



Weekly Regional HOG PRICE Report

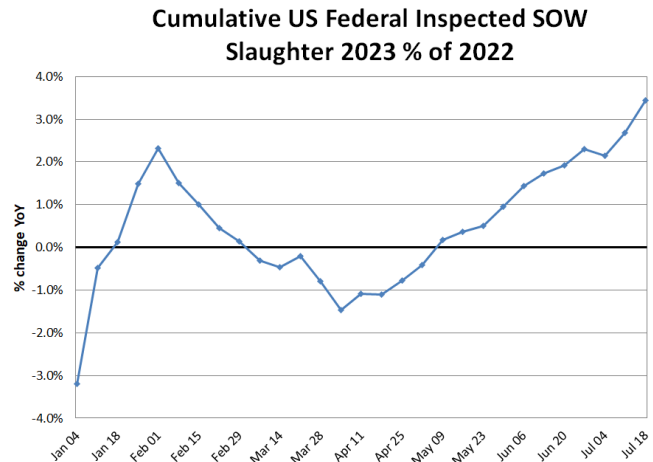
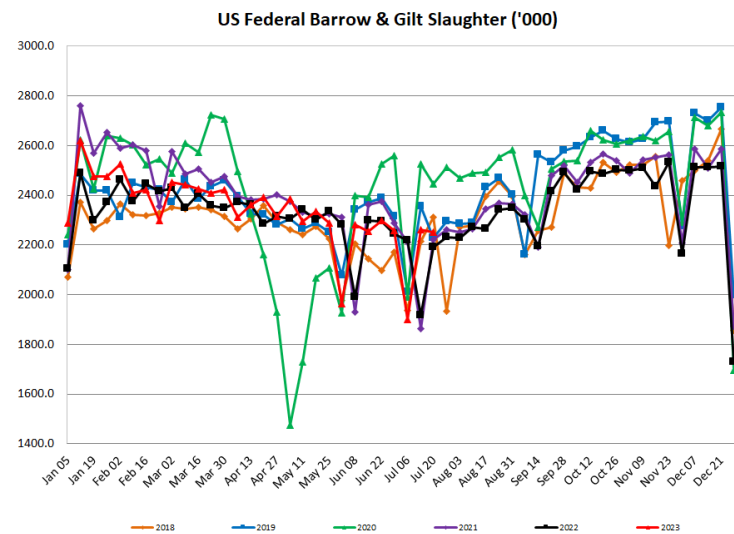
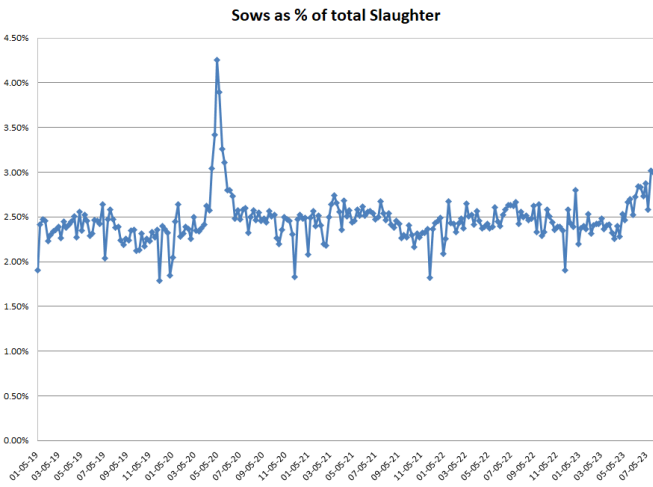
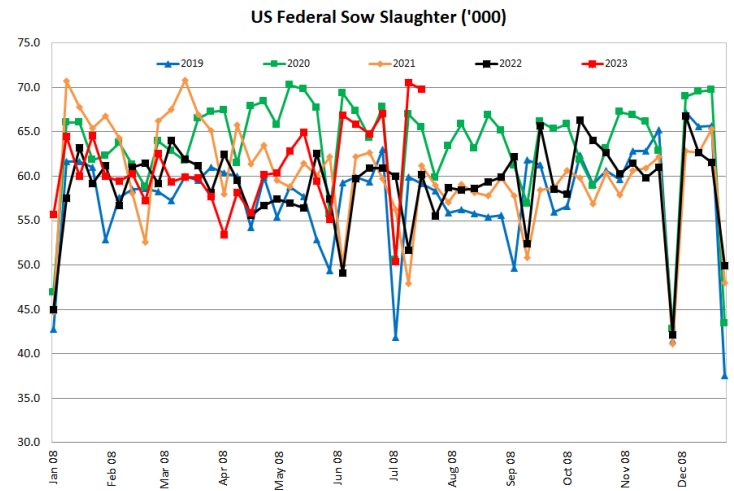
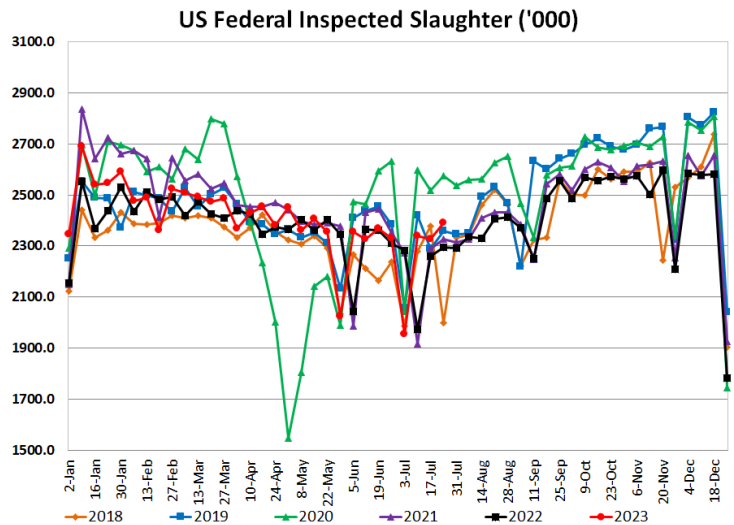


Things to Consider....

August 1, 2023

At first glance, total US Federally inspected slaughter would appear greater in 2023 (red line) compared to the previous 2 years when production had reduced following major losses in 2020. But a closer look at what makes up total US slaughter reveals that an increase in sow slaughter has been the major reason for above year ago weekly kills in recent months.

Sow slaughter as a % of total weekly volume hit 3% in the past 2 weeks, a level not seen since April of 2020 when sow kills remain constant and weekly total kills plummeted because of closed slaughter plants during the onset of the pandemic. Not only has sow slaughter reached 3% of total slaughter it has also increased to above 3% cumulative above the 2022 total sow kill year to date. Based on the current trend of sow slaughter, cumulative numbers compared to last year are expected to continue. Although % of slaughter is likely to decline, only because kill numbers will increase during the fall months, the number of sows being slaughtered in the US, which captures much of the Canadian trend as well, is notably higher and signifies liquidation in the overall North American market.



Weekly Hog Price Recap

Cash hogs again improved the front-half of the week however declined the latter half to offset much of the earlier rises, with national cash recording significantly greater moves compared to regional cash. CME cash improved near daily, though late-week moves were light and Friday was down slightly. Most wholesale pork primal values declined however strongly increased belly values helped support US pork cutout \$0.57/cwt higher than the previous week's average.

| USD Cash Price | Weekly Averages | | | | w/w | % Chg |
|------------------|-----------------|-----------|--------|-----------|--------|-------|
| | Head | 28-Jul-23 | Head | 21-Jul-23 | | |
| ISM pm | | \$105.37 | | \$104.34 | \$1.03 | 1.0% |
| WCB pm | | \$105.33 | | \$104.13 | \$1.20 | 1.2% |
| Nat pm | | \$104.17 | | \$103.21 | \$0.96 | 0.9% |
| CME Index* | | \$105.46 | | \$103.01 | \$2.45 | 2.4% |
| Sows, 300-449lbs | 13,299 | \$46.98 | 14,556 | \$42.73 | \$4.24 | 9.9% |
| Sows, 500+ lbs | 12,844 | \$52.81 | 13,786 | \$48.99 | \$3.82 | 7.8% |
| BoC Exch | | 1.3202 | | 1.3186 | 0.0016 | 0.1% |

* Represents Friday-Thursday average

Monitored Canadian hog markets generally improved \$5-\$8 per hog. Hog values out of the OlyW 20 rose \$8.35/hog, followed by BP4/TC4 which improved \$7.20. Ontario hogs were up \$6.50/hog and the ML Sig 4 rose \$6/hog, while Hylife & the OlyW 21 each improved near \$5.75 and Quebec rose \$4.75/hog from last reported. In the US, Tyson hogs rose \$4.50/hog while JM was up \$2.50/hog from the previous week.

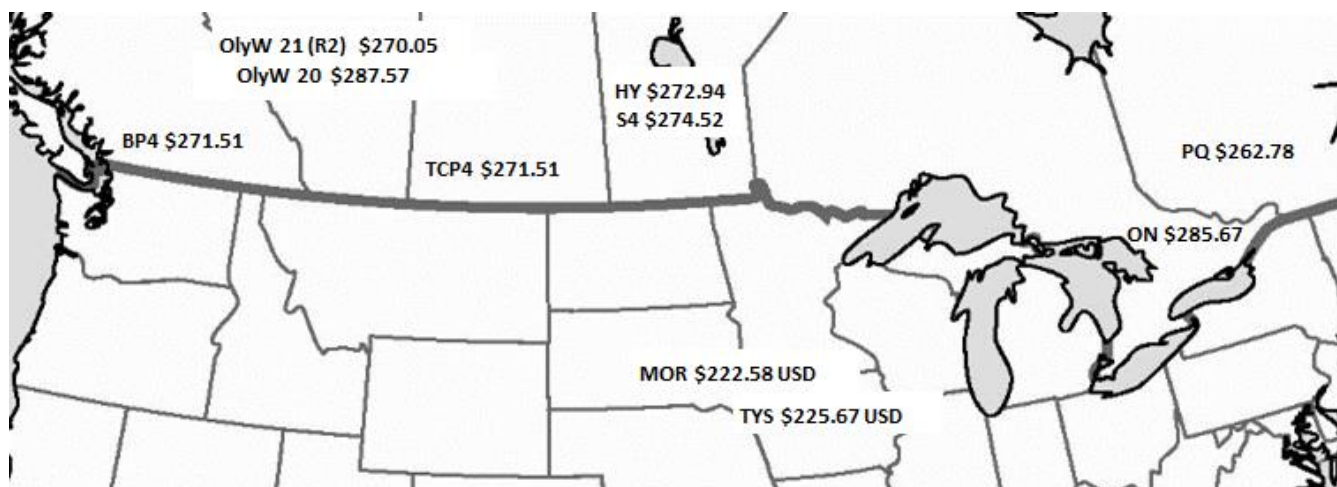
| Regional Pricing, \$/hog | | | | | | | | |
|--------------------------|----------|----------------------|--------------|----------------------|---------------|----------------------|------------------|----------------------|
| Packer/Region | 3 Year | Difference to OlyW21 | 2023 YTD AVG | Difference to OlyW21 | Last 13 weeks | Difference to OlyW21 | Ending 28-Jul-23 | Difference to OlyW21 |
| IPM (MMS 5.0) | \$233.12 | | \$229.07 | | \$239.84 | | \$273.44 | |
| OlyW 2021 (R2)** | \$228.32 | | \$218.09 | | \$229.48 | | \$270.05 | |
| OlyW 2020* | \$238.56 | \$10.23 | \$227.53 | \$9.44 | \$242.30 | \$12.82 | \$287.57 | \$17.52 |
| ML Sig 4 | \$229.88 | \$1.56 | \$224.37 | \$6.28 | \$237.26 | \$7.77 | \$274.52 | \$4.48 |
| BP4/TCP4 | \$230.54 | \$2.22 | \$224.70 | \$6.61 | \$234.25 | \$4.77 | \$271.51 | \$1.46 |
| Hylife | \$230.74 | \$2.41 | \$222.89 | \$4.80 | \$236.44 | \$6.95 | \$272.94 | \$2.90 |
| Ontario*** | \$232.82 | \$4.49 | \$222.54 | \$4.44 | \$240.72 | \$11.23 | \$285.67 | \$15.63 |
| Québec (overall) | \$227.65 | -\$0.67 | \$207.11 | -\$10.98 | \$217.15 | -\$12.34 | \$262.78 | -\$7.26 |
| Tyson (USD) | \$186.77 | -\$41.55 | \$178.55 | -\$39.54 | \$194.98 | -\$34.50 | \$225.67 | -\$44.38 |
| John Morrell (USD) | \$181.50 | -\$46.82 | \$174.31 | -\$43.78 | \$194.47 | -\$35.01 | \$222.58 | -\$47.46 |

* 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 continue to improve on higher hog values despite another rise in feed costs. Canadian farrow-to-finish feed costs rose \$1.50/hog while those in the monitored US region increased closer to \$1.25/hog from the previous week.

Hog margins out of Ontario improved \$5 to \$61.75/hog profits, followed by those out of the OlyW 20 which strengthened shy of \$7 to \$58.35/hog profits. ML Sig 4 margins were up \$4.55 to nearly \$57/hog profits, while Hylife margins improved \$4.35 to \$55.35/hog profits. OlyW 21 hog margins strengthened \$4.25 to \$40.85/hog profits, while margins out of Quebec were up \$3.30 to \$38.60/hog profits. In the US, Tyson margins improved \$3.30 to \$62/hog profits while JM edged \$1.25 higher to \$60.60/hog profits for the week.

| Regional MARGINS, \$/hog | | | | | | |
|--------------------------|-----------|------------------|----------|---------|----------|---------------|
| Packer/Region | 28-Jul-23 | Farrow to Finish | | | Total | Weekly Margin |
| | Hog Price | Feed* | Variable | Fixed | COP | |
| OlyW 20/Alberta | \$287.57 | \$165.71 | \$41.45 | \$22.05 | \$229.21 | \$58.36 |
| OlyW 21 (R2)/Alberta | \$270.05 | \$165.71 | \$41.45 | \$22.05 | \$229.21 | \$40.84 |
| ML Sig 4/Manitoba | \$274.52 | \$154.51 | \$41.54 | \$21.55 | \$217.60 | \$56.92 |
| Hylife/Manitoba | \$272.94 | \$154.51 | \$41.54 | \$21.55 | \$217.60 | \$55.34 |
| Ontario | \$285.67 | \$155.44 | \$42.71 | \$25.76 | \$223.91 | \$61.76 |
| Québec (overall) | \$262.78 | \$158.01 | \$42.50 | \$23.65 | \$224.16 | \$38.62 |
| Tyson (USD)/Iowa | \$225.67 | \$114.45 | \$30.70 | \$18.57 | \$163.72 | \$61.95 |
| John Morrell (USD)/ND | \$222.58 | \$112.72 | \$30.70 | \$18.57 | \$161.99 | \$60.59 |

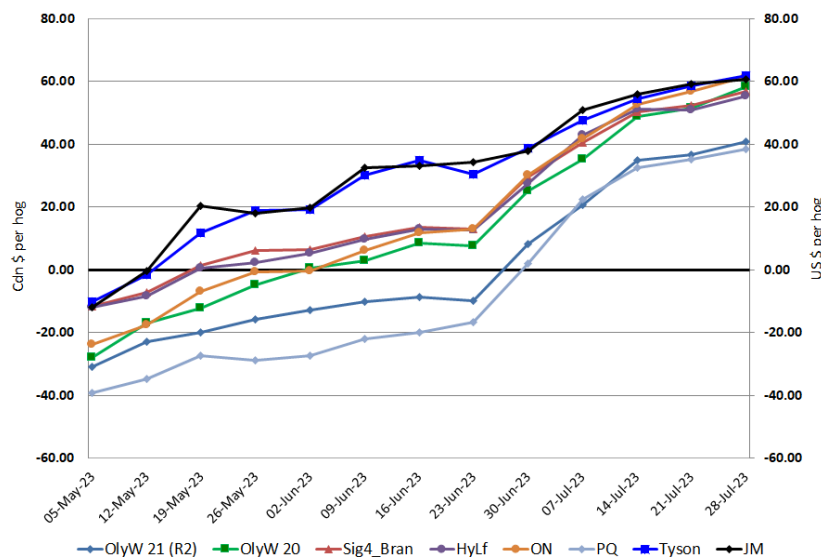
* Feed cost variables- 285 lb hog, 1.57 F:G nursery, 2.89 F:G feeder-finish, \$20 GMD

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

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

Tyson: \$61.95 USD x 1.3291 = \$82.34 CAD
 Morrell: \$60.59 USD x 1.3291 = \$80.53 CAD

Canadian & US Margins Last 13 weeks



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