



Weekly Regional HOG PRICE Report



Things to Consider....

October 11, 2022

Strong rises to Mexico and to mainland China supported monthly US pork exports higher. The latest US livestock and meat trade data reflected total US pork exports at 512.4 million pounds for August, up 28.4 million pounds from July levels and 13.5 million pounds under last year.

US pork to Mexico rose 26.5 million pounds, reaching a 5-month high in a move like last year. Compared to a year ago, exports to Mexico are up 7.4 million pounds and 267.7 million pounds over last year-to-date. As the largest importer of US pork, Mexico accounted for 38.1% of the total US pork exports for August and 36.7% of the 12-month average. Mainland China jumped 17.4 million pounds in the latest data, while Hong Kong and Taiwan recorded modest volume decreases which were statistically significant, down -12.3% and -26.7% respectively. US pork exports to Canada climbed 2.8 million pounds for August, however, is 3.0 million pounds under year ago levels; while pork to the Philippines increased 1.7 million pounds on the report, bringing US pork to the republic 4.7 million pounds over last year.

Other major destinations for US pork slipped in August. Volume to Australia was down the most and continues at low levels historically, falling 6.3 million pounds on the month and is 4.9 million pounds under last year. US pork to Japan fell 6.0 million pounds, bringing volume 20.4 million pounds under year-ago levels and has also fallen to low historical levels. South Korea declined 3.9 million pounds however is up 11.6 million over last year while Colombia and Guatemala each fell around 1.7-1.8 million pounds for August, down 1.2 and 3.6 million pounds from last year, respectively.

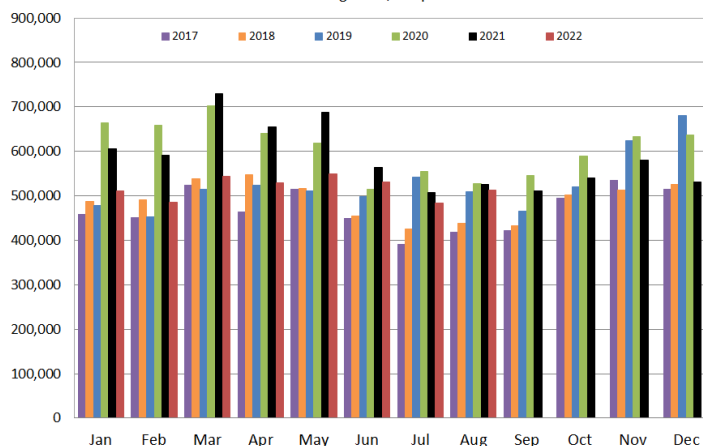
Total US pork imports for August rose 8.2 million pounds or +7.9% over July, bringing current imports +2.1% above strong year-ago levels. Imports from Canada rose 5.3 million pounds or +8.2% for August, the strongest recorded for the month of August since 2005, bringing them +5.6% over last year. Notably, the US imported 30.2 million pounds more pork from Canada than it exported to the country for the month of August.

| US Pork Exports (carcass weight, 1,000 pounds) | | | | | | |
|--|----------------|----------------|----------------|-------------|--------------|---------------|
| Top 7 Countries | Aug-21 | Jul-22 | Aug-22 | M/M% | Y/Y% | YTD/LYTD% |
| Australia | 10,653 | 12,034 | 5,735 | -52.3% | -46.2% | -44.9% |
| Canada | 43,329 | 37,548 | 40,343 | 7.4% | -6.9% | -13.8% |
| China* | 60,660 | 48,690 | 66,115 | 35.8% | 9.0% | -60.8% |
| Colombia | 24,702 | 25,313 | 23,509 | -7.1% | -4.8% | 10.4% |
| Japan | 101,442 | 87,053 | 81,026 | -6.9% | -20.1% | -12.5% |
| Mexico | 187,888 | 168,789 | 195,258 | 15.7% | 3.9% | 21.4% |
| South Korea | 29,561 | 45,106 | 41,162 | -8.7% | 39.2% | 0.9% |
| All US Pork Exports | 525,931 | 483,990 | 512,439 | 5.9% | -2.6% | -14.8% |

*Includes Mainland, Hong Kong & Taiwan

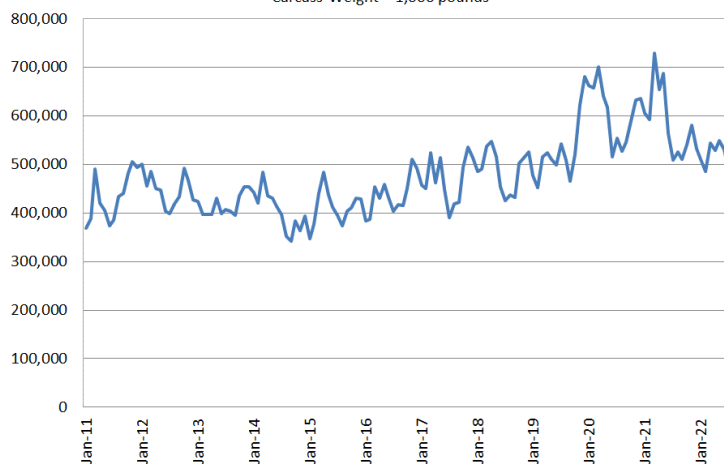
Total US Pork Exports

Carcass Weight 1,000 pounds



10-Year Total US Pork Exports

Carcass Weight 1,000 pounds



Weekly Hog Price Recap

National cash hogs fell throughout much of the week however a strong \$10/cwt jump Tuesday helped offset overall weakness. Regional cash went unreported Monday and were mixed to generally higher though heavier declines Thursday weighed on the weekly averages. CME cash declined daily, down more in the front-half of the week. Wholesale pork primal values were mixed, with higher bellies, picnics and hams supporting US pork cutout up \$0.56/cwt over the previous week's average.

| USD Cash Price | Weekly Averages | | | | w/w | % Chg |
|------------------|-----------------|-----------|--------|-----------|---------|-------|
| | Head | 07-Oct-22 | Head | 30-Sep-22 | | |
| ISM pm | | \$93.25 | | \$96.96 | -\$3.71 | -3.8% |
| WCB pm | | \$93.37 | | \$95.27 | -\$1.90 | -2.0% |
| Nat pm | | \$88.93 | | \$91.19 | -\$2.26 | -2.5% |
| CME Index* | | \$93.22 | | \$95.81 | -\$2.59 | -2.7% |
| Sows, 300-449lbs | 13,019 | \$67.73 | 11,998 | \$68.38 | -\$0.66 | -1.0% |
| Sows, 500+ lbs | 11,080 | \$73.08 | 10,673 | \$73.95 | -\$0.87 | -1.2% |
| BoC Exch | | 1.3662 | | 1.3702 | -0.0040 | -0.3% |

* Represents Friday-Thursday average

Monitored hog markets fell on declines in cash hogs, generally \$2-\$8/hog lower on the week. Hogs out of Ontario were down \$8/hog and Quebec fell more than \$7/hog, while the ML Sig 4 and Hylife were each down near \$6/hog. Markets derived from lagged base pricing moved more moderately with BP/TC edging \$0.15/hog higher while the OlyW 20 & the OlyW 21 each fell more than \$2/hog. In the US, Tyson dropped \$7.50/hog while JM was down \$4/hog from a week earlier.

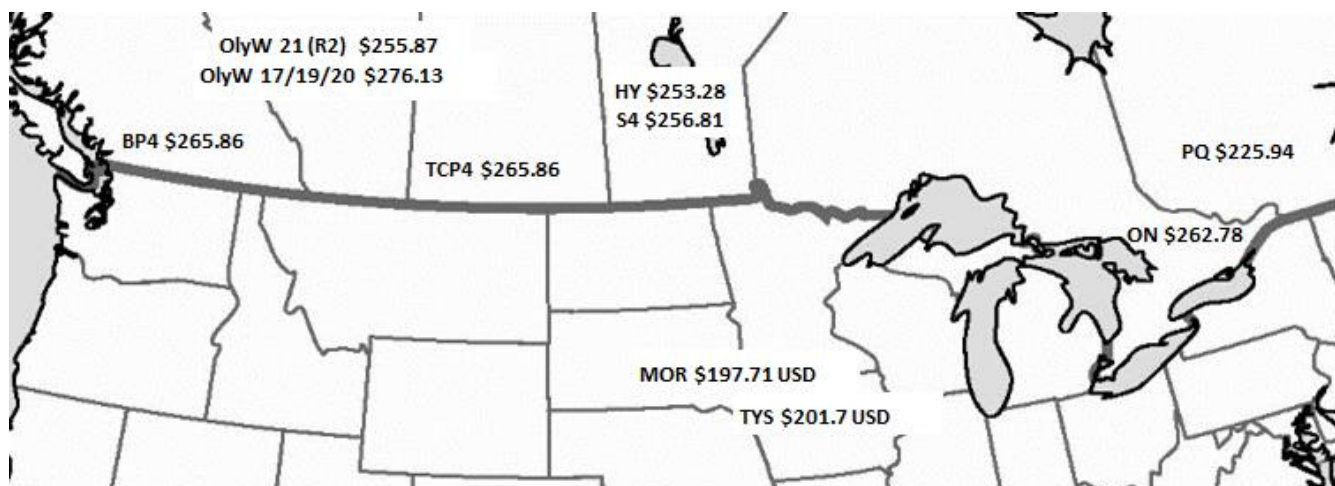
| Regional Pricing, \$/hog | | | | | | | | |
|--------------------------|----------|----------------------|----------|----------------------|---------------|----------------------|------------------|----------------------|
| Packer/Region | 3 Year | Difference to OlyW21 | 2022 YTD | Difference to OlyW21 | Last 13 weeks | Difference to OlyW21 | Ending 07-Oct-22 | Difference to OlyW21 |
| OlyW 2021 (R2)** | \$218.35 | | \$254.12 | | \$276.14 | | \$255.87 | |
| OlyW 17/19/20* | \$214.87 | -\$3.48 | \$277.38 | \$23.27 | \$305.57 | \$29.43 | \$276.13 | \$20.26 |
| ML Sig 4 | \$213.95 | -\$4.40 | \$257.83 | \$3.72 | \$281.52 | \$5.38 | \$256.81 | \$0.94 |
| BP4/TCP4 | \$215.18 | -\$3.17 | \$258.93 | \$4.81 | \$286.28 | \$10.14 | \$265.86 | \$9.99 |
| Hylife | \$218.20 | -\$0.16 | \$256.14 | \$2.02 | \$275.26 | -\$0.89 | \$253.28 | -\$2.59 |
| Ontario*** | \$217.16 | -\$1.19 | \$270.04 | \$15.93 | \$296.28 | \$20.14 | \$262.78 | \$6.91 |
| Québec | \$222.46 | \$4.11 | \$242.35 | -\$11.76 | \$254.36 | -\$21.78 | \$225.94 | -\$29.94 |
| Tyson (USD) | \$166.64 | -\$51.71 | \$227.30 | -\$26.81 | \$246.74 | -\$29.40 | \$201.70 | -\$54.18 |
| John Morrell (USD) | \$160.23 | -\$58.12 | \$224.88 | -\$29.24 | \$241.18 | -\$34.96 | \$197.71 | -\$58.16 |

* 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 were pressured significantly this week by lower hog values coupled with a jump in feed costs. Canadian farrow-to-finish feed costs jumped \$4.30/hog, while those in the monitored US region rose \$2.60/hog higher than the week previous.

Hog margins out the OlyW 20 fell \$6.50 to shy of \$31/hog profits on the week while those out of Ontario weakened \$12.25 to nearly \$18/hog profits. ML Sig 4 & Hylife margins were each down more than \$10 to \$15/hog & \$11.65/hog profits, respectively. OlyW 21 margins declined \$6.70 to \$10.65/hog profits while Quebec margins weakened \$11.50/hog to \$19.25/hog losses. In the US, Tyson margins fell \$10 to more than \$26/hog profits while JM was down \$6.55 to \$24/hog profits from the previous week.

| Regional MARGINS, \$/hog | | | | | | |
|--------------------------|-----------|------------------|----------|---------|-----------|---------------|
| Packer/Region | 07-Oct-22 | Farrow to Finish | | | Total COP | Weekly Margin |
| | Hog Price | Feed* | Variable | Fixed | | |
| OlyW 20/Alberta | \$276.13 | \$181.74 | \$41.45 | \$22.05 | \$245.24 | \$30.89 |
| OlyW 21 (R2)/Alberta | \$255.87 | \$181.74 | \$41.45 | \$22.05 | \$245.24 | \$10.63 |
| ML Sig 4/Manitoba | \$256.81 | \$178.54 | \$41.54 | \$21.55 | \$241.63 | \$15.18 |
| Hylife/Manitoba | \$253.28 | \$178.54 | \$41.54 | \$21.55 | \$241.63 | \$11.65 |
| Ontario | \$262.78 | \$176.47 | \$42.71 | \$25.76 | \$244.94 | \$17.84 |
| Québec | \$225.94 | \$179.04 | \$42.50 | \$23.65 | \$245.19 | -\$19.25 |
| Tyson (USD)/Iowa | \$201.70 | \$126.12 | \$30.70 | \$18.57 | \$175.39 | \$26.31 |
| John Morrell (USD)/ND | \$197.71 | \$124.39 | \$30.70 | \$18.57 | \$173.66 | \$24.05 |

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

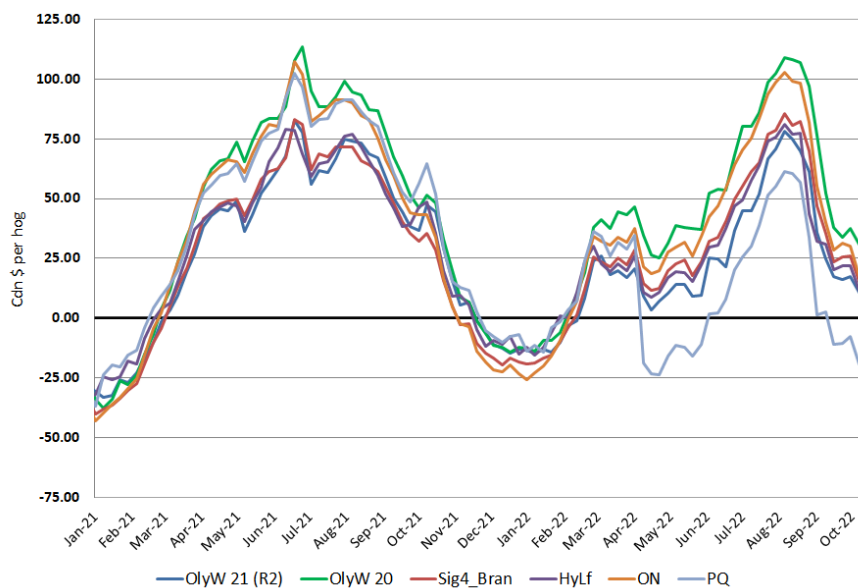
* Feed cost fixed expenses updated the week of April 8, 2022 onward

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

Tyson: \$26.31 USD x 1.3775 = \$36.24 CAD

Morrell: \$24.05 USD x 1.3775 = \$33.13 CAD

Canadian Margins 2021-2022



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