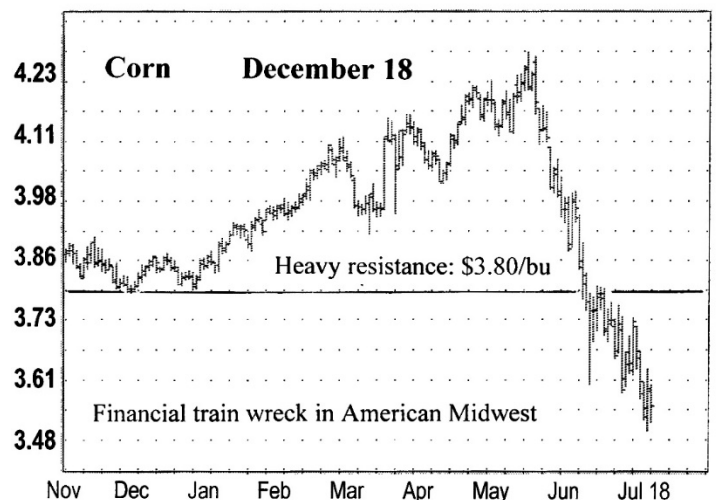
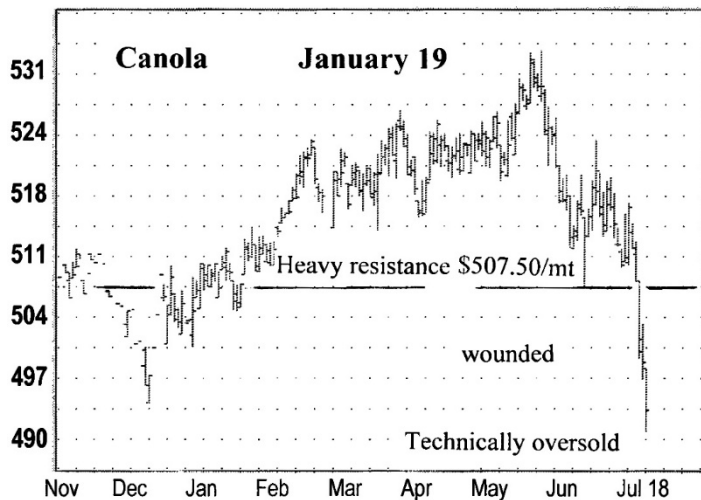


ProMarket Wire... Friday, July 13, 2018

Global Recession On-The-Way . . . Soybean Train-Wreck Canola Sputters 'n Shuttters

There's just no other polite way to say it . . . but a global recession is now fast approaching, including the U.S. The U.S. gov't stated last night that tariffs will not hurt the U.S. economy. But in our view, Trump protectionism is quickly shepherding in an American recession that will spread globally unless there is a break in this trade war soon. Thanks to soybean fallout, canola was hammered this morning. November canola cascaded to a low of \$484.50/MT. November soybeans slammed below \$8.27/bu. **"Soybean trade patterns are quickly changing"** commented an Illinois analyst. **"The tariff war is really a currency war"** commented Trump's deputy Chief of Staff. December corn tested a low of \$3.52/bu. But U.S. wheat futures had some footing thanks to bullish USDA data. Kansas City wheat rose a dime mid-morning. Both live and feeder cattle traded cautiously . . . August live cattle briefly broke below \$104/cwt. **"Cattle prices are dropping stateside. But Cdn cattle bids are holding up"** commented a Calgary analyst. And the Cdn dollar remains unstable. Despite a BOC rate hike, the loonie weakened late week. Our spot Cdn is now hovering around 76 cents U.S. WTI crude had a tough week which pressured the Western Cdn Select oil price. WCS oil eased toward \$42.50 per barrel late week. And gold is in a big-time slump. August gold slid toward \$1,236 per oz mid-morning with major chart support now seen at \$1,200 per oz. **"Gold bulls are in major hurt. And the precious metal technicals simply point lower"** a comment from New York.



Late Day Financials: Toronto TSX 16,555 -11
Energies and Metals: Bitcoin Sep 6,265 +100

Dow Jones 25,006 +81 U.S. \$ 94.75 -.07
 Crude Oil Aug 70.71 +.38 Gold Aug 1,241.30 -5.30

Cash Market Snapshot: Spot Cdn 76.02 up.09 Sep Cdn 76.05 up.04 Dec Cdn 76.16 up.04

Canola Sputters 'n Shuttters: Where to now? A \$25/MT fallout in canola this week is a game-changer for new crop canola. Technically, ICE canola futures are oversold, but fundamentally not so much. The U.S. soybean market is now a complete mess. Trade patterns are changing. **SOYBEAN TRADE PATTERNS NOW CHANGING.** Brazil will be a buyer of U.S. soybeans. Soybean prices have moved cheaper to-the-point that Mexico, Thailand and Pakistan are now buyers. With November canola breaking \$490/MT support today like Swiss cheese, next stop appears to be \$480/MT. But bottomline is; Without a break in this trade war, U.S. soybean carryouts will be up sharply in 2019. Acres will swing toward corn as bean profitably slumps. Trump may be playing hardball into U.S. mid-term elections and then soften his stance. But waiting that long and the damage will be done for the U.S. bean market. **Canola Growers Note:** There is further risk of more canola bid fallout. Canola basis levels will have to be sweetened, but not enough to counter the mess the U.S. has made of the global soybean market. **CANOLA BASIS LEVELS WILL HAVE TO BE SWEETENED, BUT NOT ENOUGH TO COUNTER THE MESS THE U.S. HAS MADE OF THE GLOBAL SOYBEAN MARKET.** Hedgers . . . maintain your fall price protection.

There will be recoveries, but canola is now in a lower trading window heading into the harvest market. **Note:** January canola now has heavy resistance at \$507.50/MT (SEE CHART). **Cdn Cattle Basis Strengthens:** Cash cattle across the U.S. southern plains appear trading \$2 to \$5/cwt lower this week. Texas bids heard @ \$108/cwt. In Alberta, fed steers appear averaging \$152/cwt or \$1.52/lb. **ALBERTA CATTLE BASIS STRENGTHENS OVER U.S CASH.** Next week . . . further U.S. cash cattle pressure, but Cdn bids seen steady. **Barley Market Update:** Quiet heading into crop year end. Picture Butte feeders have limited barley delivered at \$237 to \$238/MT (\$5.15 - \$5.18/bu) for July movement. Aug-delivered bids slide toward \$230/MT (\$5/bu) into feedlot alley. Fall-delivered bids into southern Alberta may slip into a \$215 to \$220/MT (\$4.70 - \$4.80/bu) harvest low. **Note:** With the fallout in U.S. corn prices, Cdn feeder cattle are apt to be shipped to the U.S. **CDN FEEDER CATTLE MAY BE SHIPPED INTO U.S. MARKET DUE TO CHEAP CORN PRICES.**

	Close	Change		Close	Change		Close	Change
Nov Canola	\$ 485.10	- \$ 7.70	Dec Corn	\$ 3.546	- \$ 0.044	Dec Chic Wheat	\$ 5.124	+ \$ 0.112

Jan Canola	\$ 491.80	- \$ 7.00	Mar Corn	\$ 3.664	- \$ 0.044	Mar Chic Wheat	\$ 5.274	+ \$ 0.092
Mar Canola	\$ 497.10	- \$ 6.50	May Corn	\$ 3.732	- \$ 0.044	May Chic Wheat	\$ 5.384	+ \$ 0.084
May Canola	\$ 501.80	- \$ 6.00	Jul Corn	\$ 3.792	- \$ 0.042	Jul Chic Wheat	\$ 5.426	+ \$ 0.076
Jul Canola	\$ 503.80	- \$ 5.40						
			Dec Oats	\$ 2.416	+ \$ 0.004	Dec Minn Wht	\$ 5.492	\$ 0.000
Dec Beanoil	\$ 0.2839	- \$.0030	Mar Oats	\$ 2.454	+ \$ 0.002	Mar Minn Wht	\$ 5.646	- \$ 0.006
Mar Beanoil	\$ 0.2897	- \$.0030	May Oats	\$ 2.472	+ \$ 0.002	May Minn Wht	\$ 5.750	- \$ 0.014
May Beanoil	\$ 0.2931	- \$.0029				Jul Minn Wht	\$ 5.846	- \$ 0.020
			Aug Live Cattle	\$ 104.550	- \$ 0.475			
Nov Soybeans	\$ 8.342	- \$ 0.150	Oct Live Cattle	\$ 107.375	- \$ 0.225	Dec KC Wheat	\$ 5.162	+ \$ 0.104
Jan Soybeans	\$ 8.442	- \$ 0.146	Dec Live Cattle	\$ 111.400	- \$ 0.175	Mar KC Wheat	\$ 5.346	+ \$ 0.106
Mar Soybeans	\$ 8.534	- \$ 0.142	Feb Live Cattle	\$ 115.750	- \$ 0.200	May KC Wheat	\$ 5.452	+ \$ 0.104
May Soybeans	\$ 8.626	- \$ 0.140	Apr Live Cattle	\$ 117.425	- \$ 0.400	Jul KC Wheat	\$ 5.500	+ \$ 0.090
Dec Soymeal	\$ 323.00	- \$ 4.70	Aug Fdr Cattle	\$ 150.725	- \$ 0.300	Aug Nat Gas	\$ 2.807	- \$ 0.022
Mar Soymeal	\$ 313.80	- \$ 4.20	Sep Fdr Cattle	\$ 151.075	+ \$ 0.100	Aug Lean Hogs	\$ 70.150	- \$ 0.275

Cash Market Snapshot: Flax firm, Fed Cattle firm, Feeder Cattle firm, Edible Peas stdy, Yellow Mustard stdy, Milling Wheat easy, 2CW Oats easy, Cdn \$ easy, Lentils easy, Durum easy, Hogs dn, Fd Barley dn, Corn dn, Soybeans dn, Canola dn.

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