

Thursday, August 22, 2013

Forward contract prices opened lower this morning. US cash markets are under pressure again this morning following yesterday's weakness in bids of approximately \$1.00/cwt. across most regions. Hog supplies are abundant, allowing packers to easily meet their production schedules, even with lower bids. Further adding to the supply, carcass weights remain more than 5 lbs. heavier than year ago levels, contributing to lower wholesale prices. All of the primal cuts were weaker in trade yesterday, sending the pork cut-out down \$2.26/cwt. and lower than the benchmark \$100/cwt. More than any other product, trimmings have been the weakest, dropping close to a quarter of its value in a little over a week. The recent weak cash market fundamentals have been a drag on Lean Hog futures and could expose the nearby contracts to significant weakness as a result of the record large long position currently held by the funds. While forward contracts have come under pressure recently, prices still represent near fair value when one considers the price trend experienced in the fall of the last two years.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading mixed. Support comes from Pro Farmer crop tour reports of variability in the soybean crop. Compared to early optimism, pod counts in three districts in Iowa were all below 3-year averages yesterday. Weather uncertainty is also supportive amid dry conditions in some key areas. Pressure comes from forecast showers in areas of the Corn Belt, a stronger US dollar and talk of profit taking if the soybean complex enters overbought territory.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. The crop tour is noting variability between crops due to spring planting delays but relative consistency in estimating higher than USDA yield averages. Forecast storms and light showers in areas of the Corn Belt and on both sides of the Mississippi are also adding pressure. However, a warmer and drier forecast is on the horizon and weather reports have been a prime influence on market movement lately.

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

US Slaughter	
430,000	Wednesday
427,000	Wednesday (year ago)
W. Corn Belt	\$92.16
National Price	\$99.36
Daily Sig 3	\$176.41
Daily Sig 4	\$184.18
Thunder Creek	\$176.29
4-Month Fwd.	\$153.47
B of C Ex. Rate (Noon)	
\$1.0443 CAD/\$0.9576 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)	\$ 67.00 cwt.

Fixed Forward Range	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		160.49 160.97	153.66 161.38	144.82 151.09	147.71 150.61	147.48 154.26	154.74 157.16	150.04 153.43	151.19 157.93	160.63 168.33
Maple Leaf Sig. #4		160.54 161.10	156.65 161.51	146.22 154.44	148.27 152.01	148.63 151.81	154.81 156.31	151.29 154.10	149.95 156.29	159.93 167.57
Soymeal Winnipeg Delivered	543	543	531	486	486	491				
Corn Wpg Delivered	266	268	270	204						

This information is intended to aid producers in making pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the authors' consent.



FOR RENT

4025 square foot space in Headingley.
New building, develop to your own specifications.
For more information please call Perry Mohr
204-235-2234 or 204-771-5066