

HOG PRODUCTION COSTS AND RETURNS 2003 - 2004 ^{1/}

ITEM	UNITED STATES		HEARTLAND		EASTERN UPLANDS	
	2003	2004	2003	2004	2003	2004
	Dollars Per Cwt. Gain ^{2/}					
Gross value of production						
Market hogs	36.20	47.80	36.29	48.09	29.21	38.67
Feeder pigs	12.36	15.19	10.16	12.60	16.17	19.41
Cull stock	1.07	1.51	0.99	1.37	2.54	3.70
Breeding stock	0.81	1.17	0.44	0.63	4.50	6.57
Inventory change	0.78	0.67	0.00	-0.17	0.04	-0.21
Other income ^{3/}	1.52	1.65	1.72	1.86	1.27	1.36
Total, gross value of production	\$52.74	\$67.99	\$49.60	\$64.38	\$53.73	\$69.50
Operating costs:						
Feed						
Grain	5.88	6.13	7.65	8.04	5.74	5.66
Protein sources	4.90	7.02	6.64	9.63	3.09	4.22
Complete mixes	11.09	12.50	8.27	9.78	12.73	13.83
Other feed items ^{4/}	0.18	0.21	0.22	0.25	1.08	1.18
Total, feed costs	\$22.05	\$25.86	\$22.78	\$27.70	\$22.64	\$24.89
Other						
Feeder pigs	14.38	17.66	12.61	15.43	7.70	9.50
Veterinary and medicine	1.10	1.10	1.21	1.22	1.18	1.18
Bedding and litter	0.03	0.03	0.04	0.03	0.04	0.03
Marketing	1.07	1.07	0.66	0.67	1.63	1.62
Custom services	0.42	0.43	0.33	0.34	0.16	0.15
Fuel, lube, and electricity	1.45	1.62	1.58	1.77	2.02	2.23
Repairs	0.79	0.84	0.91	0.97	1.10	1.18
Other operating costs ^{5/}	0.04	0.04	0.04	0.04	0.08	0.08
Interest on operating capital	0.22	0.38	0.21	0.38	0.19	0.32
Total, operating costs	\$41.55	\$49.03	\$40.37	\$48.55	\$36.74	\$41.18
Allocated overhead:						
Hired labor	2.70	2.73	2.80	2.82	3.03	3.23
Opportunity cost of unpaid labor	4.92	4.79	5.72	5.54	10.70	10.20
Capital recovery of machinery and equipment ^{6/}	10.69	11.59	10.99	11.89	13.41	14.36
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	0.72	0.72
General farm overhead	1.00	1.01	1.05	1.05	1.19	1.20
Total, allocated overhead	\$19.81	\$20.62	\$21.10	\$21.84	\$29.14	\$29.80
Total, costs listed	\$61.36	\$69.65	\$61.47	\$70.39	\$65.88	\$70.98
Value of production less total costs listed	-8.62	-1.66	-11.87	-6.01	-12.15	-1.48
Value of production less operating costs	11.19	18.96	9.23	15.83	16.99	28.32
Supporting information:						
Production arrangement (% of production)						
Independent	57	56	70	69	48	48
Under contract	43	44	30	31	52	52
Size of operation (head sold/removed)						
Market hogs	2,202	2,377	1,924	2,085	954	1,076
Feeder pigs	1,609	1,739	1,112	1,226	1,594	1,758

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.