

Things to Consider....

June 21, 2022

The latest US Cold Storage numbers reported pork stocks at 543.1 million pounds for May, climbing 9.7 million pounds from April and 80.6 million pounds over year-ago levels. For reference, total pork in cold storage for April was revised higher from 530.2 to 533.4 million pounds.

Lessened amounts of pork in cold storage such as spare ribs, other pork, variety meats, bellies, and trimmings were offset by the seasonal surge of total hams and moderately higher picnics and unclassified pork.

Beef in US cold storage for May fell 12.3 million pounds from the previous report, bringing beef stocks 103.2 million pounds over stocks reported last year. Notably, current beef supplies in cold storage are among the highest recorded historically.

Boneless beef accounted for the greatest portion of the monthly move, with beef cuts only modestly lower.

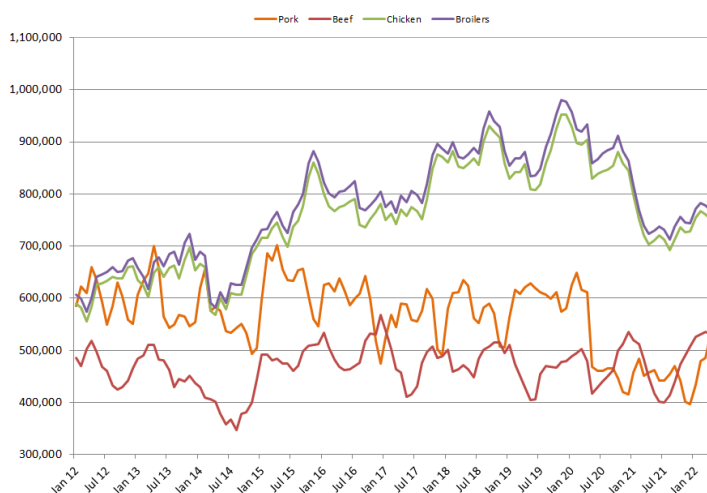
Chicken in US cold storage fell 18.9 million pounds from April stocks, bringing chicken 21.7 million over stocks reported last year.

Significant declines in leg quarters and drumsticks accounted for the overall report-over-report reduction. Lower breast meat stocks were generally offset by increased amounts of wings and modestly higher thigh meat and quarters, legs and, other chicken.

Rising cold storage numbers coupled with the easing of key export markets continue to put pressure on the forward markets.

In contrary, cash markets continue to sail along to new annual highs reaching levels not seen since last June when certain cash markets across Canada surpassed the \$300 per hog value.

10-Year US Pork, Beef & Chicken in Cold Storage ('000 Lbs)



US Pork in Cold Storage					
('000 lbs)	May-22	Apr-22	May-21	M/M %	Y/Y %
Picnics	8,979	8,649	5,621	3.8%	59.7%
Hams	126,408	98,038	109,337	28.9%	15.6%
Bellies	56,392	58,331	36,391	-3.3%	55.0%
Loins	40,268	42,129	38,667	-4.4%	4.1%
Ribs	111,960	118,731	89,923	-5.7%	24.5%
Butts	19,961	21,878	11,315	-8.8%	76.4%
Trimmings	52,324	52,877	42,055	-1.0%	24.4%
Other	53,951	59,359	61,647	-9.1%	-12.5%
Total Pork	543,079	533,396	462,446	1.8%	17.4%

Competing Meats in Cold Storage					
('000 lbs)	May-22	Apr-22	May-21	M/M %	Y/Y %
Beef Total	519,833	532,167	416,675	-2.3%	24.8%
Boneless	471,073	483,212	385,051	-2.5%	22.3%
Cuts	48,760	48,955	31,624	-0.4%	54.2%
Broiler Total	751,390	768,101	730,378	-2.2%	2.9%
Fryers/Roasters	14,256	12,287	14,277	16.0%	-0.1%
Hens	4,538	4,350	5,231	4.3%	-13.2%
Other	732,596	751,464	710,870	-2.5%	3.1%
Chicken Total	732,596	751,464	710,870	-2.5%	3.1%
Breast meat	172,124	177,691	204,263	-3.1%	-15.7%
Drumsticks	27,034	31,994	35,895	-15.5%	-24.7%
Leg Qtrs	78,890	93,537	64,477	-15.7%	22.4%
Legs	16,229	16,121	13,092	0.7%	24.0%
Thigh Qtrs	11,843	11,562	12,568	2.4%	-5.8%
Thigh meat	13,269	12,726	12,456	4.3%	6.5%
Wings	68,908	64,673	41,977	6.5%	64.2%
Feet	32,746	32,793	35,048	-0.1%	-6.6%
Other	311,553	310,367	291,094	0.4%	7.0%

Weekly Hog Price Recap

Cash hogs were mixed during the week, with regional cash primarily higher overall while national cash recorded significant declines at the start and into the end of the week. CME cash moved more moderately however was up nearly daily with a modest pullback Friday. Wholesale pork primal values generally improved, however loins and ribs finished lower, with US pork cutout ending \$2.49/cwt over the previous week's average.

USD Cash Price	Weekly Averages					
	Head	17-Jun-22	Head	10-Jun-22	w/w	% Chg
ISM pm		\$120.41		\$118.51	\$1.90	1.6%
WCB pm		\$120.10		\$118.18	\$1.92	1.6%
Nat pm		\$117.07		\$115.92	\$1.14	1.0%
CME Index*		\$108.28		\$107.42	\$0.86	0.8%
Sows, 300-449lbs	12,893	\$45.96	12,959	\$47.34	-\$1.38	-2.9%
Sows, 500+ lbs	12,009	\$52.95	12,874	\$55.63	-\$2.68	-4.8%
BoC Exch		1.2942		1.2616	0.0326	2.6%

* Represents Friday-Thursday average

Market hog values improved significantly supported by rising cash prices, and Canadian markets were further supported by the currency exchange rate. Ontario hog values surged \$9.60/hog, followed by those out of Hylife which rose \$9.20/hog from the previous week. The ML Sig 4 was up \$8.65/hog, while hog values out of Quebec rose \$8.15/hog. BP/TC hog values were up \$2.25/hog and the OlyW 20 climbed \$1.70/hog while the OlyW 21 declined \$1.30/hog. In the US, Tyson rose \$7.10/hog while JM was up \$4/hog from week ago levels.

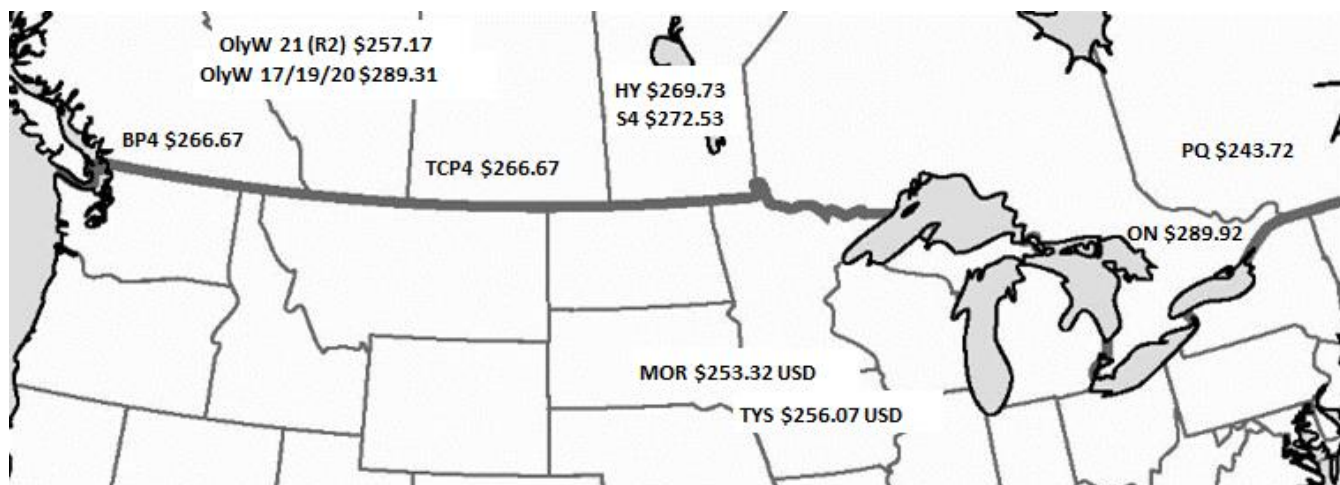
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 17-Jun-22	Difference to OlyW21
OlyW 2021 (R2)**	\$210.69		\$240.36		\$252.31		\$257.17	
OlyW 17/19/20*	\$207.12	-\$3.57	\$258.94	\$18.58	\$277.84	\$25.52	\$289.31	\$32.14
ML Sig 4	\$205.80	-\$4.89	\$242.43	\$2.07	\$257.99	\$5.68	\$272.53	\$15.35
BP4/TCP4	\$207.18	-\$3.51	\$241.58	\$1.22	\$259.16	\$6.85	\$266.67	\$9.50
Hylife	\$210.36	-\$0.33	\$243.35	\$2.99	\$255.15	\$2.83	\$269.73	\$12.56
Ontario***	\$207.87	-\$2.81	\$252.57	\$12.21	\$270.35	\$18.03	\$289.92	\$32.75
Québec	\$217.59	\$6.90	\$234.65	-\$5.71	\$233.83	-\$18.48	\$243.72	-\$13.45
Tyson (USD)	\$156.93	-\$53.76	\$212.58	-\$27.78	\$236.12	-\$16.19	\$256.07	-\$1.10
John Morrell (USD)	\$150.26	-\$60.43	\$211.72	-\$28.63	\$232.88	-\$19.43	\$253.32	-\$3.85

*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 excluding those with lagged base pricing. Canadian farrow-to-finish feed costs were up \$2.20/hog, while those in the monitored US region declined \$1.10/hog from a week earlier.

Hog margins out Ontario strengthened \$7.40 to \$54.40/hog profits on the week, followed by those out of the OlyW 20 which edged \$0.50 lower to \$53.50/hog profits. Hog margins out of the ML Sig 4 improved \$6.45 to \$40.30/hog profits and Hylife margins strengthened \$7 higher to \$37.50/hog profits, while OlyW 21 margins weakened \$3.50 to \$21.35/hog profits and those out of Quebec were up \$6 to \$8/hog profits. In the US, Tyson margins strengthened \$8.25 to \$81/hog profits while JM rose \$5.10 to \$80/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	17-Jun-22	Farrow to Finish			Total	Weekly Margin
	Hog Price	Feed*	Variable	Fixed	COP	
OlyW 20/Alberta	\$289.31	\$172.33	\$41.45	\$22.05	\$235.83	\$53.48
OlyW 21 (R2)/Alberta	\$257.17	\$172.33	\$41.45	\$22.05	\$235.83	\$21.34
ML Sig 4/Manitoba	\$272.53	\$169.13	\$41.54	\$21.55	\$232.22	\$40.31
Hylife/Manitoba	\$269.73	\$169.13	\$41.54	\$21.55	\$232.22	\$37.51
Ontario	\$289.92	\$167.06	\$42.71	\$25.76	\$235.53	\$54.39
Québec	\$243.72	\$169.63	\$42.50	\$23.65	\$235.78	\$7.94
Tyson (USD)/Iowa	\$256.07	\$125.80	\$30.70	\$18.57	\$175.07	\$81.00
John Morrell (USD)/ND	\$253.32	\$124.07	\$30.70	\$18.57	\$173.34	\$79.98

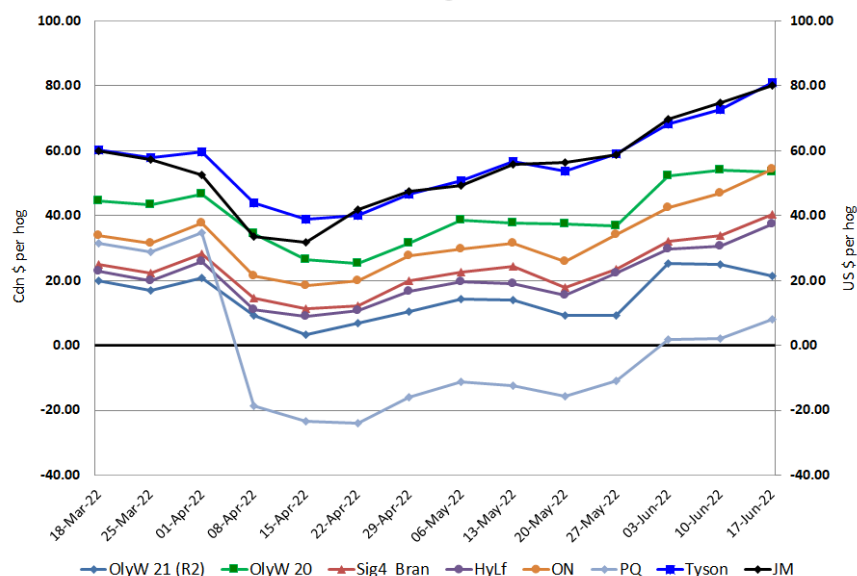
* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD,

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

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

Tyson: \$81.00 USD x 1.2929 = \$104.72 CAD
Morrell: \$79.98 USD x 1.2929 = \$103.41 CAD

Canadian & US Margins Last 13 weeks



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