Weekly Regional HOG PRICE Report

Things to Consider….

January 31, 2023

The latest US Cold Storage numbers reported pork stocks at 458.1 million pounds for December, which was up 6.6m pounds from November however 61.7m pounds over year-ago levels. While current stocks have risen over lows recorded for the end of 2021, overall pork supplies remain low compare to more recent historical years (prior to 2020). Increased month-over-month quantities of bellies, trimmings, spare-ribs and bone-in picnics outweighed declines in remaining pork categories. Beef in US cold storage rose 20.7 million pounds from the previous report, bringing beef stocks 36.8 million pounds over stocks reported at the end of 2021. Notably, total beef stocks for Dec 2022 are the second highest historically, behind the record reached Dec 2016 at 567.9 million pounds. Boneless beef accounted for the greatest portion of the monthly move, with beef cuts up more modestly in terms of weight.

Total broilers were up 20.3 million for December, bringing them 188.9 million over a year earlier largely due to the surge in ‘other’ chickens. Current stocks of broilers in cold storage are among the highest historically.

Total chicken in US cold storage increased 16.5 million pounds on the month, bringing chicken 185.2 million pounds over year-ago stocks. Total chicken stocks are among the highest historically, behind highs recorded late 2018 & 2019. Lower quantities of leg quarters, drumsticks and thigh quarters were more than offset by increases in other chicken categories. Notably, chicken breast meat stocks finished the year +63.4% over December 2021 however are the second highest historically for the month of December (behind the historical high recorded at the end of 2020).

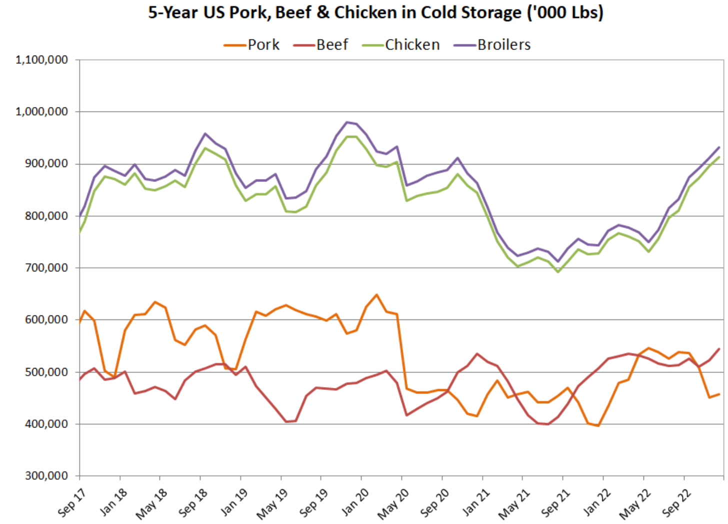
US Pork in Cold Storage

('000 lbs)	Dec-22	Nov-22	Dec-21	M/M	Y/Y
Picnics	5,734	4,854	6,291	18.1%	-8.9%
Hams	53,416	55,284	61,354	-3.4%	-12.9%
Bellies	63,060	54,429	38,069	15.9%	65.6%
Loins	36,412	39,379	36,651	-7.5%	-0.7%
Ribs	113,637	111,143	80,275	2.2%	41.6%
Butts	20,308	22,273	15,675	-8.8%	29.6%
Trimmings	53,097	44,744	50,544	18.7%	5.1%
Other	46,245	50,766	46,027	-8.9%	0.5%
Variety	23,391	22,401	20,685	4.4%	13.1%
Unclassified	54,315	51,517	41,816	5.4%	29.9%
Total Pork	**458,142**	**451,555**	**396,461**	**1.5%**	**15.6%**

Competing Meats in Cold Storage

('000 lbs)	Dec-22	Nov-22	Dec-21	M/M	Y/Y
Beef Total	**543,955**	**523,263**	**507,123**	**4.0%**	**7.3%**
Boneless	*498,225*	*478,669*	*467,929*	*4.1%*	*6.5%*
Cuts	*45,730*	*44,594*	*39,194*	*2.5%*	*16.7%*
Broiler Total	**931,844**	**911,541**	**742,979**	**2.2%**	**25.4%**
Fryers/Roasters	13,957	11,232	12,231	24.3%	14.1%
Hens	5,230	4,139	3,304	26.4%	58.3%
Other	912,657	896,170	727,444	1.8%	25.5%
Chicken Total	**912,657**	**896,170**	**727,444**	**1.8%**	**25.5%**
Breast meat	250,259	241,295	153,158	3.7%	63.4%
Drumsticks	32,334	33,666	32,246	-4.0%	0.3%
Leg Qtrs	93,463	98,260	76,872	-4.9%	21.6%
Legs	21,761	20,451	10,340	6.4%	110.5%
Thigh Qtrs	10,444	11,475	15,363	-9.0%	-32.%
Thigh meat	18,395	17,367	17,369	5.9%	5.9%
Wings	82,277	78,616	74,084	4.7%	11.1%
Feet	34,240	32,723	34,527	4.6%	-0.8%
Other	369,484	362,317	313,485	2.0%	17.9%

5-Year US Pork, Beef & Chicken in Cold Storage ('000 Lbs)



Weekly Hog Price Recap

Cash hogs were mixed, with regional cash up the majority of the week while national cash fell the front-half of the week and recorded improvements in the latter half. CME cash recorded generally modest moves, however fell overall for the 13th consecutive week-over-week. Wholesale pork values improved overal, with lower picnics and ribs more than offset by rises in other primals. US pork cutout finished the week $0.86/cwt over the previous week's average.

USD	Weekly Averages					
Cash Price	Head	27-Jan-23	Head	20-Jan-23	w/w	% Chg
ISM pm		$71.72		$71.03	$0.69	1.0%
WCB pm		$71.53		$71.06	$0.47	0.7%
Nat pm		$71.12		$71.00	$0.12	0.2%
CME Index*		$72.34		$73.66	-$1.32	-1.8%
Sows, 300-449lbs	14,351	$39.79	16,043	$38.13	$1.66	4.4%
Sows, 500+ lbs	13,765	$45.74	10,325	$44.42	$1.31	3.0%
BoC Exch		1.3362		1.3424	-0.0062	-0.5%

** Represents Friday-Thursday average*

Market hog values recorded another round of significant declines, generally $2-$6 per hog lower from the week previous. Markets derived from lagged base pricing yet again resulted in the greatest declines from a week earlier. The OlyW 20 dropped $5.85/hog, while BP/TC was down $5.50/hog and market hogs out of the OlyW 21 fell $4.30/hog. Hog values out of Quebec were $5.30/hog lower while those out of Ontario and the ML Sig 4 were each down shy of $4/hog, and Hylife was $2.15/hog lower. In the US, Tyson hog values slipped $0.70/hog while JM was up $1/hog from the previous week.

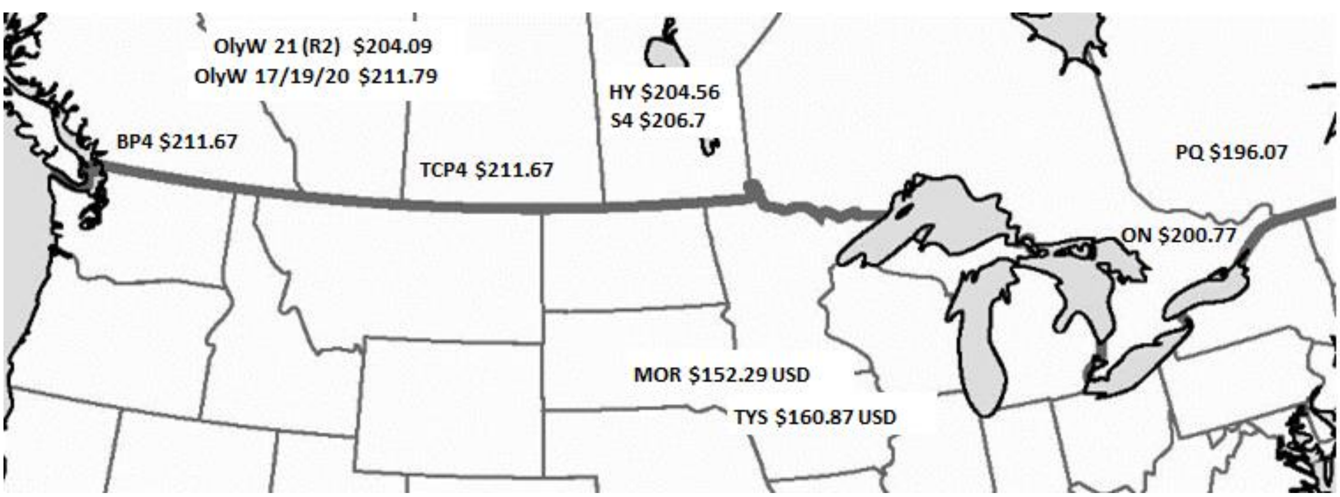
Regional Pricing, $/hog								
Packer/Region	3 Year	Difference to OlyW21	2023 YTD AVG	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 27-Jan-23	Difference to OlyW21
OlyW 2021 (R2)**	$223.48		$213.88		$227.66		$204.09	
OlyW 17/19/20*	$221.79	-$1.69	$222.64	$8.75	$241.22	$13.56	$211.79	$7.70
ML Sig 4	$221.51	-$1.97	$214.47	$0.59	$229.47	$1.81	$206.70	$2.61
BP4/TCP4	$222.09	-$1.39	$220.74	$6.85	$234.84	$7.19	$211.67	$7.58
Hylife	$223.07	-$0.41	$210.04	-$3.84	$226.10	-$1.56	$204.56	$0.47
Ontario***	$224.35	$0.87	$209.09	-$4.79	$228.77	$1.11	$200.77	-$3.32
Québec (overall)	$249.34	$25.86	$206.83	-$7.06	$228.31	$0.65	$196.07	-$8.02
Tyson (USD)	$173.91	-$49.56	$164.67	-$49.21	$180.91	-$46.74	$160.87	-$43.22
John Morrell (USD)	$167.50	-$55.98	$155.01	-$58.87	$171.10	-$56.56	$152.29	-$51.80

** 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 were generally supported by a decrease in feed costs. Canadian farrow-to-finish feed costs dropped $4.50/hog, while those in the monitored US region were down shy of $1.50 from the previous week.

ML Sig 4 margins improved $0.55 to more than $37/hog losses, followed by those out of Hylife which strengthened $2.35 to $39.25/hog losses. OlyW 20 margins weakened $1.40 to $40.45/hog losses, while the OlyW 21 edged $0.15 higher to $48.15/hog losses. Ontario hog margins climbed $0.65 to $51.15/hog losses, while margins out of Quebec were $0.80 weaker to more than $56/hog losses. In the US, Tyson margins improved $0.65 to $20.75/hog losses while JM strengthened $2.40 to $27.60/hog losses for the week.

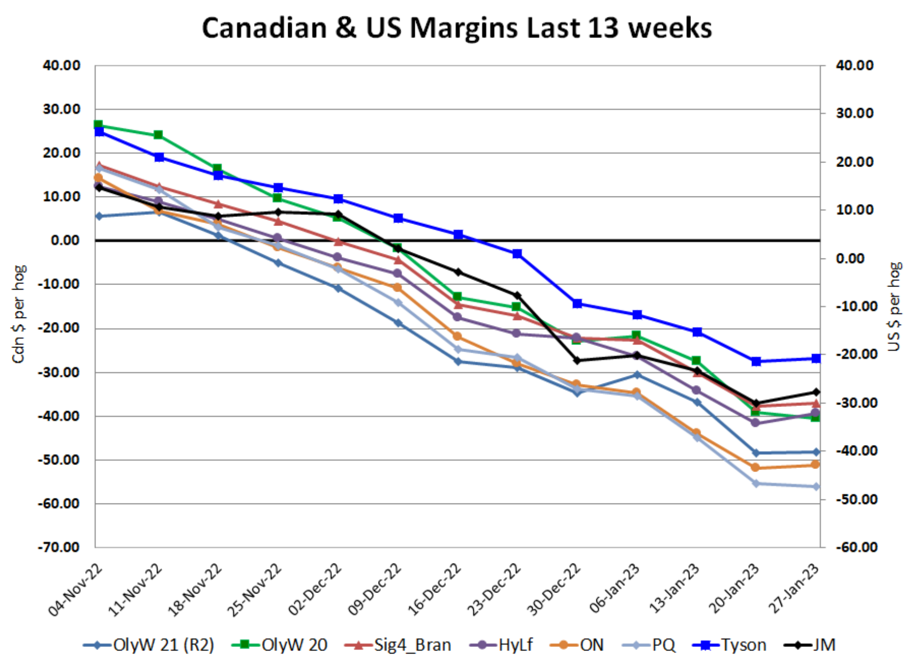
Regional MARGINS, $/hog						
	27-Jan-23	Farrow to Finish			Total	Weekly
Packer/Region	Hog Price	Feed*	Variable	Fixed	COP	Margin
OlyW 20/Alberta	$211.79	$188.73	$41.45	$22.05	$252.23	-$40.44
OlyW 21 (R2)/Alberta	$204.09	$188.73	$41.45	$22.05	$252.23	-$48.14
ML Sig 4/Manitoba	$206.70	$177.53	$41.54	$21.55	$240.62	-$33.92
Hylife/Manitoba	$204.56	$177.53	$41.54	$21.55	$240.62	-$36.06
Ontario	$200.77	$178.46	$42.71	$25.76	$246.93	-$46.16
Québec (overall)	$177.44	$181.03	$42.50	$23.65	$247.18	-$69.74
Tyson (USD)/Iowa	$160.87	$132.36	$30.70	$18.57	$181.63	-$20.76
John Morrell (USD)/ND	$152.29	$130.63	$30.70	$18.57	$179.90	-$27.61

** 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: -$20.76 USD x 1.335 = -$27.71 CAD
Morrell: -$27.61 USD x 1.335 = -$36.86 CAD



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.