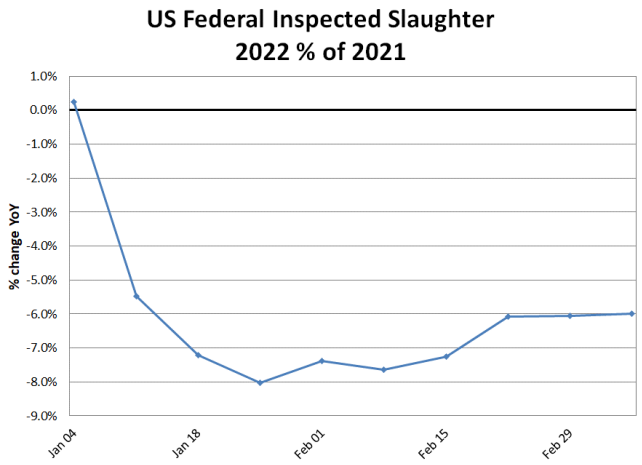
# Weekly Regional HOG PRICE Report

**Things to Consider….**

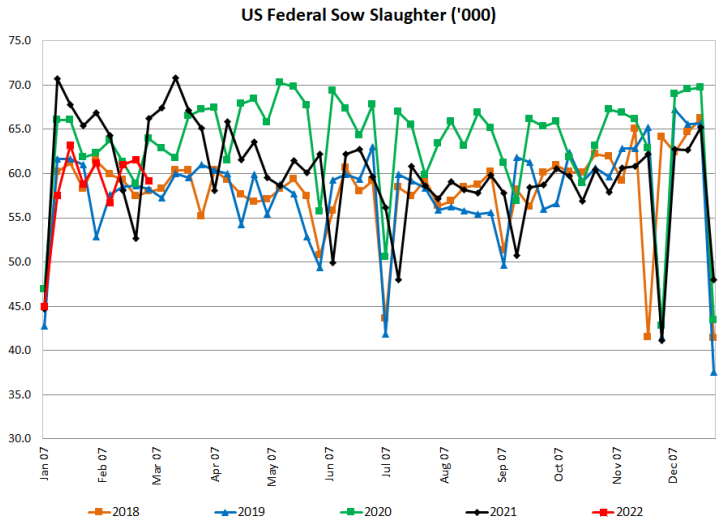
March 8, 2022

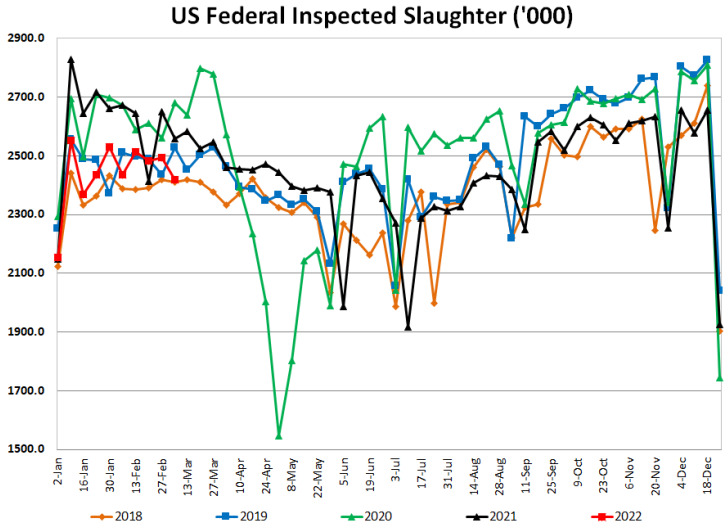
With two full months now in the books for 2022, a much-anticipated trend is beginning to emerge in slaughter levels and pork supplies beyond previously stated projections.

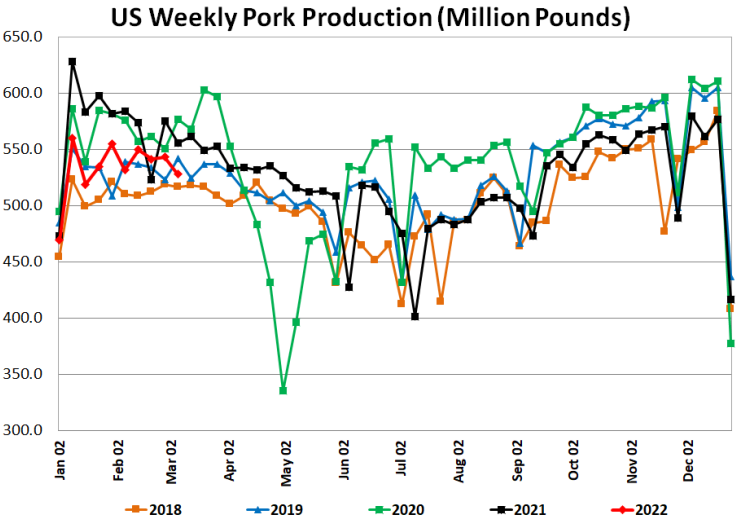
In the last reported December 2021 US Hogs and Pigs report, the weight category of 120-179 lbs, which coincides with Feb and March slaughter, volume was estimated at -3.3% below the previous year. However, as shown in the chart below, February 2022 slaughter came in closer to 6-8% below 2021. The next weight category of 50-119 pounds (March-April slaughter) was projected in early December to be even with 2021, or a change of 0%. Based on the current trend there is no chance of that happening, with kills likely to remain greater than 5% below year ago levels for much of the remainder of the 2nd and 3rd quarters.




Pork production has succumbed to a similar fate dropping below 2021, 2020 and 2019 to approach 2018 levels due to the cut back in total volume. Although this data appears extremely supportive to the hog market, producers must realize this type of information is already priced into the market. The 6-8% reduction in slaughter has been factored in and is reflective of the current lean hog futures. It would take another influential market variable beyond the current supply situation to boost prices above the current contract highs. The question remains, is that next influence out there?



# Weekly Hog Price Recap

Cash hogs improved overall with some pullback Thursday, and national cash declined more moderately compared to regional cash. CME cash improved the front-half of the week however recorded more moderate declines into the week's end. Wholesale pork values were mixed to generally lower throughout the week with heavier declines in bellies, loins and picnics weighing US pork cutout $3.22/cwt under the previous week.

| USD Cash Price | Weekly Averages Head | 04-Mar-22 | Head | 25-Feb-22 | w/w | % Chg |
|---|---|---|---|---|---|---|
| ISM pm | | $100.84 | | $99.78 | $1.06 | 1.1% |
| WCB pm | | $99.65 | | $97.21 | $2.44 | 2.5% |
| Nat pm | | $94.79 | | $88.58 | $6.21 | 7.0% |
| CME Index* | | $99.57 | | $97.98 | $1.59 | 1.6% |
| Sows, 300-449lbs | 12,863 | $74.87 | 13,311 | $71.18 | $3.69 | 5.2% |
| Sows, 500+ lbs | 11,544 | $80.95 | 10,140 | $77.72 | $3.23 | 4.2% |
| BoC Exch | | 1.2698 | | 1.2760 | -0.0062 | -0.5% |

** Represents Friday-Thursday average*

Canadian market hog values improved again this week, however those derived from lagged base pricing were up the most. BP/TC hog values were up more than $13.25/hog, followed by those out of the OlyW 20 which were up $8/hog and the OlyW 21 which rose $6.75/hog from a week earlier. Remaining monitored hog markets were up near $2.50/hog each, such as hog values out of Ontario, Quebec and the ML Sig 4; while those out of Hylife slipped $0.50/hog. In the US, Tyson hog values improved more than $7.25/hog while JM rose $5/hog from week ago levels.

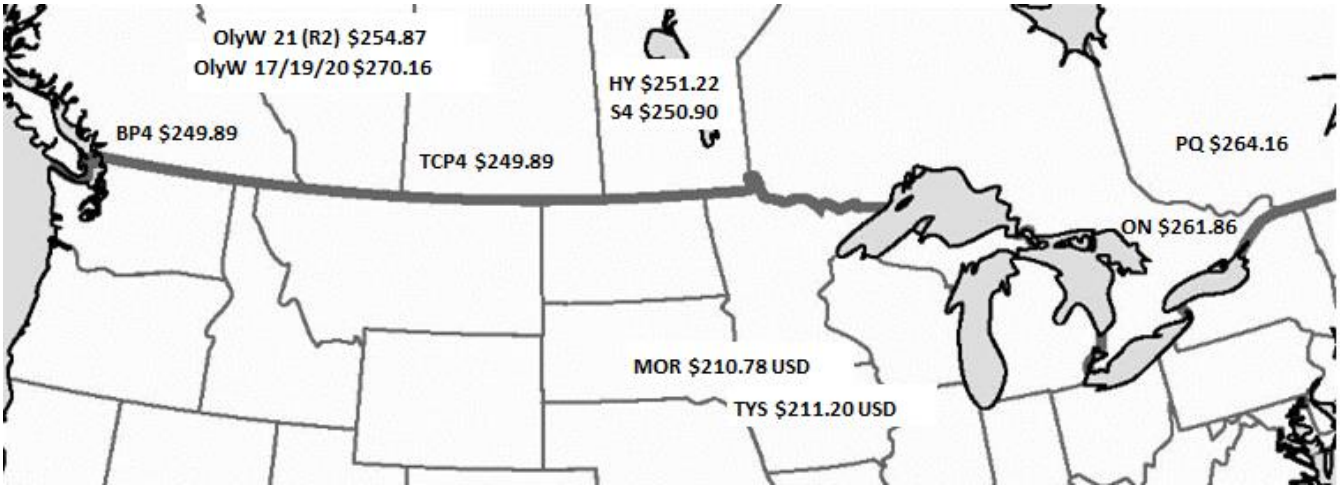
| Regional Pricing, $/hog | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Packer/Region | 3 Year | Difference to OlyW21 | 2022 YTD | Difference to OlyW21 | Last 13 weeks | Difference to OlyW21 | Ending 04-Mar-22 | Difference to OlyW21 |
| OlyW 2021 (R2)** | $205.64 | | $220.78 | | $214.32 | | $254.87 | |
| OlyW 17/19/20* | $201.99 | -$3.66 | $228.55 | $7.77 | $219.90 | $5.57 | $270.16 | $15.29 |
| ML Sig 4 | $201.16 | -$4.48 | $218.75 | -$2.04 | $210.87 | -$3.45 | $250.90 | -$3.97 |
| BP4/TCP4 | $201.34 | -$4.31 | $213.55 | -$7.23 | $207.13 | -$7.19 | $249.89 | -$4.98 |
| Hylife | $205.17 | -$0.48 | $223.90 | $3.12 | $216.50 | $2.18 | $251.22 | -$3.65 |
| Ontario*** | $201.65 | -$4.00 | $224.19 | $3.41 | $213.98 | -$0.34 | $261.86 | $6.99 |
| Québec | $214.07 | $8.42 | $229.82 | $9.04 | $222.08 | $7.75 | $264.16 | $9.29 |
| Tyson (USD) | $149.23 | -$56.41 | $174.83 | -$45.95 | $164.50 | -$49.82 | $211.20 | -$43.67 |
| John Morrell (USD) | $142.51 | -$63.13 | $176.85 | -$43.93 | $163.24 | -$51.08 | $210.78 | -$44.09 |

**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 were pressured due to a surge in feed costs, despite improved hog values. Canadian farrow-to-finish feed costs jumped nearly $4.75/hog while those out of the monitored region in the US were up more than $3.75/hog from a week earlier.

Hog margins for markets derived from lagged base pricing improved, with the OlyW 20 strengthening nearly $3.50 to more than $45/hog profits while those out of the OlyW 21 improved $2 to nearly $30/hog profits. Remaining margins recorded weakness on rising costs from the previous week. Hog margins out of Ontario and Quebec each fell more than $2 to nearly $36.25/hog and $38.25/hog profits respectively. Hog margins out of Hylife weakened $5.25 to nearly $29/hog profits, while those out of the ML Sig fell near $2 to $28.50/hog profits. In the US, Tyson margins strengthened $3.50 to nearly $41.50/hog profits while JM improved $1.25 to $42.75/hog profits from the previous week.

| Regional MARGINS, $/hog | | | | | | |
|---|---|---|---|---|---|---|
| | 04-Mar-22 | Farrow to Finish | | | Total | Weekly |
| Packer/Region | Hog Price | Feed* | Variable | Fixed | COP | Margin |
| OlyW 20/Alberta | $270.16 | $165.50 | $39.45 | $20.05 | $225.00 | $45.16 |
| OlyW 21 (R2)/Alberta | $254.87 | $165.50 | $39.45 | $20.05 | $225.00 | $29.87 |
| ML Sig 4/Manitoba | $250.90 | $163.24 | $39.54 | $19.55 | $222.33 | $28.57 |
| Hylife/Manitoba | $251.22 | $163.25 | $39.54 | $19.55 | $222.34 | $28.88 |
| Ontario | $261.86 | $161.18 | $40.71 | $23.76 | $225.65 | $36.21 |
| Québec | $264.16 | $163.87 | $40.50 | $21.65 | $226.02 | $38.14 |
| Tyson (USD)/Iowa | $211.20 | $124.49 | $28.70 | $16.57 | $169.76 | $41.44 |
| John Morrell (USD)/ND | $210.78 | $122.76 | $28.70 | $16.57 | $168.03 | $42.75 |

** Feed costs standarized for a 285 pound market hog*

Tyson: $41.44 USD x 1.2867 = $53.32 CAD
Morrell: $42.75 USD x 1.2867 = $55.00 CAD