

Wednesday, July 09, 2014

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

Forward contract prices opened mixed this morning. US packers continue to have strong incentives to maximize their production schedule, with wholesale pork prices continuing higher after the long weekend. Typically, a drop in prices can occur after Independence Day, as buyers trim their orders, but this year's talk of a tight supply and comparatively expensive substitutes has largely offset this normal price movement. By numerous measures, pork demand has improved and this development is unrelated to the PED induced reduction in supply. May pork exports were almost exactly the same as 2013 levels, while the price paid for the pork was 19% higher than year ago levels. Fall month Lean Hog futures consolidated their recent gains yesterday, with the fall month contracts dropping close to \$2.00/cwt. However, these same contracts opened sharply higher this morning regaining most of the value lost and, from a technical perspective, opening the door for further gains. Producers should consider building a forward position for fall and winter months over the next month, with coverage as high as 50% if prices rally an additional \$15-\$20/kg from current levels.

Canadian delivered soymeal prices opened even this morning.

US soybean futures are starting the session lower. The July WASDE report is considered the USDA's first attempt at estimating 'actual' new crop yields. Expectations of bearish news due to ideal growing conditions in the US are pressuring (see right). There is talk that any bounce will be short lived and may be considered a selling opportunity amid the current pressure.

Canadian delivered corn prices opened even this morning.

US corn futures are trading lower. Headlines in some press are suggesting further pressure for the trade ahead of the WASDE report. The general consensus is for a bearish influence as a result of good growing conditions and relatively high yield estimates. The September contract is currently trading below 3.96 USD/bu. and December is testing \$4.00. The WASDE report will be released on Friday.

US Slaughter	
403,000	Tuesday
401,000	Tuesday (year ago)
W. Corn Belt	\$130.23
National Price	\$128.02
Daily Sig 3	\$254.80
Daily Sig 4	\$242.55
Thunder Creek	\$254.56
4-Month Fwd.	\$219.21

B of C Ex. Rate (Noon)
\$1.0674 CAD/ \$0.9368 USD

Cash Prices Week Ending July 4, 2014	
Signature 3	111.82/246.52
Signature 4	107.61/237.23
h@ms Cash	106.93/235.73
Hylife	107.04/235.98
Thunder Creek	111.63/246.10

ISO Weans	\$76.60 US Avg.
Feeder Pigs	\$115.83 US Avg.
#1 Export Sows (+500lbs)	\$75.50/cwt. tagged

Summary of pre-WASDE Report Estimates			
	Measure	Avg Est	Range
Soy-beans	Yield (bpa)	45.1	44.5-46.2
	Crop (bn bu)	3.774	3.615-3.871
	'14 End-ing Stock	128 mil	111-156 mil
Corn	Yield (bpa)	166.1	165.0-172.0
	Crop (bn bu)	13.945	13.731-14.482
	'14 End-ing Stock	1.232 bn	1.146-1.350 bn

Source, Meyer and Steiner, DLR; Reuters

Fixed Forward Range	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		240.36 246.53	221.27 231.55	216.42 224.76	189.39 201.17	190.87 197.24	183.25 183.25	178.69 184.73	178.04 179.51	180.43 183.39
Maple Leaf Sig. #4		235.22 239.01	214.37 229.72	212.23 216.99	185.87 199.75	190.63 194.24	180.50 180.88	176.03 182.79	176.03 176.79	176.25 178.92
Soymeal Winnipeg Delivered	559	559	559							
Corn Wpg. Delivered	177									

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