



Weekly Regional HOG PRICE Report



April 23, 2019

Things to Consider....

As lean hog futures in the nearby summer months appear to take a small breather, deferred months like Oct and Dec continue to price in significant premiums associated with projections for increased exports later in 2019.

Pork Cut-out vales illustrated to the right indicate pork continue to move seasonally higher and is tracking a very similar pattern to 2013. In that year the preliminary impacts of PED were beginning to take effect with the obvious big impact not coming until 2014.

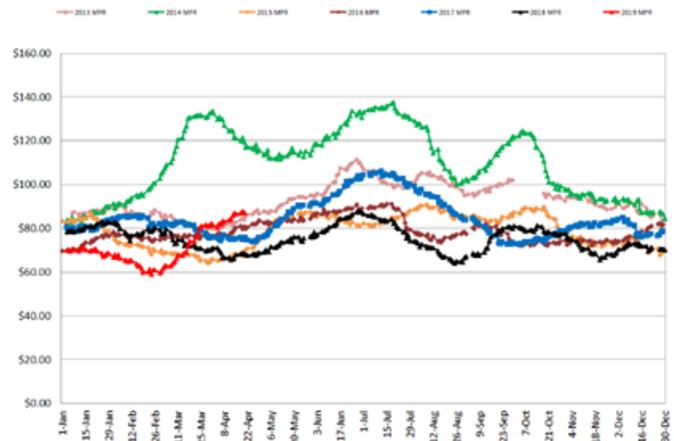
The USDA National Carlot Pork Report shown here shows that pork value in 2019 (red line) are the second highest levels seen in the past decade.

And although slaughter and pork production continue to come in at record levels, prices are trading steady to firm, which is very typical for this time of year.

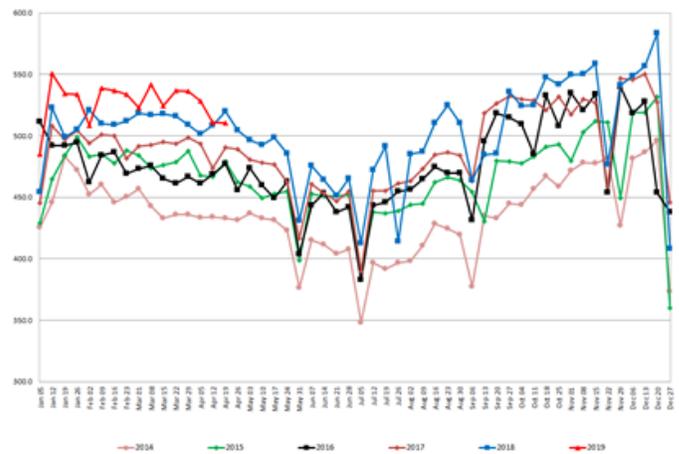
If pork values continue to move in the right direction further strength is expected in cash markets which will provide strong pricing options for producers who may not have had the opportunity to contract any production.

For any producers still able to forward contract production for the 4th quarter of 2019, it is recommended to have 50% of production hedged for that periods are risks still exist based on what is expected to be the largest slaughter and production quarter experienced in US history.

USDA National Carlot Pork Report



US Weekly Pork Production (Million Pounds)



US Weekly Pork Production (Million Pounds)



Weekly Hog Price Recap

Regional and national cash hogs were primarily higher throughout the week, with only Wednesday reported modestly lower amid the weakest daily bid volume in the last week. Cash bid volume was generally considered moderate. CME cash by comparison reported daily gains throughout, however day-to-day moves were more moderate in value. Wholesale pork values reported another strong week, as all primals improved bringing pork cutout \$3.04/cwt higher than the previous week's average.

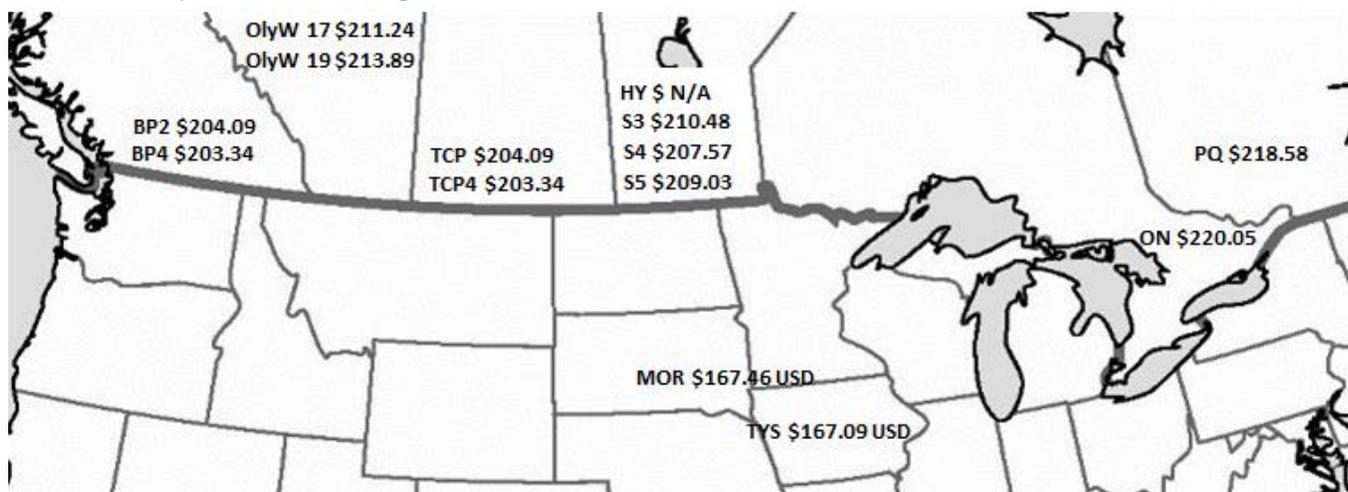
Cash Price	Weekly Averages		w/w	% Chg
	19-Apr-19	12-Apr-19		
ISM pm	\$79.19	\$76.40	\$2.79	3.7%
WCB pm	\$78.83	\$75.72	\$3.11	4.1%
Nat pm	\$77.93	\$75.56	\$2.37	3.1%
CME Index*	\$80.26	\$79.11	\$1.15	1.5%
BoC Exch	1.3357	1.3335	0.0022	0.2%

* Represents Friday-Thursday average

Monitored Canadian hog markets were generally \$2-6/hog higher on stronger US cash hog markets and the firming BoC exchange. Markets derived from regional pricing improved the most, with the Sig 3 up nearly \$6/hog to pull the Sig 5 more than \$4.50/hog higher from a week earlier. The OlyW 17 was also up more than \$4/hog. The OlyW 19, Sig 4 and values out of Ontario were up near \$3.50/hog, while those out of Quebec were up more than \$2.50/hog. In the US, Tyson values were up only modestly while JM values improved near \$6.50/hog.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW '19	2019 YTD	Difference to OlyW '19	Last 13 weeks	Difference to OlyW '19	Ending 19-Apr-19	Difference to OlyW '19
OlyW 2019	\$173.55		\$163.05		\$165.80		\$213.89	
OlyW 2017	\$171.09	-\$2.46	\$161.55	-\$1.50	\$164.84	-\$0.96	\$211.24	-\$2.64
ML Sig 3	\$163.12	-\$10.43	\$152.19	-\$10.86	\$156.16	-\$9.64	\$210.48	-\$3.41
ML Sig 4	\$174.44	\$0.89	\$163.94	\$0.89	\$166.30	\$0.50	\$207.57	-\$6.31
ML Sig 5	\$168.79	-\$4.76	\$158.06	-\$4.99	\$161.23	-\$4.57	\$209.03	-\$4.86
BP2/TCP **	\$167.12	-\$6.43	\$153.30	-\$9.75	\$156.30	-\$9.50	\$204.09	-\$9.80
BP4/TCP4 **	\$173.47	-\$0.09	\$159.68	-\$3.37	\$161.67	-\$4.13	\$203.34	-\$10.54
Hylife	\$175.30	\$1.75	\$162.54	-\$0.51	\$164.45	-\$1.35		
Ontario	\$179.56	\$6.01	\$167.38	\$4.33	\$170.57	\$4.77	\$220.05	\$6.16
Québec	\$179.53	\$5.98	\$165.00	\$1.95	\$168.05	\$2.25	\$218.58	\$4.70
Tyson (USD)	\$138.70	-\$34.86	\$126.20	-\$36.85	\$129.28	-\$36.52	\$167.09	-\$46.80
John Morrell (USD)	\$131.99	-\$41.56	\$121.49	-\$41.56	\$124.64	-\$41.16	\$167.46	-\$46.43

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

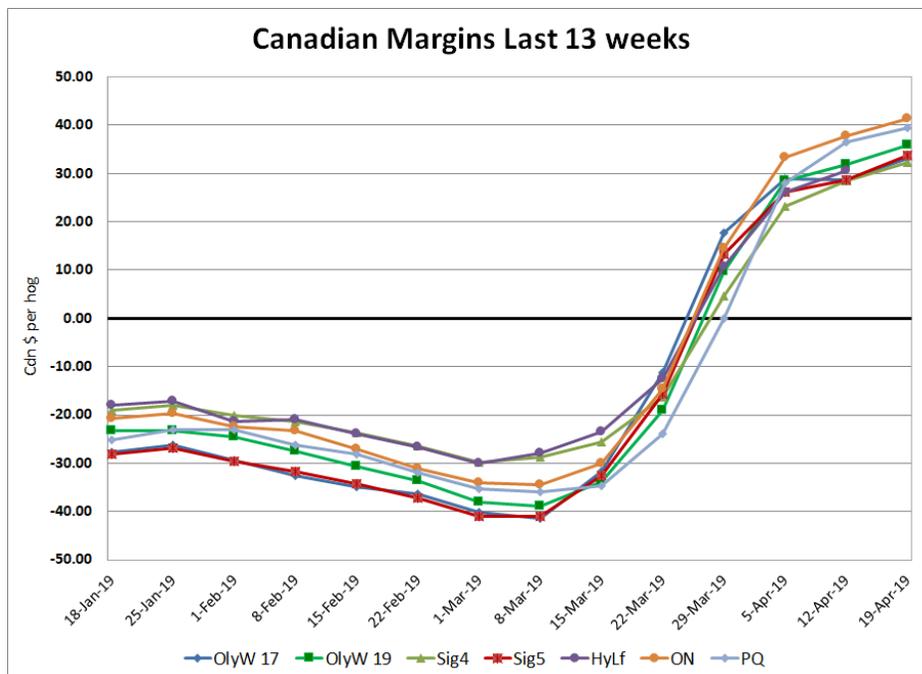
Another week of improvements on overall hog values helped strengthen margins again this week however have slowed in pace from the recent weeks of late March/early April. Canadian farrow-to-finish feed costs helped modestly with costs \$0.25/hog lower, while those in the monitored US regions were stable to slightly higher.

Hog margins based off the Sig 5 improved the most, up \$5/hog, followed closely by those calculated out of OlyW 17 which were up near \$4.50/hog. OlyW 19 and Sig 4 hog margins were up \$4/hog, while Quebec and Ontario margins improved \$3-\$3.50/hog. In the US, Tyson margins strengthened shy of \$1/hog while JM margins were calculated more than \$6/hog higher.

Regional MARGINS, \$/hog						
Packer/Region	19-Apr-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$211.24	\$118.55	\$39.45	\$20.05	\$178.05	\$33.19
OlyW 19/Alberta	\$213.89	\$118.55	\$39.45	\$20.05	\$178.05	\$35.84
ML Sig 4/Manitoba	\$207.57	\$116.29	\$39.54	\$19.55	\$175.38	\$32.19
ML Sig 5/Manitoba	\$209.03	\$116.29	\$39.54	\$19.55	\$175.38	\$33.65
Hylife/Manitoba		\$116.30	\$39.54	\$19.55	\$175.39	
Ontario	\$220.05	\$114.23	\$40.71	\$23.76	\$178.70	\$41.35
Québec	\$218.58	\$116.92	\$40.50	\$21.65	\$179.07	\$39.51
Tyson (USD)/Iowa	\$167.09	\$81.17	\$28.70	\$16.57	\$126.44	\$40.65
John Morrell (USD)/ND	\$167.46	\$79.26	\$28.70	\$16.57	\$124.53	\$42.93

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 40.65 USD X 1.3357 = \$ 54.30 in Canadian Dollars
 Morrell \$ 42.93 USD X 1.3357 = \$ 57.34 in Canadian Dollars



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