

Monday, August 18, 2014

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

US Slaughter	
2.017 mil.	Last Week
2.185 mil.	Last Week (year ago)
W. Corn Belt	\$104.77
National Price	\$112.92
Daily Sig 3	\$209.52
Daily Sig 4	\$218.67
Thunder Creek	\$208.87
4-Month Fwd.	\$170.66
B of C Ex. Rate (Noon)	
\$1.0910 CAD/ \$0.9166 USD	
Cash Prices Week Ending August 15, 2014	
Signature 3	100.18/220.85
Signature 4	102.88/226.80
h@ms Cash	102.20/225.30
Hylife	100.94/222.53
Thunder Creek	104.92/231.30
ISO Weans	\$61.65 US Avg.
Feeder Pigs	\$103.90 US Avg.
#1 Export Sows (+500lbs) 89.00/cwt. tagged	

**Forward contract prices opened mixed this morning.** US cash markets remain under pressure, led by pork cut-out values that decreased to \$111.25 USD /cwt. by Friday's close; a \$12.93 drop for the week. There is suspicion that producers are now starting to push animals ahead to slaughter in an effort to mitigate opportunity losses, but for all intents and purposes, the data doesn't entirely support this notion observing slaughter was down 7.7% from last year (~3% lower than last week). There is also talk that weights are likely to remain relatively high. Lean hog futures contracts continue to trade lower, counterintuitively to the sentiment 'in the field'. There are many well-respected industry insiders who maintain supplies will be increasingly difficult to secure, but the collapse of the cut-out value, some demand uncertainty and a decreasing net long position by the funds are currently too much for the bulls to overcome.

**Canadian delivered soymeal prices opened mixed this morning.** US soybean futures are trading mixed. Despite the fact that a large US crop is likely (and more expected from S. America), ending stock estimates for old crop are still a tight 140 million bu. and the market appears to be trading on those fundamentals. Weather remains ideal in critical growing areas following decent rainfall over the weekend and non-threatening temperatures ahead. There is preliminary talk that the market may have some difficulty absorbing expected volumes, but producers looking to purchase meal will likely have to wait longer for prices to reflect a large crop.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher after reaching contract lows last week. A bull run is unlikely given that a large new crop is expected, but corn has received some support lately. The idea is that technical indicators are influencing trading activity as traders locate appropriate risk premiums. However, all indications are that a very large crop is looming amid ideal weather and the general consensus is that production estimates will be revised upward adding pressure again in September.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		181.61 182.61	176.52 185.03	159.94 169.95	161.44 167.95	158.42 163.94	161.53 165.44	161.53 163.04	163.77 168.79
Maple Leaf Sig. #4		178.67 180.80	176.56 181.22	159.92 173.11	164.77 168.46	162.05 164.19	161.67 165.94	161.47 162.44	161.70 166.76
Soymeal Winnipeg Delivered	561	561	455	449	449	447	445	445	
Corn Winnipeg. Delivered	157	160							

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