



# Weekly Regional HOG PRICE Report



## Things to Consider....

June 28, 2022

The USDA's latest Quarterly Hogs & Pigs report was released Wednesday, June 29th and outlined lower inventories overall compared to last year however were modestly above market analysts' pre-report estimates.

Market hogs weighing under 50 pounds were very near expectations, however heavier weight groups were reported increasingly higher than market analysts' projections. Market hogs weighing 50-119 lbs as well as 120-179 lbs are among the lowest in recent history, the lowest quarters recorded since March 2018 and March 2020 respectively.

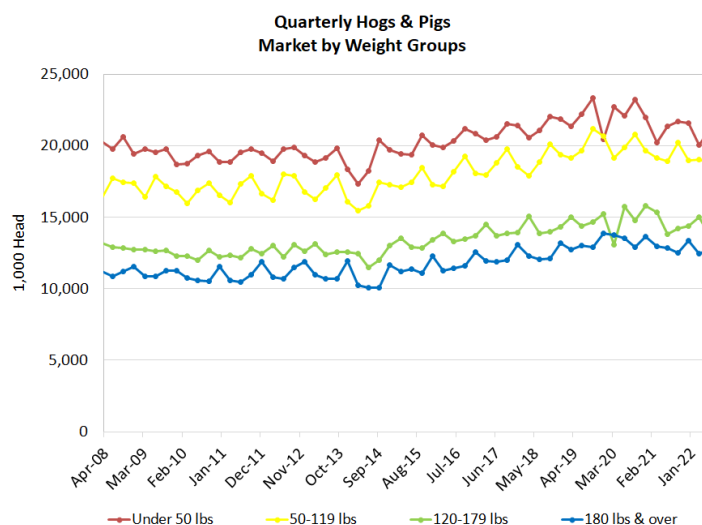
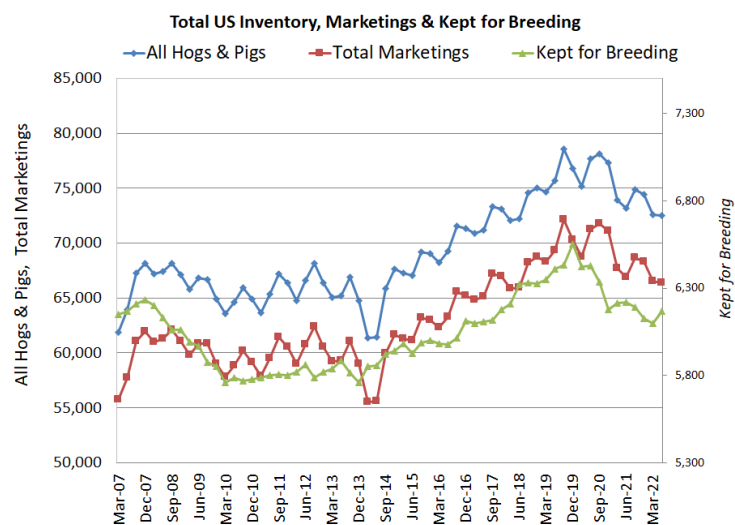
All Hogs & Pigs declined 95 thousand from the previous quarter which brings the category 629 thousand head under last year. Notably, the latest inventory records the lowest quarter since June 2018 at 72,231 thousand head. Market hogs were down 165 thousand head from reported for March, and 577 thousand head under last year. Kept for breeding was up 70 thousand head from the last quarter, bringing the breeding herd 52 thousand head under year ago levels.

*Revisions, as provided in the USDA report: "All inventory and pig crop estimates for June 2021 through March 2022 were reviewed using final pig crop, official slaughter, death loss, and updated import and export data. The revision made to the March 2022 all hogs and pigs inventory was 0.6 percent. The revision made to the December 2021-February 2022 pig crop was 0.4 percent. The net revision made to the December 2021 all hogs and pigs inventory was 0.3 percent. A net revision of 1.2 percent was made to the September-November 2021 pig crop."*

The report on inventories is considered neutral to friendly as numbers remain below year ago levels. However, as indicated pig supplies are starting to see a rebuild, led by an increase in Kept for Breeding, following the liquidation which began in mid 2020.

Lean hog futures have shown resilience following the report and are trading within \$5 US per cwt of contract highs for 4<sup>th</sup> quarter contracts. Any further upside towards the previous highs should be considered a hedging opportunity for producers.

Quarterly H&P - Jun 2022		2021	2022	%22/21	Est	%Act-Est
<b>All Hogs and Pigs</b>		73,153	72,524	99.1%	98.4%	0.7%
<b>Kept for Breeding</b>		6,220	6,168	99.2%	98.2%	1.0%
<b>Market Hogs</b>		66,933	66,356	99.1%	98.4%	0.7%
<b>Mkt hog Wt. Groups</b>						
Under 50 pounds		21,354	21,083	98.7%	98.6%	0.1%
50-119 pounds		18,919	18,811	99.4%	98.8%	0.6%
120-179 pounds		13,830	13,737	99.3%	98.2%	1.1%
180 pounds and over		12,829	12,725	99.2%	97.9%	1.3%
<b>Mar-May Pig Crop</b>		33,233	32,905	99.0%	98.4%	0.6%
<b>Mar-May Pigs per Litter</b>		10.95	11.00	100.5%	100.0%	0.5%
<b>Sows Farrowing</b>						
2022	Mar-May	3,034	2,992	98.6%	98.4%	0.2%
2022	Jun-Aug Intentions	3,050	3,019	99.0%	98.9%	0.1%
2022	Sep-Nov Intentions	3,049	3,007	98.6%	99.6%	(1.0%)



# Weekly Hog Price Recap

Cash hogs were mixed during the week yet recorded good mid-week strength, finishing higher overall. Regional cash was primarily higher despite starting the week lower while national cash recorded modest declines for the majority of the week. CME cash improved near daily however recorded more moderate daily moves excluding a significant rise at the start of the week. Wholesale pork primal values were mixed with stronger butts, bellies and hams supporting US pork cutout \$0.81/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	24-Jun-22	Head	17-Jun-22		
ISM pm		\$122.82		\$120.41	\$2.41	2.0%
WCB pm		\$122.82		\$120.10	\$2.72	2.3%
Nat pm		\$119.47		\$117.07	\$2.41	2.1%
CME Index*		\$110.39		\$108.28	\$2.11	1.9%
Sows, 300-449lbs	13,159	\$45.16	12,893	\$45.91	-\$0.74	-1.6%
Sows, 500+ lbs	11,492	\$52.84	12,009	\$53.01	-\$0.17	-0.3%
BoC Exch		1.2956		1.2942	0.0014	0.1%

\* Represents Friday-Thursday average

Market hog values improved significantly, up \$6-\$11 per hog on the week. Those derived from lagged base pricing were generally up the most with the OlyW 21 up \$11.80/hog, the OlyW 20 up \$11.40/hog and BP/TC pricing up \$8.75/hog. Quebec hog values rose \$9/hog, followed by those out of Ontario which were up \$6.40/hog while the ML Sig 4 & Hylife were each up shy of \$6/hog. In the US, Tyson climbed \$2.15/hog while JM rose \$5.65/hog from week ago levels.

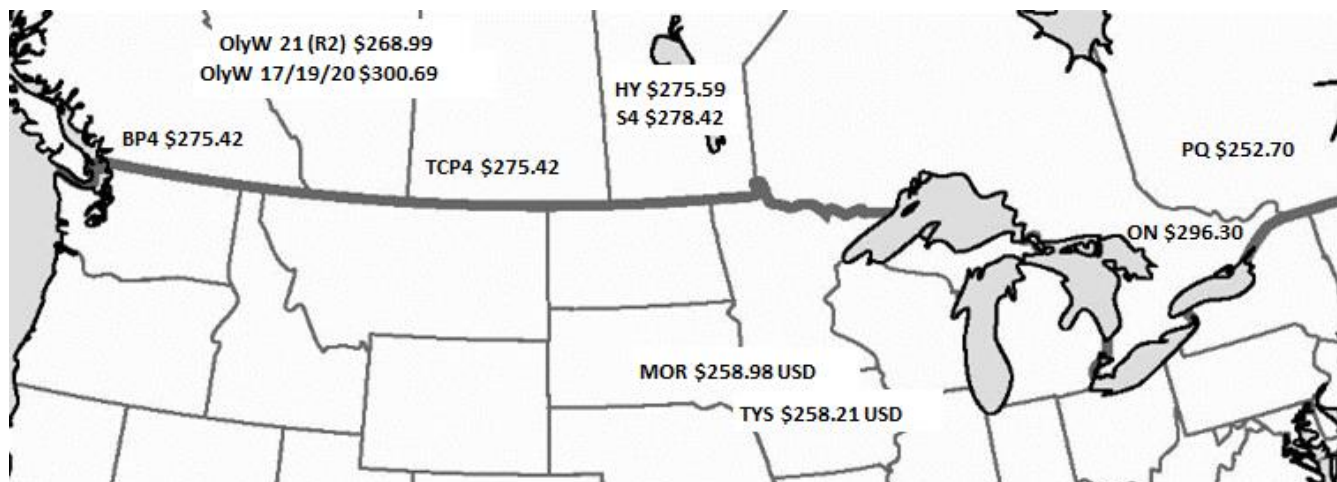
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 24-Jun-22	Difference to OlyW21
OlyW 2021 (R2)**	\$211.04		\$241.50		\$253.83		\$268.99	
OlyW 17/19/20*	\$207.44	-\$3.61	\$260.61	\$19.11	\$279.77	\$25.94	\$300.69	\$31.70
ML Sig 4	\$206.18	-\$4.86	\$243.87	\$2.37	\$260.03	\$6.20	\$278.42	\$9.42
BP4/TCP4	\$207.50	-\$3.54	\$242.94	\$1.43	\$260.69	\$6.86	\$275.42	\$6.43
Hylife	\$210.74	-\$0.30	\$244.62	\$3.11	\$257.15	\$3.32	\$275.59	\$6.60
Ontario***	\$208.33	-\$2.71	\$254.32	\$12.81	\$272.79	\$18.96	\$296.30	\$27.31
Québec	\$217.76	\$6.72	\$235.37	-\$6.13	\$233.10	-\$20.73	\$252.70	-\$16.29
Tyson (USD)	\$157.49	-\$53.56	\$214.41	-\$27.10	\$237.93	-\$15.89	\$258.21	-\$10.78
John Morrell (USD)	\$150.87	-\$60.17	\$213.61	-\$27.89	\$234.93	-\$18.90	\$258.98	-\$10.01

\*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 on rising hog values and were further supported by a decline in feed costs. Canadian farrow-to-finish feed costs fell \$3.40/hog, while those in the monitored US region dropped \$4.10/hog from a week earlier.

Hog margins out the OlyW20 strengthened \$14.75 to \$68.25/hog profits on the week, followed by those out of Ontario which rose \$9.75 to \$64.15/hog profits. Hog margins out of the ML Sig 4 improved \$9.30 to \$49.60/hog profits and Hylife margins were up \$9.25 to \$46.75/hog profits, while OlyW 21 margins strengthened \$15.20 to \$36.55/hog profits and those out of Quebec were up \$12.40 to \$20.30/hog profits. In the US, Tyson margins improved \$6.25 to \$87.25/hog profits while JM strengthened \$9.75 to \$89.75/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	24-Jun-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$300.69	\$168.93	\$41.45	\$22.05	\$232.43	\$68.26
OlyW 21 (R2)/Alberta	\$268.99	\$168.93	\$41.45	\$22.05	\$232.43	\$36.56
ML Sig 4/Manitoba	\$278.42	\$165.73	\$41.54	\$21.55	\$228.82	\$49.60
Hylife/Manitoba	\$275.59	\$165.73	\$41.54	\$21.55	\$228.82	\$46.77
Ontario	\$296.30	\$163.66	\$42.71	\$25.76	\$232.13	\$64.17
Québec	\$252.70	\$166.23	\$42.50	\$23.65	\$232.38	\$20.32
Tyson (USD)/Iowa	\$258.21	\$121.71	\$30.70	\$18.57	\$170.98	\$87.23
John Morrell (USD)/ND	\$258.98	\$119.98	\$30.70	\$18.57	\$169.25	\$89.73

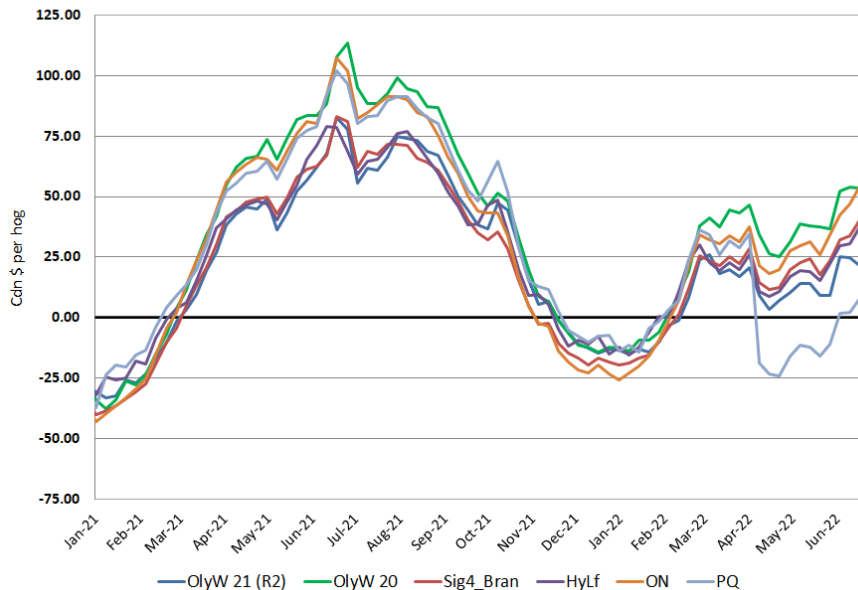
\* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD,

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

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

Tyson: \$87.23 USD x 1.2864 = \$112.21 CAD  
 Morrell: \$89.73 USD x 1.2864 = \$115.43 CAD

Canadian Margins 2021-2022



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