

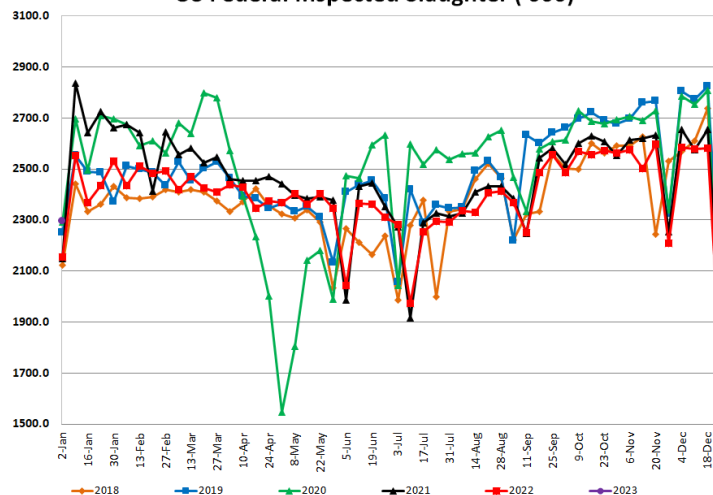
## Things to Consider....

January 10, 2023

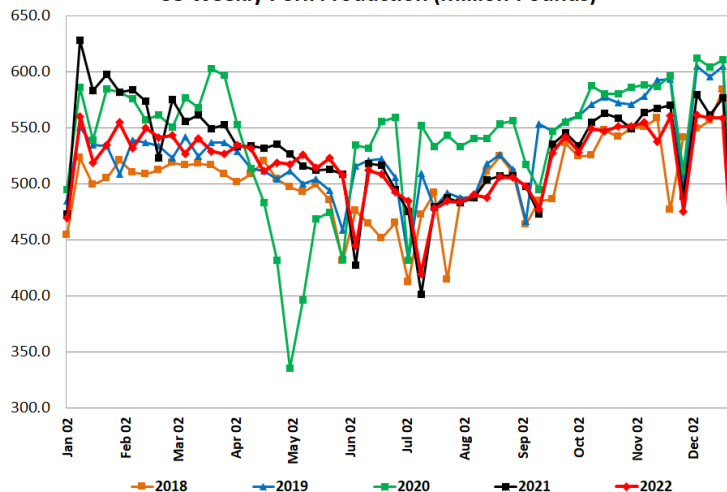
US federally inspected slaughter closed the year out 2.7% below 2021 providing 2.4% less pork to the market. As had been expected for much of last year, production numbers declined with reduced volumes attributed to limited expansion and disease pressures which impacted mortality rates across the nation.

Higher than normal feeds costs and escalating cost of production have been a major influence on expansion plans for much of North America. Cost graphs shown below from 2014-2019 and 2014-2022 put into perspective just how large the increase has been for Canadian hog producers. What could have been called a volatile market from 2014-2019, the values pale in comparison when you add the massive uptick in costs associated with production in 2021 and again in 2022.

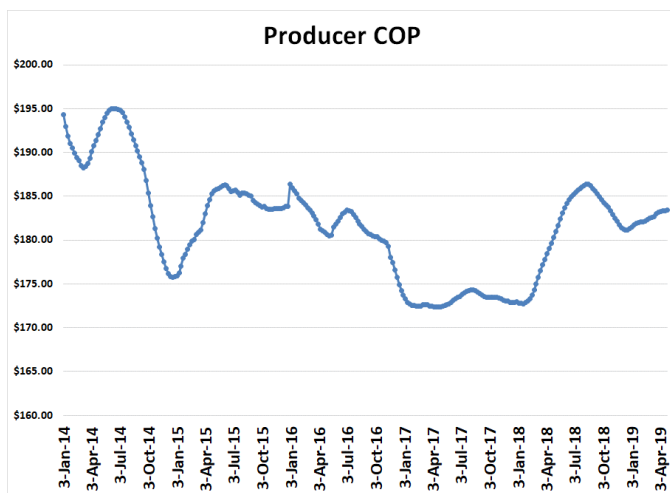
US Federal Inspected Slaughter ('000)



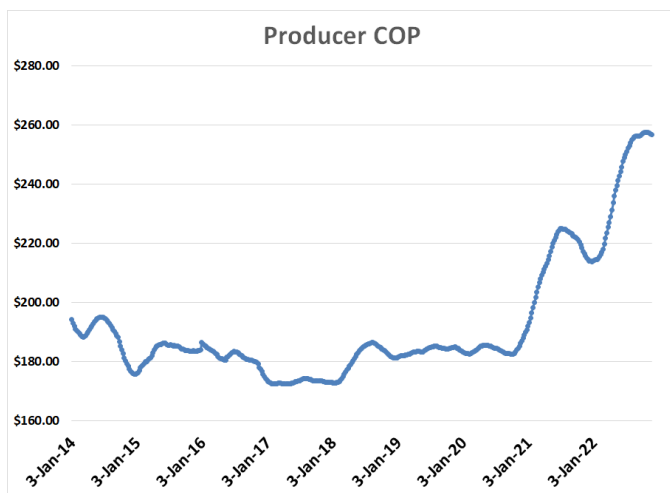
US Weekly Pork Production (Million Pounds)



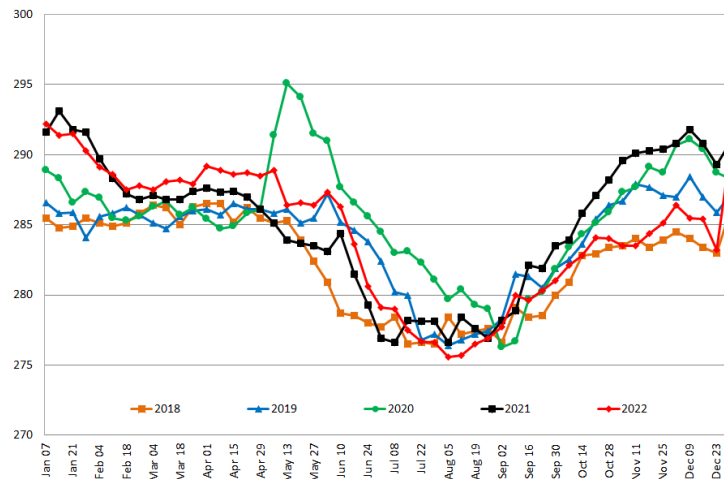
Producer COP



Producer COP



Weekly Average Barrow and Gilt Weight Live



## Weekly Hog Price Recap

Cash hogs varied during the week however national cash recorded greater declines early on compared to regional cash. CME cash fell daily on generally stable daily moves. Most wholesale pork primal values were lower, excluding loins, with the overall decline pushing US pork cutout \$3.80/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	06-Jan-23	Head	30-Dec-22		
ISM pm		\$75.29		\$75.49	-\$0.19	-0.3%
WCB pm		\$75.18		\$75.40	-\$0.22	-0.3%
Nat pm		\$74.26		\$76.02	-\$1.77	-2.3%
CME Index*		\$78.57		\$80.06	-\$1.49	-1.9%
Sows, 300-449lbs	12,108	\$39.32	10,671	\$40.10	-\$0.78	-1.9%
Sows, 500+ lbs	10,534	\$45.50	8,217	\$46.83	-\$1.34	-2.9%
BoC Exch		1.3554		1.3555	-0.0001	-0.0%

\* Represents Friday-Thursday average

Market hog values were again lower overall, excluding those out of the OlyW 21 which improved more than \$2/hog. Hylife fell \$6/hog, while hog values out of Ontario were down nearly \$4/hog. Quebec hog values fell \$3/hog while the ML Sig 4 declined closer to \$2.50/hog, and BP/TC was nearly \$1/hog lower while the OlyW 20 was down \$0.75/hog. In the US, Tyson hog values fell \$4/hog while JM slipped \$0.50/hog from the previous week.

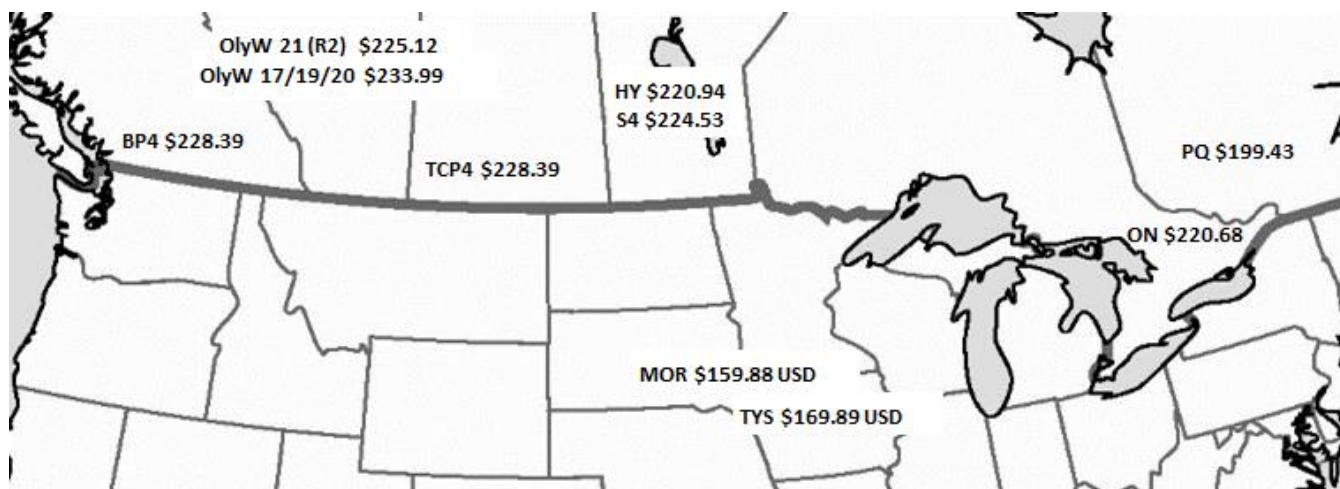
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2022 AVG	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 06-Jan-23	Difference to OlyW21
OlyW 2021 (R2)**	\$222.85		\$250.79		\$238.57		\$225.12	
OlyW 17/19/20*	\$220.98	-\$1.87	\$272.33	\$21.54	\$253.82	\$15.25	\$233.99	\$8.86
ML Sig 4	\$220.66	-\$2.19	\$254.94	\$4.16	\$240.63	\$2.06	\$224.53	-\$0.60
BP4/TCP4	\$221.16	-\$1.69	\$255.95	\$5.16	\$244.67	\$6.10	\$228.39	\$3.26
Hylife	\$222.48	-\$0.37	\$251.89	\$1.11	\$237.15	-\$1.42	\$220.94	-\$4.18
Ontario***	\$223.49	\$0.64	\$264.15	\$13.36	\$242.68	\$4.11	\$220.68	-\$4.45
Québec	\$224.50	\$1.64	\$237.43	-\$13.35	\$219.37	-\$19.20	\$199.43	-\$25.69
Tyson (USD)	\$172.97	-\$49.89	\$219.11	-\$31.67	\$190.13	-\$48.43	\$169.89	-\$55.23
John Morrell (USD)	\$166.63	-\$56.22	\$215.43	-\$35.36	\$182.09	-\$56.48	\$159.88	-\$65.25

\* 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 primarily weakened due to declining hog and pork values however did receive some support from a reduction in feed costs. Canadian farrow-to-finish feed costs fell \$2/hog, while those in the monitored US region were down \$1.75/hog from the previous week.

Hog margins out of the OlyW 20 improved more than \$1/hog to nearly \$21.75/hog losses, while margins out of ML were down \$0.65 to \$22.75/hog losses. Hylife margins weakened \$4 to \$26.25/hog losses, while the OlyW 21 improved \$4.25 to \$30.50/hog losses. Ontario hog margins fell \$2 to \$34.75/hog losses, while those out of Quebec were down \$1 to \$56.25/hog losses. In the US, Tyson weakened \$2.25 to \$11.75/hog losses while JM improved \$1.25 to \$20/hog losses for the week.

Regional MARGINS, \$/hog						
Packer/Region	06-Jan-23 Hog Price	Farrow to Finish Feed* Variable Fixed			Total COP	Weekly Margin
OlyW 20/Alberta	\$233.99	\$192.18	\$41.45	\$22.05	\$255.68	-\$21.69
OlyW 21 (R2)/Alberta	\$225.12	\$192.18	\$41.45	\$22.05	\$255.68	-\$30.56
ML Sig 4/Manitoba	\$224.53	\$180.98	\$41.54	\$21.55	\$244.07	-\$19.54
Hylife/Manitoba	\$220.94	\$180.98	\$41.54	\$21.55	\$244.07	-\$23.13
Ontario	\$220.68	\$181.91	\$42.71	\$25.76	\$250.38	-\$29.70
Québec	\$199.43	\$184.48	\$42.50	\$23.65	\$250.63	-\$51.20
Tyson (USD)/Iowa	\$169.89	\$132.35	\$30.70	\$18.57	\$181.62	-\$11.73
John Morrell (USD)/ND	\$159.88	\$130.62	\$30.70	\$18.57	\$179.89	-\$20.01

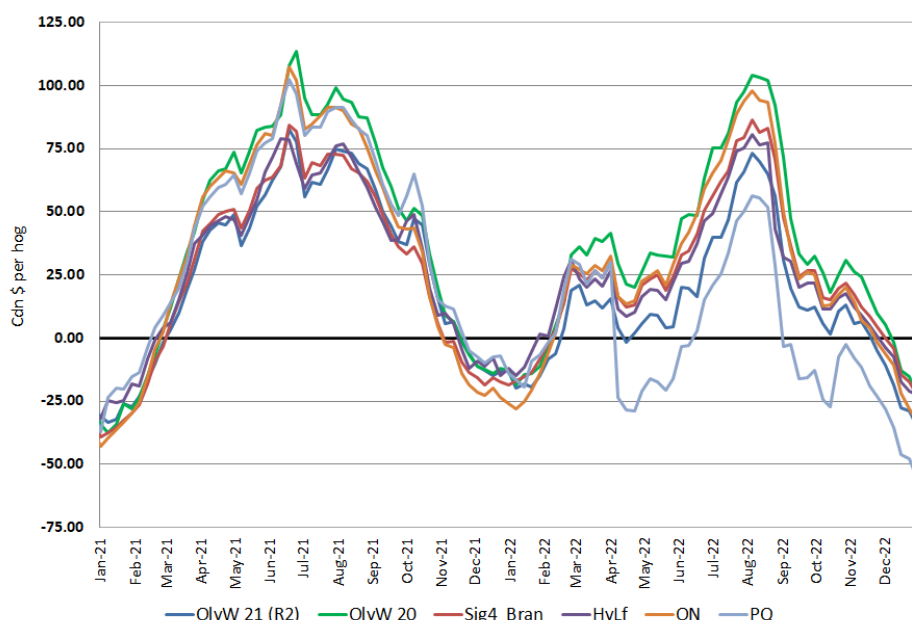
\* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: **-\$11.73** USD x 1.3421 = **-\$15.74** CAD  
 Morrell: **-\$20.01** USD x 1.3421 = **-\$26.86** CAD

## Canadian Margins 2021-2022



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