



Weekly Regional HOG PRICE Report



May 19, 2020

Things to Consider....

After a near record breaking week in pork prices here is a review of current retail and wholesale pork situation by cut.

Retail bacon prices for March climbed 1.7% or 9 cents higher to \$5.35/lb, bringing the cut -3.7% under last year. Current retail bacon price levels are 24 cents under the 3-year average for the month of April.

Wholesale belly prices by comparison dropped \$6.49 or -8.8% for the same period, reported at \$67.19/cwt for April. Notably, wholesale belly values are more than \$82/cwt under year ago levels, or 55% under last year.

Overall, chop prices were up 26 cents or 7.6% higher for April at \$3.67/lb, bringing chops 32 cents or 9.5% over last year. Current retail price levels are 31 cents over the 3-year average for the month of April.

Boneless chop prices rose 22 cents to \$4.01/lb, bringing boneless chops 5.5% or 21 cents over last year. Bone-in chop prices jumped 24 cents for April to \$4.15/lb, bringing the cut 9.8% over last year or 37 cents higher.

Wholesale loins for the month increased \$14.75 to \$96.35/cwt or 18.1% over the previous month, and 28.3% or \$21.26/cwt over last year.

The figures reported by the USDA excluded an update for hams and other retail pork values, however wholesale hams fell \$12.02 or -22.1% to \$42.26/cwt for the month of April. This brings wholesale ham values \$23.71 under last year or 35.9% under April 2019.

Wholesale picnics fell \$17.02 to \$43.24/cwt from last reported, 21.1% under year ago levels and the weakest monthly figure since Mar 2019.

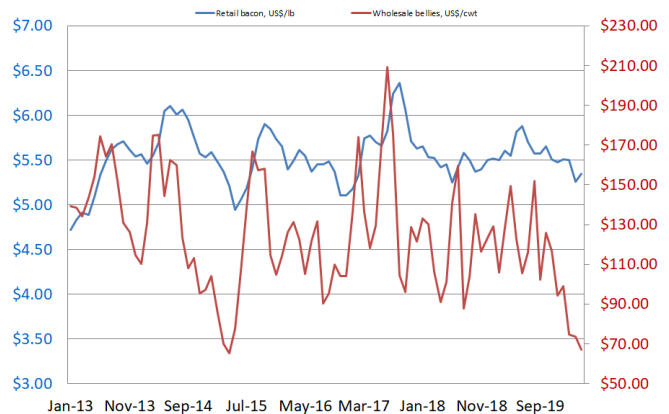
Wholesale butts fell \$27.44 to \$72.81, and spareribs dropped \$32.01 to \$113.88/cwt from the monthly figure reported for March.

As illustrated some cuts are showing a significant deviation from retail to wholesale while other are maintaining a more consistent value spread. With US hog slaughter beginning to rise the drop off in cut-out is likely to continue which will force some prices lower in the coming weeks which are tied to meat values.

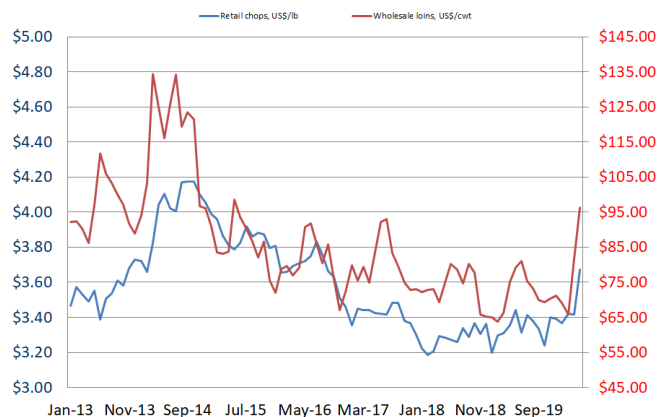
| US Retail Pork Price, US\$/lb | | | | | | |
|-------------------------------|--------|--------|--------|--------|------|---------------|
| | Apr-19 | Mar-20 | Apr-20 | m/m | y/y | |
| Bacon | \$5.55 | \$5.26 | \$5.35 | \$0.09 | 1.7% | -\$0.21 -3.7% |
| All Pork Chops | \$3.35 | \$3.42 | \$3.67 | \$0.26 | 7.6% | \$0.32 9.5% |
| chops, center cut, bone in | \$3.78 | \$3.91 | \$4.15 | \$0.24 | 6.2% | \$0.37 9.8% |
| chops, boneless | \$3.80 | \$3.79 | \$4.01 | \$0.22 | 5.9% | \$0.21 5.5% |
| All ham | \$3.06 | \$3.38 | | | | |
| Hams, boneless uncanned | \$4.26 | \$4.46 | | | | |
| All Other Pork | \$2.56 | \$2.76 | | | | |

| National Pork (MPR) Primal Values | | | | | | |
|-----------------------------------|--------|--------|--------|----------|--------|-----------------|
| | Apr-19 | Mar-20 | Apr-20 | m/m | y/y | |
| Cutout | 84.69 | 72.25 | 65.80 | -\$6.45 | -8.9% | -\$18.90 -22.3% |
| Loin | 75.09 | 81.61 | 96.35 | \$14.75 | 18.1% | \$21.26 28.3% |
| Butt | 95.60 | 100.25 | 72.81 | -\$27.44 | -27.4% | -\$22.79 -23.8% |
| Picnic | 54.81 | 60.26 | 43.24 | -\$17.02 | -28.2% | -\$11.57 -21.1% |
| Rib | 144.89 | 145.89 | 113.88 | -\$32.01 | -21.9% | -\$31.01 -21.4% |
| Ham | 65.96 | 54.28 | 42.26 | -\$12.02 | -22.1% | -\$23.71 -35.9% |
| Belly | 149.45 | 73.68 | 67.19 | -\$6.49 | -8.8% | -\$82.26 -55.0% |

Retail Bacon VS Wholesale Bellies



Retail Chops VS Wholesale Loins



Weekly Hog Price Recap

Cash hog values varied however generally began the week lower with more moderate moves the remainder of the week, while regional cash went unreported Wednesday. National cash bid volume was generally considered moderate. CME cash began weaker however rose on mid-week improvements. Most wholesale pork primals finished stronger on the week despite some daily pullbacks, excluding hams and bellies which were lower overall. Pork cutout was up \$1.18/cwt from the previous week.

| USD Cash Price | Weekly Averages | | | | w/w | % Chg |
|-------------------|-----------------|-----------|--------|----------|---------|-------|
| | Head | 15-May-20 | Head | 8-May-20 | | |
| ISM pm | | \$36.50 | | \$37.45 | -\$0.95 | -2.5% |
| WCB pm | | \$36.50 | | \$37.44 | -\$0.94 | -2.5% |
| Nat pm | | \$37.01 | | \$36.85 | \$0.16 | 0.4% |
| CME Index* | | \$67.37 | | \$63.13 | \$4.24 | 6.7% |
| Sows, 300-449 lbs | 13,092 | \$17.74 | 12,339 | \$18.37 | -\$0.63 | -3.4% |
| Sows, 500+ lbs | 13,766 | \$24.79 | 14,207 | \$25.80 | -\$1.01 | -3.9% |
| BoC Exch | | 1.4057 | | 1.4038 | 0.0019 | 0.1% |

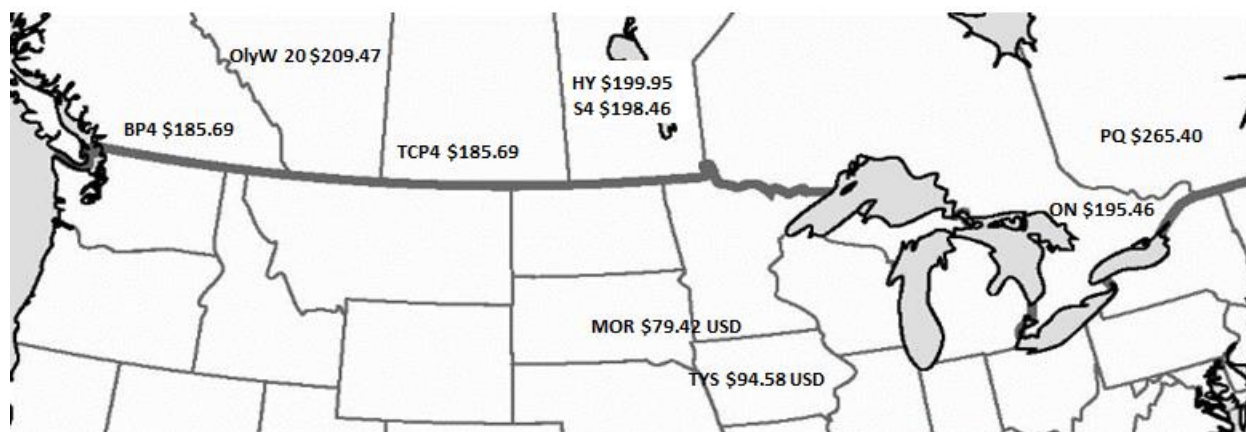
* Represents Friday-Thursday average

The OlyW 20 and BP/TCP were up the most on the week due to their 1-week lagged base pricing, rising \$27 & \$29 per hog respectively. The Sig 4 rose \$12/hog while values out of Ontario were up near \$11/hog and the Hylife climbed shy of \$8/hog. Quebec reported the greatest week-over-week decline, falling \$16.50/hog. In the US, Tyson values were generally stable while JM fell 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 15-May-20 | Difference to OlyW20 |
| OlyW 2020*** | \$182.40 | | \$167.82 | | \$167.87 | | \$209.47 | |
| ML Sig 4 | \$176.03 | -\$6.37 | \$165.13 | -\$2.69 | \$166.61 | -\$1.27 | \$198.46 | -\$11.01 |
| BP4/TCP4 ** | \$175.08 | -\$7.31 | \$162.61 | -\$5.21 | \$162.76 | -\$5.11 | \$185.69 | -\$23.78 |
| Hylife | \$177.06 | -\$5.33 | \$166.37 | -\$1.45 | \$168.16 | \$0.29 | \$199.95 | -\$9.52 |
| Ontario | \$180.07 | -\$2.33 | \$163.51 | -\$4.31 | \$164.42 | -\$3.45 | \$195.46 | -\$14.01 |
| Québec | \$185.99 | \$3.59 | \$187.74 | \$19.92 | \$192.33 | \$24.45 | \$265.40 | \$55.93 |
| Tyson (USD) | \$135.88 | -\$46.52 | \$111.94 | -\$55.88 | \$108.74 | -\$59.13 | \$94.58 | -\$114.89 |
| John Morrell (USD) | \$128.37 | -\$54.03 | \$101.91 | -\$65.91 | \$97.60 | -\$70.27 | \$79.42 | -\$130.05 |

**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

Most Canadian hog margins improved again this week and were further supported by reduced feed costs. Canadian farrow to finish feed costs fell \$2.50/hog while those in the monitored US region were down near \$1.50/hog from the previous week.

Despite recent declines hog margins out of Quebec remain the strongest north of the border, weakening \$14/hog to \$84.25/hog profits. The OlyW 20 strengthened \$29.50/hog to more than \$29/hog profits, while Hylife improved near \$10.50/hog to \$22.50/hog profits and the Sig 4 strengthened \$14.50/hog to \$21/hog profits. Hog margins out of Ontario were the weakest overall on the Canadian side, improving \$13.50/hog to nearly \$15/hog profits. In the US, Tyson margins improved \$2/hog to \$30.50/hog losses while JM weakened \$0.30/hog to \$44/hog losses from week ago levels.

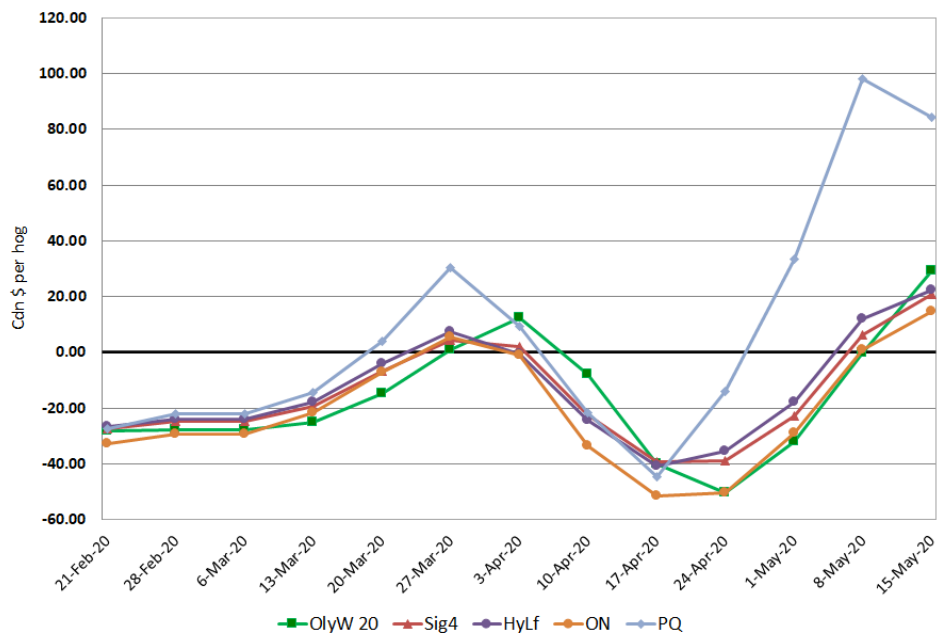
| Regional MARGINS, \$/hog | | | | | | |
|--------------------------|-----------|----------|------------------|---------|-----------|---------------|
| Packer/Region | 15-May-20 | | Farrow to Finish | | Total COP | Weekly Margin |
| | Hog Price | Feed* | Variable | Fixed | | |
| OlyW 20/Alberta | \$209.47 | \$120.62 | \$39.45 | \$20.05 | \$180.12 | \$29.35 |
| ML Sig 4/Manitoba | \$198.46 | \$118.36 | \$39.54 | \$19.55 | \$177.45 | \$21.01 |
| Hylife/Manitoba | \$199.95 | \$118.37 | \$39.54 | \$19.55 | \$177.46 | \$22.49 |
| Ontario | \$195.46 | \$116.30 | \$40.71 | \$23.76 | \$180.77 | \$14.69 |
| Québec | \$265.40 | \$118.99 | \$40.50 | \$21.65 | \$181.14 | \$84.26 |
| Tyson (USD)/Iowa | \$94.58 | \$79.80 | \$28.70 | \$16.57 | \$125.07 | -\$30.49 |
| John Morrell (USD)/ND | \$79.42 | \$78.07 | \$28.70 | \$16.57 | \$123.34 | -\$43.92 |

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (30.49) USD X 1.4057 = \$ (42.86) in Canadian Dollars
- Morrell: \$ (43.92) USD X 1.4057 = \$ (61.74) in Canadian Dollars

Canadian Margins Last 13 weeks



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