



Weekly Regional HOG PRICE Report



Things to Consider....

July 18, 2023

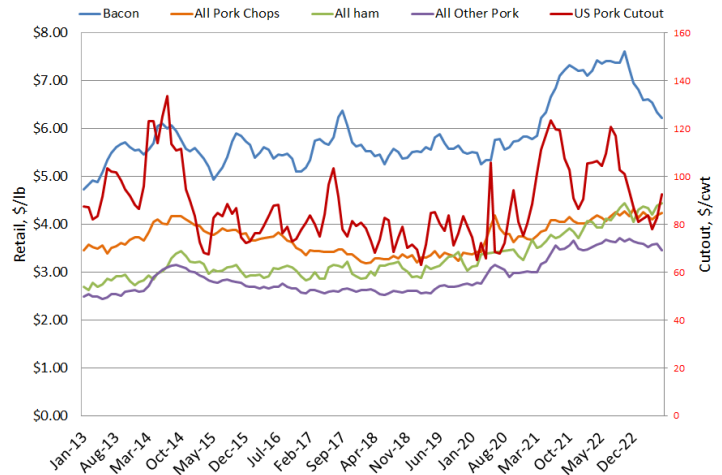
US retail pork prices for the month of June varied, both on the month and compared to a year earlier. Bacon declined -1.8% to \$6.22/lb which is -15.9% under last year, while all chops climbed +1.2% from a month earlier to \$4.24/lb and is +4.3% over year-ago prices. All hams edged +1.1% higher in the latest data to \$4.44/lb which is +7.9% over June 2022, while all other pork prices fell -3.9% to \$3.46/lb for the month and is -6.1% under last year. Monthly wholesale pork values rose in all primals for June. US pork cutout at \$92.69/cwt jumped +12.2% from May levels, bringing cutout -15.3% under strong year-ago levels. Wholesale bellies were up the most, rising +20.9% for June while picnics, ribs and butts were up +16% to +18% on the month, loins were +8.2% and hams climbed +5.6%. Most pork primal values are currently under values recorded in 2022 with exception to picnics and butts, up 7.1% and +4.4% respectively.

Monthly US retail beef prices were again generally higher in June: Uncooked ground increased +1.5% to \$5.44/lb which is +0.6% over last year, roasts slipped -0.6% to \$7.02/lb bringing them +3.5% over June 2022, and steaks increased +1.3% to \$10.36/lb (a new historical high behind Nov'21 at \$10.23/lb) which is +5.4% over last year. All other beef (not veal) edged +0.5% higher to \$6.51/lb which is -2.3% under year-ago prices. Wholesale beef values overall increased during the same period, excluding a modest decline in short plates. Choice cutout rose +8.5% in June to \$330.19/cwt and is +23.3% over a year earlier, while select cutout climbed +5.9% higher on the month to \$302.12/cwt and is +22.5% over last year.

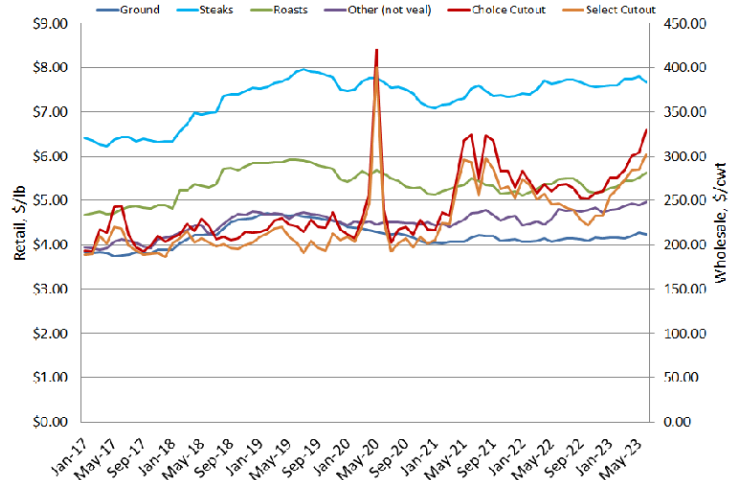
US retail broiler prices at \$2.50/lb for June rose +2.0% from May and are +2.0% over a year earlier. Wholesale broiler values declined -2.0% on the month to \$0.95/lb which is -26.5% under 2022, with June 2022 representing the historical high at the time of reporting.

Strong beef cutouts have potential to prop up pork consumption later this summer as steaks approach 2X the price of loins. Historically the elasticity between steak consumption and pork consumption have been inverse, however the extreme prices of beef could encourage some to switch to the far more affordable protein option.

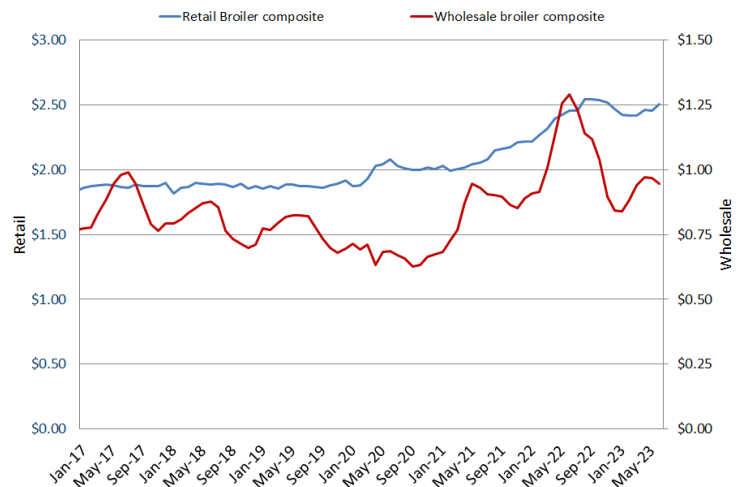
Monthly US Retail & Wholesale Pork



Monthly US Retail Beef



Retail Broilers VS Wholesale Broilers, \$/lb



Weekly Hog Price Recap

Regional and national cash hogs improved throughout much of the week, with Tuesday up the most compared to other days though Friday was recorded lower. CME cash improved daily, recording moderate rises throughout the week. Most wholesale pork primal values finished higher, excluding butts which dropped -13.6% and ribs which declined -8.5%. US pork cutout was up \$4.00/cwt over the previous week's average.

USD Cash Price	Weekly Averages					
	Head	14-Jul-23	Head	07-Jul-23	w/w	% Chg
ISM pm		\$100.18		\$98.44	\$1.74	1.8%
WCB pm		\$100.62		\$98.42	\$2.21	2.2%
Nat pm		\$100.10		\$98.11	\$1.99	2.0%
CME Index*		\$99.50		\$95.62	\$3.88	4.1%
Sows, 300-449lbs	14,175	\$40.73	9,945	\$38.40	\$2.33	6.1%
Sows, 500+ lbs	15,228	\$45.93	8,436	\$43.69	\$2.24	5.1%
BoC Exch		1.3209		1.3283	-0.0074	-0.6%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally improved \$7-\$9 per hog, excluding the OlyW pricing which is derived from lagged base pricing. The OlyW 21 improved \$13/hog while the OlyW 20 was up \$12.45/hog from the week previous. Hog values out of Ontario rose \$9.75/hog, followed by values out of Quebec and the ML Sig 4 which were each up \$8.55/hog, while BP4/TCP4 improved \$7.45/hog and Hylife was up \$7.25/hog. In the US, Tyson hogs rose \$6.35/hog while JM improved \$4.60/hog from the previous week.

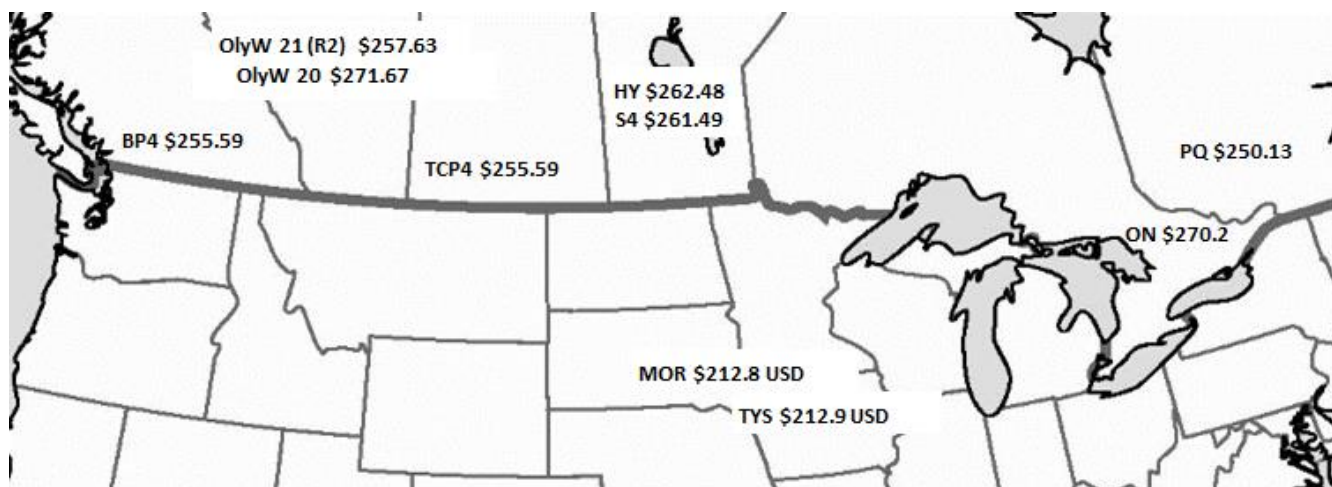
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2023 YTD AVG	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 14-Jul-23	Difference to OlyW21
IPM (MMS 5.0)	\$231.65		\$225.96		\$230.83		\$267.72	
OlyW 2021 (R2)**	\$227.14		\$214.59		\$219.01		\$257.63	
OlyW 2020*	\$236.69	\$9.56	\$223.54	\$8.96	\$229.97	\$10.96	\$271.67	\$14.04
ML Sig 4	\$228.49	\$1.35	\$221.00	\$6.42	\$227.16	\$8.15	\$261.49	\$3.87
BP4/TCP4	\$229.21	\$2.07	\$221.61	\$7.03	\$224.84	\$5.84	\$255.59	-\$2.03
Hylife	\$229.35	\$2.21	\$219.52	\$4.93	\$226.40	\$7.40	\$262.48	\$4.85
Ontario***	\$230.86	\$3.72	\$218.26	\$3.67	\$227.72	\$8.71	\$270.20	\$12.57
Québec (overall)	\$226.44	-\$0.70	\$203.31	-\$11.28	\$206.14	-\$12.87	\$250.13	-\$7.50
Tyson (USD)	\$184.86	-\$42.28	\$175.34	-\$39.24	\$184.15	-\$34.85	\$212.90	-\$44.73
John Morrell (USD)	\$179.52	-\$47.62	\$170.96	-\$43.63	\$183.38	-\$35.63	\$212.80	-\$44.83

* 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. Canadian farrow-to-finish feed costs fell \$1.25/hog while those in the monitored US region declined \$0.45/hog from the previous week.

Hog margins out of Ontario strengthened \$11 to \$52.75/hog profits, followed by those out of Hylife which improved \$8.50 to \$51.35/hog profits. ML Sig 4 hog margins rose \$9.80 to \$50.35/hog profits, while OlyW 20 margins strengthened \$13.70 to \$48.90/hog profits. OlyW 21 hog margins strengthened \$14.30 to \$34.90/hog profits, while margins out of Quebec improved \$9.80 to \$32.45/hog profits. In the US, Tyson margins strengthened \$6.80 to \$54.45/hog profits while JM improved \$5 to \$56/hog profits for the week.

Regional MARGINS, \$/hog						
Packer/Region	14-Jul-23 Farrow to Finish				Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$271.67	\$159.25	\$41.45	\$22.05	\$222.75	\$48.92
OlyW 21 (R2)/Alberta	\$257.63	\$159.25	\$41.45	\$22.05	\$222.75	\$34.88
ML Sig 4/Manitoba	\$261.49	\$148.05	\$41.54	\$21.55	\$211.14	\$50.35
Hylife/Manitoba	\$262.48	\$148.05	\$41.54	\$21.55	\$211.14	\$51.34
Ontario	\$270.20	\$148.98	\$42.71	\$25.76	\$217.45	\$52.75
Québec (overall)	\$250.13	\$151.55	\$42.50	\$23.65	\$217.70	\$32.43
Tyson (USD)/Iowa	\$212.90	\$109.18	\$30.70	\$18.57	\$158.45	\$54.45
John Morrell (USD)/ND	\$212.80	\$107.45	\$30.70	\$18.57	\$156.72	\$56.08

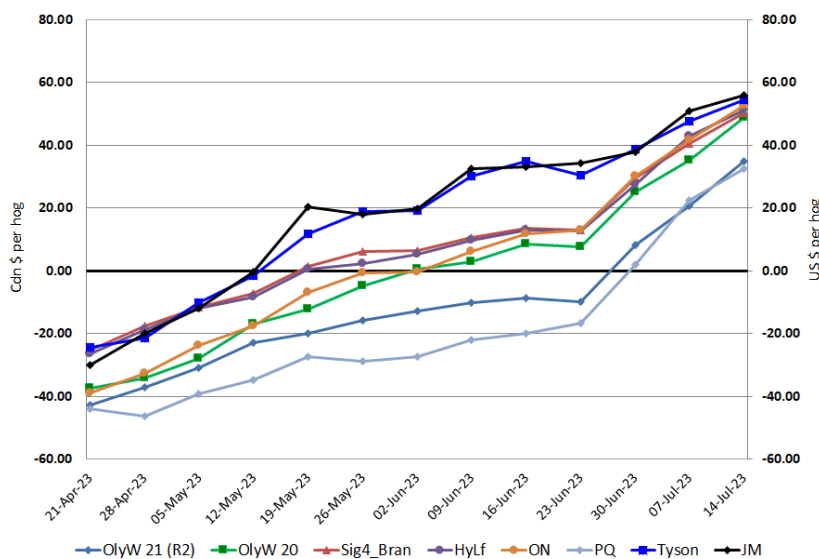
* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: \$54.45 USD x 1.319 = \$71.82 CAD
 Morrell: \$56.08 USD x 1.319 = \$73.97 CAD

Canadian & US Margins Last 13 weeks



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