



Weekly Regional HOG PRICE Report



January 17, 2020

Things to Consider....

Late last week the USDA released final 2019 Crop Production numbers, Grain Stocks, WASDE and Winter Wheat plantings. Given the turbulent year and ongoing uncertainty around the USDA monthly projections, the market believed the January production numbers would shed more light on a year that was considered by many to be a struggle.

The USDA reported some surprises, particularly corn production, which came in at 13.692 billion bushels due to an increase in yield (168 bu per acre) overshadowing a reduction in harvested acres. Trade estimates were for corn to come in around 13.513 billion. The increase in harvested production and 107 million bushel increase in Dec 1 stocks (on and off farm) weighed on futures most of this week. Corn futures as illustrated by the July 2020 contract below have had low volatility until this week but is still considered to be a stable market.

Soybean yield in the latest report came in at 47.4 bushels per acre, and soybean production was estimated at 3.558 billion bushels while trade expectations prior to the report were near 3.512 bil bu. Dec. 1 stocks for soybeans were estimated at 3.252 billion bushels compared to 3.746 billion in the last report. Soymeal as a result of the recent reported numbers is expected trade steady firm as has been the trend for the last 45 days.

Winter wheat acres were also reported last week coming in at the lowest level in over 100 years. Total planted winter wheat acres were estimated at 30.804 million, the lowest since 1909. Poor fall conditions were cited as the reason for the reduced acres.

The Canadian dollar traded to its highest level in a year surpassing 77.00 cents US for the first time in nearly 2 years. The move higher in the Loonie certainly is not helpful with cash hog prices however for those interested in securing soymeal or other US based feed ingredients, now is an excellent time to take advantage of the strong dollar and relatively low grain prices, particularly corn and soymeal.

July 2020 Soymeal



July 2020 Wheat



July 2020 Corn



2020 Canadian Dollar



Weekly Hog Price Recap

Regional and national cash hog values improved the majority of the week however heavy declines Friday offset much of the overall strength. Packer cash bid volume was considered moderately light, excluding higher volume Tuesday and Wednesday. CME cash by comparison reported more moderate daily moves. Wholesale pork values varied throughout the week, however weakness in picnics, butts and loins pushed pork cutout \$0.70/cwt under the previous week.

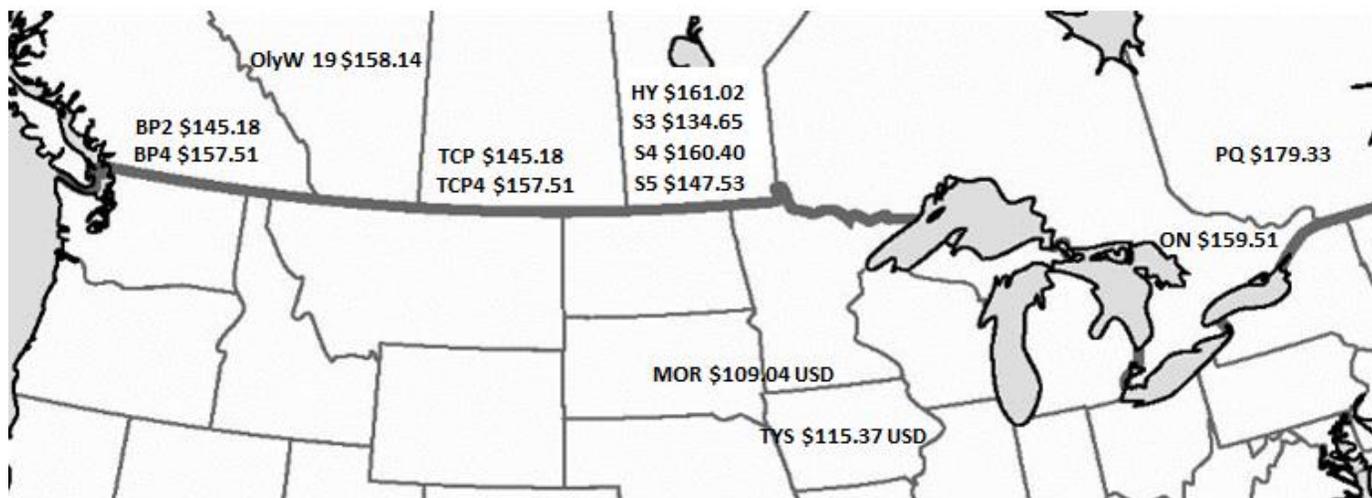
Cash Price	Weekly Averages		w/w	% Chg
	10-Jan-20	3-Jan-20		
ISM pm	\$50.79	\$50.47	\$0.33	0.6%
WCB pm	\$50.74	\$50.30	\$0.44	0.9%
Nat pm	\$50.64	\$50.27	\$0.37	0.7%
CME Index*	\$59.32	\$58.11	\$1.21	2.1%
BoC Exch	1.3027	1.3007	0.0020	0.2%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally improved \$1.50 to \$4/hog from week ago levels, excluding values out of Quebec which dropped more than \$5/hog. Hylife rose \$1.50/hog, while Maple Leaf markets each climbed \$2/hog. Values out of Ontario improved more than \$3.50/hog while the OlyW 19 was up closer to \$4/hog. In the US, Tyson strengthened \$3/hog while JM climbed \$1/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		Ending 10-Jan-20	to OlyW '19
OlyW 2019	\$176.93		\$179.82		\$162.58		\$158.14	
ML Sig 3	\$164.04	-\$12.89	\$163.74	-\$16.09	\$128.90	-\$33.68	\$134.65	-\$23.49
ML Sig 4	\$177.44	\$0.51	\$179.88	\$0.06	\$165.25	\$2.67	\$160.40	\$2.26
ML Sig 5	\$170.76	-\$6.17	\$171.81	-\$8.01	\$147.07	-\$15.51	\$147.53	-\$10.61
BP2/TCP **	\$170.51	-\$6.42	\$171.39	-\$8.44	\$147.31	-\$15.27	\$145.18	-\$12.96
BP4/TCP4 **	\$176.64	-\$0.29	\$178.91	-\$0.91	\$164.86	\$2.28	\$157.51	-\$0.63
Hylife	\$178.46	\$1.53	\$180.88	\$1.06	\$166.22	\$3.64	\$161.02	\$2.88
Ontario	\$182.36	\$5.43	\$184.17	\$4.34	\$163.64	\$1.06	\$159.51	\$1.37
Québec	\$185.56	\$8.63	\$192.75	\$12.93	\$195.07	\$32.49	\$179.33	\$21.19
Tyson (USD)	\$139.15	-\$37.78	\$136.51	-\$43.31	\$113.03	-\$49.55	\$115.37	-\$42.77
John Morrell (USD)	\$132.13	-\$44.80	\$129.87	-\$49.96	\$103.36	-\$59.22	\$109.04	-\$49.10

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

Monitored hog margins generally strengthened on rising hog values, with Canadian markets receiving further support from the improved currency rate of exchange. Additionally, farrow-to-finish feed costs decreased \$0.50/hog on either side of the CAN/US border in monitored regions.

Margins out of the OlyW 19 and those out of Ontario strengthened the most, each rising around \$4/hog to near \$26/hog losses. Margins out of Maple Leaf each improved around \$2.50/hog from the previous week, with the Sig 5 reaching its strongest value since the start of November at near \$34.50/hog losses. Only margins out of Quebec weakened from a week ago, down \$5 to \$6.50/hog losses. In the US, Tyson margins strengthened more than \$4/hog while JM improved near \$1.50/hog.

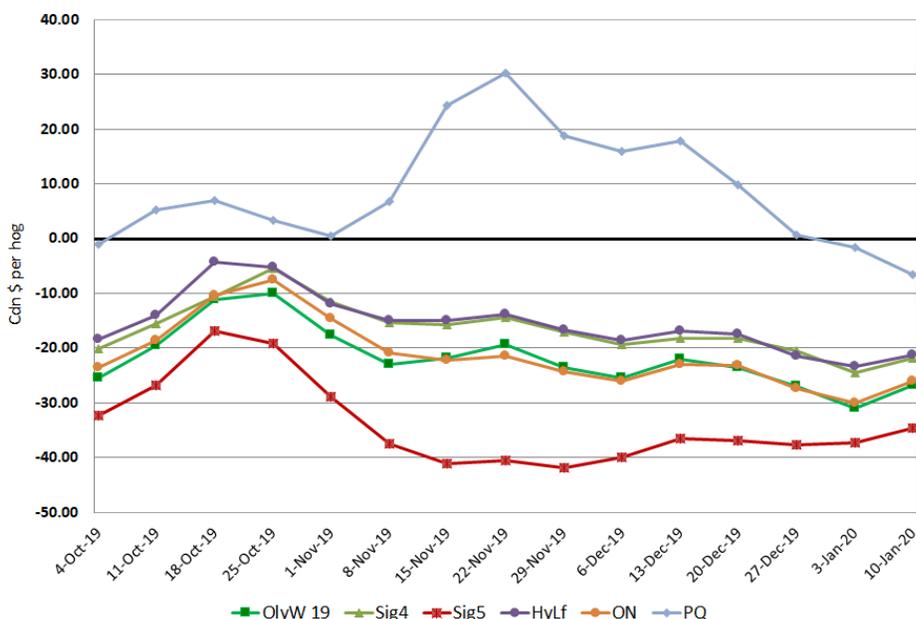
Regional MARGINS, \$/hog						
Packer/Region	10-Jan-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 19/Alberta	\$158.14	\$125.37	\$39.45	\$20.05	\$184.87	-\$26.73
ML Sig 4/Manitoba	\$160.40	\$123.11	\$39.54	\$19.55	\$182.20	-\$21.80
ML Sig 5/Manitoba	\$147.53	\$123.11	\$39.54	\$19.55	\$182.20	-\$34.67
Hylife/Manitoba	\$161.02	\$123.12	\$39.54	\$19.55	\$182.21	-\$21.19
Ontario	\$159.51	\$121.05	\$40.71	\$23.76	\$185.52	-\$26.01
Québec	\$179.33	\$123.74	\$40.50	\$21.65	\$185.89	-\$6.56
Tyson (USD)/Iowa	\$115.37	\$86.94	\$28.70	\$16.57	\$132.21	-\$16.84
John Morrell (USD)/ND	\$109.04	\$85.21	\$28.70	\$16.57	\$130.48	-\$21.44

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (16.84) USD X 1.3027 = \$ (21.94) in Canadian Dollars
- Morrell: \$ (21.44) USD X 1.3027 = \$ (27.93) in Canadian Dollars

Canadian Margins Last 13 weeks



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