

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

Forward contract prices opened higher this morning. US negotiated hog prices have surged higher over the last two weeks, overtaking the CME Lean Hog Index which is lagged, and experiences influence from formula and pork pricing. After hitting a low of less than US\$37 USD/cwt at the end of August, negotiated prices in the Midwest have recovered 40% of their value over the last three weeks while the pork cut-out has appreciated only about 15% over the same timeframe. Packers are still dealing with profitable operating margins and continue to seek out new uncommitted supplies to take advantage of the profit opportunity. The seasonal tendency of Canadian cash prices over the next two months are for a \$20 CAD/kg decline while current forward prices for November are trading at levels similar to current cash prices. Producers should view current forward prices as an opportunity to mitigate the uncertainty relating to export demand and the bearish price effects of the record large pork supply that is anticipated for the remainder of 2018.

Canadian delivered soymeal prices opened lower this morning. Trade tensions between China and the USA intensified yesterday as the Trump administration announced another 10% tariff on \$200 billion worth of Chinese goods. The tariff goes into effect on September 24 and is poised to raise to 25% at an as yet undetermined date at the beginning of 2019. Markets impacted by Chinese trade (i.e. soybeans) have reacted negatively and are trading lower as of this writing. The trade is also waiting for harvest pressure to materialize but US harvest is in its infancy with only 6% reported as being harvested. US soybeans will get sold; it just got a little bit harder to sell directly to China (the #1 importing country for US beans).

US corn futures opened lower this morning. Pressure remains on the US corn trade as NAFTA talks drag on and the steel and aluminum tariffs against Mexico remain in place. The USDA released harvest progress yesterday, but it is still too early for markets to be reacting to progress per se. In any event, the USDA pegged that national average corn harvest pace at 9% compared to a 6% 5-year average while the crop in good/excellent condition remained exactly at the same levels as last week at 68%. Good news on the trade front is necessary in order for the corn market to stage a recovery even though a draw down in global stocks is expected in the new crop year.

US Slaughter	
416,000	Monday
448,000	Year Ago
Daily Prices	
W. Corn Belt	\$51.58
National	\$57.22
Iowa/S. MN.	\$51.67
ML Signature 5	\$127.66
HyLife (prev. day)	\$131.26
TCP/BP2	\$127.66
BoC Rate (Noon) prev. day	
\$1.3019 CAD / \$0.7681 USD	
Cash Prices Week Ending September 15, 2018	
Signature 3	112.30/50.94
Signature 4	123.35/55.95
Signature 5 Brandon	117.83/53.45
h@ms Cash	116.33/52.77
HyLife	124.45/56.45
TCP/BP2 Moose Jaw/Langley	105.19/47.71
2018 Top-Up Estimate	
\$5.66 ckg (call for details)	
ISO Weans	\$28.11 US Avg.
Feeder Pigs	\$31.32 US Avg.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		133.67 134.42	123.49 128.06	123.14 126.82	124.12 140.82	144.09 147.36	144.98 150.46	152.36 159.61	158.84 171.35	169.90 182.53	176.01 178.51	172.98 178.74
Soymeal Wpg/S.Man	432	429	433	433	437	438	438					

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