

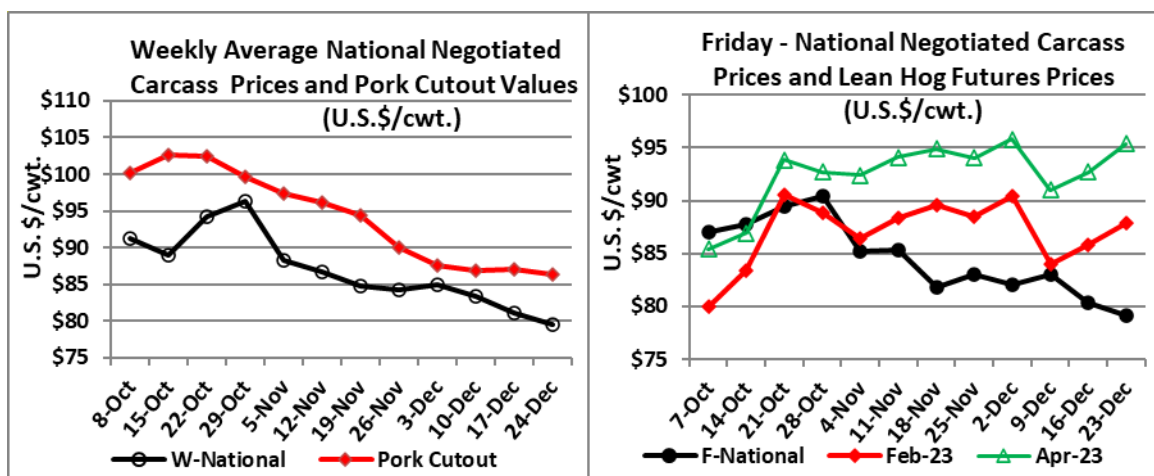
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Bi-Weekly Hog Report

December 27, 2022

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (National Negotiated) were steady last week but lower from the previous week with Friday's daily price below the previous Friday. Cash hog prices on Thursday December 22, averaged US\$79.14 per cwt, a price decline of US\$1.19 per cwt from US\$80.33 per cwt the previous Friday. Negotiated weekly average National base price averaged US\$79.61 per cwt last week, a price decline of US\$1.51 per cwt or 1.9 per cent from US\$81.12 per cwt the previous week.



Source: LMIC

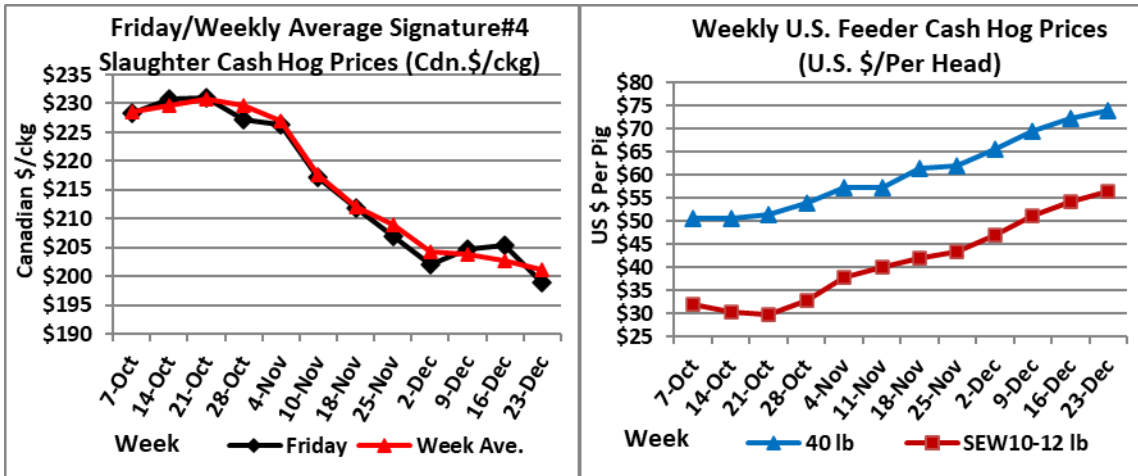
Source: LMIC, CME

Futures Markets

United States lean hog futures daily prices were mixed last week with big price gains on Wednesday to help push prices higher, week-over-week. The nearby February 2023 contract settled Friday at US\$87.825 per cwt, a price increase of US\$2.050 per cwt from the previous Friday's close of US\$85.775 per cwt. The April 2023 contract increased US\$2.65 per cwt or 2.9 per cent last week to settle Friday at US\$95.375 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) prices continued higher last week. Weighted average cash prices for U.S. based iso-weans (12lb) were US\$56.49 per head last week, a price increase of US\$2.25 per pig or 4.1 per cent from US\$54.24 per head the previous week. Feeder (40lb) cash prices averaged US\$73.80 per head last week, a price increase of US\$1.65 per head from US\$72.15 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 December 23, 2022, was \$199.03 per ckg, a price decline of \$6.48 per ckg or 3.1 per cent from \$205.51 per ckg from the previous Friday. The Signature#4 (Maple Leaf) Index 100 weekly price (Friday to Thursday) averaged \$201.31 per ckg last week; a price decline of \$1.39 per ckg from the previous weeks' average price of \$202.70 per ckg. The Canadian dollar was higher relative to the U.S. dollar last week. The Canadian dollar settled Friday at 73.51 cents, a price increase of 0.45 cents from 73.06 cents the previous Friday.

United States Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the shorter Christmas week ending December 24, 2022, were estimated at 1.769 million head, down 31.9 per cent from the previous week's estimate of 2.596 million head, and down 8.1 per cent from 1.925 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last four weeks averaged 2.382 million head, down 2.9 per cent from 2.453 million head over the same period in 2021. U.S hog slaughter numbers over the last eight weeks averaged 2.426 million head, down 2.6 per cent from 2.491 million head over the same period a year ago.

Meat Production

U.S. pork production for the shorter holiday week ending December 24, 2022, was estimated at 382.5 million lb., down 31.8 per cent from 560.6 million lb. the previous week, and down 8.1 per cent from 416.4 million lb. the same week a year ago. Pork production over the last four weeks ending December 24, 2022, was estimated to average 515.7 million lb., down 3.3 per cent from 533.3 million lb. over the same period a year ago. Pork production over the last eight weeks ending December 24, 2022, averaged 523.8 million lb., down 3.1 per cent from 540.3 million lb. the same period a year ago.

U.S. beef production for the shorter holiday week ending December 24, 2022, was estimated at 470.4 million lb., down 10.6 per cent from 526.4 million lb. the previous week, but up 15.1 per cent from 408.7 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken, and turkey over the four weeks ending December 17, 2022, were estimated to average 2.217 billion lb., up 1.2 percent from 2.191 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 50-weeks of 2022 was 1.1 per cent higher compared to the same period a year ago. Pork production over the last four weeks was 2.3 per cent lower compared to the same period a year ago, while pork production year-to-date is down about 2.1 per cent.

United States Weekly Meat Production

(Dec.17) Four Week Average - Million Lb.	Percent Change			
	2021	2022	4 Week	2022
Pork	551.4	538.8	-2.28%	-2.12%
Beef	540.1	528.7	-2.11%	1.38%
Chicken	985.6	1,039.8	5.50%	3.16%
Turkey	114.0	109.6	-3.79%	-4.09%
Total	2,191.0	2,216.9	1.186%	1.071%

Source: LMIC

Cutout Values

Pork cutout values for the week ending December 24, 2022, averaged US\$86.33 per cwt, a price decline of US\$0.73 per cwt or 0.8 per cent from US\$87.06 per cwt the previous week; and down 0.6 per cent from US\$86.89 per cwt from the same week a year ago. Ham prices had the biggest losses over the week declining 4.3 per cent to average US\$84.99 per cwt, while belly prices had the largest gains increasing 3.5 per cent to average US\$95.98 per cwt.

Choice beef cutout prices (600-900 lb.) for the week ending December 24, 2022, averaged US\$266.18 per cwt over the week, a price increase of US\$10.35 per cwt or 4.0 per cent from US\$255.83 per cwt from the previous week; and 1.5 per cent higher from US\$262.14 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending December 24, averaged US\$95.84 per cwt, a small price increase of US\$0.63 per cwt or 0.7 per cent from US\$95.21 per cwt from the previous week.

USDA Hogs and Pigs Report

USDA released the December *Hogs and Pigs Report* on December 23, 2022. Total U.S. hog inventory numbers as of December 1, 2022, were estimated at 73.119 million head, down 1.8 per cent from 74.446 million head on December 1, 2021, and down 0.8 per cent from 73.685 million head as of September 1, 2022. The total annual inventory decline since December 2021 was 1.8 per cent which was more than the 1.2 per cent average decline estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of December 1, 2022, was estimated at 6.154 million head, up slightly from the 6.152 million head on December 1, 2021, and higher than the 6.12 million head estimated by the trade analysts. Breeding herd numbers in the USDA December Hogs and Pigs report increased 0.5 per cent, while the average trade analyst estimates were expecting a small decline of about 0.1 per cent.

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

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Sept.-Dec.	Y/Y(Dec.)
All Hogs & Pigs	74,446	72,689	72,314	73,685	73,119	-0.77%	-1.78%
Kept for breeding	6,125	6,098	6,168	6,152	6,154	0.03%	0.47%
Market	68,321	66,591	66,146	67,533	66,966	-0.84%	-1.98%
Market Hogs							
Under 50 lbs	21,594	20,105	20,903	21,343	21,153	-0.89%	-2.04%
50-119 lbs	19,005	19,030	18,691	19,787	18,620	-5.90%	-2.03%
120-179 lbs	14,374	14,988	13,827	14,013	14,095	0.59%	-1.94%
180 lbs & Over	13,348	12,468	12,725	12,390	13,098	5.71%	-1.87%

Source: December 23, 2022 USDA Hogs & Pigs Report

Note: numbers in red indicate downward revision; numbers in green upward revision since previous

Market herd inventory numbers in the United States as of December 1, 2022, were estimated at 66.966 million head, down 2.0 per cent from 68.321 million head on December 1, 2021, and down 0.8 per cent from 67.533 million head on September 1, 2022. Trade analysts were estimating market inventory numbers to only decline by 1.3 per cent (year/year); which was a smaller decline than the actual reported decline of 2.0 per cent by USDA. USDA did revise both the June and September marketing numbers slightly lower from the September 2022 Hogs and Pigs Report.

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	2,947 (1)	35,016	32,059	31,947
Mar - May	3,034	2,967	2,981 (2)	34,621	33,233	32,635
June - Aug	3,050	3,012		36,056	33,944	33,516
Sept - Nov	3,049	3,004		34,987	34,123	33,691
TOTAL	12,062	11,902		140,680	133,359	131,789

(1) December preceeding year.(2023)

(2) Farrowing Intentions. (2023)

Source: USDA Hogs and Pigs Report, December 23, 2022.

Sow farrowing numbers for the September-to-November 2022, period totaled 3.004 million head, a 1.5 per cent decline from 3.049 million head farrowed the same quarter a year ago (2021). The farrowing estimates were close to the 1.6 per cent decline estimated by trade analysts.

USDA reported farrowing intentions for the December-to-February 2023 period were estimated at 2.947 million head, a 1.0 per cent increase from the same quarter a year ago, and a 1.5 increase from the September 2022 Hogs and Pigs Report estimates.

Trade analysts were projecting the December-to-February 2023 farrowing numbers to be relatively unchanged from the same quarter a year ago with 2.92 million head, almost 1.0 per cent below the 2.947 million head estimated by USDA. USDA farrowing intentions for the March-to-May 2023 period were estimated to increase 0.5 per cent (y/y) to 2.981 million sows, which was close to the trade analysts which were projecting farrowing intentions to increase by 0.4 per cent.

USDA estimated the September-to-November 2022 pig crop at 33.691 million head, a decline of 1.3 per cent from the same quarter in 2021. Trade analysts had estimated a slightly larger decline of 1.5 per cent in the pig crop for the period. USDA estimated that total pigs born the last 4 quarters of 2022 (December 2021 to November 2022) totaled 131.8 million head, a 1.57 million head or 1.2 per cent decline in the pig crop from 133.359 million head the previous 4 quarters in 2021.

Pigs saved per litter in the September-to-November 2022 quarter was estimated to slightly increase to 11.22 pigs, from both the previous and year ago quarters. Pigs per liter have not increased over the last few quarters as much as in previous years.

The *USDA Hogs and Pigs Report* numbers were overall close to the trade analyst estimates. While breeding inventory numbers and farrowing intentions were overall higher than trade estimates, market inventory numbers were lower than trade estimates. The December 2022 Hogs and Pigs report will likely not move markets much in the short term. High feed prices will keep hog expansion at bay while lower market inventory numbers should signal a continued reduction in hogs going to slaughter over the next few months keeping pork supplies steady-to-lower.

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on Dec. 22 for the November 30, 2022, inventory numbers. The United States' pork stocks in cold storage totaled 454.2 million lb. on November 30, 2022, up 12.9 per cent from 402.2 million lb. a year ago on November 30, 2021; but down 10.9 per cent from 509.7 million lb. a month ago on October 31, 2022. U.S. pork stocks in cold storage for November 30, 2022, were below the monthly 15-year average and the monthly 15-year highs for November.

U.S. beef stocks in cold storage totaled 521.9 million lb. on November 30, 2022, up 6.4 per cent from 490.4 million lb. a year ago on November 30, 2021; and up 2.3 per cent from 510.3 million lb. the previous month on October 31, 2022. Beef stocks in cold storage for November 30, 2022, were above the monthly 15-year average for November, but below the monthly highs for November.

United States Stocks in Cold Storage (Frozen)

1,000 Pounds			
Commodity	30-Nov-2021	31-Oct-2022	30-Nov-2022
Pork	402,189	509,669	454,200
Beef	490,414	510,272	521,869
Chicken	744,861	891,326	906,310
Turkey	139,670	283,596	141,369
Total Combined	1,777,134	2,194,863	2,023,748

Source: NASS

Total pork, beef, chicken and turkey in cold storage on November 30, 2022, was estimated to be 2.024 billion lb., up 13.9 per cent from 1.777 billion lb. a year ago on November 30, 2021; but down 7.8 per cent from a month ago on October 31, 2022. U.S. meat in cold storage for November 30, 2022, was above the monthly 15-year average, but well below the monthly 15-year high for November.

For more information, contact:

Brad Marceniuk, PAg, MSc, BSA
Provincial Livestock Economist
(306) 933-5098
brad.marceniuk@gov.sk.ca