



Weekly Regional HOG PRICE Report

December 29, 2020

Things to Consider...

Happy New Year Everyone....

As the calendar flips over to start the next chapter of our journey towards profitability and growth, it only seems fitting to look back at what was 2020 from the eyes of a hog producer.

- January- the industry appears to have some optimism as Phase 1 of the US/China trade deal is signed and anticipation rises on potential pork exports
- ASF spreads into Europe causing more losses to pork production
- January 21, 2020- Coronavirus numbers hit 1000 in China with 41 deaths (how things have changed)
- US Pork Exports on the rise to China due to ongoing issues with ASF in Asia
- Early March- Covid 19 becomes an official pandemic
- March 26 2020 the US becomes the country with the highest confirmed cases of Covid-19
- Major hog and pork processing disruptions as US slaughter plummets to never seen before levels as workers in slaughter plants contract the virus in staggering numbers. Some Canadian plants also experienced closures due to infected workers
- Cash hog prices drop hard due to kill cutbacks; cut-out makes a short-lived run to record highs as meat hoarding happens for a brief period at the start of the pandemic
- By mid-May US and Canadian slaughter plants re-open at more normal capacity
- Summer- hog weights skyrocket to new levels as hogs are backed up in finishing barns forcing small pig prices to all-time lows because of a lack of space to put animals.
- Early June slaughter levels reach 2019 levels. Now the industry must work through the glut of heavy hogs on the market
- In June Covid-19 cases reach 9 million worldwide
- Late summer, Canadian packing industry offers short-term and medium-term pricing solutions to hog producers
- Cash hog prices and lean hog futures stabilize in late summer/early fall
- ASF hits Germany in September, markets rally as Asian markets close their borders to German pork
- US Sep and Dec H&P reports confirm sow liquidation
- By the end of 2020 hog slaughter and weights return to "normal levels"
- Covid-19 numbers reach 85 million worldwide
- Lean hog futures trading within a couple dollars of contract highs providing some hope for a profitable 2021



Weekly Hog Price Recap

Regional and national fell for much of the holiday-shortened week, with only 3 days reported during the Christmas week. CME cash for the 4-days reported, fell daily. Wholesale pork values were mixed overall, however heavier declines Tuesday helped drive pork cutout \$4.20/cwt under the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	25-Dec-20	Head	18-Dec-20		
ISM pm		\$51.43		\$53.09	-\$1.66	-3.1%
WCB pm		\$51.25		\$53.33	-\$2.07	-3.9%
Nat pm		\$50.81		\$52.67	-\$1.87	-3.5%
CME Index*		\$61.35		\$64.64	-\$3.29	-5.1%
Sows, 300-449lbs	8,702	\$36.62	14,841	\$37.40	-\$0.78	-2.1%
Sows, 500+ lbs	7,086	\$43.69	14,127	\$44.76	-\$1.08	-2.4%
BoC Exch		1.2862		1.2745	0.0117	0.9%

* Represents Friday-Thursday average

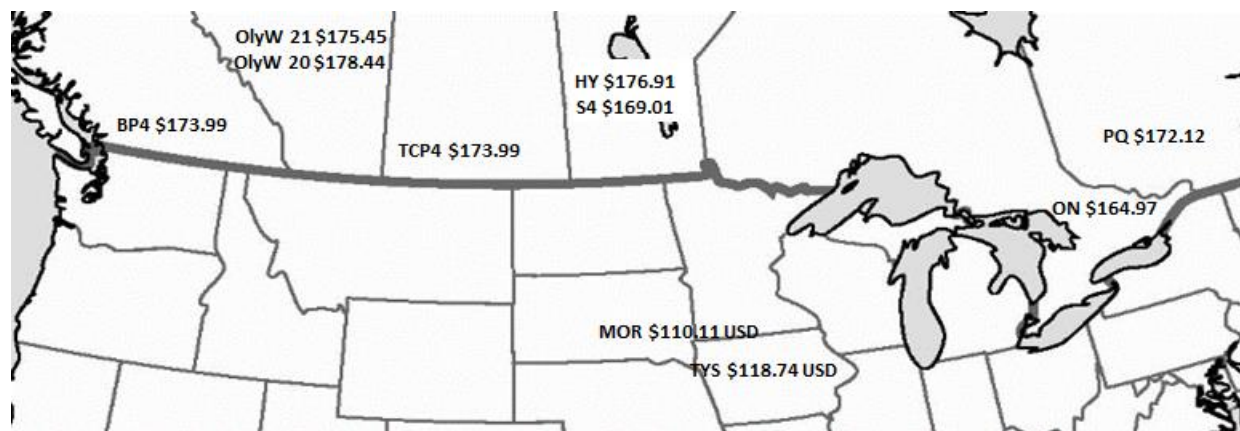
Canadian hog markets were generally \$4.50 to \$6.50 per hog under week ago levels, excluding those out of BP/TC which declined \$2.25/hog and those out of Quebec which dropped nearly \$10.75/hog. The OlyW 21, Ontario and Hylife each fell more than \$6/hog, while the OlyW 20 declined \$5.50/hog and the Sig 4 was down \$4.50/hog from the previous week. In the US, Tyson fell \$4.50/hog while JM was down closer to \$4.25/hog from week ago levels.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW20	2020 YTD	Difference to OlyW20	Last 13 weeks	Difference to OlyW20	Ending 25-Dec-20	Difference to OlyW20
OlyW 17/19/20*	\$174.69		\$178.72		\$204.57		\$178.44	
OlyW 2021	\$184.03	\$9.34	\$183.79	\$5.07	\$200.83	-\$3.74	\$175.45	-\$2.99
ML Sig 4	\$179.09	\$4.39	\$177.64	-\$1.07	\$190.74	-\$13.83	\$169.01	-\$9.43
BP4/TCP4	\$178.85	\$4.15	\$175.29	-\$3.42	\$193.56	-\$11.01	\$173.99	-\$4.45
Hylife	\$183.67	\$8.97	\$182.96	\$4.25	\$210.64	\$6.07	\$176.91	-\$1.53
Ontario**	\$176.23	\$1.54	\$168.35	-\$10.37	\$193.04	-\$11.53	\$164.97	-\$13.47
Québec	\$185.68	\$10.99	\$192.58	\$13.86	\$207.12	\$2.55	\$172.12	-\$6.32
Tyson (USD)	\$127.20	-\$47.50	\$110.42	-\$68.29	\$136.04	-\$68.53	\$118.74	-\$59.70
John Morrell (USD)	\$119.58	-\$55.12	\$101.71	-\$77.01	\$127.01	-\$77.56	\$110.11	-\$68.33

*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

** Ontario pricing does not include any pork or cutout based formulas for market hogs

To Note: OlyW and BP4/TCP4 are nearly a full 1 week lag to Sig 4, Hylife, Ontario & Quebec



Weekly Hog Margins

Significant declines in hog and values coupled with a jump in feed costs pressured hog margins again this past week, with all monitored margins reporting losses overall. Canadian farrow-to-finish feed costs rose \$4/hog while those in the monitored US region increased \$3/hog from a week earlier.

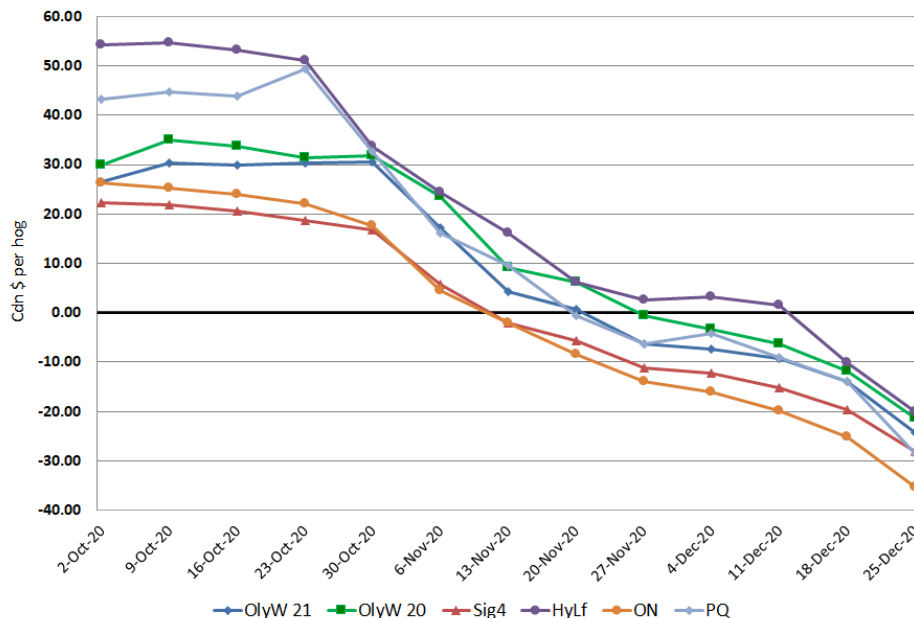
Margins out of Hylife continue as the least weak overall, falling \$10 to \$20/hog losses, followed by those out of the OlyW 20 which fell \$9.50 to \$21.25/hog losses and the OlyW 21 which was down \$10.50 to \$24.25/hog losses. Margins off the Sig 4 and those out of Quebec each fell to more than \$28/hog losses overall, down nearly \$8.50 and \$14.75 per hog respectively from the previous week. In the US, Tyson margins were down \$7 to \$24.75/hog losses while JM margins weakened \$7.50 to more than \$31.50/hog losses.

Regional MARGINS, \$/hog						
Packer/Region	25-Dec-20		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$178.44	\$140.24	\$39.45	\$20.05	\$199.74	-\$21.30
OlyW 21/Alberta	\$175.45	\$140.24	\$39.45	\$20.05	\$199.74	-\$24.29
ML Sig 4/Manitoba	\$169.01	\$137.98	\$39.54	\$19.55	\$197.07	-\$28.06
Hylife/Manitoba	\$176.91	\$137.99	\$39.54	\$19.55	\$197.08	-\$20.17
Ontario	\$164.97	\$135.92	\$40.71	\$23.76	\$200.39	-\$35.42
Québec	\$172.12	\$138.61	\$40.50	\$21.65	\$200.76	-\$28.64
Tyson (USD)/Iowa	\$118.74	\$98.26	\$28.70	\$16.57	\$143.53	-\$24.79
John Morrell (USD)/ND	\$110.11	\$96.53	\$28.70	\$16.57	\$141.80	-\$31.69

* Feed costs standardized for a 285 pound market hog

Tyson: \$(24.79) USD x 1.2806 = \$(31.75) CAD
 Morrell: \$(31.69) USD x 1.2806 = \$(40.58) CAD

Canadian Margins Last 13 weeks



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