

HOG PRODUCTION COSTS AND RETURNS 2007 - 2008 ^{1/}

ITEM	UNITED STATES		HEARTLAND		EASTERN UPLANDS	
	2007	2008	2007	2008	2007	2008
	Dollars Per Cwt. Gain ^{2/}					
Gross value of production						
Market hogs	46.83	47.26	46.89	47.30	35.06	34.55
Feeder pigs	14.11	11.00	13.14	10.26	35.93	27.85
Cull stock	0.66	0.59	0.62	0.56	2.37	2.03
Breeding stock	2.85	2.53	3.22	2.85	5.87	5.19
Inventory change	1.39	0.16	1.32	0.17	2.01	0.74
Other income ^{3/}	2.70	4.83	3.01	5.39	2.02	3.60
Total, gross value of production	\$68.54	\$66.37	\$68.20	\$66.53	\$83.26	\$73.96
Operating costs:						
Feed						
Grain	4.26	6.00	4.91	6.98	2.44	3.20
Protein sources	2.33	2.97	2.59	3.30	1.55	2.06
Complete mixes	19.10	24.24	16.49	20.91	20.68	26.20
Other feed items ^{4/}	0.14	0.17	0.14	0.17	0.15	0.19
Total, feed costs	\$25.83	\$33.38	\$24.13	\$31.36	\$24.82	\$31.65
Other						
Feeder pigs	18.07	14.08	17.26	13.44	13.52	10.58
Veterinary and medicine	1.09	1.04	1.15	1.10	1.23	1.17
Bedding and litter	0.03	0.03	0.03	0.03	0.07	0.06
Marketing	0.92	0.88	0.83	0.80	1.85	1.77
Custom services	0.35	0.34	0.36	0.34	0.91	0.87
Fuel, lube, and electricity	1.57	2.04	1.43	1.86	3.23	4.18
Repairs	0.81	0.87	0.77	0.83	1.63	1.75
Interest on operating capital	1.08	0.47	1.02	0.45	1.05	0.47
Total, operating costs	\$49.75	\$53.13	\$46.98	\$50.21	\$48.31	\$52.50
Allocated overhead:						
Hired labor	1.90	1.98	1.88	1.96	3.54	3.69
Opportunity cost of unpaid labor	3.81	3.83	3.27	3.24	11.31	11.28
Capital recovery of machinery and equipment ^{5/}	7.90	8.50	7.73	8.33	15.32	16.41
Opportunity cost of land (rental rate)	0.03	0.04	0.03	0.03	0.05	0.06
Taxes and insurance	0.66	0.63	0.60	0.57	0.86	0.82
General farm overhead	1.51	1.55	1.30	1.34	2.03	2.07
Total, allocated overhead	\$15.81	\$16.53	\$14.81	\$15.47	\$33.11	\$34.33
Total, costs listed	\$65.56	\$69.66	\$61.79	\$65.68	\$81.42	\$86.83
Value of production less total costs listed	2.98	-3.29	6.41	0.85	1.84	-12.87
Value of production less operating costs	18.79	13.24	21.22	16.32	34.95	21.46
Supporting information:						
Production arrangement (% of production)						
Independent	42	42	51	51	34	34
Under contract	58	58	49	49	66	66
Size of operation (head sold/removed)						
Market hogs	2,615	2,667	3,017	3,066	1,170	1,202
Feeder pigs	2,342	2,395	2,525	2,577	3,927	4,008

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, 2004. ^{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/}Machinery and equipment, and housing, manure handling, and feed storage structures, and breeding herd.