

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

Thursday, August 30, 2012

**Forward contract prices opened higher this morning.** U.S. cash markets dropped another \$1.00/cwt in trade yesterday as packers attempt to find the point of equilibrium whereby increased production levels can be rationalized by positive returns. The available hog supply has ballooned by about 300,000/week over the last month, an earlier start to the normal seasonal trend. Adding to the supply, average carcass weights are up close to 2% from year ago levels. In spite of the dramatic drop in cash prices the last several weeks, nearby Lean Hog futures have been remarkably stable, trading within a \$2.00/cwt trading range for the last week. Deferred month contracts have also traded near steady, with the June contract holding the benchmark value of \$100/cwt. This implies that cash markets will strengthen by 40% over the first half of 2013, largely due to the perception that hog supplies will shrink in response to the extremely high feed costs being experienced.

**Canadian delivered soymeal prices opened higher this morning.** Soybean prices remain bullish as demand does not appear to be waning despite the high prices. There are concerns that soybean supply forecasts may be further tightened as global inventories appear weak. Weekly soybean export sales illustrated strong demand by showing sales of 721,300 metric tons, at the upper end of expectations.

**Canadian delivered corn prices opened higher this morning.** Weekly corn export sales were below expectations at 134,700 metric tons. Estimates were in the range of 250,000-500,000. Higher prices appear to have rationed some of the demands on corn. Harvest normally eases price pressure as the crop is realized and supply is readily available, however this year could have the opposite effect as it will shed light on the actual condition of crop.

US Slaughter	
432,000—	Wednesday's
418,000 —	Wednesday's (year ago)
Western Corn Belt	\$74.60
Daily National Price	\$84.41
Daily Sig3(M.Leaf)	\$135.03
Daily Sig4(M.Leaf)	\$147.95
Thunder Creek	\$134.93
4-Month Fwd Avg	\$127.58
#1 Export Sows (+500lbs)	\$31.00cwt
<b>B of C Ex. Rate (Noon)</b> \$0.9875CAD / \$1.0127US	
<b>Cash Prices: Week Ending August 24th, 2012</b>	
68.47/150.95	Signature #3
71.78/158.25	Signature #4
68.39/150.78	h@ms Cash
69.01/152.13	Hylife
71.35/157.30	Thunder Creek
ISO Weans	\$1-10US
Feeder Pigs	\$14-21US

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)			125.48 132.32	117.54 122.56	119.37 123.47	123.18 132.29	135.02 139.57	144.16 145.98	149.10 162.79	168.54 177.21	173.56 178.12
(Maple Leaf Sig. #4)			128.84 135.64	122.13 127.25	122.13 127.95	126.69 132.42	135.77 139.65	143.65 147.18	149.33 160.11	164.98 173.37	172.49 175.14
Soymeal Delivered	635	635	614	614	614						
Corn Delivered	337	337	315								

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.



Follow us on twitter, get timely information on;

Sow prices, weekly prices and market updates.