



Managing Supply: Balancing Fewer Farrowings with Record Litter Sizes

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The USDA's March *Hogs and Pigs* report puts the March 1 inventory of all hogs and pigs at 74.3 million head, down about 1.5% from last quarter and up almost 0.5% from a year ago, just below pre-report estimates. The market hog inventory, at 68.4 million head, is also up 0.6% from a year ago, while the breeding herd is also below pre-report estimates, down 1.5%, at 5.89 million head, making it the lowest level at March since 2014. Only the number of market hogs weighing over 180 pounds is up notably, at 2.5% higher than a year earlier, while inventories for each of the lower weight classes are up less than 0.25%. Overall, the number of hogs weighing less than 180 pounds is up just 0.2% from a year ago, and these will be the market hogs arriving at processing plants from April to August.

The small increase in lighter weight hogs partly reflects that December through February pig crop is up 0.6% from a year ago, despite a 1.5% decrease in sows farrowed, which was again more than offset by another record 11.90 pigs per litter for the period or 2.0% more than a year ago. Continued productivity growth should be expected, given historical trends and biological feasibility, as indicated by pigs per litter in other countries. Market hogs from the December through February pig crop will arrive at processors from June to August. Farrowing intentions are up 0.13% for spring and down 2.1% for summer relative to a year ago, which should imply corresponding effects for slaughter numbers in subsequent periods.

Cold stocks of meat remain low. According to the USDA cold storage report, cold stocks of pork at the end of February are down slightly from the previous month about 5% from a year ago. Beef is down 3% from the prior month and 5% from last year, while poultry stocks are up 4% from the prior month but down 5% from a year ago.

U.S. per capita pork consumption has been trending downward since 2019 with the USDA estimating it to hold at 49.3 pounds per person in 2025 and forecasting it to rise slightly to 50.3 pounds per person in 2026.

U.S. pork exports in 2025 were 2% lower than in 2024, reflecting some growth in shipments to Mexico, as the main customer historically, but larger declines with major buyers in Asia, as well as Canada, due to evolving trade policy and higher U.S. pork prices. This January U.S. pork exports exceeded 589 million

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pounds, 2% above a year ago, with depreciation of the dollar partly offsetting higher U.S. pork prices. The change reflects 4% and 5% greater shipments to Mexico and Canada, respectively, and a 22% increase to Japan, counterbalancing a 15% decline to China and Hong Kong. USDA estimates place 1st quarter pork exports at 1.8 billion pounds or 2.4% above last year, with annual increases of 5.4% in the 2nd quarter, 1.8% in the 3rd quarter, and 2.8% in the 4th quarter, respectively. Overall, U.S. pork exports in 2026 are forecasted to be nearly 7.2 billion pounds, 3.1% higher than in 2025.

As feed costs are a primary component of hog production, a hog-to-corn price ratio of 20-to-1 (for instance, \$80/cwt hogs ÷ \$4/bu corn = 20) is often considered an indicator of adequate profitability of hog production to initiate expansion of the hog herd. This statistic averaged over 19 for the first quarter of this year. Corn and hog futures markets for last Friday imply ratios above 20 for the coinciding contract months of May and July before dropping to the 17 range by December, with higher new crop corn prices anticipated based on prospects for higher fuel and fertilizer costs due to geopolitical and trade disruptions and the drought potential of a projected rapid transition from La Niña to El Niño weather patterns. With such rates of profitability following the losses producers incurred in 2023, a prolonged path to sufficient financial recovery to spur herd expansion is to be expected. Rather, the industry in aggregate currently seems fairly adept at managing pork supply by balancing farrowings with anticipated increases in productivity in terms of pigs per litter.

Taking all of this into account, the outlook remains positive for hog producers over the next year. 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 normally runs at a premium of about \$2/cwt over the base price on average. From January through March, this net price averaged \$87.10/cwt compared to \$86.06/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. Accordingly, prices are forecast to rise from the 1st quarter average of \$85.33/cwt to \$96.26/cwt and \$102.41/cwt in the 2nd and 3rd quarters, respectively, before falling to \$89.25/cwt for the final quarter of 2026 and then to \$87.57/cwt for the 1st quarter of 2027. These projections are consistent with the supply and demand scenario currently anticipated. However, if geopolitical and trade disruptions further inhibit exports and economic growth, then lower demand, and hence, prices could be realized. Additionally, if such disruptions persist for fuel and fertilizer markets, higher feed production costs could cut further into hog producers' profitability, as well.

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