

Thursday, September 26, 2013

Forward contract prices opened lower this morning.

US hog supplies continue to lag behind expectations, resulting in firm packers bids. In fact, the hog slaughter for the month of September is down by close to 7% compared to year ago levels, and is one of the largest year-over-year monthly differences in several years. Cash hog prices and the price of wholesale pork have climbed back to levels not seen for more than a month at a time when cash prices typically lose about 10% of their value. The recent shift in supply has traders eagerly anticipating tomorrow's release of the 3rd Quarter Hogs and Pigs report by the USDA; the results of which could trigger significant price movements in the winter month contracts. While most analysts surveyed by Dow Jones News believe we will see near term hog supplies remain 2% - 4% lower than last year, the breeding herd is expected to reveal modest expansion.

Analyst Estimates for Hogs and Pigs Report

	Average	Range
All on Sept. 1	98.6	96.4-100.3
Breeding	101.5	100.6-102.0
Marketing	98.3	98.9-100.2
Under 50 lbs.	98.8	97.0-101.6
50-119 lbs.	98.9	96.1-100.0
120-179 lbs.	98.3	95.9-101.1
180+ lbs.	96.2	94.0-99.3

US Slaughter	
433,000	Wednesday
435,000	Wednesday (year ago)
W. Corn Belt	\$92.42
National Price	\$97.01
Daily Sig 3	\$174.40
Daily Sig 4	\$177.27
Thunder Creek	\$174.28
4-Month Fwd.	\$157.94

B of C Ex. Rate (Noon)	\$1.0295 CAD/\$0.9713 USD
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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	79.19/174.58
Thunder Creek	80.20/176.80

ISO Weans	\$42.11 US Avg.
Feeder Pigs	\$59.93 US Avg.
#1 Export Sows (+500lbs)	\$ 70.00 cwt.

h@ms 2013 Fall Marketing Meeting Schedule

Date and Time	Location
Nov. 7 @ 12:00 PM (Thurs.) - with lunch	Starbuck Community Hall - 25 Main Street, Starbuck
Nov. 8 @ 12:00 PM (Fri.) - with lunch	Smitty's - 145 Park Rd. W., Steinbach

Canadian delivered soymeal prices opened higher this morning.

US soybeans are trading lower on improved crop conditions, better than expected yields, and a weather outlook that is having a bearish effect on the short term. As well, weather is turning more favourable in Brazil and Argentina ahead of the main planting season. However, funds are holding a net long position ahead of Monday's important quarterly USDA Grain Stocks report, a position many see as a strong indication of a bullish market moving forward.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading lower. The trade is expecting ending stocks to be adjusted higher in Monday's quarterly Grain Stocks report. Adding additional pressure is the fact that frost scares have been pushed back and a forecast of dry harvest weather. Mild support is expected from some technical short covering but the trade remains largely bearish on US corn.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3	164.40	152.65 158.81	155.49 158.33	153.57 160.21	160.69 163.06	156.32 159.64	157.97 164.61	165.94 173.52	170.21 176.37	171.22 174.08
Maple Leaf Sig. #4	166.54	152.96 161.40	155.34 159.01	154.23 157.35	159.93 160.66	157.26 160.02	156.47 162.71	165.00 172.53	168.68 173.27	171.71 173.37
Soymeal Winnipeg Delivered	520	493	493	497	499					
Corn Wpg Delivered	229	192								

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