

COMMODITY UPDATES

Market Outlook – April 2024

Data courtesy of Smithfield

Industry Highlights:

➤ **Pork:**

- o The March Hogs and Pigs report showed the U.S. breeding herd at 6.016 million head as of March 1st, down 2.1% (130,000 head) from last year. Thus far good herd health and strong productivity gains in the breeding herd have outweighed the impact of the contraction on overall market hog numbers.
- o Market hog inventories in the USDA March Hogs & Pigs report were reported at 68.556 million head as of March 1st, up 0.8% from last year. Market hog inventories in Iowa, which is home to roughly one third of all US market hogs, were reported up 6% from last year and was the key driver of the overall increase.
- o The Hogs and Pigs report would imply hog harvest for Q2 and Q3 to average near year ago levels and roughly 1.5% above year ago levels respectively.
- o Hog harvest for the last 4 weeks has averaged 0.2% below year ago levels while pork production for the same period has been down 1% due to lighter hog weights. Year to date hog harvest has averaged 0.6% above year-ago levels while pork production is up 0.1%.
- o Pork demand remains strong both domestically and on the export front. The USDA's pork cutout is currently trading 32% above last year's depressed levels with 23/27 hams (+53%) and the belly primal (+68%) being the key drivers. However, loins, butts, ribs, and trimmings are all showing strength and deserve honorable mention as well.
- o Pork and pork variety meat exports remained strong in February at 543 million lbs., up 15% year over year. Export demand from Mexico remained impressive in February with pork cut exports totaling 177 million lbs. (+23% YoY) and accounted for 40% of total U.S. pork cut exports.

➤ **Beef & Poultry:**

- o Cow harvest levels year to date are down 13% year over year which is believed to be a key factor in the strength in the lean beef trimmings complex. Beef 90s are currently trading at \$350, up 28% year over year.
- o Beef 90s are holding a strong premium to beef 50s, with the spread now above \$250/cwt (record large) between the two. Steer carcass weights have worked counter-seasonally higher and are now up 29 lbs (3%) year over year. Lower corn prices and high fed cattle prices are incentivizing producers to add more weight to animals which may continue to keep the 90s/50s spread wider than normal. The USDA is currently projecting a 2.4% decline in US beef production in 2024.
- o Beef exports in February were down 3% year over year at 178 million lbs. Beef imports in February remained strong at 261 million lbs., up 23% from last year. The U.S. was a net importer of 83 million lbs. of beef during the month.
- o Chicken breast meat prices continue to trend seasonally higher with boneless skinless prices currently at \$163, up 24% year over year.

➤ **Grain:**

o The USDA released the Prospective Plantings report on 3/28, indicating that US farmers intend to plant 90 million acres of corn and 87 million acres of soybeans in 2024. Corn acres are estimated to be down nearly 5 million from last year while soybean acres are estimated to be up 3 million from year prior. As farmers start to get in the field, weather will be watched closely to refine acreage expectations and estimate production levels for the coming year. Corn futures continue to chop around near the \$4.50 level.