MINNESOTA FARM MANAGEMENT SERVICE NOTES

No. 19 June 10, 1924

Prepared by the Farm Management Group at University Farm, St. Paul, Minn.
Andrew Boss, G.A. Pond, L.B. Bassett, W.L. Cavert,
L.F. Garey, E.T. Hoverstad

The Hog Situation

The following table indicates that there has been a somewhat steady increase in the total slaughter of hogs in the United States since 1910. The year of 1917 shows a noticeable decline in the number slaughtered. The reason for this is attributed to the heavy marketing the previous year. The consumption of pork increased as the number of hogs slaughtered increased.

	Total slaughter million lbs.	Exports lard & meat million lbs.	Per capita consumption lard & meat	Chicago price cwt.
1910	5881	692	70.8	$8.90
1911	7511	1061	86.9	6.70
1912	7189	993	82.	7.55
1913	7492	1031	84.2	8.35
1914	7228	831	82.4	8.30
1915	7850	1377	85.4	7.10
1916	8509	1460	88.8	9.60
1917	6901	1309	70.4	15.10
1918	8854	2257	81.2	17.45
1919	8933	2650	81.4	17.85
1920	8193	1546	82.1	14.15
1921	8475	1635	84.2	8.65
1922	9162	1493	90.1	9.20
1923	11182	1994	107.8	7.61

Where there is no appreciable change in the amount exported the price of hogs tends to fall as the number slaughtered increases and vice versa. The decline in exports in 1920 to 1922 was doubtless due to unfavorable foreign conditions. This with decreased prices of hogs is reflected in increased pork consumption in this country.

An important factor in determining the number of hogs slaughtered is the amount and price of corn the previous year. It is evident there was a short supply of hogs in 1910. This was due chiefly to the short corn crop of 1908 and 1909. In the corn belt hogs return more profit in sections of low priced corn. One of the cheap corn sections in the United States is southwestern Minnesota. At present the corn-hog ratio is unfavorable to hog production even there. If the price of corn increases and the price of hogs stays low the ratio will be still more unfavorable. This will speed up the marketing of hogs which will decrease the price of hogs still further. Thus it will be but a matter of a short time until the supply of hogs will decrease to the extent that the price will increase materially and the corn-hog ratio will be favorable to hog production again. The hog industry is subject to violent changes. Large corn crops are likely to be followed by large hog crops. Those producing hogs in regions where the corn-hog ratio normally is favorable should preserve their breeding stock and stay in the hog business.

L.F.G.

Costs and Returns in Pork Production

There was little, if any, profit in marketing corn thru hogs in 1923. This was due to the low price of hogs as compared to corn. The figures in the accompanying table were gathered from twenty-three farms. The grain fed includes 355 pounds of shelled corn charged at 61 cents per bushel and 71 pounds of small grain, mostly oats, at $1.10 per 100 pounds. The selling price was great enough to pay operating expenses but it fell 75 cents short of meeting the total net cost which includes fixed charges incurred whether or not hogs are raised.

Pork Production Costs in 1923 on Cottonwood-Jackson County Statistical Route

	Requirements Per 100 Pounds		
	Average	Range	Cost
Costs:			
Feed - Grain	426 lbs.	305 - 734 lbs.	$4.66
Skimmilk	138 "	24 - 379 "	.42
Pasture	19 days	0 - 78 days	.27
Total feed cost			$5.35
Labor - Man hours	3	1¾ - 5¼	.63
Horse hours	½	0 - 1	.04
Interest			.19
Miscellaneous (taxes, insurance, vaccinating, etc.)			.20
Fixed items - Shelter & equipment			.64
Overhead			.40
Total Costs			$7.45
Credit - Manure			.28
Net Cost of Pork			$7.17

	Average	Highest	Lowest
Cost per 100 pounds	$7.17	$11.24	$5.24
Selling price per 100 pounds	6.42	8.25	5.73
Pounds of pork produced per farm	11747	26363	4035

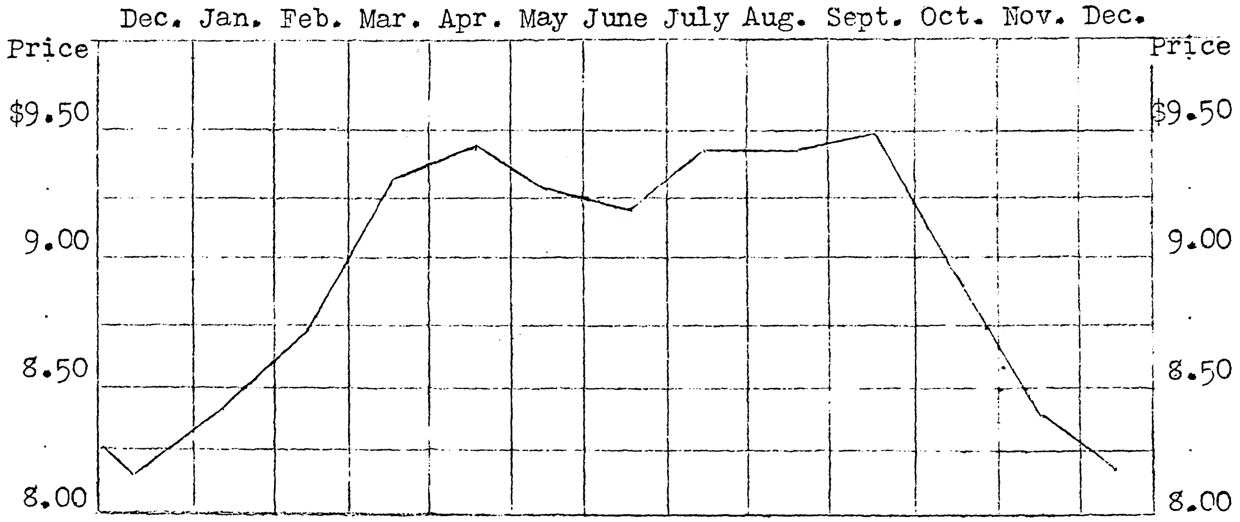
At $6.42 per 100 pounds the hogs paid 51 cents for 56 pounds of grain, which is less than the same grain would have brot on the market. If hogs had sold at $7.00 they would have paid fifty-nine cents for corn, at $7.50 sixty-six cents and at $8.00 seventy-two cents. It is reasonable to expect that hogs will rise in price and the corn-hog prices will again get into a ratio favorable to pork production.

Figures obtained from the same community in 1921 show that pork was produced for $5.26 and sold for $7.27; in 1922 the figures were $6.62 and $7.96 respectively. Of the twenty-three farms in 1923 only six were able to show costs less than their selling price. Some of the ways in which these farmers secured their margin of profit were as follows: They provided good pastures; rape, clover or alfalfa are excellent pasture crops. Skimmilk and tankage were used to balance the expensive grain rations. Grains of low market value were substituted for the more common grain feeds; rye was partially substituted for corn. By allowing the swine to hog down corn costs were cut and labor was saved. A higher price was received by disposing of the hogs early in the fall. The profit was greater even tho the hogs were lighter in weight. These practices will always tend to increase profits or cut losses regardless of whether hogs ~~prices~~ are high or low in price.

A.T.H.

The Seasonal Trend of Hog Prices

The diagram below shows the average monthly price of hogs at Chicago for the years 1903-23 inclusive.



The high market of the year usually comes in July, August and September with a rapid decline from September until the December low is reached. From December to April the usual trend is upward. June is usually the low market for the summer months.

The questions arises as to whether it is feasible for farmers to adjust their hog production program so as to market in the season of high prices. In attempting to do this one is confronted with the fact that prices are usually low during November, December and January because that is the convenient time to have spring pigs ready for market. However, those who keep only a few sows and have a fair supply of skimmilk may find that profits can be increased by having the pigs farrowed early in March and crowding them for the September market. Others who are producing on a large scale are likely to find that it is more satisfactory to have the pigs farrowed in the late spring or early summer and have them ready to sell in the late winter. This practice enables one to handle a large bunch with a small investment for housing, and to use the modern system of avoiding worm infestation by the use of clean pastures.

W.L.C.