

Monday, February 02, 2015

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

Forward contract prices opened mixed this morning. US cash markets are starting the week lower with ISM, WCB and National reporting regions all coming in weaker than Fridays' levels; ISM and WCB are lower by more than ~\$1.30 USD/cwt and National is \$0.60 weaker than Friday. Packers have been able to source ample supplies adding pressure. Weekly slaughter was down by about 2.5% for the week (coming in at 2.260 million head), but it surpassed last year's number by 6.2%, resulting in an increase in pork production of 7.8%. A snowstorm forecast for the Midwest today is expected to put further pressure on the cash trade in the short term. Lean hog futures are starting off in a mixed and choppy pattern, continuing the trend of volatility seen last week. Indeed, limit up days were followed by limit down moves as the market remains sensitive to news amid much uncertainty. Short term rallies could be viewed as selling opportunities. The Canadian dollar continues to contribute to the Canadian producer's forward contract levels, adding between ~\$12 and \$27 CAD/kg to the nearby contracts, for example, relative to an 89-91¢ CAD (the levels at which the March dollar was trading last year) depending on the week.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher. Thoughts that hedge fund selling is at or could be close to coming to an end are adding support across the complex this morning. However, the market remains poised for further pressure, especially as the S. American harvest ramps up. Interim support also comes from thoughts that US meal demand remains high; there is talk the Philippines bought cargoes for May/June delivery.

Canadian delivered corn prices opened even this morning. US corn futures started the early morning trade lower but have since climbed higher than the opening and are showing strength. Last week, corn hit new lows on (like soybeans) decent production estimates in North and South America as well as negative currency pressures and thoughts of a long liquidation. Now, traders are suggesting the bottom could be near as international interest could be spurred at these prices.

US Slaughter	
2.260 mil.	Last Week
2.129 mil.	Last Week (year ago)
W. Corn Belt	\$66.00
National Price	\$71.68
Daily Sig 3	\$153.85
Daily Sig 4	\$161.81
Thunder Creek	\$153.53
4-Month Fwd.	\$172.29
B of C Ex. Rate (Noon)	
\$1.2717 CAD/ \$0.7863 USD	
Cash Prices Week Ending January 31, 2015	
Signature 3	154.90/70.26
Signature 4	161.58/73.29
h@ms Cash	160.08/72.61
Hylife	159.22/72.22
Thunder Creek	156.10/70.81
ISO Weans	\$56.14 US Avg.
Feeder Pigs	\$73.21 US Avg.
#1 Export Sows (+500lbs)	\$37.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		151.26 155.31	155.90 159.37	176.30 186.71	184.40 191.34	186.32 192.68	179.45 187.55	164.77 173.44	158.67 166.17	143.32 146.78
Maple Leaf Sig. #4		150.50 154.76	154.56 157.02	172.63 184.06	182.04 187.64	184.90 189.83	181.84 184.97	164.26 180.83	159.68 165.94	149.40 152.98
Soymeal Winnipeg Delivered	502	502	497	497	491	492	490	496		
Corn Wpg, Delivered	191									

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