

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

Forward contract prices opened lower this morning. US cash prices turned lower mid-week, with packers sourcing an estimated 433,000 for slaughter on both Tuesday and Wednesday. Hog supplies have been ample and more stable than is typical for this time of year, with the weekly slaughter not falling under 2.05 million hogs. The pork cut-out posted a marginal increase in trade yesterday, but not enough to support increases in packer bids. Over the last month, gains have come from Bellies and Hams, while Ribs and Loins have been weaker since late May. Lean Hog futures are struggling to make gains as the news of export sales has not been sufficiently strong enough to offset the ideas of record large pork production. The USDA will release its latest pork export data which needs to show an increase in the aggregate volume of pork being sold abroad of more than 10% over year ago levels. Without this positive, demand related feedback, Lean Hog futures will have difficulty recovering any of their lost value that has accrued over the last two weeks.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are called a bit steadier following the action in yesterday's trade which saw a modest recovery from the lows hit earlier on in the session. The funds have been actively liquidating positions over the past couple sessions, enticed by weather patterns that so far remain unthreatening. Crop conditions remain among historical highs for this time of year. However, there is some talk now that the current market is in a corrective phase after bouncing off yesterday's lows. The US dollar has also fallen from recent highs aiding US competitiveness somewhat and could provide underlying support if it remains lower.

US corn futures opened higher this morning. US corn futures have posted losses over the past 10 sessions, leaving them subject to a recovery that could be aided by a lowering US dollar. Like beans, US corn futures have been sold off over the past couple sessions, led by the large funds. However, there is some concern that it will take a bit to reignite demand even among the new lows, as buyers reportedly built a large position in the month of June. Regardless, the weather has helped crop conditions to be among record levels. When the equilibrium is found, it will take some significant demand or weather development to turn the corn market bullish again.

| US Slaughter | |
|---|-------------------------|
| 434,000 | Wednesday |
| 417,000 | Wednesday (year ago) |
| Daily Prices | |
| W. Corn Belt | \$78.51 |
| National | \$83.21 |
| Iowa/S. MN. | \$78.47 |
| Signature 3 | \$187.15 |
| HyLife | \$189.64 |
| TCP/Britco | \$186.64 |
| Sig 3 4-Month Fwd. | \$ 155.96 |
| BoC Rate (Noon) prev. day \$1.3005 CAD / \$0.7689 USD | |
| Cash Prices Week Ending July 02, 2016 | |
| Signature 3 | 192.06/87.12 |
| h@ms Cash | 190.56/86.44 |
| HyLife | 194.11/88.05 |
| TCP/Britco | 192.60/87.36 |
| ISO Weans | \$ 21.65 US Avg. |
| Feeder Pigs | \$ 43.03 US Avg. |
| #1 Export Sows (+500lbs.) \$41.50/cwt. (Tagged) | |

| Fixed Forward Range (at opening) | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|-------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 163.28 180.43 | 155.71 164.58 | 155.12 156.32 | 128.93 144.90 | 130.70 136.62 | 134.27 142.57 | 144.94 146.13 | 149.44 149.44 | 150.04 161.50 |
| Soymeal Wpg Delivered | 548 | 545 | 542 | 539 | 539 | 539 | | | | |
| Corn | Local delivered price available on request | | | | | | | | | |

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STRENGTH IN NUMBERS

