

Friday, August 07, 2015

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

US Slaughter	
424,000	Thursday
407,000	Thursday (year ago)
W. Corn Belt	\$74.17
National Price	\$79.25
Daily Sig 3	\$178.81
Daily Sig 4	\$185.00
Thunder Creek	\$179.73
4-Month Fwd.	\$ 140.17
B of C Ex. Rate (Noon)	
\$1.3152 CAD/ \$0.7603 USD	
Cash Prices Week Ending August 08, 2015	
Signature 3	182.31/82.70
Signature 4	183.96/83.44
h@ms Cash	180.81/82.01
Hylife	n/a
Thunder Creek	179.90/81.60
ISO Weans	\$20.45 US Avg.
Feeder Pigs	\$39.95 US Avg.
#1 Export Sows (Tagged) \$45.00 cwt. (+500lbs.)	

Forward contract prices opened lower this morning. US cash markets turned sharply lower yesterday as abundant supplies continue to satisfy packer production requirements. Estimated packer operating margins are the best that they have been in months with each hog processed yielding \$30/pig before factoring in slaughter costs and the drop value. However, packers do not want to be keeping large quantities in inventory due to ideas that wholesale pork prices will come under heavy pressure in the Sep-Dec timeframe. Lean Hog futures moved more than \$2.00/cwt lower yesterday, responding to the weakness in the cash market. The October contract is already trading at a \$14.00/cwt discount to the cash market, which is larger than average for this time of year, but reflects the expectation of heavy supplies. Fall month forward contracts have been highly volatile, as traders weigh current cash market fundamentals against the normal seasonal trend. Producers without protection should consider covering up to half of their fall production by setting targets valued at \$2-\$4/ckg higher than current forward prices.

Canadian delivered soymeal prices opened higher this morning. While the fundamental news is mostly bearish for US soybeans, the trade is showing resilience. The weather generally remains favourable heading into the pollination phase and weekly exports were reported in negative numbers for the latest week adding pressure. However, it is almost completely agreed that yields will come in below the USDA's current 46.0 bpa estimate (43.2-45.7 bpa range) based on survey results in the upcoming August WASDE report. Technical indicators and thoughts of pre-report positioning ahead of Wednesday are adding to the current support.

US corn futures opened higher this morning. Like soybeans, the trade is showing support heading into the weekend and ahead of next Wednesday's WASDE report. However, unlike beans, the trade is not as decisively bullish in terms of production estimates and there are some holding onto the idea that yields could surpass current estimates based on excellent conditions in the WCB; current estimates range between 161.6 and 167.5 bpa. Negative old crop export numbers, lower than expected new crop export numbers, the high USD and meagre global economic outlooks are likely keeping the upside in check.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		148.85 155.47	136.55 149.57	127.51 133.54	132.94 137.15	132.94 145.58	149.19 152.19	149.24 154.04	157.05 164.62	170.16 178.59
Maple Leaf Sig. #4		151.84 163.03	142.50 153.59	133.40 139.47	137.83 141.57	137.83 147.03	150.75 154.01	153.24 156.04	159.29 165.48	169.33 177.73
Soymeal Winnipeg Delivered	547	534	518	515	515	510				
Corn	Local delivered price available on request									

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.