



Weekly Regional HOG PRICE Report



April 7, 2020

Things to Consider....

Happy Easter to Everyone.

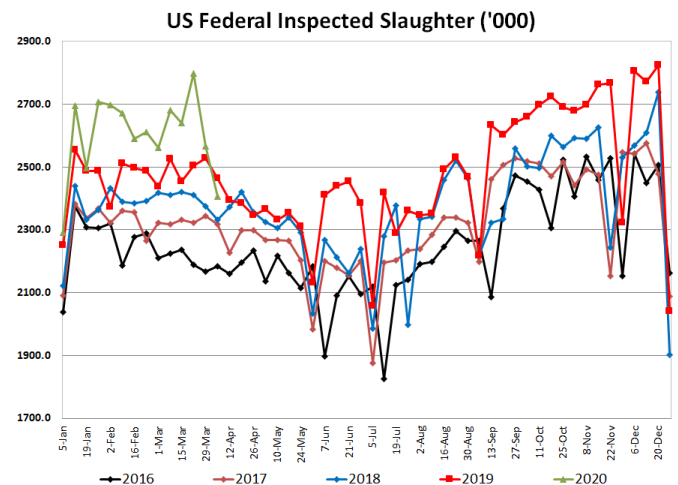
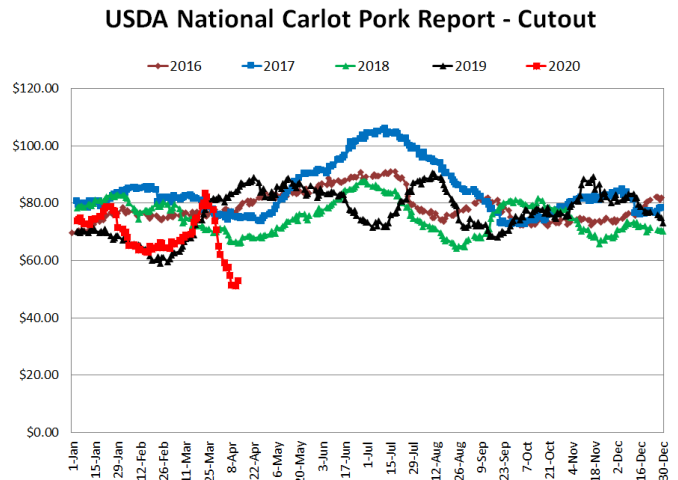
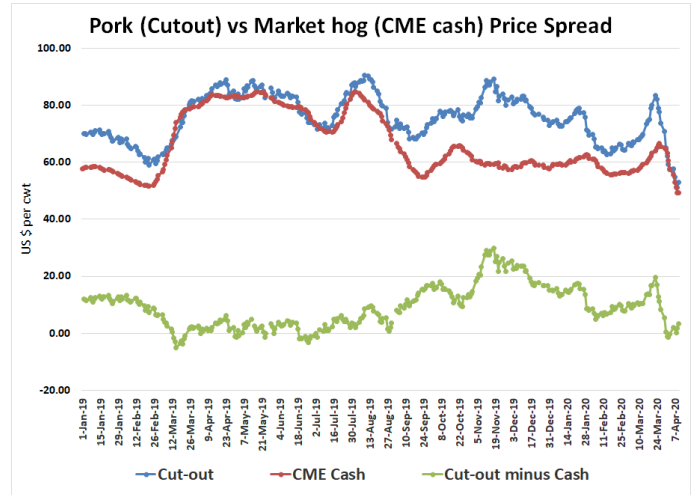
US cash hog prices registered one of the largest weekly declines in recent history fueled by concerns over major food supply chain disruptions. With information changing daily the situation continues to unfold and take its toll on the market. Pork cut-out values, like cash hogs have seen double digit declines dropping to historic lows in recent days. The spread graph shown here illustrates that pork and cash are currently trading at similar levels which is not unusual for this time of year. A small glimmer of hope was reported late last week as cut-out slowed in its decent posting a positive day, the first in over 2 weeks.

In the previous Weekly Regional Hog Report there was a reference to “few processing plants being forced to close in the US due to the spread of the disease”. Although only released early last week, that article had been written the week previous prior to the closures.

As an update, there are now several hog, poultry and beef plants in Canada and the US closed or impacted by the spread of Covid19. Here is a summary of the hog slaughter facilities that have been impacted as of Friday April 10th, 2020.

- Olymel pork plant in Yamachiche, Quebec, shut on March 29 for two weeks, after nine workers tested positive for the coronavirus.
- Smithfield Foods closes Sioux Falls, SD plant that produces 5% of U.S. pork starting April 6th after 238 employees tested positive which accounts for 55% of the States total positive numbers.
- Tyson Foods Inc shut a hog slaughterhouse in Columbus Junction, Iowa, the week of April 6 after more than 24 cases of COVID-19 involving employees at the facility.

Weekly US Federally inspected slaughter for the week ending April 11th dropped to 2.407 Million, the lowest non-holiday weekly kills since early August 2019. Friday slaughter last week of 428,000 was a fraction lower than normal considering it was Good Friday. Many processing plants are expected to have a reduced kill on Monday April 13th in accordance with the Easter Weekend.



Weekly Hog Price Recap

Cash hog values dropped significantly, especially Thursday with more than \$7/cwt declines in regional pricing amid reduced packer cash bid volume which was generally modest for most of the week. CME cash also declined daily with greater daily losses as the week progressed however still declined more moderately compared to those reported in regional and national hogs. Wholesale pork values dropped throughout the week with some primals falling to multi-year lows, dragging pork cutout \$16.32/cwt under week ago levels.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	3-Apr-20	Head	27-Mar-20		
ISM pm		\$50.12		\$59.08	-\$8.96	-15.2%
WCB pm		\$50.04		\$59.00	-\$8.95	-15.2%
Nat pm		\$48.94		\$58.49	-\$9.55	-16.3%
CME Index*		\$63.78		\$64.98	-\$1.20	-1.8%
Sows, 300-449 lbs	12,337	\$37.11	12,568	\$31.03	\$6.08	19.6%
Sows, 500+ lbs	15,016	\$45.07	14,921	\$38.34	\$6.73	17.6%
BoC Exch		1.4176		1.4282	-0.0106	-0.7%

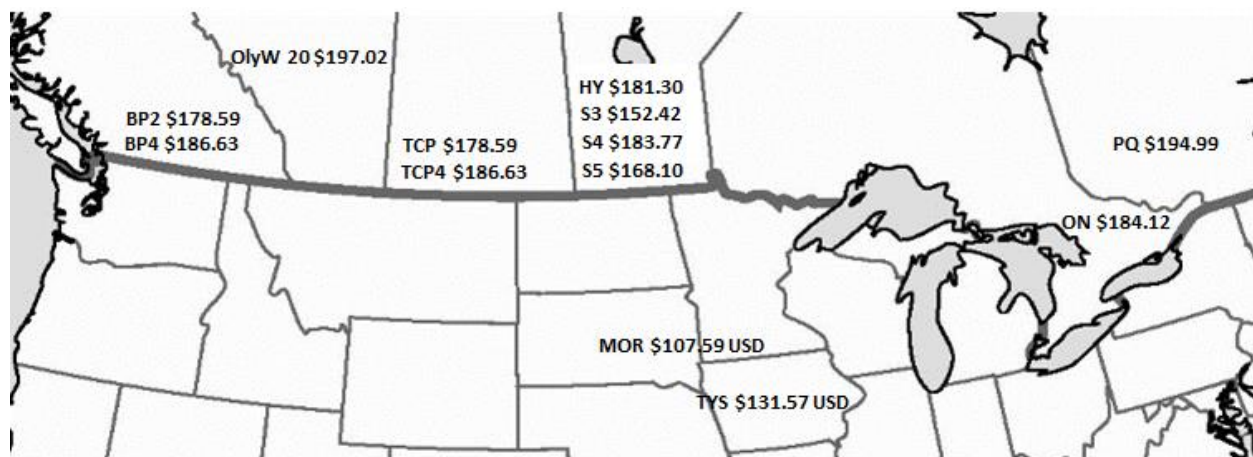
* Represents Friday-Thursday average

Monitored hog markets generally fell to the pressure of falling cash and the reduced rate of exchange. Market prices derived from lagged datasets reported improved pricing, such as the OlyW 20 which rose more than \$10/hog and the TC/BP up \$11-\$12/hog from last reported. The Sig 4 fell near \$3.50/hog, generally more stable than other markets due to their slaughter-based cash base price. Values out of Ontario fell shy of \$8/hog while Hylife fell more than \$9/hog. The Sig 5 shed near \$11/hog while values out of Quebec dropped \$22/hog from the week previous. In the US, Tyson improved \$2/hog while JM fell more than \$18/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 3-Apr-20	Difference to OlyW20
OlyW 2020***	\$183.06		\$168.43		\$168.67		\$197.02	
ML Sig 3	\$161.98	-\$21.08	\$142.14	-\$26.29	\$142.88	-\$25.79	\$152.42	-\$44.60
ML Sig 4	\$176.61	-\$6.45	\$165.37	-\$3.06	\$165.92	-\$2.75	\$183.77	-\$13.24
ML Sig 5	\$169.32	-\$13.75	\$153.76	-\$14.68	\$154.40	-\$14.27	\$168.10	-\$28.92
BP2/TCP **	\$169.20	-\$13.86	\$151.92	-\$16.52	\$152.40	-\$16.27	\$178.59	-\$18.43
BP4/TCP4 **	\$175.92	-\$7.14	\$163.14	-\$5.29	\$163.21	-\$5.47	\$186.63	-\$10.39
Hylife	\$177.58	-\$5.48	\$166.23	-\$2.20	\$166.76	-\$1.91	\$181.30	-\$15.71
Ontario	\$181.05	-\$2.01	\$165.38	-\$3.05	\$166.11	-\$2.56	\$184.12	-\$12.90
Québec	\$185.27	\$2.21	\$179.52	\$11.08	\$179.12	\$10.45	\$194.99	-\$2.02
Tyson (USD)	\$137.63	-\$45.43	\$119.67	-\$48.76	\$120.24	-\$48.43	\$131.57	-\$65.44
John Morrell (USD)	\$130.28	-\$52.78	\$111.38	-\$57.06	\$111.63	-\$57.04	\$107.59	-\$89.43

**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, despite a reduction in feed costs. Canadian farrow to finish feed costs declined \$1.25/hog while those in the monitored US region edged \$0.25/hog lower than a week earlier.

Despite the pressure to hog margins on the week, many managed to hold onto overall profits. Margins out of Quebec weakened \$21/hog for the week however held at nearly \$9.50/hog profits, while those out of the OlyW20 improved \$11.50/hog to \$12.50/hog profits. ML Sig 4 margins weakened more modestly with \$2/hog declines on the week to nearly \$2/hog profits. Other monitored margins such as Hylife and Ontario fell back to negative territory, with an \$8/hog weekly decline out of Hylife falling to \$0.50/hog losses and Ontario which weakened \$6.50/hog to \$1/hog loss. The Sig 5 weakened \$9.50/hog from the previous week to \$13.75/hog losses. In the US, Tyson margins improved \$3/hog to a \$4.50/hog profit while JM dropped more than \$18/hog to nearly \$18/hog losses from week ago levels.

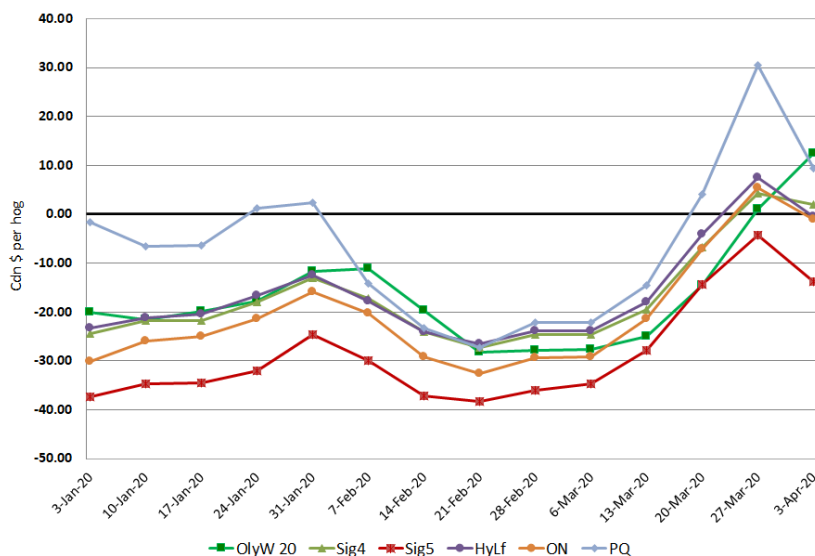
Regional MARGINS, \$/hog						
Packer/Region	3-Apr-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$197.02	\$125.00	\$39.45	\$20.05	\$184.50	\$12.52
ML Sig 4/Manitoba	\$183.77	\$122.74	\$39.54	\$19.55	\$181.83	\$1.94
ML Sig 5/Manitoba	\$168.10	\$122.74	\$39.54	\$19.55	\$181.83	-\$13.73
Hylife/Manitoba	\$181.30	\$122.75	\$39.54	\$19.55	\$181.84	-\$0.54
Ontario	\$184.12	\$120.68	\$40.71	\$23.76	\$185.15	-\$1.03
Québec	\$194.99	\$123.37	\$40.50	\$21.65	\$185.52	\$9.47
Tyson (USD)/Iowa	\$131.57	\$81.83	\$28.70	\$16.57	\$127.10	\$4.47
John Morrell (USD)/ND	\$107.59	\$80.10	\$28.70	\$16.57	\$125.37	-\$17.78

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ 4.47 USD X 1.4176 = \$ 6.34 in Canadian Dollars
- Morrell \$ (17.78) USD X 1.4176 = \$ (25.20) in Canadian Dollars

Canadian Margins Last 13 weeks



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