



# Weekly Regional HOG PRICE Report



April 2, 2020

## Things to Consider....

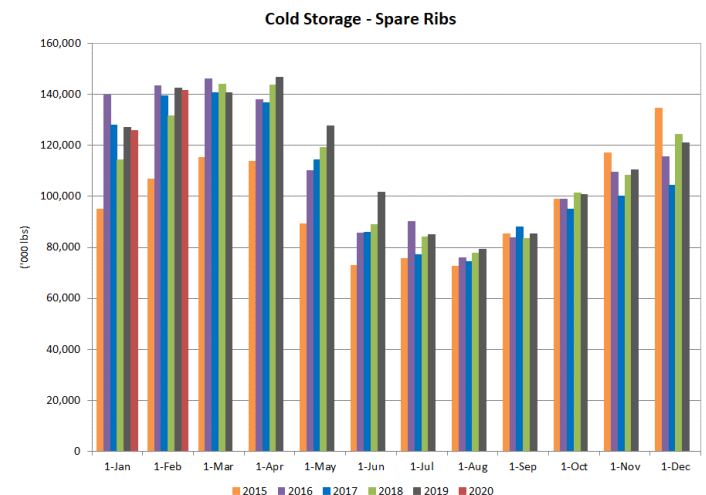
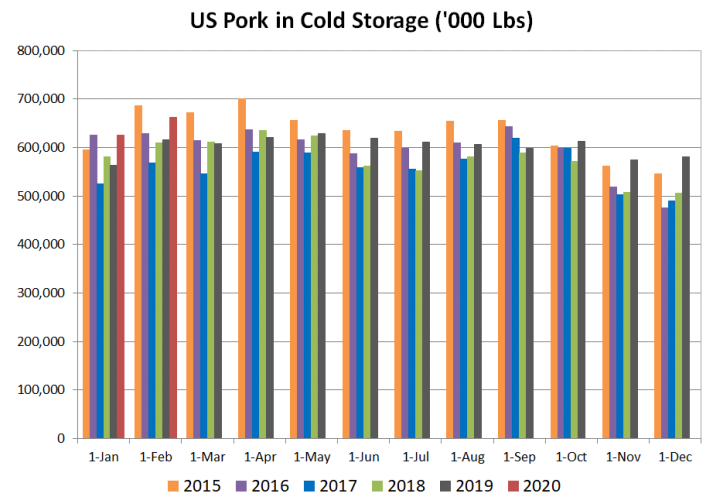
*I hope this message finds everyone safe and well during these unprecedented times. As we all need to play our part in the fight against Covid-19, let's remember to recognize the guidelines issued by Health Canada and Government Agencies.*

During what is now considered uncharted territory, lean hog markets have been significantly impacted due to uncertainty surrounding pork demand, supply chain disruptions and pig supply. It is important in times like these to recognize the risks but also keep in mind macro fundamentals that will eventually play back into the market once shock passes through the system. The information below continues to provide insight as to where the market is fundamentally rather than emotionally. US pork in Cold Storage reported for February increased from the month earlier but the increase was similar to seasonal gains seen in other years. The quantities reported in cold storage in February are prior to any major impacts felt by the spread of Covid-19 in North America, either positive or negative.

US pork in cold storage was reported at 661.7 million pounds for February, an increase of 36.1 million pounds from previously reported with most pork categories at increased quantities. Spare-ribs increased the most on the report, jumping 15.7 million pounds from January levels however remains a modest 984 thousand pounds under year ago levels. Trimmings in cold storage also increased significantly, rising 8.1 million pounds or up 15.3% from last reported and up 18.7% from February of last year. Total hams in US cold storage climbed 4.4 million pounds due to an increase in the boneless variety, however ham quantities in storage overall are currently 6.8% under levels reported for last year. By comparison, picnics in storage rose shy of 2 million pounds for February and are currently well over year-ago levels at nearly 86% higher than February last year, while butts were up 1.6 million pounds and are 9.4% over year ago levels. Bellies rose 3.5 million pounds in cold storage from levels last reported, and currently 38.3% over last year. Typically, total pork in cold storage tends to decline from February into March, as overall ham supplies take a dip ahead of Easter holiday ham purchases.

The release of March and April cold storage will be important to quantify the level of pork sold during the panic buying stage of the pandemic which began in mid-March. The next report expected in mid-April may provide some insight to consumer purchasing over the last 30-45 days.

US Pork in Cold Storage					
('000 lbs)	Feb-20	Jan-20	Feb-19	M/M %	Y/Y %
Picnics	12,532	10,559	6,742	18.7%	85.9%
Hams	119,053	114,618	127,740	3.9%	-6.8%
Bellies	74,383	70,872	53,771	5.0%	38.3%
Loins	49,458	50,109	38,655	-1.3%	27.9%
Ribs	141,619	125,938	142,603	12.5%	-0.7%
Butts	27,665	26,028	25,290	6.3%	9.4%
Trimmings	60,889	52,801	51,317	15.3%	18.7%
Other	83,799	84,856	83,644	-1.2%	0.2%
<b>Total Pork</b>	<b>661,660</b>	<b>625,588</b>	<b>615,674</b>	<b>5.8%</b>	<b>7.5%</b>



# Weekly Hog Price Recap

Cash hog values improved for much of the week with the strongest daily gains reported midweek when packer cash bid volume was also reported at higher levels. CME cash by comparison, rose daily but more moderately relative to regional and national cash hog values. Additionally supportive, wholesale pork values improved daily and helped drive pork cutout \$7.58/cwt over week ago levels.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	20-Mar-20	Head	13-Mar-20		
ISM pm		\$55.82		\$53.66	\$2.16	4.0%
WCB pm		\$55.78		\$53.57	\$2.21	4.1%
Nat pm		\$55.47		\$53.20	\$2.27	4.3%
CME Index*		\$60.62		\$57.86	\$2.76	4.8%
Sows, 300-449 lbs	11,229	\$26.56	11,537	\$25.59	\$0.97	3.8%
Sows, 500+ lbs	11,122	\$33.49	11,255	\$32.78	\$0.70	2.1%
BoC Exch		1.4292		1.3759	0.0533	3.9%

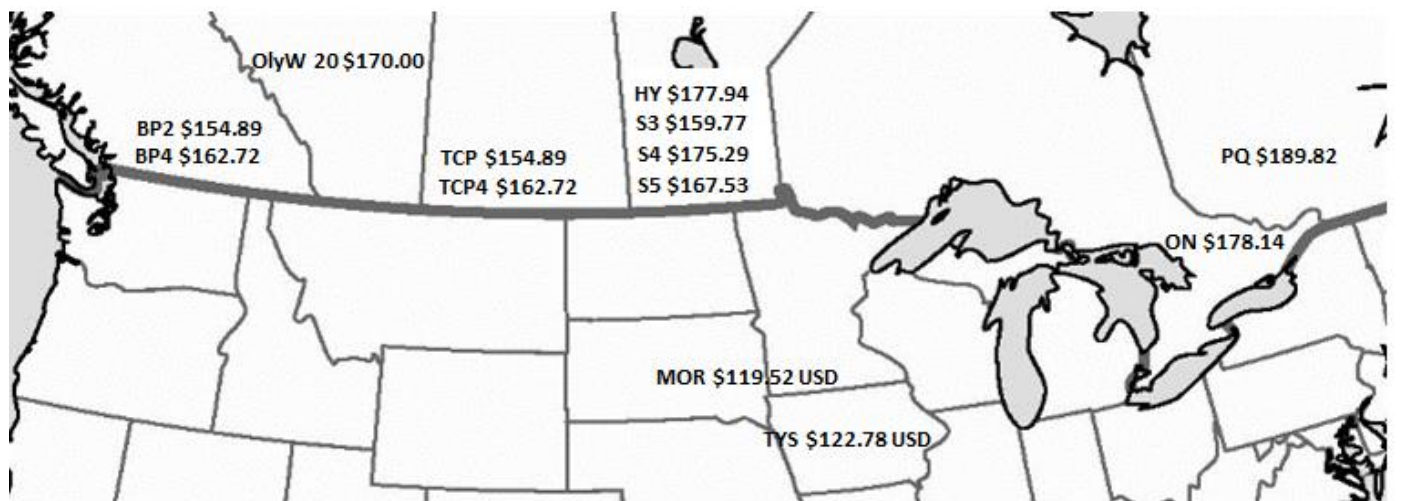
\* Represents Friday-Thursday average

Monitored Canadian hog markets improved generally \$12-\$13 per hog from the previous week, excluding the OlyW 20 which rose more than \$9/hog and pricing out of Quebec which jumped \$17.75/hog. The Sig 4 and Sig 5 each rose near \$12/hog, while other markets such as Hylife and pricing out of Ontario were up around \$13/hog. In the US, Tyson and JM values each climbed near \$4.50/hog higher from the previous week.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 20-Mar-20	Difference to OlyW20
OlyW 2020***	\$183.16		\$164.52		\$164.61		\$170.00	
ML Sig 3	\$162.27	-\$20.89	\$138.94	-\$25.58	\$138.15	-\$26.46	\$159.77	-\$10.24
ML Sig 4	\$176.72	-\$6.44	\$162.00	-\$2.52	\$162.08	-\$2.53	\$175.29	\$5.29
ML Sig 5	\$169.52	-\$13.65	\$150.47	-\$14.05	\$150.12	-\$14.50	\$167.53	-\$2.47
BP2/TCP **	\$169.45	-\$13.72	\$148.42	-\$16.11	\$148.21	-\$16.40	\$154.89	-\$15.11
BP4/TCP4 **	\$176.12	-\$7.04	\$160.23	-\$4.29	\$160.53	-\$4.09	\$162.72	-\$7.28
Hylife	\$177.69	-\$5.47	\$162.96	-\$1.57	\$162.90	-\$1.72	\$177.94	\$7.94
Ontario	\$181.23	-\$1.94	\$161.62	-\$2.90	\$161.46	-\$3.15	\$178.14	\$8.13
Québec	\$185.25	\$2.09	\$175.09	\$10.56	\$176.08	\$11.47	\$189.82	\$19.82
Tyson (USD)	\$137.91	-\$45.25	\$117.83	-\$46.69	\$117.24	-\$47.37	\$122.78	-\$47.22
John Morrell (USD)	\$130.63	-\$52.53	\$110.46	-\$54.06	\$110.01	-\$54.60	\$119.52	-\$50.48

\*\*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 improved on strength in cash hogs and a reduction in feed costs. Canadian margins were strengthened \$14/hog on the week to \$7/hog losses overall while US margins strengthened near \$8/hog to \$3.75/hog losses overall. Canadian farrow to finish feed costs fell \$1/hog while those in the monitored US region declined \$3/hog from a week earlier.

Margins out of Quebec strengthened the most and climbed to positive margins for the first time since the end of January, rising near \$18.50/hog to \$4/hog gains and is the only monitored margin in the green. Hog margins out of Hylife improved nearly \$14/hog to \$4/hog losses, while margins out of Ontario also improved \$14/hog to roughly \$7/hog losses. Maple Leaf margins each improved around \$13/hog with the Sig 4 calculating \$7/hog losses and the Sig 5 at \$14.50/hog losses, and the OlyW 20 strengthened \$10.25/hog to \$14.50/hog losses. In the US, margins out of Tyson improved \$8.25/hog to \$3.75/hog losses while JM margins strengthened more than \$7.50/hog to \$4.50/hog losses.

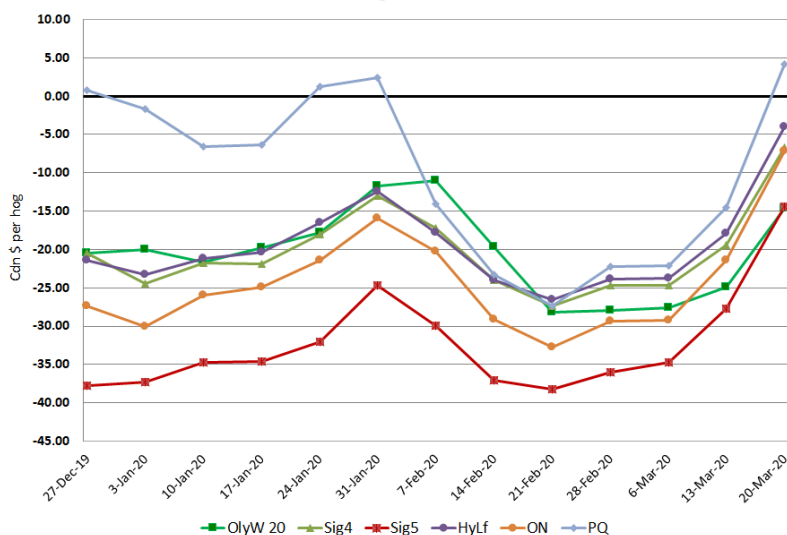
Regional MARGINS, \$/hog						
Packer/Region	20-Mar-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$170.00	\$125.13	\$39.45	\$20.05	\$184.63	-\$14.63
ML Sig 4/Manitoba	\$175.29	\$122.87	\$39.54	\$19.55	\$181.96	-\$6.67
ML Sig 5/Manitoba	\$167.53	\$122.87	\$39.54	\$19.55	\$181.96	-\$14.43
Hylife/Manitoba	\$177.94	\$122.88	\$39.54	\$19.55	\$181.97	-\$4.03
Ontario	\$178.14	\$120.81	\$40.71	\$23.76	\$185.28	-\$7.14
Québec	\$189.82	\$123.50	\$40.50	\$21.65	\$185.65	\$4.17
Tyson (USD)/Iowa	\$122.78	\$80.52	\$28.70	\$16.57	\$125.79	-\$3.01
John Morrell (USD)/ND	\$119.52	\$78.79	\$28.70	\$16.57	\$124.06	-\$4.54

\* Feed costs standardized for a 285 pound market hog

## US Regional Margins

- Tyson: \$ (3.01) USD X 1.4292 = \$ (4.30) in Canadian Dollars
- Morrell \$ (4.54) USD X 1.4292 = \$ (6.49) in Canadian Dollars

Canadian Margins Last 13 weeks



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