



Weekly Regional HOG PRICE Report



January 3, 2020

Things to Consider....

Happy New Year and All the Best in 2020!

US Cold Storage reported total pork stocks at 574.9 million pounds for November, down 6.1% or 37.1 million pounds from levels reported for October with that figure revised 2.8 million pounds lower. This brought pork in cold storage 13.2% over last year, compared to 7.2% October 18/19.

The primary cause of the month-over-month decline was a result of falling hams in cold storage, with total hams dropping 63.9 million pounds in November. The heavily reduced volume is seasonally expected for this time as holiday ham buying ramps up, reducing overall supply. Picnics in cold storage also fell, down 2.3 million or 22.7% lower than levels reported for October.

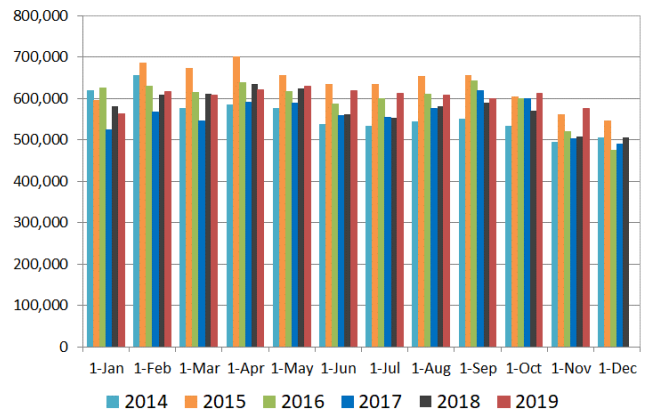
Trimming, variety meats and the category accounting for Other pork in cold storage also reported lessened quantities, each down a million pounds or less.

All other pork categories reported increased volume from levels reported for October. Spare-ribs in cold storage rose 11 million pounds, followed by total loins and bellies which were each up more than 6 million pounds. Butts in cold storage were up 5.7 million pounds while unclassified pork climbed 1.8 million for November.

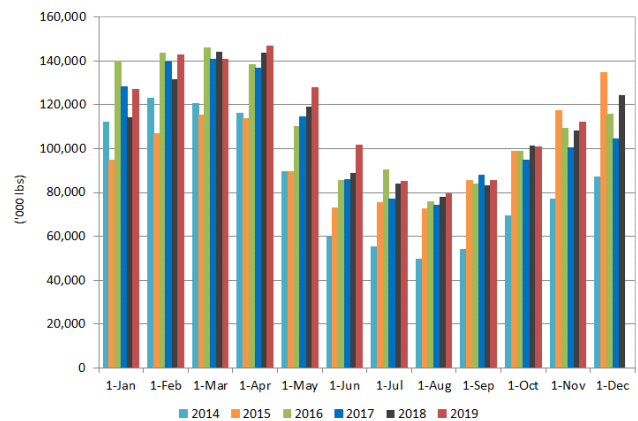
The November totals continue to tell the story of increased pork availability which in the short-term is considered bearish to current cash prices and future values. The potential outcome however behind increased supply and stored meat is that the US is positioned well to be a major contributor to Chinese imports during 2020. Expectations are for the market to eventually price in improved hog prices once supply numbers begin to subside seasonally later this month.

US Pork in Cold Storage					
('000 lbs)	Nov-19	Oct-19	Nov-18	M/M %	Y/Y %
Picnics	7,666	9,923	6,644	-22.7%	15.4%
Hams	109,903	173,804	96,375	-36.8%	14.0%
Bellies	51,602	45,414	36,859	13.6%	40.0%
Loins	48,426	41,986	33,923	15.3%	42.8%
Ribs	111,891	100,850	108,324	10.9%	3.3%
Butts	26,344	20,677	17,623	27.4%	49.5%
Trimming	40,653	41,699	43,033	-2.5%	-5.5%
Other	88,209	88,918	81,265	-0.8%	8.5%
Total Pork	574,860	611,917	507,668	-6.1%	13.2%

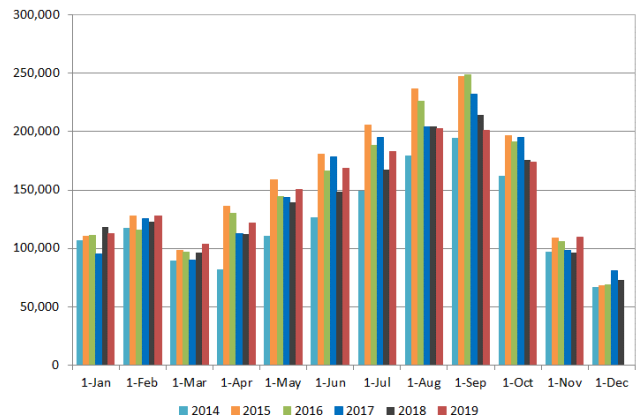
US Pork in Cold Storage ('000 Lbs)



Cold Storage - Spare Ribs



Cold Storage - Total Hams ('000 lbs)



Weekly Hog Price Recap

Regional and national cash hog values improved each day of the holiday shortened week, while CME cash generally declined daily. Wholesale pork values weakened overall with most primals down the majority of the week. Pork cutout value dropped \$5.34/cwt from a week earlier.

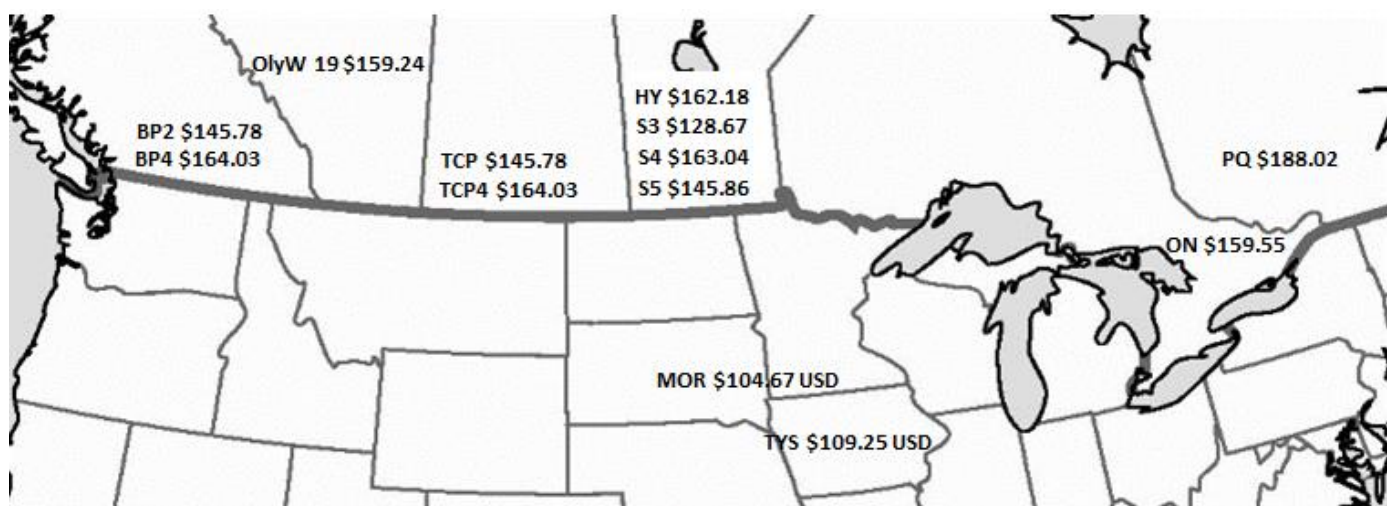
Cash Price	Weekly Averages		w/w	% Chg
	27-Dec-19	20-Dec-19		
ISM pm	\$48.67	\$47.44	\$1.23	2.6%
WCB pm	\$48.64	\$47.44	\$1.20	2.5%
Nat pm	\$48.71	\$47.96	\$0.74	1.5%
CME Index*	\$59.06	\$60.16	-\$1.10	-1.8%
BoC Exch	1.3132	1.3141	-0.0009	-0.1%

* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$1.75 to \$3.50 per hog lower than week ago levels, excluding values out of Sig 5 and Quebec. The Sig 5 edged modestly lower with support from an increase in Sig 3 values, while those out of Quebec dropped more than \$8/hog. The ML Sig 4 fell \$1.75/hog, the OlyW 19 fell \$2.75/hog and others such as Ontario and Hylife fell more than \$3/hog from a week ago. In the US, values out of Tyson fell near \$1.50/hog while those out of JM improved \$2.50/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		27-Dec-19	Difference to OlyW '19
OlyW 2019	\$176.79		\$179.82		\$163.21		\$159.24	
ML Sig 3	\$164.11	-\$12.68	\$163.74	-\$16.09	\$129.70	-\$33.50	\$128.67	-\$30.58
ML Sig 4	\$177.29	\$0.50	\$179.88	\$0.06	\$165.71	\$2.50	\$163.04	\$3.80
ML Sig 5	\$170.72	-\$6.07	\$171.81	-\$8.01	\$147.71	-\$15.50	\$145.86	-\$13.39
BP2/TCP **	\$170.33	-\$6.46	\$171.39	-\$8.44	\$147.07	-\$16.14	\$145.78	-\$13.46
BP4/TCP4 **	\$176.37	-\$0.41	\$178.91	-\$0.91	\$164.29	\$1.08	\$164.03	\$4.79
Hylife	\$178.33	\$1.54	\$180.88	\$1.06	\$166.80	\$3.60	\$162.18	\$2.94
Ontario	\$182.27	\$5.48	\$184.17	\$4.34	\$164.37	\$1.16	\$159.55	\$0.31
Québec	\$185.10	\$8.32	\$192.75	\$12.93	\$195.68	\$32.47	\$188.02	\$28.78
Tyson (USD)	\$139.14	-\$37.65	\$136.49	-\$43.33	\$113.05	-\$50.16	\$109.25	-\$49.99
John Morrell (USD)	\$132.18	-\$44.61	\$129.87	-\$49.96	\$103.89	-\$59.32	\$104.67	-\$54.57

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

Monitored hog margins generally weakened, pressured by a rise in feed costs and a decline in slaughter-based cash pricing. Canadian farrow-to-finish feed costs climbed near \$0.50/hog while those in the monitored US region were nearly unchanged from the previous week.

Margins out of Quebec weakened the most, falling \$9/hog. Hog margins out of Ontario declined more than \$4/hog while those out of Hylife weakened shy of \$4/hog and the OlyW 19 weakened \$3.50/hog. Margins calculated out of the Sig 4 were more than \$2/hog lower than week ago levels, and the Sig 5 weakened near \$0.75/hog. In the US, margins out of Tyson declined less than \$1/hog while those calculated out of JM improved more than \$2/hog from a week earlier.

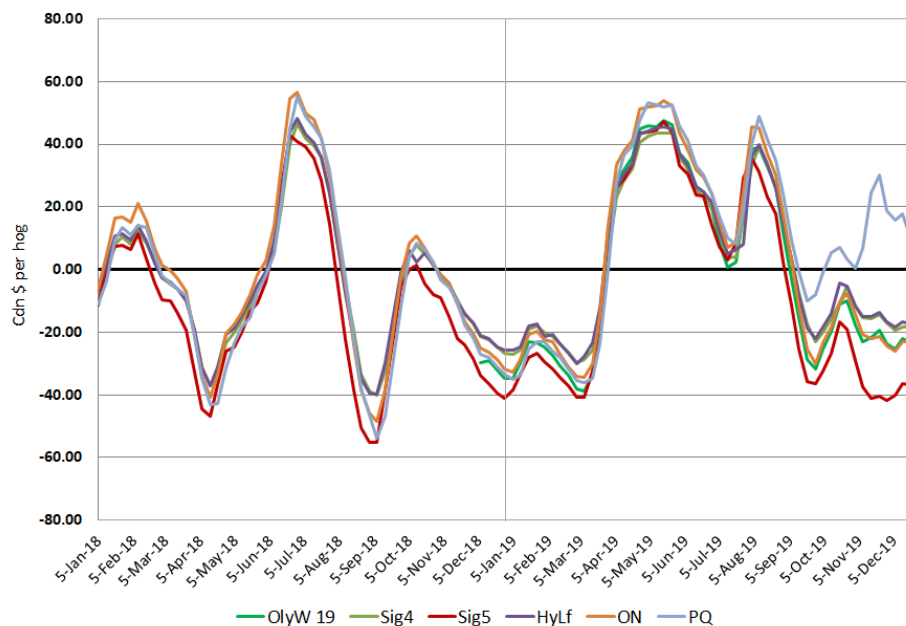
Regional MARGINS, \$/hog						
Packer/Region	27-Dec-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 19/Alberta	\$159.24	\$126.74	\$39.45	\$20.05	\$186.24	-\$27.00
ML Sig 4/Manitoba	\$163.04	\$124.48	\$39.54	\$19.55	\$183.57	-\$20.53
ML Sig 5/Manitoba	\$145.86	\$124.48	\$39.54	\$19.55	\$183.57	-\$37.71
Hylife/Manitoba	\$162.18	\$124.49	\$39.54	\$19.55	\$183.58	-\$21.40
Ontario	\$159.55	\$122.42	\$40.71	\$23.76	\$186.89	-\$27.34
Québec	\$188.02	\$125.11	\$40.50	\$21.65	\$187.26	\$0.76
Tyson (USD)/Iowa	\$109.25	\$87.36	\$28.70	\$16.57	\$132.63	-\$23.38
John Morrell (USD)/ND	\$104.67	\$85.63	\$28.70	\$16.57	\$130.90	-\$26.23

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson: \$ (23.38) USD X 1.3132 = \$ (30.70) in Canadian Dollars
- Morrell: \$ (26.23) USD X 1.3132 = \$ (34.45) in Canadian Dollars

Canadian Margins 2018-2019 Year to Date



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