



Weekly Regional HOG PRICE Report



Things to Consider....

April 26, 2022

For almost every hog producer in North America, the cost of feed has been a major topic of discussion at every staff or producer meeting since the middle of the 4th quarter of 2021. As many can remember near the tail end of the 2021 harvest, soybean prices traded around \$330 US/T, corn at \$5 US per bushel and wheat was \$4 lower at \$8 US per bushel.

Fast forward 6 months and hog producers across North America are facing a very different situation. Although grain prices continue to register record highs, protein costs have shown signs of a change to the previously established trend. As illustrated with the December soybean meal graph US per ton prices peaked in early April and have since retracted to the lowest level since February 1st. Technically speaking the soybean meal graph has completed a head and shoulders formation which historically can prove to be the beginning of a new trend, in this case lower.

With the recent delay in planting south of the border due to adverse weather and a cooler and later start, many planned acres have shifted to soybeans from corn with trade speculating as many as 4 million acres could make the switch. That potential shift in acres is one of the reasons the influence on the protein market has turned bearish. On the other hand, reduced corn acres can still prove to be a major problem going forward particularly if a weather scare enters the market later this summer.

A common question that arises when talking about feed is “what feed costs are correct?” The answer to that question is “all of them”. One producers feed cost compared to other producers can not be easily compared and nor can they be compared directly to the numbers reported in many publications. Feed cost calculations vary for every producer because of factors such as market weight, average daily gain, feed conversion, health status, disease pressures, grain quality, delivery costs and many other independent variables. For a true comparison of feed costs between producers or calculated values, an in-depth analysis is required to first rule out the differences that exist prior to pointing the figure at ingredient costs or suppliers.

In this publication margins are calculated using a feed cost measured daily and weekly. Most feed purchases do not occur daily or weekly which can prove to cause differences between actual and reported. To assist with clarification, some of the variables used to calculate feed cost per head are included at the bottom of the margins table.

December 2022 Soybean Meal



December 2022 Spring Wheat



December 2022 Corn



Weekly Hog Price Recap

Cash hogs finished the week stronger with national cash up mid-week while regional cash recorded particularly significant rises Tuesday with Monday unreported. Alternatively, CME cash improved daily with more modest gains early on. Wholesale pork primal values varied, with early declines in pork cutout offset by improved values the balance of the week. US pork cutout ended \$1.10/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	22-Apr-22	Head	15-Apr-22		
ISM pm		\$107.57		\$101.26	\$6.31	6.2%
WCB pm		\$107.27		\$101.34	\$5.93	5.8%
Nat pm		\$101.19		\$98.22	\$2.97	3.0%
CME Index*		\$100.94		\$99.55	\$1.39	1.4%
Sows, 300-449lbs	12,112	\$91.21	12,364	\$91.99	-\$0.78	-0.8%
Sows, 500+ lbs	10,470	\$98.98	9,036	\$100.86	-\$1.89	-1.9%
BoC Exch		1.2595		1.2612	-0.0017	-0.1%

* Represents Friday-Thursday average

Canadian market hog values generally improved \$1-\$6 per hog on the week. The OlyW 21 was up the most rising \$5.90/hog, followed by hog values out of Hylife which were up \$4.25/hog. Ontario values improved \$3.80/hog, while the ML Sig 4 was up \$3.25/hog. Hog values out of Quebec were up \$1.80/hog, while the OlyW 20 climbed \$1.25/hog and BP/TC values fell near \$2/hog from the previous week. In the US, Tyson was up \$3.25/hog while JM surged \$12.30/hog from week ago levels.

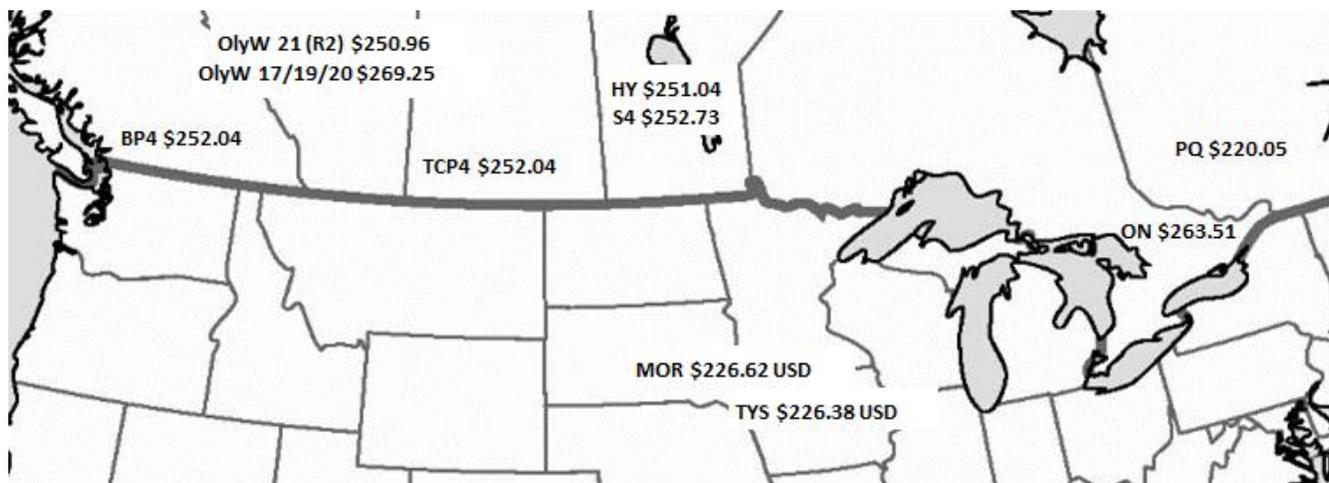
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 22-Apr-22	Difference to OlyW21
OlyW 2021 (R2)**	\$208.78		\$233.25		\$240.62		\$250.96	
OlyW 17/19/20*	\$205.49	-\$3.29	\$247.79	\$14.54	\$257.74	\$17.12	\$269.25	\$18.29
ML Sig 4	\$203.66	-\$5.12	\$232.77	-\$0.48	\$241.33	\$0.71	\$252.73	\$1.77
BP4/TCP4	\$205.02	-\$3.75	\$231.38	-\$1.87	\$239.48	-\$1.13	\$252.04	\$1.08
Hylife	\$208.26	-\$0.52	\$235.20	\$1.96	\$243.01	\$2.39	\$251.04	\$0.08
Ontario***	\$205.59	-\$3.19	\$241.46	\$8.22	\$251.84	\$11.22	\$263.51	\$12.55
Québec	\$217.34	\$8.57	\$236.16	\$2.91	\$243.01	\$2.40	\$220.05	-\$30.92
Tyson (USD)	\$153.58	-\$55.20	\$198.62	-\$34.63	\$209.45	-\$31.17	\$226.38	-\$24.58
John Morrell (USD)	\$146.75	-\$62.03	\$197.96	-\$35.29	\$209.85	-\$30.77	\$226.62	-\$24.34

*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 varied on the week, with strength in many markets pressured by another rise in feed costs. Canadian farrow-to-finish feed costs rose \$2.40/hog while those out of the monitored region in the US were up closer to \$2.15/hog from a week earlier.

Hog margins out the OlyW 20 weakened \$1.20 to \$25.20/hog profits on the week, followed by those out of Ontario which improved near \$1.40 to \$19.75/hog profits. Hog margins out of the ML Sig 4 were up \$0.85 to \$12.30/hog profits, while Hylife improved \$1.80 to \$10.60/hog profits and the OlyW 21 strengthened \$3.50 to \$6.90/hog profits. Hog margins out of Quebec continue in the red, weakening \$0.60 to \$23.95/hog losses. In the US, Tyson margins improved \$1.10 to \$40/hog profits while JM strengthened \$10.20 to \$42/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	22-Apr-22		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$269.25	\$180.55	\$41.45	\$22.05	\$244.05	\$25.20
OlyW 21 (R2)/Alberta	\$250.96	\$180.55	\$41.45	\$22.05	\$244.05	\$6.91
ML Sig 4/Manitoba	\$252.73	\$177.35	\$41.54	\$21.55	\$240.44	\$12.29
Hylife/Manitoba	\$251.04	\$177.35	\$41.54	\$21.55	\$240.44	\$10.60
Ontario	\$263.51	\$175.28	\$42.71	\$25.76	\$243.75	\$19.76
Québec	\$220.05	\$177.85	\$42.50	\$23.65	\$244.00	-\$23.95
Tyson (USD)/Iowa	\$226.38	\$137.11	\$30.70	\$18.57	\$186.38	\$40.00
John Morrell (USD)/ND	\$226.62	\$135.38	\$30.70	\$18.57	\$184.65	\$41.97

* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD,

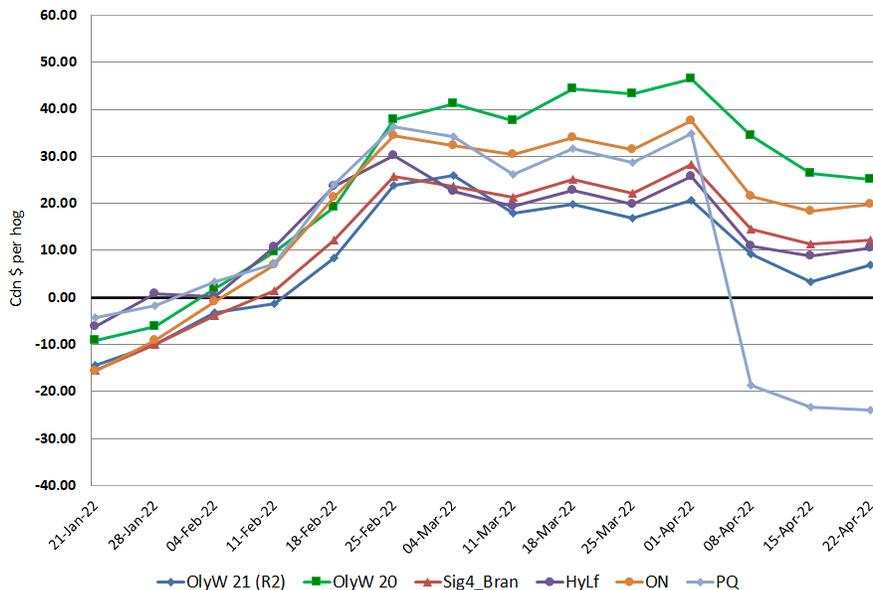
* Feed cost fixed expenses updated the week of April 8, 2022 onward

* Variable and Fixed Costs updated as of April 15, 2022

Tyson: \$40.00 USD x 1.2797 = \$51.19 CAD

Morrell: \$41.97 USD x 1.2797 = \$53.71 CAD

Canadian Margins Last 13 weeks



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