



# Weekly Regional HOG PRICE Report



August 2, 2019

## Things to Consider....

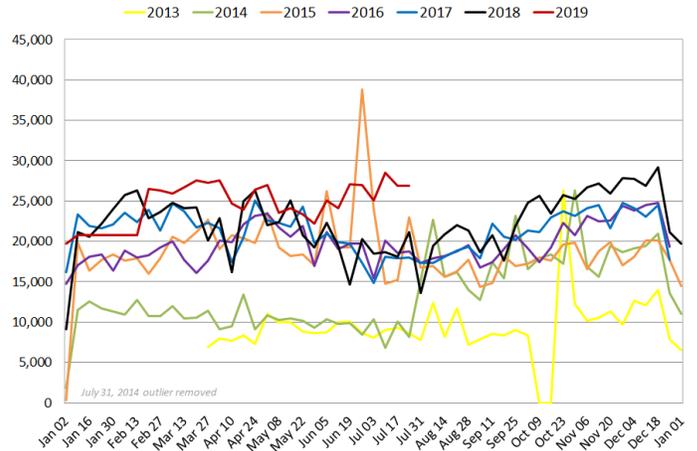
US Weekly “Pork Exports” and “Pork Net Sales” as shown in the graphs are telling opposing stories heading into the back half of the year. Pork exports, which tallies the amount of pork being moved to different countries is on the uptrend and is registering the highest volume seen in the past 7 years, since the data was first being collected.

On the other hand, however pork net sales, which indicates future movement of pork in the coming months and year have dropped to the 3<sup>rd</sup> lowest level since in the last 6 years.

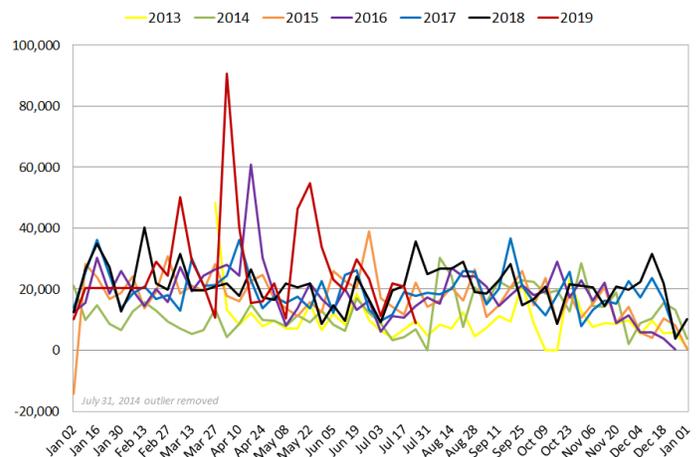
The same trend has occurred for the Chinese market which is clearly moving large quantities of pork currently as shown in the Chinese pork export graph however the China net sales graph has dropped to near zero in recent weeks.

As the market has shown during the first 7 months of 2019, volatility is going to be present regardless of how bullish the industry might be given reports of 50% of China’s sow herd being affected by ASF. Although reports like this are very bullish the market producers should still be prepared to take protection when the opportunity arises.

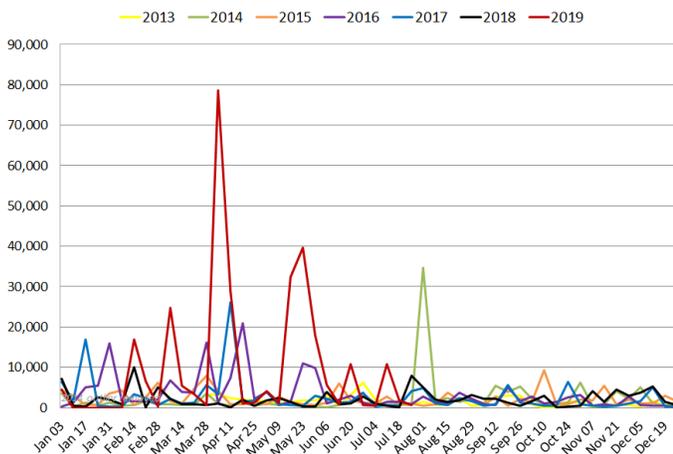
Total Weekly Pork Exports (MT)



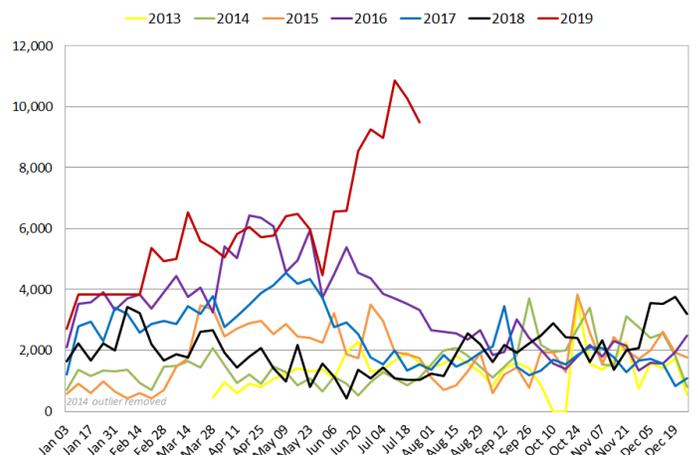
Total Weekly Pork Export Net Sales



Weekly Gross New Export Pork SALES - CHINA



Weekly Pork Exports (MT) - CHINA



## Weekly Hog Price Recap

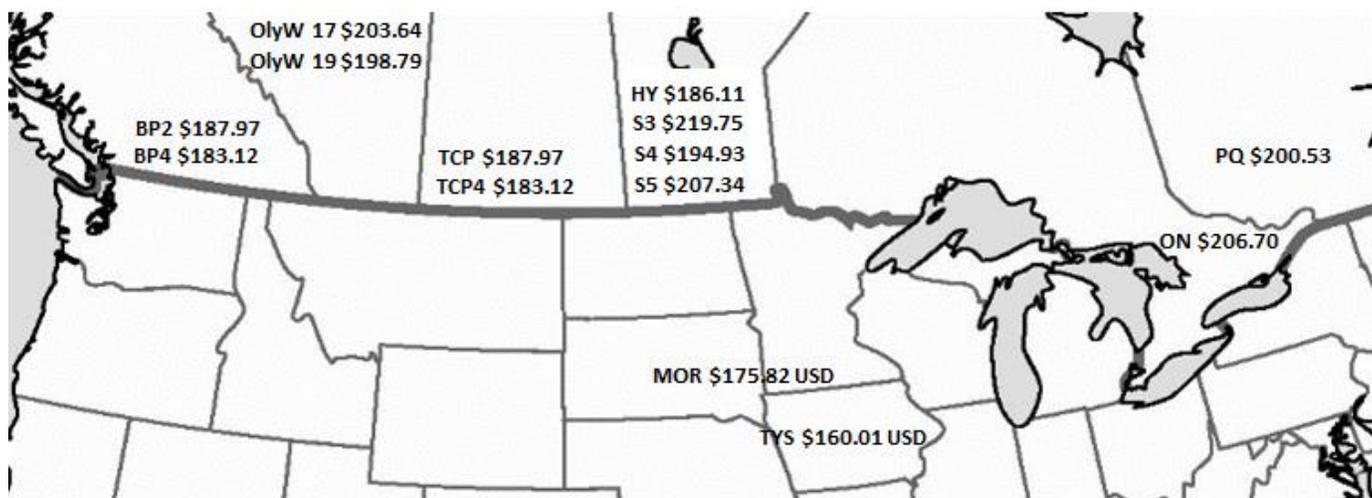
Cash hog values generally improved daily on good packer cash bid volume, with regional and national cash pricing pulling back partially Friday. The WCB afternoon price was unreported Friday, and therefore the weekly average did not reflect Friday weakness. CME by comparison improved daily throughout the week however more moderately. Pork cutout strengthened \$6.12/cwt from a week earlier, supported higher by gains in all primals.

Cash Price	Weekly Averages		w/w	% Chg
	26-Jul-19	19-Jul-19		
ISM pm	\$82.32	\$73.02	\$9.30	12.7%
WCB pm	\$82.85	\$72.88	\$9.97	13.7%
Nat pm	\$79.69	\$70.59	\$9.10	12.9%
CME Index*	\$75.85	\$71.21	\$4.64	6.5%
BoC Exch	1.3132	1.3057	0.0075	0.6%

Canadian hog markets were \$9 to \$19 per hog higher on the jump in cash hog values and stronger rate of exchange. The ML Sig 5 was up the strongest on the week, up \$19, carried higher by the \$27/hog surge calculated on the Sig 3. The OlyW 17 rose \$16/hog, followed by a \$15/hog improvement out of Ontario and the Olwy 19 \$14/hog higher. The ML Sig 4 rose \$11/hog while those out of Quebec were up near \$9/hog. In the US, JM values jumped more than \$20/hog while Tyson improved \$11/hog from a week earlier.

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 26-Jul-19	Difference to OlyW '19
OlyW 2019	\$175.16		\$184.85		\$208.85		\$198.79	
OlyW 2017	\$172.47	-\$2.69	\$182.95	-\$1.91	\$206.41	-\$2.44	\$203.64	\$4.85
ML Sig 3	\$164.76	-\$10.40	\$177.94	-\$6.91	\$206.33	-\$2.52	\$219.75	\$20.95
ML Sig 4	\$175.93	\$0.77	\$183.57	-\$1.29	\$205.34	-\$3.51	\$194.93	-\$3.86
ML Sig 5	\$170.36	-\$4.80	\$180.76	-\$4.10	\$205.83	-\$3.02	\$207.34	\$8.55
BP2/TCP **	\$168.94	-\$6.22	\$178.16	-\$6.70	\$206.39	-\$2.46	\$187.97	-\$10.82
BP4/TCP4 **	\$175.31	\$0.14	\$181.37	-\$3.49	\$206.10	-\$2.75	\$183.12	-\$15.67
Hylife	\$176.90	\$1.74	\$184.75	-\$0.10	\$205.99	-\$2.86	\$186.11	-\$12.69
Ontario	\$181.13	\$5.97	\$190.29	\$5.44	\$215.48	\$6.63	\$206.70	\$7.91
Québec	\$181.22	\$6.06	\$189.19	\$4.34	\$216.18	\$7.33	\$200.53	\$1.74
Tyson (USD)	\$139.58	-\$35.59	\$145.03	-\$39.82	\$165.98	-\$42.87	\$160.01	-\$38.78
John Morrell (USD)	\$132.80	-\$42.36	\$141.08	-\$43.78	\$162.78	-\$46.07	\$175.82	-\$22.97

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



# Weekly Hog Margins

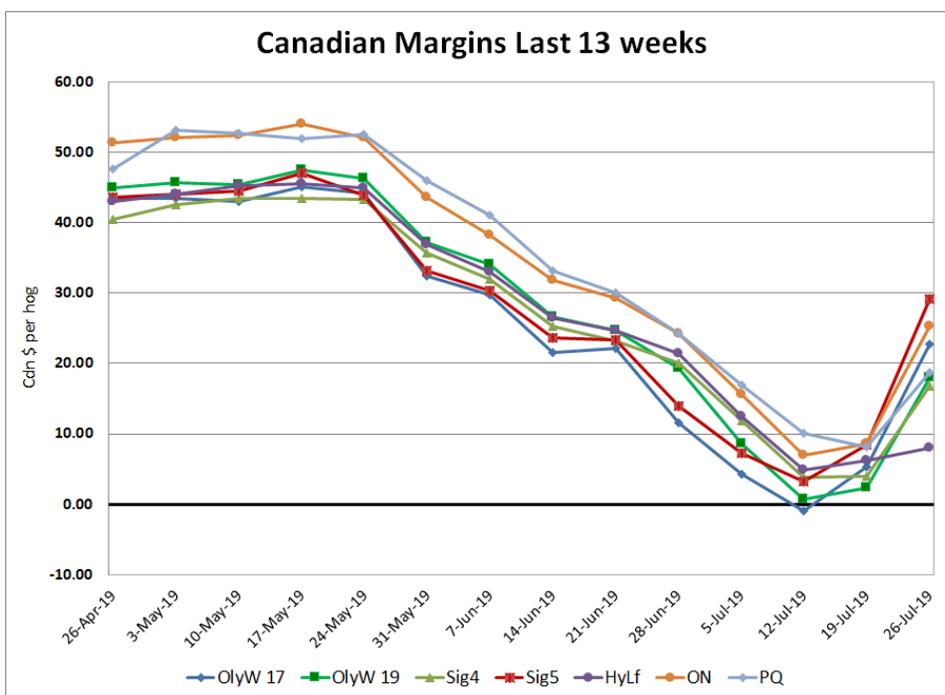
Gains in hog markets helped strengthen hog margins and were further aided by a reduction in feed costs. Farrow-to-finish feed costs declined near \$1.50/hog in both Canadian and US monitored regions.

ML Sig 5 hog margins improved the most, jumping shy of \$21/hog higher from week ago levels. OlyW 17 margins were calculated \$17.50/hog stronger, followed by those out of Ontario and the OlyW 19 which were up \$16.50 & \$15.50 per hog respectively. Sig 4 margins rose \$12.75/hog while those calculated out of Quebec were near \$10.50/hog stronger. In the US, JM hog margins surged \$23.50/hog higher while Tyson margins were up shy of \$15/hog.

Regional MARGINS, \$/hog						
Packer/Region	26-Jul-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$203.64	\$121.32	\$39.45	\$20.05	\$180.82	\$22.82
OlyW 19/Alberta	\$198.79	\$121.32	\$39.45	\$20.05	\$180.82	\$17.97
ML Sig 4/Manitoba	\$194.93	\$119.06	\$39.54	\$19.55	\$178.15	\$16.78
ML Sig 5/Manitoba	\$207.34	\$119.06	\$39.54	\$19.55	\$178.15	\$29.19
Hylife/Manitoba	\$186.11	\$119.07	\$39.54	\$19.55	\$178.16	\$7.95
Ontario	\$206.70	\$117.00	\$40.71	\$23.76	\$181.47	\$25.23
Québec	\$200.53	\$119.69	\$40.50	\$21.65	\$181.84	\$18.69
Tyson (USD)/Iowa	\$160.01	\$83.57	\$28.70	\$16.57	\$128.84	\$31.17
John Morrell (USD)/ND	\$175.82	\$81.84	\$28.70	\$16.57	\$127.11	\$48.71

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 31.17 USD X 1.3132 = \$ 40.93 in Canadian Dollars  
 Morrell \$ 48.71 USD X 1.3132 = \$ 63.97 in Canadian Dollars



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