

Friday, July 26, 2013

Forward contract prices opened lower this morning.

US cash markets are finishing the week near steady as packers received a boost from firmer wholesale pork prices, supporting packer bids after softer trade earlier in the week. Estimated packer operating margins remain very tight for this time of year, with the price of live supplies near equivalent to current wholesale pork prices. Lean Hog futures are trading within \$1.00/cwt. of contract highs, supported by the large discount from the current cash market. Futures traders have kept the fall month contracts from rallying, in part based on last year's cash market trend. In 2012, cash prices fell by almost \$30/cwt. between now and mid-September after producers started marketing hogs early in response to spiking feed prices. The Canadian Dollar continues to creep higher, a bearish impact on forward contract prices.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading mixed. There was a slight bounce across the trade complex earlier this morning, but it has since shown signs of uncertainty and volatility with the nearby moving downward again. The move lower has been primarily pegged to a crumbling basis for beans and meal in the Corn Belt (especially as demand for US meal weakens), but export competition and Chinese uncertainty are also factors. The weather continues to influence a bearish bias for the new crop.

Canadian delivered corn prices opened lower this morning.

US corn futures are trading mixed. Analysts are suggesting that yesterday may have been a turning point for old crop futures amid talk that US farmers have mostly cleared out their bins in anticipation of a good new crop. In a manner similar to soybeans, the US corn cash market collapsed in a way described by the trade as unprecedented, but also noting that it should stabilize by next week. Temperatures in the northerly states are ideal for pollination and harvest has already begun in the Delta.

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

US Slaughter	
400,000	Thursday
397,000	Thursday (year ago)
W. Corn Belt	\$100.06
National Price	\$100.03
Daily Sig 3	\$188.60
Daily Sig 4	\$182.58
Thunder Creek	\$188.52
4-Month Fwd.	\$154.06
B of C Ex. Rate (Noon)	
\$1.0283 CAD/\$0.9724 USD	
Cash Prices Week Ending July 26, 2013	
Signature 3	84.56/186.41
Signature 4	83.37/183.80
h@ms Cash	82.69/182.30
Hylife	n/a
Thunder Creek	84.96/187.30
ISO Weans	\$32.84 US Avg.
Feeder Pigs	\$51.36 US Avg.
#1 Export Sows (+500lbs)	\$ 67.50 cwt.

Fixed Forward Range	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		165.70 165.70	157.68 159.57	151.37 158.93	142.52 148.67	145.36 148.19	144.70 150.38	150.85 154.16	146.25 149.56	148.79 157.34
Maple Leaf Sig. #4		167.86 167.86	158.72 164.75	154.27 158.85	143.87 151.93	145.89 149.55	144.89 148.00	150.57 153.68	147.49 150.24	147.58 154.75
Soymeal FOB Winnipeg	556	556	556	493	437	437				
Corn FOB Wpg.	262	262	264	266						

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