



# Weekly Regional HOG PRICE Report



July 16, 2019

## Things to Consider....

Small pig trade has moved in a more seasonal pattern since late April after posting significant counter seasonal gains in late February and March on the heels of a strong futures rally.

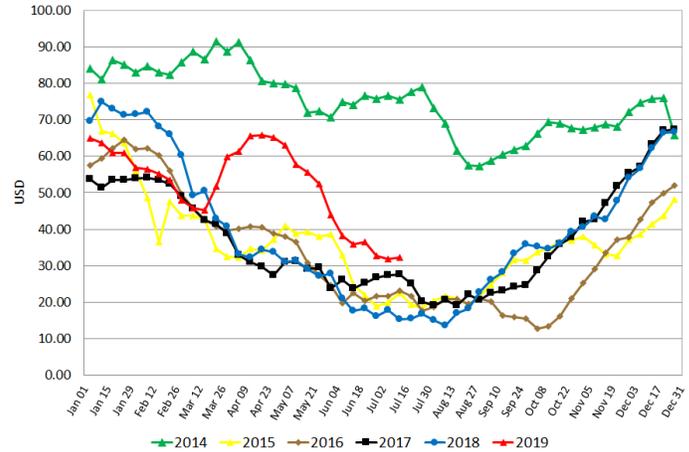
Since the softening of the futures market starting April 15<sup>th</sup>, isowean and feeder pig prices have traded to what can be considered normal lows for this time of the year. However, based on recent futures activity and the latest reported isowean prices, it appears small pig prices could be putting in their seasonal low a bit earlier this year, which could be good news for sellers. The news is also not that bad for buyers because the only reason small pig prices would be rising is because the forward markets are rising.

Traditionally, isowean prices drop and bottom in the last week of July, while feeder pig prices bottom in early September based mainly on the value of the Dec and Feb lean hog futures. But what has been seen over the last couple of weeks is a resurgence of December lean hogs to the highest value since mid-June.

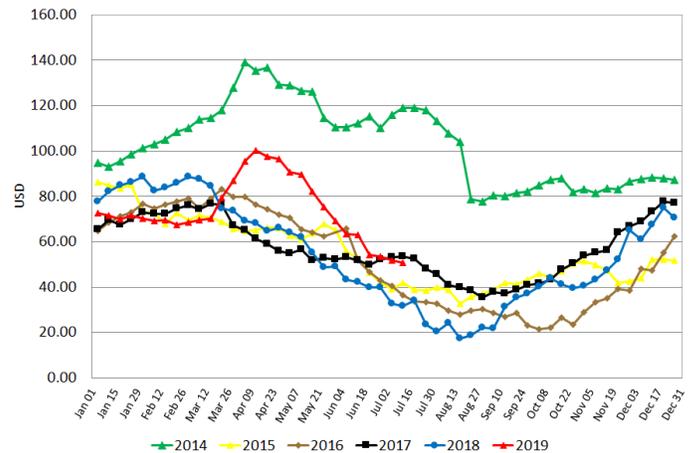
December lean hogs as shown in the graph below crested \$75.00 US per cwt for the first time on a month and appear to have reversed the trend that plagued forward prices for the last 3 months. Although nothing has really changed on the political front or in China with ASF, the market simply has run out of negative news and is likely to post gains in the coming weeks.

A move of the December back near \$80 US per cwt would signal another opportunity for producers to take protection for fall and winter delivered hogs and that value would provide profitability during a time when usually losses are registered. If available, producers are encouraged to hedge some fall production if the current positive trend continues and futures return to the strong values seen earlier in the spring.

### USDA Cash Isowean 10-12 lb



### USDA Cash Feeder 40 lb base



### December 2019 Lean Hogs



# Weekly Hog Price Recap

Regional and national cash hog values generally improved daily on good to moderate cash bid volume. CME by comparison started the week with lower values before stabilizing late in the week. Wholesale pork primals generally weakened except belly and ham values, bringing pork cutout \$0.57/cwt lower than a week earlier.

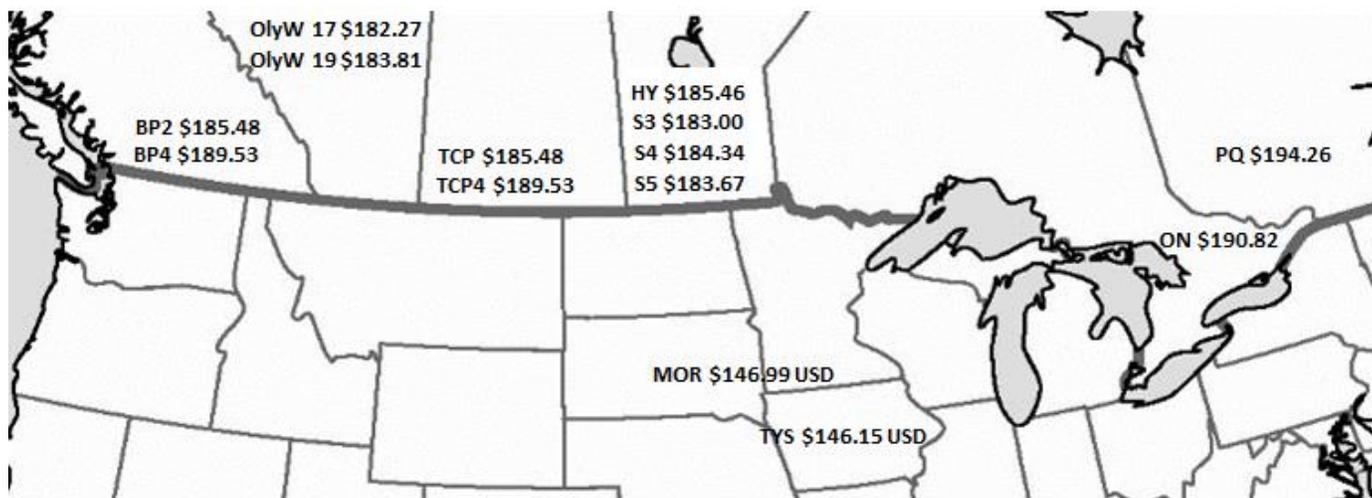
Cash Price	Weekly Averages		w/w	% Chg
	12-Jul-19	5-Jul-19		
ISM pm	\$68.66	\$68.39	\$0.27	0.4%
WCB pm	\$68.99	\$68.20	\$0.79	1.2%
Nat pm	\$67.27	\$67.24	\$0.03	0.0%
CME Index*	\$71.06	\$73.76	-\$2.70	-3.7%
BoC Exch	1.3082	1.3086	-0.0004	-0.0%

\* Represents Friday-Thursday average

Canadian hog markets were \$2 to \$6.50/hog lower, with those out of Ontario down the most from a week earlier. OlyW 19 and the ML Sig 4 each declined \$6/hog, while Hylife fell closer to \$5.50/hog and was followed closely by values out of Quebec. The OlyW 17 was down \$3/hog, while the ML Sig 5 fell \$2/hog. In the US, Tyson values declined more than \$7/hog while those out of JM improved near \$1.50/hog.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW '19	2019 YTD	Difference to OlyW '19	Last 13 weeks	Difference to OlyW '19	Ending 12-Jul-19	Difference to OlyW '19
OlyW 2019	\$175.46		\$184.35		\$212.84		\$183.81	
OlyW 2017	\$172.68	-\$2.78	\$182.03	-\$2.32	\$209.49	-\$3.36	\$182.27	-\$1.54
ML Sig 3	\$164.83	-\$10.63	\$175.93	-\$8.42	\$207.80	-\$5.04	\$183.00	-\$0.81
ML Sig 4	\$176.21	\$0.75	\$183.15	-\$1.20	\$208.68	-\$4.17	\$184.34	\$0.53
ML Sig 5	\$170.53	-\$4.92	\$179.54	-\$4.81	\$208.24	-\$4.60	\$183.67	-\$0.14
BP2/TCP **	\$169.25	-\$6.21	\$177.62	-\$6.74	\$209.58	-\$3.26	\$185.48	\$1.67
BP4/TCP4 **	\$175.59	\$0.13	\$181.22	-\$3.13	\$209.44	-\$3.40	\$189.53	\$5.72
Hylife	\$177.25	\$1.79	\$184.65	\$0.30	\$210.17	-\$2.67	\$185.46	\$1.65
Ontario	\$181.44	\$5.98	\$189.65	\$5.30	\$219.40	\$6.55	\$190.82	\$7.01
Québec	\$181.56	\$6.10	\$188.70	\$4.35	\$220.17	\$7.32	\$194.26	\$10.45
Tyson (USD)	\$139.85	-\$35.60	\$144.35	-\$40.01	\$168.43	-\$44.41	\$146.15	-\$37.66
John Morrell (USD)	\$132.88	-\$42.58	\$139.33	-\$45.02	\$163.46	-\$49.38	\$146.99	-\$36.82

\*\*Thunder Creek reported with a 1-Week lag



# Weekly Hog Margins

Monitored hog margins continue to slide, reaching their weakest levels since those reported late March. Margins were further pressured by rising feed costs with Canadian farrow-to-finish feed costs rising \$2/hog while in the monitored US region were closer to \$1.85/hog higher.

Hog margins out of Ontario weakened \$8.50/hog, followed closely by those out of the OlyW 19, ML Sig 4 and Hylife each near \$8/hog weaker. Margins calculated out of Quebec were down near \$7/hog, while OlyW 17 margins declined \$5.25/hog and those out of ML Sig 5 were down \$4/hog. In the US, Tyson hog margins were calculated \$8.50/hog lower while JM margins edged \$0.20/hog weaker.

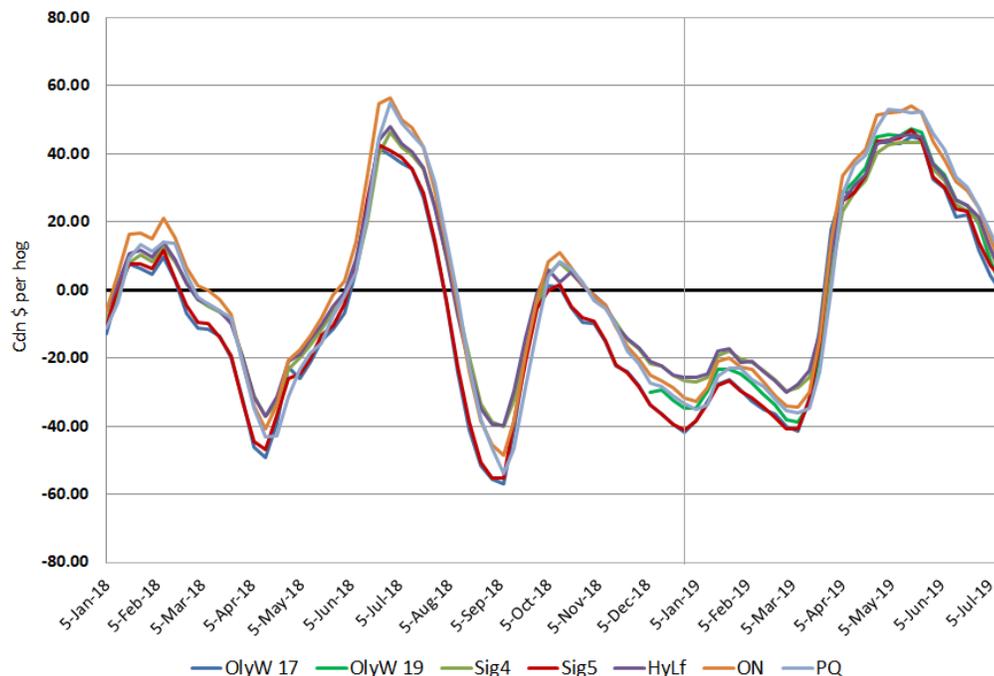
Regional MARGINS, \$/hog						
Packer/Region	12-Jul-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$182.27	\$123.68	\$39.45	\$20.05	\$183.18	-\$0.91
OlyW 19/Alberta	\$183.81	\$123.68	\$39.45	\$20.05	\$183.18	\$0.63
ML Sig 4/Manitoba	\$184.34	\$121.42	\$39.54	\$19.55	\$180.51	\$3.83
ML Sig 5/Manitoba	\$183.67	\$121.42	\$39.54	\$19.55	\$180.51	\$3.16
Hylife/Manitoba	\$185.46	\$121.43	\$39.54	\$19.55	\$180.52	\$4.94
Ontario	\$190.82	\$119.36	\$40.71	\$23.76	\$183.83	\$6.99
Québec	\$194.26	\$122.05	\$40.50	\$21.65	\$184.20	\$10.06
Tyson (USD)/Iowa	\$146.15	\$87.09	\$28.70	\$16.57	\$132.36	\$13.79
John Morrell (USD)/ND	\$146.99	\$85.36	\$28.70	\$16.57	\$130.63	\$16.36

\* Feed costs standardized for a 285 pound market hog

## US Regional Margins

- Tyson - \$13.79 USD x 1.3082 = \$18.04 in Canadian Dollars
- Morrell - \$16.36 USD x 1.3082 = \$21.40 in Canadian Dollars

## Canadian Margins 2018-2019 Year to Date



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