

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

US Slaughter	
425,000	Wednesday
416,000	Wednesday (year ago)
Daily Prices	
W. Corn Belt	\$76.61
National	\$81.38
Iowa/S. MN.	\$75.66
Signature 3	\$179.69
HyLife	\$186.42
TCP/Britco	\$179.40
Sig 3 4-Month Fwd.	\$147.77
BoC Rate (Noon) prev. day \$1.2965 CAD / \$0.7713 USD	
Cash Prices Week Ending July 09, 2016	
Signature 3	186.37/84.54
h@ms Cash	184.87/83.86
HyLife	190.15/86.25
TCP/Britco	190.90/86.59
ISO Weans	\$ 21.67 US Avg.
Feeder Pigs	\$ 40.68 US Avg.
#1 Export Sows (+500lbs.) \$36.00/cwt. (Tagged)	

Forward contract prices opened lower this morning. US cash markets continued their multi-week lower trend in trade yesterday and most reporting regions were down \$0.30-\$0.40/cwt. The cash market is making the counter-seasonal move lower due to abundant supplies and packers who are choosing to limit their summer schedule in an effort to increase their operating margins. With the pork cut-out trading at its highest level so far this year, packers' gross operating margins are very profitable at over \$30/pig. Lean Hog futures are continuing their lower trend with only a couple of days within the last month witnessing a price recovery. Longer term, pork prices are expected to remain under pressure as there are several indicators that suggest the US pork industry is expanding. Historically low feed costs are contributing to an expanding breeding herd, in part, due to lower rates of sow slaughter. These factors will apply pressure to the 2017 forward contract prices, which have yet to experience a sharp decline. Producers are encouraged to cover 30% of their 1st half 2017 production as forward prices have fallen only about 5% from highs seen one month ago.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures continue to show strength for the third session in a row as the impacts of the WASDE report and weather concerns further out continue to influence the market. There is talk of new buying taking place being driven primarily by fears of tight supplies ahead. The expected heat next week (upper 90°F - low 100°F forecast) has reignited fears of lowering yields; a current estimate shows a 44.7 bpa yield could push ending stocks to 120 million bu. (or a 3% stocks to use ratio) which is extremely low. Added to this is thoughts that S. America will be short on supplies meaning end users are attempting to secure what ever they can currently, duplicating a similar event that took place earlier this year.

US corn futures opened higher this morning. As with the US soybean trade, US corn futures continue to push higher and are up from their recent lows. Corn futures are still far from breaking any records, but they have recovered approximately 11% from levels witnessed at the beginning of the month. The story is similar to that of soybeans; forecast temperatures are expected to be 10-15°F higher than normal and will likely be at the upper end of the 90°F spectrum for at least 9 days. The concern is that plants will be too stressed during the filling stage and that the expected 75°F lows at night will not provide enough relief. This of course impacts yield and with lowered Brazilian production, there is talk end users could turn to the US when supplies are tight if they haven't done so already.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		160.21 175.03	150.53 159.42	149.92 151.10	125.08 141.09	126.86 132.79	130.94 139.23	141.59 142.78	146.40 146.40	146.99 158.65	162.26
Soymeal Wpg Delivered	570	566	566	563	562	562					
Corn	Local delivered price available on request										

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