



Weekly Regional HOG PRICE Report



June 9, 2020

Things to Consider...

After reaching a new historical high in March on the previous report, US pork exports have fallen to a 5-month low for April however the monthly declines are seasonal. US meat trade data reported pork exports at 641.3 million pounds on the latest report, dropping 60.3 million pounds from March and now nearly 117 million pounds over year ago levels.

Major destinations for US pork such as Mexico and Canada reported significant declines from levels in March, dropping 41.9 and 23.4 million, respectively. Mexico's share of US pork exports has continued to trend lower compared to other destinations, now nearly 8% under the 12-month average of 23.6%, and the monthly volume falling to levels not reported since June 2013. US pork to Canada fell to a low not reported since Feb 2017 and is nearly 3% under the 12-month average of 8.4%. Other notable declines were those to Colombia, South Korea and Chile which each reportedly fell 8-9 million pounds.

US pork to mainland China, Taiwan and Hong Kong as a total jumped 42.7 million pounds for April, with the mainland alone accounting for more than 40 million pounds of the increase. Total US pork to China* accounted for 37.6% of the overall monthly figure, 15.4% over the 12-month average for the region. Japan notably increased their imports of US pork by 7.8 million pounds for April, rising to the highest monthly volume reported since April 2015 at 143.3 million pounds. The current volume to Japan accounts for 19% of total US pork exports for the month of April.

As an update to last week's article US Federally Inspected Slaughter had a second consecutive week above year ago levels which implies the processing industry is back near capacity. Also in the news, barrow and gilt weights registered a significant drop falling to 286.6 pounds from 291 the week prior indicating supplies are becoming more current.

US Pork Exports

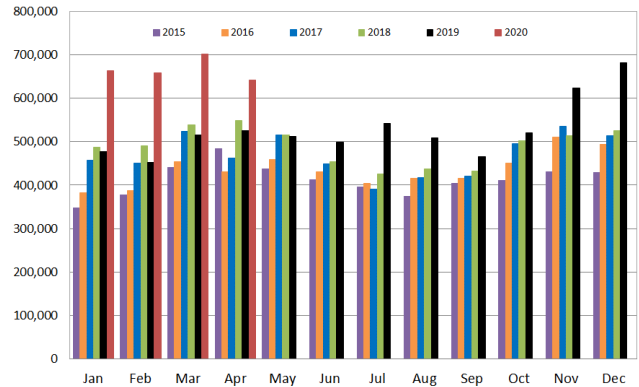
(carcass weight, 1,000 pounds)

Top 7 Countries	Apr-19	Mar-20	Apr-20	M/M%	Y/Y%	YTD/LYTD%
Australia	29,755	29,989	20,206	-32.6%	-32.1%	-8.1%
Canada	49,263	59,469	36,050	-39.4%	-26.8%	2.0%
China*	58,136	198,260	240,915	21.5%	314.4%	374.7%
Colombia	32,212	23,702	14,886	-37.2%	-53.8%	-33.3%
Japan	93,714	114,127	121,939	6.8%	30.1%	16.4%
Mexico	118,852	140,742	98,876	-29.7%	-16.8%	5.3%
South Korea	75,297	55,044	46,248	-16.0%	-38.6%	-18.8%
All US Pork Exports	524,520	701,583	641,265	-8.6%	22.3%	35.2%

*Includes Mainland, Hong Kong & Taiwan

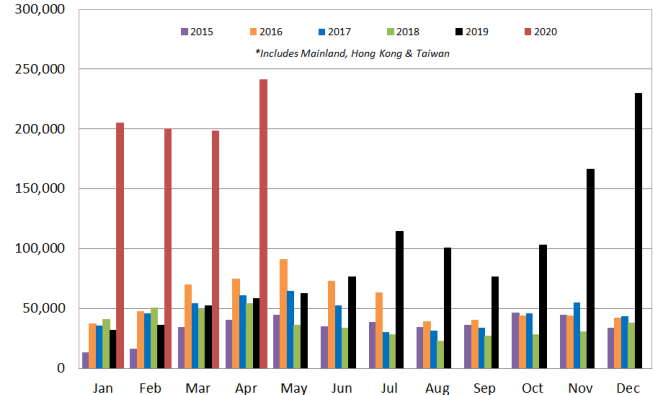
Total US Pork Exports

Carcass Weight 1,000 pounds

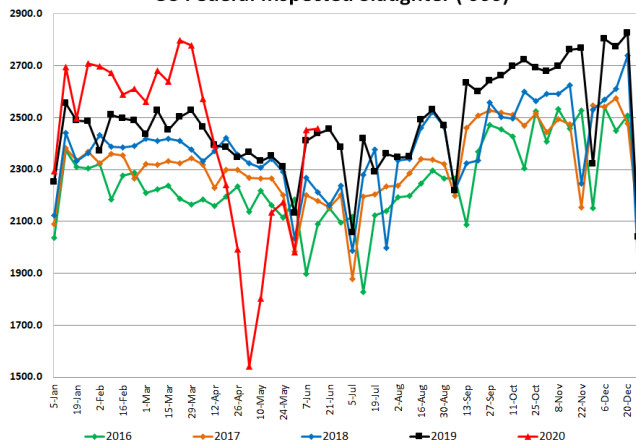


Total US Pork Exports to China*

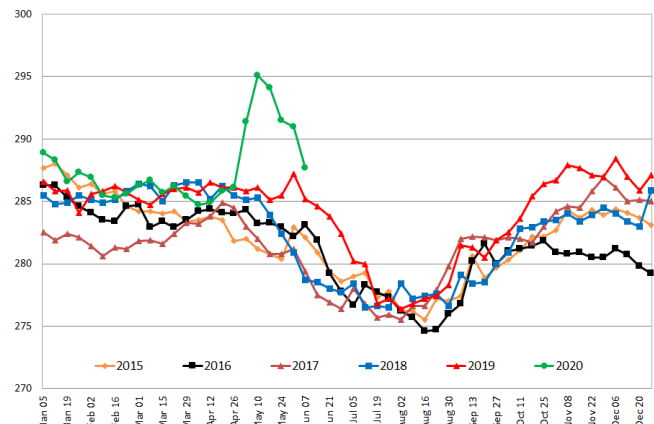
Carcass Weight 1,000 pounds



US Federal Inspected Slaughter ('000)



Weekly Average Barrow and Gilt Weight Live



Weekly Hog Price Recap

Cash hogs fell again with regional cash unreported the first part of the week and national cash only up Tuesday. CME cash fell daily with heavier declines reported midweek. Wholesale pork values also declined overall with pork cutout falling \$15.37/cwt. Only wholesale belly values were over the previous week, while hams were \$1.46/cwt lower and other primals fell \$15.89 to \$54.91/cwt.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	5-Jun-20	Head	29-May-20		
ISM pm		\$33.25		\$38.49	-\$5.24	-13.6%
WCB pm		\$33.29		\$38.56	-\$5.27	-13.7%
Nat pm		\$33.53		\$37.53	-\$4.00	-10.7%
CME Index*		\$57.00		\$62.26	-\$5.26	-8.4%
Sows, 300-449lbs	12,252	\$17.08	9,977	\$17.29	-\$0.20	-1.2%
Sows, 500+ lbs	14,298	\$24.65	10,400	\$24.47	\$0.17	0.7%
BoC Exch		1.3429		1.3824	-0.0395	-2.9%

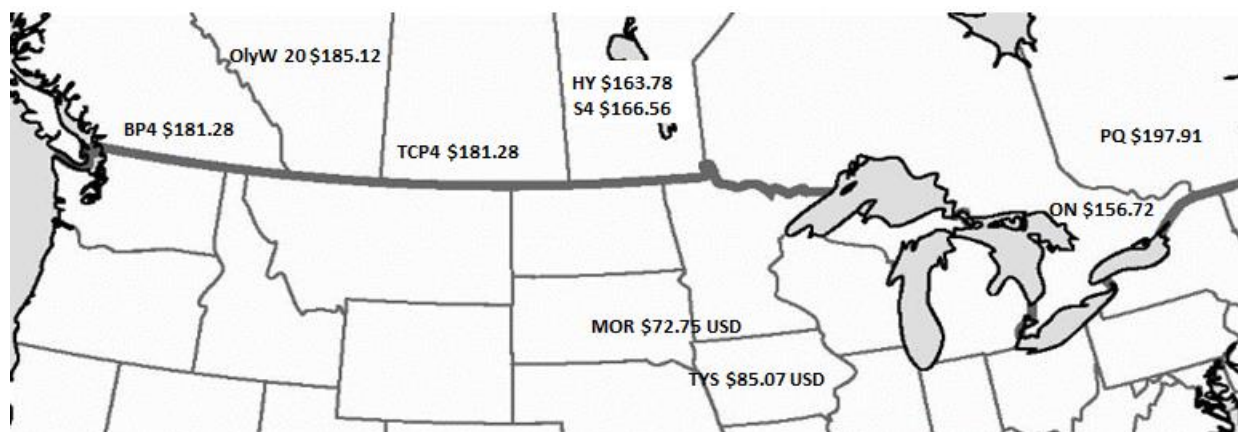
* Represents Friday-Thursday average

Monitored Canadian hog markets generally fell \$12 to \$28 per hog from week ago levels. Quebec was down the most, falling \$28/hog while those out of Ontario fell near \$20/hog and Hylife declined \$18/hog. The Sig 4 fell \$15.50/hog, while the BP/TCP and the OlyW each declined around \$12/hog. In the US, Tyson values were down \$8.50/hog while JM fell \$11/hog from a week earlier.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 5-Jun-20	Difference to OlyW20
OlyW 2020***	\$182.71		\$172.01		\$177.90		\$185.12	
ML Sig 4	\$176.19	-\$6.52	\$167.17	-\$4.84	\$172.28	-\$5.62	\$166.56	-\$18.56
BP4/TCP4 **	\$175.54	-\$7.17	\$166.27	-\$5.74	\$170.85	-\$7.05	\$181.28	-\$3.85
Hylife	\$177.15	-\$5.56	\$168.07	-\$3.94	\$173.32	-\$4.58	\$163.78	-\$21.34
Ontario	\$179.97	-\$2.73	\$164.83	-\$7.18	\$168.81	-\$9.08	\$156.72	-\$28.41
Québec	\$186.92	\$4.21	\$192.49	\$20.48	\$206.79	\$28.89	\$197.91	\$12.78
Tyson (USD)	\$135.10	-\$47.61	\$109.12	-\$62.89	\$102.84	-\$75.06	\$85.07	-\$100.05
John Morrell (USD)	\$127.39	-\$55.31	\$99.13	-\$72.88	\$91.46	-\$86.44	\$72.75	-\$112.37

**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 continue to weaken as cash hog and cutout values slide further, however did receive support from another decline in feed costs. Canadian farrow to finish feed costs fell \$1.75/hog while those in the monitored US region were stable to modestly higher from the previous week.

Margins out of Quebec remain the strongest north of the border, down more than \$26.50/hog on the week to \$21/hog profits, while the OlyW 20 weakened \$10.50/hog to \$9.50/hog profits. Both the Sig 4 and Hylife fell to negative margins this week, with the Sig 4 falling \$13.75/hog to more than \$6/hog losses and Hylife weakening \$16.25/hog to \$9/hog losses. Hog margins out of Ontario continue to be the lowest monitored on the Canadian side, dropping nearly \$18.50/hog to \$19.50/hog losses. In the US, Tyson margins weakened \$8/hog to \$38.50/hog losses while JM weakened \$11/hog to \$49.25/hog losses from week ago levels.

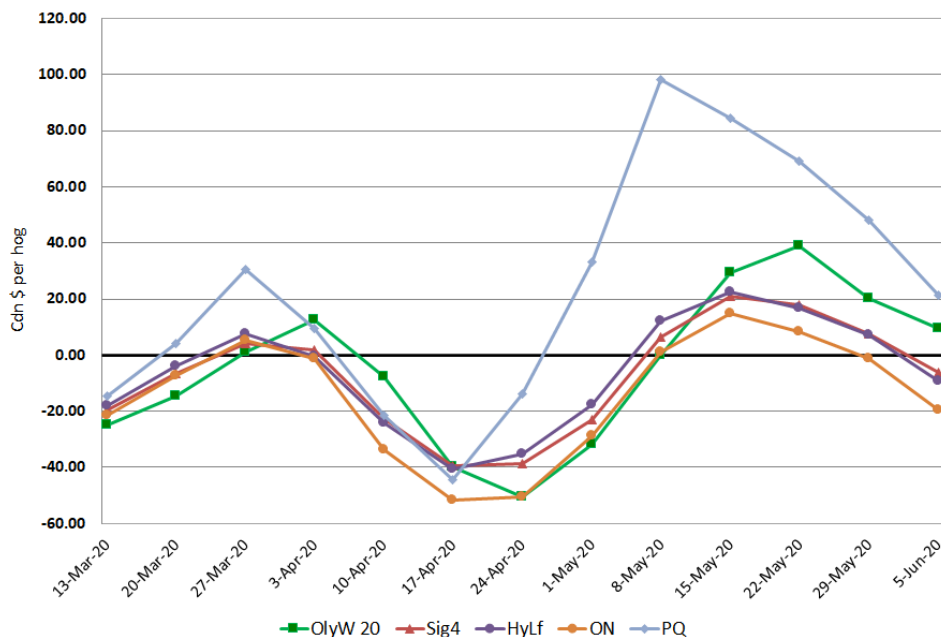
Regional MARGINS, \$/hog						
Packer/Region	5-Jun-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$185.12	\$116.06	\$39.45	\$20.05	\$175.56	\$9.56
ML Sig 4/Manitoba	\$166.56	\$113.80	\$39.54	\$19.55	\$172.89	-\$6.33
Hylife/Manitoba	\$163.78	\$113.81	\$39.54	\$19.55	\$172.90	-\$9.12
Ontario	\$156.72	\$111.74	\$40.71	\$23.76	\$176.21	-\$19.49
Québec	\$197.91	\$114.43	\$40.50	\$21.65	\$176.58	\$21.33
Tyson (USD)/Iowa	\$85.07	\$78.47	\$28.70	\$16.57	\$123.74	-\$38.67
John Morrell (USD)/ND	\$72.75	\$76.74	\$28.70	\$16.57	\$122.01	-\$49.26

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (38.67) USD X 1.3429 = \$ (51.93) in Canadian Dollars
- Morrell \$ (49.26) USD X 1.3429 = \$ (66.15) in Canadian Dollars

Canadian Margins Last 13 weeks



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