



Things to Consider....

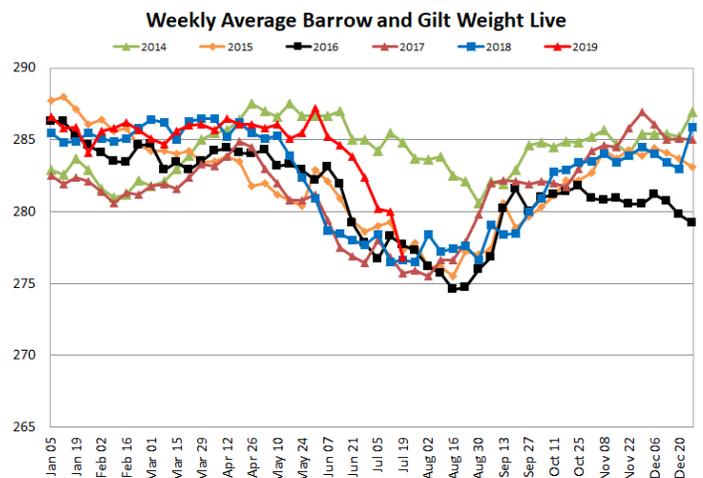
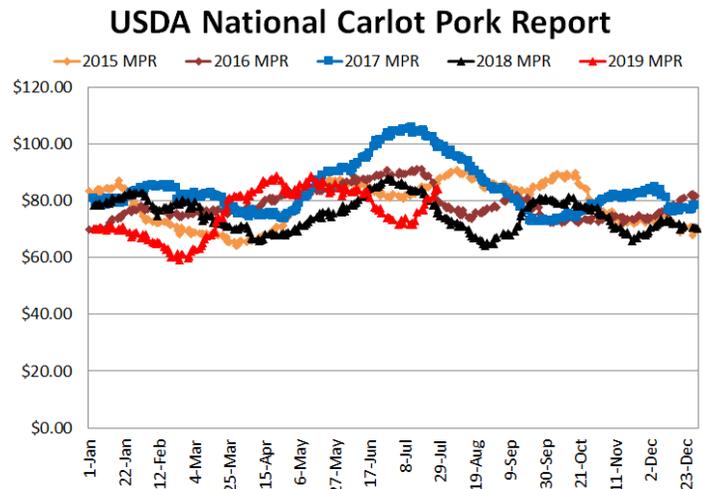
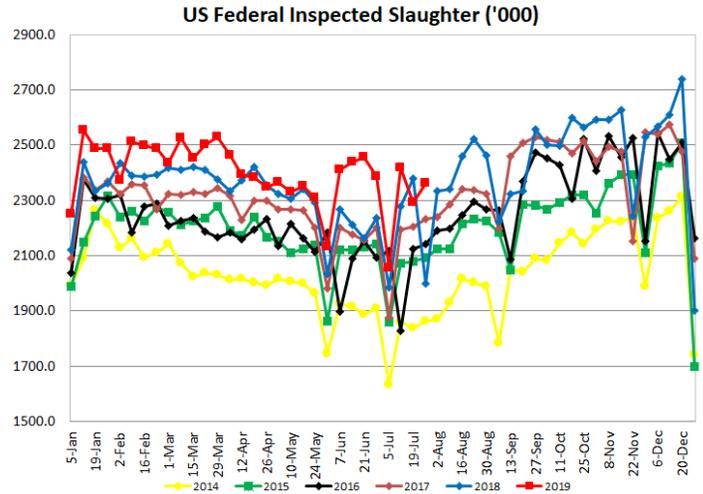
Cash hogs and future prices made a turn for the better over the last week, with both markets gaining some value after a lengthy trend lower. Cash managed to gain \$3-5 US per cwt adding nearly \$10 CAD per hog to receipts from the previous week. Meanwhile lean hog futures mustered as much as \$10 US per cwt from the low set on July 9th. The move in futures added nearly \$25 CAD per hog to forward contractable prices for the last quarter of 2019 and early months of 2020.

Slaughter levels south of the border as illustrated in the graph continue to come in higher than last year and the 5-year average. In recent weeks however total volume has eased off a bit to trade more closer to 2018 compared to the massive kill numbers shown in late May through early July. These huge slaughter numbers were a major factor in the weakness experienced in the market over the last couple of months.

Pork values, as reported by the USDA's National Carlot pork report, have started a late summer rally which can be considered seasonal for this time of year. Pork values can tend to have a surge heading into the month of August providing strength to cash and futures markets. The recent strength in cut-out is an opportunity for producers to add to forward contracting if available.

With weights also declining sharply the amount of pork on the market has started to decline adding to the underlying strength seen in the immediate market. Lower weights however are only temporary as illustrated in the graph. Warm temperature and slower growth tend only to hold weights back for about a month before picking back up in the second half of August.

Hog producers should use this rally to extend protection into 2020 and add to positions for the fall of 2019. Although there continues to be plenty of talk surrounding ASF in China and other parts of the world, prices remain volatile in North America due to ongoing trade disputes and large overall production. The threat of lower prices remains as trade talks are being downplayed this week between China and US.



Weekly Hog Price Recap

Cash hog values improved daily on good to moderate cash bid volume, with the strongest gains reported mid-week. CME by comparison also improved much of the week. Wholesale pork primals generally strengthened in value, bringing pork cutout \$3.85/cwt over a week earlier carried higher by strong belly and ham rises.

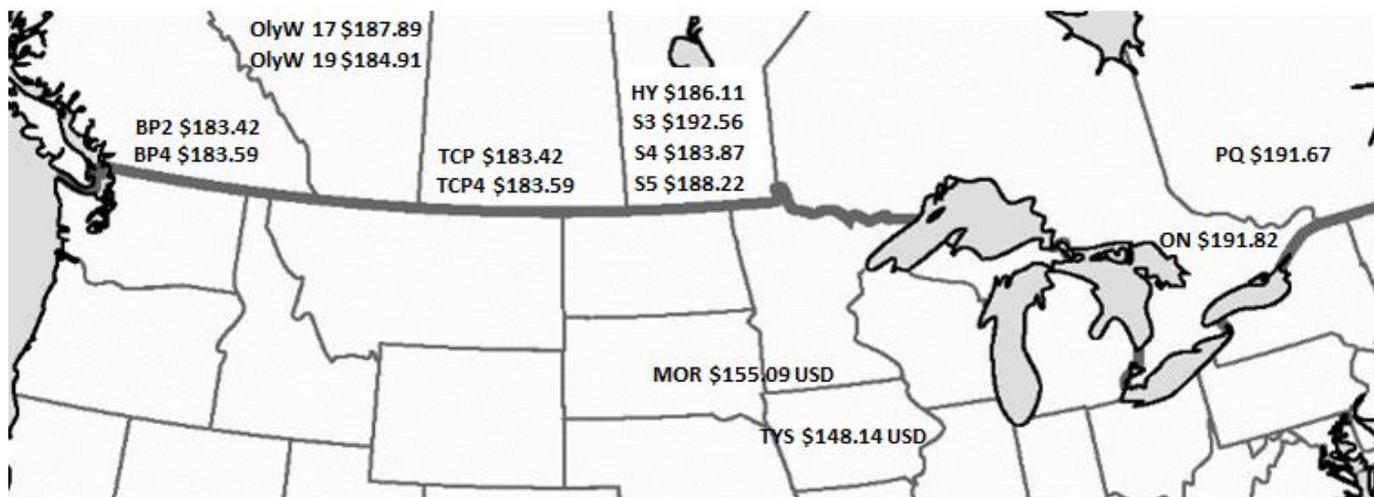
Cash Price	Weekly Averages		w/w	% Chg
	19-Jul-19	12-Jul-19		
ISM pm	\$73.02	\$68.66	\$4.36	6.4%
WCB pm	\$72.88	\$68.99	\$3.89	5.6%
Nat pm	\$70.59	\$67.27	\$3.32	4.9%
CME Index*	\$71.21	\$71.06	\$0.15	0.2%
BoC Exch	1.3057	1.3082	-0.0025	-0.2%

* Represents Friday-Thursday average

Canadian hog markets were \$5.50/hog higher to \$2.50/hog lower. Values out of Quebec declined the most on the week, down \$2.50/hog, while the Sig 4 fell \$0.50/hog. Values out of Ontario and Hylife and the OlyW 19 were each generally up near \$1/hog. OlyW 17 and the Sig 5 improved the most on the week, up \$5.50/hog and \$4.50/hog respectively. In the US, Tyson values improved near \$1.50/hog while JM values rose near \$8/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2019 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to OlyW '19		to OlyW '19	to OlyW '19		19-Jul-19	to OlyW '19
OlyW 2019	\$175.28		\$184.37		\$210.61		\$184.91	
OlyW 2017	\$172.53	-\$2.75	\$182.23	-\$2.14	\$207.69	-\$2.92	\$187.89	\$2.97
ML Sig 3	\$164.71	-\$10.57	\$176.50	-\$7.87	\$206.43	-\$4.19	\$192.56	\$7.65
ML Sig 4	\$176.06	\$0.78	\$183.17	-\$1.20	\$206.85	-\$3.76	\$183.87	-\$1.04
ML Sig 5	\$170.40	-\$4.88	\$179.84	-\$4.53	\$206.64	-\$3.98	\$188.22	\$3.31
BP2/TCP **	\$169.09	-\$6.19	\$177.82	-\$6.55	\$207.99	-\$2.63	\$183.42	-\$1.49
BP4/TCP4 **	\$175.46	\$0.18	\$181.31	-\$3.07	\$207.93	-\$2.69	\$183.59	-\$1.32
Hylife	\$177.10	\$1.82	\$184.70	\$0.33	\$208.39	-\$2.22	\$186.11	\$1.19
Ontario	\$181.26	\$5.98	\$189.72	\$5.35	\$217.18	\$6.57	\$191.82	\$6.91
Québec	\$181.38	\$6.10	\$188.80	\$4.43	\$218.10	\$7.48	\$191.67	\$6.76
Tyson (USD)	\$139.68	-\$35.60	\$144.50	-\$39.87	\$167.02	-\$43.59	\$148.14	-\$36.77
John Morrell (USD)	\$132.76	-\$42.52	\$139.88	-\$44.49	\$162.51	-\$48.10	\$155.09	-\$29.82

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

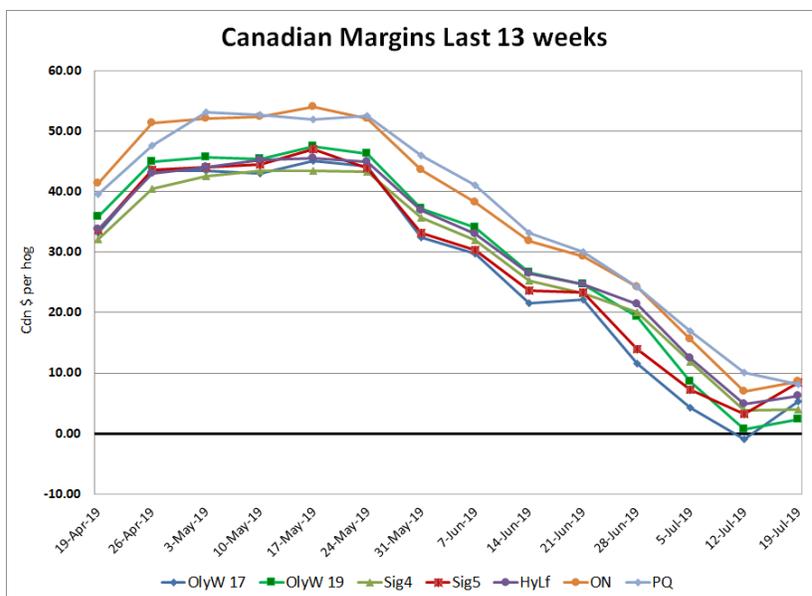
Monitored hog margins were primarily stronger on improved cash hog values, further aided by a reduction in feed costs. Farrow-to-finish feed costs declined \$0.70/hog in both Canadian and US monitored regions.

Canada-based hog margins improved the most out of the OlyW 17, up shy of \$6.50/hog, followed by those out of the Sig 5 which improved \$5/hog. OlyW 19, Hylife and hog margins out of Ontario each strengthened \$1-\$2/hog, while the Sig 4 margins were generally stable from a week earlier. Hog margins calculated out of Quebec weakened near \$2/hog. In the US, Tyson margins were up \$2.50/hog while those out of JM improved more than \$8/hog.

Regional MARGINS, \$/hog						
Packer/Region	19-Jul-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$187.89	\$123.01	\$39.45	\$20.05	\$182.51	\$5.38
OlyW 19/Alberta	\$184.91	\$123.01	\$39.45	\$20.05	\$182.51	\$2.40
ML Sig 4/Manitoba	\$183.87	\$120.75	\$39.54	\$19.55	\$179.84	\$4.03
ML Sig 5/Manitoba	\$188.22	\$120.75	\$39.54	\$19.55	\$179.84	\$8.38
Hylife/Manitoba	\$186.11	\$120.76	\$39.54	\$19.55	\$179.85	\$6.26
Ontario	\$191.82	\$118.69	\$40.71	\$23.76	\$183.16	\$8.66
Québec	\$191.67	\$121.38	\$40.50	\$21.65	\$183.53	\$8.14
Tyson (USD)/Iowa	\$148.14	\$86.45	\$28.70	\$16.57	\$131.72	\$16.42
John Morrell (USD)/ND	\$155.09	\$84.72	\$28.70	\$16.57	\$129.99	\$25.10

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 16.42 USD X 1.3057 = \$ 21.44 in Canadian Dollars
 Morrell \$ 25.10 USD X 1.3057 = \$ 32.77 in Canadian Dollars



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