



Weekly Regional HOG PRICE Report



Things to Consider....

July 6, 2021

Total US pork exports climbed 32.8 million pounds or +5.0% from last reported as most major destination for US pork reported increases. Notably, the latest data for May reached a new high for the month historically. Compared to year ago levels, current US pork exports are up +11.3% however are -0.4% under last year-to-date.

Some of the largest increases including destinations such as Mexico, China & Japan. Mexico rose 12.2 million pounds from the levels in April and represents the highest month recorded this year to date. Compared to last year Mexico was up +95.3% compared to last year; however for perspective, May 2020 was the lowest month recorded since March 2013 at 74.7 million pounds.

Mainland China increased their imports of US pork by 11.0 million pounds, while Hong Kong and Taiwan both recorded modest declines for an adjusted China* rise of 10.1 million pounds. Despite the significant drop from last year, down -38.3% from May 2020, current pork exports to China* remain significantly higher than more typical seasonal levels for this time.

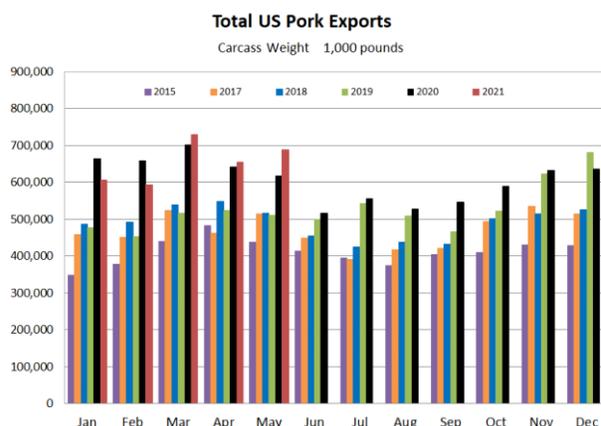
US pork to Japan climbed 9.7 million pounds and was followed by increases to South Korea, Colombia and Honduras which were generally up 3.5 to 5 million pounds each on the latest report.

US pork to the Philippines dropped 9.0 million pounds or -23.1% lower, coming down considerably from the record highs of the previous two reports. US pork exports to the Philippines have been boosted by a reduction in tariffs, with the latest report reflecting the 3rd highest month historically.

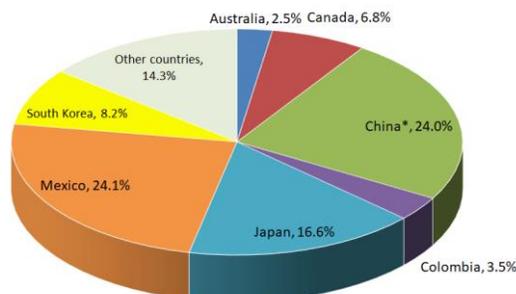
Lean hog futures have recorded back to back positive weeks while cash has also stabilized following the mid-June restructuring. Late year forward contract prices are now within \$5-8 CAD per ckg of the early June top. Producers should look to be setting targets near the previous highs for late 2021 and early 2022 production.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	May-20	Apr-21	May-21	M/M%	Y/Y%	YTD/LYTD%
Australia	20,125	18,332	17,355	-5.3%	-13.8%	-15.9%
Canada	38,943	45,884	47,055	2.6%	20.8%	4.9%
China*	267,094	154,672	164,730	6.5%	-38.3%	-28.6%
Colombia	8,960	20,096	23,917	19.0%	166.9%	40.1%
Japan	84,298	104,509	114,205	9.3%	35.5%	3.7%
Mexico	84,973	153,743	165,910	7.9%	95.3%	20.1%
South Korea	50,420	51,449	56,430	9.7%	11.9%	-0.5%
All US Pork Exports	617,809	654,963	687,783	5.0%	11.3%	-0.4%

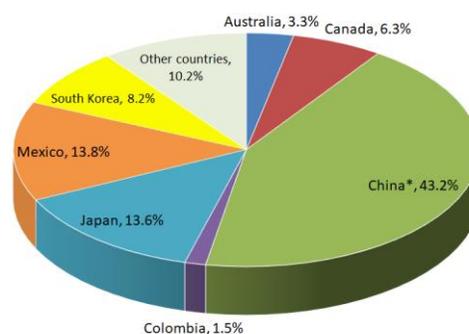
*Includes Mainland, Hong Kong & Taiwan



Percentage of Total US Pork Exports: Latest, May 2021



Percentage of Total US Pork Exports: May 2020



Weekly Hog Price Recap

Cash hogs recorded significant declines throughout the week, with Tuesday representing the greatest daily decline for both national and regional cash. CME cash also faced lower values across the week, with stronger daily pressure early in the week. Wholesale pork values varied, however pork cutout managed to end the week \$2.91/cwt over the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	2-Jul-21	Head	25-Jun-21		
ISM pm		\$118.50		\$131.11	-\$12.61	-9.6%
WCB pm		\$118.65		\$130.98	-\$12.33	-9.4%
Nat pm		\$114.84		\$123.81	-\$8.97	-7.2%
CME Index*		\$112.47		\$118.81	-\$6.34	-5.3%
Sows, 300-449lbs	8,825	\$51.18	12,164	\$48.29	\$2.89	6.0%
Sows, 500+ lbs	10,949	\$58.88	13,391	\$54.90	\$3.98	7.2%
BoC Exch		1.2367		1.2326	0.0041	0.3%

* Represents Friday-Thursday average

Market hog values fell again this week on weaker hog prices. The OlyW 21 declined more than \$16.50/hog, followed by Ontario which fell \$14.50/hog. The ML Sig 4 was down \$13.50/hog, while the OlyW 20 was down closer to \$13.25/hog from week ago levels and those out of Quebec were down \$11/hog. Hylife declined \$4.50/hog while BP/TC fell shy of \$4/hog. In the US, Tyson was down \$17.50/hog while JM dropped more than \$25.50/hog from the previous week.

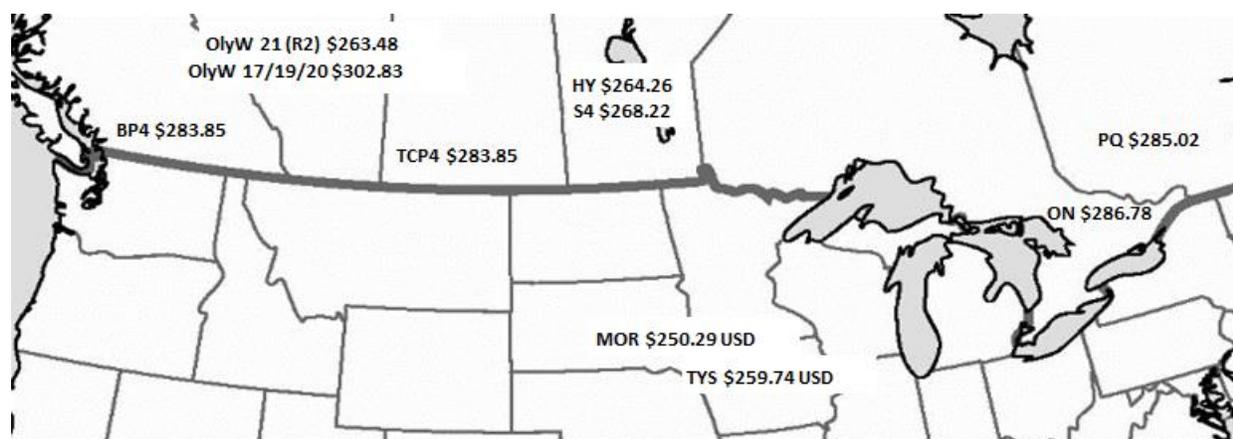
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 2-Jul-21	Difference to OlyW21
OlyW 2021 (R2)**	\$192.61		\$232.62		\$263.22		\$263.48	
OlyW 17/19/20*	\$185.22	-\$7.39	\$249.25	\$16.63	\$289.79	\$26.57	\$302.83	\$39.35
ML Sig 4	\$188.34	-\$4.27	\$232.44	-\$0.17	\$264.68	\$1.45	\$268.22	\$4.74
BP4/TCP4	\$189.63	-\$2.98	\$229.85	-\$2.76	\$264.64	\$1.42	\$283.85	\$20.37
Hylife	\$192.83	\$0.22	\$235.23	\$2.62	\$263.24	\$0.02	\$264.26	\$0.78
Ontario***	\$186.91	-\$5.70	\$243.34	\$10.73	\$282.11	\$18.89	\$286.78	\$23.30
Québec	\$197.42	\$4.81	\$245.47	\$12.86	\$279.27	\$16.05	\$285.02	\$21.53
Tyson (USD)	\$137.03	-\$55.58	\$201.15	-\$31.46	\$246.38	-\$16.84	\$259.74	-\$3.75
John Morrell (USD)	\$129.84	-\$62.77	\$198.78	-\$33.84	\$243.65	-\$19.57	\$250.29	-\$13.19

*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

Canadian hog margins continue to be pressured by falling cash hog values and rising feed costs. Canadian farrow-to-finish feed costs rose more than \$5/hog while those in the monitored US region climbed \$2.50/hog from a week earlier.

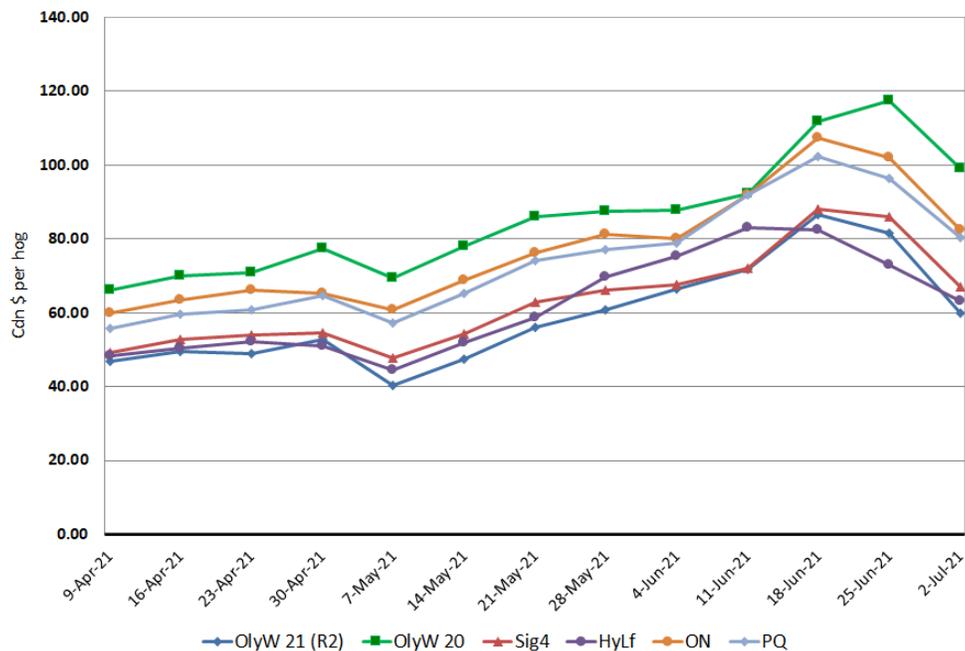
Margins out of the OlyW 20 continue as the strongest monitored in Canada, which weakened \$18.25 to \$99/hog profits. Ontario hog margins declined more than \$19.50 to \$82.50/hog profits while those out of Quebec were down more than \$16 to \$80.25/hog profits. ML Sig 4 margins weakened \$18.75 to \$67.25/hog profits, while Hylife declined nearly \$9.75 to \$63.25/hog profits and the OlyW 21 dropped \$21.75 to \$59.75/hog profits. In the US, Tyson hog margins were down \$19.50 to \$109.50/hog profits while JM margins weakened more than \$28 to \$102/hog profits.

Regional MARGINS, \$/hog						
Packer/Region	2-Jul-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$302.83	\$144.21	\$39.45	\$20.05	\$203.71	\$99.12
OlyW 21 (R2)/Alberta	\$263.48	\$144.21	\$39.45	\$20.05	\$203.71	\$59.77
ML Sig 4/Manitoba	\$268.22	\$141.95	\$39.54	\$19.55	\$201.04	\$67.18
Hylife/Manitoba	\$264.26	\$141.96	\$39.54	\$19.55	\$201.05	\$63.21
Ontario	\$286.78	\$139.89	\$40.71	\$23.76	\$204.36	\$82.42
Québec	\$285.02	\$142.58	\$40.50	\$21.65	\$204.73	\$80.29
Tyson (USD)/Iowa	\$259.74	\$104.81	\$28.70	\$16.57	\$150.08	\$109.66
John Morrell (USD)/ND	\$250.29	\$103.08	\$28.70	\$16.57	\$148.35	\$101.94

* Feed costs standardized for a 285 pound market hog

Tyson: \$109.66 USD x 1.2446 = \$136.48 CAD
 Morrell: \$101.94 USD x 1.2446 = \$126.87 CAD

Canadian Margins Last 13 weeks



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