

Revised Estimated Returns Wean to Finish

January 2014

Lee L. Schulz, Extension Livestock Economist, Iowa State University

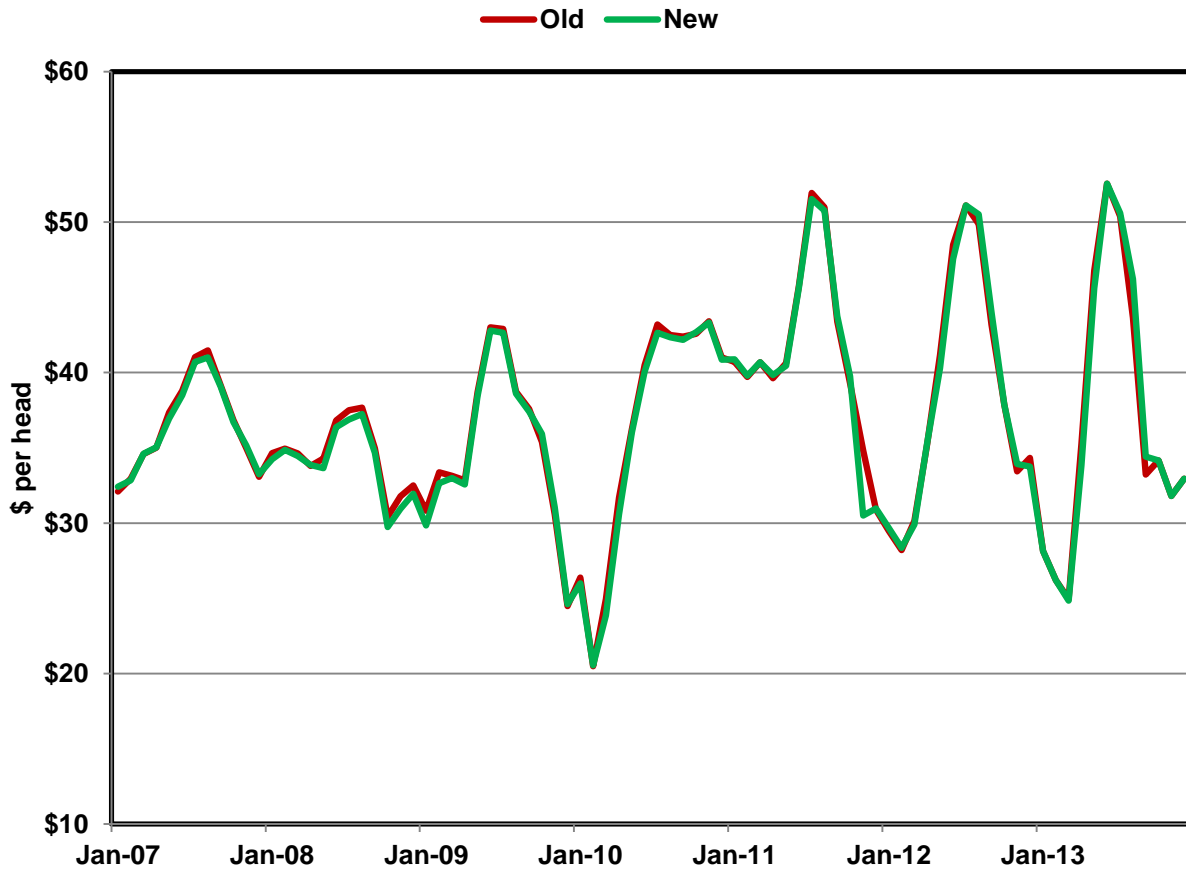
The Economics Department at Iowa State University has prepared monthly Estimated Returns livestock production in Iowa since the 1960s. Each month the costs and returns are calculated based on a set of production assumptions and prices for inputs and outputs that change over time. These returns are not meant to represent any one operation, but rather serve as a barometer of profitability for livestock producers.

Periodically, the procedures are evaluated and revised to more accurately reflect the enterprises we try to represent. The last update was in 2007. We have again updated the procedures beginning with January 2014. The main purpose of this update was to update the productivity, cost, and price procedures using available information. An explanation of how monthly returns are estimated is provided in the Procedures for Estimating Returns.

Given the procedures, standard measures including feed costs, non-feed costs (variable costs, operating interest, and fixed costs), total costs, sales value (gross return), net return, and breakeven values are calculated. These are the main “bottom-line” measures of core interest to most analysts. In addition, with the new procedures a manure credit is included to provide an estimate for the sale of manure (or value captured if used on producer owned land).

The following report provides a comparison of how the updated returns series would have looked over the 2007-2013 period under the new procedures.

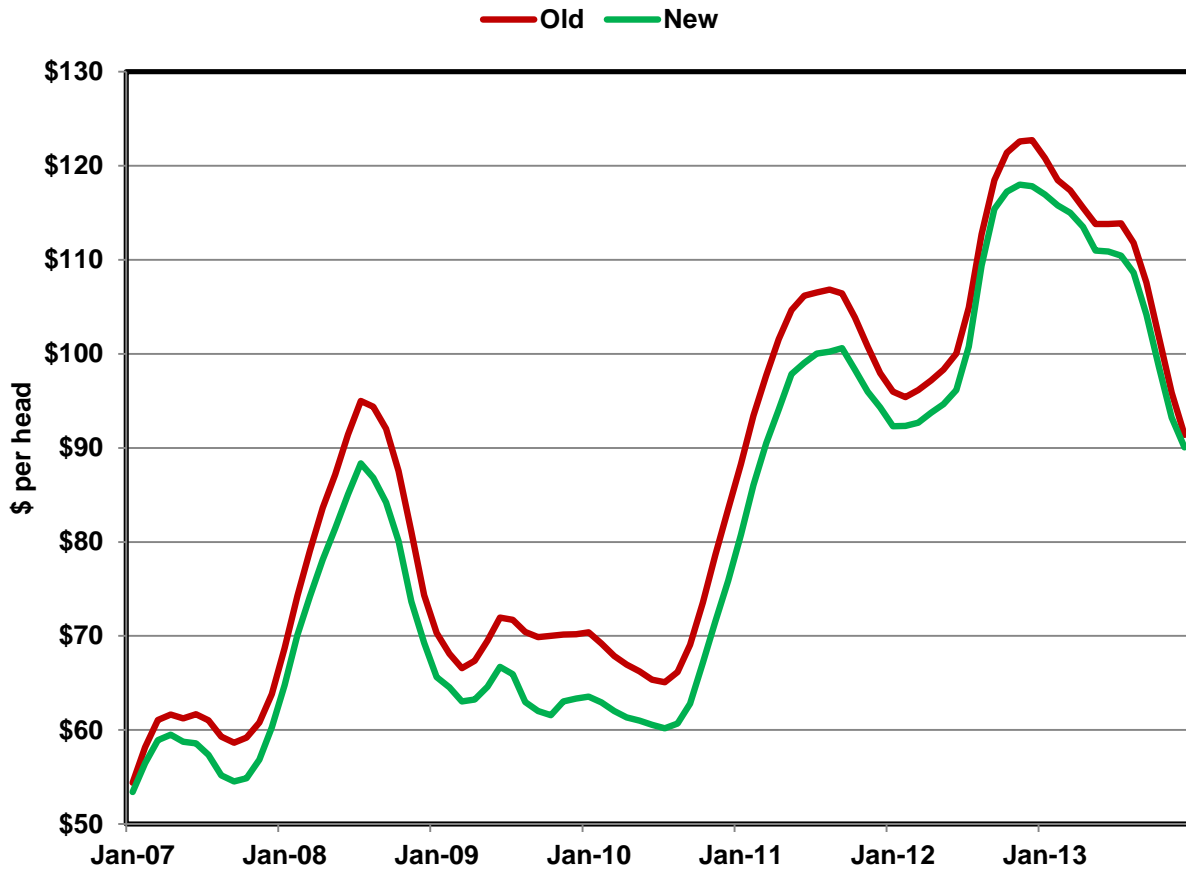
Wean to Finish Weaned Pig Costs in \$ per Head, Old Procedures versus New Procedures



Difference in Wean to Finish Weaned Pig Costs in \$ per Head, New Procedures – Old Procedures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2007 | 0.33 | -0.12 | 0.02 | 0.02 | -0.41 | -0.28 | -0.32 | -0.45 | -0.07 | -0.15 | 0.17 | 0.17 |
| 2008 | -0.41 | -0.08 | -0.17 | 0.07 | -0.63 | -0.45 | -0.63 | -0.43 | -0.30 | -0.68 | -0.82 | -0.55 |
| 2009 | -0.96 | -0.71 | -0.17 | -0.28 | -0.26 | -0.22 | -0.26 | -0.14 | -0.18 | 0.52 | 0.46 | 0.12 |
| 2010 | -0.37 | 0.06 | -1.08 | -1.11 | -0.21 | -0.43 | -0.54 | -0.16 | -0.20 | 0.12 | -0.08 | -0.13 |
| 2011 | 0.16 | 0.08 | 0.01 | 0.21 | -0.16 | -0.11 | -0.39 | -0.22 | 0.35 | 0.47 | -4.32 | 0.08 |
| 2012 | 0.19 | 0.16 | -0.24 | 0.05 | -0.88 | -0.94 | 0.00 | 0.63 | 0.83 | 0.00 | 0.50 | -0.58 |
| 2013 | 0.00 | 0.00 | -0.11 | -1.42 | -1.16 | 0.00 | 0.23 | 2.58 | 1.18 | 0.00 | 0.00 | 0.00 |

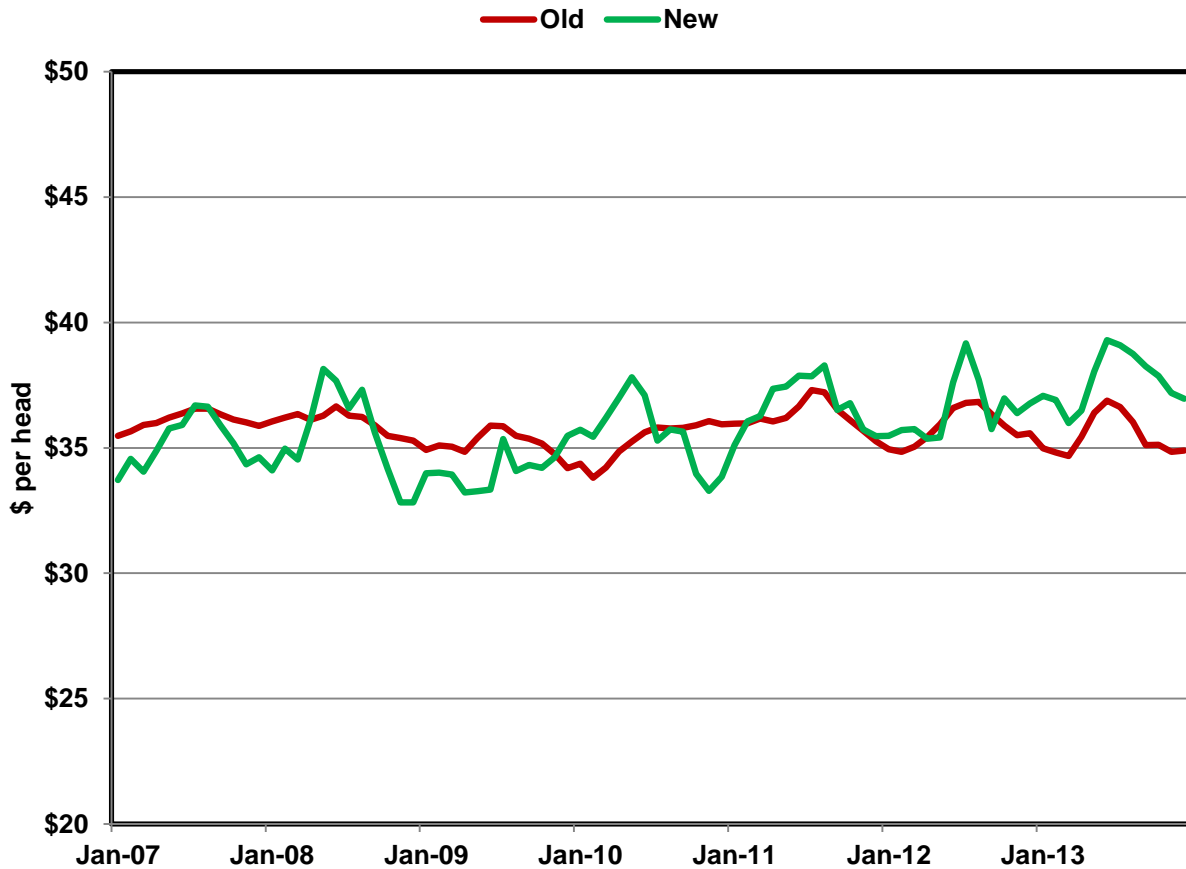
Wean to Finish Feed Costs in \$ per Head, Old Procedures versus New Procedures



Difference in Wean to Finish Feed Costs in \$ per Head, New Procedures – Old Procedures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2007 | -0.98 | -1.70 | -2.17 | -2.16 | -2.49 | -3.10 | -3.67 | -4.12 | -4.12 | -4.33 | -3.95 | -3.55 |
| 2008 | -3.95 | -4.14 | -4.87 | -5.51 | -5.72 | -6.36 | -6.61 | -7.56 | -7.83 | -7.44 | -7.41 | -5.07 |
| 2009 | -4.69 | -3.58 | -3.53 | -4.11 | -4.90 | -5.21 | -5.78 | -7.46 | -7.84 | -8.45 | -7.10 | -6.86 |
| 2010 | -6.84 | -6.27 | -5.85 | -5.63 | -5.23 | -4.81 | -4.91 | -5.48 | -6.26 | -6.40 | -7.07 | -7.62 |
| 2011 | -7.54 | -7.41 | -7.21 | -7.48 | -6.80 | -7.14 | -6.49 | -6.58 | -5.83 | -5.53 | -4.79 | -3.67 |
| 2012 | -3.68 | -3.06 | -3.46 | -3.43 | -3.68 | -3.87 | -4.16 | -3.34 | -3.06 | -4.14 | -4.60 | -4.93 |
| 2013 | -3.87 | -2.71 | -2.38 | -2.07 | -2.80 | -2.92 | -3.43 | -3.15 | -3.40 | -3.17 | -2.65 | -1.34 |

Wean to Finish Non-Feed Costs in \$ per Head, Old Procedures versus New Procedures



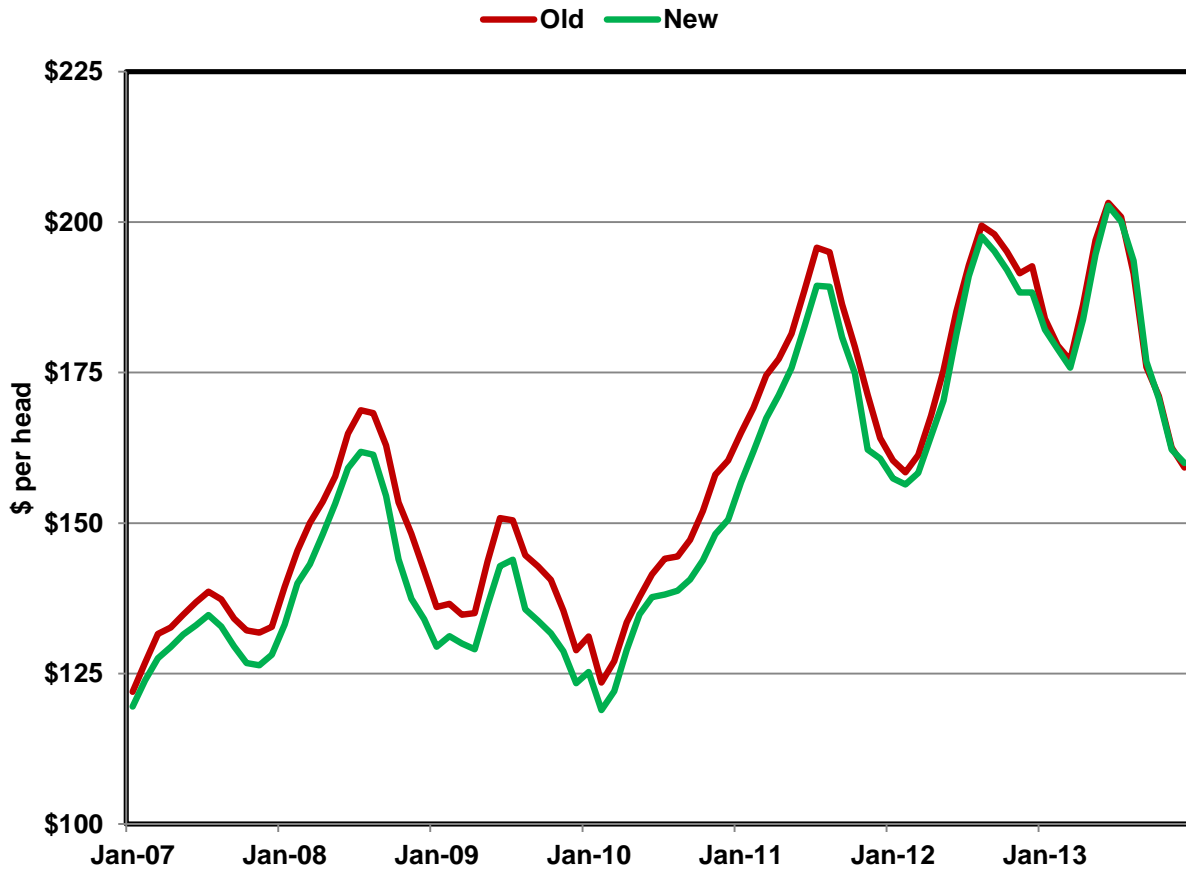
Note: Non-feed costs include labor, transportation, marketing, utilities, fuel and oil, veterinary and supplies, miscellaneous costs, death loss, operating interest, and fixed costs.

Difference in Wean to Finish Non-Feed Costs in \$ per Head, New Procedures – Old Procedures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2007 | -1.76 | -1.09 | -1.87 | -1.11 | -0.43 | -0.45 | 0.13 | 0.07 | -0.44 | -0.94 | -1.68 | -1.25 |
| 2008 | -1.94 | -1.23 | -1.81 | 0.00 | 1.85 | 1.03 | 0.30 | 1.09 | -0.29 | -1.31 | -2.56 | -2.46 |
| 2009 | -0.92 | -1.09 | -1.10 | -1.62 | -2.13 | -2.54 | -0.52 | -1.40 | -1.04 | -0.97 | -0.12 | 1.29 |
| 2010 | 1.35 | 1.64 | 1.98 | 2.14 | 2.56 | 1.48 | -0.52 | -0.04 | -0.16 | -1.93 | -2.78 | -2.09 |
| 2011 | -0.85 | 0.08 | 0.11 | 1.30 | 1.25 | 1.22 | 0.55 | 1.07 | 0.00 | 0.68 | 0.05 | 0.20 |
| 2012 | 0.53 | 0.87 | 0.70 | -0.06 | -0.52 | 1.02 | 2.37 | 0.88 | -0.59 | 1.09 | 0.89 | 1.20 |
| 2013 | 2.10 | 2.10 | 1.31 | 1.05 | 1.65 | 2.41 | 2.47 | 2.71 | 3.15 | 2.75 | 2.35 | 2.07 |

Note: Non-feed costs include labor, transportation, marketing, utilities, fuel and oil, veterinary and supplies, miscellaneous costs, death loss, operating interest, and fixed costs.

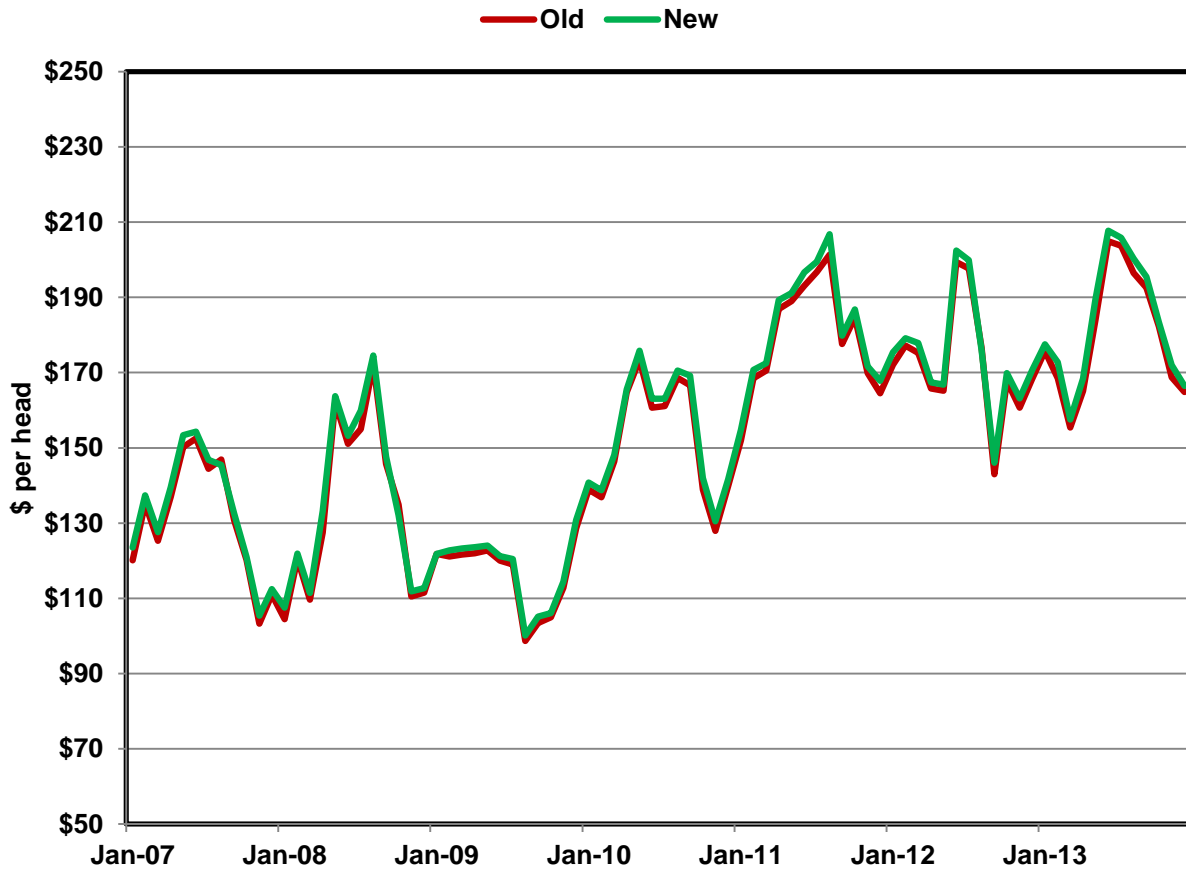
Wean to Finish Total Costs in \$ per Head, Old Procedures versus New Procedures



Difference in Wean to Finish Total Costs in \$ per Head, New Procedures – Old Procedures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|
| 2007 | -2.42 | -2.91 | -4.02 | -3.24 | -3.33 | -3.84 | -3.86 | -4.50 | -4.63 | -5.41 | -5.45 | -4.63 |
| 2008 | -6.29 | -5.45 | -6.86 | -5.44 | -4.50 | -5.78 | -6.95 | -6.90 | -8.42 | -9.42 | -10.80 | -8.09 |
| 2009 | -6.57 | -5.38 | -4.80 | -6.01 | -7.30 | -7.98 | -6.55 | -8.99 | -9.06 | -8.89 | -6.77 | -5.46 |
| 2010 | -5.86 | -4.57 | -4.95 | -4.59 | -2.88 | -3.76 | -5.97 | -5.68 | -6.62 | -8.21 | -9.93 | -9.84 |
| 2011 | -8.23 | -7.25 | -7.10 | -5.98 | -5.70 | -6.03 | -6.33 | -5.73 | -5.48 | -4.38 | -9.06 | -3.39 |
| 2012 | -2.96 | -2.04 | -3.00 | -3.44 | -5.08 | -3.79 | -1.79 | -1.83 | -2.82 | -3.05 | -3.21 | -4.31 |
| 2013 | -1.77 | -0.60 | -1.18 | -2.44 | -2.31 | -0.51 | -0.73 | 2.14 | 0.92 | -0.42 | -0.30 | 0.73 |

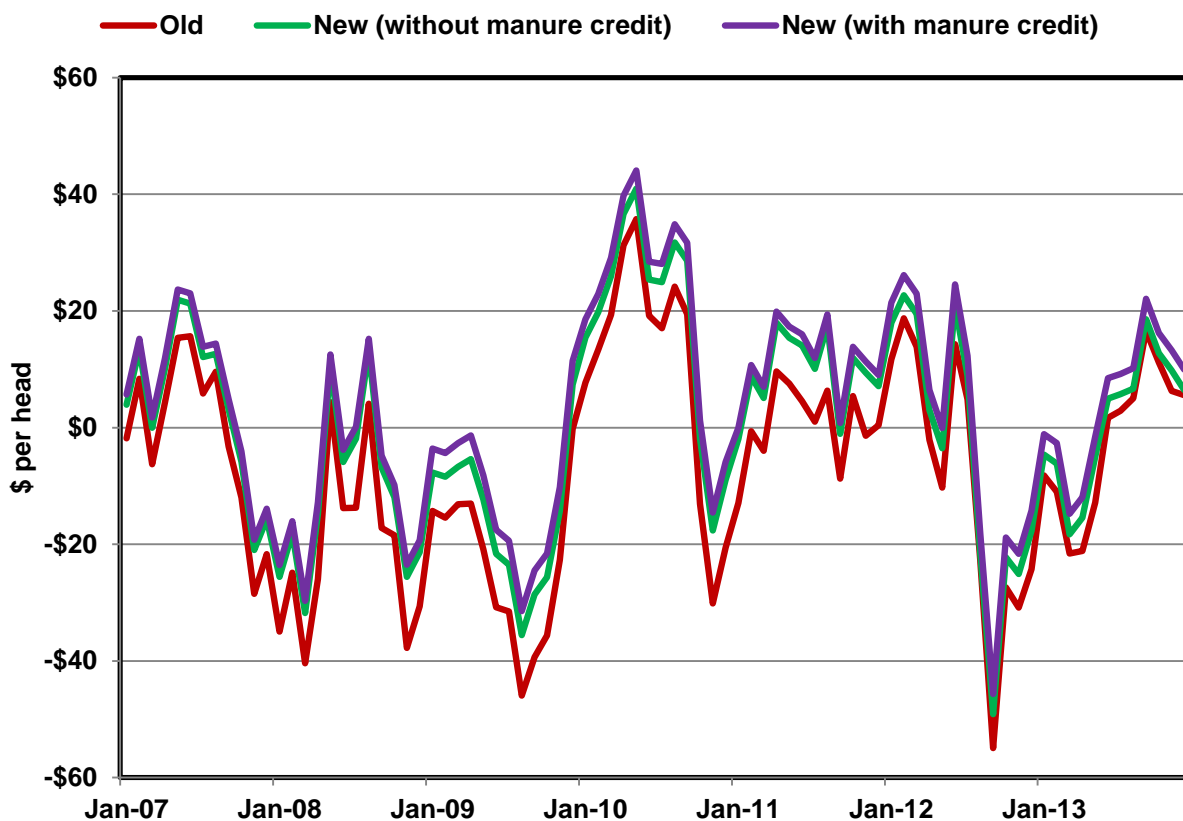
Wean to Finish Sales Value in \$ per Head, Old Procedures versus New Procedures



Difference in Wean to Finish Sales Value in \$ per Head, New Procedures – Old Procedures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|------|------|------|------|------|------|------|-------|------|-------|------|------|
| 2007 | 3.37 | 2.20 | 2.28 | 2.60 | 3.20 | 1.80 | 2.40 | -1.43 | 1.76 | 0.71 | 2.07 | 1.42 |
| 2008 | 3.07 | 1.37 | 1.74 | 5.70 | 1.64 | 2.15 | 4.91 | 2.20 | 1.95 | -2.86 | 1.38 | 1.20 |
| 2009 | 0.01 | 1.63 | 1.60 | 1.62 | 1.27 | 1.18 | 1.45 | 1.39 | 1.70 | 1.09 | 1.60 | 2.16 |
| 2010 | 1.87 | 1.85 | 1.74 | 0.78 | 2.34 | 2.42 | 1.97 | 1.92 | 2.55 | 3.00 | 2.60 | 1.79 |
| 2011 | 2.77 | 2.20 | 1.96 | 2.38 | 2.16 | 3.55 | 2.68 | 5.39 | 2.21 | 2.14 | 1.77 | 3.30 |
| 2012 | 3.28 | 1.92 | 2.66 | 1.65 | 1.64 | 3.04 | 2.27 | -0.64 | 3.00 | 2.07 | 2.51 | 2.31 |
| 2013 | 1.82 | 4.26 | 2.13 | 3.28 | 5.55 | 2.79 | 2.12 | 3.78 | 2.90 | 1.13 | 3.23 | 1.63 |

Wean to Finish Profit/Loss in \$ per Head, Old Procedures versus New Procedures



Difference in Wean to Finish Profit/Loss in \$ per Head

New Procedures (without manure credit) – Old Procedures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|------|------|-------|------|------|-------|-------|-------|-------|-------|-------|
| 2007 | 5.78 | 5.11 | 6.29 | 5.85 | 6.53 | 5.63 | 6.26 | 3.07 | 6.39 | 6.12 | 7.52 | 6.05 |
| 2008 | 9.37 | 6.82 | 8.60 | 11.14 | 6.14 | 7.93 | 11.85 | 9.10 | 10.37 | 6.56 | 12.17 | 9.29 |
| 2009 | 6.58 | 7.02 | 6.41 | 7.63 | 8.56 | 9.16 | 8.00 | 10.38 | 10.76 | 9.98 | 8.37 | 7.62 |
| 2010 | 7.74 | 6.42 | 6.69 | 5.37 | 5.22 | 6.18 | 7.94 | 7.60 | 9.17 | 11.21 | 12.53 | 11.63 |
| 2011 | 11.00 | 9.45 | 9.06 | 8.35 | 7.86 | 9.59 | 9.01 | 11.13 | 7.69 | 6.53 | 10.83 | 6.68 |
| 2012 | 6.24 | 3.95 | 5.66 | 5.09 | 6.72 | 6.83 | 4.05 | 1.19 | 5.83 | 5.12 | 5.72 | 6.62 |
| 2013 | 3.59 | 4.86 | 3.31 | 5.72 | 7.86 | 3.29 | 2.86 | 1.64 | 1.98 | 1.56 | 3.53 | 0.90 |

New Procedures (with manure credit) – Old Procedures

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2007 | 7.53 | 6.85 | 8.04 | 7.59 | 8.27 | 7.38 | 8.01 | 4.81 | 8.14 | 7.87 | 9.26 | 7.79 |
| 2008 | 11.41 | 8.86 | 10.65 | 13.18 | 8.18 | 9.97 | 13.90 | 11.14 | 12.42 | 8.61 | 14.22 | 11.33 |
| 2009 | 10.67 | 11.10 | 10.49 | 11.72 | 12.65 | 13.25 | 12.09 | 14.47 | 14.84 | 14.07 | 12.45 | 11.70 |
| 2010 | 10.83 | 9.52 | 9.78 | 8.47 | 8.32 | 9.28 | 11.04 | 10.70 | 12.27 | 14.31 | 15.62 | 14.72 |
| 2011 | 12.90 | 11.35 | 10.96 | 10.26 | 9.76 | 11.49 | 10.92 | 13.03 | 9.59 | 8.43 | 12.74 | 8.59 |
| 2012 | 9.69 | 7.40 | 9.11 | 8.54 | 10.16 | 10.28 | 7.50 | 4.64 | 9.28 | 8.57 | 9.17 | 10.07 |
| 2013 | 7.07 | 8.33 | 6.78 | 9.20 | 11.33 | 6.77 | 6.33 | 5.11 | 5.46 | 5.03 | 7.00 | 4.38 |