

COST OF PRODUCTION - HOGS

HOGS - FARROW TO FINISH PRODUCTION COSTS AND RETURNS: 1998-99

Item	United States		Heartland 5/		Illinois	
	1998	1999	1998	1999	1998	1999
<u>Dollars per cwt gain 1/</u>						
Gross value of production:						
Market hogs	33.01	28.93	32.87	28.90	31.84	27.72
Feeder pigs	0.41	0.55	0.44	0.60	0.23	0.30
Cull stock	1.61	1.47	1.61	1.45	1.25	1.12
Breeding stock	0.16	0.15	0.14	0.14	0.24	0.23
Inventory change	-1.61	-0.98	-1.78	-1.06	-1.42	-2.18
Other income 2/	1.44	1.36	1.49	1.41	1.49	1.39
Total, gross value of production	35.02	31.48	34.77	31.44	33.64	28.61
Operating costs:						
Feed:						
Grain	9.82	8.19	9.85	8.27	11.26	9.36
Protein sources	8.62	7.31	9.12	7.81	10.08	8.84
Complete mixes	4.67	4.30	4.73	4.37	2.94	2.52
Other feed items 3/	0.34	0.29	0.39	0.33	0.39	0.35
Total feed cost	23.45	20.09	24.09	20.78	24.71	21.09
Other:						
Feeder pigs	0.06	0.08	0.04	0.06	0.04	0.05
Veterinary and medicine	1.41	1.43	1.54	1.56	1.72	1.75
Bedding and litter	0.05	0.04	0.05	0.05	0.01	0.01
Marketing	0.39	0.38	0.35	0.34	0.32	0.31
Custom services	0.28	0.29	0.26	0.26	0.22	0.22
Fuel, lube, and electricity	1.19	1.27	1.19	1.27	1.36	1.43
Repairs	1.14	1.10	1.19	1.16	1.41	1.38
Other operating costs 4/	0.04	0.04	0.03	0.03	0.04	0.04
Interest on operating capital	0.67	0.58	0.69	0.60	0.71	0.62
Total, operating costs	28.68	25.30	29.43	26.11	30.54	26.89
Allocated overhead:						
Hired labor	2.48	2.72	2.29	2.51	2.87	2.96
Opportunity cost of unpaid labor	8.15	7.66	8.15	7.70	7.24	6.91
Capital recovery of machinery and equipment	11.78	11.44	11.61	11.25	12.07	11.58
Opportunity cost of land (rental rate)	0.08	0.07	0.08	0.06	0.09	0.06
Taxes and insurance	0.52	0.52	0.50	0.51	0.44	0.43
General farm overhead	1.18	1.19	1.06	1.06	0.78	0.79
Total, allocated overhead	24.19	23.60	23.69	23.09	23.49	22.73
Total costs listed	52.87	48.90	53.12	49.20	54.03	49.62
Value of production less total costs listed	-17.85	-17.42	-18.35	-17.76	-20.39	-21.01
Value of production less operating costs	6.34	6.18	5.34	5.33	3.10	1.72

1/ Cwt gain = (cwt sold - cwt purchased) + cwt inventory change. 2/ Value of manure production. 3/ Milk replacer, milk, milk by-products, antibiotics, and other medicated additives. 4/ Costs for odor control and fees, permits, licenses and other registration costs. 5/ Heartland includes primarily Illinois, Indiana, Iowa, Missouri and Ohio.