

Wednesday, May 13, 2015

Hog Prices: ↑↓ Soymeal: ↓

Corn: ↔ CDN Dollar: ↑

Forward contract prices opened mixed this morning. US cash markets continued their bullish run yesterday, climbing to the highest level experienced in the last 5 months. While hog supplies have tightened and caused packers to compete for the uncommitted supplies, solid pork demand has made a big contribution to the recent gains. Wholesale pork prices are strengthening with the pork cut-out value gaining \$2.67 in trade yesterday with all but the most expensive primal cut (ribs) contributing to the gains. But futures traders are cautious about projecting forward gains of the same magnitude as we have experienced in the last month. Summer month contracts are starting the day lower, with accumulated gains over the last week amounting to less than \$1.00/cwt. Also pressuring forward prices lower is the Canadian Dollar, starting the day with gains of about 25 basis points against its US counterpart and trading at its highest level since mid-January. Higher oil prices and an improved economic outlook for the last half of 2015 are the major factors contributing to the recent strength.

Canadian delivered soymeal prices opened lower this morning. US soybean futures fell 17.5% on average yesterday following the release of the WASDE report. While there is no real accuracy in current yield estimates, new crop ending stocks estimates have been estimated for the first time using a weather-adjusted projected yield assuming 'normal' weather (at right). 2015/16 acreage is estimated at 84.6 million planted and 83.7 million harvested using March 31 Prospective Plantings report numbers. Local meal is at its lowest price since October 2014.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed. Unlike soybeans, yesterday's WASDE report provided some initial support to the corn trade with both new and old crop ending stocks estimations coming in lower than the average trade expectations. Acreage fell in line with the average trade guesses at 89.2 million planted and 81.6 million harvested using a 91.5% harvest rate. There is talk trend-line yields are too high for production estimates.

US Slaughter	
423,000	Tuesday
415,000	Tuesday (year ago)
W. Corn Belt	\$80.73
National Price	\$79.15
Daily Sig 3	\$177.38
Daily Sig 4	\$168.41
Thunder Creek	\$177.03
4-Month Fwd.	\$170.92
B of C Ex. Rate (Noon)	
\$1.1987 CAD/ \$0.8342 USD	
Cash Prices Week Ending May 9, 2015	
Signature 3	169.67/76.96
Signature 4	157.82/71.59
h@ms Cash	168.17/76.28
Hylife	159.26/72.24
Thunder Creek	157.40/71.40
ISO Weans	\$38.88 US Avg.
Feeder Pigs	\$61.01 US Avg.
#1 Export Sows (Tagged)	\$23.00 cwt. (+500lbs.)

Summary of WASDE Report			
		Avg Est	WASDE
Old Crop Beans	Ending Stocks	360 mil.	350 mil.
New Crop Beans	Ending Stocks	443 mil.	500 mil.
Old Crop Corn	Ending Stocks	1.864 billion	1.825 billion
New Crop Corn	Ending Stocks	1.752 billion	1.746 billion

Source, Steiner and Meyers, DLR; USDA

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		177.96 181.25	176.77 181.72	164.96 177.54	155.62 161.12	144.07 158.11	135.82 141.32	140.77 144.62	140.77 150.08	145.12 150.08
Maple Leaf Sig. #4		171.82 177.13	174.69 179.37	167.40 175.65	154.85 166.98	148.57 156.62	138.34 145.16	142.18 145.59	142.18 148.11	148.75 150.68
Soymeal Winnipeg Delivered	427	427	428	426	423	420	420	420		
Corn Wpg, Delivered	189									

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