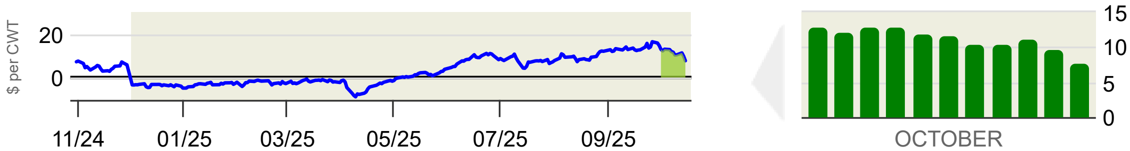
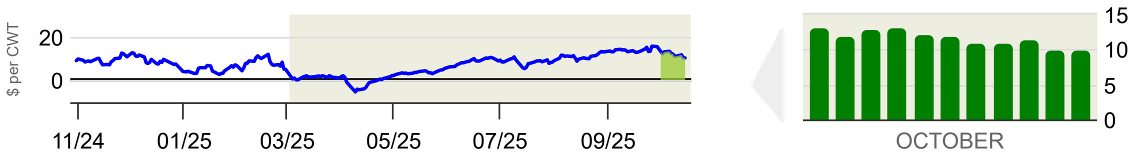
Hog Margin Watch: October

Margins deteriorated over the first half of October as hog prices declined while feed costs held relatively steady. Pork production has been increasing over the past several weeks as both hog slaughter and harvest weights tick seasonally higher and have begun to outpace year-ago comparisons. While the government shutdown has caused a disruption in market reporting with USDA's October WASDE report and other publications canceled, only a small number of USDA-AMS employees were furloughed while other departments saw more significant disruptions. Initial estimates indicate last week's slaughter totaled around 2.577 million head, just below the same week last year while over the past four weeks ending October 11, hog slaughter is estimated to be just above a year ago and consistent with the most recent inventory levels in the September Hogs and Pig report. Mandatory price reporting data also indicates that slaughter weights last week were up 1% from a year ago and continue to trend higher. The pork cutout has been trending lower over the past few weeks but at $103.76/cwt., remains $8.32 or 8.7% higher than a year ago. The belly primal which has held up the cutout value through most of the summer has been succumbing to pressure with increased seasonal supply and is now 5.6% below last year. The ham primal should start carrying more of the weight as we head towards the holidays and continued strong demand from Mexico as well as record turkey prices and historically high beef prices are supportive features for the market. Our clients have benefited from adding coverage recently in 2026 with historically strong margin opportunities using flexible price strategies to allow for additional margin improvement over time.

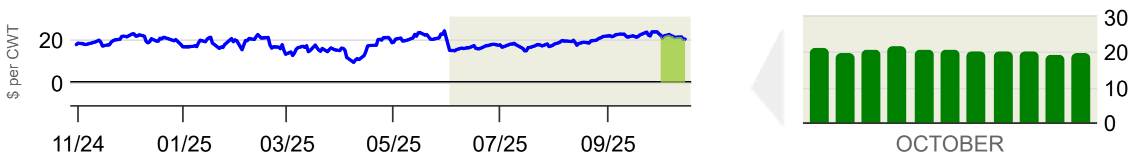
4th Qtr '25 ☐ 2024 ☐ 2025 Q4 2025: HIGH **$16.51** LOW **($8.61)** LAST **$7.84** 10YR PERCENTILE **96.3%**



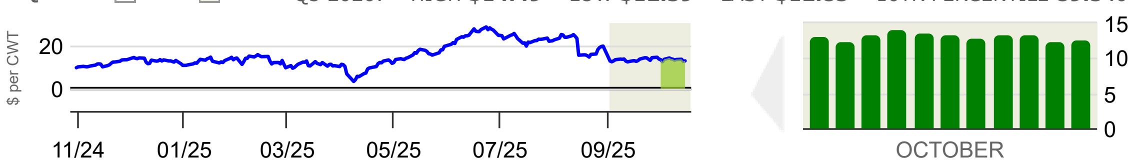
1st Qtr '26 ☐ 2025 ☐ 2026 Q1 2026: HIGH **$15.57** LOW **($5.29)** LAST **$10.20** 10YR PERCENTILE **97.0%**



2nd Qtr '26 ☐ 2025 ☐ 2026 Q2 2026: HIGH **$23.21** LOW **$14.61** LAST **$19.95** 10YR PERCENTILE **95.1%**



3rd Qtr '26 ☐ 2025 ☐ 2026 Q3 2026: HIGH **$14.49** LOW **$12.39** LAST **$12.85** 10YR PERCENTILE **89.5%**



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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