

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

Forward contract prices opened higher this morning. US cash markets have stabilized this week with negotiated prices trading near-steady the last couple of days at \$37 USD/cwt. However, the cash index continues to move lower, in part, due to a lag from the price declines already seen in the negotiated trade. Daily hog slaughter is approaching capacity with current US total production estimated at 470,000 hogs per day which suggests that the additional hogs that will come to market in the coming months will be added to a Saturday shift. Lean hog futures are experiencing extremely high volatility with 8 of the last 10 trading days seeing a price move larger than 5% of its value (either higher or lower). While high production levels almost a certainty for the next several months, demand, and more specifically, export demand remains uncertain and dynamic. News of Mexico and the US reaching a preliminary deal on NAFTA is a positive development for hog prices in 2019, but the agreement is trilateral and requires Canada to be part of the final deal. Producers should view the 20% rally that the November – February forward prices have appreciated over the last three weeks as a good pricing opportunity considering that most of the possible positive demand factors will not likely have a major impact before the new year.

US Slaughter	
468,000	Tuesday
450,000	Year Ago
Daily Prices	
W. Corn Belt	\$36.77
National	\$51.42
Iowa/S. MN.	\$36.77
ML Signature 5	\$102.47
HyLife (prev. day)	\$117.52
TCP/BP2	\$102.47
BoC Rate (Noon) prev. day	
\$1.2917 CAD / \$0.7741 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.

Canadian delivered soymeal prices opened even this morning.

US soybean futures are correcting higher this morning following a week of pressure that pushed the nearby offering to contract-closing lows. In the absence of any clear fundamental story, there are thoughts today's turnaround represents some technical movements; for example, the September contract approached a relative strength index (RSI) of 33.4 (anything below 30 hints at eminent support), but thoughts that the US crop will get bigger and no real news on the China/US trade file has kept the pressure on the soybean complex. The fundamental and trade picture will likely keep the upside limited for now, but that could change very quickly.

US corn futures opened higher this morning. Like beans, US corn futures contracts have found some support amid the lows. While not at their lowest levels, the September contract once again flirted with all-time contract lows yesterday that were last seen mid-July and an RSI in the 32s. The trade, however, is very much in a holding pattern as market participants wait for any news on the NAFTA file; Mexico is the number one destination for US corn. The US administration has announced a Mexico-USA trade agreement is basically agreed and that Canada needs to sign on by an arbitrary date important to the US. But a Mexico-US free trade agreement does not replace the NAFTA and while the US may decide to renegotiate trade deals on bilateral terms (and trigger a six-month notice required to exit the NAFTA), that has not yet been done.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		117.88 119.20	118.04 124.33	117.11 120.77	120.53 137.17	140.43 143.68	144.03 149.50	150.87 158.06	157.55 169.98	168.54 181.08	174.66 177.16	171.21 176.97
Soymeal Wpg/S.Man	438	440	443	443								

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h@ms Marketing will be closed Monday, Sept. 3

for Labour Day (Canada and USA). The HMO and Opening Prices will not be available and forward contacting will be closed. Normal business resumes Tuesday, September 4.

STRENGTH IN NUMBERS

