



Weekly Regional HOG PRICE Report



October 16, 2018

Things to Consider....

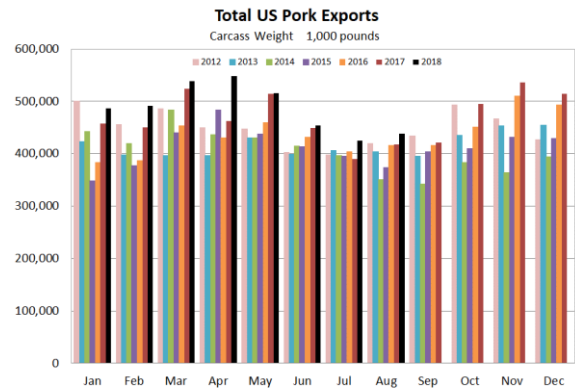
Last week the USDA released the latest Meat Trade data including pork export numbers which again came in above year ago levels for the 13th consecutive month. Total US pork exports for Aug 2018 (latest report) reached 437.7 M pounds compared to 418.0 M pounds in Aug 2017.

The October report confirms ongoing demand for US product in all major markets around the world. Although China imports have seen a decline versus year ago levels shown in the graph, other markets such as South Korea and Columbia have more than made up the difference that was lost to the once dominant buyer.

Monthly exports maintained the seasonal trend as shown in the Total US Pork Exports graph with the lowest volumes traditionally seen in July. This year once again, August posted higher volumes than the month earlier coming in a modest but positive 3% higher.

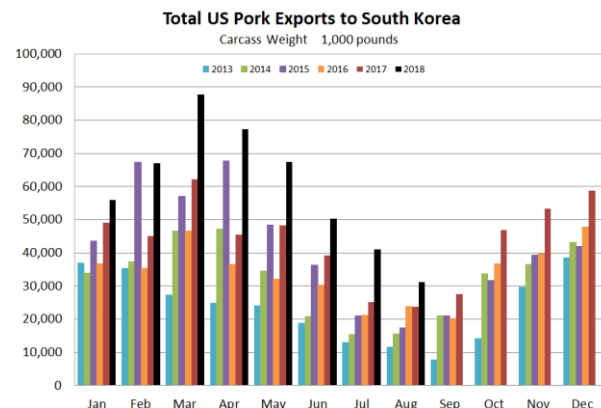
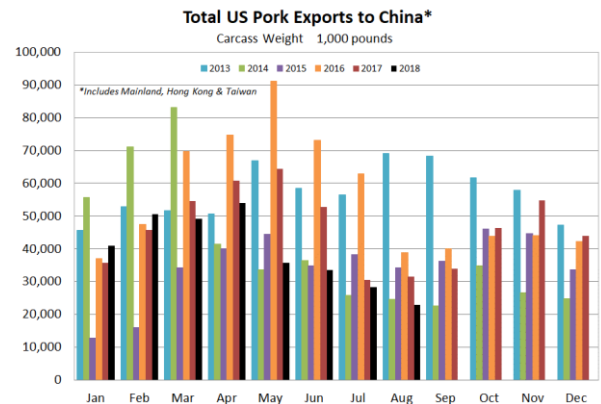
Lean hog futures over the last week have cooled off from the sharp gains registered over the last month. As mentioned in the previous couple of weeks a slight downturn in the futures should not be unexpected given the sharp rally that occurred in September. Cash markets have also come off the top which also is adding pressure to the overall market.

Hog producers still looking to add to coverage in late 2018 or early 2019 should use any positive trade days as an opportunity to hedge the risk still associated with late season market weakness. Although the market appears to be currently range bound (no major up or down trend present), one piece of news could easily send the market for a tail spin. Hedging Nov18-Apr19 is recommended from current values to the contract highs posted during the last week.



Top 5 Countries	Aug-17	Jul-18	Aug-18	M/M%	Y/Y%	YTD/LYTD%
Australia	14,223	17,993	16,803	-6.6%	18.1%	6.8%
Canada	44,718	40,818	48,771	19.5%	9.1%	-0.9%
Colombia	14,294	17,102	16,396	-4.1%	14.7%	57.2%
China*	31,499	28,259	22,906	-18.9%	-27.3%	18.7%
Japan	99,527	93,738	106,573	13.7%	7.1%	-0.4%
Mexico	148,677	127,417	141,033	10.7%	-5.1%	3.1%
South Korea	23,820	40,974	31,094	-24.1%	30.5%	41.1%
All US Pork Exports	418,004	425,096	437,675	3.0%	4.7%	6.3%

*Includes Mainland, Hong Kong & Taiwan



Weekly Hog Price Recap

Regional and national cash hogs reported lower values throughout much of the week. Daily bids began the week on the stronger side, lessening to moderate volume to end the week. Regional cash fell more than \$1/cwt on the weekly average, while national cash declined \$0.80/cwt. CME cash by comparison, rose near \$0.75/cwt. Wholesale pork values were lower on the weekly average, falling \$1.11/cwt as many primals declined.

Monitored Canadian hog markets did receive support from the improved rate of exchange, with the BOC rate up \$0.0149 from last week to 1.3007. Markets based off the CME increased the most with pricing out of Quebec up the most, up \$5.50/hog. Thunder Creek and the Sig 4 were up similarly. Pricing out of Ontario and the Sig 5 which were both up near \$3/hog. The WHE climbed \$0.70/hog, while pricing out of Hylife fell more than \$2/hog. In the US, Tyson pricing increased \$1.50/hog while values calculated out of JM were near \$2 lower per hog.

Cash Price	Weekly Averages		w/w	% Chg
	12-Oct-18	5-Oct-18		
ISM pm	\$62.33	\$63.49	-\$1.17	-1.8%
WCB pm	\$62.30	\$63.43	-\$1.14	-1.8%
Nat pm	\$62.50	\$63.31	-\$0.80	-1.3%
CME Index*	\$69.26	\$68.50	\$0.76	1.1%
BoC Exch	1.3007	1.2858	0.0149	1.2%

* Represents Friday-Thursday average

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to WHE		to WHE	to WHE		12-Oct-18	to WHE
WHE 2017	\$172.54		\$169.40		\$155.20		\$174.56	
ML Sig 3	\$165.39	-\$7.15	\$160.08	-\$9.33	\$141.42	-\$13.78	\$165.88	-\$8.67
ML Sig 4	\$175.54	\$3.00	\$171.96	\$2.56	\$162.39	\$7.19	\$178.77	\$4.22
ML Sig 5	\$170.48	-\$2.06	\$166.02	-\$3.38	\$151.90	-\$3.30	\$172.33	-\$2.22
Thunder Creek **	\$168.45	-\$4.09	\$165.28	-\$4.12	\$154.23	-\$0.97	\$169.41	-\$5.15
Hylife	\$176.57	\$4.03	\$172.89	\$3.49	\$162.26	\$7.06	\$173.30	-\$1.26
Ontario	\$180.99	\$8.45	\$176.71	\$7.31	\$163.91	\$8.71	\$185.08	\$10.52
Québec	\$179.41	\$6.87	\$174.76	\$5.36	\$163.09	\$7.89	\$183.03	\$8.48
Tyson (USD)	\$139.84	-\$32.70	\$137.92	-\$31.49	\$124.07	-\$31.13	\$143.76	-\$30.80
John Morrell (USD)	\$133.36	-\$39.18	\$130.96	-\$38.44	\$113.93	-\$41.27	\$133.08	-\$41.47

**Thunder Creek reported with a 1-Week lag



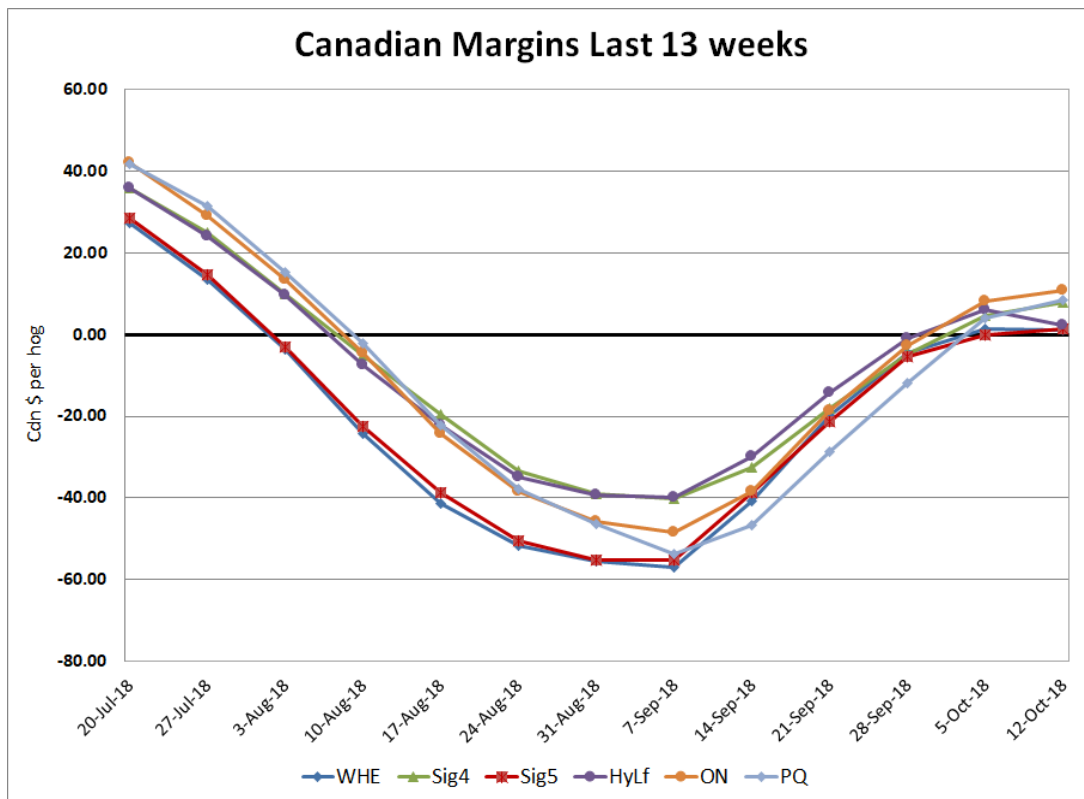
Weekly Hog Margins

Hog margins were mixed to generally stronger. Farrow to finish feed costs increased \$1/hog north of the border, while those out of the US rose near \$0.25/hog. Hog margins out of Hylife declined the most, with lower hog values and rising feed costs dropping margins near \$3.50/hog. The WHE also calculated lower hog margins, falling \$0.50/hog. Other markets in Canada were reported higher, with margins based off the Sig 5 up \$1.50/hog and remaining markets up \$3-\$4.50/hog. In the US, Tyson margins were calculated \$1.25/hog higher while those out of JM weakened \$2.50/hog.

Regional MARGINS, \$/hog						
Packer/Region	12-Oct-18	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE/Alberta	\$174.56	\$114.06	\$39.45	\$20.05	\$173.56	\$1.00
ML Sig 4/Manitoba	\$178.77	\$111.80	\$39.54	\$19.55	\$170.89	\$7.88
ML Sig 5/Manitoba	\$172.33	\$111.80	\$39.54	\$19.55	\$170.89	\$1.44
Thunder Creek/SK	\$169.41	N/A				N/A
Hylife/Manitoba	\$173.30	\$111.81	\$39.54	\$19.55	\$170.90	\$2.40
Ontario	\$185.08	\$109.74	\$40.71	\$23.76	\$174.21	\$10.87
Québec	\$183.03	\$112.43	\$40.50	\$21.65	\$174.58	\$8.45
Tyson (USD)/Iowa	\$143.76	\$81.86	\$28.70	\$16.57	\$127.13	\$16.63
John Morrell (USD)/ND	\$133.08	\$79.95	\$28.70	\$16.57	\$125.22	\$7.86

* Feed costs standardized for a 285 pound market hog

- US Regional Margins – Tyson \$16.63 USD X 1.3007 = 21.63 in Canadian Dollars
- Morrell \$ 7.86 USD X 1.3007 = 10.22 in Canadian Dollars



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