

Monday, January 05, 2015

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

Forward contract prices opened mixed this morning. US cash markets are called to open steady to higher with Friday's trade and most packers are running full production schedules after two holiday reduced weeks. Last week's US slaughter was estimated at just under 2 million hogs, consistent with last year's numbers. According to the latest Hogs and Pigs report, market ready supplies should match year ago numbers in the next few weeks, with prices almost exactly the same as year ago levels. This has analysts questioning whether the improved demand for pork experienced over the last year is still with us. With chicken production estimated to hit close to a 10% increase over year ago production in some weeks, this is a bearish demand factor that may come with poor timing, considering the increases reflected in the latest pig crop number (+4%). Summer month Lean Hog futures recovered about 4% of their value over the last 7 trading days, and when combined with the Canadian Dollar hitting a new 5 year low, \$200/ckg summer prices are not far away in select weeks.

Canadian delivered soymeal prices opened higher this morning. Thoughts of 'new money' in the New Year, pre-WASDE report positioning (report due on January 12), a slightly lower USD relatively speaking, and mixed weather reports from S. America are all supportive. While the weather in S. America is generally benign, there is talk of too much moisture in parts of Brazil and a mixed, too dry/too wet dynamic in Argentina depending on location. The tone is bearish further out, but the trade will be keeping a close eye on the Jan 12 report widely considered to be one of the most important of the year.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Many of the factors affecting the soybean complex are also factors supporting corn this morning. There is generally not a lot of new fundamental data to trade from although weekly export inspections showed a robust 895,000 MT in exports beating expectations of between 600,000 and 800,000 MT. As well, following two shortened weeks of trading, there are thoughts that some pre-WASDE positioning is taking place ahead of the January 12 report released early next week, adding support.

US Slaughter	
1.998 mil.	Last Week
1.992 mil.	Last Week (year ago)
W. Corn Belt	\$75.53
National Price	\$78.74
Daily Sig 3	\$162.37
Daily Sig 4	\$163.91
Thunder Creek	\$162.52
4-Month Fwd.	\$175.13
B of C Ex. Rate (Noon)	
\$1.1728 CAD/ \$0.8526 USD	
Cash Prices Week Ending January 03, 2015	
Signature 3	160.40/72.76
Signature 4	162.46/73.69
h@ms Cash	160.96/73.01
Hylife	161.16/73.10
Thunder Creek	159.30/72.26
ISO Weans	\$76.79 US Avg.
Feeder Pigs	\$86.37 US Avg.
#1 Export Sows (+500lbs)	n/a this week (Tagged)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		164.20 166.58	165.82 169.61	170.51 173.77	184.29 191.88	189.71 196.22	189.94 195.91	179.34 189.72	161.96 170.65	155.95 162.96
Maple Leaf Sig. #4		163.09 164.56	163.09 167.07	167.22 169.53	179.82 188.44	186.55 191.80	188.13 192.76	181.13 186.87	161.78 177.35	156.65 162.08
Soymeal Winnipeg Delivered	543	493	493	482	482					
Corn Wpg, Delivered	190									

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