

Wednesday, July 31, 2013

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

Forward contract prices opened higher this morning. US packers are holding their cash bids steady after the early week declines as hog supplies are at the tightest of the year. Hog buyers are maintaining their disciplined buying program as they know that increasing bids will send operating margins back into negative territory. Wholesale pork prices found support particularly in the loin and belly primal cuts, resulting in a higher move in the carcass cut-out, back to levels seen about two weeks ago. However, futures traders were unconvinced that the market will be supported beyond a week or two, resulting in the nearby contracts dropping more than US\$1.00/cwt. in trade yesterday. The October contract is trading at the largest discount to the cash market for this date in the last 15 years. This, despite the idea that the cash market could be supported by a tighter supply due to the impact of Porcine Epidemic Diarrhea (PED) virus on over 150 farms in the US. Producers considering protection in the fall timeframe should focus on early September when supplies are expected to be better than 10% larger than current levels, and unlikely to be reduced by death loss due to the PED outbreak.

US Slaughter	
407,000	Tuesday
408,000	Tuesday (year ago)
W. Corn Belt	\$95.68
National Price	\$100.73
Daily Sig 3	\$180.52
Daily Sig 4	\$184.03
Thunder Creek	\$180.30
4-Month Fwd.	\$150.81

h@ms' Reminder - Maple Leaf Producer Meetings	
Swift Current - Credit Union i-plex	Thursday Aug 1, 2013 - 2:00 PM
Saskatoon - Travelodge	Friday Aug 2, 2013 - Noon

B of C Ex. Rate (Noon)
\$1.0293 CAD/\$0.9715 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	82.55/182.00
Thunder Creek	84.96/187.30

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed. The cash market is starting to stabilize, but there are reports that processors only have about 2 weeks' worth of supply covered. Deferred contracts are reported as technically bearish amid favourable weather forecasts; orders for the new crop contracts are offering some support. There was a 290,000 tonne sale of the 2013/14 crop announced yesterday (rumored to be China). Late planting this past spring is exacerbating worries about an early frost potential.

ISO Weans \$33.61 US Avg.
Feeder Pigs \$53.04 US Avg.
#1 Export Sows (+500lbs)
\$ 71.00 cwt.

Canadian delivered corn prices opened lower this morning. US corn futures are trading mixed. Despite some strength in the nearby contracts, the trade is exhibiting a bearish bias. It is now believed that Brazil, the Ukraine and the US will all have new crop available at the same time. Brazil's logistics problems still factor heavily into buying decisions but steep discounts relative to the US variant could pull prices lower. Weather remains favourable and Illinois, Indiana and Ohio are expecting trend line yields although more rain would be welcomed in Iowa.

Fixed Forward Range	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3	161.89	153.86	147.63	139.62	142.46	143.70	149.88	146.88	148.88
	161.89	155.75	155.20	145.77	145.30	149.40	153.20	150.20	157.44
Maple Leaf Sig. #4	164.18	154.30	150.66	141.07	143.09	143.94	149.64	148.12	147.67
	164.18	161.07	155.25	149.14	146.75	147.07	152.77	150.87	154.85
Soymeal FOB Winnipeg	526	526	465	435	435	441			
Corn FOB Wpg.	264	266	268						

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