



Weekly Regional HOG PRICE Report



November 27, 2018

Things to Consider....

Total US FI hog slaughter was reported at 2,273 thousand head for the week ending November 24th, a 13.2% drop from a week earlier and +5.6% over the same holiday week last year. YTD US hog slaughter is currently running +2.5% over last year-to-date. A week-over-week drop of 11-14% during the US Thanksgiving week is generally expected, as reported in more recent historical years.

The current sow slaughter rate is 2.3% of total hog slaughter. The latest US sow slaughter figure reported for the week ending November 10th at 59,200 declined 4.4% from a week earlier and 4.3% under the same week last year. YTD sow slaughter is 2.0% over the same period reported for last year.

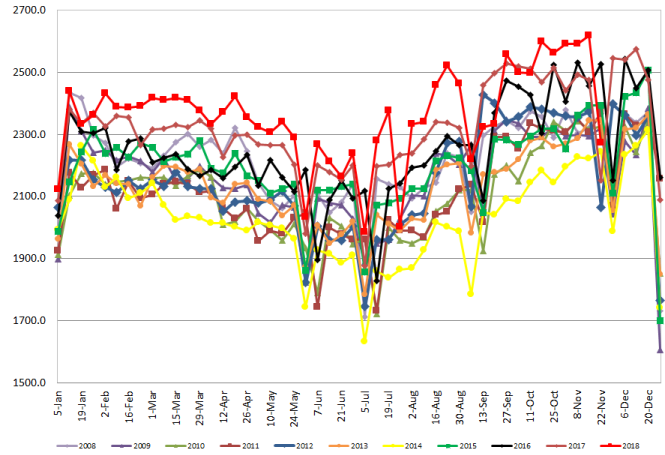
Weekly average hog weights in the ISM reporting area for the week ending November 17th at 283.4lbs declined 0.6 pounds from a week earlier. Hogs weights have been in-line with those reported in more recent historical years since falling from higher ranges this past mid-May. This brings hog weights on average +0.4% over last year-to-date.

US pork production for the week ending November 24th was reported at 481.8 million pounds. This was a 13% decline from a week earlier, bringing production 5% over the same week last year and 2.8% over last year-to-date.

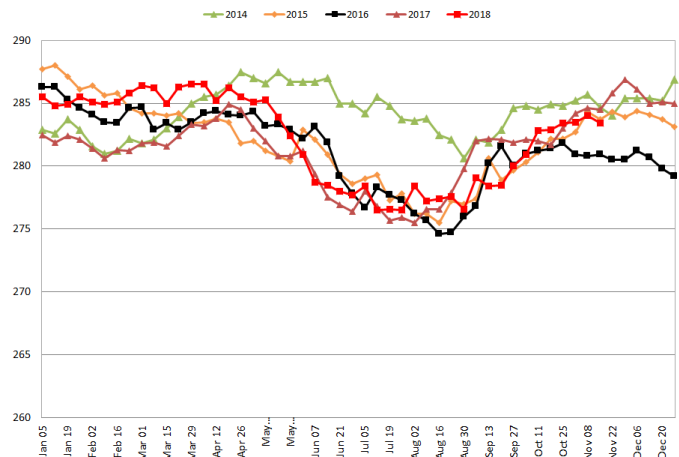
Despite strong US pork production levels, pork demand has remained strong. The latest US pork export figure was reported 2.6% over last year and overall 5.9% over last YTD. Additionally, the latest figure reported for US pork in cold storage was 4.6% under year ago levels, as well as within range of more recent historical years.

As mentioned in recent newsletters, the lean hog futures market has provided strong hedging opportunities for producers. Although the market has pulled back from recent highs, values today still represent the top 15% of price seen over the last 6 months. Producers are still encouraged to have some protection on for what is expected to be a large first quarter slaughter, like the large numbers seen this fall and winter.

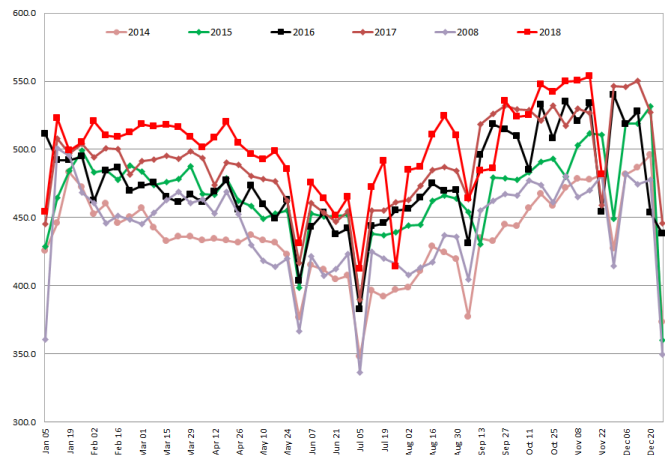
US Federal Inspected Slaughter ('000)



Weekly Average Barrow and Gilt Weight Live



US Weekly Pork Production (Million Pounds)



Weekly Hog Price Recap

Regional and national cash hogs began the week higher on good strength Monday as packers looked to secure immediate needs while the remainder of the week reported declines for the holiday shortened week. Daily cash bid volume was generally considered moderate. Wholesale pork values continue to slip lower, not all that unexpected during the US Thanksgiving holiday week, with cutout \$2.37/cwt lower than a week earlier as all primals excluding hams ended weaker.

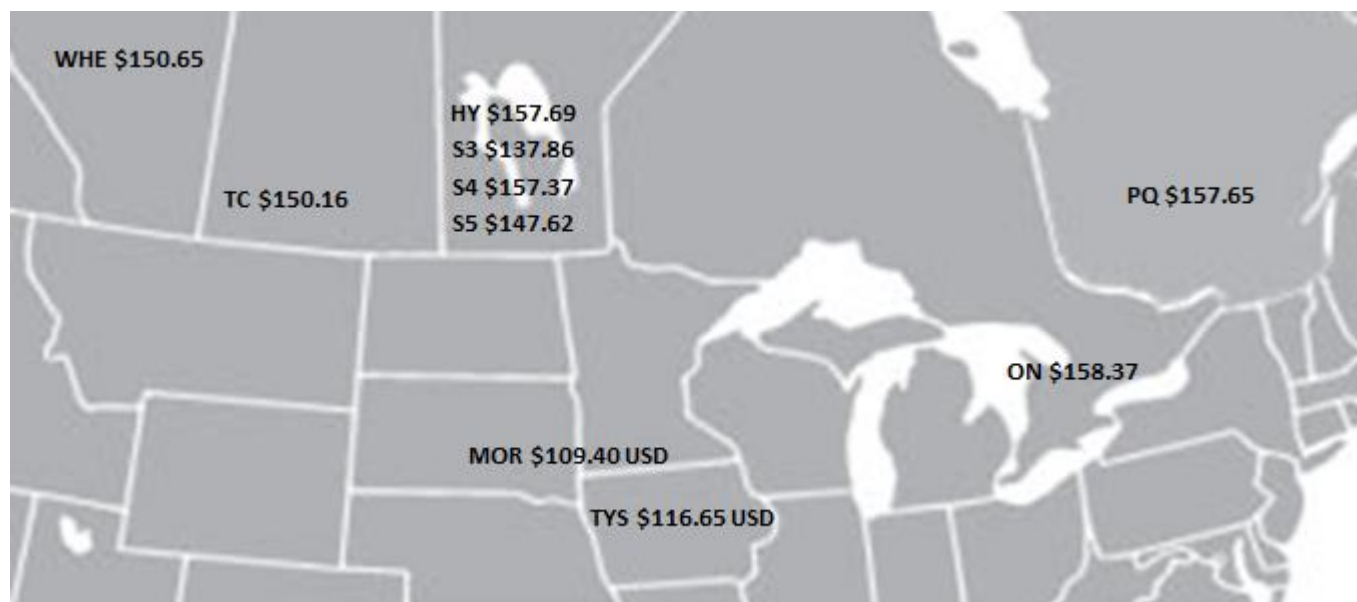
Cash Price	Weekly Averages		w/w	% Chg
	23-Nov-18	16-Nov-18		
ISM pm	\$51.00	\$51.00	-\$0.00	-0.0%
WCB pm	\$50.91	\$50.97	-\$0.05	-0.1%
Nat pm	\$51.06	\$51.62	-\$0.57	-1.1%
CME Index*	\$58.15	\$60.50	-\$2.35	-3.9%
BoC Exch	1.3229	1.3208	0.0021	0.2%

* Represents Friday-Thursday average

Monitored Canadian markets were generally \$2-\$8/hog lower. The WHE declined the least on the week, down \$2/hog, followed closely by pricing out the Sig 5 which fell closer to \$2.75/hog. Markets based off the 201 report declined more steeply. In the prairies, Hylife was down \$4.50/hog and the Sig 4 dropped \$5.50/hog. Further east, Ontario saw pricing decline \$6.50/hog and values out of Quebec dropped more than \$8/hog. In the US, Tyson pricing was calculated \$6/hog lower while JM values were marginally unchanged from a week earlier.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to WHE		Difference to WHE	Difference to WHE		Ending 23-Nov-18	Difference to WHE
WHE 2017	\$172.06		\$168.24		\$153.84		\$150.65	
ML Sig 3	\$164.65	-\$7.41	\$158.57	-\$9.67	\$142.46	-\$11.38	\$137.86	-\$12.79
ML Sig 4	\$175.03	\$2.97	\$171.43	\$3.20	\$159.55	\$5.70	\$157.37	\$6.72
ML Sig 5	\$169.85	-\$2.20	\$165.00	-\$3.24	\$151.00	-\$2.84	\$147.62	-\$3.03
Thunder Creek **	\$167.96	-\$4.10	\$164.85	-\$3.38	\$148.72	-\$5.13	\$150.16	-\$0.49
Hylife	\$176.07	\$4.02	\$172.26	\$4.03	\$160.07	\$6.23	\$157.69	\$7.04
Ontario	\$180.39	\$8.34	\$175.98	\$7.74	\$161.53	\$7.69	\$158.37	\$7.72
Québec	\$178.78	\$6.72	\$174.27	\$6.03	\$158.90	\$5.05	\$157.65	\$7.00
Tyson (USD)	\$139.25	-\$32.81	\$136.71	-\$31.52	\$121.84	-\$32.00	\$116.65	-\$34.00
John Morrell (USD)	\$132.77	-\$39.29	\$129.36	-\$38.88	\$115.46	-\$38.39	\$109.40	-\$41.25

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

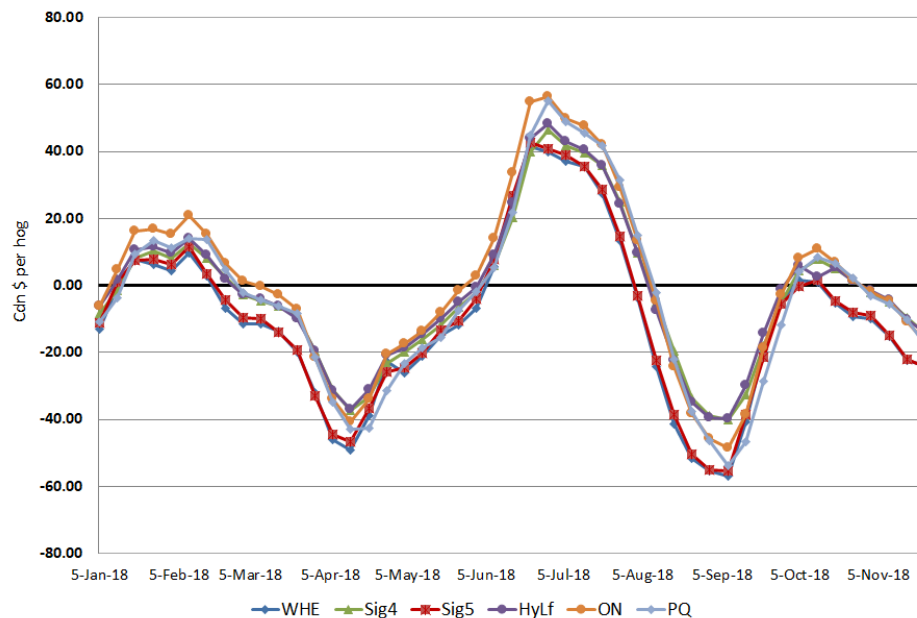
Weakness in hog markets continue to drag hog margins lower, however were offset in part by a decline in feed costs. Farrow to finish feed costs declined near \$0.70/hog on the week, while those in monitored US regions fell near \$0.50/hog. All monitored hog margins in Canadian weakened, with the greatest declines reported out of the eastern markets. Margins out of Quebec declined \$7.50/hog, followed by those out of Ontario which were near \$6/hog lower. The Sig 4 calculated margins which were \$4.75/hog weaker and Hylife was down \$3.75/hog from a week earlier. Hog margins out of the WHE weakened the least compared to other monitored markets, down \$1.50/hog. In the US, Tyson margins were calculated \$5/hog weaker while JM margins managed to edge \$0.50/hog higher.

Regional MARGINS, \$/hog						
Packer/Region	23-Nov-18	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE/Alberta	\$150.65	\$114.95	\$39.45	\$20.05	\$174.45	-\$23.80
ML Sig 4/Manitoba	\$157.37	\$112.69	\$39.54	\$19.55	\$171.78	-\$14.41
ML Sig 5/Manitoba	\$147.62	\$112.69	\$39.54	\$19.55	\$171.78	-\$24.16
Thunder Creek/SK	\$150.16	N/A				N/A
Hylife/Manitoba	\$157.69	\$112.70	\$39.54	\$19.55	\$171.79	-\$14.10
Ontario	\$158.37	\$110.63	\$40.71	\$23.76	\$175.10	-\$16.73
Québec	\$157.65	\$113.32	\$40.50	\$21.65	\$175.47	-\$17.82
Tyson (USD)/Iowa	\$116.65	\$81.21	\$28.70	\$16.57	\$126.48	-\$9.83
John Morrell (USD)/ND	\$109.40	\$79.30	\$28.70	\$16.57	\$124.57	-\$15.17

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ (9.83) USD X 1.3229 = \$ (13.00) in Canadian Dollars
 Morrell \$ (15.17) USD X 1.3229 = \$ (20.07) in Canadian Dollars

Canadian Margins 2018 Year to Date



Disclaimer: Commodity Professionals Inc. presents this report as a snapshot of the market using current information available at the time of the report. These findings are for informational purposes only and should not be reproduced or transmitted by any means without permission. Commodity Professionals Inc. does not guarantee, and accepts no legal liability arising from or connected to, the accuracy, reliability, or completeness of any material contained in the publication.