

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

Forward contract prices opened lower this morning. US cash markets moved lower again in yesterday's trade with most regions reporting a decline of near \$0.35 USD/cwt. Despite market-ready hog supplies running near their tightest level of the year, packers are hesitant to bid up prices (to secure their production) as they are already operating on thin margins. The pork carcass cut-out has lost about \$2.00 USD/cwt of value over the last four days even though pork bellies are trading at their highest level so far this year, and double the value experienced just three months ago. Lean hog futures were sharply lower in yesterday's trade with the December contract dropping under \$50 USD/cwt. This is the lowest level that any futures contract has traded since November 2016. The Canadian Dollar is seeing influence from this morning's Bank of Canada decision to raise interest rates by 0.25% as was widely expected. The move strengthened the CAD but effectively discounts forward contract values even more at a time when forward contract values are already lower than the three-year average pace.

Canadian delivered soymeal prices opened lower this morning.

The US soybean market is once again in sell-off mode this morning on the day before the release of the July WASDE report. Commentators note that, typically, the July report isn't often a huge market mover. However, with the latest tariff threats being bandied about, the market is not optimistic toward a return to normal anytime soon and the lack of negotiations are telling. It will be interesting to see how the USDA presents its numbers tomorrow and in a move that is now a new policy, the media 'lock up' (i.e. when the report was issued to the media ahead of the official release so articles could be planned/written) will no longer be taking place (more on this tomorrow). It could be a volatile trade on Thursday afternoon.

US corn futures opened lower this morning.

Like beans US corn is trending lower and residing amid the lows for the current contracts. Fundamentals have not changed much although there is talk some beneficial rain is forecast in areas that have been getting a bit dry due to recent high temperatures. But that in itself would not be normally enough to push the market this low and there is talk of a global drawdown in stocks during the new crop marketing year. The clear consensus among commentators is that this current pressure is a function of the deteriorating export trade situation that appears to be intensifying rather than getting better.

US Slaughter	
457,000	Tuesday
440,000	Year Ago
Daily Prices	
W. Corn Belt	\$76.46
National	\$81.88
Iowa/S. MN.	\$76.50
ML Signature 5	\$187.36
HyLife (prev. day)	\$188.75
TCP/BP2	\$187.36
BoC Rate (Noon) prev. day	
\$1.3125 CAD / \$0.7619 USD	
Cash Prices Week Ending July 07, 2018	
Signature 3	187.86/85.21
Signature 4	193.03/87.56
Signature 5 Brandon	190.45/86.39
h@ms Cash	188.95/85.71
HyLife	190.95/86.61
TCP/BP2 Moose Jaw/Langley	194.83/88.37
2018 Top-Up Estimate	
\$3.51/ckg (call for details)	
ISO Weans	\$17.70 US Avg.
Feeder Pigs	\$32.76 US Avg.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		151.79 157.79	123.88 138.01	121.27 123.85	109.01 121.58	108.07 111.76	113.12 125.02	125.49 127.73	130.79 133.03	133.96 139.07	156.06 158.87	158.17 163.95
Soymeal Wpg/S. Man Delivered	481	485	485	484	481	481						

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