

Friday's quarterly USDA Hogs and Pigs report pointed to rapid growth in the size of the hog herd as historically high pork prices seemed to entice farmers with the promise of profits.

Nearly every measure of the herd now and of expectations for growth in the near future came in higher than was expected.

"As far as the industry's concerned, they're making money so one would expect farrowings to increase. We were expecting hog farmers to make money, expand production and get more litters," said Ron Plain, Professor of Agricultural Economics at the University of Missouri, during the Pork Checkoff-sponsored media conference call Friday following the report's release. "The long-term health situation will determine how many more hogs we actually have."

The numbers

The U.S. inventory of all hogs and pigs on September 1, 2014 was 65.4 million head, down 2 percent from September 1, 2013, but up 6 percent from June 1 of this year.

Sows kept for breeding totaled 5.92 million head, up 2 percent from last year, and up 1 percent from the previous quarter. Market hog inventory, at 59.4 million head, was down 3 percent from last year, but up 7 percent from last quarter.

High prices — big jumps in hog herd

By [Lisa M. Keefe](#) on 9/29/2014

The June-August 2014 pig crop, at 29.5 million head, was down 1 percent from 2013. Sows farrowing during this period totaled 2.91 million head, up 1 percent from 2013. The average pigs saved per litter was 10.16 for the June-August period, compared to 10.33 last year.

Pigs saved per litter by size of operation ranged from 8.00 for operations with fewer than 100 hogs and pigs, to more than 10 for operations with more than 5,000 hogs and pigs.

United States hog producers intend to have 2.89 million sows farrow during the September-November 2014 quarter, up 4 percent from the actual farrowings during the same period in 2013, and up slightly from 2012.

Intended farrowings for December-February 2015, at 2.87 million sows, are up 4 percent from 2014, and up 3 percent from 2013.

The total number of hogs under contract owned by operations with over 5,000 head, but raised by contractees, accounted for 46 percent of the total United States hog inventory, unchanged from last year.

“The report likely will be read as negative for hog/pork prices (and thus positive for buyers of pork products, including Tyson and Kraft). Though some prior data were revised downward, all seven of the key statistics we look at came in higher than the consensus expectation, suggesting greater supply than previously anticipated,” said Ken Goldman, equity analyst for JPMorgan.

PEDV

The effects of PEDV on the industry — or even the threat of PEDV — remains a damper on rebuilding the herd: “I have some trepidation relying too much on these [projections],” noted Daniel Bluntzer, Director of Research for Frontier Risk Management in Corpus Christi, Texas. “I wouldn’t expect us to [see bigger hog population figures] than these numbers.”

But if health concerns doesn’t rein in growth in the hog population, falling prices eventually will.

Said Plain, “Those are big increases [in the hog population] and unless we continue to have pigs per litter [reduced] due to PEDV or other health concern we could start to see big increases in the big crop and big increases in slaughter.”

“Farrowing intentions are a better predictor of where we’re heading than the breeding herd,” Plain pointed out. And “the bearish number is when you get to farrowing intentions for fall and winter,” when farrowing intention percentages are greater than anticipated growth in the size of the breeding herd.