


2001

1999 ISU Swine Business Record Program

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Extension Number: ASL R670

Recommended Citation

Baas, Tom J., "1999 ISU Swine Business Record Program" (2001). *Swine Research Report, 2000*. 41.
http://lib.dr.iastate.edu/swinereports_2000/41

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1999 ISU Swine Business Record Program

Abstract

The ISU Swine Business Record Program is a whole enterprise analysis of financial and production values designed to meet the needs of Iowa pork producers. The program provides a business summary for each individual producer and also includes a statewide summary that is widely referenced throughout the industry and recognized as a source of benchmark values for pork production. The annual state summary that separates producers into high profit, average and low profit groups should be used by producers to determine their competitive position, set production, and financial goals for the future and to determine priorities in financial and production decisions.

Keywords

ASL R670

Disciplines

Agriculture | Animal Sciences

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ASL-R670

Summary and Implications

The ISU Swine Business Record Program is a whole enterprise analysis of financial and production values designed to meet the needs of Iowa pork producers. The program provides a business summary for each individual producer and also includes a statewide summary that is widely referenced throughout the industry and recognized as a source of benchmark values for pork production. The annual state summary that separates producers into high profit, average and low profit groups should be used by producers to determine their competitive position, set production, and financial goals for the future and to determine priorities in financial and production decisions.

Introduction

In addition to a whole-herd enterprise analysis in the ISU Swine Business Record program, producers have the option to summarize financial and production values for the breed-to-wean, wean-to-feeder pig (nursery), breed-to-feeder pig, wean-to-finish, and feeder pig-to-finish phases of their operation. This feature allows producers to analyze individual phases of their production systems and to accurately identify areas that offer opportunities for improvement. State summaries are also computed for each individual phase of pork production. Extension livestock field specialists are available to help producers get started on the records system and to calculate annual, semiannual, or quarterly summaries. They assist in analyzing and interpreting the results, including both financial and economic cash flow analysis, and recommend areas that offer potential for improvement.

Materials and Methods

Financial and production records recorded by Iowa pork producers are used to compile the state summaries in the ISU Swine Business Record program. Forms for submission of data for the program are provided to producers at the beginning of the year. Extension field

livestock specialists meet with producers in January or February to calculate results and summarize data from the previous year. A producer's individual data and benchmark values from the state summary are used by the field livestock specialist to identify strengths and weaknesses and to recommend areas that offer the greatest potential for improvement. Individual producer data are submitted to the state extension office for inclusion in the annual state summary.

Results and Discussion

Data for 58 farrow-to-finish operations included in the 1999 summary are presented in Table 1. Producers are sorted by margin over all costs into the top one-third, bottom one-third, and average profit groups. Average market price for the year 1999 received by all producers was \$33.96/cwt, which is nearly identical to the price of \$33.43/cwt received in 1998. These prices compare with average prices of \$52.91 in 1997 and \$54.66 in 1996. Low corn and soybean meal prices throughout the year again resulted in a significant reduction in feed expense. In 1999, average feed cost/cwt of pork produced was \$19.54 compared with \$22.42 in 1998, \$28.49 in 1997, and \$32.60 in 1996. Average total cost/cwt was \$34.84 in 1999 compared with \$37.46 in 1998, \$44.84 in 1997, and \$48.94 in 1996.

Producers in the top one-third profit group continue to record lower production costs in nearly all areas, including both fixed and variable costs. Feed cost/cwt of pork produced for this group was \$19.22, which is only slightly lower than the average of \$19.54/cwt for all producers. Lower costs in all nonfeed categories (Table 1, lines 9–15), in addition to this advantage in feed cost/cwt., resulted in a \$1.95/cwt advantage in total cost of production for the top one-third group when compared with the average of all producers.

Tables 2–6 list production data and cost of production for the individual phases of production, which include breed-to-wean, wean-to-feeder pig (nursery), breed-to-feeder pig, wean-to-finish, and feeder pig-to-finish. Itemized expenses by production phase and sale or transfer weights are required to participate in these summaries.

Table 1. 1999 ISU Swine Business Record Farrow-to-Finish State Summary (Total of 58 Farms).

Sorted by margin over all costs including inventory	Top 1/3	Bottom 1/3	Average
1 Return to Capital, Unpaid Labor and Management, \$	\$85,684	\$27,873	\$71,524
2 Net Profit and Return to Management this Period, \$	\$53,919	\$(28,182)	\$25,642
3 Return per Hour for All Hours of Labor and Management, \$/h	\$29.25	\$4.80	\$17.31
4 Percent Return on Capital, %	37.79%	1.33%	20.14%
5 Average Price per Cwt. of Market Hogs, \$	\$34.72	\$33.62	\$33.96
6 Average Price per Cwt. of Cull Breeding Stock Sold, \$	\$23.34	\$22.76	\$23.09
7 Average Price per Cwt. of All Mkt. Animals Sold Excluding Newly Weaned Pigs, \$	\$33.89	\$33.14	\$33.30
8 Feed Cost per Cwt. of Pork Produced, \$	\$19.22	\$20.57	\$19.54
9 Other Oper. Cost (except Hired Labor)/Cwt. Pork Produced, \$	\$4.59	\$6.67	\$5.53
10 Utilities, Fuel, Elec. & Telephone/Cwt., \$	\$1.37	\$1.55	\$1.42
11 Veterinary Services & Medicine per Cwt., \$	\$1.19	\$1.70	\$1.36
12 Depreciation, Taxes & Ins. Costs per Cwt. of Pork Produced, \$	\$2.58	\$3.20	\$2.78
13 Capital Charge on Fixed Capital/Cwt. of Pork Produced, \$	\$1.46	\$2.01	\$1.57
14 Capital Charge on Operating Capital/Cwt. of Pork Produced, \$	\$0.89	\$1.09	\$0.94
15 Value of Labor (All) per Cwt. of Pork Produced, \$	\$4.15	\$4.68	\$4.48
16 Total Cost per Cwt. of Pork Produced, \$	\$32.89	\$38.22	\$34.84
17 Margin Over All Costs per Cwt. of Pork Sold, not including inventory, \$	\$2.87	\$(4.21)	\$(0.64)
18 Margin Over All Costs per Cwt. of Pork Produced, including inventory, \$	\$8.60	\$(2.23)	\$3.41
19 Margin Over All Costs per Head Sold, including inventory, \$	\$20.03	\$(5.44)	\$8.26
20 Fixed Costs per Year per Female Maintained, \$	\$160	\$205	\$177
21 Fixed Costs per Year per Crate Maintained, \$	\$747	\$1,102	\$897
22 Fixed Costs per Pig Weaned, \$	\$9.39	\$12.23	\$10.49
23 Net Profit per Year per Female Maintained, \$	\$339	\$(79)	\$141
24 Net Profit per Year per Crate Maintained, \$	\$1,463	\$(483)	\$600
25 Net Profit per Pig Marketed, \$	\$20.80	\$(5.72)	\$8.56
26 Total No. of Market Hogs Sold this Period	2359	4521	3610
27 Average Wt. of Market Hogs Sold, lb.	253	252	254
28 Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	13.29%	11.57%	12.60%
29 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	3.02%	3.10%	2.86%
30 Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	6.30%	6.11%	6.20%
31 Breeding Stock Death Loss (% of No. Maintained)	5.68%	5.35%	5.79%
32 Average Breeding Female Inventory, No. of Head	180	307	251
33 No. of Litters Weaned per Female per Year	1.96	1.94	1.91
34 No. of Pigs Weaned per Litter	8.52	8.94	8.73
35 No. of Pigs Weaned per Female per Year	16.8	17.5	16.8
36 No. of Litters Weaned per Crate per Year	9.0	10.7	9.6
37 No. of Pigs Weaned per Crate per Year	76.8	97.5	84.8
38 Total Pounds of Feed per Cwt. of Pork Produced, lb.	349	354	348
39 Average Cost of Diets per Cwt., \$	\$5.53	\$5.82	\$5.62
40 Hours of Labor per Cwt. of Pork Produced, h	0.47	0.52	0.49
41 Hours of Labor per Female Maintained per Year, h	18.28	20.50	19.54
42 Hours of Labor per Litter Weaned, h	9.34	11.01	10.43

Table 2. 1999 ISU Swine Business Record Breed-to-Wean State Summary (Total of 35 Farms).

	Average
1 Average Price per Weaner Pig Sold, \$	\$27.92
2 Average Price per Cwt. of Cull Breeding Stock Sold, \$	\$22.31
3 Feed Cost per Cwt. of Pork Produced, \$	\$46.76
4 Other Oper. Cost (except Hired Labor)/Cwt. Pork Produced, \$	\$36.91
5 Utilities, Fuel, Elec. & Telephone/Cwt., \$	\$9.82
6 Veterinary Services & Medicine per Cwt., \$	\$8.64
7 Depreciation, Taxes & Ins. Costs per Cwt. of Pork Produced, \$	\$18.41
8 Capital Charge on Fixed Capital/Cwt. of Pork Produced, \$	\$10.82
9 Capital Charge on Operating Capital/Cwt. of Pork Produced, \$	\$2.50
10 Value of Labor (All) per Cwt. of Pork Produced, \$	\$33.12
11 Total Cost per Cwt. of Pork Produced, \$	\$148.52
12 Fixed Costs per Year per Female Maintained, \$	\$80.95
13 Fixed Costs per Year per Crate Maintained, \$	\$454.43
14 Fixed Costs per Pig Weaned, \$	\$4.84
15 Total No. of Newly Weaned Pigs Sold this Period (Average of 8 Farms)	5,575
16 Average Wt. of Newly Weaned Pigs Sold this Period, lb.	12.02
17 Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	11.99%
18 Breeding Stock Death Loss (% of No. Maintained)	5.26%
19 Average Breeding Female Inventory, No. of Head	300
20 No. of Litters Weaned per Female per Year	1.89
21 No. of Pigs Weaned per Litter	8.92
22 No. of Pigs Weaned per Female per Year	16.93
23 No. of Litters Weaned per Crate per Year	10.19
24 No. of Pigs Weaned per Crate per Year	91.25
25 Total Pounds of Feed per Cwt. of Pork Produced, lb.	781
26 Average Cost of Diets per Cwt., \$	\$5.94
27 Hours of Labor per Cwt. of Pork Produced, h	3.74
28 Hours of Labor per Female Maintained per Year, h	10.86
29 Hours of Labor per Litter Weaned, h	5.82

**Table 3. 1999 ISU Swine Business Record Wean-to-Feeder Pig State Summary
(Total of 21 Farms).****Average**

	Average
1 Average Price per Cwt. of Feeder Pigs Sold, \$	\$61.75
2 Feed Cost per Cwt. of Pork Produced, \$	\$19.53
3 Other Oper. Cost (except Hired Labor)/Cwt. Pork Produced, \$	\$9.10
4 Utilities, Fuel, Elec. & Telephone/Cwt., \$	\$3.51
5 Veterinary Services & Medicine per Cwt., \$	\$2.49
6 Depreciation, Taxes & Ins. Costs per Cwt. of Pork Produced, \$	\$3.42
7 Capital Charge on Fixed Capital/Cwt. of Pork Produced, \$	\$1.61
8 Capital Charge on Operating Capital/Cwt. of Pork Produced, \$	\$1.44
9 Value of Labor (All) per Cwt. of Pork Produced, \$	\$6.46
10 Total Cost per Cwt. of Pork Produced, \$	\$41.55
11 Total No. of Feeder Pigs Sold this Period	582
12 Average Wt. of Feeder Pigs Sold, lb.	59
13 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	2.67%
14 Total Pounds of Feed per Cwt. of Pork Produced, lb.	175
15 Average Cost of Diets per Cwt., \$	\$11.48
16 Hours of Labor per Cwt. of Pork Produced, h	0.71

Table 4. 1999 ISU Swine Business Record Breed-to-Feeder Pig State Summary (Total of 21 Farms).	Average
1 Average Price per Cwt. of Feeder Pigs Sold, \$	\$63.52
2 Average Price per Cwt. of Cull Breeding Stock Sold, \$	\$21.78
3 Feed Cost per Cwt. of Pork Produced, \$	\$29.72
4 Other Oper. Cost (except Hired Labor)/Cwt. Pork Produced, \$	\$18.85
5 Utilities, Fuel, Elec. & Telephone/Cwt., \$	\$5.40
6 Veterinary Services & Medicine per Cwt., \$	\$4.89
7 Depreciation, Taxes & Ins. Costs per Cwt. of Pork Produced, \$	\$8.38
8 Capital Charge on Fixed Capital/Cwt. of Pork Produced, \$	\$4.49
9 Capital Charge on Operating Capital/Cwt. of Pork Produced, \$	\$1.42
10 Value of Labor (All) per Cwt. of Pork Produced, \$	\$15.61
11 Total Cost per Cwt. of Pork Produced, \$	\$78.46
12 Fixed Costs per Year per Female Maintained, \$	\$110
13 Fixed Costs per Year per Crate Maintained, \$	\$555
14 Fixed Costs per Pig Weaned, \$	\$6.90
15 Total No. of Feeder Pigs Sold this Period (Average of 16 Farms)	3427
16 Average Wt. of Feeder Pigs Sold, lb.	52
17 Pig Death Loss, Birth to Weaning (% of No. Farrowed Live)	12.59%
18 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	3.01%
19 Breeding Stock Death Loss (% of No. Maintained)	5.35%
20 Average Breeding Female Inventory, No. of Head	213
21 No. of Litters Weaned per Female per Year	1.86
22 No. of Pigs Weaned per Litter	8.89
23 No. of Pigs Weaned per Female per Year	16.64
24 No. of Litters Weaned per Crate per Year	9.14
25 No. of Pigs Weaned per Crate per Year	81.52
26 Total Pounds of Feed per Cwt. of Pork Produced, lb.	378
27 Average Cost of Diets per Cwt., \$	\$7.81
28 Hours of Labor per Cwt. of Pork Produced, h	1.71
29 Hours of Labor per Female Maintained per Year, h	14.67
30 Hours of Labor per Litter Weaned, h	8.05

**Table 5. 1999 ISU Swine Business Record Wean-to-Finish Pig State Summary
(Total of 35 Farms).**

	Average
1 Average Price per Cwt. of Market Hogs, \$	\$34.31
2 Feed Cost per Cwt. of Pork Produced, \$	\$17.55
3 Other Oper. Cost (except Hired Labor)/Cwt. Pork Produced, \$	\$4.19
4 Utilities, Fuel, Elec. & Telephone/Cwt., \$	\$0.89
5 Veterinary Services & Medicine per Cwt., \$	\$0.81
6 Depreciation, Taxes & Ins. Costs per Cwt. of Pork Produced, \$	\$1.70
7 Capital Charge on Fixed Capital/Cwt. of Pork Produced, \$	\$0.97
8 Capital Charge on Operating Capital/Cwt. of Pork Produced, \$	\$1.10
9 Value of Labor (All) per Cwt. of Pork Produced, \$	\$2.30
10 Total Cost per Cwt. of Pork Produced, \$	\$27.81
11 Total No. of Market Hogs Sold this Period	4118
12 Average Wt. of Market Hogs Sold, lb.	255
13 Pig Death Loss, Weaning to Feeder (% of No. Weaned)	2.54%
14 Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	3.72%
15 Total Pounds of Feed per Cwt. of Pork Produced, lb.	312
16 Average Cost of Diets per Cwt., \$	\$5.63
17 Hours of Labor per Cwt. of Pork Produced, h	0.25

**Table 6. 1999 ISU Swine Business Record Feeder Pig-to-Finish State Summary
(Total of 54 Farms).**

	Average
1 Average Price per Cwt. of Market Hogs, \$	\$34.13
2 Feed Cost per Cwt. of Pork Produced, \$	\$17.39
3 Other Oper. Cost (except Hired Labor)/Cwt. Pork Produced, \$	\$2.37
4 Utilities, Fuel, Elec. & Telephone/Cwt., \$	\$0.50
5 Veterinary Services & Medicine per Cwt., \$	\$0.47
6 Depreciation, Taxes & Ins. Costs per Cwt. of Pork Produced, \$	\$1.59
7 Capital Charge on Fixed Capital/Cwt. of Pork Produced, \$	\$0.78
8 Capital Charge on Operating Capital/Cwt. of Pork Produced, \$	\$0.86
9 Value of Labor (All) per Cwt. of Pork Produced, \$	\$1.83
10 Total Cost per Cwt. of Pork Produced, \$	\$24.82
11 Total No. of Market Hogs Sold this Period	2591
12 Average Wt. of Market Hogs Sold, lb.	256
13 Pig Death Loss, Feeder to Market (% of No. of Feeders Started)	3.85%
14 Total Pounds of Feed per Cwt. of Pork Produced, lb.	337
15 Average Cost of Diets per Cwt., \$	\$5.15
16 Hours of Labor per Cwt. of Pork Produced, h	0.22