



Weekly Regional HOG PRICE Report



December 6, 2022

Things to Consider....

Story of the week goes to the soybean meal market which posted life of contract highs in all trading months during mid-week trade. After hovering plus or minus \$20 US per ton around \$400 for most of 2022, soybean meal skyrocketed \$50 US higher or roughly \$75 CAD per MT in only 8 trading sessions.

The rally came on the heels of reports that Argentina (a top meal exporter) has paused planting of their current soybean crop due to extreme drought conditions. Speculation of reduced planting in the South American powerhouse has traders concerned over total supply of soybean meal for the year ahead. As would be suspected the delay in crop production does not immediately impact soy meal supplies as the crop would not be processed and exported for another 6 months, but regardless markets reacted on the news.

Although the planting delays south of the equator are concerning, the market is anticipating an increase to the North American crop which will be updated this Friday, December 9th with the release of the WASDE report and US Crop Production numbers. If realized, higher production numbers from the US could put a cap on the current speculative rally.

In the Commitmet to Traders report shown below, large specuative long positions remained relatively stable however are likely to record a significant increase in the next published release early next week.

Last 5 Months

May 2023 Soybean Meal



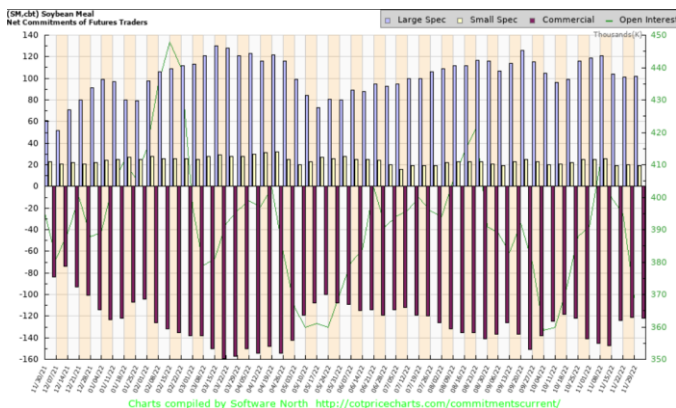
Last 12 Months

May 2023 Soybean Meal



Last 5 Months

March 2023 Canadian \$



Charts compiled by Software North <http://cotpricecharts.com/commitmentscurrent/>

Weekly Hog Price Recap

Regional and national cash hogs improved for much of the week though recorded late-week declines while CME cash fell daily, recording considerable moves throughout the week. Lower wholesale belly, ham and rib values weighed US pork cutout down \$2.47/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	02-Dec-22	Head	25-Nov-22		
ISM pm		\$86.08		\$86.84	-\$0.75	-0.9%
WCB pm		\$86.06		\$86.20	-\$0.14	-0.2%
Nat pm		\$84.13		\$83.79	\$0.34	0.4%
CME Index*		\$83.77		\$86.31	-\$2.54	-2.9%
Sows, 300-449lbs	12,909	\$55.11	6,726	\$57.22	-\$2.10	-3.7%
Sows, 500+ lbs	11,925	\$59.45	7,540	\$63.58	-\$4.13	-6.5%
BoC Exch		1.3488		1.3391	0.0097	0.7%

* Represents Friday-Thursday average

Monitored hog markets were generally \$5 per hog lower on the week. The OlyW 21 dropped \$6.40/hog while hog values out of Quebec, the ML Sig 4 and Ontario were each down more than \$5/hog. Hylife hog values and those out of the OlyW 20 were each down \$5/hog, while BP/TC declined \$3.40/hog. In the US, Tyson hog values were \$2.40/hog lower while JM slipped \$0.30/hog from the previous week.

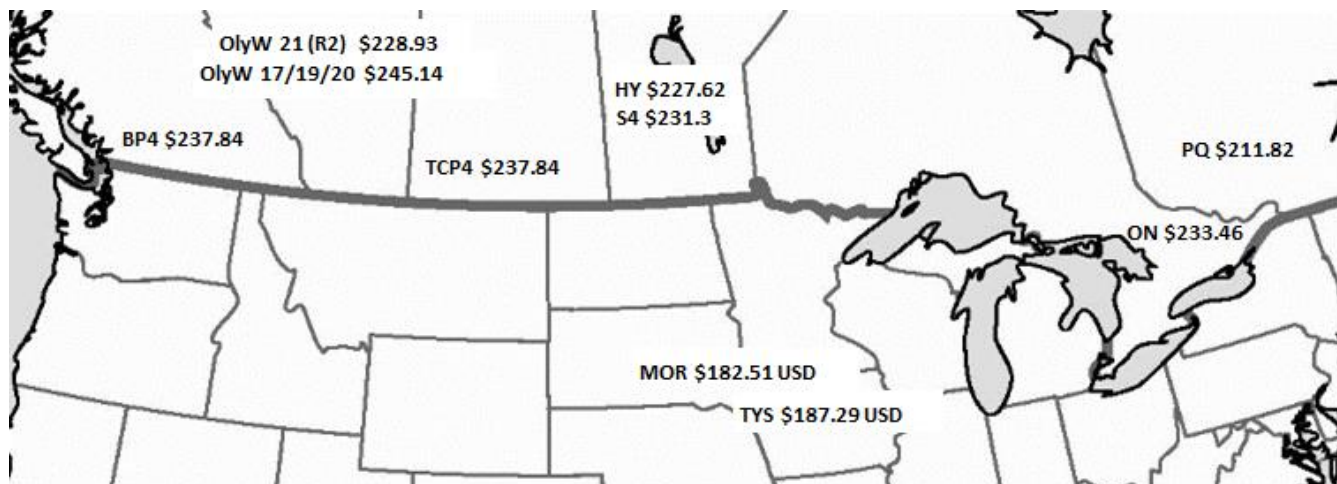
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 02-Dec-22	Difference to OlyW21
OlyW 2021 (R2)**	\$221.73		\$252.99		\$251.16		\$228.93	
OlyW 17/19/20*	\$219.05	-\$2.69	\$275.14	\$22.15	\$269.53	\$18.38	\$245.14	\$16.21
ML Sig 4	\$218.83	-\$2.90	\$257.11	\$4.12	\$253.89	\$2.74	\$231.30	\$2.37
BP4/TCP4	\$219.27	-\$2.46	\$258.01	\$5.02	\$259.25	\$8.10	\$237.84	\$8.91
Hylife	\$221.30	-\$0.44	\$254.08	\$1.09	\$249.62	-\$1.53	\$227.62	-\$1.31
Ontario***	\$221.49	-\$0.25	\$267.15	\$14.16	\$259.03	\$7.87	\$233.46	\$4.53
Québec	\$224.47	\$2.74	\$240.07	-\$12.92	\$229.43	-\$21.72	\$211.82	-\$17.11
Tyson (USD)	\$170.67	-\$51.07	\$222.30	-\$30.69	\$203.57	-\$47.59	\$187.29	-\$41.64
John Morrell (USD)	\$164.39	-\$57.34	\$219.17	-\$33.82	\$196.66	-\$54.49	\$182.51	-\$46.42

* 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 weakened considerably on continued pressure from lower hog and pork values, however Canadian margins were offset in part by a decline in feed costs. Canadian farrow-to-finish feed costs fell \$0.55/hog, while those in the monitored US region were generally stable compared to the week previous.

Monitored Canadian hog margins generally weakened \$4.50-\$5/hog from the previous week. Margins out the OlyW 20 weakened to \$10.30/hog profits while ML Sig 4 margins fell to break-even levels and remaining monitored Canadian hog margins recorded \$/hog losses. Ontario hog margins fell to \$1.10/hog losses, Hylife weakened to \$3.60/hog losses and the OlyW 21 weakened \$5.85 to shy of \$6/hog losses. Hog margins out of Quebec continue the weakest, falling to \$23/hog losses. In the US, Tyson margins fell \$2.35 to \$12.35/hog profits while JM slipped \$0.25 to \$9.30/hog profits for the week.

Regional MARGINS, \$/hog						
Packer/Region	02-Dec-22		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$245.14	\$171.35	\$41.45	\$22.05	\$234.85	\$10.29
OlyW 21 (R2)/Alberta	\$228.93	\$171.35	\$41.45	\$22.05	\$234.85	-\$5.92
ML Sig 4/Manitoba	\$231.30	\$168.15	\$41.54	\$21.55	\$231.24	\$0.06
Hylife/Manitoba	\$227.62	\$168.15	\$41.54	\$21.55	\$231.24	-\$3.62
Ontario	\$233.46	\$166.08	\$42.71	\$25.76	\$234.55	-\$1.09
Québec	\$211.82	\$168.65	\$42.50	\$23.65	\$234.80	-\$22.98
Tyson (USD)/Iowa	\$187.29	\$125.67	\$30.70	\$18.57	\$174.94	\$12.35
John Morrell (USD)/ND	\$182.51	\$123.94	\$30.70	\$18.57	\$173.21	\$9.30

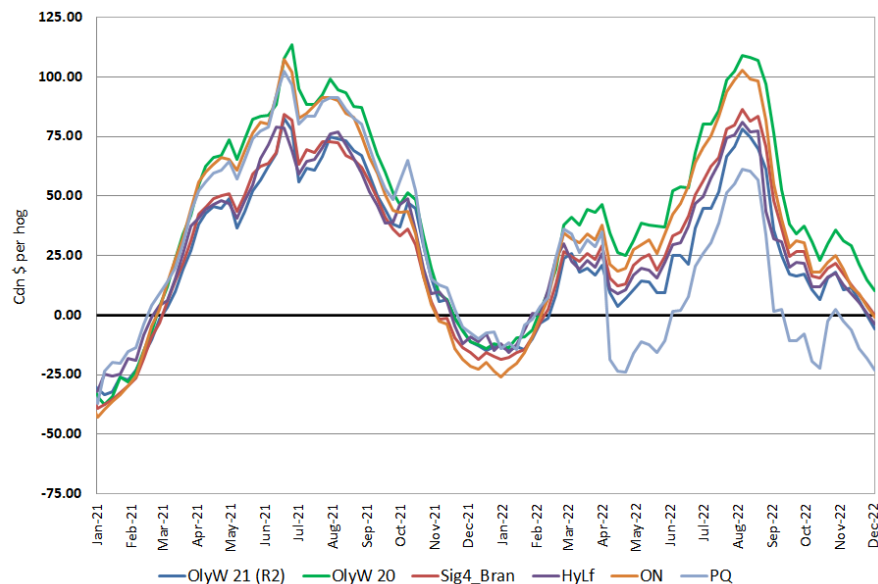
* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: \$12.35 USD x 1.3649 = \$16.86 CAD
 Morrell: \$9.30 USD x 1.3649 = \$12.69 CAD

Canadian Margins 2021-2022



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