

Tuesday, June 19, 2012

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

US Slaughter	
391,000 – Monday's	
394,000 – Monday's (year ago)	
Western Corn Belt	\$102.15
Daily National Price	\$94.96
Daily Sig3(M.Leaf)	\$192.22
Daily Sig4(M.Leaf)	\$173.03
4-Month Fwd Avg	\$155.42
#1 Export Sows (+500lbs) \$43.45cwt	
B of C Ex. Rate (Noon) \$1.0266CAD / \$0.9741US	
Cash Prices: Week Ending June 15th, 2012	
79.37/174.99	Signature #3
75.49/166.43	Signature #4
77.50/170.85	h@ms Cash
75.22/165.83	Hylife
ISO Weans	\$22-35US
Feeder Pigs	\$45-53US

Forward contract prices opened lower this morning. U.S. cash markets are higher to start the week, with the hog supply shrinking to its lowest level in nearly a year. Packers have been forced to bid aggressively for the shrinking supply, which has led to the dramatic recovery in cash prices recently. Estimated operating margins are in the red to the tune of \$20/hog when using the publicly available wholesale pork prices to calculate profitability. Lean Hog futures remain somewhat skeptical of the recent gains in the cash market. Over the last month, the cash market has gained about 20% of its value, while the October and December contracts have simply maintained their value. The Canadian Dollar has found support in recent days, largely due to the election results in Greece that secured that country's inclusion in the Eurozone for the near future. Fall month forward prices represent fair value, but have come under pressure due to our appreciating currency.

Canadian delivered soymeal prices opened higher this morning. The hot and dry forecast is supporting soybean prices as the crop is already under stress. The weekly Soybean Condition report reflected a decrease of 4% in the good to excellent rating this week to 56%. Weekly export inspections are lower than expected at 7.9 million bushels.

Canadian delivered corn prices opened higher this morning. Soil moisture is poor in Southern Illinois, Indiana and Ohio, which is problematic with corn in the critical pollination phase. The good to excellent condition of corn has decreased by 3% from last week to 63%. The weather is looking to continue its dry and hot trend for the next two weeks over the Corn Belt area.

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		170.81	157.67	149.63	142.89	133.96	135.83	136.84	143.89	140.69
(Maple Leaf Sig. #4)		171.74	167.48	150.10	149.91	139.11	140.04	142.48	146.70	145.39
Soymeal Delivered	502	504	508	510	489					
Corn Delivered	280	280								

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