

Friday, July 20, 2012

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

cash markets are trading firmer, but have lost approximately \$2.50/cwt over the last week amid the huge volatility. Packer margins have seen some improvement, but profitability is still estimated at a loss of \$7.00/hog. The available hog supply has been running near steady with year ago levels, however the demand situation is significantly different with exports slower and signs of a sluggish domestic economy. Hog numbers will start to increase when there is a break to the heat wave or near the end of the month, which would likely trigger a weaker trend. August Lean Hog futures suggest that the cash market trend will hold steady for the next month. However, the October and December contracts have moved lower in anticipation of an increase in the breeding herd moving to market due to the run up to record high feed ingredient prices.

Canadian delivered soymeal prices opened higher this morning.

The weather for the weekend and beyond looks like more of the same, with high temperatures and little to no rain in the forecast. The Soybean complex continues its bullish run, with the net effect of a smaller crop but lower consumption still resulting in a rally. The crop condition report out early next week is anticipated to show another significant drop in condition. Net weekly export sales came in at 407,600 tonnes, higher than expected.

Canadian delivered corn prices opened higher this morning.

Corn prices hit an all-time record high as production estimates continue to decline. The higher prices have started to impact livestock and ethanol producers, as the poor prospects for profitability force some out of the market and reduce demand. The bulk of the US corn crop will be through the pollination phase over the weekend, removing the chance of an improvement in weather that would positively impact yield.

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

US Slaughter	
397,000 – Thursday's	
406,000 – Thursday's (year ago)	
Western Corn Belt	\$94.43
Daily National Price	\$94.91
Daily Sig3(M.Leaf)	\$174.42
Daily Sig4(M.Leaf)	\$169.76
4-Month Fwd Avg	\$141.65
#1 Export Sows (+500lbs)	\$34.00cwt
B of C Ex. Rate (Noon)	
\$1.0077CAD / \$0.9924US	
Cash Prices: Week Ending July 20th, 2012	
78.06/172.10 Signature #3	
78.28/172.58 Signature #4	
77.21/170.22 h@ms Cash	
n/a Hylife	
80.11/176.60 Thunder Creek	
ISO Weans	\$8-26US
Feeder Pigs	\$26-40US

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)			145.86	139.18	130.76	132.62	135.20	144.52	145.42	147.78
(Maple Leaf Sig. #4)			146.32	146.16	135.87	136.80	143.13	147.32	150.08	161.28
			147.72	140.45	133.29	133.29	136.79	144.20	148.14	147.70
			152.30	147.39	138.51	139.23	141.67	145.91	149.94	159.16
Soymeal Delivered	649	649	629	602	593					
Corn Delivered	353	353								

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