



# Weekly Regional HOG PRICE Report



April 21, 2020

## Things to Consider....

As one pork plant plans to re-open, another closes, keeping weekly slaughter levels captive for the time being. JBS in Worthington MN, announced on Monday that it will be closing its doors due to an outbreak of Covid19 cases. At the same time Tyson Foods announced Monday that it will slowly re-open their pork processing facility in Columbus Junction, Iowa which has been closed for 2 weeks. Smithfield Foods' South Dakota plant remains closed with employees being tested and projections that the plant could open within the next couple of weeks. Cash hog prices declined again over the past week, however the declines look to be subsiding as less pork on grocery store shelves is once again confirming domestic demand is strong.

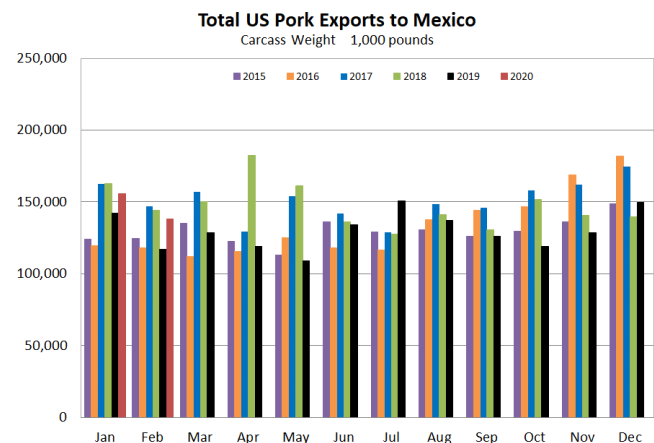
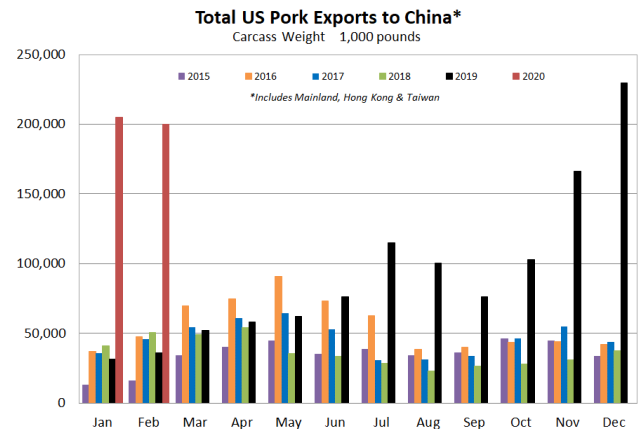
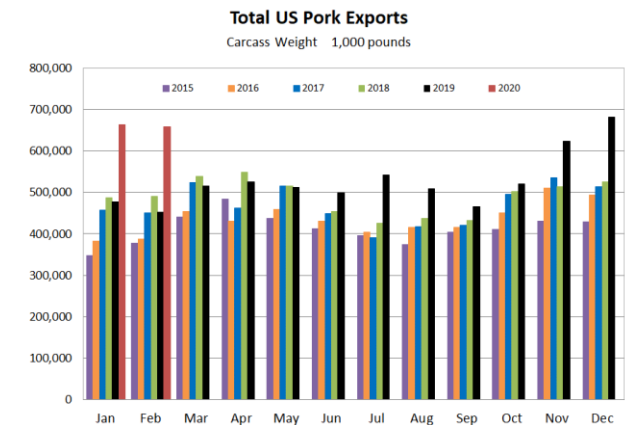
Export demand is also being reported near record levels. The latest US meat trade data reported February pork exports at 658 million pounds, down 5 million pounds or -0.8% from last reported. This brought total US pork exports nearly 206 million pounds over year ago levels or an impressive 45.5% over February 2019. Despite total US pork exports declining for the second consecutive report, the latest figure represents the third highest monthly volume historically.

Mexico reported the greatest decline on the report, falling shy of 17.5 million on the month in a seasonal move typical for this time however remains well above year ago levels. Volume to Australia and China\* also made notable declines from the previous report, down 6.2 and 5.2 million, respectively.

US pork to Japan increased 11.7 million pounds in February, reaching high levels compared to more recent historical years for this time. For comparison, typically Japan imports less US pork from January into February. Chile notably increased their purchases of US pork by 3.5 million.

As the US and Canadian hog markets grapple with reduced processing capacity weighing on near-term pricing, the medium to long-term projections are seeing improvements on steadily growing demand.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Feb-19	Jan-20	Feb-20	M/M%	Y/Y%	YTD/LYTD%
Australia	29,477	29,989	26,119	-12.9%	-11.4%	10.1%
Canada	40,189	47,071	47,201	0.3%	17.4%	15.4%
China*	36,133	205,048	199,878	-2.5%	453.2%	498.7%
Colombia	24,448	18,389	17,713	-3.7%	-27.6%	-29.2%
Japan	88,731	98,072	109,760	11.9%	23.7%	8.7%
Mexico	116,775	155,695	138,213	-11.2%	18.4%	13.4%
South Korea	59,220	49,695	52,380	5.4%	-11.6%	-10.6%
<b>All US Pork Exports</b>	<b>452,358</b>	<b>663,211</b>	<b>658,182</b>	<b>-0.8%</b>	<b>45.5%</b>	<b>42.1%</b>



# Weekly Hog Price Recap

Cash hog values declined throughout the week with regional and national pricing down the most mid-week while CME cash faced significant declines early-week. Daily national packer cash bid volume was generally considered modest. Wholesale pork values improved as primals strengthened the majority of the week, helping drive pork cutout \$1.26/cwt higher.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	17-Apr-20	Head	10-Apr-20		
ISM pm		\$34.69		\$39.94	-\$5.25	-13.2%
WCB pm		\$34.65		\$39.98	-\$5.33	-13.3%
Nat pm		\$35.09		\$40.41	-\$5.32	-13.2%
CME Index*		\$47.43		\$54.04	-\$6.61	-12.2%
Sows, 300-449 lbs	12,350	\$30.64	10,569	\$35.77	-\$5.13	-14.3%
Sows, 500+ lbs	13,282	\$39.81	14,509	\$44.91	-\$5.10	-11.4%
BoC Exch		1.4017		1.4055	-0.0038	-0.3%

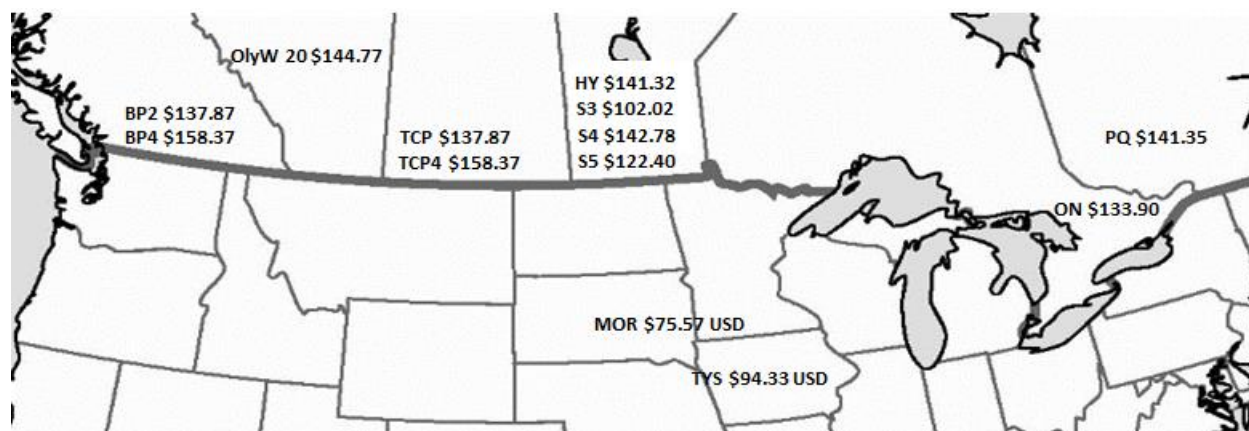
\* Represents Friday-Thursday average

Monitored hog markets continue to slide as reduced pork production limits producers' access to markets, thereby weighing on market values. Values out of the OlyW 20 declined the most, down more than \$31/hog, a reflection of the week-lag in comparison to other monitored markets. TCP/BP values which also report pricing based on a 1-week lag were down \$30/hog on the BP2/TCP2 and \$25/hog on the BP4/TCP4. Pricing out of Quebec fell \$22/hog, while remaining Canadian markets were generally \$16-\$17 per hog lower. In the US, Tyson fell shy of \$13/hog while JM declined \$11/hog from last week.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 17-Apr-20	Difference to OlyW20
OlyW 2020***	\$182.61		\$167.45		\$168.08		\$144.77	
ML Sig 3	\$161.09	-\$21.52	\$138.07	-\$29.38	\$138.97	-\$29.11	\$102.02	-\$42.75
ML Sig 4	\$176.13	-\$6.48	\$163.57	-\$3.88	\$164.44	-\$3.65	\$142.78	-\$1.99
ML Sig 5	\$168.62	-\$13.99	\$150.82	-\$16.63	\$151.70	-\$16.38	\$122.40	-\$22.37
BP2/TCP **	\$168.76	-\$13.85	\$152.04	-\$15.41	\$153.42	-\$14.66	\$137.87	-\$6.90
BP4/TCP4 **	\$175.66	-\$6.95	\$164.09	-\$3.36	\$165.07	-\$3.01	\$158.37	\$13.61
Hylife	\$177.06	-\$5.55	\$164.12	-\$3.33	\$164.87	-\$3.21	\$141.32	-\$3.45
Ontario	\$180.37	-\$2.24	\$162.54	-\$4.91	\$163.39	-\$4.69	\$133.90	-\$10.86
Québec	\$184.70	\$2.09	\$176.15	\$8.70	\$174.95	\$6.87	\$141.35	-\$3.42
Tyson (USD)	\$137.02	-\$45.59	\$117.34	-\$50.11	\$117.84	-\$50.24	\$94.33	-\$50.44
John Morrell (USD)	\$129.52	-\$53.09	\$107.60	-\$59.85	\$107.30	-\$60.78	\$75.57	-\$69.20

\*\*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 Canadian hog margins weakened on continued pressure in hog markets and an uptick in feed costs, generally amounting to \$20/hog declines in the last week and falling to weekly lows not reported since September 2018 or earlier. Canadian farrow to finish feed costs rose \$0.50/hog while those in the monitored US region were up \$0.80/hog.

Hog margins out of the OlyW 20 weakened the most from a week earlier, falling \$32/hog to \$40/hog losses while those out of both Hylife and the Sig 4 each weakened near \$16/hog to \$40/hog losses. Margins out of Quebec weakened \$23/hog to \$44/hog losses in the past week, while Ontario fell another \$18/hog to \$51/hog losses and the Sig 5 was down \$16/hog to \$60/hog losses. In the US, Tyson margins weakened \$13/hog to \$34/hog losses while JM fell \$12/hog to \$51/hog losses.

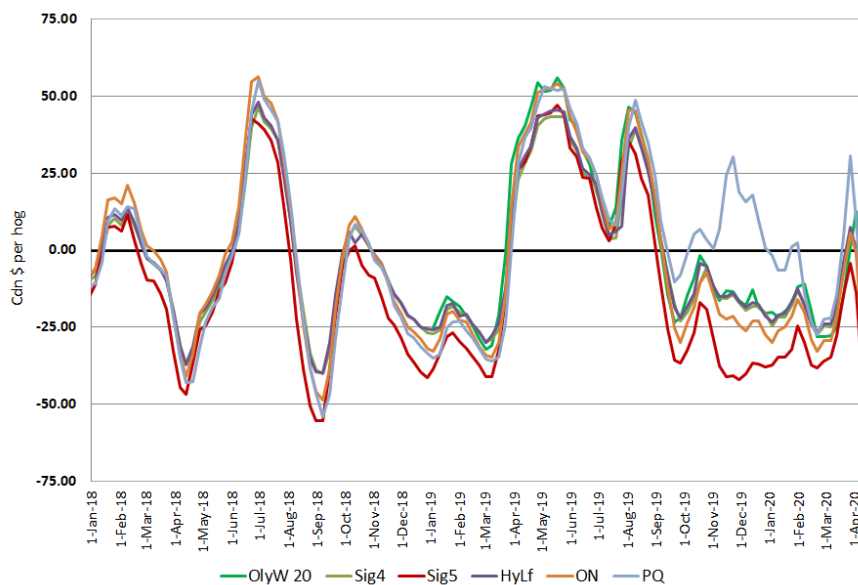
Regional MARGINS, \$/hog						
Packer/Region	17-Apr-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$144.77	\$125.25	\$39.45	\$20.05	\$184.75	-\$39.98
ML Sig 4/Manitoba	\$142.78	\$122.99	\$39.54	\$19.55	\$182.08	-\$39.30
ML Sig 5/Manitoba	\$122.40	\$122.99	\$39.54	\$19.55	\$182.08	-\$59.68
Hylife/Manitoba	\$141.32	\$123.00	\$39.54	\$19.55	\$182.09	-\$40.77
Ontario	\$133.90	\$120.93	\$40.71	\$23.76	\$185.40	-\$51.50
Québec	\$141.35	\$123.62	\$40.50	\$21.65	\$185.77	-\$44.42
Tyson (USD)/Iowa	\$94.33	\$83.04	\$28.70	\$16.57	\$128.31	-\$33.98
John Morrell (USD)/ND	\$75.57	\$81.31	\$28.70	\$16.57	\$126.58	-\$51.01

\* Feed costs standardized for a 285 pound market hog

## US Regional Margins

- Tyson: \$ (33.98) USD X 1.4017 = \$ (47.63) in Canadian Dollars
- Morrell: \$ (51.01) USD X 1.4017 = \$ (71.50) in Canadian Dollars

## Canadian Margins 2019-2020



Disclaimer: Commodity Professionals Inc. presents this report as a snapshot of the market using current information available at the time of the report. These findings are for informational purposes only and should not be reproduced or transmitted by any means without permission. Commodity Professionals Inc. does not guarantee, and accepts no legal liability arising from or connected to, the accuracy, reliability, or completeness of any material contained in the publication.