

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

Forward contract prices opened lower this morning. US cash markets traded lower again yesterday with values approaching the lowest levels seen in nearly 2 months. Packers are firmly in control of the cash hog market and they all appear to be very disciplined to their buying program which has the weekly slaughter running at near 2.1 million hogs. Estimated packer operating margins are excellent considering the time of year; wholesale pork prices have been stable for the past month while packers have dropped their bids by more than \$10.00/cwt. In fact, the spread between cash prices and the carcass cut-out value is more than 3 times as large than any of the last 4 years. Traders are not optimistic that cash markets will experience a recovery this summer, as the August contract value implies a further \$2.00/cwt decline before the seasonal autumn run of hogs gets underway. Producers should consider adding more price protection to their November – January production considering current forward prices are still trading slightly higher than 2015 cash market levels despite the expectation of a 2.5% increase in pork production.

Canadian delivered soymeal prices opened lower this morning. Weather uncertainty is a prime US soybean market driver and new models are now showing more rain and less heat than first thought even at the beginning of the week, adding pressure. As well, news of a 300+MT sale from Chinese state reserves along with thoughts that 1.5 MMT could ultimately be sold in the coming weeks has influenced the market lower. However, weather forecasts are anything but certain generally, and strong export sales for both new crop and old crops relative to five year averages are keeping the downside in check, along with models from private sources showing that ending stocks could come in substantially lower than the current 290 million bu. if yields slip by even 2 bpa and exports remain robust.

US corn futures opened lower this morning. Even though the weather models have changed for the better somewhat, traders are watching areas within the Corn Belt carefully as heat is still expected between the 18th and the 29th of July. The intensity and duration of the hotter weather will have a direct influence on yield and there are some observers suggesting that yield damage is inevitable despite the fact that some rain and ‘cooler’ temperatures have recently been forecast as the ridge moves west. US corn futures followed beans and turned lower yesterday following the more positive forecast, but there is still a lot of weather uncertainty in the marketplace and volatility is expected until the current systems move out of critical growing regions.

US Slaughter	
431,000	Thursday
420,000	Thursday (year ago)
Daily Prices	
W. Corn Belt	\$74.14
National	\$81.10
Iowa/S. MN.	\$74.30
Signature 3	\$175.51
HyLife	\$185.05
TCP/Britco	\$175.50
Sig 3	\$146.27
4-Month Fwd.	\$146.27
BoC Rate (Noon) prev. day \$1.2915 CAD / \$0.7743 USD	
Cash Prices Week Ending July 16, 2016	
Signature 3	180.92/82.06
h@ms Cash	179.42/81.38
HyLife	187.48/85.04
TCP/Britco	185.40/84.10
ISO Weans	\$ 21.67 US Avg.
Feeder Pigs	\$ 40.68 US Avg.
#1 Export Sows (+500lbs.)	\$36.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		158.92 173.72	149.04 157.92	148.36 149.54	123.50 139.48	125.28 131.20	129.46 137.72	140.08 141.26	145.28 145.28	145.87 157.04	159.92
Soymeal Wpg Delivered	542	542	543	540	539	539					
Corn	Local delivered price available on request										

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