



Weekly Regional HOG PRICE Report



Things to Consider....

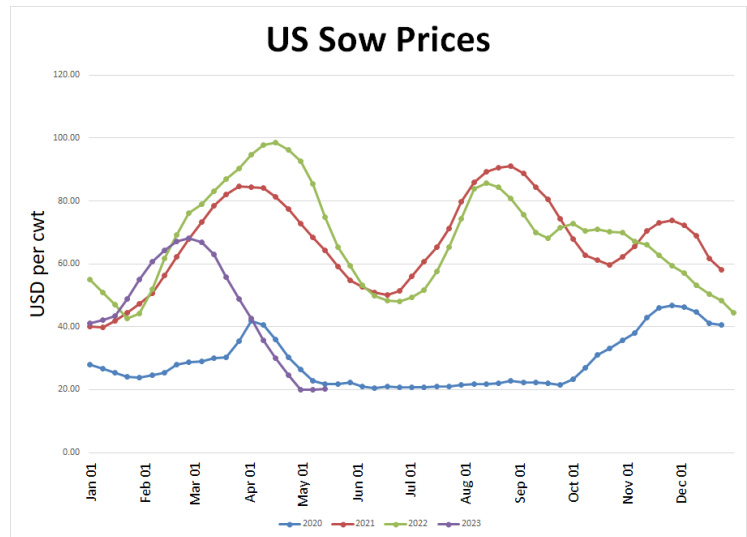
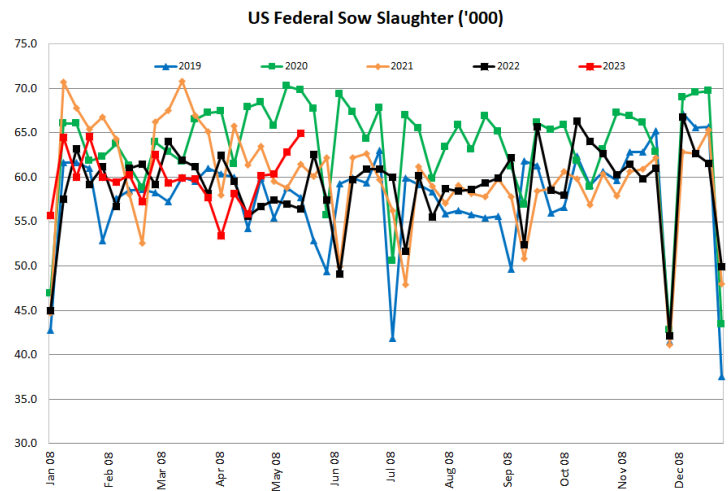
May 23, 2023

Following 3 months of collapse in the lean hog futures market and nearly the same in cash hog prices, a noticeable uptick in sow slaughter has now been recorded. Negative margins plaguing North America have taken their toll on all production systems, large and small, private, and integrated. Extreme feed costs and the most recent slide in the price of pork and market hogs has accelerated liquidation in a year that once showed signs of optimism and profit.

Sow slaughter volumes for the month of May increased steadily each week attempting to reach the heights not seen since the spring and summer of 2020 when major sow liquidation occurred due to the fall out of Covid restrictions. Based on recent reports from major US and Canadian integrators, expectations are for sow slaughter to continue above historical levels for the remainder of 2023.

In addition to slaughter, sow prices have also confirmed liquidation as the total number of sows coming to market increases putting severe pressure on price, as sow slaughter plants deal with the burdensome supply of animals scheduled for delivery. Short-term the additional pounds of pork on the marker can prove to be negative to price however medium and long-term effects of sow slaughter traditionally remain positive.

With cash hog prices trading steady/firm and seasonal increases expected to continue, marketing hogs in the cash market will prove to provide the greatest returns for the coming weeks. Lean hog futures have a long way to climb before being considered a better option to the cash hog market. Although lean hog contracts highs for the year are considered well behind us, upside can be expected once into the latter part of summer 2023.



Weekly Hog Price Recap

Regional and national cash hogs went unreported Monday, though improved throughout much of the week with a pullback Thursday. CME cash improved daily, rising moderately though steadily throughout the week. Wholesale pork values improved overall, excluding bellies which averaged modestly under a week earlier, with US pork cutout \$1.38/cwt higher than the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	19-May-23	Head	12-May-23		
ISM pm		\$86.86		\$77.73	\$9.12	11.7%
WCB pm		\$86.68		\$77.62	\$9.06	11.7%
Nat pm		\$81.74		\$75.04	\$6.70	8.9%
CME Index*		\$77.80		\$75.09	\$2.71	3.6%
Sows, 300-449lbs	12,943	\$16.75	13,201	\$18.06	-\$1.30	-7.2%
Sows, 500+ lbs	13,076	\$22.33	12,891	\$23.72	-\$1.38	-5.8%
BoC Exch		1.3482		1.3426	0.0056	0.4%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally rose \$5-8/hog this past week, excluding those derived from lagged base pricing which were up more moderately. Hog values out of Ontario were up the most rising \$8.75/hog, followed by those out of Hylife which rose \$6.85/hog while the ML Sig 4 was up \$6.75/hog and hog values out of Quebec improved \$5.65/hog. The OlyW 20 increased \$2.75/hog, while the OlyW 21 was up \$1.20/hog and BP4/TC4 was nearly unchanged. In the US, Tyson hogs jumped \$11.55/hog, while JM surged \$18.85/hog from the previous week.

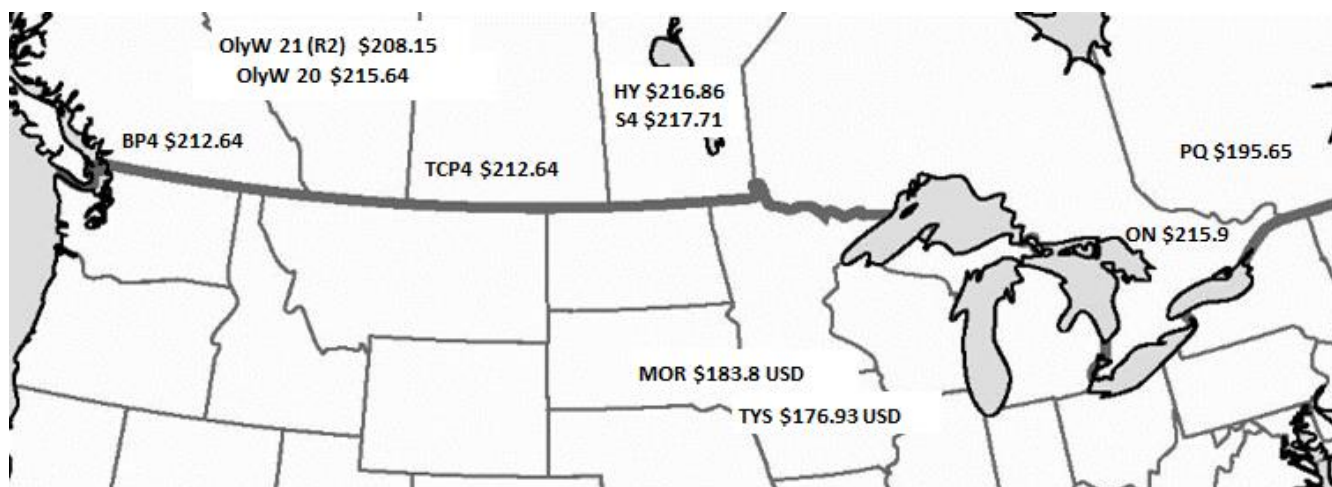
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2023 YTD AVG	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 19-May-23	Difference to OlyW21
IPM (MMS 5.0)	\$230.03		\$220.81		\$220.94		\$223.28	
OlyW 2021 (R2)**	\$225.91		\$208.90		\$209.55		\$208.15	
OlyW 2020*	\$233.55	\$7.64	\$215.55	\$6.65	\$216.50	\$6.95	\$215.64	\$7.49
ML Sig 4	\$225.28	-\$0.64	\$214.32	\$5.42	\$215.88	\$6.32	\$217.71	\$9.56
BP4/TCP4	\$226.52	\$0.61	\$216.50	\$7.60	\$217.18	\$7.62	\$212.64	\$4.49
Hylife	\$227.12	\$1.21	\$212.52	\$3.63	\$214.08	\$4.52	\$216.86	\$8.71
Ontario***	\$226.81	\$0.90	\$208.75	-\$0.15	\$210.65	\$1.10	\$215.90	\$7.75
Québec (overall)	\$226.48	\$0.57	\$198.31	-\$10.59	\$203.09	-\$6.46	\$195.65	-\$12.50
Tyson (USD)	\$179.24	-\$46.67	\$166.33	-\$42.57	\$167.21	-\$42.35	\$176.93	-\$31.22
John Morrell (USD)	\$173.35	-\$52.56	\$160.46	-\$48.43	\$161.87	-\$47.68	\$183.80	-\$24.35

* 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 hog margins strengthened significantly on improved hog values and another reduction in feed costs. Canadian farrow-to-finish feed costs fell near \$2/hog, while those in the monitored US region fell closer to \$1.85/hog from the previous week.

ML Sig 4 and Hylife strengthened to positive hog margins, each up around \$8.75 to \$1.40 & \$0.55 per hog profits respectively, while Ontario hog margins improved \$10.70 to \$6.75/hog losses. OlyW 20 hog margins were up \$4.70 to \$12.30/hog losses, while the OlyW 21 improved \$3.15 to \$19.80/hog losses and margins out of Quebec strengthened \$7.60 to \$27.25/hog losses. In the US, hog margins also rose to profitable levels with Tyson strengthening \$13.40 to \$11.80/hog profits while JM surged \$20.70 to \$20.40/hog profits for the week.

Regional MARGINS, \$/hog						
Packer/Region	19-May-23	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$215.64	\$164.44	\$41.45	\$22.05	\$227.94	-\$12.30
OlyW 21 (R2)/Alberta	\$208.15	\$164.44	\$41.45	\$22.05	\$227.94	-\$19.79
ML Sig 4/Manitoba	\$217.71	\$153.24	\$41.54	\$21.55	\$216.33	\$1.38
Hylife/Manitoba	\$216.86	\$153.24	\$41.54	\$21.55	\$216.33	\$0.53
Ontario	\$215.90	\$154.17	\$42.71	\$25.76	\$222.64	-\$6.74
Québec (overall)	\$195.65	\$156.74	\$42.50	\$23.65	\$222.89	-\$27.24
Tyson (USD)/Iowa	\$176.93	\$115.86	\$30.70	\$18.57	\$165.13	\$11.80
John Morrell (USD)/ND	\$183.80	\$114.13	\$30.70	\$18.57	\$163.40	\$20.40

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

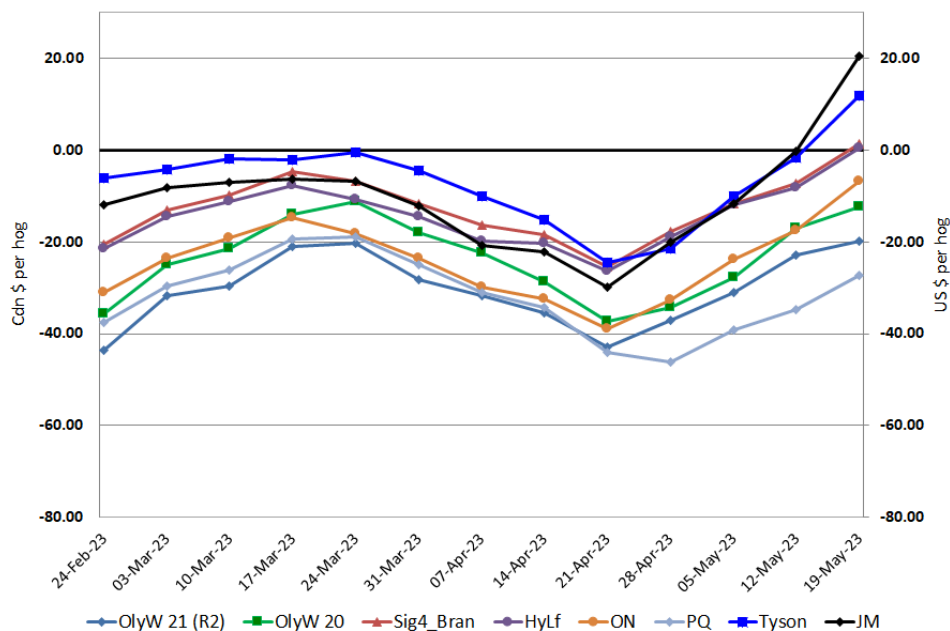
* Feed cost fixed expenses updated the week of April 8, 2022 onward

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

Tyson: \$11.80 USD x 1.3504 = \$15.93 CAD

Morrell: \$20.40 USD x 1.3504 = \$27.55 CAD

Canadian & US Margins Last 13 weeks



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