



# Weekly Regional HOG PRICE Report



April 4, 2019

## Things to Consider....

Late last week the USDA released estimates for the Quarterly Hogs and Pigs report with the major categories coming in roughly 2% above 2018, in line with analysts' pre-report estimates.

All Hogs & Pigs as reported were 1,548 thousand head over the figure reported for March last year, up 2.1%. From the previous quarter, the category was reported 254 thousand head or 0.3% lower than in December in a move that is typical headed into March. Kept for Breeding rose 139 thousand or 2.2% over March 2018, and 23 thousand head the figure reported for December 1st. Market hogs increased 2.1% or 1,410 thousand head from last year, however declined 276 thousand head from the previous quarter. The March pig crop climbed 2.8% or 898 thousand head over last year, and 979 thousand under the figure reported this past December.

The numbers released in the report were considered neutral to bearish as total pigs reached a new record high for US production in the first quarter. This report was viewed as neutral to slightly bearish given the current expected demand situation later in 2019. It is important to note however that if the current projected demand situation was not present this report would have been labelled as bearish due to ongoing expansion of the breeding herd and continuous improvement of the overall production volumes.

All the market's strength is being placed on the projection of massive exports to China and other countries impacted by the spread of ASF. Although the spread of the disease can be somewhat quantified, there remains some level of uncertainty around export volumes and value. Hog producers in North America and particularly Canada are currently seeing the benefits of projected export increases and until further information is provided saying otherwise the year ahead appears to provide above average market prices. Producers are encouraged to secure some of their production profits with the use of forward contracting but should also leave some on the cash market to participate in what could be some record pricing later this year.

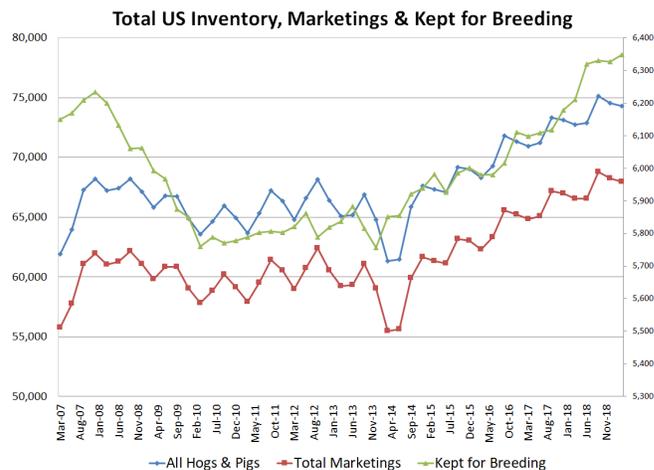
Quarterly H&P - Mar 2019	2018	2019	%19/18
<b>All Hogs and Pigs</b>	<b>72,748</b>	<b>74,296</b>	<b>102.1%</b>
<b>Kept for Breeding</b>	<b>6,210</b>	<b>6,349</b>	<b>102.2%</b>
<b>Market Hogs</b>	<b>66,538</b>	<b>67,948</b>	<b>102.1%</b>

Mkt hog Wt. Groups	2018	2019	%19/18
<b>Under 50 pounds</b>	<b>20,942</b>	<b>21,456</b>	<b>102.5%</b>
<b>50-119 pounds</b>	<b>18,212</b>	<b>18,639</b>	<b>102.3%</b>
<b>120-179 pounds</b>	<b>14,996</b>	<b>15,268</b>	<b>101.8%</b>
<b>180 pounds and over</b>	<b>12,387</b>	<b>12,585</b>	<b>101.6%</b>

<b>Dec-Feb Pig Crop</b>	<b>32,101</b>	<b>32,999</b>	<b>102.8%</b>
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<b>Dec-Feb Pigs per Litter</b>	<b>10.58</b>	<b>10.70</b>	<b>101.1%</b>
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Sows Farrowing	2018	2019	%19/18
<b>'18-'19 Dec-Feb</b>	<b>3,034</b>	<b>3,084</b>	<b>101.6%</b>
<b>'19 Mar-May</b>	<b>3,100</b>	<b>3,119</b>	<b>100.6%</b>
<b>'19 Jun-Aug</b>	<b>3,200</b>	<b>3,191</b>	<b>99.7%</b>



## August 2019 Lean Hogs



# Weekly Hog Price Recap

Regional and national cash hog pricing pushed higher another consecutive week on generally moderate cash bid volume which peaked Tuesday. Cash hogs reported daily increases most of the week, however lighter at the end of the week and Friday reported lower on the lightest bid volume of the week. CME cash however rose shy \$2 to almost \$2.50/cwt daily during the previous 5 business days. Strength in wholesale pork primals supported cash hog values, with all primals higher to bring pork cutout \$6.16/cwt over the previous week's average.

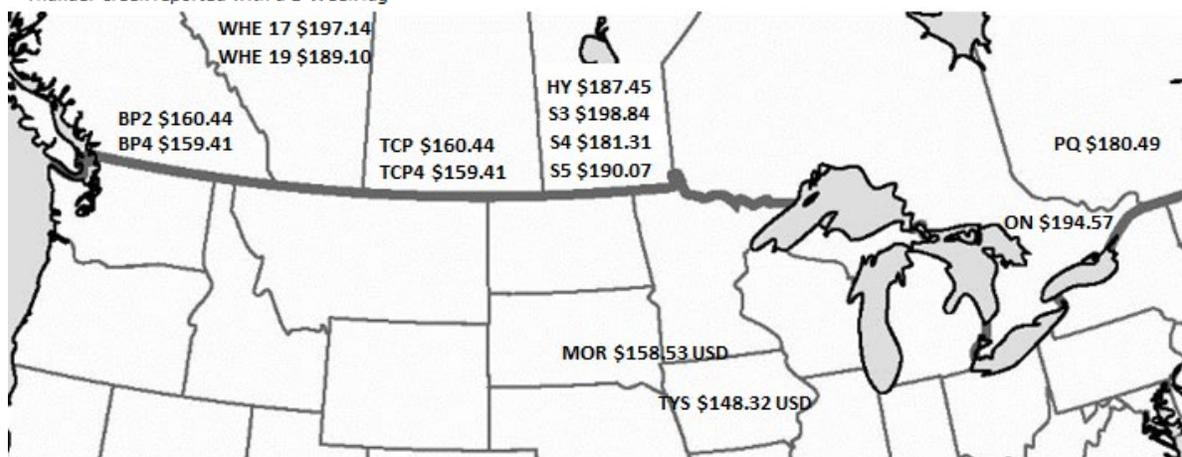
Cash Price	Weekly Averages		w/w	% Chg
	29-Mar-19	22-Mar-19		
ISM pm	\$75.08	\$62.84	\$12.23	19.5%
WCB pm	\$74.53	\$62.23	\$12.30	19.8%
Nat pm	\$73.40	\$60.76	\$12.64	20.8%
CME Index*	\$69.44	\$59.29	\$10.15	17.1%
BoC Exch	1.3402	1.3346	0.0056	0.4%

\* Represents Friday-Thursday average

Monitored Canadian markets surged \$18-\$29/hog higher from a week earlier, with those derived from the 201-report up on the lower end of that range. Both the WHE 17 & 19 surged \$29/hog from a week earlier, as did the ML Sig 5 and values out of Ontario. Hylife and Quebec reported hog values \$24/hog stronger on the week, while the ML Sig 4 rose \$21/hog. BP2/TC increased \$18/hog while the BP4/TCP4, which is reported on a week lag, rose near \$11/hog. In the US, Tyson values jumped \$25/hog while JM values improved \$25.50/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018/19 Difference		Last 13 weeks	Difference to WHE	Ending 29-Mar-19	Difference to WHE
	3 Year	to WHE	YTD	to WHE				
WHE 2017	\$170.44		\$162.79		\$150.72		\$197.14	
WHE 2019	\$172.87	\$2.44	\$164.69	\$1.90	\$152.13	\$1.42	\$189.10	-\$8.04
ML Sig 3	\$162.40	-\$8.04	\$152.35	-\$10.44	\$139.61	-\$11.11	\$198.84	\$1.70
ML Sig 4	\$173.89	\$3.46	\$166.74	\$3.95	\$154.80	\$4.08	\$181.31	-\$15.83
ML Sig 5	\$168.16	-\$2.28	\$159.55	-\$3.25	\$147.20	-\$3.51	\$190.07	-\$7.07
BP2/TCP4 **	\$166.59	-\$3.85	\$158.72	-\$4.08	\$142.86	-\$7.86	\$160.44	-\$36.70
BP4/TCP4 **	\$173.12	\$2.69	\$165.63	\$2.84	\$151.75	\$1.04	\$159.41	-\$37.73
Hylife	\$174.93	\$4.50	\$167.64	\$4.85	\$156.15	\$5.43	\$187.45	-\$9.69
Ontario	\$178.89	\$8.46	\$170.23	\$7.44	\$156.05	\$5.33	\$194.57	-\$2.57
Québec	\$178.93	\$8.49	\$169.85	\$7.06	\$153.68	\$2.97	\$180.49	-\$16.65
Tyson (USD)	\$138.16	-\$32.28	\$130.78	-\$32.01	\$116.83	-\$33.89	\$148.32	-\$48.82
John Morrell (USD)	\$131.43	-\$39.00	\$123.59	-\$39.20	\$111.77	-\$38.94	\$158.53	-\$38.61

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



# Weekly Hog Margins

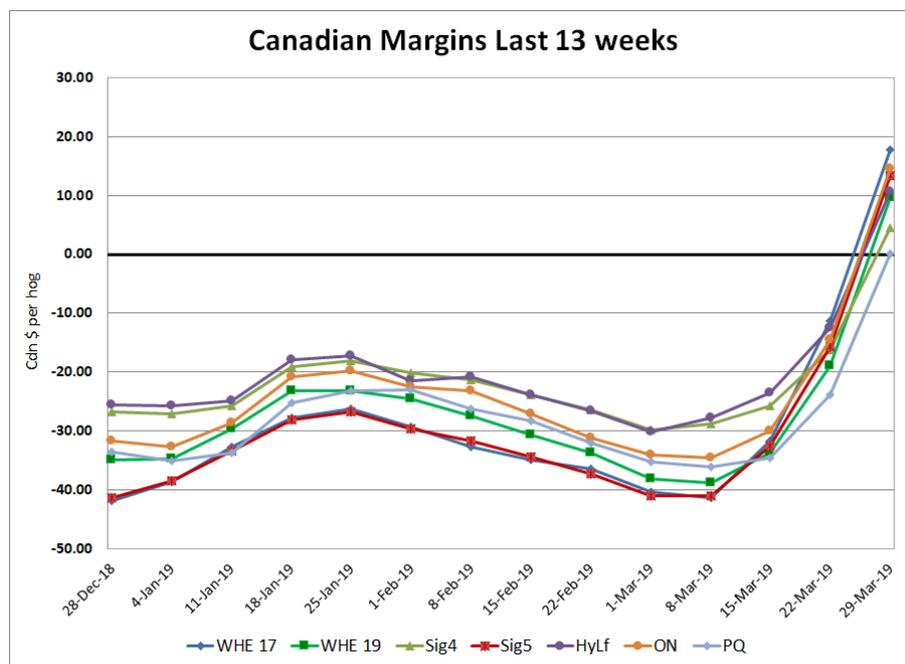
Recent improvements of the last three weeks in cash hog values have strengthened monitored hog margins into the black for the first time since Oct. Canadian farrow-to-finish feed costs inched \$0.30/hog higher while those in the US edged \$0.20/hog lower from a week earlier.

Hog margins out of the WHE 17, WHE 19, ML Sig 5 and Ontario each calculated margins \$29/hog stronger. Margins out of Hylife and Quebec improved near \$23/hog, while the Sig 4 hog margins improved near \$21/hog. In the US, Tyson and JM margins strengthened \$26/hog.

Regional MARGINS, \$/hog						
Packer/Region	29-Mar-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE17/Alberta	\$197.14	\$119.91	\$39.45	\$20.05	\$179.41	\$17.73
WHE 19/Alberta	\$189.10	\$119.91	\$39.45	\$20.05	\$179.41	\$9.69
ML Sig 4/Manitoba	\$181.31	\$117.65	\$39.54	\$19.55	\$176.74	\$4.57
ML Sig 5/Manitoba	\$190.07	\$117.65	\$39.54	\$19.55	\$176.74	\$13.33
Hylife/Manitoba	\$187.45	\$117.66	\$39.54	\$19.55	\$176.75	\$10.70
Ontario	\$194.57	\$115.59	\$40.71	\$23.76	\$180.06	\$14.51
Québec	\$180.49	\$118.28	\$40.50	\$21.65	\$180.43	\$0.06
Tyson (USD)/Iowa	\$148.32	\$81.49	\$28.70	\$16.57	\$126.76	\$21.56
John Morrell (USD)/ND	\$158.53	\$79.58	\$28.70	\$16.57	\$124.85	\$33.68

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 21.56 USD X 1.3402 = \$ 28.89 in Canadian Dollars  
 Morrell \$ 33.68 USD X 1.3402 = \$ 45.14 in Canadian Dollars



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