

Hog Prices: ↑ Soymeal: ↓  
Corn: ↑ CDN Dollar: ↓

## Forward contract prices opened mostly higher this morning.

Negotiated cash hog prices in most USDA reporting regions gained nearly \$1.50 USD/cwt in yesterday's trade as packers compete for fewer market-ready hogs. The market for fresh pork also experienced gains, but the increase in the carcass cut-out value was limited to roughly half as much as the live price rally. As a result, packer margins have shrunk to their lowest level in months and are estimated to be less than \$10 USD per hog which is too small to cover all costs associated to labor and facilities. After hitting the lowest prices in two months early this week, most lean hog futures contracts have made a remarkable recovery and now trading near one-month highs. Cash market support, combined with excellent export volume data from April, has supported the price recovery. However, the 18% increase in pork exports came almost exclusively from Mexico with Mexican merchandisers capitalizing on low ham prices and possibly building inventory in an effort to mitigate the ongoing trade uncertainty. With new Mexican tariffs set to be applied on some US pork cuts in less than a month, producers should use the current rally to cover up to half of their August - December production.

## Canadian delivered soymeal prices opened lower this morning.

Next week could be a big week for the market. There is the on again/off again US-North Korea summit that, for now, is planned to go ahead. While North Korea does not import anything of significance from the US, the success or failure of the summit could influence markets due to the implications of stability in the region, and relationships with North Korea's strongest ally, China, which could factor into US/China relations moving forward. The USDA's WASDE report will be released next week and pre-report expectations are for old crop beans to be slightly lower than previous month (at 522 mil. bu.), and for new crop to be pegged slightly higher than last month, but lower than last year (417 mil. bu.). In the meantime, markets will be watching for news releases from the G7 summit in Quebec today.

**US corn futures opened higher this morning.** US corn futures remain supported and, while impacted by ongoing geo-political developments, have not really wavered from the supportive tone seen through most of the week. Export sales remain good and are now at 98% of the USDA's stated goal which is 2% higher than the five-year average seen at this time of year. As well, the market's thoughts on lower stocks next year are being revealed in the pre-WASDE report expectations showing old crop domestic (US) ending stocks to be down month over month and new crop to come in 23% lower than this year. Global stocks are likewise expected to be down 18% compared to current year. Fundamentals (and potential pollination weather) are supportive for now.

US Slaughter	
452,000	Thursday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$75.15
National	\$74.34
Iowa/S. MN.	\$75.37
ML Signature 5	\$174.93
HyLife (prev. day)	\$168.96
TCP/BP2	\$174.93
BoC Rate (Noon) prev. day \$1.2972 CAD / \$0.7709 USD	
Cash Prices Week Ending June 9, 2018	
Signature 3	171.37/77.73
Signature 4	167.70/76.07
Signature 5 Brandon	169.53/76.90
h@ms Cash	168.03/76.22
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	160.99/73.02
2018 Top-Up Estimate	
\$4.19/ckg (call for details)	
ISO Weans	\$27.75 US Avg.
Feeder Pigs	\$49.06 US Avg.

Fixed Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		176.24 181.20	167.76 173.84	145.56 159.35	142.99 146.84	128.94 140.61	127.89 131.79	131.70 143.50	143.97 146.07	146.30 148.06	148.77 159.19
Soymeal Wpg/S. Man Delivered	516	519	517	520	523	523					

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