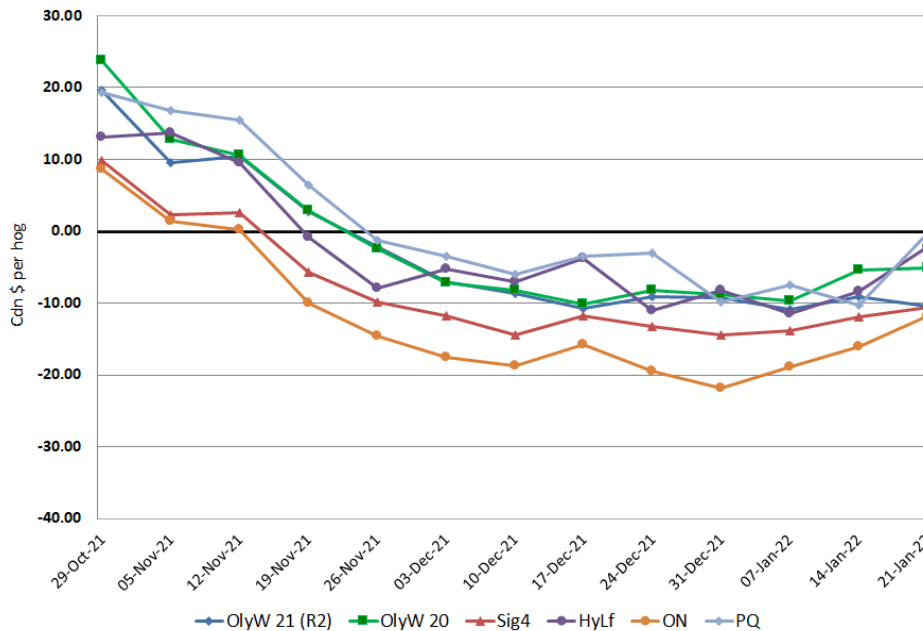
Hog margins out of Quebec strengthened \$10 to \$0.25/hog losses, while Hylife margins improved \$6.25 to more than \$2/hog losses and the OlyW 20 improved shy of \$0.25 to more than \$5/hog losses. The OlyW 21 weakened \$1.25 to more than \$10.25/hog losses, ML Sig 4 margins strengthened more than \$1.25 to \$10.50/hog losses and Ontario margins improved more than \$4.25 to \$11.75/hog losses. In the US, Tyson margins strengthened \$0.75 to \$3.50/hog losses while JM weakened \$3.25 to \$9.75/hog losses from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	21-Jan-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$206.38	\$152.06	\$39.45	\$20.05	\$211.56	-\$5.18
OlyW 21 (R2)/Alberta	\$201.19	\$152.06	\$39.45	\$20.05	\$211.56	-\$10.37
ML Sig 4/Manitoba	\$198.31	\$149.80	\$39.54	\$19.55	\$208.89	-\$10.58
Hylife/Manitoba	\$206.76	\$149.81	\$39.54	\$19.55	\$208.90	-\$2.14
Ontario	\$200.41	\$147.74	\$40.71	\$23.76	\$212.21	-\$11.80
Québec	\$212.34	\$150.43	\$40.50	\$21.65	\$212.58	-\$0.24
Tyson (USD)/Iowa	\$154.98	\$113.17	\$28.70	\$16.57	\$158.44	-\$3.46
John Morrell (USD)/ND	\$147.00	\$111.44	\$28.70	\$16.57	\$156.71	-\$9.71

* Feed costs standardized for a 285 pound market hog

Tyson: $\$(3.46)$ USD x 1.2629 = $\$(4.37)$ CAD
 Morrell: $\$(9.71)$ USD x 1.2629 = $\$(12.26)$ CAD

Canadian Margins Last 13 weeks



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