



Weekly Regional HOG PRICE Report



October 30, 2018

Things to Consider....

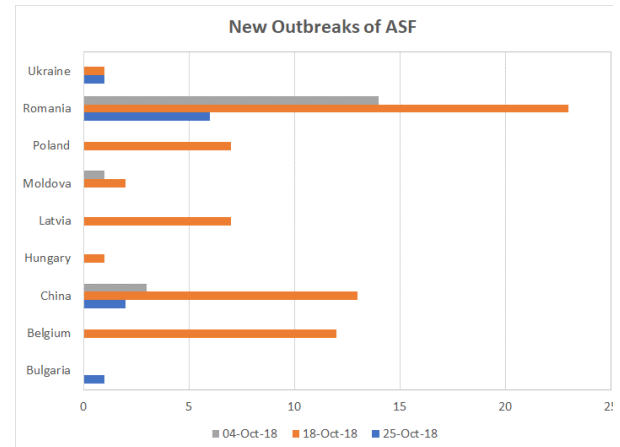
African Swine Fever (ASF) has been a major concern in industry news of late, causing concern of its spread and nearly 100% mortality rate. With no vaccines or cure available, total swine losses mount as affected herds are culled to curtail the spread of the virus. ASF can be transmitted among swine via contact with infected swine, or by consuming/contacting uncooked contaminated pork products.

In the latest report by the World Organisation for Animal Health on ASF for the period of Oct 5th-18th, China represented 95% of the total losses due to African Swine Fever. China was also the only country listed to report any farm losses, two in total, and the virus is reportedly spreading towards southern parts of China.

Since late September, China has accounted for 98.5% of total animal losses due to ASF (including those susceptible to and actual cases of ASF), to a total of 42,446 swine since September 28th, 2018. This is primarily since the outbreaks in China in the last month has affected farm swine, thereby causing a higher number of losses. With many of the outbreaks reported in backyard swine, Chinese officials have placed transport bans on swine shipments from ASF-affected provinces within the country.

For comparison, other countries with reported cases of ASF have been reported in backyard swine and the wild boar populations. Outbreaks reported in Romania since Sep 28th account for 1.1% of total animal losses.

Lean hog futures markets on the CME continue to factor in the information mentioned above with most 2019 contracts recording a new contract high over the past week. With exports continuing strong and ongoing concern over the full impact of ASF hedging opportunities are available for 2019 providing profitable pricing for producers looking to reduce risk.



	Oct 19-25, 2018		Oct 5-18, 2018		Sep 28-Oct 4, 2018	
	Cases	Losses	Cases	Losses	Cases	Losses
Bulgaria	1					
Belgium			12	32		
China	2	1,157	13	40,911	3	378
Hungary			1	1		
Latvia			7	7		
Moldova			2	53	1	
Poland			7	7		
Romania	6	48	23	324	14	115
Ukraine	1	12	1	56		
Total	10	1,217	66	41,391	18	493

Affected countries	Backyard swine			Farm swine			Wild boar			Total Outbreaks	Total Susceptible	Total Cases	Total Losses
	Outb	Susc	Losses **	Outb	Susc	Losses **	Outb	Susc	Losses **				
Bulgaria							1	NA	1	1		1	
China, People's Republic of				2	1 157	545	1 157	NA	NA	2	1 157	545	1 157
Romania	6	48	48					NA	NA	6	48	48	48
Ukraine	1	12	2	12				NA	NA	1	12	2	12
Total	7	60	50	60	2	1 157	545	1 157	1	10	1 217	596	1 217

Table 1. New outbreaks of ASF reported in this period (October 19 – 25, 2018).
 * NA: Not applicable. ** Losses: total of domestic animals dead and destroyed. Outb: Number of outbreaks. Susc: Number of susceptible animals.

June 2018 Lean Hogs



Weekly Hog Price Recap

Cash hogs reported lower values throughout much of the week. Daily cash bids were reported mostly moderate, excluding high volume Tuesday & Wednesday. Both days also represented daily value increases in regional cash. Regional and national cash fell shy of \$2/cwt while CME cash fell \$2.60/cwt. Falling wholesale pork values contributed to weakness in cash hog markets as all primal values declined, bringing cutout \$1.98/cwt lower than a week earlier.

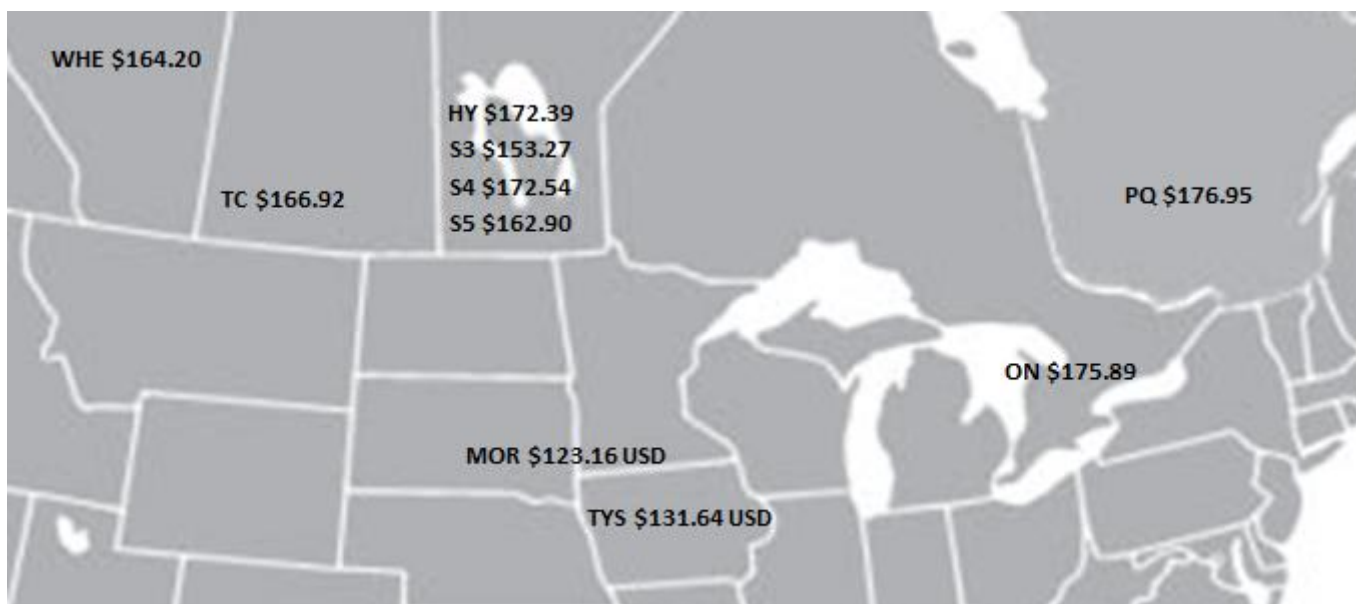
Cash Price	Weekly Averages		w/w	% Chg
	26-Oct-18	19-Oct-18		
ISM pm	\$57.64	\$59.21	-\$1.57	-2.7%
WCB pm	\$57.53	\$59.15	-\$1.62	-2.7%
Nat pm	\$57.58	\$59.47	-\$1.89	-3.2%
CME Index*	\$65.50	\$68.10	-\$2.60	-3.8%
BoC Exch	1.3083	1.3017	0.0066	0.5%

* Represents Friday-Thursday average

Monitored Canadian markets were generally \$4-\$6/hog lower from a week earlier and received modest support from the improved rate of exchange. Pricing out of ML - including the Sig 3, 4 & 5 - were all down near \$4/hog, while pricing out of Hylife, the WHE and Thunder Creek fell closer to \$5/hog. In the east, values out of Quebec were also down \$5/hog while those reported out of Ontario near \$6/hog. In the US, Tyson values dropped shy of \$8/hog while those calculated out of JM fell near \$4/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2018 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to WHE		to WHE	to WHE		26-Oct-18	to WHE
WHE 2017	\$172.25		\$169.28		\$150.76		\$164.20	
ML Sig 3	\$165.00	-\$7.25	\$159.85	-\$9.43	\$137.10	-\$13.66	\$153.27	-\$10.93
ML Sig 4	\$175.33	\$3.08	\$172.09	\$2.81	\$158.36	\$7.61	\$172.54	\$8.34
ML Sig 5	\$170.18	-\$2.07	\$165.97	-\$3.31	\$147.73	-\$3.02	\$162.90	-\$1.30
Thunder Creek **	\$168.22	-\$4.03	\$165.48	-\$3.80	\$149.23	-\$1.53	\$166.92	\$2.72
Hylife	\$176.35	\$4.09	\$172.98	\$3.70	\$158.29	\$7.53	\$172.39	\$8.19
Ontario	\$180.72	\$8.47	\$176.82	\$7.54	\$159.53	\$8.77	\$175.89	\$11.69
Québec	\$179.18	\$6.92	\$174.98	\$5.70	\$158.25	\$7.49	\$176.95	\$12.76
Tyson (USD)	\$139.60	-\$32.65	\$137.80	-\$31.48	\$120.27	-\$30.49	\$131.64	-\$32.56
John Morrell (USD)	\$133.04	-\$39.22	\$130.68	-\$38.60	\$110.94	-\$39.82	\$123.16	-\$41.04

**Thunder Creek reported with a 1-Week lag



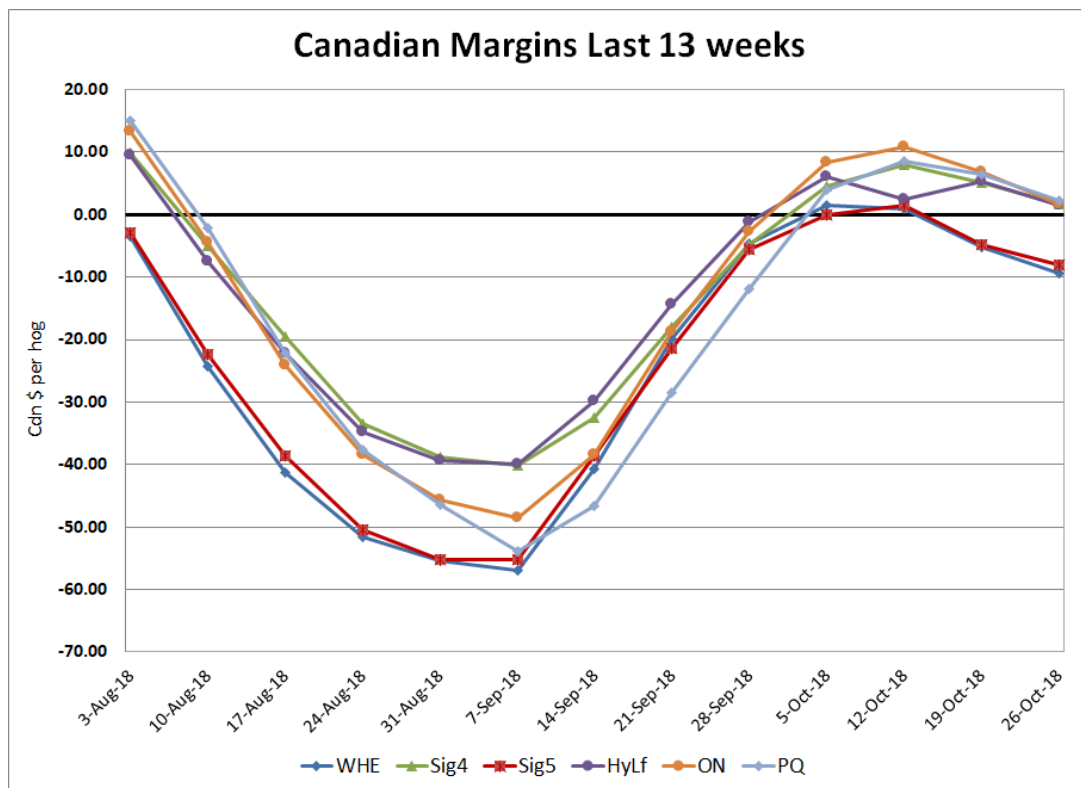
Weekly Hog Margins

Hog margins again weakened on falling hog values however losses were offset in part by an improvement to feed costs. Farrow to finish feed costs decreased near \$1/hog on either side of the border. Hog margins out of the prairies fell the least on the week, with the Sig 4 & 5 down more than \$3/hog while those out of Hylife fell closer to \$4/hog. Margins out of the WHE and Quebec also declined near \$4/hog, while those out of Ontario were calculated more than \$5/hog lower. In the US, Tyson margins were down close to \$7/hog and JM margins fell \$2.50/hog.

Regional MARGINS, \$/hog						
Packer/Region	26-Oct-18	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
WHE/Alberta	\$164.20	\$114.13	\$39.45	\$20.05	\$173.63	-\$9.43
ML Sig 4/Manitoba	\$172.54	\$111.87	\$39.54	\$19.55	\$170.96	\$1.58
ML Sig 5/Manitoba	\$162.90	\$111.87	\$39.54	\$19.55	\$170.96	-\$8.06
Thunder Creek/SK	\$166.92	N/A				N/A
Hylife/Manitoba	\$172.39	\$111.88	\$39.54	\$19.55	\$170.97	\$1.42
Ontario	\$175.89	\$109.81	\$40.71	\$23.76	\$174.28	\$1.61
Québec	\$176.95	\$112.50	\$40.50	\$21.65	\$174.65	\$2.30
Tyson (USD)/Iowa	\$131.64	\$81.58	\$28.70	\$16.57	\$126.85	\$4.79
John Morrell (USD)/ND	\$123.16	\$79.67	\$28.70	\$16.57	\$124.94	-\$1.78

* Feed costs standardized for a 285 pound market hog

- US Regional Margins – Tyson \$4.79 USD X 1.3083 = 6.27 in Canadian Dollars
- Morrell \$ (1.78) USD X 1.3083 = \$(2.33) in Canadian Dollars



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