



Weekly Regional HOG PRICE Report



May 26, 2020

Things to Consider....

US Cold Storage reported total pork stocks at 614.8 million pounds for April, down 1.9 million pounds from March. Typically, pork volumes in cold storage increase into April as ham supplies continue their climb to reach a seasonal peak in September, however, declines in a number of pork categories helped offset this rise.

The category for hams reported the greatest increase, rising 26.1 million pounds for April and near even with levels back in February. The boneless variety accounted for 18.2 million pounds of the overall figure while bone-in hams were up 8 million pounds. Picnics also increased, up 2.5 million from previously reported and reached the highest figure reported since Apr 2015.

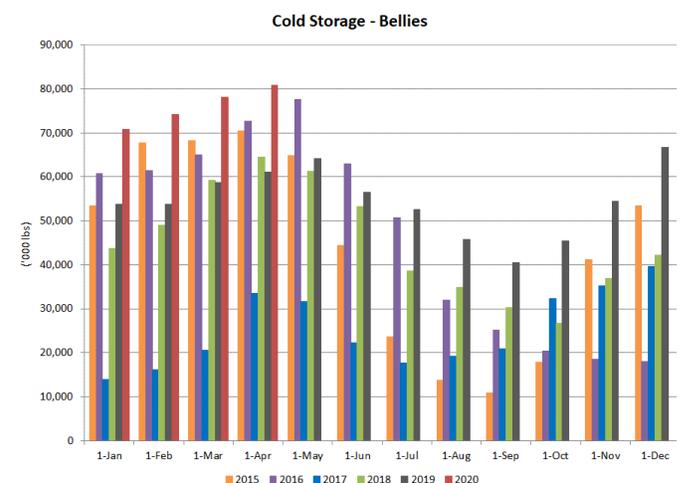
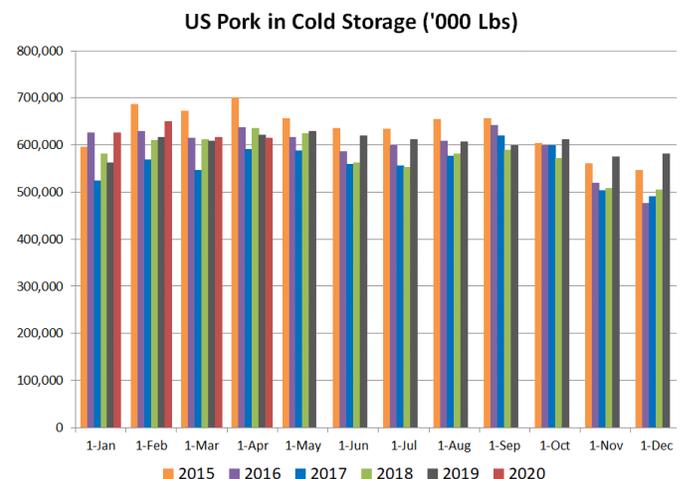
Bellies in cold storage climbed 2.7 to 80.9 million pounds for April, bringing the category 32.3% over last year and reached a high level not recorded in nearly 6 years. The only remaining pork category reflecting increased volume from levels in March was Unclassified pork, which rose 3.5 million for April, the highest reported in Oct 2015.

Spare-ribs, variety meats, other pork and loins were among the categories to reported lessened volumes in cold storage. Spare-ribs dropped 16.6 million pounds to 116.1 million pounds, a 5-month low with current levels 21% under year ago levels. Variety meats declined 7.8 million pounds and also fell to a 5-month low, while other pork in cold storage fell 4.8 million pounds and recorded the lowest monthly volume since the summer of 2004. Total loins fell 4.5 million overall, with the boneless variety accounting for the vast majority of this tally.

For perspective, US pork production totalled 2,317 million pounds for April, averaging 463 million per week which was down 122.6 million/week on average compared to the weeks of March, however reduced slaughter was the leading factor in the drop in production.

The backlog of hogs in the system will take another month or 2 to get through. Weekly US slaughter has returned to a more normal level but packers will not have to chase hogs for the foreseeable future.

US Pork in Cold Storage					
('000 lbs)	Apr-20	Mar-20	Apr-19	M/M %	Y/Y %
Picnics	13,332	10,807	9,926	23.4%	34.3%
Hams	114,433	88,308	121,331	29.6%	-5.7%
Bellies	80,870	78,157	61,110	3.5%	32.3%
Loins	41,812	46,326	43,125	-9.7%	-3.0%
Ribs	116,064	132,658	146,859	-12.5%	-21.0%
Butts	26,404	27,615	21,164	-4.4%	24.8%
Trimmings	57,748	59,572	48,237	-3.1%	19.7%
Other	73,290	78,100	81,809	-6.2%	-10.4%
Total Pork	614,811	616,734	621,456	-0.3%	-1.1%



Weekly Hog Price Recap

Cash hogs varied daily with values Tuesday & Thursday reporting improvement while remaining days were lower. National packer cash bid volume was generally throughout the week. CME cash however declined, particularly mid-to-late week. Wholesale pork primals finished mixed overall with lower bellies, picnics and loins driving pork cutout \$15.18/cwt under the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	22-May-20	Head	15-May-20		
ISM pm		\$39.98		\$36.50	\$3.48	9.5%
WCB pm		\$39.28		\$36.50	\$2.78	7.6%
Nat pm		\$38.24		\$37.01	\$1.23	3.3%
CME Index*		\$65.73		\$67.37	-\$1.64	-2.4%
Sows, 300-449lbs**	10,350	\$17.65	13,092	\$17.74	-\$0.09	-0.5%
Sows, 500+ lbs**	10,081	\$24.55	13,766	\$24.79	-\$0.24	-1.0%
BoC Exch		1.3934		1.4057	-0.0123	-0.9%

* Represents Friday-Thursday average

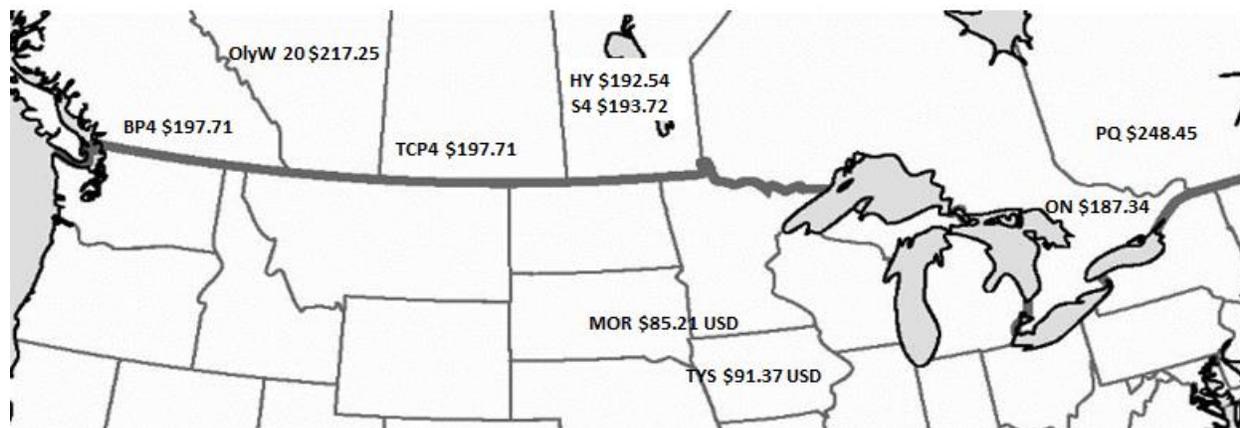
** WTD through Thurs

Monitored Canadian hog markets were generally under week ago levels, excluding those derived from lagged base pricing such as the OlyW 20 and BP/TCP. The OlyW 20 improved \$8/hog while the BP/TCP rose \$12/hog. The ML Sig 4 fell shy of \$5/hog while Hylife was down closer to \$7.50/hog and values out of Ontario were down \$8/hog. Quebec declined the most on the week, falling \$17/hog. In the US, Tyson values fell near \$4/hog while JM improved closer to \$6/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 22-May-20	Difference to OlyW20
OlyW 2020***	\$182.71		\$170.18		\$172.56		\$217.25	
ML Sig 4	\$176.20	-\$6.50	\$166.49	-\$3.68	\$169.63	-\$2.93	\$193.72	-\$23.53
BP4/TCP4 **	\$175.28	-\$7.43	\$164.28	-\$5.89	\$165.86	-\$6.71	\$197.71	-\$19.54
Hylife	\$177.23	-\$5.48	\$167.62	-\$2.55	\$171.03	-\$1.53	\$192.54	-\$24.71
Ontario	\$180.19	-\$2.52	\$164.64	-\$5.53	\$167.11	-\$5.45	\$187.34	-\$29.91
Québec	\$186.49	\$3.78	\$190.63	\$20.45	\$199.28	\$26.71	\$248.45	\$31.20
Tyson (USD)	\$135.68	-\$47.03	\$110.99	-\$59.19	\$106.94	-\$65.62	\$91.37	-\$125.88
John Morrell (USD)	\$128.16	-\$54.54	\$101.12	-\$69.06	\$96.00	-\$76.56	\$85.21	-\$132.04

**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 weakened on falling cash hog and cutout values, 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 down more than \$1/hog from the previous week.

Despite recent declines, Canadian hog margins remain in positive territory. Margins out of Quebec remain the strongest north of the border, weakening \$15/hog to \$69/hog profits. The OlyW 20 strengthened \$9.50/hog \$39/hog profits, while the Sig 4 fell \$3/hog to \$18/hog profits and Hylife fell \$5/hog to nearly \$17/hog profits. Hog margins out of Ontario are among the lowest on the Canadian side, down more than \$6/hog to nearly \$8.50/hog profits. In the US, Tyson margins weakened \$2/hog to \$32.50/hog losses while JM strengthened \$7/hog to \$37/hog losses from week ago levels.

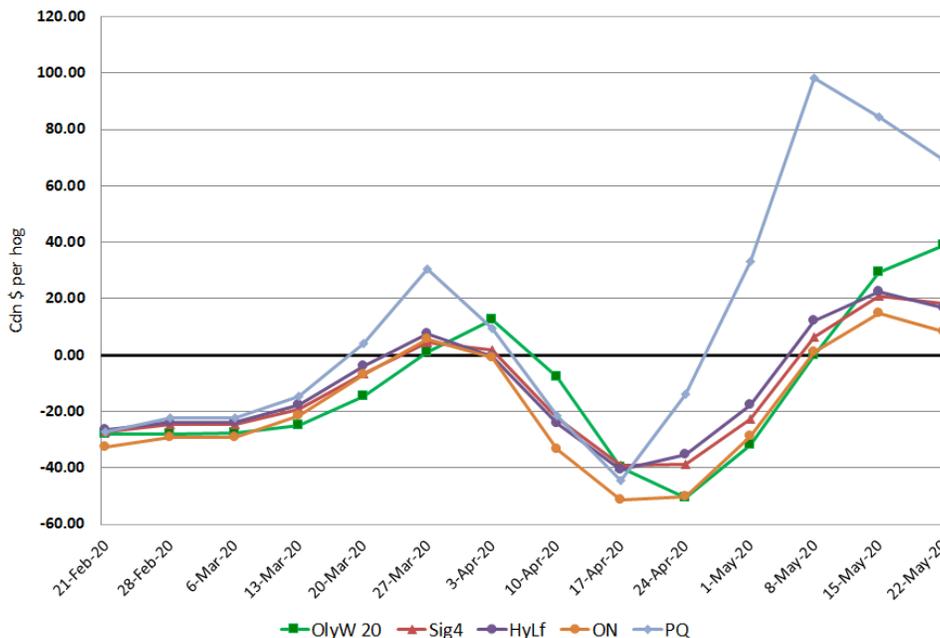
Regional MARGINS, \$/hog						
Packer/Region	22-May-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$217.25	\$118.83	\$39.45	\$20.05	\$178.33	\$38.92
ML Sig 4/Manitoba	\$193.72	\$116.57	\$39.54	\$19.55	\$175.66	\$18.06
Hylife/Manitoba	\$192.54	\$116.58	\$39.54	\$19.55	\$175.67	\$16.87
Ontario	\$187.34	\$114.51	\$40.71	\$23.76	\$178.98	\$8.36
Québec	\$248.45	\$117.20	\$40.50	\$21.65	\$179.35	\$69.10
Tyson (USD)/Iowa	\$91.37	\$78.63	\$28.70	\$16.57	\$123.90	-\$32.53
John Morrell (USD)/ND	\$85.21	\$76.90	\$28.70	\$16.57	\$122.17	-\$36.96

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (32.53) USD X 1.3934 = \$ (45.33) in Canadian Dollars
- Morrell: \$ (36.96) USD X 1.3934 = \$ (51.50) in Canadian Dollars

Canadian Margins Last 13 weeks



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