

Friday, April 27, 2012

Forward contract prices opened lower this morning. U.S. cash markets retreated from gains made earlier in the week, with packers dropping bids by close to \$1.00/cwt in most regions yesterday. Pressure on packer margins grew with weakness in wholesale pork prices, caused by a \$3.00/cwt drop in primal loin values. For those packers who are heavily reliant on domestic wholesale pork markets, profitability has been dismal for most of 2012. However, the majority of operations in the U.S. have exposure to export markets and have value added brands that diversify their revenue streams. Lean Hog futures for the summer months are seeing weakness again this morning, after losing more than 10% of their value in the last 2 months. The Canadian Dollar broke out of its trading range on the high side, as global investors see opportunity for growth in Canada, especially after recent comments from the Bank of Canada suggested that it may raise interest rates.

Canadian delivered soymeal prices opened mixed this morning. Chinese demand for soybeans combined with declining soy crops for South America helped spur a rally. Nearby soybean futures reached levels not seen since July 2008. It is estimated that China has put orders in for nearly 1 million tons of soybeans recently.

Canadian delivered corn prices opened higher this morning. Corn futures have seen bullish influence from soybean markets recently. Further support stems from an expected increase Chinese demand. However, gains could be limited by the anticipated large U.S. crop if the ideal weather forecast materializes.

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

US Slaughter	
412,000	– Wednesday's
409,000	– Wednesday's (year ago)
Western Corn Belt	\$80.55
Daily National Price	\$83.40
Daily Sig3(M.Leaf)	\$145.40
Daily Sig4(M.Leaf)	\$145.79
4-Month Fwd Avg	\$148.84
#1 Export Sows (+500lbs)	\$44.00cwt
B of C Ex. Rate (Noon)	
\$0.9848CAD / \$1.0154US	
Cash Prices: Week Ending April 20th, 2012	
66.38/146.35	Signature #3
66.54/146.70	Signature #4
65.52/144.44	h@ms Cash
64.96/143.22	Hylife
ISO Weans \$28-34.50US	
Feeder Pigs \$57-72US	

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range (Maple Leaf Sig. #3)			145.29 151.60	151.84 152.75	144.61 154.11	143.76 144.21	137.38 144.18	130.66 135.65	132.48 136.56
(Maple Leaf Sig. #4)			147.86 151.00	151.07 151.95	146.69 152.82	144.11 148.58	136.37 143.75	131.63 136.72	131.63 137.42
Soymeal Delivered	462	462	466	468	471	473			
Corn Delivered	272	272							

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