

Friday, August 16, 2013

## Forward contract prices opened lower this morning.

US cash markets are finishing the week lower with packers finding live supplies easier to source. Producers may start pulling hogs ahead of their recent marketing schedule in order to take advantage of the firm cash bids, and before abundant supplies drive down prices. However this strategy is typically short lived and there is no strong evidence of this happening yet, with hog carcass weights still more than 2 pounds heavier than either of August 2011 or 2012. October and December Lean Hog futures are finishing the week down from their highs, but still within \$1.00/cwt. of their contract highs. Analysts are still expecting a late fall drop in hog numbers due to losses from the PED virus, but futures months have yet to factor in any significant premium. The Canadian Dollar has been in a relatively narrow trading range for the last 2 weeks, and technical indicators are providing no signals of a divergence from this sideways trend.

## Canadian delivered soymeal prices opened mixed this morning.

Nearby US soybean futures are trading higher; deferreds are trading lower. A 7-14 day forecast of drier weather, thoughts of a late September (early) frost, and cumulative new crop export sales of 47.5% (compared to a 30% 5-year average) is supporting the trade. A recent Farm Service Agency (FSA) report shows that 1.6 million potential soybean acres went unplanted this year. However, there are rumors this figure could be overstated by up to 500,000 acres.

## Canadian delivered corn prices opened even this morning.

US corn futures are trading lower. Corn rallied 2% on Thursday partly due to the FSA report suggesting that up to 3.41 million potential acres were 'lost', but analysts expect the bounce to be short-lived as the market had already factored in a 2-5 million acre reduction. A drier forecast is also adding support. Pressure comes partly from Argentina where officials are suggesting production could reach record yields and 32.1 MMT of production compared to the USDA 26.5 MMT estimate.

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

US Slaughter	
423,000	Thursday
423,000	Thursday (year ago)
W. Corn Belt	\$96.82
National Price	\$101.90
Daily Sig 3	\$185.51
Daily Sig 4	\$187.03
Thunder Creek	\$185.53
4-Month Fwd.	\$156.98
<b>B of C Ex. Rate (Noon)</b>	
\$1.0340 CAD/\$0.9671 USD	
<b>Cash Prices Week Ending August 16, 2013</b>	
Signature 3	84.26/185.75
Signature 4	84.54/186.37
h@ms Cash	83.86/184.87
Hylife	n/a
Thunder Creek	85.78/189.10
ISO Weans	\$35.82 US Avg.
Feeder Pigs	\$55.88 US Avg.
#1 Export Sows (+500lbs)	\$ 65.00 cwt.

Fixed Forward Range	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		162.01 163.91	155.74 163.35	146.45 152.64	149.31 152.16	148.17 154.85	155.32 157.71	149.89 153.23	152.02 158.70	160.61 168.25
Maple Leaf Sig. #4		162.40 169.02	158.55 163.34	147.72 155.82	149.74 153.43	149.21 152.35	155.30 156.78	151.05 153.82	150.72 157.01	159.87 167.45
Soymeal Winnipeg Delivered	527	527	509	462	462	468				
Corn Wpg Delivered	264	266	268	199						

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