Weekly Regional HOG PRICE Report

October 27, 2020

Things to Consider….

US Cold Storage reported pork stocks at 466.5 million pounds for September, up +0.2% or 1 million pounds from the previous report with current levels of pork in cold storage 132.3 million pounds or -22.1% under last year. For reference, total pork in cold storage for August was revised from 467.7 down to 465.5 million pounds. Cold storage bellies dropped 6.2 million pounds or -19.9% from August, bringing bellies -38.6% under the highs reached last year.

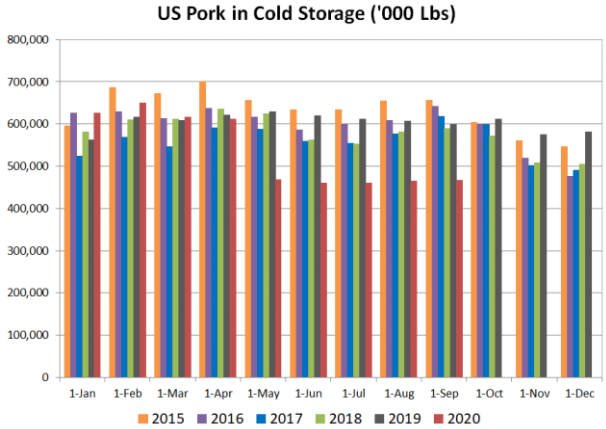
Total hams in cold storage rose 2.2 million pounds or +1.5% for September with increased volume of the bone-in variety partially offset by a modest decline in boneless hams. The rise can be considered seasonal as ham stocks in storage tend to rise from April through September, however current levels are -27.3% under last year for this time. Total loins in cold storage edged 903 thousand pounds higher or +2.2%, bringing overall stocks -3.7% under last year. Boneless loins in storage rose 2.6 million pounds while the bone-in variety declined 1.7 million pounds. It is worth noting that current levels are considerably above more recent historical years for this time, excluding the highs reached in 2019.

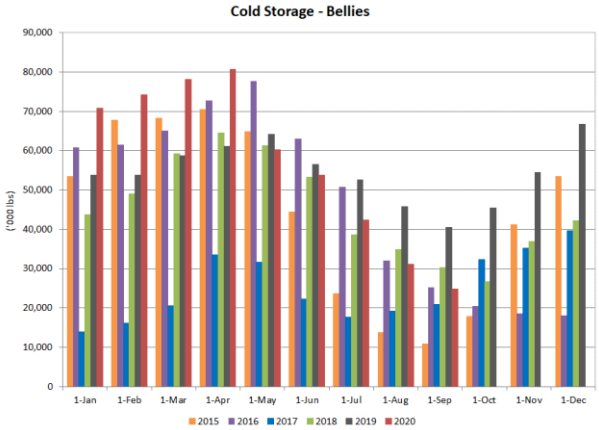
Butts rose 2.0 million pounds in cold storage for September, up +14.1% from August and -5.9% from last year. Spare-ribs and unclassified pork notably increased, up 1.9 and 1.8 million pounds respectively, with spare-ribs -24.2% under last year and unclassified pork down -5.8% from year ago levels. Cold stored trimmings and variety meats also reported declines, dropping 1.6 and 1.2 million pounds respectively from the previous report. This brings trimmings -6.5% and variety meats -24.9% under last year.

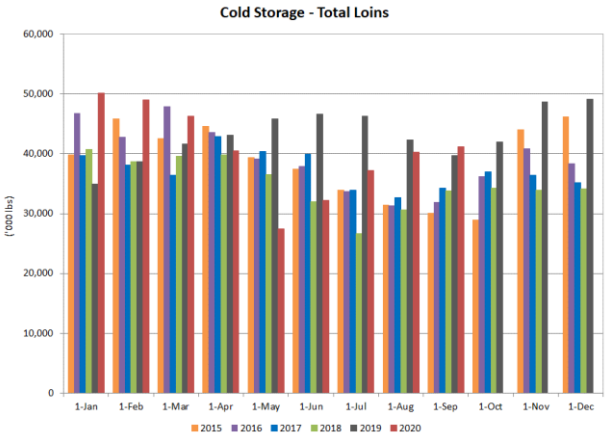
As a recap, cold storage levels have been virtually flat for the last 5 months with expectations of steady to slightly lower numbers heading into the 4th quarter of 2020. As Covid-19 numbers rise in many parts of the country and the World, there could be some concern over ongoing demand levels. Current pricing for Canadian hogs is considered "of value" given near/medium term fundamentals.

US Pork in Cold Storage

('000 lbs)	Sep-20	Aug-20	Sep-19	M/M %	Y/Y %
Picnics	8,358	7,975	8,582	4.8%	-2.6%
Hams	146,344	144,135	201,258	1.5%	-27.3%
Bellies	24,876	31,046	40,543	-19.9%	-38.6%
Loins	41,146	40,243	39,695	2.2%	3.7%
Ribs	64,626	62,696	85,287	3.1%	-24.2%
Butts	16,409	14,383	15,494	14.1%	5.9%
Trimmings	36,202	37,781	38,736	-4.2%	-6.5%
Other	54,371	53,667	83,900	1.3%	-35.2%
Total Pork	**466,474**	**465,465**	**598,750**	**0.2%**	**-22.1%**







Weekly Hog Price Recap

Regional and national cash began the week stronger however late week declines pushed the average under the week previous. By comparison, CME cash trended similarly however at much more moderate daily moves. Wholesale pork values varied throughout the week with mid-week gains partially offsetting declines reported the remaining days. Pork cutout finished the week $0.43/cwt under week ago levels.

USD Cash Price	Weekly Averages Head	23-Oct-20	Head	16-Oct-20	w/w	% Chg
ISM pm		$63.60		$63.97	-$0.38	-0.6%
WCB pm		$63.57		$63.96	-$0.39	-0.6%
Nat pm		$61.24		$63.11	-$1.86	-3.0%
CME Index*		$78.55		$78.26	$0.29	0.4%
Sows, 300-449lbs	11,035	$27.92	10,920	$25.67	$2.25	8.8%
Sows, 500+ lbs	12,331	$37.10	11,904	$33.84	$3.27	9.7%
BoC Exch		1.3141		1.3174	-0.0033	-0.3%

** Represents Friday-Thursday average*

Monitored Canadian hog markets improved on the week, however generally most markets were up less than $1/hog. Hog values out of Quebec however jumped $8/hog, while the OlyW 21 improved nearly $3/hog. The ML Sig 4 increased nearly $0.75/hog, followed by values out of BP/TC and Ontario which were each up around $0.50/hog. Hylife climbed more than $0.25/hog higher while the OlyW 20 edged modestly higher. By comparison, US hog values fell with Tyson values declining $4/hog while JM was down $0.80/hog from the previous week.

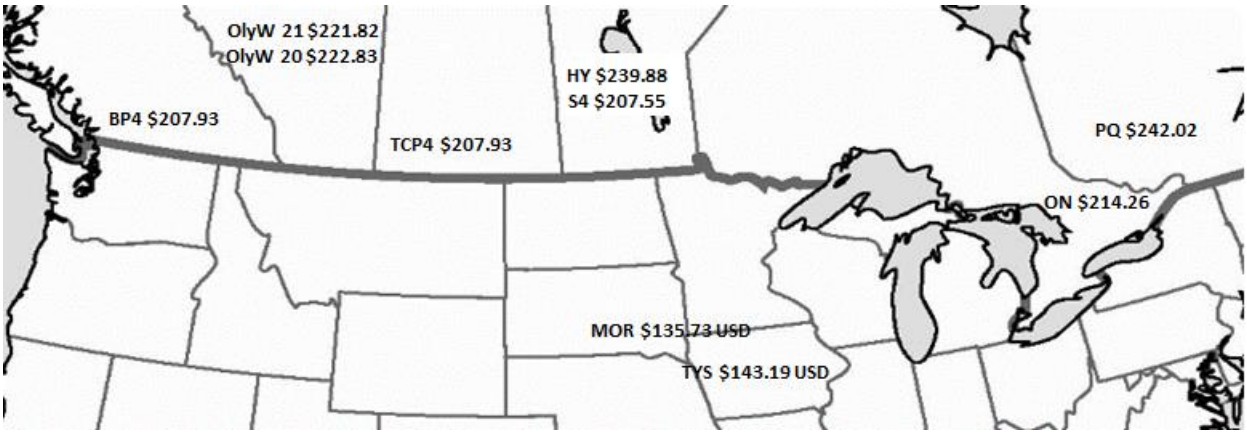
Regional Pricing, $/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 23-Oct-20	Difference to OlyW20
OlyW 17/19/20*	$172.37		$174.58		$183.37		$222.83	
OlyW 2021	$182.97	$10.60	$181.62	$7.04	$187.19	$3.82	$221.82	-$1.01
ML Sig 4	$176.46	$4.08	$169.94	-$4.64	$177.26	-$6.11	$207.55	-$15.28
BP4/TCP4 **	$177.49	$5.12	$172.31	-$2.27	$176.45	-$6.92	$207.93	-$14.90
Hylife	$183.13	$10.75	$182.29	$7.71	$206.28	$22.90	$239.88	$17.05
Ontario***	$175.23	$2.85	$164.89	-$9.69	$178.32	-$5.05	$214.26	-$8.58
Québec	$183.93	$11.56	$192.06	$17.47	$201.36	$17.99	$242.02	$19.19
Tyson (USD)	$127.12	-$45.25	$105.78	-$68.80	$117.43	-$65.94	$143.19	-$79.64
John Morrell (USD)	$119.67	-$52.71	$97.14	-$77.44	$111.90	-$71.48	$135.73	-$87.11

**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

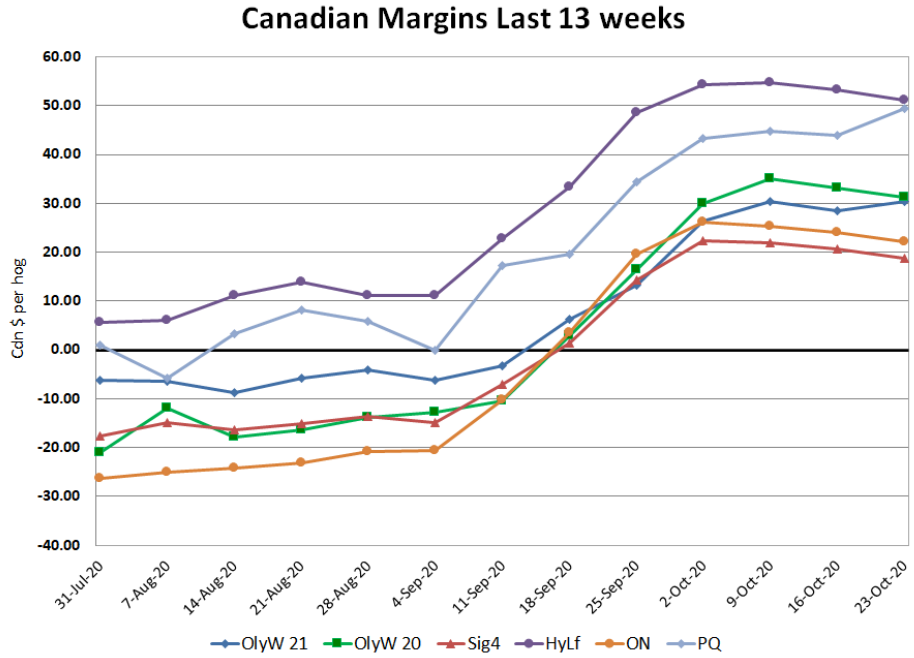
Monitored hog margins generally weakened as the rises in feed costs out-stripped more moderate improvements in cash hog values. Canadian farrow-to-finish feed costs rose $2.50/hog while those in the monitored US region climbed $2/hog from a week earlier.

Margins out of Hylife continue at strong levels not seen since the summer of 2017, however weakened $2.25 to $51/hog profits, followed by margins out of Quebec which improved $5.50 to $49.50/hog profits. The OlyW 20 hog margins weakened $2.50 to $31.25/hog profits while the OlyW 21 recovered $0.25/hog to $30.25/hog profits. Ontario hog margins weakened $2 to $22/hog profits and the Sig 4 fell closer to $1.75 to $18.75/hog profits. In the US, Tyson margins weakened more than $5.25 to $7.25/hog profits while JM margins fell $2.75 to $1.50/hog profits.

Regional MARGINS, $/hog						
	23-Oct-20	Farrow to Finish			Total	Weekly
Packer/Region	Hog Price	Feed*	Variable	Fixed	COP	Margin
OlyW 20/Alberta	$222.83	$132.03	$39.45	$20.05	$191.53	$31.30
OlyW 21/Alberta	$207.00	$132.03	$39.45	$20.05	$191.53	$15.47
ML Sig 4/Manitoba	$207.55	$129.77	$39.54	$19.55	$188.86	$18.69
Hylife/Manitoba	$239.88	$129.78	$39.54	$19.55	$188.87	$51.01
Ontario	$214.26	$127.71	$40.71	$23.76	$192.18	$22.08
Québec	$242.02	$130.40	$40.50	$21.65	$192.55	$49.47
Tyson (USD)/Iowa	$143.19	$90.60	$28.70	$16.57	$135.87	$7.32
John Morrell (USD)/ND	$135.73	$88.87	$28.70	$16.57	$134.14	$1.59

** Feed costs standarized for a 285 pound market hog*

- *Tyson:* $7.32 USD x 1.3140 = $9.62 CAD
- *Morrell:* $1.59 USD x 1.3140 = $2.09 CAD



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