



Weekly Regional HOG PRICE Report



Things to Consider....

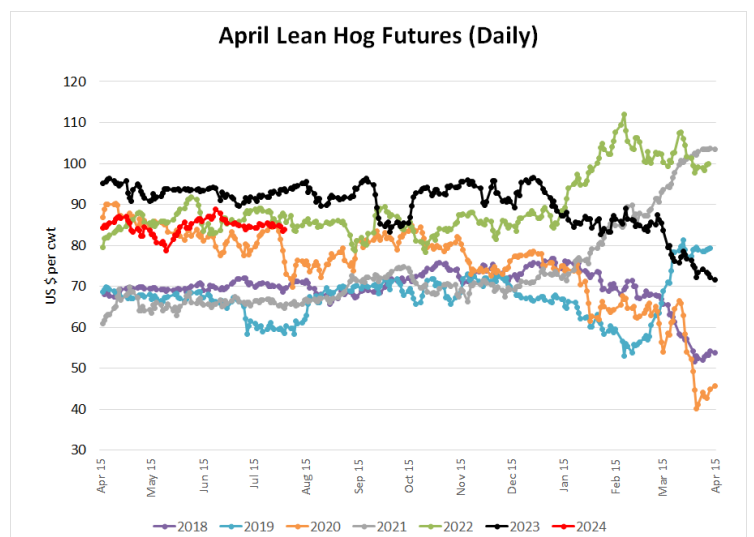
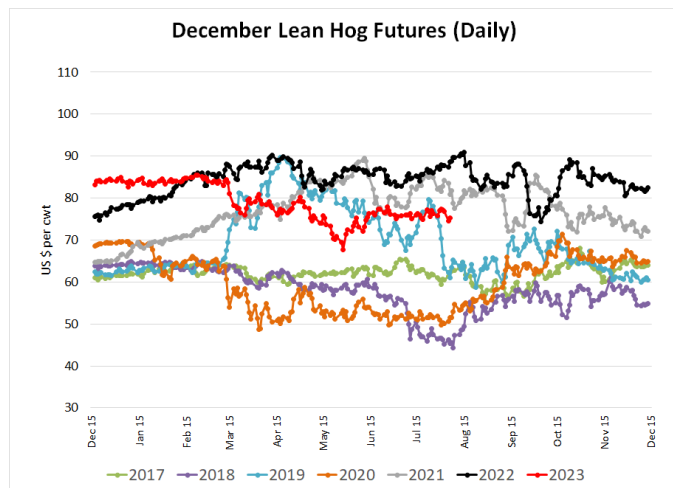
August 8, 2023

Lean hog futures succumbed to a dip in cash hog markets and a lower mid-week pork market losing early gains which had most months within 50 cents of the monthly highs. Losses of \$2-4 US per cwt were recorded in most 2023 and early 2024 contracts shaving more margin from the already thin situation projected for later in 2023.

December lean hogs have traded range-bound between \$74-\$78 US per cwt since early July but appear to have turned negative with a gap lower to open Thursday's trading session. At one point nearby contracts traded limit down signifying long liquidation may be on the horizon.

Although lean hog cash markets remain above \$100 US per cwt the historical charts clearly illustrate that Dec 2023 and April 2024 are trading in the top 3 position compared to the last 7 years. Also important to note that December, currently near \$74 US, has only closed higher once in the past 7 years, that being last year in 2022 when pork demand remained robust.

Hog producers looking to cover production for later in 2023 and early 2024 should consider the highs of the past week and past month as a reasonable starting point for coverage. Although margins may be negative for that period based on current values, risk continue to be present for greater losses should December close closer to its historical levels of the mid \$60's.



Weekly Hog Price Recap

Cash hogs varied during the week, with national cash up the front-half though declined the latter half while regional cash recorded lower prices mid-week though rises other days were more modest. CME cash declined overall, with Friday especially lower, however moves were otherwise light and resulted in a moderate rise over the previous week's average. Most wholesale pork primal values declined however strongly increased belly values helped support US pork cutout \$0.44/cwt higher than the week previous.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	04-Aug-23	Head	28-Jul-23		
ISM pm		\$102.80		\$105.37	-\$2.57	-2.4%
WCB pm		\$102.37		\$105.33	-\$2.96	-2.8%
Nat pm		\$101.56		\$104.17	-\$2.61	-2.5%
CME Index*		\$105.81		\$105.46	\$0.35	0.3%
Sows, 300-449lbs	11,875	\$53.86	13,299	\$46.98	\$6.88	14.7%
Sows, 500+ lbs	13,685	\$59.63	12,844	\$52.81	\$6.83	12.9%
BoC Exch		1.3289		1.3202	0.0087	0.7%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally improved \$1-\$3 per hog, however lagged-base pricing markets were up as much as \$6/hog. BP4/TCP4 rose \$6.15/hog, while the OlyW 20 was up \$4.35/hog and hog values out of the ML Sig 4 & OlyW 21 each improved around \$3.30/hog. Ontario hogs were up \$2.50/hog, while Hylife improved \$1.55 and Quebec climbed \$0.65/hog higher than last reported. In the US, Tyson hogs declined \$1.70/hog while JM fell \$6.15/hog from the previous week.

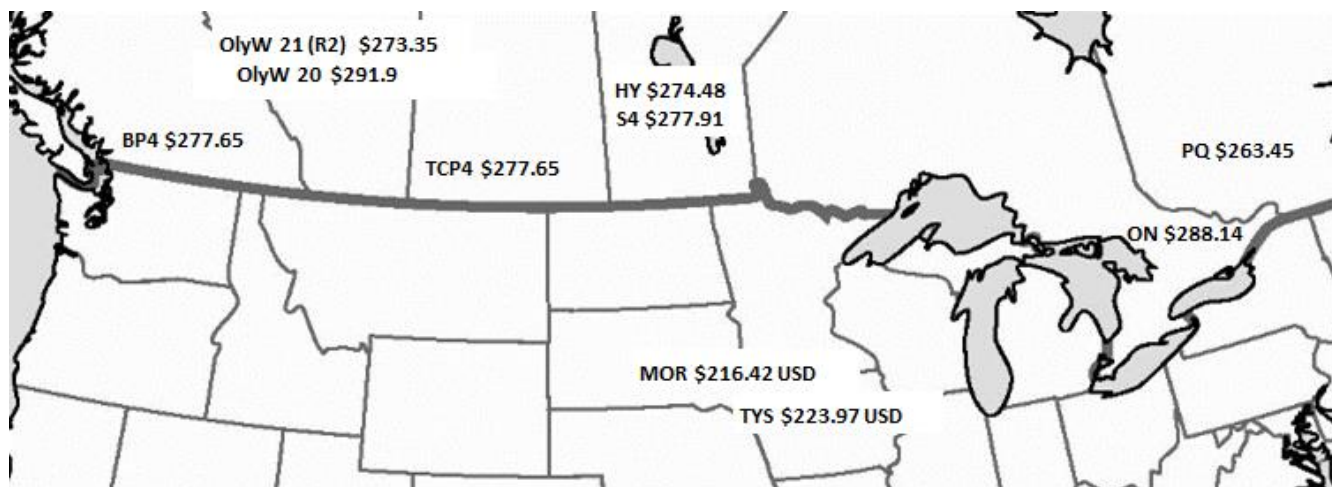
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2023 YTD AVG	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 04-Aug-23	Difference to OlyW21
IPM (MMS 5.0)	\$233.82		\$230.47		\$243.99		\$273.81	
OlyW 2021 (R2)**	\$228.96		\$219.88		\$234.87		\$273.35	
OlyW 2020*	\$239.55	\$10.59	\$229.61	\$9.73	\$248.88	\$14.01	\$291.90	\$18.55
ML Sig 4	\$230.61	\$1.65	\$226.10	\$6.22	\$242.41	\$7.54	\$277.91	\$4.56
BP4/TCP4	\$231.24	\$2.29	\$226.41	\$6.53	\$239.53	\$4.66	\$277.65	\$4.30
Hylife	\$231.44	\$2.49	\$224.55	\$4.68	\$241.35	\$6.48	\$274.48	\$1.12
Ontario***	\$233.81	\$4.86	\$224.65	\$4.78	\$247.11	\$12.24	\$288.14	\$14.79
Québec (overall)	\$228.23	-\$0.72	\$208.93	-\$10.94	\$222.80	-\$12.07	\$263.45	-\$9.91
Tyson (USD)	\$187.71	-\$41.25	\$180.01	-\$39.86	\$199.71	-\$35.16	\$223.97	-\$49.38
John Morrell (USD)	\$182.44	-\$46.52	\$175.67	-\$44.20	\$198.87	-\$36.00	\$216.42	-\$56.93

* 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 generally improved on higher hog values in addition to a significant drop in feed costs. Canadian farrow-to-finish feed costs fell \$5.75/hog while those in the monitored US region declined closer to \$5.10/hog from the previous week.

Hog margins out of Ontario strengthened \$8.20 to \$70/hog profits, followed by those out of the OlyW 20 which strengthened more than \$10 to \$68.40/hog profits. ML Sig 4 margins were up \$9.10 to \$66/hog profits, while Hylife margins improved \$7.25 to \$62.60/hog profits. OlyW 21 hog margins strengthened \$9 to \$49.85/hog profits, while margins out of Quebec were up \$6.40 to \$45/hog profits. In the US, Tyson margins improved \$3.40 to \$65.35/hog profits while JM weakened \$1.10 to \$59.50/hog profits for the week.

Regional MARGINS, \$/hog						
Packer/Region	04-Aug-23	Farrow to Finish			Total	Weekly Margin
	Hog Price	Feed*	Variable	Fixed	COP	
OlyW 20/Alberta	\$291.90	\$159.98	\$41.45	\$22.05	\$223.48	\$68.42
OlyW 21 (R2)/Alberta	\$273.35	\$159.98	\$41.45	\$22.05	\$223.48	\$49.87
ML Sig 4/Manitoba	\$277.91	\$148.78	\$41.54	\$21.55	\$211.87	\$66.04
Hylife/Manitoba	\$274.48	\$148.78	\$41.54	\$21.55	\$211.87	\$62.61
Ontario	\$288.14	\$149.71	\$42.71	\$25.76	\$218.18	\$69.96
Québec (overall)	\$263.45	\$152.28	\$42.50	\$23.65	\$218.43	\$45.02
Tyson (USD)/Iowa	\$223.97	\$109.37	\$30.70	\$18.57	\$158.64	\$65.33
John Morrell (USD)/ND	\$216.42	\$107.64	\$30.70	\$18.57	\$156.91	\$59.51

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

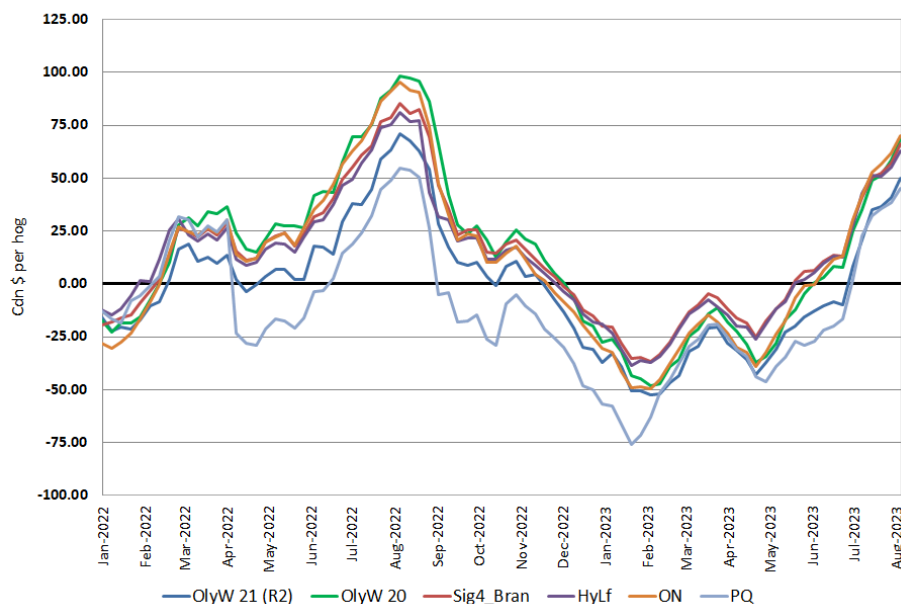
* Feed cost fixed expenses updated the week of April 8, 2022 onward

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

Tyson: \$65.33 USD x 1.3456 = \$87.91 CAD

Morrell: \$59.51 USD x 1.3456 = \$80.08 CAD

Canadian Margins 2022-2023



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