

Friday, July 11, 2014

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

Forward contract prices opened lower this morning. US cash markets experienced a setback in the higher trend yesterday, with most regions reporting more than a \$2.00/cwt decline in cash bids. Packer bids have been outpacing the price of wholesale pork over the last week, negatively impacting their operating margins. As a result, packers may adopt a more conservative buying program, where they are not attempting to build inventory ahead of the perceived shortage in hog numbers. Wholesale pork prices are down only slightly from their all-time highs and will continue to be a supportive factor. Lean Hog futures have also pulled back from their highs, with talk that large speculators have been exiting their very profitable long positions. Next week's Commitment of Traders report will shed some light on the activity of Large Speculators, but it appears as though they have had a significant impact on prices this week. Canadian hog prices are receiving some support from our currency, which has lost about half a cent this morning after Statistics Canada released its latest employment report showing a net reduction in jobs.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading mixed ahead of the WASDE report that will be released today at noon Eastern. There is talk that the current pressure is in part due to repositioning and short covering that could influence a further bounce if the report is anything but distinctly bearish. Nonetheless, the sentiment is that following some initial volatility after the report's release, pressure on the complex will continue.

Canadian delivered corn prices opened even this morning.

Like soybean futures, US corn futures are trading mixed with a bias toward lower. The market has been extremely sensitive to the yield expectations in today's WASDE report which have been relatively high. Recent weather forecasts have supported the pressure, again being described as ideal. There is some talk that further pressure could result in prices in the high \$3 range following a high yield estimate.

US Slaughter	
395,000	Thursday
408,000	Thursday (year ago)
W. Corn Belt	\$129.69
National Price	\$129.30
Daily Sig 3	\$253.36
Daily Sig 4	\$244.60
Thunder Creek	\$253.11
4-Month Fwd.	\$210.55
B of C Ex. Rate (Noon) \$1.0658 CAD/ \$0.9382 USD	
Cash Prices Week Ending July 11, 2014	
Signature 3	115.68/255.02
Signature 4	110.10/242.72
h@ms Cash	109.42/241.22
Hylife	n/a
Thunder Creek	112.04/247.00
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
Soybeans	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		228.02 240.32	211.79 220.15	206.78 215.16	183.39 193.24	184.87 191.27	179.64 179.64	173.87 181.12	173.87 175.35	175.20 178.15
Maple Leaf Sig. #4		225.00 233.57	205.95 219.86	203.87 208.45	180.07 193.05	184.84 188.47	177.01 177.40	172.00 179.31	171.81 172.77	171.18 173.85
Soymeal Winnipeg Delivered	559	559	561							
Corn Wpg. Delivered	177									

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