

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

Thursday, August 02, 2012

Forward contract prices opened lower this morning. U.S. cash markets are trading slightly lower this morning, representing a trend for the week of modest reductions in cash bids. Packers have spent the large majority of 2012 with negative operating margins. As hog supplies become more abundant in the weeks ahead packers will attempt to recover to breakeven levels, by cutting their cash bids. Over the next 2 months, the October futures suggest that cash prices will decrease by about \$12/cwt., a decline that is steeper than is typically seen at this time of year. For the summer month contracts of 2013, traders are pulling back from the premium they built into the market over the last several weeks. There is still only modest evidence of breeding herd liquidation as sow slaughter has increased less than 3% over year ago levels in the most recent weekly data.

Canadian delivered soymeal prices opened lower this morning. Hot and dry weather continues to impact the soybean crop potentially more than it has impacted the corn crop. Strong domestic and export demand for soybeans is another factor that could trigger further gains to the complex. Localized rain has been seen in the northern and central Midwest regions; however the impact on the market is negligible.

Canadian delivered corn prices opened lower this morning. The food vs. fuel debate is gaining momentum, as pressures of a smaller corn crop reveal itself. Recent surveys have the US average yield forecasted at 129 bushels per acre, however as more information comes to light, estimates are being revised lower.

US Slaughter	
409,000 – Wednesday's	
405,000 – Wednesday's (year ago)	
Western Corn Belt	\$91.29
Daily National Price	\$95.18
Daily Sig3(M.Leaf)	\$167.62
Daily Sig4(M.Leaf)	\$169.23
Thunder Creek	\$167.61
4-Month Fwd Avg	\$139.06
#1 Export Sows (+500lbs)	\$23.00cwt
B of C Ex. Rate (Noon) \$1.0017CAD / \$0.9983US	
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	

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward		142.76	136.14	128.54	130.38	135.69	145.87	149.76	154.28
Range (Maple Leaf Sig. #3)		146.90	143.05	133.61	134.53	143.56	149.57	152.99	167.26
(Maple Leaf Sig. #4)		144.31	137.01	130.63	130.63	136.78	145.02	150.93	153.53
		152.33	143.88	135.81	136.53	141.61	147.62	153.17	164.49
Soymeal Delivered	621	627	583	576	576				
Corn Delivered	331								

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