



# Weekly Regional HOG PRICE Report



August 14, 2019

## Things to Consider....

The USDA released their August WASDE (World Ag Supply Demand Estimates) on Monday and shocked the feed industry with higher corn acres and higher than expected yields. Planted corn acres were reported at 90 million acres, notably higher than the 88 million expected due to late planting and weather delays earlier this spring. More surprising was the fact that the USDA increased yield expectations to 169.5 bpa, which is only 7 bpa below the ideal conditions of last year. Many analysts and traders continue to question the USDA's number as they reported 11.5 million corn acres as "Prevent Plant" acres which tallies the number of acres that were destined for corn but did not get put in. If these numbers were actually true, the Prevent Acres and actual acres would total 101.2 million acres of corn? Is that even possible? So based on some confusing data, and big yield estimates the market has reacted negatively as this news is very bearish. However, when combines roll in October, the market may see some adjustments from the currently traded numbers.

On the flip side, soybean planted acres came in 4.4 million acres lower than expectations however the overbearing bearish news for corn did not allow soybeans or meal to rally. Soybean planted acres were estimated at 76.7 million with trade estimates close to 81 million. Yields for soybeans were left unchanged from the July report at 48.5 bpa. For hog producers, now is an opportunity to buy good valued soy meal as the market could start to grind out some higher values into the fall months.

More estimates will be released in the coming months but for now, producers should look to secure the remainder of 2019 feed requirements at current values.

Corn- Dec 2019



Wheat- Dec 2019



Soymeal- Dec 2019



## Weekly Hog Price Recap

Cash hog pricing continued their downtrend from the end of the previous week, declining generally daily through the week. Packer cash bid volume was considered mostly moderate, with higher volume reported Tuesday and Wednesday. CME cash also faced declines the majority of the week, however fell more moderately. Stronger wholesale bellies, ribs and hams drove pork cutout \$2.26/cwt higher on the week.

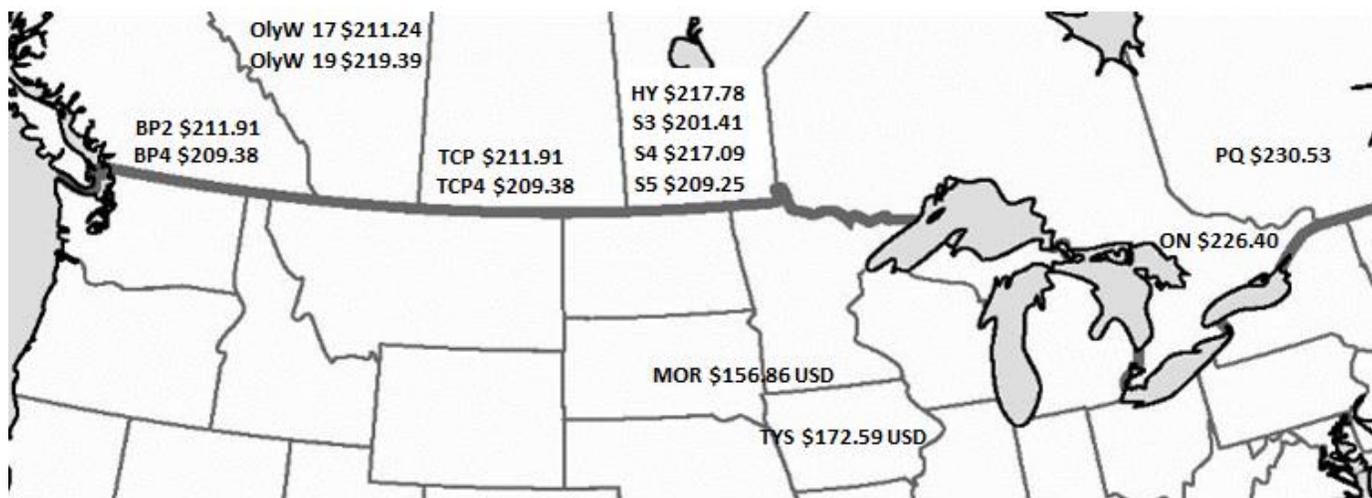
Cash Price	Weekly Averages		w/w	% Chg
	9-Aug-19	2-Aug-19		
ISM pm	\$74.26	\$82.29	-\$8.03	-9.8%
WCB pm	\$73.73	\$79.72	-\$6.00	-7.5%
Nat pm	\$73.57	\$79.91	-\$6.34	-7.9%
CME Index*	\$83.50	\$82.92	\$0.58	0.7%
BoC Exch	1.3263	1.3183	0.0080	0.6%

\* Represents Friday-Thursday average

Canadian hog markets were down \$7/hog to as much as \$10/hog higher on the week. Values out of Quebec were up the most, followed by the Sig 4 which improved \$7/hog. Hylife values were up \$4.50/hog while the OlyW 19 was up shy of \$2/hog and Ontario was only marginally stronger. The OlyW 17 fell \$7/hog and the ML Sig 5 declined \$3/hog. In the US, JM values dropped \$12.50/hog while Tyson fell \$5/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 9-Aug-19	Difference to OlyW '19
OlyW 2019	\$175.25		\$186.97		\$208.39		\$219.39	
OlyW 2017	\$172.58	-\$2.67	\$184.94	-\$2.03	\$205.72	-\$2.67	\$211.24	-\$8.15
ML Sig 3	\$164.82	-\$10.42	\$179.81	-\$7.16	\$204.61	-\$3.78	\$201.41	-\$17.99
ML Sig 4	\$175.97	\$0.72	\$185.44	-\$1.52	\$204.91	-\$3.48	\$217.09	-\$2.30
ML Sig 5	\$170.41	-\$4.84	\$182.63	-\$4.34	\$204.76	-\$3.63	\$209.25	-\$10.15
BP2/TCP **	\$168.97	-\$6.28	\$180.11	-\$6.85	\$205.14	-\$3.26	\$211.91	-\$7.48
BP4/TCP4 **	\$175.17	-\$0.08	\$182.64	-\$4.32	\$204.10	-\$4.30	\$209.38	-\$10.02
Hylife	\$176.94	\$1.70	\$186.67	-\$0.30	\$205.59	-\$2.81	\$217.78	-\$1.61
Ontario	\$181.22	\$5.97	\$192.53	\$5.56	\$215.05	\$6.66	\$226.40	\$7.00
Québec	\$181.26	\$6.01	\$191.46	\$4.49	\$215.49	\$7.10	\$230.53	\$11.13
Tyson (USD)	\$139.62	-\$35.62	\$146.92	-\$40.05	\$165.80	-\$42.60	\$172.59	-\$46.80
John Morrell (USD)	\$132.81	-\$42.44	\$142.45	-\$44.52	\$161.49	-\$46.90	\$156.86	-\$62.54

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



# Weekly Hog Margins

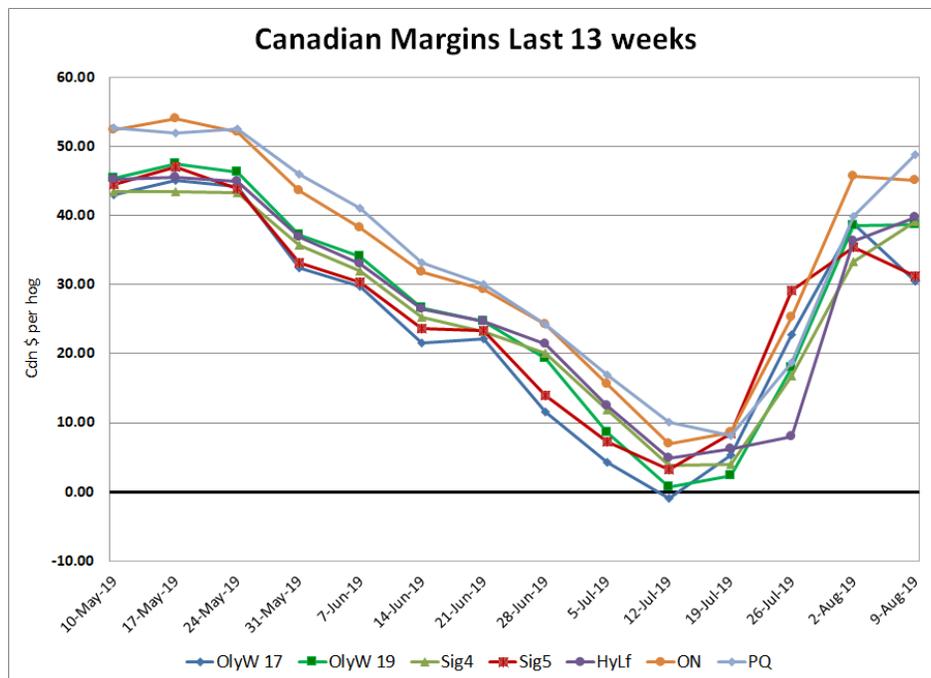
Hog margins were mixed on the week, with markets on base prices derived from the 201 report typically stronger. Feed costs weighed on monitored margins, with Canadian farrow-to-finish feed costs up more than \$1/hog while those in the US were up \$0.25/hog.

Calculated hog margins out of Quebec improved the most, strengthening \$9/hog, while those out of the Sig 4 and Hylife were up more moderately; \$6 & \$3.50 per hog, respectively. Hog margins out of the OlyW 19 improved a modest \$0.25/hog, while Ontario weakened \$0.50/hog. OlyW 17 weakened the most on the Canadian side, down more than \$8/hog, and Sig 5 margins declined \$4/hog. In the US, JM margins were calculated \$12.75/hog weaker and Tyson hog margins were near \$5/hog weaker.

Regional MARGINS, \$/hog						
Packer/Region	9-Aug-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$211.24	\$121.17	\$39.45	\$20.05	\$180.67	\$30.57
OlyW 19/Alberta	\$219.39	\$121.17	\$39.45	\$20.05	\$180.67	\$38.72
ML Sig 4/Manitoba	\$217.09	\$118.91	\$39.54	\$19.55	\$178.00	\$39.09
ML Sig 5/Manitoba	\$209.25	\$118.91	\$39.54	\$19.55	\$178.00	\$31.25
Hylife/Manitoba	\$217.78	\$118.92	\$39.54	\$19.55	\$178.01	\$39.77
Ontario	\$226.40	\$116.85	\$40.71	\$23.76	\$181.32	\$45.08
Québec	\$230.53	\$119.54	\$40.50	\$21.65	\$181.69	\$48.84
Tyson (USD)/Iowa	\$172.59	\$82.76	\$28.70	\$16.57	\$128.03	\$44.56
John Morrell (USD)/ND	\$156.86	\$81.03	\$28.70	\$16.57	\$126.30	\$30.56

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 44.56 USD X 1.3263 = \$ 59.10 in Canadian Dollars  
 Morrell \$ 30.56 USD X 1.3263 = \$ 40.53 in Canadian Dollars



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