

Hog Prices: ↓ Soymeal: ↑

Corn: ↑ CDN Dollar: ↓

| US Slaughter | |
|--|-----------------|
| 455,000 | Thursday |
| 437,000 | Year Ago |
| Daily Prices | |
| W. Corn Belt | \$49.46 |
| National | \$61.69 |
| Iowa/S. MN. | \$49.43 |
| Signature 5 | \$123.49 |
| HyLife (prev. day) | \$133.26 |
| Britco (prev. day) | \$111.55 |
| TCP/BP2 | \$123.49 |
| BoC Rate (Noon) prev. day \$1.2339 CAD / \$0.8104 USD | |
| Cash Prices Week Ending September 23, 2017 | |
| Signature 3 | 115.29/52.30 |
| Signature 4 | 137.78/62.50 |
| Signature 5 | 126.54/57.40 |
| h@ms Cash | 125.04/56.72 |
| HyLife | n/a |
| Britco | 122.53/55.58 |
| TCP/BP2 | 135.89/61.64 |
| Year-to-Date Top-Up Estimate | |
| \$3.70/ckg (call for details) | |
| ISO Weans | \$23.10 US Avg. |
| Feeder Pigs | \$36.96 US Avg. |

Forward contract prices opened lower this morning. US cash markets did not break the pace of the decline in this week's trade with regional cash markets breaking through the benchmark level of US\$50/cwt, the lowest level seen since November 2016. The pork cut-out value was hammered in yesterday's trade with losses of more than US\$3.00/cwt to the price; all cuts dropped \$1.50 or more on yesterday's USDA report. The decline comes as market participants anticipate record pork production amid (still) sluggish export sales. The latest weekly pork export volumes have been still showing weakness and despite increased sales to Japan and South Korea, they have not been large enough to offset the declines to China compared to last year's volumes. Lean hog futures have dropped to near their lowest levels experienced so far with bearish cash market fundamentals causing the weakness. Producers with less than 50% of their Oct – Dec hog production protected with forward prices should consider adding another 25% at an average of \$125 CAD/ckg in this timeframe.

Canadian delivered soymeal prices opened higher this morning. Strong export sales numbers from the USDA yesterday and planting delays in Brazil have been enough to give the trade some strength to finish the week. Export sales volumes have come in over 2 MMT for two of the first three weeks in September, a feature that hasn't usually developed until a bit later in the fall. Dry weather in Brazil is pushing back an aggressive planting pace as farmers are waiting for some moisture to develop. While US yields remain to be seen, farmers north of the equator are having no trouble getting on the fields in the absence of rainfall. In the meantime, and despite some reports of wide variation in yield coming from unofficial field reports, it appears that a 'better than expected' sentiment is more common than a poor one, recently.

US corn futures opened higher this morning. The Chinese corn processing sector expansion proposals are still making the news feeds and for good reason. The shift is significant and could mean the country will need to import 20 MMT in a year, a number that represents over six times their current import profile. However, the impact on the market will not be felt for some time. The changes will take some time to materialize and despite the large volume numbers reported, no concrete projected dates have surfaced. In fact, the USDA still projects Chinese imports to come in at 3.8 MMT (total, from all markets) for the 2019/20 marketing year (3.0 MMT for 2018/19). So, while the move could represent a shift in global corn marketing further out, US markets will likely not react to this news in the near(er) term.

| Fixed Forward Range (at opening) | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul |
|----------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 118.95 119.73 | 113.97 118.56 | 113.90 121.55 | 119.27 130.24 | 130.79 133.73 | 137.21 145.23 | 145.96 146.08 | 151.15 163.24 | 161.17 172.59 | 167.53 168.91 |
| Soymeal Wpg Delivered. | 436 | 428 | 428 | 435 | 438 | 438 | | | | | |

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