



# Weekly Regional HOG PRICE Report



December 11, 2018

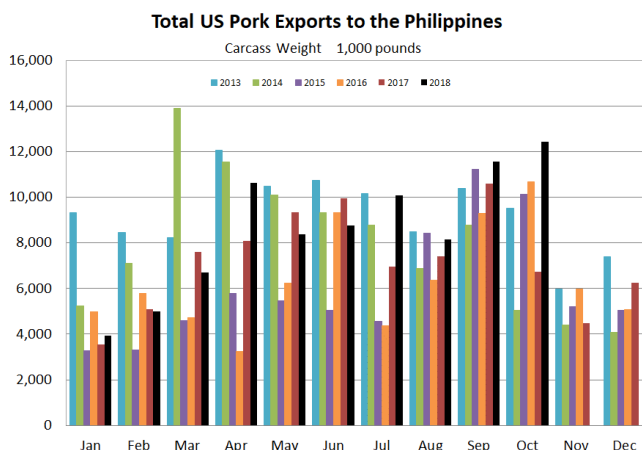
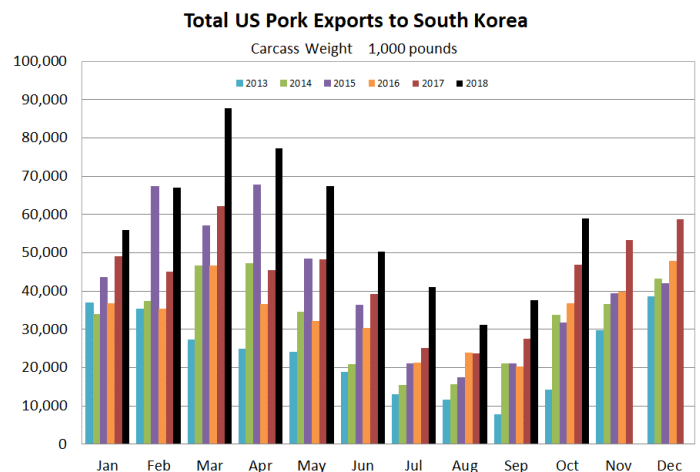
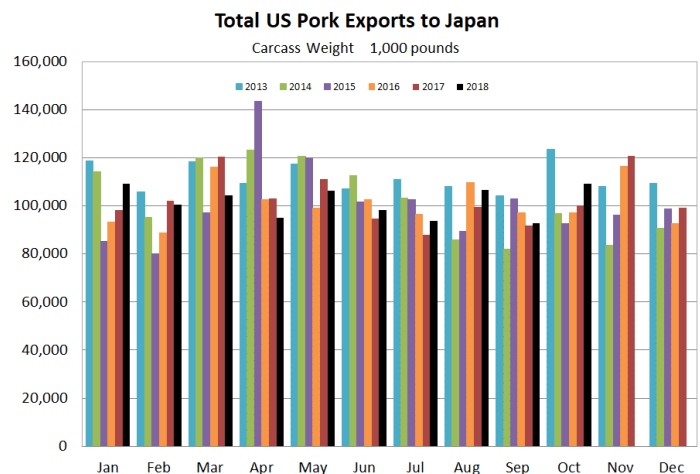
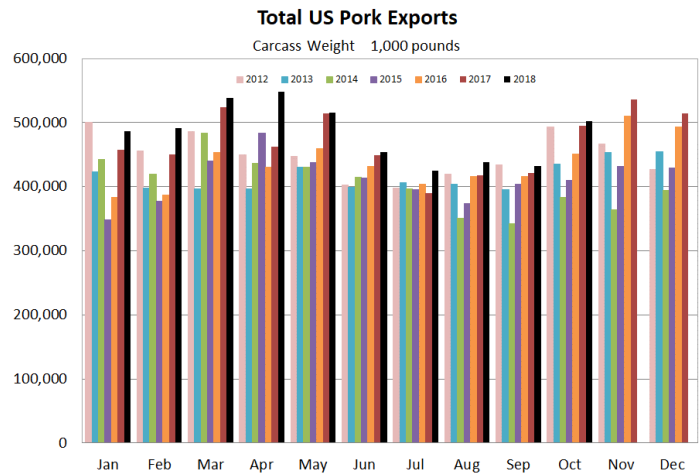
## Things to Consider....

Late last week the USDA released Monthly US Pork export numbers and as expected volumes increased seasonally over the previous month (Sep) and once again came in higher than year ago levels for the 15<sup>th</sup> consecutive month.

Total US pork exports reached 501.944 Million pounds, one of only 8 months in the last 7 years to top the 500 Million pound mark. Notable export gains in countries like the Philippines, South Korea and renewed interest from Japan were more than enough to overcome minor losses in Canada, Mexico and China.

Expectations are for exports to continue at a robust pace, based on weekly data, offering underlying support to the lean hog futures market into 2019. However, for the remainder of 2018 high slaughter numbers and abundant pork supplies are going to continue to keep cash markets under wraps. Producers should expect to see a bottom in the cash hog market in the next week or so as seasonality is soon to kick in.

Lean hog futures peaked on Nov 23<sup>rd</sup> and have since traded mostly sideways with little change from the high registered a couple weeks ago. Most contracts are only \$1 from their top which still provides excellent hedging opportunities for producers. Producers must remember that although most of the news being published recently can be considered positive long-term, the market will eventually run out of positive things to say, likely resulting in a correction to today's strong prices.



## Weekly Hog Price Recap

Cash hogs fell on continued ample supplies and were pressured by lower packer bids reportedly due to lessened retail demand ahead of the Christmas holidays. Regional and national cash hogs finished the week lower with weaker values reported the front half of the week, primarily Wednesday. CME cash was also reported lower, however lessened values were reported the latter half of the week. Cash hog bids were generally moderate, ending the week on the lighter side. Wholesale pork values reported stronger primals, pulling cutout \$3.44/cwt over a week earlier.

Cash Price	Weekly Averages		w/w	% Chg
	7-Dec-18	30-Nov-18		
ISM pm	\$47.71	\$49.32	-\$1.61	-3.3%
WCB pm	\$47.63	\$49.22	-\$1.58	-3.2%
Nat pm	\$48.22	\$49.77	-\$1.55	-3.1%
CME Index*	\$56.26	\$56.88	-\$0.62	-1.1%
BoC Exch	1.3293	1.3279	0.0014	0.1%

\* Represents Friday-Thursday average

Canadian hog markets were generally \$1-\$3/hog lower. Markets based off regional pricing, such as the WHE and ML Sig 5, as well as pricing out of Quebec were each down near \$2/hog. In the prairies, 201-derived pricing pushed markets \$1/hog lower. Further east, Ontario saw values decline \$1.50/hog. In the US, Tyson values declined more than \$1/hog while those out of JM fell more than \$3/hog.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to WHE	2018 YTD	Difference to WHE	Last 13 weeks	Difference to WHE	Ending 07-Dec-18	Difference to WHE
WHE 2017	\$172.04		\$167.34		\$158.00		\$145.03	
WHE 2019							\$148.78	\$3.75
ML Sig 3	\$164.55	-\$7.49	\$157.47	-\$9.87	\$147.33	-\$10.67	\$130.06	-\$14.97
ML Sig 4	\$175.07	\$3.03	\$170.76	\$3.43	\$163.21	\$5.21	\$154.46	\$9.43
ML Sig 5	\$169.82	-\$2.22	\$164.12	-\$3.22	\$155.27	-\$2.73	\$142.27	-\$2.76
Thunder Creek **	\$168.05	-\$3.99	\$164.07	-\$3.26	\$153.08	-\$4.91	\$144.09	-\$0.94
Hylife	\$176.12	\$4.08	\$171.57	\$4.24	\$163.80	\$5.81	\$155.00	\$9.97
Ontario	\$180.41	\$8.37	\$175.12	\$7.78	\$166.14	\$8.15	\$154.33	\$9.30
Québec	\$178.79	\$6.75	\$173.43	\$6.09	\$163.41	\$5.41	\$152.46	\$7.43
Tyson (USD)	\$139.23	-\$32.81	\$135.84	-\$31.50	\$125.72	-\$32.28	\$114.57	-\$30.46
John Morrell (USD)	\$132.69	-\$39.35	\$128.33	-\$39.00	\$118.92	-\$39.08	\$102.58	-\$42.45

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



# Weekly Hog Margins

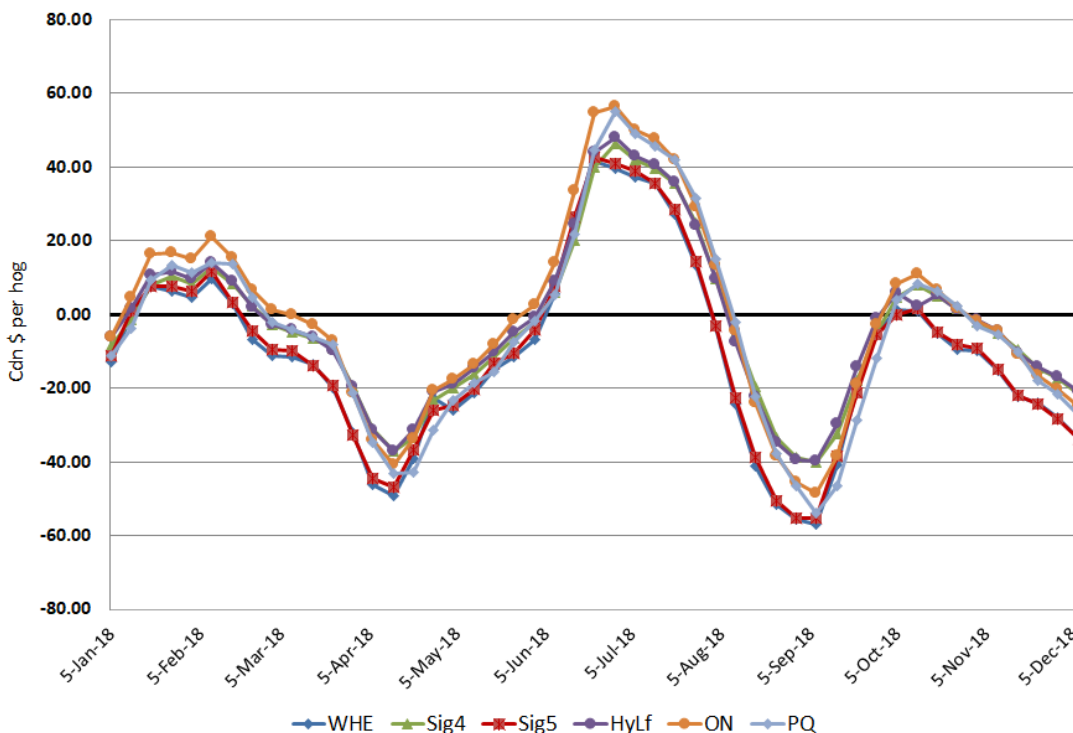
Rising feed costs coupled with falling hog values pressured hog margins again this week, dragging hog margins to a 12-week low. Farrow to finish feed costs jumped more than \$3/hog north of the border, while those in monitored US regions climbed shy of \$2/hog. Monitored Canadian hog margins weakened \$4-\$5.50/hog with the WHE, Sig 5 and margins calculated out of Quebec down the most. Other Canadian hog margins based off 201-based pricing were \$4-\$4.50/hog lower. In the US, Tyson margins fell \$3/hog while JM hog margins were calculated \$5/hog lower.

Regional MARGINS, \$/hog						
Packer/Region	7-Dec-18	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE/Alberta	\$145.03	\$119.15	\$39.45	\$20.05	\$178.65	-\$33.62
ML Sig 4/Manitoba	\$154.46	\$116.89	\$39.54	\$19.55	\$175.98	-\$21.52
ML Sig 5/Manitoba	\$142.27	\$116.89	\$39.54	\$19.55	\$175.98	-\$33.71
Thunder Creek/SK	\$144.09		N/A			N/A
Hylife/Manitoba	\$155.00	\$116.90	\$39.54	\$19.55	\$175.99	-\$20.99
Ontario	\$154.33	\$114.83	\$40.71	\$23.76	\$179.30	-\$24.97
Québec	\$152.46	\$117.52	\$40.50	\$21.65	\$179.67	-\$27.21
Tyson (USD)/Iowa	\$114.57	\$83.73	\$28.70	\$16.57	\$129.00	-\$14.43
John Morrell (USD)/ND	\$102.58	\$81.82	\$28.70	\$16.57	\$127.09	-\$24.51

\* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (14.43) USD X 1.3293 = \$ (19.18) in Canadian Dollars  
 Morrell \$ (24.51) USD X 1.3293 = \$ (32.58) in Canadian Dollars

## Canadian Margins 2018 Year to Date



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