

Tuesday, August 27, 2013

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

US Slaughter	
430,000	Monday
432,000	Monday (year ago)
W. Corn Belt	\$89.76
National Price	\$96.48
Daily Sig 3	\$172.99
Daily Sig 4	\$180.05
Thunder Creek	\$173.00
4-Month Fwd.	\$154.11
B of C Ex. Rate (Noon)	
\$1.0514 CAD/\$0.9511 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)	\$ 62.00 cwt.

Forward contract prices opened higher this morning. US cash markets came under pressure yesterday as market ready supplies become more abundant. Cooler temperatures aiding in daily gains, combined with seasonal influence of the summer on a sow's heat cycle leads to a significant increase in supply over the period of mid-August to mid-September. In fact, in this timeframe over the last two years, cash prices have fallen an average 18% of their value. So far this year, cash markets have fallen about 7.5% since mid-August, while the carcass cut-out is down only half this amount. When considering the fundamental factors that are expected to influence the cash market over the next few months, Lean Hog futures appear to be trading near fair value. However, the net fund position in Lean Hog futures is at a record large long position, while the commercial traders are sitting on a record short position. Should one of these groups reconsider their market outlook, Lean Hog futures could experience significant volatility.

Canadian delivered soymeal prices opened higher this morning. Earlier, deferred contracts headed lower following yesterday's rally (amid profit taking), but US soybean futures are trading higher. There was talk that yesterday's run was 'panic buying'; in part a function of investor activity as thoughts of a larger US crop become questionable, but the recent heat wave and lack of moisture has added more uncertainty to new crop projections with the Crop Progress report showing a 4% decline in good/excellent condition - 1% lower than market expectations.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed. Profit taking briefly entered the trade earlier this morning and influenced the trade lower. It has since turned upward, then back down again, and remains volatile. Although somewhat less-so than soybeans, the market remains sensitive to weather news. The Pro Farmer crop tour showing estimates 300 million bu. below USDA projections is also adding support. A well-known trading firm reports that the denting stage is 'well behind' the 5-year average.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		155.32 163.05	146.79 153.06	149.68 152.58	149.37 156.16	156.64 159.06	151.85 155.25	153.91 160.69	163.70 171.46	168.06 173.88
Maple Leaf Sig. #4		158.27 163.13	148.13 156.36	150.19 153.93	150.47 153.66	156.66 158.16	153.06 155.87	152.61 158.99	162.94 170.64	166.69 170.07
Soymeal Winnipeg Delivered	614	521	532	532	535					
Corn Wpg Delivered	279	281								

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