

Monday, August 24, 2015

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

US Slaughter	
2.226 mil.	Last Week
2.002 mil.	Last Week (year ago)
W. Corn Belt	\$74.29
National Price	\$79.10
Daily Sig 3	\$179.05
Daily Sig 4	\$184.63
Thunder Creek	\$180.31
4-Month Fwd.	\$ 133.93
B of C Ex. Rate (Noon)	
\$1.3149 CAD / \$0.7605 USD	
Cash Prices Week Ending August 22, 2015	
Signature 3	183.93/83.43
Signature 4	183.89/83.41
h@ms Cash	182.43/82.75
Hylife	182.42/82.75
Thunder Creek	181.10/82.15
ISO Weans	\$19.04 US Avg.
Feeder Pigs	\$35.58 US Avg.
#1 Export Sows (Tagged) \$53.50 cwt. (+500lbs.)	

Forward contract prices opened lower this morning. US cash markets are starting the week under pressure with this morning's prices coming in lower across all reporting regions. Factors at play include high slaughter numbers, an expected seasonal downturn near Labour Day and a cold storage report that showed ample supplies. Slaughter numbers for last week showed 2.226 million head were processed, 13,000 animals higher than the previous week and 11.2% higher than last year. There is talk that demand from retailers could wane any time now as the bulk of Labour Day orders are expected to have been already placed. Lean hog futures are trading mixed following a bearish cold storage report that showed beef, pork, chicken and turkey stocks in cold storage are 16% higher than last year and 10.7% above the 5-year average. Pork came in 19% higher than July 2014 levels and while the large surge in hams could be a non-issue if the majority are pegged for export, recent developments regarding global economic conditions are not favorable. While the effects of a slowing Chinese economy and low price of oil are pressuring the CAD and adding value to forward contract values today, a sustained global economic slowdown would likely impact export demand for pork.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower. While Pro Farmer Crop Tour observations are coming in lower than USDA estimates (average yield pegged at 46.5 bpa, for a 29 MMT estimate lower than USDA numbers), very little confidence in demand from the world's largest soybean importer (China) is pressuring. Furthermore, the impact of low economic growth outlook in China is pressuring commodities in general and the expectations are currently pessimistic following a sustained sell off in the Chinese stock market.

US corn futures opened mixed this morning. Like soybeans, the Crop Tour numbers are generally supportive for US corn. However, also like soybeans, global demand is not expected to be stellar; current new crop sales are only 12% of expectations compared to a 5-year average that comes in at 25%. A sell off in global stock markets (led by China, continuing to Europe and effecting North American Markets) is pressuring commodities. The low price of oil is also thought to pressure demand for ethanol further out.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3			133.05 146.85	124.00 130.03	139.43 133.65	139.43 139.97	143.59 146.61	143.79 148.62	151.64 159.07	164.99 174.66	174.66
Maple Leaf Sig. #4			139.12 150.97	130.01 136.08	134.45 138.18	134.45 141.62	145.37 148.64	148.01 150.81	154.09 160.12	164.34 172.76	175.10
Soymeal Winnipeg Delivered	513	513	502	493	493	488	493				
Corn	Local delivered price available on request										

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STRENGTH IN NUMBERS

