



Weekly Regional HOG PRICE Report



June 23, 2020

Things to Consider....

US Cold Storage reported total pork stocks at just shy of 467 million pounds for May, dropping a record monthly amount of more than 144 million pounds from the previous report and falling to levels not recorded since August 2011. Current levels of pork in cold storage are 162 million pounds or nearly 26% under last year.

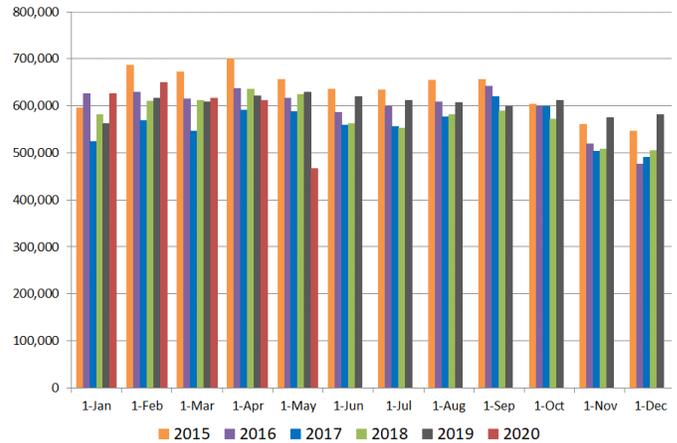
Nearly all pork categories fell for May with only bone-in hams higher, however total hams did unseasonably decline from the levels reported for April. Boneless hams fell 13.3 million pounds while the bone-in variety climbed 7.5 million pounds, resulting in an overall decline of 5.8 million pounds in total hams. Picnics declined more than 3 million pounds from last reported and continue above year ago levels.

Spare-ribs in cold storage remain under year ago levels and marked the largest drop among pork categories on the latest report, falling 38 million pounds. Bellies in cold storage shed 21.5 million pounds for May, dropping the category to back to more seasonal levels after reaching a 6-year high on the previous report. Other pork which includes ears, tails, feet, neckbones and snouts was down 21.4 million pounds, recording a 5th report of consecutive declines.

Total loins fell 13 million pounds with bone-in and boneless varieties down 5.6 and 7.4 million pounds, respectively, while unclassified pork fell 12.9 million and trimmings were down 11.6 million for May.

Major reductions in slaughter beginning the first week of April contributed to the sharp declines in pork storage levels. Product purchasing from both domestic and foreign buyers remains strong which added to the sharp overall declines in supplies. Long-term, these lower pork supplies will benefit the market, however excess live animal supply remains the focus limiting cash and futures upside.

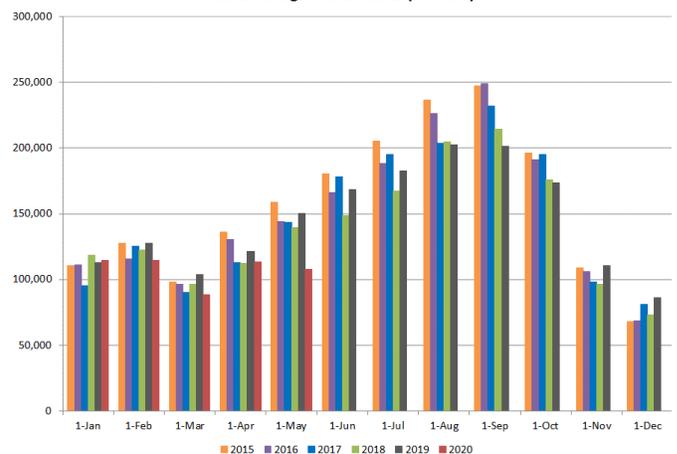
US Pork in Cold Storage ('000 Lbs)



US Pork in Cold Storage

('000 lbs)	May-20	Apr-20	May-19	M/M %	Y/Y %
Picnics	10,402	13,453	7,561	-22.7%	37.6%
Hams	107,540	113,328	150,109	-5.1%	-28.4%
Bellies	59,182	80,728	64,124	-26.7%	-7.7%
Loins	27,502	40,517	45,790	-32.1%	-39.9%
Ribs	78,072	116,043	127,769	-32.7%	-38.9%
Butts	17,152	26,374	21,189	-35.0%	-19.1%
Trimmings	45,264	56,890	47,948	-20.4%	-5.6%
Other	51,602	73,029	80,851	-29.3%	-36.2%
Total Pork	466,951	611,222	628,956	-23.6%	-25.8%

Cold Storage - Total Hams ('000 lbs)



Weekly Hog Price Recap

Cash hog values fell again this week with regional, national and CME cash declining daily amid good stable volume. Wholesale pork values fell overall from week ago levels and primals remain weak compared to other years for this time. Pork cutout fell \$4.72/cwt from the previous week, with only ribs and butts higher.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	19-Jun-20	Head	12-Jun-20		
ISM pm		\$28.87		\$30.63	-\$1.76	-5.7%
WCB pm		\$28.86		\$30.39	-\$1.53	-5.0%
Nat pm		\$28.93		\$30.45	-\$1.52	-5.0%
CME Index*		\$47.18		\$50.77	-\$3.59	-7.1%
Sows, 300-449lbs	13,740	\$17.13	14,154	\$17.09	\$0.04	0.2%
Sows, 500+ lbs	12,237	\$24.01	13,864	\$24.08	-\$0.07	-0.3%
BoC Exch		1.3579		1.3469	0.0110	0.8%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally fell \$6 to \$9 per hog from week ago levels excluding the OlyW & BP/TCP which declined \$18/hog and \$19/hog respectively due to their lagged base pricing. Values out of Ontario and Quebec each fell near \$9/hog, while the Sig 4 was \$6.50/hog lower and Hylife was down \$5.50/hog. In the US, values out of Tyson declined \$4/hog while JM fell near \$3/hog from a week earlier.

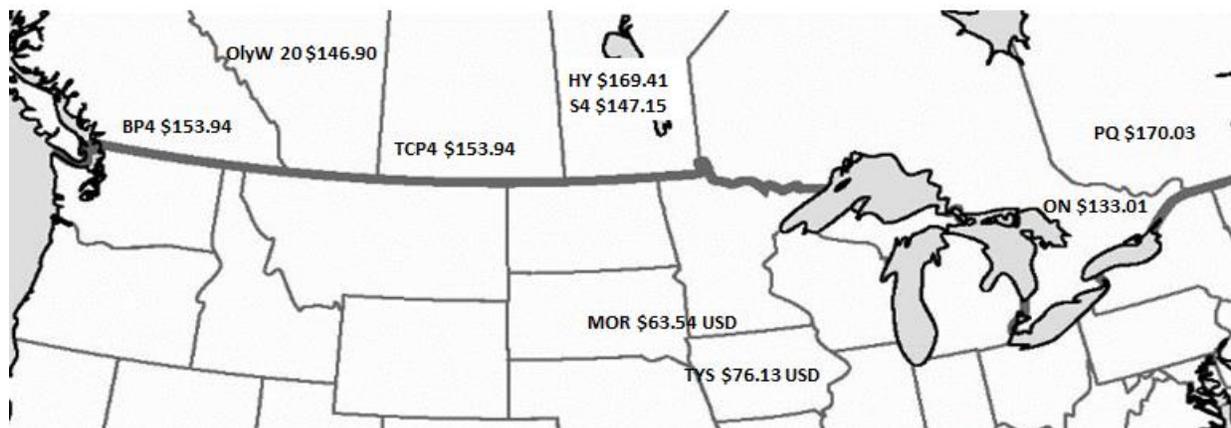
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 19-Jun-20	Difference to OlyW20
OlyW 17/19/20*	\$175.43		\$174.68		\$180.18		\$146.90	
ML Sig 4	\$181.25	\$5.82	\$171.08	-\$3.60	\$174.21	-\$5.97	\$147.15	\$0.25
BP4/TCP4 **	\$182.32	\$6.88	\$172.50	-\$2.18	\$177.44	-\$2.74	\$153.94	\$7.04
Hylife	\$179.23	\$3.79	\$175.45	\$0.77	\$185.65	\$5.47	\$169.41	\$22.51
Ontario***	\$180.81	\$5.37	\$164.11	-\$10.57	\$164.97	-\$15.21	\$133.01	-\$13.89
Québec	\$186.51	\$11.08	\$191.06	\$16.38	\$205.81	\$25.63	\$170.03	\$23.13
Tyson (USD)	\$134.10	-\$41.33	\$106.67	-\$68.01	\$96.32	-\$83.86	\$76.13	-\$70.77
John Morrell (USD)	\$126.31	-\$49.12	\$96.41	-\$78.27	\$83.44	-\$96.74	\$63.54	-\$83.36

*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 weakened further from the previous week on continued pressure from lower cash hog and cutout values. Supportively, Canadian farrow to finish feed costs declined \$0.60/hog while those in the monitored US region fell \$0.85/hog.

All monitored hog margins have fallen into negative territory, with Quebec the last to hold positive levels slipping \$8.50 to \$7/hog losses this past week. Margins out of Ontario fell \$7 to \$43/hog losses and Hylife declined \$3.75 to \$31/hog losses while those out of the OlyW and Sig 4 finished the week with \$29 and \$26 per hog losses respectively. In the US, Tyson and JM each weakened more than \$2/hog from the previous week.

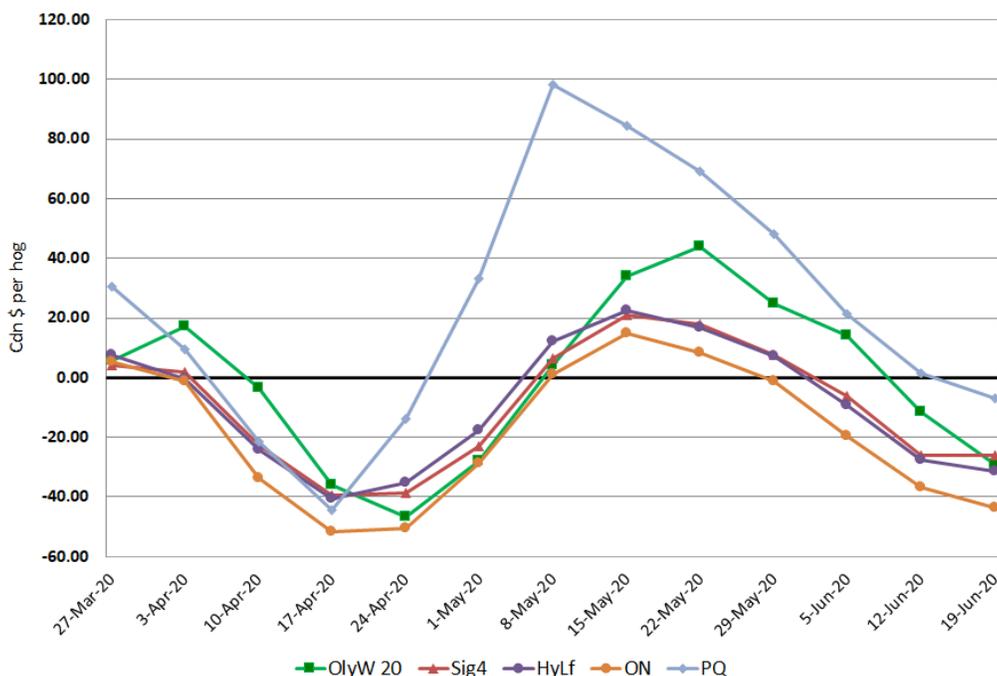
Regional MARGINS, \$/hog						
Packer/Region	19-Jun-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$146.90	\$116.47	\$39.45	\$20.05	\$175.97	-\$29.07
ML Sig 4/Manitoba	\$147.15	\$114.21	\$39.54	\$19.55	\$173.30	-\$26.15
Hylife/Manitoba	\$141.89	\$114.22	\$39.54	\$19.55	\$173.31	-\$31.42
Ontario	\$133.01	\$112.15	\$40.71	\$23.76	\$176.62	-\$43.61
Québec	\$170.03	\$114.84	\$40.50	\$21.65	\$176.99	-\$6.96
Tyson (USD)/Iowa	\$76.13	\$78.40	\$28.70	\$16.57	\$123.67	-\$47.54
John Morrell (USD)/ND	\$63.54	\$76.67	\$28.70	\$16.57	\$121.94	-\$58.40

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (47.54) USD X 1.3579 = \$ (64.55) in Canadian Dollars
- Morrell: \$ (58.40) USD X 1.3579 = \$ (79.30) in Canadian Dollars

Canadian Margins Last 13 weeks



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