

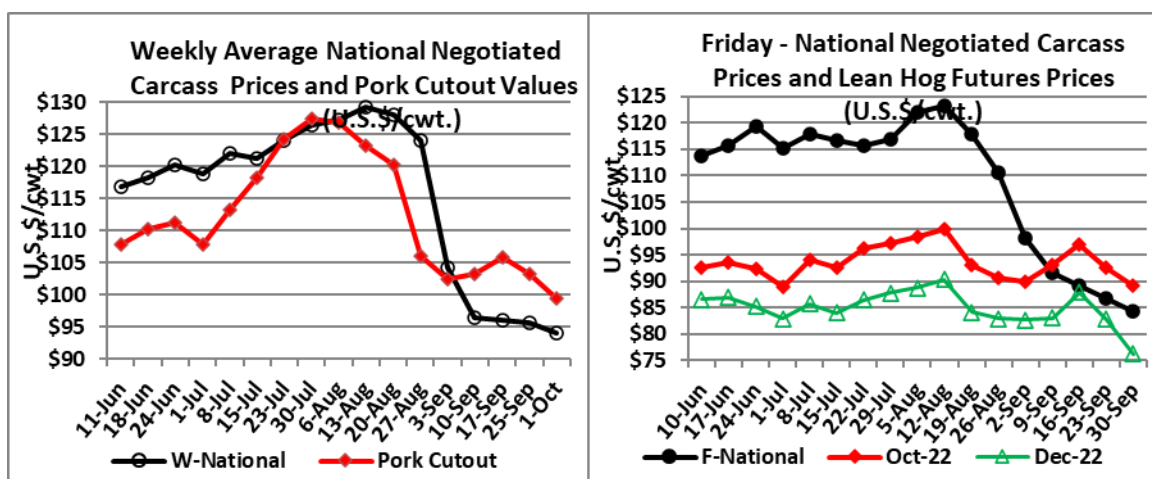
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Bi-Weekly Hog Report

October 3, 2022

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (National Negotiated) continued to move lower last week. Cash hog prices on Friday September 30, averaged US\$84.27 per cwt, a price decline of US\$2.48 per cwt from US\$86.75 per cwt the previous Friday. The negotiated weekly average National base price averaged US\$93.99 per cwt last week, a price decline of US\$1.59 per cwt from US\$95.58 per cwt the previous week.



Source: LMIC

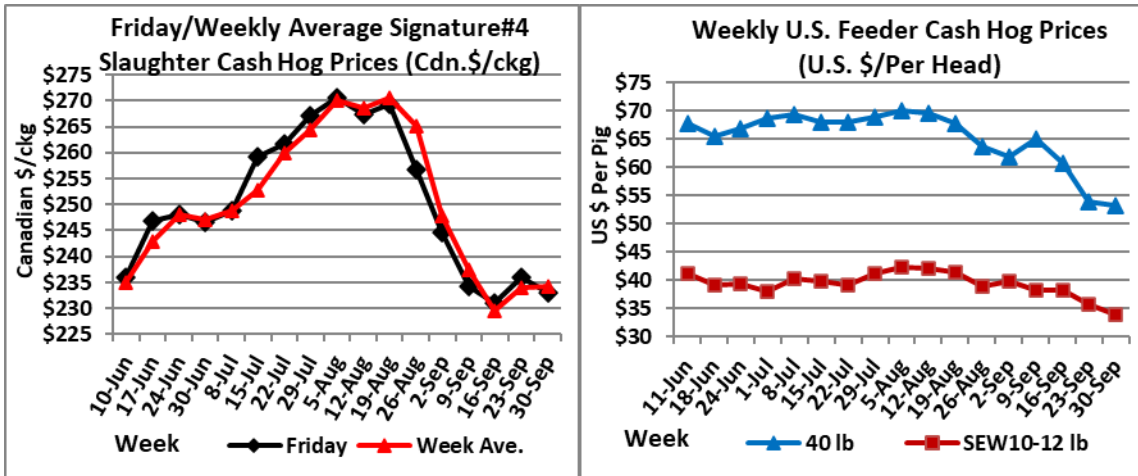
Source: LMIC, CME

Futures Markets

United States lean hog futures daily prices were overall lower last week. The nearby October 2022 contract settled Friday at US\$89.225 per cwt, a price decline of US\$3.400 per cwt from the previous Friday's close of US\$92.625 per cwt. The December 2022 contract declined US\$6.575 per cwt or 7.9 per cent last week to settle Friday at US\$76.225 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) prices were weaker last week. Weighted average cash prices for U.S. based iso-weans (12lb) were US\$33.92 per head last week, a price decline of US\$1.75 per pig from US\$35.67 per head the previous week. Feeder (40lb) cash prices averaged US\$53.31 per head last week, a price decline of US\$0.69 per head from US\$53.31 per head the previous week.



Source: HAMS Marketing

Source: LMIC, USDA

Canadian Hog Markets

In Canada, the Signature#4 (Maple Leaf) Index 100 daily price for Friday Sept. 30, 2022, was \$232.94 per ckg, a price decline of \$2.96 per ckg or 1.25 per cent from \$235.90 per ckg from the previous Friday. The Signature#4 (Maple Leaf) Index 100 weekly price (Friday to Thursday) averaged \$234.20 per ckg last week; a slight price increase of \$0.14 per ckg from the previous weeks' average price of \$234.06 per ckg. The Canadian dollar compared to the U.S. dollar ended the week lower and settled Thursday at 72.955 cents, a price decline of 0.737 cents from 73.692 cents the previous Friday.

United States Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the U.S. week ending October 1, 2022, were estimated at 2.526 million head, down 0.5 per cent from the previous week's estimate of 2.538 million head, but up 0.33 per cent from 2.518 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last four weeks averaged 2.451 million head, down 0.9 per cent from 2.473 million head over the same period in 2021. U.S hog slaughter numbers over the last eight weeks averaged 2.415 million head, down 1.2 per cent from 2.443 million head over the same period a year ago.

Meat Production

U.S. pork production for the week ending October 1, 2022, was estimated at 534.2 million lb., down slightly from 534.5 million lb. the previous week, but up slightly from 533.9 million lb. the same week a year ago. Pork production over the last four weeks ending October 1, 2022, was estimated to average 518.5 million lb., down 0.7 per cent from 522.0 million lb. over the same period a year ago. Pork production over the last eight weeks ending October 1, 2022, averaged 508.9 million lb., down 0.7 per cent from 512.7 million lb. the same period a year ago.

U.S. beef production for the week ending October 1, 2022, was estimated at 549.0 million lb., almost unchanged from 548.9 million lb. the previous week, and up 3.5 per cent from 530.6 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken, and turkey over the four weeks ending September 24, 2022, were estimated to average 2.251 billion lb., up 3.0 per cent from 2.186 billion lb. over the same four weeks a year ago. Based on the weekly production numbers, U.S. meat production year-to-date for the first 38-weeks of 2022 was 0.5 per cent higher compared to the same period a year ago. Pork production over the last four weeks was only 0.7 per cent lower compared to the same period a year ago, while pork production year-to-date is down about 2.2 per cent.

Cutout Values

Pork cutout values for the week ending October 1, 2022, averaged US\$99.53 per cwt, a price decline of US\$3.67 per cwt or 3.6 per cent from US\$103.20 per cwt the previous week; and down 11.9 per cent from US\$112.97 per cwt from the same week a year ago. Belly prices had a big decline over the week losing 10.9 per cent from the previous week to average US\$120.89 per cwt.

Choice beef cutout prices (600-900 lb.) for the week ending October 1, 2022, averaged US\$246.73 per cwt over the week, a price decline of US\$3.32 per cwt or 1.3 per cent from US\$250.05 per cwt from the previous week; and 17.1 per cent lower from US\$297.79 per cwt the same week a year ago.

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on September 22 for the August 31, 2022, inventory numbers. The United States' pork stocks in cold storage totaled 532.0 million lb. on August 31, 2022, up 1.1 per cent from 526.5 million lb. on July 31, 2022, and up 17.1 per cent from 454.2 million lb. on August 31, 2021. U.S. pork stocks in cold storage for August 31, 2022, were above the monthly 15-year average but below the monthly 15-year highs for August.

The U.S. beef stocks in cold storage totaled 515.7 million lb. on August 31, 2022, up 0.7 per cent from 511.9 million lb. the previous month (July 31, 2022), and up 24.3 per cent from 414.9 million lb. on August 31, 2021 (Year ago). Beef stocks in cold storage for August 31, 2022, reached a new monthly 15-year high for August, but still was below many other monthly highs.

Total pork, beef, chicken and turkey in cold storage on August 31, 2022, was estimated to be 2.311 billion lb., up 1.4 per cent from 2.279 billion lb. the previous month, and up 14.95 per cent from 2.010 billion lb. a year ago on August 31, 2021. U.S. meat in cold storage for August 31, 2022, was above the monthly 15-year average for August, but well below the monthly 15-year highs for August.

United States Stocks in Cold Storage (Frozen)

| 1,000 Pounds | | | |
|-----------------------|------------------|------------------|------------------|
| Commodity | 31-Aug-2021 | 31-Jul-2022 | 31-Aug-2022 |
| Pork | 454,203 | 526,478 | 532,039 |
| Beef | 414,898 | 511,866 | 515,676 |
| Chicken | 713,160 | 814,505 | 831,494 |
| Turkey | 428,055 | 425,873 | 431,669 |
| Total Combined | 2,010,316 | 2,278,722 | 2,310,878 |

Source: NASS

USDA Hogs and Pigs Report

USDA released the September *Hogs and Pigs Report* on September 29, 2022. Total U.S. hog inventory numbers as of September 1, 2022, was estimated at 73.800 million head, down 1.4 per cent from 74.867 million head on September 1, 2021, but up 1.8 per cent from 72.524 million head as of June 1, 2022. The total annual inventory decline from September 2021 was 1.4 per cent, which was more than the 0.4 per cent average decline estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of September 1, 2022, was estimated at 6.152 million head, down 0.6 per cent from 6.190 million head on Sept. 1, 2021, and down 0.3 per cent from 6.168 million head on June 1, 2022. Breeding herd numbers declined 0.6 per cent on an annual basis, while the average trade analyst estimates were expecting only a slight 0.1 per cent decline.

United States Hog Inventory Numbers, (1,000 head)

| | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Jun.-Sept. | Y/Y(Sept.) |
|----------------------------|--------|--------|--------|--------|--------|------------|------------|
| All Hogs & Pigs | 74,867 | 74,446 | 72,689 | 72,524 | 73,800 | 1.76% | -1.43% |
| Kept for breeding | 6,190 | 6,125 | 6,098 | 6,168 | 6,152 | -0.26% | -0.61% |
| Market | 68,677 | 68,321 | 66,591 | 66,356 | 67,648 | 1.95% | -1.50% |
| Market Hogs | | | | | | | |
| Under 50 lbs | 21,690 | 21,594 | 20,105 | 21,083 | 21,343 | 1.23% | -1.60% |
| 50-119 lbs | 20,211 | 19,005 | 19,030 | 18,721 | 19,887 | 6.23% | -1.60% |
| 120-179 lbs | 14,246 | 14,374 | 14,988 | 13,827 | 14,073 | 1.78% | -1.21% |
| 180 lbs & Over | 12,529 | 13,348 | 12,468 | 12,725 | 12,345 | -2.99% | -1.47% |

Source: September 29, 2022 USDA Hogs & Pigs Report

Market herd inventory numbers in the United States as of September 1, 2022, were estimated at 67.648 million head, down 1.5 per cent from 68.677 million head on September 1, 2021, but up 2.0 per cent from 66.356 million head on June 1, 2022. Trade analysts were estimating market inventory numbers to decline by 0.5 per cent (year/year); which was significantly less than the actual decline of 1.5 per cent reported by USDA. The data provided indicates that lighter weight hogs had bigger year-over-year declines versus the heavier weight hogs, year-over-year. It is however interesting that from June-to-September 2022, the mid-weight hog numbers are higher (1.8% to 6.2%), while the heavier weight hogs are down (-2.99 per cent).

United States, Sows Farrowing and Intentions, Pigs Born

| Quarterly Sows Farrowing and Intentions | | | | Quarterly Pigs Born | | |
|---|---------------|---------------|-----------|---------------------|----------------|--------|
| Thousand Head | | | | Thousand Head | | |
| Quarter | 2021 | 2022 | 2023 | 2020 | 2021 | 2022 |
| Dec - Feb (1) | 2,929 | 2,919 | 2,902 (1) | 35,016 | 32,059 | 31,947 |
| Mar - May | 3,034 | 2,988 | | 34,621 | 33,233 | 32,863 |
| June - Aug | 3,050 | 3,018 | | 36,056 | 33,944 | 33,581 |
| Sept - Nov | 3,049 | 2,973 (2) | | 34,987 | 34,123 | |
| TOTAL | 12,062 | 11,898 | | 140,680 | 133,359 | |

(1) December preceeding year.(2023)

(2) Farrowing Intentions. (2022)

Source: USDA Hogs and Pigs Report, September 29, 2022.

Sow farrowing numbers for the June-to-August 2022 period totaled 3.018 million head, a 1.0 per cent decline from 3.050 million head farrowed the same quarter a year ago, which was a larger decline than the 0.3 percent decline estimated by trade analysts.

USDA reported farrowing intentions for the September-to-November 2022 period were estimated at 2.973 million head, a decline of 2.5 per cent from the same quarter a year ago. Trade estimates were projecting a smaller farrowing decline of 0.6 per cent. USDA farrowing intentions for the December-to-February 2023 period were estimated to decline by 0.6 per cent to 2.902 million head, a larger decline than the 0.3 per cent decline estimated by the trade analysts.

USDA reported the June-to-August 2022 pig crop at 33.581 million head, a 1.1 per cent decline from the same quarter in 2021. Trade analysts were only estimating a slight decline of 0.2 per cent in the pig crop for the period.

Pigs saved per litter in the June-to-August pig crop averaged 11.13 pigs, unchanged from 11.13 pigs the same quarter a year ago, but up 1.2 per cent from 11.00 pigs per litter the previous March-to-May 2022 quarter.

The *September USDA Hogs and Pigs Report* numbers reported were overall bullish compared to the trade analyst estimates with lower inventory numbers and farrowing numbers compared to the trade analysts. Market inventory numbers for September declined by 1.5 per cent year-over-year, while trade analysts were only estimating a 0.5 per cent decline. USDA reported farrowing numbers for the June-to-August 2022 period that declined by 1.1 per cent compared to trade analysts estimates which estimated a slight 0.2 per cent decline.

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