



# Weekly Regional HOG PRICE Report



June 5, 2018

## Things to Consider....

After a solid week of trade which saw lean hog futures at their highest value in nearly 2 months, they were again pressured by ongoing trade dispute talks between US President Trump and China. In a recent release, Chinese officials have indicated that any agreements reached during negotiations will not take effect should the US impose any tariffs. Recent tariff discussions have included Canada, Mexico and the EU however China continues to be of concern to many agriculture regions of the US.

The ongoing uncertainty in the news is providing little for support to a market that is already dealing with ample pig flows and heavier carcass weights.

On the positive side, weekly pork exports continue to keep pace with 2017 and in recent weeks have exceeded the volumes of last year. As expected weekly export volumes are projected to drop into the summer months however that is seasonal with lower available supplies.

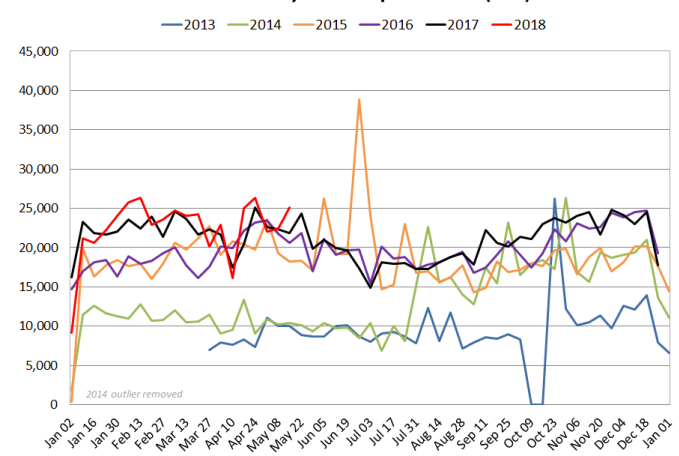
To date tariff discussion have not impacted weekly pork export sales however they have been priced into the market. Should there be any positive negotiations made between the US and China, pork prices and hog futures would view it as positive to price.

For now, marketing hogs on the cash is the best option as lean hog futures have been lowered near the bottom end of the trading range. Summer futures are not likely to provide much for hedging however producers should continue to focus on fourth quarter 2018 and first quarter 2019 as periods to have some coverage. A move of the December contract over \$60 US/cwt would signal a starting point for adding to protection.

### July 2018 Lean Hogs



### Total Weekly Pork Export Sales (MT)



### Dec 2018 Lean Hogs



## Weekly Hog Price Recap

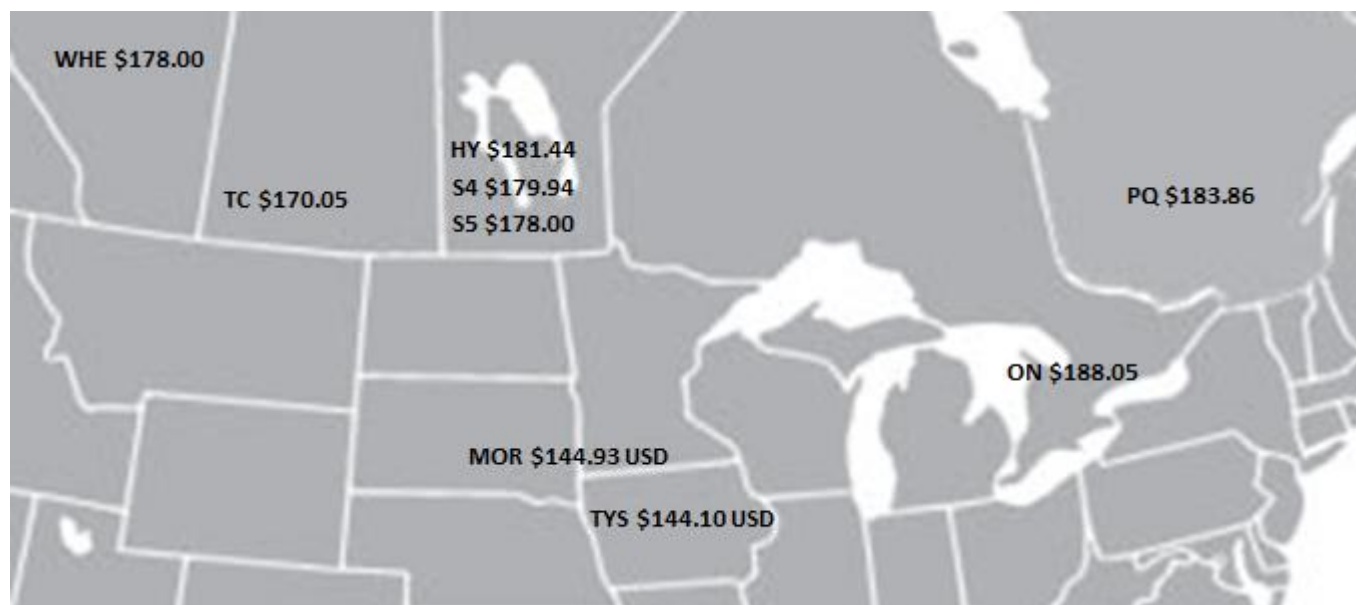
Regional and national cash hog values were up significantly during the holiday shortened week, generally up \$1-\$2/cwt daily excluding very modest declines Friday (with volume that day considerably light). Bid volumes were mostly moderate for the week. CME cash by comparison was up each day however climbed modestly throughout the week.

Cash Price	Weekly Averages		w/w	% Chg
	1-Jun-18	25-May-18		
ISM pm	\$68.04	\$64.62	\$3.42	5.3%
WCB pm	\$67.99	\$64.56	\$3.43	5.3%
Nat pm	\$67.58	\$64.62	\$2.95	4.6%
CME Index*	\$69.72	\$68.96	\$0.76	1.1%
BoC Exch	1.2966	1.2882	0.0084	0.7%

\* Represents Friday-Thursday average

Monitored Canadian hog markets were generally up \$3-\$5/hog on the week, further supported by the improved rate of exchange. Markets based off regional pricing were up the most, with the Sig 3 up shy of \$8/hog and the Sig 5 up near \$6/hog. The WHE 2010 and pricing out of Quebec rose more than \$4.50/hog, while the WHE 2017 and pricing out of Thunder Creek was up \$4/hog. Other markets were up more than \$3/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to WHE		to WHE	to WHE		Ending 1-Jun-18	to WHE
WHE 2017	\$189.98		\$164.77		\$158.25		\$178.00	
ML Sig 4	\$191.52	\$1.54	\$168.04	\$3.27	\$162.75	\$4.50	\$179.94	\$1.94
ML Sig 5	\$189.84	-\$0.13	\$163.21	-\$1.56	\$156.50	-\$1.75	\$178.00	-\$0.00
Thunder Creek	\$186.09	-\$3.89	\$159.80	-\$4.97	\$153.48	-\$4.76	\$170.05	-\$7.95
Hylife	\$192.88	\$2.90	\$169.15	\$4.38	\$163.67	\$5.43	\$181.44	\$3.44
Ontario	\$201.96	\$11.99	\$174.84	\$10.07	\$167.80	\$9.55	\$188.05	\$10.05
Québec	\$198.32	\$8.34	\$170.58	\$5.81	\$163.54	\$5.29	\$183.86	\$5.86
Tyson (USD)	\$167.48	-\$22.50	\$137.47	-\$27.30	\$129.92	-\$28.33	\$144.10	-\$33.90
John Morrell (USD)	\$163.27	-\$26.71	\$131.58	-\$33.19	\$123.47	-\$34.78	\$144.93	-\$33.07



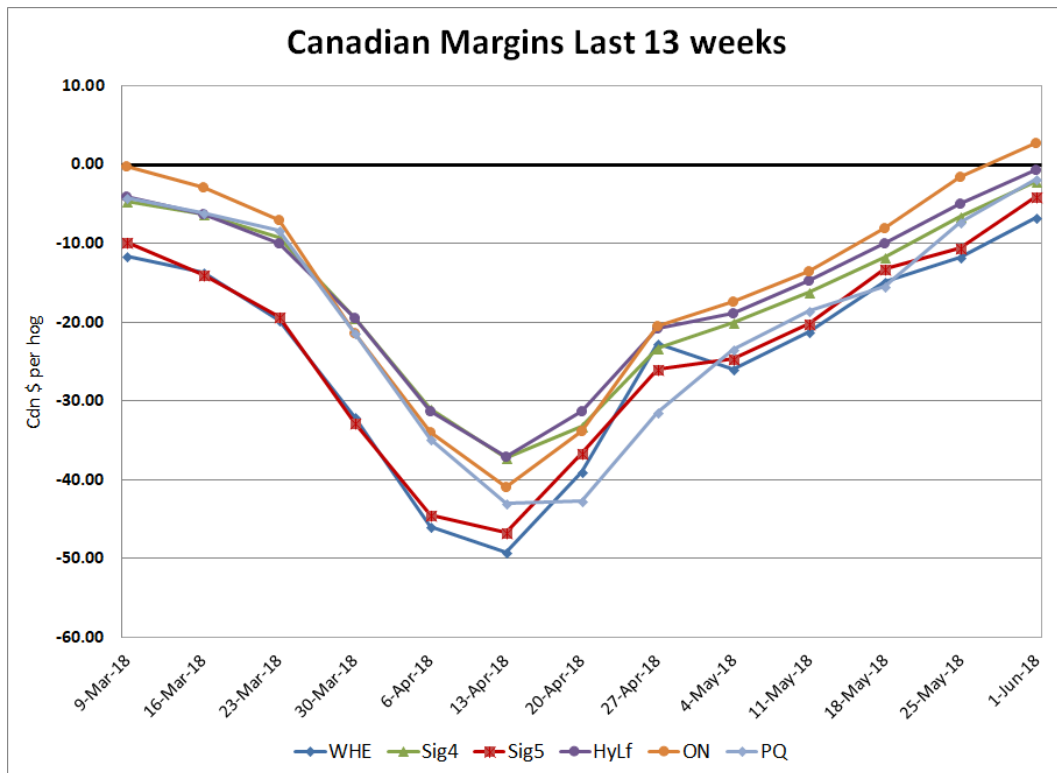
# Weekly Hog Margins

Feed costs were supported to hog margins, with costs down near \$1/hog overall in both Canada and the US. Monitored hog margins in Canada improved between \$4-\$5/hog, excluding margins out of Quebec which rose \$5.50/hog and the Sig 5 which calculated margins up more than \$6.50/hog. In the US, Tyson margins were generally stable while those based out of JM jumped \$8/hog.

Regional MARGINS, \$/hog						
Packer/Region	1-Jun-18	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE/Alberta	\$178.00	\$125.20	\$39.45	\$20.05	\$184.70	-\$6.70
ML Sig 4/Manitoba	\$179.94	\$122.94	\$39.54	\$19.55	\$182.03	-\$2.09
ML Sig 5/Manitoba	\$178.00	\$122.94	\$39.54	\$19.55	\$182.03	-\$4.03
Thunder Creek/SK	\$170.05	N/A				N/A
Hylife/Manitoba	\$181.44	\$122.94	\$39.54	\$19.55	\$182.03	-\$0.59
Ontario	\$188.05	\$120.88	\$40.71	\$23.76	\$185.35	\$2.70
Québec	\$183.86	\$123.57	\$40.50	\$21.65	\$185.72	-\$1.86
Tyson (USD)/Iowa	\$144.10	\$88.84	\$28.70	\$16.57	\$134.11	\$9.99
John Morrell (USD)/ND	\$144.93	\$86.93	\$28.70	\$16.57	\$132.20	\$12.73

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 9.99 USD X 1.2966 = \$12.95 in Canadian Dollars  
 - Morrell \$12.73 USD X 1.2966 = \$16.51 in Canadian Dollars



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