



PORK BRIEFS

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ON SWINE NUTRITION



Pork Price Stays Steady

By Ken Palen

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Bankers love it, producers have banked on it, and bill collectors have gone on long term sabbaticals. Eight years in a row of steady prices with one extra good year in 2014. What a nice story for the pork industry to enjoy.

How long will this steady TOTAL RETURN PER BUSHEL OF CORN continue? In the free market nobody knows. In the short term there is a lot of talk about over supply but the demand keeps jumping, especially with bacon put on many burgers, etc. and pulled pork gaining big in the fast food and restaurant industry. Only time will tell so it is always best to have a low price strategy. Table I, II, and III show the long term 27 year picture.

Table I: 2008 to 2017

Production Year:	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008
MARKET PRICE:										
Ont. Pork Avg Weighted Price/kg	\$1.71	\$1.55	\$1.62	\$2.10	\$1.67	\$1.54	\$1.61	\$1.46	\$1.21	\$1.26
Based on 95 kg carcass at 110 index	\$178.97	\$162.14	\$169.46	\$219.68	\$174.87	\$161.15	\$168.68	\$152.90	\$126.59	\$131.41
LESS THE FOLLOWING EXPENSES:										
TOTAL FEED COSTS:										
(including sows & boars)	\$102.65	\$104.55	\$105.49	\$108.50	\$117.40	\$125.42	\$119.63	\$86.17	\$97.16	\$102.84
OPERATING COSTS**:	<u>\$54.34</u>	<u>\$51.37</u>	<u>\$47.53</u>	<u>\$46.90</u>	<u>\$47.05</u>	<u>\$44.91</u>	<u>\$44.50</u>	<u>\$46.12</u>	<u>\$45.64</u>	<u>\$49.69</u>
TOTAL MARGIN/PIG:	<u>\$21.98</u>	<u>\$6.22</u>	<u>\$16.45</u>	<u>\$64.28</u>	<u>\$10.42</u>	<u>-\$9.18</u>	<u>\$4.56</u>	<u>\$20.60</u>	<u>-\$16.21</u>	<u>-\$21.13</u>
EQUIVALENT RETURN/ BUSHEL OF CORN FED	\$2.15	\$0.61	\$1.61	\$6.28	\$1.02	-\$0.90	\$0.45	\$2.01	-\$1.58	-\$2.06
PRICE PER BUSHEL IF SOLD TO ELEVATOR	<u>\$4.64</u>	<u>\$4.62</u>	<u>\$4.67</u>	<u>\$4.38</u>	<u>\$5.64</u>	<u>\$6.57</u>	<u>\$6.60</u>	<u>\$3.80</u>	<u>\$4.23</u>	<u>\$5.01</u>
TOTAL RETURN PER BUSHEL OF CORN:	\$6.78	\$5.23	\$6.27	\$10.66	\$6.66	\$5.68	\$7.04	\$5.81	\$2.65	\$2.95

SOURCE: OMAFRA Monthly Hog Market Facts & Swine Budget

* Year to date = January to October 2017

** Labour costs not included in operating costs

This chart is based on 10.29 bushels of corn/pig because the shipping weight has been changed from 95 kg dressed weight in order to show a trend over time using similar data.

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Table II: 1998 to 2007

Production Year:	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
MARKET PRICE:										
Ont. Pork Avg Weighted Price/kg	\$1.26	\$1.32	\$1.51	\$1.68	\$1.40	\$1.41	\$1.73	\$1.62	\$1.20	\$1.21
Based on 95 kg carcass at 110 index	\$131.48	\$137.56	\$157.42	\$175.10	\$146.58	\$147.24	\$180.79	\$169.29	\$125.40	\$126.45
LESS THE FOLLOWING EXPENSES:										
TOTAL FEED COSTS: (including sows & boars)	\$82.72	\$67.49	\$67.51	\$81.25	\$80.53	\$80.10	\$77.12	\$72.00	\$68.48	\$74.80
OPERATING COSTS**:	<u>\$50.98</u>	<u>\$47.78</u>	<u>\$48.78</u>	<u>\$43.62</u>	<u>\$46.71</u>	<u>\$48.46</u>	<u>\$47.81</u>	<u>\$50.25</u>	<u>\$48.93</u>	<u>\$45.14</u>
TOTAL MARGIN/PIG:	<u>-\$2.22</u>	<u>\$22.29</u>	<u>\$41.14</u>	<u>\$50.24</u>	<u>\$19.34</u>	<u>\$18.69</u>	<u>\$55.85</u>	<u>\$47.04</u>	<u>\$7.99</u>	<u>\$6.51</u>
EQUIVALENT RETURN/ BUSHEL OF CORN FED	-\$0.22	\$2.18	\$4.02	\$4.91	\$1.89	\$1.82	\$5.45	\$4.59	\$0.78	\$0.64
PRICE PER BUSHEL IF SOLD TO ELEVATOR	<u>\$3.85</u>	<u>\$2.81</u>	<u>\$2.61</u>	<u>\$3.46</u>	<u>\$3.61</u>	<u>\$3.66</u>	<u>\$3.38</u>	<u>\$2.95</u>	<u>\$2.91</u>	<u>\$3.30</u>
TOTAL RETURN PER BUSHEL OF CORN:	\$3.63	\$4.99	\$6.63	\$8.37	\$5.50	\$5.49	\$8.83	\$7.55	\$3.69	\$3.94

SOURCE: OMAFRA Monthly Hog Market Facts & Swine Budget

* Year to date = January to October 2017 ** Labour costs not included in operating costs

This chart is based on 10.29 bushels of corn/pig because the shipping weight has been changed from 95 kg dressed weight in order to show a trend over time using similar data.

Table III: 1991 to 1997

Production Year:	1997	1996	1995	1994	1993	1992	1991
MARKET PRICE:							
Ont. Pork Avg Weighted Price/kg	\$1.86	\$1.89	\$1.48	\$1.47	\$1.52	\$1.31	\$1.46
Based on 95 kg carcass at 110 index	\$194.37	\$197.51	\$154.66	\$153.62	\$158.84	\$136.90	\$152.57
LESS THE FOLLOWING EXPENSES:							
TOTAL FEED COSTS: (including sows & boars)	\$88.49	\$102.29	\$72.65	\$78.12	\$65.87	\$67.26	\$71.37
OPERATING COSTS**:	<u>\$49.66</u>	<u>\$45.78</u>	<u>\$48.28</u>	<u>\$46.99</u>	<u>\$47.76</u>	<u>\$47.56</u>	<u>\$46.58</u>
TOTAL MARGIN/PIG:	<u>\$56.22</u>	<u>\$49.43</u>	<u>\$33.73</u>	<u>\$28.51</u>	<u>\$45.21</u>	<u>\$22.08</u>	<u>\$34.62</u>
EQUIVALENT RETURN/ BUSHEL OF CORN FED	\$5.49	\$4.83	\$3.29	\$2.78	\$4.42	\$2.16	\$3.38
PRICE PER BUSHEL IF SOLD TO ELEVATOR	<u>\$3.86</u>	<u>\$5.41</u>	<u>\$3.25</u>	<u>\$3.55</u>	<u>\$2.55</u>	<u>\$2.75</u>	<u>\$3.20</u>
TOTAL RETURN PER BUSHEL OF CORN:	\$9.35	\$10.24	\$6.55	\$6.33	\$6.97	\$4.91	\$6.58

SOURCE: OMAFRA Monthly Hog Market Facts & Swine Budget

* Year to date = January to October 2017

** Labour costs not included in operating costs

This chart is based on 10.29 bushels of corn/pig because the shipping weight has been changed from 95 kg dressed weight in order to show a trend over time using similar data.

Labour Costs are not included in the operating costs that are sourced from OMAFRA. The chart is now based on 10.29 bushel of corn per pig farrow to finish including sow, boar, piglet and finishing feed. Weights are adjusted to a 95 kg dressed weight to reflect heavier pig market demands.

cont.>>

Table IV

YEAR	Ontario Pork Price (\$/kg) **	Corn Cost		48% SBM (\$/tonne)**	Exchange Rate \$1 CAN = US \$***	Prime Interest Rate %
		(\$/bushel)**	(\$/tonne)**			
1991	\$1.46	\$3.20	\$126.00	\$264	\$0.87281	
1992	\$1.31	\$2.75	\$108.25	\$273	\$0.82732	
1993	\$1.52	\$2.55	\$100.50	\$284	\$0.77515	
1994	\$1.47	\$3.55	\$139.60	\$319	\$0.73226	
1995	\$1.48	\$3.25	\$128.00	\$277	\$0.72863	
1996	\$1.89	\$5.41	\$213.00	\$405	\$0.73342	
1997	\$1.86	\$3.86	\$152.00	\$442	\$0.72222	4.96%
1998	\$1.21	\$3.30	\$130.00	\$305	\$0.67410	6.60%
1999	\$1.20	\$2.91	\$114.71	\$265	\$0.67307	6.44%
2000	\$1.62	\$2.95	\$116.18	\$319	\$0.67335	7.27%
2001	\$1.73	\$3.38	\$132.91	\$332	\$0.64568	5.81%
2002	\$1.41	\$3.66	\$144.16	\$333	\$0.63722	4.21%
2003	\$1.40	\$3.61	\$142.31	\$348	\$0.71375	4.69%
2004	\$1.68	\$3.46	\$136.21	\$388	\$0.76863	4.00%
2005	\$1.51	\$2.61	\$102.85	\$302	\$0.82533	4.42%
2006	\$1.32	\$2.81	\$110.61	\$266	\$0.88194	5.81%
2007	\$1.26	\$3.85	\$151.49	\$323	\$0.93478	6.10%
2008	\$1.26	\$5.01	\$197.42	\$438	\$0.94418	4.73%
2009	\$1.21	\$4.23	\$166.47	\$496	\$0.87843	2.40%
2010	\$1.46	\$3.80	\$149.66	\$384	\$0.96656	2.53%
2011	\$1.61	\$6.60	\$259.71	\$412	\$1.01191	3.00%
2012	\$1.54	\$6.57	\$258.82	\$523	\$1.00087	3.00%
2013	\$1.67	\$5.64	\$222.05	\$565	\$0.97165	3.00%
2014	\$2.10	\$4.38	\$172.45	\$642	\$0.90743	3.00%
2015	\$1.62	\$4.67	\$183.66	\$528	\$0.78375	2.78%
2016	\$1.55	\$4.62	\$181.87	\$520	\$0.75330	2.70%
2017*	\$1.71	\$4.64	\$182.53	\$489	\$0.76835	2.85%

*Year to date = January to October 2017

** O.M.A.F.'s 100% Formula Price, SBM, Corn price from OMAFRA Monthly Hog Market Facts & Swine Budget from 2004 and earlier, used the Ontario Pork average pool price.

***Exchange and Interest rates from the Bank of Canada (www.bankofcanada.ca)

The chart shows the average commodity prices yearly from 1991 to year to date 2017 (end of October) using OMAFRA 100% formula price for a base comparison, other sources are listed below.

Table V: Number of 90-95 kg Dressed Hogs Per Acre Of Corn

Corn Bushels/Acre	# Hogs fed/Acre	# Sows Farrow to Finish/Acre (Based on 20 P/S/Y)
240	24	1.200
230	23	1.150
220	22	1.100
210	21	1.050
200	20	1.000
190	19	0.950
180	18	0.900
170	17	0.850
160	16	0.800
150	15	0.750
140	14	0.700
120	12	0.600

Chart above shows how many hogs on a farrow to finish operation including Boars, Sows, Weaners, and Market Hogs can be raised per acre of corn. Estimated to consumption of 10 bushels of corn per pig at today's heavier shipping weights. The chart also shows how many sows farrow to finish per acre of corn could be raised without purchasing outside sources of corn.

For easy calculations I left this chart at 10 bushel of corn per pig produced even though on the cost side we used 10.29 bushel per pig to reflect heavier weights to 95kg dressed. The chart shows how many hogs on a farrow to finish operation including sows, boars, nursery pigs, and market hogs can be raised per acre of corn. Also, how many sows farrow to finish per acre of corn could be raised without purchasing outside sources of corn.

Summary

It has been a challenging year growing and harvesting crops. Raising pigs with some toxins in the corn has also been a problem. This year's corn toxin level looks good overall with always spot problems. Pigs should love this year's slightly immature corn because it seems like this year some sweet sugar remains in the corn instead of maturing to a fully starched out version. Corn could be lighter and more volume per kilogram so bins may not hold as much weight. Time to double check all weighing devices, scoops, bin sizes, etc. Let's hope for another decent year of good prices, and good weather. Be careful finishing harvest and enjoy the holiday season coming up with your families.

Thank you.



***We would like to wish you,
Our Valued Customer
a Joyous Holiday Season
and a Prosperous New Year***
Kenpal's office will be closed on:

Monday December 25, 2017

Tuesday December 26, 2017

Monday January 1, 2018

***Thank you for your continued business,
it is greatly appreciated!***

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