



Weekly Regional HOG PRICE Report



April 12, 2019

Things to Consider....

Lean hog futures again reached contract highs over the past week and nearby cash prices also remained strong on continued optimism surrounding potentially improving trade conditions with the US and China. Of course, the spread of ASF also continues to hit headlines and remains a key component to the equation as of late. However as discussed last week and in other recent publications the need for evidence to support the current futures rally is going to have to come in the next few months. So far as shown in the graph here US pork exports have yet to see major change from the year before.

US livestock and meat trade data reported January pork exports at 477,765 thousand pounds, a drop of 48.3 million pounds from last reported in a seasonally expected move. This brings total US pork exports 9.2% under the figure last reported in December, and 1.8% under January of last year. For comparison however, the current seasonal US pork export volume is considered strong and significantly higher than levels reported for January from 2013 to 2017.

Exports to South Korea declined the most volume of the monitored destinations for US pork, dropping 22.1 million pounds, followed by volume to Panama which declined 11.3 million pounds. Other major destinations such as China, Canada, Australia and Colombia each declined approximately 6 million pounds from December.

Partially offsetting the previous stated declines were reported increases of US pork to Japan, which was up 9.6 million pounds for January, and Mexico which saw volume rise 2.9 million pounds.

The five weeks of production in the month of January averaged 522.5 million pounds per week, down 1.7 million pounds per week on average from the weeks of December. Despite the seasonal dip in pork production to start the year, Jan 2019 levels were 4.4% over Jan 2018 and continue at strong rates not previously recorded for the first quarter.

Producers are encouraged to continue to monitor the situation and take advantage of current pricing if the opportunity is available.

July 2019 Lean Hogs



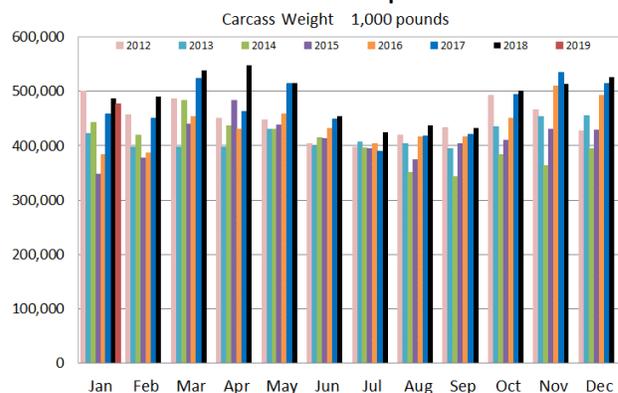
December 2019 Lean Hogs



US Pork Exports (carcass weight, 1,000 pounds)						
Top 5 Countries	Jan-18	Dec-18	Jan-19	M/M%	Y/Y%	YTD/LYTD%
Australia	20,594	29,989	23,553	-21.5%	14.4%	14.4%
Canada	36,892	48,017	41,511	-13.5%	12.5%	12.5%
Colombia	19,391	32,418	26,564	-18.1%	37.0%	37.0%
China*	40,992	37,543	31,501	-16.1%	-23.2%	4.9%
Japan	109,324	92,784	102,397	10.4%	-6.3%	-6.3%
Mexico	162,802	139,492	142,364	2.1%	-12.6%	-12.6%
South Korea	55,899	77,042	54,975	-28.6%	-1.7%	-1.7%
All US Pork Exports	486,448	526,062	477,765	-9.2%	-1.8%	-1.8%

*Includes Mainland, Hong Kong & Taiwan

Total US Pork Exports



Weekly Hog Price Recap

Regional and national cash hog pricing reported another week of strength overall, despite the start and end of the week reporting daily weakness on thin cash bid volume. Cash bid volume was otherwise considered moderate midweek, when cash was reported the strongest. CME cash by comparison reported daily gains each of the last five days, with daily gains losing strength by the week's end. Wholesale pork values were stronger on the week, excluding weakness in hams, bringing pork cutout \$0.55/cwt over the previous week's average.

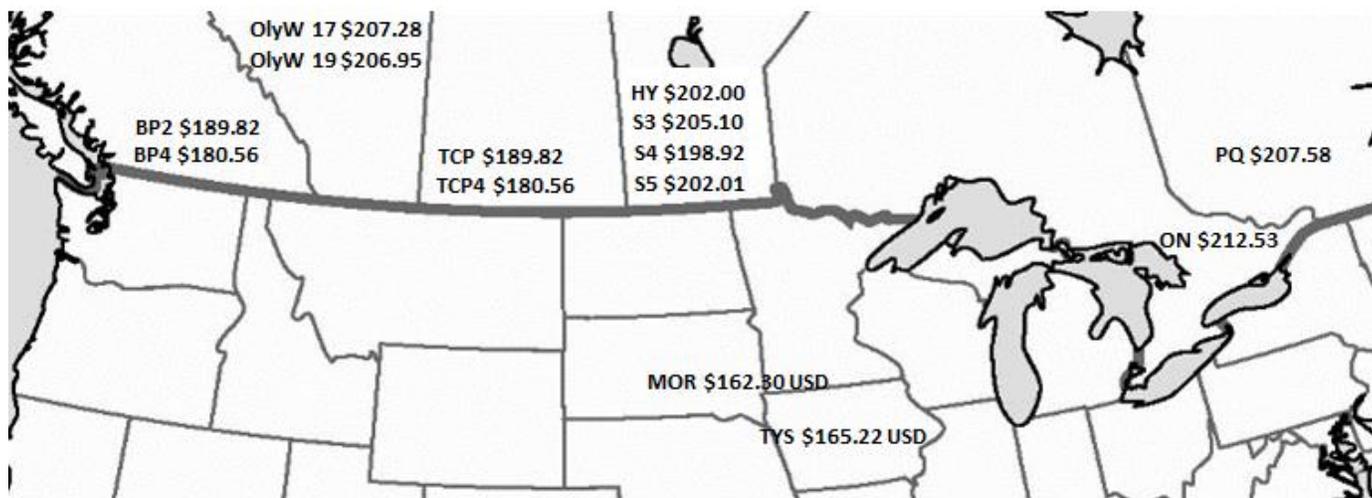
Cash Price	Weekly Averages		w/w	% Chg
	5-Apr-19	29-Mar-19		
ISM pm	\$76.68	\$75.08	\$1.60	2.1%
WCB pm	\$76.35	\$74.53	\$1.82	2.4%
Nat pm	\$75.68	\$73.40	\$2.27	3.1%
CME Index*	\$77.41	\$69.44	\$7.97	11.5%
BoC Exch	1.3350	1.3402	-0.0052	-0.4%

* Represents Friday-Thursday average

Monitored Canadian markets rose another \$10-\$29/hog higher this week, with those based off slaughter-based data generally rising on the higher end of that range. Lag pricing out of Thunder Creek rose the most, \$29/hog higher on the BP2/TCP, while the BP4/TCP rose \$21/hog. Values out of Quebec jumped \$27/hog, while those out of Ontario, the Sig 4 and the OlyW 19 were up closer to \$18/hog. The Sig 5 and OlyW 17 were up more than \$11/hog. In the US, values out of Tyson rose \$16 and JM climbed \$4/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
OlyW 2019	\$173.07		\$156.05		\$156.77		\$206.95	
OlyW 2017	\$170.63	-\$2.44	\$154.76	-\$1.29	\$155.67	-\$1.09	\$207.28	\$0.33
ML Sig 3	\$162.61	-\$10.46	\$144.29	-\$11.76	\$145.48	-\$11.29	\$205.10	-\$1.85
ML Sig 4	\$174.04	\$0.97	\$157.95	\$1.90	\$158.43	\$1.67	\$198.92	-\$8.03
ML Sig 5	\$168.34	-\$4.73	\$151.12	-\$4.93	\$151.96	-\$4.81	\$202.01	-\$4.94
BP2/TCP **	\$166.70	-\$6.37	\$146.21	-\$9.83	\$146.95	-\$9.81	\$189.82	-\$17.12
BP4/TCP4 **	\$173.14	\$0.07	\$153.81	-\$2.24	\$154.05	-\$2.72	\$180.56	-\$26.39
Hylife	\$175.09	\$2.02	\$159.42	\$3.37	\$159.96	\$3.19	\$202.00	-\$4.94
Ontario	\$179.08	\$6.01	\$160.09	\$4.04	\$160.91	\$4.14	\$212.53	\$5.59
Québec	\$179.08	\$6.01	\$157.53	\$1.49	\$158.18	\$1.41	\$207.58	\$0.64
Tyson (USD)	\$138.33	-\$34.74	\$120.33	-\$35.72	\$121.46	-\$35.31	\$165.22	-\$41.72
John Morrell (USD)	\$131.60	-\$41.47	\$115.38	-\$40.67	\$116.38	-\$40.38	\$162.30	-\$44.64

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

Strength in cash hog markets in the last month have supported hog margins to levels not seen since late July of last year. Canadian farrow-to-finish feed costs further helped improve margins with costs down \$1/hog, while those in the monitored US region declined \$0.60/hog.

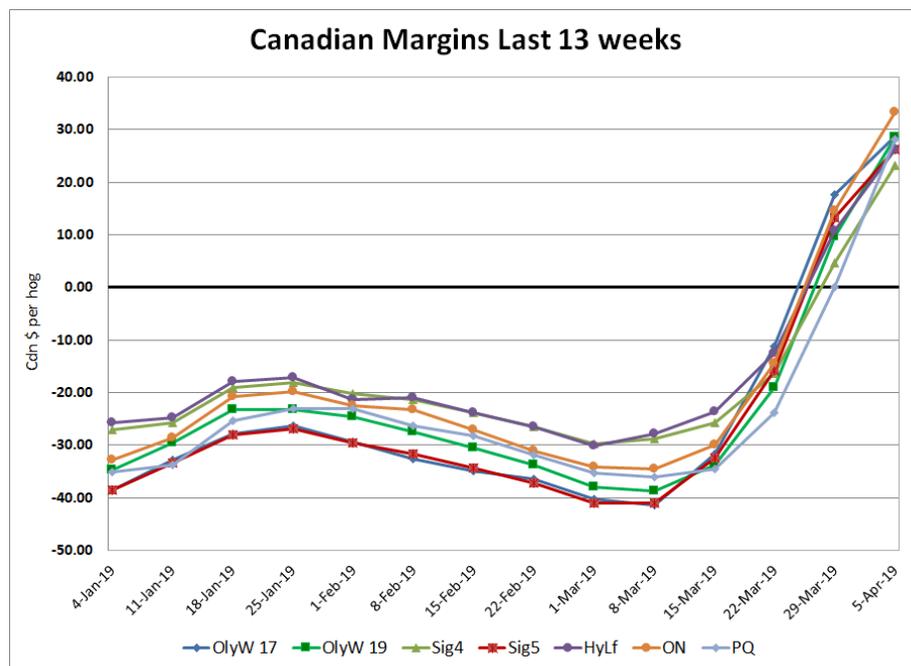
Hog margins were the strongest out of Quebec, strengthening \$28/hog, while the OlyW 19, the Sig 4 and margins calculated out of Ontario improved \$19/hog. The OlyW 17 strengthened \$11/hog from the previous week. In the US, Tyson margins were calculated \$17.50/hog stronger and JM margins strengthened short of \$5/hog.

Regional MARGINS, \$/hog						
Packer/Region	5-Apr-19	Farrow to Finish			Total	Weekly Margin
	Hog Price	Feed*	Variable	Fixed	COP	
OlyW 17/Alberta	\$207.28	\$118.98	\$39.45	\$20.05	\$178.48	\$28.80
OlyW 19/Alberta	\$206.95	\$118.98	\$39.45	\$20.05	\$178.48	\$28.47
ML Sig 4/Manitoba	\$198.92	\$116.72	\$39.54	\$19.55	\$175.81	\$23.11
ML Sig 5/Manitoba	\$202.01	\$116.72	\$39.54	\$19.55	\$175.81	\$26.20
Hylife/Manitoba	\$202.00	\$116.73	\$39.54	\$19.55	\$175.82	\$26.18
Ontario	\$212.53	\$114.66	\$40.71	\$23.76	\$179.13	\$33.40
Québec	\$207.58	\$117.35	\$40.50	\$21.65	\$179.50	\$28.08
Tyson (USD)/Iowa	\$165.22	\$80.87	\$28.70	\$16.57	\$126.14	\$39.08
John Morrell (USD)/ND	\$162.30	\$78.96	\$28.70	\$16.57	\$124.23	\$38.07

* Feed costs standardized for a 285 pound market hog

US Regional Margins

- Tyson \$ 39.08 USD X 1.3350 = \$ 52.17 in Canadian Dollars
- Morrell \$ 38.07 USD X 1.3350 = \$ 50.82 in Canadian Dollars



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