

Wednesday, July 11, 2012

Hog Prices:↓ **Soymeal:**↑

Corn:↑ **Cdn Dollar:**↑

US Slaughter	
395,000 – Tuesday's	
416,000 – Tuesday's (year ago)	
Western Corn Belt	\$93.50
Daily National Price	\$99.60
Daily Sig3(M.Leaf)	\$174.86
Daily Sig4(M.Leaf)	\$180.37
4-Month Fwd Avg	\$150.81
#1 Export Sows (+500lbs) \$42.00cwt	
B of C Ex. Rate (Noon) \$1.0203CAD / \$0.9801US	
Cash Prices: Week Ending July 6th, 2012	
83.77/184.68 Signature #3	
82.23/181.29 Signature #4	
82.48/181.83 h@ms Cash	
81.04/178.65 Hylife	
ISO Weans \$18-34US	
Feeder Pigs \$36-48US	

Forward contract prices opened lower this morning. U.S. cash prices dropped sharply yesterday, as weak operating margins forced packers to cut back on their slaughter schedules and compete less aggressively for the hog supply. Some regions recorded losses of more than \$3.00/cwt., but packer margins remain in the red, estimated at -\$8.00 per hog. Wholesale pork prices have moved steadily lower over the past week, forcing packers to take action on their profit margins. Lean Hog futures as well as all other agricultural commodities are focused on this morning's release of the World Agricultural Supply and Demand Estimates (WASDE). The sharp reduction in this year's soybean and corn crops due to drought like conditions is expected to lead to demand rationing in these commodities over the next year. This scenario has the implication of tighter hog and cattle supplies and a significant reduction in ethanol production.

Canadian delivered soymeal prices opened higher this morning. Soybean yield per harvested acre dropped by 3.4 bushels to 40.5 bushels, which was expected due to the dry topsoil, limited rain and scorching heat. Ending stocks were reduced a little more than expected, by 10 million bushels, leaving the WASDE report to show a 2012/13 soybean projection of ending stocks sitting at 130 million bushels.

Canadian delivered corn prices opened higher this morning. The WASDE report results surprised many traders with the forecast for average corn yield dropping to 146 bushels per acre, down close to 20 bushels per acre from last month's estimates. Production was slashed by a margin greater than what trade had anticipated resulting in new crop corn contracts breaking into new highs.

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		155.19 165.95	151.02 151.49	144.24 151.26	137.87 143.02	139.74 143.96	143.49 150.55	151.96 154.79	151.02 155.73	154.08 163.05
(Maple Leaf Sig. #4)		156.80 163.14	151.68 156.30	144.30 151.29	139.13 144.39	139.13 145.12	144.33 148.34	150.90 152.63	153.08 154.91	153.32 161.54
Soymeal Delivered	586	586	570	573	568					
Corn Delivered	296	298								

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