

Wednesday, July 24, 2013

Forward contract prices opened lower this morning.

US cash markets trading steady to lower this morning as poor packer operating margins provide little incentive for packers to compete for live supplies. Specific primal cuts have been supportive to the carcass cut-out, but prices would need to improve further in order to support a higher trend in the cash market. Evidence from the Cold Storage report suggests that sales were brisk up until the Independence Day holiday, but demand appears to have slowed since then with the cut-out down close to 10% from its highs. Lean Hog futures found support in trade yesterday, with the highs coming in just short of contract highs after traders responded to the positive news from the report. The October and December contracts are still trading at a larger than average discount from the cash market at this time of year, but represent fair value when compared to last year's price trend.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading mixed. There is talk that traders are starting to back off buying beans, influencing a weaker meal basis today. As well, there are unconfirmed reports that China is going to release up to 3 million tonnes of reserves for their domestic crushers which is pressuring the trade. Weather continues to play a huge influence with some analysts noting recent rain in key areas took the market by surprise resulting in pressure on deferred contracts.

Canadian delivered corn prices opened lower this morning.

US corn futures are trading mixed. Corn futures bias toward a decline with the December contract breaking through a key technical support level (\$4.90) yesterday. As with soy, favourable weather conditions are pressuring the deferred trade. There is talk that US exports could suffer due to steep discounts being offered by South America and in the Black Sea region. Harvest has begun in the lower delta; a major analyst firm has called the trade 'decisively bearish'.

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

US Slaughter	
397,000	Tuesday
403,000	Tuesday (year ago)
W. Corn Belt	\$98.02
National Price	\$100.18
Daily Sig 3	\$185.13
Daily Sig 4	\$183.23
Thunder Creek	\$184.74
4-Month Fwd.	\$154.68
#1 Export Sows (+500lbs) \$ 67.50 cwt.	
B of C Ex. Rate (Noon) \$1.0304 CAD/\$0.9704 USD	
Cash Prices: Week Ending July 19, 2013	
Signature 3	85.42/188.31
Signature 4	85.18/187.78
h@ms Cash	84.50/186.28
Hylife	84.19/185.61
Thunder Creek	86.41/190.50
ISO Weans	\$32.84 US Avg.
Feeder Pigs	\$51.36 US Avg.

Fixed Forward Range	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		166.36	158.34	152.13	143.08	145.92	145.65	151.81	148.11	150.27
		166.36	160.23	159.70	149.23	148.76	151.34	155.13	151.43	158.82
Maple Leaf Sig. #4		168.50	158.63	155.01	144.42	146.44	145.81	151.51	149.30	149.01
		168.50	165.39	159.59	152.48	150.10	148.94	154.63	152.06	156.19
Soymeal Delivered	646	646	646	540	463	463				
Corn Delivered	283	285	287							

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