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Finishing Feeder Pigs

Michigan State University

Cooperative Extension Service

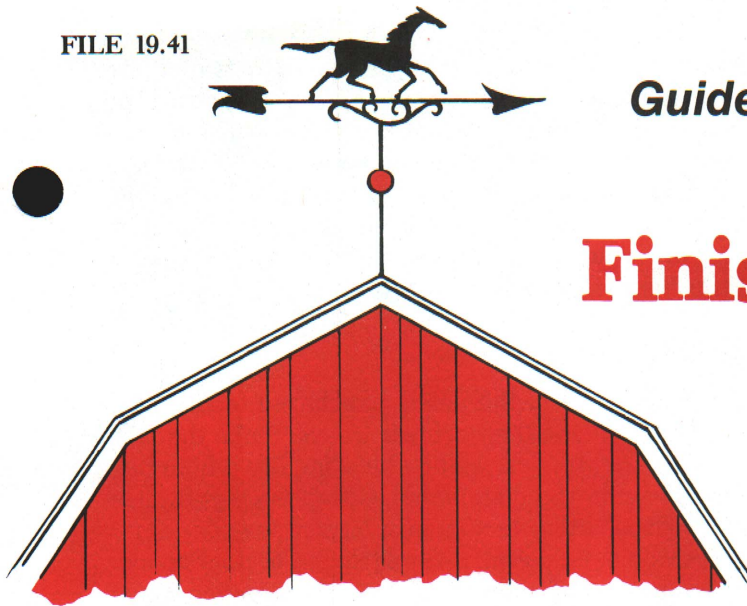
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FARMING KNOW-HOW

Guidelines to Better Family Farming

Finishing Feeder Pigs

COOPERATIVE EXTENSION SERVICE
Michigan State University

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A small feeder pig enterprise involves purchasing young pigs between 35 and 60 pounds, feeding them to about a 220-pound market weight and selling the hogs to meat packers for slaughter. This is a good way for a part-time or small farmer to market his feed grains, such as corn. Buildings for shelter and family labor are required.

A feeder pig requires about 9 to 10 bushels of corn, 4 to 8 square feet of building space (depending on the size of the animal) and 1 to 2 hours of labor (depending on the number of pigs and the building system). Therefore, 50 feeder pigs will need approximately 500 bushels of corn, 400 square feet of building space and about 75 hours of labor. The size of the enterprise can be fitted to the resources on the farm. For example, if 1,000 bushels of corn are available, approximately 100 feeder pigs could be finished, assuming that building space and labor are present.

Properly managed, pigs require about 90 to 125 days for growing and finishing, depending on the weight and thriftiness of the pigs when purchased.

GUIDELINES

- Finishing feeder pigs fits on the small farm where farm produced corn, buildings and labor are available.
- Calculate break-even production costs to determine the best time to purchase pigs and what can be paid for pigs.
- Purchase good quality, healthy feeder pigs from a dependable source.
- Pay close attention to production practices.
- Purchase a commercially prepared protein supplement to grind with farm produced feed grains.
- Provide a balanced ration at minimum cost.
- Market 220-pound hogs at competitive local market outlets.
- Develop a budget to determine expected returns and resource needs.

Three different groups of pigs can be finished each year. To minimize disease problems, it is better to clean and disinfect the facilities, obtain feeder pigs and sell the market hogs before another group of pigs is brought onto the farm. It is possible to schedule the purchase and feeding period around labor needs for the farm, such as planting and harvesting crops, vacations or other time needs. Finishing feeder pigs is a flexible enterprise that can fit into many part-time farming operations or small farms needing a supplementary livestock enterprise.

Although capital requirements are high for the enterprise, capital turnover is more rapid than operating a farrow to finish swine enterprise. Management and time requirements are also less for finishing feeder pigs than for a farrowing operation and care of newborn pigs. Feeder pigs are progressively easier to care for as their weight increases. Respiratory and other health problems are greater with the lighter pigs and death losses probably will be higher. Therefore, purchase pigs at 40 to 50 pounds for best results.

Since pigs do not use forages, they are not an enterprise for a small farm that has a large amount of forage to be used. There is considerable price risk since prices change relatively rapidly for feeder pigs and market hogs. A profit is not assured every time you purchase a group of feeder pigs. To increase the likelihood of profits, calculate the break-even production cost based on current prices and determine what can be paid for feeder pigs.

Investment Needed For Finishing Pigs

A fixed investment in buildings and equipment plus operating capital are needed for the feeder pig enterprise. Feeder pig prices usually vary from \$20 to \$50 per head; therefore, to purchase 50 pigs, operating capital of \$1,000 to \$2,500 will be needed. Approximately 500 bushels of corn is needed at an estimated market price of \$2.50 per bushel, or \$1,250, to finish 50 feeder pigs. An additional outlay of \$10 to \$15 per feeder pig, or \$500 to \$750, is need-

ed during the finishing period for commercial feed supplements, medication, utilities, feed grinding, interest on borrowed money and supplies. If your farm already has facilities for sheltering the animals, no new investment is required. An estimated \$250 is necessary for hog equipment, such as feeders, waterers, pen partitions, etc. In addition, a manure spreader and a power source is needed for disposing of the manure.

Purchasing Feeder Pigs

There are three main sources of feeder pigs in your local community. Neighboring farmers may be producing feeder pigs and selling them directly to farmers who are finishing pigs. This may be a good source because you can become familiar with the conditions under which the feeder pigs were produced. Second, local livestock auctions are a source of feeder pigs throughout the year. A third source is feeder pig dealers who purchase feeder pigs locally, or from other states, and deliver the pigs to your farm. It is important in purchasing feeder pigs that you are familiar with the source so that you obtain good quality, healthy, pigs.

Feeder pigs may be graded according to standards established by the USDA. The feeder pig grades are based on two general factors—logical slaughter potential and thriftiness. All thrifty feeder pigs—those that will gain weight rapidly and efficiently—are grouped according to their logical slaughter potential into either the U.S. No. 1, 2, 3 or 4 grade. Unthrifty feeder pigs are labeled U.S. Utility or U.S. Cull depending on the degree of unthriftiness.

Since quality and health of feeder pigs varies so widely, buy pigs only from a reputable producer or marketing organization. In evaluating a group of pigs for purchase, here's what to look for:

- Thrifty animals with sleek hair coats
- Good weight for age (35 to 40 pounds at 8 weeks)
- Good conformation (long body, good chest capacity, well muscled with good ham development and length of legs with a good frame)
- Freedom from external parasites

Here's what to avoid:

- Unthrifty pigs with rough hair coats
- Ruptured or crippled animals or ones with enlarged joints
- Boar pigs or castrated pigs that are not properly healed
- Animals that have diseases
- Bargains from peddlers
- Lightweight for age (under 30 pounds at 8 weeks)

Care should also be taken in shipping and transporting pigs so that they are not injured. In most

cases you will use a pickup truck or a trailer for transporting the pigs. To make sure pigs are kept cool en route in the summertime, allow 1.2 square feet per pig for 40 to 50 pound feeders. In the wintertime, it is better to use enclosed vehicles for transporting the pigs with some bedding in the truck or trailer. In the wintertime they can be crowded a little more (allow 1 square foot per pig).

Starting the Pigs

Management of the newly purchased feeder pigs is critical during the first few weeks. Place the pigs in a dry, draft-free, well-bedded facility which has been cleaned and disinfected. Group the pigs by size and source with a maximum of 50 pigs per pen.

Provide each pig with 4 square feet of floor space, one waterer for each 25 pigs and one feeder space for each 4 pigs. The optimal temperature at the floor level is 75° F.

Observe the pigs often during the first two weeks for any health problems. Upon arrival, provide a water medication and treat for external parasites to control lice and mange. Treat for internal parasites to control worms 2 weeks after arrival. Consult your veterinarian for recommended products and obtain his services if unusual health problems or death losses occur.

A specially formulated starter ration is beneficial the first 4-5 days. The ration should contain 12 to 14 percent protein, extra fiber and provide a high level of vitamins and antibiotics. Check with your feed supply source for a suggested feed. Feed this highly-fortified, lower protein ration the first 4-5 days. Then gradually shift to your regular feeding program. Remove the fibrous feed gradually—about half of it from the first batch of feed prepared and the rest from the next batch. The regular feeding program should contain 16 percent protein from a commercially prepared protein supplement and feed grains. Your local feed source—elevator or feed dealer—can assist you in the ration formulation. Feed the 16 percent protein ration until the pigs weigh 80 to 100 pounds.

When to Purchase Pigs

The key to success in a feeder pig finishing enterprise is to acquire pigs at times when the opportunity for profit is favorable. If you are in the market for feeder pigs, watch the prices both for feeder pigs and the expected hog market price three to four months from the time pigs are purchased. Estimate the price you can pay for feeder pigs by developing a break-even budget like the one shown in Table 1.

The example shows, given the assumed prices and costs, that you can pay \$34.40 per head or \$.86 per pound for feeder pigs and cover all listed costs. In most cases, you should have a margin of profit above cost available for price and disease risk, manage-

ment time and interest on debt-free capital. Use the "your figures" column to calculate cost information from your records and expected prices for market hogs. If you have never had a feeder pig enterprise before, use the example budget cost information as a basis for estimating your cost. Current prices can be substituted for feed and labor costs.

Table 1. Worksheet for determining break-even price over costs for a feeder pig.

Item	Example (40 lb. pig)	Your figures
A. Expected income		
1. Expected price	\$.40	_____
2. Market weight	220 lbs.	_____
3. Income (A.1 x A.2)	\$88.00	_____
4. Death loss (4% x \$32)	1.28	_____
5. Receipts (A.3 - A.4)	\$86.72	_____
B. Direct costs		
1. Corn (9.2 bu. x \$2.50/bu.)	\$23.00	_____
2. Protein supplement (128 lbs. x \$.10/lb.)	\$12.80	_____
3. Other direct costs (Table 2)	\$ 6.69	_____
4. Total direct costs	\$42.49	_____
C. Overhead costs		
1. Labor (1.5 hrs. x \$5/hr.)	\$ 7.50	_____
2. Other overhead costs (Table 2)	\$ 2.33	_____
3. Total overhead costs	\$ 9.83	_____
D. Total listed costs		
1. (B.4 + C.3)	\$52.32	_____
E. Break-even price over listed costs		
1. Per pig (A.5 - D.1)	\$34.40	_____
2. Per pound (E.1 ÷ 40 lb.)	\$.86	_____

Marketing Slaughter Weight Hogs

Market weight hogs are sent to slaughter at 215 to 230 pounds. Get local market news information from radio market reports and local newspapers to keep abreast of prices. Most communities have local markets for slaughter hogs. These generally include livestock auction markets, packer buying stations, livestock dealers and butcher shops that purchase live hogs. Seek information about these market outlets and which outlet will be best for you.

Federal grade standards and U.S. grades are established for live slaughter weight hogs based on quality and yield. Standards used in grading

slaughter animals are consistent with those used in grading carcasses for quality of the lean and yield of the four lean cuts (ham, loin, picnic shoulder and Boston butt). Market prices for slaughter hogs are quoted based on the U.S. grade.

Slaughter barrows and gilts which meet the standards for acceptable quality are assigned a grade U.S. No. 1, 2, 3 or 4 on the basis of expected combined carcass yield of the four lean cuts, with U.S. No. 1 representing the highest yield. Factors used to evaluate yield are average backfat thickness in relation to expected carcass length or liveweight.

Slaughter hogs which do not meet standards of acceptable quality are graded U.S. Utility. In live animals, the amount and distribution of external finish, firmness of fat and lean are used as quality-indicating factors.

Developing a Budget for Finishing Feeder Pigs

A budget represents a projection of the cost and returns for a given action, in this case, feeding purchased pigs. Table 2 lists estimates of the various items of costs and returns for purchasing 50 feeder pigs and finishing them to market weights on a small farm. It includes an example showing typical costs and returns as well as a column in which you can record your figures to accurately describe your situation and current market prices. This analysis should help determine whether the production system fits your small farm operation and whether the returns are adequate for you to finish feeder pigs.

Income from the hog enterprise varies depending on the price of market hogs and the death loss. In the example, it is assumed hogs will be sold at 220 pounds for 40 cents per pound. Also, it is assumed the death loss averages 4 percent for the group of 50 purchased feeder pigs and 48 hogs were marketed. In most cases, death loss will range from 2 to 6 percent of the number of pigs purchased.

Direct costs are the costs associated with the finishing out of feeder pigs. They include the items listed in the budget in Table 2. It is assumed for the example that feeder pigs at 40 pounds cost \$32 a head. Feed requirements are based on 516 pounds of corn and 128 pounds of supplement for each pig for finishing from 40 to 220 pounds. Corn has been budgeted at \$2.50 per bushel and supplement at 10 cents per pound. Feed requirements vary depending upon the amount of waste and growing ability of the hogs. Your experience may be different from the general guidelines given.

Marketing and hauling costs include transportation of feeder pigs to the farm and the transportation and marketing of the finished hog to market. Other direct costs are shown in the budget. The example shows an estimated return above direct costs of \$583 for the group of 50 purchased pigs or \$12.15 per head sold.

Overhead costs include those costs the farm incurs whether or not feeder pigs are finished. These costs, which vary greatly from one operation to another, are estimated for the example. Labor is estimated at one and one-half hours per hog at \$5.00 per hour.

Building depreciation varies greatly depending on the existing facilities. The \$50.00 estimate is based upon a \$30.00 investment per pig capacity with a 15-year useful life for the building and two groups finished per year. Equipment depreciation is based on the \$250.00 estimated equipment investment for feeders, waterers, pen partitions, etc. It is assumed that the equipment will last 10 years—a 10 percent depreciation rate per year—with two groups of pigs finished each year. Miscellaneous costs include the insurance on the buildings, property taxes, repairs, record keeping and other miscellaneous items. An estimated \$472 is shown for overhead costs. Your costs may vary greatly from the budget depending on the type of facilities, amount of labor and expected value of family labor used in the operation. The budget shows a net margin of \$111 for the enterprise

or \$2.32 per pig. This is a return to management and capital investment in owned facilities.

Use "your farm" column to estimate your cost for finishing feeder pigs and determine whether the enterprise provides enough margin of return for the use of your management time and facilities. Before investing any money in finishing feeder pigs, visit with other feeder pig operations to find out more about the enterprise and the success they have had with the enterprise.

Additional Information

You can obtain additional production information about finishing feeder pigs from Extension Bulletin E-885, *Swine Production on Small Farms* and Extension Bulletin E-1097, *Management of Newly Purchased Feeder Pigs*.

Extension Bulletin E-1094, *Feeding Purchased Pigs*, although written for larger commercial farm operations, provides general production and management suggestions for finishing feeder pigs. These bulletins are available from your county Cooperative Extension office.

Table 2. Estimated receipts and costs for feeding 50 purchased pigs.

Item	EXAMPLE		YOUR FARM	
	Total (48 head)	Per head sold	Total	Per head sold
A. Receipts				
1. Market hogs (48 hd x 220 lbs. x \$.40/lb.)	\$4,224	\$88.00	_____	_____
B. Direct costs				
1. Feeder pigs (50 hd x \$32/hd)	1,600		_____	
2. Feed				
a. Corn (442 bu. x \$2.50/bu.)	1,105		_____	
b. Supplement (6144 lbs. x \$.10/lb.)	614		_____	
3. Marketing and hauling (\$1.50/hd)	72		_____	
4. Veterinary and medicine (\$.50/hd)	24		_____	
5. Utilities (\$.30/hd)	14		_____	
6. Interest on feeders and feed ((\$3320 x 10% x 4 mo.)	110		_____	
7. Grinding and mixing feed (\$.25/cwt. x 309 cwt. feed)	77		_____	
8. Misc. (bedding, supplies)	24		_____	
9. Total direct cost	\$3,640	\$75.85	=====	_____
10. Receipts over direct costs (A.1 - B.9)	583	12.15	_____	_____
C. Overhead costs				
1. Labor (72 hr. x \$5/hr.)	360		_____	
2. Building depreciation	50		_____	
3. Equipment depreciation	12		_____	
4. Misc. (Insurance, property taxes and repairs)	50		_____	
5. Total overhead costs	\$ 472	\$ 9.83	=====	_____
D. Net margin (B.10 - C.5)	\$ 111	\$ 2.32	_____	_____