

Monday, August 26, 2013

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

Forward contract prices opened higher this morning. US cash markets are starting this week with conflicting signals, but the growing supply of market ready hogs is expected to be the predominant factor that results in a weaker trend in packer bids. However, hot weather may impact the delivery schedule of some producers, which could keep packers on the tight side of their planned slaughter schedule. Wholesale pork prices continue to perform above expectations given that production is estimated at close to 8% larger than it was at the start of the month. The volume of trade in the wholesale market has not experienced the same increases, suggesting that processors are rebuilding their own inventory before sending it into the open market. Lean Hog futures are finding some support from the cash market this morning, but futures are still short of their recent highs by more than \$2.00/cwt. The commitment of traders report continues to reflect a significant difference in the near term outlook of the different types of traders. Index and Hedge funds are holding a record large long position, banking that the market is going to rally, while commercial traders which would include packers and producers are holding a record large short position.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. High temperatures and a lack of moisture over the weekend have supported the soybean complex. Price movements in the futures contracts are particularly sensitive to any news (let alone weather forecasts) as a result of uncertainty with USDA balance sheet estimates and the potential decline in production due to weather-related delays and yield decreases. Traders are expecting a 2-3% decline in crop conditions today.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. As with soybeans, news of high temperatures and lack of moisture are supporting the contracts. The Pro Farmer crop tour estimated production 300 million bu. below USDA estimates using a yield of 154.1 bpa. There is an expectation that G/E crop conditions will be lower 2-3 % today. However physical harvest evidence (supply) is still some time away and many analysts point out that despite the current support in the trade, record crops are still expected.

US Slaughter	
2.207 mil.	Last Week
2.272 mil.	Last Week (year ago)
W. Corn Belt	\$90.60
National Price	\$97.44
Daily Sig 3	\$174.62
Daily Sig 4	\$181.86
Thunder Creek	\$174.46
4-Month Fwd.	\$153.78
B of C Ex. Rate (Noon)	
\$1.0515 CAD/\$0.9510 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	82.46/181.80
Thunder Creek	83.55/184.20
ISO Weans	\$38.02 US Avg.
Feeder Pigs	\$55.84 US Avg.
#1 Export Sows (+500lbs)	\$ 67.00 cwt.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		155.10 162.83	146.46 152.74	149.36 152.26	148.86 155.64	156.12 158.54	151.44 154.82	153.71 160.50	163.60 171.36
Maple Leaf Sig. #4		158.05 162.92	147.82 156.05	149.87 153.62	149.96 153.15	156.15 157.65	152.64 155.45	152.42 158.80	162.84 170.54
Soymeal Winnipeg Delivered	608	518	528	528	532				
Corn Wpg Delivered	279	281							

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