

HOG PRODUCTION COSTS AND RETURNS 1998

ITEM	UNITED STATES	HEARTLAND	EASTERN UPLANDS
Gross value of production		Dollars Per Cwt. Gain <u>1/</u>	
Market hogs	33.30	33.79	27.94
Feeder pigs	7.22	5.78	11.33
Cull stock	1.03	0.97	1.93
Breeding stock	0.70	0.36	3.13
Inventory change	0.24	-0.13	-1.86
Other income <u>2/</u>	1.39	1.55	1.17
Total, gross value of production	\$43.88	\$42.32	\$43.64
Operating costs:			
Feed			
Grain	6.25	7.85	5.64
Protein sources	5.15	6.74	2.79
Complete mixes	10.56	8.33	12.66
Other feed items <u>3/</u>	0.21	0.25	0.82
Total, feed costs	\$22.17	\$23.17	\$21.91
Other			
Feeder pigs	8.36	7.16	5.59
Veterinary and medicine	1.05	1.15	1.17
Bedding and litter	0.03	0.04	0.03
Marketing	0.95	0.61	1.49
Custom services	0.36	0.28	0.14
Fuel, lube, and electricity	1.05	1.14	1.49
Repairs	0.78	0.89	1.01
Other operating costs <u>4/</u>	0.03	0.03	0.07
Interest on operating capital	0.83	0.83	0.79
Total, operating costs	\$35.61	\$35.30	\$33.69
Allocated overhead:			
Hired labor	2.07	2.11	2.28
Opportunity cost of unpaid labor	5.51	6.37	9.47
Capital recovery of machinery and	10.32	10.74	12.75
Opportunity cost of land (rental rate)	0.06	0.07	0.10
Taxes and insurance	0.46	0.49	0.77
General farm overhead	0.95	1.00	1.07
Total, allocated overhead	\$19.37	\$20.78	\$26.44
Total, costs listed	\$54.98	\$56.08	\$60.13
Value of production less total costs listed	-11.10	-13.76	-16.49
Value of production less operating costs	8.27	7.02	9.95
Supporting information:			
Production arrangement (percent of farms)			
Independent	60	73	42
Under contract	40	27	58
Size of operation (head sold/removed)			
Market hogs	1,540	1,373	797
Feeder pigs	1,049	726	1,302

The costs and returns estimates for some commodities will appear different this year than in the past. For corn, soybeans, cotton, grain sorghum, peanuts, and cow-calf enterprises, Economic Research Service is revising its accounting methodology to conform with the new standards 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.