



# Weekly Regional HOG PRICE Report

December 15, 2020

## Things to Consider....

US Cold Storage reported pork stocks at 414.1 million pounds for November, down -7.4% or 33.0 million pounds under from the previous report with current levels of pork in cold storage 160.7 million pounds or -28.0% under last year. For reference, total pork in cold storage for October was revised from 448.2 down to 447.1 million pounds.

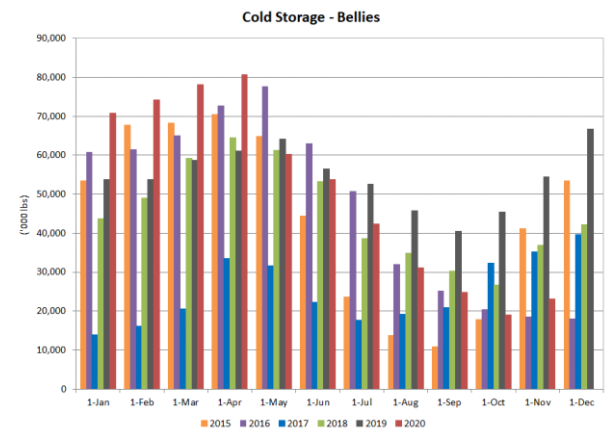
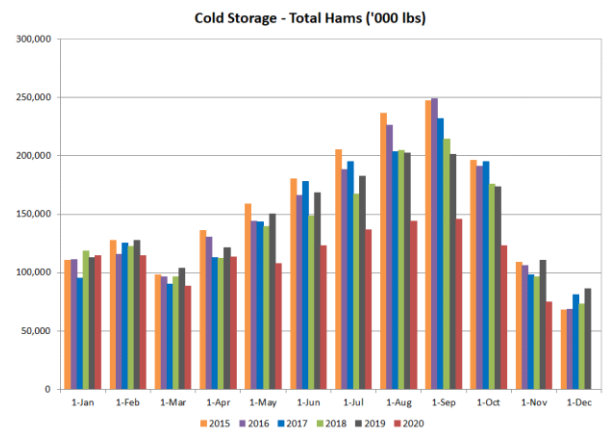
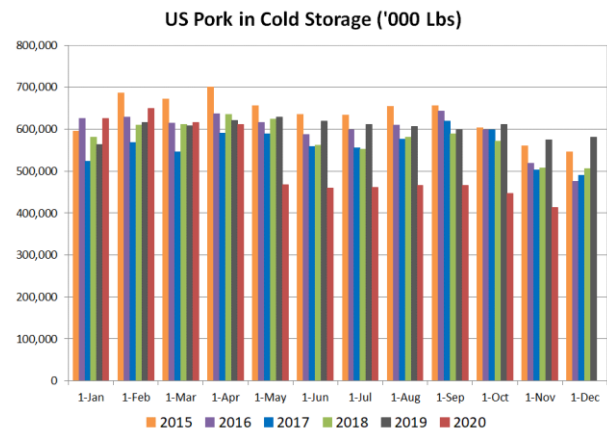
Total hams in cold storage accounted for the largest decline on the report, dropping 48.6 million pounds or -39.4% from October. The rise can be considered seasonal as ham stocks in storage tend to fall from October through to the end of December, however current levels are -32.5% or 35.9 million pounds under year ago levels.

Loins in cold storage were also reduced for November with the boneless variety down more than bone-in, with the total loin tally 6.2 million pounds or -14.7% under October and 13 million pounds or -26.8% under last year.

Spare-ribs, bellies, trimmings and the category for other pork all reported notable increases in cold storage for November. Spare-ribs increased 7.4 million pounds or +10.3%, while other pork rose 6.5 million pounds or +12.5%. Bellies in cold storage climbed 4.1 million pounds or 21.5% from the previous tally, which is 31.3 million pounds or -57.5% under year ago levels.

As pork export volumes continue at a robust rate and slaughter numbers level off, Cold Storage numbers are expected to continue to decline into the New Year. As stocks of pork continue to decline, the reduction will provide underlying support to forward prices and cash markets going forward. For the next few weeks however due to reduced slaughter schedules, cash markets are expected to soften further. Producers should expect a recovery in cash markets mid-late January.

US Pork in Cold Storage					
('000 lbs)	Nov-20	Oct-20	Nov-19	M/M %	Y/Y %
<b>Picnics</b>	8,877	8,486	7,506	4.6%	18.3%
<b>Hams</b>	74,722	123,324	110,635	-39.4%	-32.5%
<b>Bellies</b>	23,111	19,025	54,416	21.5%	-57.5%
<b>Loins</b>	35,685	41,847	48,719	-14.7%	-26.8%
<b>Ribs</b>	79,097	71,687	110,333	10.3%	-28.3%
<b>Butts</b>	17,135	16,181	25,933	5.9%	-33.9%
<b>Trimmings</b>	42,018	38,253	41,581	9.8%	1.1%
<b>Other</b>	58,325	51,843	86,792	12.5%	-32.8%
<b>Total Pork</b>	<b>414,133</b>	<b>447,115</b>	<b>574,840</b>	<b>-7.4%</b>	<b>-28.0%</b>



# Weekly Hog Price Recap

Cash hogs declined much of the week with regional cash facing greater mid-week losses while national cash was weaker late in the week. CME cash also declined near daily however recorded more moderate, consistent daily moves. Wholesale pork values varied with stronger gains in ham values and ribs offsetting weakness in other primals. Pork cutout edged \$0.02/cwt over week ago levels.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	11-Dec-20	Head	4-Dec-20		
ISM pm		\$55.16		\$56.53	-\$1.36	-2.4%
WCB pm		\$55.30		\$56.48	-\$1.19	-2.1%
Nat pm		\$54.74		\$56.33	-\$1.59	-2.8%
CME Index*		\$65.60		\$66.60	-\$1.00	-1.5%
Sows, 300-449lbs	16,245	\$40.00	13,943	\$41.29	-\$1.29	-3.1%
Sows, 500+ lbs	13,045	\$47.13	12,670	\$49.00	-\$1.87	-3.8%
BoC Exch		1.2783		1.2906	-0.0123	-1.0%

\* Represents Friday-Thursday average

Canadian hog markets were generally \$2 to \$5 per hog under week ago levels. Hog values out of Quebec declined the most, down \$5.50/hog, followed by those out of Ontario which were down more than \$4.25/hog. Both the OlyW 20 & Sig 4 each fell near \$3.50/hog, while the BP/TC declined \$2.75 and Hylife was down \$2.25/hog. In the US, Tyson fell nearly \$1.75/hog while JM declined \$2.50/hog from the previous week.

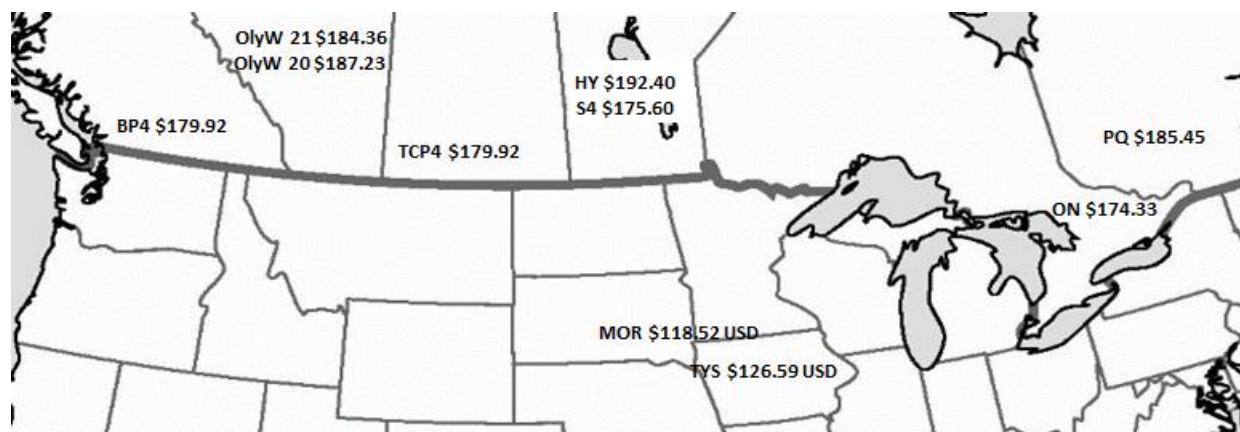
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 11-Dec-20	Difference to OlyW20
OlyW 17/19/20*	\$174.46		\$178.61		\$206.14		\$187.23	
OlyW 2021	\$184.09	\$9.62	\$184.00	\$5.39	\$202.81	-\$3.33	\$184.36	-\$2.87
ML Sig 4	\$179.11	\$4.65	\$177.91	-\$0.70	\$196.24	-\$9.90	\$175.60	-\$11.63
BP4/TCP4 **	\$178.88	\$4.41	\$175.30	-\$3.31	\$193.52	-\$12.62	\$179.92	-\$7.31
Hylife	\$183.88	\$9.42	\$183.55	\$4.93	\$216.80	\$10.66	\$192.40	\$5.17
Ontario***	\$176.29	\$1.83	\$168.36	-\$10.25	\$197.03	-\$9.11	\$174.33	-\$12.90
Québec	\$185.62	\$11.16	\$193.20	\$14.59	\$212.09	\$5.95	\$185.45	-\$1.78
Tyson (USD)	\$127.34	-\$47.13	\$109.97	-\$68.64	\$137.50	-\$68.64	\$126.59	-\$60.64
John Morrell (USD)	\$119.71	-\$54.75	\$101.27	-\$77.35	\$130.33	-\$75.81	\$118.52	-\$68.71

\*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

Another week of declining hog and pork values weighed on monitored hog margins. Canadian farrow-to-finish feed costs fell \$0.50/hog while those in the monitored US region modestly increased \$0.20/hog from a week earlier.

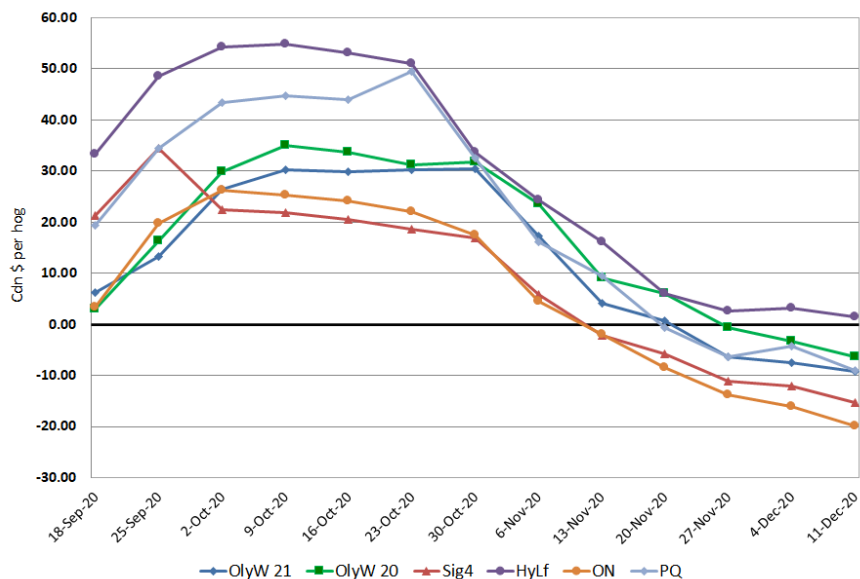
Hog margins out of Hylife continue to hold positive margins, weakening \$1.75 to \$1.50/hog profits. The OlyW 20 weakened \$3 to \$6.25/hog losses while the OlyW 21 fell \$1.75 to nearly \$9.25/hog losses. Margins out of Quebec weakened nearly \$5 to \$9/hog losses, Sig 4 hog margins fell \$3 to \$15.25/hog losses while those out of Ontario continue as the weakest monitored falling \$3.75 to nearly \$20/hog losses overall. In the US, Tyson margins weakened \$1.25 to \$11.75/hog losses while JM margins weakened more than \$2.50 to \$18/hog losses.

Regional MARGINS, \$/hog						
Packer/Region	11-Dec-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$187.23	\$134.04	\$39.45	\$20.05	\$193.54	-\$6.31
OlyW 21/Alberta	\$184.36	\$134.04	\$39.45	\$20.05	\$193.54	-\$9.18
ML Sig 4/Manitoba	\$175.60	\$131.78	\$39.54	\$19.55	\$190.87	-\$15.27
Hylife/Manitoba	\$192.40	\$131.79	\$39.54	\$19.55	\$190.88	\$1.52
Ontario	\$174.33	\$129.72	\$40.71	\$23.76	\$194.19	-\$19.86
Québec	\$185.45	\$132.41	\$40.50	\$21.65	\$194.56	-\$9.11
Tyson (USD)/Iowa	\$126.59	\$93.12	\$28.70	\$16.57	\$138.39	-\$11.80
John Morrell (USD)/ND	\$118.52	\$91.39	\$28.70	\$16.57	\$136.66	-\$18.14

\* Feed costs standardized for a 285 pound market hog

Tyson: **\$(11.80)** USD x 1.2722 = **\$(15.01)** CAD  
 Morrell: **\$(18.14)** USD x 1.2722 = **\$(23.08)** CAD

Canadian Margins Last 13 weeks



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