KENPAL FARM PRODUCTS INC

Pork Briefs

The Latest Information on Swine Nutrition

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A Good Get By Year

By Ken Palen

What a great fall we had for getting crops off and the ploughing done. If this is attributed to Global Warming the past two years, I am kind of liking it. Good spring planting, dry summers, and great falls, but some farms were just too dry. Yields overall in the province were surprisingly good with again some areas affected by the drought. The hog price was not bad and the return per bushel of corn was better than many expected. Overall, it was a good get by year in the hog business.

Table I: 2006 to 2016

Production Year:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
MARKET PRICE:											
Ont. Pork Avg Weighted Price/kg	$1.57	$1.62	$2.10	$1.67	$1.54	$1.61	$1.46	$1.21	$1.26	$1.26	$1.32
Based on 95 kg carcass at 110 index	$164.31	$169.46	$219.68	$174.87	$161.15	$168.68	$152.90	$126.59	$131.41	$131.48	$137.56
LESS THE FOLLOWING EXPENSES:											
TOTAL FEED COSTS: (including sows & boars)	$104.66	$105.49	$108.50	$117.40	$125.42	$119.63	$86.17	$97.16	$102.84	$82.72	$67.49
OPERATING COSTS:**	$51.36	$47.53	$46.90	$47.05	$44.91	$44.50	$46.12	$45.64	$49.69	$50.98	$47.78
TOTAL MARGIN/PIG:	$8.30	$16.45	$64.28	$10.42	-$9.18	$4.56	$20.60	-$16.21	-$21.13	-$2.22	$22.29
EQUIVALENT RETURN/ BUSHEL OF CORN FED	$0.81	$1.61	$6.28	$1.02	-$0.90	$0.45	$2.01	-$1.58	-$2.06	-$0.22	$2.18
PRICE PER BUSHEL IF SOLD TO ELEVATOR	$4.64	$4.67	$4.38	$5.64	$6.57	$6.60	$3.80	$4.23	$5.01	$3.85	$2.81
TOTAL RETURN PER BUSHEL OF CORN:	**$5.45**	**$6.27**	**$10.66**	**$6.66**	**$5.68**	**$7.04**	**$5.81**	**$2.65**	**$2.95**	**$3.63**	**$4.99**

SOURCE: OMAFRA Monthly Hog Market Facts & Swine Budget
* Year to date = January to November 2016
** Labour costs not included in operating costs
This chart os based on 10.29 bushels of corn/pig because the shipping weight has been changed from 95 kg dresses weight in order to show a trend over time using similar data.

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Table II: 1996 to 2005										
Production Year:	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**
MARKET PRICE:										
Ont. Pork Avg Weighted Price/kg	$1.51	$1.68	$1.40	$1.41	$1.73	$1.62	$1.20	$1.21	$1.86	$1.89
Based on 95 kg carcass at 110 index	$157.42	$175.10	$146.58	$147.24	$180.79	$169.29	$125.40	$126.45	$194.37	$197.51
LESS THE FOLLOWING EXPENSES:										
TOTAL FEED COSTS: (including sows & boars)	$67.51	$81.25	$80.53	$80.10	$77.12	$72.00	$68.48	$74.80	$88.49	$102.29
OPERATING COSTS:**	$48.78	$43.62	$46.71	$48.46	$47.81	$50.25	$48.93	$45.14	$49.66	$45.78
TOTAL MARGIN/PIG:	$41.14	$50.24	$19.34	$18.69	$55.85	$47.04	$7.99	$6.51	$56.22	$49.43
EQUIVALENT RETURN/ BUSHEL OF CORN FED	$4.02	$4.91	$1.89	$1.82	$5.45	$4.59	$0.78	$0.64	$5.49	$4.83
PRICE PER BUSHEL IF SOLD TO ELEVATOR	$2.61	$3.46	$3.61	$3.66	$3.38	$2.95	$2.91	$3.30	$3.86	$5.41
TOTAL RETURN PER BUSHEL OF CORN:	**$6.63**	**$8.37**	**$5.50**	**$5.49**	**$8.83**	**$7.55**	**$3.69**	**$3.94**	**$9.35**	**$10.24**

SOURCE: OMAFRA Monthly Hog Market Facts & Swine Budget
* Year to date = January to November 2016 ** 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 1995					
Production Year:	**1995**	**1994**	**1993**	**1992**	**1991**
MARKET PRICE:					
Ont. Pork Avg Weighted Price/kg	$1.48	$1.47	$1.52	$1.31	$1.46
Based on 95 kg carcass at 110 index	$154.66	$153.62	$158.84	$136.90	$152.57
LESS THE FOLLOWING EXPENSES:					
TOTAL FEED COSTS: (including sows & boars)	$72.65	$78.12	$65.87	$67.26	$71.37
OPERATING COSTS:**	$48.28	$46.99	$47.76	$47.56	$46.58
TOTAL MARGIN/PIG:	$33.73	$28.51	$45.21	$22.08	$34.62
EQUIVALENT RETURN/ BUSHEL OF CORN FED	$3.29	$2.78	$4.42	$2.16	$3.38
PRICE PER BUSHEL IF SOLD TO ELEVATOR	$3.25	$3.55	$2.55	$2.75	$3.20
TOTAL RETURN PER BUSHEL OF CORN:	**$6.55**	**$6.33**	**$6.97**	**$4.91**	**$6.58**

SOURCE: OMAFRA Monthly Hog Market Facts & Swine Budget
* Year to date = January to November 2016
** 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 IV

YEAR	Ontario Pork Price ($/kg) **	Corn Cost ($/bushel)**	Corn Cost ($/tonne)**	48% SBM ($/tonne)**	Exchange Rate $1 CAN = US $***	Prime Interest Rate %
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*	$1.57	$4.64	$182.53	$519	$0.75528	2.70%

*Year to date = January to November 2016
** 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)

Looking forward we have some challenges. This year's corn crop has some mycotoxin infection in most areas although some areas are reasonably clean. This is the year to test your corn at the lab and test some on the pigs to see if they eat it and/or if swollen vulva's show up on juvenile gilt pigs. The price is not great with the extra pork flowing through the pipe line. It seems like packers are having a good year while farms that are not packers are not. It is too bad when packers win, farmers lose and when farmers win packers lose but that has been the reality for many years now.

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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.

Lots of new government controlled or caused costs are coming our way. Hydro rates are skyrocketing with new government programs kicking in on the cost side. If we try to flip to natural gas to operate the business, new cap and trade or carbon taxes proposed are pushing natural gas prices to a proposed thirty percent increase in costs over the next short period of time. How much farms can benefit from cap and trade if at all is yet to be seen. Skyrocketing land prices are doubling many MPAC farm tax appraisals resulting in an equivalent increase of farm taxes over the next four years. The problem with this calculation is that if a farmer sells their farm land then they are selling part of their business. The higher value of the land does not result in any increase in revenue to the business, just tax cost. Some farmers are talking to their municipalities trying to get the farm percentage of the mill rate reduced for farms. The municipalities cannot charge more than 25% of the mill rate but can charge less if they choose it seems.

Frustrating as it can be, farming has been a pretty good business to be in for the past few years, so not many folks are complaining. Let's have a wonderful holiday season with our families! Wishing everyone happy holidays and a prosperous New Year.

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