

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

Forward contract prices opened higher this morning. US cash markets continue to push lower in a combination of a weakening cut-out and ample supplies. While there was some talk that plants may not be aggressively bidding, a full 'new normal' complement of hogs appears to still be processed. Wednesday's numbers show a slaughter of 462,000 hogs which represents the 'additional' capacity of the new plants at current staffing and production levels. ISM and WCB regions were over \$2.00 USD/cwt lower while the National reporting region was lower by \$1.23. The carcass cut-out was once again lower this week with ribs and bellies leading lower. Lean hog futures trended to new contract lows yesterday and there is little bullish news to report looking forward. The market is expecting about 3.7% more supplies in the critical Q4 timeframe which, when trade disputes are factored, paints a bearish picture. While there have been some positive rumors on the NAFTA talks, they are inconsistent, and it is important to remember NAFTA is still in force. Current tariffs on US pork to Mexico only represent the countermeasures to aluminum and steel bans placed on Mexico (and other countries) by the US. Chinese tariffs respect other trade issues altogether.

Canadian delivered soymeal prices opened even this morning. US soybean futures are trading in a downward trend for the first time this week on thoughts that the action could be largely due to pre-WASDE report positioning. The August report is the first in the WASDE series to use actual farm survey data on yield despite having very little data to 'go on' this early in the season. Regardless, the market will be eager to see the first estimates from the USDA; pre-report estimates are coming in with an average yield of 49.6 bpa and an ending stocks estimate at 638 million bu. which is a relatively high ending stocks number for beans.

US corn futures opened lower this morning. Like beans, US corn futures traders are backing off ahead of the WASDE report numbers that will be released mid-trade tomorrow. As mentioned earlier, there is an expectation for a global drawdown of stocks generally, so it is perhaps unsurprising that there is already commentary surfacing on what the market will be looking for regarding signals tomorrow. There is talk that world stocks could drop by 40 MMT compared to last year suggesting the US will need to show yields of 180 bpa or better to cover losses. Currently, pre-report estimates are coming in with a yield of 176.2 bpa.

US Slaughter	
462,000	Wednesday
449,000	Year Ago
Daily Prices	
W. Corn Belt	\$47.40
National	\$64.52
Iowa/S. MN.	\$47.40
ML Signature 5	\$131.44
HyLife (prev. day)	\$147.88
TCP/BP2	\$131.44
BoC Rate (Noon) prev. day \$1.3052 CAD / \$0.7662 USD	
Cash Prices Week Ending August 04, 2018	
Signature 3	141.53/64.20
Signature 4	164.93/74.81
Signature 5 Brandon	153.23/69.50
h@ms Cash	151.73/68.82
HyLife	162.29/73.61
TCP/BP2 Moose Jaw/Langley	167.94/76.18
2018 Top-Up Estimate	
\$4.07/ckg (call for details)	
ISO Weans	\$16.65 US Avg.
Feeder Pigs	\$23.41 US Avg.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #5		114.85 121.73	112.22 114.92	99.63 112.53	98.57 102.49	106.71 118.77	119.24 121.46	127.46 129.80	131.21 139.16	143.01 155.98	154.42 167.39
Soymeal Wpg/S. Man Delivered	490	489	489	491	491						

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