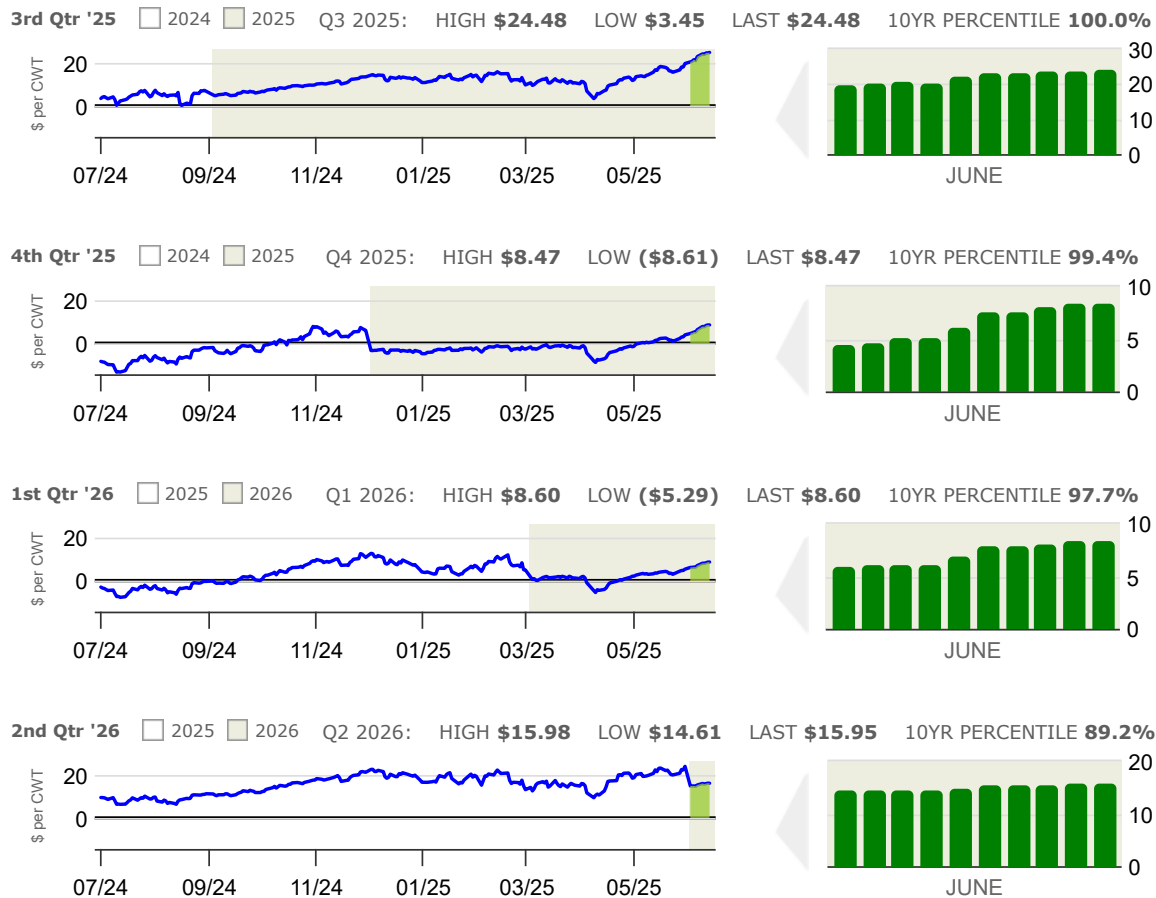


# Hog Margin Watch: June



Margins surged higher over the first half of June on a combination of sharply higher hog prices and lower feed costs with both corn and soybean meal coming under seasonal pressure. Hog futures continue drawing support from tighter supplies against a firm demand structure, with weekly slaughter runs and pork production trailing previous USDA indications and market expectations. The June Hogs and Pigs report will be released at the end of the month, with traders eager to learn more about how the current challenges with PRRS outbreaks are impacting current and forward pig flows. While last week's hog slaughter at 2.387 million head was up 1% from the prior week and 0.2% above a year ago, the previous week's slaughter of 2.355 million was down 2.5% from last year and the official USDA hog slaughter estimates have consistently come in below initial projections. Also noteworthy is that hog slaughter weights are down around 1.4% from last year since late March and early April, amplifying the impact of lower slaughter runs. In addition, packer-owned weights are down 1.8% year-over-year, implying that packers are having a harder time sourcing hogs in the spot market and are being forced to pull from their own supplies as a result. Another factor in lower hog supply is the latest ERS data pointing to lower imports from Canada. April hog imports of 539,300 head were down 8.4% from 2024, although the year-to-date total of 2.3 million is only down 0.9% from last year. The impact of increased tariffs may lead to lower imports from Canada moving forward. Our clients continue extending forward coverage in deferred periods following recent margin improvement with flexible price strategies to allow for further margin appreciation over time.



The Hog Margin calculation assumes that 73 lbs of soybean meal and 5.3 bushels of corn are required to produce 100 lean hog lbs. Additional assumed costs include \$44 per cwt for other feed and non-feed expenses.

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