



Weekly Regional HOG PRICE Report

December 22, 2020

Things to Consider....

The Quarterly Hogs & Pigs report was released Wednesday, December 23rd.

The latest NASS/USDA report indicated a 3% decrease in the breeding herd from year ago levels which was more of a drop than analyst expectations prior to the report's release.

All Hogs and Pigs and the category for market hogs were each reported near pre-report estimates, down less than a percent from last year. The current inventory is the second highest recorded for the December report, with the tally reported last year the historical high for the quarter at 78.2 million head.

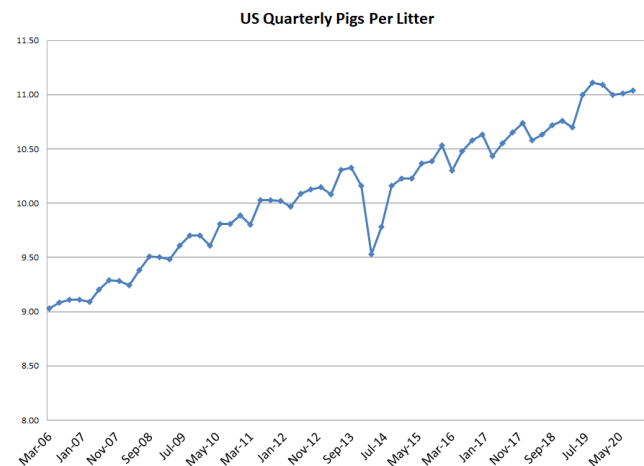
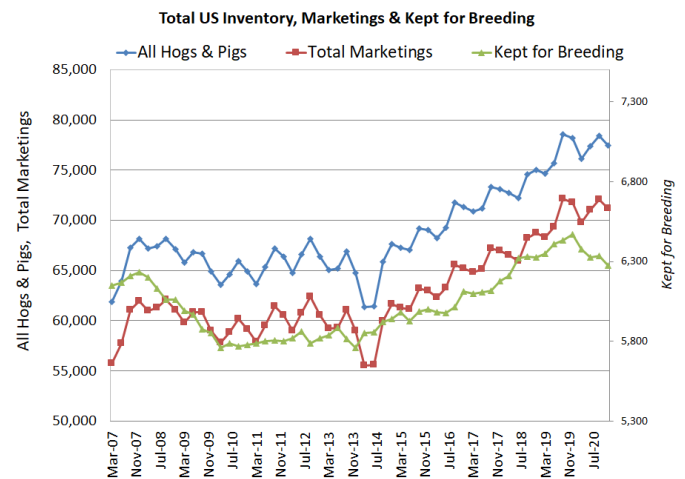
All Hogs & Pigs declined 726 thousand head or 0.9% from last year and 932 thousand or 1.2% from the previous quarter. Market hog inventories edged 531 thousand head or 0.7% under last year and declined 875 thousand or 1.2% from the previous report.

Kept for Breeding reported at 6,276 thousand head is 195 thousand under last year and down 57 thousand from the previous quarter.

Pigs per litter fell 0.4% from last December while the market anticipated a modest increase over last year. The Sep-Nov pig crop was reported 1.4% under last year, while pre-report estimates anticipated a 3.5% decline.

The market had minimal reaction to the report released last week which confirmed that fewer hog numbers are expected into the coming year south of the border. Although the market anticipated numbers both above and below the report, there was not enough information within the latest release to cause a major shift in the current trend in the futures market. Hog producers should continue to take advantage of contract highs in the summer months to reduce exposure for 2021.

Quarterly H&P - Dec 2020		2019	2020	Est	%20/19	%Est-Act
All Hogs and Pigs		78,228	77,502	99.0%	99.1%	0.1%
Kept for Breeding		6,471	6,276	98.2%	97.0%	-1.2%
Market Hogs		71,757	71,226	99.0%	99.3%	0.3%
Mkt hog Wt. Groups						
Under 50 pounds		22,048	21,739	97.6%	98.6%	1.0%
50-119 pounds		20,636	20,260	98.3%	98.2%	-0.1%
120-179 pounds		15,256	15,246	100.4%	99.9%	-0.5%
180 pounds and over		13,816	13,980	101.9%	101.2%	-0.7%
Sep-Nov Pig Crop		35,459	34,973	96.6%	98.6%	2.0%
Sep-Nov Pigs per Litter		11.09	11.05	100.3%	99.6%	-0.7%
Sows Farrowing						
'20	Sep-Nov	3,197	3,164	96.3%	99.0%	2.7%
'20 / '21	Dec-Feb	3,068	3,118	98.2%	101.6%	3.4%
21	Mar-May	3,149	3,123	98.6%	99.2%	0.6%



Weekly Hog Price Recap

Cash hogs declined again this past week, with regional cash facing significant declines Tuesday and Friday while national cash was lowest late week. CME cash was also lower most days with larger declines into the end of the week. Wholesale pork values varied however most primals finished notably lower, especially hams, with pork cutout ending \$4.21/cwt under the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	18-Dec-20	Head	11-Dec-20		
ISM pm		\$53.09		\$55.16	-\$2.07	-3.8%
WCB pm		\$53.33		\$55.30	-\$1.97	-3.6%
Nat pm		\$52.67		\$54.74	-\$2.07	-3.8%
CME Index*		\$64.64		\$65.60	-\$0.96	-1.5%
Sows, 300-449lbs	14,841	\$37.40	16,245	\$40.00	-\$2.60	-6.5%
Sows, 500+ lbs	14,127	\$44.76	13,045	\$47.13	-\$2.37	-5.0%
BoC Exch		1.2745		1.2783	-0.0038	-0.3%

* Represents Friday-Thursday average

Canadian hog markets were generally \$2 to \$4 per hog under week ago levels, excluding those out of Hylife which declined more than \$9/hog. BP/TC declined \$3.75/hog on the week, followed by the OlyW 20 and Ontario which were each down \$3.25/hog. Values out of Quebec and the OlyW 21 were both down \$2.50/hog, while the Sig 4 declined near \$2.25/hog. In the US, Tyson fell \$4.50/hog while JM was down closer to \$4/hog from the previous week.

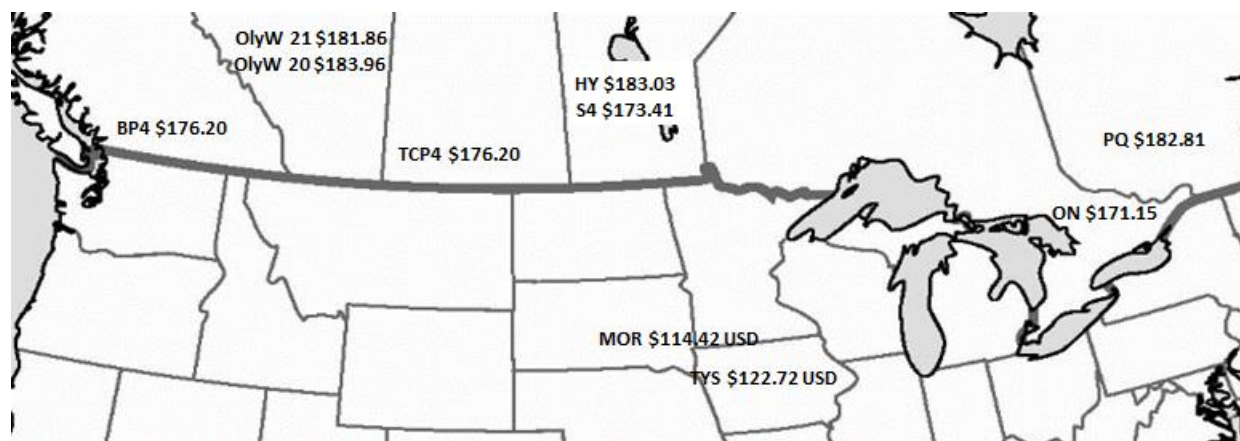
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 18-Dec-20	Difference to OlyW20
OlyW 17/19/20*	\$174.58		\$178.72		\$206.17		\$183.96	
OlyW 2021	\$184.07	\$9.49	\$183.96	\$5.24	\$202.43	-\$3.75	\$181.86	-\$2.10
ML Sig 4	\$179.10	\$4.52	\$177.82	-\$0.90	\$194.26	-\$11.92	\$173.41	-\$10.55
BP4/TCP4 **	\$178.86	\$4.27	\$175.32	-\$3.40	\$194.01	-\$12.16	\$176.20	-\$7.76
Hylife	\$183.79	\$9.21	\$183.30	\$4.58	\$214.63	\$8.46	\$183.03	-\$0.94
Ontario***	\$176.27	\$1.68	\$168.42	-\$10.30	\$195.99	-\$10.18	\$171.15	-\$12.81
Québec	\$185.67	\$11.09	\$192.99	\$14.27	\$210.68	\$4.51	\$182.81	-\$1.15
Tyson (USD)	\$127.26	-\$47.32	\$110.24	-\$68.48	\$137.51	-\$68.66	\$122.72	-\$61.24
John Morrell (USD)	\$119.65	-\$54.93	\$101.54	-\$77.19	\$129.02	-\$77.15	\$114.42	-\$69.54

*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

Continued declines in hog values coupled with a rise in feed costs pressured hog margins again this past week, with all monitored margins reporting losses overall. Canadian farrow-to-finish feed costs rose \$2.25/hog while those in the monitored US region increased \$2/hog from a week earlier.

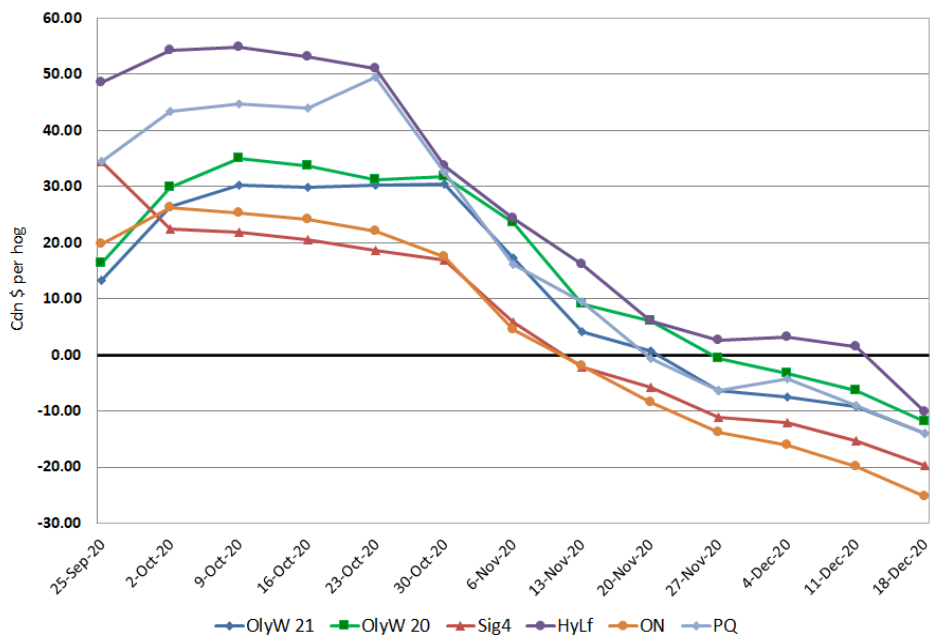
Margins out of Hylife were the least weak overall, falling \$11.50/hog to \$10/hog losses, while those out of the OlyW 20 fell \$5.50 to \$11.75/hog losses. Hog margins out of Quebec and the OlyW 21 each fell \$4.75 to nearly \$14/losses, while the Sig 4 declined \$4.25 to more than \$19.50/hog losses and Ontario weakened \$5.25 to \$25.25/hog losses. In the US, Tyson margins were down \$5.75 to more than \$17.50/hog losses while JM margins weakened more than \$6 to \$24.25/hog losses.

Regional MARGINS, \$/hog						
Packer/Region	18-Dec-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$183.96	\$136.25	\$39.45	\$20.05	\$195.75	-\$11.79
OlyW 21/Alberta	\$181.86	\$136.25	\$39.45	\$20.05	\$195.75	-\$13.89
ML Sig 4/Manitoba	\$173.41	\$133.99	\$39.54	\$19.55	\$193.08	-\$19.67
Hylife/Manitoba	\$183.03	\$134.00	\$39.54	\$19.55	\$193.09	-\$10.06
Ontario	\$171.15	\$131.93	\$40.71	\$23.76	\$196.40	-\$25.25
Québec	\$182.81	\$134.62	\$40.50	\$21.65	\$196.77	-\$13.96
Tyson (USD)/Iowa	\$122.72	\$95.13	\$28.70	\$16.57	\$140.40	-\$17.68
John Morrell (USD)/ND	\$114.42	\$93.40	\$28.70	\$16.57	\$138.67	-\$24.25

* Feed costs standardized for a 285 pound market hog

Tyson: \$(17.68) USD x 1.2908 = \$(22.82) CAD
 Morrell: \$(24.25) USD x 1.2908 = \$(31.30) CAD

Canadian Margins Last 13 weeks



Disclaimer: Commodity Professionals Inc. presents this report as a snapshot of the market using current information available at the time of the report. These findings are for informational purposes only and should not be reproduced or transmitted by any means without permission. Commodity Professionals Inc. does not guarantee, and accepts no legal liability arising from or connected to, the accuracy, reliability, or completeness of any material contained in the publication.

