



# Weekly Regional HOG PRICE Report



November 1, 2019

## Things to Consider....

The latest US weekly pork export figures for the week ending October 24th at 32,499 MT rose 1.7% from a week earlier bringing the volume near 35% over last year-to-date.

Just weeks ago, the report indicated significantly higher figures for numerous major destinations of US pork exports. The USDA later clarified the data also included quantities for previous weeks in 2019 that had previously been unreported.

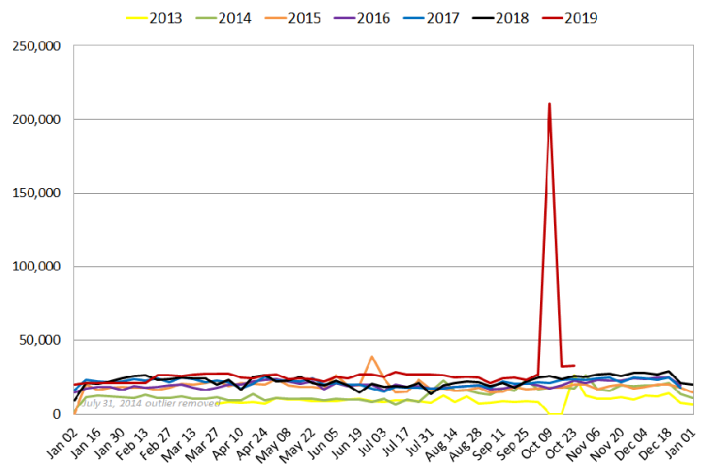
As indicated on the YTD chart for pork exports from January through October, this year is proving to show significantly higher quantities being sold to foreign buyers. Markedly the figure for 2019 on the chart is still a week shy to reflect the entire month of October.

Weekly US pork exports to China were reportedly up 1,177 to 10,541 MT for the week ending Oct 24th, or 12.6% higher than a week earlier. Current reported volume to China for 2019 is nearly 250% over last year-to-date, a very good indication of strong demand despite the ongoing trade war between the two countries.

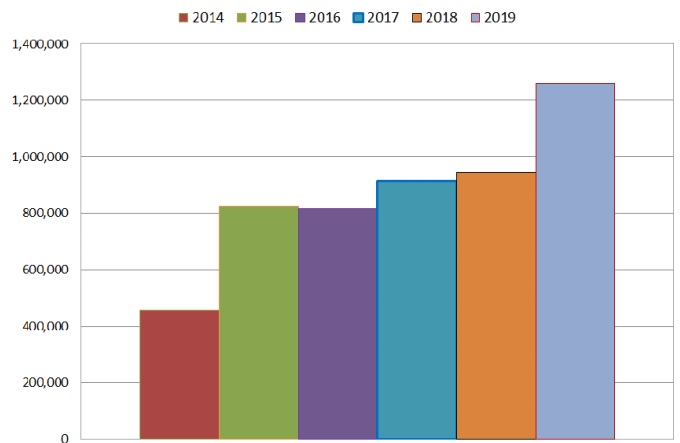
Sources indicate that the US and China are negotiating a phased-trade deal which is nearing completion and would include trade of agricultural commodities.

Also reported this week China lifted the ban on Canadian pork and beef which will allow for further market access to the country which continues to see supplies fall due to the impact of ASF. The removal of the ban is supportive to market prices long-term. The immediate impact is not expected to be extreme however the news comes as a positive influence to prices into 2020.

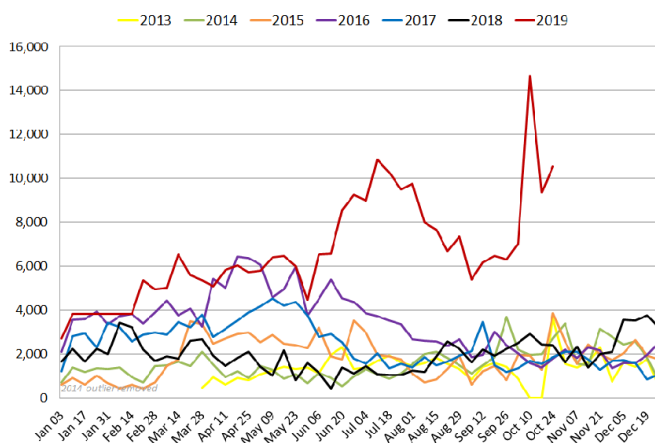
Total Weekly Pork Exports (MT)



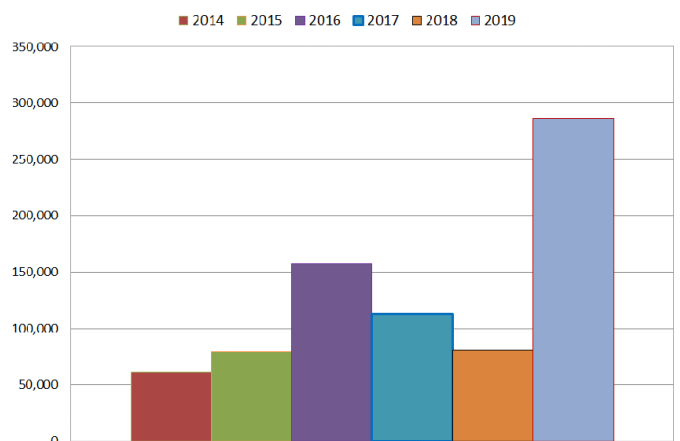
YTD Weekly Pork Exports for Jan to Oct (MT)



Weekly Pork Exports (MT) - CHINA



YTD Weekly Pork Exports to China for Jan to Oct (MT)



## Weekly Hog Price Recap

Cash hog pricing began higher however turned lower the remainder of the week. Packer cash bid volume was considered moderate to higher, with higher volume early-to-midweek. CME cash also declined most of the week, however managed to average above week-ago levels on more moderate daily moves. Wholesale pork values were generally higher however heavier losses in bellies and lower loin values pushed pork cutout \$1.25/cwt under last week.

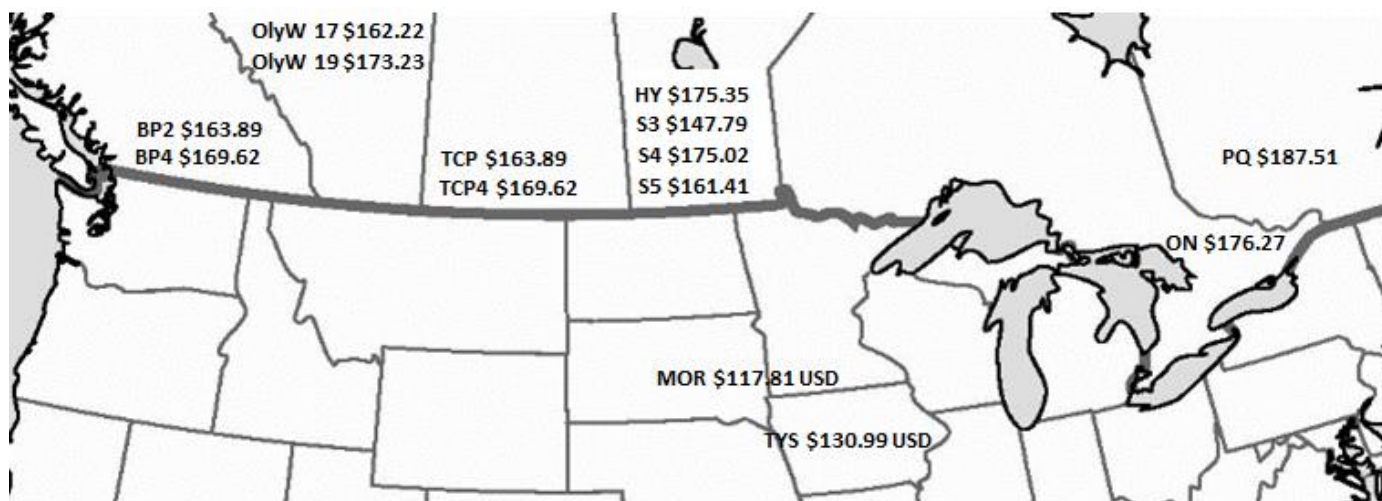
Cash Price	Weekly Averages		w/w	% Chg
	25-Oct-19	18-Oct-19		
ISM pm	\$55.04	\$58.72	-\$3.68	-6.3%
WCB pm	\$54.96	\$58.68	-\$3.72	-6.3%
Nat pm	\$55.08	\$58.05	-\$2.96	-5.1%
CME Index*	\$65.46	\$63.90	\$1.56	2.4%
BoC Exch	1.3083	1.3172	-0.0089	-0.7%

\* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$4 lower to \$4 per hog higher from a week earlier. OlyW 17 and values out of Quebec were among the weakest markets, each down around \$4/hog. ML Sig 3 fell near \$3 per hog while Hylife was down \$1.50/hog from a week ago. The OlyW 19 rose less than \$1/hog, values out of Ontario improved near \$2.50/hog while the Sig 4 was up \$4.50/hog. In the US, Tyson values rose \$1.50/hog while those out of JM fell more than \$7 per hog from week ago levels.

Regional Pricing, \$/hog								
Packer/Region	Difference		2019 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to OlyW '19		to OlyW '19	to OlyW '19		25-Oct-19	to OlyW '19
OlyW 2019	\$175.24		\$183.62		\$180.77		\$173.23	
OlyW 2017	\$172.28	-\$2.96	\$179.81	-\$3.81	\$172.56	-\$8.20	\$162.22	-\$11.02
ML Sig 3	\$164.00	-\$11.24	\$172.36	-\$11.25	\$159.49	-\$21.28	\$147.79	-\$25.44
ML Sig 4	\$175.96	\$0.71	\$183.02	-\$0.60	\$181.75	\$0.99	\$175.02	\$1.79
ML Sig 5	\$169.99	-\$5.25	\$177.69	-\$5.93	\$170.62	-\$10.15	\$161.41	-\$11.83
BP2/TCP **	\$168.98	-\$6.26	\$176.87	-\$6.75	\$173.90	-\$6.86	\$163.89	-\$9.34
BP4/TCP4 **	\$175.09	-\$0.16	\$181.72	-\$1.90	\$182.54	\$1.77	\$169.62	-\$3.61
Hylife	\$176.97	\$1.73	\$184.13	\$0.51	\$182.70	\$1.94	\$175.35	\$2.12
Ontario	\$181.02	\$5.77	\$188.72	\$5.10	\$185.09	\$4.32	\$176.27	\$3.04
Québec	\$181.81	\$6.57	\$191.40	\$7.79	\$196.51	\$15.74	\$187.51	\$14.28
Tyson (USD)	\$138.92	-\$36.32	\$142.26	-\$41.35	\$135.87	-\$44.90	\$130.99	-\$42.25
John Morrell (USD)	\$132.04	-\$43.20	\$136.51	-\$47.11	\$125.98	-\$54.79	\$117.81	-\$55.42

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



# Weekly Hog Margins

Hog margins generally remained in negative territory, with those based off markets derived from regional cash hog pricing weakening further from the previous week. Farrow-to-finish feed costs on either side of the border edged around \$0.40/hog lower, offering modest support to hog margins.

Hog margins out of the ML Sig 4 improved the most on the week, strengthening \$5/hog, while those out of Ontario improved near \$3/hog and the OlyW 19 strengthened \$1 per hog. Other monitored Canadian markets calculated weaker margins from week ago levels, with those out of the OlyW 17 & Quebec each weakened more than \$3.50/hog. ML Sig 5 margins were \$2/hog weaker while Hylife margins fell \$1/hog. In the US, Tyson margins improved \$2.50/hog while those out of JM weakened more than \$7 per hog from a week earlier.

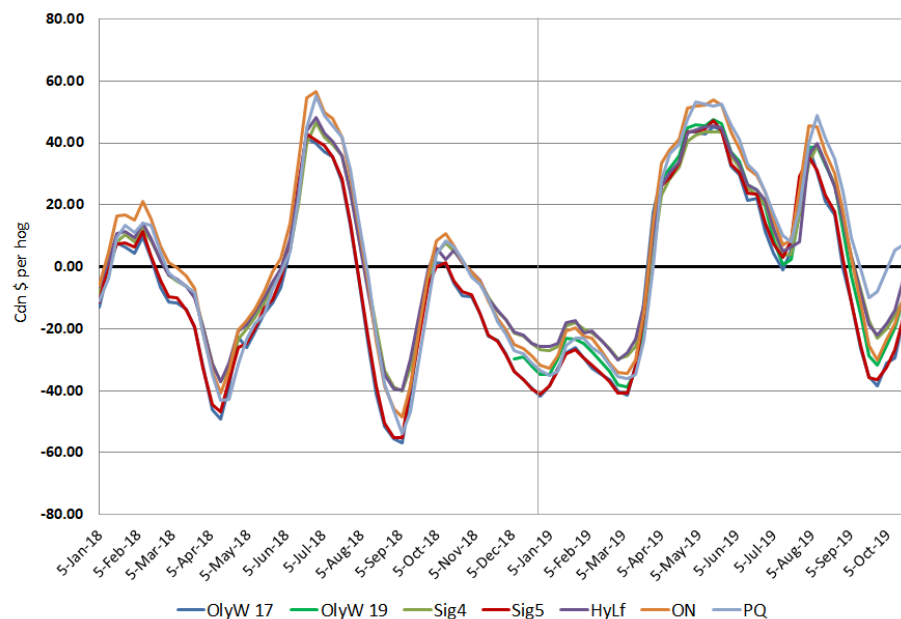
Regional MARGINS, \$/hog						
Packer/Region	25-Oct-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$162.22	\$123.68	\$39.45	\$20.05	\$183.18	-\$20.96
OlyW 19/Alberta	\$173.23	\$123.68	\$39.45	\$20.05	\$183.18	-\$9.95
ML Sig 4/Manitoba	\$175.02	\$121.42	\$39.54	\$19.55	\$180.51	-\$5.49
ML Sig 5/Manitoba	\$161.41	\$121.42	\$39.54	\$19.55	\$180.51	-\$19.10
Hylife/Manitoba	\$175.35	\$121.43	\$39.54	\$19.55	\$180.52	-\$5.17
Ontario	\$176.27	\$119.36	\$40.71	\$23.76	\$183.83	-\$7.56
Québec	\$187.51	\$122.05	\$40.50	\$21.65	\$184.20	\$3.31
Tyson (USD)/Iowa	\$130.99	\$84.96	\$28.70	\$16.57	\$130.23	\$0.76
John Morrell (USD)/ND	\$117.81	\$83.23	\$28.70	\$16.57	\$128.50	-\$10.69

\* Feed costs standardized for a 285 pound market hog

## US regional margins

- Tyson: \$ 0.76 USD x 1.3083 = \$ 0.99 in Canadian Dollars
- Morrell: \$ -10.69 x 1.3083 = \$ -13.99 in Canadian Dollars

### Canadian Margins 2018-2019 Year to Date



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