

## DDGS Reduce Ration Costs - Even as Prices Increase

### RESEARCH SUMMARY

Despite recent increases in price, swine nutritionists continue to feed co-products from the ethanol industry as a way to reduce feed costs and optimize animal performance. In addition to price of Dakota Gold or DDGS, factors such as price of corn, soybean meal, and carcass value all effect potential value of feeding Dakota Gold. Therefore, it's important to note Dakota Gold should not be compared to a single ingredient in order to determine value.

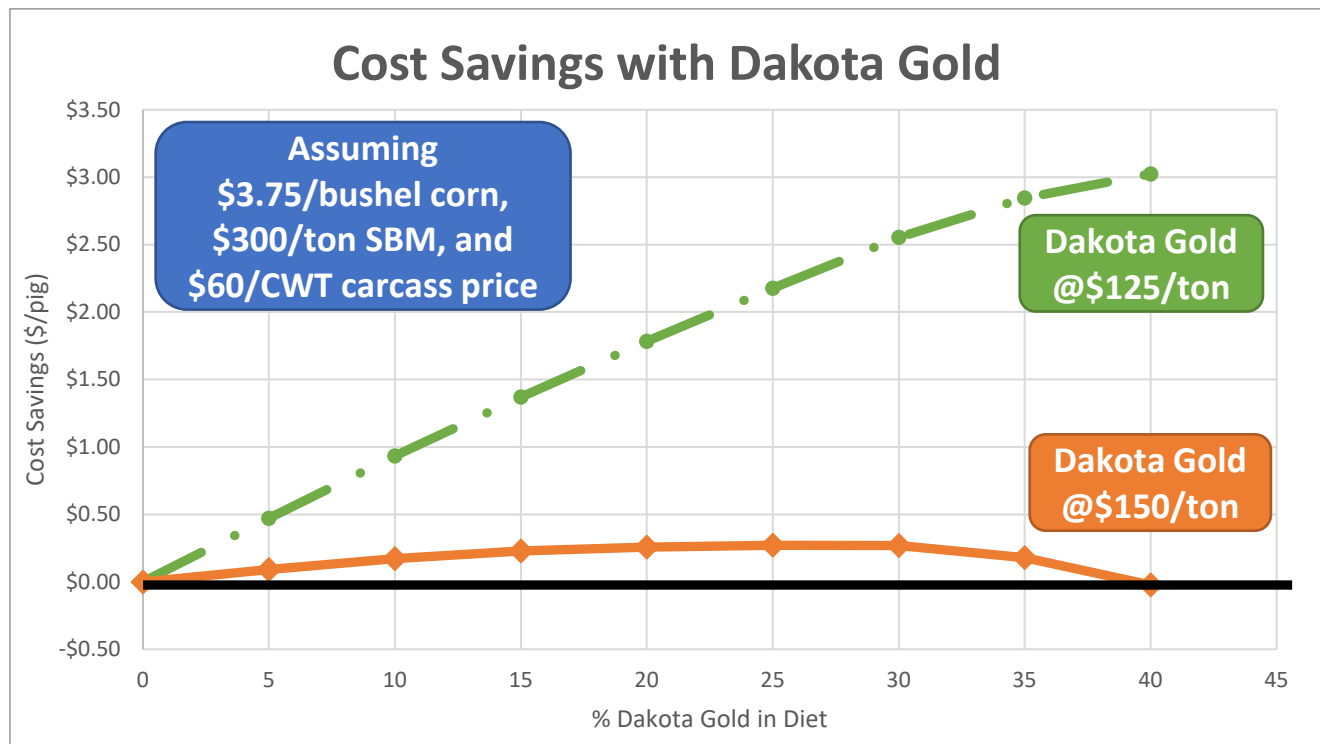
### BACKGROUND

The livestock industry recognizes that as a commodity feed, DDGS prices vary. Factors related to supply and demand of DDGS or prices of competing ingredients can all change the price of DDGS. Feed formulators and nutritionists often perceive that as DDGS price increases, they need to remove DDGS from formulation because it no longer adds value. However, even at higher prices, DDGS can still provide value and improve income over feed costs.

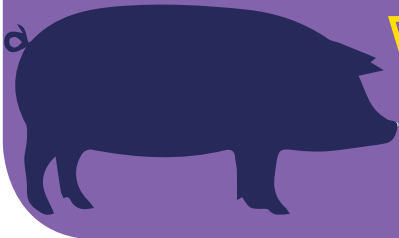
### RESULTS

To demonstrate this, we formulated a series of swine diets with different ingredient prices and DDGS inclusion. In the first set of diets, we looked at the cost savings (\$/pig) when we added Dakota Gold and used prices of either \$125/ton or \$150/ton for Dakota Gold (Figure 1). For this comparison, we assumed a price of \$3.75/bushel for corn, \$325/ton for soybean meal, and a carcass value of \$60/cwt.

Figure 1. Cost savings at two Dakota Gold price points



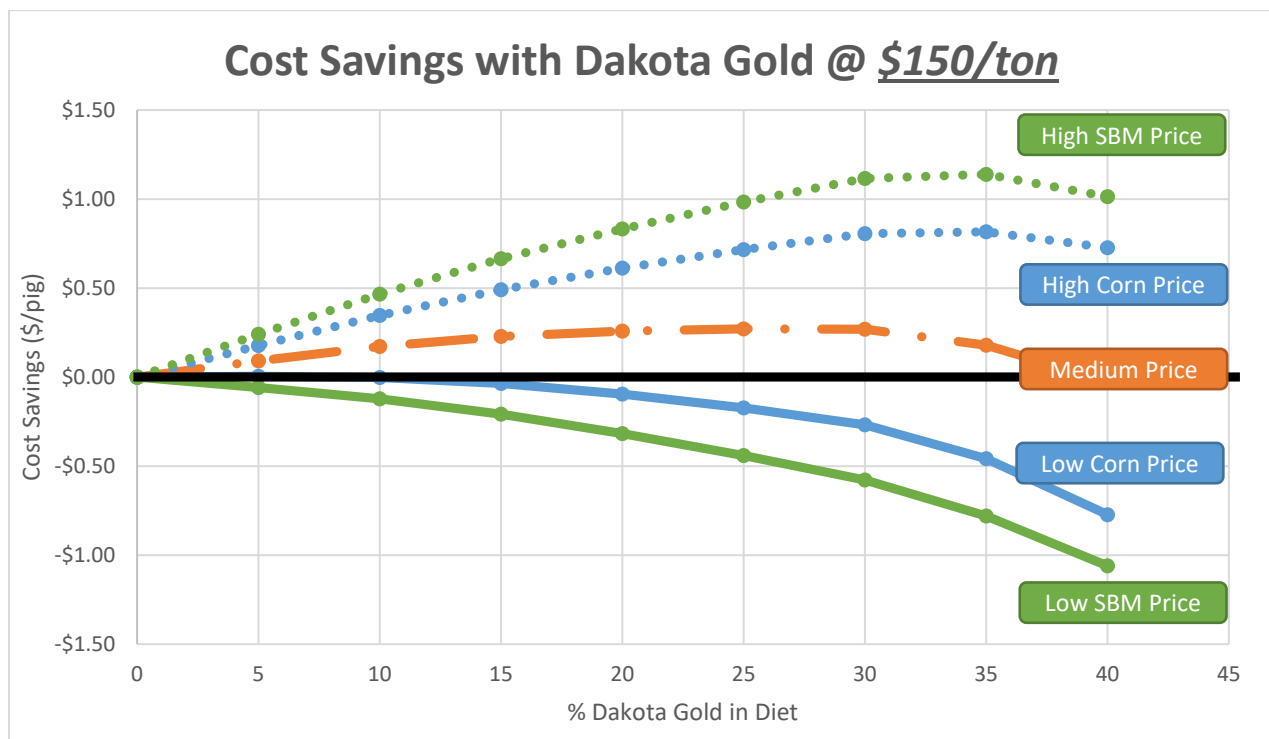
\*These results are not a guarantee of nutritional value, as laboratory results are influenced by factors beyond the control of POET Nutrition.



## RESULTS (CONT.)

In the second set of diets, we examined the effects of increasing prices of corn or soybean meal with a higher price of Dakota Gold (Figure 2). For this comparison, we used low and high prices of \$3.50 and \$4.00/bushel for corn and \$275 and \$325/ton for soybean meal. The high and low soybean meal diets used an average price of \$3.75/bushel for corn. The high and low corn diets used an average price of \$300/ton for soybean meal. We also assumed a carcass value of \$60/cwt for this example.

**Figure 2. Cost savings of Dakota Gold at different prices for corn and soybean meal**



## CONCLUSIONS

Research has demonstrated that as we feed fibrous feeds (DDGS, wheat midds, etc.) in swine diets, we decrease carcass yield. In these diet examples, we accounted for this component by assuming a carcass yield decrease of 0.19% for every 5% increase in Dakota Gold inclusion.

Even after accounting for this assumed reduction in yield, Figure 1 shows how adding Dakota Gold can improve profitability at higher prices. Producers still see a cost savings of around \$0.25/pig when feeding Dakota Gold at 30% of the diet.

Figure 2 shows how other factors can affect this response. At 40% inclusion of Dakota Gold, we saw a spread of losing \$1.06 per pig with low soybean meal price to gaining \$1.06 per pig with high soybean meal price. This demonstrates how we need to consider several factors before concluding that Dakota Gold or DDGS fail to provide value as prices increase. Since Dakota Gold provides a source of several different nutrients, this example also shows why we cannot simply compare Dakota Gold to a single ingredient like corn or soybean meal in order to determine value.

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