

Friday, August 23, 2013

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

Forward contract prices opened mixed this morning. US cash markets eroded all week due to abundant supplies coming to market as producers pulled marketings ahead of schedule in order to avoid further cash market weakness. Daily slaughter levels are approaching 430,000 hogs, close to 7% larger than just two weeks ago. While lower on the week, wholesale pork prices have not fallen as fast as cash hog values, providing packers with some of the best operating margins seen this summer. Lean hog futures in turn have experienced weakness recently due to the cash market weakness as hog slaughter has grown quicker than what most had anticipated. While December Lean Hog futures are currently trading at an average discount to the October contract, ideas of a reduced supply due to the PED virus may help to support the December contract in the weeks ahead.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. The soybean complex is supported today on uncertainty regarding yield and production estimates and is primarily driven by the weather. Demand remains strong but supply side fundamentals remain unclear as the crop tour has been reporting variability between fields. There is talk that a sustained cool and dry weather pattern could push down yields to 40.5bpa, pushing the ending stocks number some 125 million bu. below the current 200 million bu. USDA estimate.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. While not ideal, the August weather has had less of an impact on corn than soybeans and with warmer days forecast ahead, the chatter about early frost has subsided somewhat for the time being. The Pro Farmer crop tour sentiment has been 'better than expected' and it consistently pegs yields for corn above USDA averages. While warmer temperatures and consistent, timely rain is needed for a good finish, a looming heat wave is supporting the trade.

US Slaughter	
427,000	Thursday
426,000	Thursday (year ago)
W. Corn Belt	\$90.32
National Price	\$98.65
Daily Sig 3	\$174.03
Daily Sig 4	\$184.07
Thunder Creek	\$173.78
4-Month Fwd.	\$152.87
B of C Ex. Rate (Noon)	
\$1.0512 CAD/\$0.9513 USD	
Cash Prices Week Ending August 23, 2013	
Signature 3	80.22/176.86
Signature 4	83.84/184.84
h@ms Cash	83.16/183.34
Hylife	n/a
Thunder Creek	83.55/184.20
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		159.38 159.87	152.53 160.27	144.41 150.69	147.31 150.21	147.21 154.01	154.50 156.92	149.84 153.23	152.42 159.25	162.62 170.42
Maple Leaf Sig. #4		159.48 160.04	155.58 160.45	145.83 154.08	147.89 151.64	148.39 151.58	154.59 156.10	151.11 153.93	151.19 157.61	161.91 169.66
Soymeal Winnipeg Delivered	548	548	540	494	494	498				
Corn Wpg Delivered	273	275	277							

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