

**Hog Prices:**↑ **Soymeal:**↑

**Corn:** ↑ **Cdn Dollar:** ↑

Wednesday, September 19, 2012

**Forward contract prices opened higher this morning.** U.S. cash markets appear to have bottomed for the time being, with all of the major regions reporting an increase in cash bids. Hog prices have dropped to their lowest level in 2 years as the hog supply has spiked to its highest in that same timeframe. The pork cut-out has been relatively firm with domestic consumers and export buyers increasing their consumption significantly in a relatively short period of time. The October Lean Hog futures are trading at a premium of \$6.50/cwt. over the current cash market, implying that traders believe that the cash market will gain more than US\$1.50/cwt. per week or about 10% of its value in the next 4 weeks. Summer month forward contracts are fairly priced in the high \$160's/ckg., given that there is still some question as to how much the supply of hogs will have dropped due to a liquidation of the breeding herd in July and August of this year.

**Canadian delivered soymeal prices opened higher this morning.** After the recent bearish trend in soybeans of the last week, buying interest from China has increased. Crop yields are marginally better than originally estimated for the U.S. soybean crop. South American weather continues to be a bearish fundamental factor as it favours early planting of soybeans.

**Canadian delivered corn prices opened higher this morning.** Local basis levels combined with concerns of aflatoxins continue to have farmers selling their harvested corn right off the field, as opposed to putting it in storage. This has provided some relief to the spot corn values. Weather in South America has also been favourable to planting, contributing to the recent lower price trend.

US Slaughter	
435,000 – Tuesday's	
425,000 – Tuesday's (year ago)	
Western Corn Belt	\$66.14
Daily National Price	\$70.85
Daily Sig3(M.Leaf)	\$118.11
Daily Sig4(M.Leaf)	\$122.51
Thunder Creek	\$118.66
4-Month Fwd Avg	\$131.44
#1 Export Sows (+500lbs)	\$27.00cwt
<b>B of C Ex. Rate (Noon)</b>	
\$0.9742CAD / \$1.0223US	
<b>Cash Prices: Week Ending September 14th, 2012</b>	
52.15/114.96	Signature #3
57.92/127.68	Signature #4
52.68/116.14	h@ms Cash
53.80/118.60	Hylife
55.47/122.30	Thunder Creek
ISO Weans \$5-30US	
Feeder Pigs \$8-19US	

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)			120.72 122.51	122.51 126.54	122.35 131.32	134.01 138.49	136.88 138.67	141.68 155.16	159.92 168.46	164.87 169.36	168.04 171.20
(Maple Leaf Sig. #4)			125.74 129.21	125.74 131.46	127.08 132.72	136.02 139.84	137.84 141.32	143.38 153.99	157.48 165.74	164.44 167.48	166.66 169.28
Soymeal Delivered	593	555	555	555							
Corn Delivered	321	309									

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