

Monday, July 08, 2013

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

Forward contract prices opened lower this morning. US cash markets are expected to show no clear direction as some analysts believe that packers will be protecting their solid operating margins, and not be chasing hogs. However, early evidence suggests that pork demand over the US Independence Day was strong, and that some packers will be looking to replenish inventory. Lean Hog futures are expected to trade steady to higher as they experience influence from the firm cash market and last week's export sales report. The volume of pork exported in the month of May was only 4% smaller than year ago levels, and reflects a recovery in most of the major destinations. Mexico took advantage of relatively inexpensive hams and increased purchases by 10% over last year. Japan's volume was 4% higher than May 2012, breaking the lower trend experienced in the first 4 months of the year. Russia's ban on US pork remains intact, but despite new documentation requirements for sales to China, exports were only 9% lower than year ago levels. In spite of lower than year ago aggregate volumes, the trend in export volume seems to be improving and should be a supportive factor to the futures market in the near term.

| US Slaughter | |
|----------------|-------------------------|
| 1.795 mil | Last Week |
| 1.745 mil. | Last Week (year ago) |
| W. Corn Belt | \$99.35 |
| National Price | \$102.87 |
| Daily Sig 3 | \$192.45 |
| Daily Sig 4 | \$192.97 |
| Thunder Creek | \$193.18 |
| 4-Month Fwd. | \$161.78 |

| |
|------------------------------------------------------------|
| #1 Export Sows (+500lbs) \$ 60.50 cwt. |
| B of C Ex. Rate (Noon) \$1.0568 CAD/\$0.9462 USD |

| Cash Prices: Week Ending July 5, 2013 | |
|------------------------------------------|--------------|
| Signature 3 | 86.95/191.69 |
| Signature 4 | 87.12/192.06 |
| h@ms Cash | 86.44/190.56 |
| Hylife | 86.36/190.38 |
| Thunder Creek | 87.23/192.30 |

| | |
|-------------|-----------------|
| ISO Weans | \$29.54 US Avg. |
| Feeder Pigs | \$51.66 US Avg. |

| Fixed Forward Range | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|-----------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Maple Leaf Sig. #3 | | 168.41 | 160.18 | 153.67 | 144.78 | 147.70 | 147.09 | 153.41 | 150.90 | 153.83 |
| | | 182.84 | 162.12 | 161.44 | 151.09 | 150.61 | 152.93 | 156.82 | 154.31 | 157.74 |
| Maple Leaf Sig. #4 | | 170.68 | 160.55 | 156.71 | 146.22 | 148.29 | 147.34 | 153.17 | 152.16 | 152.56 |
| | | 181.56 | 167.49 | 161.40 | 154.49 | 152.05 | 150.54 | 156.38 | 154.98 | 156.36 |
| Soymeal Delivered | 641 | 644 | 647 | 647 | 448 | 448 | | | | |
| Corn Delivered | 284 | 286 | 288 | | | | | | | |

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Tuesday, July 9th 2013
1:00 to 3:30 p.m.
5290 Monterey Road
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Pork On A Bun Will Be Served!

Canadian delivered soymeal prices opened higher this morning. Traders remain anxious about the weather and its yield implications, although growing conditions have been good to date. The concern comes largely from the strong demand and relative short supply that adds volatility to the transition from old crop to new crop soybeans. Traders are not expecting any significant divergence from the steady trend in crop development, with tomorrow's report expected to show that 67% of the soybean crop rated good to excellent.

Canadian delivered corn prices opened higher this morning. Corn futures are trading marginally higher today, but continue to deal with a huge spread between old crop and new crop prices of close to \$2.00/bushel. The December contract remains under the benchmark \$5.00/bushel level, the lowest this contract has traded for close to 2 years. Traders are focused on the medium term of weather forecasts as the crop in the southern and western portions of the Cornbelt is only weeks away from the critical pollination phase of development.

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