



Weekly Regional HOG PRICE Report

January 12, 2021

Things to Consider....

US pork exports remain up year-over-year, though not at the same pace as the last year given the large jump recorded from October into November 2019. Volume reported for November was the highest recorded for the month historically and represents a 7-month high at 632.7 million pounds.

China and Mexico increased the most in the latest release however rises were also reported to other major destinations such as Honduras, South Korea and Colombia. Volume to mainland China increased the most on the report, up 32.2 million pounds, while declines to Taiwan and Hong Kong brought the overall volume to 25.6 million pounds over October. Mexico reported a 15.1 million pound rise and sits comfortably over most historical years excluding the highs recorded in 2016 & 2017. Notably, Honduras reported a 4.3-million-pound increase over October, up +50.9% for November.

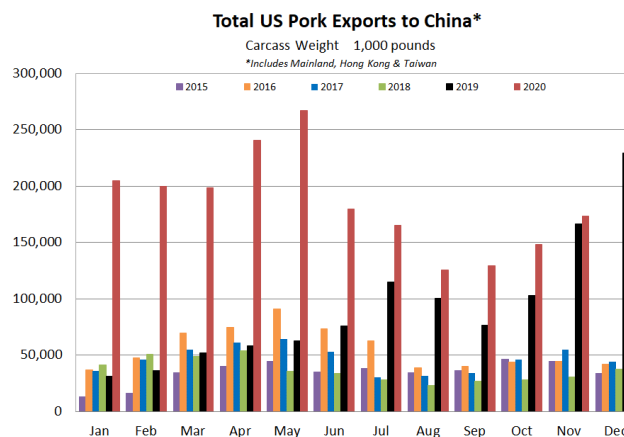
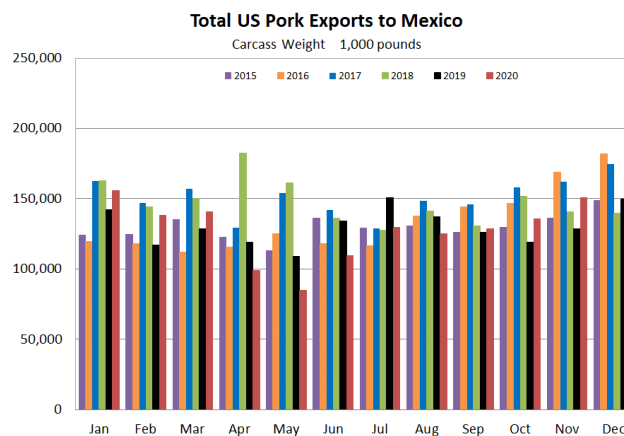
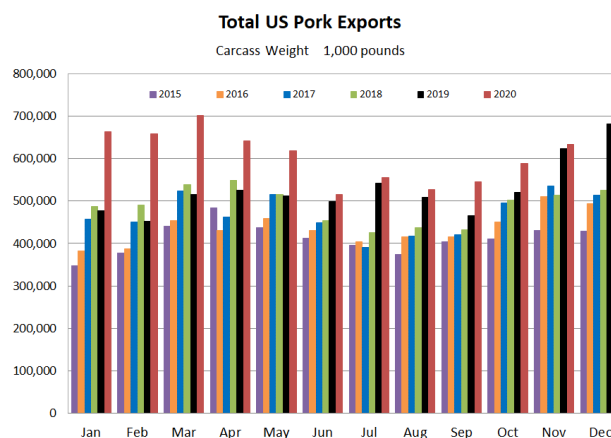
Pork exports to the Philippines dropped 35% from October in a seasonal move, down 4.7 million pounds however is strong for the month of November. US pork to Japan decreased 1% from last reported though remains above more recent years for this time.

With only 1 month left to report for 2020, the market can confirm an increase of nearly 18% above 2019, leading to ongoing support in the first quarter of 2021. As the volume of market ready hogs continues to decline seasonally, export demand will play an increasingly important role in pricing as available pork stocks begin to decline with fewer slaughter hogs and lighter weights being projected. Liquidation which took place during the Covid ridden year of 2020 will put a cap on hog numbers while the 7 year high in feed costs are going to keep weights in check resulting in a price supportive combination.

Hog producers looking to extend coverage into 2021 should look to recent contract highs and beyond for additional price protection. Previously marketed hog values should be used as a base and any additional contracts should look to improve the overall hedged values for 2021.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Nov-19	Oct-20	Nov-20	M/M%	Y/Y%	YTD/LYTD%
Australia	28,624	16,223	18,063	11.3%	-36.9%	-22.0%
Canada	53,099	51,607	51,189	-0.8%	-3.6%	5.1%
China*	166,463	147,903	173,549	17.3%	4.3%	131.7%
Colombia	29,138	17,543	20,367	16.1%	-30.1%	-38.2%
Japan	101,644	108,263	107,200	-1.0%	5.5%	3.9%
Mexico	128,755	135,562	150,676	11.1%	17.0%	-1.0%
South Korea	56,549	31,412	34,991	11.4%	-38.1%	-23.0%
All US Pork Exports	623,257	589,117	632,737	7.4%	1.5%	17.8%

*Includes Mainland, Hong Kong & Taiwan



Weekly Hog Price Recap

Regional and national cash varied throughout the week with significant swings up and down, with strong early-week strength for national cash helping it end the week considerably higher. By comparison, CME cash improved daily with greater gains early in the week. Wholesale pork primals varied, however strong rises in bellies helped pork cutout finish the week \$4.91/cwt higher than the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	8-Jan-21	Head	1-Jan-21		
ISM pm		\$52.11		\$50.28	\$1.83	3.6%
WCB pm		\$52.41		\$50.56	\$1.85	3.7%
Nat pm		\$54.46		\$49.99	\$4.47	8.9%
CME Index*		\$62.55		\$60.12	\$2.43	4.0%
Sows, 300-449lbs	14,552	\$36.45	9,278	\$35.23	\$1.22	3.5%
Sows, 500+ lbs	12,978	\$42.32	8,455	\$42.49	-\$0.16	-0.4%
BoC Exch		1.2711		1.2769	-0.0058	-0.5%

* Represents Friday-Thursday average

Canadian hog markets were generally higher on the week, excluding those derived from a lagged-base price such as the BP/TC which declined \$5/hog and the OlyW 20 which fell shy of \$1/hog. The OlyW 21 improved \$2.30/hog while the R2 was unchanged. The Sig 4 climbed \$4.50/hog and values out of Ontario were up more than \$5.75/hog, while Hylife rose \$9.50/hog and Quebec hog values surged \$16/hog. In the US, Tyson edged nearly \$0.25/hog lower while JM improved \$3.85/hog from week ago levels.

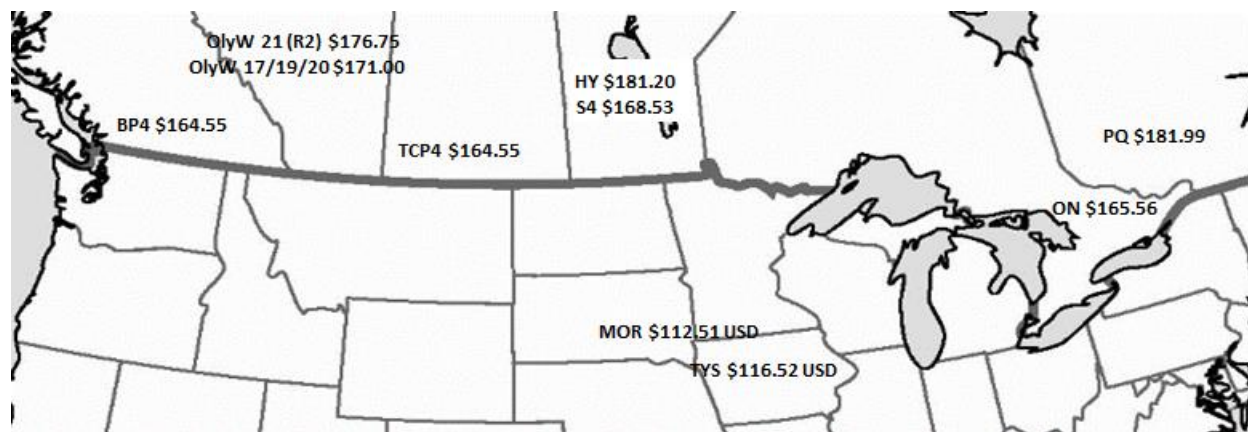
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2020 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 8-Jan-21	Difference to OlyW21
OlyW 2021 (R2)**	\$183.95		\$183.19		\$196.75		\$176.75	
OlyW 17/19/20*	\$175.16	-\$8.79	\$178.27	-\$4.91	\$197.36	\$0.61	\$171.00	-\$5.74
ML Sig 4	\$179.25	-\$4.70	\$176.91	-\$6.27	\$184.73	-\$12.01	\$168.53	-\$8.21
BP4/TCP4	\$178.95	-\$5.00	\$174.86	-\$8.32	\$188.41	-\$8.33	\$164.55	-\$12.19
Hylife	\$183.61	-\$0.34	\$182.40	-\$0.79	\$190.48	-\$6.26	\$181.20	\$4.46
Ontario***	\$176.30	-\$7.65	\$167.84	-\$15.34	\$185.40	-\$11.34	\$165.56	-\$11.19
Québec	\$186.12	\$2.17	\$191.68	\$8.49	\$198.34	\$1.60	\$181.99	\$5.24
Tyson (USD)	\$126.99	-\$56.96	\$110.70	-\$72.48	\$131.43	-\$65.32	\$116.52	-\$60.23
John Morrell (USD)	\$119.35	-\$64.60	\$102.10	-\$81.09	\$122.78	-\$73.97	\$112.51	-\$64.23

*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

** 13 week average and the latest week uses the OlyW'21 including the floor price

*** 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

The OlyW 21 R2 weakened \$3 to \$25.25/hog losses and the OlyW 20 was down nearly \$9 to \$30.25/hog losses, while Hylife improved \$1.74 on the week to \$27.75/hog losses. Margins out of Quebec fell \$8.50 to \$37/hog losses while the Sig 4 was down \$7.25 to \$35.25/hog and those out of Ontario weakened more than \$7.50 to \$43/hog from the previous week. In the US, Tyson margins were down nearly \$5.50 to \$30.25/hog losses while JM margins weakened \$4 to \$35.75/hog losses.

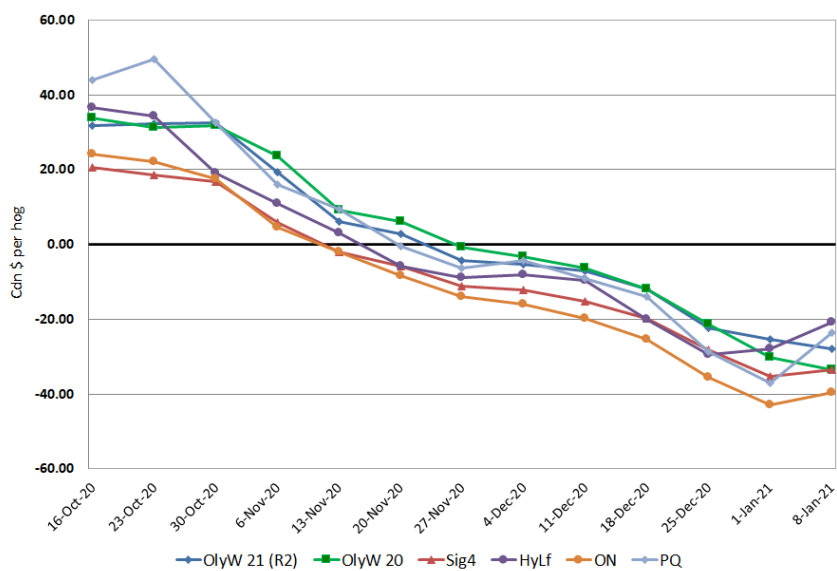
Hog margins out of Hylife improved \$7 on the week to \$20.75/hog losses, while those out of Quebec strengthened \$13.50 to more than \$23.50/hog losses. The Sig 4 margins improved \$2 to nearly \$33.50/hog losses, while those out of Ontario strengthened \$3.25 to \$39.75/hog losses. The OlyW 21 R2 weakened \$2.50 to \$27.85/hog losses and the OlyW 20 was down nearly \$3.50 to \$33.60/hog losses. In the US, Tyson margins weakened \$1 to \$31.35/hog losses while JM margins improved \$2 to more than \$33.50/hog losses from a week earlier.

Regional MARGINS, \$/hog						
Packer/Region	8-Jan-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$171.00	\$145.09	\$39.45	\$20.05	\$204.59	-\$33.59
OlyW 21 (R2)/Alberta	\$176.75	\$145.09	\$39.45	\$20.05	\$204.59	-\$27.84
ML Sig 4/Manitoba	\$168.53	\$142.83	\$39.54	\$19.55	\$201.92	-\$33.39
Hylife/Manitoba	\$181.20	\$142.84	\$39.54	\$19.55	\$201.93	-\$20.73
Ontario	\$165.56	\$140.77	\$40.71	\$23.76	\$205.24	-\$39.68
Québec	\$181.99	\$143.46	\$40.50	\$21.65	\$205.61	-\$23.62
Tyson (USD)/Iowa	\$116.52	\$102.60	\$28.70	\$16.57	\$147.87	-\$31.35
John Morrell (USD)/ND	\$112.51	\$100.87	\$28.70	\$16.57	\$146.14	-\$33.63

* Feed costs standardized for a 285 pound market hog

Tyson: $\$(31.35)$ USD x 1.2746 = $\$(39.96)$ CAD
 Morrell: $\$(33.63)$ USD x 1.2746 = $\$(42.86)$ CAD

Canadian Margins Last 13 weeks



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