



Weekly Regional HOG PRICE Report



May 16, 2019

Things to Consider....

US livestock and meat trade data reported March pork exports at 515,412 thousand pounds, a rise of 63.1 million pounds or 13.9% from last reported in a seasonally expected move. This brings total US pork exports 22.7 million pounds under the figure last reported in March 2018, or 4.2% under last year. For comparison, current seasonal US pork export volume is considered strong and significantly higher than many historical years with current levels generally stronger than most of 2016 and earlier years.

US pork exports to China* which in our reporting includes volume to the mainland, Taiwan and Hong Kong increased the most on the report, rising 15.9 million pounds from February. Mainland China alone was up 12.4 million pounds, +44% into March. US pork to Canada also increased strongly, rising 14.8 million pounds or a whopping 36.9% higher on the latest report. China* and Canada both improved their share of the total monthly figure, each up near 2% to 10.1% & 10.7% respectively.

Volume to Japan also reported a notable increase from volume last reported, up 7.8 million pounds for March. Most other major destinations for US pork reported increased volume in March, generally 2.0 to 4.0 million pounds higher, with only Australia lower to fall 1.8 million pounds.

Pork production was stable to higher overall for the weeks of March, averaging 534.8 million pounds or 1.8 million pounds higher per week from the weeks of February. Exports as a percent of monthly production for March increased 2.9% to 24.1%, bringing the figure 3.2% over last year.

Although the volumes are not record breaking, they do suggest strong demand heading into the middle and latter part of 2019. With futures back near the upper end of the range, producers are encouraged to have some protection at these levels.

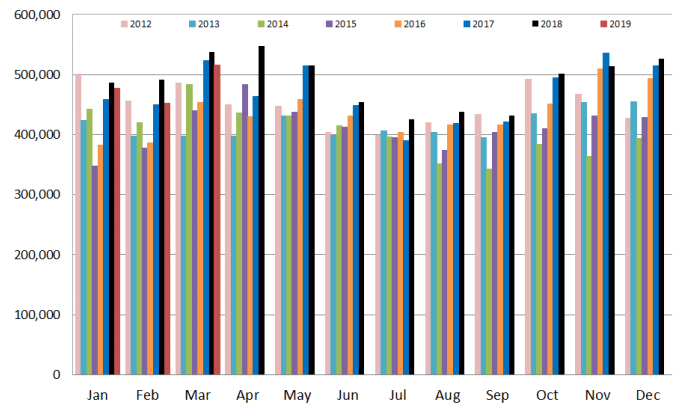
US Pork Exports (carcass weight, 1,000 pounds)

Top 5 Countries	Mar-18	Feb-19	Mar-19	M/M%	Y/Y%	YTD/LYTD%
Australia	20,884	29,989	23,553	-21.5%	12.8%	38.1%
Canada	48,203	40,189	55,037	36.9%	14.2%	8.3%
Colombia	24,884	24,448	28,832	17.9%	15.9%	17.1%
China*	49,107	36,133	52,032	44.0%	6.0%	-13.8%
Japan	104,237	88,731	96,569	8.8%	-7.4%	-9.5%
Mexico	150,360	116,775	128,474	10.0%	-14.6%	-16.7%
South Korea	87,748	59,220	61,032	3.1%	-30.4%	-22.2%
All US Pork Exports	538,108	452,358	515,412	13.9%	-4.2%	-6.0%

*Includes Mainland, Hong Kong & Taiwan

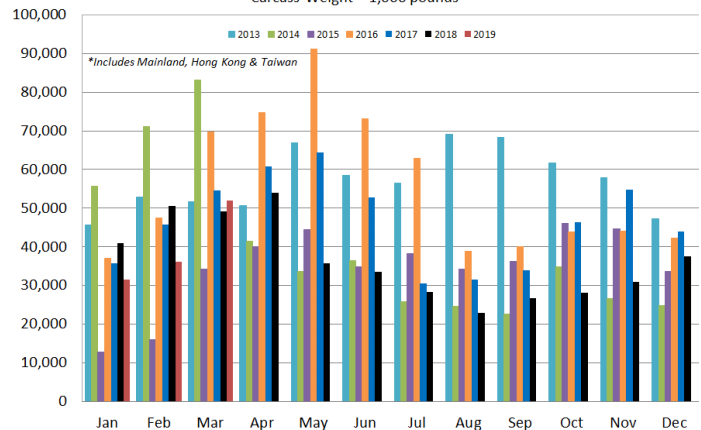
Total US Pork Exports

Carcass Weight 1,000 pounds



Total US Pork Exports to China*

Carcass Weight 1,000 pounds



Weekly Hog Price Recap

Despite reporting daily gains throughout much of the week, cash hogs finished the week steady to modestly weaker. Packer cash bid volume was generally considered moderately good, with strong volume peaking Tuesday. CME cash also declined overall, with the start of last week reporting modest declines. Wholesale pork values improved overall, with only butt values weaker to bring pork cutout \$2.27/cwt over a week earlier.

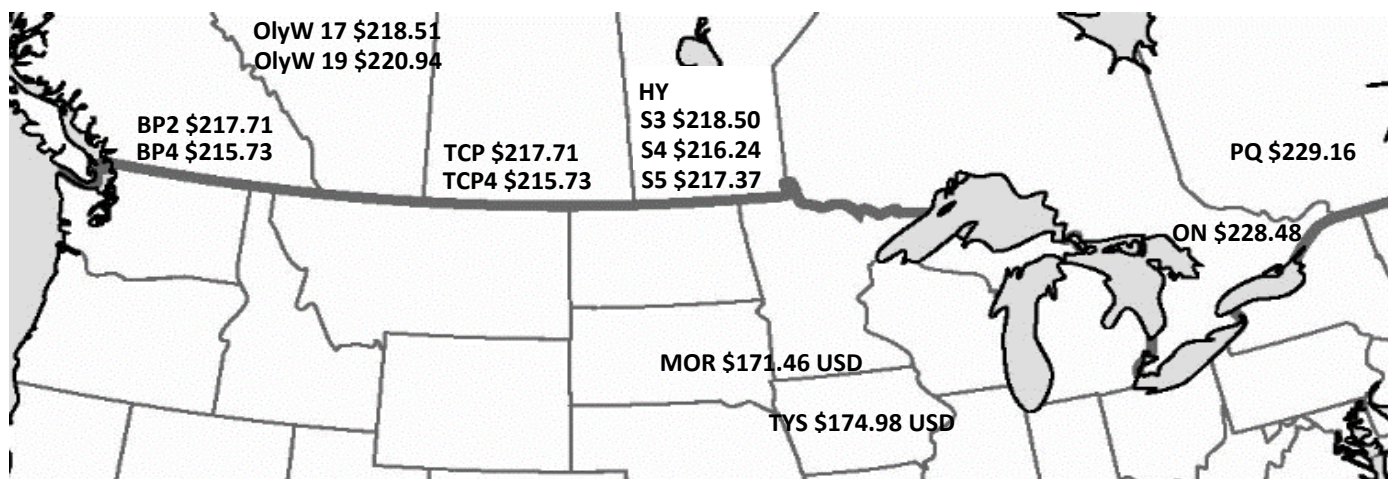
Cash Price	Weekly Averages		w/w	% Chg
	10-May-19	3-May-19		
ISM pm	\$80.97	\$81.43	-\$0.46	-0.6%
WCB pm	\$80.75	\$80.76	-\$0.01	-0.0%
Nat pm	\$79.64	\$79.64	-\$0.01	-0.0%
CME Index*	\$82.74	\$83.26	-\$0.52	-0.6%
BoC Exch	1.3460	1.3437	0.0023	0.2%

* Represents Friday-Thursday average

Monitored Canadian markets based off 201 derived base pricing generally reported the more modest declines. Values out of Hylife managed to remain largely unchanged from a week earlier, while the Sig 4 declined \$0.25/hog. Values out of Ontario were down shy of \$1/hog, while those out of Quebec, OlyW 17 & 19 were each down near \$1.50/hog. Pricing out of TCP/BP which is based on a 1-week lag saw values improve with the BP2 up less than \$0.25/hog while the BP4 rose \$1.75/hog. In the US, Tyson values fell \$2/hog while those out of JM were stable to near unchanged.

Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW '19	2019 YTD	Difference to OlyW '19	Last 13 weeks	Difference to OlyW '19	Ending 10-May-19	Difference to OlyW '19
OlyW 2019	\$174.50		\$172.31		\$181.45		\$220.94	
OlyW 2017	\$172.01	-\$2.49	\$170.72	-\$1.59	\$181.01	-\$0.44	\$218.51	-\$2.42
ML Sig 3	\$164.13	-\$10.37	\$162.84	-\$9.47	\$175.14	-\$6.31	\$218.50	-\$2.44
ML Sig 4	\$175.29	\$0.78	\$172.12	-\$0.18	\$180.00	-\$1.45	\$216.24	-\$4.70
ML Sig 5	\$169.72	-\$4.78	\$167.48	-\$4.82	\$177.57	-\$3.88	\$217.37	-\$3.57
BP2/TCP **	\$168.03	-\$6.47	\$162.99	-\$9.31	\$171.65	-\$9.81	\$217.71	-\$3.23
BP4/TCP4 **	\$174.25	-\$0.26	\$167.96	-\$4.34	\$174.46	-\$6.99	\$215.73	-\$5.21
Hylife	\$176.37	\$1.87	\$173.73	\$1.42	\$181.97	\$0.52	\$218.11	-\$2.83
Ontario	\$180.54	\$6.04	\$177.12	\$4.81	\$187.02	\$5.57	\$228.48	\$7.54
Québec	\$180.49	\$5.98	\$175.02	\$2.71	\$184.39	\$2.94	\$229.16	\$8.22
Tyson (USD)	\$139.40	-\$35.10	\$133.97	-\$38.34	\$142.43	-\$39.03	\$174.98	-\$45.96
John Morrell (USD)	\$132.69	-\$41.81	\$129.42	-\$42.88	\$139.11	-\$42.35	\$171.46	-\$49.48

**Thunder Creek reported with a 1-Week lag



Weekly Hog Margins

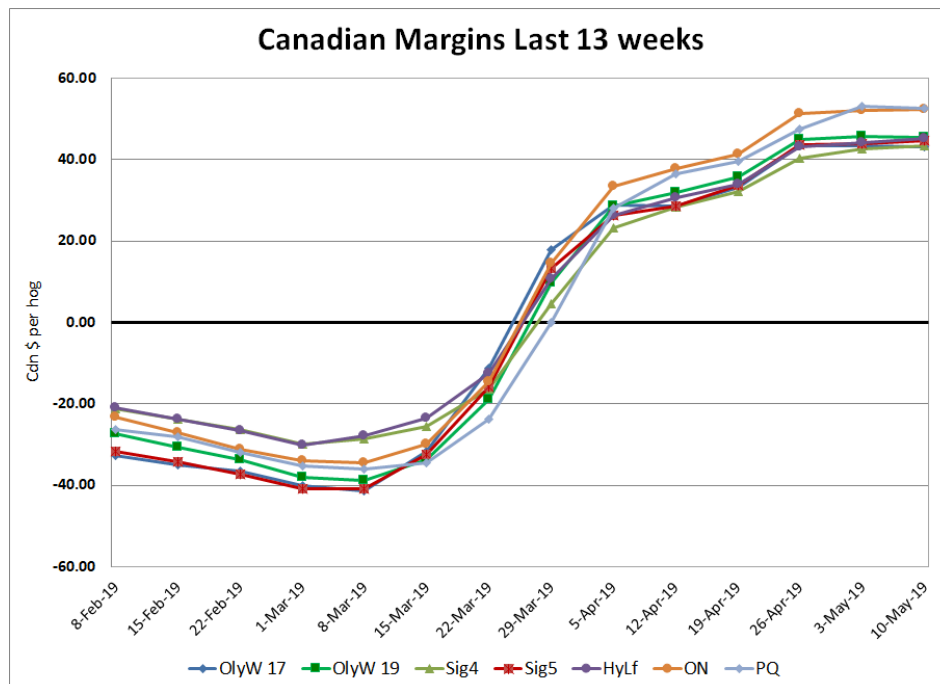
Hog margin values were mixed from a week earlier, as moderate hog market value declines were mostly offset by a reduction in feed costs. Farrow-to-finish feed costs on either side of the border in monitored regions fell more than \$1/hog.

Calculated hog margins were the strongest out of Hylife, up near \$1.25/hog, followed by the Sig 4 which was up \$1/hog. Margins out of the Sig 5 and Ontario calculated more moderate improvements from a week earlier, while remaining Canadian margins including OlyW markets were down between \$0.25-\$0.50/hog. In the US, Tyson margins were near \$1.50/hog weaker while JM margins were calculated \$1/hog higher.

Regional MARGINS, \$/hog						
Packer/Region	10-May-19	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 17/Alberta	\$218.51	\$115.99	\$39.45	\$20.05	\$175.49	\$43.02
OlyW 19/Alberta	\$220.94	\$115.99	\$39.45	\$20.05	\$175.49	\$45.45
ML Sig 4/Manitoba	\$216.24	\$113.73	\$39.54	\$19.55	\$172.82	\$43.42
ML Sig 5/Manitoba	\$217.37	\$113.73	\$39.54	\$19.55	\$172.82	\$44.55
Hylife/Manitoba	\$218.11	\$113.74	\$39.54	\$19.55	\$172.83	\$45.28
Ontario	\$228.48	\$111.67	\$40.71	\$23.76	\$176.14	\$52.34
Québec	\$229.16	\$114.36	\$40.50	\$21.65	\$176.51	\$52.65
Tyson (USD)/Iowa	\$174.98	\$78.81	\$28.70	\$16.57	\$124.08	\$50.90
John Morrell (USD)/ND	\$171.46	\$76.90	\$28.70	\$16.57	\$122.17	\$49.29

* Feed costs standardized for a 285 pound market hog

US Regional Margins – Tyson \$ 50.90 USD X 1.3460 = \$ 68.51 in Canadian Dollars
 Morrell \$ 49.29 USD X 1.3460 = \$ 66.34 in Canadian Dollars



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