

Monday, September 16, 2013

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

Forward contract prices opened mixed this morning. US cash markets are expected to start the week with steady to higher cash bids, following the trend established over recent weeks. Last week's slaughter was estimated at 10% lower than the same week in 2012, following the previous week which was estimated at nearly 4% lower. These unforeseen 'holes' in hog marketings are too large to be called a normal fluctuation and are difficult to explain. However, the tight supply of market ready hogs is probably a function of a number of factors, including the influence of the PED virus on growth levels, slaughter levels influenced by high feed prices a year ago, and the effect of hot temperatures through the Midwest over the last month. Lean Hog futures are factoring in the changing fundamentals, but have been cautious in projecting forward any significant reduction in hog numbers. Producers looking for protection in the winter months should consider setting targets \$5-\$10/kg higher than current forward prices.

Canadian delivered soymeal prices opened lower this morning. Most US soybean futures contracts are trading lower at opening with only the September contract trading higher; September expires Thursday. While some have said 'too little, too late' showers across the driest regions of the Corn Belt have pressured the trade, and late planted crops could now benefit by this late rain. Support comes from stress due to heat and dryness, and is expected to influence another 2-3% good/excellent decline in crop conditions when the report is released later today.

Canadian delivered corn prices opened even this morning. US Corn futures are trading mixed. Estimates from the Farm Service Agency on unplanted acres will be released tomorrow but there are few expecting any deviation from the current 3 million acres estimate. Historically there has been a discrepancy between the September estimates and the final USDA numbers; moreover, this number is typically not revised until the October WASDE report. Rain over the weekend has pressured the deferred contracts, favouring the bears, but is unlikely to influence a sharp turn lower.

US Slaughter	
2.172 mil.	Last Week
2.427 mil.	Last Week (year ago)
W. Corn Belt	\$95.11
National Price	\$94.05
Daily Sig 3	\$180.28
Daily Sig 4	\$172.64
Thunder Creek	\$180.67
4-Month Fwd.	\$158.57
B of C Ex. Rate (Noon)	
\$1.0341 CAD/\$0.9670 USD	
Cash Prices Week Ending September 13, 2013	
Signature 3	79.40/175.05
Signature 4	77.23/170.27
h@ms Cash	76.55/168.77
Hylife	76.89/169.52
Thunder Creek	78.34/172.70
ISO Weans	\$39.42 US Avg.
Feeder Pigs	\$56.33 US Avg.
#1 Export Sows (+500lbs)	\$ 65.00 cwt.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		162.34	152.78	155.62	156.56	160.67	152.75	155.72	163.93	168.23
		168.49	158.93	158.46	160.20	163.04	156.07	162.41	171.57	177.30
Maple Leaf Sig. #4		164.90	153.81	155.83	154.40	160.46	153.79	154.31	163.09	166.79
		168.20	161.88	159.49	157.52	161.92	156.55	160.60	170.67	173.44
Soymeal Winnipeg Delivered	590	536	513	513	514	511				
Corn Wpg Delivered	241	243	192							

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