

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

Forward contract prices opened higher this morning. US cash markets are not expected to show any signs of support in early trade this week as hog supplies are abundant and packers have all the numbers they need to meet their planned slaughter schedule. Last week's slaughter was estimated to be 2.526 million with Saturday's slaughter pegged at 216,000 hogs. Compared to the same week last year, the slaughter was 8% larger and generally represents the biggest hurdle to overcome in order for the cash market to recover. Lean hog futures continue their volatile trade with the remaining 2018 contracts gaining between \$2 and \$3 USD/cwt in today's early trade while the December contract is being valued higher than the October one. With this morning's rally, the December hog contract is valued 10% higher than the current cash market and more than 20% higher than its price just over two weeks ago. Producers without protection in the October – February timeframe should use today's support as a pricing opportunity in order to avoid likely losses associated with the upcoming record-large supply and the constrained export demand.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are starting the week off lower. The Pro Farmer Crop Tour has suggested as much as 53.0 bpa in yield is possible, which, if it turns out to be true, could mean as much as 850 million bu. in ending stocks could be realized; at least one analyst has put a potential ending stocks number between 874 and 964 million bu. which translates to a 20+% stocks-to-use ratio and would almost certainly pressure the bean complex in the short-term. There are also ideas that managed money could be repositioning in the face of bearish news following the most recent Commitments of Traders report that showed the funds reduced short positions (i.e. what they do when higher prices are expected) when an increase on the short side was expected (which is what they would have done if they were anticipating ongoing low prices), adding to the pressure.

US corn futures opened lower this morning. Like beans, US corn futures are trending lower to start the week. While the news is bearish for corn, it is not as bearish as found in the soybean complex. The Pro Farmer Crop Tour has suggested 177.3 bpa for a national yield which is slightly lower than the USDA's 178.4 bpa estimate but one that could still usher in some pressure for the trade in the short term. There is currently a lot of corn in the marketplace and old crop ending stocks are estimated at over 2 billion bu. Most analysts are of the view that it would take 182+ bpa to get ending stocks 'back' to those old crop levels. But, recall that a global drawdown in corn stocks is expected in the new marketing year which will help provide support further out.

US Slaughter	
2.526 mil.	Last Week
2.338 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$37.05
National	\$52.02
Iowa/S. MN.	\$37.00
ML Signature 5	\$104.45
HyLife (prev. day)	\$119.60
TCP/BP2	\$104.45
BoC Rate (Noon) prev. day	
\$1.3036 CAD / \$0.7671 USD	
Cash Prices Week Ending August 25, 2018	
Signature 3	93.41/42.37
Signature 4	124.37/56.41
Signature 5 Brandon	108.89/49.39
h@ms Cash	107.39/48.71
HyLife	121.86/55.28
TCP/BP2 Moose Jaw/Langley	121.27/55.01
2018 Top-Up Estimate	
\$5.15 ckg (call for details)	
ISO Weans	\$18.23 US Avg.
Feeder Pigs	\$18.80 US Avg.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5			120.62 122.72	117.37 128.35	116.44 120.10	127.51 140.94	143.15 145.26	144.74 150.23	151.83 159.65	158.84 171.32	169.88 182.48
Soymeal Wpg/S. Man Delivered	449	446	448	451	451						

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