



# Weekly Regional HOG PRICE Report



## Things to Consider....

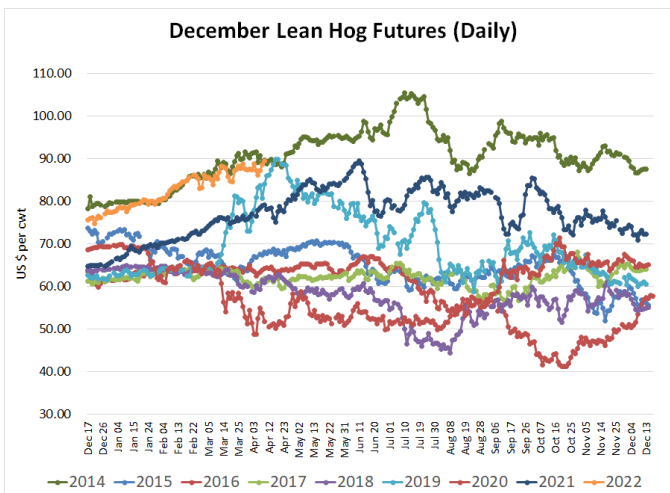
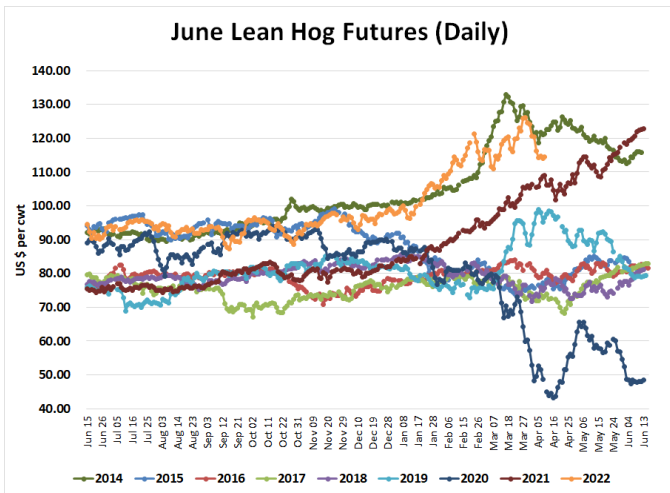
April 5, 2022

After nearly 8 months of firm lean hog markets, nearby futures came under heavy sell pressure shedding up to \$15 US per cwt or \$40 per hog during the first week of April. The sharp sell off in nearby June and July came after most 2022 lean hogs registered new “life of contract highs” on the last trading day of March. Since the end of the month nearby and deferred contracts have traded inverted to each other with most nearby months experiencing weakness and 4<sup>th</sup> quarter contracts remaining steady to firm. The sharp drop in nearby contracts can be attributed to speculative traders dumping long positions which are typically held in the front half of the market. The June 2022 top registered on March 31, 2022 of \$127.32 was only a few dollars from the top June trade from 2014 of \$133.00 recorded on March 18, 2014.

Forward contract prices for most Canadian markets shadowed the lean hog futures with summer premiums pulled from the market while contractable prices from Sep to Dec continued to added value at the start of this month.

With cash markets taking a breather to start the 2<sup>nd</sup> quarter it should come as no surprise that futures, which carried a \$15 US/cwt premium to cash came under pressure. The slowing of pork values were also a major influence in the losses recorded in both cash and futures markets over the week.

Although 2022 remains to be seen as one of the highest priced years for hog prices in recent history, sharply higher production costs are forcing producers to remain sharp when it comes to their hedging decisions.



# Weekly Hog Price Recap

Cash hogs recorded declines for much of the week, with national and regional cash down the most Thursday following a modest recovery Wednesday. CME cash improved overall with late-week declines tempering some of the earlier rises. Most wholesale pork primal values declined on the week, only picnics and loins improved, driving US pork cutout \$1.24/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	01-Apr-22	Head	25-Mar-22		
ISM pm		\$106.70		\$110.04	-\$3.34	-3.0%
WCB pm		\$106.29		\$109.99	-\$3.70	-3.4%
Nat pm		\$103.59		\$106.46	-\$2.87	-2.7%
CME Index*		\$103.18		\$101.71	\$1.47	1.4%
Sows, 300-449lbs	12,055	\$88.68	12,097	\$85.49	\$3.18	3.7%
Sows, 500+ lbs	11,630	\$96.65	10,951	\$92.85	\$3.80	4.1%
BoC Exch		1.2506		1.2560	-0.0054	-0.4%

\* Represents Friday-Thursday average

Canadian market hog values generally improved, excluding those derived from lagged base pricing. Hog values out of the ML Sig 4, Ontario and Quebec each improved \$2.40/hog, followed by those out of Hylife which climbed \$2.30/hog. BP/TC hog values declined \$1.10/hog, while the OlyW 20 slipped \$0.35/hog and the OlyW 21 was up \$0.20/hog from a week earlier. Hog values in the US fell on the week due to lower cash hog values, with Tyson down \$1/hog while JM dropped \$7.70/hog from week ago levels.

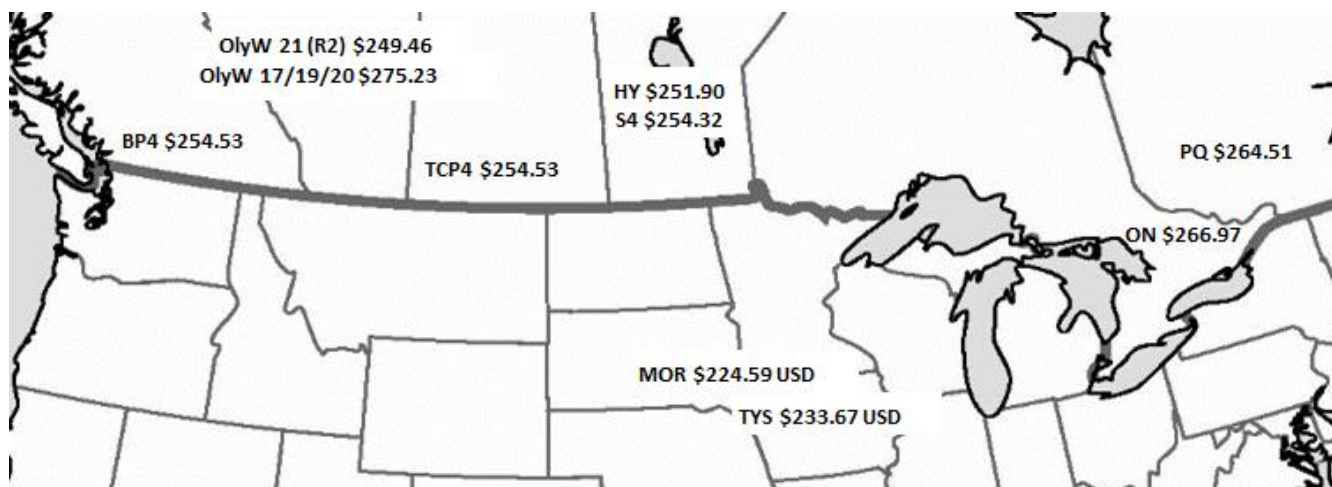
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 01-Apr-22	Difference to OlyW21
OlyW 2021 (R2)**	\$207.69		\$229.79		\$229.79		\$249.46	
OlyW 17/19/20*	\$204.33	-\$3.36	\$242.58	\$12.78	\$242.58	\$12.78	\$275.23	\$25.77
ML Sig 4	\$202.41	-\$5.28	\$228.52	-\$1.27	\$228.52	-\$1.27	\$254.32	\$4.86
BP4/TCP4	\$203.50	-\$4.18	\$226.08	-\$3.71	\$226.08	-\$3.71	\$254.53	\$5.07
Hylife	\$207.22	-\$0.47	\$232.01	\$2.22	\$232.14	\$2.35	\$251.90	\$2.44
Ontario***	\$204.29	-\$3.40	\$236.82	\$7.02	\$236.82	\$7.02	\$266.97	\$17.51
Québec	\$216.61	\$8.92	\$239.88	\$10.09	\$239.88	\$10.09	\$264.51	\$15.05
Tyson (USD)	\$152.08	-\$55.61	\$192.36	-\$37.43	\$192.36	-\$37.43	\$233.67	-\$15.79
John Morrell (USD)	\$145.47	-\$62.22	\$193.14	-\$36.65	\$193.14	-\$36.65	\$224.59	-\$24.87

\*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 strengthened overall, supported by improved hog values and a significant reduction in feed costs. Canadian farrow-to-finish feed costs dropped \$3.65/hog while those out of the monitored region in the US declined closer to \$3/hog from a week earlier.

Hog margins out the OlyW 20 continue as the strongest recorded in Canada, rising \$3.30 to \$50.50/hog profits on the week. Margins out of Maple Leaf, Ontario and Quebec each improved near \$6 on the week with Ontario at \$41.60/hog profits, Quebec at \$38.75/hog profits and the Sig 4 at \$32.25/hog profits. Hylife hog margins were also up near \$6/hog to \$29.85/hog profits, while the OlyW 21 improved \$3.85 to \$24.75/hog profits. In the US, Tyson margins strengthened near \$2 to \$63.80/hog profits while JM weakened \$4.75 to shy of \$56.50/hog profits from the previous week.

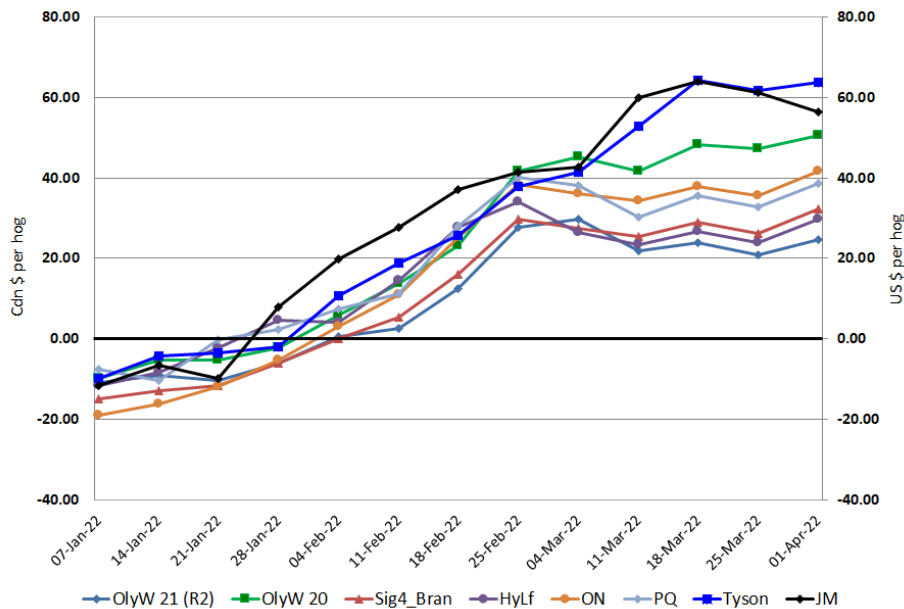
Regional MARGINS, \$/hog						
Packer/Region	01-Apr-22				Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$275.23	\$165.23	\$39.45	\$20.05	\$224.73	\$50.50
OlyW 21 (R2)/Alberta	\$249.46	\$165.23	\$39.45	\$20.05	\$224.73	\$24.73
ML Sig 4/Manitoba	\$254.32	\$162.97	\$39.54	\$19.55	\$222.06	\$32.26
Hylife/Manitoba	\$251.90	\$162.98	\$39.54	\$19.55	\$222.07	\$29.83
Ontario	\$266.97	\$160.91	\$40.71	\$23.76	\$225.38	\$41.59
Québec	\$264.51	\$163.60	\$40.50	\$21.65	\$225.75	\$38.76
Tyson (USD)/Iowa	\$233.67	\$124.62	\$28.70	\$16.57	\$169.89	\$63.78
John Morrell (USD)/ND	\$224.59	\$122.89	\$28.70	\$16.57	\$168.16	\$56.43

\* Feed costs standardized for a 285 pound market hog

Tyson: \$63.78 USD x 1.2451 = \$79.41 CAD

Morrell: \$56.43 USD x 1.2451 = \$70.26 CAD

## Canadian & US Margins Last 13 weeks



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