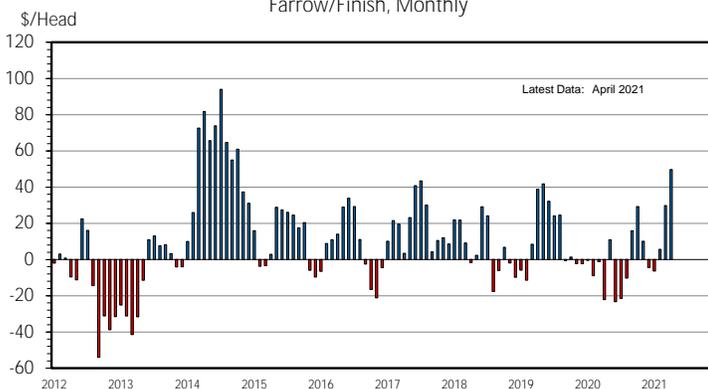


Iowa State University recently released the April estimated returns for a farrow-to-finish hog operation. Total profit for April was \$49.70 per head which is \$71.83 per head higher than a year ago when returns went negative to -\$22.13 per head. A year ago, was the onset of the pandemic which led to a dip in hog prices (Base, National Weighted Average Carcass) to below \$50 per cwt, significantly impacting returns. This year is a very different story with the last three months (Feb, Mar, Apr) posting positive returns with April's returns being the highest since October 2014 (\$60.94). Returns are based on finishing a hog to 270 pounds with a typical feed ration based on corn, dried distillers grains with soluble (DDGS), and soybean meal for all production phases.

IOWA MARKET HOG PROFIT
Farrow/Finish, Monthly

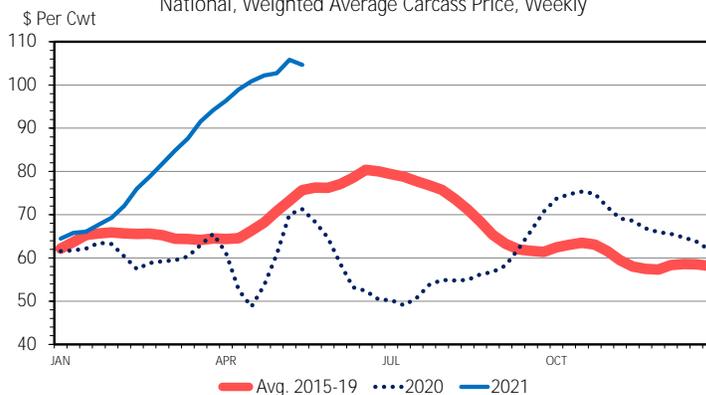


Data Source: Iowa State University
Livestock Marketing Information Center

Although the last three months have seen returns improve due to stronger hog prices, feed costs have also increased. April's total feed costs were \$102.24 per head, up \$14.80 or 16.9% since the start of this year. The last time feed costs were higher was December 2013 which was \$104.05 per head. The rise in feed costs is mainly due to increasing costs of corn and soybean meal which accounted for 46.9% and 18.9%, respectively, of total feed costs in April. For reference, over the last five years (2015-2019), corn and soybean meal have typically accounted for 42.7% and 19.8% of monthly total feed costs. DDGS accounted for 14.0% of total feed costs in April but have typically average about 12.0% of feed costs over the last five years.

Higher feed costs led to a continued rise in the breakeven selling

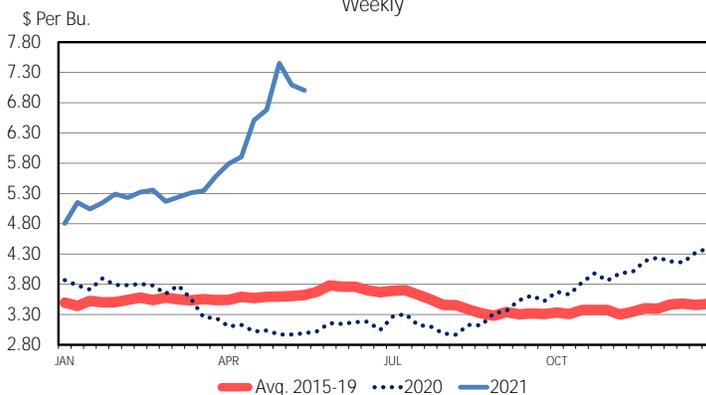
BASE SLAUGHTER HOG PRICES
National, Weighted Average Carcass Price, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

price, meaning higher feed costs require a higher selling price to offset the rise in costs. April's breakeven selling price was \$79.75 per carcass cwt, the highest since July 2014. Current hog prices (Base, National Weighted Average Carcass) have been above \$100 per cwt for the last five weeks and futures prices for the June, July and August contracts are easily over \$100 per cwt. With both cash and futures prices above \$100 per cwt indicates producer's profits for farrow-to-finish hog operations will likely remain positive in the near term.

OMAHA CORN PRICES
Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center



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