



# Weekly Regional HOG PRICE Report



September 13, 2022

### Things to Consider....

Following a delay in the release of Weekly Pork export data the USDA, over the past week reported significant gains to major buyers in late August. The data which had not been released for several weeks had an immediate impact on lean hog futures sending the remaining 2022 and first quarter 2023 contracts to the upper end of recent trading ranges.

Countries including Japan, China, Mexico, and South Korea all recorded quantities higher than the same time in 2021. Weekly exports to Japan were record setting, for any period approaching the 7000 MT, a level not seen in recent history.

At the same time US lean hog futures returned to favourable levels, the Canadian dollar dropped to the lowest level in over 1 year providing the highest forward contracting opportunities seen for the 4<sup>th</sup> quarter of 2022 and 1st quarter of 2023 so far this year.

Lean hog producers looking to reduce price exposure for the remainder of the year could consider the current rally as an opportunity to hedge a portion of production.

### Dec 2022 Lean Hogs

Lean Hogs (HEZ22) CME 088.325 | 088.725 | 87.325 | 88.150 | 0.175 (0.20%)

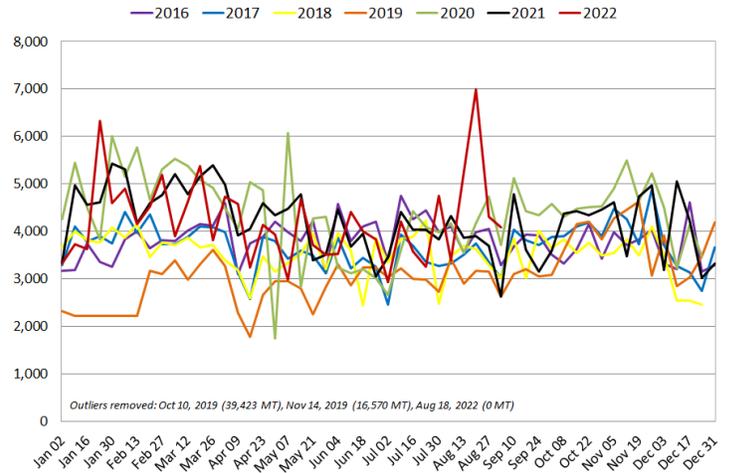


### Feb 2023 Lean Hogs

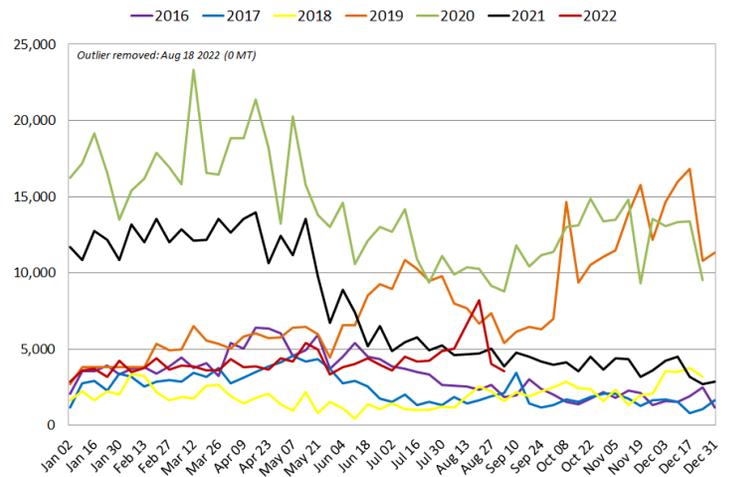
Lean Hogs (HEG23) CME 091.775 | 92.250 | 91.000 | 91.925 | 0.275 (0.30%)



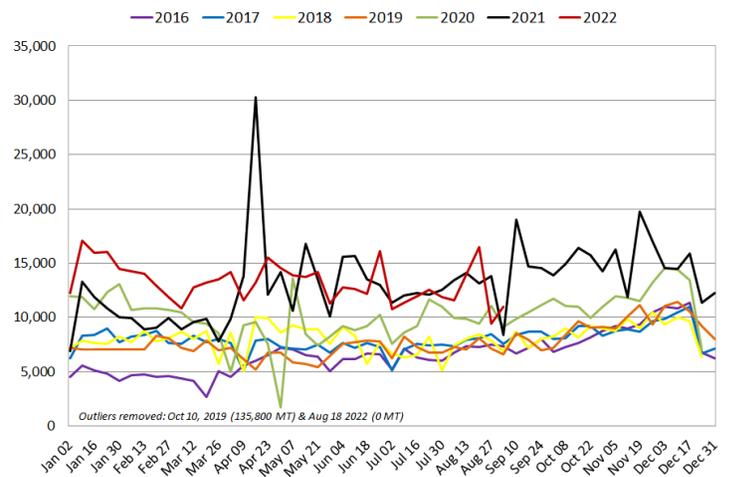
### Weekly Pork Exports (MT) - Japan



### Weekly Pork Exports (MT) - CHINA



### Weekly Pork Exports (MT) - Mexico



# Weekly Hog Price Recap

Cash hog bids started the holiday-week higher, however national cash fell thereafter through to Friday while regional cash varied throughout the week though still finished significantly lower. CME cash fell daily with declines heavier early on but again carrying through to the end of the week. Wholesale pork primal values were modestly mixed to higher, supporting US pork cutout \$0.79/cwt over the previous week's average.

USD Cash Price	Weekly Averages		w/w	% Chg		
	Head	09-Sep-22			Head	02-Sep-22
ISM pm		\$101.69	\$108.08	-\$6.40	-5.9%	
WCB pm		\$100.90	\$107.38	-\$6.49	-6.0%	
Nat pm		\$95.61	\$103.68	-\$8.07	-7.8%	
CME Index*		\$101.14	\$107.85	-\$6.71	-6.2%	
Sows, 300-449lbs	11,209	\$66.23	12,189	\$69.86	-\$3.63	-5.2%
Sows, 500+ lbs	9,971	\$72.91	10,327	\$79.41	-\$6.50	-8.2%
BoC Exch		1.3114	1.3097	0.0017	0.1%	

\* Represents Friday-Thursday average

Markets derived from lagged base-pricing were generally down the most. The OlyW 20 dropped \$24.35/hog and the OlyW 21 was \$11.10/hog lower, while BP/TC declined near \$19/hog. Hogs out of Ontario fell \$15.20/hog, the ML Sig 4 was \$11.50/hog lower and Hylife hogs were down \$1.50/hog while those out of Quebec edged \$0.80/hog higher. In the US, Tyson dropped \$16.40/hog while JM fell \$13.50/hog from week ago levels.

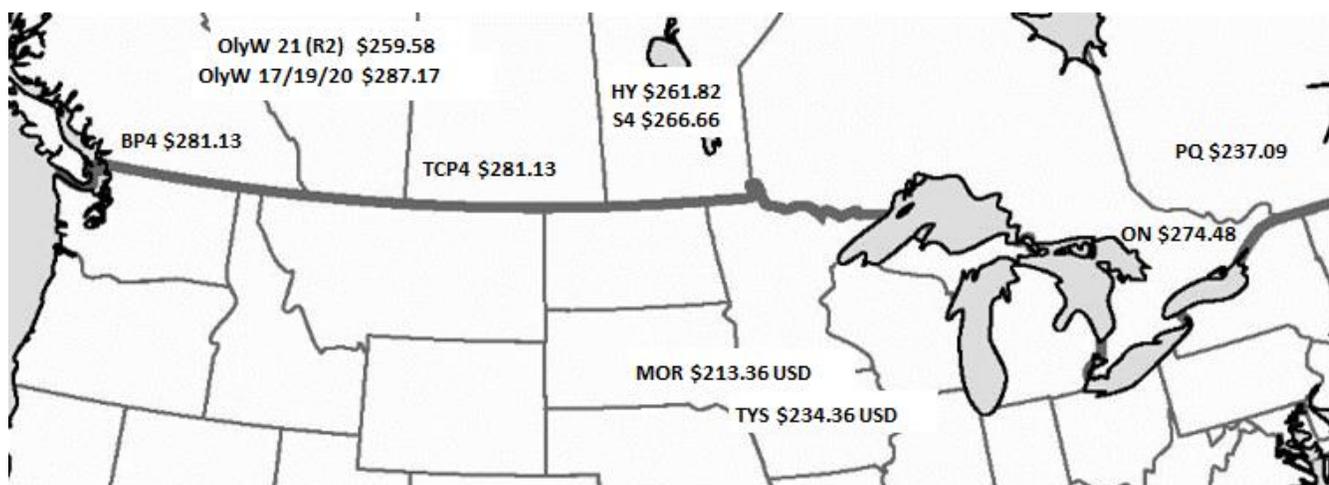
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 09-Sep-22	Difference to OlyW21
OlyW 2021 (R2)**	\$216.48		\$253.84		\$278.98		\$259.58	
OlyW 17/19/20*	\$212.72	-\$3.75	\$277.50	\$23.66	\$312.66	\$33.68	\$287.17	\$27.59
ML Sig 4	\$211.91	-\$4.56	\$257.57	\$3.73	\$286.67	\$7.69	\$266.66	\$7.08
BP4/TCP4	\$213.33	-\$3.14	\$258.21	\$4.37	\$289.54	\$10.57	\$281.13	\$21.55
Hylife	\$216.17	-\$0.31	\$256.09	\$2.25	\$280.34	\$1.37	\$261.82	\$2.24
Ontario***	\$214.87	-\$1.60	\$270.29	\$16.45	\$304.51	\$25.54	\$274.48	\$14.91
Québec	\$221.37	\$4.89	\$243.83	-\$10.00	\$260.78	-\$18.20	\$237.09	-\$22.48
Tyson (USD)	\$164.60	-\$51.87	\$229.40	-\$24.43	\$262.51	-\$16.47	\$234.36	-\$25.22
John Morrell (USD)	\$157.89	-\$58.59	\$227.14	-\$26.70	\$257.61	-\$21.36	\$213.36	-\$46.21

\* 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 continue to be heavily pressured by declines in hog values. Canadian farrow-to-finish feed costs eased \$0.15/hog lower, while those in the monitored US region edged \$0.10/hog higher from the week previous.

Hog margins out the OlyW 20 weakened \$24.20 to \$52.45/hog profits on the week, followed by those out of Ontario which weakened near \$15 to \$40/hog profits. Hog margins out of the ML Sig 4 dropped \$11.35 to \$35.55/hog profits and Hylife margins weakened \$1.40 to \$30.70/hog profits. OlyW 21 margins fell \$11 to \$24.85/hog profits while those out of Quebec strengthened shy of \$1 to \$2.40/hog profits. In the US, Tyson margins weakened \$16.50 to \$62.15/hog profits while JM fell \$13.60 to nearly \$43/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	09-Sep-22	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$287.17	\$171.23	\$41.45	\$22.05	\$234.73	\$52.44
OlyW 21 (R2)/Alberta	\$259.58	\$171.23	\$41.45	\$22.05	\$234.73	\$24.85
ML Sig 4/Manitoba	\$266.66	\$168.03	\$41.54	\$21.55	\$231.12	\$35.54
Hylife/Manitoba	\$261.82	\$168.03	\$41.54	\$21.55	\$231.12	\$30.70
Ontario	\$274.48	\$165.96	\$42.71	\$25.76	\$234.43	\$40.05
Québec	\$237.09	\$168.53	\$42.50	\$23.65	\$234.68	\$2.41
Tyson (USD)/Iowa	\$234.36	\$122.93	\$30.70	\$18.57	\$172.20	\$62.16
John Morrell (USD)/ND	\$213.36	\$121.20	\$30.70	\$18.57	\$170.47	\$42.89

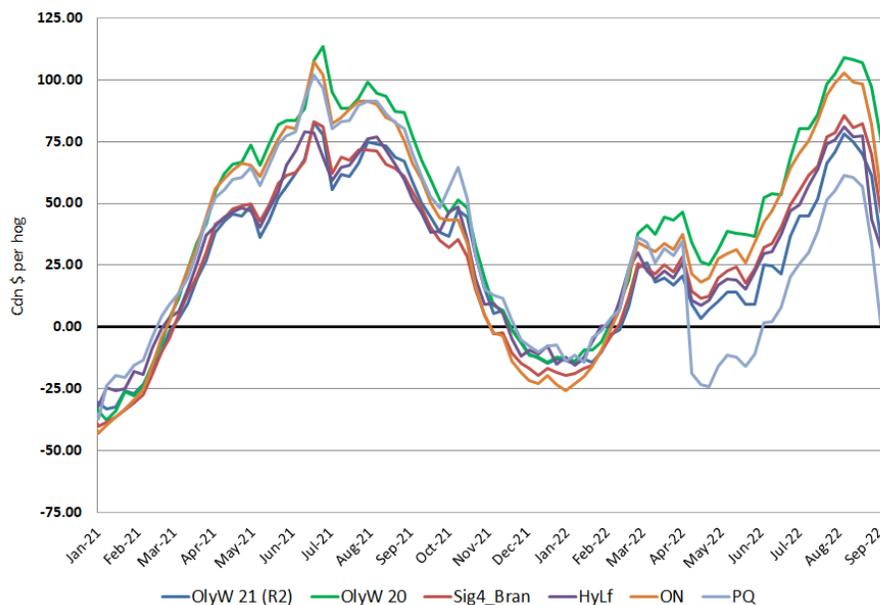
\* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: \$62.16 USD x 1.311 = \$81.49 CAD  
 Morrell: \$42.89 USD x 1.311 = \$56.23 CAD

## Canadian Margins 2021-2022



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