

[Iowa Hog Production: Corn, Soybean Meal, and Dried Distillers Grain Usage \(02/22/2017\)](#)

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Iowa Hog Production Costs

Feed cost is the largest cost component in a hog production enterprise. In Iowa, feed costs were about 49% of total production costs for a wean to finish operation (270 pound-hog) during 2016. Corn cost was the largest feed expense, representing 42% of total feed cost and 21% of total cost in 2016 (see Figure 1). Iowa hog production costs declined 11.2% from \$150.77/head in 2015 to \$133.83/head in 2016. Lower 2016 prices of corn, soybean meal, and dried distiller grain (DDG) contributed to the cost reduction. Total cost includes the cost of a 12-pound weaned pig, which in 2016 declined 22% to an average of \$38.08/head compared the previous year (\$48.83/head).

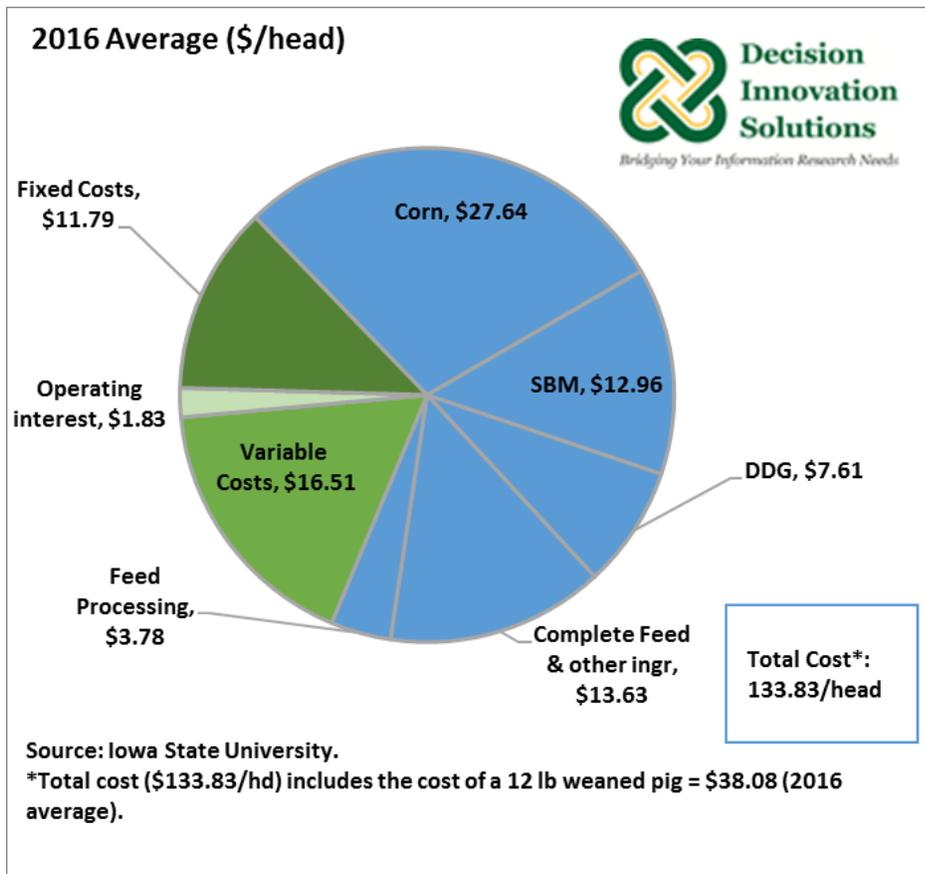


Figure 1. 2016 Iowa Average Costs of Hog Production (Wean to Finish) (\$/head)

Iowa Hog Production

Hog and pig production¹ has been substantially increasing in Iowa. This is supported by Iowa's cost-effective position as the largest corn and soybean producer in the country. Hog production in Iowa rose from 9.82 billion pounds (live weight equivalent [LWE]) in 2011 to 12.5 billion pounds LWE in 2015. In 2015, Iowa accounted for 35.6% of total U.S. hog and pig production (35.1 billion pounds LWE), with five states² producing about 70% of total national output and ten states³ producing 88% of total U.S. hog production. From 2011 to 2015, on average, Iowa hog production represented 33.9% of U.S. hog production (32.6 billion pounds, on average). Iowa's 2016 hog production was estimated based on the USDA-ERS year over year percent increase estimate in pork (meat) production at the national level (1.8%). Based on this estimate, 2016 Iowa hog production reached a volume of 12.7 billion pounds (LWE) (see Figure 2), with a 35.6% contribution to the U.S. hog production. Actual state data for 2016 hog production (LWE) will not be available until April 2017.

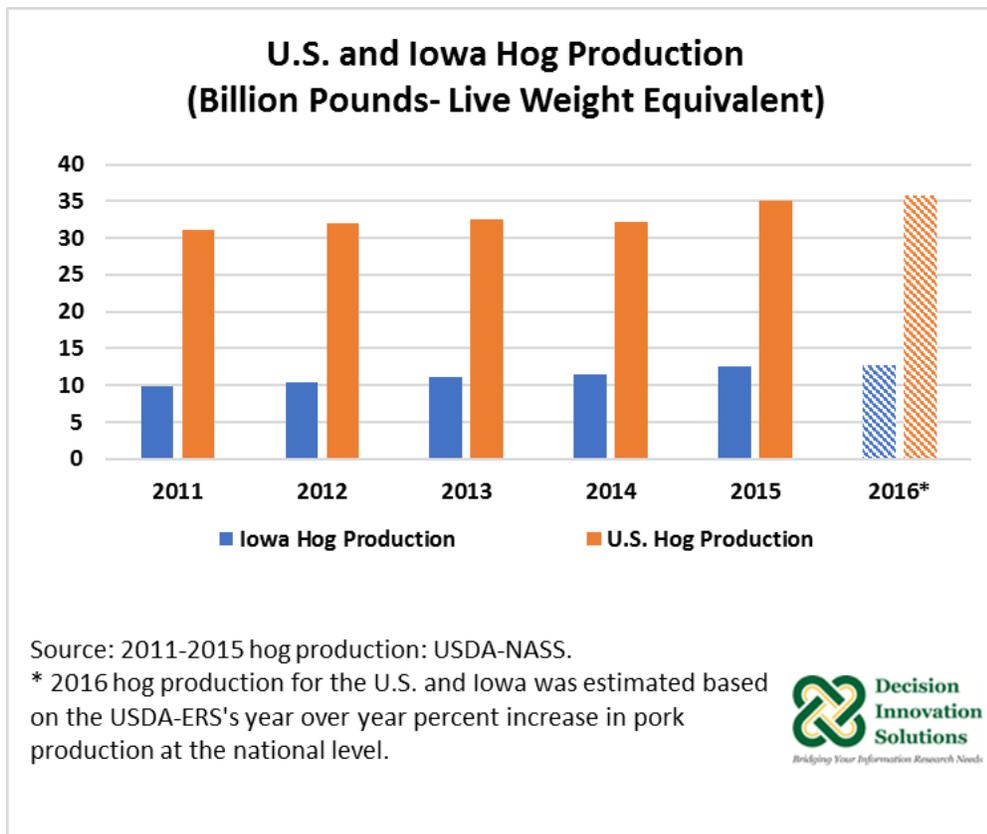


Figure 2. U.S. and Iowa Hog Production (Billion Pounds – Live Weight Equivalent)

¹ Production is measured as total live weight of animals marketed, farm slaughter, and custom slaughter consumed on farms where produced, minus live weight of in-shipments, with an adjustment for any increase or decrease in live weight of inventory.

² IA, MN, NC, IL, IN.

³ IA, MN, NC, IL, IN, MO, OK, NE, OH, and KS.

Iowa Hog Production and Feed Usage

Table 1 shows Iowa's hog production (LWE) from 2011 to 2016 and the corresponding number of hog processed into meat. For instance, in 2015, the total Iowa hog and pig production of 12.5 billion pounds (LWE) was equivalent to 46.3 million hogs (conversion factor = 270 pounds per head). Based on Iowa State University's Budgets for finishing a wean 12-pound hog to 270 pounds in Iowa, 10.6 bushels of corn, 128.5 pounds of soybean meal, and 34.6 pounds of dried distiller grains were used per pig. Based on these estimates, Iowa hog production in 2015 used 490.4 million bushels of corn, 2.98 million short tons (ST) of soybean meal, and 0.73 million metric tons (MT) of dried distiller grains. As indicated in Table 1, with higher numbers of hogs processed into meat in Iowa in 2016, corn, soybean meal, and dried distillers grains usage is estimated at 499.12 million bushels, 3.03 million ST and 0.81 MT, respectively.

Table 1. Iowa Hog Production: Corn Soybean Meal, and Distillers Dried Grains with Solubles (DDGS) Usage

Year	Hog Production* (billion pounds-live weight)	Hogs Processed (million heads)	Corn (million bushels)	Soybean Meal (short million tons)	Dried Distillers Grains (million metric tons)
2011	9.8	36.4	384.79	2.34	0.57
2012	10.3	38.3	405.53	2.46	0.60
2013	11.2	41.4	437.88	2.66	0.65
2014	11.5	42.7	451.54	2.74	0.67
2015	12.5	46.3	490.42	2.98	0.73
2016*	12.7	47.2	499.12	3.03	0.74

Source: 2011-2015: USDA-NASS

*2016 hog production based on the USDA-ERS estimated 2016 increase in pork production.



In 2015 the hog industry was the second largest agricultural commodity in Iowa in cash receipts (\$7.5 billion). Because feed cost is the largest cost associated with hog production, the industry also contributes to the generation of cash receipts for feed commodities, particularly corn which is the number one agricultural commodity in cash receipts in Iowa. The U.S. pork industry, is likely to increase its demand for feed commodities in 2017. USDA's 2017 pork production projection indicates a 5% growth from last year. If this projection is realized, as the top hog producer in the country, Iowa is expected lead this trend.