

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

| US Slaughter | |
|--|-----------------|
| 474,000 | Tuesday |
| 461,000 | Year Ago |
| Daily Prices | |
| W. Corn Belt | \$63.34 |
| National | \$69.39 |
| Iowa/S. MN. | \$63.38 |
| ML Signature 5 | \$153.34 |
| HyLife (prev. day) | \$156.37 |
| TCP/BP2 | \$153.34 |
| BoC Rate (Noon) prev. day | |
| \$1.2817 CAD / \$0.7802 USD | |
| Cash Prices Week Ending September 29, 2018 | |
| Signature 3 | 147.92/67.10 |
| Signature 4 | 149.19/67.67 |
| Signature 5 Brandon | 148.55/67.38 |
| h@ms Cash | 147.05/66.70 |
| HyLife | 150.51/68.27 |
| TCP/BP2 Moose Jaw/Langley | 131.93/59.84 |
| 2018 Top-Up Estimate | |
| \$5.46 ckg (call for details) | |
| ISO Weans | \$35.92 US Avg. |
| Feeder Pigs | \$37.01 US Avg. |

Forward contract prices opened lower this morning. US cash markets, both negotiated and formula based, moved higher in yesterday's trade as packers have increased their planned production schedule and have been willing to pay higher amounts to achieve them. The spread between cash hog bids and wholesale pork prices is large and represents a gross margin of close to \$30 USD per pig. This is similar to margin levels experienced last year, except that prices of both hogs and pork are now more than 10% higher than year-ago levels. Lean hog futures were sharply lower in early morning trade, taking back all of the gains that had accrued so far this week. While the news of the USMCA trade agreement helped the lean hog futures achieve new contract highs yesterday, US pork exports are still impeded by Mexico's retaliatory pork tariffs that were a response to US tariffs on steel and aluminum, and there continues to be no stated timeline for a resolution on this issue. Lean hog futures remain highly volatile due to ongoing uncertainty in export channels and heavy supplies of competing meat in the domestic market. Forward prices for the winter timeframe represent good value given current market conditions while spring and summer prices may have significant upside opportunity depending on how the spread of African Swine Fever develops.

Canadian delivered soymeal prices opened higher this morning. The US soybean futures market has turned lower this morning following some modest gains after hitting contract lows last week. Harvest pace is ahead of the averages, and it may be needed. A weather system is forecast to dump between 4 and 6 inches of rain in short periods of time over areas of the Midwest over the next couple weeks which is expected to grind harvest to a near-halt in some of those areas. The news (and developments) coming out of China are very light this week as the country celebrates the autumn Golden Week. The October WASDE report will be released next week but it is much too soon to attribute this morning's move lower to pre-report positioning.

US corn futures opened mixed this morning. Unlike beans, US corn futures are trading in a choppy and more two-sided pattern although the trend was lower in the early morning trade. The announcement of the new USMCA is providing some optimism to the market as it suggests some of the uncertainty between the USA and Mexico is now removed more certainly. However, Mexico has not applied tariffs to US corn broadly, so nothing has really changed regarding relationship dynamics in the US/Mexico corn trade. While the market will look forward to the new WASDE numbers coming out next week, the most pressing issue is the upcoming rainfall, how much it will delay harvest activity, and if it will damage crops.

| Forward Range (at opening) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|----------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 121.43 132.82 | 121.04 124.67 | 124.09 140.60 | 143.84 147.07 | 143.68 149.10 | 150.57 157.73 | 157.61 169.49 | 167.94 180.52 | 174.66 177.12 | 170.59 176.27 |
| Soymeal Wpg/S.Man | 437 | 441 | 441 | 446 | 445 | 445 | | | | | |

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