

Monday, August 12, 2013

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

**Forward contract prices opened mixed this morning.** US cash markets are expected to start the week with firm bids from packers as supplies remain somewhat tight. However, packers expect a sharp increase in the availability of live supplies over the next two weeks. Last week's slaughter came in at 2.019 million hogs, and is among the smallest of the year. Packer operating margins are positive, after last week's wholesale pork trade found counter-seasonal support. Lean Hog futures are trading with conflicting influences as the October and December contracts are trading at a massive discount to the cash market, but large speculators are already holding a record large long position. In addition, open interest is at near record high levels indicating that high interest in the commodity, and that market participants may have decisive views on near term direction. Producers should focus on covering price risk on their September production, as the supply flow over this timeframe is expected to be the largest for the year and will likely result in high price volatility.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. Two big reports (WASDE and the first Crop Production report) are scheduled for release today, mid-trade, at noon Eastern. There are expectations that production and ending stocks will be revised lower but still at or near record levels. There is talk that if the reports exceed current expectations, a risk premium could be factored into futures pricing because August is a critical month for soybeans and the cooler temperatures have hindered ideal pod development to this point.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading lower. The general expectation ahead of WASDE and the Crop Production report is that the reports will be decisively bearish for corn. Some private banks and investment firms have raised yield estimates up as much as 5 bu./acre following a recent crop tour and are anticipating the average price to be near \$4.20 in Q4; some estimates are predicting prices to touch \$3.50 sometime this year.

US Slaughter	
2.019 mil.	Last Week
2.046 mil.	Last Week (year ago)
W. Corn Belt	\$98.31
National Price	\$101.61
Daily Sig 3	\$185.66
Daily Sig 4	\$185.83
Thunder Creek	\$186.26
4-Month Fwd.	\$153.88
B of C Ex. Rate (Noon)	
\$1.0303 CAD/\$0.9706 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	83.60/184.31
Thunder Creek	83.19/183.40
ISO Weans	\$35.82 US Avg.
Feeder Pigs	\$55.88 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		158.62 160.51	152.34 159.92	143.49 149.65	146.33 149.17	145.84 152.48	152.95 155.33	148.45 151.78	150.34 156.98	158.88 166.47
Maple Leaf Sig. #4		159.10 165.69	155.22 159.99	144.82 152.89	146.84 150.51	146.92 150.05	152.99 154.46	149.64 152.40	149.07 155.32	158.17 165.71
Soymeal FOB Winnipeg	559	559	500	435	435	442				
Corn FOB Wpg.	253	255	257							

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