

Wednesday, June 26, 2013

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

| US Slaughter | |
|--|-----------------------|
| 404,000 | Tuesday |
| 407,000 | Tuesday (year ago) |
| W. Corn Belt | \$99.70 |
| National Price | \$103.14 |
| Daily Sig 3 | \$192.13 |
| Daily Sig 4 | \$192.47 |
| Thunder Creek | \$194.10 |
| 4-Month Fwd. | \$164.59 |
| #1 Export Sows (+500lbs) | \$ 55.00 cwt. |
| B of C Ex. Rate (Noon) \$1.0513 CAD/\$0.9512 USD | |
| Cash Prices: Week Ending June 21, 2013 | |
| Signature 3 | 84.80/186.96 |
| Signature 4 | 84.53/186.36 |
| h@ms Cash | 83.85/184.86 |
| Hylife | 84.16/185.55 |
| Thunder Creek | 84.69/186.70 |
| ISO Weans | \$29.11 US Avg. |
| Feeder Pigs | \$49.00 US Avg. |

Forward contract prices opened mixed this morning. US cash markets are trading steady to higher with support coming from firm wholesale pork prices. Analysts have been citing the July 4th long weekend as the rationale behind the recent support with some suggesting that after orders are filled this week, prices are likely to cool off. The pork cut-out is trading at all-time highs, edging out the previous record set in August 2011 when purchases from China were driving the market. In the last two months, it has largely been the domestic market that has driven prices to current levels with export volumes down from a year ago. Lean Hog futures have been cautious to add value, but should the cash market remain firm over the next two weeks, the October and December futures could close the gap to the current cash market. The discount that these contracts are trading at from the current cash market is second only to last year when futures were almost \$24/cwt. lower for than the cash market in late June. Traders were not far off with their estimates, as the cash had dropped more than \$20/cwt. over the following 3 1/2 months.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower. The move, after three sessions of gains, appears to be the result of trader positioning ahead of the USDA's highly anticipated mid-year Grain Stocks and Acreage reports. Pre-report market estimates range between 77.1 and 79.2 million acres with 'double crop' between 6 and 7 million acres. Old crop supplies remain extremely tight and some processors have noted they only have about two-weeks of supply on hand currently.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. Like soybeans, there is talk that the move is due to pre-report positioning as both the Grain Stocks and Acreage reports will be released Friday. Market expectations run between 94.2 and 96.9 million acres for the 2013/14 marketing year. Old crop tightness supports the nearby contracts with ending stocks now estimated at 686 million bu., down from the USDA estimate of 769 million.

| Fixed Forward Range | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|-----------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Maple Leaf Sig. #3 | | 169.52 | 161.34 | 154.90 | 145.90 | 148.79 | 148.93 | 155.23 | 153.33 | 155.64 |
| | | 183.18 | 163.26 | 162.61 | 152.16 | 151.68 | 154.74 | 158.62 | 156.72 | 159.53 |
| Maple Leaf Sig. #4 | | 171.70 | 161.64 | 157.84 | 147.26 | 149.31 | 149.10 | 154.91 | 154.48 | 154.29 |
| | | 181.85 | 168.53 | 162.51 | 155.47 | 153.04 | 152.29 | 158.10 | 157.29 | 158.08 |
| Soymeal Delivered | 592 | 597 | 597 | 597 | 470 | 470 | | | | |
| Corn Delivered | 299 | 301 | 303 | | | | | | | |

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