

Wednesday, August 07, 2013

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

Forward contract prices opened higher this morning. US cash markets are trading higher again this morning as packers are basing much of their buying program on the wholesale pork market, which has seen significant support in the last week. Hog supplies appear to have bottomed, with daily slaughter levels in federally inspected plants exceeding 410,000 hogs. Hog carcass weights are also expected to grow heavier in the coming weeks, adding bearish pressure to the supply side. However, the market received a boost on the demand side, with the release of June's pork exports. The report showed exports from the US to Japan and Mexico were higher than year ago levels by 6% and 22% respectively, whereas exports to China were down about 7%. Total exports for June were comparable to year ago levels, even with the existing ban on pork to Russia that represented close to 10% of total exports in June 2012. Producers should consider pricing a portion of their September production at current prices to protect against the high volatility that is typical of this month.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Weather analysis suggesting Iowa is in need of rain is supporting the soybean complex. Analysts are also expecting a 'bounce' after the recent losses and there is news that China will import 10 MMT more beans than last year. Nonetheless, new crop trading technical indicators and supply fundamentals favour the bears. Some declines in ending stocks and production levels are being blamed on the late planting, but are still at record highs.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. Reports that Iowa, the top corn and soybean producing state, is in need of rain are adding support. Traders are awaiting next Monday's WASDE, production and progress reports amid a consensus that favours the bears today. Current expectations are a rise to over 14 billion bu. (from 13.95 bn.) in production and world ending stocks above 151 MMT. In other news, China has approved some GMO strains from Argentina and has recently approved the first shipment to unload.

US Slaughter	
419,000	Tuesday
411,000	Tuesday (year ago)
W. Corn Belt	\$99.94
National Price	\$100.40
Daily Sig 3	\$190.13
Daily Sig 4	\$184.96
Thunder Creek	\$190.98
4-Month Fwd.	\$156.24
B of C Ex. Rate (Noon)	
\$1.0379 CAD/\$0.9634 USD	
Cash Prices Week Ending August 2, 2013	
Signature 3	83.56/184.21
Signature 4	83.14/183.29
h@ms Cash	82.46/181.79
Hylife	82.38/181.61
Thunder Creek	84.96/187.30
ISO Weans	\$34.24 US Avg.
Feeder Pigs	\$52.67 US Avg.
#1 Export Sows (+500lbs)	\$ 68.50 cwt.

Fixed Forward Range	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		161.51 163.42	155.16 162.82	145.35 151.58	148.22 151.10	147.27 153.99	154.47 156.87	149.52 152.88	151.28 157.99	159397 167.44
Maple Leaf Sig. #4		161.96 168.62	158.05 162.87	150.40 154.85	148.73 152.44	148.38 151.54	154.51 156.00	150.74 153.53	150.02 156.34	159.27 166.89
Soymeal FOB Winnipeg	530	530	450	419	419	428				
Corn FOB Wpg.	260	262	264							

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