

Thursday, August 29, 2013

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

Forward contract prices opened higher this morning. US cash markets continue to see negative influence from the surge of market ready hogs hitting the market. US packers are increasing their production schedules in order to replenish their pork inventories and take advantage of some of the best operating margins in months. However, the pork cut-out is experiencing weakness due to the heavy supplies, now trading at its lowest level since early June. The hog supply has grown by nearly 9% over the last month, and is expected to continue this trend for at least another 3 weeks. Lean Hog futures have had this trend factored in for months, and the October contract is now trading at an average premium to the cash market for this time of year. The Canadian Dollar is trading at the lower end of its recent trading range, with ideas that the US Federal Reserve will halt its bond buying stimulus program being the predominant factor at play. Producers looking for protection in the 4th Quarter should view any price rallies as an opportunity, as current forward prices are fairly priced given the historical price trends at this time of year.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. New crop pressure comes from forecasts of up to ½ inch of rain over 85% of the Midwest over this weekend. However, a lack of expected rainfall or smaller coverage will be seen as supportive; there is already talk of yield loss and heat stress. Tight old crop supplies are again supportive with basis strengthening in some areas amid rumors that availability could become an issue ahead of new crop availability.

Canadian delivered corn prices opened mixed this morning. US corn futures are trading mixed. Although not ideal, the weather has been having less of an impact on the corn crop. Forecasted rain this weekend is seen as an improvement for Ohio, Michigan, and Indiana with the heat at this particular stage in the crops' development being viewed as beneficial in Illinois and Iowa. The corn market is generally viewed as bearish new crop; despite lower yield expectations, record production is still expected.

US Slaughter	
432,000	Wednesday
434,000	Wednesday (year ago)
W. Corn Belt	\$87.48
National Price	\$94.94
Daily Sig 3	\$168.21
Daily Sig 4	\$176.78
Thunder Creek	\$168.25
4-Month Fwd.	\$154.85
B of C Ex. Rate (Noon)	
\$1.0490 CAD/\$0.9533 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.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		156.19	147.70	150.59	149.73	156.98	151.76	154.03	163.76	168.12
		163.91	153.97	153.49	156.50	159.40	155.14	160.82	171.51	173.93
Maple Leaf Sig. #4		159.10	149.01	151.06	150.80	156.97	152.95	152.73	162.99	166.74
		163.96	159.23	154.80	153.98	158.47	155.76	159.11	170.68	170.12
Soymeal Winnipeg Delivered	621	517	525	525	528					
Corn Wpg Delivered	284	286	209							

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