



Weekly Regional HOG PRICE Report



December 25, 2018

Things to Consider....

Wishing everyone a very Merry Christmas and All the Best in 2019

The USDA's Quarterly Hogs & Pigs report was released Thursday, December 20th. The latest from the USDA reported nearly all categories under the average analysts' pre-report estimates, which suggested that the market expected to see more growth over all hog inventories. The results of the report have been termed market-friendly due to the expected growth not transpiring on the latest report.

All Hogs & Pigs increased 1,405 thousand head from December last year however declined moderately from September, down 391 thousand. This brought the category 1.9% over last year and half a percent under the previous report in September. The 5-year average from the September to December report is a 0.2% decline, however the change is distorted due to a significant rise reported in 2014 (+2.7%). Excluding 2014, the 5-year average was a 0.9% decline. **Kept for Breeding** increased 147,000 head or +2.4% from last year, very near expectations, and fell 4 thousand or -0.1% from last reported in September. **Market hog** inventories grew 1,258 thousand head from last year to come in +1.9% over last year, and -0.6% from the previous quarter.

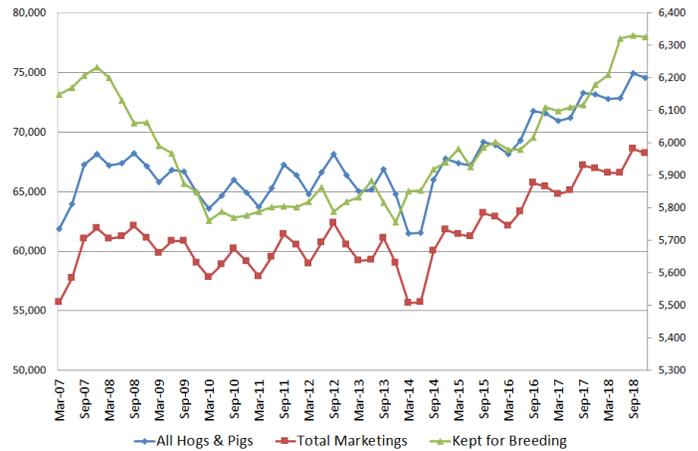
Pigs per litter shown in the graph below were expected to increase 1% over last year's figure, however only edged 0.2% over Dec of last year. The pig crop rose 2.0% from last year, which was 1.5% under pre-report estimates. Sow farrowing is also reported higher, up 1.5%-2.5% through to May with the next quarter up 2.5% and another 1.5% anticipated into the spring.

Lean hog futures edged slightly higher on Friday following the release of the latest US hog numbers but pulled back on Monday during a holiday shortened trading session.

Spring and summer futures for 2019 continue to trade under the highs reached during the 3rd week in November but appear to have found some underlying support. Hog producers should view any upside in the market as a hedging opportunity to reduce risk for the next production Year.

Quarterly H&P - Dec 2018		2017	2018	Est	%18/17	%Est-Act
All Hogs and Pigs		73,145	74,550	102.9%	101.9%	-1.0%
Kept for Breeding		6,179	6,326	102.6%	102.4%	-0.2%
Market Hogs		66,966	68,224	103.0%	101.9%	-1.1%
Mkt hog Wt. Groups						
Under 50 pounds		21,407	21,599	103.3%	100.9%	-2.4%
50-119 pounds		18,544	18,932	102.6%	102.1%	-0.5%
120-179 pounds		13,925	14,412	103.5%	103.5%	0.0%
180 pounds and over		13,089	13,282	102.2%	101.5%	-0.7%
Sep-Nov Pig Crop		33,328	33,978	103.5%	102.0%	-1.5%
Sep-Nov Pigs per Litter		10.74	10.76	101.0%	100.2%	-0.8%
Sows Farrowing						
'18	Sep-Nov	3,103	3,158	102.4%	101.8%	-0.6%
'18 / '19	Dec-Feb	3,034	3,110	102.0%	102.5%	0.5%
19	Mar-May	3,100	3,147	102.6%	101.5%	-1.1%

Total US Inventory, Marketings & Kept for Breeding



US Quarterly Pigs Per Litter



Weekly Hog Price Recap

Cash hogs fell this week despite mostly moderate cash bid volume, as packers didn't need to bid up to secure their limited holiday need for market-ready hogs. Pork cutout fell \$1.55/cwt on the week, dragged lower by a drop in ham and belly values despite other primals reporting firmer values.

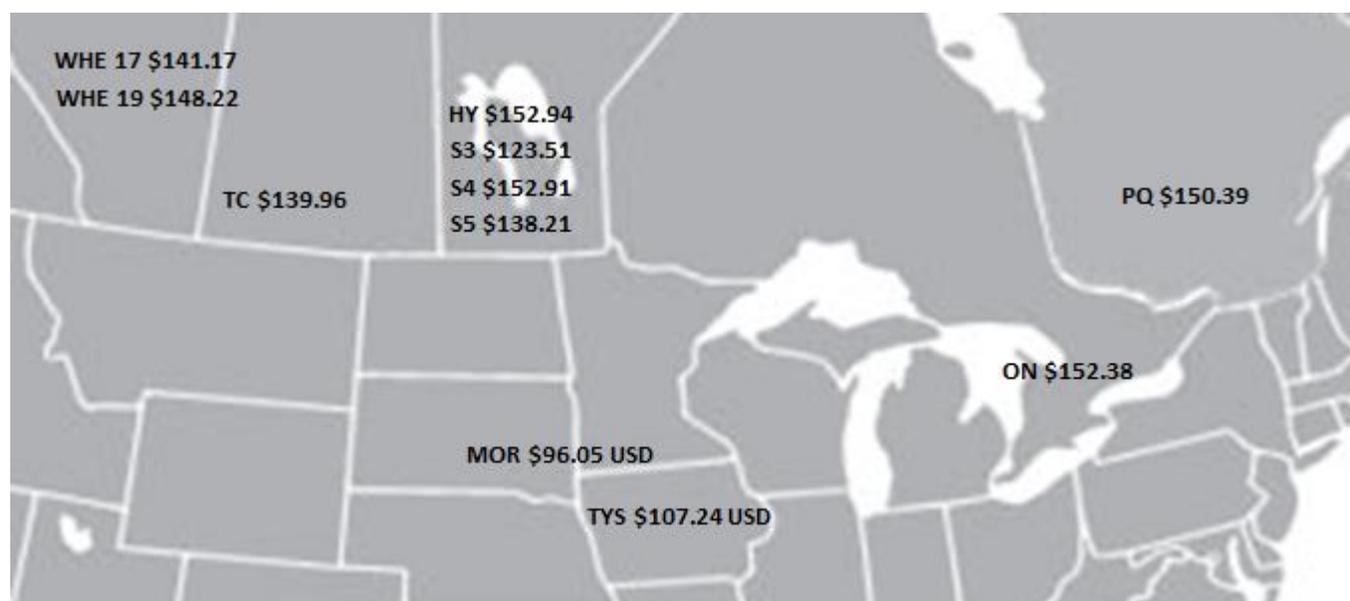
Cash Price	Weekly Averages		w/w	% Chg
	21-Dec-18	14-Dec-18		
ISM pm	\$44.58	\$46.37	-\$1.79	-3.9%
WCB pm	\$44.50	\$46.27	-\$1.77	-3.8%
Nat pm	\$45.23	\$46.68	-\$1.44	-3.1%
CME Index*	\$54.74	\$55.63	-\$0.89	-1.6%
BoC Exch	1.3473	1.3373	0.0100	0.7%

* Represents Friday-Thursday average

Monitored Canadian markets received some offset support from the improved rate of exchange, which strengthened throughout the week, however still finished the week lower. Generally, Canadian markets were \$1-\$2/hog lower regardless of the base pricing used. In the US, Tyson pricing declined \$3.25/hog while JM values fell \$3.50/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to WHE		Difference to WHE	Difference to WHE		Ending 21-Dec-18	Difference to WHE
WHE 2017	\$171.94		\$166.34		\$158.02		\$141.17	
WHE 2019							\$148.22	\$7.05
ML Sig 3	\$164.32	-\$7.62	\$156.19	-\$10.15	\$145.94	-\$12.08	\$123.51	-\$17.66
ML Sig 4	\$175.07	\$3.13	\$170.09	\$3.75	\$164.78	\$6.76	\$152.91	\$11.74
ML Sig 5	\$169.71	-\$2.23	\$163.14	-\$3.20	\$155.36	-\$2.66	\$138.21	-\$2.97
Thunder Creek **	\$168.04	-\$3.90	\$163.17	-\$3.17	\$155.74	-\$2.29	\$139.96	-\$1.22
Hylife	\$176.11	\$4.17	\$170.87	\$4.53	\$164.91	\$6.89	\$152.94	\$11.76
Ontario	\$180.37	\$8.42	\$174.25	\$7.91	\$167.63	\$9.61	\$152.38	\$11.21
Québec	\$178.76	\$6.82	\$172.56	\$6.22	\$165.96	\$7.94	\$150.39	\$9.21
Tyson (USD)	\$139.11	-\$32.83	\$134.78	-\$31.56	\$126.01	-\$32.01	\$107.24	-\$33.93
John Morrell (USD)	\$132.51	-\$39.43	\$127.14	-\$39.20	\$116.73	-\$41.29	\$96.05	-\$45.12

**Thunder Creek reported with a 1-Week lag



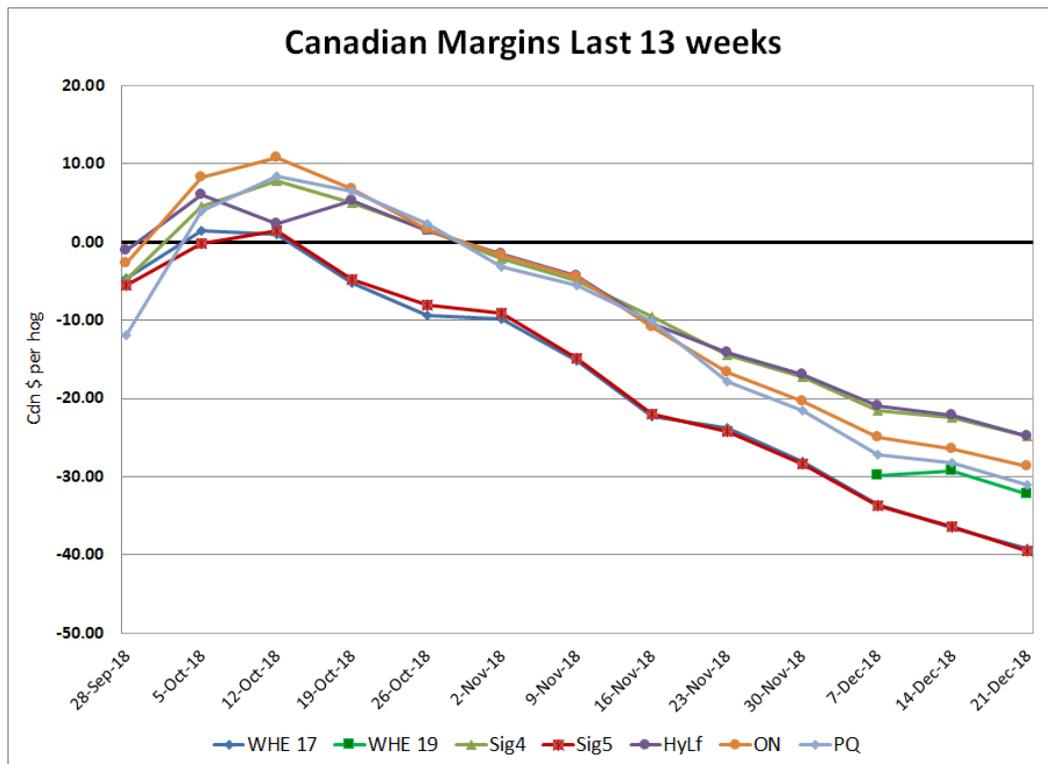
Weekly Hog Margins

Feed costs rose this week putting further pressure on hog margins, dragging margins to 14-week lows. Hog margins typically begin to improve in early January. Canadian farrow to finish feed costs rose 1.25/hog, while those in monitored US regions inched \$0.40/hog higher. Hog margins off the WHE 19 declined \$3/hog, with the WHE 17 down closer to \$2.75/hog. Other Canadian hog margins fell between \$2.25-\$2.80/hog. In the US, Tyson hog margins dropped \$3.65/hog while JM margins were calculated \$4/hog lower.

Regional MARGINS, \$/hog						
Packer/Region	21-Dec-18	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE17/Alberta	\$141.17	\$120.95	\$39.45	\$20.05	\$180.45	-\$39.28
WHE 19/Alberta	\$148.22	\$120.95	\$39.45	\$20.05	\$180.45	-\$32.23
ML Sig 4/Manitoba	\$152.91	\$118.69	\$39.54	\$19.55	\$177.78	-\$24.87
ML Sig 5/Manitoba	\$138.21	\$118.69	\$39.54	\$19.55	\$177.78	-\$39.57
Thunder Creek/SK	\$139.96	N/A				N/A
Hylife/Manitoba	\$152.94	\$118.70	\$39.54	\$19.55	\$177.79	-\$24.85
Ontario	\$152.38	\$116.63	\$40.71	\$23.76	\$181.10	-\$28.72
Québec	\$150.39	\$119.32	\$40.50	\$21.65	\$181.47	-\$31.08
Tyson (USD)/Iowa	\$107.24	\$84.17	\$28.70	\$16.57	\$129.44	-\$22.20
John Morrell (USD)/ND	\$96.05	\$82.26	\$28.70	\$16.57	\$127.53	-\$31.48

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (22.20) USD X 1.3473 = \$ (29.91) in Canadian Dollars
 Morrell \$ (31.48) USD X 1.3473 = \$ (42.41) in Canadian Dollars



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