

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

Tuesday, July 31, 2012

Forward contract prices opened mixed this morning. U.S. packers are maintaining their cash bids, despite weaker wholesale pork values. Last year, cash bids peaked in late August, responding to strong demand from Chinese buyers. However this year there have been no announcements of comparably sized orders, which could result in a lower trend as hog supplies become more abundant. Lean Hog futures suggest that the cash market will maintain current values for another two weeks, but fall about 13% over the following 2 months. Longer term, traders have been willing to add value to the deferred months, factoring in a reduction in supply due to higher feed costs. However, there is still little evidence of a significant increase in breeding stock liquidation, with the most recent data showing only a 3% increase in sow slaughter compared to year ago levels.

Canadian delivered soymeal prices opened higher this morning. Risk premiums are being priced into the soybean market with questionable weather and tightening balance sheets. Rain has been sparse leaving topsoil in a dire state and temperatures high with no relief in sight. 55% of soybean crop is setting pods according to the Crop Conditions report. The good to excellent condition has dropped another 2% to 29% while, the poor to very poor ratings are at 37%.

Canadian delivered corn prices opened lower this morning. Corn's good to excellent rating fell 2% to 24% in yesterday's Crop Conditions report. The poor to very poor conditions increased to 48%, which is an increase of 3% from last week. The previous high for the percentage of the crop rated poor to very poor conditions was in 1988 at 47%. Crop tour reports indicate a corn yield under the trend line by 20%-25%, indicating a U.S. national corn yield of 122-130 bushels per acre.

US Slaughter	
398,000 – Monday's	
350,000 – Monday's (year ago)	
Western Corn Belt	\$93.39
Daily National Price	\$95.71
Daily Sig3(M.Leaf)	\$171.75
Daily Sig4(M.Leaf)	\$170.44
Thunder Creek	\$171.80
4-Month Fwd Avg	\$145.02
#1 Export Sows (+500lbs) \$23.00cwt	
B of C Ex. Rate (Noon) \$1.0033CAD / \$0.9967US	
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	
76.91/169.55 Hylife	
78.52/173.10 Thunder Creek	
ISO Weans \$4-10US	
Feeder Pigs \$12-16.50US	

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)			148.36	141.78	135.48	137.32	141.42	150.65	152.53	155.62
(Maple Leaf Sig. #4)			148.82	148.69	140.55	141.47	149.27	153.42	157.15	168.57
Soymeal Delivered	644	644	644	595	586	586				
Corn Delivered	335	335								

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