



# Weekly Regional HOG PRICE Report



February 11, 2020

## Things to Consider....

Recent weakness in many wholesale pork primals has resulted in lower pork values overall, despite starting the year in midrange. For the last Friday in Jan pork cutout was reported at \$69.57/cwt, a drop of \$7.81 from the Friday previous and \$1.52/cwt over last year however under most other recent historical years for this time.

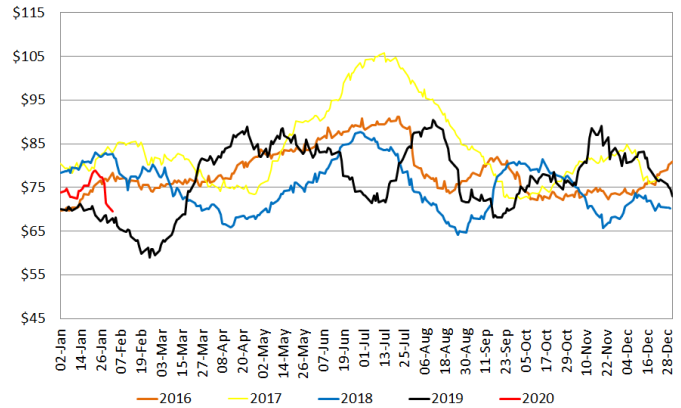
Wholesale belly values started 2020 on an uptick which is relatively expected in the New Year, however have fallen fairly steadily since mid-November into the end of the calendar year. The Jan 31 belly values were reported at \$94.66/cwt, down \$17.06 from a week earlier. Wholesale hams dropped \$14.65 to \$57.79/cwt, and have fallen from well above the previous 4 years for this time to in-line with recent historical years.

Butt values also declined, down \$8.25 to \$48.62/cwt and generally considered midrange, while picnics fell \$4.16 to \$48.62/cwt however have held good value seasonally. Wholesale loins declined modestly, down \$0.29 to \$68.87/cwt from the previous Friday. Though current wholesale loin values are above year ago levels, they are below other more recent years for this time. Ribs were the only wholesale pork primal to improve from week ago levels, up \$1.87 to \$147.58/cwt. Wholesale ribs have steadily increased in value since the start of the 4th quarter, and are currently strong compared to other more recent historical years seasonally.

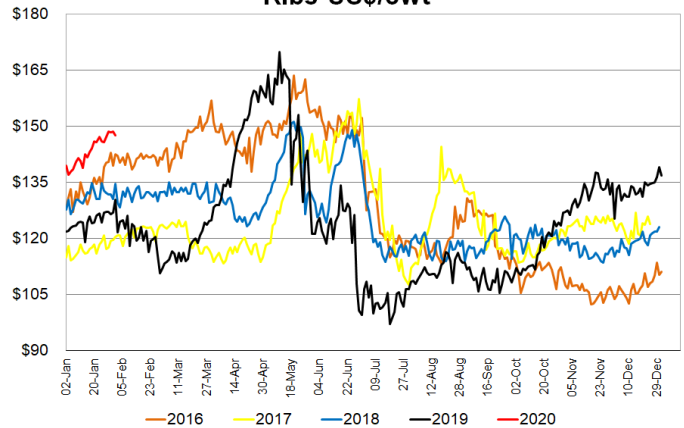
US pork production continues at high levels, with the latest week reported at 584.8 million pounds. This figure represents a +15% increase over last year and currently +6.7% YTD. It is this level of pork supplies coming to the market that is unpinning US hog markets. Both cash and future markets are suffering due to the massive supply of pork being processed at the start of the year.

Declines in total numbers and weight will be needed before a noticeable change will be seen in pricing going forward. Demand could also be a major influencing factor the industry needs however exports abroad look to hold steady, at best, until disease pressures cool down in many parts of the world.

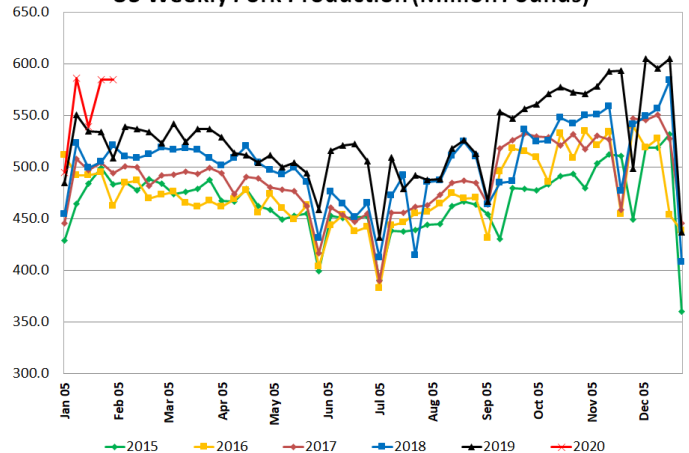
### USDA Cutout US\$/cwt



### Ribs US\$/cwt



### US Weekly Pork Production (Million Pounds)



## Weekly Hog Price Recap

Cash hog pricing began the week higher, however pulled back the latter half of the week when packer cash bid volume was more moderate. CME cash rose most of the week however reported more modest daily moves.

Wholesale pork values varied with heavy losses in hams, butts and bellies dropping pork cutout \$5.05/cwt from week ago levels.

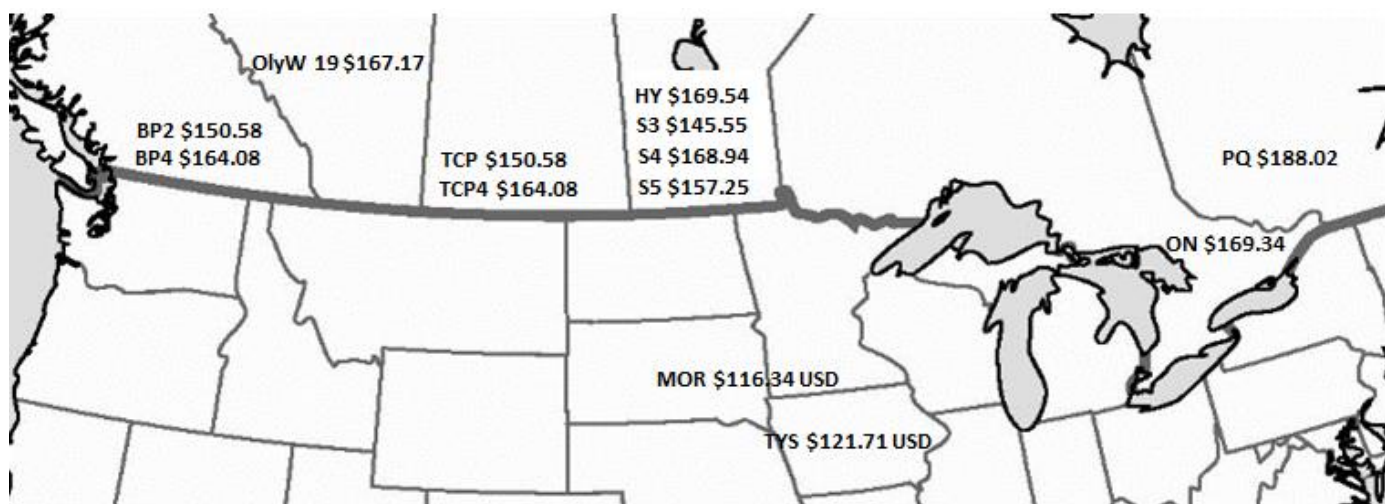
Cash Price	Weekly Averages		w/w	% Chg
	31-Jan-20	24-Jan-20		
ISM pm	\$54.32	\$52.29	\$2.02	3.9%
WCB pm	\$54.25	\$52.14	\$2.11	4.0%
Nat pm	\$54.14	\$52.06	\$2.08	4.0%
CME Index*	\$62.19	\$60.83	\$1.36	2.2%
BoC Exch	1.3201	1.3104	0.0097	0.7%

\* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$3 to \$6.50/hog higher than week ago levels, excluding Quebec which was up only \$0.30/hog. The Sig 5 improved the most, followed by values out Ontario which rose \$4.50/hog. The Sig 4 was up \$4/hog from a week ago, while the OlyW 19 & Hylife each climbed more than \$3/hog. In the US, Tyson rose \$3/hog while JM improved nearly \$4.50/hog from week ago levels.

Regional Pricing, \$/hog								
Packer/Region	Difference		2020 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to OlyW '19		to OlyW '19	to OlyW '19		31-Jan-20	to OlyW '19
OlyW 2019	\$177.09		\$160.41		\$160.86		\$167.17	
ML Sig 3	\$163.94	-\$13.15	\$136.98	-\$23.43	\$127.15	-\$33.71	\$145.55	-\$21.62
ML Sig 4	\$177.56	\$0.47	\$162.64	\$2.23	\$163.68	\$2.82	\$168.94	\$1.76
ML Sig 5	\$170.77	-\$6.32	\$149.81	-\$10.60	\$145.42	-\$15.44	\$157.25	-\$9.93
BP2/TCP **	\$170.49	-\$6.61	\$147.29	-\$13.12	\$144.77	-\$16.09	\$150.58	-\$16.59
BP4/TCP4 **	\$176.74	-\$0.35	\$160.72	\$0.31	\$162.98	\$2.12	\$164.08	-\$3.09
Hylife	\$178.59	\$1.50	\$163.69	\$3.28	\$164.43	\$3.56	\$169.54	\$2.36
Ontario	\$182.45	\$5.36	\$162.12	\$1.71	\$161.72	\$0.86	\$169.34	\$2.17
Québec	\$186.03	\$8.94	\$183.94	\$23.53	\$194.41	\$33.55	\$188.02	\$20.85
Tyson (USD)	\$139.18	-\$37.91	\$117.16	-\$43.25	\$111.02	-\$49.84	\$121.71	-\$45.46
John Morrell (USD)	\$132.10	-\$44.99	\$110.99	-\$49.42	\$102.44	-\$58.42	\$116.34	-\$50.83

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



# Weekly Hog Margins

Monitored hog margins strengthened on the latest cash hog improvements, reaching their strongest levels since early November. Farrow-to-finish feed costs offered further support to hog margins, with costs down \$0.90/hog north of the border and more than \$1/hog lower in the monitored US region.

Hog margins out of the Sig 5 strengthened the most, up \$7.25/hog, however, remains the weakest margin among monitored hog markets. Ontario hog margins improved \$5.50/hog while the Sig 4 rose \$5/hog and most other Canadian margins strengthened more than \$4/hog. Margins calculated out of Quebec improved the least on the week, up only \$1.25/hog however remains the only market at positive levels for the second consecutive week. In the US, Tyson margins improved shy of \$5/hog while JM hog margins strengthened \$5.50/hog from week ago levels.

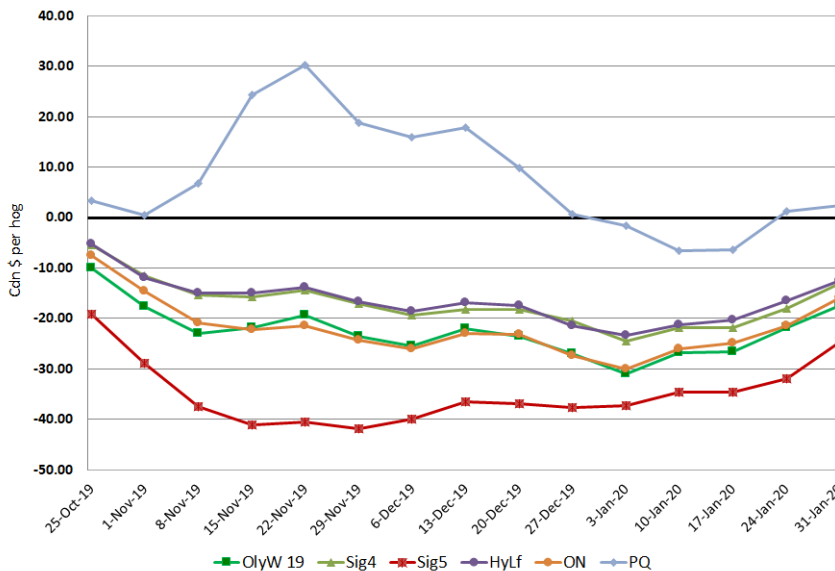
Regional MARGINS, \$/hog						
Packer/Region	31-Jan-20	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 19/Alberta	\$167.17	\$125.08	\$39.45	\$20.05	\$184.58	-\$17.41
ML Sig 4/Manitoba	\$168.94	\$122.82	\$39.54	\$19.55	\$181.91	-\$12.97
ML Sig 5/Manitoba	\$157.25	\$122.82	\$39.54	\$19.55	\$181.91	-\$24.66
Hylife/Manitoba	\$169.54	\$122.83	\$39.54	\$19.55	\$181.92	-\$12.38
Ontario	\$169.34	\$120.76	\$40.71	\$23.76	\$185.23	-\$15.89
Québec	\$188.02	\$123.45	\$40.50	\$21.65	\$185.60	\$2.42
Tyson (USD)/Iowa	\$121.71	\$85.07	\$28.70	\$16.57	\$130.34	-\$8.63
John Morrell (USD)/ND	\$116.34	\$83.34	\$28.70	\$16.57	\$128.61	-\$12.27

\* Feed costs standardized for a 285 pound market hog

## US Regional Margins

- Tyson: \$ (8.63) USD X 1.3201 = \$ (11.39) in Canadian Dollars
- Morrell: \$ (12.27) USD X 1.3201 = \$ (16.20) in Canadian Dollars

Canadian Margins Last 13 weeks



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