

Friday, July 27, 2012

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

US Slaughter	
395,000 – Thursday's	
402,000 – Thursday's (year ago)	
Western Corn Belt	\$95.29
Daily National Price	\$95.57
Daily Sig3(M.Leaf)	\$176.43
Daily Sig4(M.Leaf)	\$171.35
4-Month Fwd Avg	\$144.34
#1 Export Sows (+500lbs)	\$25.00cwt
B of C Ex. Rate (Noon)	
\$1.0101CAD / \$0.9900US	
Cash Prices: Week Ending July 27th, 2012	
79.91/176.18 Signature #3	
77.93/171.81 Signature #4	
78.51/173.09 h@ms Cash	
n/a Hylife	
78.52/173.10 Thunder Creek	
ISO Weans	\$3-8US
Feeder Pigs	\$15-18US

Forward contract prices opened higher this morning. U.S. cash markets are holding their value, and are expected to trade near steady for another couple of weeks unless weather cools significantly. Packer operating margins are still estimated to be in the red, as they have been for most of this year. Lean Hog futures have had a strong week, with the winter months gaining more than \$4.00/cwt. or about 5% of their value. Late 2012 and early 2013 prices have been supported by the recent strength in the cash market along with the large discount that these months have to the August contract. Given the prospect of reduced exports to China this year, producers should view current prices as fair value. The Canadian Dollar is trading at its highest level in 2 months, around US\$0.9920. Traders believe that the European Central Bank will engage in open market purchasing of bonds in an effort to make borrowing more affordable for countries like Spain and Italy.

Canadian delivered soymeal prices opened higher this morning. Yesterday's rain is thought to have stabilized soil moisture conditions in most areas of the Midwest and this will be followed by cooler temperatures this weekend. The forecast for next week has temperatures in the high 90's, with little precipitation. Weekly export sales were higher than expected for both soybean and meal sales, at 710,800 tonnes and 257,000 tonnes, respectively.

Canadian delivered corn prices opened mixed this morning. Demand for corn has decreased, China has cancelled some orders and the weekly export sales report indicated a negative 140,400 tonnes. The International Grains Council reduced its 2012/13 production forecast estimate last night by 53 million tonnes to 864 million tonnes. Modest rainfall over the last 24 hours was welcomed, but higher prices indicate that it was not enough to improve yield and test weights.

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)			148.29	141.62	134.04	135.89	139.35	148.65	149.86	152.94
(Maple Leaf Sig. #4)			148.75	142.78	139.12	140.05	147.25	151.44	154.51	165.99
			150.03	142.78	136.42	136.42	140.79	148.18	152.41	152.71
			154.59	149.68	141.62	142.33	145.66	149.89	154.22	163.72
Soymeal Delivered	624	624	597	572	563					
Corn Delivered	335	335								

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