

## Things to Consider....

June 7, 2022

US federally inspected hog slaughter was reported at 2,044 thousand head: down -12.8% for the Memorial Day holiday week, +2.9% over the same week last year and -3.8% under last year-to-date.

US sow slaughter for the week ending May 21st was up +10.9% from the previous week to 62,600 head, which is +4.1% compared to last year and -5.9% compared to last year-to-date.

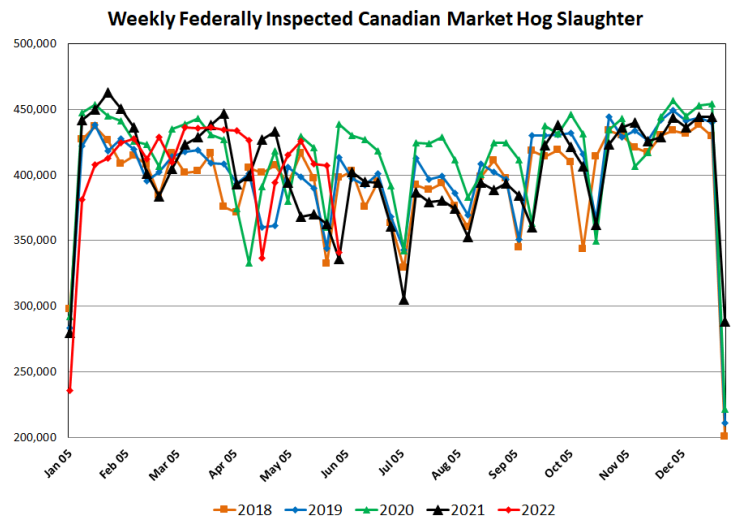
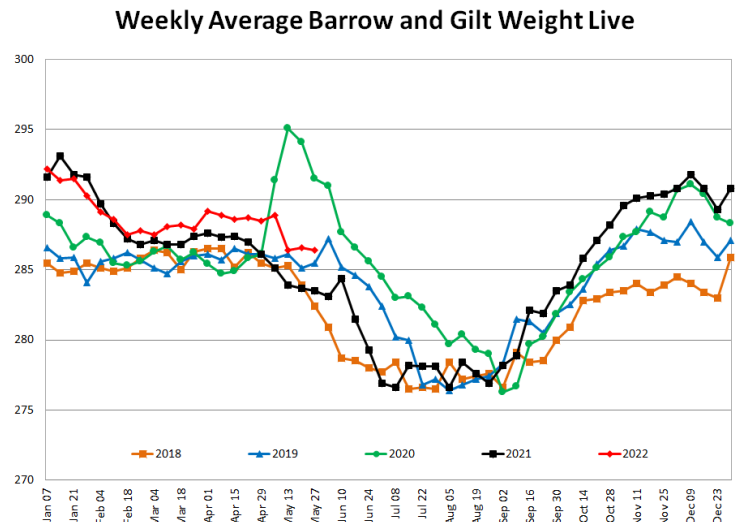
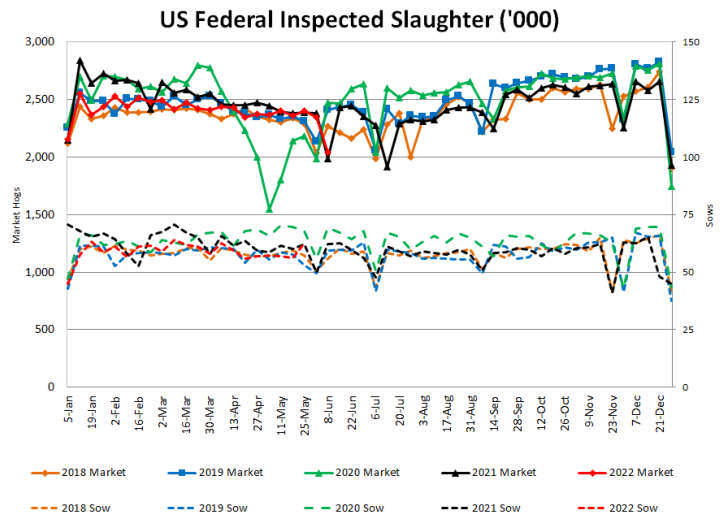
US pork production for the holiday week fell 66.2 million or -12.9% to 445.5 million pounds, bringing overall production +4.2% compared to last year and -3.4% under last year-to-date.

Market hog weights continue at high levels seasonally. Weekly average barrow and gilt weights in the ISM reporting area for the week ending May 28th was reported at 286.4 lbs, down a modest 0.2 pounds or -0.1% from a week earlier and up +1.2% or 3.3 lbs over year ago levels. Year-to-date, hog weights reported for 2022 are +0.5% over the same weeks in 2021.

Canadian federally inspected hog slaughter for the week ending May 28th was reported at 349.2 thousand head, down 56.0 thousand or -13.8% for the Victoria Day holiday week and +3.9% or 13.1 thousand over the same week last year.

Canadian pork production for the same period was estimated at 38,329 metric tons, down 6,157 MT or -13.8% on the week and up 2,495 MT or +7.0% from year ago levels.

Lean hog futures continue to trade in a newly established range, off the highs reported earlier in the year. Producers should begin to finalize decisions for late year forward contracting as seasonally the market begins to experience weakness following the heat of the summer.



# Weekly Hog Price Recap

Regional and national cash hogs improved for much of the week, particularly Wednesday, however recorded a significant decline Friday. CME cash also improved overall, recording a modest decline mid-week however was up significantly at the week's end. Most wholesale pork primals finished higher, excluding ribs, supporting US pork cutout \$2.45/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	03-Jun-22	Head	27-May-22		
ISM pm		\$115.47		\$113.51	\$1.96	1.7%
WCB pm		\$115.31		\$113.70	\$1.61	1.4%
Nat pm		\$113.64		\$110.50	\$3.15	2.8%
CME Index*		\$105.29		\$103.66	\$1.63	1.6%
Sows, 300-449lbs	10,319	\$48.77	13,179	\$54.79	-\$6.03	-11.0%
Sows, 500+ lbs	8,951	\$58.75	11,153	\$64.31	-\$5.56	-8.6%
BoC Exch		1.2625		1.2798	-0.0173	-1.4%

\* Represents Friday-Thursday average

Market hog values improved overall, with those derived from lagged base pricing up the most on the week. OlyW 21 hog values rose \$7.30/hog, while the OlyW 20 was up \$6.75/hog and BP/TC were up \$6.15/hog. Hog values out of Quebec improved \$4.25/hog, while the ML Sig 4 edged \$0.10/hog higher. Hylife declined \$1/hog while hog values out of Ontario slipped near \$0.20/hog. In the US, Tyson climbed \$1.70/hog while JM rose \$3.35/hog from week ago levels.

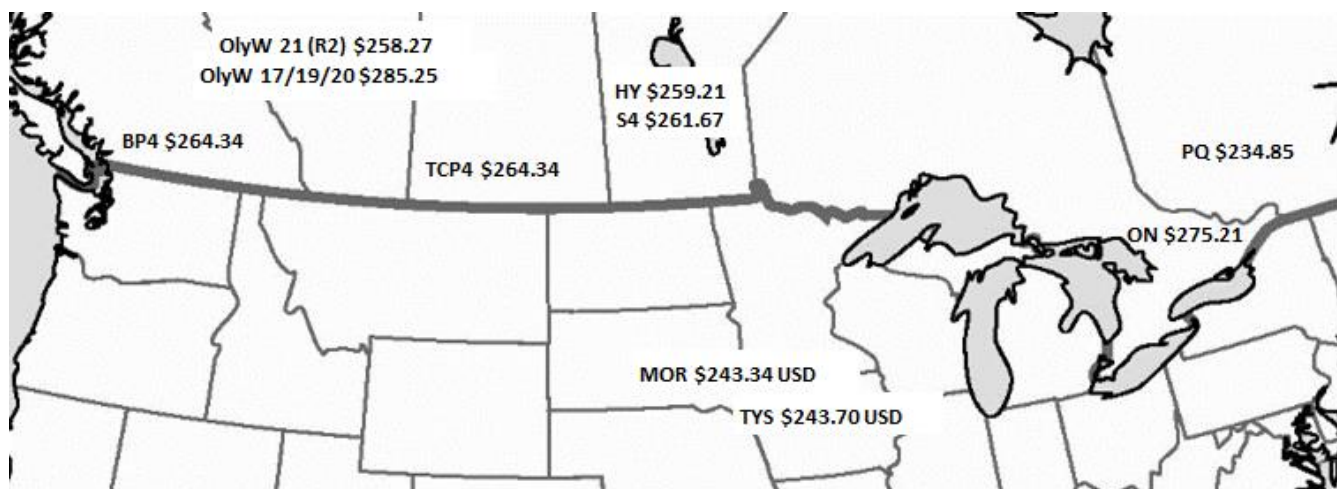
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 03-Jun-22	Difference to OlyW21
OlyW 2021 (R2)**	\$210.20		\$238.77		\$251.23		\$258.27	
OlyW 17/19/20*	\$206.72	-\$3.49	\$256.26	\$17.48	\$275.43	\$24.21	\$285.25	\$26.98
ML Sig 4	\$205.24	-\$4.97	\$240.09	\$1.32	\$255.56	\$4.33	\$261.67	\$3.39
BP4/TCP4	\$206.69	-\$3.51	\$239.41	\$0.63	\$257.30	\$6.08	\$264.34	\$6.07
Hylife	\$209.77	-\$0.44	\$241.19	\$2.42	\$252.86	\$1.64	\$259.21	\$0.94
Ontario***	\$207.21	-\$2.99	\$249.61	\$10.83	\$267.20	\$15.97	\$275.21	\$16.94
Québec	\$217.49	\$7.29	\$234.20	-\$4.57	\$237.23	-\$14.00	\$234.85	-\$23.43
Tyson (USD)	\$155.98	-\$54.23	\$208.95	-\$29.82	\$232.57	-\$18.65	\$243.70	-\$14.58
John Morrell (USD)	\$149.21	-\$60.99	\$208.12	-\$30.65	\$229.78	-\$21.45	\$243.34	-\$14.93

\*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 recorded strong improvements on the week, primarily due to a significant reduction in feed costs. Canadian farrow-to-finish feed costs dropped \$8.50/hog, while those in the monitored US region were down \$7.45/hog from a week earlier.

Hog margins out the OlyW 20 strengthened \$15.25 to \$52.10/hog profits on the week, followed by those out of Ontario which improved \$8.30 to \$42.35/hog profits. Hog margins out of the ML Sig 4 improved \$8.55 to \$32.15/hog profits, while Hylife margins rose \$7.50 to \$29.70/hog profits and OlyW 21 margins strengthened \$15.80 to \$25.15/hog profits. Hog margins out of Quebec improved to profitable levels, strengthening \$12.75 to \$1.75/hog profits. In the US, Tyson margins rose \$9.15 to \$68.25/hog profits while JM strengthened \$10.75 to \$69.60/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	03-Jun-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$285.25	\$169.64	\$41.45	\$22.05	\$233.14	\$52.11
OlyW 21 (R2)/Alberta	\$258.27	\$169.64	\$41.45	\$22.05	\$233.14	\$25.13
ML Sig 4/Manitoba	\$261.67	\$166.44	\$41.54	\$21.55	\$229.53	\$32.14
Hylife/Manitoba	\$259.21	\$166.44	\$41.54	\$21.55	\$229.53	\$29.68
Ontario	\$275.21	\$164.37	\$42.71	\$25.76	\$232.84	\$42.37
Québec	\$234.85	\$166.94	\$42.50	\$23.65	\$233.09	\$1.76
Tyson (USD)/Iowa	\$243.70	\$126.18	\$30.70	\$18.57	\$175.45	\$68.25
John Morrell (USD)/ND	\$243.34	\$124.45	\$30.70	\$18.57	\$173.72	\$69.62

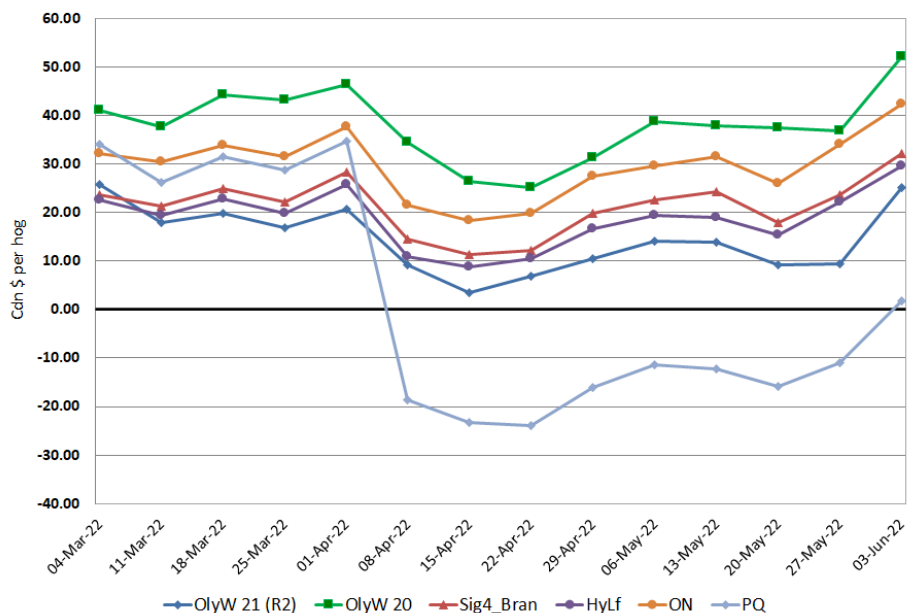
\* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD,

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

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

Tyson: \$68.25 USD x 1.2555 = \$85.69 CAD  
 Morrell: \$69.62 USD x 1.2555 = \$87.40 CAD

## Canadian Margins Last 13 weeks



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