



Surprisingly Tight Supplies; Higher Prices Ahead!

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The USDA's September [Hogs and Pigs](#) report was a bit of a surprise. While many analysts expected some herd expansion, as the prior June report implied greater slaughter numbers than observed since, this report's downward revisions of June 1st inventories by nearly 2% appear to be the alternative explanation. As such, the September 1st inventory of all hogs and pigs, at 74.5 million head, is up 1.02% from revised estimates for last quarter but down 1.35% from last year, well below the range of pre-report estimates (0.3% lower to 1.1% higher). Likewise, market hog inventories are up 1.14% from last quarter but down 1.31% from a year ago, while the breeding herd is down 0.25% from last quarter and 1.82% from last year, both again well below the range of expectations (0.2% lower to 1.2% higher and 0.2% lower to 0.1% higher, respectively). It's the smallest breeding herd since September 2014. The June-August pig crop, which is 2.58% smaller than last year, is also well below pre-report expectations.

Inventories of market hogs in the under-50-pound class and the 50-119-pound class are both down more than 2% relative to last year, compared to expectations that both would be 0.8% higher, while the 120-179-pound and 180-pound-and-up classes are up 0.4% and 0.3%, compared to expectations of 0.5% higher and 0.5% lower, respectively. Overall, there are 1.7% fewer hogs weighing under 180 pounds than a year ago, which will be the market hogs arriving at processing plants from October 2025 through February 2026.

The decrease in lighter weight-class hogs partly reflects that the June-August pig crop is also 2.6% smaller than last year, in contrast to an average expectation of 0.5% larger, with about 3.4% fewer sows farrowed only partly offset by another record 11.82 pigs saved per litter. This is consistent with the nearly 1.0% annual growth in pigs per litter U.S. producers have maintained over the past two decades, which should continue as statistics in other countries suggest further improvement is biologically feasible. The smaller pig crop should lead to similarly smaller slaughter this winter. Farrowing intentions for the fall and winter, respectively, are down 2.4% and 0.25% from the prior year, Hence, subsequent spring and summer slaughter seem unlikely to 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 down 3% from the previous month and 13% from a year ago. Beef stocks are down 1% from the prior month but up 2% from last year, while poultry stocks are down slightly from the prior month and a year ago, as well.

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The USDA revised projections of U.S. per capita pork consumption from 50.3 pounds per person down to 49.3 pounds in 2025—a level not seen since it was 49.7 pounds in 2015—but returning to 50.9 pounds per person 2026. The U.S. exported 552 million pounds of pork in July, or 3% less than the prior July. Lower shipments to some primary customers like Mexico (-11%), Canada (-16%), and China and Hong Kong (-17%) were not fully offset by increased exports to South Korea (+23%) and a few smaller buyers. The result may reflect greater beef consumption in Mexico with their cattle restricted from entering U.S. feedlots due to detection of new world screwworm, but also general concerns about tariffs and trade, particularly with respect to China. Still, all things considered, pork demand both domestically and abroad is expected to hold fairly strong. As such, USDA projections for pork exports remain unchanged at approximately 1.66 and 1.84 billion pounds for 3rd and 4th quarters, or about 1% and 2% below a year ago, dropping annual exports to 6.98 billion pounds or 2% below last year. Annual pork exports are forecast to rise just 0.3% to 7.00 billion pounds in 2026.

With the prospect of lower feed costs and the likelihood that prices should mostly remain above year ago levels, profits should persist for hog producers. 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 \$104.13/cwt compared to \$110.64/cwt for the corresponding net prices for negotiated or spot transactions, as packers have been chasing cash hogs.

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 \$94.56/cwt for the 4th quarter of 2025. For 2026, prices are forecast to average \$91.63/cwt in the 1st quarter and then rise seasonally to \$98.82/cwt and \$101.45/cwt in the 2nd and 3rd quarters. However, if greater than anticipated hog inventories are realized or if domestic or export demand soften more than expected, especially given uncertainties about tariffs and trade, then lower prices may be realized.

YouTube Video: Discussion and graphs associated with this article at: <https://youtu.be/-P5n5C-IDbc>

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