



Weekly Regional HOG PRICE Report



February 27, 2020

Things to Consider....

Retail bacon prices were stable for January, up only \$0.03 or 0.6% to \$5.51/lb, bringing the cut -0.2% or 1 cent under last year. Current retail bacon price levels are 5 cents over the 3 year average for the month of January. Wholesale belly prices by comparison jumped \$4.89/cwt or +5.2% for the same period, reported at \$99.05/cwt for January. Notably, wholesale belly values are nearly \$30/cwt under year ago levels, or 23.2% under last year.

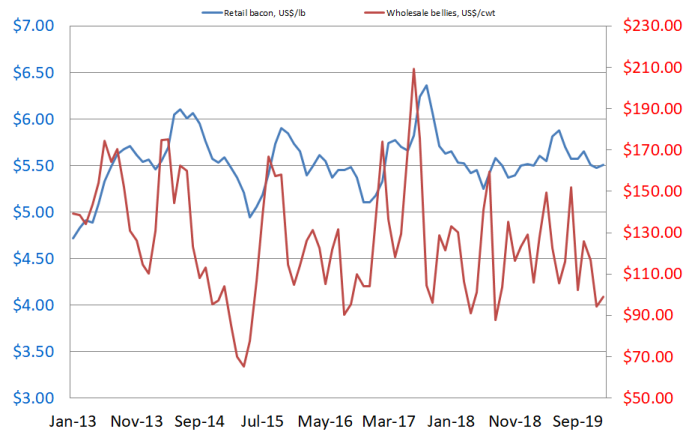
Overall, retail chop prices were down 2 cents or 0.7% lower for January at \$3.37/lb, bringing chops 17 cents or 5.3% over last year. Current retail price levels are 11 cents over the 3 year average for the month of January. Boneless chop prices climbed 5 cents higher to \$3.85/lb, bringing boneless chops 5.1% or 19 cents over last year. Bone-in chop prices were up 1 cent into January to \$3.78/lb, bringing the cut 5.7% over last year or 21 cents higher. Wholesale loins for the month fell \$2.12 to \$69.08/cwt or 3.0% under the previous month, and \$4/cwt over last year.

The total category for retail hams edged 7 cents higher or 2.5% to \$3.11/lb for January, bringing hams 6.6% or 19 cents over year-ago levels. Current retail price levels are 24 cents over the 3 year average for the month of January. Boneless ham values jumped 12 cents or 3% to \$4.19/lb for January, bringing them 5.5% or 22 cents over last year. Wholesale ham prices averaged \$68.61/cwt, down \$9.15 or 11.8% under the values reported for December, and currently \$20.11/cwt or 41.5% over year ago levels. For comparison wholesale picnics averaged \$54.10/cwt, down \$21.16 or 28.1% under December and currently \$14.87/cwt or 37.9% over last year.

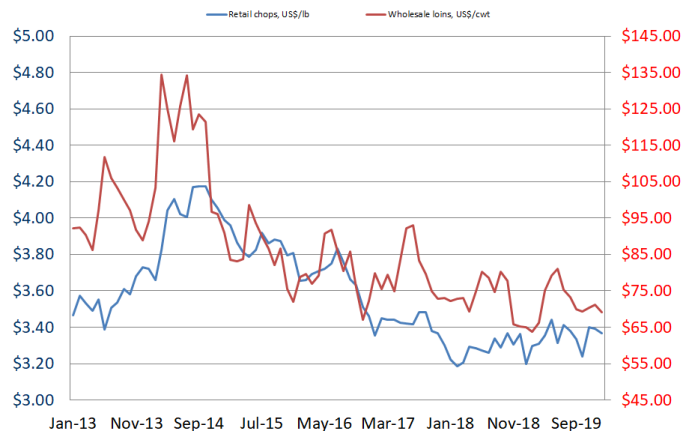
Overall values for pork have dropped off sharply since the recent high set back in the 3rd week in January. Pork prices have dropped although demand continues to be strong as illustrated by last weeks pork export report. Weekly exports volumes were also very positive in recently reported data further adding to long-term support to the overall pork complex. The market will need to adjust accordingly once the demand scares have subsided from the Covid-19 virus.

Hog producers need to be patient and look for a seasonal rally to begin in early April.

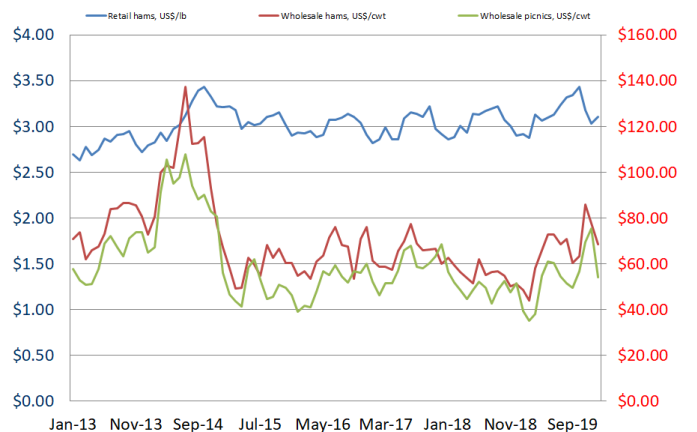
Retail Bacon VS Wholesale Bellies



Retail Chops VS Wholesale Loins



Retail Hams VS Wholesale Hams/Picnics



Weekly Hog Price Recap

Regional and national cash hog pricing varied however was generally weaker mid-week, with packer cash bid volume considered mostly moderate however higher Friday. CME cash declined daily, however daily moves were more moderate compared to those reported in regional and national cash. Wholesale pork values declined on the week, particularly bellies, dragging pork cutout \$2.99/cwt under week ago levels.

Cash Price	Weekly Averages		w/w	% Chg
	14-Feb-20	7-Feb-20		
ISM pm	\$48.93	\$51.09	-\$2.16	-4.2%
WCB pm	\$48.84	\$50.94	-\$2.10	-4.1%
Nat pm	\$49.36	\$51.38	-\$2.02	-3.9%
CME Index*	\$57.36	\$60.70	-\$3.34	-5.5%
BoC Exch	1.3274	1.3287	-0.0013	-0.1%

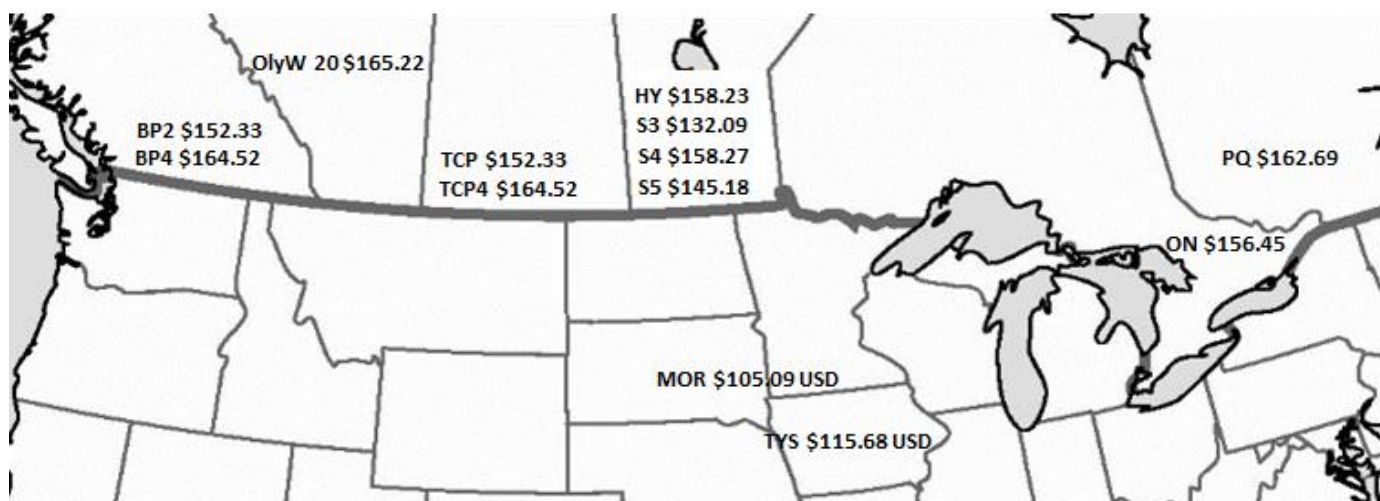
* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$7-\$9/hog weaker than the previous week. Markets out of the east, such as values out of Ontario and Quebec were each down more than \$9/hog, while the new Oly20 declined more than \$8.50/hog. The ML Sig 5 fell \$7.50/hog while the Sig 4 declined \$7/hog and Hylife was down \$6.50/hog on the week. In the US, Tyson fell nearly \$7/hog while JM declined shy of \$4.50/hog from the previous week's average.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 14-Feb-20	Difference to OlyW20
OlyW 2020***	\$184.36		\$167.72		\$167.84		\$165.22	
ML Sig 3	\$163.60	-\$20.76	\$136.70	-\$31.02	\$129.91	-\$37.93	\$132.09	-\$33.13
ML Sig 4	\$177.51	-\$6.85	\$162.39	-\$5.33	\$163.08	-\$4.75	\$158.27	-\$6.95
ML Sig 5	\$170.57	-\$13.79	\$149.55	-\$18.18	\$146.50	-\$21.34	\$145.18	-\$20.04
BP2/TCP **	\$170.47	-\$13.88	\$149.39	-\$18.33	\$145.84	-\$22.00	\$152.33	-\$12.89
BP4/TCP4 **	\$176.84	-\$7.52	\$162.33	-\$5.40	\$162.89	-\$4.95	\$164.52	-\$0.70
Hylife	\$178.49	-\$5.86	\$163.06	-\$4.66	\$163.68	-\$4.16	\$158.23	-\$6.99
Ontario	\$182.30	-\$2.06	\$161.81	-\$5.92	\$161.42	-\$6.42	\$156.45	-\$8.77
Québec	\$186.02	\$1.67	\$179.21	\$11.49	\$189.32	\$21.48	\$162.69	-\$2.53
Tyson (USD)	\$138.99	-\$45.37	\$117.79	-\$49.93	\$112.47	-\$55.37	\$115.68	-\$49.54
John Morrell (USD)	\$131.79	-\$52.57	\$109.92	-\$57.80	\$104.53	-\$63.31	\$105.09	-\$60.14

**Thunder Creek reported with a 1-Week lag

***OlyW20 was calculated using formulas for 3 years previous to provide comparisons above. Price includes \$0.06 per kg proximity bonus



Weekly Hog Margins

Monitored hog margins weakened on falling hog values. Canadian margins which were further pressured by the reduced currency exchange however did receive a little support from reduced feed costs, with farrow-to-finish feed costs declining \$0.25/hog. Farrow-to-finish feed costs in the monitored US region edged \$0.15/hog higher from the week previous.

Hog margins out Quebec weakened the most, down another \$9/hog, and has slipped from the least weak of monitored margins to levels similar to those out of Hylife and the Sig 4. Margins out of Ontario also weakened \$9/hog and is the second weakest margin currently north of the border, stronger only than those out of the Sig 5. The OlyW 20 weakened near \$8.50/hog to become the least weak compared to other monitored Canadian margins. The Sig 5 weakened more than \$7/hog, while the Sig 4 and Hylife each weakened more than \$6/hog. In the US, Tyson margins weakened near \$6.50/hog while JM weakened \$4.50/hog from week ago levels.

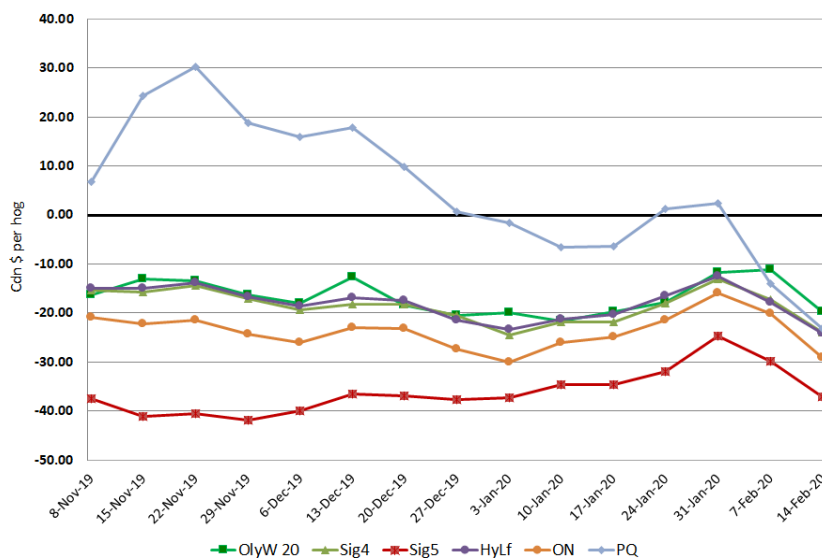
Regional MARGINS, \$/hog						
Packer/Region	14-Feb-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$165.22	\$125.43	\$39.45	\$20.05	\$184.93	-\$19.71
ML Sig 4/Manitoba	\$158.27	\$123.17	\$39.54	\$19.55	\$182.26	-\$23.99
ML Sig 5/Manitoba	\$145.18	\$123.17	\$39.54	\$19.55	\$182.26	-\$37.08
Hylife/Manitoba	\$158.23	\$123.18	\$39.54	\$19.55	\$182.27	-\$24.04
Ontario	\$156.45	\$121.11	\$40.71	\$23.76	\$185.58	-\$29.13
Québec	\$162.69	\$123.80	\$40.50	\$21.65	\$185.95	-\$23.26
Tyson (USD)/Iowa	\$115.68	\$85.40	\$28.70	\$16.57	\$130.67	-\$14.99
John Morrell (USD)/ND	\$105.09	\$83.67	\$28.70	\$16.57	\$128.94	-\$23.85

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (14.99) USD X 1.3274 = \$ (19.90) in Canadian Dollars
- Morrell: \$ (23.85) USD X 1.3274 = \$ (31.66) in Canadian Dollars

Canadian Margins Last 13 weeks



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