

COST OF PRODUCTION - HOGS

HOGS - FARROW TO FINISH PRODUCTION COSTS AND RETURNS: 2002-2003 1/

Item	United States		Heartland 7/		Illinois	
	2002	2003	2002	2003	2002	2003
Dollars per cwt gain 2/						
Gross value of production:						
Market hogs	32.20	35.86	32.11	35.62	32.98	38.05
Feeder pigs	0.59	0.67	0.64	0.72	0.34	0.38
Cull stock	1.46	1.74	1.46	1.74	1.10	1.35
Breeding stock	0.14	0.18	0.13	0.15	0.24	0.30
Inventory change	-0.04	0.08	0.03	0.06	-0.62	-0.71
Other income 3/	1.35	1.58	1.40	1.63	1.39	1.64
Total, gross value of production	35.70	40.11	35.77	39.92	35.43	41.01
Operating costs:						
Feed:						
Grain	10.23	9.70	10.29	9.77	11.15	10.51
Protein sources	8.27	8.81	8.89	9.40	9.93	10.42
Complete mixes	4.68	4.91	4.73	4.96	2.58	2.62
Other feed items 4/	0.33	0.33	0.37	0.37	0.39	0.40
Total feed cost	23.51	23.75	24.28	24.50	24.05	23.95
Other:						
Feeder pigs	0.09	0.09	0.06	0.07	0.05	0.05
Veterinary and medicine	1.47	1.51	1.61	1.66	1.85	1.93
Bedding and litter	0.04	0.04	0.04	0.04	0.01	0.01
Marketing	0.38	0.39	0.34	0.35	0.32	0.31
Custom services	0.31	0.32	0.28	0.28	0.23	0.23
Fuel, lube, and electricity	1.35	1.69	1.36	1.69	1.48	1.83
Repairs	1.18	1.19	1.27	1.28	1.56	1.54
Other operating costs 5/	0.04	0.04	0.03	0.03	0.05	0.05
Interest on operating capital	0.24	0.15	0.25	0.16	0.25	0.16
Total, operating costs	28.61	29.17	29.52	30.06	29.84	30.06
Allocated overhead:						
Hired labor	3.29	3.47	3.00	3.18	3.53	3.61
Opportunity cost of unpaid labor	7.40	7.46	7.40	7.44	6.37	6.04
Capital recovery of machinery and equipment 6/	11.95	12.08	11.72	11.82	12.09	11.97
Opportunity cost of land (rental rate)	0.07	0.07	0.06	0.06	0.06	0.06
Taxes and insurance	0.54	0.55	0.53	0.54	0.44	0.44
General farm overhead	1.32	1.34	1.13	1.16	0.83	0.84
Total, allocated overhead	24.57	24.97	23.84	24.20	23.33	22.95
Total costs listed	53.18	54.14	53.36	54.26	53.17	53.01
Value of production less total costs listed	-17.48	-14.03	-17.59	-14.34	-17.74	-12.00
Value of production less operating costs	7.09	10.94	6.25	9.86	5.58	10.95

1/ 2004 data not available. 2/ Cwt gain = (cwt sold - cwt purchased) + cwt inventory change. 3/ Value of manure production. 4/ Milk replacer, milk, milk by-products, antibiotics, and other medicated additives. 5/ Costs for odor control and fees, permits, licenses and other regulatory costs. 6/ Machinery and equipment, and housing, manure handling, and feed storage structures, and breeding herd. 7/ Heartland includes primarily Illinois, Indiana, Iowa, Missouri and Ohio.

Source: Economic Research Service, USDA.