

Tuesday, August 12, 2014

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

US Slaughter	
375,000	Monday
420,000	Monday (year ago)
W. Corn Belt	\$113.63
National Price	\$117.50
Daily Sig 3	\$227.76
Daily Sig 4	\$228.06
Thunder Creek	\$227.61
4-Month Fwd.	\$175.38
B of C Ex. Rate (Noon) \$1.0935 CAD/ \$0.9144 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	105.23/231.98
Thunder Creek	109.54/241.50
ISO Weans	\$68.98 US Avg.
Feeder Pigs	\$107.74 US Avg.
#1 Export Sows (+500lbs)	89.00/cwt. tagged

Forward contract prices opened lower this morning. US cash markets are showing weakness as pork cut-out values dropped sharply, a feature of the overnight trade. Cut-out values showed a decrease of \$4.33 compared to Friday, led by decreases in bellies, hams and ribs, and are now at the lowest level since June 11 at \$119.85. ISM and WCB reporting regions decreased on average \$0.60 USD/cwt. and the National reporting region decreased \$1.56 USD/cwt. Cash markets are called lower today. Normally at this time of year, decreases in slaughter numbers indicate seasonality and weaker packer demand. However, including the impact of PEDv, there are a number of variables contributing to the lower-than-expected slaughter recorded at 375,000 yesterday. Lean Hog futures are trading lower across all contracts related to the forwards as traders seem content with current premiums built into the market. Seasonality, the Russian pork ban, a lower CME Lean Hog Index, cash market pressure and thoughts that heavier weights will partly make up for lower kill numbers are all weighing on the trade.

Canadian delivered soymeal prices opened lower this morning. The August 11 HMO incorrectly reported that many USDA reports would be released yesterday. In fact, they will be re-released today (August 12). Chief among them is the WASDE report (estimates at right). However, yesterday did see the release of the Crop Progress report showing 64% in good/excellent condition and 72% beans setting pods (65% 5-yr. avg.). Traders are taking a bearish stance ahead of the WASDE on yield expectations.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower on thoughts of massive US crop estimates ahead of today's WASDE report. Average new crop ending stocks range between 1.777 and 2.203 billion bu. based on yield estimates well into the 170s bpa; much higher than the trend line projection of 165.3 bpa. The general expectation is for large numbers from the USDA but it would take some serious surprises to turn the market around.

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		190.07 191.58	183.95 192.50	160.23 170.28	161.74 168.27	159.86 165.39	162.98 166.90	162.98 164.49	165.28 170.32
Maple Leaf Sig. #4		185.90 194.45	183.78 188.45	160.22 173.46	165.09 168.79	163.47 165.62	163.08 167.37	162.89 163.86	163.18 168.25
Soymeal Winnipeg Delivered	536	536	449	446	446	445	444	444	
Corn Winnipeg. Delivered	159	159							

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