

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

US Slaughter	
468,000	Wednesday
449,000	Year Ago
Daily Prices	
W. Corn Belt	\$42.33
National	\$58.50
Iowa/S. MN.	\$42.33
ML Signature 5	\$119.18
HyLife (prev. day)	\$134.75
TCP/BP2	\$119.18
BoC Rate (Noon) prev. day \$1.3138 CAD / \$0.7612 USD	
Cash Prices Week Ending August 11, 2018	
Signature 3	119.73/54.31
Signature 4	151.74/68.83
Signature 5 Brandon	135.74/61.57
h@ms Cash	134.24/60.89
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	153.23/69.50
2018 Top-Up Estimate	
\$4.44 ckg (call for details)	
ISO Weans	\$13.64 US Avg.
Feeder Pigs	\$24.00 US Avg.

Forward contract prices opened higher this morning. Regional US cash markets came in lower with WCB, ISM and National reporting regions all down by \$0.40, \$0.43 and \$0.87 USD/cwt respectively. The ham and belly primal cuts once again led the carcass lower for a net negative \$1.25 USD change on the day. Packer margins are improving as hog values decline faster than the wholesale value of pork, motivating packers to keep plants full. Again this week, the Wednesday slaughter numbers are near the 'new normal' coming in at approximately 468,000 when numbers in the 440,000s were typical last year. Lean hog futures values are two-sided and choppy yesterday with no clear direction either lower or higher. Future values have biased toward the low side as very large supplies are expected at the same time the market is experiencing uncertainty in export trade movements. However, all contracts rallied sharply this morning on news that US-China trade talks have resumed, talk that the lows could be in place for now, and an oversold market. An oversold condition combined with news on the China (and NAFTA) files (indeed, there has been talk the USA and Mexico are also making progress) would likely be enough to trigger strong support across the futures contracts. Canadian forward contract values in the fourth quarter have improved by approximately \$6 CAD/kg on average as a result of this morning's action at the open.

Canadian delivered soymeal prices opened higher this morning. US soybean futures rallied by double digits at the open this morning on news circulating that the USA and China have resumed trade talks. This follows the recent, frosty and escalating rhetoric and many commentators were previously suggesting there was no end to the hostilities in the near term. The news, especially if it leads to the development of a new deal, would be welcomed by the trade who had been concerned over the uncertainty of trade flows while access to China was limited.

US corn futures opened higher this morning. Like beans, US corn futures followed the trend higher, opening 4 ½ cents USD/bu. higher on the news noted above. While the US is not a large supplier of corn to China relatively speaking, the idea that the US is resuming talks with one of its largest trading partners is good news for the market. There has also been talk that the US and Mexico are making progress on the language in a new agreement. Recall that Mexico is the #1 destination for US corn. If the US is making progress on (all) trade files, the market will likely bias higher in the short term if the uncertainty subsides.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		127.14 130.10	124.48 127.20	114.61 127.63	113.55 117.50	120.45 132.60	133.07 135.31	139.44 141.80	143.48 151.50	152.64 165.73	164.15 177.24
Soymeal Wpg/S. Man Delivered	492	489	491	492	493						

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STRENGTH IN NUMBERS



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