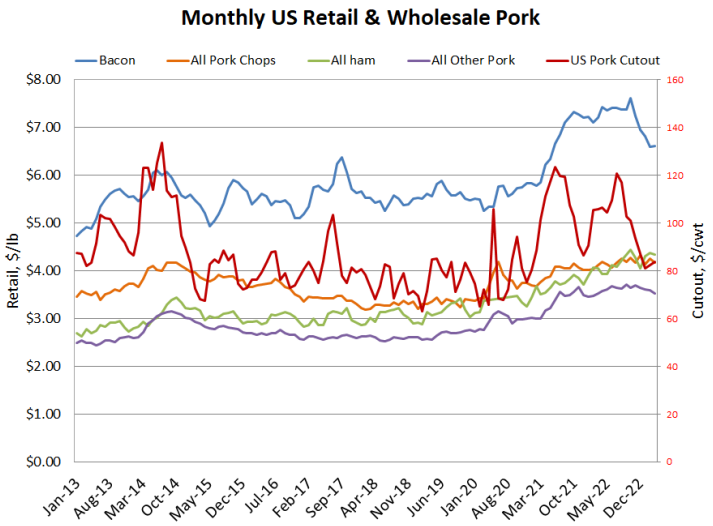
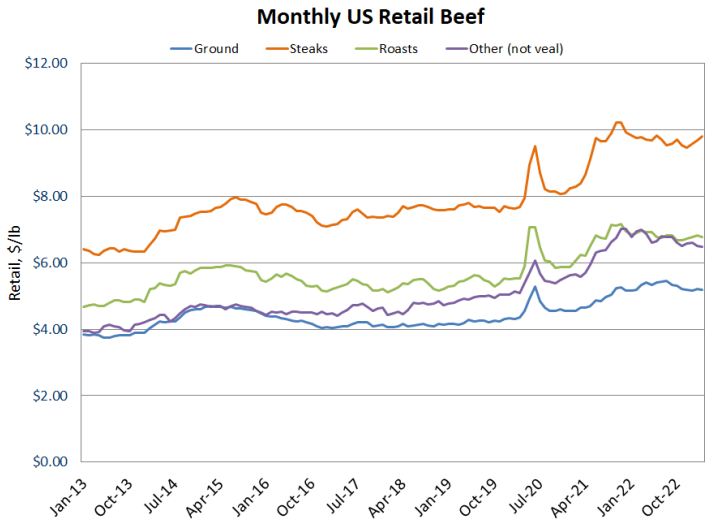
# Weekly Regional HOG PRICE Report

**Things to Consider….** April 18, 2023

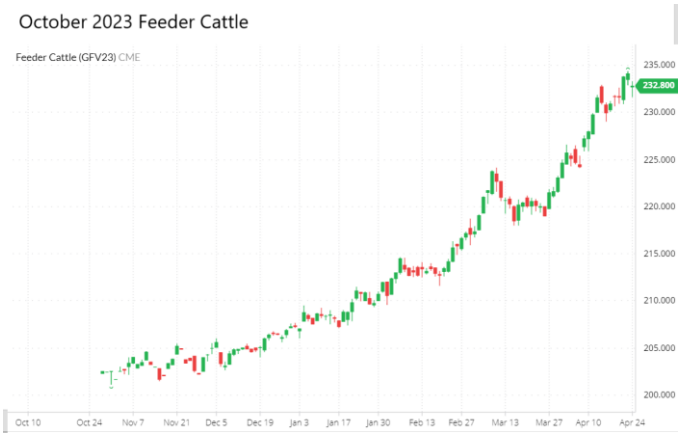
US retail pork prices for the month of March were generally lower, though primarily higher than a year earlier. Bacon prices edged +0.3% to $6.61/lb for the month but is -8.2% under last year, while chops were -2.1% to $4.17/lb which is +0.9% over March 2022. All hams slipped -0.7% from a month earlier to $4.34/lb but is up +7.0% over year-ago levels, while Other pork declined -1.8% in the latest data to $3.53/lb which is +0.2% over last year. Monthly wholesale pork values rose overall in March. US pork cutout at $83.74/cwt climbed +1.8% from February levels, bringing cutout -20.8% under year-ago levels. Wholesale picnics and butts were up the most while bellies were the only primal recorded lower from a month earlier. Compared to last year, most primals are significantly lower excluding picnics which are up +30.2% and hams which were a modest +0.3% higher than March 2022.




Monthly US retail beef prices were generally lower: Uncooked ground slipped -0.2% to $5.19/lb which is -2.8% under last year, roasts declined -0.8% to $6.77/lb bringing them -3.0% under Mar 2022, while steaks were up +1.3% to $9.81/lb which is +0.2% over last year, and other beef (not veal) declined -0.6% to $6.48/lb which is -7.3% under a year-ago. Wholesale beef values increased during the same period. Choice cutout climbed +2.8% in March to $283.82/cwt and is +9.8% over a year earlier, while select cutout was up +3.8% on the month to $272.90/cwt and is +8.6% over last year.




The lean hog and feeder cattle October '23 futures below compare differences in values and trend of each market since the fall of 2022. The recent collapse in lean hogs has created a price spread between pork and beef not registered in recent history. Expectations of over $4.00 per pound this fall for cattle continues to support the beef market which historically has provided long-term underlying support to the pork market. If cattle prices continue to remain firm through the summer, lean hog futures are expected to find strength once in the coming months.



# Weekly Hog Price Recap

Cash hogs were recorded mixed to lower during the week. National cash was up early on though fell daily thereafter while regional cash went unreported Monday and generally varied the balance of the week. CME cash declined daily, continuing to record modest daily moves. Wholesale pork values varied with notably lower belly and picnic values generally offset by rises in most other primals. US pork cutout was $0.39/cwt under the previous week's average.

| USD Cash Price | Weekly Averages Head | 14-Apr-23 | Head | 07-Apr-23 | w/w | % Chg |
|---|---|---|---|---|---|---|
| ISM pm | | $71.28 | | $71.91 | -$0.63 | -0.9% |
| WCB pm | | $70.93 | | $71.81 | -$0.87 | -1.2% |
| Nat pm | | $70.05 | | $71.62 | -$1.56 | -2.2% |
| CME Index* | | $72.20 | | $74.00 | -$1.80 | -2.4% |
| Sows, 300-449lbs | 11,700 | $38.73 | 12,273 | $44.07 | -$5.34 | -12.1% |
| Sows, 500+ lbs | 10,829 | $44.44 | 9,543 | $51.35 | -$6.91 | -13.5% |
| BoC Exch | | 1.3436 | | 1.3455 | -0.0019 | -0.1% |

** Represents Friday-Thursday average*

Monitored hog markets were generally $5-$8 per hog lower on the week, with those derived from lagged base pricing down the most. The OlyW 20 dropped $8.75/hog, while the OlyW 21 & BP/TC4 each fell near $6.25/hog. Hog values out of Quebec declined more than $5.75/hog and Ontario was down shy of $5/hog, while the ML Sig 4 fell $4.65/hog and Hylife was down shy of $3/hog. In the US, Tyson hogs fell $5.65/hog while JM was down $1.75/hog from the previous week.

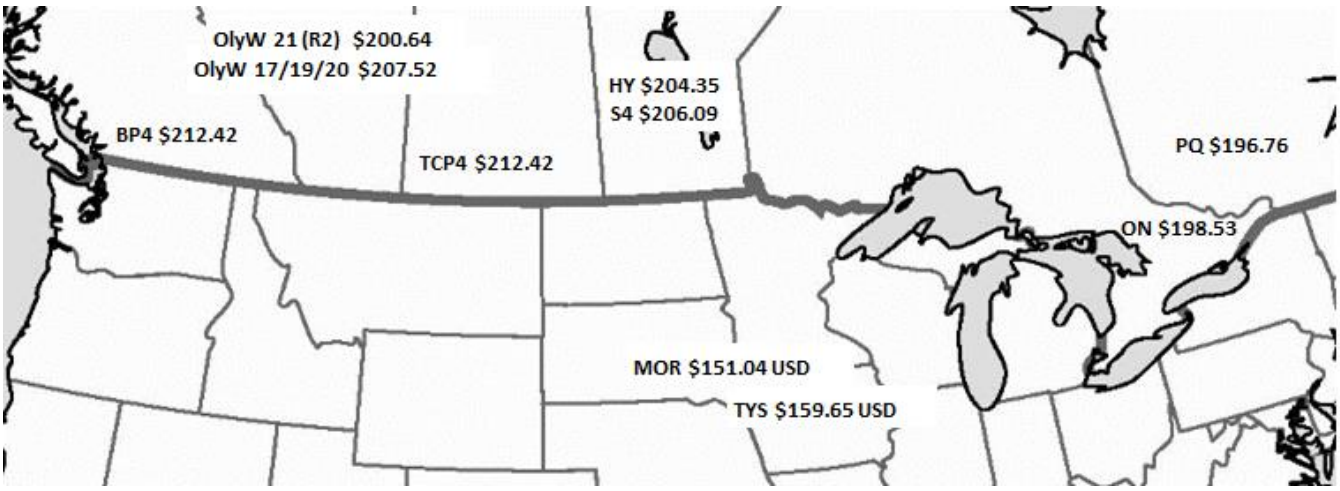
| Regional Pricing, $/hog | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Packer/Region | 3 Year | Difference to OlyW21 | 2023 YTD AVG | Difference to OlyW21 | Last 13 weeks | Difference to OlyW21 | Ending 14-Apr-23 | Difference to OlyW21 |
| IPM (MMS 5.0) | $237.44 | | $225.14 | | $224.20 | | $214.12 | |
| OlyW 2021 (R2)** | $225.14 | | $210.75 | | $209.45 | | $200.64 | |
| OlyW 2020* | $232.12 | $6.98 | $217.97 | $7.22 | $216.75 | $7.30 | $207.52 | $6.88 |
| ML Sig 4 | $223.76 | -$1.38 | $215.67 | $4.91 | $215.11 | $5.66 | $206.09 | $5.45 |
| BP4/TCP4 | $225.32 | $0.18 | $218.81 | $8.06 | $217.58 | $8.14 | $212.42 | $11.78 |
| Hylife | $227.70 | $2.56 | $213.56 | $2.80 | $213.11 | $3.66 | $204.35 | $3.71 |
| Ontario*** | $225.11 | -$0.03 | $210.06 | -$0.69 | $209.61 | $0.17 | $198.53 | -$2.11 |
| Québec (overall) | $226.03 | $0.90 | $200.86 | -$9.90 | $202.09 | -$7.35 | $196.76 | -$3.88 |
| Tyson (USD) | $177.32 | -$47.82 | $167.71 | -$43.04 | $167.65 | -$41.80 | $159.65 | -$40.99 |
| John Morrell (USD) | $170.95 | -$54.19 | $160.19 | -$50.57 | $160.49 | -$48.96 | $151.04 | -$49.60 |

** 3 Year average uses actual OlyW'20 ONLY 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 margins continue to weaken on lower hog values however did receive some offset support from a reduction in feed costs. Canadian farrow-to-finish feed costs fell $2.40/hog, while those in the monitored US region were reduced by $0.50/hog from the previous week.

ML Sig 4 margins weakened $2.25 to $18.50/hog losses, followed by those out of Hylife which edged $0.50 lower to $20.25/hog losses. OlyW 20 hog margins weakened $6.35 to nearly $28.75/hog losses, while the OlyW 21 declined shy of $4 to $35.55/hog losses. Hog margins out of Ontario fell $2.50 to near $32.25/hog losses, while those out of Quebec were down near $3.50 to shy of $34.50/hog losses. In the US, Tyson margins weakened $5.25 to $15.25/hog losses while JM declined $1.35 to near $22/hog losses for the week.

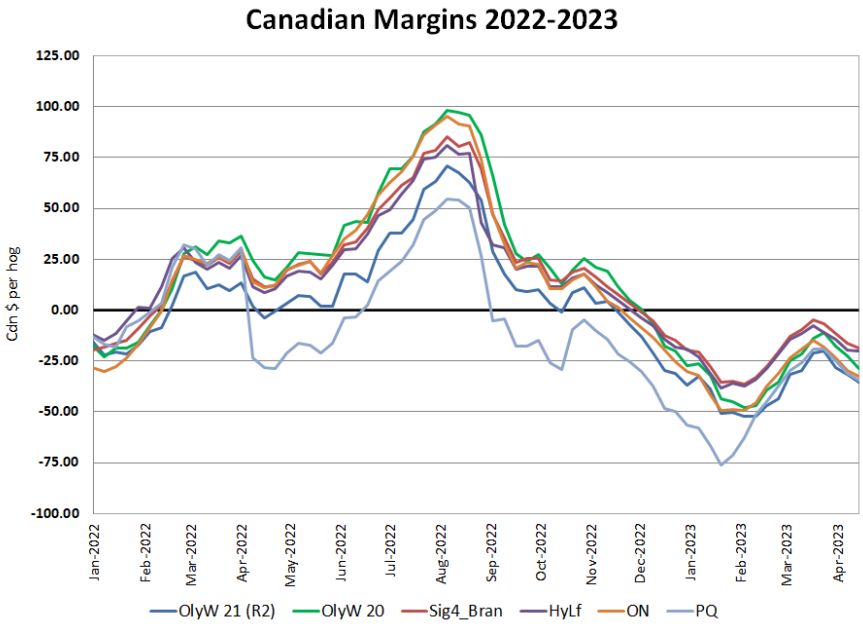
| Regional MARGINS, $/hog | | | | | | |
|---|---|---|---|---|---|---|
| | 14-Apr-23 | Farrow to Finish | | | Total | Weekly |
| Packer/Region | Hog Price | Feed* | Variable | Fixed | COP | Margin |
| OlyW 20/Alberta | $207.52 | $172.70 | $41.45 | $22.05 | $236.20 | -$28.68 |
| OlyW 21 (R2)/Alberta | $200.64 | $172.70 | $41.45 | $22.05 | $236.20 | -$35.56 |
| ML Sig 4/Manitoba | $206.09 | $161.50 | $41.54 | $21.55 | $224.59 | -$18.50 |
| Hylife/Manitoba | $204.35 | $161.50 | $41.54 | $21.55 | $224.59 | -$20.24 |
| Ontario | $198.53 | $162.43 | $42.71 | $25.76 | $230.90 | -$32.37 |
| Québec (overall) | $196.76 | $165.00 | $42.50 | $23.65 | $231.15 | -$34.39 |
| Tyson (USD)/Iowa | $159.65 | $125.66 | $30.70 | $18.57 | $174.93 | -$15.28 |
| John Morrell (USD)/ND | $151.04 | $123.93 | $30.70 | $18.57 | $173.20 | -$22.16 |

** 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: -$15.28 USD x 1.3387 = -$20.46 CAD
Morrell: -$22.16 USD x 1.3387 = -$29.67 CAD

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