



# Weekly Regional HOG PRICE Report



August 30, 2019

## Things to Consider....

US Cold Storage reported total pork stocks at 601.8 million pounds for June, down 17.7 million pounds from the revised figure for June (with that figure revised 2.9 million pounds lower). This brought pork in cold storage 9.0% over last year at this time or 49.8 million pounds higher.

Spare-ribs in cold storage accounted for the largest portion of the overall decline in cold pork supplies, falling 16.8 million pounds from June. Typically, spare-ribs in cold storage peak in March/April and then fall to bottom in August. Given high monthly figures reported since April of this year compared to their respective year-ago levels, spare-ribs in cold storage has since fallen within range of more recent historical years for the month of July.

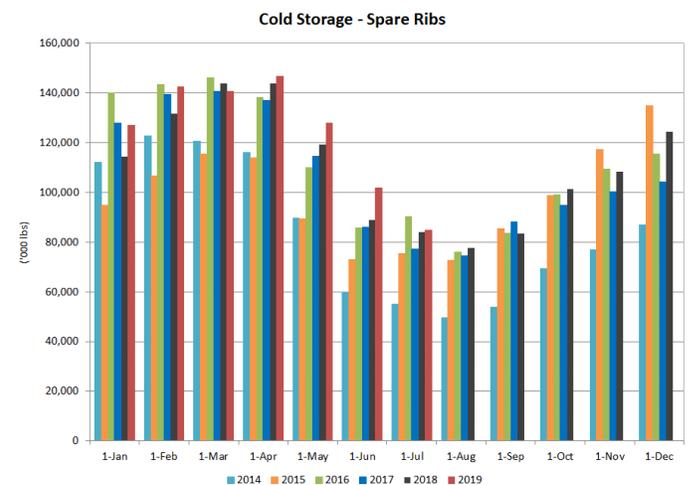
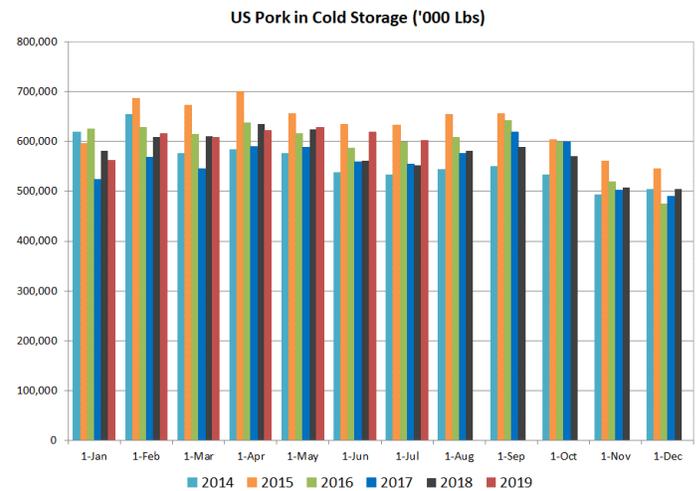
Bellies in cold storage fell 3.8 million for July, while the category representing other pork declined 2.8 million for the same period. Loins, trimmings and variety meat stocks were relatively stable from the month of June.

Ham supplies in cold storage rose 4.0 million pounds for July, with the bone-in variety rising 8.2 million and boneless supplies fell near 4.3 million. 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 but recover to peak seasonally in September. For comparison, picnics edged only 20 thousand pounds higher from a month earlier, while butts climbed 1.1 million pounds into July.

Seasonal declines are welcome in the market however the fact that total pork in cold storage is 9% over last year is weighing on overall prices. As demand is expected to increase into the spring of 2020, look for supplies to potentially drop, signalling improved movement.

Lean hog futures posted steady to higher trade with December returning to the mid-60's. Range bound trade is expected in the weeks ahead as the market looks for the next big piece of news to begin a new trend.

US Pork in Cold Storage					
('000 lbs)	Jul-19	Jun-19	Jul-18	M/M %	Y/Y %
Picnics	7,940	7,920	8,157	0.3%	-2.7%
Hams	172,556	168,599	167,563	2.3%	3.0%
Bellies	52,646	56,468	38,556	-6.8%	36.5%
Loins	46,329	46,678	26,614	-0.7%	74.1%
Ribs	84,867	101,647	84,171	-16.5%	0.8%
Butts	18,363	17,218	13,218	6.7%	38.9%
Trimmings	47,597	47,862	40,372	-0.6%	17.9%
Other	87,126	89,917	86,046	-3.1%	1.3%
<b>Total Pork</b>	<b>601,790</b>	<b>619,454</b>	<b>552,029</b>	<b>-2.9%</b>	<b>9.0%</b>



## Weekly Hog Price Recap

Cash hog markets were pressured by low packer bids on generally moderate volume. Declines were reported daily with heavier losses reported the latter half of the week. Wholesale pork values were primarily lower, particularly hams and bellies, which drove pork cutout \$6.61/cwt lower on the week.

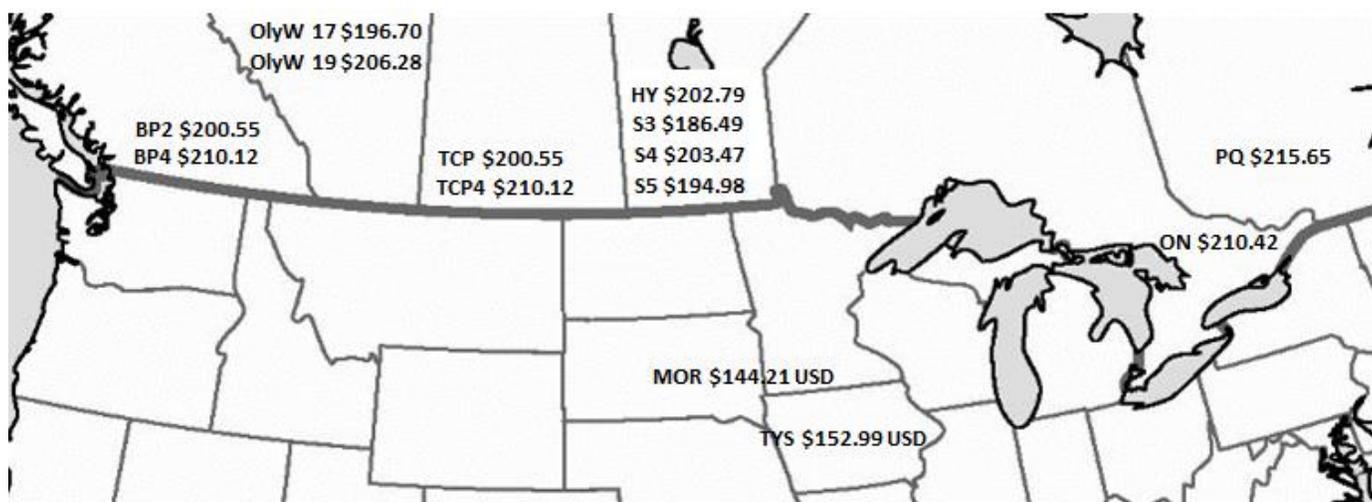
Cash Price	Weekly Averages		w/w	% Chg
	23-Aug-19	16-Aug-19		
ISM pm	\$67.93	\$71.51	-\$3.59	-5.0%
WCB pm	\$67.65	\$70.98	-\$3.34	-4.7%
Nat pm	\$67.45	\$69.85	-\$2.40	-3.4%
CME Index*	\$77.38	\$80.18	-\$2.80	-3.5%
BoC Exch	1.3300	1.3278	0.0022	0.2%

\* Represents Friday-Thursday average

Canadian hog markets were generally down \$5-\$8 per hog from a week earlier. Values out of Hylife and Thunder Creek each declined more than \$8/hog, while those out of Ontario, Quebec and the ML Sig 4 fell near \$7.50 from the previous week. The OlyW 19 was down \$6.75 while the OlyW 17 fell shy of \$5/hog. In the US, values out of Tyson were down more than \$5 and JM was down \$7 per 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		23-Aug-19	to OlyW '19
OlyW 2019	\$175.39		\$188.30		\$206.00		\$206.28	
OlyW 2017	\$172.65	-\$2.74	\$185.77	-\$2.53	\$202.04	-\$3.96	\$196.70	-\$9.58
ML Sig 3	\$164.85	-\$10.54	\$180.33	-\$7.97	\$199.28	-\$6.71	\$186.49	-\$19.79
ML Sig 4	\$176.06	\$0.67	\$186.72	-\$1.58	\$203.09	-\$2.91	\$203.47	-\$2.82
ML Sig 5	\$170.47	-\$4.92	\$183.53	-\$4.78	\$201.19	-\$4.81	\$194.98	-\$11.30
BP2/TCP **	\$169.12	-\$6.27	\$181.57	-\$6.74	\$202.92	-\$3.07	\$200.55	-\$5.73
BP4/TCP4 **	\$175.27	-\$0.12	\$184.44	-\$3.86	\$203.63	-\$2.37	\$210.12	\$3.84
Hylife	\$177.03	\$1.63	\$187.86	-\$0.44	\$203.44	-\$2.56	\$202.79	-\$3.50
Ontario	\$181.32	\$5.93	\$193.80	\$5.49	\$212.29	\$6.29	\$210.42	\$4.14
Québec	\$181.38	\$5.99	\$193.10	\$4.80	\$213.60	\$7.61	\$215.65	\$9.37
Tyson (USD)	\$139.60	-\$35.79	\$147.45	-\$40.86	\$162.44	-\$43.56	\$152.99	-\$53.29
John Morrell (USD)	\$132.80	-\$42.59	\$142.76	-\$45.54	\$157.54	-\$48.45	\$144.21	-\$62.08

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



# Weekly Hog Margins

Hog margins continue to slide on weaker cash hog markets however did receive modest offset support in reduced feed costs. Canadian farrow-to-finish feed costs were near \$0.50/hog weaker while those in the monitored US region were closer to \$1/hog lower from a week earlier.

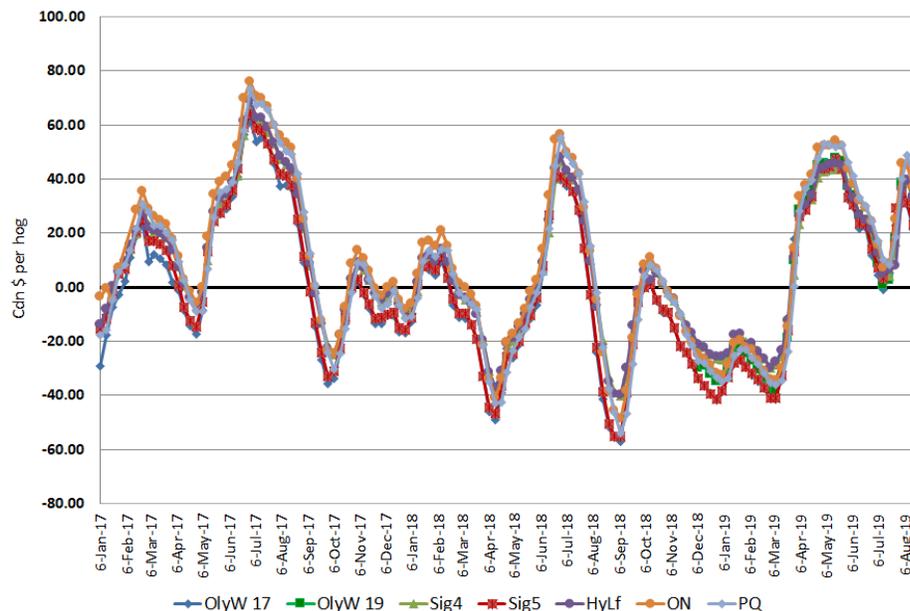
Monitored Canadian hog margins were generally \$2 to \$8 weaker, with those out of Hylife down the most from a week earlier. Hog margins out of Ontario, Quebec and the ML Sig 4 each declined near \$7/hog, while the OlyW19 weakened closer to \$6/hog. ML Sig 5 margins were down \$5.50/hog while the OlyW 17 calculated margins which were down \$4/hog on the week. In the US, Tyson margins weakened \$3.75/hog while those out of JM declined \$6/hog.

Regional MARGINS, \$/hog						
Packer/Region	23-Aug-19		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$196.70	\$120.29	\$39.45	\$20.05	\$179.79	\$16.91
OlyW 19/Alberta	\$206.28	\$120.29	\$39.45	\$20.05	\$179.79	\$26.49
ML Sig 4/Manitoba	\$203.47	\$118.03	\$39.54	\$19.55	\$177.12	\$26.35
ML Sig 5/Manitoba	\$194.98	\$118.03	\$39.54	\$19.55	\$177.12	\$17.86
Hylife/Manitoba	\$202.79	\$118.04	\$39.54	\$19.55	\$177.13	\$25.66
Ontario	\$210.42	\$115.97	\$40.71	\$23.76	\$180.44	\$29.98
Québec	\$215.65	\$118.66	\$40.50	\$21.65	\$180.81	\$34.84
Tyson (USD)/Iowa	\$152.99	\$80.97	\$28.70	\$16.57	\$126.24	\$26.75
John Morrell (USD)/ND	\$144.21	\$79.24	\$28.70	\$16.57	\$124.51	\$19.70

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 26.75 USD X 1.3300 = \$ 35.58 in Canadian Dollars  
 Morrell \$ 19.70 USD X 1.3300 = \$ 26.20 in Canadian Dollars

Canadian Margins 2017-2020



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