

## **Hog Enterprise Price Analysis Calculator:**

Current uncertainty on input and output price relationships in the swine industry are increasing the demand for user-friendly tools that aid in associated decision making. This Excel calculator is designed to identify the output price (feeder pig or lean hog) necessary to cover an operation's variable costs, to cover their total costs, and to provide a target profit/head. These calculations are available for farrow-to-finish, farrow-to-feeder, and feeder-to-finish operations. The identified price (e.g., price of lean hogs in the farrow-to-finish evaluation) is the price a farm needs to receive to meet these three thresholds or goals.

More specific instructions on how to use the calculator (which are also included in the spreadsheet) follow:

*Step 1:* Select the worksheet applicable to your operation (farrow-to-finish, farrow-to-feeder, or feeder-to-finish).

*Step 2:* Update (if desired, one can use the default values as well) the input coefficients (feed prices, variable expenses, etc.) highlighted in YELLOW in cells A1:H23.

*Step 3:* Review the output area (cells A25: P52). Presented are three matrices showing the output price necessary to meet each of the three evaluated thresholds/goals. These calculations are conditional on the input provided in step 2. As such, additional "sensitivity analysis" can be conducted by inputting alternative values in the Input Area (cells A1:H23).

*Step 4:* Review the "interpretation notes" provided in rows 55-60 that further describe how to interpret the results.

The proper interpretation of these values is "the output price necessary to meet the threshold/goal being evaluated." If a price lower than this is actually available from the market, this information can be used to gauge the current gap between market prices (and your operation's situation described in cells A1:H23) and the ability to meet each threshold/goal.

Example interpretation:

Utilizing the default input parameters (and base prices of \$6.50/bu corn and \$400/ton SBM) result in an output (lean hog) price of \$90.39/cwt being necessary for farrow-to-finish operations to cover their total costs of production (cell E41, in the farrow-finish spreadsheet). The current futures market suggests that this price is not presently obtainable. Hence, this information helps better identify current losses being implied by the futures market for an operation described by input in cells A1:H23.

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