



Weekly Regional HOG PRICE Report



August 9, 2019

Things to Consider....

With the USDA about to release the next WASDE (World Ag Supply Demand Estimate) on August 12th, hog producers should take a serious look at covering a portion of feed costs for the remainder of 2019 and into 2020.

Since mid June most grain markets have traded sharply lower offering some of the lowest feed costs the industry has seen this year. Soybeans and of course soymeal have been one of the hardest hit due mainly to the ongoing trade war between China and the US. Soybean exports to China from the US have slowed to near a halt and as a result current market prices and futures have taken a serious hit.

Although low prices are not good for the average farmer, low protein prices are an opportunity for livestock producers. The soymeal futures chart shown here illustrates that US per short ton prices have dropped to below \$300. These prices are rare and have only spent a handful of weeks at or below this point in the last 5 years. Although the Canadian dollar is adding to the cost of the price in Canada, it should not be ignored that current prices are near the lowest seen since December 2016, nearly 3 years ago.

Corn and wheat prices have also taken a tumble with corn not as impacted by trade. Wheat on the other hand as shown in the bottom graph now trades at a multi year low.

Market expectations for Monday's report are reduced corn and soybean acres compared to original estimates earlier this year. Average trade estimates for corn acres are sitting at 87.998 million with a yield of 164.9 bushels per acre and soybeans at 81.006 million with a yield of 47.6 bushels per acre.

December Soymeal 2019



Corn - December 2019



Wheat - December 2019



Weekly Hog Price Recap

Regional and national cash hog pricing reported strong rises to start the week however lost daily thereafter. The WCB afternoon price went unreported Mon & Tues due to confidentiality, dragging its weekly average significantly lower compared to others monitored prices. CME cash also began the week up significantly however continued to improve daily, with gains lessening as the week progressed. Wholesale pork values were generally higher, bringing pork cutout up \$4.44/cwt.

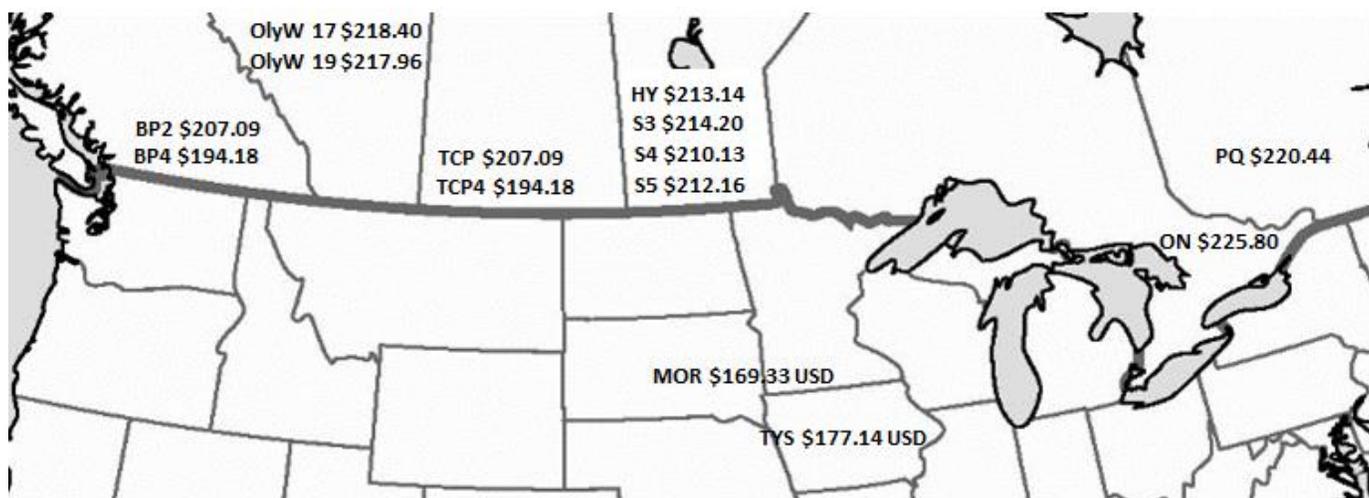
Cash Price	Weekly Averages		w/w	% Chg
	2-Aug-19	26-Jul-19		
ISM pm	\$82.29	\$82.32	-\$0.03	-0.0%
WCB pm	\$79.72	\$82.85	-\$3.12	-3.8%
Nat pm	\$79.91	\$79.69	\$0.22	0.3%
CME Index*	\$82.92	\$75.85	\$7.07	9.3%
BoC Exch	1.3183	1.3132	0.0051	0.4%

* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$15 to \$20 per hog higher, except the ML Sig 5 which improved only \$5/hog as it was weighed down by the lower Sig 3 price. Values out of Quebec, Ontario and OlyW 19 were each up \$19-\$20 per hog while those out of the OlyW 17 and Hylife were up near \$15/hog. In the US, Tyson improved \$17/hog while JM values fell \$6.50/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 2-Aug-19	Difference to OlyW '19
OlyW 2019	\$175.19		\$185.92		\$208.51		\$217.96	
OlyW 2017	\$172.53	-\$2.66	\$184.09	-\$1.83	\$206.28	-\$2.23	\$218.40	\$0.44
ML Sig 3	\$164.81	-\$10.37	\$179.11	-\$6.81	\$205.93	-\$2.58	\$214.20	-\$3.76
ML Sig 4	\$175.92	\$0.73	\$184.42	-\$1.50	\$204.85	-\$3.66	\$210.13	-\$7.83
ML Sig 5	\$170.38	-\$4.81	\$181.77	-\$4.15	\$205.39	-\$3.12	\$212.16	-\$5.80
BP2/TCP **	\$168.92	-\$6.27	\$179.09	-\$6.83	\$205.58	-\$2.93	\$207.09	-\$10.87
BP4/TCP4 **	\$175.18	-\$0.01	\$181.78	-\$4.14	\$204.59	-\$3.93	\$194.18	-\$23.78
Hylife	\$176.90	\$1.71	\$185.67	-\$0.25	\$205.61	-\$2.90	\$213.14	-\$4.82
Ontario	\$181.16	\$5.97	\$191.44	\$5.52	\$215.21	\$6.70	\$225.80	\$7.84
Québec	\$181.20	\$6.01	\$190.20	\$4.28	\$215.39	\$6.87	\$220.44	\$2.48
Tyson (USD)	\$139.60	-\$35.59	\$146.07	-\$39.85	\$165.98	-\$42.53	\$177.14	-\$40.83
John Morrell (USD)	\$132.82	-\$42.36	\$141.99	-\$43.93	\$162.62	-\$45.90	\$169.33	-\$48.64

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

Another week of higher hog values and lower feed costs helped drive hog margins to stronger levels. Canadian farrow-to-finish feed costs declined shy of \$1.50/hog while those in the monitored US region were \$1/hog lower.

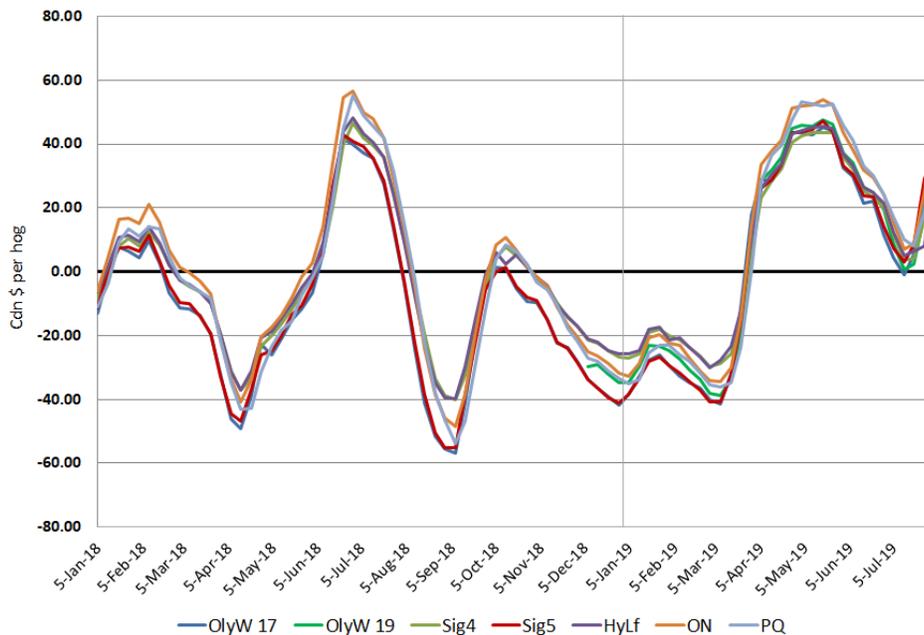
Hog margins out of Quebec improved the most on the week, up more than \$21/hog while those out of Ontario and the OlyW 19 were up \$20.50/hog. Hog margins calculated out of the OlyW 17 and the ML Sig 4 were each up near \$16/hog, while Sig 5 margins improved \$6/hog. In the US, Tyson hog margins strengthened \$18/hog while JM margins weakened \$5.50/hog.

Regional MARGINS, \$/hog						
Packer/Region	2-Aug-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$218.40	\$119.99	\$39.45	\$20.05	\$179.49	\$38.91
OlyW 19/Alberta	\$217.96	\$119.99	\$39.45	\$20.05	\$179.49	\$38.47
ML Sig 4/Manitoba	\$210.13	\$117.73	\$39.54	\$19.55	\$176.82	\$33.31
ML Sig 5/Manitoba	\$212.16	\$117.73	\$39.54	\$19.55	\$176.82	\$35.34
Hylife/Manitoba	\$213.14	\$117.74	\$39.54	\$19.55	\$176.83	\$36.31
Ontario	\$225.80	\$115.67	\$40.71	\$23.76	\$180.14	\$45.66
Québec	\$220.44	\$118.36	\$40.50	\$21.65	\$180.51	\$39.93
Tyson (USD)/Iowa	\$177.14	\$82.51	\$28.70	\$16.57	\$127.78	\$49.36
John Morrell (USD)/ND	\$169.33	\$80.78	\$28.70	\$16.57	\$126.05	\$43.28

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 49.36 USD X 1.3183 = \$ 65.07 in Canadian Dollars
 Morrell \$ 43.28 USD X 1.3183 = \$ 57.06 in Canadian Dollars

Canadian Margins 2018-2019 Year to Date



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