



Weekly Regional HOG PRICE Report



August 23, 2019

Things to Consider....

US livestock and meat trade data reported June pork exports at 498,933 thousand pounds, a drop of 12.5 million pounds or -2.4% from last reported. This brings total US pork exports 44.6 million pounds over year ago levels or 9.8% over June 2018. Typically export levels do fall from May into June, however the latest report did not reflect as strong of a drop, in comparison to other historical years for this time and for that reason current export levels are considered significantly stronger than other years for this time.

Declines were reported in most major destinations for US pork with volume to South Korea down the most on the report, falling 21.6 million pounds for June. US pork to Japan also declined, down 13.3 million, as did volume to Colombia which fell 10.7 million pounds and Australia notably declined 6.1 million pounds.

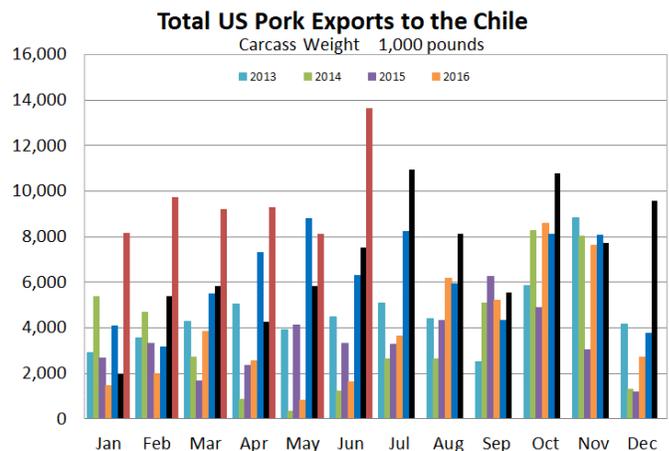
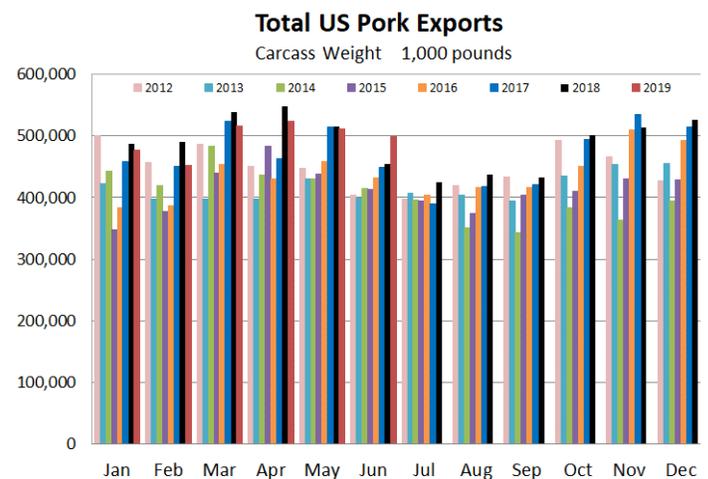
After two consecutive trade data reports stating that Mexico imported reduced amounts of US pork, the country reported a significant rise for June with volume up 25.1 million pounds. US pork exports to China* (mainland, Hong Kong and Taiwan) increased 13.8 million pounds, with the mainland accounting for the vast majority of that figure. Chile increased their imports of US pork by 5.5 million pounds for June, reaching a new record high volume that surpassed the previous high reached in July last year. The Philippines increased imports of US by 2.4 million pounds in June however remains considerably below other historical years for this time.

Pork production was higher overall for the weeks of June, averaging 516.0 million pounds or 22.5 million pounds higher per week from the weeks of May. Exports as a percent of monthly production increased 3.4% to 24.2%, bringing the figure 0.4% over last year.

After trading firm to start the week, futures took a turn to the downside dropping to a 1-year low in 4th quarter contracts. Limited hedging opportunities are currently present in the market and producers should look for improved pricing in the months ahead be adding to existing positions.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 7 Countries	Jun-18	May-19	Jun-19	M/M%	Y/Y%	YTD/LYTD%
Australia	16,593	29,989	23,553	-21.5%	41.9%	46.0%
Canada	41,625	42,866	43,128	0.6%	3.6%	9.0%
China*	33,558	62,393	76,167	22.1%	127.0%	27.4%
Colombia	22,143	32,506	21,759	-33.1%	-1.7%	23.8%
Japan	98,299	111,524	97,896	-12.2%	-0.4%	-3.7%
Mexico	136,239	108,743	133,874	23.1%	-1.7%	-20.1%
South Korea	50,281	64,404	42,814	-33.5%	-14.9%	-11.7%
All US Pork Exports	454,348	511,437	498,933	-2.4%	9.8%	-1.8%

*Includes Mainland, Hong Kong & Taiwan



Weekly Hog Price Recap

Regional and national cash hog values varied throughout the week however declines more than outweighed strength reported Tuesday and Thursday. Packer cash bid volume was generally considered moderate with volume reported higher mid-week. CME cash declined daily but at more moderate daily levels than the variance reported in regional and national cash pricing. Wholesale pork values were overall weaker excluding bellies, which weighed pork cutout \$0.32/cwt lower than last week.

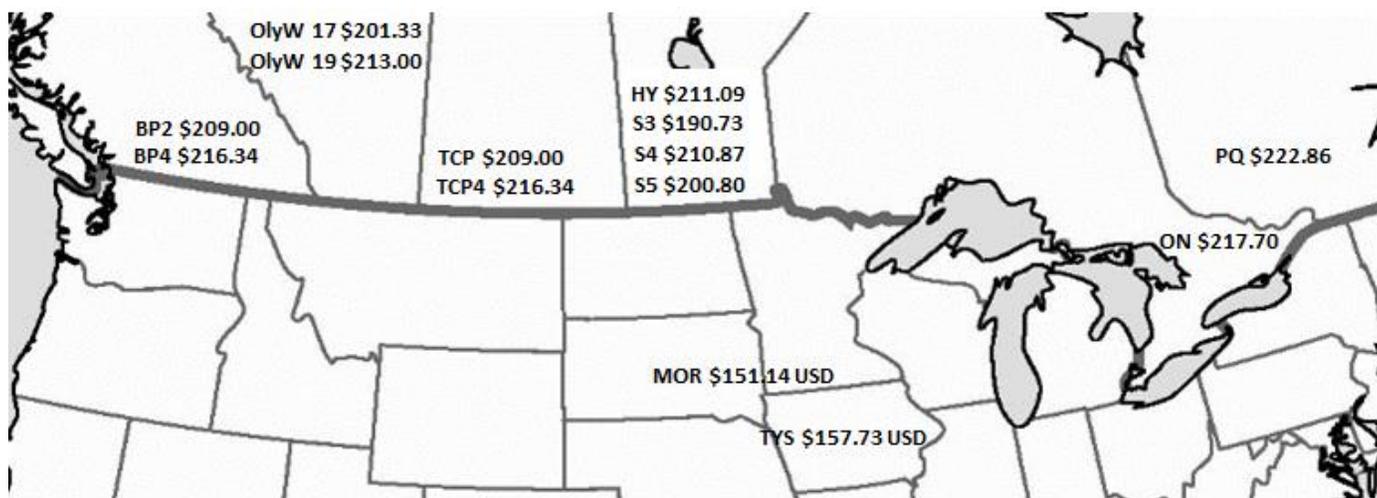
Cash Price	Weekly Averages		w/w	% Chg
	16-Aug-19	9-Aug-19		
ISM pm	\$71.51	\$74.26	-\$2.75	-3.7%
WCB pm	\$70.98	\$73.73	-\$2.75	-3.7%
Nat pm	\$69.85	\$73.57	-\$3.72	-5.1%
CME Index*	\$80.18	\$83.50	-\$3.32	-4.0%
BoC Exch	1.3278	1.3263	0.0015	0.1%

* Represents Friday-Thursday average

Canadian hog markets were \$6-\$10 per hog lower than a week earlier. The OlyW 17 declined the most on the week and was followed closely by values out of ML Sig 5 and Ontario which were each down \$8.50/hog. Values out of Quebec fell \$7.50/hog, while the OlyW 19 & Hylife prices were down closer to \$6/hog. In the US, JM values were down more than \$5.50/hog while JM values dropped near \$15/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		16-Aug-19	to OlyW '19
OlyW 2019	\$175.32		\$187.76		\$207.50		\$213.00	
OlyW 2017	\$172.61	-\$2.71	\$185.44	-\$2.32	\$204.12	-\$3.38	\$201.33	-\$11.68
ML Sig 3	\$164.83	-\$10.49	\$180.14	-\$7.61	\$201.97	-\$5.54	\$190.73	-\$22.28
ML Sig 4	\$176.02	\$0.70	\$186.21	-\$1.54	\$204.38	-\$3.13	\$210.87	-\$2.13
ML Sig 5	\$170.44	-\$4.88	\$183.18	-\$4.58	\$203.17	-\$4.33	\$200.80	-\$12.21
BP2/TCP **	\$169.04	-\$6.28	\$180.99	-\$6.77	\$204.51	-\$2.99	\$209.00	-\$4.01
BP4/TCP4 **	\$175.22	-\$0.10	\$183.66	-\$4.09	\$204.16	-\$3.34	\$216.34	\$3.34
Hylife	\$177.00	\$1.67	\$187.41	-\$0.35	\$204.90	-\$2.60	\$211.09	-\$1.92
Ontario	\$181.27	\$5.95	\$193.29	\$5.54	\$213.97	\$6.47	\$217.70	\$4.70
Québec	\$181.32	\$6.00	\$192.41	\$4.66	\$214.94	\$7.44	\$222.86	\$9.85
Tyson (USD)	\$139.61	-\$35.72	\$147.26	-\$40.50	\$164.34	-\$43.16	\$157.73	-\$55.28
John Morrell (USD)	\$132.80	-\$42.52	\$142.71	-\$45.04	\$159.58	-\$47.92	\$151.14	-\$61.86

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

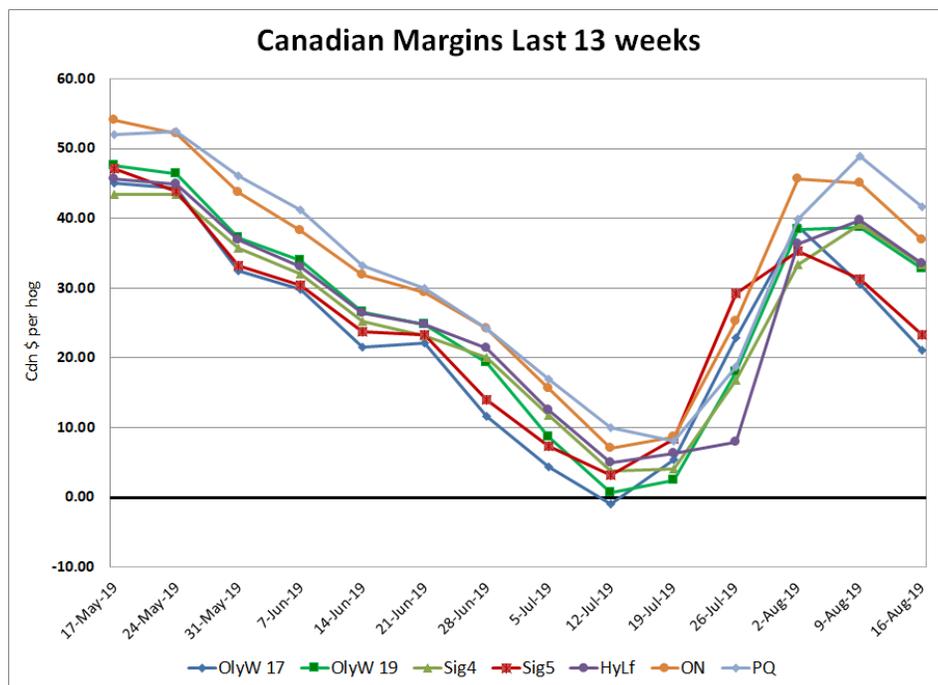
Hog margins faced another week of pressure on falling cash hog markets however were helped modestly by a reduction in feed costs. Farrow-to-finish feed costs on either side of the border were \$0.80-\$0.90 per hog under week ago levels.

Margins were weakest out of the OlyW 17, down \$9.50/hog from a week earlier, while those out of Ontario and the ML Sig 5 were near \$8/hog lower. Quebec margins fell \$7/hog while those out of the OlyW 19, Hylife and ML Sig 4 were each down near \$6/hog. In the US, JM calculated margins which were down \$5 per hog while Tyson hog margins dropped \$14/hog.

Regional MARGINS, \$/hog						
Packer/Region	16-Aug-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$201.33	\$120.70	\$39.45	\$20.05	\$180.20	\$21.13
OlyW 19/Alberta	\$213.00	\$120.70	\$39.45	\$20.05	\$180.20	\$32.80
ML Sig 4/Manitoba	\$210.87	\$118.44	\$39.54	\$19.55	\$177.53	\$33.34
ML Sig 5/Manitoba	\$200.80	\$118.44	\$39.54	\$19.55	\$177.53	\$23.27
Hylife/Manitoba	\$211.09	\$118.45	\$39.54	\$19.55	\$177.54	\$33.55
Ontario	\$217.70	\$116.38	\$40.71	\$23.76	\$180.85	\$36.85
Québec	\$222.86	\$119.07	\$40.50	\$21.65	\$181.22	\$41.64
Tyson (USD)/Iowa	\$157.73	\$81.87	\$28.70	\$16.57	\$127.14	\$30.59
John Morrell (USD)/ND	\$151.14	\$80.14	\$28.70	\$16.57	\$125.41	\$25.73

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 30.59 USD X 1.3278 = \$ 40.62 in Canadian Dollars
 Morrell \$ 25.73 USD X 1.3278 = \$ 34.16 in Canadian Dollars



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