

Wednesday, September 26, 2012

Forward contract prices opened lower this morning. U.S. cash markets are defying normal trends, by adding another strong day of gains this week. After Monday's \$3.50/cwt increase in cash bids, packers followed it up with another \$1.00/cwt increase despite almost every plant killing at maximum capacity. By all accounts, hog and pork supplies are abundant, with the two most recent slaughter weeks being the largest in a number of years and pork supplies in storage coming in more than 30% higher than year ago levels. Nearby Lean Hog contracts have resisted moving higher, despite the recent cash market gains. The October contract is still holding a modest premium over the current cash market. The Canadian Dollar is seeing some weakness with another round of concern over the slowing global economy hitting the "commodity currencies".

Canadian delivered soymeal prices opened lower this morning. Renewed concerns about the euro debt crisis weakened commodities yesterday. Bearish pressure for soybeans is coming from the quick planting in Brazil and Argentina, as well as current U.S. harvest putting pressure in the near term.

Canadian delivered corn prices opened lower this morning. Corn is trending lower, following the normal trend of falling prices during the harvest season. The USDA quarterly grain inventories report is due out soon, fuelling a debate and some ideas that the corn supplies will be larger than expected, compared to recent estimates. There have been some reports of yields being better than expected, however this is still one of the smallest harvests in the last 10 years.

US Slaughter	
437,000	– Tuesday's
429,000	– Tuesday's (year ago)
Western Corn Belt	\$74.23
Daily National Price	\$74.72
Daily Sig3(M.Leaf)	\$132.93
Daily Sig4(M.Leaf)	\$129.58
Thunder Creek	\$133.24
4-Month Fwd Avg	\$132.74
#1 Export Sows (+500lbs)	\$22.05cwt
B of C Ex. Rate (Noon)	
\$0.9770CAD / \$1.0235US	
Cash Prices: Week Ending September 21st, 2012	
53.95/118.94	Signature #3
55.87/123.18	Signature #4
53.52/118.00	h@ms Cash
52.47/115.67	Hylife
51.53/113.60	Thunder Creek
ISO Weans	\$14.11US Avg
Feeder Pigs	\$16.39US Avg

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		122.25	124.06	124.25	136.01	139.68	144.16	162.14	167.11	170.68
		124.06	128.12	133.30	140.53	141.49	157.71	170.73	171.63	173.87
(Maple Leaf Sig. #4)		126.78	126.78	128.47	137.48	140.60	145.81	159.64	166.64	169.25
		130.28	131.85	134.16	141.34	144.10	156.49	167.95	169.70	171.89
Soymeal Delivered	544	544	544	547	547					
Corn Delivered	289	289								

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