

Thursday, July 05, 2012

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

| US Slaughter | |
|---|----------|
| 423,000 – Tuesday's | |
| 424,000 – Tuesday's (year ago) | |
| Western Corn Belt | \$99.10 |
| Daily National Price | \$100.33 |
| Daily Sig3(M.Leaf) | \$183.88 |
| Daily Sig4(M.Leaf) | \$180.27 |
| 4-Month Fwd Avg | \$151.82 |
| #1 Export Sows (+500lbs) \$38.25cwt | |
| B of C Ex. Rate (Noon) \$1.0123CAD / \$0.9878US | |
| Cash Prices: Week Ending June 29th, 2012 | |
| 85.09/187.58 Signature #3 | |
| 84.30/185.85 Signature #4 | |
| 83.98/185.15 h@ms Cash | |
| 83.37/183.80 Hylife | |
| ISO Weans \$19-33US | |
| Feeder Pigs \$42-53US | |


Forward contract prices opened mixed this morning. U.S. cash markets are seeing pressure as packers had already lined up their kill requirements in advance of the holiday. Operating margins are still poor, estimated at a \$12/hog loss and providing little incentive to packers to increase their production. The cash market appears to be following the same trend that it did a year ago, when packer bids had an early summer peak, but failed to maintain those levels over the month of July. Analysts are concerned about the dramatic drop in consumer sentiment in June, as measured by a University of Michigan index that correlates well to U.S. unemployment. The weakness suggests that the U.S. economy may be headed for another recession, which would negatively impact pork prices. The Canadian Dollar strengthened this morning after China and Europe's central banks cut interest rates in an effort to stimulate their economies.

Canadian delivered soymeal prices opened higher this morning. Weather forecasts are contradictory at this time, with some suggesting storms missing the dry areas of Missouri, Illinois and Indiana and others indicating they may get some of the much needed moisture. There is a difference in long term temperature forecasts with some models indicating cooler temperatures and others above normal temperatures. Topsoil moisture is a major issue as it is reaching historically low levels, and is likely to impact soybean yields.

Canadian delivered corn prices opened higher this morning. As of Sunday, it was suggested 25% of the corn crop was in the critical silking phase and at risk of extreme heat which could cause a significant drop in corn yields. International corn demand for U.S. supply is down, as it appears needs are being met from Argentina, Ukraine and Brazil at this time.


| | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|--|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 159.06 168.84 | 151.27 151.74 | 144.58 151.58 | 138.11 143.24 | 139.97 144.17 | 140.68 146.28 | 147.68 150.48 | 145.31 149.97 | 148.23 157.10 |
| (Maple Leaf Sig. #4) | | 160.52 166.83 | 151.90 156.50 | 143.80 151.58 | 139.34 144.58 | 139.34 145.30 | 141.65 144.18 | 146.71 148.43 | 147.49 149.30 | 147.61 155.75 |
| Soymeal Delivered | 548 | 550 | 552 | 519 | 515 | | | | | |
| Corn Delivered | 296 | 298 | | | | | | | | |

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