

Monday, August 19, 2013

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

US Slaughter	
2.177 mil.	Last Week
2.176 mil.	Last Week (year ago)
W. Corn Belt	\$93.90
National Price	\$101.44
Daily Sig 3	\$178.06
Daily Sig 4	\$186.27
Thunder Creek	\$177.87
4-Month Fwd.	\$153.09
B of C Ex. Rate (Noon) \$1.0345 CAD/\$0.9667 USD	
Cash Prices Week Ending August 16, 2013	
Signature 3	84.26/185.75
Signature 4	84.54/186.37
h@ms Cash	83.86/184.87
Hylife	83.80/184.74
Thunder Creek	85.78/189.10
ISO Weans	\$37.87 US Avg.
Feeder Pigs	\$55.26 US Avg.
#1 Export Sows (+500lbs)	\$ 65.00 cwt.

Forward contract prices opened lower this morning. US cash markets are starting the week firm, but are expected to see weakness amid the abundance of live supplies available to packers. Compounding the ample supply is the fact that carcass weights are now running close to 5 lbs. heavier than year ago levels, a new record high for this time of year. Packers will attempt to pad their operating margins by dropping bids at a pace quicker than wholesale pork prices, in order to force an increase in operating margins, after what has been a challenging spring and summer for packers. The October Lean Hog futures contract now has spot month status which could be supportive in the short term. The contract is trading at a \$15 discount to the cash index price which is historically large relative to the 5 year average, but consistent with the last two years. Given the idea that the PED virus may reduce the available hog supply as early as mid-October, the downside price risk is moderate.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. New crop supply uncertainty, weak fundamentals data, supportive technical indicators, and a robust export sales pace for the new crop are all favoring the bulls. The 7-10 day forecast is relatively warm in key growing areas which should help speed crop maturity, but the lack of moisture is pressuring production potential. Cumulative export sales are above the 5-year average.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. Cash market remained strong last week amid aggressive bidding among western ethanol plants, supporting the nearby contracts. The weather is once again driving the deferred contracts where a lack of rainfall this past weekend is adding support. There are estimates that up to one third of the US corn crop area is 'dry'. The Crop Conditions report is released today at 4:00PM Eastern.

Fixed Forward Range	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		160.27 160.73	153.50 161.10	144.62 150.79	147.46 150.31	146.99 153.65	154.13 156.51	148.86 152.19	151.44 158.12	159.75 167.39
Maple Leaf Sig. #4		160.23 160.78	156.37 161.15	145.92 154.01	147.95 151.62	148.05 151.19	154.13 155.61	150.04 152.81	150.16 156.45	159.04 166.63
Soymeal Winnipeg Delivered	531	531	521	475	475	480				
Corn Wpg Delivered	264	266	268	199						

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