



Prairie Swine Centre E-Zine

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Factors Impacting Profitability

Lots of discussion in the past number of months has focused on feed efficiency, after all a 0.1 improvement in feed efficiency translates into a savings of better than \$2.00 per market at current feed prices. Where does feed efficiency rank in the factors that impact profitability?

At the Manitoba Swine Seminar held February 1 and 2, Greg Bilbrey (Agri Stats) covered the topic of the Importance of Finisher Benchmarking. Two take home messages from his presentation indicate: great performance may not result in a competitive cost of production, being the best in performance does not necessarily translate into best at profit or cost. Quite often something like this could be seen by feeding higher energy diets in finishing pigs to improve feed efficiency however the improvement in feed efficiency is not great enough to offset increased feed costs. This is one of the reasons some producers are measuring caloric feed intake per hog.

What are those factors that have the greatest impact on profitability?

According to Greg's presentation the most important profitability factors include: 1) Nursery-Finisher mortality 2) % market costs (% top value pigs) 3) Pre-weaning mortality 4) Finished pig costs 5) weaned pig costs 6) feed cost per mt. While these factors may change positioning for a given year, largely dependent on current market hog prices and feed costs – according to Agri Stats data these factors consistently have the greatest impact on profitability.

Focusing on top value pigs, one of the factors that impact this number is the number of pigs marketed in your operation's ideal marketing window. Regardless of what the base market price is there are dollars to be realized by spending the time to evaluate your operation's marketing options, and the practical implications your marketing strategy will have on barn throughput and labour requirements. Past analysis at Prairie Swine Centre has indicated up to \$4.00 per market hog can be realized when you define your core specific to a 10kg (dressed) window where you are maximizing margin over feed costs.



While defining your optimal marketing window is one component of top value pigs it is one that is easily addressed through management within your operation. The following articles found within the Pork Insight database provide additional information on the economic value and management strategies associated with components of top value pigs.

Lost Income in Grow/Finish: The Problem of Lightweight, Cull and Dead Pigs

<http://www.prairieswine.com/lost-income-in-growfinish-the-problem-of-lightweight-cull-and-dead-pigs/>

Does Marketing Heavier Pay?

<http://www.prairieswine.com/does-marketing-heavier-weights-pay/>

Redefining the Optimal Marketing Core

<http://www.prairieswine.com/redefining-the-optimal-marketing-core/>

Net Returns Per Hog More Important than Pushing Improved Production

<http://www.prairieswine.com/net-returns-per-hog-more-important-than-pushing-improved-production/>