



Weekly Regional HOG PRICE Report



June 16, 2020

Things to Consider....

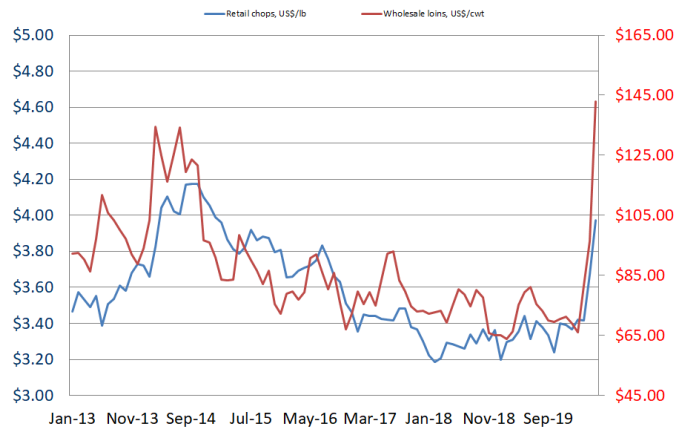
As novel coronavirus cases surpassed 9 million worldwide the demand for food and particularly pork continues to be a concern for the industry abroad. Pork exports reported in the previous weekly article continued to be ahead of 2019 although recording slight declines which is considered seasonal heading into the summer months. Also, many US processors came under scrutiny from local wholesale markets to supply meat to domestic outlets versus exporting as food supplies dwindled in the early parts of May when kill levels dropped to historical lows. Pork supplies destined for foreign markets were rerouted to stay local which further declined exports volumes. Export demand continues to be strong with expectations of above year ago levels for the remainder of 2020.

As for local demand and price, certain cuts have seen major improvements from previous years indicating either short supply or strong demand. Overall, chop prices were up 30 cents or 8.1% higher for May at \$3.97/lb, bringing chops 53 cents or 15.4% over last year. Current retail price levels are 59 cents over the 3-year average for the month of May. Boneless chop prices jumped 40 cents to \$4.41/lb, bringing boneless chops 15% or 58 cents over last year. Bone-in chop prices rose 22 cents for May to \$4.37/lb, bringing the cut 8.8% over last year or 35 cents higher. Wholesale loins for the month increased \$46.64 to \$142.99/cwt or 48.4% over the previous month, and 80.4% or \$63.72/cwt over last year.

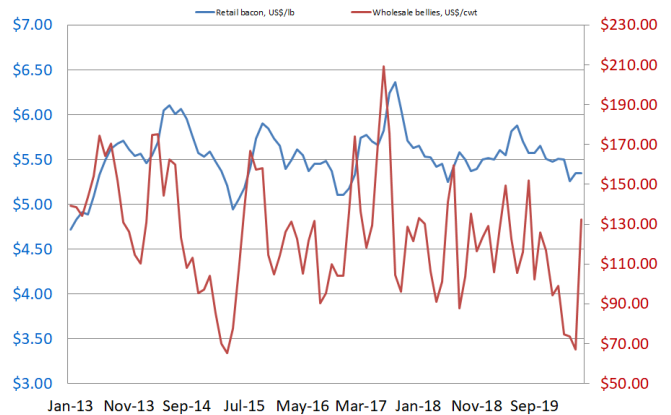
Retail bacon prices were stable for May at \$5.35/lb, bringing the cut 8% or 46 cents under last year. Current retail bacon price levels are 31 cents under the 3 year average for the month of May. Wholesale belly prices by comparison surged \$65.24 to \$132.43/cwt for May or 97% higher than the previous month, with April reported at \$67.19/cwt. Compared to last year, wholesale bellies are \$9.90/cwt higher or 8% over year ago levels.

The category reporting total retail ham values went unreported for May, and unreported for the previous period as well. Boneless ham values for May climbed 9 cents or 1.9% to \$4.55/lb from March (with April unreported), bringing them 9.7% or 40 cents over last year. Wholesale ham prices averaged \$50.66/cwt, up \$8.40 or 19.9% from April, and brought May \$21.97/cwt or 30.3% under year ago levels. For comparison wholesale picnics averaged \$85.52/cwt, up \$42.28 or 97.8% over April and \$24.37/cwt or 39.9% over last year. The category reporting other retail pork prices rose 32 cents to \$3.09/lb, with the category 16.4% or 43 cents over year ago levels. Current retail price levels are 50 cents over the 3 year average for the month of May.

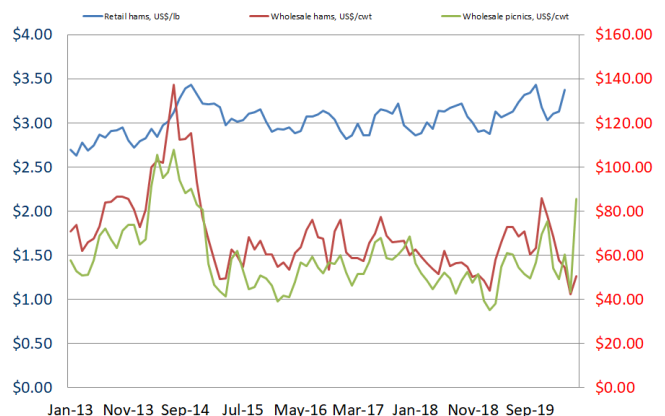
Retail Chops VS Wholesale Loins



Retail Bacon VS Wholesale Bellies



Retail Hams VS Wholesale Hams/Picnics



Weekly Hog Price Recap

Regional and national cash hog values continue to slide with most days reported lower, particularly Monday, while CME cash fell daily with smaller declines reported midweek. Wholesale pork values also declined overall, with only bellies and hams up on the week. US pork cutout finished \$5.92/cwt under the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	12-Jun-20	Head	5-Jun-20		
ISM pm		\$30.63		\$33.25	-\$2.62	-7.9%
WCB pm		\$30.39		\$33.29	-\$2.90	-8.7%
Nat pm		\$30.45		\$33.53	-\$3.08	-9.2%
CME Index*		\$50.77		\$57.00	-\$6.23	-10.9%
Sows, 300-449lbs	14,154	\$17.09	12,252	\$17.08	\$0.01	0.1%
Sows, 500+ lbs	13,864	\$24.08	14,298	\$24.65	-\$0.57	-2.3%
BoC Exch		1.3469		1.3429	0.0040	0.3%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally fell \$16 to \$18 per hog from week ago levels excluding the OlyW which declined \$24/hog due to its lagged base price. Values out of Quebec as well as the Sig 4 each fell more than \$18.50/hog, while Hylife was down \$17.93/hog and Ontario down \$16.37/hog. In the US, values out of Tyson and JM each declined near \$6/hog from a week earlier.

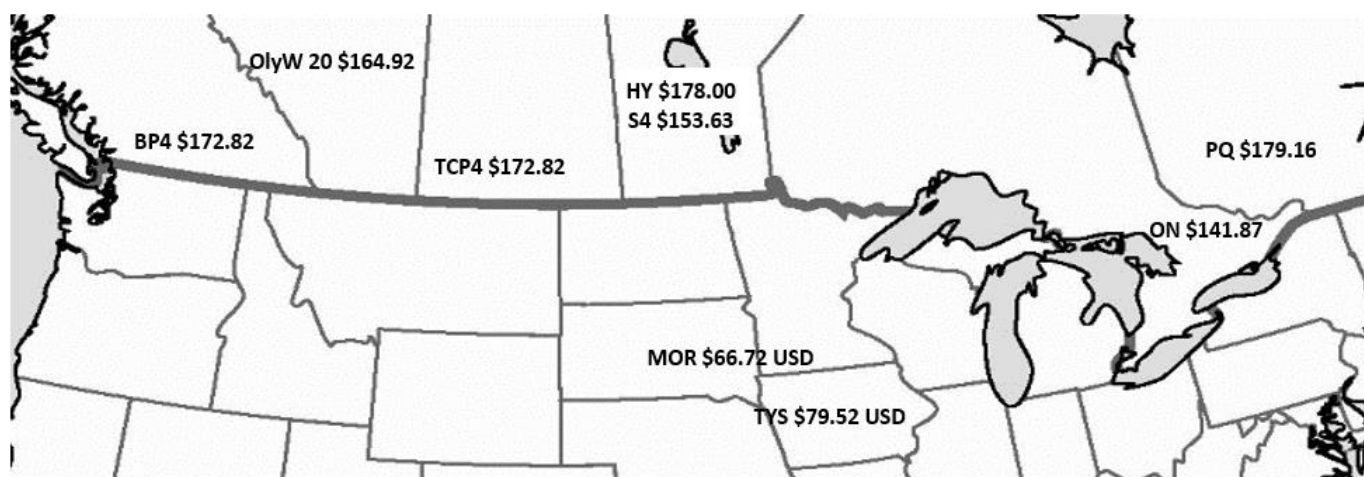
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 12-Jun-20	Difference to OlyW20
OlyW 17/19/20*	\$175.77		\$175.84		\$182.28		\$164.92	
ML Sig 4	\$181.63	\$5.86	\$172.08	-\$3.76	\$176.82	-\$5.47	\$153.63	-\$11.29
BP4/TCP4 **	\$182.63	\$6.86	\$173.27	-\$2.56	\$178.65	-\$3.63	\$172.82	\$7.90
Hylife	\$179.45	\$3.68	\$175.71	-\$0.13	\$186.43	\$4.14	\$178.00	\$13.08
Ontario***	\$181.30	\$5.53	\$165.41	-\$10.43	\$168.57	-\$13.71	\$141.87	-\$23.06
Québec	\$186.77	\$11.00	\$191.94	\$16.10	\$207.33	\$25.05	\$179.16	\$14.24
Tyson (USD)	\$134.62	-\$41.16	\$107.91	-\$67.92	\$99.91	-\$82.38	\$79.52	-\$85.40
John Morrell (USD)	\$126.86	-\$48.91	\$97.78	-\$78.06	\$87.75	-\$94.54	\$66.72	-\$98.20

*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

Canadian hog margins remain weak on continued pressure from falling cash hog and cutout values, as well a recent uptick in feed costs. Canadian farrow to finish feed costs rose \$1/hog while those in the monitored US region were up shy of \$1/hog from the previous week.

Nearly all monitored Canadian margins have fallen into negative territory, excluding those out of Quebec which weakened \$19.75/hog to \$1.50/hog profits. Margins calculated out of the OlyW fell to \$15.75/hog losses while the Sig 4 and Hylife ended the week at \$26/hog and \$27.50/hog losses, respectively. Margins out of Ontario remain the weakest north of the border, weakening \$17.25/hog on the week to \$36.75/hog losses. In the US, Tyson margins weakened \$6/hog to \$45/hog losses while JM weakened near \$6.75/hog to \$56/hog losses from week ago levels.

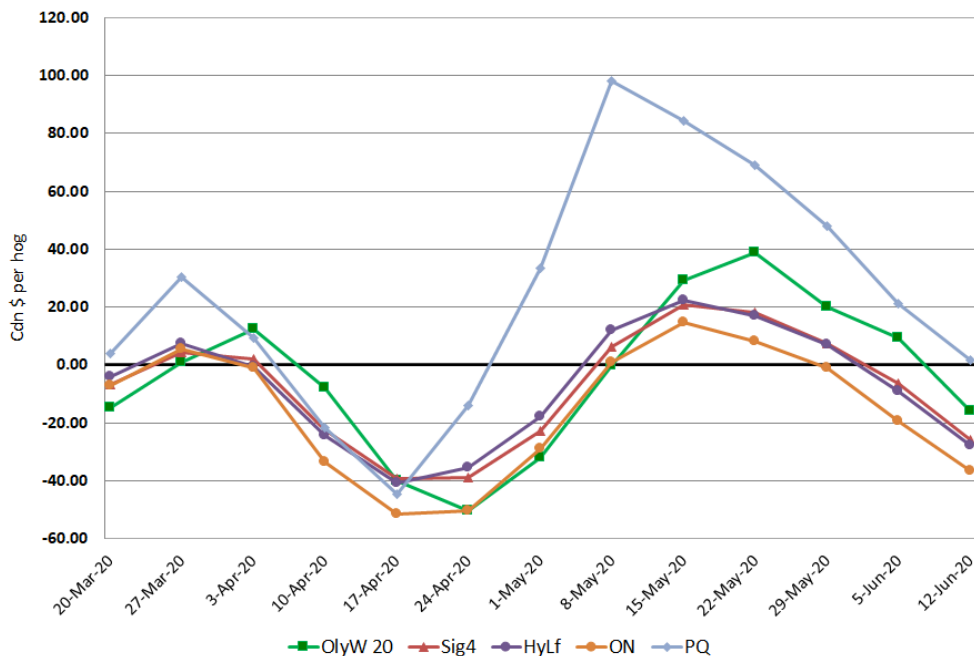
Regional MARGINS, \$/hog						
Packer/Region	12-Jun-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$160.78	\$117.07	\$39.45	\$20.05	\$176.57	-\$15.79
ML Sig 4/Manitoba	\$148.01	\$114.81	\$39.54	\$19.55	\$173.90	-\$25.89
Hylife/Manitoba	\$146.24	\$114.82	\$39.54	\$19.55	\$173.91	-\$27.67
Ontario	\$140.51	\$112.75	\$40.71	\$23.76	\$177.22	-\$36.71
Québec	\$179.16	\$115.44	\$40.50	\$21.65	\$177.59	\$1.57
Tyson (USD)/Iowa	\$79.52	\$79.25	\$28.70	\$16.57	\$124.52	-\$45.00
John Morrell (USD)/ND	\$66.72	\$77.52	\$28.70	\$16.57	\$122.79	-\$56.07

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (45.00) USD X 1.3469 = \$ (60.61) in Canadian Dollars
- Morrell \$ (56.07) USD X 1.3469 = \$ (75.52) in Canadian Dollars

Canadian Margins Last 13 weeks



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