

Wednesday, April 18, 2012

Forward contract prices opened lower this morning. The profitability of U.S. packers to another step back yesterday, as the value of wholesale pork dropped by \$1.00/cwt, while bids for live animals increased by an equivalent amount. It is estimated that before processing costs packers are losing close to \$6.00/hog, excluding the value derived from by-products. While the cash market moved higher, these gains are unsustainable without a significant improvement in pork prices. The premium that the nearby futures contracts hold over the cash market is at risk, with more pessimism entering into the market the longer the cash market stays at current levels. The Canadian Dollar spiked higher in trade yesterday, as the Bank of Canada hinted that it would be considering raising interest rates in the coming months. Governor Mark Carney cited indications of an improved economic outlook for both Canada and the rest of the world in his speech yesterday.

Canadian delivered soymeal prices opened lower this morning. Continued estimates for a declining South American crop and disappointing yields are a bullish factor for the U.S. soybeans. Traders anticipate that soybeans may gain acreage over corn after the recent price appreciation. The Crop Progress and Condition tables expected next week will include soybeans.

Canadian delivered corn prices opened lower this morning. According to the Crop Progress report 18 States currently have planted 17% of the corn acres, versus the five year average of these same states at 5%. The ten year average is 7%, so these results are significant and high.

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

US Slaughter	
419,000	– Tuesday's
416,000	– Tuesday's (year ago)
Western Corn Belt	\$80.38
Daily National Price	\$83.37
Daily Sig3(M.Leaf)	\$145.54
Daily Sig4(M.Leaf)	\$146.17
4-Month Fwd Avg	\$151.97
#1 Export Sows (+500lbs)	\$44.00cwt
B of C Ex. Rate (Noon) \$0.9878CAD / \$1.0124US	
Cash Prices: Week Ending April 13th, 2012	
66.92/147.53	Signature #3
66.79/147.25	Signature #4
65.98/145.46	h@ms Cash
65.07/143.46	Hylife
ISO Weans \$28-32US	
Feeder Pigs \$62-74US	

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range (Maple Leaf Sig. #3)		152.26	148.18	154.36	146.81	144.72	138.17	131.06	132.89
(Maple Leaf Sig. #4)		152.72	154.53	155.27	156.37	145.18	145.01	136.08	136.99
		150.52	150.70	153.33	148.86	145.08	137.16	132.04	132.04
		151.58	153.86	154.41	155.03	149.57	144.57	137.16	137.86
Soymeal Delivered	428	430	435	437	446	461			
Corn Delivered	266	272							

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.