

Monday, July 06, 2015

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

US Slaughter	
1.696 mil.	Last Week
1.631 mil.	Last Week (year ago)
W. Corn Belt	\$75.36
National Price	\$77.02
Daily Sig 3	\$173.65
Daily Sig 4	\$171.85
Thunder Creek	\$173.35
4-Month Fwd.	\$ 145.00
B of C Ex. Rate (Noon)	
\$1.2571 CAD/ \$0.7955 USD	
Cash Prices Week Ending June 27, 2015	
Signature 3	170.23/77.22
Signature 4	171.01/77.57
h@ms Cash	168.73/76.54
Hylife	169.12/76.71
Thunder Creek	169.00/76.66
ISO Weans	\$19.95 US Avg.
Feeder Pigs	\$39.10 US Avg.
#1 Export Sows (Tagged) \$33.50 cwt. (+500lbs.)	

Forward contract prices opened higher this morning. US cash markets are expected to start with slightly lower bids the first day back after the holiday weekend, as packers will find supplies easy to source to meet their production requirements. Reduced slaughters on Friday and Saturday have producers behind in their marketings and looking to get caught up. Last week's slaughter was 13% higher than year ago levels, which continues to trend well above the USDA's estimates for the heaviest weights categories. The industry is relying heavily on increasing export sales to clear the abundant supply of pork, but this task became more difficult this week after the US Dollar appreciated against almost every other currency over the last week. Uncertainty in foreign exchange markets relating to Greece's referendum on austerity has traders looking for stability and buying the US Dollar. Traders are selling the Euro, as Greece is already in default of its debt repayment obligations and the market is uncertain as to how this will impact the Euro zone in the long run. The move in the currency markets is improving our forward prices, with fall prices recovering to levels not seen in nearly a month and providing a great hedging opportunity.

Canadian delivered soymeal prices opened mixed this morning. Pressure comes this morning from general investor uncertainty as talk of a Greek exit from the Euro zone has increased substantially following the weekend's referendum. As well, improving forecasts for 'limited showers' across the Canadian prairies and a drying out (6-10 days) across the US Midwest has pressured wheat and other grains, as well as the soybean complex. An updated Crop Progress report will be released today and the expectation is for more downgrades to soybeans' condition. However improving forecasts are keeping the upside in check.

US futures corn prices opened lower this morning. There is much uncertainty regarding the extent of damage to the corn crop as a result of recent rain in the Midwest, the ECB and the Ohio River Valley. Pooling and flooding have been expected to (and have) influenced downgrades reflected in the Crop Progress report with more downgrades expected this week. However, there is some talk that in areas where rain hasn't been excessive, moisture could boost yields – supporting the old adage – rain makes grain. Weakness in wheat and investment pull-back as result of Euro zone uncertainty are also pressuring.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		153.86 169.66	145.74 149.80	134.17 146.32	127.78 132.43	133.01 137.07	133.01 146.03	144.29 150.10	151.26 157.07	157.07 161.25
Maple Leaf Sig. #4		160.24 169.46	149.00 159.79	142.07 150.57	133.30 139.15	137.57 141.17	137.57 146.14	148.84 151.99	155.36 160.08	159.05 162.63
Soymeal Winnipeg Delivered	532	520	515	508	508	508				
Corn	current market prices available on request									

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