



Weekly Regional HOG PRICE Report



August 25, 2020

Things to Consider....

Although the recovery in the lean hog futures market wouldn't be described as sensational, there has been some movement in the market that is note worthy.

Late 2020 pricing, as illustrated by the December hog futures, reached a 3-month high in the past week providing some optimism for hog producers looking to stabilize returns during the last quarter of this year. Early 2021 hog pricing has also been moving in a favorable direction since the bottom of the market was recorded in early April 2020.

Summer 2021 lean hogs recorded a low of \$68.50 US per cwt earlier this year in April when slaughter numbers were impacted significantly but traded just over \$76.00 US this week. The near \$12 per cwt improvement has moved summer 2021 prices back into profitable territory for most producers.

Over the next 2-3 weeks, the market will focus on the next USDA Hogs and Pigs report which is scheduled to be released on Sep 24, 2020. Early indications are that breeding numbers will continue to show declines as liquidation continued during much of 2020 shown in the US Federal Sow Slaughter graph and sow slaughter as a % of 2019. The trend since January is quite established and will lead to fewer sows "Kept for Breeding" in the next report.

Dec 2020 Lean Hogs



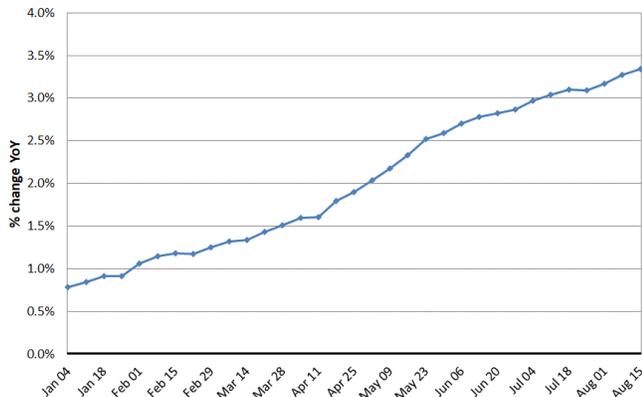
April 2021 Lean Hogs



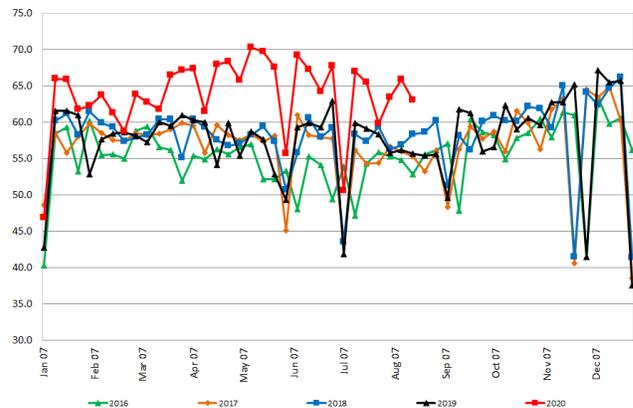
June 2021 Lean Hogs



US Federal Inspected SOW Slaughter 2020 % of 2019



US Federal Sow Slaughter ('000)



Weekly Hog Price Recap

Regional and national cash hogs improved much of the week, with lighter moves early on and better gains the latter half. CME cash rose daily, however reported more consistent moderate moves.

Wholesale pork primal values also improved from the previous week, excluding bellies, with the overall increases driving pork cutout \$2.32/cwt higher.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	21-Aug-20	Head	14-Aug-20		
ISM pm		\$39.83		\$37.63	\$2.20	5.8%
WCB pm		\$39.70		\$37.58	\$2.12	5.6%
Nat pm		\$38.70		\$37.73	\$0.97	2.6%
CME Index*		\$55.05		\$53.59	\$1.46	2.7%
Sows, 300-449lbs	13,953	\$17.97	10,899	\$18.04	-\$0.07	-0.4%
Sows, 500+ lbs	13,476	\$24.82	12,423	\$24.89	-\$0.08	-0.3%
BoC Exch		1.3190		1.3273	-0.0083	-0.6%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally improved \$3-\$7/hog from week ago levels. Hog values out of Quebec improved the most, supported \$6.75/hog higher, while those out of Hylife rose near \$4.50/hog. Remaining markets such the OlyW 20, the ML Sig 4 and values out of Ontario each improved \$3/hog. In the US, values out of Tyson fell \$1.30/hog while JM rose \$4.40/hog from the previous week.

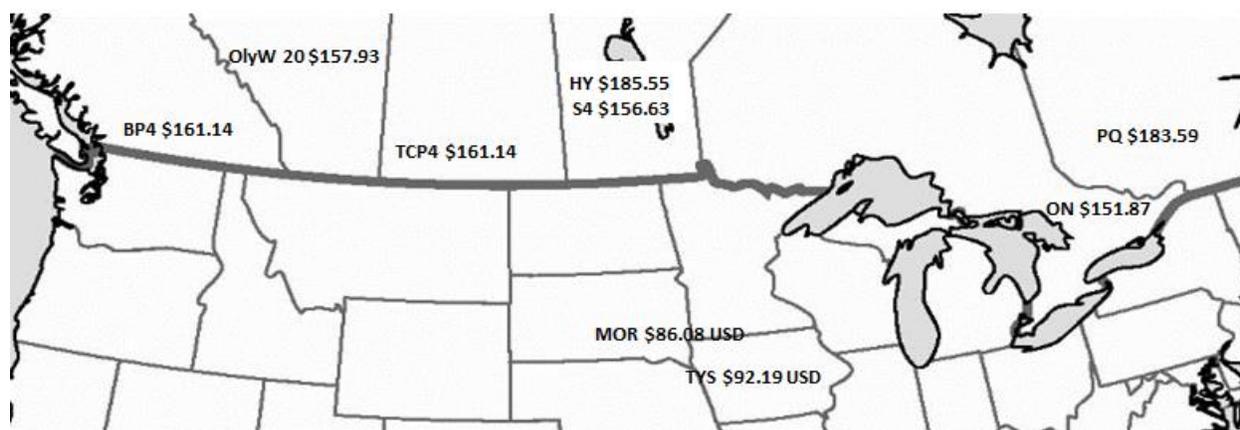
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 21-Aug-20	Difference to OlyW20
OlyW 17/19/20*	\$171.82		\$168.70		\$156.55		\$157.93	
ML Sig 4	\$177.07	\$5.25	\$165.02	-\$3.68	\$153.35	-\$3.20	\$156.63	-\$1.30
BP4/TCP4 **	\$178.87	\$7.05	\$169.08	\$0.38	\$165.56	\$9.02	\$161.14	\$3.21
Hylife	\$182.72	\$10.91	\$175.51	\$6.81	\$180.33	\$23.79	\$185.55	\$27.62
Ontario***	\$175.74	\$3.92	\$157.52	-\$11.18	\$143.42	-\$13.13	\$151.87	-\$6.06
Québec	\$183.37	\$11.55	\$185.98	\$17.28	\$178.37	\$21.83	\$183.59	\$25.66
Tyson (USD)	\$128.88	-\$42.94	\$100.02	-\$68.68	\$83.20	-\$73.34	\$92.19	-\$65.74
John Morrell (USD)	\$120.94	-\$50.88	\$90.28	-\$78.42	\$74.14	-\$82.40	\$86.08	-\$71.86

*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 strengthened on improved hog and pork cutout values, however were offset in part by an increase in feed costs. Farrow-to-finish feed costs rose \$1.80-\$1.90/hog on either side of the border.

Hog margins out of Hylife and Quebec continue as the only markets to record positive margins, with Quebec nearly \$5/hog higher to \$8/hog profits while Hylife strengthened \$2.50/hog to nearly \$14/hog profits. The ML Sig 4 and the OlyW 20 each strengthened \$1.25/hog to \$15 and \$16.50 per hog losses, respectively, while margins out of Ontario improved \$1/hog to \$23/hog losses. In the US, Tyson margins weakened \$2.50/hog to \$32/hog losses while JM margins strengthened more than \$2.50/hog to \$36.50/hog losses from a week earlier.

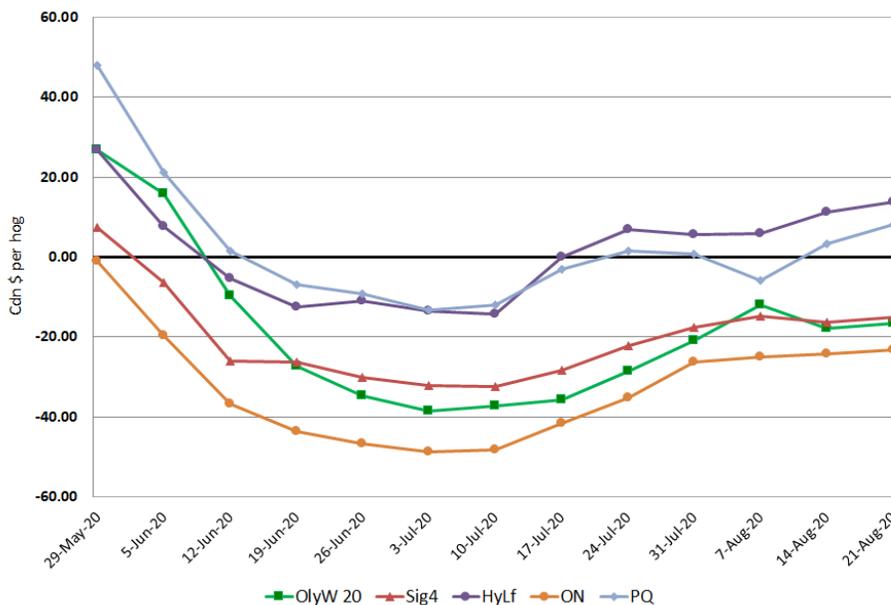
Regional MARGINS, \$/hog						
Packer/Region	21-Aug-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$157.93	\$114.92	\$39.45	\$20.05	\$174.42	-\$16.49
ML Sig 4/Manitoba	\$156.63	\$112.66	\$39.54	\$19.55	\$171.75	-\$15.12
Hylife/Manitoba	\$185.55	\$112.67	\$39.54	\$19.55	\$171.76	\$13.79
Ontario	\$151.87	\$110.60	\$40.71	\$23.76	\$175.07	-\$23.20
Québec	\$183.59	\$113.29	\$40.50	\$21.65	\$175.44	\$8.15
Tyson (USD)/Iowa	\$92.19	\$79.01	\$28.70	\$16.57	\$124.28	-\$32.09
John Morrell (USD)/ND	\$86.08	\$77.28	\$28.70	\$16.57	\$122.55	-\$36.47

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (32.09) USD X 1.3190 = \$ (42.33) in Canadian Dollars
- Morrell: \$ (36.47) USD X 1.3190 = \$ (48.10) in Canadian Dollars

Canadian Margins Last 13 weeks



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