



More Pork Is on the Way

Chris Hurt

Department of Agricultural Economics
Purdue University

January 5, 2015

farmdoc daily (5):1

Recommended citation format: Hurt, C. "[More Pork Is on the Way](#)." *farmdoc daily* (5):1, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, January 5, 2015.

Permalink URL <http://farmdocdaily.illinois.edu/2015/01/more-pork-is-on-the-way.html>

Pork producers are gearing up to provide their customers with what they want and that is "More Pork" and "More Bacon." The nation's hog producers have expanded the breeding herd by four percent and have already farrowed three percent more sows this past fall. The larger number of young pigs will begin to move pork production above year-previous levels in early 2015 and could reach seven percent higher by the end of 2015. Annual production may average five percent higher. This major increase comes after a series of years of smaller pork supplies dating back to 2007 when feed prices began to escalate and most recently due to large baby pig death losses in 2014 due to PED.

The breeding herd has grown over the past year by 212,000 animals, mostly in the center of the country. The Western Corn Belt breeding herd increased by 105,000 head, with numbers increasing by 55,000 in Missouri, 40,000 in Iowa, and 10,000 in Minnesota. The second largest growth region was the Southern Plains as that region recovers from the long-term drought. Both Texas and Oklahoma added 20,000 animals to the breeding herd. The third region of concentrated growth was the Central Plains, with Nebraska adding 15,000 animals and Kansas adding 10,000.

PED appears to be continuing to cause death losses for the industry and remains one of the on-going uncertainties for baby pig survival this winter. Clearly, PED can still have impacts on final 2015 pork supplies. To estimate PED death losses, the estimated number of pigs per litter from USDA is compared to the "expected" number of pigs per litter based on recent five year trends. That analysis suggests that baby pig death losses were greatest last January to March when losses were about eight percent more than trend. During the warm weather months of July, August, and September those losses dropped to about two percent. The most recent information for October and November suggest the death losses are increasing again to three to four percent. If so, these are similar to the rates of loss in late 2013. Looking forward, even though PED continues to impact baby pig survival, the number of pigs per litter is expected to be higher by two to three percent during the first-half of 2015.

Pork production is expected to be up one percent in the first quarter of 2015, but five percent higher in the second quarter. That second quarter increase will come from the four percent larger pig crop last fall and

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from *farmdoc daily*. Guidelines are available [here](#). The *farmdoc daily* website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

one percent higher marketing weights. Pork production in the last-half of 2015 is expected to be five to seven percent higher, driven by three to four percent larger farrowings this winter and spring, by higher weaning rates, and by small increases in market weights. For the year, these factors will provide about five percent more pork.

Pork consumers had to bear much of the costs of the PED virus which came at a time when pork supplies were already low due to an earlier period of extremely high feed prices. Retail pork prices reached a peak of \$4.22 per pound in September 2014, according to USDA, and have been dropping since. The general trend toward more affordable pork should continue throughout 2015.

While pork producers suffered through PED death losses in 2014, they were rewarded with record high hog prices and record profitability partially as a result of PED. Hog prices averaged near \$76 per live hundredweight, with estimated profit above all costs of \$53 per head.

Hog prices for 2015 are expected to average about \$60 per live hundredweight, a sharp drop from the \$76 record of last year. But total costs of production are expected to be about \$53, providing a strong \$22 of profit per head produced. Lower costs are being driven by the lowest feed costs in five years, as corn prices are expected to be at five year lows and meal prices the lowest in the past four years. Hog prices are expected to average around \$60 per live hundredweight in the first quarter of 2015, move to the mid-\$60s in the second and third quarters, and finish the year in the low-to-mid \$50s.

The theme for pork producers in 2015 will be to strive to gain control over PED death losses and to continue to expand the breeding herd. It is likely the breeding herd will continue to expand another two to four percent over the course of 2015.

Producers may express some disappointment that the extraordinary profits of 2014 will not continue, but they also realize that 2014 was the aberration year that may only happen once in a lifetime. Most will be happy to accept 2014 and 2015 as the best two consecutive profit years in modern hog production.

Also available at:

<http://farmdoc.illinois.edu/marketing/weekly/html/010515.html>