

# CURRENT MARKETING OPTIONS FOR MARKET HOGS IN ONTARIO

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Since direct contracts were introduced as marketing options in the mid-nineties for Ontario hog producers, we have seen processors and producers refine the terms and conditions of the contracts being offered. Over that time period Ontario pork producers have been exposed to dozens of different terms and conditions as the processors and producers tried to maximize their returns by producing or procuring hogs that best suited their end users. This has resulted in contracts leaving the old-style single grading grid based on only the weight and backfat as the one price setting mechanism. Today the grading of hogs in Ontario is still based on the weight and backfat of each animal but direct producer-to-packer contacts has allowed more custom grading grids to be offered as each processing plant tries to select the hogs best suited for their market. See Figure 1.

**Figure 1: Distribution of hogs by weight and yield class**

PERFORMANCE OF HOGS SHIPPED										Producer#: 000000000		
DISTRIBUTION OF HOGS BY WEIGHT AND YIELD CLASS										Sale Date : mmvdd/yy		
Ontario										Totals Yield Class		
Weight Class	0.0 to	65.0 to	70.0 to	75.0 to	80.0 to	85.0 to	90.0 to	95.0 to	100.0 to	Your Hog #	Your Hog %	Prov %
Yield Class	64.9 Kg	69.9 Kg	74.9 Kg	79.9 Kg	84.9 Kg	89.9 Kg	94.9 Kg	99.9 Kg	104.9 Kg			
64.30-100.00 (1)	10	50	98	108	112	114	112	110	106	<b>86</b>	6.8%	2.1%
61.80-64.29 (2)	10	50	97	106	111	113	112	109	106	<b>462</b>	36.5%	20.6%
59.60-61.79 (3)	10	50	92	90	109	111	109	105	102	<b>489</b>	38.6%	38.9%
57.70-59.59 (4)	10	50	88	100	105	109	105	101	97	<b>168</b>	13.3%	25.1%
56.10-57.69 (5)	10	50	85	95	100	104	100	96	90	<b>50</b>	3.9%	9.6%
54.70-56.09 (6)	10	50	82	93	95	95	92	88	84	<b>7</b>	0.6%	3.0%
20.00-54.69 (7)	10	50	80	86	90	90	82	80	80	<b>4</b>	0.3%	0.7%
<b>MARKET HOGS BY WEIGHT CLASS</b>												
Your Hogs	<b>0</b>	<b>0</b>	<b>3</b>	<b>14</b>	<b>209</b>	<b>723</b>	<b>299</b>	<b>16</b>	<b>2</b>	<b>1,266</b>		
Your Hogs - %	0.0%	0.0%	0.2%	1.1%	16.5%	57.1%	23.6%	1.3%	0.2%	100.0%		
Your Avg Index	0.0	0.0	93.3	107.4	111.2	111.9	110.0	95.9	70.0	111.0		
Prov - %	0.1%	0.2%	1.3%	7.1%	28.6%	40.5%	17.3%	3.9%	1.1%			100.0%
Prov Avg Index	10.0	50.0	92.4	104.9	110.0	110.4	108.4	94.2	70.0			107.9

The use of custom grading grids has meant Ontario hog producers have many marketing options for their hogs. Producers must weigh the many different options before deciding on which contract(s) to enter into. The marketing contracts for hogs are not static and the options available are ever changing.

Currently in the province of Ontario there are over a dozen contracts available to producers. These are based on different weight classes, yield classes, loin eye depth premiums/discounts along with other pricing mechanisms.

Below are some of the options currently available:

Note: Weight Class & Yield Class premiums and discounts can be used alone or in conjunction with each other when calculating the final grading index.

### **Weight class (HCW)**

Premiums (index over 100) start at 75.0 kgs and can be obtained until 110.0 kg.  
Discounts (index less than 100) are used through all weight classes.

### **Yield Class** (backfat in mm also shown as being converted to muscle)

Premiums (index over 100) start at 40 mm back fat or 54.7 % yield of muscle.  
Discounts (index less than 100) are used through all yield classes.

The quick calculation of loin-eye depth has made possible the inclusion of premiums and discounts in the payment of hogs.

### **Loin Eye Depth** (it is used in conjunction with mm of back fat)

Premium starts at 54.9 mm.  
Discounts start at depth less than 49.9mm or greater than 75.0 mm.

### **Pricing Premium** (is on a sliding scale determined by the weekly pool price for hogs)

Ranges from \$1.50 per hog when the weekly Ontario Pool price is greater than \$200.00 ckg/HCW to \$3.50 per hog when weekly price is less than \$149.99 ckg/HCW.



Pork producers can log on to Ontario Pork's secure Online Information Network Knowledgebase site (OINK) for the latest market, contract and grading information (<http://www.ontariopork.on.ca/>). This site enables producers to retrieve & download their own grading and carcass health data along with a host of other industry information. The site also offers producers several different management tools that can be used in making timely and informed decisions on their marketing options.