



# Weekly Regional HOG PRICE Report

December 8, 2020

## Things to Consider....

The latest US pork exports reported an 8.1% jump from the levels previously reported, with most major destinations for US pork reporting increased volume. The latest tally represents a 5-month high and is the highest recorded for the month of October historically. This brings US pork exports +13.1% over last year, with year ago levels already considered seasonally strong compared to other years.

US pork to mainland China increased 19.9 million pounds on the month, with China\* (including Hong Kong and Taiwan) up 18.3 million pounds overall. Japan also reported a significant rise, up 13.3 million pounds and is well over other years for this time excluding the highs in 2018. US pork exports to Mexico increased 6.8 million lbs, Chile rose 5.5 million lbs, Colombia was up 4.1 million lbs and South Korea climbed 3.3 million pounds.

Canada decreased imports of US pork, down 8.3 million pounds from the high reported in September, however, remains well above other years for this time. Australia also reported a decline for October, down 2.5 million pounds from last reported.

Given recent sharp declines in the US dollar, exports of US pork and pork products are projected to continue at above year ago levels to finish off 2020. Early projections for the first quarter of 2021 also include strong movement of pork abroad as many Asian countries recover from the lingering effects of ASF.

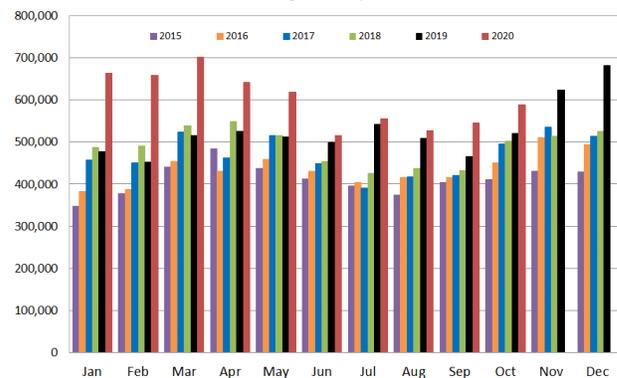
Lean hog futures which currently are trading below the contract highs of October have much of the anticipated strong exports factored into prices. Any further upside in the futures market is going to require another positive influencing factor.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Oct-19	Sep-20	Oct-20	M/M%	Y/Y%	YTD/LYTD%
Australia	26,495	18,717	16,223	-13.3%	-38.8%	-20.3%
Canada	45,963	59,953	51,607	-13.9%	12.3%	6.1%
China*	102,883	129,599	147,903	14.1%	43.8%	161.5%
Colombia	26,171	13,414	17,543	30.8%	-33.0%	-39.2%
Japan	92,712	94,927	108,263	14.0%	16.8%	3.7%
Mexico	119,077	128,746	135,562	5.3%	13.8%	-2.8%
South Korea	47,255	28,143	31,412	11.6%	-33.5%	-21.4%
<b>All US Pork Exports</b>	<b>520,910</b>	<b>545,223</b>	<b>589,117</b>	<b>8.1%</b>	<b>13.1%</b>	<b>19.9%</b>

\*Includes Mainland, Hong Kong & Taiwan

Total US Pork Exports

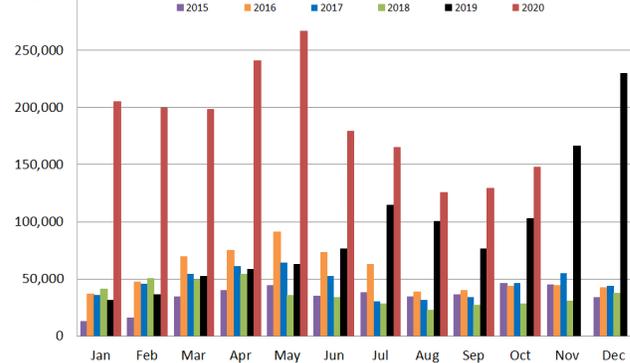
Carcass Weight 1,000 pounds



Total US Pork Exports to China\*

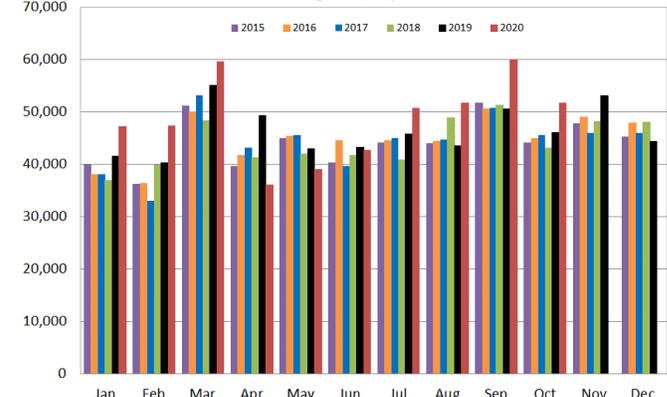
Carcass Weight 1,000 pounds

\*Includes Mainland, Hong Kong & Taiwan



Total US Pork Exports to Canada

Carcass Weight 1,000 pounds



# Weekly Hog Price Recap

Cash hogs fell with regional cash facing midweek declines while national cash dropped the better part of the week. CME cash also declined near daily, however recorded more moderate daily moves. Wholesale pork values varied with most primals finishing the week lower, excluding hams and bellies which helped offset other declines. Pork cutout edged \$0.08/cwt under the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	4-Dec-20	Head	27-Nov-20		
ISM pm		\$56.53		\$57.03	-\$0.50	-0.9%
WCB pm		\$56.48		\$57.25	-\$0.76	-1.3%
Nat pm		\$56.33		\$57.58	-\$1.25	-2.2%
CME Index*		\$66.60		\$67.52	-\$0.92	-1.4%
Sows, 300-449lbs	13,943	\$41.29	9,958	\$43.18	-\$1.89	-4.4%
Sows, 500+ lbs	12,670	\$49.00	7,337	\$49.95	-\$0.95	-1.9%
BoC Exch		1.2906		1.3023	-0.0117	-0.9%

\* Represents Friday-Thursday average

Most Canadian hog markets fell again this past week, generally \$1 to \$5 per hog under week ago levels. Only values out of Quebec improved, rising \$0.50/hog. The OlyW 21 and BP/TC each fell \$5/hog, followed by the OlyW 20 which was down closer to \$4.25/hog. Values out of Ontario were down shy of \$4/hog while the Sig 4 was down \$2.70/hog and Hylife fell \$1/hog. In the US, Tyson fell \$2.50/hog while JM fell \$1.50/hog from week ago levels. Sig 4 reported last week for week ending Nov 27, 2020 contained a calculation error, price revised to \$181.96 per hog

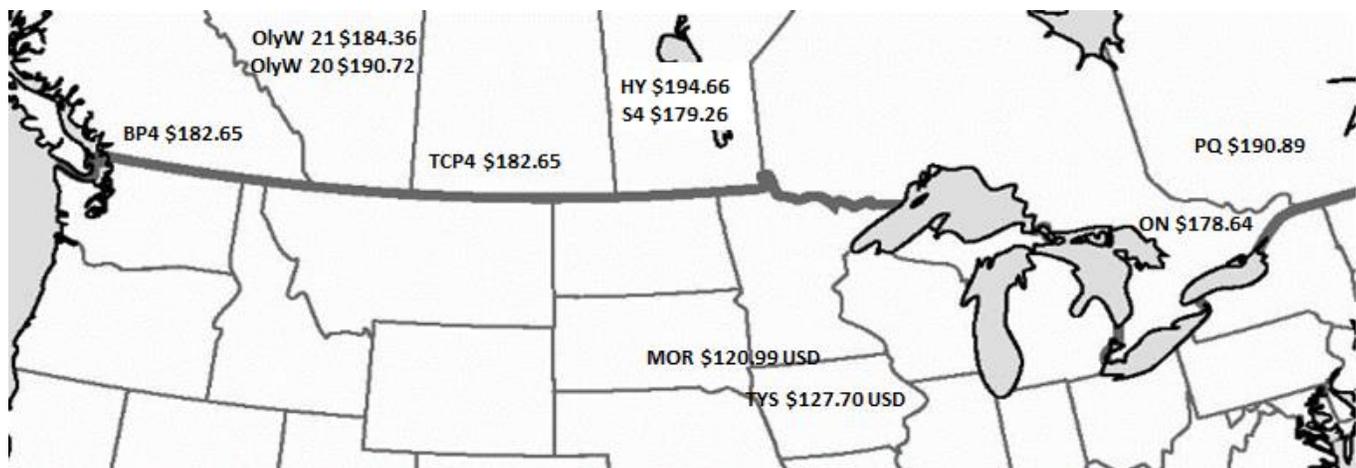
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 04-Dec-20	Difference to OlyW20
OlyW 17/19/20*	\$174.35		\$178.43		\$204.71		\$190.72	
OlyW 2021	\$184.07	\$9.72	\$183.95	\$5.52	\$201.97	-\$2.74	\$184.36	-\$6.36
ML Sig 4	\$179.13	\$4.78	\$177.96	-\$0.47	\$197.29	-\$7.42	\$179.26	-\$11.46
BP4/TCP4 **	\$178.89	\$4.55	\$175.20	-\$3.23	\$192.07	-\$12.64	\$182.65	-\$8.07
Hylife	\$183.92	\$9.57	\$183.60	\$5.17	\$217.31	\$12.60	\$194.66	\$3.94
Ontario***	\$176.34	\$1.99	\$168.23	-\$10.19	\$196.66	-\$8.05	\$178.64	-\$12.08
Québec	\$185.60	\$11.25	\$193.37	\$14.94	\$213.00	\$8.29	\$190.89	\$0.17
Tyson (USD)	\$127.42	-\$46.93	\$109.61	-\$68.82	\$135.94	-\$68.77	\$127.70	-\$63.02
John Morrell (USD)	\$119.78	-\$54.57	\$100.90	-\$77.53	\$129.57	-\$75.14	\$120.99	-\$69.73

\*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

Monitored hog margins generally weakened on continued declines in hog and pork values however did receive some support from a reduction in feed costs. Canadian farrow-to-finish feed costs dropped more than \$1.50/hog while those in the monitored US region declined \$0.50/hog from a week earlier.

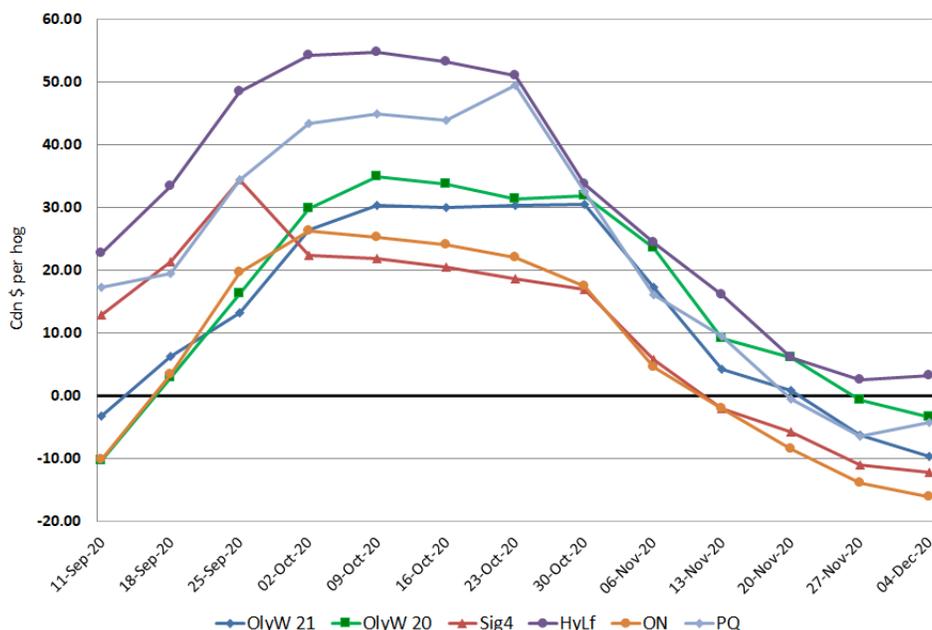
Only margins for Hylife held onto positive territory this past week. The Sig 4 fell \$1 to nearly \$12/hog losses while Hylife climbed nearly \$0.75 to \$3.25/hog profit. The OlyW 20 weakened \$2.75 to \$3.25/hog losses while the 2021 declined \$3.25 to \$9.75/hog losses and margins out of Ontario declined \$2.25 to \$16/losses. In the US, Tyson margins weakened more than \$1.25 to \$10.50/hog losses while JM margins weakened \$1 to nearly \$15.50/hog losses.

Regional MARGINS, \$/hog						
Packer/Region	04-Dec-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$190.72	\$134.57	\$39.45	\$20.05	\$194.07	-\$3.35
OlyW 21/Alberta	\$184.36	\$134.57	\$39.45	\$20.05	\$194.07	-\$9.71
ML Sig 4/Manitoba	\$179.26	\$132.31	\$39.54	\$19.55	\$191.40	-\$12.14
Hylife/Manitoba	\$194.66	\$132.32	\$39.54	\$19.55	\$191.41	\$3.25
Ontario	\$178.64	\$130.25	\$40.71	\$23.76	\$194.72	-\$16.08
Québec	\$190.89	\$132.94	\$40.50	\$21.65	\$195.09	-\$4.20
Tyson (USD)/Iowa	\$127.70	\$92.94	\$28.70	\$16.57	\$138.21	-\$10.51
John Morrell (USD)/ND	\$120.99	\$91.21	\$28.70	\$16.57	\$136.48	-\$15.49

\* Feed costs standardized for a 285 pound market hog

Tyson:  $\$(10.51) \text{ USD} \times 1.2808 = \$(13.46) \text{ CAD}$   
 Morrell:  $\$(15.49) \text{ USD} \times 1.2808 = \$(19.84) \text{ CAD}$

Canadian Margins Last 13 weeks



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