



Weekly Regional HOG PRICE Report



Things to Consider....

February 9, 2021

December US pork exports reported a half-a-percent increase overall from the levels recorded for November, bringing the annual volume for 2020 +15.2% over 2019. Volume of pork exports for the month were 6.6% under the same month last year, however well above other historical years.

US pork to Mexico increased the most on the month, up 18.5 million pounds in what can largely be considered a seasonal move. South Korea and Panama also recorded notable increases, up 9.1 and 7.6 million pounds respectively.

US pork to mainland China dropped 15.4 million pounds on the month, however volume to Hong Kong and Taiwan made modest increases. US pork to Canada fell 7.9 million pounds while Japan declined 4.6 million pounds for December.

For perspective, exports as a percent of production for the month of December was down 4% from November to 23.8% which is 6.6% under December of last year. US pork production declined 35 million pounds on average for the weeks of December to 535.5 million pounds per week.

As illustrated in the summary, 2020 US pork exports ended 15.2% higher than 2019. However it should be pointed out that much of that increase is due to the near 100% increase China experienced in 2020 compared to 2019. China registered a 98% increase for 2020 providing much of the support to exports numbers and pricing.

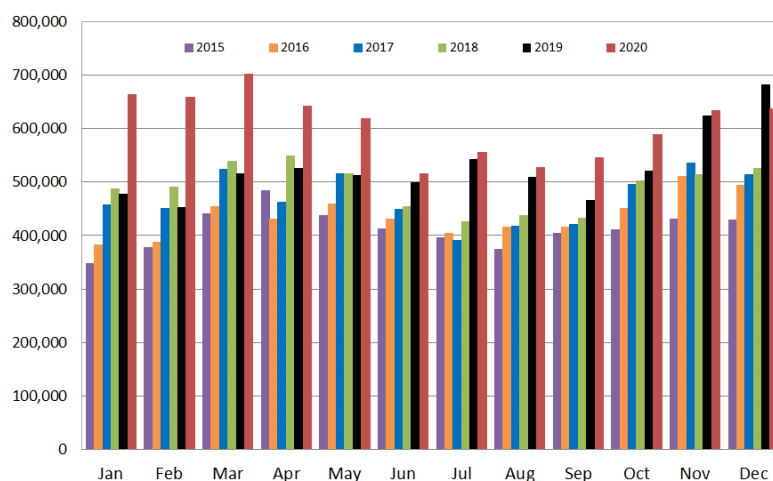
Going forward, domestic prices will continue to take direction from the monthly movement of pork abroad. Weekly pork sales and export volumes have tapered off slightly over the last couple of weeks which has contributed to a pause in the recent upside. With lean hog futures at or near contract highs, producers should continue to reduce risk by having a portion of volumes hedged at current levels.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Dec-19	Nov-20	Dec-20	M/M%	Y/Y%	YTD/LYTD%
Australia	29,039	18,063	17,270	-4.4%	-40.5%	-23.8%
Canada	44,316	51,189	43,286	-15.4%	-2.3%	4.5%
China*	229,576	173,549	159,094	-8.3%	-30.7%	98.0%
Colombia	22,955	20,367	21,413	5.1%	-6.7%	-35.8%
Japan	90,954	107,200	102,592	-4.3%	12.8%	4.6%
Mexico	149,550	150,676	169,207	12.3%	13.1%	0.4%
South Korea	50,884	34,991	44,117	26.1%	-13.3%	-22.2%
All US Pork Exports	680,956	632,737	636,118	0.5%	-6.6%	15.2%

*Includes Mainland, Hong Kong & Taiwan

Total US Pork Exports

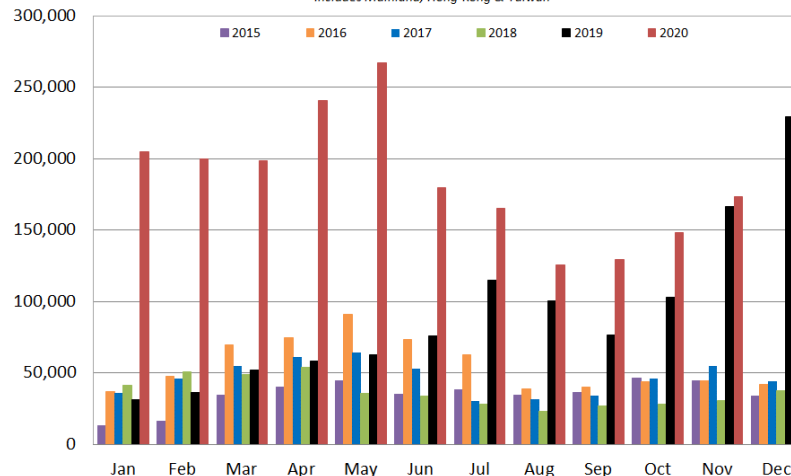
Carcass Weight 1,000 pounds



Total US Pork Exports to China*

Carcass Weight 1,000 pounds

*Includes Mainland, Hong Kong & Taiwan



Weekly Hog Price Recap

Regional and national cash hogs reported some large moves in the week, with strong mid-week improvements and some pullback late week. CME cash improved near daily however moved more modestly, excluding a modest pullback Wednesday. Wholesale pork values were mixed, with lower ribs and butts generally offsetting increases in other primals. US pork cutout finished \$0.20/cwt over the previous week.

USD Cash Price	Weekly Averages					
	Head	5-Feb-21	Head	29-Jan-21	w/w	% Chg
ISM pm		\$63.57		\$56.88	\$6.69	11.8%
WCB pm		\$62.49		\$56.96	\$5.54	9.7%
Nat pm		\$59.81		\$56.40	\$3.41	6.0%
CME Index*		\$68.93		\$66.75	\$2.18	3.3%
Sows, 300-449lbs	13,246	\$46.85	14,185	\$43.75	\$3.10	7.1%
Sows, 500+ lbs	12,410	\$53.27	11,942	\$49.14	\$4.13	8.4%
BoC Exch		1.2806		1.2761	0.0045	0.4%

* Represents Friday-Thursday average

Monitored hog markets improved generally \$3.50 to \$6.50 per hog on the week, excluding Hylife which was up \$1.25/hog. The OlyW 20 improved \$6.50/hog while the OlyW 21 and values out of Ontario were each up closer to \$6.25/hog. The ML Sig 4 climbed \$5.25/hog, while values out of Quebec were up more than \$4/hog and BP/TC was up \$3.50/hog. In the US, Tyson rose more than \$5.50/hog while values out of JM jumped \$11.50/hog from the previous week.

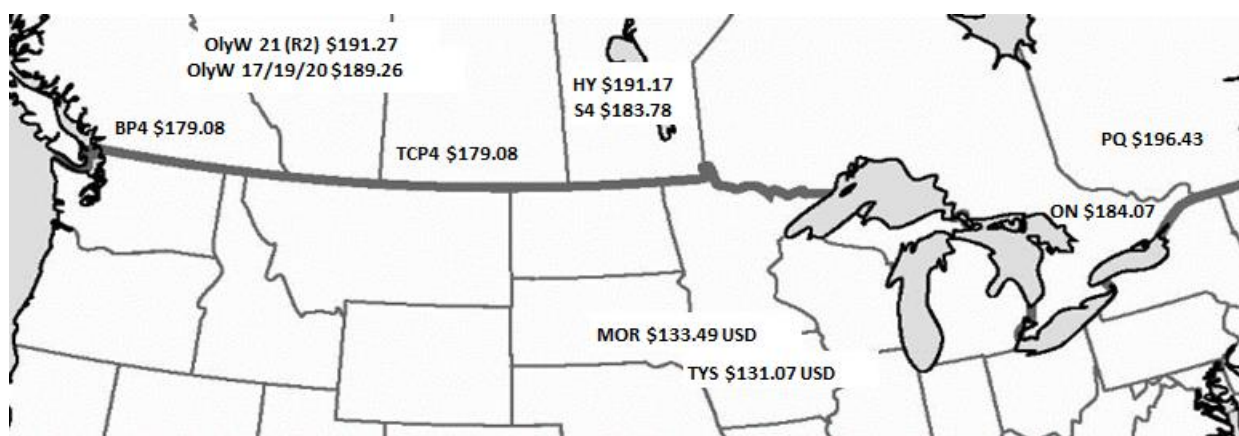
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 5-Feb-21	Difference to OlyW21
OlyW 2021 (R2)**	\$183.99		\$181.54		\$188.11		\$191.27	
OlyW 17/19/20*	\$175.43	-\$8.56	\$181.10	-\$0.44	\$188.00	-\$0.11	\$189.26	-\$2.01
ML Sig 4	\$179.29	-\$4.70	\$175.98	-\$5.55	\$178.11	-\$10.01	\$183.78	-\$7.49
BP4/TCP4	\$179.04	-\$4.95	\$172.61	-\$8.93	\$180.28	-\$7.83	\$179.08	-\$12.19
Hylife	\$183.76	-\$0.24	\$185.94	\$4.41	\$183.62	-\$4.49	\$191.17	-\$0.10
Ontario***	\$176.25	-\$7.75	\$174.77	-\$6.77	\$177.26	-\$10.86	\$184.07	-\$7.20
Québec	\$186.51	\$2.52	\$189.45	\$7.91	\$188.81	\$0.70	\$196.43	\$5.16
Tyson (USD)	\$126.45	-\$57.54	\$123.01	-\$58.52	\$126.72	-\$61.40	\$131.07	-\$60.20
John Morrell (USD)	\$118.81	-\$65.18	\$120.34	-\$61.19	\$119.99	-\$68.12	\$133.49	-\$57.78

*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

Monitored hog margins improved overall on good gains in hog and pork values despite another rise in feed costs. Canadian farrow-to-finish feed costs increased \$2.25/hog while those in the monitored US region were up \$2.50/hog from a week earlier.

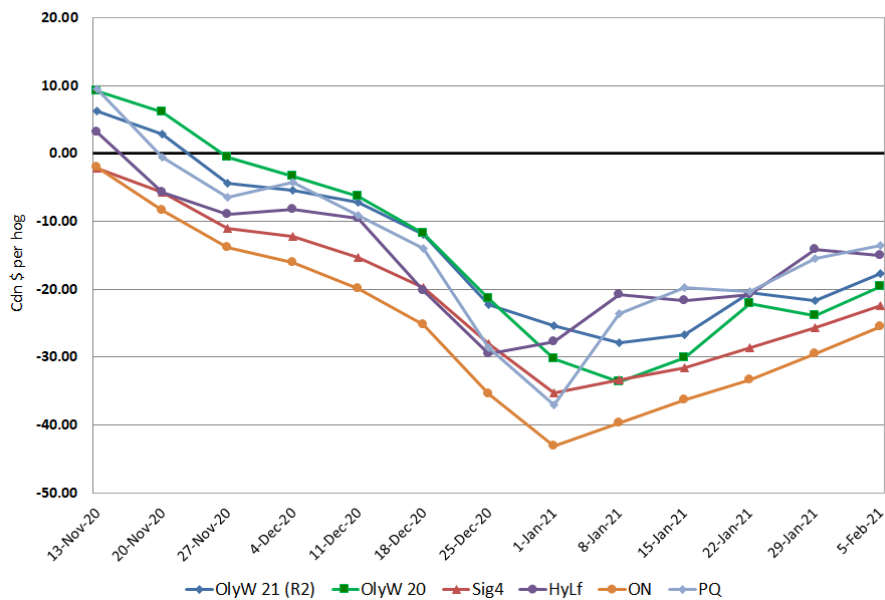
Hog margins out of Quebec strengthened \$2 to \$13.50/hog losses, while those out of Hylife weakened \$1 to \$15/hog losses. The OlyW pricing was each up more than \$4, with the OlyW 21 at \$17.50/hog losses and the OlyW 20 with more than \$19.50/hog losses. Hog margins out of the Sig 4 strengthened \$3 to \$22.50/hog losses, while Ontario improved \$4 to \$25.50/hog losses. In the US, Tyson margins strengthened more than \$3.50 to \$20.75/hog losses while JM margins were up \$9 to \$16.75/hog losses from a week earlier.

Regional MARGINS, \$/hog						
Packer/Region	5-Feb-21		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$189.26	\$149.38	\$39.45	\$20.05	\$208.88	-\$19.62
OlyW 21 (R2)/Alberta	\$191.27	\$149.38	\$39.45	\$20.05	\$208.88	-\$17.61
ML Sig 4/Manitoba	\$183.78	\$147.12	\$39.54	\$19.55	\$206.21	-\$22.43
Hylife/Manitoba	\$191.17	\$147.13	\$39.54	\$19.55	\$206.22	-\$15.05
Ontario	\$184.07	\$145.06	\$40.71	\$23.76	\$209.53	-\$25.46
Québec	\$196.43	\$147.75	\$40.50	\$21.65	\$209.90	-\$13.47
Tyson (USD)/Iowa	\$131.07	\$106.64	\$28.70	\$16.57	\$151.91	-\$20.84
John Morrell (USD)/ND	\$133.49	\$104.91	\$28.70	\$16.57	\$150.18	-\$16.69

* Feed costs standardized for a 285 pound market hog

Tyson: $-(20.84) \text{ USD} \times 1.2719 = -(26.50) \text{ CAD}$
 Morrell: $-(16.69) \text{ USD} \times 1.2719 = -(21.23) \text{ CAD}$

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.