



Weekly Regional HOG PRICE Report



May 12, 2020

Things to Consider....

Quick update on the processing situation south of the border, as shown in the interactive map, all US pork processing facilities are now back in operation however many below capacity. The attached link allows for the selection of each plant currently under capacity providing an estimate of potential slaughter in the weeks ahead. Some major facilities are currently running near 50% while others are approaching 75-80% of normal slaughter capacity.

On another note, US meat trade data reported pork exports at 701.6 million pounds for March, a new historical monthly high surpassing the previous high recorded this past December. The latest figure was up 43.4 million pounds from last reported and nearly 186 million pounds over year ago levels.

Some destinations for US pork also reached historical highs in March including Canada, Chile, Honduras, and Nicaragua. US pork to Canada reported the greatest increase on the report, up 12.3 million pounds for March. Volume to Colombia increased 6 million pounds while Chile imported a historically high quantity of US pork reaching 18.5 million pounds, which was up nearly 5.2 million pounds from previously reported. Japan increased imports of US pork by 4.4 million pounds while Mexico increased 2.5 million pounds from the figure for February.

US pork to mainland China, Taiwan and Hong Kong as a total edged 1.6 million lower in March however volume to the mainland alone declined 2.1 million pounds. Volume to China* continues at strong levels. Australia also reported a decrease, falling 3.2 million pounds in March.

As pork exports continue at a record pace and hog numbers begin to decline during the summer and fall months, ongoing strength in meat values are going to continue to provide underlying support. Pork price reached an all-time high for this week reaching \$121.66 US/cwt which exceeded the high for this week in 2014 which was \$112.92 US.

<https://story.mapme.com/us-pork-packers/>

All US Pork Processing Facilities

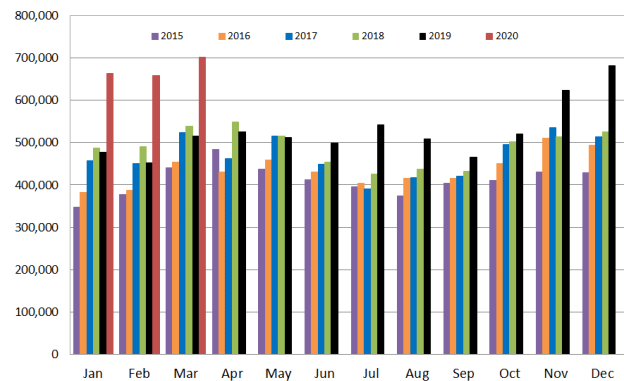


US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Mar-19	Feb-20	Mar-20	M/M%	Y/Y%	YTD/LYTD%
Australia	27,628	29,989	22,881	-23.7%	-17.2%	0.8%
Canada	55,037	47,201	59,469	26.0%	8.1%	12.4%
China*	52,032	199,878	198,260	-0.8%	281.0%	404.1%
Colombia	28,832	17,713	23,702	33.8%	-17.8%	-25.1%
Japan	96,569	109,760	114,127	4.0%	18.2%	11.9%
Mexico	128,474	138,213	140,742	1.8%	9.5%	12.1%
South Korea	61,032	52,380	55,044	5.1%	-9.8%	-10.3%
All US Pork Exports	515,412	658,182	701,583	6.6%	36.1%	39.9%

*Includes Mainland, Hong Kong & Taiwan

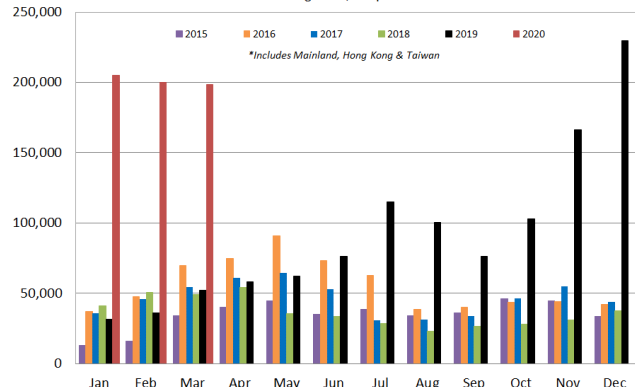
Total US Pork Exports

Carcass Weight 1,000 pounds



Total US Pork Exports to China*

Carcass Weight 1,000 pounds



*Includes Mainland, Hong Kong & Taiwan

Weekly Hog Price Recap

National cash hog values varied however generally began the week lower while the latter half of the week reported daily improvement. Regional cash moved similarly to national pricing however went unreported 2 of the previous 5 business days while CME cash by comparison improved daily. Wholesale pork values made significant moves up again this week, excluding hams which declined \$4.91/cwt, helping drive pork cutout \$19.89/cwt higher than week ago levels.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	8-May-20	Head	1-May-20		
ISM pm		\$37.45		\$36.51	\$0.94	2.6%
WCB pm		\$37.44		\$36.90	\$0.54	1.5%
Nat pm		\$36.85		\$36.49	\$0.36	1.0%
CME Index*		\$63.13		\$52.59	\$10.54	20.0%
Sows, 300-449 lbs	12,339	\$18.37	11,485	\$22.89	-\$4.51	-19.7%
Sows, 500+ lbs	14,207	\$25.80	12,875	\$29.00	-\$3.20	-11.0%
BoC Exch		1.4038		1.3986	0.0052	0.4%

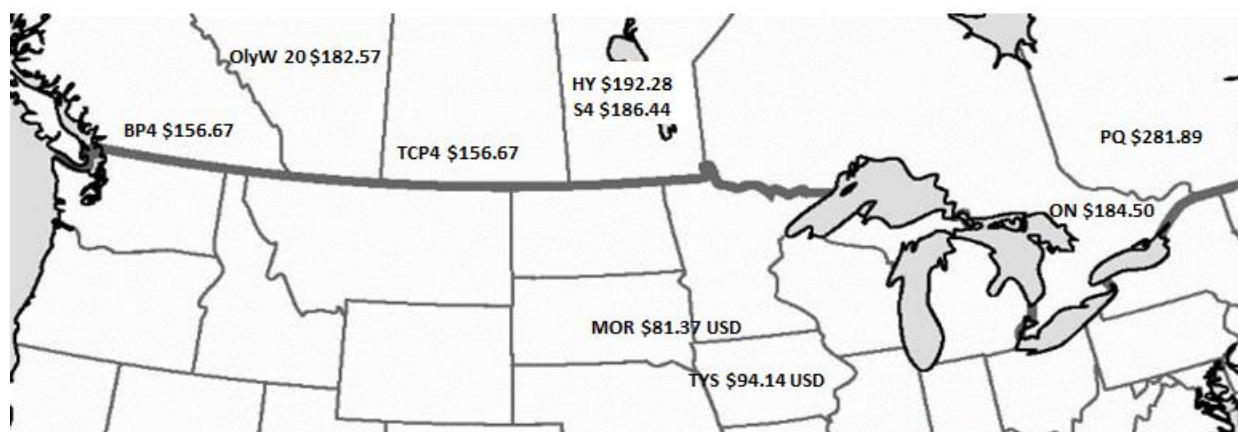
* Represents Friday-Thursday average

Monitored hog markets rose again this week on climbing cash hog values and the improved currency rate of exchange. Quebec was up the most, surging near \$65/hog as it received further benefit from the pork cutout window. Hog values out of the OlyW 20 improved \$31.50/hog, while the ML Sig 4 rose \$29/hog and remaining Canadian monitored markets were up near \$30/hog from the previous week. In the US, Tyson values rose \$7/hog while JM climbed more than \$1/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 8-May-20	Difference to OlyW20
OlyW 2020***	\$182.14		\$165.63		\$164.47		\$182.57	
ML Sig 4	\$175.83	-\$6.31	\$163.38	-\$2.25	\$163.51	-\$0.96	\$186.44	\$3.87
BP4/TCP4 **	\$174.99	-\$7.15	\$161.40	-\$4.23	\$161.14	-\$3.34	\$156.67	-\$25.89
Hylife	\$176.86	-\$5.29	\$164.61	-\$1.02	\$164.95	\$0.48	\$192.28	\$9.71
Ontario	\$179.91	-\$2.23	\$161.83	-\$3.80	\$161.42	-\$3.05	\$184.50	\$1.93
Québec	\$185.41	\$3.26	\$183.65	\$18.02	\$184.43	\$19.96	\$281.89	\$99.33
Tyson (USD)	\$136.08	-\$46.06	\$112.82	-\$52.81	\$110.36	-\$54.11	\$94.14	-\$88.43
John Morrell (USD)	\$128.60	-\$53.54	\$103.10	-\$62.53	\$99.58	-\$64.89	\$81.37	-\$101.20

**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

Canadian hog margins improved again, up generally \$30/hog from the week previous and most Canadian margins reached positive territory. Lessened feed costs also added additional modest support with Canadian farrow to finish feed costs down \$0.25/hog while those in the monitored US region were down near \$0.70/hog from the previous week.

Margins out of Quebec strengthened the most, improving just shy of \$65/hog to \$98/hog profits which is significantly stronger than any other monitored market. The OlyW 20 strengthened shy of \$32/hog to nearly breakeven on the week. Hog margins out of Hylife strengthened \$30/hog to \$12/hog profits, while margins out of the Sig 4 and as well as Ontario each improved \$30/hog to \$6.50 & \$1 per hog profit, respectively. In the US, Tyson margins improved \$8/hog to \$32.50/hog losses while JM strengthened near \$2/hog to \$43.50/hog losses from last reported.

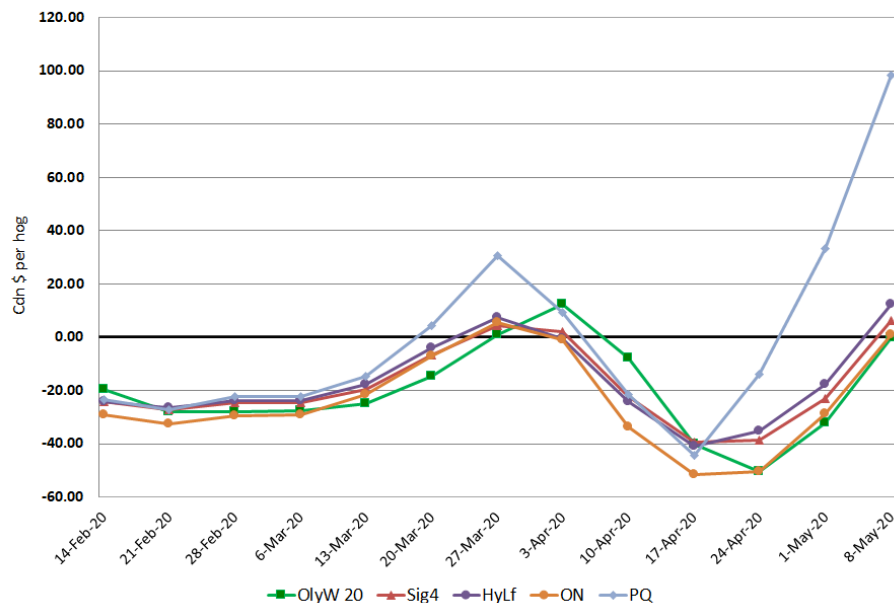
Regional MARGINS, \$/hog						
Packer/Region	8-May-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$182.57	\$123.24	\$39.45	\$20.05	\$182.74	-\$0.17
ML Sig 4/Manitoba	\$186.44	\$120.98	\$39.54	\$19.55	\$180.07	\$6.37
Hylife/Manitoba	\$192.28	\$120.99	\$39.54	\$19.55	\$180.08	\$12.20
Ontario	\$184.50	\$118.92	\$40.71	\$23.76	\$183.39	\$1.11
Québec	\$281.89	\$121.61	\$40.50	\$21.65	\$183.76	\$98.13
Tyson (USD)/Iowa	\$94.14	\$81.44	\$28.70	\$16.57	\$126.71	-\$32.57
John Morrell (USD)/ND	\$81.37	\$79.71	\$28.70	\$16.57	\$124.98	-\$43.61

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (32.57) USD x 1.4038 = \$ (45.72) in Canadian Dollars
- Morrell: \$ (43.61) USD x 1.4038 = \$ (61.22) in Canadian Dollars

Canadian Margins Last 13 weeks



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