

Friday, May 16, 2014

Hog Prices: ↓↑ Soymeal: ↓

Corn: ↓ CDN Dollar: ↔

US Slaughter	
413,000	Thursday
405,000	Thursday (year ago)
W. Corn Belt	\$109.70
National Price	\$111.23
Daily Sig 3	\$218.92
Daily Sig 4	\$214.95
Thunder Creek	\$218.78
4-Month Fwd.	\$223.39
B of C Ex. Rate (Noon)	
\$1.0887 CAD/ \$0.9185 USD	
Cash Prices Week Ending May 16, 2014	
Signature 3	98.77/217.74
Signature 4	98.09/216.25
h@ms Cash	97.41/214.75
Hylife	97.06/213.97
Thunder Creek	101.33/223.40
ISO Weans	\$78.75 US Avg.
Feeder Pigs	\$126.42 US Avg.
#1 Export Sows (+500lbs)	\$77.00 cwt.

Forward contract prices opened mixed this morning. US cash markets gained about \$0.50/cwt in yesterday's trade, even as the hog slaughter appears to be bucking the normal seasonal trend by increasing over last week's slaughter. Packers are dealing with marginal profitability with estimated margins on wholesale pork sales running about \$7.00/hog not including operating costs or the value of by-products. With most trade participants still anticipating a 'hole' in marketings later this summer due to losses related to PED, packers have an added incentive to remain on a disciplined buying program in order to conserve their working capital. Summer month Lean Hog futures continue to factor in tighter supplies with the August contract now reflecting the highest value of the summer month contracts. Currently, the market has priced in a rally of \$13/cwt (a 12% increase) over the cash market over the next two months. This premium represents good value given that the cash market appears to be having difficulty finding support at current prices. With pork production over the last month averaging only about 1% lower than year ago levels, there is good reason to question whether the premium in the futures is warranted. Producers without protection in the summer and fall periods should consider pricing a portion of their production in this timeframe at current prices.

h@ms Marketing Services will be closed Monday, May 19 to observe Victoria Day. Normal business operations will resume Tuesday, May 20.

Canadian delivered soymeal prices opened lower this morning. US NOPA crush demand was reported at ~10% higher than last year and in line with market expectations. However, pressures are looming and giving the market a bearish tone despite tight ending stock estimates. Yield increases from S. America, optimism about this year's US crop (although there was much optimism before last year's flooding too) and news that China might be backing away from the world markets as suggested by another state auction of 300,000 MT of beans on the 20th, is adding pressure.

Canadian delivered corn prices opened lower this morning. Fundamental data is leaning bearish; softening US exports and news of another Chinese state auction for 1.0 MMT of corn on the 22nd are pressuring the nearby contracts. It is thought that China has up to 70.0 MMT (roughly 1/2 of world old crop stocks) in state reserves. Deferred contracts are pressured on expectations of a decent planting pace (to be confirmed in next week's Crop Progress report), and weather that has not been too much of an obstacle. 'The funds' have been active sellers recently on these and other technical indicators.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		229.71 233.70	239.87 242.37	221.74 243.13	205.25 213.75	202.29 208.80	172.53 180.55	178.04 180.55	170.45 170.45	166.44 171.95
Maple Leaf Sig. #4		222.64 227.08	231.90 234.60	220.05 235.63	200.70 214.83	200.45 203.36	172.02 182.69	177.07 180.66	170.30 170.69	166.81 172.44
Soymeal Winnipeg Delivered	625	625	627	627	627					
Corn Wpg. Delivered	181	181	181							

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Some Important h@ms Marketing Phone Numbers

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STRENGTH IN NUMBERS

