

Lesson 4: Production Systems

Name _____

Feeder Pig Budget

Objective: Plan a budget taking into account costs and potential returns.

You are considering raising feeder pigs as an FFA SAE project. Your father has a concrete pen with a small shelter capable of holding 50, 250-pound pigs. You can borrow a self-feeder and waterer from your neighbor for your first set of pigs. Your neighbor is also willing to sell you 50 feeder pigs weighing 50 pounds for \$.90 per pound. You expect to purchase complete swine feed for \$14.00 per 100 pounds. The feed to gain ratio of the pigs will be 3:1, meaning that the pig will eat three pounds of feed for each pound it gains. The local veterinarian recommends vaccinating the pigs for health reasons, which will cost \$2 per pig. The futures market quotes market hog prices at \$52 per cwt.

Put together a budget showing costs, total cost, and returns. Show your calculations. Then circle the statement that reflects the recommended action based on the planned budget.

Costs

Returns

Recommended action:

Yes, I will purchase the pigs.

No, I will not purchase the pigs, because it is not profitable.