

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

**Forward contract prices opened mixed this morning.** US regional cash markets were down slightly to start this week, taking negotiated prices in some reporting regions to their lowest level in 16 years. Packers are managing their margins largely by matching cash bids to changes in the wholesale pork market, but when supplies spike (as they did last week) the gap between live and wholesale pork prices widen. There is currently no indication of a quick recovery in the cash market and producers should take note of the opportunities to hedge fall production at \$15-\$20 CAD/ckg higher than the current cash prices. The African Swine Flu outbreak in China has been a catalyst for the sharp recovery in futures values, but even if one considers the 'worst case scenario' in the spread of the disease, it is unlikely that its effects would be felt in the North American cash market any earlier than a couple of months. In addition, any shortfall of pork in China would initially be met by suppliers not facing a 25% tariff against its products such as European pork producers. Producers should take the opportunity to mitigate their price risk on up to 75% of their fall/winter production, but delay protection on production beyond February 2019 at this time.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower but are lacking clear direction and are still residing amid the lows. The market is currently anticipating any news coming from Washington, DC on developments related to the visiting Chinese trade delegation that is supposed to resume some trade talks with US officials tomorrow. As well, crop tours are underway and some details on regional conditions are expected on Friday. In the meantime, the USDA has pegged the soybean crop in 65% good/excellent condition (1% lower than expectations) with 83% in the pod setting stage.

**US corn futures opened lower this morning.** US corn futures have turned around from yesterday's pressure and are trading higher at the open but are well off the highs seen in May. Even then, the US corn was not trading at extreme highs, coming in at \$4.20 USD/bu. Like beans, some market participants will be looking to the ongoing crop tours for some hints on further direction but crop tour results, no matter how popular the tour, are not typically market movers in the grand scheme. Crop conditions reported by the USDA show 68% of the crop to be in good/excellent condition, 1% lower than market expectations.

US Slaughter	
456,000	Monday
425,000	Year Ago
Daily Prices	
W. Corn Belt	\$40.27
National	\$53.59
Iowa/S. MN.	\$40.31
ML Signature 5	\$110.35
HyLife (prev. day)	\$123.37
TCP/BP2	\$110.35
<b>BoC Rate (Noon) prev. day</b>	
\$1.3065 CAD / \$0.7654 USD	
Cash Prices Week Ending August 18, 2018	
Signature 3	103.74/47.06
Signature 4	138.80/62.96
Signature 5 Brandon	121.27/55.01
h@ms Cash	119.77/54.33
HyLife	134.60/61.05
TCP/BP2 Moose Jaw/Langley	135.74/61.57
2018 Top-Up Estimate	
\$4.84 ckg (call for details)	
ISO Weans	\$16.99 US Avg.
Feeder Pigs	\$17.21 US Avg.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		128.39 129.21	127.97 130.08	119.35 130.38	118.41 122.10	122.38 135.85	138.08 140.19	140.91 146.42	148.13 155.98	156.80 169.34	167.89 180.54
Soymeal Wpg/S. Man Delivered	480	476	477	479	479						

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