

Friday, July 06, 2012

## **Forward contract prices opened mixed this morning.** U.S.

cash markets are finishing the week near steady with bids seen earlier in the week despite a further erosion of pork cut-out values. The result has been a growing gap, estimated at over \$15/hog loss, between what wholesalers are willing to pay for pork and what packers are paying for live supplies. Lean Hog futures factored in the bearish cash market fundamentals yesterday, resulting in a \$2.00/cwt. drop to the August contract. However, the October and December contracts held most of their value, and are trading close to their highs of the last two months. Producer selling in that timeframe has been lighter since the results of the Hogs and Pigs report, which has allowed those contracts to maintain their value. The Canadian Dollar traded at its highest level in more than a month yesterday, but is seeing weakness in trade this morning. Weaker U.S. job data is pressuring the Canadian Dollar this morning as traders are concerned about the growing possibility that North America may return to a recession.

## **Canadian delivered soymeal prices opened lower this morning.**

Soybean crops are expected to show another decrease of 4% in the good to excellent ratings in next Monday's Crop Progress Report. Weather forecasts over the weekend are hot and dry, but temperatures are expected to cool down by the middle of next week. The Soybean crop can still improve with good rainfall.

## **Canadian delivered corn prices opened lower this morning.**

Next Monday's Crop Progress Report is expecting corn to show a decrease of 7% in the good to excellent rating with the expectation of a scorching weather forecast over the weekend. Yield deterioration is a major concern at this point with the limited rain and about half of the crop near pollination phase.

| <b>US Slaughter</b>                                |                          |
|--|--------------------------|
| 422,000 – Thursday's                               |                          |
| 418,000 – Thursday's<br>(year ago)                 |                          |
| Western Corn Belt                                  | \$99.36                  |
| Daily National Price                               | \$100.15                 |
| Daily Sig3(M.Leaf)                                 | \$184.51                 |
| Daily Sig4(M.Leaf)                                 | \$180.10                 |
| 4-Month Fwd Avg                                    | \$151.51                 |
| #1 Export Sows (+500lbs)                           | \$38.25cwt               |
| <b>B of C Ex. Rate (Noon)</b>                      | \$1.0131CAD / \$0.9871US |
| <b>Cash Prices: Week Ending<br/>July 6th, 2012</b> |                          |
| 83.77/184.68 Signature #3                          |                          |
| 82.23/181.29 Signature #4                          |                          |
| 82.48/181.83 h@ms Cash                             |                          |
| n/a Hylife   |                          |
| ISO Weans \$19-33US                                |                          |
| Feeder Pigs \$42-53US                              |                          |

|  | July | Aug              | Sep              | Oct              | Nov              | Dec              | Jan              | Feb              | Mar              | Apr              |
|--|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range (Maple Leaf Sig. #3) |      | 158.72<br>168.53 | 150.91<br>151.38 | 144.24<br>151.27 | 137.74<br>142.89 | 139.62<br>143.83 | 141.30<br>146.91 | 148.32<br>151.12 | 146.26<br>150.93 | 149.17<br>158.06 |
| (Maple Leaf Sig. #4)                     |      | 160.21<br>166.55 | 151.57<br>156.18 | 143.49<br>151.29 | 139.01<br>144.27 | 139.01<br>144.99 | 142.27<br>144.80 | 147.34<br>149.06 | 148.42<br>150.23 | 148.53<br>156.69 |
| Soymeal Delivered                        | 561  | 563              | 565              | 526              | 523              |                  |                  |                  |                  |                  |
| Corn Delivered                           | 296  | 298              |                  |                  |                  |                  |                  |                  |                  |                  |

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