

Friday, August 08, 2014

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

**Forward contract prices opened mixed this morning.** US cash markets are finishing this week with lower bids, consistent with the trend over the last 10 days. Producers are attempting to get more current with their deliveries as they see the sharp drop off in futures values at which the October contract is currently trading. The October Lean Hog futures is trading at nearly a \$25/cwt discount to the current cash index, which is record large for this time of year. Funds have been selling out of their speculative long positions for several weeks, but have increased this activity recently. The weaker cash trend has provided little support to the nearby futures, with most hedgers sitting on the sidelines. However, PEDv testing data still suggests that we have yet to experience the deepest part of the supply 'hole' with most analysts suggesting that late August could see year on year slaughter reductions of more than 10%. The 4<sup>th</sup> Quarter forward prices have now declined to their lowest level since mid-April, having lost more than 15% of their value over the last month.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. Support comes from very strong July Chinese import data, production downgrades estimated for the Brazilian crop and only modest adjustments to the US soybean crop in the upcoming WASDE report. At right, are the market's average expectations for the USDA report released next Tuesday. Weather remains benign, pod development is reported as good and the only concern recently surfacing is for early frost.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading lower ahead of next week's WASDE report. The market is decisively bearish with fundamental and technical indicators all suggesting pressure in the short to medium term. There is talk of low trading volumes until the report's release meaning little movements are expected today and into Monday's session. Pressure remains with all key indicators suggesting further pressure on Tuesday. The Russian ban is not expected to affect the grains trade at this time.

US Slaughter	
407,000	Thursday
415,000	Thursday (year ago)
W. Corn Belt	\$114.78
National Price	\$119.69
Daily Sig 3	\$229.79
Daily Sig 4	\$232.03
Thunder Creek	\$229.26
4-Month Fwd.	\$183.04

**B of C Ex. Rate (Noon)**  
\$1.0922 CAD/ \$0.9155 USD

Cash Prices Week Ending August 8, 2014	
Signature 3	106.04/233.78
Signature 4	106.95/235.79
h@ms Cash	106.27/234.29
Hylife	n/a
Thunder Creek	109.54/241.50

ISO Weans \$73.34 US Avg.  
Feeder Pigs \$113.20 US Avg.  
#1 Export Sows (+500lbs)

Summary of Traders' pre-WASDE Report Estimates			
	Measure	Avg Est	Range
Soybeans	Yield (bpa)	45.6	44.5-47.0
	Crop (bn bu)	3.823	3.700-3.951
	'14 End-ing Stock	136 mil	125-142 mil
Corn	Yield (bpa)	170.1	168.0-174.8
	Crop (bn bu)	14.253	13.988-14.778
	'14 End-ing Stock	1.240 bn	1.196-1.356 bn

Source, Meyer and Steiner, DLR; Reuters

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		195.52 204.07	190.36 198.93	166.72 176.80	168.23 174.78	169.39 169.39	165.82 170.91	165.82 167.33	167.51 172.55
Maple Leaf Sig. #4		191.58 205.99	189.42 194.10	165.55 178.82	170.43 174.14	168.34 168.93	165.27 170.69	165.27 166.05	164.75 169.82
Soymeal Winnipeg Delivered	530	530	450	445	445	445	446	446	
Corn Winnipeg. Delivered	178	160							

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