



# Weekly Regional HOG PRICE Report



April 28, 2020

## Things to Consider....

The value of wholesale US pork as measured by the USDA National Carlot Pork report went from record low values to record high values in just 7 days. Pork cutout skyrocketed \$11.01 in just 2 days (Monday & Tuesday) as major disruptions to hog slaughter lead to the eventual reductions in available pork on grocery store shelves. Cash hog prices over the last month have been hit hard due to plant closures and slower chain speed however the long-term result could prove to be favourable. Cut-out surged to just under \$90 US per cwt, a 5-year high for this time of year, while the CME cash index hovered just under \$50 US per cwt, a \$40 US spread.

Today, President Donald Trump made the decision to order meat processing plants to remain open during the pandemic to protect the food supply within the United States. "With concerns about food shortages and supply chain disruptions, President Trump issued an executive order using the Defense Production Act to mandate that the plants continue to function."

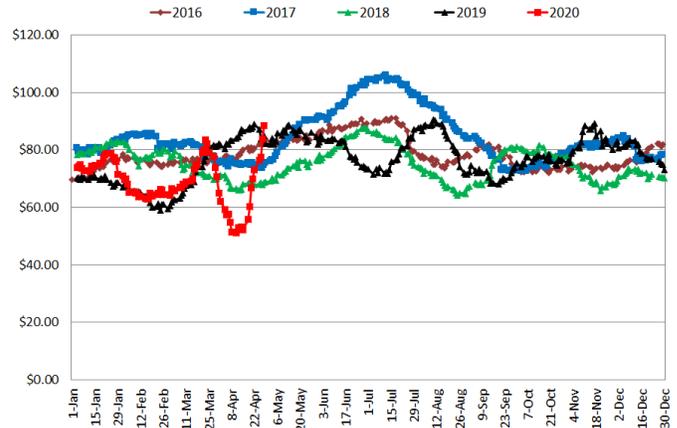
The order was issued to provide legal cover for companies needing more liability coverage in case of further infection to employees. The order is expected to result in a return of slaughter levels closer to normal in the coming weeks and months.

US commercial and federally inspected hog slaughter plunged to 1,995 thousand head for the week ending April 24th, the first sub 2 Million week in nearly 3 years. The last time slaughter fell below the current pace was a short week in July of 2017.

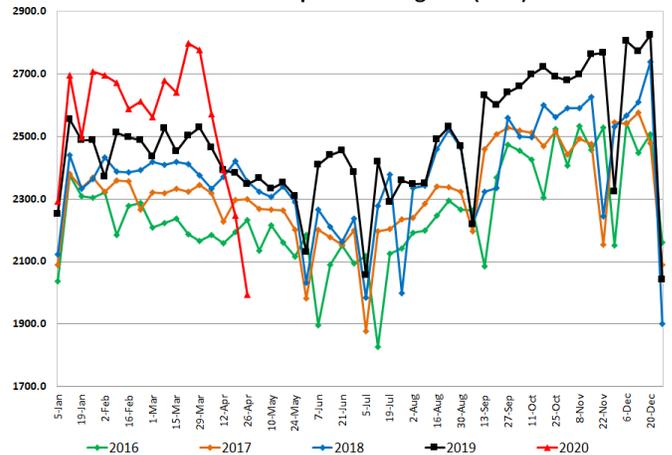
Closed hog, beef and poultry slaughter facilities and reduced hours have led to the back log of animals and have left producers scrambling to find new places to have their livestock processed.

Sow slaughter has also seen a reduction in the last number of weeks, however, prior to the slowdown was recording record levels so far in 2020 indicating some liquidation was occurring.

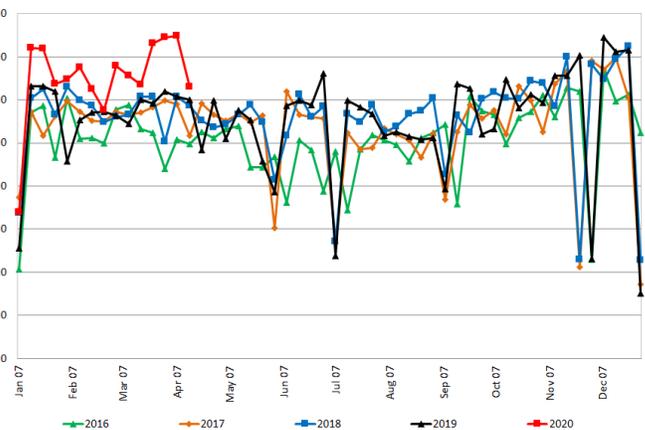
### USDA National Carlot Pork Report - Cutout



### US Federal Inspected Slaughter ('000)



### US Federal Sow Slaughter ('000)



# Weekly Hog Price Recap

National cash hogs reported mid-week gains however declines remaining days pushed the weekly average lower. CME cash weakened early however despite daily improvements the backhalf of the week, also ended the week lower. Regional cash went unreported some days which were generally lower in other markets and likely helped regional markets end the week higher.

Wholesale pork values reported significant daily gains with primals up strongly amid increased competition for fresh pork produced, supporting pork cutout \$17.89/cwt over week ago levels.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	24-Apr-20	Head	17-Apr-20		
ISM pm		\$35.71		\$34.35	\$1.36	4.0%
WCB pm		\$35.13		\$34.24	\$0.88	2.6%
Nat pm		\$33.59		\$34.52	-\$0.92	-2.7%
CME Index*		\$45.18		\$47.43	-\$2.25	-4.7%
Sows, 300-449 lbs	12,937	\$26.13	12,350	\$30.64	-\$4.50	-14.7%
Sows, 500+ lbs	13,945	\$35.18	13,282	\$39.81	-\$4.63	-11.6%
BoC Exch		1.4119		1.4017	0.0102	0.7%

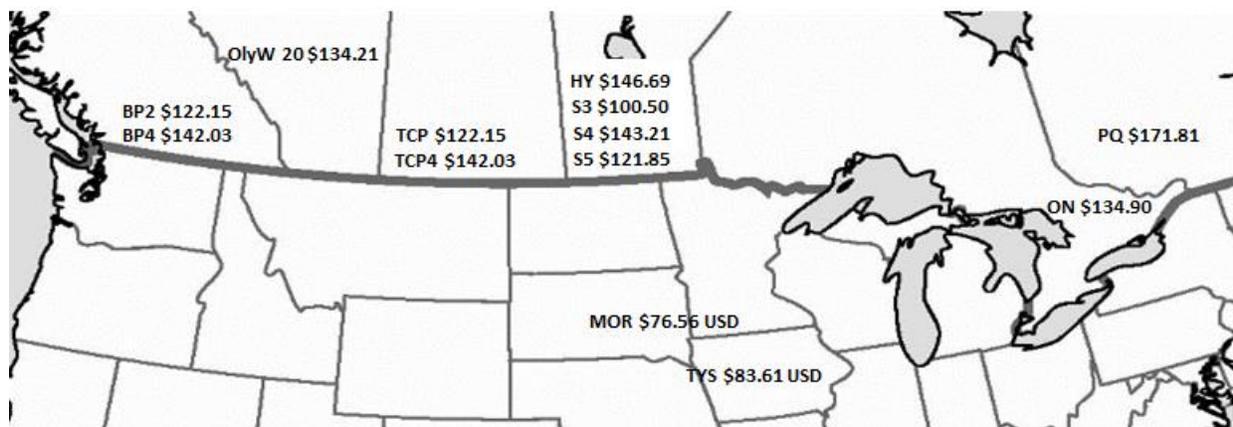
\* Represents Friday-Thursday average

Monitored hog markets were generally improved. Pricing out of Quebec strengthened significantly, carried \$30/hog higher on improvements in pork cutout values. Hylife rose more than \$5/hog while values out of Ontario improved \$1/hog. Pricing out of ML was more moderately affected with the Sig 4 up \$0.50/hog while the Sig 5 declined \$0.50/hog from the previous week. The OlyW 20 which is derived from a base price which is lagged a week, fell \$10.50/hog. For comparison, the OlyW 20 decreased the least compared to other monitored markets reported for the previous week. In the US, Tyson values dropped \$11/hog while JM rose near \$2/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 24-Apr-20	Difference to OlyW20
OlyW 2020***	\$182.28		\$165.49		\$165.50		\$134.21	
ML Sig 3	\$160.65	-\$21.63	\$135.86	-\$29.63	\$136.18	-\$29.32	\$100.50	-\$33.71
ML Sig 4	\$175.87	-\$6.41	\$162.37	-\$3.12	\$162.77	-\$2.73	\$143.21	\$9.00
ML Sig 5	\$168.28	-\$14.00	\$149.12	-\$16.38	\$149.47	-\$16.03	\$121.85	-\$12.35
BP2/TCP **	\$168.37	-\$13.90	\$150.28	-\$15.22	\$151.45	-\$14.05	\$122.15	-\$12.06
BP4/TCP4 **	\$175.38	-\$6.90	\$162.79	-\$2.71	\$163.69	-\$1.81	\$142.03	\$7.83
Hylife	\$176.83	-\$5.45	\$163.10	-\$2.40	\$163.36	-\$2.14	\$146.69	\$12.48
Ontario	\$180.03	-\$2.25	\$160.91	-\$4.58	\$161.09	-\$4.41	\$134.90	\$0.70
Québec	\$184.57	\$2.29	\$175.89	\$10.40	\$173.73	\$8.23	\$171.81	\$37.61
Tyson (USD)	\$136.64	-\$45.63	\$115.39	-\$50.10	\$115.20	-\$50.30	\$83.61	-\$50.60
John Morrell (USD)	\$129.16	-\$53.12	\$105.72	-\$59.77	\$104.51	-\$60.99	\$76.56	-\$57.65

\*\*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

Canadian hog margins were generally improved receiving support from regional markets, the improved rate of exchange and modest decrease in feed costs. Canadian farrow to finish feed costs edged \$0.10/hog lower while those in the monitored US region were down \$0.65/hog.

Margins out of Quebec strengthened the most, improving \$30.50/hog on support from pork cutout values however still averaged near \$14/hog losses for the week. Other monitored margins did not fare as well, with Hylife margins strengthening \$5.50/hog on the week to \$35/hog losses and the Sig 4 up \$0.50/hog to nearly \$39/hog losses. Margins out of the OlyW 20 and Ontario were each calculated at \$50.50/hog losses, down \$10.50/hog and up \$1/hog respectively from week ago levels, while those out of the Sig 5 ended the week at \$60/hog losses. In the US, Tyson margins weakened \$10/hog while JM improved \$1.65/hog from last reported.

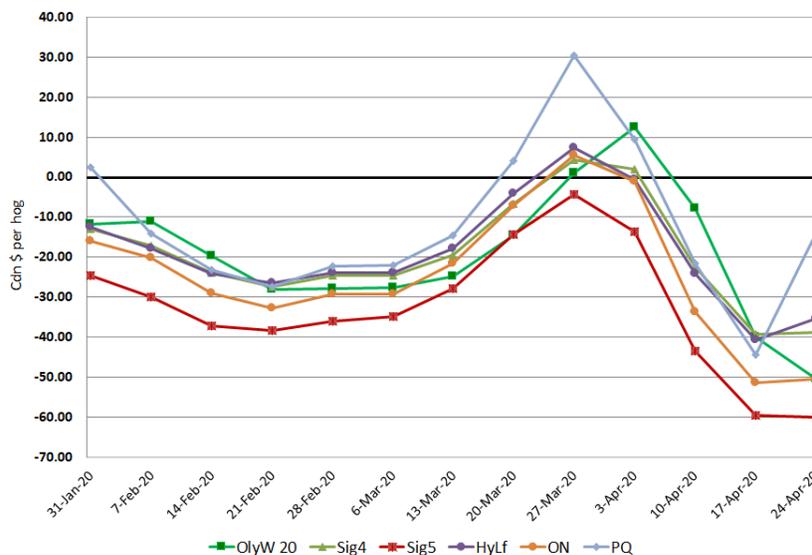
Regional MARGINS, \$/hog						
Packer/Region	24-Apr-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$134.21	\$125.15	\$39.45	\$20.05	\$184.65	-\$50.44
ML Sig 4/Manitoba	\$143.21	\$122.89	\$39.54	\$19.55	\$181.98	-\$38.77
ML Sig 5/Manitoba	\$121.85	\$122.89	\$39.54	\$19.55	\$181.98	-\$60.13
Hylife/Manitoba	\$146.69	\$122.90	\$39.54	\$19.55	\$181.99	-\$35.30
Ontario	\$134.90	\$120.83	\$40.71	\$23.76	\$185.30	-\$50.40
Québec	\$171.81	\$123.52	\$40.50	\$21.65	\$185.67	-\$13.86
Tyson (USD)/Iowa	\$83.61	\$82.39	\$28.70	\$16.57	\$127.66	-\$44.05
John Morrell (USD)/ND	\$76.56	\$80.66	\$28.70	\$16.57	\$125.93	-\$49.37

\* Feed costs standardized for a 285 pound market hog

## US Regional Margins

- Tyson: \$ (44.05) USD X 1.4119 = \$ (62.19) in Canadian Dollars
- Morrell \$ (49.37) USD X 1.4119 = \$ (69.71) in Canadian Dollars

Canadian Margins Last 13 weeks



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