



# Weekly Regional HOG PRICE Report



April 4, 2023

## Things to Consider....

The USDA's Quarterly Hogs & Pigs report was released Thursday, March 30th reporting lower hog inventories from the previous quarter which were up modestly compared to last year.

All Hogs & Pigs fell -2.1% or 1,539 thousand head under the inventory reported in December, bringing the latest inventory 171 thousand or +0.2% over March 2022.

Kept for Breeding slipped -0.3% or 17 thousand from the total in December, which is up +0.5% or 29 thousand over a year earlier.

Market hogs were -2.2% or 1,522 thousand head lower than the previous quarter, which is up +0.2% or 143 thousand head over last year.

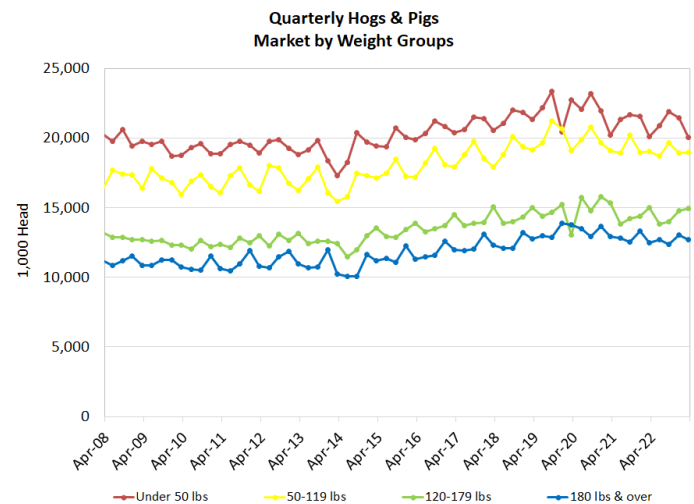
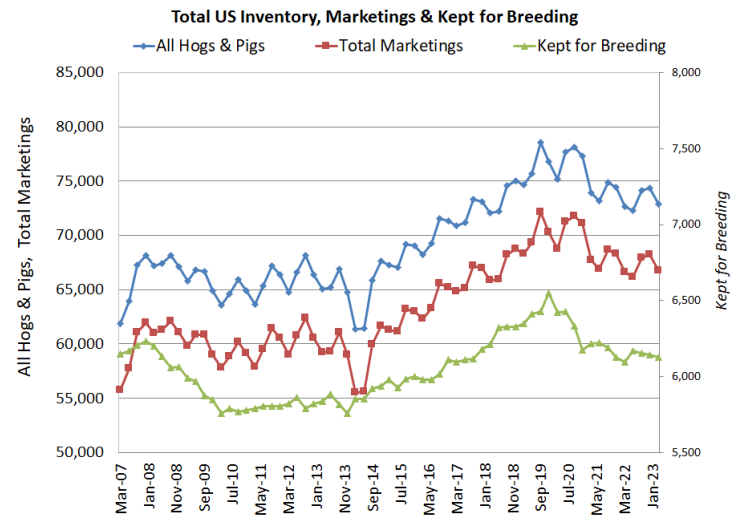
The March pig crop declined 2,173 thousand head or -6.3% from previously reported, bringing the pig crop +0.3% or 111 thousand head over year-ago levels.

Pigs per litter slipped -1.8% from the previous quarter to 11.02 pigs/litter for the Dec-Feb period (a new historical high for the quarter), which is +0.6 higher than last year.

*Revisions, as noted on the latest USDA report: "All inventory and pig crop estimates for March 2022 through December 2022 were reviewed using final pig crop, official slaughter, death loss, and updated import and export data. The revision made to the December 2022 all hogs and pigs inventory was 1.8 percent. A revision of 1.6 percent was made to the September 2022-November 2023 pig crop. The net revision made to the September 2022 all hogs and pigs inventory was 0.4 percent. A net revision of 1.5 percent was made to the June-August 2022 pig crop."*

To note, the number of animals reported in the "under 50lbs" category (red line in the adjacent chart) came in at 20.059 M, which is the lowest reported quarterly number since March of 2016, 6 years ago. That category of weights is destined for market July to Sep 2023.

| Quarterly H&P - Mar 2023       | 2022   | 2023   | %23/22 | Est's  | %Act-Est |
|--------------------------------|--------|--------|--------|--------|----------|
| <b>All Hogs and Pigs</b>       | 72,689 | 72,860 | 100.2% | 98.6%  | 1.6%     |
| <b>Kept for Breeding</b>       | 6,098  | 6,127  | 100.5% | 100.3% | 0.2%     |
| <b>Market Hogs</b>             | 66,591 | 66,734 | 100.2% | 98.4%  | 1.8%     |
| <b>Mkt hog Wt. Groups</b>      |        |        |        |        |          |
| Under 50 pounds                | 20,105 | 20,059 | 99.8%  | 98.5%  | 1.3%     |
| 50-119 pounds                  | 19,030 | 18,975 | 99.7%  | 98.5%  | 1.2%     |
| 120-179 pounds                 | 14,988 | 14,973 | 99.9%  | 98.3%  | 1.6%     |
| 180 pounds and over            | 12,468 | 12,727 | 102.1% | 98.3%  | 3.8%     |
| <b>Dec-Feb Pig Crop</b>        | 31,947 | 32,058 | 100.3% | 100.5% | -0.2%    |
| <b>Dec-Feb Pigs per Litter</b> | 10.95  | 11.02  | 100.6% | 100.1% | 0.5%     |
| <b>Sows Farrowing</b>          |        |        |        |        |          |
| '22-'23 Dec-Feb                | 2,919  | 2,910  | 99.7%  | 100.4% | -0.7%    |
| '23 Mar-May                    | 2,967  | 2,930  | 98.8%  | 100.4% | -1.6%    |
| '23 Jun-Aug                    | 3,062  | 2,973  | 97.1%  | 99.4%  | -2.3%    |



# Weekly Hog Price Recap

Cash hogs were lower throughout much of the week, with national cash down near daily while regional went unreported late week. CME cash declined daily, recording steady and generally modest daily moves. Most wholesale pork primal values were again recorded lower, excluding bellies which were up modestly, weighing US pork cutout \$1.36/cwt under the previous week's average.

| USD Cash Price   | Weekly Averages |           |        |           | w/w     | % Chg  |
|------------------|-----------------|-----------|--------|-----------|---------|--------|
|                  | Head            | 31-Mar-23 | Head   | 24-Mar-23 |         |        |
| ISM pm           |                 | \$75.90   |        | \$77.94   | -\$2.04 | -2.6%  |
| WCB pm           |                 | \$75.45   |        | \$77.44   | -\$1.99 | -2.6%  |
| Nat pm           |                 | \$74.97   |        | \$77.08   | -\$2.11 | -2.7%  |
| CME Index*       |                 | \$76.01   |        | \$78.09   | -\$2.08 | -2.7%  |
| Sows, 300-449lbs | 12,441          | \$51.38   | 12,835 | \$58.24   | -\$6.86 | -11.8% |
| Sows, 500+ lbs   | 11,116          | \$59.22   | 11,214 | \$65.50   | -\$6.28 | -9.6%  |
| BoC Exch         |                 | 1.3590    |        | 1.3705    | -0.0115 | -0.8%  |

\* Represents Friday-Thursday average

Monitored hog markets were generally \$5-\$9 per hog lower on the week. Markets derived from lagged base pricing were down the most, with the OlyW 21 dropping \$9.80/hog and the OlyW 20 down \$8.70/hog, while BP/TC fell \$5.25/hog. Hog values out of Quebec fell \$7.75/hog and Ontario was down \$7/hog, while the ML Sig 4 declined \$6.70/hog and Hylife was down \$5.50/hog. In the US, Tyson hogs fell \$2.65/hog while JM was down \$4.15/hog from the previous week.

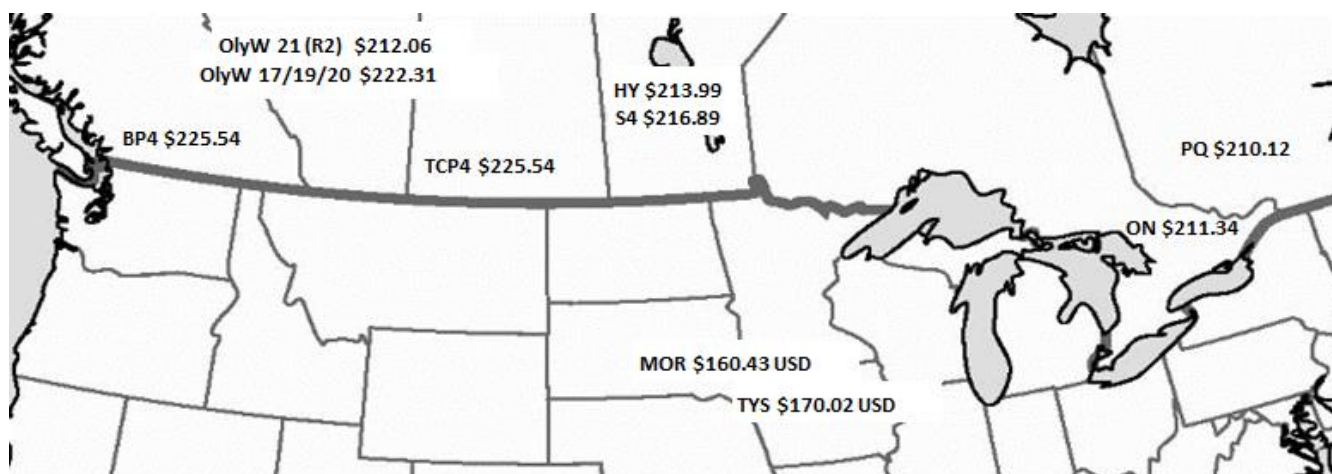
| Regional Pricing, \$/hog |          |                      |              |                      |               |                      |                  |                      |
|--------------------------|----------|----------------------|--------------|----------------------|---------------|----------------------|------------------|----------------------|
| Packer/Region            | 3 Year   | Difference to OlyW21 | 2023 YTD AVG | Difference to OlyW21 | Last 13 weeks | Difference to OlyW21 | Ending 31-Mar-23 | Difference to OlyW21 |
| OlyW 2021 (R2)**         | \$224.97 |                      | \$210.91     |                      | \$211.83      |                      | \$212.06         |                      |
| OlyW 2020*               | \$231.73 | \$6.76               | \$218.04     | \$7.13               | \$218.90      | \$7.08               | \$222.31         | \$10.25              |
| ML Sig 4                 | \$223.48 | -\$1.50              | \$216.22     | \$5.31               | \$216.78      | \$4.95               | \$216.89         | \$4.83               |
| BP4/TCP4                 | \$224.80 | -\$0.17              | \$218.58     | \$7.67               | \$219.31      | \$7.49               | \$225.54         | \$13.49              |
| Hylife                   | \$227.99 | \$3.02               | \$214.24     | \$3.33               | \$214.75      | \$2.93               | \$213.99         | \$1.94               |
| Ontario***               | \$224.90 | -\$0.07              | \$210.90     | -\$0.00              | \$211.46      | -\$0.37              | \$211.34         | -\$0.72              |
| Québec (overall)         | \$226.06 | \$1.09               | \$201.32     | -\$9.58              | \$201.04      | -\$10.79             | \$210.12         | -\$1.93              |
| Tyson (USD)              | \$176.86 | -\$48.11             | \$168.40     | -\$42.51             | \$168.51      | -\$43.31             | \$170.02         | -\$42.04             |
| John Morrell (USD)       | \$170.59 | -\$54.39             | \$161.59     | -\$49.32             | \$161.46      | -\$50.37             | \$160.43         | -\$51.63             |

\* 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 weakened, with more moderate changes in feed costs not enough to offset the effect of declining hog values. Canadian farrow-to-finish feed costs dropped \$1.75/hog, while those in the monitored US region climbed \$1.25/hog from the previous week.

ML Sig 4 hog margins weakened \$5 to \$11.70/hog losses followed by those out of Hylife which declined \$3.70 to \$15.60/hog losses, and OlyW 20 margins which weakened \$7 to \$17.60/hog losses. Hog margins out of Ontario were down \$5.25 to \$23.55/hog losses, while those out of Quebec fell \$6 to \$25/hog losses and OlyW 21 weakened \$8 to more than \$28/hog losses. In the US, Tyson margins fell \$4 to \$4.35/hog losses while JM weakened \$5.40 to \$12.25/hog losses for the week.

| Regional MARGINS, \$/hog |           |          |                  |         |           |               |
|--------------------------|-----------|----------|------------------|---------|-----------|---------------|
| Packer/Region            | 31-Mar-23 |          | Farrow to Finish |         | Total COP | Weekly Margin |
|                          | Hog Price | Feed*    | Variable         | Fixed   |           |               |
| OlyW 20/Alberta          | \$222.31  | \$176.68 | \$41.45          | \$22.05 | \$240.18  | -\$17.87      |
| OlyW 21 (R2)/Alberta     | \$212.06  | \$176.68 | \$41.45          | \$22.05 | \$240.18  | -\$28.12      |
| ML Sig 4/Manitoba        | \$216.89  | \$165.48 | \$41.54          | \$21.55 | \$228.57  | -\$11.68      |
| Hylife/Manitoba          | \$213.99  | \$165.48 | \$41.54          | \$21.55 | \$228.57  | -\$14.58      |
| Ontario                  | \$211.34  | \$166.41 | \$42.71          | \$25.76 | \$234.88  | -\$23.54      |
| Québec (overall)         | \$210.12  | \$168.98 | \$42.50          | \$23.65 | \$235.13  | -\$25.01      |
| Tyson (USD)/Iowa         | \$170.02  | \$125.11 | \$30.70          | \$18.57 | \$174.38  | -\$4.36       |
| John Morrell (USD)/ND    | \$160.43  | \$123.38 | \$30.70          | \$18.57 | \$172.65  | -\$12.22      |

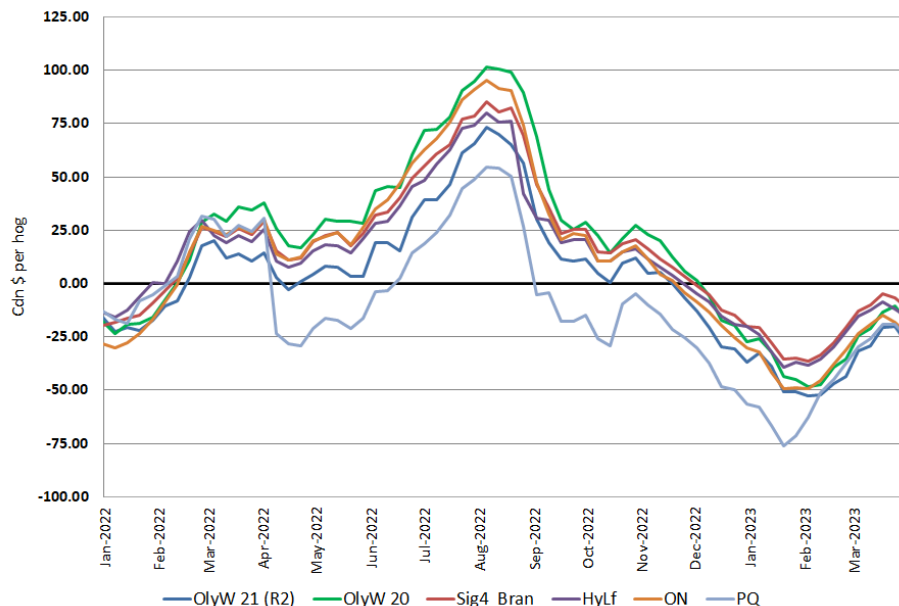
\* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: -\$4.36 USD x 1.3447 = -\$5.86 CAD  
 Morrell: -\$12.22 USD x 1.3447 = -\$16.43 CAD

Canadian Margins 2022-2023



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.

