

Wednesday, September 04, 2013

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

Forward contract prices opened higher this morning. US cash markets started this holiday shortened week with higher bids from packers and a daily hog slaughter that was smaller than anticipated at 428,000. Fundamental factors do not support a continuation of the higher trend experienced yesterday, as producers are seeing average daily gains increase as the temperatures cool, which will lead to more hogs at a heavier weight being delivered. While wholesale pork prices have come down by about 5% in the last two weeks, the carcass cut-out has performed better than average for this time of year. Nearby Lean Hog futures were sharply higher in overnight trade, surpassing contract highs that were established in November of last year. With the rally in Lean Hog futures and the relatively weak Canadian Dollar, 4th Quarter forward prices are at their highest levels since trading in this timeframe began. Producers without protection should consider pricing a portion of their production at current prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed. The nearby contracts remain supported on tight supplies, but despite registering at the lower end of expectations, crop conditions were 'in-line' with trade expectations (54% good/excellent compared to last week's 58%; 10-yr average is 56%). As well technical trading analysis is indicating a bearish bias for the longer term. However, there is talk that the US could be subject to another tight balance sheet (i.e. low carryout) if yields suffer as a result of crop stress from continuing dry weather and/or an early frost.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. Crop conditions were in line with the 10-yr average at 56% yesterday and there are early harvest reports of record yields in the south-east, the delta, and areas of the southern Midwest, adding pressure to the trade. Slight support comes from old crop exports but there is talk that competition to the US variant is on the horizon amid news that Chinese officials will approve Brazilian corn for import sometime this year.

US Slaughter	
428,000	Tuesday
440,000	Tuesday (year ago)
W. Corn Belt	\$88.97
National Price	\$92.52
Daily Sig 3	\$171.77
Daily Sig 4	\$172.98
Thunder Creek	\$172.08
4-Month Fwd.	\$158.11

B of C Ex. Rate (Noon)
\$1.0533 CAD/\$0.9494 USD

Cash Prices Week Ending August 30, 2013	
Signature 3	77.48/170.81
Signature 4	80.99/178.56
h@ms Cash	80.31/177.06
Hylife	79.91/176.18
Thunder Creek	79.83/176.00

ISO Weans	\$38.86 US Avg.
Feeder Pigs	\$55.95 US Avg.
#1 Export Sows (+500lbs)	\$ 59.00 cwt.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		160.63 168.35	151.47 157.74	154.37 157.26	153.01 159.77	160.26 162.68	153.97 157.36	156.98 163.80	166.10 173.89	170.48 176.32
Maple Leaf Sig. #4		163.39 168.25	152.66 160.87	154.71 158.45	153.97 157.16	160.15 161.65	155.10 157.90	155.60 162.01	165.27 173.00	169.04 172.44
Soymeal Winnipeg Delivered	640	511	523	523	527	514				
Corn Wpg Delivered	279	281	204							

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