



# Weekly Regional HOG PRICE Report



July 5, 2019

## Things to Consider....

The USDA's Quarterly Hogs & Pigs report was released Thursday, June 27th. The figures came in generally higher than market analysts' pre-report estimates, with record highs reported in many categories.

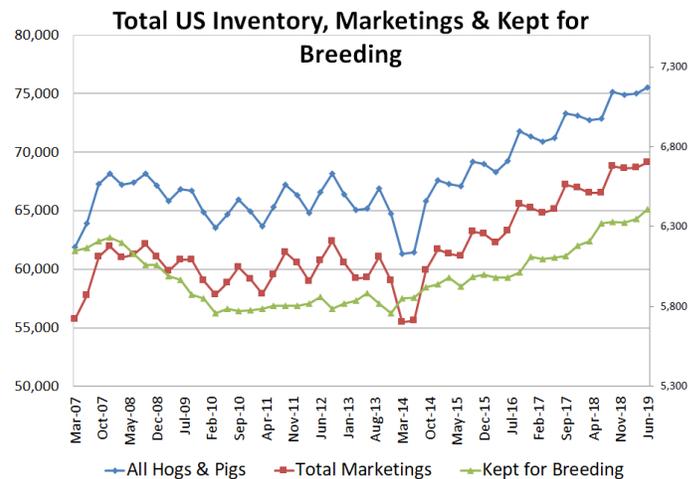
All Hogs and Pigs and the Market Hogs categories surpassed the previous highs for the quarter reached in 2018, with each market weight group over the high values reached last year. All Hogs & Pigs increased 1,224 thousand from previous quarter reported, bringing the category 2,654 thousand head over last year. Kept for Breeding rose 61 thousand from the previous report, with the latest figure 90 thousand over last year.

Pigs per litter reported at 11.0 reported a historical high figure of any quarterly report since it began in the early 1970's. The Mar-May pig crop reported at 34,177 thousand rose 1,178 thousand from the Dec-Feb period and is 1,235 thousand higher compared to last year. The latest pig crop figure represents the second highest historical figure, second only to that reported for the period of Jun-Aug 2018.

Sows farrowing tallied on the latest report rose over levels reported last year for this time, however, were by no means near record high levels with historically strong figures of over 7 million reported back in the 1970's.

As shown in the December lean hog contract the move in future prices since mid April has been very one sided. Although the market mustered a minor recovery early last week major losses heading into the weekend took most contract to 4-month lows. The resumption of trade talks between China and US was a positive moving forward however without any further progress market direction is considered stable at best. With hog numbers as high as they have been in years it is going to take a major demand event to get the market out of the current trend. Producers are encouraged to be patient for pricing opportunities later in the summer and early fall.

Quarterly H&P - Jun 2019	2018	2019	%19/18	Est	%Act-Est
<b>All Hogs and Pigs</b>	72,866	75,520	103.6%	101.9%	1.7%
<b>Kept for Breeding</b>	6,320	6,410	101.4%	100.6%	0.8%
<b>Market Hogs</b>	66,546	69,111	103.9%	102.0%	1.9%
<b>Mkt hog Wt. Groups</b>					
Under 50 pounds	21,327	22,019	103.2%	101.3%	1.9%
50-119 pounds	19,083	19,606	102.7%	101.4%	1.3%
120-179 pounds	13,988	14,427	103.1%	103.4%	(0.3%)
180 pounds and over	12,147	13,059	107.5%	102.7%	4.8%
<b>Mar-May Pig Crop</b>	32,942	34,177	103.7%	101.9%	1.8%
<b>Mar-May Pigs per Litter</b>	10.63	11.00	103.5%	100.6%	2.9%
<b>Sows Farrowing</b>					
'19 Mar-May	3,100	3,108	100.3%	101.3%	(1.0%)
'19 Jun-Aug Intentions	3,200	3,185	99.5%	100.5%	(1.0%)
'19 Sep-Nov Intentions	3,174	3,175	100.0%	101.3%	(1.3%)



## Weekly Hog Price Recap

Cash hog values declined throughout the week, pressured by ample supplies and falling wholesale pork values. Regional cash values decreased the most from a week earlier, primarily due to comparing this past Friday's figure to Wednesday's figure of last week (with Thurs & Friday that week not being reported). Pork cutout fell \$2.89/cwt with wholesale rib values significantly lower and most other pork primals were also weaker.

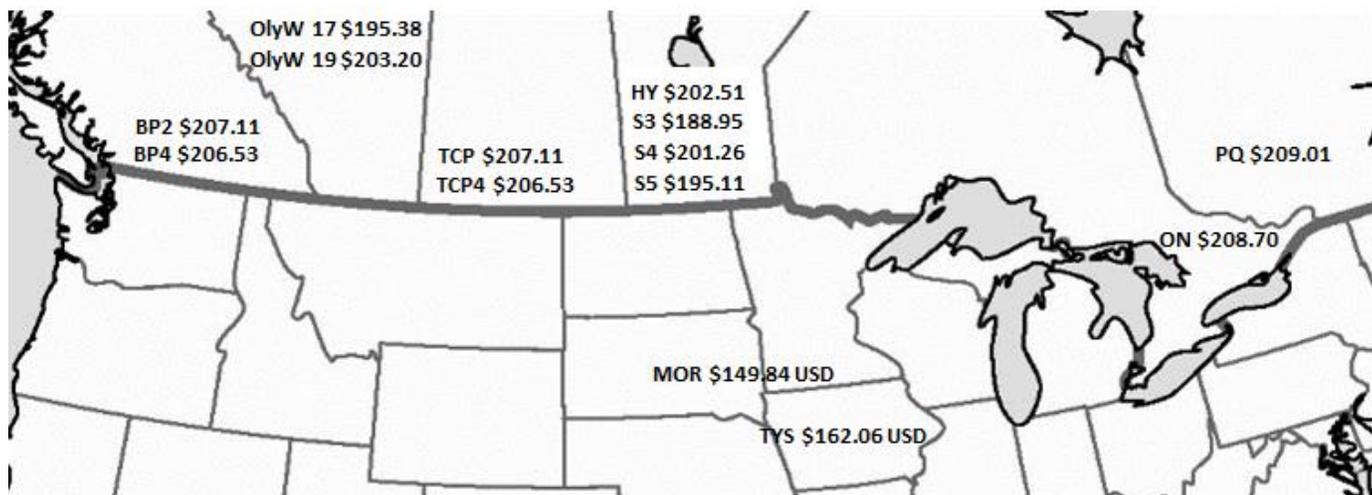
Cash Price	Weekly Averages		w/w	% Chg
	28-Jun-19	21-Jun-19		
ISM pm	\$70.57	\$77.35	-\$6.77	-8.8%
WCB pm	\$70.36	\$77.16	-\$6.80	-8.8%
Nat pm	\$70.74	\$75.42	-\$4.68	-6.2%
CME Index*	\$77.64	\$79.34	-\$1.70	-2.1%
BoC Exch	1.3139	1.3309	-0.0170	-1.3%

\* Represents Friday-Thursday average

Hog markets were generally \$6 to \$13/hog lower, with the OlyW 17 down the most of monitored markets. The Sig 5 fell near \$12/hog, dragged lower by the \$18.50/hog declined on the Sig 3. Values out of Quebec, Ontario and OlyW 19 were each \$8/hog lower, while Sig 4 and Hylife values were down \$6/hog. US-based markets such as Tyson and JM also declined, falling \$4.50 and \$14 per hog respectively.

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 28-Jun-19	Difference to OlyW '19
OlyW 2019	\$175.68		\$184.17		\$216.20		\$203.20	
OlyW 2017	\$172.95	-\$2.74	\$181.89	-\$2.28	\$213.06	-\$3.14	\$195.38	-\$7.82
ML Sig 3	\$165.12	-\$10.57	\$175.46	-\$8.71	\$211.30	-\$4.90	\$188.95	-\$14.25
ML Sig 4	\$176.38	\$0.69	\$182.83	-\$1.34	\$210.86	-\$5.34	\$201.26	-\$1.94
ML Sig 5	\$170.76	-\$4.92	\$179.14	-\$5.02	\$211.08	-\$5.12	\$195.11	-\$8.09
BP2/TCP **	\$169.37	-\$6.31	\$176.65	-\$7.51	\$210.44	-\$5.76	\$207.11	\$3.91
BP4/TCP4 **	\$175.61	-\$0.07	\$180.16	-\$4.00	\$208.57	-\$7.63	\$206.53	\$3.33
Hylife	\$177.44	\$1.76	\$184.38	\$0.21	\$212.61	-\$3.59	\$202.51	-\$0.69
Ontario	\$181.67	\$5.98	\$189.31	\$5.14	\$222.57	\$6.37	\$208.70	\$5.50
Québec	\$181.72	\$6.04	\$188.09	\$3.92	\$222.49	\$6.29	\$209.01	\$5.81
Tyson (USD)	\$140.09	-\$35.59	\$143.91	-\$40.26	\$170.94	-\$45.26	\$162.06	-\$41.14
John Morrell (USD)	\$133.16	-\$42.53	\$138.81	-\$45.36	\$165.84	-\$50.36	\$149.84	-\$53.36

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



# Weekly Hog Margins

Monitored hog margins were significantly pressured by falling hog values, however did receive some offset support on declining feed costs. Canadian farrow-to-finish feed costs declined near \$3/hog while those south of the border were closer to \$1.60/hog lower.

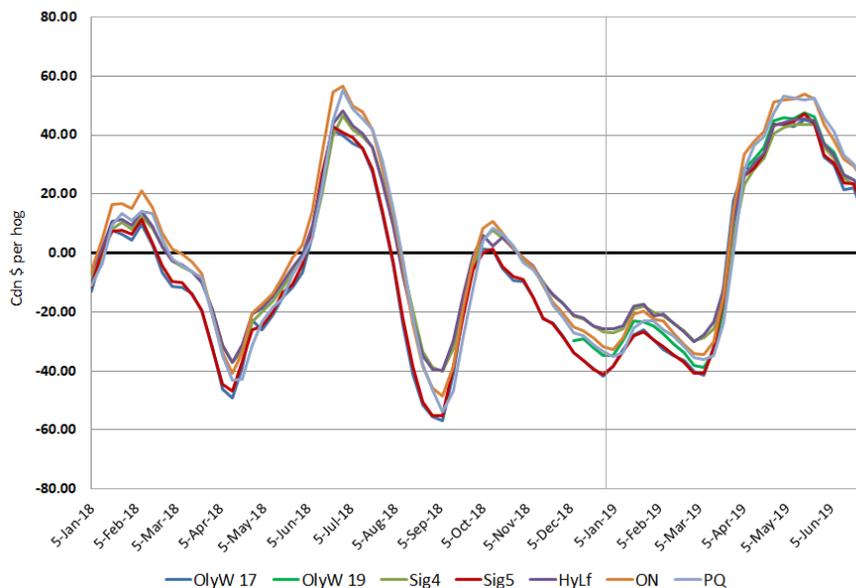
Hog margins out of the OlyW 17 weakened \$10.50/hog and was followed closely by Sig 5 margins which were \$9.50/hog lower. Margins calculated out of the OlyW 19, Ontario and Quebec markets were each near \$5/hog weaker, while Sig 4 & Hylife margins were down \$3/hog. In the US, Tyson margins were \$2.50/hog lower while those out JM dropped much steeper, falling \$12.50/hog from a week earlier.

Regional MARGINS, \$/hog						
Packer/Region	28-Jun-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$195.38	\$124.32	\$39.45	\$20.05	\$183.82	\$11.56
OlyW 19/Alberta	\$203.20	\$124.32	\$39.45	\$20.05	\$183.82	\$19.38
ML Sig 4/Manitoba	\$201.26	\$122.06	\$39.54	\$19.55	\$181.15	\$20.11
ML Sig 5/Manitoba	\$195.11	\$122.06	\$39.54	\$19.55	\$181.15	\$13.96
Hylife/Manitoba	\$202.51	\$122.07	\$39.54	\$19.55	\$181.16	\$21.35
Ontario	\$208.70	\$120.00	\$40.71	\$23.76	\$184.47	\$24.23
Québec	\$209.01	\$122.69	\$40.50	\$21.65	\$184.84	\$24.17
Tyson (USD)/Iowa	\$162.06	\$86.62	\$28.70	\$16.57	\$131.89	\$30.17
John Morrell (USD)/ND	\$149.84	\$84.89	\$28.70	\$16.57	\$130.16	\$19.68

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 30.17 USD X 1.3139 = \$ 39.64 in Canadian Dollars  
 Morrell \$ 19.68 USD X 1.3139 = \$ 25.86 in Canadian Dollars

Canadian Margins 2018-2019 Year to Date



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.