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Record Pigs per Litter Starting to Sound Like a Broken Record?

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The USDA's September *Hogs and Pigs* report holds few surprises. As expected, the September 1 inventory of all hogs and pigs, at 76.5 million head, is up 1.69% from last quarter and 0.46% from last year, while the breeding herd is up 0.6% from last quarter but down 2.2% from a year ago, and market hogs are 1.78% higher than last quarter and 0.69% higher than last year.

Inventories of market hogs in the under-50-pound class and the 50-119-pound class are down 1.5% and 1.3% relative to last year, while 120-179-pound class and those weighing 180 pounds and up are 3.5% and 4.8% higher. Essentially, trade expectations overestimated the lighter two weight categories and underestimated the larger two, with the largest class being the biggest surprise at 3.2% higher than expected. The abundance of heavier hogs should put downward pressure on near-term prices. However, overall, there's just 0.2% fewer hogs weighing under 180 pounds than a year ago, which will be the market hogs arriving at processing plants from October 2024 through February 2025.

The decrease in lighter weight-class hogs partly reflects that the June-August pig crop is also 0.75% smaller than last year, as expected, with about 1.7% fewer sows farrowed again mostly offset by another record 11.72 pigs saved per litter or 1% more than were saved in the same period last year. The marginally smaller pig crop should lead to similarly smaller slaughter this winter. Despite a 2.2% smaller breeding herd, farrowing intentions for the fall and winter, respectively, are down 0.1% and up 0.2% from the prior year, with fall intentions modestly higher than the range of pre-report expectations but still close to the average expectation of 0.6% lower. If reported farrowing intentions are realized and trends in pigs per litter persist, spring and summer slaughter potentially could be higher than a year ago.

The USDA's Cold Storage Report indicates lower stocks of meat than a year ago. Cold stocks of pork on August 31 are up slightly from the previous month but down 3% from a year ago. Beef stocks are down 2% from the prior month and down slightly from last year, while poultry stocks are up slightly from the prior month but down 5% from a year ago.

Pork demand appears to be strengthening domestically and abroad. The USDA revised forecasts of U.S. per capita pork consumption upward to 50.9 pounds per person in 2024, and 51.2 pounds per person 2025. The U.S. exported 567 million pounds of pork in July, or 12% more than the prior July. Despite rapid appreciation of the peso, Mexico accounted for about 42% of July shipments, almost three times

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more than the second largest buyer, Japan, which only accounted for 15%, while Canada, China and Hong Kong, and South Korea each represented about 7% of July shipments. With the strong July, the USDA raised estimates for 3rd and 4th quarter U.S. pork exports to 1.7 and 1.9 billion pounds, which are respectively 10% and 5% above a year ago, raising annual exports by 5% over last year. Annual pork exports are forecast to rise 2.5% to 7.4 billion pounds in 2025.

Still, taking everything into account, prices seem unlikely to surpass last year's levels. The forecast presented here is for the national weighted average net price on a carcass basis for all transactions for producer-sold barrows and gilts, including negotiated and contract prices. This net price should be more reflective of what producers receive, on average, and often averages a premium of more than \$2/cwt over the base price, and for the period from July through September averaged \$88.81/cwt compared to \$84.26/cwt for the corresponding net prices for negotiated or spot transactions.

In general, hog prices tend to be higher in the 2nd and 3rd quarters, with lower prices in the 1st and 4th quarters. Consistent with that pattern, prices are forecast to drop to an average of \$77.82/cwt for the 4th quarter of 2024. For 2025, prices are forecast to average \$77.23/cwt in the 1st quarter and then rise seasonally to \$86.68/cwt and \$89.78/cwt in the 2nd and 3rd quarters. However, with similar farrowing intentions as a year ago, if growth in pigs per litter continues, then lower prices may be realized, especially if the current relatively strong levels of domestic and export demand soften.

YouTube Video: Discussion and graphs associated with this article at <https://youtu.be/4QggVI7frmg>

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