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Staff Paper

1998 Business Analysis Summary for Swine Farms

by

Sherrill B. Nott

Staff Paper #99-34

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1998 BUSINESS ANALYSIS SUMMARY FOR SWINE FARMS

Michigan Data from Telfarm/MicroTel Staff Paper No. 99-34, 15 pages

by

Sherrill B. Nott¹

Introduction

I. This report is organized as follows:

- A. List and sequence of Tables
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II. **List and sequence of Tables**

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Data Source

Farm types were assigned using the 1992 Census of Agriculture's Standard Industrial Classification (SIC) definitions. Basically, any farm with 50 percent or more of value of farm sales from one item becomes a farm of that type. Swine farms have 50 percent or more of value of combined sales from fat hogs, feeder pigs and cull breeding hogs.

This report is a summary of the financial and production records kept by swine farmers enrolled in the Telfarm/MicroTel record program through Michigan State University Extension. Farm records were included if a Finan² summary was completed on 1998 data including beginning and ending balance sheets, plus income and expenses. The summary was included if cash

¹Professor and Farm Management Specialist; phone 517-353-4522 or nott@msu.edu Co-workers in the Telfarm/MicroTel project were R. Betz, L. Borton, R. Clark, S. Harsh, M. Kelsey, G. Kole, T. Purdy, W. Schauer, G. Schwab, D. Stein, and V. Varner with the assistance of Michigan State University Extension Agents.

²Finan = financial analysis, one of the parts of Finpack, a financial software package from the Center for Farm Financial Management at the University of Minnesota.

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discrepancy was less than 10% of gross cash inflow, and if the debt discrepancy was less than \$1,000. The averages are reported in the tables below; it should be recognized that considerable variability exist in the data. Ten of the 14 farms grew crops in addition to hogs. The unweighted mean of acres cropped was 825 acres; the standard deviation of the mean was 515 acres and the median was 911. The unweighted mean of the net farm income for all 14 farms was \$(227,180). The standard deviation of the mean was \$279,342 and the median was \$(145,275) of net farm income.

This report has three purposes: 1)to provide statistical information about the financial results on swine farms during 1997; 2)to provide production costs for comparative analysis and forward planning; and 3)to provide information on the trends in resource use, income and costs during the last few years. For swine farm averages in 1995, see Staff Paper No. 96-86, Michigan Farm Database, New Directions for 1995; it contains averages of 19 swine farms calculated with Finansum. Staff Paper No. 97-30, Business Analysis Summary for Swine Farms, contains averages of 17 swine farms for 1996. Staff Paper No. 98-23, 1998 Business Analysis Summary for Swine Farms, contains averages of 20 swine farms for 1997. These staff papers are available from me.

Finansum allows rapid analysis of group averages with some degree of choice over how the results are presented. I prefer to show the average of the high or low 25 percent by rate of return on farm assets, but only if the 25 percent means 6 or more farms. In order to get at least 6 farms, I increased the percentage to 43 for the swine farms. The farm was accepted in the average regardless of whether the farm was a proprietorship, partnership, limited liability company, or corporation. Finansum will produce a variety of report options; a subset is included in this publication.

The farms included in the averages below are not a random sample. Most of them kept their financial records with Michigan State University's Telfarm/MicroTel accounting project. The averages may be representative of bigger and better managed swine farms. The 14 farms were spread across the 9 counties of Allegan, Benzie, Branch, Cass, Eaton, Hillsdale, Huron, Kalamazoo, and Van Buren.

This document may be found and downloaded from the following:

<http://www.msu.edu/user/nott>

Table 1 shows the production summary for the 12 farms that reported farrow to finish information. Of the other two farms, one reported no production information, and the other purchased and fed out feeder pigs. Hog farmers suffered a big drop in prices received during 1998. The net farm incomes at the bottom of Table 3 show the magnitude of losses experienced by the 14 reporting farms. Several swine farm managers declined to do an analysis for 1998 often indicating things were bad and they didn't care to get any more specific. If those with the worst losses chose not to report this year, then the averages reported in this paper may indicate a more profitable situation than what a random sample would indicate.

Table 1

Livestock and Crop Production Summaries, 1998

Swine Farms in Michigan

(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))
Hogs, Farrow To Finish	
Number of farms	12
Average number of sows	851.3
Litters farrowed	1607
Litters per sow	1.89
Litters per crate	13.49
Pigs born per litter	10.45
Pigs weaned per litter	8.97
Pigs weaned per sow	16.01
Number sold per litter	6.36
Avg lbs. / Raised Hog sold	260
Avg price / cwt	34.42

CROP PRODUCTION AND MARKETING SUMMARY, 1998

	Average Of All Farms)))))))))	Average Of Low 43%)))))))))	Average Of High 43%)))))))))
Number of Farms	14	6	6
ACREAGE SUMMARY			
Total Acres Owned	424	368	415
Total Crop Acres ³	646	215	1086
Crop Acres Owned	275	173	269
Crop Acres Cash Rented	344	42	755
Crop Acres Share Rented	27	-	63
AVERAGE PRICE RECEIVED (Cash Sales Only)			
Soybeans per bu.	6.04	-	6.04
AVERAGE YIELD PER ACRE			
Corn (bu.)	118.80	-	122.04
Soybeans (bu.)	48.55	-	48.55
Wheat, Winter (bu.)	49.98	-	-

³Four farms either did not grow crops or chose not to report them. The unweighted average of reported crop acres, owned plus rented, was 825 on the other 12 farms.

Table 2

FARM INCOME STATEMENT, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))	Average Of Low 43%)))))))))	Average Of High 43%)))))))))
Number of Farms	14	6	6
CASH FARM INCOME			
Navy Beans	5727	-	13362
Corn	14935	-	34849
Alfalfa Hay	109	254	-
Mixed Hay	564	1316	-
Oats	97	226	-
Soybeans	38096	4262	84628
Straw	716	1474	197
Sugar Beets	2199	-	5131
Sweet Corn	517	1206	-
Winter Wheat	4023	2903	6485
Beef Calves	2424	-	5656
Raised Hogs	813003	355902	1200425
Feeder Pigs	5878	13360	205
Finish Feeder Pigs	33716	19944	55748
Cull breeding livestock	37098	38405	31707
Misc. livestock income	117	-	273
Transition payments	12629	7000	22467
Other government payments	24361	3530	38555
Custom work income	4546	1699	6446
Patronage dividends, cash	1168	404	2151
Insurance income	3508	971	1369
Cash from hedging accts	9578	3455	18894
Other farm income	59408	3190	132626
Gross Cash Farm Income	1074417	459499	1661175

Table 3

FARM INCOME STATEMENT, 1998 (Continued)

Swine Farms in Michigan

(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))	Average Of Low 43%)))))))))	Average Of High 43%)))))))))
Number of Farms	14	6	6
CASH FARM EXPENSE			
Seed	14997	5523	25799
Fertilizer	15969	2375	28836
Crop chemicals	24980	10495	39865
Crop insurance	1636	286	3453
Drying fuel	2580	204	3157
Irrigation energy	185	-	431
Crop miscellaneous	2001	244	4220
Feeder livestock purchase	25265	21318	35829
Purchased feed	487952	228480	724994
Breeding fees	25441	2345	42147
Veterinary	35658	12075	59346
Livestock supplies	7819	4565	12888
Livestock leases	134	253	61
Livestock marketing	5659	2830	6588
Interest	73863	41096	97427
Fuel & oil	9987	3739	14548
Repairs	26458	12953	38498
Custom hire	95938	10152	169538
Hired labor	142557	27303	260945
Land rent	40347	17784	76027
Machinery & bldg leases	5977	4194	8643
Real estate taxes	5891	2927	5304
Personal property taxes	127	46	250
Farm insurance	10435	5165	13100
Utilities	27161	8065	41064
Dues & professional fees	3929	1955	4221
Hedging account deposits	34	-	-
Miscellaneous	82625	50361	133920
Total cash expense	1175605	476733	1851099
Net cash farm income	-101187	-17234	-189923
INVENTORY CHANGES			
Crops and feed	-15253	-18936	-20720
Market livestock	15719	-86755	189654
Accounts receivable	40	-920	843
Prepaid expenses and supplies	-3507	-3609	4860
Accounts payable	-28228	-29359	-23024
Total inventory change	-31228	-139577	151613
Net operating profit	-132415	-156811	-38310
DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS			
Breeding livestock	3641	-22869	30523
Machinery and equipment	-38510	-16221	-50226
Buildings and improvements	-61575	-21448	-99657
Other farm capital	1679	21	3664
Total depr. and other capital adj	-94765	-60517	-115695
Net farm income	-227180	-217329	-154006

Table 4

INVENTORY CHANGES, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))	Average Of Low 43%)))))))))	Average Of High 43%)))))))))
Number of Farms	14	6	6
Net cash farm income	-101187	-17234	-189923
CROPS AND FEED			
Ending inventory	102647	16495	173015
Beginning inventory	117900	35431	193735
Inventory change	-15253	-18936	-20720
MARKET LIVESTOCK			
Ending inventory	308246	90504	563833
Beginning inventory	292527	177258	374179
Inventory change	15719	-86755	189654
ACCTS RECEIVABLE & OTHER CURRENT ASSETS			
Ending inventory	5057	421	10049
Beginning inventory	5017	1340	9206
Inventory change	40	-920	843
PREPAID EXPENSES AND SUPPLIES			
Ending inventory	19166	5437	29925
Beginning inventory	22673	9046	25065
Inventory change	-3507	-3609	4860
ACCOUNTS PAYABLE			
Beginning inventory	46979	28700	58875
Ending inventory	75207	58059	81899
Inventory change	-28228	-29359	-23024
Total inventory change	-31228	-139577	151613
Net operating profit	-132415	-156811	-38310

Table 5

DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))	Average Of Low 43%)))))))))	Average Of High 43%)))))))))
Number of Farms	14	6	6
Net operating profit	-132415	-156811	-38310
BREEDING LIVESTOCK			
Ending inventory	197997	74063	328740
Capital sales	5619	4455	6482
Beginning inventory	168832	95663	243314
Capital purchases	31144	5723	61385
Depreciation, capital adj.	3641	-22869	30523
MACHINERY AND EQUIPMENT			
Ending inventory	148216	49108	228482
Capital sales	4665	2159	3576
Beginning inventory	127719	55000	177828
Capital purchases	63673	12488	104457
Depreciation, capital adj.	-38510	-16221	-50226
BUILDINGS AND IMPROVEMENTS			
Ending inventory	396967	77979	701514
Capital sales	-	-	-
Beginning inventory	304250	94369	450289
Capital purchases	154292	5058	350882
Depreciation, capital adj.	-61575	-21448	-99657
OTHER CAPITAL ASSETS			
Ending inventory	31805	12711	54968
Capital sales	116232	24909	246012
Beginning inventory	93714	30134	181958
Capital purchases	52644	7465	115357
Depreciation, capital adj.	1679	21	3664
Total depreciation, capital adj.	-94765	-60517	-115695
Net farm income	-227180	-217329	-154006

Table 6

PROFITABILITY AND LIQUIDITY ANALYSIS, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

	Avg. Of All Farms)))))))))	Avg. Of Low 43%)))))))))	Avg. Of High 43%)))))))))	Avg. Of All Farms)))))))))	Avg. Of Low 43%)))))))))	Avg. Of High 43%)))))))))			
Number of Farms	14	6	6	14	6	6			
PROFITABILITY									
	----- Cost -----			----- Market -----					
Net farm income	-227180	-217329	-154006	-165223	-150650	-102847			
Labor & mgmt earnings	-251547	-223114	-195740	-225095	-185766	-181566			
Rate of return on assets	-12.5 %	-31.0 %	-4.4 %	-5.8 %	-11.6 %	-1.5 %			
Rate of return on equity	-70.5 %	-479.4 %	-29.4 %	-20.6 %	-32.1 %	-11.2 %			
Operating profit margin	-33.0 %	-260.7 %	-8.5 %	-22.0 %	-177.5 %	-3.9 %			
Asset turnover rate	37.8 %	11.9 %	51.0 %	26.4 %	6.5 %	39.0 %			
Interest on farm net worth	24367	5786	41735	59872	35116	78719			
Farm interest expense	81051	45657	104768	81051	45657	104768			
Value of operator lbr & mgmt.	40369	37435	44739	40369	37435	44739			
Return on farm assets	-186498	-209107	-93977	-124541	-142428	-42818			
Average farm assets	1496271	674672	2159495	2137923	1230750	2825114			
Return on farm equity	-267549	-254764	-198744	-205592	-188085	-147586			
Average farm equity	379486	53147	676717	997862	585271	1311981			
Value of farm production	565348	80222	1100652	565348	80222	1100652			
	Average Of All Farms)))))))))			Average Of Low 43%)))))))))			Average Of High 43%)))))))))		
Number of Farms	14			6			6		
LIQUIDITY (Cash)									
Net cash farm income			-101187		-17234	-189923			
Net nonfarm income			4576		9323	-1524			
Family living and taxes			50719		24969	81983			
Real estate principal payments			33672		13620	49652			
Cash available for interm. debt			-181003		-46500	-323083			
Average intermediate debt			233817		130000	300089			
Years to turnover interm. debt			**		**	**			
Expense as a % of income			109 %		104 %	111 %			
Interest as a % of income			7 %		9 %	6 %			
LIQUIDITY (Accrual)									
Total accrual farm income			1074923		352889	1830953			
Total accrual farm expense			1207339		509700	1869263			
Net accrual operating income			-132415		-156811	-38310			
Net nonfarm income			4576		9323	-1524			
Family living and taxes			50719		24969	81983			
Real estate principal payments			33672		13620	49652			
Available for intermediate debt			-212231		-186077	-171470			
Average intermediate debt			233817		130000	300089			
Years to turnover interm. debt			**		**	**			
Expense as a % of income			112 %		144 %	102 %			
Interest as a % of income			8 %		13 %	6 %			

** Income insufficient to meet debt servicing requirements

Table 7

BALANCE SHEET AT COST VALUES, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

Number of Farms	Average Of All Farms)))))))))		Average Of Low 43 %)))))))))		Average Of High 43 %)))))))))	
	14		6		6	
	Beginning)))))))))	Ending)))))))))	Beginning)))))))))	Ending)))))))))	Beginning)))))))))	Ending)))))))))
ASSETS						
Current Farm Assets						
Cash and checking balance	35932	38934	18857	16331	53143	28443
Prepaid expenses & supplies	22673	19166	9046	5437	25065	29925
Growing crops	2264	2060	850	-	3272	3916
Accounts receivable	2750	2107	483	417	5934	4500
Hedging accounts	3	590	7	4	-	933
Crops held for sale or feed	117900	102647	35431	16495	193735	173015
Crops under government loan	-	-	-	-	-	-
Market livestock held for sale	292527	308246	177258	90504	374179	563833
Other current assets	-	300	-	-	-	700
Total current farm assets	474049	474050	241932	129188	655327	805265
Intermediate Farm Assets						
Breeding livestock	168832	197997	95663	74063	243314	328740
Machinery and equipment	127719	148216	55000	49108	177828	228482
Other intermediate assets	73624	18757	7301	12711	158477	25089
Total intermediate farm assets	370174	364971	157964	135881	579619	582312
Long-Term Farm Assets						
Farm land	285224	289719	244600	244597	240406	250897
Buildings and improvements	304250	396967	94369	77979	450289	701514
Other long-term assets	20091	13048	22833	-	23481	29879
Total long-term farm assets	609565	699735	361802	322576	714176	982291
Total Farm Assets	1453787	1538756	761699	587645	1949122	2369868
Total Nonfarm Assets	36331	42906	5418	5367	79355	94748
Total Assets	1490119	1581662	767116	593012	2028477	2464616
LIABILITIES						
Current Farm Liabilities						
Accrued interest	11476	18664	9056	13617	6881	14221
Accounts payable	35503	56543	19644	44442	51995	67678
Current notes	172102	387736	238957	259646	123583	506995
Government crop loans	-	-	-	-	-	-
Principal due on term debt	60632	92460	44009	51895	65713	135244
Total current farm liabilities	281381	555846	312700	370633	251029	724138
Intermediate Farm Liabilities	164351	221245	85582	104411	217688	296168
Long-term Farm Liabilities	491168	519581	190678	179046	686308	790223
Total Farm Liabilities	936900	1296671	588960	654090	1155026	1810529
Total Nonfarm Liabilities	19012	6247	3401	2343	40961	12232
Total Liabilities	955912	1302918	592361	656433	1195986	1822761
Net Worth (farm and nonfarm)	534207	278744	174755	-63422	832491	641855
Net Worth Change		-255462		-238177		-190636
RATIO ANALYSIS						
Current Farm Liabilities / Assets	59 %	117 %	129 %	287 %	38 %	90 %
Curr. & Intern Farm Liab / Assets	53 %	93 %	100 %	179 %	38 %	74 %
Long Term Farm Liab. / Assets	81 %	74 %	53 %	56 %	96 %	80 %
Total Liabilities / Assets	64 %	82 %	77 %	111 %	59 %	74 %

Table 8

BALANCE SHEET AT MARKET VALUES, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))		Average Of Low 43 %)))))))))		Average Of High 43 %)))))))))	
	14		6		6	
Number of Farms	Beginning)))))))))	Ending)))))))))	Beginning)))))))))	Ending)))))))))	Beginning)))))))))	Ending)))))))))
ASSETS						
Current Farm Assets						
Cash and checking balance	35932	38934	18857	16331	53143	28443
Prepaid expenses & supplies	22673	19166	9046	5437	25065	29925
Growing crops	2264	2060	850	-	3272	3916
Accounts receivable	2750	2107	483	417	5934	4500
Hedging accounts	3	590	7	4	-	933
Crops held for sale or feed	117900	102647	35431	16495	193735	173015
Crops under government loan	-	-	-	-	-	-
Market livestock held for sale	292527	308246	177258	90504	374179	563833
Other current assets	-	300	-	-	-	700
Total current farm assets	474049	474050	241932	129188	655327	805265
Intermediate Farm Assets						
Breeding livestock	168832	198749	95663	76392	243314	328165
Machinery and equipment	281691	313929	158762	150739	373358	443630
Other intermediate assets	73624	18757	7301	12711	158477	25089
Total intermediate farm assets	524146	531435	261726	239842	775149	796884
Long-Term Farm Assets						
Farm land	619757	650509	691847	729418	406420	438537
Buildings and improvements	427275	541486	68195	76518	728689	990597
Other long-term assets	20091	13048	22833	-	23481	29879
Total long-term farm assets	1067123	1205043	782876	805936	1158590	1459013
Total Farm Assets	2065318	2210528	1286534	1174966	2589066	3061162
Total Nonfarm Assets	44771	51299	14276	13283	90189	106415
Total Assets	2110088	2261827	1300810	1188249	2679255	3167577
LIABILITIES						
Current Farm Liabilities						
Accrued interest	11476	18664	9056	13617	6881	14221
Accounts payable	35503	56543	19644	44442	51995	67678
Current notes	172102	387736	238957	259646	123583	506995
Government crop loans	-	-	-	-	-	-
Principal due on term debt	60632	92460	44009	51895	65713	135244
Total current farm liabilities	281381	555846	312700	370633	251029	724138
Intermediate Farm Liabilities	164351	221245	85582	104411	217688	296168
Long-term Farm Liabilities	491168	519581	190678	179046	686308	790223
Total Farm Liabilities	936900	1296671	588960	654090	1155026	1810529
Total Nonfarm Liabilities	19012	6247	3401	2343	40961	12232
Total Deferred Liabilities	23902	22418	26051	21857	29720	30451
Total Liabilities	979814	1325335	618412	678291	1225706	1853212
Net Worth (farm and nonfarm)	1130275	936492	682399	509959	1453548	1314365
Net Worth Change		-193783		-172440		-139184
RATIO ANALYSIS						
Current Farm Liabilities / Assets	59 %	117 %	129 %	287 %	38 %	90 %
Curr. & Intern Farm Liab. / Assets	45 %	77 %	79 %	129 %	33 %	64 %
Long Term Farm Liabilities / Assets	46 %	43 %	24 %	22 %	59 %	54 %
Total Liabilities / Assets	46 %	59 %	48 %	57 %	46 %	59 %

Table 9

STATEMENT OF CASH FLOWS, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

Number of Farms	Average Of All Farms)))))))))	Average Of Low 43%)))))))))	Average Of High 43%)))))))))
	14	6	6
(a) Beginning cash balance (farm & nonfarm)	36693	20632	53143
CASH FROM OPERATING ACTIVITIES			
Gross cash farm income	1074417	459499	1661175
Net nonfarm income (+)	4576	9323	-1524
Total cash farm expense (-)	1175605	476733	1851099
Apparent family living expense (-)	46992	24254	74059
Income and social security tax (-)	3727	715	7924
(b) Cash from operations (=)	-147331	-32880	-273431
CASH FROM INVESTING ACTIVITIES			
Sale of breeding livestock	5619	4455	6482
Sale of machinery & equipment (+)	4665	2159	3576
Sale of farm land (+)	-	-	-
Sale of farm buildings (+)	-	-	-
Sale of other farm assets (+)	116232	24909	246012
Sale of nonfarm assets (+)	-	-	-
Purchase of breeding livestock (-)	31144	5723	61385
Purchase of machinery & equip. (-)	63673	12488	104457
Purchase of farm land (-)	3185	264	7167
Purchase of farm buildings (-)	154292	5058	350882
Purchase of other farm assets (-)	52644	7465	115357
Purchase of nonfarm assets (-)	5469	9253	3508
(c) Cash from investing activities (=)	-183891	-8728	-386687
CASH FROM FINANCING ACTIVITIES			
Money borrowed	619768	158663	1026076
Cash gifts and inheritances (+)	1263	2937	9
Principal payments (-)	287155	123910	390084
Dividends paid (-)	-	-	-
Gifts given (-)	413	383	581
(d) Cash from financing activities (=)	333462	37308	635419
(e) Net change in cash balance (b+c+d)	2240	-4301	-24699
Ending cash balance (farm & nonfarm)	38934	16331	28443

Table 10

FINANCIAL GUIDELINES MEASURES, 1998
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))		Average Of Low 43 %)))))))))		Average Of High 43 %)))))))))	
Number of Farms	14		6		6	
LIQUIDITY	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current ratio	1.68	0.85	0.77	0.35	2.61	1.11
Working capital	192668	-81796	-70768	-241445	404298	81127
SOLVENCY (Market)	Beginning	Ending	Beginning	Ending	Beginning	Ending
Farm debt to asset ratio	47 %	60 %	48 %	58 %	46 %	60 %
Farm equity to asset ratio	53 %	40 %	52 %	42 %	54 %	40 %
Farm debt to equity ratio	87 %	148 %	92 %	137 %	84 %	151 %
PROFITABILITY	Cost	Market	Cost	Market	Cost	Market
Rate of return on farm assets	-12.5 %	-5.8 %	-31.0 %	-11.6 %	-4.4 %	-1.5 %
Rate of return on farm equity	-70.5 %	-20.6 %	-479.4 %	-32.1 %	-29.4 %	-11.2 %
Operating profit margin	-33.0 %	-22.0 %	-260.7 %	-177.5 %	-8.5 %	-3.9 %
Net farm income	-227180	-165223	-217329	-150650	-154006	-102847
REPAYMENT CAPACITY	Cash	Accrual	Cash	Accrual	Cash	Accrual
Term debt coverage ratio	-95 %	-124 %	-9 %	-203 %	-177 %	-54 %
Capital replacement margin	-209192	-240420	-77941	-217518	-340962	-189349
EFFICIENCY						
Asset turnover rate(mrkt)		26.4 %		6.5 %		39.0 %
Operating expense ratio		104.8 %		131.5 %		96.4 %
Depreciation expense ratio		8.8 %		17.1 %		6.3 %
Interest expense ratio		7.5 %		12.9 %		5.7 %
Net farm income ratio		-21.1 %		-61.6 %		-8.4 %

LABOR ANALYSIS

	Average Of All Farms)))))))))		Average Of Low 43 %)))))))))		Average Of High 43 %)))))))))	
Number of Farms	14		6		6	
Total unpaid labor hours	3657		3760		3773	
Total hired labor hours	9668		2387		16693	
Total labor hours per farm	13325		6147		20466	
Value of farm production/hour	42.43		13.05		53.78	
Net farm income/unpaid hour	-62.12		-57.80		-40.82	

Table 11

OPERATOR INFORMATION & NONFARM SUMMARY, 1998

Swine Farms in Michigan

(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))	Average Of Low 43%)))))))))	Average Of High 43%)))))))))
Number of Farms	14	6	6
OPERATOR INFORMATION			
Average number of operators	1.6	1.3	1.7
Average age of operators	46.1		
Average number of years farming	23.8		
NONFARM INCOME			
Nonfarm wages & salary	1777	4145	-
Nonfarm business income	-1160	-	-2706
Nonfarm rental income	3334	4755	146
Nonfarm interest income	560	272	1036
Nonfarm cash dividends	-	-	-
Tax refunds	22	51	-
Nontaxable nonfarm income	-	-	-
Gifts and inheritances	1263	2937	9
Other nonfarm income	43	100	-
Total nonfarm income	5838	12260	-1516
		Average Of All Farms	
		Beginning	Ending
NONFARM ASSETS (Mkt))))))))))))))))))))))))))))
Checking & savings		761	-
Stocks & bonds		1509	1830
Other current assets		1361	630
Furniture & appliances		2571	2571
Nonfarm vehicles		5571	6357
Cash value of life ins.		5302	6990
Retirement accounts		8052	12206
Other intermediate assets		-	-
Nonfarm real estate		19643	20714
Other long term assets		-	-
Total nonfarm assets		44771	51299

Table 1 reported 12 farms had farrow to finish production summary factors. I chose not to report a breakout by income level in Table 1. Several additional farms had sows and farrow to finish enterprises and production summaries but did not meet the criteria of having 50 percent or more of their gross income from hogs; their averages were not included in the preceding tables. For Table 12 below, a summary was run using every farrow to finish data set in the system, resulting in averages from 18 farms. These were sorted by 34 percent, plus or minus, by rate of return on assets.

Table 12 **Livestock Production Summary, 1998, 18 Farms**
Swine Farms in Michigan
(Farms sorted by Rate of Return on Farm Assets)

	Average Of All Farms)))))))))	Average Of Low 34 %)))))))))	Average Of High 34 %)))))))))
Hogs, Farrow To Finish			
Number of farms	18	7	7
Average number of sows	616.5	285.9	416.8
Litters farrowed	1175	452	727
Litters per sow	1.91	1.58	1.74
Litters per crate	12.92	19.51	14.50
Pigs born per litter	10.32	9.18	10.49
Pigs weaned per litter	8.85	7.94	8.59
Pigs weaned per sow	16.01	12.55	15.37
Number sold per litter	6.43	8.48	5.70
Avg lbs. / Raised Hog sold	251	255	186
Avg price / cwt	35.38	41.50	39.59