

HOG PRODUCTION COSTS AND RETURNS 2002 - 2003 ^{1/}

ITEM	UNITED STATES		HEARTLAND		EASTERN UPLANDS	
	2002	2003	2002	2003	2002	2003
	Dollars Per Cwt. Gain ^{2/}					
Gross value of production						
Market hogs	32.50	36.20	32.90	36.29	26.04	29.21
Feeder pigs	11.24	12.36	9.10	10.16	16.19	16.17
Cull stock	0.89	1.07	0.84	0.99	1.85	2.54
Breeding stock	0.66	0.81	0.36	0.44	3.22	4.50
Inventory change	0.42	0.78	-0.07	0.00	-2.37	0.04
Other income ^{3/}	1.32	1.52	1.48	1.72	1.06	1.27
Total, gross value of production	\$47.03	\$52.74	\$44.61	\$49.60	\$45.99	\$53.73
Operating costs:						
Feed						
Grain	6.23	5.88	8.08	7.65	5.63	5.74
Protein sources	4.68	4.90	6.40	6.64	2.57	3.09
Complete mixes	10.43	11.09	7.96	8.27	12.30	12.73
Other feed items ^{4/}	0.18	0.18	0.22	0.22	0.87	1.08
Total, feed costs	\$21.52	\$22.05	\$22.66	\$22.78	\$21.37	\$22.64
Other						
Feeder pigs	12.99	14.38	11.37	12.61	7.62	7.70
Veterinary and medicine	1.08	1.10	1.19	1.21	1.22	1.18
Bedding and litter	0.03	0.03	0.04	0.04	0.03	0.04
Marketing	1.04	1.07	0.64	0.66	1.57	1.63
Custom services	0.41	0.42	0.32	0.33	0.15	0.16
Fuel, lube, and electricity	1.17	1.45	1.27	1.58	1.69	2.02
Repairs	0.79	0.79	0.91	0.91	1.07	1.10
Other operating costs ^{5/}	0.04	0.04	0.03	0.04	0.08	0.08
Interest on operating capital	0.33	0.22	0.32	0.21	0.29	0.19
Total, operating costs	\$39.40	\$41.55	\$38.75	\$40.37	\$35.09	\$36.74
Allocated overhead:						
Hired labor	2.55	2.70	2.61	2.80	2.78	3.03
Opportunity cost of unpaid labor	4.91	4.92	5.70	5.72	10.00	10.70
Capital recovery of machinery and equipment ^{6/}	10.53	10.69	10.86	10.99	12.95	13.41
Opportunity cost of land (rental rate)	0.05	0.05	0.05	0.05	0.09	0.09
Taxes and insurance	0.45	0.45	0.49	0.49	0.78	0.72
General farm overhead	0.99	1.00	1.03	1.05	1.14	1.19
Total, allocated overhead	\$19.48	\$19.81	\$20.74	\$21.10	\$27.74	\$29.14
Total, costs listed	\$58.88	\$61.36	\$59.49	\$61.47	\$62.83	\$65.88
Value of production less total costs listed	-11.85	-8.62	-14.88	-11.87	-16.84	-12.15
Value of production less operating costs	7.63	11.19	5.86	9.23	10.90	16.99
Supporting information:						
Production arrangement (% of production)						
Independent	57	57	71	70	42	48
Under contract	43	43	29	30	58	52
Size of operation (head sold/removed)						
Market hogs	2,126	2,202	1,852	1,924	1,015	954
Feeder pigs	1,545	1,609	1,045	1,112	1,725	1,594

Economic Research Service is publishing regional estimates using resource regions conforming with the standards recommended by the American Agricultural Economics Association (AAFA) Task Force on Commodity Costs and Returns. **Western Kentucky is in the Heartland region, while eastern Kentucky is in the Eastern Uplands.** ^{1/}Developed from survey base year, 1998. ^{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.