



Weekly Regional HOG PRICE Report



August 11, 2020

Things to Consider....

US pork export levels continue above other years for this time, however fell to a 9-month low and dipped to 3.3% over year ago levels. Most major destinations for US pork reported decreases in June. US pork exports were down 102.5 million pounds from May however were 16.4 million pounds over year ago levels.

US pork to mainland China, Taiwan and Hong Kong as a total dropped 87.7 million pounds for June, a 7-month low, with the mainland accounting for 83.0 million pounds of the decline. Despite the significant pullback from the new historical high recorded on the previous report, volume of US pork to China remains strong. China* accounted for 35% of the overall pork volume exported from the US for June, up considerably from the 15% share last year and above the 12-month average of 27%.

South Korea notably decreased their imports of US pork by 16.3 million pounds in what is largely considered a seasonal move, while Japan declined 9.1 million pounds for June and continues well below previous years for this time.

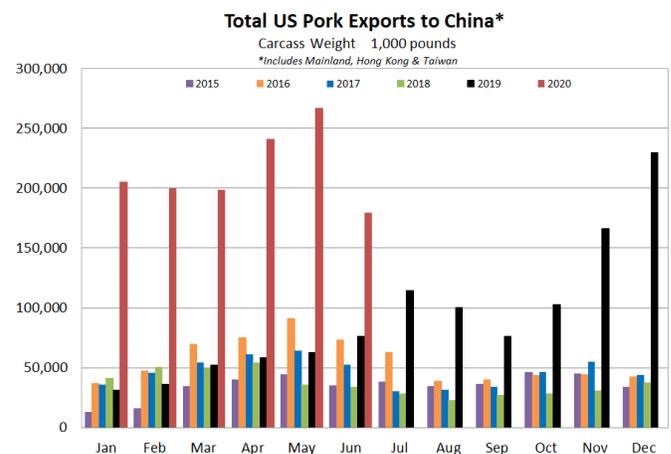
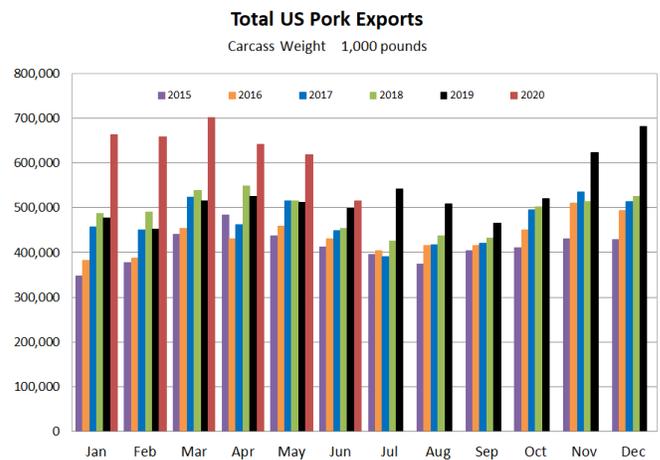
US pork to Mexico surged 24.5 million pounds from last reported however continues at low levels not generally reported since late 2014, and volume to Canada increased 3.6 million pounds for June to a 3-month high.

Lower US pork exports seasonally decline during the summer months and 2020 is no exception. Although exports had a strong start to the year, the actual drop in slaughtered production is taking a toll on available supplies for shipping abroad. Although many will be quick to blame reduced exports on slow demand, the reality is reduced exports is a function of reduced supply. The market has experienced this in the past and the reduced kills of late March and April and now being seen in the export market. Long-term the market will recover and the reduction in supply over the last 2-3 months will have a positive impact on pricing.

Lean hog futures have shown signs of some recovery however more weeks will be needed before the market can declare a win over the extreme negativity of late.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Jun-19	May-20	Jun-20	M/M%	Y/Y%	YTD/LYTD%
Australia	23,866	20,125	12,671	-37.0%	-46.9%	-18.3%
Canada	43,128	38,943	42,583	9.3%	-1.3%	-0.2%
China*	76,167	267,094	179,404	-32.8%	135.5%	307.9%
Colombia	21,759	8,960	8,122	-9.4%	-62.7%	-44.8%
Japan	97,896	84,298	75,231	-10.8%	-23.2%	2.1%
Mexico	133,874	84,973	109,498	28.9%	-18.2%	-2.8%
South Korea	42,814	50,420	34,139	-32.3%	-20.3%	-19.5%
All US Pork Exports	498,933	617,809	515,303	-16.6%	3.3%	27.4%

*Includes Mainland, Hong Kong & Taiwan



China* includes mainland China, Taiwan and Hong Kong as a total

Weekly Hog Price Recap

Regional and national cash hogs declined nearly daily with more moderate moves reported in the latter half of the week, and the spread of national cash bids were reported in a tighter range than seen in recent weeks. CME cash also declined much of the week, with lighter moves reported midweek. Wholesale pork values made good improvements overall with most primals higher, however stronger declines in hams limited pork cutout to \$0.11/cwt over a week earlier.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	7-Aug-20	Head	31-Jul-20		
ISM pm		\$38.54		\$42.19	-\$3.65	-8.6%
WCB pm		\$38.52		\$41.96	-\$3.45	-8.2%
Nat pm		\$38.73		\$41.98	-\$3.25	-7.7%
CME Index*		\$52.81		\$52.27	\$0.54	1.0%
Sows, 300-449lbs	13,017	\$17.52	12,842	\$17.77	-\$0.24	-1.4%
Sows, 500+ lbs	12,983	\$24.81	13,317	\$24.70	\$0.11	0.4%
BoC Exch		1.3326		1.3389	-0.0063	-0.5%

* Represents Friday-Thursday average

Monitored Canadian hog markets varied from as much as \$7/hog higher to \$8/hog lower. Hog values out of Quebec declined the most, falling more than \$8/hog, followed by those out Hylife and Ontario, down \$1.25 and \$0.25 per hog respectively. The ML Sig 4 improved more than \$1/hog while the OlyW 20 rose more than \$7/hog due to its lagged base pricing. In the US, values out of Tyson rose \$5.50/hog while JM fell near \$7/hog from week ago levels.

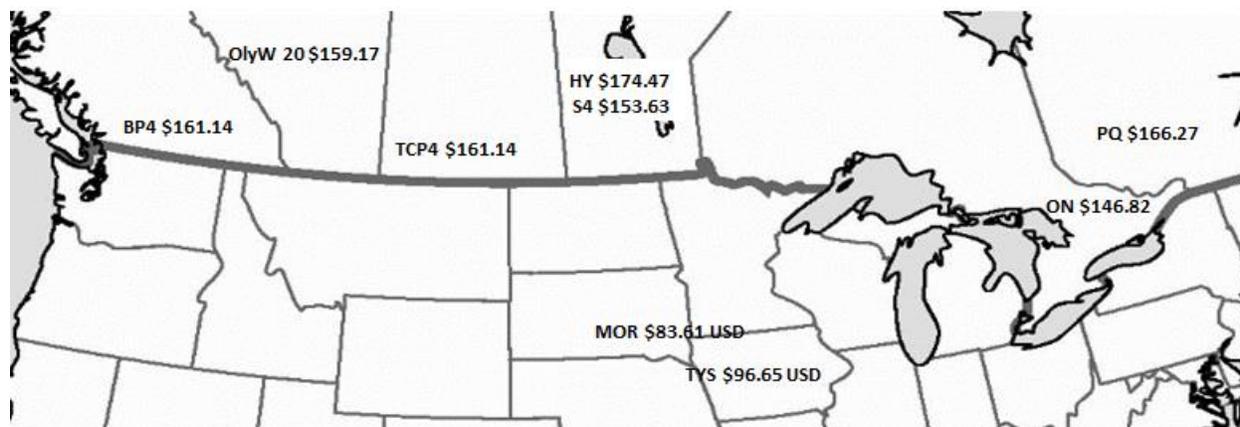
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 7-Aug-20	Difference to OlyW20
OlyW 17/19/20*	\$172.35		\$169.56		\$166.36		\$159.17	
ML Sig 4	\$177.70	\$5.34	\$165.61	-\$3.95	\$160.56	-\$5.80	\$153.63	-\$5.54
BP4/TCP4 **	\$179.47	\$7.12	\$169.58	\$0.02	\$171.42	\$5.06	\$161.14	\$1.97
Hylife	\$183.16	\$10.80	\$175.61	\$6.05	\$188.86	\$22.50	\$174.47	\$15.30
Ontario***	\$176.46	\$4.11	\$157.96	-\$11.60	\$150.01	-\$16.35	\$146.82	-\$12.35
Québec	\$183.77	\$11.42	\$186.30	\$16.74	\$190.18	\$23.82	\$166.27	\$7.09
Tyson (USD)	\$129.71	-\$42.64	\$100.83	-\$68.73	\$83.27	-\$83.09	\$96.65	-\$62.52
John Morrell (USD)	\$121.77	-\$50.58	\$91.24	-\$78.32	\$73.90	-\$92.45	\$83.61	-\$75.56

*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

Most Canadian hog margins were generally improved, supported by a reduction in feed costs. Canadian farrow-to-finish feed costs fell \$1.60/hog while those in the monitored US region fell modestly more than \$1/hog from the previous week.

Hog margins out of Hylife held onto positive margins, the only of those monitored, up 0.40 to \$6/hog profits. Margins calculated out of Quebec weakened more than \$6.50/hog to \$6/hog losses, falling to negative margins after running positive margins for the previous two weeks. OlyW 20 margins strengthened \$9/hog to \$12/hog losses, while the Sig 4 improved \$2.75/hog to nearly \$15/hog losses and those out of Ontario improved \$1.35/hog to \$25/hog losses. In the US, Tyson margins strengthened near \$7/hog to \$24.50/hog losses while JM weakened \$6/hog from a week earlier to \$36/hog losses.

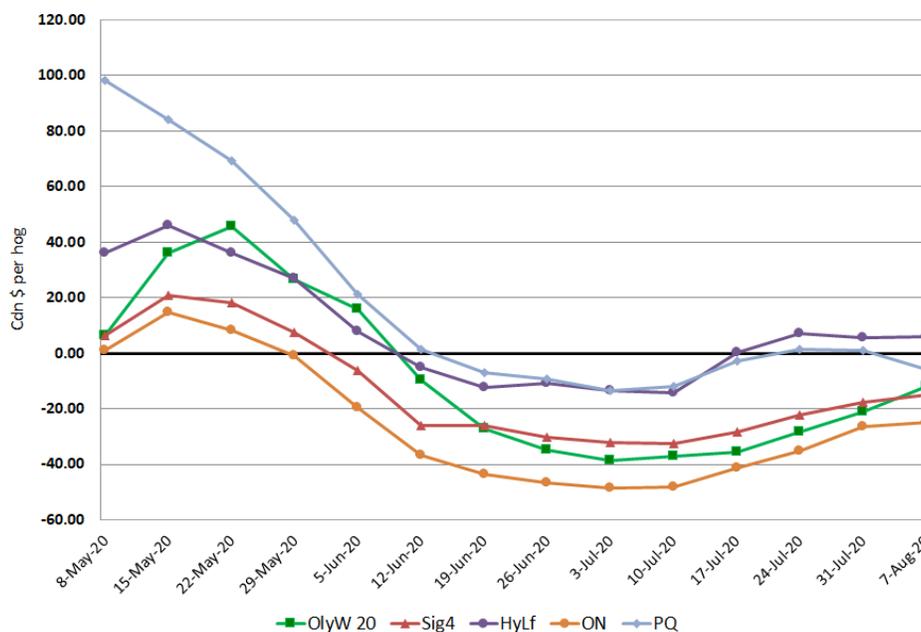
Regional MARGINS, \$/hog						
Packer/Region	7-Aug-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$159.17	\$111.65	\$39.45	\$20.05	\$171.15	-\$11.98
ML Sig 4/Manitoba	\$153.63	\$109.39	\$39.54	\$19.55	\$168.48	-\$14.85
Hylife/Manitoba	\$174.47	\$109.40	\$39.54	\$19.55	\$168.49	\$5.98
Ontario	\$146.82	\$107.33	\$40.71	\$23.76	\$171.80	-\$24.98
Québec	\$166.27	\$110.02	\$40.50	\$21.65	\$172.17	-\$5.90
Tyson (USD)/Iowa	\$96.65	\$76.06	\$28.70	\$16.57	\$121.33	-\$24.68
John Morrell (USD)/ND	\$83.61	\$74.33	\$28.70	\$16.57	\$119.60	-\$35.99

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (24.68) USD X 1.3326 = \$ (32.89) in Canadian Dollars
- Morrell \$ (35.99) USD X 1.3326 = \$ (47.96) in Canadian Dollars

Canadian Margins Last 13 weeks



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