



Weekly Regional HOG PRICE Report

July 28, 2020

Things to Consider....

US Cold Storage reported total pork stocks at 464 million pounds for June, falling 3.6 million pounds from the previous report and the lowest reported since August 2011 at 443 million pounds. Current levels of pork in cold storage are 155 million pounds or 25% under last year.

Categories on the report varied with increased stocks of hams and loins, as well as other pork categories such as other pork, trimmings and variety meats. Offsetting these increases were reduced levels of spareribs, bellies, butts, picnics and unclassified pork.

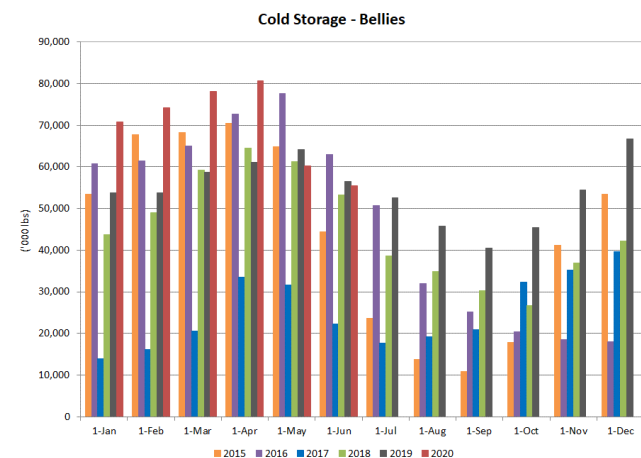
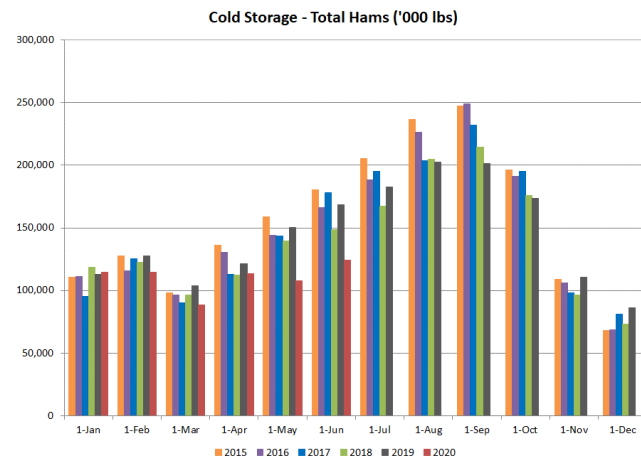
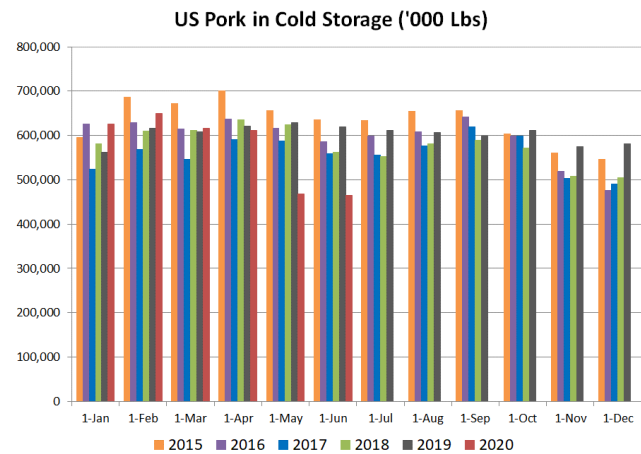
Total hams in cold storage reported the greatest move on the report, rising 16.8 million pounds for June with the bone-in variety accounting for most of the overall figure. Despite the reduced levels compared to previous years for this time, the report-over-report increase is considered seasonal as ham stocks in storage tend to rise from April through September.

Loins in cold storage climbed 5 million pounds for June, bringing stocks 30% under last year however similar to levels reported in 2018 for this time of year.

Spare-ribs in cold storage dropped nearly 14 million pounds from previously reported, which is a seasonal - if not a little on the modest side compared to the rate of decline reported in other years. Bellies in cold storage fell nearly 5 million pounds for June and is generally in-line with levels reported in 2018 & 2019 for this time. It is worth noting that bellies in cold storage reached a 6-year high as recently as April 2020 after reporting higher year-over-year amounts since May 2019 onward.

Although stocks are reportedly at a 9-year low, the impact of less pork in storage is not impacting short- or medium-term pricing to any major extent. Prices remain undervalued due to ongoing excessive slaughter numbers which has the US closing in on catching up from the plant closures earlier this spring. Expectations are for 4th quarter slaughter numbers to begin to decline relative to last year on liquidation noted in early 2020.

US Pork in Cold Storage					
('000 lbs)	Jun-20	May-20	Jun-19	M/M %	Y/Y %
Picnics	8,649	10,402	7,920	-16.9%	9.2%
Hams	124,301	107,550	168,599	15.6%	-26.3%
Bellies	55,537	60,322	56,468	-7.9%	-1.6%
Loins	32,537	27,502	46,678	18.3%	-30.3%
Ribs	65,325	79,133	101,647	-17.4%	-35.7%
Butts	13,235	17,152	17,218	-22.8%	-23.1%
Trimmings	44,119	43,801	47,862	0.7%	-7.8%
Other	53,446	51,731	89,917	3.3%	-40.6%
Total Pork	464,373	467,927	619,454	-0.8%	-25.0%



Weekly Hog Price Recap

Cash hog values improved daily with the strongest gains reported mid-to-late week. CME cash also climbed daily with more moderate daily moves and the strongest gains reported early mid-week. Wholesale pork primal values were mixed from the previous week, however, gains in hams and loins helped pork cut-out end \$1.79/cwt over a week earlier.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	24-Jul-20	Head	17-Jul-20		
ISM pm		\$35.32		\$31.11	\$4.22	13.6%
WCB pm		\$35.16		\$31.07	\$4.09	13.2%
Nat pm		\$34.68		\$31.17	\$3.51	11.3%
CME Index*		\$49.15		\$46.76	\$2.39	5.1%
Sows, 300-449lbs	11,754	\$17.14	13,685	\$17.20	-\$0.06	-0.3%
Sows, 500+ lbs	13,099	\$24.59	13,923	\$24.44	\$0.15	0.6%
BoC Exch		1.3444		1.3567	-0.0123	-0.9%

* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$4-\$7 per hog higher than week ago levels, with the OlyW up the most. Hylife values improved \$6.50/hog while those out of Ontario were up \$6/hog and the ML Sig 4 rose \$5.75/hog. Hog values out of Quebec were \$4/hog higher from a week earlier. In the US, values out of Tyson were up \$5/hog while JM rose \$8.50/hog from the previous week's average.

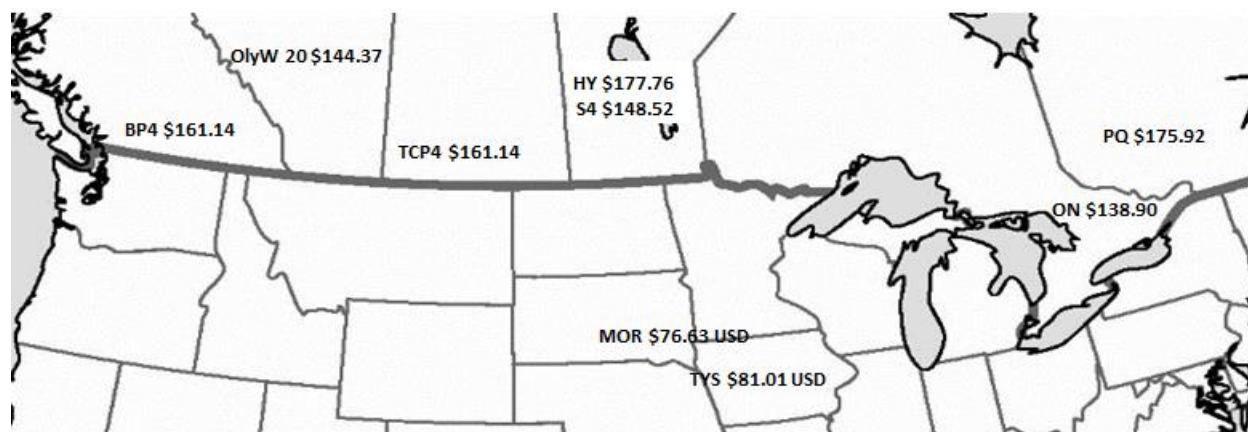
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 24-Jul-20	Difference to OlyW20
OlyW 17/19/20*	\$173.17		\$169.89		\$168.43		\$144.37	
ML Sig 4	\$178.77	\$5.59	\$166.45	-\$3.44	\$164.34	-\$4.08	\$148.52	\$4.15
BP4/TCP4 **	\$180.47	\$7.30	\$170.15	\$0.26	\$170.67	\$2.24	\$161.14	\$16.77
Hylife	\$184.08	\$10.90	\$176.24	\$6.36	\$191.61	\$23.18	\$177.76	\$33.40
Ontario***	\$177.71	\$4.53	\$158.69	-\$11.19	\$153.75	-\$14.67	\$138.90	-\$5.46
Québec	\$184.71	\$11.54	\$187.36	\$17.47	\$202.35	\$33.92	\$175.92	\$31.55
Tyson (USD)	\$130.94	-\$42.23	\$101.28	-\$68.61	\$82.77	-\$85.65	\$81.01	-\$63.36
John Morrell (USD)	\$123.00	-\$50.17	\$91.51	-\$78.38	\$72.92	-\$95.50	\$76.63	-\$67.73

*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 continued improvements in cash hog and pork cutout values. Canadian farrow-to-finish feed costs edged \$0.25/hog lower, while those in the monitored US region climbed a modest \$0.20/hog than a week earlier.

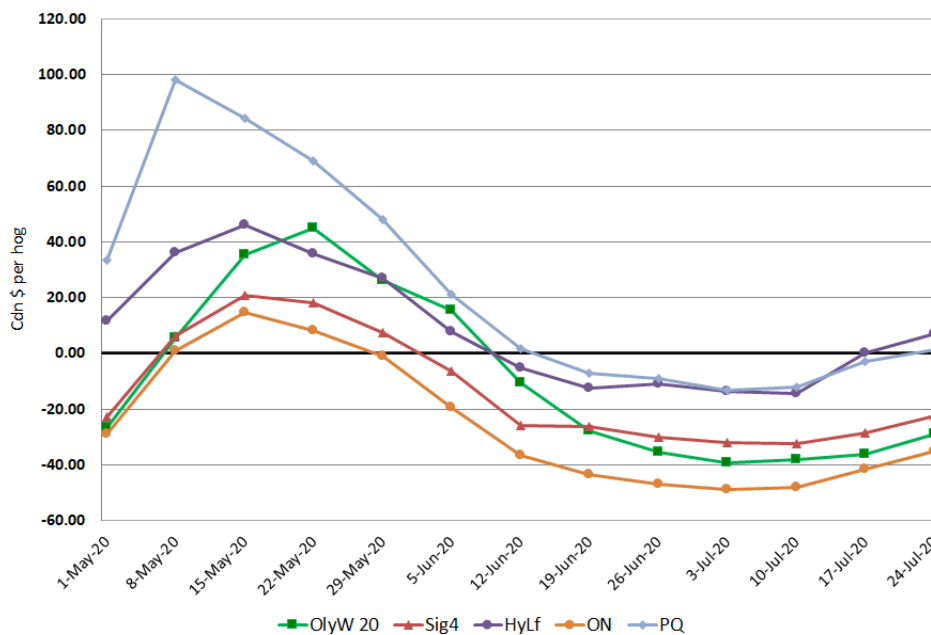
Hog margins out of Hylife and Quebec strengthened to profits this past week, with Hylife improving from nearly par last week to \$7/hog profits and Quebec up near \$4.50/hog to \$1.50/hog profits. Remaining Canadian margins improved \$6-\$7/hog on the week with the Sig 4 ending the week at \$22/hog losses, the OlyW 20 at \$29/hog losses and Ontario with \$35/hog losses. In the US, Tyson margins strengthened \$5.50/hog to \$41.75/hog losses while JM improved more than \$8/hog from a week earlier to \$44/hog losses.

Regional MARGINS, \$/hog						
Packer/Region	24-Jul-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$144.37	\$113.96	\$39.45	\$20.05	\$173.46	-\$29.09
ML Sig 4/Manitoba	\$148.52	\$111.70	\$39.54	\$19.55	\$170.79	-\$22.27
Hylife/Manitoba	\$177.76	\$111.71	\$39.54	\$19.55	\$170.80	\$6.96
Ontario	\$138.90	\$109.64	\$40.71	\$23.76	\$174.11	-\$35.21
Québec	\$175.92	\$112.33	\$40.50	\$21.65	\$174.48	\$1.44
Tyson (USD)/Iowa	\$81.01	\$77.46	\$28.70	\$16.57	\$122.73	-\$41.72
John Morrell (USD)/ND	\$76.63	\$75.73	\$28.70	\$16.57	\$121.00	-\$44.37

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (41.72) USD X 1.3444 = \$ (56.09) in Canadian Dollars
 Morrell \$ (44.37) USD X 1.3444 = \$ (59.65) in Canadian Dollars

Canadian Margins Last 13 weeks



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