



Weekly Regional HOG PRICE Report



May 10, 2019

Things to Consider....

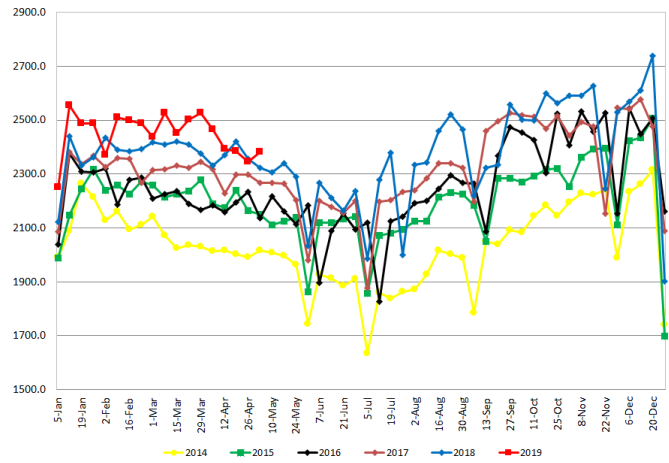
Although a lot of attention, in the past 3 months, has been given to the spread of ASF in Asia and Europe, fundamentals closer to home can not be ignored. As illustrated in the top graph, US Federally inspected hog slaughter has been running ahead of 2018 and the 5-year average with no signs of dropping below year ago levels any time soon. Year to date slaughter is running 3.2% above 2018 and is projected to maintain a 2-3% surplus over the previous year's slaughter throughout the summer months. Market projections also have slaughter in the range of 3-4% for the 4th quarter of 2019 which if achieved will be a record amount of pork to hit the market.

Fortunate for the prices, demand for pork in 2019 is expected to increase, easing the glut of pork that is expected to come to market throughout the year. Also helping with the supply are slaughter weights which are holding equal to 2018 levels at 285.7 lbs for the first 17 weeks of the year.

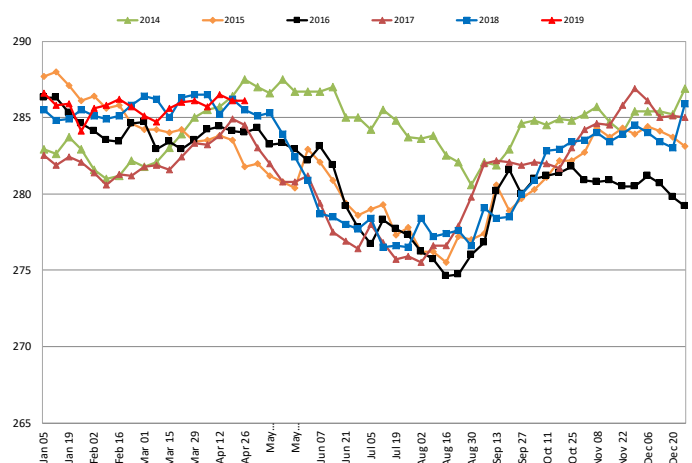
Pork production as a result of slaughter increases has also been running ahead of last year and will continue to build stocks in the US unless major pork movement begins, as is projected based on the current vales of lean hog futures. Producers and industry should keep in mind that without the presence of ASF in Asia and Europe, these levels of production in North America could easily justify hog prices \$40-60 lower per hog.

As marketing opportunities become available producers should look to secure profits for 2019 and early 2020. As much as the anticipation is there for higher cash later in the year, there is no certainty exports will meet market expectations to maintain higher hog prices. Locking in 50% of production is recommended at or near contract highs.

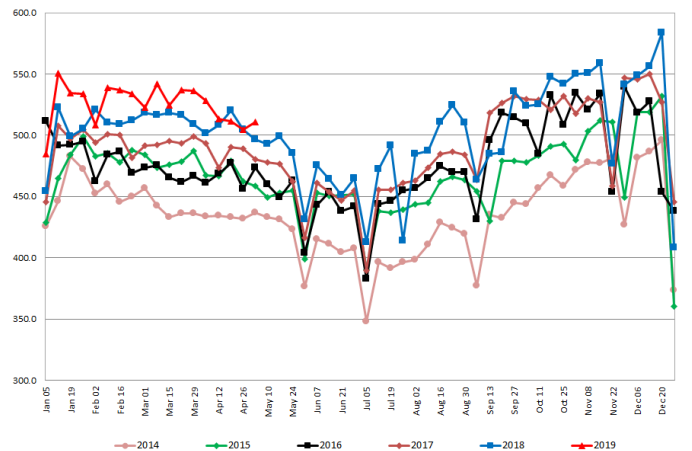
US Federal Inspected Slaughter ('000)



Weekly Average Barrow and Gilt Weight Live



US Weekly Pork Production (Million Pounds)



Weekly Hog Price Recap

Regional and national cash hogs finished the week lower, with values reported lower every day except Tuesday. Cash hog bid volume was moderately good throughout the week, peaking Wednesday. CME cash also declined every day excluding Tuesday however managed to hold a higher value than the week previous. Wholesale pork primals were primarily stronger however another significant drop in bellies dragged pork cutout \$3.32/cwt lower than the previous week's average.

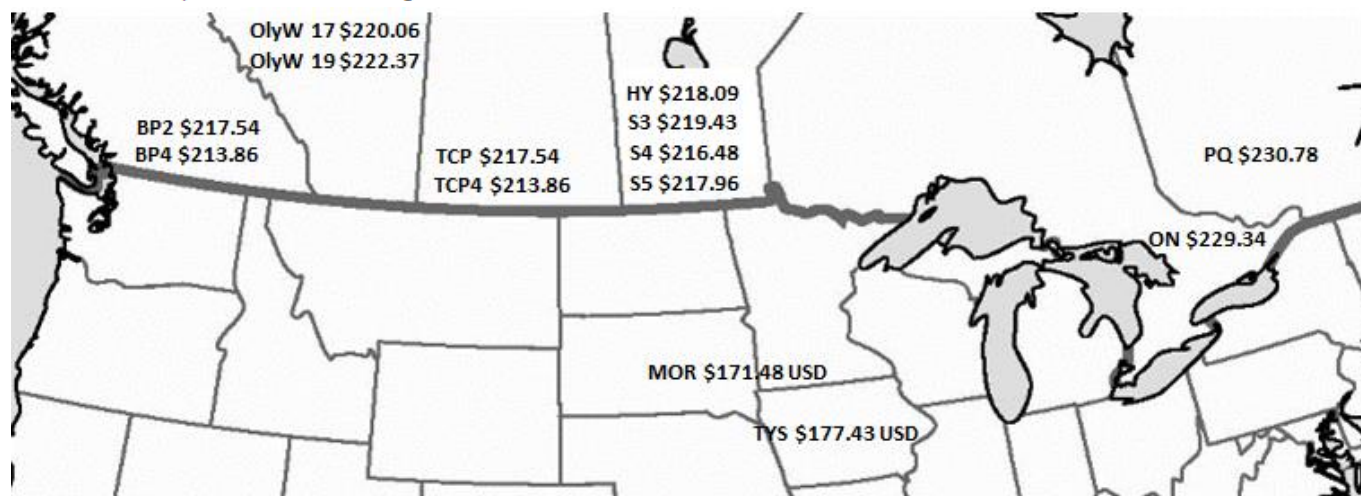
Cash Price	Weekly Averages		w/w	% Chg
	3-May-19	26-Apr-19		
ISM pm	\$81.43	\$81.71	-\$0.28	-0.3%
WCB pm	\$80.76	\$81.14	-\$0.38	-0.5%
Nat pm	\$79.64	\$80.33	-\$0.69	-0.9%
CME Index*	\$83.26	\$82.71	\$0.55	0.7%
BoC Exch	1.3437	1.3440	-0.0003	-0.0%

* Represents Friday-Thursday average

Monitored Canadian markets were generally \$2/hog higher to slightly lower, with markets based off slaughter-derived base pricing up the most from a week earlier. Values out of Quebec were up the most, rising just over \$5/hog, followed by values based off the Sig 4 which rose shy of \$2/hog. Hylife saw values improve near \$1/hog, while remaining markets including the OlyW 19 were up less than \$1/hog except the OlyW 17 which declined modestly. In the US, Tyson values improved \$1.50/hog while those out of JM declined \$0.75/hog.

Regional Pricing, \$/hog								
Packer/Region	Difference		2019 YTD	Difference		Last 13 weeks	Difference	
	3 Year	to OlyW '19		to OlyW '19	to OlyW '19		3-May-19	to OlyW '19
OlyW 2019	\$174.19		\$169.60		\$176.04		\$222.37	
OlyW 2017	\$171.70	-\$2.49	\$168.06	-\$1.54	\$175.39	-\$0.65	\$220.06	-\$2.31
ML Sig 3	\$163.79	-\$10.40	\$159.75	-\$9.86	\$168.58	-\$7.46	\$219.43	-\$2.94
ML Sig 4	\$175.00	\$0.81	\$169.67	\$0.07	\$175.21	-\$0.82	\$216.48	-\$5.89
ML Sig 5	\$169.41	-\$4.78	\$164.71	-\$4.89	\$171.90	-\$4.14	\$217.96	-\$4.41
BP2/TCP **	\$167.72	-\$6.47	\$159.95	-\$9.65	\$166.16	-\$9.88	\$217.54	-\$4.83
BP4/TCP4 **	\$173.97	-\$0.22	\$165.31	-\$4.30	\$169.82	-\$6.22	\$213.86	-\$8.50
Hylife	\$176.08	\$1.89	\$171.26	\$1.66	\$177.08	\$1.04	\$218.09	-\$4.28
Ontario	\$180.21	\$6.02	\$174.27	\$4.66	\$181.41	\$5.37	\$229.34	\$6.97
Québec	\$180.17	\$5.98	\$172.01	\$2.41	\$178.66	\$2.62	\$230.78	\$8.41
Tyson (USD)	\$139.19	-\$35.00	\$131.83	-\$37.77	\$138.22	-\$37.82	\$177.43	-\$44.94
John Morrell (USD)	\$132.46	-\$41.73	\$127.09	-\$42.52	\$134.11	-\$41.93	\$171.48	-\$50.89

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

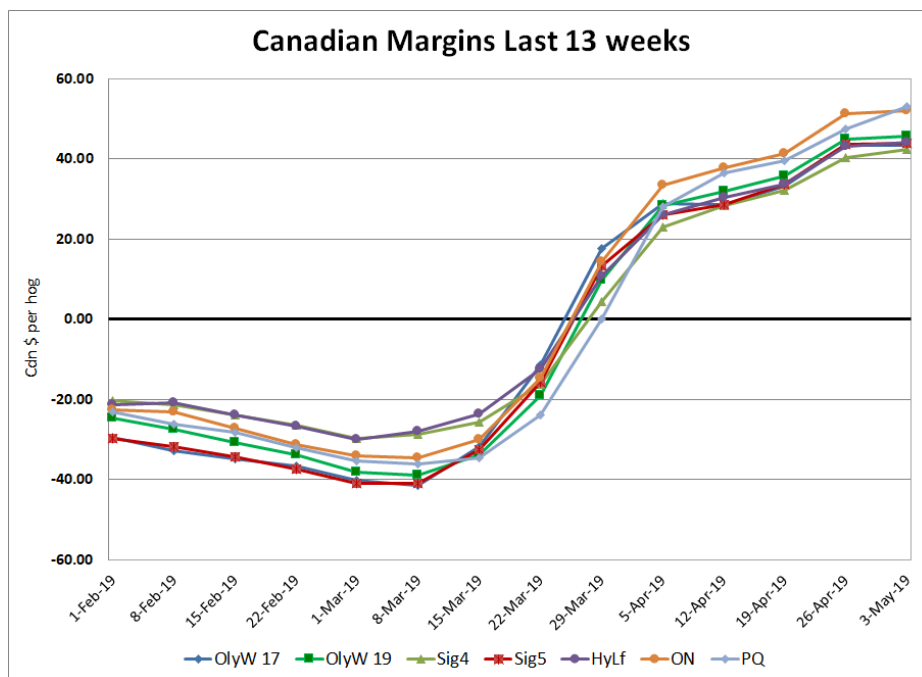
Overall stability in cash hog markets helped the majority of monitored hog margins to gain in strength from a week earlier. Canadian farrow-to-finish feed costs also helped modestly, declining \$0.20/hog, while those in the monitored US region edged \$0.15/hog higher.

Hog margins out of Quebec strengthened \$5.50/hog, followed by those based off the Sig 4 which improved \$2/hog. Hylife, OlyW 19 and Ontario margins each rose near \$1/hog, while the Sig 5 climbed \$0.25/hog. OlyW 17 by comparison was generally stable, edging mere cents lower. In the US, Tyson margins were calculated \$2/hog higher while JM hog margins declined near \$1/hog.

Regional MARGINS, \$/hog						
Packer/Region	3-May-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$220.06	\$117.14	\$39.45	\$20.05	\$176.64	\$43.42
OlyW 19/Alberta	\$222.37	\$117.14	\$39.45	\$20.05	\$176.64	\$45.73
ML Sig 4/Manitoba	\$216.48	\$114.88	\$39.54	\$19.55	\$173.97	\$42.51
ML Sig 5/Manitoba	\$217.96	\$114.88	\$39.54	\$19.55	\$173.97	\$43.99
Hylife/Manitoba	\$218.09	\$114.89	\$39.54	\$19.55	\$173.98	\$44.11
Ontario	\$229.34	\$112.82	\$40.71	\$23.76	\$177.29	\$52.05
Québec	\$230.78	\$115.51	\$40.50	\$21.65	\$177.66	\$53.12
Tyson (USD)/Iowa	\$177.43	\$79.89	\$28.70	\$16.57	\$125.16	\$52.27
John Morrell (USD)/ND	\$171.48	\$77.98	\$28.70	\$16.57	\$123.25	\$48.23

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 52.27 USD X 1.3437 = \$ 70.24 in Canadian Dollars
 Morrell \$ 48.23 USD X 1.3437 = \$ 64.81 in Canadian Dollars



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