

Variable costs are costs that vary with production. Included are feed, labor, and all other cash operating costs. The most important variable is feed cost.

Assuming feed consumption per pullet housed at 80 pounds for the year, the feed conversion of 4 pounds of feed per dozen is established. The old hen rate of feed consumption would be about the same, or slightly less, due to higher mortality from force molting so that 78 pounds divided by 13 dozen, produces 6 pounds of feed to a dozen eggs ratio. Applying a \$.10 per hundred difference to feed cost of \$3.70 and \$3.80, nets a feed cost of 15.2 cents for pullets and 22.2 cents per dozen for old hens.

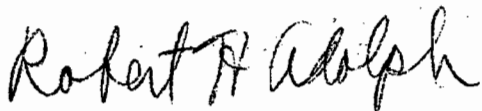
Labor costs per dozen eggs would favor the higher production hens.

Under miscellaneous cash costs personal property taxes would favor the old hens. The lower rate of lay would still net a higher cost per dozen eggs produced for miscellaneous costs.

Total variable costs for the pullet averages 17.9 cents compared with old hens at 25.7 cents. Total variable and fixed capital costs per dozen totals out at about the same cost of 30 cents per dozen.

The average costs of production, assuming 18 months of lay, has been included to show differences in variable and capital costs. These costs of production show increase over the 1971 egg cost study results by about 2 cents a dozen, primarily, due to higher feed prices. However, all other costs have also increased.

The difference in capital versus variable costs in egg production is very significant. Financing arrangements are especially important to the investor and the feed supplier. If egg prices are so low that costs of production are not met, the investor may refuse to continue financing. The producer should be aware of his increased feed costs when he decides to continue production with old hens, even though he is operating with less money invested in his flock.



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RHA/dm-j

COMPARE YOUR COSTS OF PRODUCTION
AUGUST 1972-SAN DIEGO COUNTY

	<u>Pullet Year</u> 6-18 Mos.	<u>Old Hen Year</u> 18-30 Mos. 2 Molts	<u>18 Mos. Lay</u> 6-24 Mos. 1 Molt	<u>Compare</u> <u>Your</u> <u>Results</u>
Dozen eggs per hen housed at beginning of year	20 doz.	13 doz.	26 doz.	_____
Percent replacement - annual rate	110%	60%	80%	_____
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<u>VARIABLE COSTS</u> (cash costs that vary with production)	<u>Cents</u> <u>Per Dozen</u>	<u>Cents</u> <u>Per Dozen</u>	<u>Cents</u> <u>Per Dozen</u>	
Feed				
Pullets 4# X \$3.80	15.2¢			_____
Old Hens 6.0 X \$3.70		22.2¢		_____
1½ Years 4.4 X \$3.77			16.6¢	_____
Labor (including Workmen's Compensation, FICA, Maint. & Overhead)	1.7	2.1	2.0	_____
Supplies, Taxes, Utilities, and Misc. Cash	<u>1.0</u>	<u>1.4</u>	<u>1.1</u>	_____
TOTAL VARIABLE COSTS	17.9¢	25.7¢	19.7¢	_____
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<u>CAPITAL COSTS</u> (fixed costs)				
Replacement	9.0¢	0.5¢	7.0¢	_____
Depreciation (housing & equip.)	0.9	1.4	1.1	_____
Interest	1.3	1.4	1.3	_____
Management	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	_____
TOTAL CAPITAL COSTS	12.2¢	4.3¢	10.4¢	_____
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TOTAL ALL COSTS (cents per dozen)	30.1¢	30.0¢	30.1¢	_____