



# Weekly Regional HOG PRICE Report



April 9, 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.*

As lean hog futures register major losses over the last 2 weeks, signs of US hog liquidation are beginning to show up based on data collected during early March.

The USDA's Quarterly Hogs & Pigs report was released Thursday, March 26th reporting declines in nearly all categories from the previous report (Dec) however above year-ago levels (Mar 2019).

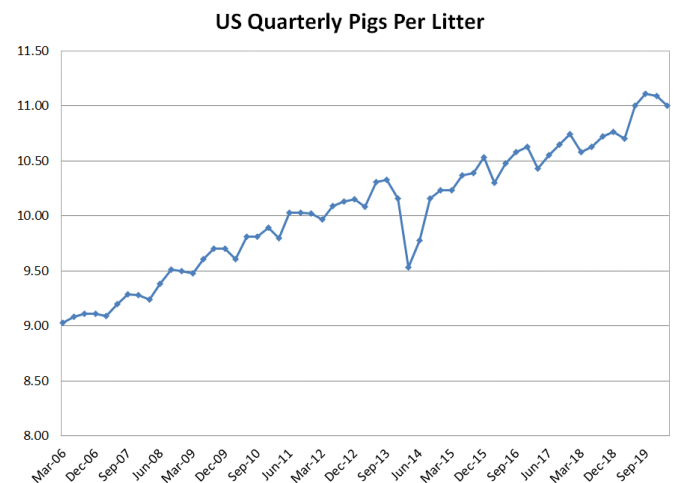
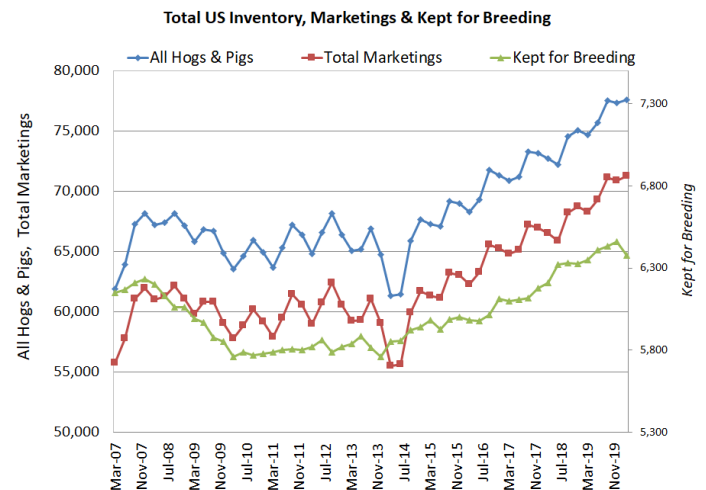
All Hogs & Pigs as reported were 1,029 thousand head under the figure last reported, however 2,968 thousand over March of last year. Kept for Breeding fell 96 thousand from the figure for December, however, is 26 thousand over last year. Market hogs fell 933 thousand head from last quarter, however rose 2,941 thousand head from last year. The March pig crop climbed 1,571 thousand head over last year.

Pigs per litter reached a new high for the Dec-Feb period at 11, surpassing the previous high of 10.7 reached last year for the same period. For comparison, the highest figure published to-date was reported in September for the period of Jun-Aug 2019 at 11.11 pigs per litter.

With lean hog futures now near historical lows limited options are available for forward contracting. Cash prices, although sharply lower in the last number of days have been able to maintain reasonable value given extreme weakness in futures.

Disruption to the supply chain including both the impact of hog slaughter and processing or exports due to potential port closures are dominating the market. To date very few to no major US processors have been affected by the spread of Covid-19 however in Canada slaughter facilities in Quebec have been closed due to employees testing positive to the disease. The risk of more plant closures does exist which is reasoning for the major weakness experienced in the market at this time.

Quarterly H&P - Mar 2020	2019	2020	%20/19	%Mar/Dec	Est	%Act-Est
<b>All Hogs and Pigs</b>	74,661	77,629	104.0%	98.7%	103.7%	0.3%
<b>Kept for Breeding</b>	6,349	6,375	100.4%	98.5%	102.0%	-1.6%
<b>Market Hogs</b>	68,313	71,254	104.3%	98.7%	103.8%	0.5%
<b>Mkt hog Wt. Groups</b>						
Under 50 pounds	21,373	22,221	104.0%	98.1%	102.8%	1.2%
50-119 pounds	19,168	19,853	103.6%	97.8%	103.4%	0.2%
120-179 pounds	15,001	15,581	103.9%	101.7%	104.0%	-0.1%
180 pounds and over	12,771	13,598	106.5%	97.7%	106.0%	0.5%
<b>Dec-Feb Pig Crop</b>	33,163	34,734	104.7%	96.5%	103.0%	1.7%
<b>Dec-Feb Pigs per Litter</b>	10.70	11.00	102.8%	99.2%	101.3%	1.5%
<b>Sows Farrowing</b>						
'19-'20 Dec-Feb	3,099	3,158	101.9%	100.9%	101.6%	0.3%
'20 Mar-May	3,133	3,119	99.6%	99.1%	102.0%	-2.4%
'20 Jun-Aug	3,275	3,134	95.7%		100.0%	-4.3%



# Weekly Hog Price Recap

Cash hog values reported significant improvements early in the week, while declines in the latter part were more modest in comparison and helped hog values hold well over the previous week. CME cash by comparison, rose daily but more moderately relative to regional and national cash hog values. Wholesale pork values weakened throughout the better part of the week however also managed to average over the previous week with pork cutout \$2.86/cwt over week ago levels.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	27-Mar-20	Head	20-Mar-20		
ISM pm		\$59.08		\$55.82	\$3.27	5.9%
WCB pm		\$59.00		\$55.78	\$3.22	5.8%
Nat pm		\$58.49		\$55.47	\$3.02	5.4%
CME Index*		\$64.98		\$60.62	\$4.36	7.2%
Sows, 300-449 lbs	12,568	\$31.03	11,229	\$26.56	\$4.47	16.8%
Sows, 500+ lbs	14,921	\$38.34	11,122	\$33.49	\$4.85	14.5%
BoC Exch		1.4282		1.4292	-0.0010	-0.1%

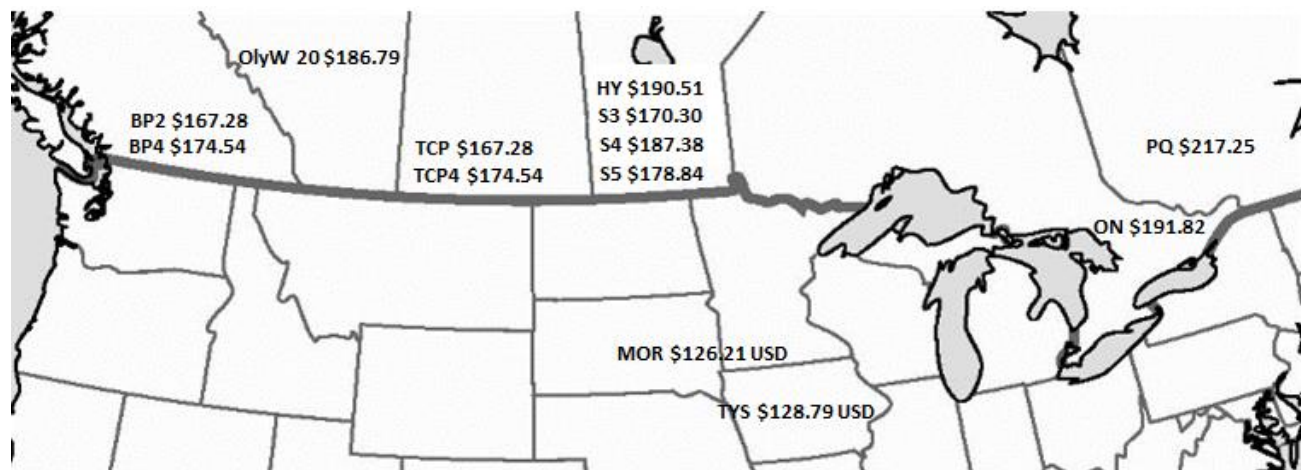
\* Represents Friday-Thursday average

Monitored Canadian hog markets improved generally \$12-\$13 per hog from the previous week, excluding the OlyW 20 which rose near \$17/hog and pricing out of Quebec which jumped more than \$27/hog. The Sig 4 was up \$12/hog, Hylife improved \$12.50/hog and values out of Ontario rose closer to \$13.50/hog. In the US, Tyson climbed \$5.50/hog while JM improved more than \$6.50/hog 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 27-Mar-20	Difference to OlyW20
OlyW 2020***	\$183.08		\$166.24		\$166.24		\$186.79	
ML Sig 3	\$162.19	-\$20.89	\$141.35	-\$24.88	\$141.35	-\$24.88	\$170.30	-\$16.49
ML Sig 4	\$176.67	-\$6.41	\$163.96	-\$2.28	\$163.96	-\$2.28	\$187.38	\$0.59
ML Sig 5	\$169.45	-\$13.64	\$152.65	-\$13.58	\$152.65	-\$13.58	\$178.84	-\$7.95
BP2/TCP **	\$169.27	-\$13.82	\$149.87	-\$16.37	\$149.87	-\$16.37	\$167.28	-\$19.51
BP4/TCP4 **	\$175.97	-\$7.11	\$161.33	-\$4.90	\$161.33	-\$4.90	\$174.54	-\$12.25
Hylife	\$177.66	-\$5.42	\$165.08	-\$1.16	\$165.08	-\$1.16	\$190.51	\$3.72
Ontario	\$181.15	-\$1.93	\$163.94	-\$2.29	\$163.94	-\$2.29	\$191.82	\$5.03
Québec	\$185.32	\$2.23	\$178.33	\$12.09	\$178.33	\$12.09	\$217.25	\$30.45
Tyson (USD)	\$137.75	-\$45.33	\$118.72	-\$47.52	\$118.72	-\$47.52	\$128.79	-\$58.00
John Morrell (USD)	\$130.51	-\$52.57	\$111.67	-\$54.57	\$111.67	-\$54.57	\$126.21	-\$60.58

\*\*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, tempered in part by a rise in feed costs. Canadian farrow to finish feed costs rose \$1/hog while those in the monitored US region climbed \$1.50/hog from a week earlier.

Nearly all monitored hog margins rose into positive territory with only those out of the Sig 5 still negative, strengthening \$10/hog to near \$4/hog losses. Margins out of Quebec surged \$26/hog to \$30.50/hog profits, stronger by far than other monitored markets. Hylife hog margins improved \$11.50/hog to \$7.50/hog profits, and Ontario margins were more than \$12.50/hog stronger to \$5.50/hog profits. Sig 4 margins improved \$11/hog to near \$4/hog profits, while the OlyW 20 strengthened \$15.50/hog to a profit of \$1/hog. In the US, Tyson margins improved \$4.50/hog to \$1.50/hog profits while JM strengthened \$5/hog to \$0.60/hog profits.

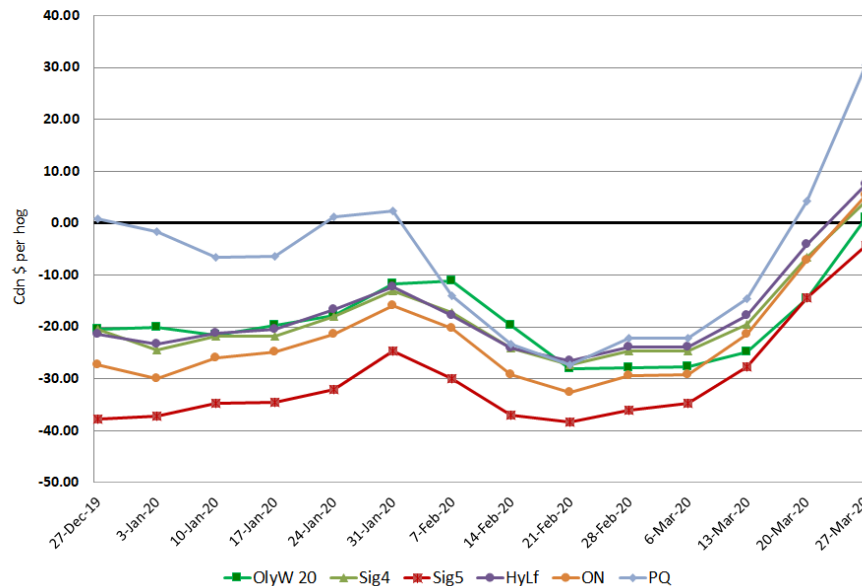
Regional MARGINS, \$/hog						
Packer/Region	27-Mar-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$186.79	\$126.23	\$39.45	\$20.05	\$185.73	\$1.06
ML Sig 4/Manitoba	\$187.38	\$123.97	\$39.54	\$19.55	\$183.06	\$4.32
ML Sig 5/Manitoba	\$178.84	\$123.97	\$39.54	\$19.55	\$183.06	-\$4.22
Hylife/Manitoba	\$190.51	\$123.98	\$39.54	\$19.55	\$183.07	\$7.44
Ontario	\$191.82	\$121.91	\$40.71	\$23.76	\$186.38	\$5.44
Québec	\$217.25	\$124.60	\$40.50	\$21.65	\$186.75	\$30.50
Tyson (USD)/Iowa	\$128.79	\$82.07	\$28.70	\$16.57	\$127.34	\$1.45
John Morrell (USD)/ND	\$126.21	\$80.34	\$28.70	\$16.57	\$125.61	\$0.60

\* Feed costs standardized for a 285 pound market hog

## US Regional Margins

- Tyson: \$ 1.45 USD X 1.4282 = \$ 2.07 in Canadian Dollars
- Morrell: \$ 0.60 USD X 1.4282 = \$ 0.86 in Canadian Dollars

## Canadian Margins Last 13 weeks



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