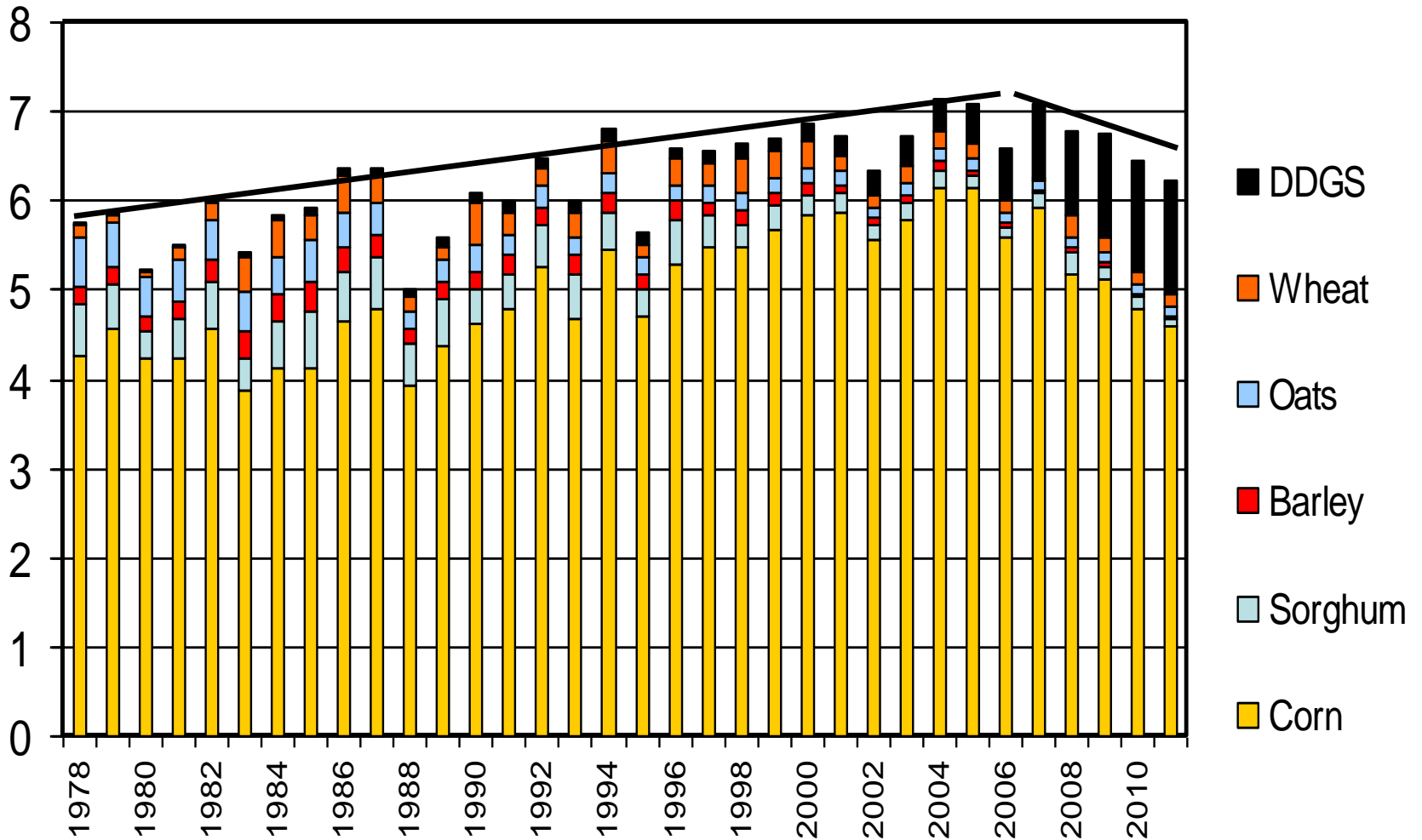


Find the Edge for Successful Niche Production

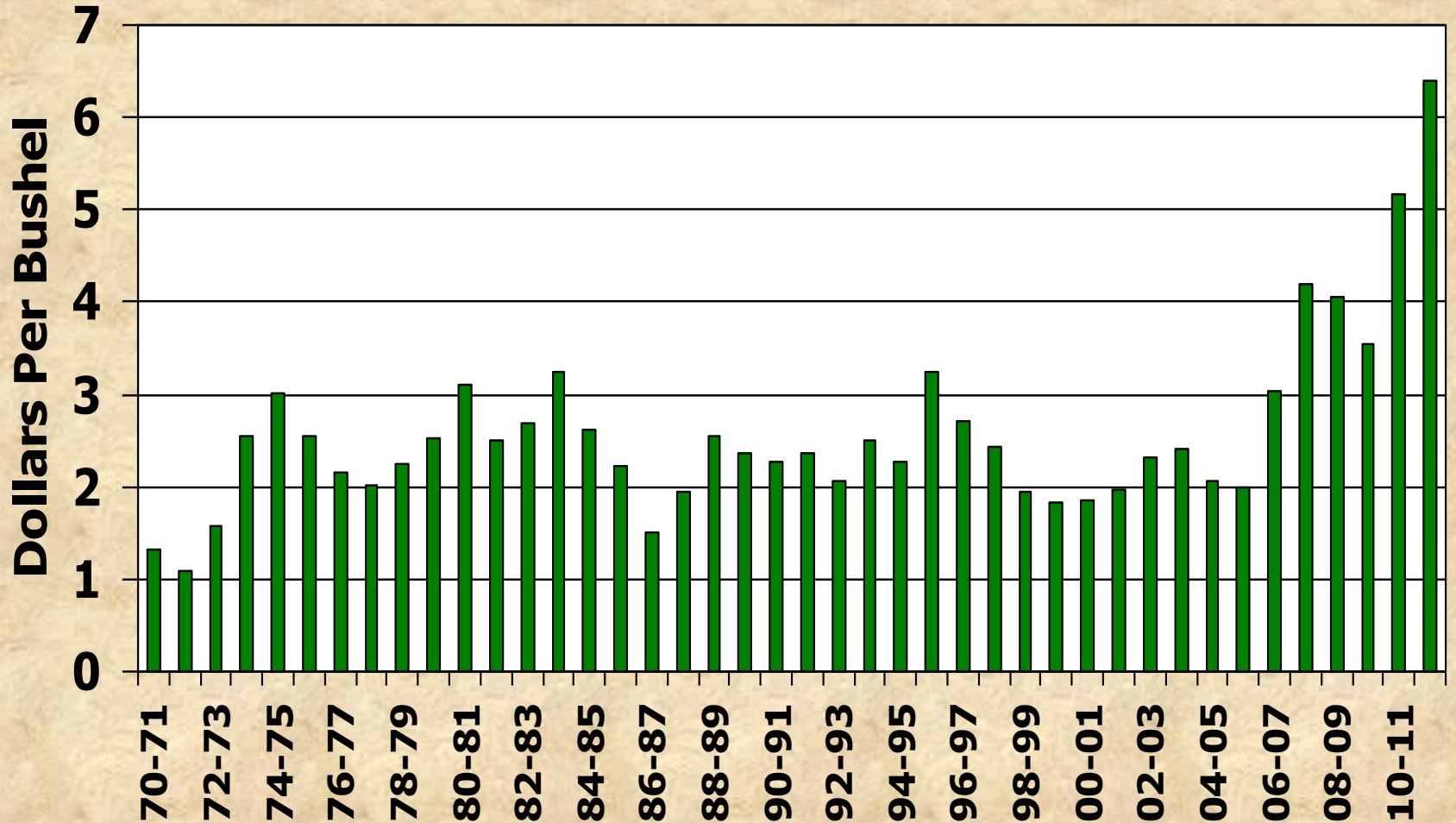
Prepared by Dave Stender,
ISU Swine Field Specialist

Grains, Feed and Residual

Bil. Bushels

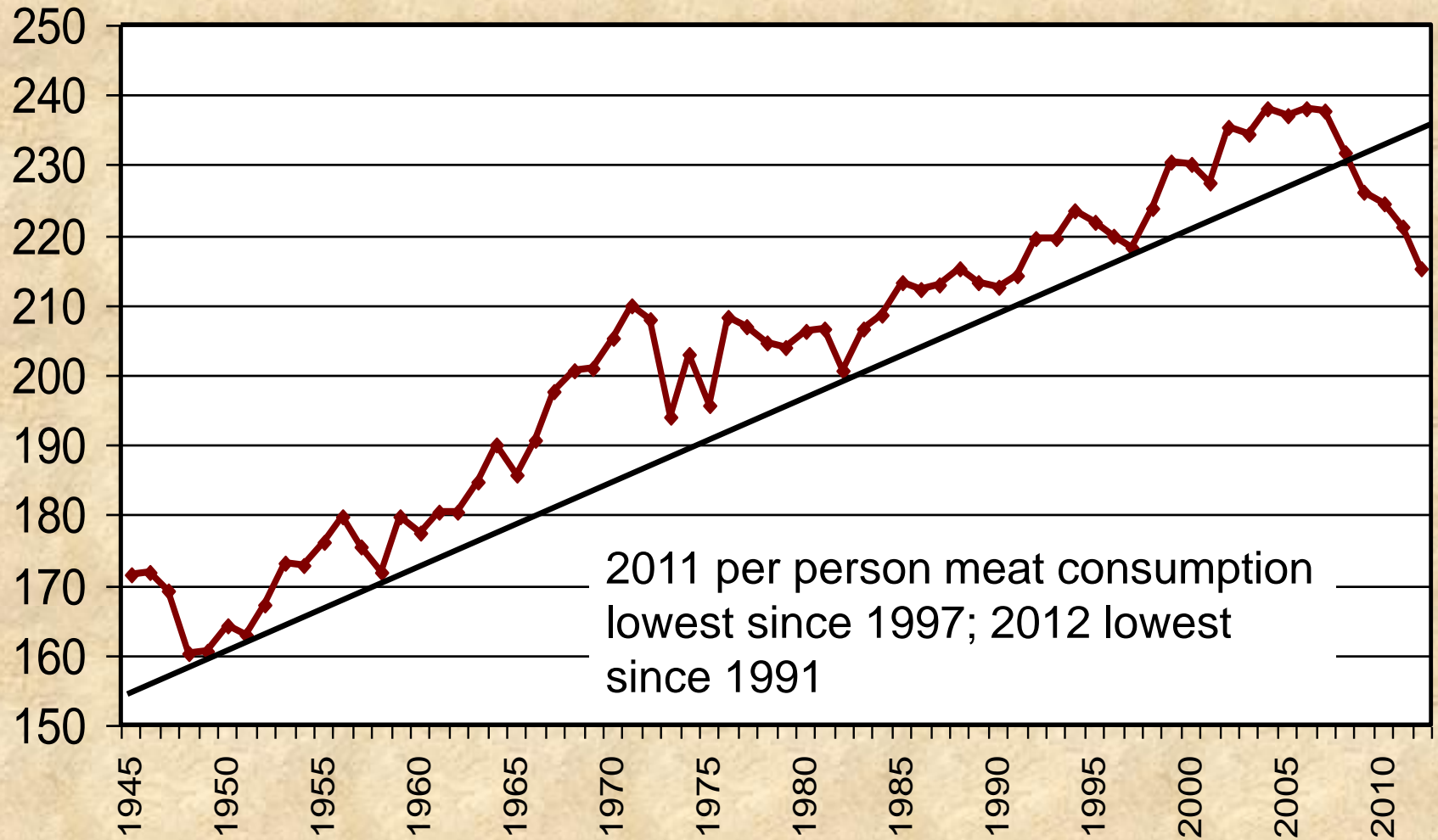


U.S. Corn Price, 1970-12



U.S. Per Capita Meat Consumption

Pounds

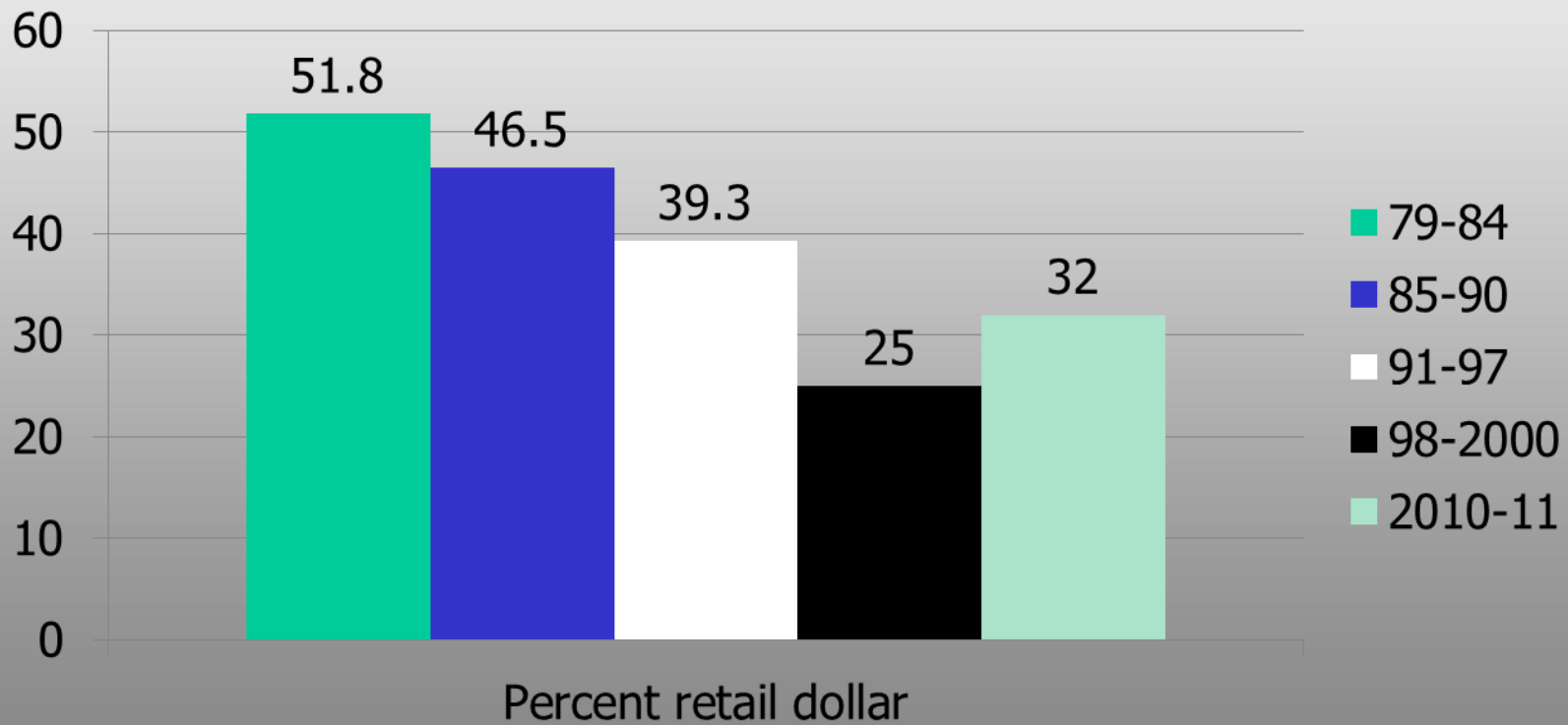


Source: USDA/ERS



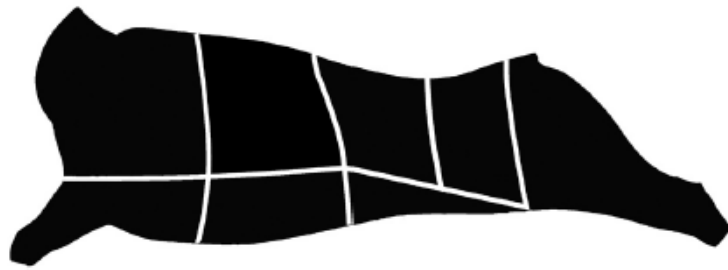
Niche Pork

Can be a marketing attempt to capture retail dollar?



Market Potential is There

- A portion of consumers are willing to pay more for certain attributes such as:
 - Great eating quality
 - Organic or natural
 - Environmentally
 - Certified, farmer owned etc.



BEEF and **PORK**

Whole Animal Buying Guide

Published by the Small Meat Processors Working Group
April 2009

IOWA STATE UNIVERSITY
University Extension

PM 2076

130 lb of meat sold at average
retail price ~ \$3.50/lb = \$455

This publication is available in PDF from the Extension Online Store at:
<http://www.extension.iastate.edu/store>
(search by the title or PM 2076)

Meat from a typical half hog (from a 250 - 270 lb. live animal) consists of approximately:

12-14 lbs. pork chops

2 packages of spare ribs (1.5 lbs.)

3 shoulder roasts (4 lbs.)

2 smoked hocks (0.75 lbs.)

6-10 lbs. ground pork and/or ground sausage

1 ham (15-18 lbs.; can be cut smaller)

8-10 lbs. bacon

(Variety meats, if desired, such as heart, liver, tongue, and fat/lard)

130 lb of meat at \$5/lb = \$650 gross value

What will people pay?

Range - \$300 for half

Up to \$20/lb

Food Industry

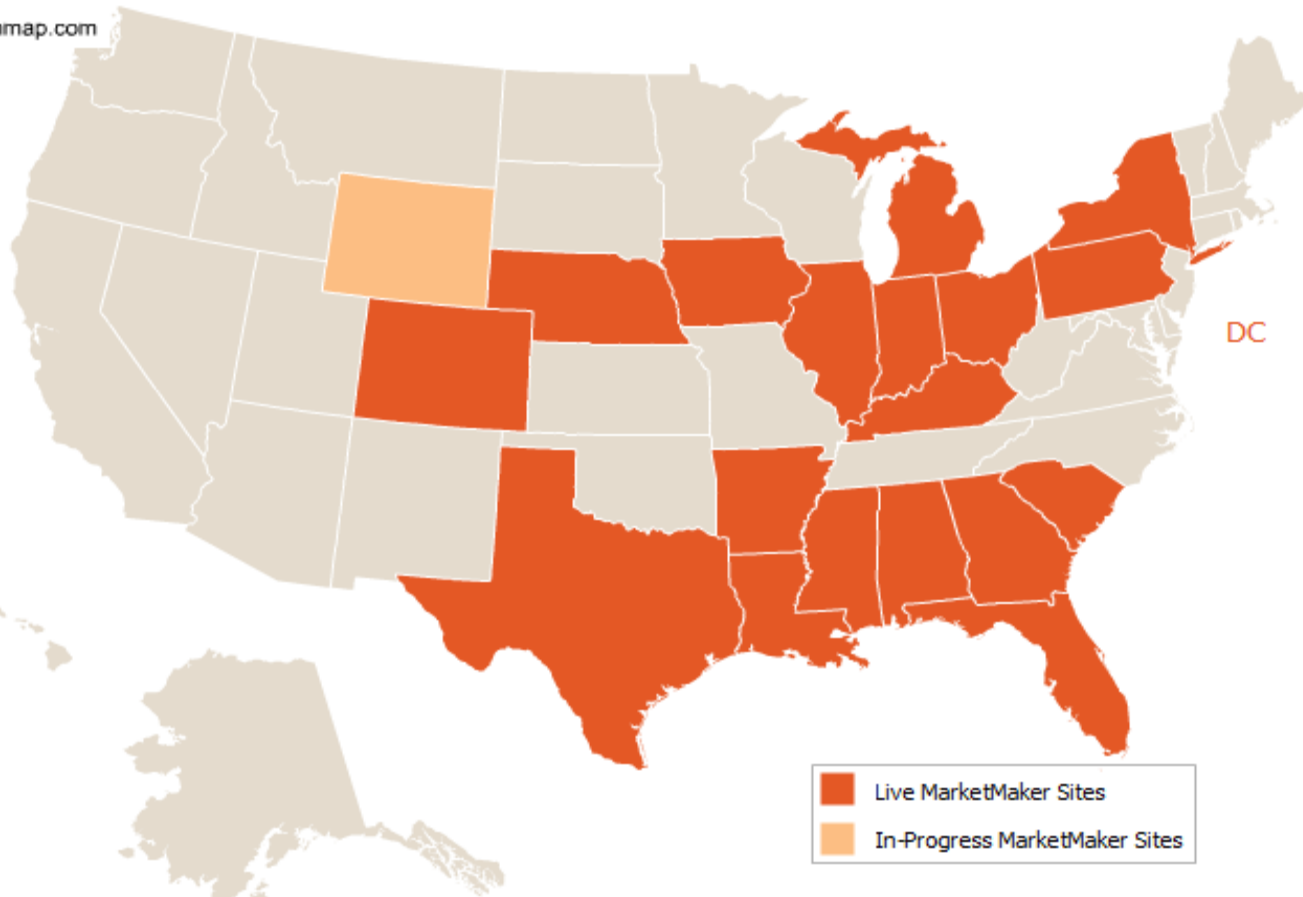
MARKETMAKER™

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IA 50 miles of

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2006 Sorted by Return to C, L & M

| | Avg n=41 | Top N=15 | Bottom n=15 |
|-----------------------|-----------------|-----------------|------------------------|
| # of pigs sold | 682 | 462 | 1076 |
| 2006 \$ to CLM | \$17,740 | \$29,875 | \$5,886 |

Niche cost of production

Breed - Finish v.3.21

| IOWA STATE UNIVERSITY - Iowa Pork Industry Center - (515) 294-4103, www.ipic.iastate.edu | | | | | | 1/25/12 |
|--|--------------------|--------|------------------------------|------|-----------------------------|---------|
| Inputs | Corn price (\$/bu) | 6.50 | Weaning wt (lb) | 25 | Litters/sow/year | 1.8 |
| | SBM (\$/ton) | 310.00 | Sale/marketing wt (lb) | 268 | Pigs weaned/litter | 7.8 |
| | VTM (\$/ton) | 750.00 | Wean - Finish F:G (lb, live) | 3.00 | Replacement cost (\$/gilt) | 100.00 |
| | Additive (\$/lb) | 2.00 | Wean - Finish mortality (%) | 2.00 | Cull sow sale weight (lb) | 575 |
| | Carcass dress (%) | 74.5 | Avg death loss wt (lb) | 100 | Annual replacement rate (%) | 45 |
| | | | | | Sow mortality rate (%) | 6 |

Cost per head-- summary breakdown

| | Farrowing | Wean-Fin | Total |
|-----------------------|-----------------|-----------------|-----------------|
| Total feed cost | \$ 26.35 | \$ 94.21 | \$120.56 |
| Total non-feed cost | \$ 30.30 | \$ 40.01 | \$ 70.30 |
| Total >> | \$ 56.64 | \$134.22 | \$190.86 |

Miscellaneous Outputs

| | | | |
|-----------------------------|-------|---|--------|
| Farrowing corn (bu/hd) | 2.73 | } | 13.11 |
| Finishing corn (bu/hd) | 10.39 | | |
| Wean-finish +deads F:G (lb) | | | 2.98 |
| Whole herd F:G (lb) | | | 3.46 |
| Wean-finish feed (\$/ton) | | | 257.99 |
| Breed-wean feed (\$/ton) | | | 270.78 |
| Breed-finish feed (\$/ton) | | | 260.68 |

Looking for the Advantage

- Market premium
- Feed cost
- Non-feed cost
- Health

Use Less feed

- Genetics
- Diet
 - Formulation (energy, amino acids)
 - Diet form (pellet vs meal, particle size)
- Sow feeding
- Wastage
- Air Quality
- Handling
- Market weight/sorting
- Yield – fiber
- Health

Feeding the Sow

| | Lact. (days) | Days/yr | Daily (lb) | Total (lb) |
|----------------------------|---------------------------|---------|------------|-------------|
| Lactation | 54 | 92 | 18.0 | 1652 |
| Gestation | | 273 | 6.8 | 1858 |
| Total >> | Sow feed per sow per year | | | 3510 |
| 1.7 litters, 6 avg \$46.59 | Sow feed per pig weaned | | | 344 |

| | Lact. (days) | Days/yr | Daily (lb) | Total (lb) |
|----------------------------|---------------------------|---------|------------|-------------|
| Lactation | 40 | 80 | 20.0 | 1600 |
| Gestation | | 285 | 4.0 | 1140 |
| Total >> | Sow feed per sow per year | | | 2740 |
| 2 litters, 10 avg, \$18.55 | Sow feed per pig weaned | | | 137 |

\$46.59-\$18.55= \$28.05/hd worth more than \$10/cwt. live weight premium

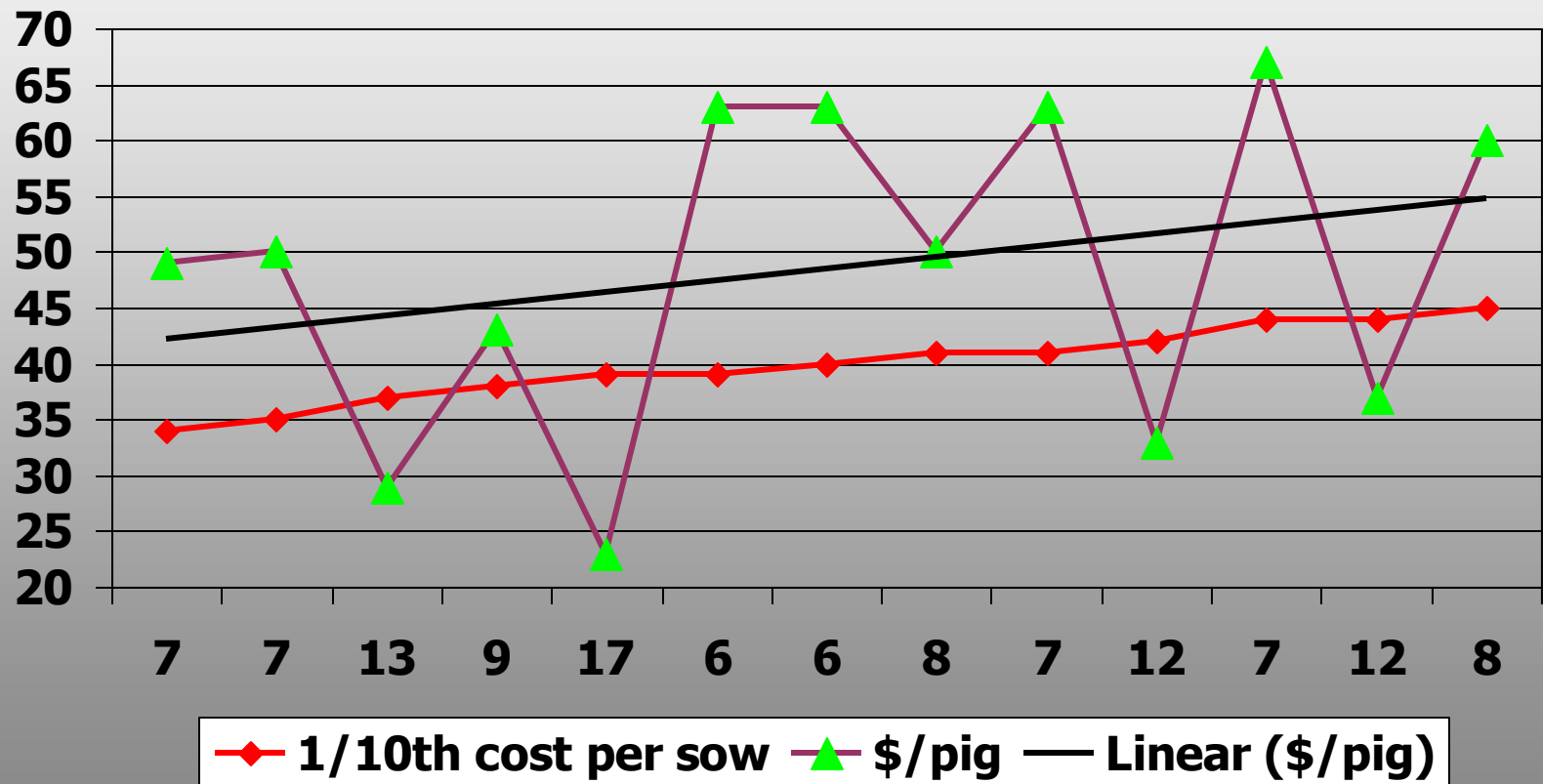
Productivity from 10 most Profitable Herds

| Economic Rank | Pigs/L | Litters/Sow | P/S/Y |
|----------------------|---------------|--------------------|--------------|
| 1 | 7.5 | 2.2 | 16.6 |
| 2 | 8.1 | 2.1 | 16.7 |
| 3 | 7.8 | 1.6 | 12.8 |
| 4 | 6.4 | 1.5 | 9.6 |
| 5 | 6.9 | 1.0 | 6.6 |
| 6 | 7.3 | 1.7 | 12.4 |
| 7 | 5.6 | 1.1 | 5.9 |
| 8 | 4.8 | 1.5 | 7.0 |
| 9 | 8.5 | 1.4 | 11.5 |
| 10 | 8.8 | 0.9 | 8.1 |

Least Profitable Farms

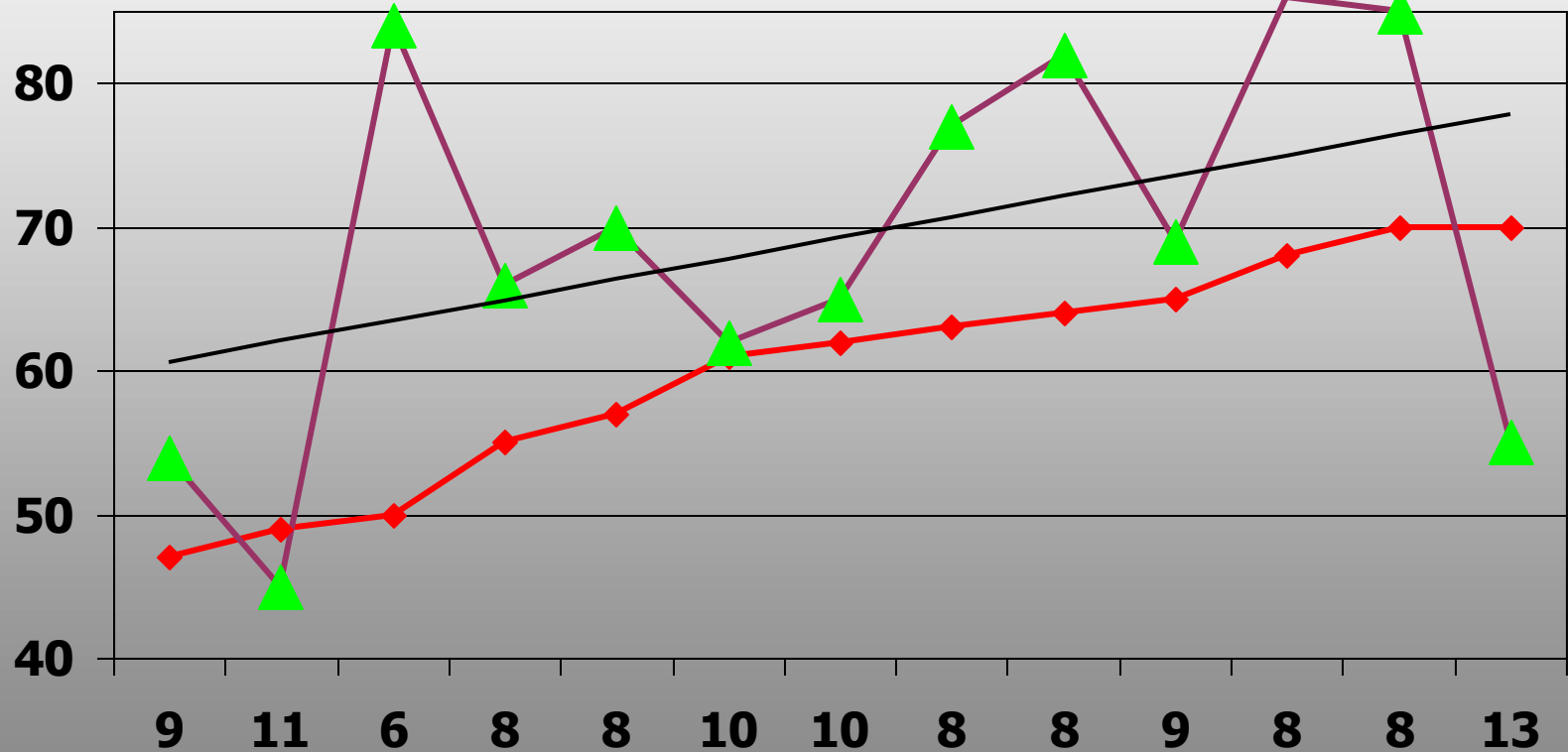
| Economic Rank | Pigs/L | Litters/Sow | P/S/Y |
|---------------|--------|-------------|-------|
| 31 | 6.1 | 1.8 | 10.9 |
| 32 | 7.2 | 0.4 | 3.0 |
| 33 | 6.3 | 1.0 | 6.2 |
| 34 | 5.6 | 1.4 | 8.1 |
| 35 | 6.7 | 1.9 | 12.4 |
| 36 | 6.5 | 1.4 | 9.2 |
| 37 | 7.4 | 1.9 | 13.8 |
| 38 | 6.6 | 1.5 | 10.2 |
| 39 | 7.1 | 1.8 | 12.9 |
| 40 | 5.2 | 1.2 | 6.4 |
| 41 | 5.9 | 1.4 | 8.4 |

Effect of p/s/y on non-feed cost/pig sold (\$350 to \$450 non-feed cost per Breeding Female)

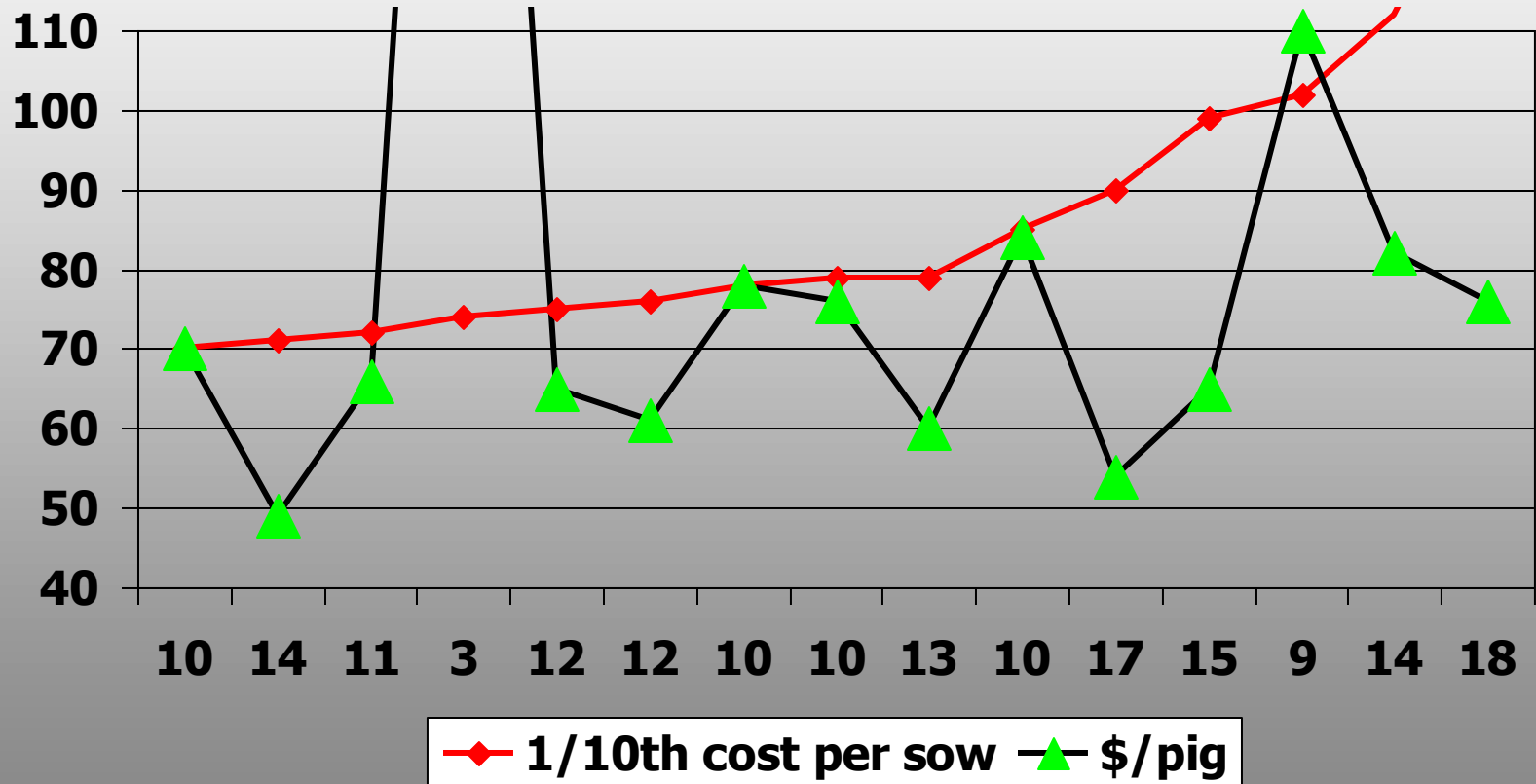


Effect of p/s/y on non-feed cost/pig sold

(\$470 to \$700 non-feed cost per Breeding Female)



Effect of p/s/y on non-feed cost/pig sold ($\$700$ to $\$1,350$ non-feed cost per Breeding Female)



Minimum level of productivity needed --
-
relative to non-feed cost level.

- In niche herds non-feed cost is driven by total production target output relative to herd cost structure.
- In niche herds \$50 to \$70/head non-feed cost goal. Amounts to ~\$20/cwt

Healthy Pigs – less feed

- Clean stock
- Extra care at market assess point
 - Boots, hands, pickup, cab, and trailer must stay clean so pathogens are not hauled home
- Batch farrow
- Tail end pigs moved off site
- Same breeding stock four to eight parities
- Clean out grow finish pigs - summer

Questions?

- Contact information –
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 - Office – 712 225 6196
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 - Email – dstender@iastate.edu