



Weekly Regional HOG PRICE Report



June 30, 2020

Things to Consider....

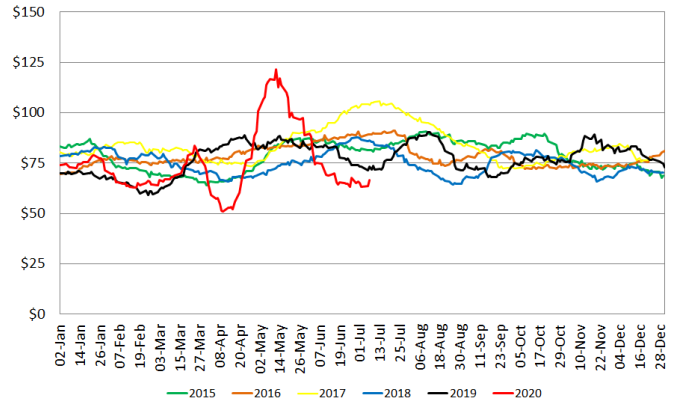
As the market enters the back half of 2020, a quick review of the first 6 months of the year can help to put things into perspective. Early expectations for 2020 were to see strong demand and improved exports to ease rising supplies, however although the exports did materialize, a massive glut of pigs and sharply low cash prices were the result due to slaughter plant closures linked to the spread of the novel coronavirus.

Pork values as shown by the USDA Cut-out went for a roller coaster ride from mid-Mar to early June and have now settled below the 5 year average. The good news.....it appears the cut-out has bottomed (for the time being). The bad news.....pork values are still at the lowest price in half a decade for this time of year. Pork values were lower earlier this year, but for mid-summer pricing, meat values are weak. Hog numbers remain high. Although liquidation has been a buzz word since the start of 2020 and more widely heard since March, the latest Hogs and Pigs report still suggest a pig crop from Mar-May at 1.4% above the previous year compared to expectations of a 3% drop. The last report was not what the industry was looking for, in the way of a spark and snuffed out much of the hope of a summer rally linked to supplies.

US slaughter has returned to normal levels and packers have made good progress in cleaning up backed up hogs. Weights continue to trend seasonally lower and slaughter is expected to run above year ago levels for the foreseeable future. The good news.....which may surprise some, year to date US slaughter for 2020 reached 65,221.1 Million after 27 weeks compared to last year when the US killed 64,918.3 Million hogs over the same number of weeks. So even with the SHARP decline in kill levels from Mar to early June, the US has slaughtered more hogs than the previous year.

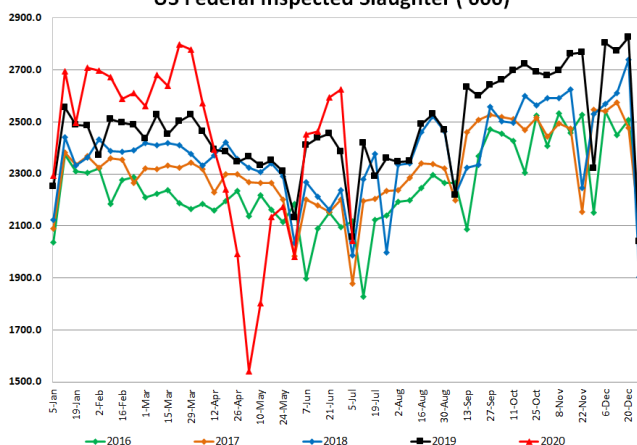
Some things are beginning to return to normal. Cash prices have stopped dropping and futures appear to be flat lining. Major upside is not expected in the short-term however each day brings more news of potential positives. Time will be the factor to help push through the current situation.

USDA Cutout US\$/cwt

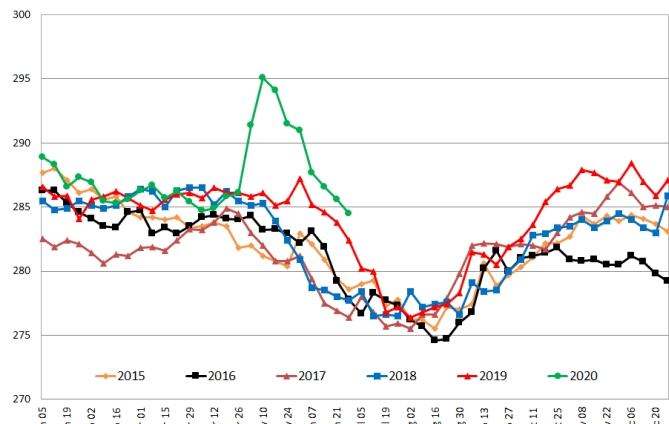


Quarterly H&P - Jun 2020	2019	2020	%20/19	Est	%Act-Est
All Hogs and Pigs	75,725	79,634	105.2%	103.7%	1.5%
Kept for Breeding	6,410	6,326	98.7%	98.6%	0.1%
Market Hogs	69,316	73,308	105.8%	104.2%	1.6%
Mkt hog Wt. Groups					
Under 50 pounds	22,210	22,160	99.8%	95.1%	4.7%
50-119 pounds	19,693	20,370	103.4%	104.8%	(1.4%)
120-179 pounds	14,396	16,090	111.8%	106.0%	5.8%
180 pounds and over	13,017	14,687	112.8%	116.8%	(4.0%)
Mar-May Pig Crop	34,454	34,933	101.4%	96.2%	5.2%
Mar-May Pigs per Litter	11.00	11.01	100.1%	96.7%	3.4%
Sows Farrowing					
2020 Mar-May	3,133	3,172	101.2%	99.6%	1.6%
2020 Jun-Aug Intentions	3,275	3,123	95.4%	95.9%	(0.5%)
2020 Sep-Nov Intentions	3,265	3,090	94.6%	96.2%	(1.6%)

US Federal Inspected Slaughter ('000)



Weekly Average Barrow and Gilt Weight Live



Weekly Hog Price Recap

US regional and national cash hog values were mixed to weaker, with Tuesday and Thursday improvements offsetting a good portion of declines remaining days. CME cash varied as well however was primarily weaker amid more moderate daily moves. Pork cutout managed to climb \$0.37/cwt over last Friday as many wholesale pork primal values improved on the week, excluding loin and belly values.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	26-Jun-20	Head	19-Jun-20		
ISM pm		\$28.68		\$28.87	-\$0.19	-0.7%
WCB pm		\$28.55		\$28.86	-\$0.31	-1.1%
Nat pm		\$28.55		\$28.93	-\$0.38	-1.3%
CME Index*		\$45.09		\$47.18	-\$2.09	-4.4%
Sows, 300-449lbs	13,977	\$17.02	13,740	\$17.13	-\$0.12	-0.7%
Sows, 500+ lbs	12,822	\$24.08	12,237	\$24.01	\$0.07	0.3%
BoC Exch		1.3622		1.3579	0.0043	0.3%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally fell \$4 to \$9 per hog from week ago levels. Values out of the OlyW and BP/TCP declined the most, down \$9 and \$6.50 per hog respectively. The ML Sig 4 declined \$5.50/hog, values out of Ontario and Hylife were each down more than \$4/hog and Quebec was more than \$3.50/hog from week ago levels. In the US, values out of Tyson declined \$5/hog while JM fell \$0.65/hog from a week earlier.

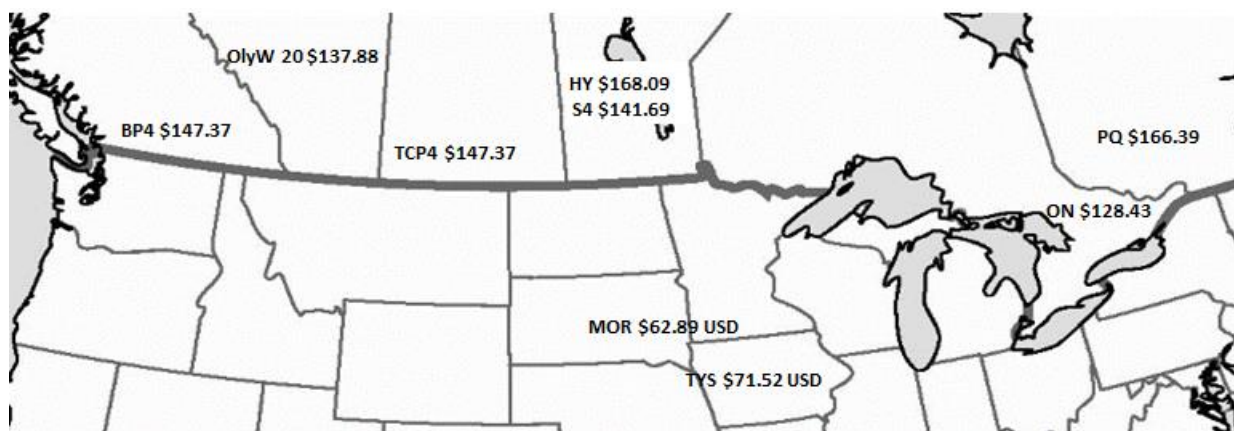
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 26-Jun-20	Difference to OlyW20
OlyW 17/19/20*	\$175.07		\$173.56		\$176.37		\$138.18	
ML Sig 4	\$180.83	\$5.76	\$169.95	-\$3.62	\$170.25	-\$6.12	\$141.69	\$3.50
BP4/TCP4 **	\$181.94	\$6.86	\$171.53	-\$2.03	\$174.80	-\$1.57	\$147.37	\$9.18
Hylife	\$178.98	\$3.91	\$175.17	\$1.61	\$183.79	\$7.42	\$168.09	\$29.90
Ontario***	\$180.27	\$5.19	\$162.74	-\$10.82	\$159.95	-\$16.43	\$128.43	-\$9.76
Québec	\$186.22	\$11.15	\$190.11	\$16.55	\$201.90	\$25.53	\$166.39	\$28.21
Tyson (USD)	\$133.56	-\$41.52	\$105.34	-\$68.23	\$91.91	-\$84.46	\$71.52	-\$66.66
John Morrell (USD)	\$125.72	-\$49.35	\$95.12	-\$78.44	\$78.57	-\$97.80	\$62.89	-\$75.29

*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 continue to weaken, trending lower over the course of the last month and a half. Lessened feed costs fell again this past week helping offset declines in hog values, with farrow to finish feed costs down more than \$1/hog on either side of the Canadian/US border.

Hog margins out of Quebec remain the least weak compared to other monitored margins, down more than \$2/hog on the week to \$9/hog losses. Margins off the Sig 4 weakened \$4/hog to \$30/hog losses, while Hylife weakened near \$3/hog to \$34/hog losses. The OlyW fell more than \$7.50/hog to near \$36/hog losses, while margins out of Ontario were down \$3/hog to nearly \$47/hog losses. In the US, Tyson fell \$3.50/hog to \$51/hog losses while JM managed to improve \$0.50/hog from the previous week to \$58/hog losses.

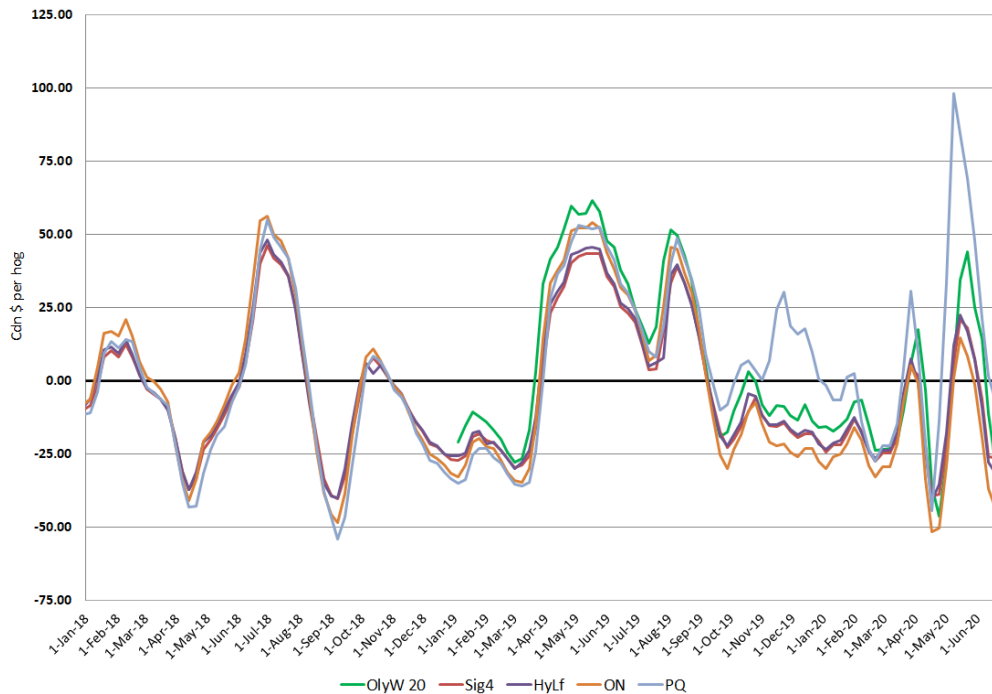
Regional MARGINS, \$/hog						
Packer/Region	26-Jun-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$138.18	\$115.06	\$39.45	\$20.05	\$174.56	-\$36.38
ML Sig 4/Manitoba	\$141.69	\$112.80	\$39.54	\$19.55	\$171.89	-\$30.20
Hylife/Manitoba	\$137.67	\$112.81	\$39.54	\$19.55	\$171.90	-\$34.23
Ontario	\$128.43	\$110.74	\$40.71	\$23.76	\$175.21	-\$46.78
Québec	\$166.39	\$113.43	\$40.50	\$21.65	\$175.58	-\$9.19
Tyson (USD)/Iowa	\$71.52	\$77.26	\$28.70	\$16.57	\$122.53	-\$51.01
John Morrell (USD)/ND	\$62.89	\$75.53	\$28.70	\$16.57	\$120.80	-\$57.91

* Feed costs standarized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (51.01) USD X 1.3622 = \$ (69.49) in Canadian Dollars
- Morrell: \$ (57.91) USD X 1.3622 = \$ (78.89) in Canadian Dollars

Canadian Margins 2019-2020



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