



Weekly Regional HOG PRICE Report



Things to Consider....

January 26, 2021

US Cold Storage reported pork stocks at 408.4 million pounds for December, down -2.7% or 11.4 million pounds under the previous report with current levels of pork in cold storage 172.1 million pounds or -29.6% under last year. For reference, total pork in cold storage for November was revised from 414.1 to 419.8 million pounds. Pork in cold storage tends to fall from November into December.

Total hams in cold storage accounted for the largest decline on the report, dropping 21.2 million pounds or -28.3% from November. The decline can be considered seasonal as ham stocks in storage tend to fall from October through to the end of December. That being stated, current levels are -37.6% or 32.3 million pounds under last year.

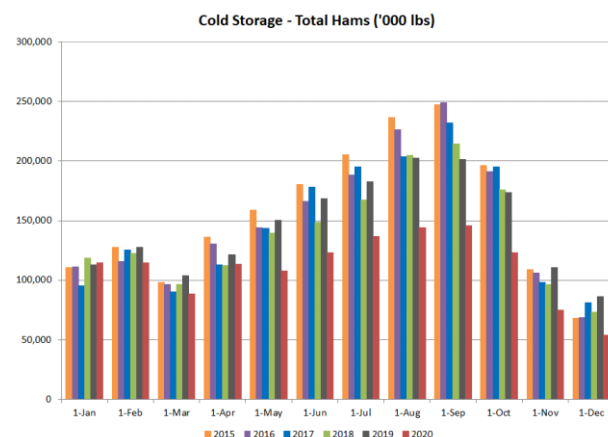
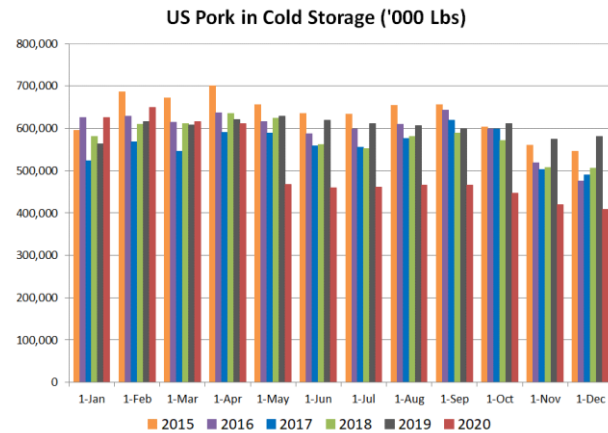
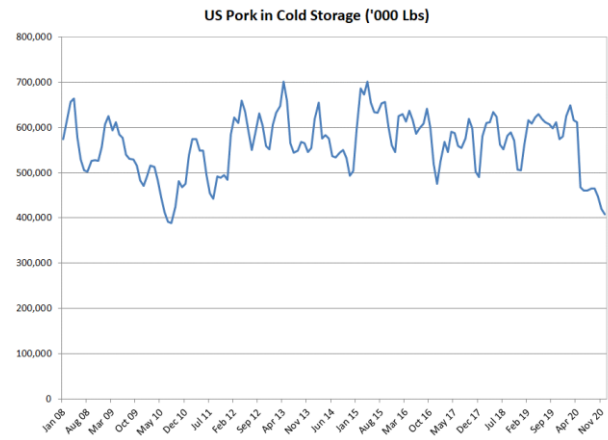
Picnics in cold storage also fell for December, down 1.6 million pounds or -18.2% under the previous month and are -5.4% under last year. Butts and unclassified pork also reported notable declines, down 2.2 and 3.0 million pounds respectively for December.

Offsetting the better part of the overall drop in hams were increased volumes of bellies, spare-ribs and the category for other pork. Bellies in cold storage climbed 7.4 million pounds or +31.9% from the previous tally, which is 35.9 million pounds or -53.9% under year ago levels. Spare-ribs increased 3.5 million pounds or +4.4% for December, while other pork rose 3.4 million pounds or +5.7% from November.

The drop in available pork stocks is providing underlying support to the 2021 lean hog futures market which recently made another run to contract highs. A strong export pace and above average domestic consumption are offsetting weight gain from late in 2020 and ample hog supplies.

Producers are encouraged to protect a portion of their 2021 production at current levels which are providing profitable prices even considering higher than normal feed costs.

| US Pork in Cold Storage | | | | | |
|-------------------------|----------------|----------------|----------------|--------------|---------------|
| ('000 lbs) | Dec-20 | Nov-20 | Dec-19 | M/M % | Y/Y % |
| Picnics | 7,253 | 8,864 | 7,669 | -18.2% | -5.4% |
| Hams | 53,649 | 74,862 | 85,995 | -28.3% | -37.6% |
| Bellies | 30,715 | 23,292 | 66,647 | 31.9% | -53.9% |
| Loins | 37,919 | 37,152 | 49,123 | 2.1% | -22.8% |
| Ribs | 83,843 | 80,343 | 120,877 | 4.4% | -30.6% |
| Butts | 15,220 | 17,413 | 20,457 | -12.6% | -25.6% |
| Trimmings | 43,058 | 42,062 | 53,435 | 2.4% | -19.4% |
| Other | 62,293 | 58,908 | 89,965 | 5.7% | -30.8% |
| Total Pork | 408,361 | 419,753 | 580,464 | -2.7% | -29.6% |



Weekly Hog Price Recap

Cash hogs varied throughout the week however averaged higher than week ago levels. Regional cash reported stronger mid-week gains while national cash was up the most at the start the week. CME cash saw more moderate daily moves with a couple days of declines later in the week. Wholesale pork primal values were lower overall with most of the declines reported early, and pork cutout averaged \$0.65/cwt lower on the week.

| USD Cash Price | Weekly Averages | | | | w/w | % Chg |
|------------------|-----------------|-----------|--------|-----------|---------|-------|
| | Head | 22-Jan-21 | Head | 15-Jan-21 | | |
| ISM pm | | \$55.04 | | \$54.26 | \$0.78 | 1.4% |
| WCB pm | | \$55.13 | | \$53.88 | \$1.25 | 2.3% |
| Nat pm | | \$55.00 | | \$54.34 | \$0.66 | 1.2% |
| CME Index* | | \$65.62 | | \$65.06 | \$0.56 | 0.9% |
| Sows, 300-449lbs | 14,525 | \$41.01 | 15,703 | \$39.17 | \$1.83 | 4.7% |
| Sows, 500+ lbs | 12,446 | \$46.49 | 12,624 | \$44.16 | \$2.32 | 5.3% |
| BoC Exch | | 1.2699 | | 1.2725 | -0.0026 | -0.2% |

* Represents Friday-Thursday average

Monitored hog markets generally improved, excluding values out of Quebec and Hylife which were down more than \$2.75 and \$1.25 per hog respectively. The OlyW 20 and BP/TCP rose the most on the week, each \$5.75/hog higher, followed by the OlyW 21 which was up \$4/hog while Ontario and the Sig 4 each climbed \$0.75/hog. In the US, Tyson edged \$0.25/hog lower while values out of JM improved more than \$2.50/hog from the previous week.

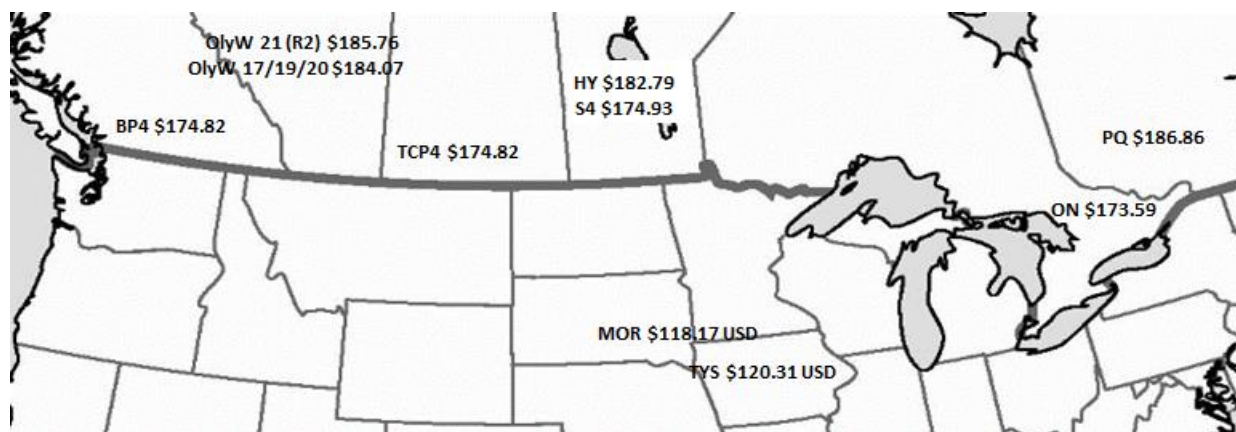
| Regional Pricing, \$/hog | | | | | | | | |
|--------------------------|----------|----------------------|----------|----------------------|---------------|----------------------|------------------|----------------------|
| Packer/Region | 3 Year | Difference to OlyW21 | 2021 YTD | Difference to OlyW21 | Last 13 weeks | Difference to OlyW21 | Ending 22-Jan-21 | Difference to OlyW21 |
| OlyW 2021 (R2)** | \$183.99 | | \$178.45 | | \$193.16 | | \$185.76 | |
| OlyW 17/19/20* | \$175.37 | -\$8.63 | \$177.80 | -\$0.65 | \$193.24 | \$0.08 | \$184.07 | -\$1.69 |
| ML Sig 4 | \$179.33 | -\$4.66 | \$172.57 | -\$5.89 | \$181.70 | -\$11.47 | \$174.93 | -\$10.83 |
| BP4/TCP4 | \$179.04 | -\$4.95 | \$169.47 | -\$8.98 | \$184.70 | -\$8.46 | \$174.82 | -\$10.94 |
| Hylife | \$183.67 | -\$0.32 | \$182.82 | \$4.36 | \$187.15 | -\$6.01 | \$182.79 | -\$2.97 |
| Ontario*** | \$176.35 | -\$7.65 | \$170.66 | -\$7.79 | \$181.64 | -\$11.53 | \$173.59 | -\$12.17 |
| Québec | \$186.40 | \$2.41 | \$186.18 | \$7.72 | \$194.36 | \$1.19 | \$186.86 | \$1.10 |
| Tyson (USD) | \$126.77 | -\$57.22 | \$119.33 | -\$59.13 | \$128.78 | -\$64.39 | \$120.31 | -\$65.45 |
| John Morrell (USD) | \$119.07 | -\$64.93 | \$115.42 | -\$63.03 | \$120.95 | -\$72.21 | \$118.17 | -\$67.59 |

*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 generally improved on the week due to the rise in most hog values and a drop in feed costs. Canadian farrow-to-finish feed costs declined \$2.25/hog while those in the monitored US region fell \$1.75/hog from a week earlier.

Hog margins out of Quebec and the OlyW 21 finished the week with around \$20.50/hog losses, as Quebec declined \$0.50/hog and the OlyW 21 strengthened \$6.25/hog. Hylife hog margins improved \$1 to \$20.75/hog losses, while the OlyW 20 strengthened \$8 to more than \$22/hog losses. Hog margins out of the Sig 4 and Ontario each improved \$3 on the week, with the Sig 4 at nearly \$28.75/hog losses and Ontario with \$33.25/hog losses. In the US, Tyson margins strengthened \$2 to \$29/hog losses while JM margins were up \$4.25 to \$29.50/hog losses from a week earlier.

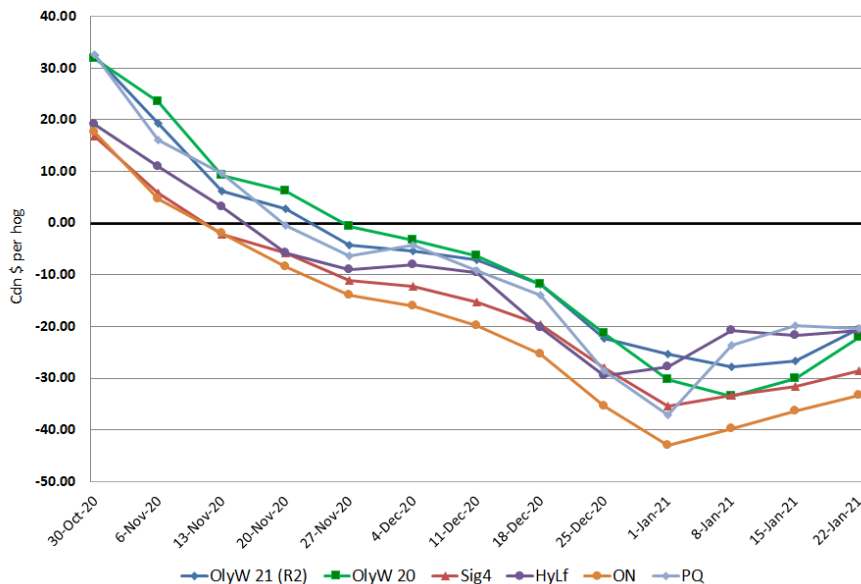
| Regional MARGINS, \$/hog | | | | | | |
|--------------------------|-----------|------------------|----------|---------|-----------|---------------|
| Packer/Region | 22-Jan-21 | Farrow to Finish | | | Total COP | Weekly Margin |
| | Hog Price | Feed* | Variable | Fixed | | |
| OlyW 20/Alberta | \$184.07 | \$146.73 | \$39.45 | \$20.05 | \$206.23 | -\$22.16 |
| OlyW 21 (R2)/Alberta | \$185.76 | \$146.73 | \$39.45 | \$20.05 | \$206.23 | -\$20.47 |
| ML Sig 4/Manitoba | \$174.93 | \$144.47 | \$39.54 | \$19.55 | \$203.56 | -\$28.63 |
| Hylife/Manitoba | \$182.79 | \$144.48 | \$39.54 | \$19.55 | \$203.57 | -\$20.78 |
| Ontario | \$173.59 | \$142.41 | \$40.71 | \$23.76 | \$206.88 | -\$33.29 |
| Québec | \$186.86 | \$145.10 | \$40.50 | \$21.65 | \$207.25 | -\$20.39 |
| Tyson (USD)/Iowa | \$120.31 | \$104.08 | \$28.70 | \$16.57 | \$149.35 | -\$29.04 |
| John Morrell (USD)/ND | \$118.17 | \$102.35 | \$28.70 | \$16.57 | \$147.62 | -\$29.45 |

* Feed costs standardized for a 285 pound market hog

Tyson: $\$(29.04)$ USD x 1.2738 = $\$(36.99)$ CAD

Morrell: $\$(29.45)$ USD x 1.2738 = $\$(37.51)$ CAD

Canadian Margins Last 13 weeks



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