

Thursday, July 25, 2013

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

**Forward contract prices opened higher this morning.** US cash hog prices are coming under pressure to finish this week as packer profitability wanes. Wholesale pork prices dropped \$1.50/cwt. in trade yesterday with all of the primal cuts experiencing weakness. Hog carcass weights have come down recently, providing support through tighter supplies. However, the long term view of lower feed prices has flattened out the seasonal trend, with current weights nearly 4lbs heavier than at this time last year. Estimated packer margins are in the red, making current cash bids unsustainable in the long term. Lean Hog futures are supported by the large discount that they hold to the current cash market. However, the weaker cash market trend is offsetting the bullish effect of the discount, resulting in a steady trend over the last 3 weeks. The Canadian Dollar has tempered some of the gains in forward prices, with our currency rallying close to 3 cents over the month of July.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower. August contracts for both bean and meal trade were limit down yesterday. There are reports that basis is weakening across the Corn Belt and talk that Mankato will weaken meal basis levels today, the third time this week. Uncertain meal demand, rumors of a Chinese influx of 3 million tonnes of beans, South American competition, cheaper alternative feeds, and favourable weather forecasts are all contributing factors.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading lower. Light export interest and the start of the harvest in the Delta are factors contributing the downward turn in the nearby contracts. As well, analysts noted ethanol production was down 9.2% relative to last year. Additionally the US imported ethanol for a third consecutive week at the same time that demand fell to a 15 week low. The five day forecast is favourable in drier regions; rain is forecast, pressuring deferred contracts.

US Slaughter	
399,000	Wednesday
403,000	Wednesday (year ago)
W. Corn Belt	\$98.60
National Price	\$100.21
Daily Sig 3	\$186.12
Daily Sig 4	\$183.17
Thunder Creek	\$185.84
4-Month Fwd.	\$155.92
#1 Export Sows (+500lbs)	\$ 67.50 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0298 CAD/\$0.9710 USD	
<b>Cash Prices: Week Ending July 19, 2013</b>	
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		167.79	159.76	153.50	144.22	147.06	146.63	152.80	148.59	150.75
		167.79	161.65	161.07	150.38	149.90	152.32	156.11	151.90	159.30
Maple Leaf Sig. #4		169.89	160.01	156.34	145.53	147.54	146.77	152.46	149.76	149.47
		169.89	166.78	160.92	153.59	151.21	149.89	155.58	152.52	156.65
Soymeal Delivered	576	576	576	493	438	438				
Corn Delivered	272	274	276							

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