



Weekly Regional HOG PRICE Report



Things to Consider....

November 29, 2022

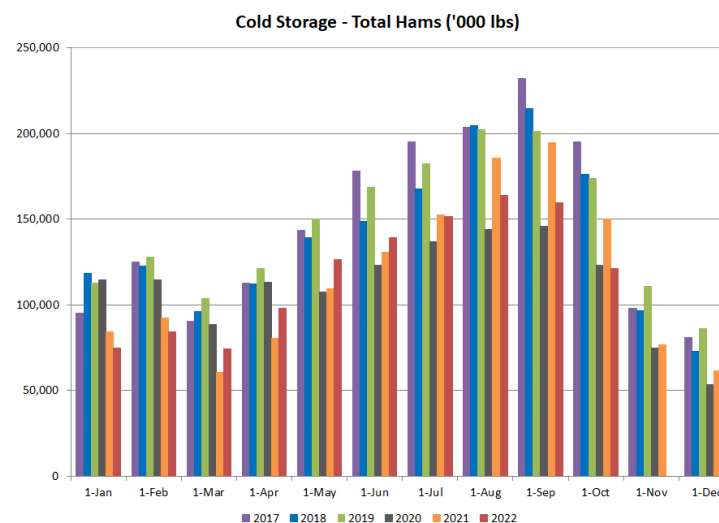
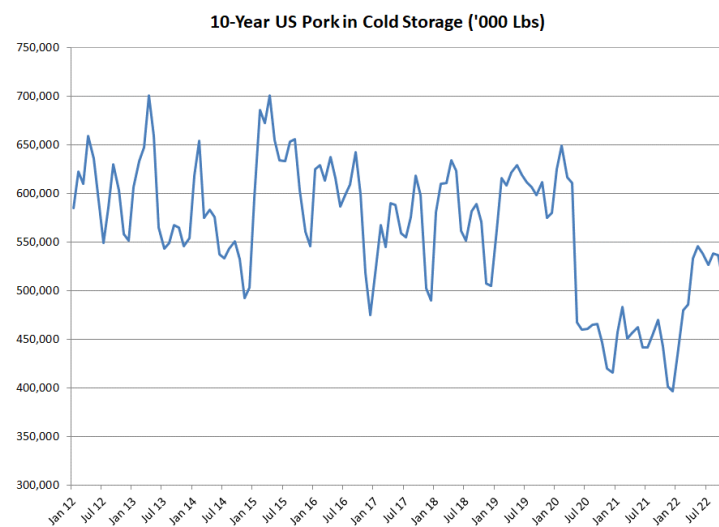
The latest US Cold Storage numbers reported pork stocks at 511.1 million pounds for October, down 25.9m pounds from September and 68.7m pounds over year-ago levels. For reference, total pork in cold storage for September was revised lower from 537.9 to 537.0 million pounds.

The lower pork stocks can be attributed to the seasonal reduction in hams supplies, a result of increased buying heading into the holiday season. Total hams in cold storage dropped 38.1 million pounds for October with the boneless and bone-in varieties each down around 19m, bringing total hams 28.6 million pounds under a year earlier. Hams in cold storage typically climb from April onward to peak in September however this year's high was reached in August, similar to what occurred in 2019. Hams in cold storage are expected to fall through to the end of the year.

The category accounting for Other pork (which includes ears, tails, feet, neckbones and snouts) fell 3.6m on the month but is 1.8m over last year, while trimmings declined 1.7m for October bringing them 5.8m under October 2021 and unclassified pork stocks slipped 316 thousand pounds from last reported to 12.1m pounds over year ago levels.

Moderate increases were reported in remaining pork categories. Spare-ribs were up 6.6m pounds from the month previous and is up a significant 42.8m pounds over the lower supplies recorded last year and represents a new historical high for the month of October. Bellies rose 3.7m pounds in the latest data and is 28.6m pounds over the low year-ago supplies though is still considered strong for this time historically, while butts were up 2.7m pounds for October and is 5.5m pounds over last year. Total loins increased 2.2 million pounds from last reported with the bone-in variety accounting for the majority of the rise, bringing all loins 7.0 million pounds over last year. Variety meats in cold storage rose 2.2m pounds on the month and are 4.9m pounds over last year.

| US Pork in Cold Storage | | | | | |
|-------------------------|----------------|----------------|----------------|--------------|--------------|
| ('000 lbs) | Oct-22 | Sep-22 | Oct-21 | M/M | Y/Y |
| Picnics | 6,734 | 6,428 | 6,360 | 4.8% | 5.9% |
| Hams | 121,406 | 159,488 | 150,043 | -23.9% | -19.1% |
| Bellies | 40,196 | 36,513 | 11,614 | 10.1% | 246.1% |
| Loins | 39,129 | 36,940 | 32,088 | 5.9% | 21.9% |
| Ribs | 109,913 | 103,299 | 67,147 | 6.4% | 63.7% |
| Butts | 20,486 | 17,755 | 14,971 | 15.4% | 36.8% |
| Trimmings | 38,216 | 39,904 | 43,967 | -4.2% | -13.1% |
| Other | 55,384 | 58,947 | 53,543 | -6.0% | 3.4% |
| Variety | 25,593 | 23,391 | 20,699 | 9.4% | 23.6% |
| Unclassified | 53,999 | 54,315 | 41,938 | -0.6% | 28.8% |
| Total Pork | 511,056 | 536,980 | 442,370 | -4.8% | 15.5% |



Weekly Hog Price Recap

Cash hogs improved in the front-half of the week, however slid the latter-half of the holiday-shortened week. CME cash fell throughout the week, recording moderate daily declines. Wholesale pork values also moved lower each day, with nearly all primals finishing the week lower. Wholesale bellies and hams were down significantly, while US pork cutout finished the week \$4.32/cwt under the previous week's average.

| USD Cash Price | Weekly Averages | | | | w/w | % Chg |
|------------------|-----------------|-----------|--------|-----------|---------|-------|
| | Head | 25-Nov-22 | Head | 18-Nov-22 | | |
| ISM pm | | \$86.84 | | \$85.96 | \$0.88 | 1.0% |
| WCB pm | | \$86.20 | | \$85.73 | \$0.47 | 0.5% |
| Nat pm | | \$83.79 | | \$84.17 | -\$0.38 | -0.4% |
| CME Index* | | \$86.31 | | \$88.26 | -\$1.95 | -2.2% |
| Sows, 300-449lbs | 6,726 | \$57.22 | 11,460 | \$59.53 | -\$2.31 | -3.9% |
| Sows, 500+ lbs | 7,540 | \$63.58 | 11,182 | \$65.20 | -\$1.62 | -2.5% |
| BoC Exch | | 1.3391 | | 1.3325 | 0.0066 | 0.5% |

* Represents Friday-Thursday average

Monitored hog markets were generally \$3-\$6 per hog lower on the week. Hog values derived from lagged base pricing were down the most, with BP/TC down \$6.25/hog while the OlyW 20 & 21 each fell around \$5.75/hog. Hog values out of Ontario were down \$4.65/hog while those out of Hylife, the ML Sig 4 and Quebec were all more than \$3/hog lower. In the US, Tyson hog values were \$2.40/hog lower while JM improved \$1/hog from the previous week.

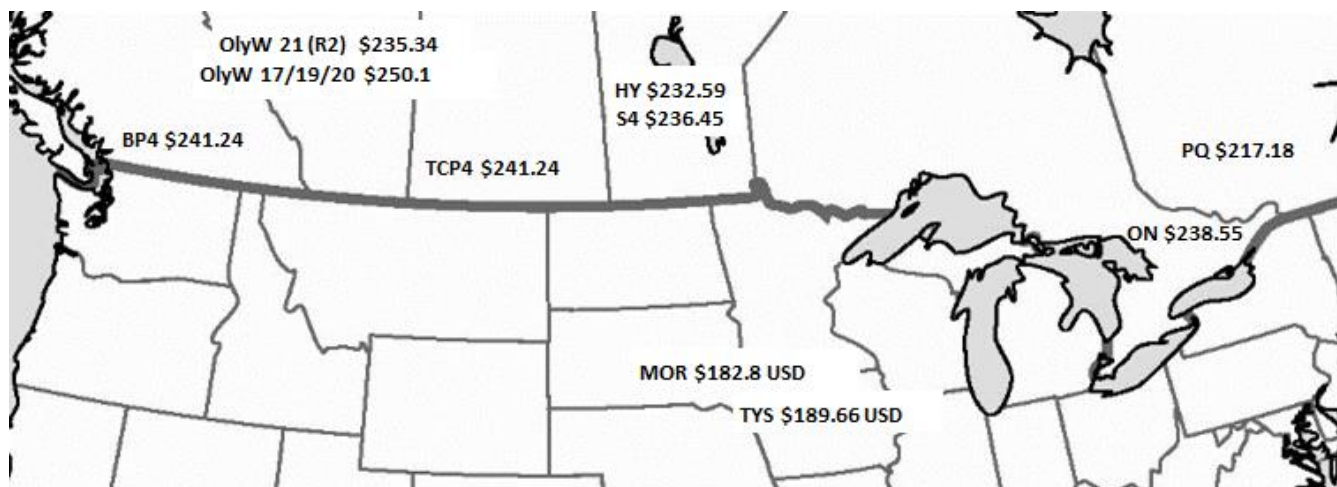
| Regional Pricing, \$/hog | | | | | | | | |
|--------------------------|----------|----------------------|----------|----------------------|---------------|----------------------|------------------|----------------------|
| Packer/Region | 3 Year | Difference to OlyW21 | 2022 YTD | Difference to OlyW21 | Last 13 weeks | Difference to OlyW21 | Ending 25-Nov-22 | Difference to OlyW21 |
| OlyW 2021 (R2)** | \$221.46 | | \$253.50 | | \$254.37 | | \$235.34 | |
| OlyW 17/19/20* | \$218.63 | -\$2.83 | \$275.78 | \$22.27 | \$274.64 | \$20.27 | \$250.10 | \$14.76 |
| ML Sig 4 | \$218.46 | -\$3.01 | \$257.66 | \$4.16 | \$257.57 | \$3.21 | \$236.45 | \$1.11 |
| BP4/TCP4 | \$218.86 | -\$2.61 | \$258.44 | \$4.94 | \$264.05 | \$9.68 | \$241.24 | \$5.90 |
| Hylife | \$221.05 | -\$0.41 | \$254.65 | \$1.15 | \$252.37 | -\$2.00 | \$232.59 | -\$2.75 |
| Ontario*** | \$221.05 | -\$0.42 | \$267.87 | \$14.36 | \$263.35 | \$8.98 | \$238.55 | \$3.21 |
| Québec | \$224.46 | \$2.99 | \$240.68 | -\$12.83 | \$231.32 | -\$23.05 | \$217.18 | -\$18.16 |
| Tyson (USD) | \$170.15 | -\$51.31 | \$223.05 | -\$30.46 | \$208.45 | -\$45.91 | \$189.66 | -\$45.68 |
| John Morrell (USD) | \$163.81 | -\$57.65 | \$219.95 | -\$33.55 | \$200.08 | -\$54.29 | \$182.80 | -\$52.54 |

* 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 continue to face pressure from lower hog and pork values and were additionally weighed on by rising feed costs. Canadian farrow-to-finish feed costs increased \$0.75/hog, while those in the monitored US region edged \$0.10/hog higher than a week earlier.

Margins out the OlyW 20 weakened \$6.60 to shy of \$14.75/hog profits. ML Sig 4 margins fell more than \$4 to \$4.65/hog profits, while Ontario hog margins weakened \$5.40 to \$3.50/hog profits. Hylife was down \$4.40 to \$0.80/hog profits while margins out of the OlyW 21 weakened \$6.35 to near break-even at \$0.05/losses, and Quebec fell \$4 to more than \$18/hog losses. In the US, Tyson margins weakened \$2.50 to nearly \$14.75/hog profits while JM strengthened shy of \$1 to \$9.50/hog profits for the week.

| Regional MARGINS, \$/hog | | | | | | |
|--------------------------|-----------|------------------|----------|---------|-----------|---------------|
| Packer/Region | 25-Nov-22 | Farrow to Finish | | | Total COP | Weekly Margin |
| | Hog Price | Feed* | Variable | Fixed | | |
| OlyW 20/Alberta | \$250.10 | \$171.91 | \$41.45 | \$22.05 | \$235.41 | \$14.69 |
| OlyW 21 (R2)/Alberta | \$235.34 | \$171.91 | \$41.45 | \$22.05 | \$235.41 | -\$0.07 |
| ML Sig 4/Manitoba | \$236.45 | \$168.71 | \$41.54 | \$21.55 | \$231.80 | \$4.65 |
| Hylife/Manitoba | \$232.59 | \$168.71 | \$41.54 | \$21.55 | \$231.80 | \$0.79 |
| Ontario | \$238.55 | \$166.64 | \$42.71 | \$25.76 | \$235.11 | \$3.44 |
| Québec | \$217.18 | \$169.21 | \$42.50 | \$23.65 | \$235.36 | -\$18.18 |
| Tyson (USD)/Iowa | \$189.66 | \$125.70 | \$30.70 | \$18.57 | \$174.97 | \$14.69 |
| John Morrell (USD)/ND | \$182.80 | \$123.97 | \$30.70 | \$18.57 | \$173.24 | \$9.56 |

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

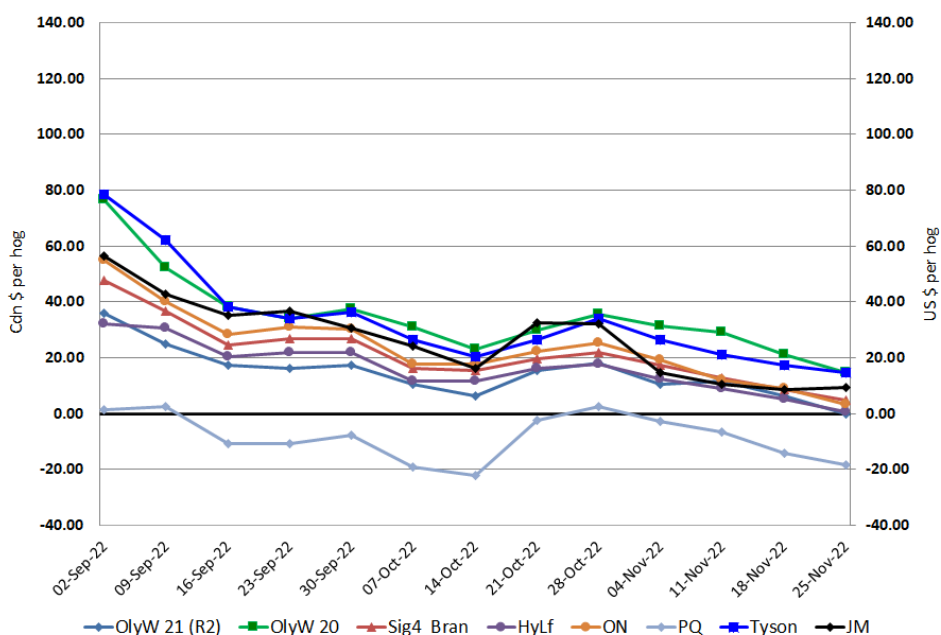
* Feed cost fixed expenses updated the week of April 8, 2022 onward

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

Tyson: \$14.69 USD x 1.3578 = \$19.95 CAD

Morrell: \$9.56 USD x 1.3578 = \$12.98 CAD

Canadian & US Margins Last 13 weeks



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