



Weekly Regional HOG PRICE Report



Things to Consider....

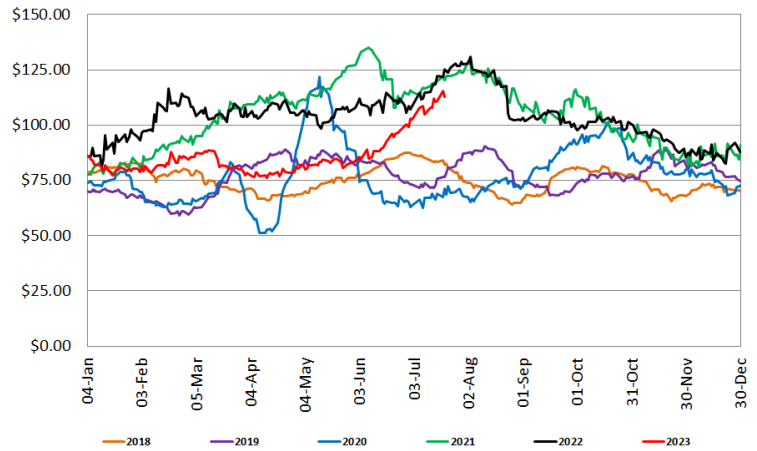
July 11, 2023

Although it may not feel like the hog market has provided much for opportunities to secure positive profit margins, the direction of pork values and resulting CME cash prices have been a welcome sight over the last 4-6 weeks.

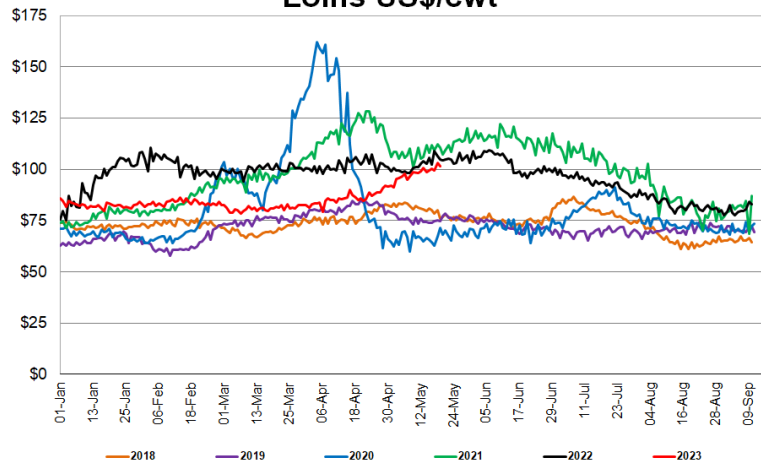
Pork cut-out illustrated in the adjacent graph (red) shows that only 2021 and 2022 provided higher wholesale pork prices in the past 6 years. Strong values in loins and picnics have been a large part of the recent strength seen in the overall cut-out.

Timing of the current pork price and CME cash rally are considered very seasonal with the top of the pork market often recorded in the last week of July or 1st week in August which is only a couple weeks away. Also shown in the annual pork cutout graph is that seasonally pork values decline from early August to the end of the calendar year. Even in 2022 and 2021, both considered strong pork years, the values declined seasonally. Hog producers need to keep the pork value trend in mind when considering hedging opportunities for the remainder of 2023 and early 2024.

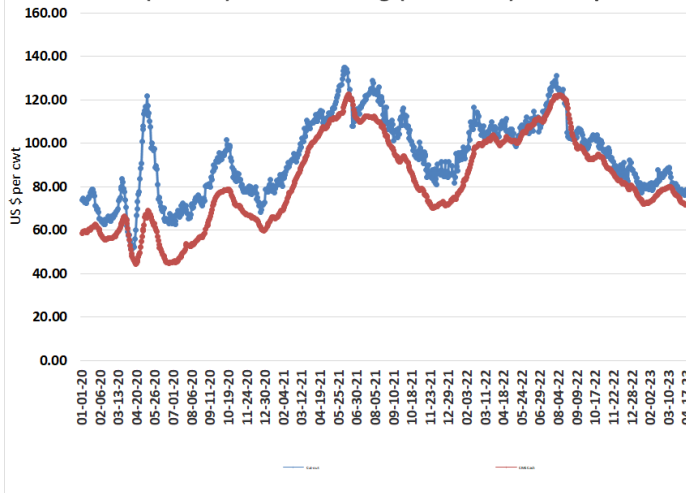
USDA Cutout US\$/cwt



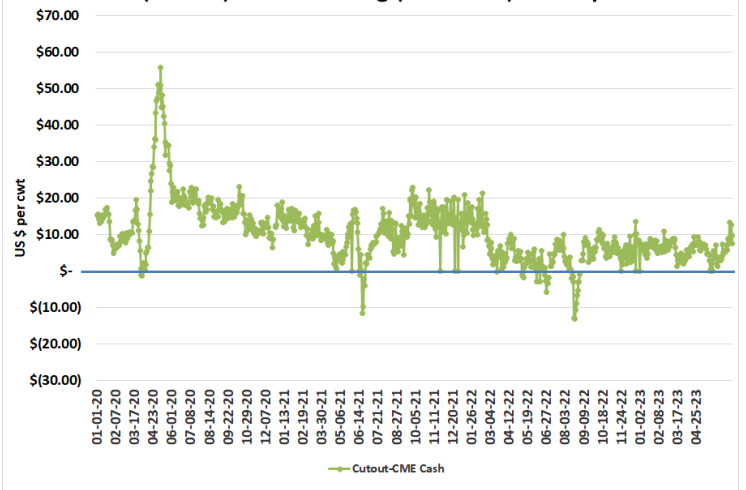
Loins US\$/cwt



Pork (Cutout) vs Market hog (CME cash) Price Spread



Pork (Cutout) vs Market hog (CME cash) Price Spread



Weekly Hog Price Recap

Regional and national cash hogs improved throughout much of the holiday-shortened week, however did record a notable pullback Friday. CME cash improved daily, recording strong rises in the latter half of the week. Wholesale pork primal values finished higher overall, excluding butts which fell -4.6%, with significantly higher hams (+10.5%) and bellies (+24.9%) helping support US pork cutout \$6.85/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	07-Jul-23	Head	30-Jun-23		
ISM pm		\$98.44		\$94.37	\$4.07	4.3%
WCB pm		\$98.42		\$93.98	\$4.44	4.7%
Nat pm		\$98.11		\$93.33	\$4.78	5.1%
CME Index*		\$95.62		\$92.99	\$2.63	2.8%
Sows, 300-449lbs	9,945	\$38.40	12,804	\$37.19	\$1.21	3.2%
Sows, 500+ lbs	8,436	\$43.69	13,300	\$40.75	\$2.94	7.2%
BoC Exch		1.3283		1.3215	0.0068	0.5%

* Represents Friday-Thursday average

Monitored Canadian hog markets improved considerably on rising hog and pork prices. Hog values out of Quebec were up the strongest, surging \$16.85/hog, followed by values out of Hylife which were up \$11.65/hog. The OlyW 21 improved \$8.80/hog and BP4/TCP4 increased \$8.55/hog while while Ontario hog values improved \$8/hog, the ML Sig 4 was up \$7.25/hog and the OlyW 20 climbed \$6.55/hog. In the US, Tyson hogs improved \$5/hog while JM rose \$9.25/hog from the previous week.

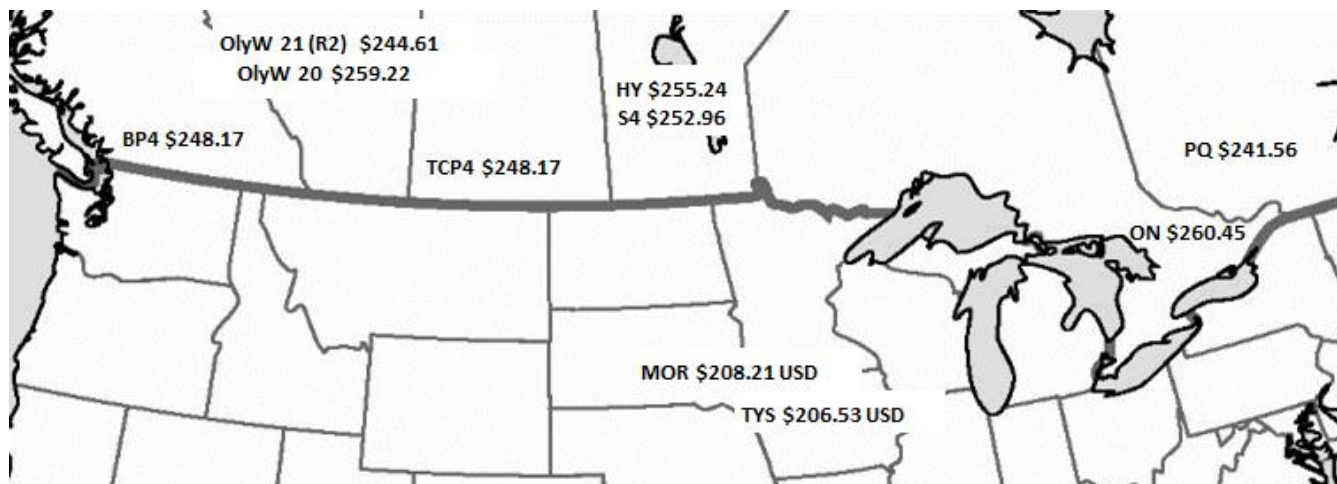
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2023 YTD AVG	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 07-Jul-23	Difference to OlyW21
IPM (MMS 5.0)	\$230.95		\$224.41		\$226.42		\$260.47	
OlyW 2021 (R2)**	\$226.61		\$212.99		\$214.62		\$244.61	
OlyW 2020*	\$235.84	\$9.24	\$221.76	\$8.77	\$225.04	\$10.41	\$259.22	\$14.61
ML Sig 4	\$227.73	\$1.12	\$219.50	\$6.51	\$222.90	\$8.27	\$252.96	\$8.35
BP4/TCP4	\$228.63	\$2.02	\$220.35	\$7.36	\$221.52	\$6.90	\$248.17	\$3.56
Hylife	\$228.70	\$2.09	\$217.93	\$4.94	\$221.93	\$7.31	\$255.24	\$10.63
Ontario***	\$229.95	\$3.34	\$216.34	\$3.35	\$222.21	\$7.58	\$260.45	\$15.85
Québec (overall)	\$225.91	-\$0.70	\$201.57	-\$11.42	\$202.03	-\$12.59	\$241.56	-\$3.05
Tyson (USD)	\$183.97	-\$42.64	\$173.95	-\$39.04	\$180.06	-\$34.57	\$206.53	-\$38.07
John Morrell (USD)	\$178.58	-\$48.03	\$169.41	-\$43.59	\$178.63	-\$35.99	\$208.21	-\$36.40

* 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 stronger rises in hog values coupled with another reduction in feed costs. Farrow-to-finish feed costs dropped \$3.50-\$3.80/hog on either side of the US/Canadian border from last reported.

Hog margins out of Hylife strengthened \$15.25 to \$42.85/hog profits, followed by those out of Ontario which improved \$11.60 to \$41.75/hog profits. ML Sig 4 hog margins rose \$10.85 to \$40.55/hog profits, while OlyW 20 margins improved \$10.15 to \$35.20/hog profits. Quebec hog margins strengthened \$20.45 to \$22.60/hog profits, while the OlyW 21 improved \$12.40 to \$20.60/hog profits. In the US, Tyson margins were up \$8.75 to \$47.65/hog profits while JM strengthened \$13 to \$51/hog profits for the week.

Regional MARGINS, \$/hog						
Packer/Region	07-Jul-23	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$259.22	\$160.51	\$41.45	\$22.05	\$224.01	\$35.21
OlyW 21 (R2)/Alberta	\$244.61	\$160.51	\$41.45	\$22.05	\$224.01	\$20.60
ML Sig 4/Manitoba	\$252.96	\$149.31	\$41.54	\$21.55	\$212.40	\$40.56
Hylife/Manitoba	\$255.24	\$149.31	\$41.54	\$21.55	\$212.40	\$42.84
Ontario	\$260.45	\$150.24	\$42.71	\$25.76	\$218.71	\$41.74
Québec (overall)	\$241.56	\$152.81	\$42.50	\$23.65	\$218.96	\$22.60
Tyson (USD)/Iowa	\$206.53	\$109.61	\$30.70	\$18.57	\$158.88	\$47.65
John Morrell (USD)/ND	\$208.21	\$107.88	\$30.70	\$18.57	\$157.15	\$51.06

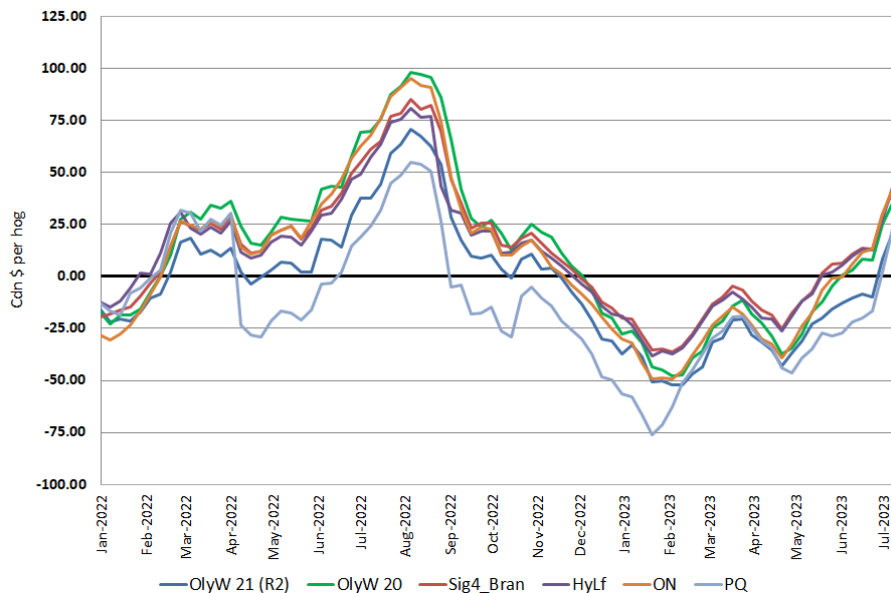
* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: \$47.65 USD x 1.326 = \$63.18 CAD
 Morrell: \$51.06 USD x 1.326 = \$67.71 CAD

Canadian Margins 2022-2023



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