

Friday, September 20, 2013

Forward contract prices opened lower this morning.

US cash markets are finishing the week higher as some packers have struggled to meet their sales obligations due to the unexpected tight supply of live hogs. Packers have been aggressive bidders in the cash market in an attempt to capture a larger share of the hog supply. However, increases in wholesale pork prices have not kept pace, resulting in unprofitable operating margins at a time of year when profitability is almost assured. The heat wave with record breaking temperatures ended close to 2 weeks ago, but hog numbers are only now starting to normalize due to the dip in growth rates. Lean Hog futures are discounted heavily as traders believe the cash market support will disintegrate over the next three weeks as hog marketings normalize and weekly slaughters numbers move closer to 2.3 million hogs. Traders are convinced that US cash prices will fall by close to US\$7.00/cwt., reflecting a run-up in hog supply. The Canadian dollar is finishing the week near where it started, with the latest inflation data coming in near analysts' expectations.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading lower. Early frost premiums have been all but removed from the trade as forecasts now predict first frost at its 'normal' time, typically in the first week of October. There is current talk of better than expected yields and also that fund traders will further liquidate long positions. Mild support comes from cumulative 2013/14 export sales of 61.4% compared to 44.5% last year.

Canadian delivered corn prices opened even this morning.

US corn futures are trading lower. Concern with field dryness earlier in the season appears to have been overstated for now as producer-reported yields continue to exceed expectations. As with soybeans, thoughts of an early widespread killing frost have mostly disappeared (along with associated market premiums) amid forecast models showing normal frost expectations. Demand for US corn in export markets remains weak due to 'overseas' competition.

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

US Slaughter	
429,000	Thursday
433,000	Thursday (year ago)
W. Corn Belt	\$95.70
National Price	\$97.24
Daily Sig 3	\$179.58
Daily Sig 4	\$176.68
Thunder Creek	\$179.27
4-Month Fwd.	\$155.98
B of C Ex. Rate (Noon) \$1.0237 CAD/\$0.9768 USD	
Cash Prices Week Ending September 20, 2013	
Signature 3	81.79/180.32
Signature 4	79.31/174.85
h@ms Cash	78.63/173.35
Hylife	n/a
Thunder Creek	80.20/176.80
ISO Weans	\$39.42 US Avg.
Feeder Pigs	\$56.33 US Avg.
#1 Export Sows (+500lbs)	\$ 67.00 cwt.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		159.65	149.68	152.51	151.43	158.53	152.51	153.80	162.16	166.40
		165.79	155.82	155.35	158.06	160.90	155.83	160.41	169.71	172.54
Maple Leaf Sig. #4		161.92	150.07	152.44	152.14	157.83	153.56	152.41	161.17	164.98
		165.22	158.48	156.10	155.26	158.56	156.31	158.62	168.81	169.54
Soymeal Winnipeg Delivered	546	511	489	489	494	496				
Corn Wpg Delivered	244	246	196							

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