

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

Forward contract prices opened mixed this morning. US negotiated cash markets were slightly lower in yesterday's trade but have largely held the gains that have accrued over the last month. The price of hogs in negotiated markets that are not already committed to a packer have improved by about USD\$26 per cwt over the last month (or 70% of their value). Over this time, packers have grown more optimistic about the prospect of higher prices and have looked to capitalize on the profitable spread between hog and pork values. The expectation of a second shift being added at the new Seaboard Triumph Foods plant in Sioux City, Iowa later this month could result in tighter operating margins and could be motivating packers to build inventory now. However, hog weights have lagged last year's trend by about 2 lbs. in recent weeks, an indication that producers are very current with their marketings meaning they can afford to delay these deliveries in order to command higher prices. Lean hog futures action yesterday saw the nearby contracts losing close to \$4.00 USD/cwt over the session, but the spring/summer month contracts in 2019 were only down by \$1.00/cwt, reflecting the positive price effects that could develop based on a further spread of African Swine Fever in China.

Canadian delivered soymeal prices opened lower this morning.

Markets are relatively quiet after some profit-taking action that nudged the market lower in yesterday's session. This morning, the trade is moving in the opposite direction and trading higher as of this writing. There appears to be an atypical weather premium being built into the trade that is attempting to adjust for the wet, cold, and snowy weather that has developed and will continue into next week. As well, there is continuing thoughts that Argentina (and Brazil) are still buying US beans to 'replace' sales to China which is providing underlying support. Export sales showed net sales of 1.52 MMT for week ending September 27 against a pre-report expectation of 900,000 to 1.5 MMT.

US corn futures opened higher this morning. Support in US corn futures this morning continues the recent upward sloping trend following yesterday's choppy and two-sided trade. Export sales came in at 1.4 MMT against pre-report expectations between 1.0 and 1.6 MMT which is to say in line with expectations. Mexico continues to be the dominant purchaser despite the unresolved, US-imposed, steel and aluminum tariff action, but the dispute is thought to be resolved relatively soon. In the meantime, the market will be watching weather developments in the Midwest and Northern Plains that has become less than friendly to harvesting activity. The October WASDE report will be released next week.

US Slaughter	
473,000	Wednesday
461,000	Year Ago
Daily Prices	
W. Corn Belt	\$63.42
National	\$69.57
Iowa/S. MN.	\$63.41
ML Signature 5	\$153.82
HyLife (prev. day)	\$156.94
TCP/BP2	\$153.82
BoC Rate (Noon) prev. day \$1.2832 CAD / \$0.7793 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 Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #5		120.45 131.87	120.05 123.69	123.80 140.35	143.59 146.83	144.35 149.80	150.88 158.03	158.72 170.60	169.06 181.62	176.76 179.23	172.73 178.42
Soymeal Wpg/S.Man	432	437	437	442	441	441					

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STRENGTH IN NUMBERS

