

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

Forward contract prices opened mixed this morning. US cash markets recovered most of the weakness experienced over the last week in yesterday's trade, even as hog supplies trended higher. This week's US hog slaughter is on pace for over 2.18 million, more than 8% higher than a year ago levels. Excellent packer margins have encouraged US packers to expand their production schedule, but packers remain concerned about building inventory ahead of seasonal weakness in cash prices. October lean hog futures have already factored in a 20% discount from current cash prices, which is larger than what is typically seen at this time of year. Contributing to the choppy trend in forward contract prices is the volatile Canadian Dollar which continues to see influence from the 3rd consecutive day of China devaluing its currency. The move is designed in part to boost consumption of products made in China, but is also having the effect of tamping down demand for imported commodities, of which China is a supplier. Producers looking to add price protection should consider setting targets \$10/ckg higher than current forward prices in the fall and winter months.

Canadian delivered soymeal prices opened lower this morning. In a move that took the market by surprise, the USDA increased yield, production and ending stocks in yesterday's WASDE report. Gains in yields, according to the USDA, are now thought to outweigh any concerns of decreased acreage, and instead of the widely expected lower ending stock average estimate of 301 million bu., the 2015/16 number was revised upward to 470 million bu. in carryout compared to 425 million in July. As a result, the bean trade saw double digit losses approaching limit lows but has somewhat recovered this morning.

US corn futures opened higher this morning. As with soybeans, corn numbers were revised higher with yields, production and ending stocks surpassing market expectations. Yield numbers are now projected at 168.8 bpa, a figure two bpa higher than last month's projection. While there is still a lot of time between now and harvest, the USDA stance appears to be that superior conditions in the WCB will more than make up for late planting and issues in the ECB so long as no major event materializes. Economic weakness in China (exacerbated by a devalued currency) is an ongoing factor but like beans, the corn market has recovered in the early morning trade.

US Slaughter	
425,000	Wednesday
409,000	Wednesday (year ago)
W. Corn Belt	\$75.97
National Price	\$78.83
Daily Sig 3	\$180.65
Daily Sig 4	\$181.53
Thunder Creek	\$180.25
4-Month Fwd.	\$ 136.71
B of C Ex. Rate (Noon)	
\$1.2973 CAD / \$0.7708 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	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.)

August WASDE Report - Estimates v. Results (bil. bu.)					
		July	Range	Avg.	WASDE
Soy	Yield (bpa)	46.0	43.2-45.7	44.7	46.9
	Production	3.885	3.57-3.80	3.725	3.916
	End Stocks	0.425	0.210-0.402	0.301	0.470
Corn	Yield (bpa)	166.8	160.4-167.7	164.5	168.8
	Production	13.530	13.0-13.8	13.330	13.686
	End Stocks	1.60	1.18-1.63	1.42	1.71

Source: DLR, USDA

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		146.45	134.33	125.34	130.73	131.09	144.24	144.43	152.20	164.84
			148.45	147.27	131.33	134.94	140.65	147.23	149.21	174.35
Maple Leaf Sig. #4		149.67	140.29	131.24	135.65	135.28	145.93	148.55	154.57	164.12
			155.47	151.31	137.27	139.36	142.23	149.17	151.33	159.40
Soymeal Winnipeg Delivered	517	517	484	480	480	479	483			
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.