



Weekly Regional HOG PRICE Report



Things to Consider....

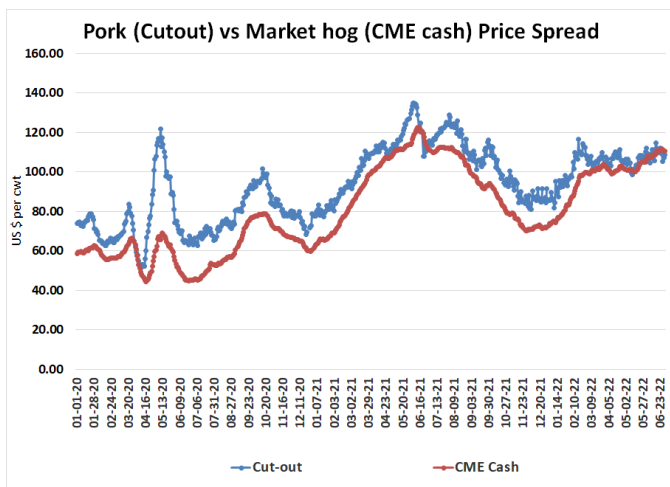
July 5, 2022

Lean hog futures for the second half of 2022 recently returned to levels reported back in early May. Although the up tick in most contracts did not match the peak of contract highs of March and April, they were near the highest level reported in the past couple of months. Sell pressure appears to have surfaced with nearby and deferred contracts not able to take out the previous highs from May and June.

Strength in regional cash over the last few weeks provided needed support as did the recent top in meat values as reported by the US pork car-lot report. However, with the pork carcass reaching \$120 US per cwt and regional cash near the same level, something will need to shift to rebalance the live hog and pork markets. Very seldom does pork and carcass hog values trade equal, as packers will choose to lower bids to improve margin if cut-out prices stall.

As of late, cut-out appears to have reached a seasonal top and is likely to drift lower into the second half of the year. As reported a couple weeks ago, US pork exports remain 20% below year ago levels and with more pork being imported to US markets, values appear to have more downside than upside.

Hog producers looking to reduce risk exposure for the second half of 2022 should use the upper end of the currently trading range as an entry point to forward contracting. Based on further Covid related shutdowns in China and slumping world buying of pork, further easing to the demand side of the equation could be on the horizon in the weeks and month ahead.



Weekly Hog Price Recap

Regional and national cash hogs recorded significant moves during the week, however declines recorded overall offset mid-week gains. CME cash recorded moderate improvements early on while declining the latter half of the week. Most wholesale pork primal values fell on the week, weighing US pork cutout \$3.36/cwt under the previous week's average.

USD Cash Price	Weekly Averages					
	Head	01-Jul-22	Head	24-Jun-22	w/w	% Chg
ISM pm		\$121.62		\$122.82	-\$1.20	-1.0%
WCB pm		\$121.68		\$122.82	-\$1.15	-0.9%
Nat pm		\$117.84		\$119.47	-\$1.63	-1.4%
CME Index*		\$111.16		\$110.39	\$0.77	0.7%
Sows, 300-449lbs	13,200	\$46.93	13,159	\$45.16	\$1.76	3.9%
Sows, 500+ lbs	11,871	\$53.66	11,492	\$52.84	\$0.82	1.5%
BoC Exch		1.2879		1.2956	-0.0077	-0.6%

* Represents Friday-Thursday average

Market hog values declined on the week, excluding those derived from lagged base pricing. BP/TC values rose \$6/hog, while the OlyW 20 was up \$5.30/hog and the OlyW 21 climbed \$1.90/hog higher. Hylife hogs dropped \$3.75/hog, followed by those out of Quebec which slipped \$1.10/hog lower. Hog values out of the ML Sig 4 fell \$0.75/hog while those out of Ontario edged \$0.50/hog lower. In the US, Tyson climbed \$4/hog while JM declined \$2.40/hog from week ago levels.

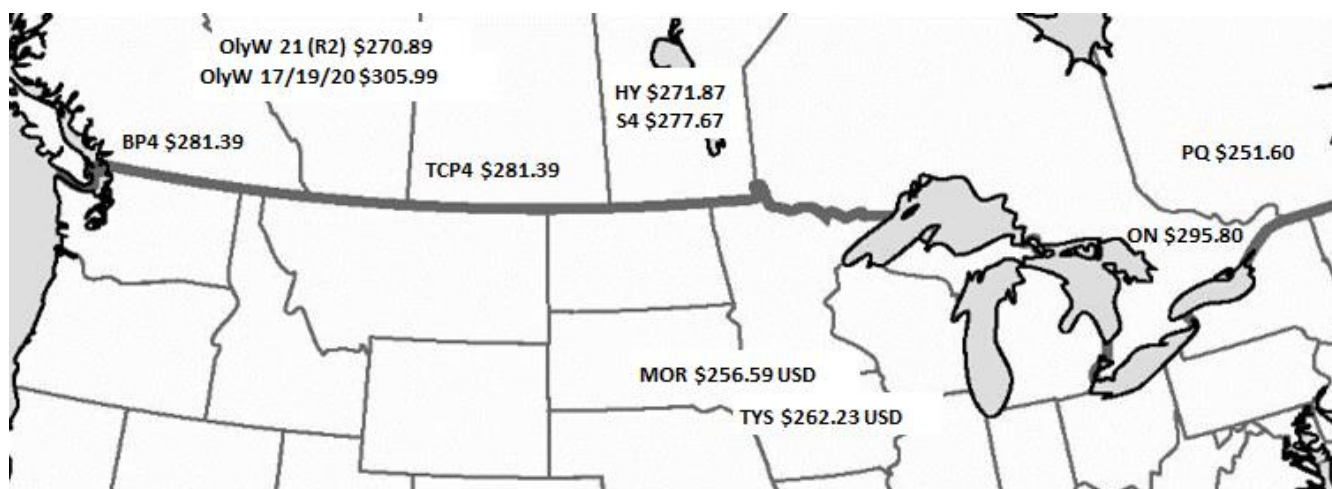
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 01-Jul-22	Difference to OlyW21
OlyW 2021 (R2)**	\$211.42		\$242.64		\$255.48		\$270.89	
OlyW 17/19/20*	\$207.80	-\$3.62	\$262.36	\$19.72	\$282.13	\$26.66	\$305.99	\$35.09
ML Sig 4	\$206.59	-\$4.83	\$245.17	\$2.54	\$261.82	\$6.34	\$277.67	\$6.78
BP4/TCP4	\$207.90	-\$3.53	\$244.42	\$1.78	\$262.75	\$7.27	\$281.39	\$10.50
Hylife	\$211.14	-\$0.29	\$245.71	\$3.08	\$258.68	\$3.20	\$271.87	\$0.98
Ontario***	\$208.81	-\$2.61	\$255.91	\$13.28	\$275.01	\$19.53	\$295.80	\$24.90
Québec	\$217.97	\$6.54	\$236.00	-\$6.64	\$232.11	-\$23.37	\$251.60	-\$19.30
Tyson (USD)	\$158.09	-\$53.33	\$216.25	-\$26.39	\$240.13	-\$15.35	\$262.23	-\$8.67
John Morrell (USD)	\$151.46	-\$59.96	\$215.27	-\$27.37	\$237.39	-\$18.08	\$256.59	-\$14.30

*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 as mostly moderate declines in hog values were more than offset by a significant decline in feed costs. Canadian farrow-to-finish feed costs dropped \$6.50/hog, while those in the monitored US region fell \$4.30/hog from a week earlier.

Hog margins out the OlyW20 strengthened \$11.80 to \$80/hog profits on the week, followed by those out of Ontario which rose \$6 to \$70.15/hog profits. Hog margins out of the ML Sig 4 improved \$5.75 to \$55.35/hog profits and Hylife margins were up \$2.75 to \$49.55/hog profits, while OlyW 21 margins strengthened \$8.40 to nearly \$45/hog profits and those out of Quebec improved \$5.40 to \$25.70/hog profits. In the US, Tyson margins strengthened \$8.35 to \$95.55/hog profits while JM improved \$1.90 to \$91.65/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	01-Jul-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$305.99	\$162.44	\$41.45	\$22.05	\$225.94	\$80.05
OlyW 21 (R2)/Alberta	\$270.89	\$162.44	\$41.45	\$22.05	\$225.94	\$44.95
ML Sig 4/Manitoba	\$277.67	\$159.24	\$41.54	\$21.55	\$222.33	\$55.34
Hylife/Manitoba	\$271.87	\$159.24	\$41.54	\$21.55	\$222.33	\$49.54
Ontario	\$295.80	\$157.17	\$42.71	\$25.76	\$225.64	\$70.16
Québec	\$251.60	\$159.74	\$42.50	\$23.65	\$225.89	\$25.71
Tyson (USD)/Iowa	\$262.23	\$117.40	\$30.70	\$18.57	\$166.67	\$95.56
John Morrell (USD)/ND	\$256.59	\$115.67	\$30.70	\$18.57	\$164.94	\$91.65

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

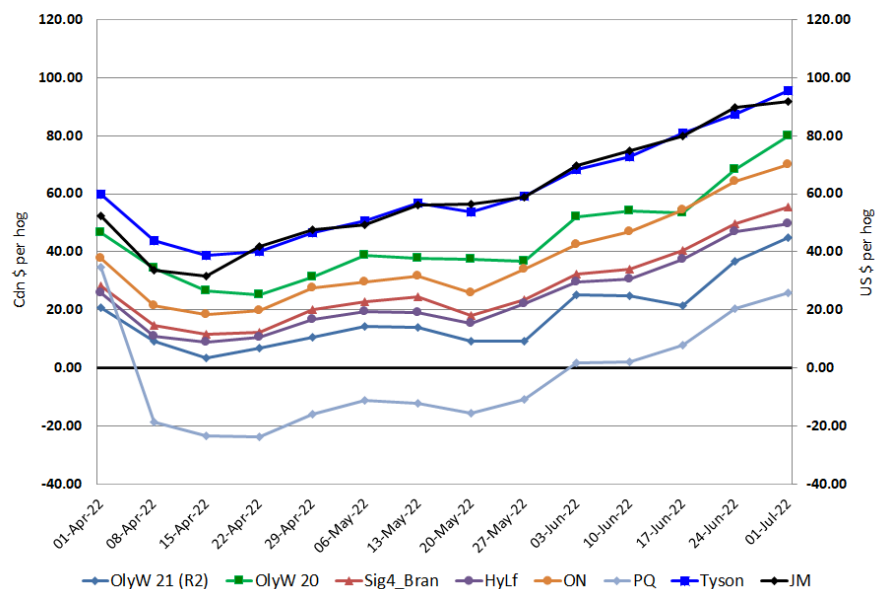
* Feed cost fixed expenses updated the week of April 8, 2022 onward

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

Tyson: \$95.56 USD x 1.3038 = \$124.60 CAD

Morrell: \$91.65 USD x 1.3038 = \$119.49 CAD

Canadian & US Margins Last 13 weeks



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