



Weekly Regional HOG PRICE Report



January 29, 2019

Things to Consider....

Hog slaughter south of the border continues to come in at record levels resulting in the current weakness and pressure seen in both the nearby cash hog prices and forward-looking futures contracts.

So far in 2019 the 4 registered weeks of slaughter have totaled 6.2% above the same 4 weeks in 2018. Although 4 weeks is a short period of time, it does illustrate the significant increase in the number of hogs coming to market compared to last year.

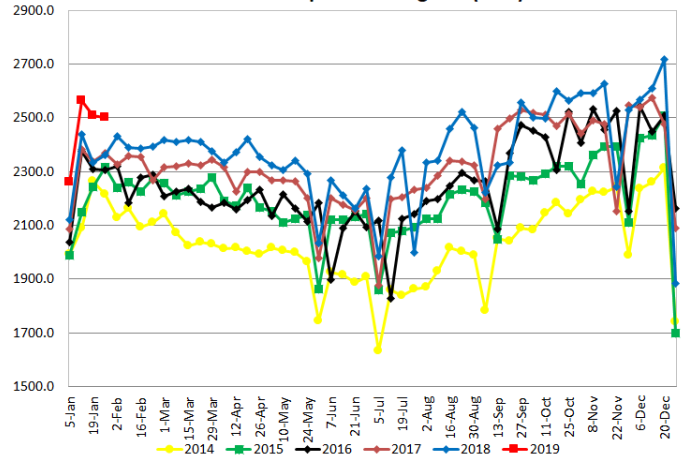
As the adjacent charts clearly illustrate, both slaughter and pork production look to continue above year ago levels through the first quarter of 2019 which will limit upside potential in US and Canadian market hog values. Of course, markets can change quickly with new information coming to light every day and with the recent "restart" of the US government more information may be available in the weeks ahead.

Last Friday, the Whitehouse and congressional leaders stuck a deal to return the US government to operation at least through Feb 15th. The two sides have not agreed on President Trump's request for \$5.7 Billion dollars to build a wall on the US southern border, however they have agreed to spend the next 3 weeks talking about border security.

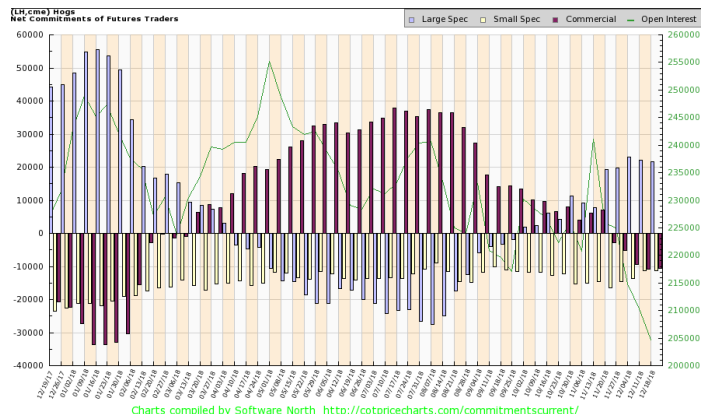
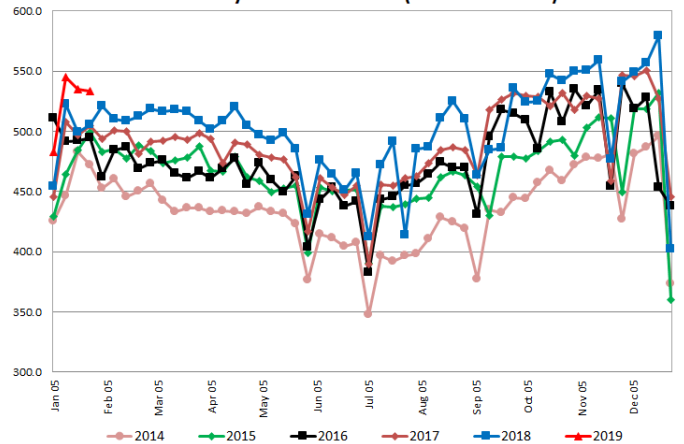
For the pork industry, a return to work for government officials means updating of timely reports such as export volumes and values, cold storage numbers and supply demand projections. Expectations are that some reports may not be updated until their next normal release so it may take up to a month before actual numbers are released. Between now and then the market will have to wait and use what is available.

Information like Commitment of Traders reports shown in the graph to the right continue to be reported as this type of information is not controlled by the USDA. This graph shows that large spec positions continue to be net long the hog futures which does indicate some positive news in the medium term for the pork industry.

US Federal Inspected Slaughter ('000)



US Weekly Pork Production (Million Pounds)



Charts compiled by Software North <http://cotpricecharts.com/commitmentscurrent/>

Weekly Hog Price Recap

Regional cash pricing finished lower, primarily weaker on late week losses. National and slaughter-based cash finished the week stronger, finding stability in less volatile daily moves compared to those reported in regional markets. Wholesale pork values were mixed on the weekly average, with pork cutout dragged \$1.43/cwt lower on a significant drop in belly values.

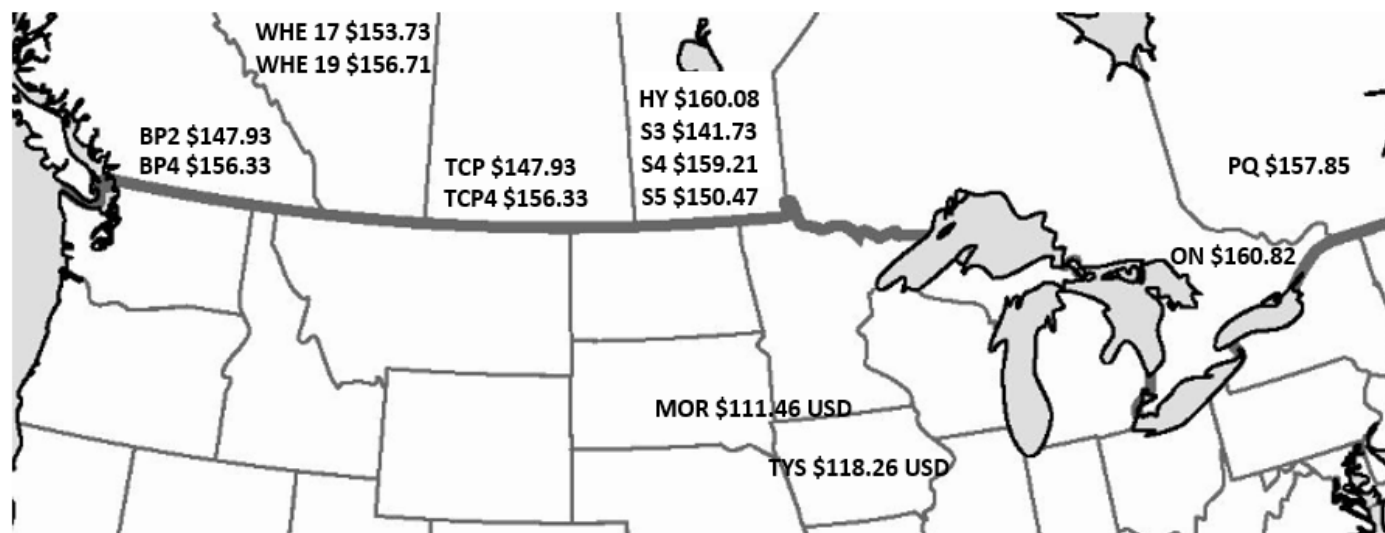
Cash Price	Weekly Averages		w/w	% Chg
	25-Jan-19	18-Jan-19		
ISM pm	\$52.01	\$52.17	-\$0.16	-0.3%
WCB pm	\$51.90	\$52.00	-\$0.09	-0.2%
Nat pm	\$52.00	\$51.61	\$0.38	0.7%
CME Index*	\$58.39	\$57.84	\$0.55	1.0%
BoC Exch	1.3318	1.3267	0.0051	0.4%

* Represents Friday-Thursday average

Monitored Canadian hog markets generally improved \$1-\$3/hog on the week, supported further by the improved rate of exchange. Pricing out of Thunder Creek and out of Quebec rose the most this week, followed closely by the WHE 17, each up near \$3/hog higher. Values reported throughout MB and out of Ontario were generally \$2/hog higher, while the WHE 19 rose \$1/hog from a week earlier. In the US, both Tyson and JM declined modestly around \$0.30/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 Difference		Last Difference		Ending Difference	
	3 Year	to WHE	YTD	to WHE	13 weeks	to WHE	25-Jan-19	to WHE
WHE 2017	\$171.74		\$165.81		\$149.14		\$153.73	
WHE 2019	\$174.06	\$2.32	\$167.83	\$2.02	\$153.72	\$4.58	\$156.71	\$2.97
ML Sig 3	\$163.96	-\$7.78	\$155.54	-\$10.27	\$135.46	-\$13.68	\$141.73	-\$12.00
ML Sig 4	\$174.96	\$3.22	\$169.73	\$3.91	\$157.39	\$8.25	\$159.21	\$5.48
ML Sig 5	\$169.47	-\$2.27	\$162.63	-\$3.18	\$146.43	-\$2.71	\$150.47	-\$3.27
BP2/TCP **	\$167.91	-\$3.83	\$162.68	-\$3.13	\$147.14	-\$2.00	\$147.93	-\$5.81
BP4/TCP4	\$174.20	\$2.46	\$168.90	\$3.09	\$156.27	\$7.13	\$156.33	\$2.60
Hylife	\$176.01	\$4.27	\$170.52	\$4.71	\$157.97	\$8.83	\$160.08	\$6.35
Ontario	\$180.18	\$8.44	\$173.78	\$7.96	\$158.07	\$8.93	\$160.82	\$7.08
Québec	\$178.51	\$6.77	\$172.09	\$6.28	\$156.33	\$7.19	\$157.85	\$4.11
Tyson (USD)	\$138.89	-\$32.85	\$134.19	-\$31.62	\$115.95	-\$33.19	\$118.26	-\$35.48
John Morrell (USD)	\$132.33	-\$39.41	\$126.54	-\$39.27	\$107.40	-\$41.74	\$111.46	-\$42.27

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

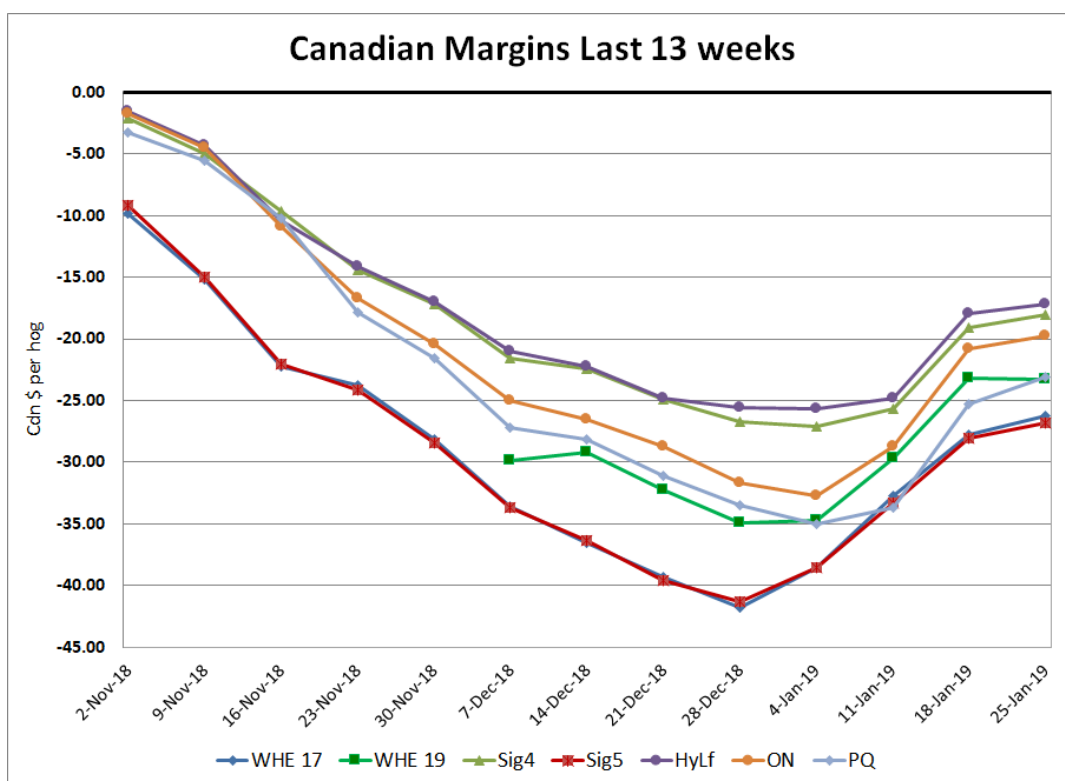
Monitored hog margins were generally stronger from a week earlier, supported by firmer market hog pricing. The improved rate of exchange further aided Canadian margins, however higher feed costs pulled back on margins. Canadian farrow-to-finish feed costs rose \$1/hog while those in the monitored US regions edged \$0.30/hog higher.

Hog margins out of Quebec strengthened the most on the week, up \$2/hog. Margins based off the WHE 17 were up near \$1.50/hog, while markets based off the 201 such as the Sig 4, Hylife and those calculated out of Ontario improved \$1/hog. Hog margins based off the WHE 19 were stable, while those monitored in the US declined \$0.50/hog.

Regional MARGINS, \$/hog						
Packer/Region	25-Jan-19	Farrow to Finish			Total	Weekly Margin
	Hog Price	Feed*	Variable	Fixed	COP	
WHE17/Alberta	\$153.73	\$120.45	\$39.45	\$20.05	\$179.95	-\$26.22
WHE 19/Alberta	\$156.71	\$120.45	\$39.45	\$20.05	\$179.95	-\$23.24
ML Sig 4/Manitoba	\$159.21	\$118.19	\$39.54	\$19.55	\$177.28	-\$18.07
ML Sig 5/Manitoba	\$150.47	\$118.19	\$39.54	\$19.55	\$177.28	-\$26.81
Hylife/Manitoba	\$160.08	\$118.20	\$39.54	\$19.55	\$177.29	-\$17.21
Ontario	\$160.82	\$116.13	\$40.71	\$23.76	\$180.60	-\$19.78
Québec	\$157.85	\$118.82	\$40.50	\$21.65	\$180.97	-\$23.12
Tyson (USD)/Iowa	\$118.26	\$84.20	\$28.70	\$16.57	\$129.47	-\$11.21
John Morrell (USD)/ND	\$111.46	\$82.29	\$28.70	\$16.57	\$127.56	-\$16.10

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (11.21) USD X 1.3318 = \$ (14.93) in Canadian Dollars
 Morrell \$ (16.10) USD X 1.3318 = \$ (21.44) in Canadian Dollars



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