



Weekly Regional HOG PRICE Report



Things to Consider....

March 7, 2023

On March 8th the USDA released its latest World Agricultural Supply and Demand Estimates (WASDE) resulting in measurable negativity in the grain markets and spill over pressure to oilseeds.

As illustrated in the graphs, July corn and wheat futures have experienced major losses since the middle of February with corn trading to its lowest level since July 2022 and wheat trading to the lowest level in over 18 months dating back to September of 2021. Feed cost relief is on the horizon for hog producers across most regions of Canada and the US however it will take some time for the futures declines to make their way into weekly or monthly feed ration costs.

USDA reports increased the ending stocks for US corn to 1.342 billion bushels up from 1.267 in the previous February report. Soybean ending stocks were steady to slightly lower reported at 210 million bushels down from 225 million in the February report.

The larger than expected corn supplies dominated the market pulling most commodities lower over the last number of trading sessions.

Spring planting and the accompanying weather will begin to dominate the market in the weeks to come as planters begin to roll in the southern US. For now, feed markets appear to have a lower bias providing an opportunity for improved margins for hog producers in the year ahead.



Weekly Hog Price Recap

Cash hogs were mixed, with regional cash up overall though did pull back late-week while national cash was only recorded higher Tuesday. CME cash improved daily, with better gains early on and more modest rises in the latter half of the week. Most wholesale pork primals recorded higher values, excluding a -7% drop in bellies and a more moderate decline in ribs. US pork cutout ended \$0.40/cwt higher than the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	03-Mar-23	Head	24-Feb-23		
ISM pm		\$78.86		\$78.63	\$0.23	0.3%
WCB pm		\$78.80		\$78.48	\$0.32	0.4%
Nat pm		\$78.43		\$77.82	\$0.61	0.8%
CME Index*		\$78.53		\$77.18	\$1.35	1.7%
Sows, 300-449lbs	12,023	\$62.83	13,911	\$61.03	\$1.79	2.9%
Sows, 500+ lbs	8,935	\$67.84	11,218	\$67.13	\$0.71	1.1%
BoC Exch		1.3604		1.3557	0.0047	0.3%

* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$4-\$8 per hog higher on the week. Markets derived from lagged base pricing were up the most with the OlyW 21 up \$8.30/hog, followed by BP/TC which rose \$7.75/hog and the OlyW 20 which was up \$7.30/hog from a week earlier. Hog values out of Quebec rose \$4.75/hog, while both the ML Sig 4 and hog values out of Ontario were each up around \$4/hog and Hylife climbed \$3.70/hog higher. In the US, Tyson hogs fell \$1.15/hog while JM climbed \$0.65/hog from the previous week.

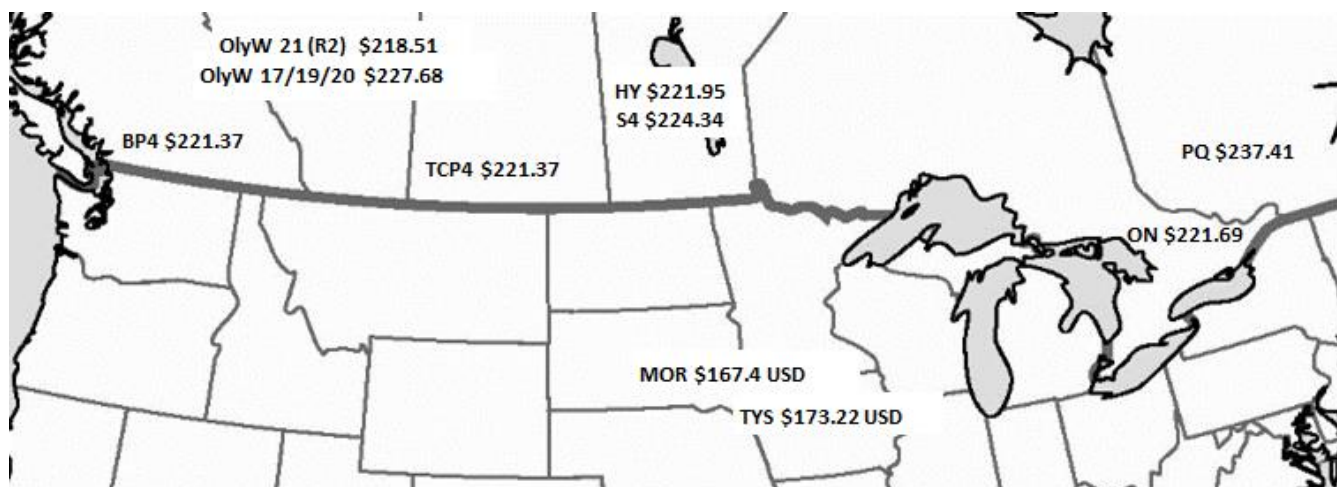
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2023 YTD AVG	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 03-Mar-23	Difference to OlyW21
OlyW 2021 (R2)**	\$224.50		\$209.14		\$215.04		\$218.51	
OlyW 17/19/20*	\$222.84	-\$1.65	\$217.72	\$8.58	\$225.39	\$10.35	\$227.68	\$9.16
ML Sig 4	\$222.94	-\$1.56	\$213.38	\$4.24	\$219.00	\$3.96	\$224.34	\$5.83
BP4/TCP4	\$223.41	-\$1.08	\$214.48	\$5.34	\$220.70	\$5.66	\$221.37	\$2.86
Hylife	\$224.35	-\$0.15	\$211.14	\$2.00	\$216.36	\$1.32	\$221.95	\$3.44
Ontario***	\$225.81	\$1.31	\$209.08	-\$0.06	\$215.84	\$0.80	\$221.69	\$3.18
Québec (overall)	\$250.11	\$25.62	\$215.95	\$6.82	\$219.65	\$4.61	\$237.41	\$18.89
Tyson (USD)	\$175.45	-\$49.04	\$166.31	-\$42.82	\$171.06	-\$43.98	\$173.22	-\$45.29
John Morrell (USD)	\$169.18	-\$55.31	\$159.90	-\$49.24	\$163.16	-\$51.88	\$167.40	-\$51.12

* 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 improved on higher market hog values, coupled with a significant decline in feed costs. Canadian farrow-to-finish feed costs dropped \$3.50/hog, while those in the monitored US region declined closer to \$3/hog from the previous week.

Hog margins out of Quebec strengthened \$8.25 to \$5.50/hog losses, while margins out of the ML Sig 4 improved \$7.60 to \$12/hog losses and Hylife strengthened more than \$7 to nearly \$14.50/hog losses. Hog margins out of the OlyW 20 strengthened \$10.80 to \$20.30/hog losses, while those out of the Ontario improved \$7.50 to \$21/hog losses and the OlyW 21 strengthened \$11.80 to \$29.50/hog losses. In the US, Tyson margins improved \$1.85 to \$4.15/hog losses while JM strengthened \$3.65 to nearly \$8.25/hog losses for the week.

Regional MARGINS, \$/hog						
Packer/Region	03-Mar-23	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$227.68	\$184.48	\$41.45	\$22.05	\$247.98	-\$20.30
OlyW 21 (R2)/Alberta	\$218.51	\$184.48	\$41.45	\$22.05	\$247.98	-\$29.47
ML Sig 4/Manitoba	\$224.34	\$173.28	\$41.54	\$21.55	\$236.37	-\$12.03
Hylife/Manitoba	\$221.95	\$173.28	\$41.54	\$21.55	\$236.37	-\$14.42
Ontario	\$221.69	\$174.21	\$42.71	\$25.76	\$242.68	-\$20.99
Québec (overall)	\$237.41	\$176.78	\$42.50	\$23.65	\$242.93	-\$5.52
Tyson (USD)/Iowa	\$173.22	\$128.11	\$30.70	\$18.57	\$177.38	-\$4.16
John Morrell (USD)/ND	\$167.40	\$126.38	\$30.70	\$18.57	\$175.65	-\$8.25

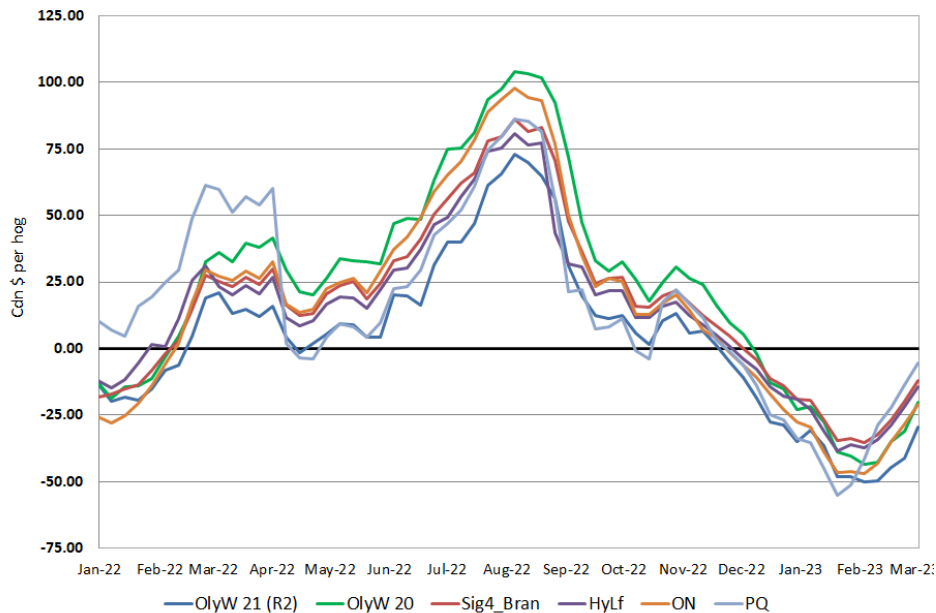
* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: $-\$4.16 \text{ USD} \times 1.3717 = -\5.71 CAD
 Morrell: $-\$8.25 \text{ USD} \times 1.3717 = -\11.32 CAD

Canadian Margins 2022-2023



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