

Friday, August 09, 2013

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

US Slaughter	
417,000	Thursday
412,000	Thursday (year ago)
W. Corn Belt	\$99.59
National Price	\$101.10
Daily Sig 3	\$187.00
Daily Sig 4	\$185.70
Thunder Creek	\$186.66
4-Month Fwd.	\$152.03
B of C Ex. Rate (Noon)	
\$1.0348 CAD/\$0.9663 USD	
Cash Prices Week Ending August 9, 2013	
Signature 3	85.63/188.77
Signature 4	84.10/185.40
h@ms Cash	83.42/183.90
Hylife	n/a
Thunder Creek	83.19/183.40
ISO Weans	\$34.24 US Avg.
Feeder Pigs	\$52.67 US Avg.
#1 Export Sows (+500lbs)	\$ 68.50 cwt.

Forward contract prices opened lower this morning. US cash markets are finishing the week on a lower note, but are comparable to week ago values. Packers increased their bids in order to fill an expanded slaughter schedule, but were hesitant to keep them over the benchmark \$100/cwt. across the Midwest. Operating margins are profitable at current prices as wholesale pork prices have made slow but steady gains in the last two weeks, a counter-seasonal trend. Lean Hog futures continue to find resistance in moving higher beyond the recent highs of \$87/cwt. on the October contract as traders see conflicting fundamentals. The trade has to reconcile the expectation of a seasonal ramp up in hog numbers and the impact of the Porcine Epidemic Diarrhea (PED) virus that could cut the slaughter by close to 4% in some weeks. Producers without protection should consider the early September period as a high risk, as hog numbers could reach the annual peak in this timeframe, with potentially reduced numbers in October and November due to losses from the PED virus.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading higher. Short position covering ahead of the USDA's reports released next Monday (WASDE, Crop Progress and Crop Production) is adding support; the focus will be on Crop Production (the first this year) and the monthly WASDE report. Support also comes from rumors that China is poised to import record amounts of soybeans, but despite recent Chinese buying activity, estimated future import numbers are uncertain and caution is being advised. Nevertheless, Mankato strengthened nearby basis twice this week.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed amid much uncertainty. Short covering, strong feed demand and decent cumulative new crop sales (29% vs. 20% 5-year average) are adding support. Good weather and a general expectation ahead of the USDA's reports that new crop will prove bearish is adding pressure. 2013/14 ending stocks and production levels for the US corn crop are estimated higher than previous estimates.

Fixed Forward Range	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		156.45 158.34	150.25 157.83	141.78 147.94	144.62 147.47	145.24 151.92	152.39 154.78	148.23 151.57	150.17 156.85	158.81 166.45
Maple Leaf Sig. #4		156.99 163.58	153.21 157.98	143.17 151.24	145.19 148.86	146.37 149.51	152.47 153.94	149.46 152.23	148.93 155.21	158.13 165.71
Soymeal FOB Winnipeg	554	554	491	425	425	434				
Corn FOB Wpg.	260	262	264							

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