

NPPC Economic Update

Q3 2024



U.S. Pork Industry Snapshot

The United States is a worldwide leader in pork production with 60,000 pig farms marketing about 149 million hogs and pigs annually. This level of on-farm production equates to roughly 27 billion pounds of pork produced by hundreds of packing and processing plants throughout the country. The National Pork Producers Council (NPPC) is the global voice for the U.S. pork industry, representing the interest of pork producers and 41 state pork associations. This quarterly newsletter provides a snapshot of top pork industry issues, current trends and market conditions impacting pig farmers.

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U.S. Pork Industry is a Significant Economic Contributor

A recent study highlights the ripple effect that hog and pork production has on the U.S. economy by supporting jobs, personal income, and value added (GDP).

The Facts:

In 2023, U.S. pig farmers marketed 149 million hogs, generating over \$27 billion in gross cash receipts and requiring more than 1.7 billion bushels of corn and 11.2 million tons of soybean meal valued at more than \$11.3 billion. When combined with harvest processing, the pork industry directly supports 187,000 jobs and adds \$15.5 billion in value to the U.S. economy.

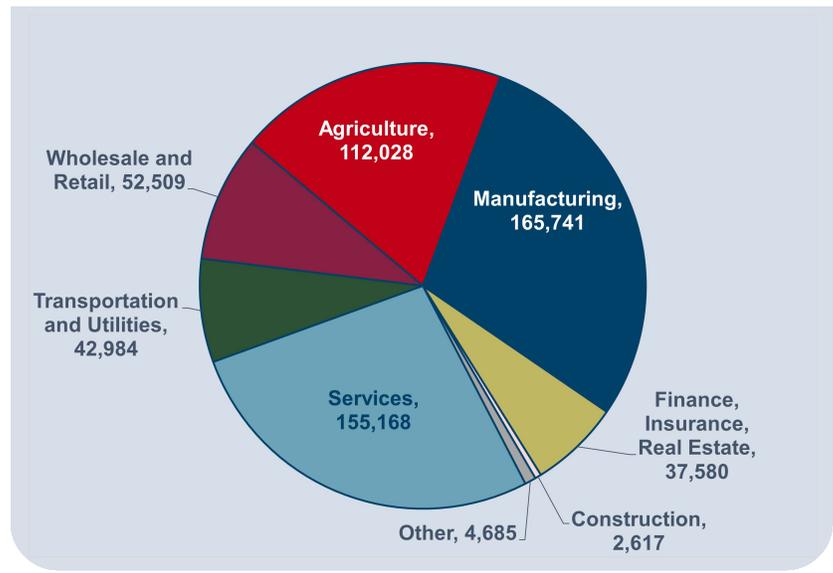
A recent economic contribution analysis of the U.S. pork industry found that this level of hog and pork production also supports significant indirect economic activity through the purchase of inputs and induced activity that is generated when incomes supported by the pork industry are spent in local businesses.

Based on 2023 levels of production, the U.S. pork industry supports a total of:

- 573,000 jobs
- \$37.6 billion in personal income
- \$62.7 billion in value added (GDP)

Why It Matters:

The U.S. pork industry is a pillar of the U.S. and agricultural economy and is responsible for helping generate billions of dollars in direct, indirect, and induced economic activity. Of the 573,000 jobs supported, about 50% are within the agriculture and manufacturing sectors, with industries like finance, insurance, real estate, transportation, utilities, retail, construction, and services making up the other 50%. This study shows that pork production continues to be an important economic driver in rural economies and helps quantify what would be lost without U.S. pig farmers.



→ Total Jobs Supported by Pork Production, by Industry Sector

Source: The United States Pork Industry 2023: Current Structure and Economic Importance

Modest Profitability Returns to the Pork Industry, but Challenges Remain

Profitability has improved for pork producers in 2024, but the outlook for the remainder of the year is cause for further concern.

The Facts:

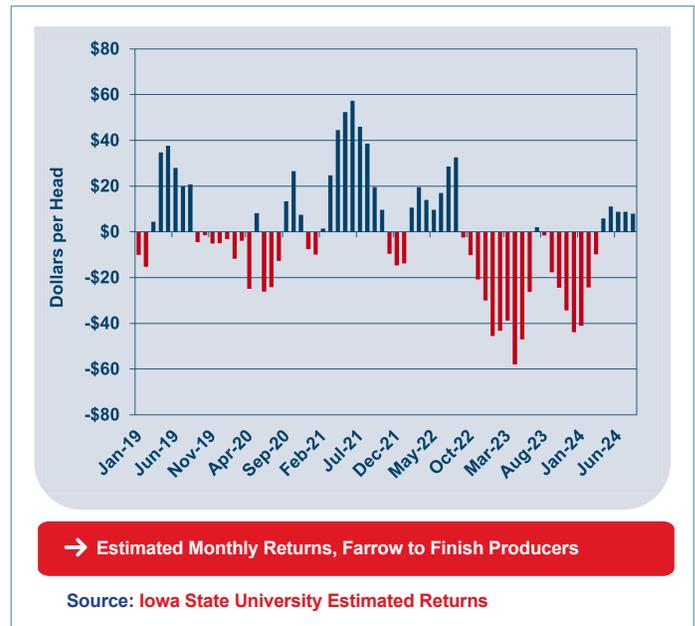
[Estimates from Iowa State University](#) show that pork producers have experienced positive margins over the past five months, averaging \$9 per head from April to August. This represents an improvement of nearly \$35 per head compared to the same period one year ago when producers lost an average of \$26 per head from April to August 2023.

Lower feed costs have been a key contributor to improved profitability. Corn and soybean meal prices have declined, and for hog farmers who purchase these important inputs, this equated to about \$31 per head in average savings for hogs marketed from April to August.

However, nonfeed variable and fixed costs, which include labor, transportation, utilities, insurance, and building expenses, are virtually unchanged from one year ago, while operating interest expenses are up 33%. Altogether, nonfeed costs have averaged \$74 per head so far in 2024 vs. an average of \$49 per head from 2016-2020, and these costs are unlikely to decline.

Why it Matters:

The U.S. pork industry endured a period of severe financial losses from late 2022 to early 2024, with producers losing an average of \$30 per head. While conditions have been comparatively better over the past five months, average profitability remains negative for 2024 due to losses in the first quarter. Looking ahead, [USDA forecasts](#) for increased production and lower hog prices suggest producers could face significant losses again in Q4, limiting many producers' ability to rebuild equity and financial stability.



USDA Forecasts Increased Production in 2024, Record Production in 2025 Despite Smaller Sow Herd

After six consecutive quarters of year-over-year breeding herd decline, pork production is expected to increase in 2024 and 2025.

The Facts:

The [June Hogs and Pigs Report](#) showed that the U.S. breeding herd was about 200,000 sows smaller than the prior year and was down 400,000 sows from the same quarter in 2020. However, the declining breeding herd has been met with significant improvements in the number of pigs per litter, which has set a new record level for each of the last 4 quarters.

As a result, inventory reports indicate a smaller number of sows producing year-over-year larger pig crops, which has translated to larger market hog inventories and higher weekly slaughter.

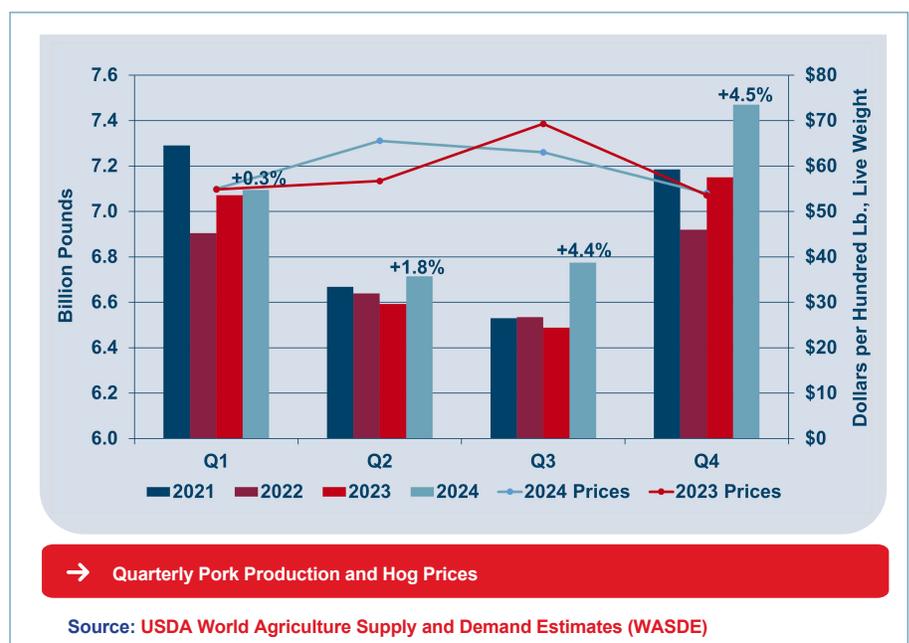
Pork production is currently up 1.7% year-to-date, and [recent USDA forecasts](#) show the following changes expected for 2024 vs. 2023:

- Annual production +2.7%
- Annual average hog price +1.3%
- Q3 production +4.4%, prices -9.1%
- Q4 production +4.5%, prices +0.8%

Why It Matters:

Severe financial losses forced some sow liquidation last year, but productivity gains have offset much of this contraction and resulted in increased production. Stronger export and domestic pork demand have been supportive of hog prices throughout the year, but increased production in Q3 and Q4 could increase seasonal pressure on hog and pork markets.

Updated inventory numbers will become available on September 26th with the release of the USDA Quarterly Hogs and Pigs Report and will better inform supply expectations for the next six months.



Data Shows Continued Trend Toward Higher Wages and Lower Employment on Hog Farms

Reports from the [Bureau of Labor Statistics \(BLS\)](#) highlight declining employment and rising wage offerings in the U.S. pork industry.

The Facts:

In June, BLS published the final 2023 installment of its [Quarterly Census of Employment and Wages \(QCEW\)](#), a quarterly count of employment and wages that covers 95% of U.S. jobs. While the data does not capture every U.S. hog farm job due to some reporting exemptions, it serves as a baseline to monitor employment and wage trends.

The latest data shows that total hog farm employment has declined in recent years despite higher wage offerings. From 2019 to 2023, hog farm employment declined 7% while average weekly wages increased 23%, outpacing the overall inflation rate of 19% for this period.

QCEW data also shows that the rate of wage increases in the pork industry was similar to the average across all U.S. industries and higher than other industries that have a strong presence in rural areas.

Average weekly wage change from 2019 to 2023:

- Hog and Pig Farming +23%
- All U.S. Industries +23%
- Construction +19%
- Manufacturing +18%
- Energy +14%

Why it Matters:

Despite competitive wage growth and strong demand, pork producers are struggling to find reliable, skilled workers to carry out important on-farm jobs. A declining rural labor force and low unemployment in major hog-producing areas have contributed to the industry's ongoing labor shortage. NPPC strongly advocates for pork producers' access to critical guestworker programs that can help offset current and future workforce shortages on hog farms.



U.S. Expected to be Top Pork Exporter in 2024

Forecasts from the [USDA Foreign Ag Service \(FAS\)](#) indicate that the U.S. will be the world's top pork exporter in 2024.

The Facts:

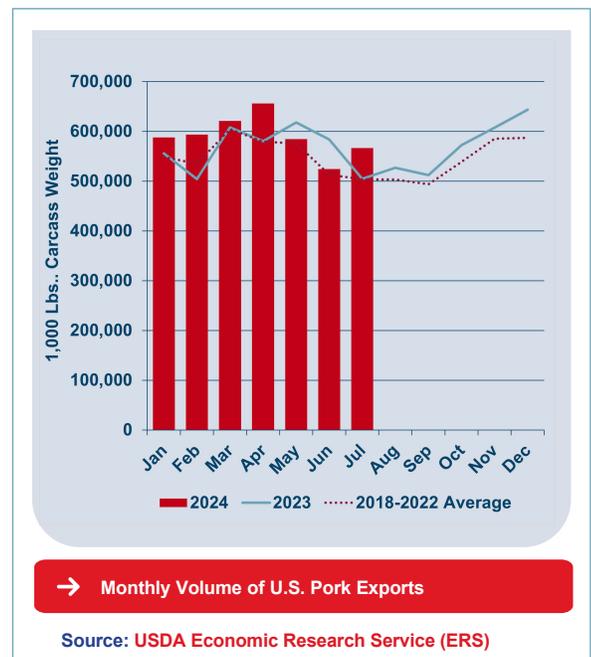
[U.S. pork exports](#), in terms of carcass weight, increased 8.0% in Q1 2024 compared with the same quarter in 2023, but were down 1.0% in Q2. With strong performance in July, exports are up 4.5% in 2024. Year-to-date change in pork exports for top 5 markets:

- Mexico +6.7%
- Japan -1.6%
- South Korea +31.4%
- Canada -3.2%
- China/Hong Kong -32.5%

Pork exports are expected to increase 5.2% in 2024 and 2.5% in 2025. With this increase, the United States is expected to be the world's top pork exporter, accounting for 31.6% of global exports. Other top exporters include the European Union (30.2%), Brazil (13.6%), and Canada (13.4%).

Why it Matters:

So far in 2024, the rate of increase in the value of pork exports is larger than the increase in export volume, indicating stronger demand for U.S. pork in global markets. On average, each hog marketed in the United States generates more than \$62 in pork and variety meat export value. Strong export demand has supported hog prices in 2024 and will continue to be critical to pork producers' bottom line.



Sources

- [USDA WASDE Report](#)
- [Iowa State University Estimated Livestock Returns](#)
- [USDA ERS International Trade](#)
- [BLS Quarterly Census of Employment and Wages \(QCEW\)](#)
- [USDA Foreign Ag Service](#)
- [USDA Quarterly Hogs & Pigs Report](#)

Connect with us:



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