



# Weekly Regional HOG PRICE Report



September 20, 2019

## Things to Consider....

Ongoing efforts to contain ASF from spreading further in China over the last year have so far resulted in 1.2 million culled Chinese pigs. Pork shortages have pushed domestic pork pricing even higher now that pork production has been affected. Rabobank projected earlier this year that pork production in China would see a 35% reduction due to ASF from year ago levels, with 2018 pork production reportedly near 54 million tonnes.

As reported by the National Bureau of Statistics of China, the price of pork in August was up 23.1% from the previous month and 46.7% over year ago levels. For comparison, poultry meat prices were up 3% on the month and 9.6% higher than last year while beef values were +4.4% from July and 12.3% over August 2018 levels.

Additionally, upcoming celebrations marking the 70th anniversary of the People's Republic of China (October 1st) has stirred expectations of a jump in pork consumption and is anticipated to put further pressure on surging domestic pork values.

The Chinese government plans to auction 10,000 tonnes of frozen pork from their reserve to help relieve surging prices with pork sourced from Denmark, France, the UK and the USA.

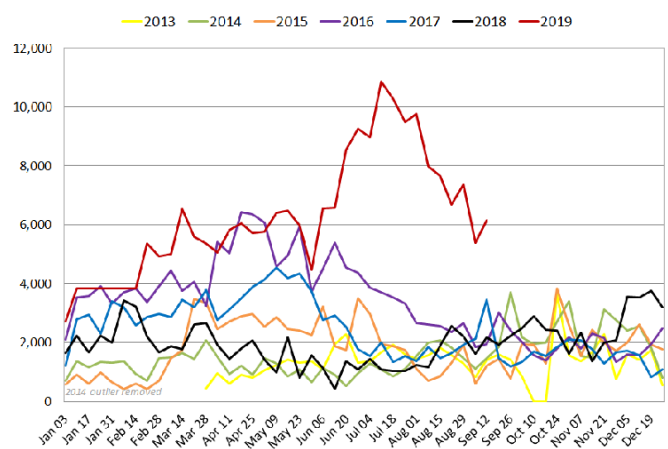
The lean hog complex continues to trade with volatility on the US/China trade war and tariff news, and speculation on whether China will commit to buying large amounts of US pork to help boost their domestic supply due to ASF shortages.

As opportunities present themselves in the market producers should take advantage by locking in a portion of 2020 production.

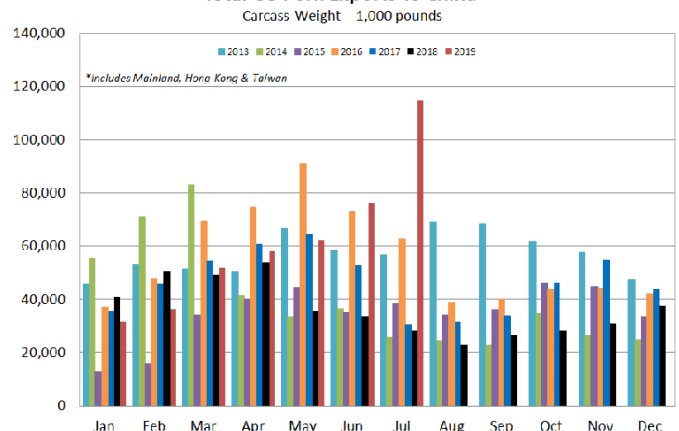
Sourced from the National Bureau of Statistics of China:



Weekly Pork Exports (MT) - CHINA



Total US Pork Exports to China\*



## Weekly Hog Price Recap

Cash hog pricing fell the majority of the week with regional pricing reporting only a modest recovery Friday. Packer cash bid volume was generally considered moderate. Most wholesale pork values also weakened, with only ham values over a week earlier. Pork cutout was \$2.00 under a week earlier.

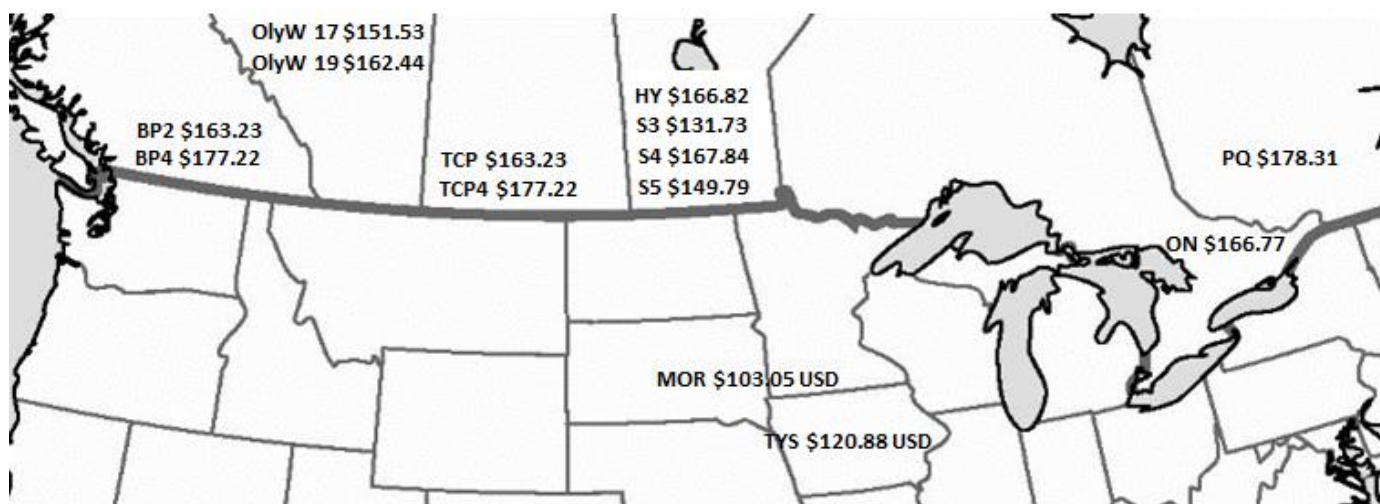
Cash Price	Weekly Averages		w/w	% Chg
	13-Sep-19	6-Sep-19		
ISM pm	\$47.90	\$54.38	-\$6.48	-11.9%
WCB pm	\$47.86	\$54.36	-\$6.50	-12.0%
Nat pm	\$47.72	\$53.89	-\$6.16	-11.4%
CME Index*	\$61.80	\$66.12	-\$4.32	-6.5%
BoC Exch	1.3190	1.3252	-0.0062	-0.5%

\* Represents Friday-Thursday average

Monitored Canadian hog markets were generally down \$10-\$15 per hog from a week earlier. Values out of the OlyW 17, Sig 5 and Ontario were down the most. OlyW 19 and Hylife saw values fall around \$12 per hog while those out of the Sig 4 and Quebec were down closer to \$10/hog. In the US, Tyson was down \$9.50/hog while values out of JM were \$13.50 per hog weaker from a week earlier.

Regional Pricing, \$/hog								
Packer/Region	Difference		2019 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to OlyW '19		to OlyW '19	to OlyW '19		Ending 13-Sep-19	to OlyW '19
OlyW 2019	\$175.34		\$187.30		\$196.66		\$162.44	
OlyW 2017	\$172.47	-\$2.87	\$184.12	-\$3.18	\$191.35	-\$5.31	\$151.53	-\$10.91
ML Sig 3	\$164.47	-\$10.88	\$177.78	-\$9.52	\$185.58	-\$11.07	\$131.73	-\$30.70
ML Sig 4	\$176.05	\$0.71	\$186.11	-\$1.20	\$195.46	-\$1.20	\$167.84	\$5.40
ML Sig 5	\$170.27	-\$5.07	\$181.95	-\$5.36	\$190.52	-\$6.14	\$149.79	-\$12.65
BP2/TCP **	\$169.21	-\$6.13	\$181.35	-\$5.96	\$194.58	-\$2.08	\$163.23	\$0.79
BP4/TCP4 **	\$175.33	-\$0.01	\$184.91	-\$2.39	\$197.75	\$1.09	\$177.22	\$14.78
Hylife	\$177.01	\$1.67	\$187.14	-\$0.17	\$195.49	-\$1.16	\$166.82	\$4.39
Ontario	\$181.27	\$5.92	\$192.82	\$5.51	\$202.89	\$6.23	\$166.77	\$4.33
Québec	\$181.42	\$6.08	\$192.87	\$5.57	\$205.59	\$8.94	\$178.31	\$15.88
Tyson (USD)	\$139.39	-\$35.96	\$146.23	-\$41.07	\$153.68	-\$42.97	\$120.88	-\$41.56
John Morrell (USD)	\$132.41	-\$42.93	\$140.59	-\$46.71	\$146.67	-\$49.98	\$103.05	-\$59.39

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



# Weekly Hog Margins

Hog margins continue to weaken on eroding hog values and were further pressured by an increase in feed costs. Canadian farrow to finish feed costs climbed \$0.50/hog while those out of the US rose near \$0.70 per hog from a week earlier.

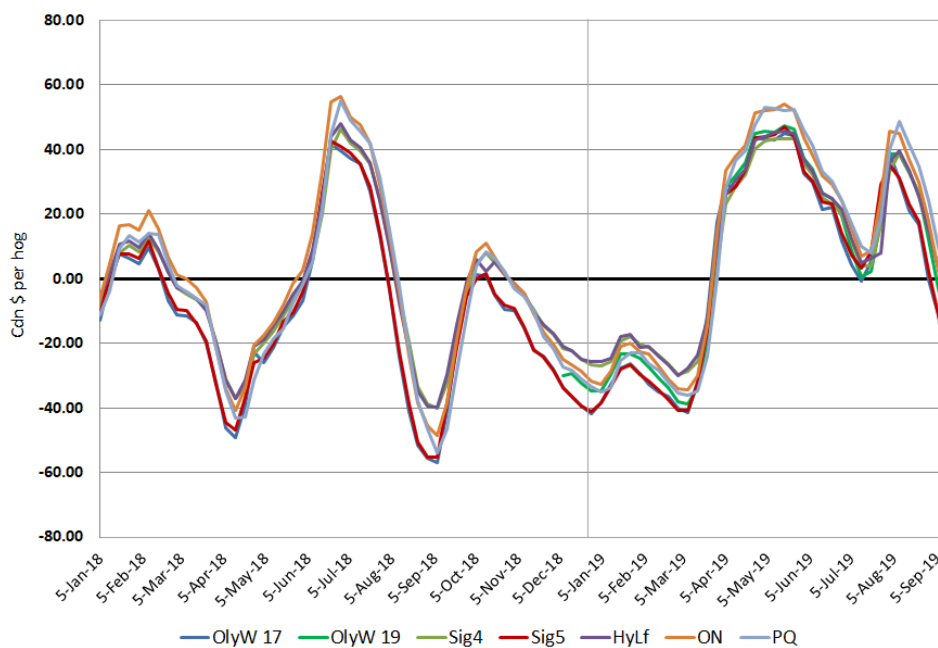
Calculated hog margins were as much as \$15 per hog weaker with those out of Ontario, the OlyW 17 and ML Sig 5 falling the most from last week. Hog margins out of the OlyW 19 and Hylife weakened near \$12/hog while those out of Quebec and the Sig 4 were down near \$10 per hog. In the US, margins calculated out of Tyson weakened \$9.50 per hog while those out of JM fell \$14/hog from a week earlier.

Regional MARGINS, \$/hog						
Packer/Region	13-Sep-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$151.53	\$118.42	\$39.45	\$20.05	\$177.92	-\$26.39
OlyW 19/Alberta	\$162.44	\$118.42	\$39.45	\$20.05	\$177.92	-\$15.48
ML Sig 4/Manitoba	\$167.84	\$116.16	\$39.54	\$19.55	\$175.25	-\$7.41
ML Sig 5/Manitoba	\$149.79	\$116.16	\$39.54	\$19.55	\$175.25	-\$25.46
Hylife/Manitoba	\$166.82	\$116.17	\$39.54	\$19.55	\$175.26	-\$8.44
Ontario	\$166.77	\$114.10	\$40.71	\$23.76	\$178.57	-\$11.80
Québec	\$178.31	\$116.79	\$40.50	\$21.65	\$178.94	-\$0.63
Tyson (USD)/Iowa	\$120.88	\$81.23	\$28.70	\$16.57	\$126.50	-\$5.62
John Morrell (USD)/ND	\$103.05	\$79.50	\$28.70	\$16.57	\$124.77	-\$21.73

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (5.62)USD X 1.3190 = \$ -7.41 in Canadian Dollars  
 Morrell \$ (21.73)USD X 1.3190 = \$ -28.66 in Canadian Dollars

Canadian Margins 2018-2019 Year to Date



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