

HOG PRODUCTION

COSTS AND RETURNS 2000 - 2001

ITEM	UNITED STATES		HEARTLAND		EASTERN UPLANDS	
	2000	2001	2000	2001	2000	2001
Gross value of production			Dollars Per Cwt. Gain ^{1/}			
Market hogs	40.92	42.97	41.58	43.75	33.39	35.14
Feeder pigs	14.30	14.35	11.39	11.27	23.19	21.96
Cull stock	1.36	1.39	1.28	1.29	2.76	2.78
Breeding stock	0.97	1.01	0.51	0.50	4.49	4.67
Inventory change	0.66	0.63	-0.13	-0.36	-0.79	-1.41
Other income ^{2/}	1.30	1.65	1.46	1.89	1.14	1.33
Total, gross value of production	\$59.51	\$62.00	\$56.09	\$58.34	\$64.18	\$64.47
Operating costs:						
Feed						
Grain	5.00	5.34	6.42	7.10	3.91	4.38
Protein sources	4.54	4.62	6.21	6.45	1.89	2.16
Complete mixes	9.82	10.22	7.45	7.74	11.91	12.24
Other feed items ^{3/}	0.18	0.18	0.21	0.23	0.77	0.82
Total, feed costs	\$19.54	\$20.36	\$20.29	\$21.52	\$18.48	\$19.60
Other						
Feeder pigs	16.69	16.63	14.40	14.30	11.22	10.82
Veterinary and medicine	1.08	1.10	1.21	1.22	1.22	1.24
Bedding and litter	0.03	0.03	0.04	0.04	0.03	0.03
Marketing	1.01	1.05	0.62	0.63	1.61	1.60
Custom services	0.39	0.42	0.31	0.32	0.13	0.14
Fuel, lube, and electricity	1.41	1.32	1.54	1.45	2.09	1.92
Repairs	0.75	0.78	0.86	0.92	1.03	1.05
Other operating costs ^{4/}	0.04	0.04	0.03	0.03	0.07	0.08
Interest on operating capital	1.18	0.70	1.13	0.68	1.03	0.61
Total, operating costs	\$42.12	\$42.43	\$40.43	\$41.11	\$36.91	\$37.09
Allocated overhead:						
Hired labor	2.25	2.39	2.27	2.43	2.46	2.61
Opportunity cost of unpaid labor	5.03	4.94	5.94	5.84	9.23	9.39
Capital recovery of machinery and equipment ^{5/}	10.34	10.74	10.73	11.11	12.83	13.30
Opportunity cost of land (rental rate)	0.05	0.05	0.05	0.05	0.08	0.09
Taxes and insurance	0.46	0.46	0.50	0.50	0.83	0.82
General farm overhead	0.96	0.97	1.00	1.02	1.07	1.11
Total, allocated overhead	\$19.09	\$19.55	\$20.49	\$20.95	\$26.50	\$27.32
Total, costs listed	\$61.21	\$61.98	\$60.92	\$62.06	\$63.41	\$64.41
Value of production less total costs listed	-1.70	0.02	-4.83	-3.72	0.77	0.06
Value of production less operating costs	17.39	19.57	15.66	17.23	27.27	27.38
Supporting information:						
Production arrangement (% of production) ^{6/}						
Independent	58	57	71	72	36	38
Under contract	42	43	29	28	64	62
Size of operation (head sold/removed) ^{6/}						
Market hogs	1,872	1,994	1,607	1,706	935	982
Feeder pigs	1,330	1,436	875	924	1,651	1,668

The Economic Research Service revised its accounting methodology for corn, soybeans, cotton, grain sorghum, peanuts, hogs and cow-calf enterprises to conform with the new stands recommended by the American Agricultural Economics Association (AAEA) Task Force on Commodity Costs and Returns. For these same commodities, ERS is publishing regional estimates using new resource regions. **Western Kentucky is considered Heartland while eastern Kentucky is included in Eastern Uplands.** ^{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 regulatory costs. ^{5/}Machinery and equipment, and housing, manure handling, and feed storage structures, and breeding herd. ^{6/}Developed from survey base year, 1998.