



Weekly Regional HOG PRICE Report



November 13, 2018

Things to Consider....

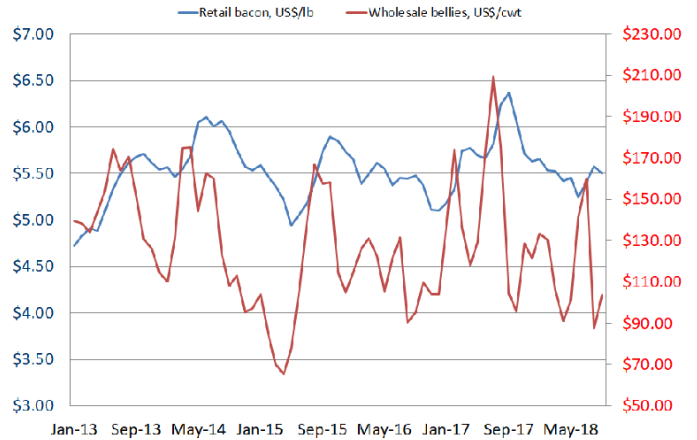
Retail bacon prices fell 8 cents or -1.4% to \$5.50/lb for September 13.6% under last year. Current retail bacon price levels are 36 cents under the 3-year average for the month of September. Wholesale belly prices by comparison rose 18.3% for September, up \$16.05 to \$103.86/cwt for the monthly average.

Overall, chop prices fell 5 cents or -1.5% from last reported, bringing chops 19 cents or 5.5% under last year. Current retail price levels are 39 cents under the 3-year average for the month of September. Boneless chop prices dropped 13 cents to \$3.70/lb for September. This brings boneless chops down 2.9% or 11 cents under last year. Bone-in chop prices declined 4 cents from August, down 1.1% to \$3.80/lb, bringing the cut 2.5% under last year. Wholesale loins for the month of September rose \$5.45 to \$70.15/cwt, or +7.3% from August.

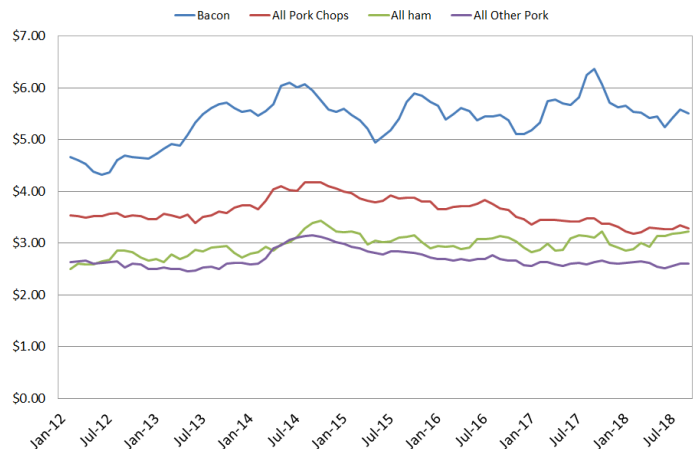
The total category for hams rose 2 cents or 0.8% to \$3.22/lb for September, bringing hams 11 cents or +3.6% over last year. Current retail price levels are 10 cents over the 3-year average for the month of September. Boneless hams edged 2 cents lower or -0.5% to \$4.17, bringing them 5.8% or 23 cents over last year. Wholesale ham prices for September averaged \$56.63/cwt, up \$0.26 or 0.5% from August. For comparison, wholesale picnics averaged \$48.65/cwt, up \$6.12 or 14.4% over values reported for September.

In summary, retail values of pork have struggled in some areas but been positive in others. Given the large amount of supplies being pushed through the market and stability in the retail and wholesale side is positive. Domestic demand continues to perform well which offers good potential for prices once into the beginning of 2019 which historically can be more positive than the end of November.

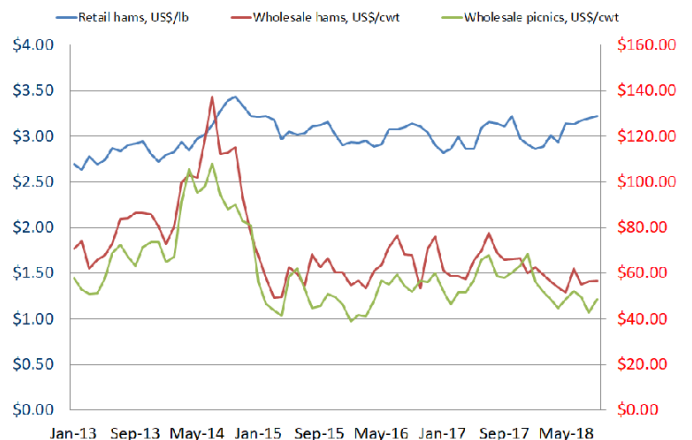
Retail Bacon VS Wholesale Bellies



Monthly US Retail Pork Cuts, \$/lb



Retail Hams VS Wholesale Hams/Picnics



Weekly Hog Price Recap

Cash hog values slid throughout the week, with regional and national pricing down significantly more to start the week compared to CME cash. Regional cash declined near \$0.40-\$1.75 daily, while national cash was down near \$0.50-\$1.20 daily. CME cash by comparison was modestly lower to as much as \$0.60/cwt lower day-to-day. Daily cash bid volume was mostly moderate, peaking highest on Tuesday. Weakness in wholesale pork values continue to pressure cash hog markets, with cutout \$3.63/cwt lower than a week earlier.

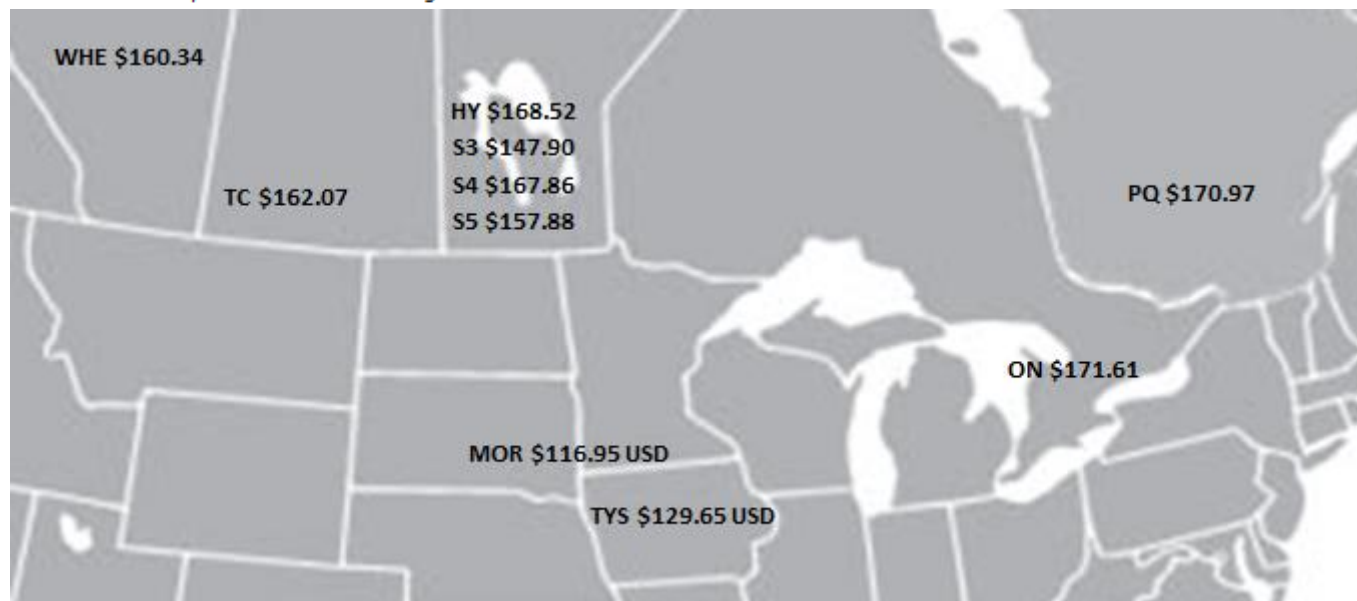
Cash Price	Weekly Averages		w/w	% Chg
	9-Nov-18	2-Nov-18		
ISM pm	\$54.70	\$58.44	-\$3.74	-6.4%
WCB pm	\$54.54	\$58.38	-\$3.83	-6.6%
Nat pm	\$55.03	\$57.94	-\$2.91	-5.0%
CME Index*	\$63.59	\$64.04	-\$0.45	-0.7%
BoC Exch	1.3128	1.3117	0.0011	0.1%

* Represents Friday-Thursday average

All monitored Canadian markets were reported lower on the week, particularly those based off regional or national cash pricing. The WHE fell \$4/hog from a week earlier while the Sig 3 dropped \$7.50/hog, dragging the Sig 5 closer to \$4.50/hog lower on the week. Pricing out of Thunder Creek fell \$0.50/hog, while remaining Canadian markets from MB through Quebec fell \$1-1.50/hog. In the US, Tyson values declined \$0.70/hog while JM values dropped the most on the week, falling shy of \$8/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 Difference		Last 13 weeks	Difference		Ending 9-Nov-18
	3 Year	to WHE	YTD	to WHE		to WHE	to WHE	
WHE 2017	\$172.09		\$168.97		\$150.60		\$160.34	
ML Sig 3	\$164.77	-\$7.32	\$159.49	-\$9.48	\$138.14	-\$12.45	\$147.90	-\$12.44
ML Sig 4	\$175.16	\$3.07	\$171.94	\$2.97	\$157.36	\$6.76	\$167.86	\$7.51
ML Sig 5	\$169.97	-\$2.12	\$165.71	-\$3.26	\$147.75	-\$2.85	\$157.88	-\$2.46
Thunder Creek **	\$168.05	-\$4.04	\$165.34	-\$3.63	\$146.93	-\$3.67	\$162.07	\$1.73
Hylife	\$176.18	\$4.08	\$172.81	\$3.84	\$157.60	\$7.01	\$168.52	\$8.17
Ontario	\$180.52	\$8.43	\$176.62	\$7.64	\$158.59	\$7.99	\$171.61	\$11.27
Québec	\$178.97	\$6.88	\$174.83	\$5.86	\$156.50	\$5.90	\$170.97	\$10.62
Tyson (USD)	\$139.41	-\$32.68	\$137.46	-\$31.51	\$119.41	-\$31.19	\$129.65	-\$30.70
John Morrell (USD)	\$132.85	-\$39.24	\$130.24	-\$38.73	\$112.04	-\$38.55	\$116.95	-\$43.39

**Thunder Creek reported with a 1-Week lag



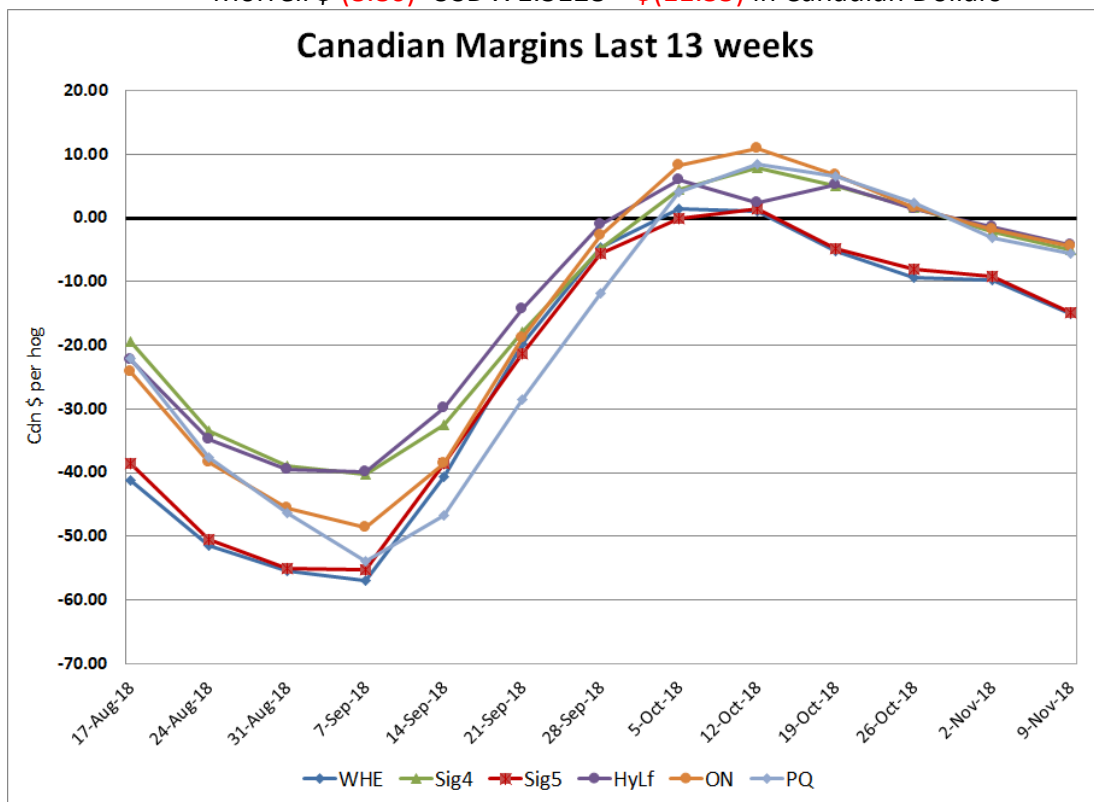
Weekly Hog Margins

Hog margins continue to slide on declining hog market values and increased feed costs. Farrow to finish feed costs rose \$1-1.50/hog north of the border while those in monitored US regions rose closer to \$0.50/hog. Hog margins based off the Sig 5 weakened shy of \$6/hog, followed by those out of the WHE which were closer to \$5/hog lower than last week. Remaining monitored Canadian markets were generally \$2-\$3/hog weaker. In the US, Tyson margins declined \$1.25/hog and JM margins were calculated nearly \$8.50/hog weaker than last reported.

Regional MARGINS, \$/hog						
Packer/Region	9-Nov-18	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE/Alberta	\$160.34	\$115.99	\$39.45	\$20.05	\$175.49	-\$15.15
ML Sig 4/Manitoba	\$167.86	\$113.73	\$39.54	\$19.55	\$172.82	-\$4.96
ML Sig 5/Manitoba	\$157.88	\$113.73	\$39.54	\$19.55	\$172.82	-\$14.94
Thunder Creek/SK	\$162.07	N/A				N/A
Hylife/Manitoba	\$168.52	\$113.74	\$39.54	\$19.55	\$172.83	-\$4.31
Ontario	\$171.61	\$111.67	\$40.71	\$23.76	\$176.14	-\$4.53
Québec	\$170.97	\$114.36	\$40.50	\$21.65	\$176.51	-\$5.54
Tyson (USD)/Iowa	\$129.65	\$82.39	\$28.70	\$16.57	\$127.66	\$1.99
John Morrell (USD)/ND	\$116.95	\$80.48	\$28.70	\$16.57	\$125.75	-\$8.80

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$1.99 USD X 1.3128 = 2.61 in Canadian Dollars
 – Morrell \$ (8.80) USD X 1.3128 = \$(11.55) in Canadian Dollars



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