

Tuesday, August 11, 2015

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

US Slaughter	
426,000	Monday
375,000	Monday (year ago)
W. Corn Belt	\$74.13
National Price	\$79.08
Daily Sig 3	\$177.41
Daily Sig 4	\$183.27
Thunder Creek	\$177.30
4-Month Fwd.	\$ 134.06
<b>B of C Ex. Rate (Noon)</b>	
\$1.3056 CAD / \$0.7659 USD	
<b>Cash Prices Week Ending August 08, 2015</b>	
Signature 3	182.31/82.70
Signature 4	183.96/83.44
h@ms Cash	180.81/82.01
Hylife	182.37/82.72
Thunder Creek	179.90/81.60
ISO Weans	\$21.55 US Avg.
Feeder Pigs	\$38.67 US Avg.
#1 Export Sows (Tagged) \$47.00 cwt. (+500lbs.)	

**Forward contract prices opened lower this morning.** US cash markets traded slightly lower yesterday, reflecting the abundant supplies currently available to packers. Packers have big incentive to keep production levels high, as wholesale pork prices have edged higher over the last 3 weeks, resulting in estimated operating margins of more than \$30/hog, the highest so far this year. Over the last 2 weeks, ham and belly prices have appreciated 15%, making the biggest contribution to packer profitability of any of the primal cuts. Lean Hog futures traders remain cautious about bidding up the October and December contracts and narrowing the spread to current cash values, as supplies are anticipated to grow about 10% over the next month. A significant improvement in export sales would have to occur in order to maintain current cash prices over the next month. Producers looking for price protection should consider setting targets \$10/kg higher than current fall forward prices as the market remains choppy and a recovery to last week's trading levels is possible.

**Canadian delivered soymeal prices opened lower this morning.** A turnaround in the trade follows Monday's strength from expected downgrades to yield estimates in tomorrow's WASDE report as well as fears that dry weather could curb yield potential further. Support was further bolstered following yesterday's Crop Progress report showing 63% of the crop was in good/excellent condition, unchanged from last week. Exports to China were up 17.4% from June, adding support. Today's turn lower appears to be corrective in nature as tomorrow's WASDE is widely expected to be bullish in the short term.

**US corn futures opened lower this morning.** Like soybeans, US corn is expected to be supported by tomorrow's WASDE report. At issue for corn are thoughts that reduced acres (due to wet planting conditions) and lowered yields will negatively impact new crop production, and subsequently, ending stock estimates. There are also thoughts that recent dry forecasts will damage the filling stage of development. Also like soybeans, crops in good/excellent condition were unchanged at 70% from the previous week, adding support. The WASDE report will be released at noon, Eastern.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		143.35 145.16	131.86 143.88	122.85 128.86	128.26 132.46	128.26 141.16	144.76 147.77	146.45 151.25	154.25 161.80	168.73 178.36
Maple Leaf Sig. #4		146.50 152.32	137.93 148.05	128.85 134.91	133.28 137.00	133.28 142.74	146.46 149.72	150.53 153.33	156.58 162.74	167.94 176.33
Soymeal Winnipeg Delivered	550	550	527	512	512	511	515			
Corn	Local delivered price available on request									

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