Weekly Regional HOG PRICE Report

Things to Consider….

May 24, 2022

The latest US Cold Storage numbers reported pork stocks at 530.2 million pounds for April, an increase of 44.3 million pounds from March and 73.3 million pounds over year ago levels. For reference, total pork in cold storage for March was revised lower from 487.2 to 485.9 million pounds.

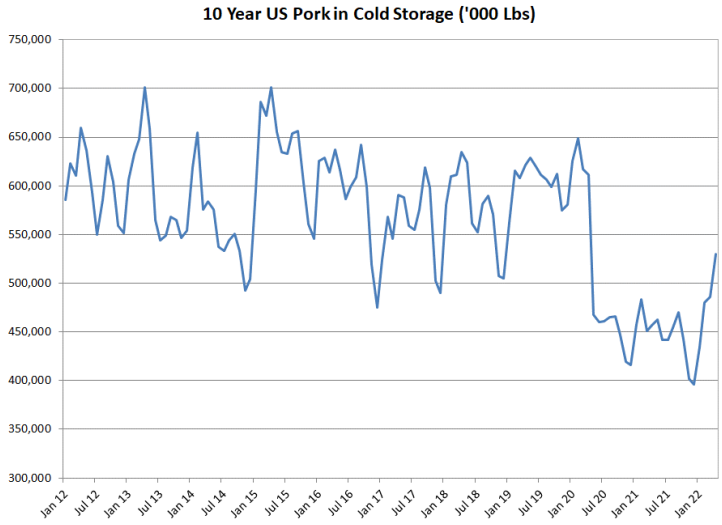
Most pork commodities increased on the report, excluding lessened amounts of picnics and trimmings. Total hams rose 24.1 million pounds from March levels and are 17.8 million pounds over last year. Notably, March represents the low of the year for hams in storage and they historically climb from April onward to peak in September.

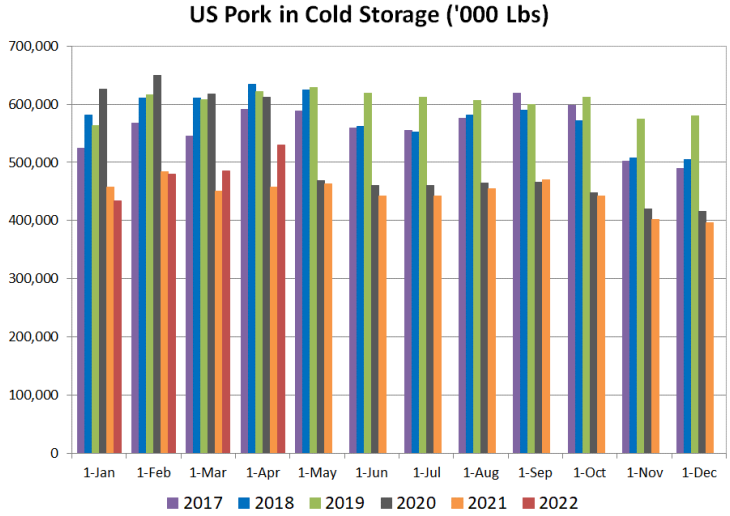
Other pork climbed 10.0 million pounds on the month however are 5.5 million pounds under last year, while unclassified pork rose 4.9 million pounds for April and is 2.4 million pounds over April 2021. Loins in cold storage increased 2.9 million pounds for April, bringing them 2.5 million pounds under last year. Bellies climbed 1.9 million pounds higher on the month, up a significant 23.5 million pounds over last year though current levels are more in-line with those expected seasonally. Butts in cold storage were up 1.0 million pounds from March and are 7.2 million over year ago levels. It's worth noting that butt stocks are above seasonal levels recorded in more recent years for this time, excluding the highs recorded in 2020. Picnics declined 578 thousand pounds for April however are up 1.3 million pounds over last year, while trimmings edged 894 thousand pounds lower from March however are 10.8 million pounds over year ago levels.

Overall, the increase in cold storage is a direct relationship to a reduction in export demand which has left more pounds of pork on the domestic market threatening hog prices. Seasonal supplies are expected to tighten but cold storage is not likely to return to previous lows unless major foreign buying returns and major pounds of pork are removed from the market.

US Pork in Cold Storage

('000 lbs)	Apr-22	Mar-22	Apr-21	M/M %	Y/Y %
Picnics	8,638	9,216	7,327	-6.3%	17.9%
Hams	98,182	74,105	80,389	32.5%	22.1%
Bellies	58,702	56,779	35,204	3.4%	66.7%
Loins	42,383	39,472	44,869	7.4%	-5.5%
Ribs	116,955	116,768	102,061	0.2%	14.6%
Butts	21,714	20,670	14,528	5.1%	49.5%
Trimmings	52,097	52,991	41,315	-1.7%	26.1%
Other	57,134	47,096	62,668	21.3%	-8.8%
Total Pork	**530,244**	**485,929**	**456,921**	**9.1%**	**16.0%**





Weekly Hog Price Recap

Regional and national cash hogs recorded improvements for much of the week, with a moderate pull-back Thursday. Alternatively, CME cash declined the front-half of the week and recorded some recovery late in the week. Wholesale pork primals were higher overall during the week, however averaged the week mixed from last reported. US pork cutout improved $2.80/cwt from the previous week's average, primarily driven higher by a surge in bellies.

USD Cash Price	Weekly Averages Head	20-May-22	Head	13-May-22	w/w	% Chg
ISM pm		$113.80		$112.21	$1.58	1.4%
WCB pm		$112.24		$110.49	$1.74	1.6%
Nat pm		$109.64		$106.41	$3.23	3.0%
CME Index*		$100.32		$100.99	-$0.67	-0.7%
Sows, 300-449lbs	12,807	$62.04	12,111	$72.32	-$10.28	-14.2%
Sows, 500+ lbs	11,702	$70.22	10,498	$79.20	-$8.98	-11.3%
BoC Exch		1.2840		1.2988	-0.0148	-1.1%

** Represents Friday-Thursday average*

Market hog values fell overall, pressured by lower slaughter-derived base pricing and the reduced currency rate of exchange. Hog values out of the ML Sig 4 dropped $5.10/hog, followed by those out of the Ontario which declined $4.25/hog from a week earlier. The OlyW 21 was down $3.30/hog, while hog values out of Hylife fell $2.35/hog and those out of Quebec were down $2.15/hog. The OlyW 20 climbed $1/hog higher, while BP/TC values were up $2.35/hog. In the US hog values improved, with Tyson up a modest $0.10/hog while JM rose $3.65/hog from week ago levels.

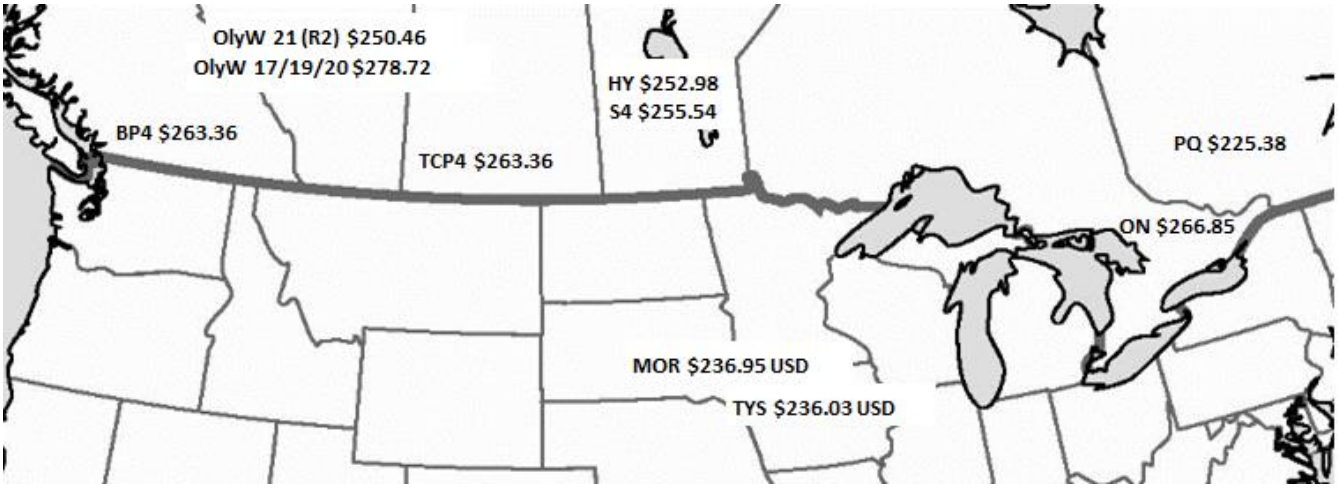
Regional Pricing, $/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 20-May-22	Difference to OlyW21
OlyW 2021 (R2)**	$209.74		$237.19		$250.75		$250.46	
OlyW 17/19/20*	$206.34	-$3.40	$253.69	$16.51	$273.01	$22.26	$278.72	$28.26
ML Sig 4	$204.74	-$5.00	$237.93	$0.75	$253.55	$2.81	$255.54	$5.08
BP4/TCP4	$206.21	-$3.52	$237.22	$0.03	$254.53	$3.78	$263.36	$12.90
Hylife	$209.27	-$0.46	$239.28	$2.09	$251.42	$0.67	$252.98	$2.52
Ontario***	$206.67	-$3.06	$247.04	$9.85	$264.93	$14.18	$266.85	$16.39
Québec	$217.45	$7.72	$234.34	-$2.84	$241.87	-$8.88	$225.38	-$25.08
Tyson (USD)	$155.14	-$54.59	$205.56	-$31.63	$227.14	-$23.61	$236.03	-$14.43
John Morrell (USD)	$148.36	-$61.38	$204.77	-$32.42	$224.63	-$26.12	$236.95	-$13.51

**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 considerably this past week on declines in hog values and increased feed costs. Canadian farrow-to-finish feed costs climbed $1.35/hog while those out of the monitored region in the US rose $3.25/hog from a week earlier.

Hog margins out the OlyW 20 edged $0.35 lower to $37.50/hog profits on the week, followed by those out of Ontario which weakened $5.60 to nearly $26/hog profits. Hog margins out of the ML Sig 4 weakened $6.45 to nearly $18/hog profits, while Hylife margins fell $3.65 lower to $15.35/hog profits and OlyW 21 margins weakened $4.65 to $9.25/hog profits. Hog margins out of Quebec continue in the red, weakening $3.50 to $15.80/hog losses. Hog margins in the US were mixed on the week, with Tyson weakening $3.15 to $53.65/hog profits while JM edged $0.35 higher to $56.30/hog profits from the previous week.

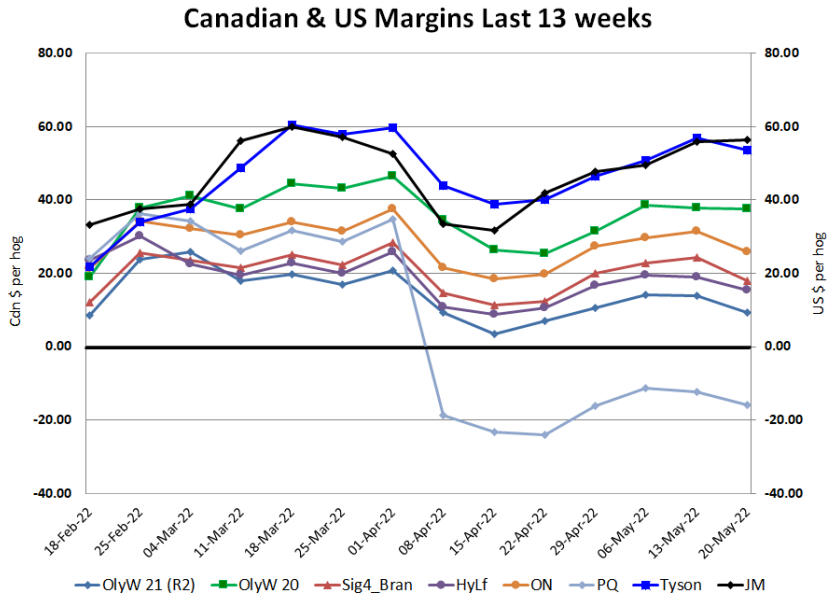
Regional MARGINS, $/hog						
	20-May-22	Farrow to Finish			Total	Weekly
Packer/Region	Hog Price	Feed*	Variable	Fixed	COP	Margin
OlyW 20/Alberta	$278.72	$177.73	$41.45	$22.05	$241.23	$37.49
OlyW 21 (R2)/Alberta	$250.46	$177.73	$41.45	$22.05	$241.23	$9.23
ML Sig 4/Manitoba	$255.54	$174.53	$41.54	$21.55	$237.62	$17.92
Hylife/Manitoba	$252.98	$174.53	$41.54	$21.55	$237.62	$15.36
Ontario	$266.85	$172.46	$42.71	$25.76	$240.93	$25.92
Québec	$225.38	$175.03	$42.50	$23.65	$241.18	-$15.80
Tyson (USD)/Iowa	$236.03	$133.13	$30.70	$18.57	$182.40	$53.63
John Morrell (USD)/ND	$236.95	$131.40	$30.70	$18.57	$180.67	$56.28

** 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: $53.63 USD x 1.2826 = $68.79 CAD
Morrell: $56.28 USD x 1.2826 = $72.18 CAD



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