



Weekly Regional HOG PRICE Report



February 12, 2019

Things to Consider....

Following nearly a month of delays due to government shut downs, US livestock and meat trade data reported November pork exports at 513,478 thousand pounds, a rise of 11.7 million pounds from last reported. US pork exports tend to increase from October into November, however, historically have trended lower into the final month of the year.

Good figures of US pork were exported to South Korea helping drive overall exports higher on the report, rising 17.0 million pounds for November. The volume of November US pork exports to South Korea reached the third highest monthly figure reported in 7 years, only surpassed by levels reported in March and April 2018.

Volumes to Australia and Canada also reported noticeable increases from those for October, up 7.7 and 5.0 million pounds respectively. China was among other countries to increase their pork imports from the US, however, continue at levels well below more recent historical years for this time (excluding 2014).

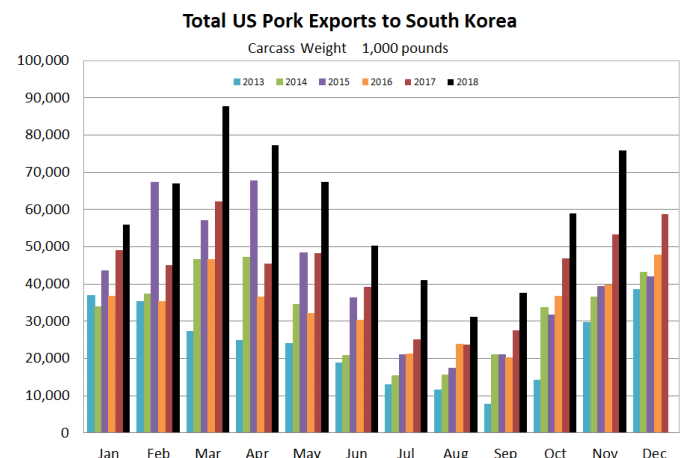
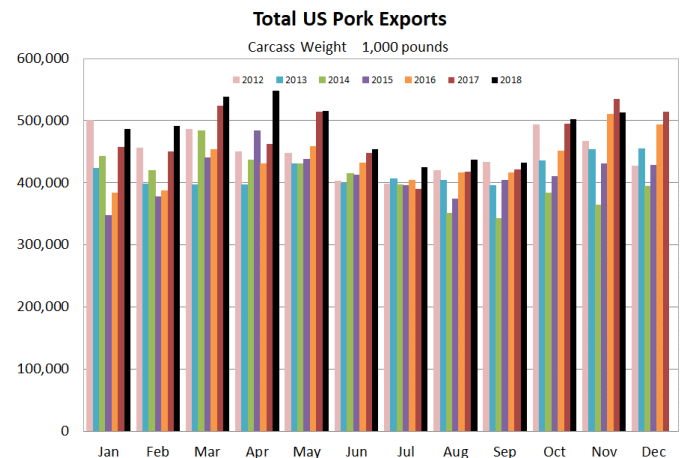
Tempering a portion of the report-over-report rise were declines to major destinations such as Mexico, the Philippines and Japan. Despite the increase in volume to Mexico, which was reported 11.2 million pounds higher for November, US pork levels to the country are well below the previous two years for this time. Levels to Japan are also well below those reported in 2017 & 2018 for this time, with the latest report stating a 6.1 million pounds decrease from October. Pork volume to the Philippines was reported 6.7 million pounds higher, however is generally inline with recent historical years for the fourth quarter. US pork exports to the Philippines accounted for a 54.0% drop from the high range reached a month earlier, with that figure the highest monthly volume reported for the country since March 2014.

Exports as a percent of monthly production for November decreased 4.3% to 23.5%, bringing the figure 1.6% under last year. Production for the weeks of November averaged 535.3 million pounds, up 700 thousand pounds on average per week from October.

With lean hog futures near contract lows, limited opportunities exist for forward contracting. Producers are encouraged to hold off adding to any current protection while also using up any previously placed contracts for deliveries in the coming weeks.

US Pork Exports (carcass weight, 1,000 pounds)						
Top 5 Countries	Nov-17	Oct-18	Nov-18	M/M%	Y/Y%	YTD/LYTD%
Australia	18,826	15,432	23,163	50.1%	23.0%	9.9%
Canada	45,912	43,105	48,128	11.7%	4.8%	-0.6%
Colombia	24,568	29,317	30,408	3.7%	23.8%	42.2%
China*	54,835	28,008	30,850	10.1%	-43.7%	12.8%
Japan	120,676	109,193	103,108	-5.6%	-14.6%	-1.0%
Mexico	161,851	151,639	140,441	-7.4%	-13.2%	-0.4%
South Korea	53,383	58,851	75,863	28.9%	42.1%	39.4%
All US Pork Exports	535,433	501,944	513,478	2.3%	-4.1%	4.4%

*Includes Mainland, Hong Kong & Taiwan



Weekly Hog Price Recap

Cash hog pricing declined throughout most of the week. Regional and national cash hogs declined the most, with daily CME cash weakening more modestly overall. Cash hog bid volume was generally considered moderate throughout the week. Wholesale pork primals were weaker across the board, dragging pork cutout \$1.86/cwt lower on the week.

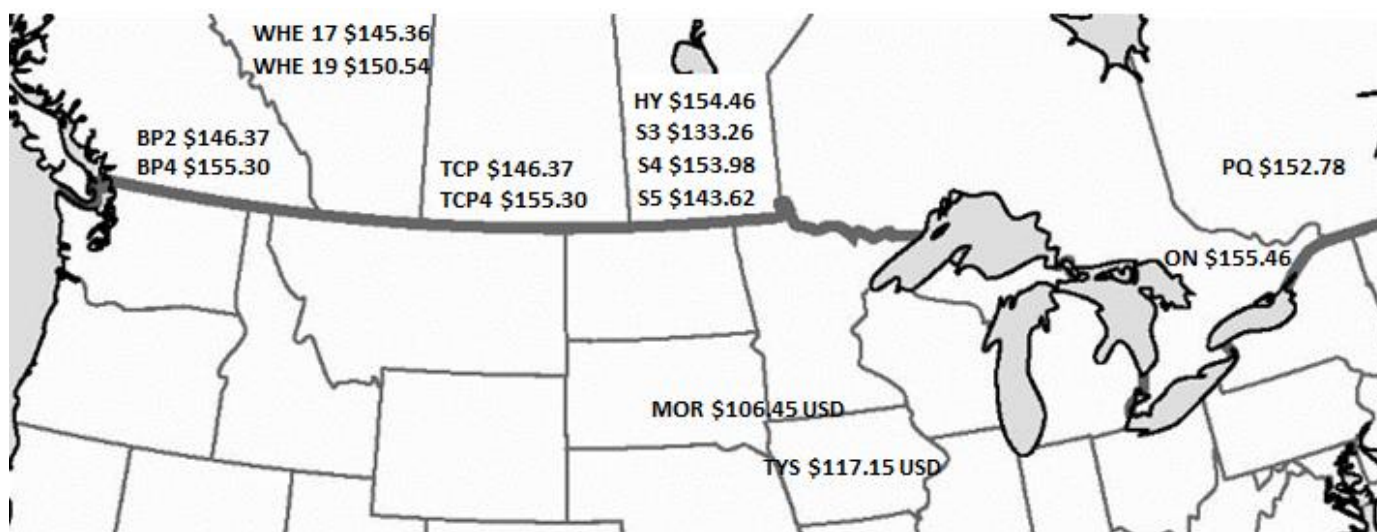
Cash Price	Weekly Averages		w/w	% Chg
	8-Feb-19	1-Feb-19		
ISM pm	\$49.42	\$50.97	-\$1.56	-3.1%
WCB pm	\$49.50	\$50.83	-\$1.33	-2.6%
Nat pm	\$49.89	\$51.09	-\$1.20	-2.3%
CME Index*	\$57.07	\$57.67	-\$0.60	-1.0%
BoC Exch	1.3191	1.3191	0.0000	0.0%

* Represents Friday-Thursday average

Monitored Canadian markets faced another week of declines, generally down \$1.50-\$4/hog on the week. Markets derived from 201-base pricing declined the least, with Hylife and the Sig 4 each down near \$1.50/hog, followed by closely by those out of Ontario. Market values based off the Sig 5 and BP/TCP4 fell \$3/hog, while remaining markets were very near \$4/hog lower. In the US, Tyson values were down near \$1.50/hog while those out of JM declined near \$2.75/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to WHE		Difference	to WHE		8-Feb-19	to WHE
WHE 2017	\$171.51		\$165.81		\$146.85		\$145.36	
WHE 2019	\$173.91	\$2.40	\$167.83	\$2.02	\$151.45	\$4.59	\$150.54	\$5.18
ML Sig 3	\$163.68	-\$7.82	\$155.54	-\$10.27	\$132.94	-\$13.91	\$133.26	-\$12.10
ML Sig 4	\$174.81	\$3.30	\$169.73	\$3.91	\$155.30	\$8.45	\$153.98	\$8.62
ML Sig 5	\$169.26	-\$2.25	\$162.63	-\$3.18	\$144.12	-\$2.73	\$143.62	-\$1.74
BP2/TCP4 **	\$167.81	-\$3.69	\$162.68	-\$3.13	\$144.97	-\$1.88	\$146.37	\$1.01
BP4/TCP4 **	\$174.09	\$2.58	\$169.10	\$3.29	\$155.62	\$8.77	\$155.30	\$9.94
Hylife	\$175.85	\$4.34	\$170.52	\$4.71	\$155.81	\$8.96	\$154.46	\$9.10
Ontario	\$179.99	\$8.49	\$173.78	\$7.96	\$155.59	\$8.74	\$155.46	\$10.10
Québec	\$178.35	\$6.84	\$172.09	\$6.28	\$153.77	\$6.92	\$152.78	\$7.42
Tyson (USD)	\$138.81	-\$32.70	\$134.27	-\$31.55	\$114.54	-\$32.32	\$117.15	-\$28.21
John Morrell (USD)	\$132.15	-\$39.36	\$126.54	-\$39.27	\$105.39	-\$41.47	\$106.45	-\$38.91

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

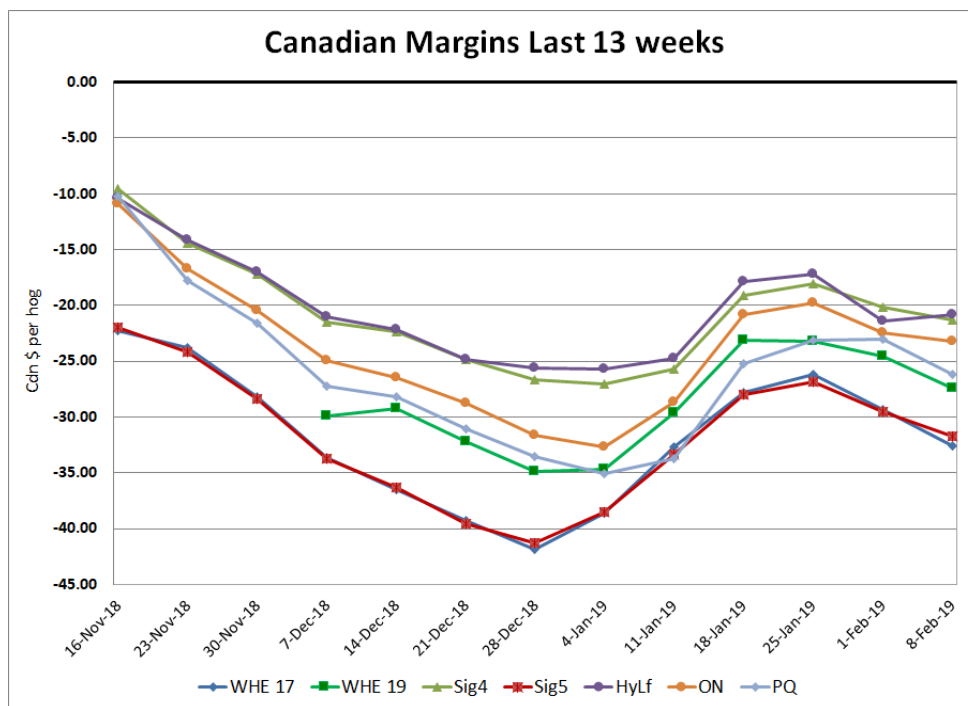
Hog markets continue to pressure margins lower, however feed costs managed to offset some of the overall weakness. Farrow-to-finish feed costs in monitored regions on either side of the border were near \$0.80/hog lower on the week.

Of the monitored hog margins, those calculated out of the WHE 17 and Quebec weakened the most - each down more than \$3/hog. Those based off the WHE 19 were shy of \$3/hog lower, while margins out of the Sig 5 were down \$2/hog. Remaining Canadian hog margins were generally near \$1/hog lower from a week earlier. In the US, Tyson margins declined modest, down \$0.25/hog, while JM margins were calculated \$2/hog lower

Regional MARGINS, \$/hog						
Packer/Region	8-Feb-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE17/Alberta	\$145.36	\$118.49	\$39.45	\$20.05	\$177.99	-\$32.63
WHE 19/Alberta	\$150.54	\$118.49	\$39.45	\$20.05	\$177.99	-\$27.45
ML Sig 4/Manitoba	\$153.98	\$116.23	\$39.54	\$19.55	\$175.32	-\$21.34
ML Sig 5/Manitoba	\$143.62	\$116.23	\$39.54	\$19.55	\$175.32	-\$31.70
Hylife/Manitoba	\$154.46	\$116.24	\$39.54	\$19.55	\$175.33	-\$20.87
Ontario	\$155.46	\$114.17	\$40.71	\$23.76	\$178.64	-\$23.18
Québec	\$152.78	\$116.86	\$40.50	\$21.65	\$179.01	-\$26.23
Tyson (USD)/Iowa	\$117.15	\$83.10	\$28.70	\$16.57	\$128.37	-\$11.22
John Morrell (USD)/ND	\$106.45	\$81.19	\$28.70	\$16.57	\$126.46	-\$20.01

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (11.22) USD X 1.3191 = \$ (14.80) in Canadian Dollars
 Morrell \$ (20.01) USD X 1.3191 = \$ (27.83) in Canadian Dollars



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