

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

Forward contract prices opened mostly lower this morning. US negotiated cash markets moved sharply higher in yesterday's trade with packers actively seeking additional hogs for their slaughter operations. The pork carcass cut-out, valued at just over \$80 USD/cwt, has seen gains over the last few weeks, mostly due to strong prices for hams and bellies which have contributed to the strong recovery in market hog values. However, production is expected to approach record weekly levels in the next two weeks as packers on the east coast are making up for down time over the last two weeks. Lean hog futures were lower in early morning trade, but current prices for the December and February contracts still support forward prices that represent good value in the context of the heavy supplies that are anticipated. Traders are anticipating 3-4% growth in market hog numbers for the 4th Quarter of 2018 over year ago levels and the release of the USDA Hogs and Pigs report tomorrow will help to inform the market of the available supply. Producers should view current forward prices for the November – January timeframe as fair value, but the spring and summer timeframe may have greater upside potential, in part, due to the ongoing spread of African Swine Fever in China and Europe.

Canadian delivered soymeal prices opened lower this morning. Short covering and stronger ideas that Argentina (and now Brazil) are buying US beans to replace stocks that have been sold to China sent the market considerably higher yesterday. The fallout meant that prices for meal in Canadian dollars rallied by \$10 CAD/MT as US bean futures made double digit gains by the mid-trade. None of this is particularly surprising, however, as there are only three major growing and exporting regions in the world; the USA, Brazil, and Argentina. It is nonetheless interesting to see the bean movements now that there is some evidence China is actively avoiding the purchase of US beans (despite some reports of the odd load trickling through). The USDA's quarterly grain stocks report will be released on Friday.

US corn futures opened lower this morning. Following six sessions of gains, US corn futures have backed off their recent rally. Depending on who one reads in the ag press, NAFTA is either likely to be concluded by Friday, or talks are still far from being concluded suggesting the USA will not meet their congressional deadline. Regardless, a successfully renegotiated NAFTA (or a bilateral US/Mexico trade deal) would likely be supportive as Mexico is the number one customer for US corn. Quarterly grain stocks will be released Friday and at least one publication has suggested the USDA could be a bit high on estimated yield. Whether or not yields are adjusted remains to be seen but very few expect an adjustment to be drastic or expose production holes.

US Slaughter	
472,000	Tuesday
462,000	Year Ago
Daily Prices	
W. Corn Belt	\$63.13
National	\$64.81
Iowa/S. MN.	\$63.14
ML Signature 5	\$149.39
HyLife (prev. day)	\$147.54
TCP/BP2	\$149.39
BoC Rate (Noon) prev. day	
\$1.2948 CAD / \$0.7723 USD	
Cash Prices Week Ending September 22, 2018	
Signature 3	128.84/58.44
Signature 4	135.03/61.25
Signature 5 Brandon	131.93/59.84
h@ms Cash	130.43/59.16
HyLife	136.66/61.99
TCP/BP2 Moose Jaw/Langley	117.83/53.45
2018 Top-Up Estimate	
\$5.59 ckg (call for details)	
ISO Weans	\$33.37 US Avg.
Feeder Pigs	\$35.25 US Avg.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		141.47	123.09 134.60	122.69 126.36	123.11 139.78	143.05 146.31	144.98 150.46	151.73 158.94	158.40 170.38	168.82 181.50	175.71 178.20	172.16 177.89
Soymeal Wpg/S.Man	442	432	437	437	423	442	442					

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.