



# Weekly Regional HOG PRICE Report



July 7, 2020

## Things to Consider....

US pork exports continue well above levels reported in previous years for this time despite declining from the previous report. Pork exports were down 23.5 million pounds from April however were 106.4 million pounds over year ago levels.

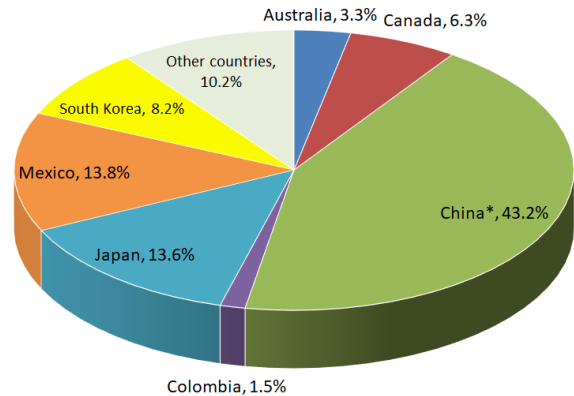
US pork to Japan declined the most on the report, dropping 37.6 million pounds for May and falling to a 5-year low, while volume to Mexico pulled back 13.9 million pounds and fell to a 7-year low. Colombia and Chile also reported notable declines, falling 5.9 and 3.2 million pounds respectfully.

US pork to mainland China, Taiwan and Hong Kong as a total jumped 26.2 million pounds for May, with the Mainland accounting for 22.8 million pounds of the increase and reaching a new historical high over the one recorded on the previous report. China\* increased their share of US pork, up 5.7% from April to account for 43.2% of total US exports for May with current levels 19% above the 12-month average. South Korea notably increased their imports of US pork by 4.2 million pounds while Canada rose by 2.9 million pounds for May however current levels are among 2-year lows.

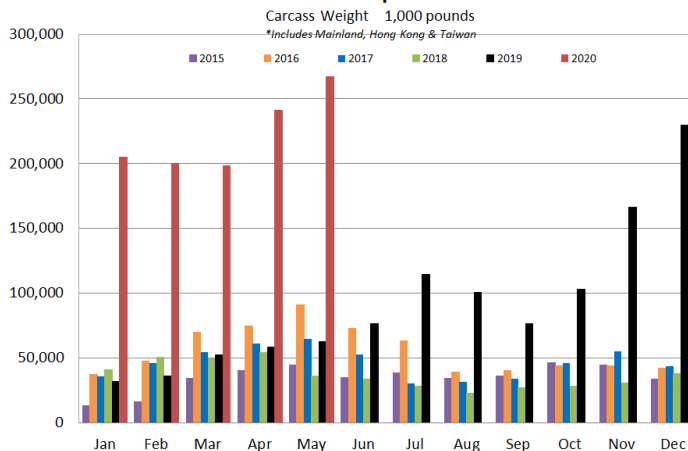
| US Pork Exports (carcass weight, 1,000 pounds) |                |                |                |              |              |              |
|--|----------------|----------------|----------------|--------------|--------------|--------------|
| Top 7 Countries                                | May-19         | Apr-20         | May-20         | M/M%         | Y/Y%         | YTD/LYTD%    |
| Australia                                      | 30,011         | 20,206         | 20,125         | -0.4%        | -32.9%       | -13.4%       |
| Canada   | 42,866         | 36,050         | 38,943         | 8.0%         | -9.2%        | -0.1%        |
| China*   | 62,393         | 240,915        | 267,094        | 10.9%        | 328.1%       | 362.6%       |
| Colombia                                       | 32,506         | 14,886         | 8,960          | -39.8%       | -72.4%       | -42.1%       |
| Japan  | 111,524        | 121,939        | 84,298         | -30.9%       | -24.4%       | 7.2%         |
| Mexico   | 108,743        | 98,876         | 84,973         | -14.1%       | -21.9%       | 0.5%         |
| South Korea                                    | 64,404         | 46,248         | 50,420         | 9.0%         | -21.7%       | -19.4%       |
| <b>All US Pork Exports</b>                     | <b>511,437</b> | <b>641,265</b> | <b>617,809</b> | <b>-3.7%</b> | <b>20.8%</b> | <b>32.3%</b> |

\*Includes Mainland, Hong Kong & Taiwan

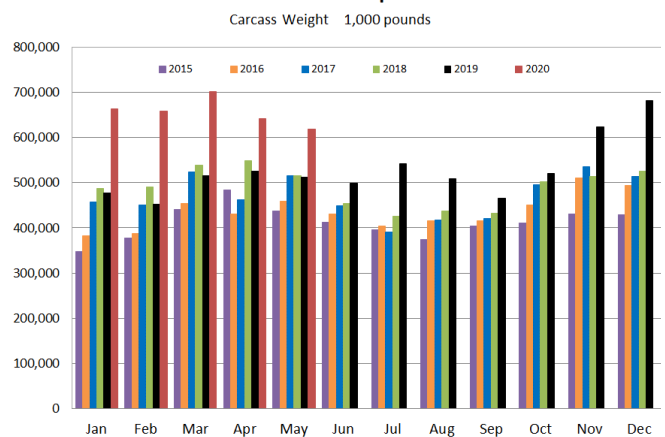
Percentage of Total US Pork Exports on Latest Report



Total US Pork Exports to China\*



Total US Pork Exports



# Weekly Hog Price Recap

US regional cash hogs reported modest daily declines, while national cash was modestly mixed. CME cash by comparison improved much of the week, excluding Wednesday. Pork cutout fell \$0.74/cwt from the previous week as many wholesale pork primal values declined, with only loins and butts higher.

| USD Cash Price   | Weekly Averages |          |        |           | w/w     | % Chg |
|------------------|-----------------|----------|--------|-----------|---------|-------|
|                  | Head            | 3-Jul-20 | Head   | 26-Jun-20 |         |       |
| ISM pm           |                 | \$28.32  |        | \$28.68   | -\$0.36 | -1.3% |
| WCB pm           |                 | \$28.36  |        | \$28.55   | -\$0.20 | -0.7% |
| Nat pm           |                 | \$28.51  |        | \$28.55   | -\$0.03 | -0.1% |
| CME Index*       |                 | \$45.29  |        | \$45.09   | \$0.20  | 0.4%  |
| Sows, 300-449lbs | 10,270          | \$16.77  | 13,977 | \$17.00   | -\$0.23 | -1.4% |
| Sows, 500+ lbs   | 10,002          | \$24.37  | 12,822 | \$24.09   | \$0.27  | 1.1%  |
| BoC Exch         |                 | 1.3615   |        | 1.3622    | -0.0007 | -0.1% |

\* Represents Friday-Thursaday average

Many Canadian hog markets improved lightly while others declined as much as \$1-\$2 per hog. Values out of the Sig 4, Hylife and Ontario were stable to slightly higher, while the BP/TCP price jumped \$13.75/hog on a temporary price agreement. The OlyW fell more than \$1.50/hog while values out of Quebec fell \$2/hog from week ago levels. In the US, values out of Tyson declined \$1/hog while JM fell \$0.40/hog from a week earlier.

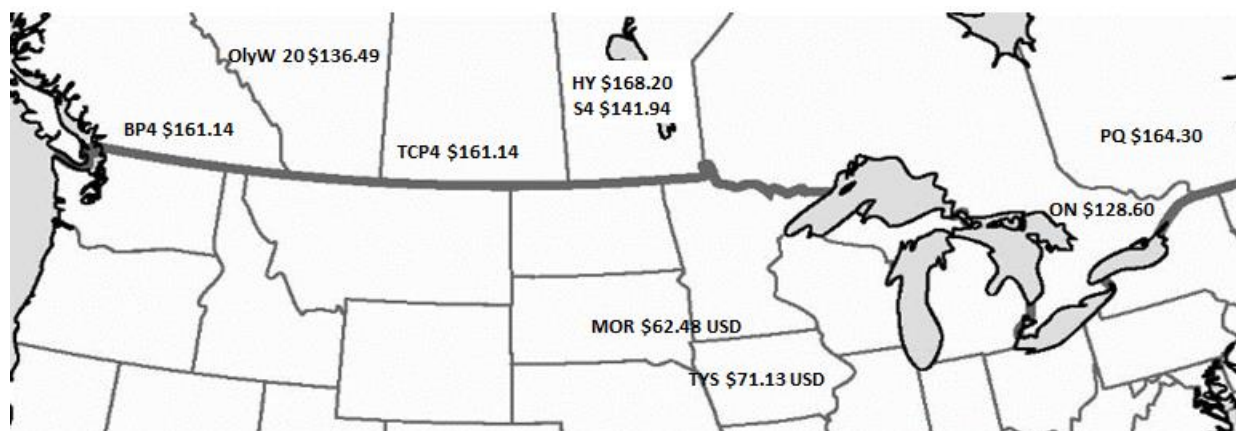
| Regional Pricing, \$/hog |          |                      |          |                      |               |                      |                 |                      |
|--------------------------|----------|----------------------|----------|----------------------|---------------|----------------------|-----------------|----------------------|
| Packer/Region            | 3 Year   | Difference to OlyW20 | 2020 YTD | Difference to OlyW20 | Last 13 weeks | Difference to OlyW20 | Ending 3-Jul-20 | Difference to OlyW20 |
| OlyW 17/19/20*           | \$174.79 |                      | \$173.19 |                      | \$172.33      |                      | \$137.49        |                      |
| ML Sig 4                 | \$180.38 | \$5.59               | \$168.91 | -\$4.28              | \$166.59      | -\$5.75              | \$141.94        | \$4.45               |
| BP4/TCP4 **              | \$181.63 | \$6.84               | \$171.15 | -\$2.04              | \$172.27      | -\$0.07              | \$161.14        | \$23.65              |
| Hylife                   | \$178.70 | \$3.91               | \$174.91 | \$1.72               | \$182.66      | \$10.32              | \$168.20        | \$30.71              |
| Ontario***               | \$179.69 | \$4.90               | \$161.48 | -\$11.71             | \$155.54      | -\$16.80             | \$128.60        | -\$8.90              |
| Québec                   | \$185.89 | \$11.11              | \$189.16 | \$15.97              | \$199.54      | \$27.20              | \$164.30        | \$26.80              |
| Tyson (USD)              | \$132.97 | -\$41.82             | \$104.09 | -\$69.10             | \$87.26       | -\$85.07             | \$71.13         | -\$66.37             |
| John Morrell (USD)       | \$125.09 | -\$49.70             | \$93.91  | -\$79.28             | \$75.10       | -\$97.24             | \$62.48         | -\$75.01             |

\*3 Year average uses actual OlyW'17, OlyW'19 and OlyW'20 for respective weeks. Starting Jan 2020 prices includes \$0.06 per kg proximity bonus

\*\*Thunder Creek reported with a 1-Week lag

\*\*\* Ontario pricing does not include any pork or cutout based formulas for market hogs

To Note: OlyW and BP4 are nearly a full 1 week lag to Sig 4, Hylife, Ontario & Quebec



# Weekly Hog Margins

Hog margins slid again this week on stable to lower market hog pricing and an increase in feed costs. Farrow-to-finish feed costs were up \$2/hog on either side of the border.

Hog margins out of Quebec remain the least weak compared to other monitored margins however fell the most this past week by comparison, down more than \$4/hog to \$13/hog losses. Margins out of the Sig 4 fell shy of \$2/hog to \$32/hog losses, while Hylife weakened \$2/hog to more than \$36/hog losses. The OlyW declined \$3.75/hog to \$39/hog losses, while margins out of Ontario were near \$2/hog weaker to nearly \$49/hog losses. In the US, Tyson & JM each fell \$2.50/hog to \$53.50 & \$60.50 per hog losses, respectively.

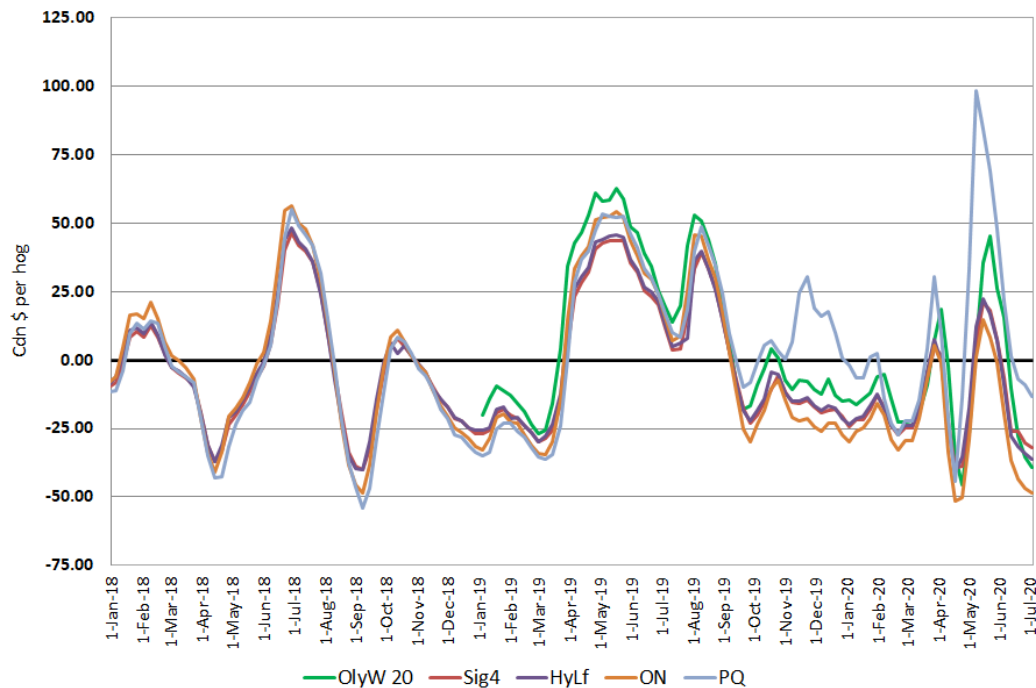
| Regional MARGINS, \$/hog |           |                  |          |         |          |               |
|--------------------------|-----------|------------------|----------|---------|----------|---------------|
| Packer/Region            | 3-Jul-20  | Farrow to Finish |          |         | Total    | Weekly Margin |
|                          | Hog Price | Feed*            | Variable | Fixed   | COP      |               |
| OlyW 20/Alberta          | \$137.49  | \$117.14         | \$39.45  | \$20.05 | \$176.64 | -\$39.15      |
| ML Sig 4/Manitoba        | \$141.94  | \$114.88         | \$39.54  | \$19.55 | \$173.97 | -\$32.03      |
| Hylife/Manitoba          | \$137.69  | \$114.89         | \$39.54  | \$19.55 | \$173.98 | -\$36.29      |
| Ontario                  | \$128.60  | \$112.82         | \$40.71  | \$23.76 | \$177.29 | -\$48.69      |
| Québec                   | \$164.30  | \$115.51         | \$40.50  | \$21.65 | \$177.66 | -\$13.36      |
| Tyson (USD)/Iowa         | \$71.13   | \$79.40          | \$28.70  | \$16.57 | \$124.67 | -\$53.54      |
| John Morrell (USD)/ND    | \$62.48   | \$77.67          | \$28.70  | \$16.57 | \$122.94 | -\$60.46      |

\* Feed costs standardized for a 285 pound market hog

## US Regional Margins

- Tyson: \$(53.54) USD X 1.3615= \$ (72.89) in Canadian Dollars
- Morrell: \$(60.46) USD X 1.3615= \$ (82.32) in Canadian Dollars

## Canadian Margins 2019-2020



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