



Weekly Regional HOG PRICE Report



December 6, 2019

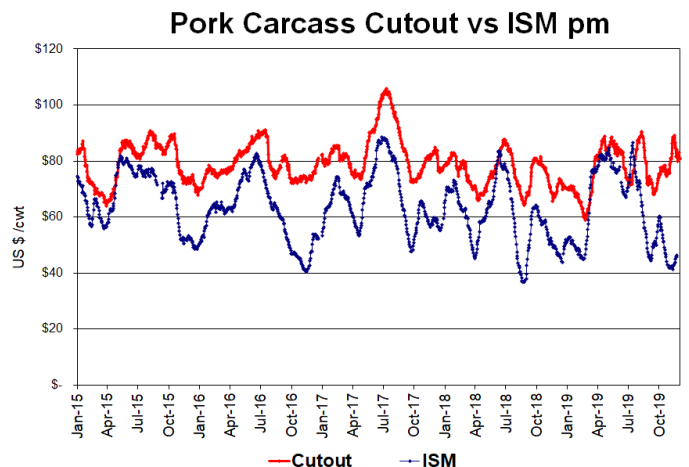
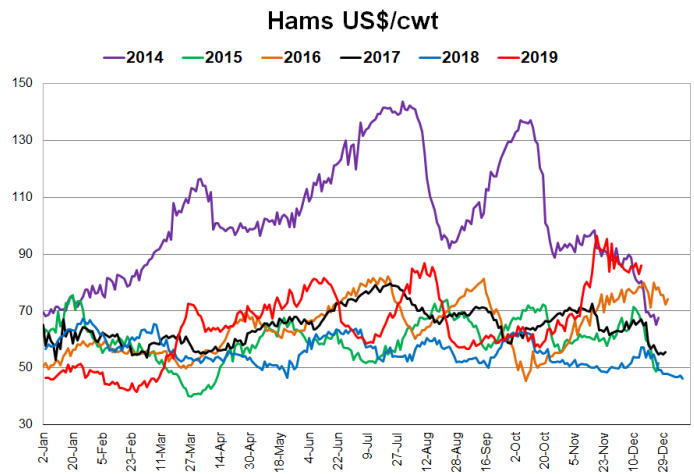
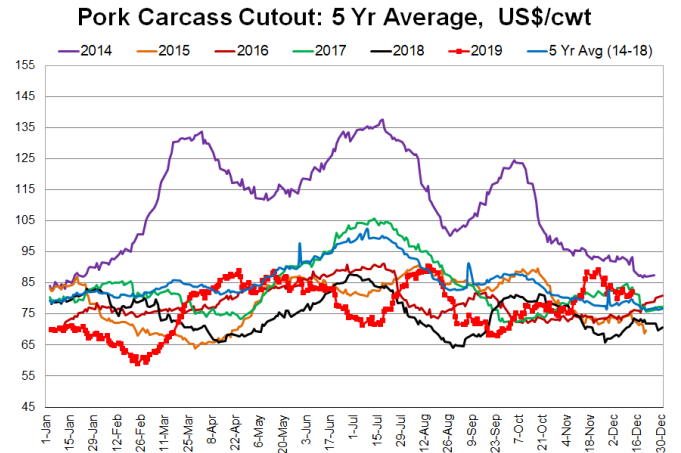
Things to Consider....

US pork prices reached a near-term high in mid November registering the same top levels seen during the late summer months. Pork Cut-out surpassed \$89.00 US per cwt on Nov 18th trading within a couple dollars of the top value for the year recorded on Aug 9th of \$90.44. The rally in pork prices beginning in mid September has been linked to improving export data which continues to confirm the need for more pork abroad due to the ongoing spread of ASF across Asia and Europe.

The counter seasonal rise in cut-out values can be largely attributed to a surge in ham prices which soared to their highest price in 5 years. Ham price in early November rallied to the record levels of 2014 and have continued to maintain the value through the first week of December. Demand for hams traditionally increase during this time of year as many markets around the world stock supplies for the upcoming holiday season.

Of all the major cuts, hams and picnics have been the most impressive to date while other major cuts have done well but not carried the same strength into the end of the year. Expectations are for other primals to generate more strength into the New Year further adding to the overall positive trend in cut-out once past the extremely high slaughter levels being reported south of the border.

Although pork values have seen an unseasonal move higher, cash hog prices have not followed the same trend. US regional cash prices such as the Iowa S. Minn price traded to within dollars of a 5-year LOW. The inverse movement of cut-out to cash created one of the largest spreads seen in history between pork and hog prices. Producers are encouraged to practice patience before adding to protection for 2020 as market hog and futures prices are projected to improve into the New Year and return more in line with pork prices.



Weekly Hog Price Recap

Cash hog values saw daily improvements nearly the entire holiday-shortened week on good daily volume. CME cash by comparison declined the majority of the week. Wholesale pork values varied however pork cutout ended \$3/cwt under the previous week, pulled lower due to weaker rib, ham and belly values.

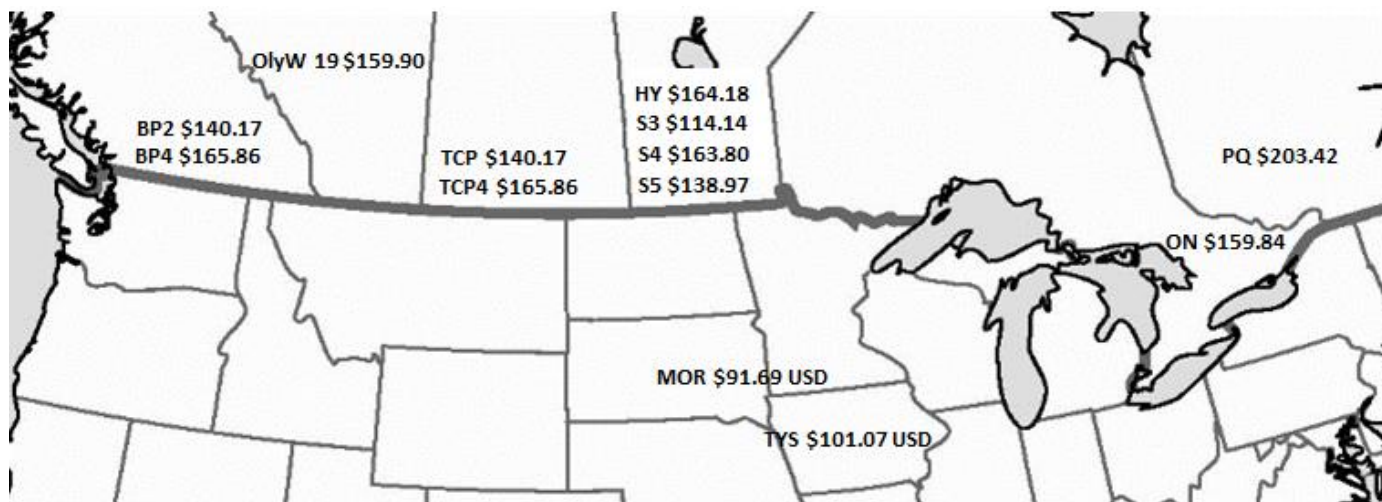
Cash Price	Weekly Averages		w/w	% Chg
	29-Nov-19	22-Nov-19		
ISM pm	\$42.44	\$42.10	\$0.34	0.8%
WCB pm	\$42.40	\$42.12	\$0.28	0.7%
Nat pm	\$42.46	\$42.26	\$0.20	0.5%
CME Index*	\$58.25	\$59.48	-\$1.23	-2.1%
BoC Exch	1.3289	1.3265	0.0024	0.2%

* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$1.50 to \$4.50 per hog lower than a week earlier, excluding those derived from a lagged base pricing such as BP/TCP and values out of Quebec. Quebec pricing dropped \$11.50/hog from week ago levels, but remains overall very strong compared to other monitored Canadian hog markets. The OlyW 19 declined more than \$4/hog, while others such as Hylife, the Sig 4 & Ontario were each down \$3 per hog. The Sig 5 declined the least, down \$1.50/hog. In the US, Tyson values declined \$2/hog while those out of JM edged \$0.50/hog higher from a week earlier.

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
OlyW 2019	\$176.02		\$181.43		\$162.72		\$159.90	
ML Sig 3	\$163.85	-\$12.17	\$166.89	-\$14.54	\$131.81	-\$30.91	\$114.14	-\$45.77
ML Sig 4	\$176.64	\$0.62	\$181.27	-\$0.16	\$166.22	\$3.50	\$163.80	\$3.89
ML Sig 5	\$170.26	-\$5.76	\$174.08	-\$7.35	\$149.02	-\$13.71	\$138.97	-\$20.94
BP2/TCP **	\$169.63	-\$6.38	\$173.79	-\$7.65	\$151.84	-\$10.89	\$140.17	-\$19.73
BP4/TCP4 **	\$175.76	-\$0.26	\$180.26	-\$1.17	\$167.61	\$4.89	\$165.86	\$5.96
Hylife	\$177.67	\$1.65	\$182.31	\$0.88	\$167.08	\$4.35	\$164.18	\$4.27
Ontario	\$181.63	\$5.61	\$186.11	\$4.68	\$165.14	\$2.41	\$159.84	-\$0.06
Québec	\$183.56	\$7.54	\$192.39	\$10.96	\$189.62	\$26.89	\$203.42	\$43.52
Tyson (USD)	\$138.94	-\$37.08	\$138.86	-\$42.57	\$115.85	-\$46.87	\$101.07	-\$58.84
John Morrell (USD)	\$131.93	-\$44.09	\$132.22	-\$49.22	\$104.94	-\$57.79	\$91.69	-\$68.21

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

Monitored hog margins weakened on pressure from lower hog and wholesale pork values and only modestly reduced feed costs. Farrow-to-finish feed costs on either side of the border edged \$0.20 to \$0.30/hog lower from a week earlier.

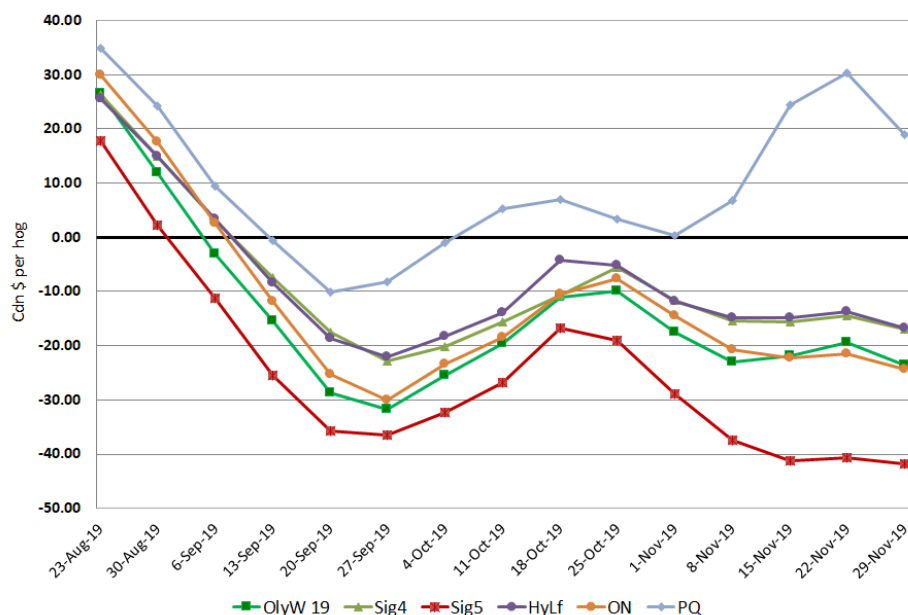
Margins out of Quebec weakened the most from week ago levels, down more than \$11/hog for the week however remains the only monitored market to maintain positive margins for many weeks. OlyW 19 margins weakened \$4/hog, while those calculated out of Hylife, the Sig 4 and Ontario weakened \$3/hog. In the US, Tyson hog margins weakened \$1/hog while those out of JM strengthened \$1/hog from week ago levels.

Regional MARGINS, \$/hog						
Packer/Region	29-Nov-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 19/Alberta	\$159.90	\$123.99	\$39.45	\$20.05	\$183.49	-\$23.59
ML Sig 4/Manitoba	\$163.80	\$121.73	\$39.54	\$19.55	\$180.82	-\$17.02
ML Sig 5/Manitoba	\$138.97	\$121.73	\$39.54	\$19.55	\$180.82	-\$41.85
Hylife/Manitoba	\$164.18	\$121.74	\$39.54	\$19.55	\$180.83	-\$16.65
Ontario	\$159.84	\$119.67	\$40.71	\$23.76	\$184.14	-\$24.30
Québec	\$203.42	\$122.36	\$40.50	\$21.65	\$184.51	\$18.91
Tyson (USD)/Iowa	\$101.07	\$85.19	\$28.70	\$16.57	\$130.46	-\$29.39
John Morrell (USD)/ND	\$91.69	\$83.46	\$28.70	\$16.57	\$128.73	-\$37.04

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (29.39) USD X 1.3289 = \$ - 39.06 in Canadian Dollars
 Morrell \$ (37.04) USD X 1.3289 = \$ - 49.22 in Canadian Dollars

Canadian Margins Last 13 weeks



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