



PORK BRIEFS

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HITTING THE GRID

By: Ken Palen

With hog prices up and feed prices down it is a great time to review the shipping grid you are paid on. This review could also include how good of job is being done of weighing the hogs and hitting the sweet spots within the grid. The weight of a hog that is required to maximize the value of the hogs shipped is different on every grid. Some grids want lighter hogs and some want heavier hogs to maximize the value. Other grids are very tight in their weight ranges and some are wider. Depending on your feeding program and your genetics it could pay to ship hogs heavier with these economics. The first chart we should consider is the value of one index point based on market selling price and weight of hogs (Table 1).

Table 1:

| Dressed Base Market Prices (\$) | Dressed Weight (kg) | Current Index | Hog Value (\$) | Hog Value at 111 Index (\$) | Extra Value Per Pig (\$) |
|---------------------------------|---------------------|---------------|----------------|-----------------------------|--------------------------|
| 1.30 | 90 | 110 | 128.70 | 129.87 | 1.17 |
| 1.40 | 90 | 110 | 138.60 | 139.86 | 1.26 |
| 1.50 | 90 | 110 | 148.50 | 149.85 | 1.35 |
| 1.60 | 90 | 110 | 158.40 | 159.84 | 1.44 |
| 1.70 | 90 | 110 | 168.30 | 169.83 | 1.53 |
| 1.80 | 90 | 110 | 178.20 | 179.82 | 1.62 |

Table 1 shows a range of an extra \$1.17 per pig at a \$1.30 base price with one extra index point higher, moving from 110 index to 111 index on a 90 kg dressed weight hog and up to \$1.62 per pig at \$1.80 base price.

Heavy Ontario Grid Comparisons

The next information that is needed to evaluate is how well are we doing at shipping the right weight of hog to meet the grid. This

comparison shows two different actual producer farms shipping on the Heavy Ontario Grid. Farm #1 has an average index of 105.5 on 3245 pigs shipped. Farm #2 has an average index of 110 on 3384 pigs shipped. (Source: Ontario Pork)



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Volume 3, Issue 3
June 2010

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Farm #1

| ALTERNATE GRID DISTRIBUTION REPORT | | | | | | | | | | | | | Target Grid | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|-------------------|-------------------|--------------------|---|-----|-----|------------|-----|----|-------|--------|--------|
| DISTRIBUTION OF HOGS BY WEIGHT AND YIELD CLASS (HEAVY ONTARIO GRID) | | | | | | | | | | | | | Sale Date Range: Nov 02, 2009 - Apr 01, 2010 | | | Producer # | | | | | |
| Weight Class Yield Class | 40.0 to 64.9 Kg | 65.0 to 69.9 Kg | 70.0 to 74.9 Kg | 75.0 to 79.9 Kg | 80.0 to 84.9 Kg | 85.0 to 89.9 Kg | 90.0 to 94.9 Kg | 95.0 to 99.9 Kg | 100.0 to 104.9 Kg | 105.0 to 109.9 | 110.0 to 190.0 | Totals Yield Class | | | | | | | | | |
| | Your Hog # | Your Hog % | Prev % | | | | | | | | | | | | | | | | | | |
| 64.30-100.00 (1) | 10 | 10 | 50 | 2 | 90 | 3 | 112 | 2 | 114 | 8 | 114 | 20 | 114 | 26 | 110 | 8 | 90 | 70 | 69 | 2.13% | 3.34% |
| 61.80-64.29 (2) | 10 | 10 | 50 | 90 | 4 | 110 | 14 | 112 | 60 | 112 | 185 | 112 | 296 | 108 | 192 | 88 | 74 | 70 | 842 | 25.95% | 27.29% |
| 59.60-61.79 (3) | 10 | 10 | 50 | 90 | 2 | 108 | 22 | 111 | 84 | 111 | 258 | 111 | 457 | 107 | 341 | 85 | 155 | 70 | 1,363 | 42.00% | 45.51% |
| 57.70-59.59 (4) | 10 | 10 | 50 | 90 | 3 | 106 | 4 | 110 | 41 | 110 | 145 | 110 | 258 | 107 | 174 | 81 | 85 | 70 | 744 | 22.93% | 17.91% |
| 56.10-57.69 (5) | 10 | 10 | 50 | 90 | 104 | 2 | 104 | 13 | 106 | 31 | 106 | 41 | 104 | 45 | 81 | 22 | 70 | 13 | 187 | 5.76% | 4.75% |
| 54.70-56.09 (6) | 10 | 10 | 50 | 90 | 93 | 97 | 3 | 100 | 4 | 97 | 11 | 97 | 8 | 81 | 6 | 70 | | | 34 | 1.05% | 1.01% |
| 20.00-54.69 (7) | 10 | 10 | 50 | 81 | 88 | 90 | 90 | 1 | 88 | 3 | 81 | 1 | 81 | 1 | 70 | | | | 6 | 0.18% | 0.19% |

| MARKET HOGS BY WEIGHT CLASS | | | | | | | | | | | | | |
|-----------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|-------|---------|---------|
| Your Hog # | 0 | 0 | 2 | 12 | 46 | 209 | 646 | 1,112 | 769 | 343 | 106 | 3,245 | 620,639 |
| Your Hog % | 0.00% | 0.00% | 0.06% | 0.37% | 1.42% | 6.44% | 19.91% | 34.27% | 23.76% | 10.57% | 3.27% | 100.00% | |
| Your Avg Index | 0.0 | 0.0 | 50.0 | 90.0 | 108.3 | 110.5 | 110.8 | 110.6 | 107.0 | 10.6 | 3.3 | 105.5 | |
| Prev % | 0.03% | 0.08% | 0.30% | 1.43% | 7.34% | 24.33% | 35.51% | 21.30% | 7.07% | 1.92% | 0.68% | | |
| Prev Avg Index | 10.0 | 10.0 | 50.0 | 90.0 | 108 | 110.8 | 110.8 | 110.6 | 106.8 | 84.1 | 70.0 | | 108.9 |

May 10, 2010 Note: Index Classification Weight Does NOT Include Trim Weight.

Farm #2

| ALTERNATE GRID DISTRIBUTION REPORT | | | | | | | | | | | | | Target Grid | | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|-------------------|-------------------|--------------------|---|-----|-----|------------|----|----|-------|--------|--------|--------|--------|
| DISTRIBUTION OF HOGS BY WEIGHT AND YIELD CLASS (HEAVY ONTARIO GRID) | | | | | | | | | | | | | Sale Date Range: Nov 02, 2009 - Apr 01, 2010 | | | Producer # | | | | | | | |
| Weight Class Yield Class | 40.0 to 64.9 Kg | 65.0 to 69.9 Kg | 70.0 to 74.9 Kg | 75.0 to 79.9 Kg | 80.0 to 84.9 Kg | 85.0 to 89.9 Kg | 90.0 to 94.9 Kg | 95.0 to 99.9 Kg | 100.0 to 104.9 Kg | 105.0 to 109.9 | 110.0 to 190.0 | Totals Yield Class | | | | | | | | | | | |
| | Your Hog # | Your Hog % | Prev % | | | | | | | | | | | | | | | | | | | | |
| 64.30-100.00 (1) | 10 | 10 | 50 | 90 | 1 | 112 | 2 | 114 | 19 | 114 | 34 | 114 | 10 | 110 | 2 | 90 | 70 | 68 | 2.01% | 3.34% | | | |
| 61.80-64.29 (2) | 10 | 10 | 50 | 90 | 4 | 110 | 27 | 112 | 256 | 112 | 389 | 112 | 85 | 108 | 13 | 88 | 1 | 70 | 769 | 22.72% | 27.29% | | |
| 59.60-61.79 (3) | 10 | 10 | 50 | 2 | 90 | 5 | 108 | 35 | 111 | 517 | 111 | 692 | 111 | 134 | 107 | 18 | 85 | 3 | 70 | 1 | 1407 | 41.58% | 45.51% |
| 57.70-59.59 (4) | 10 | 10 | 50 | 90 | 5 | 106 | 23 | 110 | 239 | 110 | 420 | 110 | 87 | 107 | 14 | 81 | 3 | 70 | 791 | 23.37% | 17.91% | | |
| 56.10-57.69 (5) | 10 | 10 | 50 | 90 | 1 | 104 | 8 | 104 | 80 | 106 | 155 | 106 | 31 | 104 | 6 | 81 | 70 | 1 | 282 | 8.53% | 4.75% | | |
| 54.70-56.09 (6) | 10 | 10 | 50 | 90 | 93 | 2 | 97 | 18 | 100 | 31 | 97 | 7 | 97 | 2 | 81 | 70 | | | 60 | 1.77% | 1.01% | | |
| 20.00-54.69 (7) | 10 | 10 | 50 | 81 | 88 | 90 | 90 | 4 | 88 | 1 | 81 | 81 | 70 | | | | | | 7 | 0.21% | 0.19% | | |

| MARKET HOGS BY WEIGHT CLASS | | | | | | | | | | | | | |
|-----------------------------|-------|-------|-------|-------|-------|--------|--------|--------|-------|-------|-------|---------|---------|
| Your Hog # | 0 | 0 | 2 | 16 | 91 | 1,129 | 1,727 | 355 | 55 | 7 | 2 | 3,384 | 620,639 |
| Your Hog % | 0.00% | 0.00% | 0.06% | 0.44% | 2.69% | 33.36% | 51.03% | 10.49% | 1.63% | 0.21% | 0.06% | 100.00% | |
| Your Avg Index | 0.0 | 0.0 | 50.0 | 90.0 | 107.4 | 110.3 | 110.3 | 110.3 | 106.7 | 83.7 | 70.0 | 110.0 | |
| Prev % | 0.03% | 0.08% | 0.30% | 1.43% | 7.34% | 24.33% | 35.51% | 21.30% | 7.07% | 1.92% | 0.68% | | |
| Prev Avg Index | 10.0 | 10.0 | 50.0 | 90.0 | 108 | 110.8 | 110.8 | 110.6 | 106.8 | 84.1 | 70.0 | | 108.9 |

May 10, 2010 Note: Index Classification Weight Does NOT Include Trim Weight.

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The difference in value of the hogs shipped between Farm #1 and Farm #2 using the same Heavy Ontario Grid shows a huge difference using an average dressed shipping weight of 90 kg carcass.

Table 2:

| Hog Value Dollar Comparison | | | |
|------------------------------------|---------------------------------|-------------------------------|-----------------------------|
| Market Value Dressed (\$) | Farm #1 105.5 Index (\$) | Farm #2 110 Index (\$) | Extra Value/Pig (\$) |
| 1.30 | 123.44 | 128.70 | 5.26 |
| 1.40 | 132.93 | 138.60 | 5.67 |
| 1.50 | 142.43 | 148.50 | 6.07 |
| 1.60 | 151.92 | 158.40 | 6.48 |
| 1.70 | 161.42 | 168.30 | 6.88 |
| 1.80 | 170.91 | 178.20 | 7.29 |

Farm #1 shipped 3245 pigs for the year. At an extra value range of \$5.26/Pig to \$7.29/Pig this would be a range of \$17,069 to \$23,656 yearly depending on the market price.

Difference in Grids

It should also be noted that your farm's hogs, depending on variation and weighing options, may show a higher index with exactly the same pigs using different shipping grids. Ontario Pork provides a service of comparing your pigs shipped on different grids if you ask for their help.

Are Heavier Pigs Profitable Today?

If you are going to increase your shipping weight from 111.3 liveweight (89.0 dressed) to 117.5 liveweight (94.0 dressed), based on 80.0% dressing percentage, would it be profitable based on today's feeding costs? The chart below shows the amount of extra feed per hog depending on the feed conversion achieved the last week before shipping, as well as the estimated cost per pig using current feed prices.

| Feed Conversion (kg feed/kg gain) | Feed/Pig (kg) | Feed Costs \$/Pig |
|--|----------------------|--------------------------|
| 3.0 | 18.8 | \$3.59 |
| 3.1 | 19.4 | \$3.70 |
| 3.2 | 20.0 | \$3.82 |
| 3.3 | 20.6 | \$3.94 |
| 3.4 | 21.3 | \$4.06 |
| 3.5 | 21.9 | \$4.18 |
| 3.6 | 22.5 | \$4.30 |

How much extra revenue will the heavier pig bring?

Shipping at 117.5 kg liveweight (94.0 dressed) versus 111.3 kg liveweight (89.0 dressed) yields an extra 5.0 kg of carcass dressed weight. Using the current price \$1.60/kg dressed weight (Pool Plus approximate average for May 7, 2010), and an index of 110, this equates to an extra \$8.80 per pig.

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The following chart shows the extra returns currently available after feed and housing costs when shipping at the heavier weights used in this example. You will notice that this number will vary based on the feed conversion that your pigs achieve at these heavier weights.

| Market Price \$/kg DW | Feed Conversion (kg feed/kg gain) | | | | | | |
|--------------------------|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 3.0 | 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 3.6 |
| \$1.20 | \$1.79 | \$1.67 | \$1.55 | \$1.43 | \$1.31 | \$1.19 | \$1.07 |
| \$1.25 | \$2.06 | \$1.95 | \$1.83 | \$1.71 | \$1.59 | \$1.47 | \$1.35 |
| \$1.30 | \$2.34 | \$2.22 | \$2.10 | \$1.98 | \$1.86 | \$1.74 | \$1.62 |
| \$1.35 | \$2.61 | \$2.50 | \$2.38 | \$2.26 | \$2.14 | \$2.02 | \$1.90 |
| \$1.40 | \$2.89 | \$2.77 | \$2.65 | \$2.53 | \$2.41 | \$2.29 | \$2.17 |
| \$1.45 | \$3.16 | \$3.05 | \$2.93 | \$2.81 | \$2.69 | \$2.57 | \$2.45 |
| \$1.50 | \$3.44 | \$3.32 | \$3.20 | \$3.08 | \$2.96 | \$2.84 | \$2.72 |
| \$1.55 | \$3.71 | \$3.60 | \$3.48 | \$3.36 | \$3.24 | \$3.12 | \$3.00 |
| \$1.60 | \$3.99 | \$3.87 | \$3.75 | \$3.63 | \$3.51 | \$3.39 | \$3.27 |
| \$1.65 | \$4.26 | \$4.15 | \$4.03 | \$3.91 | \$3.79 | \$3.67 | \$3.55 |
| \$1.70 | \$4.54 | \$4.42 | \$4.30 | \$4.18 | \$4.06 | \$3.94 | \$3.82 |
| \$1.75 | \$4.81 | \$4.70 | \$4.58 | \$4.46 | \$4.34 | \$4.22 | \$4.10 |
| \$1.80 | \$5.09 | \$4.97 | \$4.85 | \$4.73 | \$4.61 | \$4.49 | \$4.37 |
| \$1.85 | \$5.36 | \$5.25 | \$5.13 | \$5.01 | \$4.89 | \$4.77 | \$4.65 |
| \$1.90 | \$5.64 | \$5.52 | \$5.40 | \$5.28 | \$5.16 | \$5.04 | \$4.92 |
| \$1.95 | \$5.91 | \$5.80 | \$5.68 | \$5.56 | \$5.44 | \$5.32 | \$5.20 |
| \$2.00 | \$6.19 | \$6.07 | \$5.95 | \$5.83 | \$5.71 | \$5.59 | \$5.47 |

Notes:

1. SBM at \$350/tonne, Corn at \$161/tonne, DDGS at \$130/tonne.
2. Housing Costs of \$0.175/day factored for 7 days.
3. If no value is used for buildings add \$1.23 off above chart/pig.

It would be advisable to check your feed program and genetics to see if shipping heavier hogs will stay lean. If they stay lean, typically the feed conversion stays good on top end hogs, but again could be checked. Finally, will your barn accommodate the extra 7 days of pigs it would take to put the 5 kg dressed weight on and at what value per day do you include in the cost. This chart shows a value of 17.5 cents/day per hog or 1.23/pig included in the cost of the barn. If you put no value on the barn you could add this \$1.23/pig back on the value's on the chart.

Hitting the Grid is a big opportunity with the changing pig market. Putting a little extra effort into keeping the pigs even through their growth cycle will make this opportunity easier to meet. Talk to your swine service reps to help with the exciting opportunities as they come up in the industry. Lets all start having some positive thinking and enjoyment while producing hogs at these higher prices.

Thank You.

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