

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

Forward contract prices opened mostly lower this morning. US cash markets followed the same trend set earlier this week, losing approximately \$0.35 USD/cwt in yesterday's trade. While hog supplies are near their seasonal lows, packers are looking at the big picture (with respect to upcoming supplies) and the constraints placed on export market demand. Wholesale pork prices have been sinking since July 4th with ham values dragging the pork carcass cut-out lower. Hams are down 25% from last year's levels and considering that they make up 25% of the carcass by weight, the ham primal has been the primary source of weakness in the cut-out value. Lean hog futures moved sharply lower again yesterday with the CME adopting expanded limits for hogs and several contracts losing more than \$3.50 USD/cwt. However, prices are recovering a portion of those losses in early morning trade with all the deferred month futures adding more than \$1.50 USD/cwt shortly after the market opened. Producers looking for added price protection should set targets for the winter timeframe near \$10 CAD/kg higher than current forward contract values in the hopes of a rally amid the increased volatility.

Canadian delivered soymeal prices opened higher this morning. All eyes will be on the July WASDE report (released mid-trade today at 11:00AM, Central) to see how the USDA has estimated the impacts of the current trade dispute. Supply will ultimately be watched, but the big story is on the demand side. Supply is relatively easy (generally, beginning stocks plus a reasonable yield times acreage equals supply). Demand is much more difficult. How does one quantify a trade dispute, for example. In other news, the USDA has cancelled/suspended the media 'lock up' which used to give the press advanced access to the report so they could release stories at the same time the report was published. However, there were claims that it gave an unfair advantage to electronic subscription holders, so the USDA cancelled the practice and the press will now see the report at the same time as everyone else moving forward.

US corn futures opened higher this morning. Like beans, US corn futures traders will be looking to the July WASDE report for some fresh news to influence direction. However, there is less of a demand story in the corn trade as China is not a relatively major importer of US corn. Regardless, US corn futures have been under pressure due, in part, to the current international trade dynamic, and have been unable to successfully shake off the bearish tone despite the fact the consensus is for a global drawdown in stocks in the new crop marketing year. The market is slightly higher on light volumes on last minute positioning ahead of the report, but it could be a volatile session after 11:00 AM.

US Slaughter	
456,000	Wednesday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$75.84
National	\$81.38
Iowa/S. MN.	\$75.86
ML Signature 5	\$186.39
HyLife (prev. day)	\$187.99
TCP/BP2	\$186.39
BoC Rate (Noon) prev. day	
\$1.3151 CAD / \$0.7603 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/kg (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		155.16 161.21	123.84 138.08	131.33 123.93	106.24 118.91	105.29 109.01	108.85 122.83	123.30 125.56	128.88 131.13	132.64 137.81	154.62 157.46	156.75 162.60
Soymeal Wpg/S. Man Delivered	483	487	487	485	483	483						

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