



Weekly Regional HOG PRICE Report



Things to Consider....

November 8, 2022

US federally inspected hog slaughter continues to trend near 2018 and 2021 levels with weekly pork production slipping below the above-mentioned years due to a slight pull back in live hog barrow and gilt weights at the end of October.

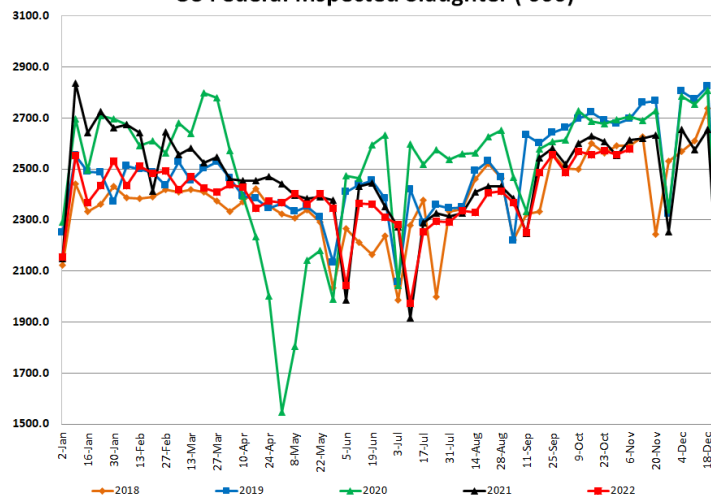
Weekly pork production volumes are at a 5-year low to start the month of November with projections of the same continuing for the remainder of 2022 and into the beginning of 2023. To date, there has not been any concrete evidence to confirm a major increase in available live supplies which has been providing underlying support to an already firm market.

However, as firm as the lean hog market has been bolstered particularly by the strength in regional cash markets such as the ISM and WCB, seasonal weakness can not be ignored and should be expected in the coming weeks.

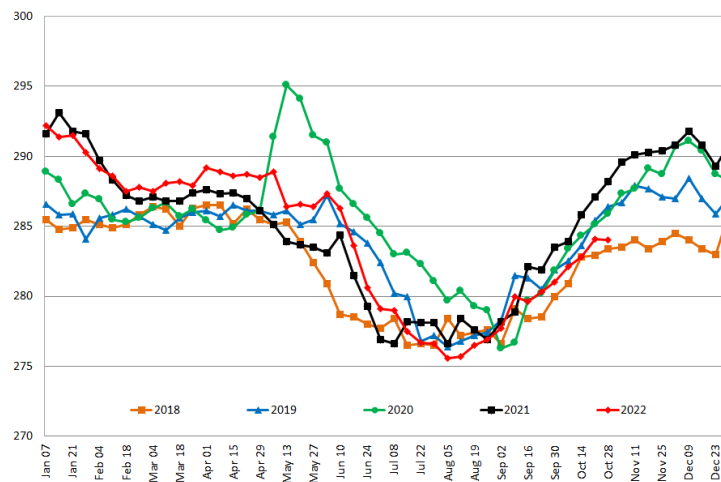
Historically the low in cash hog prices surfaces during the week leading up to US thanksgiving which this year falls on November 24th. The reduced slaughter during the short week allows packers to back off on cash bids with fewer live supplies required to fill shackles. The result of reduced kills can however provide pork cut-out a slight lift leading to steady to firm prices to end the calendar year.

Based on recent cash hog trends and lean hog futures trade, expectations are for a softening in cash through the month of November with improved pricing beginning prior to the end of the year. December lean hogs currently trading at \$85 US per cwt imply another \$7 drop in cash from the current CME index value of \$92. It is not uncommon to see the market decline \$5-7 US per cwt over the coming 5 weeks prior to the December contract expiry on the 10 trading session of that month.

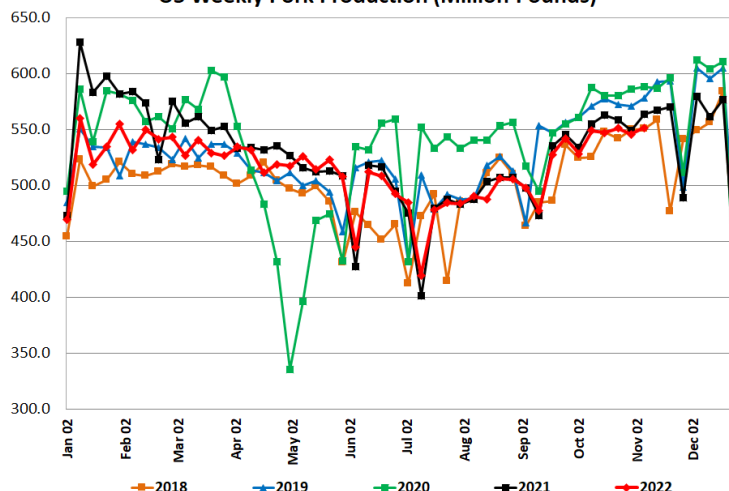
US Federal Inspected Slaughter ('000)



Weekly Average Barrow and Gilt Weight Live



US Weekly Pork Production (Million Pounds)



Weekly Hog Price Recap

Cash hogs were mixed to lower during the week, with national cash recording more moderate moves compared to regional cash. CME cash fell near daily, with greater declines recorded in the latter half of the week. Wholesale pork primals finished lower, excluding loins which recorded a modest rise, with US pork cutout down \$2.30/cwt from the previous week's average.

USD Cash Price	Weekly Averages					
	Head	04-Nov-22	Head	28-Oct-22	w/w	% Chg
ISM pm		\$90.19		\$97.26	-\$7.08	-7.3%
WCB pm		\$90.01		\$97.22	-\$7.21	-7.4%
Nat pm		\$87.77		\$93.43	-\$5.66	-6.1%
CME Index*		\$92.92		\$94.37	-\$1.45	-1.5%
Sows, 300-449lbs	10,949	\$62.46	11,633	\$65.54	-\$3.08	-4.7%
Sows, 500+ lbs	11,751	\$70.02	11,428	\$72.08	-\$2.06	-2.9%
BoC Exch		1.3632		1.3617	0.0015	0.1%

* Represents Friday-Thursday average

Canadian hog markets fell because of lower cash hog and pork cutout values. The OlyW 21 fell \$5.70/hog while hog values out of Ontario declined \$4.35/hog and those out of Quebec & Hylife were each down near \$3.50/hog. The ML Sig 4 fell \$2.80/hog, while the OlyW 20 was down \$2.60/hog and BP/TC slipped \$1.20/hog. In the US, Tyson hog values fell \$5.30/hog while JM dropped \$15/hog under the week previous.

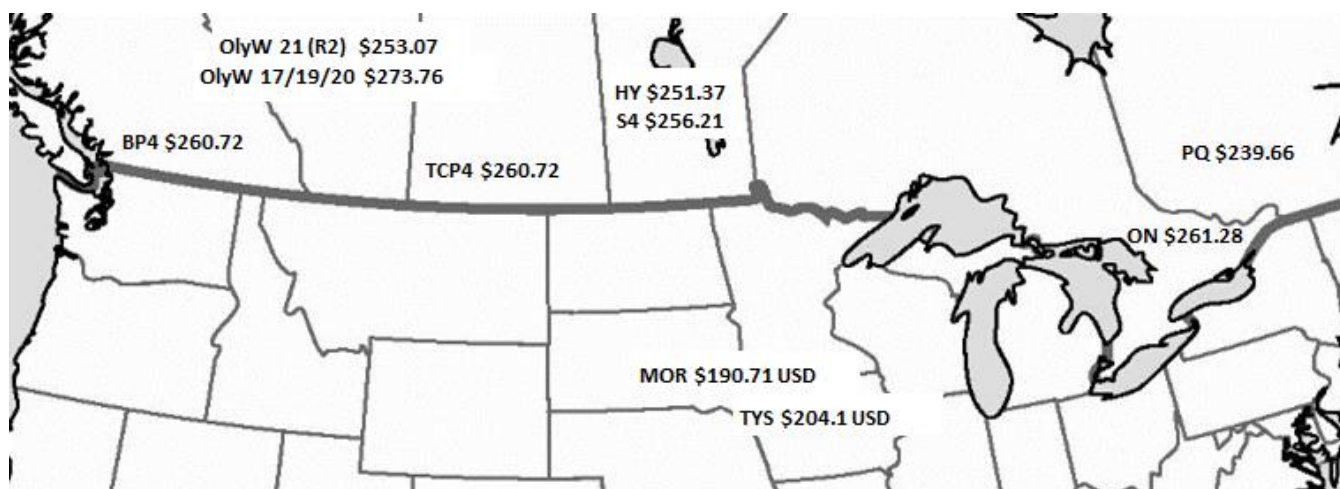
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 04-Nov-22	Difference to OlyW21
OlyW 2021 (R2)**	\$220.35		\$254.32		\$266.67		\$253.07	
OlyW 17/19/20*	\$217.25	-\$3.10	\$277.03	\$22.72	\$291.47	\$24.80	\$273.76	\$20.70
ML Sig 4	\$217.23	-\$3.11	\$258.82	\$4.50	\$271.53	\$4.86	\$256.21	\$3.14
BP4/TCP4	\$217.52	-\$2.83	\$259.09	\$4.78	\$277.08	\$10.41	\$260.72	\$7.65
Hylife	\$220.06	-\$0.29	\$255.95	\$1.64	\$264.23	-\$2.44	\$251.37	-\$1.70
Ontario***	\$219.69	-\$0.65	\$269.53	\$15.22	\$280.80	\$14.13	\$261.28	\$8.21
Québec	\$223.81	\$3.46	\$241.90	-\$12.41	\$243.75	-\$22.92	\$239.66	-\$13.40
Tyson (USD)	\$168.84	-\$51.51	\$225.11	-\$29.21	\$227.14	-\$39.53	\$204.10	-\$48.96
John Morrell (USD)	\$162.38	-\$57.97	\$222.47	-\$31.84	\$220.37	-\$46.30	\$190.71	-\$62.35

* 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

Hog margins were pressured across all monitored markets given the recent declines in hog and pork values, while feed costs increased over the same period. Canadian farrow-to-finish feed costs increased \$1.70/hog, while those in the monitored US region rose \$2.40/hog from a week earlier.

Hog margins out the OlyW 20 weakened \$4.25 to \$31.30/hog profits. Ontario hog margins weakened \$6 to \$19.15/hog profits, while ML Sig 4 margins fell \$4.50 to \$17.40/hog profits. Hylife margins were down \$5.15 to \$12.55/hog profits, while OlyW 21 margins weakened \$7.40 to \$10.65/hog profits and Quebec fell \$5.20 to \$2.70/hog losses. In the US, Tyson margins declined \$7.75 to \$26.30/hog profits while JM weakened \$17.40 to \$14.65/hog profits from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	04-Nov-22	Farrow to Finish			Total	Weekly
	Hog Price	Feed*	Variable	Fixed	COP	Margin
OlyW 20/Alberta	\$273.76	\$178.93	\$41.45	\$22.05	\$242.43	\$31.33
OlyW 21 (R2)/Alberta	\$253.07	\$178.93	\$41.45	\$22.05	\$242.43	\$10.64
ML Sig 4/Manitoba	\$256.21	\$175.73	\$41.54	\$21.55	\$238.82	\$17.39
Hylife/Manitoba	\$251.37	\$175.73	\$41.54	\$21.55	\$238.82	\$12.55
Ontario	\$261.28	\$173.66	\$42.71	\$25.76	\$242.13	\$19.15
Québec	\$239.66	\$176.23	\$42.50	\$23.65	\$242.38	-\$2.72
Tyson (USD)/Iowa	\$204.10	\$128.53	\$30.70	\$18.57	\$177.80	\$26.30
John Morrell (USD)/ND	\$190.71	\$126.80	\$30.70	\$18.57	\$176.07	\$14.64

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

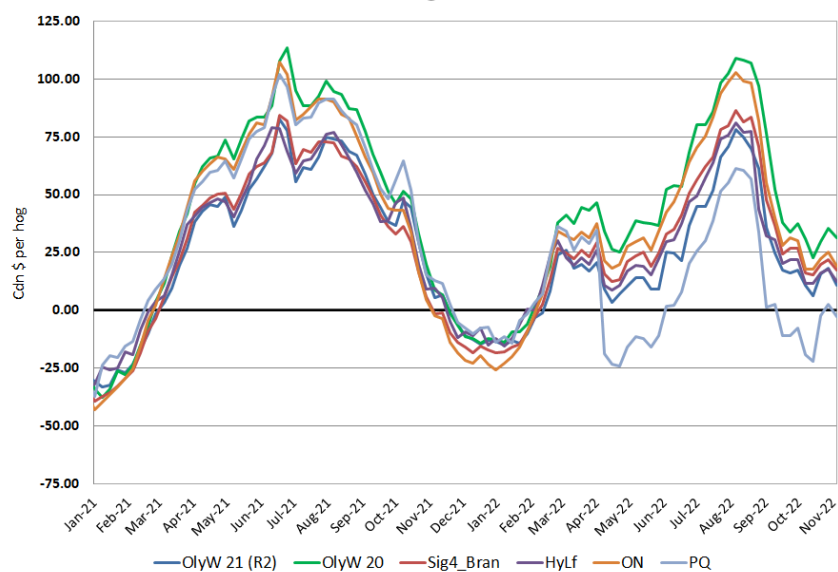
* Feed cost fixed expenses updated the week of April 8, 2022 onward

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

Tyson: \$26.30 USD x 1.3441 = \$35.35 CAD

Morrell: \$14.64 USD x 1.3441 = \$19.68 CAD

Canadian Margins 2021-2022



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