

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

Forward contract prices opened higher this morning. US negotiated and formula-based cash markets are moving lower in the middle of this week and are reflecting the abundant supply of animals available to the market. Cash prices are down nearly 10% from levels seen at this time last year while wholesale pork prices are down close to 20%. With total US pork production hitting record-high levels and averaging volumes about 5% higher than year-ago, prices are performing about as well as could be expected. Importantly, producers are earning a larger share of the consumer dollar as the expansion of the US slaughter capacity likely contributed to the tighter packer margins. While most 2019 lean hog futures contracts are down about \$2.00 USD/cwt from the highs made last week, the weak Canadian Dollar has helped to moderate this bearish move when looking at the recent trend in forward contract prices. Producers are encouraged to take protection on the first six months of 2019 on as much as 25% of their intended production while setting targets on an additional 10% at \$10 CAD/kg higher than current forward prices.

Canadian delivered soymeal prices opened higher this morning. In what appears to be speculation on thoughts of a positive G20 dinner meeting between President Trump and President Xi this Saturday evening, US soybean futures are showing strength for the second consecutive session at the open. Fundamentally, nothing has changed and, if anything, the current outlook is for more pressure. While harvest is technically behind by about 4%, it is still in the 90% range suggesting it's in the final stages. Tariffs still remain in place on US soybeans into China and there is still the threat that the US will increase (and perhaps add) tariffs on China in January if a positive agreement cannot be reached at the G20. Social media followers will note the messages coming from the US executive, the administration, and from Chinese officials on this front have not been remotely consistent.

US corn futures opened higher this morning. US corn futures are following beans higher as traders position themselves ahead of the G20 meeting this weekend and the Mexican presidential inauguration on Saturday, December 1. There is massive speculation that the tariffs Mexico imposed on US products (including pork, but not so much corn) could be removed as early as next week after the new Mexican administration is sworn in. While US corn was not impacted by the tariffs in a direct sense, it would bode well for the trading relationship moving forward. However, Mexico is very unlikely to remove the retaliatory tariffs until the US removes the steel and aluminum tariffs first, or an agreement is made regarding a swift removal of them.

US Slaughter	
469,000	Tuesday
461,000	Year Ago
Daily Prices	
W. Corn Belt	\$49.02
National	\$59.97
Iowa/S. MN.	\$49.02
ML Signature 5	\$130.44
HyLife (prev. day)	\$139.65
TCP/BP2	\$130.44
BoC Rate (Noon) prev. day	
\$1.3289 CAD / \$0.7525 USD	
Cash Prices Week Ending November 24, 2018	
Signature 3	124.22/56.35
Signature 4	142.09/64.45
Signature 5 Brandon	133.16/60.40
h@ms Cash	131.66/59.72
HyLife	140.58/63.77
TCP/BP2 Moose Jaw/Langley	135.72/61.56
2018 Top-Up Estimate	
\$5.93 ckg (call for details)	
ISO Weans \$47.82 US Avg.	
Feeder Pigs \$52.28 US Avg.	

Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			133.37 143.81	147.17 150.54	151.14 156.90	158.40 165.84	166.44 180.67	181.63 194.70	189.53 192.21	177.48 192.33	159.80 166.94	152.85 156.51
Soymeal Wpg/S.Man	451	451	451	455	455	464						

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