



Weekly Regional HOG PRICE Report



August 4, 2020

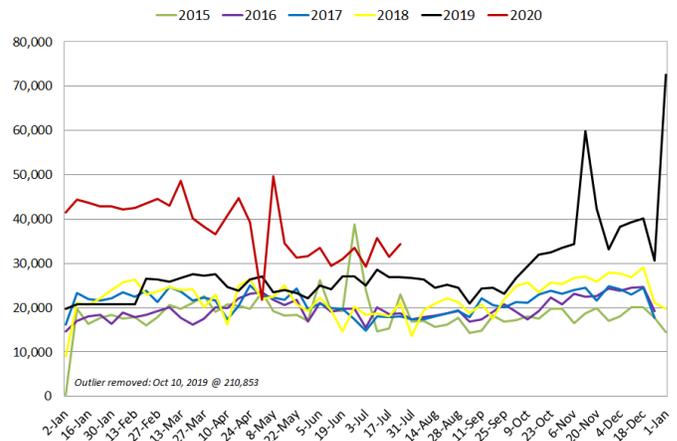
Things to Consider....

USDA Weekly Export data confirms that 2020 pork exports are likely to continue ahead of 2019 however the rate appears to be narrowing heading into the back half of the year. Massive export volumes late in 2019 are not likely to occur again in late 2020 however the pace from the first half of the year will keep year to date volumes ahead in 2020. Major weekly declines are being recorded in China which have dropped of from a few weeks above 20,000 MT to the last reported week just below 10,000 MT. Mexico on the other hand has trended higher as of late reaching nearly 12,000 MT up from an average of 7000 MT at this time last year.

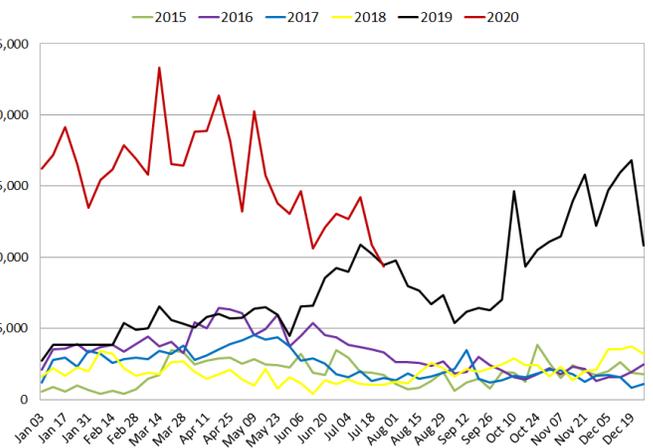
With US trade policy still uncertain and a looming Presidential election set for November 3rd, not much is expected from the Phase 1 deal agreed to between China and the US late in 2019 which took effect in Feb of 2020. Although China has continued to shown signs of ongoing purchases with corn and soybeans, the pork sector appears to be cooling of with weekly numbers dropping to the lowest level in 9 months.

US slaughter numbers over the next 2 months are going to be critical to the direction of the market moving forward. Weekly kills appear to have leveled off which means the US processing industry has caught up to the backlog which occurred in early spring. With weights also leveling off the coming 2-3 weeks could be the sign everyone is waiting for to signal a drop in production coming. Stay tuned....

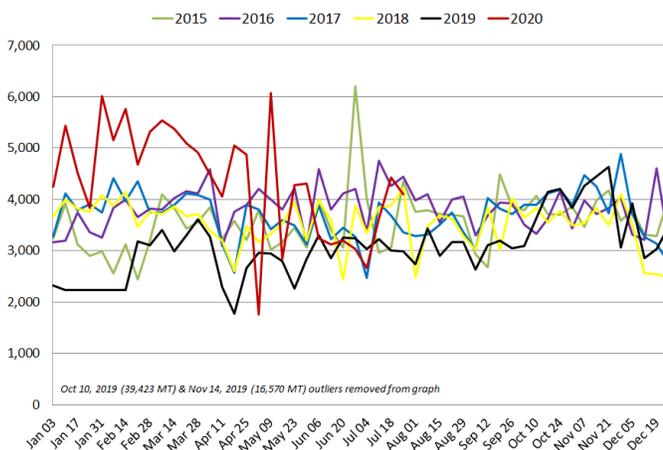
Total Weekly Pork Exports (MT)



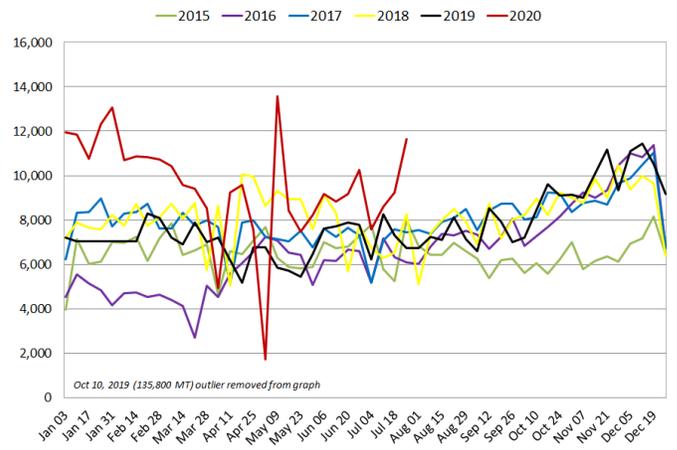
Weekly Pork Exports (MT) - CHINA



Weekly Pork Exports (MT) - Japan



Weekly Pork Exports (MT) - Mexico



Weekly Hog Price Recap

Regional and national cash hogs averaged well above week ago levels on strong gains reported Monday despite declining modestly the remainder of the week. Alternatively, CME cash primarily improved with the strongest gains reported midweek. Wholesale pork primal values were mixed from the previous week with declines in hams, bellies and loins pushing pork cutout \$1.74/cwt under the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	31-Jul-20	Head	24-Jul-20		
ISM pm		\$42.19		\$35.32	\$6.87	19.4%
WCB pm		\$41.96		\$35.16	\$6.80	19.3%
Nat pm		\$41.98		\$34.68	\$7.30	21.1%
CME Index*		\$52.27		\$49.15	\$3.12	6.3%
Sows, 300-449lbs	12,842	\$17.77	11,754	\$17.14	\$0.63	3.7%
Sows, 500+ lbs	13,317	\$24.70	13,099	\$24.59	\$0.11	0.4%
BoC Exch		1.3389		1.3444	-0.0055	-0.4%

* Represents Friday-Thursday average

Monitored Canadian hog markets varied with some markets reporting declines while others reported as much as \$8/hog improvements on the week. Values out of Ontario strengthened the most, up \$8.25/hog, while the OlyW improved shy of \$7/hog and the ML Sig 4 rose \$4/hog. The BP/TCP was again unchanged this week, while values out of Quebec fell \$1.25/hog and Hylife was \$2/hog lower. In the US, values out of Tyson were jumped \$9/hog while JM surged \$14/hog from week ago levels.

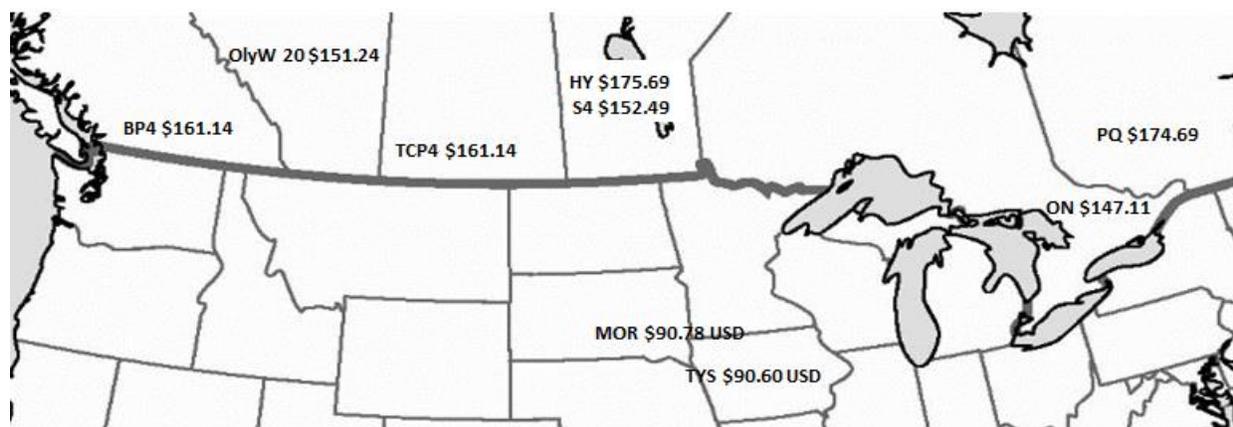
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 31-Jul-20	Difference to OlyW20
OlyW 17/19/20*	\$172.68		\$169.29		\$168.04		\$151.24	
ML Sig 4	\$178.23	\$5.54	\$166.00	-\$3.29	\$163.53	-\$4.51	\$152.49	\$1.25
BP4/TCP4 **	\$179.97	\$7.29	\$169.86	\$0.57	\$171.60	\$3.56	\$161.14	\$9.90
Hylife	\$183.62	\$10.93	\$175.93	\$6.64	\$190.16	\$22.13	\$175.69	\$24.45
Ontario***	\$177.08	\$4.40	\$158.32	-\$10.97	\$153.05	-\$14.99	\$147.11	-\$4.13
Québec	\$184.27	\$11.58	\$186.95	\$17.66	\$199.07	\$31.04	\$174.69	\$23.45
Tyson (USD)	\$130.31	-\$42.37	\$100.95	-\$68.34	\$83.07	-\$84.96	\$90.60	-\$60.64
John Morrell (USD)	\$122.41	-\$50.27	\$91.48	-\$77.80	\$73.73	-\$94.30	\$90.78	-\$60.46

*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 strengthened on improved hog values and were further aided by reduced feed costs. Canadian farrow-to-finish feed costs fell \$0.70/hog while those in the monitored US region edged \$0.25/hog under the previous week.

Hog margins out of Hylife and Quebec continue as the strongest monitored overall, however each weakened modestly from a week earlier. Hylife margins weakened nearly \$1.50/hog to \$5.50/profits while those out of Quebec were down \$0.55/hog to nearly \$1/hog profits. Remaining Canadian margins improved on the week however remain in negative territory. Hog margins out of Ontario strengthened near \$9/hog to \$26/hog losses, the Oly W strengthened \$7.50/hog to \$21.50/hog losses and the ML Sig 4 margins improved more than \$4.50/hog to \$17.50/hog declines. In the US, Tyson margins strengthened near \$10/hog to \$32/hog losses while JM improved more than \$14/hog from a week earlier to \$30/hog losses.

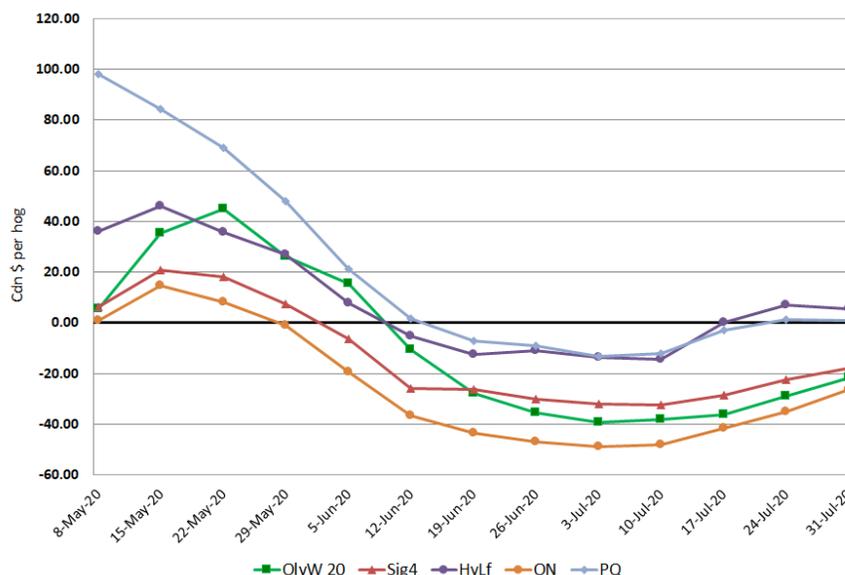
Regional MARGINS, \$/hog						
Packer/Region	31-Jul-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$151.24	\$113.28	\$39.45	\$20.05	\$172.78	-\$21.54
ML Sig 4/Manitoba	\$152.49	\$111.02	\$39.54	\$19.55	\$170.11	-\$17.62
Hylife/Manitoba	\$175.69	\$111.03	\$39.54	\$19.55	\$170.12	\$5.57
Ontario	\$147.11	\$108.96	\$40.71	\$23.76	\$173.43	-\$26.32
Québec	\$174.69	\$111.65	\$40.50	\$21.65	\$173.80	\$0.89
Tyson (USD)/Iowa	\$90.60	\$77.22	\$28.70	\$16.57	\$122.49	-\$31.89
John Morrell (USD)/ND	\$90.78	\$75.49	\$28.70	\$16.57	\$120.76	-\$29.98

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (31.89) USD X 1.3389 = \$ (42.70) in Canadian Dollars
- Morrell: \$ (29.98) USD X 1.3389 = \$ (40.14) in Canadian Dollars

Canadian Margins Last 13 weeks



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