



Weekly Regional HOG PRICE Report



Things to Consider....

October 4, 2022

The USDA's Quarterly Hogs & Pigs report was released Thursday, September 29th. The reported inventories were modestly under expectations though were generally near market analyst's pre-report estimates. All Hogs & Pigs climbed 1.2 million head higher or +1.8% from June's tally, however, is -1.4% or 1.07 million head under last year. All Hogs & Pigs remain higher than quarterly reports prior to mid-2018, however the current inventory represents a 5-year low for the September quarter.

Market-ready hogs were under expectations in nearly all weight groups, with those 180+ pounds notably -0.6% under pre-report estimates and -1.5% under last year's reported tally.

Kept for breeding edged 16 thousand head or -0.3% under the previous report, with the current breeding herd 38 thousand or -0.6% under last year.

The September pig crop was reported lower, down 363 thousand head or -1.1% from the figure reported for last year.

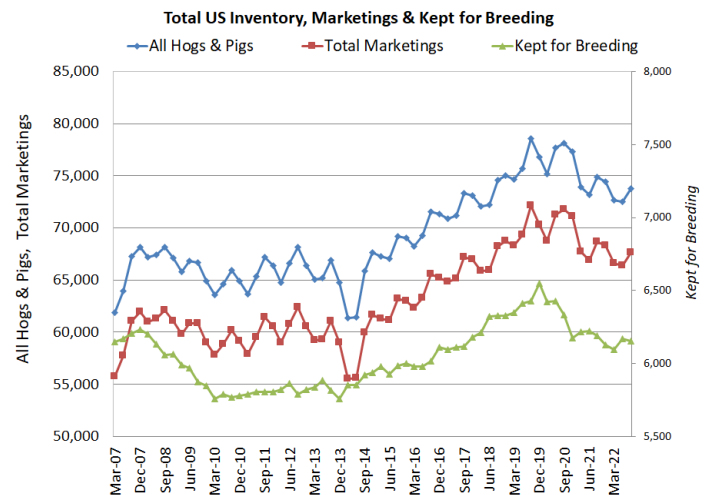
Revisions, as reported by the USDA:

"All inventory and pig crop estimates for September 2021 through June 2022 were reviewed using final pig crop, official slaughter, death loss, and updated import and export data. The revision made to the March 2022-May 2022 pig crop was 0.1 percent. A net revision of 0.7 percent was made to the March 2022 all hogs and pigs inventory. The net revision made to the December 2021-February 2022 pig crop was 0.6 percent."

In a bizarre move over the last 2 weeks, lean hog futures collapsed over \$14 US per cwt slashing forward contract prices by over \$25 per hog Canadian for the remainder of 2022 and most of 2023. Lean hog futures collapsed to prices not seen in over a year on very little change to fundamental information. The collapse in hogs, which has managed to recover \$6 US of the original \$14 lost, was considered technical in nature and influenced by weakness in equity markets and a looming recession.

The latest Hogs and Pigs report which came out following the collapse has provided some underlying strength to the embattled market. Hog producers who did not use previous highs as an opportunity to hedge production will now need to wait for a recovery before considering protection for 2023.

Quarterly H&P - Sept 2022						
(1,000 head)		2021	2022	%22/21	Est	%Act-Est
All Hogs and Pigs		74,867	73,800	98.6%	98.8%	(0.2%)
Kept for Breeding		6,190	6,152	99.4%	99.4%	(0.0%)
Market Hogs		68,677	67,648	98.5%	98.8%	(0.3%)
Mkt hog Wt. Groups						
Under 50 pounds		21,690	21,343	98.4%	98.7%	(0.3%)
50-119 pounds		20,211	19,887	98.4%	98.8%	(0.4%)
120-179 pounds		14,246	14,073	98.8%	98.8%	(0.0%)
180 pounds and over		12,529	12,345	98.5%	99.1%	(0.6%)
Jun-Aug Pig Crop		33,944	33,581	98.9%	99.0%	(0.1%)
Jun-Aug Pigs per Litter		11.13	11.13	100.0%	100.0%	0.0%
Sows Farrowing						
2022	Jun-Aug farrowed	3,050	3,018	99.0%	99.0%	(0.0%)
2022	Sep-Nov intentions	3,049	2,973	97.5%	98.2%	(0.7%)
'22/23	Dec-Feb intentions	2,919	2,902	99.4%	100.4%	(1.0%)



Weekly Hog Price Recap

National cash hogs improved early on however fell the latter half of the week, while regional cash was more varied but improvements Tuesday and Friday partially offset declines other days. Notably, ISM cash went unreported Thurs & Friday. CME cash declined daily, with moves more moderate compared to cash hogs. Most wholesale pork primal values declined, excluding ribs which were near unchanged, bringing US pork cutout \$3.71/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	30-Sep-22	Head	23-Sep-22		
ISM pm		\$96.96		\$99.36	-\$2.40	-2.4%
WCB pm		\$95.27		\$99.32	-\$4.05	-4.1%
Nat pm		\$91.19		\$93.57	-\$2.38	-2.5%
CME Index*		\$95.81		\$98.07	-\$2.26	-2.3%
Sows, 300-449lbs	11,998	\$68.38	11,313	\$67.79	\$0.59	0.9%
Sows, 500+ lbs	10,673	\$73.95	12,459	\$74.73	-\$0.78	-1.0%
BoC Exch		1.3702		1.3416	0.0286	2.1%

* Represents Friday-Thursday average

Monitored hog markets were mixed with Canadian markets generally higher on supported from the exchange rate. Markets derived from lagged base pricing were up the most, with BP/TC up \$5/hog while the OlyW 20 rose \$3.60/hog and the OlyW 21 climbed \$1.20/hog. Hogs out of Quebec were up \$3.15/hog while the ML Sig 4 edged \$0.15/hog higher. Hogs out of Ontario fell \$0.90/hog while Hylife slipped \$0.10/hog lower. In the US, Tyson edged \$0.20/hog lower while JM dropped \$8.45/hog than week ago levels.

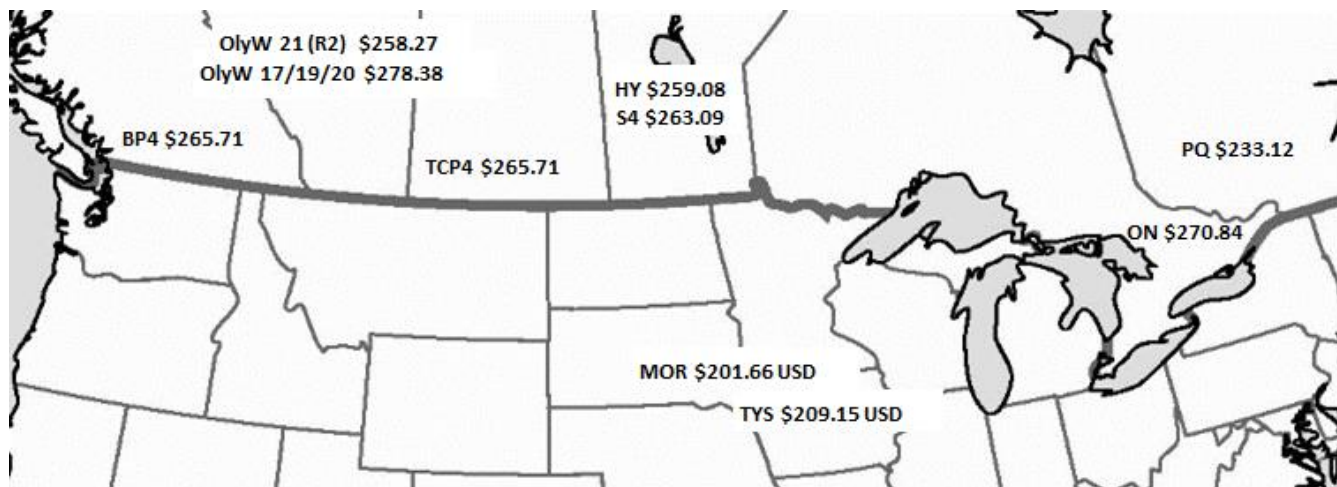
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 30-Sep-22	Difference to OlyW21
OlyW 2021 (R2)**	\$217.82		\$254.07		\$276.94		\$258.27	
OlyW 17/19/20*	\$214.22	-\$3.60	\$277.41	\$23.34	\$307.53	\$30.59	\$278.38	\$20.11
ML Sig 4	\$213.37	-\$4.45	\$257.86	\$3.79	\$283.23	\$6.29	\$263.09	\$4.82
BP4/TCP4	\$214.60	-\$3.21	\$258.75	\$4.68	\$287.41	\$10.47	\$265.71	\$7.43
Hylife	\$217.65	-\$0.17	\$256.21	\$2.14	\$276.94	-\$0.00	\$259.08	\$0.81
Ontario***	\$216.50	-\$1.32	\$270.23	\$16.16	\$298.86	\$21.92	\$270.84	\$12.56
Québec	\$222.12	\$4.30	\$242.77	-\$11.30	\$256.33	-\$20.61	\$233.12	-\$25.16
Tyson (USD)	\$166.07	-\$51.74	\$227.96	-\$26.11	\$251.39	-\$25.55	\$209.15	-\$49.12
John Morrell (USD)	\$159.60	-\$58.22	\$225.57	-\$28.50	\$246.18	-\$30.76	\$201.66	-\$56.61

* 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. Canadian farrow-to-finish feed costs climbed \$0.10/hog higher, while those in the monitored US region fell \$2.50/hog from the week previous.

Hog margins out the OlyW 20 strengthened \$3.50 to \$37.45/hog profits on the week. Margins out of Ontario weakened \$1 to \$30.20/hog profits while those out of the ML Sig 4 were nearly unchanged at \$25.75/hog profits. Hylife margins slipped \$0.20 to \$21.75/hog profits while OlyW 21 margins improved \$1.10 to \$17.30/hog profits and Quebec margins strengthened \$3/hog to \$7.75/hog losses. In the US, Tyson margins improved \$2.30 to \$36.35/hog profits while JM weakened near \$6 to \$30.60/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	30-Sep-22		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$278.38	\$177.44	\$41.45	\$22.05	\$240.94	\$37.44
OlyW 21 (R2)/Alberta	\$258.27	\$177.44	\$41.45	\$22.05	\$240.94	\$17.33
ML Sig 4/Manitoba	\$263.09	\$174.24	\$41.54	\$21.55	\$237.33	\$25.76
Hylife/Manitoba	\$259.08	\$174.24	\$41.54	\$21.55	\$237.33	\$21.75
Ontario	\$270.84	\$172.17	\$42.71	\$25.76	\$240.64	\$30.20
Québec	\$233.12	\$174.74	\$42.50	\$23.65	\$240.89	-\$7.77
Tyson (USD)/Iowa	\$209.15	\$123.52	\$30.70	\$18.57	\$172.79	\$36.36
John Morrell (USD)/ND	\$201.66	\$121.79	\$30.70	\$18.57	\$171.06	\$30.60

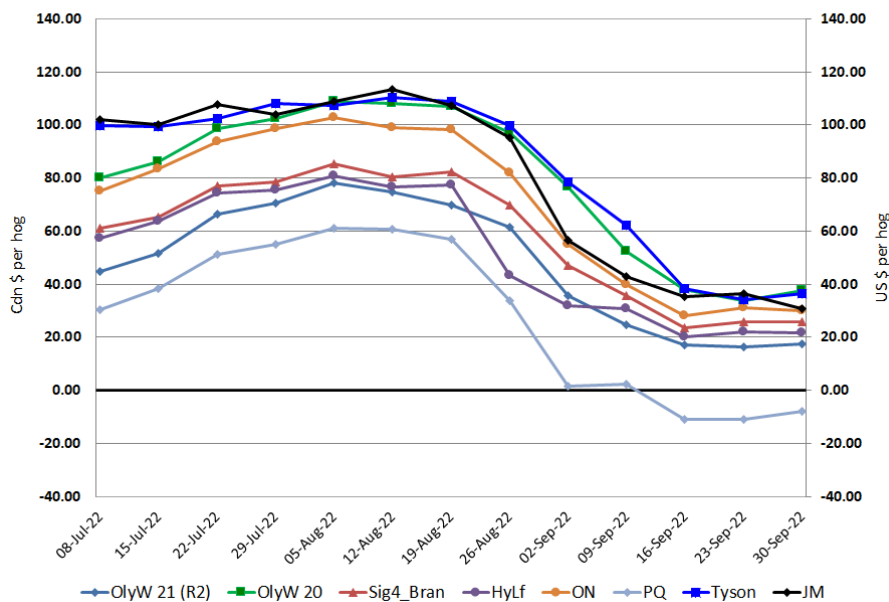
* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: \$36.36 USD x 1.3574 = \$49.35 CAD
 Morrell: \$30.60 USD x 1.3574 = \$41.54 CAD

Canadian & US Margins Last 13 weeks



Disclaimer: Commodity Professionals Inc. presents this report as a snapshot of the market using current information available at the time of the report. These findings are for informational purposes only and should not be reproduced or transmitted by any means without permission. Commodity Professionals Inc. does not guarantee, and accepts no legal liability arising from or connected to, the accuracy, reliability, or completeness of any material contained in the publication.