

Wednesday, August 22, 2012

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

**US Slaughter**

423,000— Tuesday's

419,000 — Tuesday's  
(year ago)

Western Corn Belt \$83.43

Daily National Price \$90.03

Daily Sig3(M.Leaf) \$150.85

Daily Sig4(M.Leaf) \$157.63

Thunder Creek \$150.40

4-Month Fwd Avg \$127.65

#1 Export Sows (+500lbs)  
\$28.50cwt

**B of C Ex. Rate (Noon)**  
\$0.9864CAD / \$1.0138US

**Cash Prices: Week Ending  
August 17th, 2012**

71.95/158.61 Signature #3

73.82/162.74 Signature #4

71.51/157.64 h@ms Cash

71.77/158.23 Hylife

74.66/164.60 Thunder Creek

ISO Weans \$3.50-13.50US

Feeder Pigs \$12-22US

**Forward contract prices opened lower this morning.** U.S. packers continue to drop their cash bids as the available hog supply is growing quickly. The daily slaughter pace is now better than 420,000 hogs, with expectations for the weekly kill to exceed last week's 2.16 million. As anticipated, the pork cut-out has been unable to hold its value while production levels have ramped up so quickly, dropping \$2.00/cwt. in trade yesterday. Cash prices are maintaining a 10% premium over the October contract values, suggesting that cash prices will decline about US\$1.00/cwt. every week for the next two months. Futures have been seeing a more stable trend, with traders more optimistic that the U.S. economy will continue to grow slowly and demand for pork will be maintained. After putting in a new high for the summer the Canadian Dollar is down close to half a cent, trading at US \$1.0066.

**Canadian delivered soymeal prices opened lower this morning.** Soybean stocks in South America are reported to be very tight, with some analysts suggesting they may need to purchase/import soybeans to meet sales commitments. The U.S. crop tour is now in Nebraska and Indiana, where low pod counts are being reported.

**Canadian delivered corn prices opened higher this morning.** The U.S. crop tour has confirmed sharply lower corn yields across all locations visited. Indiana's corn yield was estimated at 113.3 bushels per acre, significantly higher than the USDA's most recent estimate, but still down by 10% compared to last year. Nebraska's yield is estimated to be at 131.8 bushels per acre. With lower projected test weights, due to the drought, more of the low quality corn will be required for both ethanol and livestock producers to maintain current production levels.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)			126.40 133.24	118.97 123.99	120.79 124.90	124.64 133.78	136.52 141.09	143.92 145.75	148.40 162.10	166.76 175.44	171.78 176.35
(Maple Leaf Sig. #4)			128.41 135.21	122.19 127.31	122.19 128.02	127.25 133.00	136.36 140.26	143.44 146.98	148.66 159.45	163.25 171.66	170.77 173.42
Soymeal Delivered	645	645	611	602	602						
Corn Delivered	341	336	304								

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