

Friday, January 31, 2014

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

US Slaughter	
385,000	Thursday
420,000	Thursday (year ago)
W. Corn Belt	\$80.23
National Price	\$82.36
Daily Sig 3	\$164.28
Daily Sig 4	\$163.31
Thunder Creek	\$164.69
4-Month Fwd.	\$188.08
B of C Ex. Rate (Noon)	
\$1.1171 CAD/\$0.8951 USD	
Cash Prices Week Ending January 31, 2014	
Signature 3	73.76/162.62
Signature 4	73.39/161.80
h@ms Cash	72.71/160.30
Hylife	n/a
Thunder Creek	72.85/160.60
ISO Weans	\$85.16 US Avg.
Feeder Pigs	\$98.58 US Avg.
#1 Export Sows (+500lbs)	\$49.50

Forward contract prices opened higher this morning. US cash markets are finishing the week higher than where they started reflecting tighter supplies than has been experienced earlier in the month. This week's slaughter is expected to be lower than last week's by close to 100,000 hogs, with persistent cold icy conditions believed to be delaying marketings. Packers have had strong incentives to maintain their slaughter schedule as their gross operating margins are estimated at better than \$20/hog, and their inventories in storage have been appreciating in value. Lean Hog futures have seen influence from the firm cash market, with the summer month contracts breaking into new, all-time highs in the overnight session, with the June contract hitting US\$104/cwt. The market has been on a decisive bullish trend, with ideas of PED virus reduced hog supplies and firm domestic demand due to an improving US economy and high priced substitutes. When the futures prices are combined with the lowest valued Canadian Dollar in close to five years, forward contract prices represent good value and could yield more than \$220/hog in some weeks this summer.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading mixed, a function of technical influences following a 'rebound' from a key support level (\$12.60) earlier yesterday. However, the trade has moved lower on bearish export news, an expectation of a 500,000 MT production increase from Brazil and a 610,300 MT cancellation reported yesterday. There is talk the Brazil harvest could speed up amid dry conditions and that Argentine farmers might be reluctantly incited to sell once the harvest gets closer.

Canadian delivered corn prices opened higher this morning. US corn futures are trading lower on thoughts that the market could be repositioning after a 1.5% gain following better than expected export news yesterday; 1.8 MMT were reported compared to trade estimates of approximately 850,000 MT (!). Cumulative sales are now at 86.5% of USDA estimates compared to the 63.4% 5-year average. However, the bears are favored with Brazil rumored to be planting a second crop, a large net short position held by the funds and good longer term US production estimates.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		179.41 183.00	181.83 188.51	197.51 208.82	205.22 210.36	202.10 209.83	185.64 200.14	168.63 177.39	165.54 172.26
Maple Leaf Sig. #4		176.72 180.09	176.88 183.64	192.16 203.31	199.72 204.90	197.20 204.59	185.86 195.11	167.22 180.67	166.41 169.42
Soymeal Winnipeg Delivered	578	578	579	579					
Corn Wpg Delivered	187	193							

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Manitoba Swine Seminar

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Tim Blackwell (OMFRA) and Mark Fynn (MPC)

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