



Weekly Regional HOG PRICE Report



October 25, 2019

Things to Consider....

US Cold Storage reported total pork stocks at 599 million pounds for September, down 1.3% or 7.8 million pounds lower than August and 1.6% over last year.

Most pork categories reported moderate declines in volume, with only spare-ribs and the category representing unclassified pork reporting higher quantities. Spare-ribs rose 7% from last reported and sits 2% higher than last year, while unclassified pork was up 4% from the previous month and near 8% higher than year ago levels.

Typically, total hams in cold storage peak in September however hams overall managed to report a modest decline of 0.4% from the levels reported for August. Total hams in cold storage are 6% under last year, with the boneless variety accounting for the majority of that figure. Picnics in cold storage fell 14% into September and are near 3% higher than year ago levels.

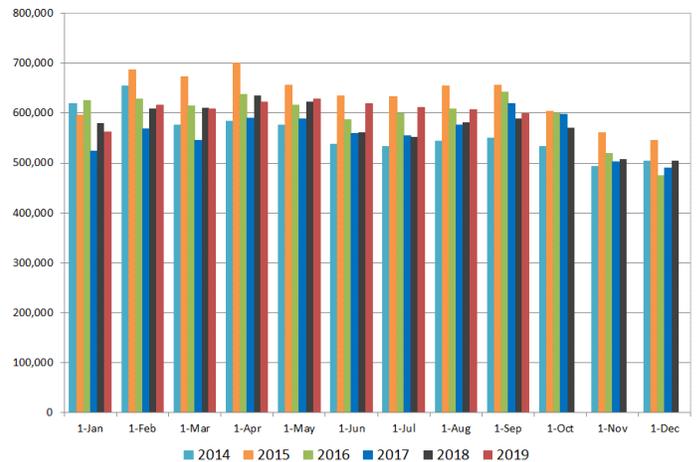
Overall, red meat in US cold storage fell 1.6% or 18 million pounds from the previous report and brings current levels in cold storage 3.5% under last year. Competing meats, such as beef and chicken have reported lower quantities in US cold storage compared to year ago levels.

Beef in US cold storage for September declined 1.2% or 5.7 million pounds from the month previous, bringing volume 8.5% or 43 million pounds under the figure reported last year. Boneless beef is reportedly near 6.5% under last year while beef cuts are 28% lower than a year ago.

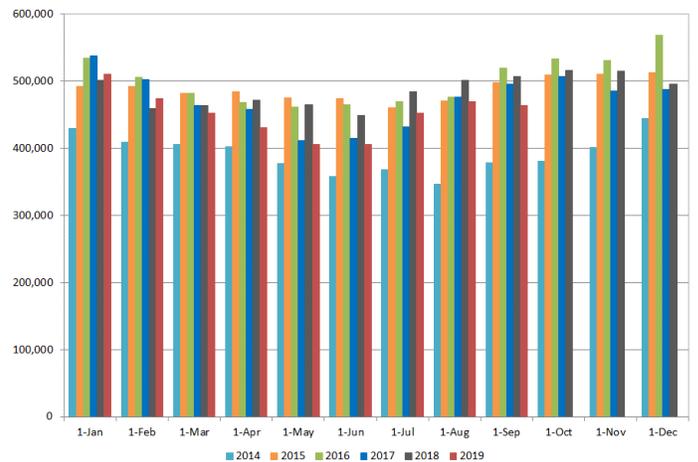
Chicken in US cold storage for September rose 2.6% or 22.8 million pounds from the month previous, bringing volume 5% or 46 million under stocks reported last year.

Cold storage numbers for pork specifically have been above year ago levels for most of the summer due mainly to massive slaughter volumes south of the border and slower than expected exports. With kill levels continuing to grow into the 4th quarter of 2019, storage numbers are expected to remain high unless major changes are made to trade policies between the US and Chinese markets. Expect steady to weak pricing in the month ahead based on excess pork on the market.

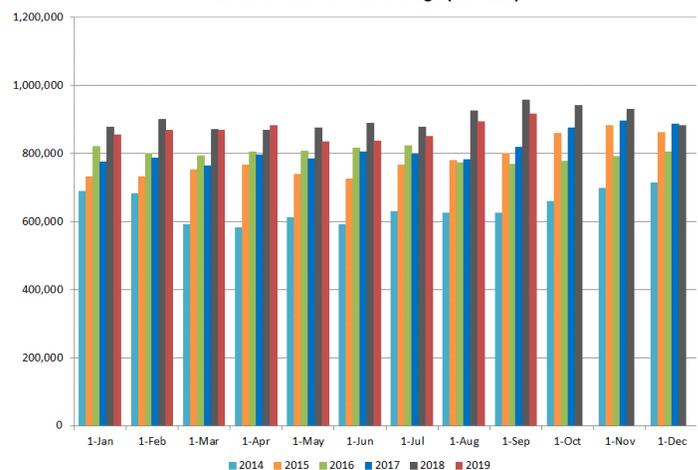
US Pork in Cold Storage ('000 Lbs)



Total US Beef in Cold Storage ('000 Lbs)



Total US Chicken in Cold Storage ('000 Lbs)



Weekly Hog Price Recap

Regional and national cash hog pricing reported good daily strength early in the week when packer cash bid volume was at its highest. Late in the week, prices declined on low cash bid volume with regional cash dropping around \$4/cwt Friday. CME cash by comparison improved daily however rose at a more stable pace, rising the most midweek. Wholesale pork values were generally stronger on the week excluding belly values which partially offset other improvements, with pork cutout up only \$0.28/cwt over last Friday.

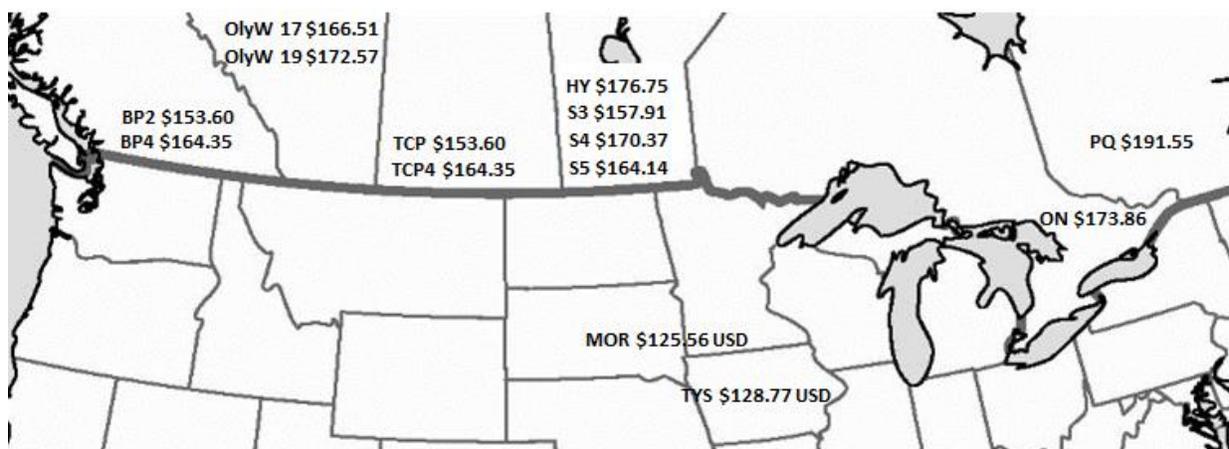
Cash Price	Weekly Averages		w/w	% Chg
	18-Oct-19	11-Oct-19		
ISM pm	\$58.72	\$54.24	\$4.48	8.3%
WCB pm	\$58.68	\$54.19	\$4.49	8.3%
Nat pm	\$58.05	\$53.52	\$4.52	8.4%
CME Index*	\$63.90	\$60.15	\$3.75	6.2%
BoC Exch	1.3172	1.3289	-0.0117	-0.9%

* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$5 to \$13 per hog higher than a week earlier, excluding values out of Quebec which improved near \$2/hog. Values out of the OlyW 17 improved the most from week ago levels, up shy of \$13/hog. Hylife and the ML Sig 5 were each up \$10/hog, followed by values out of the OlyW 19 and Ontario up more than \$8/hog. Other Canadian markets such as the ML Sig 4 and pricing out of Britco/Thunder Creek were up \$5-\$6 per hog. In the US, Tyson was up \$12.50/hog while JM pricing was up \$9.50/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2019 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to OlyW '19		Difference to OlyW '19	Difference to OlyW '19		Ending 18-Oct-19	Difference to OlyW '19
OlyW 2019	\$175.10		\$183.86		\$182.73		\$172.57	
OlyW 2017	\$172.16	-\$2.94	\$180.23	-\$3.64	\$175.75	-\$6.98	\$166.51	-\$6.06
ML Sig 3	\$163.92	-\$11.18	\$172.95	-\$10.92	\$165.02	-\$17.71	\$157.91	-\$14.66
ML Sig 4	\$175.84	\$0.73	\$183.21	-\$0.66	\$183.29	\$0.55	\$170.37	-\$2.20
ML Sig 5	\$169.89	-\$5.21	\$178.08	-\$5.79	\$174.15	-\$8.58	\$164.14	-\$8.43
BP2/TCP **	\$168.83	-\$6.27	\$177.18	-\$6.69	\$175.76	-\$6.98	\$153.60	-\$18.97
BP4/TCP4 **	\$175.04	-\$0.06	\$182.01	-\$1.86	\$183.57	\$0.84	\$164.35	-\$8.23
Hylife	\$176.85	\$1.74	\$184.34	\$0.48	\$183.53	\$0.80	\$176.75	\$4.18
Ontario	\$180.89	\$5.79	\$189.02	\$5.15	\$187.43	\$4.70	\$173.86	\$1.29
Québec	\$181.64	\$6.54	\$191.50	\$7.63	\$197.51	\$14.78	\$191.55	\$18.98
Tyson (USD)	\$138.84	-\$36.27	\$142.52	-\$41.35	\$138.06	-\$44.67	\$128.77	-\$43.80
John Morrell (USD)	\$131.98	-\$43.13	\$136.96	-\$46.91	\$130.44	-\$52.29	\$125.56	-\$47.02

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

Hog margins recovered again this week on stronger cash hog prices but improvements were tempered in part by rising feed costs. Canadian farrow-to-finish feed costs edged \$0.30/hog higher while those out of the monitored US region were up closer to \$0.75/hog.

Margins out of the OlyW 17 improved the most north of the border, rising \$12.50/hog. Hogs margins calculated out of the Sig 5, Hylife, OlyW 19 and Ontario were all up between \$8-\$9 per hog. ML Sig 4 margins improved \$5/hog while those out of Quebec strengthened \$1.50/hog. In the US, Tyson margins strengthened more than \$12/hog while those out of JM rose more than \$8.50 per hog from a week earlier.

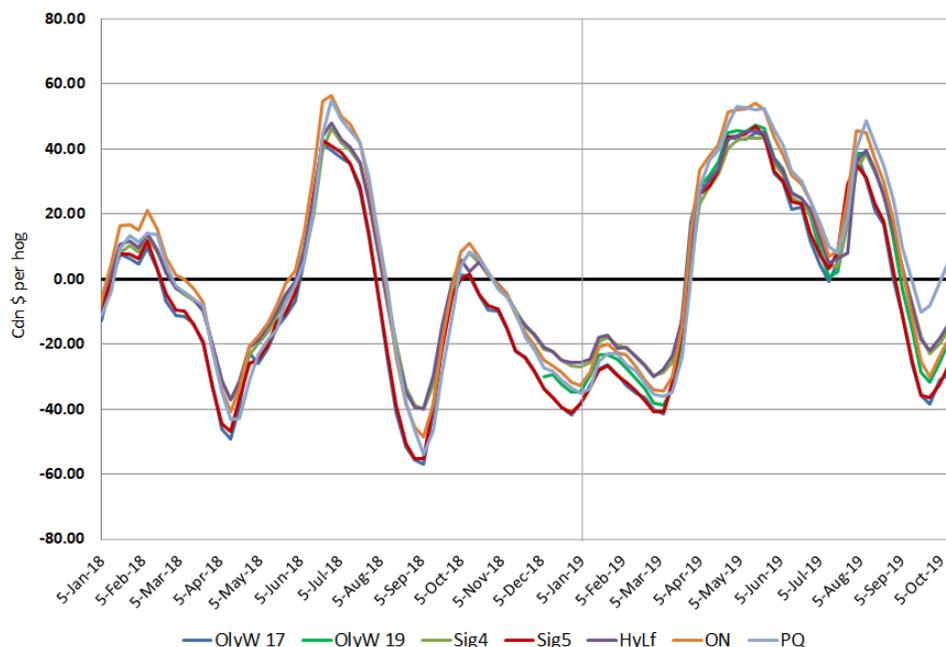
Regional MARGINS, \$/hog						
Packer/Region	18-Oct-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$166.51	\$124.14	\$39.45	\$20.05	\$183.64	-\$17.13
OlyW 19/Alberta	\$172.57	\$124.14	\$39.45	\$20.05	\$183.64	-\$11.07
ML Sig 4/Manitoba	\$170.37	\$121.88	\$39.54	\$19.55	\$180.97	-\$10.60
ML Sig 5/Manitoba	\$164.14	\$121.88	\$39.54	\$19.55	\$180.97	-\$16.83
Hylife/Manitoba	\$176.75	\$121.89	\$39.54	\$19.55	\$180.98	-\$4.23
Ontario	\$173.86	\$119.82	\$40.71	\$23.76	\$184.29	-\$10.43
Québec	\$191.55	\$122.51	\$40.50	\$21.65	\$184.66	\$6.89
Tyson (USD)/Iowa	\$128.77	\$85.35	\$28.70	\$16.57	\$130.62	-\$1.85
John Morrell (USD)/ND	\$125.56	\$83.62	\$28.70	\$16.57	\$128.89	-\$3.34

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ **-1.85** USD X 1.3172 = \$ **-2.44** in Canadian Dollars
- Morrell \$ **-3.34** USD X 1.3172 = \$ **-4.40** in Canadian Dollars

Canadian Margins 2018-2019 Year to Date



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