

Monday, July 15, 2013

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

| US Slaughter | |
|--|-------------------------|
| 2.038 mil. | Last Week |
| 1.960 mil. | Last Week (year ago) |
| W. Corn Belt | \$100.78 |
| National Price | \$102.46 |
| Daily Sig 3 | \$191.97 |
| Daily Sig 4 | \$188.99 |
| Thunder Creek | \$191.79 |
| 4-Month Fwd. | \$159.84 |
| #1 Export Sows (+500lbs) \$ 66.65 cwt. | |
| B of C Ex. Rate (Noon) \$1.0392 CAD/\$0.9622 USD | |
| Cash Prices: Week Ending July 12, 2013 | |
| Signature 3 | 86.33/190.32 |
| Signature 4 | 87.00/191.81 |
| h@ms Cash | 86.32/190.31 |
| Hylife | 86.22/190.07 |
| Thunder Creek | 87.36/192.60 |
| ISO Weans | \$31.97 US Avg. |
| Feeder Pigs | \$50.43 US Avg. |

Forward contract prices opened lower this morning. US cash markets are starting the week mixed as packers are hesitant to chase hogs at a time when supplies are at their tightest. Daily slaughter levels are hovering just over 400,000 hogs/day, with producers holding market hog carcass weights at about 204lbs. This week could result in the smallest non-holiday slaughter week of the year, estimated at under 2.1 million hogs. Packer operating margins have come under pressure over the last week, as wholesale pork prices have dropped about \$10/cwt. from the highs of a month ago. Consequently, futures traders have been cautious in adding any value to fall month contracts despite the heavy discount from the cash market. The October contract is currently priced at a near record \$18/cwt discount from the cash market, second only to levels seen at this time last year. Producers looking for price protection in the fall months should consider setting targets at levels \$5/kg higher than current forward prices.

Canadian delivered soymeal prices opened lower this morning. The soybean complex is focused largely on weather developments, which continue to favour good crop development. However, US soybean crushers continue to benefit from positive operating margins, adding upward pressure on old crop prices as supplies dwindle.

Canadian delivered corn prices opened mixed this morning. Weather developments over the weekend proved uneventful for the corn market as temperatures remain moderate and precipitation scattered and light. Over the next 2 weeks, close to half of the corn crop will enter the critical pollination phase of development, which will largely set the yield from this year's crop. This afternoon's crop progress report is unlikely to have any surprises, with most analysts expecting no change from last week's report that had 68% of the crop rated good to excellent.

| Fixed Forward Range | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|-----------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 167.06 178.15 | 158.93 160.85 | 152.59 160.26 | 143.30 149.53 | 146.17 149.05 | 146.12 151.88 | 152.36 155.72 | 149.92 153.28 | 152.03 160.68 |
| Maple Leaf Sig. #4 | | 169.27 176.96 | 159.27 166.12 | 155.56 160.20 | 144.70 152.87 | 146.74 150.46 | 146.33 149.49 | 152.09 155.25 | 151.12 153.91 | 150.76 158.01 |
| Soymeal Delivered | 630 | 630 | 630 | 551 | 452 | 452 | | | | |
| Corn Delivered | 288 | 293 | 293 | | | | | | | |

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