

Friday, May 23, 2014

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

US Slaughter	
375,000	Thursday
418,000	Thursday (year ago)
W. Corn Belt	\$108.25
National Price	\$110.63
Daily Sig 3	\$216.24
Daily Sig 4	\$214.01
Thunder Creek	\$216.00
4-Month Fwd.	\$222.91
B of C Ex. Rate (Noon)	
\$1.0898 CAD/ \$0.9175 USD	
Cash Prices Week Ending May 23, 2014	
Signature 3	99.05/218.36
Signature 4	97.04/213.94
h@ms Cash	96.36/212.44
Hylife	n/a
Thunder Creek	98.75/217.70
ISO Weans	\$72.02 US Avg.
Feeder Pigs	\$126.17 US Avg.
#1 Export Sows (+500lbs)	\$73.00 cwt.

Forward contract prices opened lower this morning. US cash markets are finishing the week on a lower trend, with packer bids experiencing weakness over the last three trading days. Tight margins have the packers on a disciplined buying program. Heavier carcass weights are making up most of the deficit in hog numbers. Yesterday's USDA Cold Storage report showed a significant reduction in pork supplies compared to last year's inventory, down about 17% from year ago levels with specific cuts like Hams and Picnics close to 35% lower than 2013 levels. Further to this, supplies of both beef and chicken were also down by a comparable % of year ago levels, adding to the overall tight supply of meat protein. These factors, combined with good export volumes, are evidence that pork demand remains firm amid the high prices and are supportive to the summer and fall market. This helps to explain how the summer and fall month futures have been able to maintain a record large premium over the cash market, given the uncertainty in projected hog supply. Producers without protection in the summer and fall months should view current prices as good value given the premium that they represent over the cash market and the normal seasonal trend.

US Markets are closed Monday, May 26 to observe Memorial Day. Forward Contracting and feed merchandising activities will likewise be suspended. Regular business operations resume Tuesday, May 27.

Canadian delivered soymeal prices opened lower this morning. The story is getting old; a tight old crop situation is the underlying factor in support that saw new contract highs yesterday. US crushers still need beans and interior basis is firming. If loads did make it up the Mississippi as previously reported, the effects were short-lived. Talk is starting to intensify about the 'rationing' price of beans, and how high that price has to go in order for current supplies to last the remainder of the crop year. In a story not reported for some time, the sustained reluctance of Argentine farmers to sell (as a currency hedge) isn't helping world (or US) old crop supply issues.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed. Underlying support comes from strength in the soybean market, decent export data and a more positive economic outlook for China. Cumulative export sales are now at 93.3% (91.3% 5-year average). Pressure is mostly focussed on the new crop; US farmers are expected to make good progress that will be confirmed on Tuesday's Crop Progress report. Argentine farmers have completed harvest; production is pegged at 31.1 MMT, higher than the previous estimate of 29.8 MMT on high yields.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		224.59 228.58	238.10 240.60	222.00 246.30	205.51 214.01	202.34 208.85	172.86 180.87	178.36 180.87	170.05 170.05	166.02 171.56
Maple Leaf Sig. #4		217.68 222.12	230.18 232.89	220.31 238.70	200.94 215.08	200.50 203.41	172.33 183.00	177.38 180.96	169.93 170.32	166.42 172.07
Soymeal Winnipeg Delivered	650	650	652	652	652					
Corn Wpg. Delivered	184	184	185							

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.



Some Important h@ms Marketing Phone Numbers

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STRENGTH IN NUMBERS

