

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

Forward contract prices opened mostly lower this morning. US cash markets are trading narrowly mixed with regional, negotiated prices near \$46 USD/cwt while the formula-based prices continue to hold their value near \$60/cwt, representing a near 30% premium relative to the negotiated price. The price differential between the uncommitted and committed hogs is consistently at its widest point in the November/December timeframe as most packers are operating at full capacity and are only willing to add production shifts to take on new hogs if the margin on those animals is larger. This week's slaughter is anticipated to be over 2.6 million hogs due, in part, to the strong margins from which packers are benefiting. Lean hog futures have trended lower over the last week, but the contracts beyond June have found support on the possibility of new Chinese demand due to African Swine Fever. While the Canadian Dollar has recovered some of its recent losses, most forward contract prices beyond the spring timeframe are trading near their contract highs and represent an opportunity to hedge profitable prices in the latter half of currently available weeks in 2019.

Canadian delivered soymeal prices opened higher this morning. As expected, only minor changes were revealed in yesterday's WASDE report. Ending stocks for US beans (a proxy measure for the health of supply) came in unchanged from last month's numbers at 955 million bu. Bearish individuals will point out that an ending stocks number approaching 1 billion bu is rather large for US beans and could weigh on the trade if they remain unsold. However, the US soybean market is trading higher this morning on increased speculative optimism that China may (!) resume purchases of US beans over the 90-day 'trade war' cooling-off period. Tweets from the US President saying China 'back in the market' for beans and 110,000 MT sold to unknown destinations per the USDA is underpinning the move higher.

US corn futures opened higher this morning. Like beans, the values in yesterday's WASDE report changed relatively little compared to the November report. Ending stocks for US corn came in at 1.781 billion bu compared to 1.736 billion last month and the 1.738 billion bu. pre-report estimate. The move higher is slightly bearish as a global downturn in stock is expected and higher supply numbers buck the expectation. Regardless, US corn futures are trading higher this morning on increasing optimism in international trade developments and expectations that traders are likely positioning themselves ahead of two weeks of disruptions due to holidays that begin in a week and a half.

US Slaughter	
479,000	Tuesday
468,000	Year Ago
Daily Prices	
W. Corn Belt	\$46.26
National	\$59.03
Iowa/S. MN.	\$46.43
ML Signature 5	\$127.03
HyLife (prev. day)	\$139.00
TCP/BP2	\$127.03
BoC Rate (Noon) prev. day \$1.3402 CAD / \$0.7462 USD	
Cash Prices Week Ending December 8th, 2018	
Signature 3	117.08/53.11
Signature 4	139.43/63.25
Signature 5 Brandon	128.26/58.18
h@ms Cash	136.68/62.00
HyLife	138.18/62.68
TCP/BP2 Moose Jaw/Langley	130.14/59.03
2018 Top-Up Estimate	
\$6.10 ckg (call for details)	
ISO Weans \$56.76 US Avg.	
Feeder Pigs \$60.89 US Avg.	

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		138.79 144.91	148.27 151.64	153.03 158.79	160.14 167.58	166.19 180.40	181.36 194.43	189.21 191.89	178.49 167.96	160.83 167.96	154.60 158.28
Soymeal Wpg/S.Man	465	456	471	471	477	477					

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