

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

Wednesday, August 01, 2012

**Forward contract prices opened lower this morning.** U.S. cash markets are trading near steady this morning, with wholesale packer prices holding firm. Meat margins remain in the red, but with firm by-product values packer profitability is estimated to be near a break-even. Lean Hog futures dropped sharply yesterday, as larger commercial and fund traders were heavy sellers. Last week, these two groups had large, net long positions in the market that were at risk of being sold off for profit taking. The winter month contracts lost between \$2 and \$3/cwt. on the selloff, with high volatility expected in the near term. The Canadian dollar is trading at its highest level since mid-May, but could be sent lower after a policy announcement by the U.S. Federal Reserve later today. The central bank for the Euro Zone will be meeting tomorrow and could announce another plan that would help stabilize debt markets in Europe, which would likely support the Canadian Dollar.

**Canadian delivered soymeal prices opened lower this morning.** About half of the soybean crop is in the pod setting stage, a critical time for yield determination. The forecasts indicate a continuation of hot weather with below normal rainfall amounts. This will further fuel the bullish outlook for high soybean prices.

**Canadian delivered corn prices opened lower this morning.** Ethanol production has decreased by more than 10% as margins narrow, and plants are down for maintenance. There is no relief in the current hot dry weather pattern for the corn crop. The Ukraine is also seeing drought like conditions, potentially impacting their corn crop as well.

US Slaughter	
402,000	– Tuesday's
405,000	– Tuesday's (year ago)
Western Corn Belt	\$93.03
Daily National Price	\$95.53
Daily Sig3(M.Leaf)	\$170.76
Daily Sig4(M.Leaf)	\$169.80
Thunder Creek	\$170.22
4-Month Fwd Avg	\$140.12
#1 Export Sows (+500lbs)	\$23.00cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0014CAD / \$0.9986US	
<b>Cash Prices: Week Ending July 27th, 2012</b>	
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	

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward		143.40	136.91	130.09	131.94	136.93	147.09	150.64	155.14
Range (Maple Leaf Sig. #3)		147.54	143.82	135.16	136.08	144.78	150.79	153.87	168.10
(Maple Leaf Sig. #4)		144.92	137.75	132.13	132.13	137.96	146.20	151.78	154.36
		152.92	144.62	137.31	138.02	142.80	148.79	154.02	165.30
Soymeal Delivered	635	635	590	584	584				
Corn Delivered	331								

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