

Risk Management Never Without My Costs

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Who is Eric Fournier?

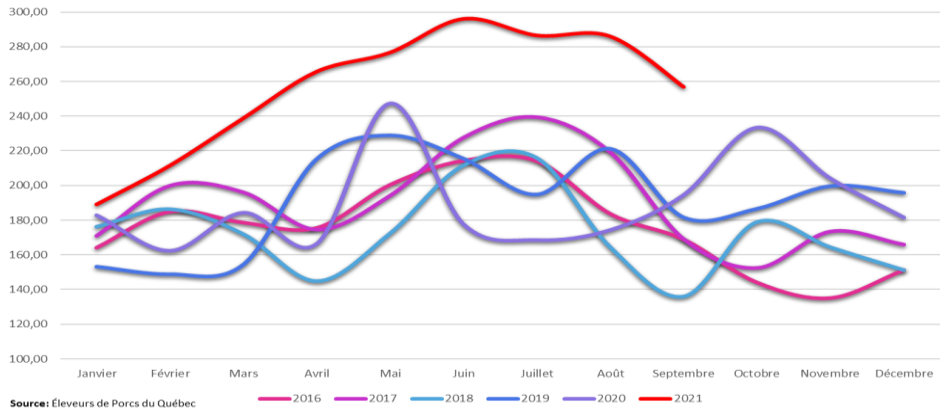
- Graduate in Agroeconomics from Université Laval
- Risk management consultant
 - Pork, grains and currencies
- Owner of website
- More than 25 years of experience in the pork industry
- Nearly 15 years in futures markets



THE
PORK
SHOW

A glance at the markets

Price of pork in Quebec (\$/100kg)

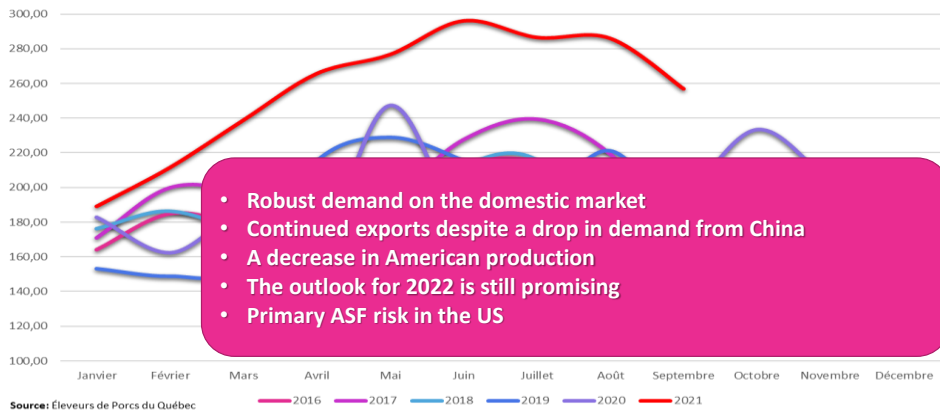


Source: Éleveurs de Porcs du Québec



A glance at the markets

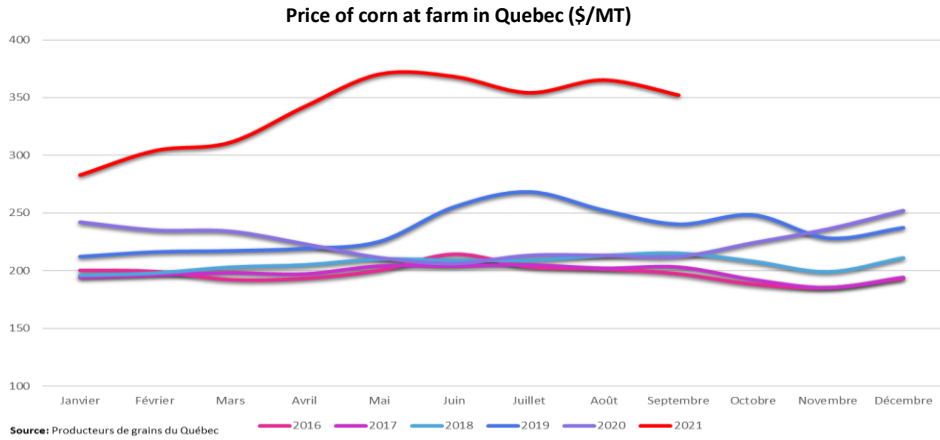
Price of pork in Quebec (\$/100kg)



- Robust demand on the domestic market
- Continued exports despite a drop in demand from China
- A decrease in American production
- The outlook for 2022 is still promising
- Primary ASF risk in the US

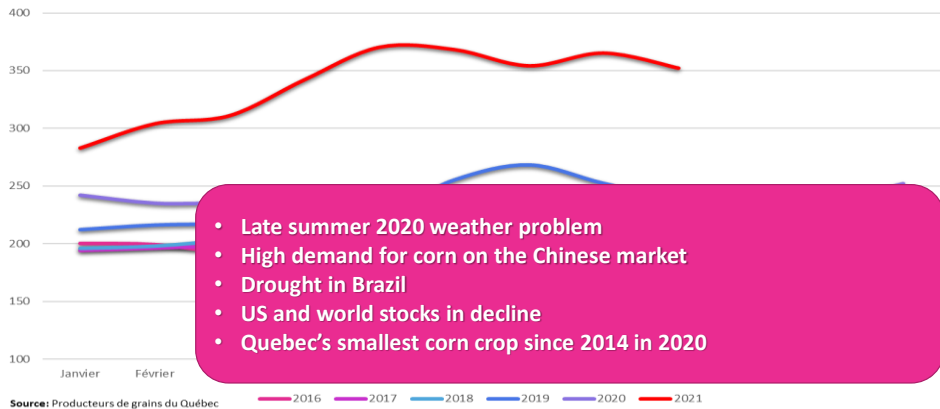
LA PORC SHOW

A glance at the markets



A glance at the markets

Price of corn at farm in Quebec (\$/MT)



Risk management

- Identification of risks
- Cost of production
- Implementation of strategies
- Monitoring of strategies
- Measurement of effectiveness



Risk management

Cash price spread of pork best price futures market (\$/100kg)

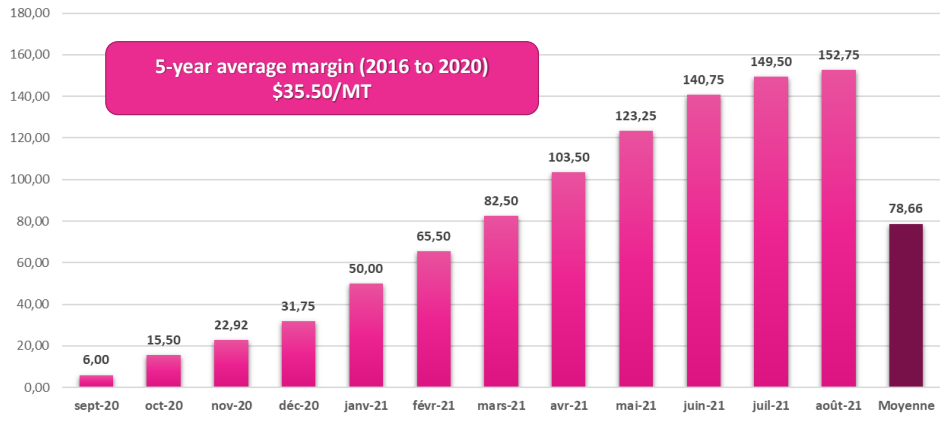


Source: EPQ, RJ O'Brien

LA PORC SHOW

Risk management

Cash price spread of best corn price by delivery month (\$/MR)

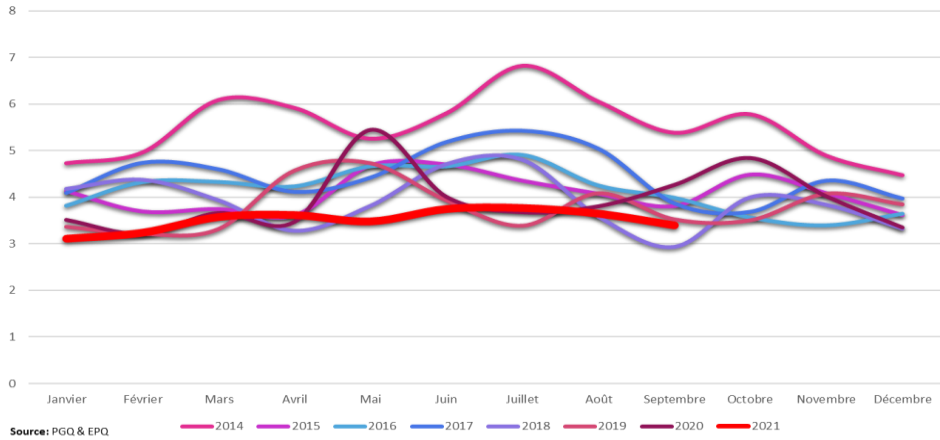


Source: PGQ



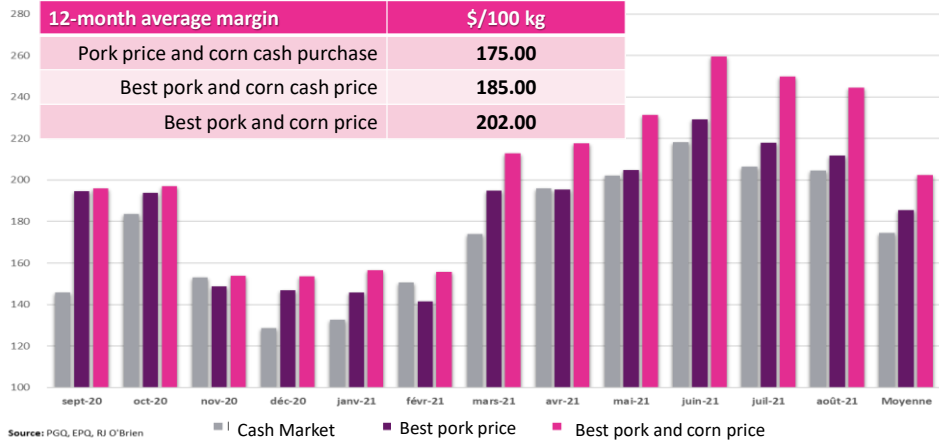
Risk management

Pork vs. corn price ratio



Risk management

Margin on corn cost for a 100 kg pig (\$/100kg)



Risk management

Pig sales scenarios February 2021

| (\$/100 kg) | Cash price | | | Pork only | | | Margin management | | |
|---------------|------------|-------|---------------|-----------|-------|---------------|-------------------|-------|---------------|
| | Pork | Corn | Margin | Pork | Corn | Margin | Pork | Corn | Margin |
| October 2020 | - | - | - | 192.57 | - | - | 192.57 | 53.75 | 138.82 |
| February 2021 | 211.65 | 68.37 | 143.28 | 192.57 | 68.37 | 124.20 | 192.57 | 53.75 | 138.82 |

Evolution of corn margin on pork contract of February 2021 (\$/100 kg)

