



Weekly Regional HOG PRICE Report



June 28, 2019

Things to Consider....

US Cold Storage reported total pork stocks at 628.7 million pounds for May, a rise of 1.2% or 7.2 million pounds over April. This brought pork in cold storage 0.8% over last year at this time or 4.9 million pounds higher than May 2018.

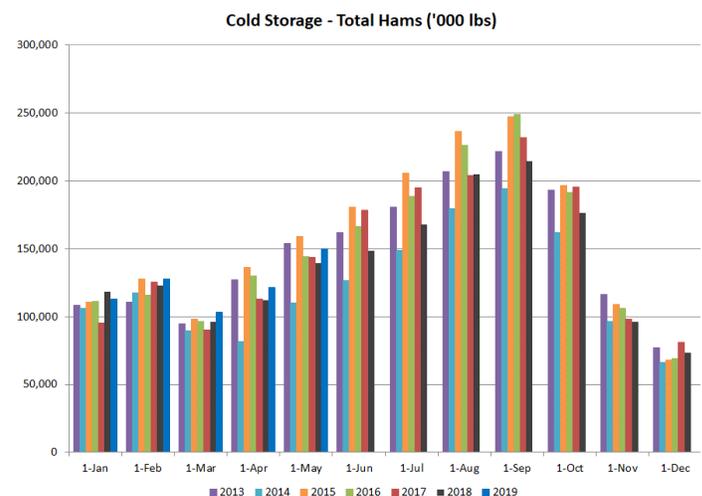
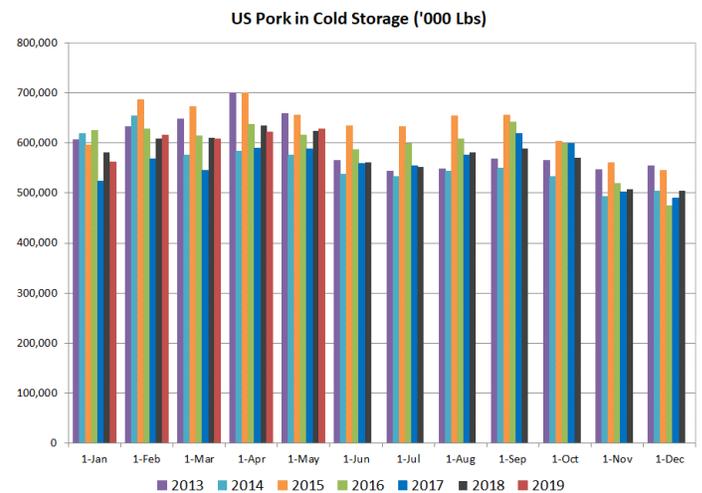
Ham supplies in cold storage were the greatest contributing factor to the overall rise on the report. Total hams jumped 28.8 million pounds for May, with the bone-in variety accounting for most of the rise. This type of increase in cold ham supply is considered typical following the Easter holiday as total hams in cold storage find a bottom in March and recover to peak seasonally in September.

Bellies and loins in cold storage also reported notable increased volume, up 3.0 and 2.7 million pounds. Loins in cold storage tend to fall in volume for this time historically. Spareribs dropped in volume, down 13% or 19.3 million pounds lower than last reported and offset a large portion of the overall increases reported by hams, bellies and loins. This brings on the seasonal drop typical to spare-ribs on cold storage, which peak in March/April and then fall to bottom in August. Bone-in picnics fell 2.4 million pounds, while variety meats fell 3.9 million pounds. Other categories on the Cold Storage report such as variety meats, trimmings and other pork fell more modestly, less than a million pounds each.

Historically speaking, pork in cold storage tends to decline from May into June as supplies of loins, ribs and butts begin to reflect better product movement with the start of the grilling season.

With cash relatively stable, it remains the better of the 2 options for pricing market hogs as lean hog futures have plummeted to 1-year lows pushing nearby July and August contracts to the lowest level seen since summer 2018 (1 year ago). Producers should continue to be patient for a recovery before adding to 2019 protection.

US Pork in Cold Storage					
('000 lbs)	May-19	Apr-19	May-18	M/M %	Y/Y %
Picnics	7,545	9,926	10,110	-24.0%	-25.4%
Hams	150,129	121,331	139,295	23.7%	7.8%
Bellies	64,122	61,110	61,234	4.9%	4.7%
Loins	45,784	43,125	36,519	6.2%	25.4%
Ribs	127,588	146,859	119,286	-13.1%	7.0%
Butts	21,186	21,164	15,313	0.1%	38.4%
Trimming	47,914	48,237	56,969	-0.7%	-15.9%
Other	80,847	81,809	92,610	-1.2%	-12.7%
Total Pork	628,660	621,456	623,725	1.2%	0.8%



Weekly Hog Price Recap

National and CME cash values fell modestly, primarily on Friday's weakness. Regional cash hog pricing was not reported for much of the week due to confidentiality, thereby skewing the end of week values by not including late week daily declines. Pork cutout dropped \$4.11/cwt as most wholesale pork primals reported significant declines from a week earlier.

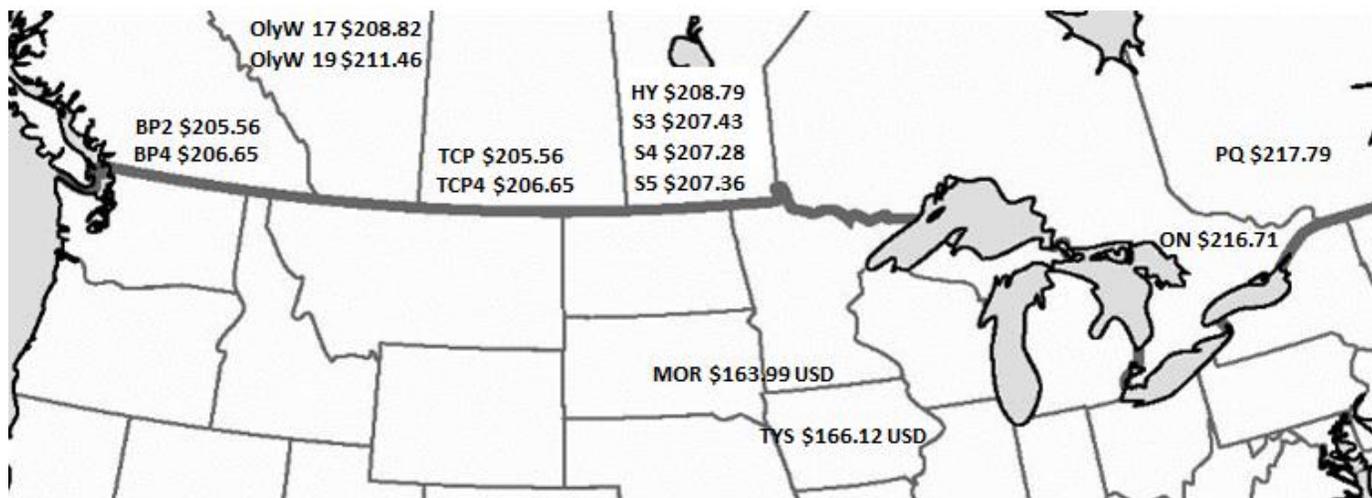
Cash Price	Weekly Averages		w/w	% Chg
	21-Jun-19	14-Jun-19		
ISM pm	\$77.35	\$76.39	\$0.96	1.3%
WCB pm	\$77.16	\$76.10	\$1.06	1.4%
Nat pm	\$75.42	\$75.63	-\$0.21	-0.3%
CME Index*	\$79.34	\$79.64	-\$0.30	-0.4%
BoC Exch	1.3309	1.3311	-0.0002	-0.0%

* Represents Friday-Thursday average

Hog market values were mixed compared to the previous week, with Canadian markets generally \$2.50/hog higher to near \$1/hog weaker. The OlyW 17 improved the most on the week, rising \$2.50/hog, followed by values of out of the Sig 5 which rose \$1.50/hog. The OlyW 19, Hylife and ML Sig 4 values were modestly changed from a week earlier. Values out of Ontario declined \$0.50/hog while those out of Quebec were down \$1/hog. In the US, Tyson values edged \$0.25/hog lower while JM values rose more than \$2/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 21-Jun-19	Difference to OlyW '19
OlyW 2019	\$175.66		\$183.40		\$215.11		\$211.46	
OlyW 2017	\$172.98	-\$2.68	\$181.35	-\$2.05	\$213.20	-\$1.92	\$208.82	-\$2.64
ML Sig 3	\$165.16	-\$10.50	\$174.92	-\$8.49	\$212.06	-\$3.05	\$207.43	-\$4.03
ML Sig 4	\$176.36	\$0.70	\$182.09	-\$1.31	\$209.32	-\$5.79	\$207.28	-\$4.18
ML Sig 5	\$170.77	-\$4.89	\$178.50	-\$4.90	\$210.69	-\$4.42	\$207.36	-\$4.11
BP2/TCP **	\$169.30	-\$6.36	\$175.43	-\$7.97	\$206.85	-\$8.26	\$205.56	-\$5.90
BP4/TCP4 **	\$175.57	-\$0.09	\$179.11	-\$4.30	\$204.95	-\$10.17	\$206.65	-\$4.81
Hylife	\$177.43	\$1.77	\$183.65	\$0.25	\$211.45	-\$3.66	\$208.79	-\$2.68
Ontario	\$181.66	\$6.00	\$188.53	\$5.13	\$221.48	\$6.37	\$216.71	\$5.25
Québec	\$181.73	\$6.07	\$187.25	\$3.84	\$220.29	\$5.18	\$217.79	\$6.33
Tyson (USD)	\$140.08	-\$35.58	\$143.16	-\$40.25	\$169.88	-\$45.23	\$166.12	-\$45.34
John Morrell (USD)	\$133.22	-\$42.44	\$138.37	-\$45.04	\$166.51	-\$48.60	\$163.99	-\$47.47

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

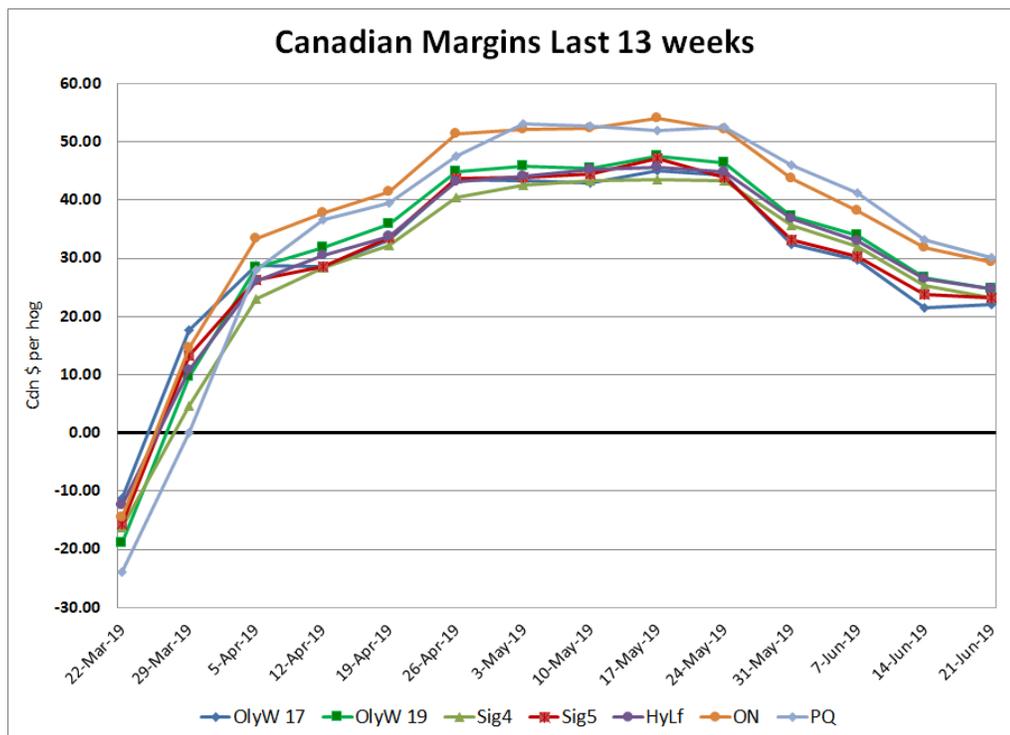
The majority of monitored hog margins were weaker, pressured again by rising feed costs. Canadian farrow-to-finish feed costs rose \$2/hog while those south of the border were closer to \$1.50/hog higher.

Hog margins out of the OlyW 17 were \$0.50/hog stronger, while remaining monitored Canadian margins were calculated weaker. Margins out of Quebec and Ontario were among the weakest on the week, down \$3 and \$2.50 per hog respectively. OlyW 19, ML Sig 4 and Hylife margins were \$1.75-\$2/hog weaker, while the Sig 5 edged shy of \$0.50/hog lower. In the US, Tyson margins declined \$1/hog while JM margins improved a modest \$0.70/hog.

Regional MARGINS, \$/hog						
Packer/Region	21-Jun-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$208.82	\$127.23	\$39.45	\$20.05	\$186.73	\$22.09
OlyW 19/Alberta	\$211.46	\$127.23	\$39.45	\$20.05	\$186.73	\$24.73
ML Sig 4/Manitoba	\$207.28	\$124.97	\$39.54	\$19.55	\$184.06	\$23.22
ML Sig 5/Manitoba	\$207.36	\$124.97	\$39.54	\$19.55	\$184.06	\$23.30
Hylife/Manitoba	\$208.79	\$124.98	\$39.54	\$19.55	\$184.07	\$24.72
Ontario	\$216.71	\$122.91	\$40.71	\$23.76	\$187.38	\$29.33
Québec	\$217.79	\$125.60	\$40.50	\$21.65	\$187.75	\$30.04
Tyson (USD)/Iowa	\$166.12	\$88.22	\$28.70	\$16.57	\$133.49	\$32.63
John Morrell (USD)/ND	\$163.99	\$86.49	\$28.70	\$16.57	\$131.76	\$32.23

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 32.63 USD X 1.3309 = \$ 43.43 in Canadian Dollars
 Morrell \$ 32.23 USD X 1.3309 = \$ 42.89 in Canadian Dollars



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