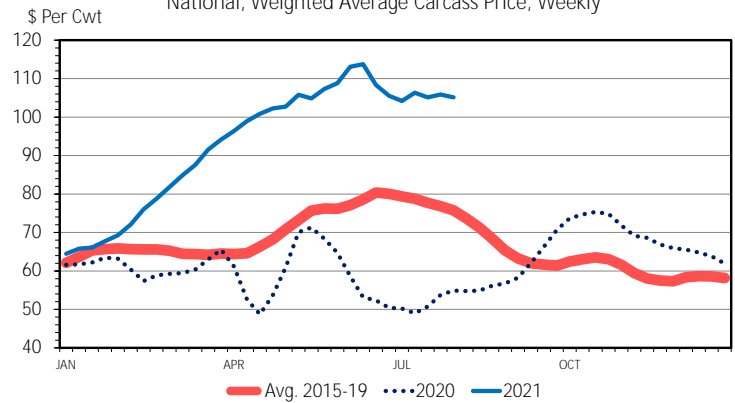


Continuing the discussion on hogs that was started in yesterday's DLR, Iowa State University recently released the July [estimated returns](#) for a farrow-to-finish hog operation. For the sixth consecutive month returns were positive with July boasting a \$51.41 per head profit. Although July pulled back \$11.17 (17.9%) from the prior month, the returns show a much better picture from just a year ago when returns were a loss of \$21.55 per head. A more than doubling in the carcass selling price from \$50.49 per cwt last year to \$109.08 in July helped improve estimated returns.

Cash hog prices (National Weighted Average Base Carcass) have averaged over \$100 per cwt since late-April. Strong hog prices are being supported by a cutout value which has been above \$120 per cwt for the last four weeks. The pork cutout has been buoyed by the belly primal value, which was \$232.44 per cwt last week, slightly off from the record high of \$233.78 set the prior week. The loin and picnic primal values around \$115 and \$96 per cwt in recent weeks have also aided the cutout value. Although the pork cutout value and hog prices remain strong, rising feed costs continue to be a challenge for producers.

Feed costs for hog producers during July were \$113.08 per head, up \$40.38 per head (55.5%) from 2020 and the highest in nearly eight years (October 2013). Corn costs of \$59.05 per head were more than double a year ago and the highest since September 2013. In July, corn costs accounted for 52.2% of total feed costs compared to 40.3% last year. Soybean meal and dried distiller grain costs have both risen 36.6% and 37.8%, respectively, from last year to \$18.91

BASE SLAUGHTER HOG PRICES
National, Weighted Average Carcass Price, Weekly



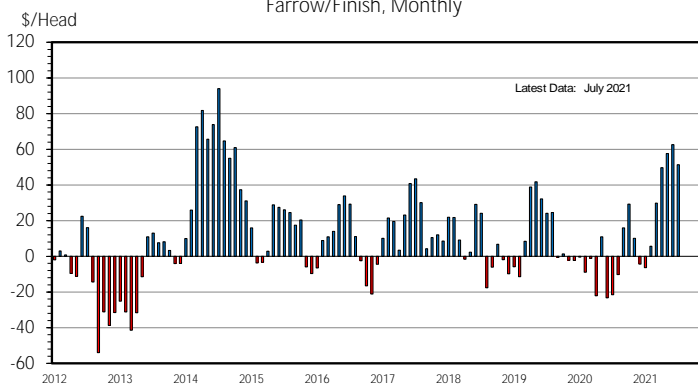
Data Source: USDA-AMS
Livestock Marketing Information Center

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and 13.95 per head.

Rising feed costs have partially offset increases in the pork cutout and hog prices which has led to a rise in the breakeven carcass selling price to \$86.34 per cwt. The July breakeven selling price is the highest in almost eight years (September 2013). As of this writing, the October and December lean hog futures contracts were trading around \$89 and \$82 per cwt, levels which are near the breakeven price for July.

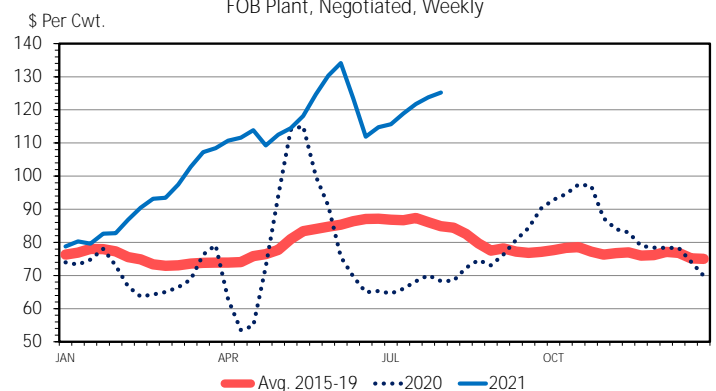
IOWA MARKET HOG PROFIT
Farrow/Finish, Monthly



Data Source: Iowa State University
Livestock Marketing Information Center

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PORK CUTOUT VALUE
FOB Plant, Negotiated, Weekly



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

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