

BREAK-EVEN PURCHASE PRICES FOR FEEDER PIGS

In Table 6, break-even purchase prices are calculated for 55 lb. and 10 lb. feeder pigs using costs shown in Table 1.

Table 6. Break-Even Feeder Pig Prices.

	Feeder Pig (55 lbs.)	Weaned Pig (10 lbs.)
1. Hog revenue \$0.40 price x 250 lbs. =	\$100	\$100
2.a. Death loss	1	2
2.b. Feed costs	34	46
2.c. Operating costs	6	9
2. Variable costs (sum of 2.a.,2.b., and 2.c.)	\$41	\$57
3. Break-even price to cover variable costs (line 1 - line 2)	\$59	\$43
4. Investment and labor costs	\$10	\$14
5. Break-even price (line 3 - line 4)	\$49	\$28

The table contains two break-even prices:

1. Break-even price to cover variable costs (line 4). This break-even subtracts feed and operating costs from projected hog revenue. Feed and operating costs will not be incurred if a feeder pig is not purchased. Purchasing hogs for less than this price will contribute to covering investment and labor costs.

2. Break-even price (line 5). This break-even price subtracts all costs from projected hog revenue. In the long-run, feeder pigs must be purchased for less than the break-even prices if an operation is to be profitable.

Break-even prices for different hog and feed prices are shown in Tables 7 and 8.