

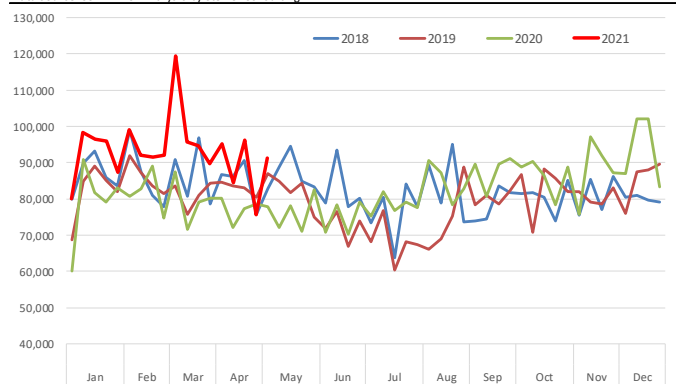
**Cash hog prices have been trending lower in the last few days.** The national average negotiated price yesterday (LM\_HG200) was pegged at \$109.83/cwt, down \$2.42/cwt compared to the previous close and \$7.59/cwt or 6.5% lower than a week ago. **There has been some speculation that the decline may be due to more Canadian hogs coming to the US to be slaughtered.** Somehow this did not seem to make a whole lot of sense given the sheer size of US slaughter but it is possible it has had some impact at the margin. Trend in regional prices offers some insights on this. While the national price declined 6.5% in the past week, the negotiated price in the Western Cornbelt (LM\_HG204) declined 3.8%, suggesting a bigger decline in the East. Last night, prices declined \$2.42/cwt even as cash negotiated prices in the Western Cornbelt actually increased a bit. The plant strike at the Olymel plant in Quebec may have pushed some hogs to slaughter plants that are part of the Eastern Cornbelt.

But this whole discussion about Canadian hogs got us thinking about the topic and figured some of our readers might want to actually **see some of the import data and the broader context.** Often we get mired in anecdote and tend to miss the forest for the trees. Feeder pigs are by far the largest share of live pigs that Canada ships to the US. Lower feed costs and slaughter capacity have encouraged specialization, whereby a number of Canadian producers focus on breeding operations and then ship piglets to US finishing barns. There has not been a major shift in the weekly volume of Canadian feeder pigs going to the US market in recent years, with the weekly supply hovering around 80-90k head during winter/fall and 70-80k head during spring/summer. Limited feeder pig supplies and high prices in the US this year have encouraged higher shipments from Canada. **Between January and April, weekly shipments have averaged 93,088 head/week, up 17.4% compared to the same period in 2020 and 11.8% higher than in 2019.** There has clearly been a significant shift in the number of Canadian slaughter barrows and gilts coming to the US this year. The issues at a big Olymel plant have clearly been a factor. According to USDA weekly data, imports of Canadian slaughter barrows and gilts this year have averaged about 20,000 head per week. In March, when 1,000 workers at the Olymel plant in Vallee-Jonction went on strike, weekly shipments to the US were as high as 27,000 head. Imports declined during April as workers and company negotiated a new contract but the decision at the end of April to once again go on strike may have once again pushed a few more hogs towards the US. The latest data is for May 1 so we do not know the volume that has entered the last two weeks.

But even as there has been an increase in the number of Canadian slaughter hog imports, the volume of say 27k hogs is minuscule vs. weekly national slaughter in March and April of around 2.4-2.5 million. Even when we account for the feeder pigs that Canada ships to the US, the supply of Canadian born hogs in US hog slaughter is relatively small. It is currently **hovering at under 5% of the total and the 52-wk moving average is at around 4%.** Bottom line: Canadian hogs may be having some regional impacts but the volume needs to be placed in the proper context when looking at the industry as a whole, especially since slaughter hogs are still just 1% of weekly slaughter.

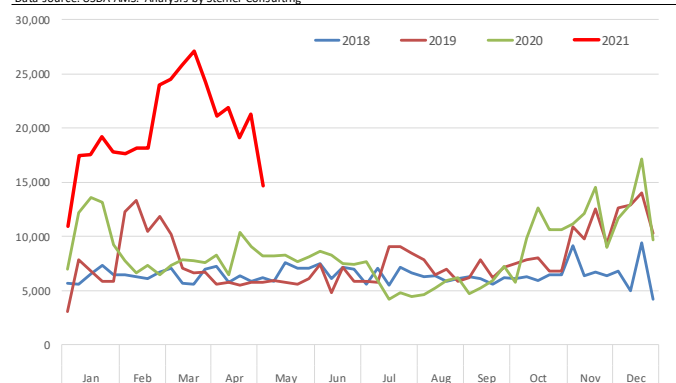
## US Weekly Imports of Canadian Feeder Pigs. Head.

Data source: USDA-AMS. Analysis by Steiner Consulting



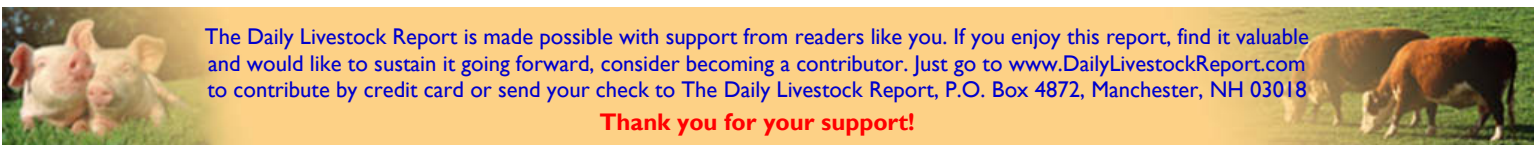
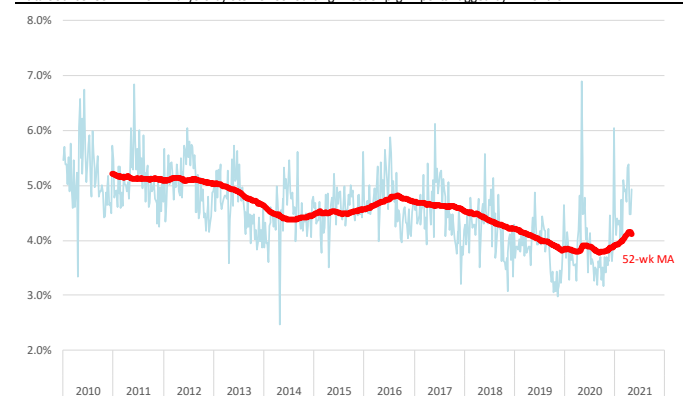
## US Weekly Imports of Canadian Slaughter Barrows and Gilts. Head.

Data source: USDA-AMS. Analysis by Steiner Consulting



## Share of Canadian Hogs (Feeder + Slaughter) in US Weekly Hog Slaughter

Data source: USDA-AMS. Analysis by Steiner Consulting. Feeder pig imports lagged by 4 months



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