



Weekly Regional HOG PRICE Report



April 14, 2020

Things to Consider....

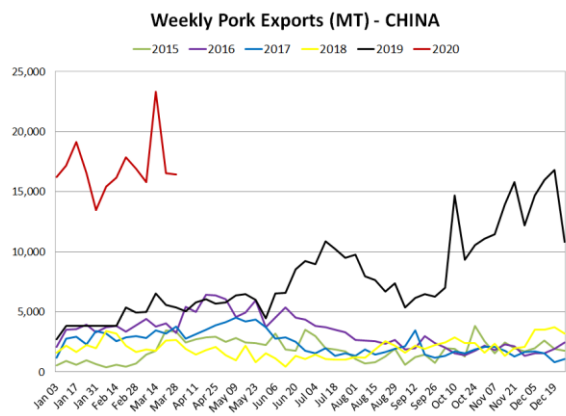
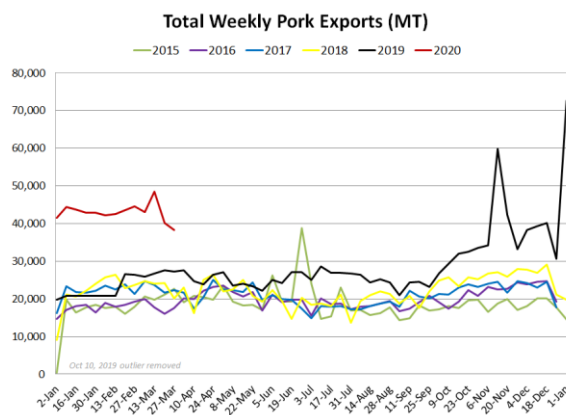
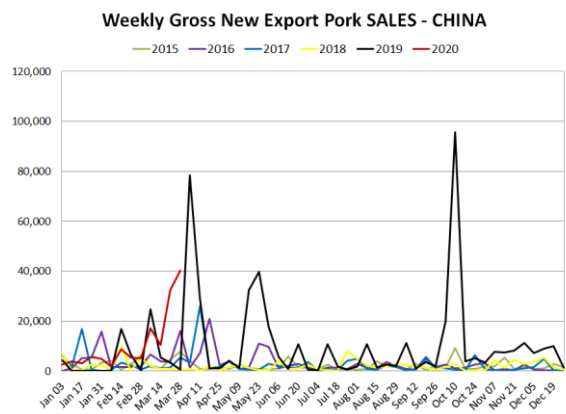
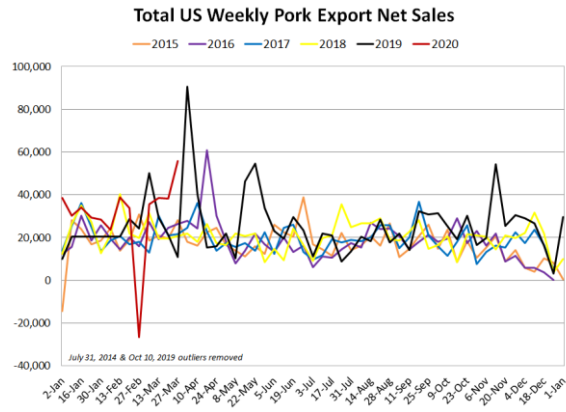
Amidst the market collapse to record lows there remains positive fundamental information that one day will return as headlines to contribute to the recovery of the industry.

One of those positive news stories, not having much of an influence today, is the US Weekly Export data which recently reported Total Net Sales at the highest level in nearly 12 months. The data illustrated in the top graph show how nets sales approached 60,000 MT just weeks after "cancelled" orders forced the report to register a week of negative values. Speculation has surfaced that previously purchased product was cancelled, only to be bought back a couple weeks later at much lower values than previously committed to. Regardless of the price, product sales continue to increase at a steady pace providing medium to long term support to the market.

In addition to sales, actual weekly pork exports continue to outperform any of the previous 5 years with much of gains attributed to buying from China. Although total Pork Exports have dropped slightly, just below 40,000 MT, as shown in the third graph, the weekly pace remains well above 2019 and the 5-year average. Weekly exports to China shown in the bottom graph are currently 3X the 2019 pace, however, declines to markets such as Mexico are leading to the short-term decrease in total pork movement.

The question today remains, will this information have any impact on hog prices in the short term? Obviously, aggressive pork exports will eventually play into lean hog futures and cash hog prices, however a reduction to immediate slaughter in both Canada and the US is more powerful and will continue to disrupt short-term bids.

With US daily slaughter reaching 450,000 on Tuesday April 14th compared to 475,000 last year, expectations are that cash bids will remain at or near current levels. As actual meat supplies subside to grocery store shelves in the next 2-3 weeks due to the pull back in slaughter of pork, beef and poultry, meat prices could find themselves with improved demand, which will depend largely on the levels of social distancing governed by leaders and health professionals.



Weekly Hog Price Recap

Regional and national cash hog values declined throughout the week on mostly modest daily packer cash bid volume. Significant declines were reported early in the week, particularly in regional markets, while the latter half of week reported more moderate declines. CME cash declined daily with significant moves lower throughout the week. Wholesale pork values dropped most of the week as well; particularly butts, hams and bellies, dragging pork cutout \$4.52/cwt under week ago levels.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	10-Apr-20	Head	3-Apr-20		
ISM pm		\$39.94		\$50.12	-\$10.18	-20.3%
WCB pm		\$39.98		\$50.04	-\$10.06	-20.1%
Nat pm		\$40.41		\$48.94	-\$8.53	-17.4%
CME Index*		\$53.33		\$63.78	-\$10.45	-16.4%
Sows, 300-449 lbs	10,569	\$35.77	12,337	\$37.11	-\$1.34	-3.6%
Sows, 500+ lbs	14,509	\$44.91	15,016	\$45.07	-\$0.16	-0.4%
BoC Exch		1.4055		1.4176	-0.0121	-0.9%

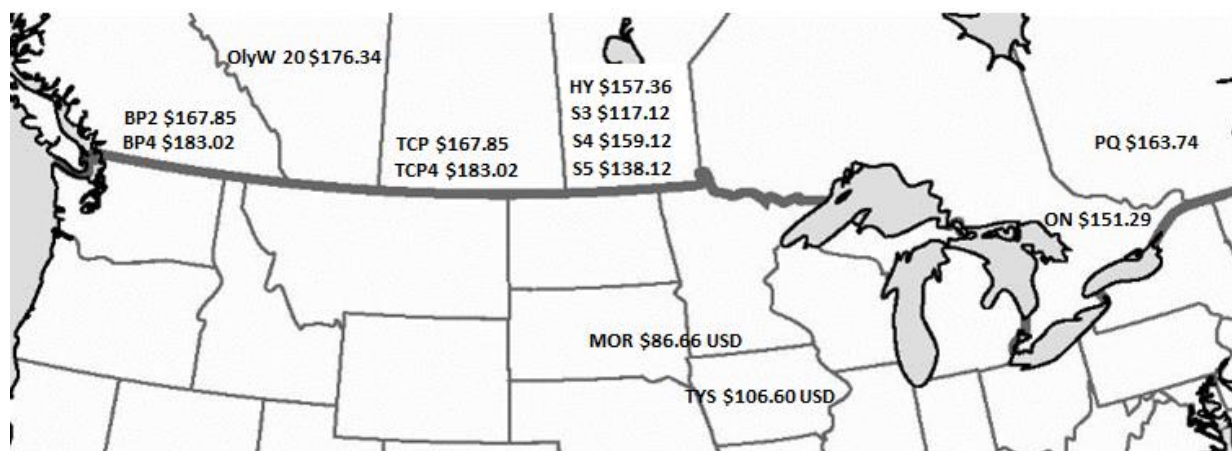
* Represents Friday-Thursday average

Monitored Canadian hog markets once again faced heavy losses, with eastern markets down the most on the week. Values out of Ontario were down nearly \$33/hog, followed by those out of Quebec which were down closer to \$31/hog. The ML Sig 5 fell \$30/hog, while the Hylife & the Sig 4 each weakened around \$24/hog. The OlyW 20 declined the least of monitored markets, down nearly \$21/hog from previously reported. Markets in the US markets fell as well, with Tyson down \$25.50/hog and JM falling \$21/hog from week ago levels.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 10-Apr-20	Difference to OlyW20
OlyW 2020***	\$182.92		\$168.96		\$169.68		\$176.34	
ML Sig 3	\$161.57	-\$21.35	\$140.48	-\$28.49	\$141.53	-\$28.15	\$117.12	-\$59.22
ML Sig 4	\$176.41	-\$6.51	\$164.95	-\$4.01	\$165.82	-\$3.86	\$159.12	-\$17.22
ML Sig 5	\$169.01	-\$13.91	\$152.72	-\$16.25	\$153.67	-\$16.00	\$138.12	-\$38.22
BP2/TCP **	\$169.07	-\$13.85	\$152.98	-\$15.98	\$154.15	-\$15.53	\$167.85	-\$8.49
BP4/TCP4 **	\$175.86	-\$7.06	\$164.47	-\$4.50	\$165.17	-\$4.51	\$183.02	\$6.68
Hylife	\$177.36	-\$5.56	\$165.64	-\$3.32	\$166.48	-\$3.20	\$157.36	-\$18.98
Ontario	\$180.76	-\$2.16	\$164.44	-\$4.52	\$165.48	-\$4.20	\$151.29	-\$25.05
Québec	\$185.05	\$2.13	\$178.47	\$9.51	\$177.92	\$8.24	\$163.74	-\$12.60
Tyson (USD)	\$137.36	-\$45.56	\$118.84	-\$50.12	\$119.57	-\$50.11	\$106.60	-\$69.75
John Morrell (USD)	\$129.93	-\$52.99	\$109.73	-\$59.23	\$109.91	-\$59.77	\$86.66	-\$89.68

**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 continued pressure reported in hog markets, generally \$20-\$30/hog under last week and fell back to net losses. Canadian farrow to finish feed costs declined a modest \$0.25/hog while those in the monitored US region edged \$0.40/hog over a week earlier.

Margins out of the OlyW 20 declined the least, down \$20.50/hog to \$8/hog losses and is the least weak compared to other monitored markets for the second consecutive week. Hog margins out of Hylife and the Sig 4 were each around \$24/hog weaker to \$24 and \$22 per hog losses respectively. Margins out of the east weakened the most, generally \$31-\$32 per hog lower to \$33.50/hog losses in Ontario and \$21.50/hog losses in Quebec while the Sig 5 dropped \$30/hog to \$43.50/hog losses. In the US, Tyson margins weakened \$25/hog to \$21/hog losses while JM dropped more than \$21/hog to nearly \$39/hog losses from week ago levels.

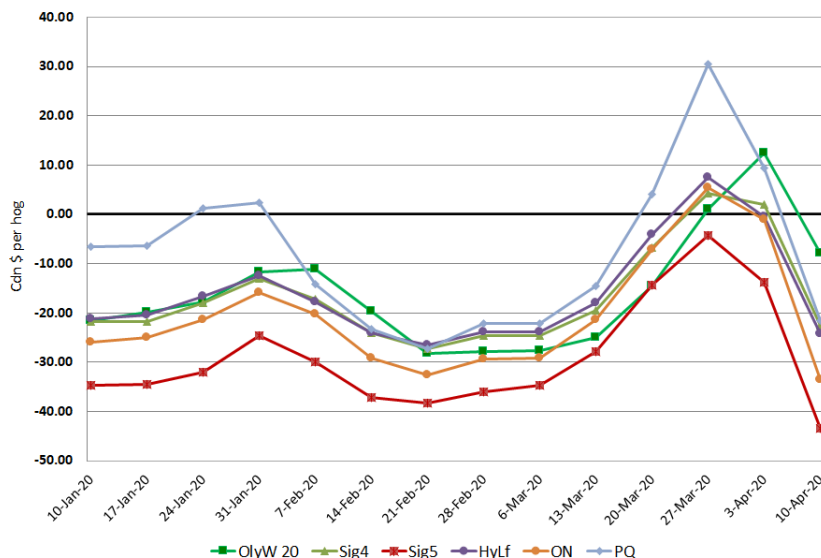
Regional MARGINS, \$/hog						
Packer/Region	10-Apr-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$176.34	\$124.73	\$39.45	\$20.05	\$184.23	-\$7.89
ML Sig 4/Manitoba	\$159.12	\$122.47	\$39.54	\$19.55	\$181.56	-\$22.44
ML Sig 5/Manitoba	\$138.12	\$122.47	\$39.54	\$19.55	\$181.56	-\$43.44
Hylife/Manitoba	\$157.36	\$122.48	\$39.54	\$19.55	\$181.57	-\$24.21
Ontario	\$151.29	\$120.41	\$40.71	\$23.76	\$184.88	-\$33.59
Québec	\$163.74	\$123.10	\$40.50	\$21.65	\$185.25	-\$21.51
Tyson (USD)/Iowa	\$106.60	\$82.22	\$28.70	\$16.57	\$127.49	-\$20.89
John Morrell (USD)/ND	\$86.66	\$80.49	\$28.70	\$16.57	\$125.76	-\$39.10

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (20.89) USD X 1.4055 = \$ (29.36) in Canadian Dollars
- Morrell: \$ (39.10) USD X 1.4055 = \$ (54.96) in Canadian Dollars

Canadian Margins Last 13 weeks



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