

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE POULTRY AND EGG SITUATION

This issue contains the significant facts in the summer outlook for poultry and eggs. A separate report on the Summer Outlook is not being issued this year.

Summary

In early summer the poultry outlook is of special importance to the poultry industry because at that time farmers must decide what to do with the young chickens hatched in the past spring. The essential features of the present outlook, as reported by the Bureau of Agricultural Economics, are (1) the prospect that an unfavorable feed situation will continue to some extent during the remainder of 1937, and (2) the prospect that pullets carried through this period will enter their season of heaviest production in early 1938 with a more favorable feed situation and with egg prices above those of 1937.

While the farm price of chickens may decline during the summer by as much as they did in the corresponding period of 1936, because of the disposal of the remainder of the heavy storage stocks, any decline after September is likely to be less than in 1936. By then the effect of the reduction in the hatch will be felt upon poultry marketings.

The farm price of eggs is about to begin its seasonal rise to a peak in December. Because of the 26-percent increase over 1936 in storage stocks of eggs, both shell and frozen, the advance this year is not likely to be as great as a year ago. In the first half of 1938, however, when these storage stocks are no longer an important factor in the situation and when both the size of the laying flock and the rate of egg production will probably be less than in early 1937, egg prices are likely to be above those of the same months of 1937.

Feed situation

The feed situation in June, as represented by the Chicago feed-egg ratio, was less unfavorable to the poultry producer than in May. More dozens of eggs, however, are still required to buy 100 pounds of feed than at any time prior to 1937.

The feed-egg ratio at Chicago, by weeks, average 1925-34,
annual 1935-37

(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ended as of 1937									
	Mar.: 6	Apr.: 3	May: 1	June: 5	June: 12	June: 19	June: 26	July: 3	Sept.: 4	Nov.: 27
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average										
1925-34	6.20	6.23	6.43	6.98	6.87	6.76	6.66	6.71	5.68	3.60
1935	7.30	7.10	6.77	6.34	6.43	6.32	6.45	6.22	5.14	4.32
1936	5.11	6.48	6.01	5.60	5.37	5.47	6.01	6.32	7.99	5.67
1937	9.17	9.72	10.80	11.23	10.75	9.95	9.91			

The feed-egg ratio usually reaches a peak in June and then gradually declines to the end of November, when it averages (1925-34) about 4. While some decline in the feed-egg ratio is expected this year because of larger supplies it is quite unlikely to go this low. Whether it becomes as low as in 1936 will depend largely upon the outcome of the feed situation this summer and fall. In other words, in considering how many of the young chickens to save for the 1938 laying flock, it must be remembered that a favorable situation with regard to relative prices of eggs and of feed is by no means assured to the producer during the remainder of 1937.

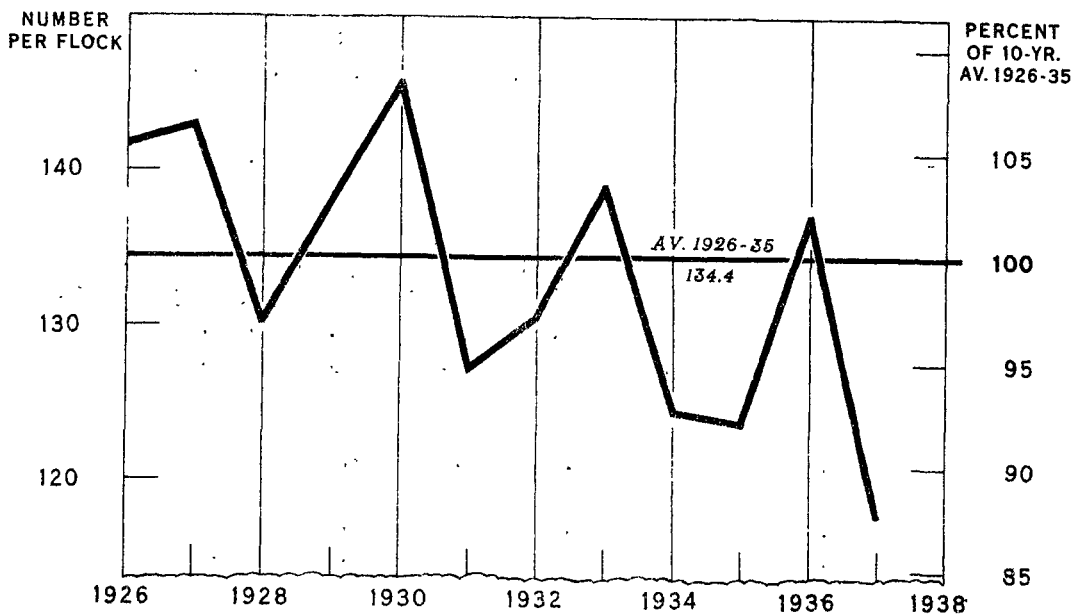
Hatchings and
Number of young chickens

The 1937 hatching season is practically over. A sharp reduction from 1936 is evident. The number of young chickens in farm flocks on June 1 is estimated at 15 percent less than in 1936. As shown in figure 1 this brings numbers of young chickens to the lowest point in the record (1926-37).

Reports of commercial hatchings in May showed a decrease of 27 percent in salable chicks as compared with May 1936. For the period January-May the decrease was 10 percent. The number of salable chicks hatched by commercial hatcheries relative to that number in 1934 is shown in figure 2. While the total number of commercially hatched chicks is not exactly known, an extensive survey by the Agricultural Adjustment Administration ^{1/} indicated 453 million salable chicks from commercial hatcheries in 1934.

^{1/} An Economic Survey of the Baby Chick Hatchery Industry, E. L. Warren and M. T. Wermel. May 1935.

CHICKS AND YOUNG CHICKENS PER FARM FLOCK ON JUNE 1, 1926-37



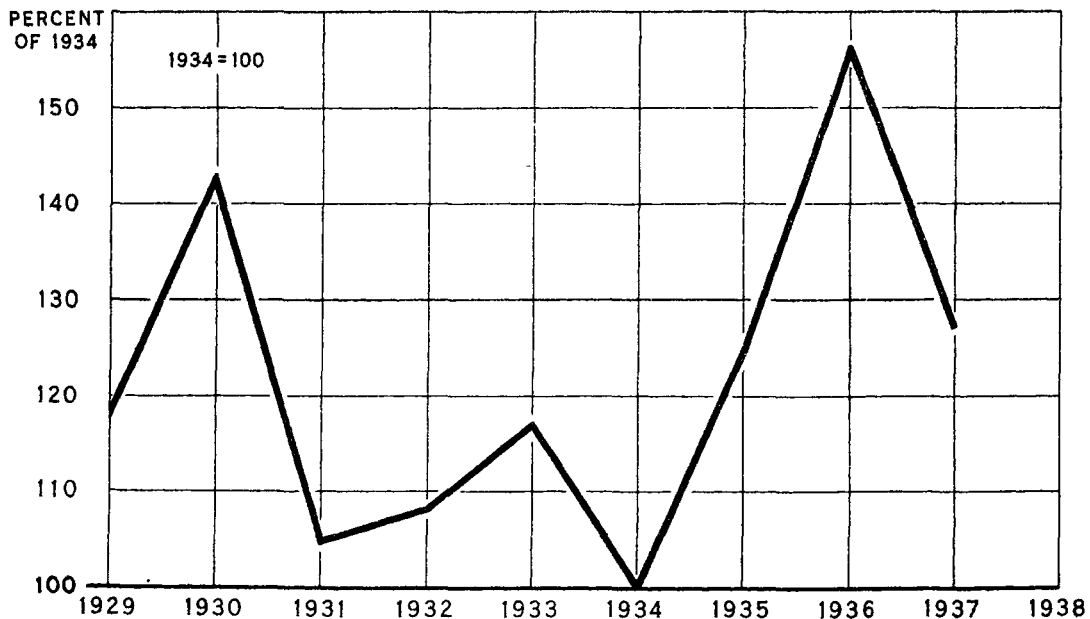
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FIGURE 1.- THE 15 PERCENT REDUCTION IN THE 1937 HATCH FROM THAT OF 1936 BRINGS THE NUMBER OF YOUNG CHICKENS TO THE LOWEST LEVEL IN THE PERIOD 1926-37.

RELATIVE NUMBER OF SALABLE CHICKS IN COMMERCIAL HATCHERIES, 1929-37



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FIGURE 2.- COMMERCIAL HATCHINGS FOR 1937 REMAIN SOMEWHAT ABOVE THE AVERAGE OF THE PERIOD 1929-36.

Poultry marketings

Receipts of dressed poultry in June at the four markets, New York, Chicago, Boston, and Philadelphia, were about the same as a year before and were 11 percent greater than in May. The average (1925-34) seasonal increase from May to June is 13 percent.

Receipts of dressed poultry at the four markets,
average 1925-34, annual 1935-37

Year	Total	June	July	Aug.	Sept.	Total	Total
	Jan.-June	June	July	Aug.	Sept.	July-Sept.	Oct.-Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
Average							
1925-34 ...	120.7	21.0	20.6	22.4	24.8	67.8	168.7
1935	94.9	18.3	18.2	16.5	21.3	56.0	141.2
1936	101.6	21.7	22.3	26.0	27.0	75.3	177.2
1937	113.3	21.4					

Storage out-movement and flock reductions may keep receipts through the summer above those of 1936. From September to the end of the year, however, the reduction in hatchings this year will tend to keep receipts below those of 1936. Because feed will probably be more plentiful than in 1936, poultry will be fed to heavier weights, and therefore receipts are not likely to be reduced by as much as the reduction in hatchings would indicate.

Poultry storage

Stocks of frozen poultry continue at record high levels for the period. Poultry storage reaches a minimum in the summer and by September the into-storage movement is well started.

Storage holdings and out-of-storage movement of frozen poultry
at 26 markets, average 1925-34, annual 1935-37

Year	In storage	Out-of-storage movement	
	June 26	Jan.-June	May 29-June 26
	Mil.	Mil.	Mil.
	lbs.	lbs.	lbs.
Average			
1925-34 ...	35.4	60.5	3.4
1935	33.7	67.1	2.0
1936	31.5	50.4	.7
1937	55.3	85.7	5.0

Chicken prices

The farm price of chickens was the same on June 15 as a month earlier. In most years prices decline from their seasonal peak in the spring to a low in December. This movement is well shown by the 1925-34 average in figure 3. Note that in 1936, under the effects of heavy supplies, prices fell more rapidly than average. Most of these supplies were in cold storage by January 1, and they continued to affect prices in 1937. In disposing of this record stock in the next 2 months, before the into-storage movement becomes large, it is possible that the farm price of chickens may fall by as much as last year. From September on, however, because of prospective lighter supplies than in 1936 and with consumer incomes above 1936, any decline is not likely to be as great as last year, and a slight advance is possible. It is probable if consumer incomes remain above their 1925-34 average that the whole decline from May to December will be less than average, so that by the end of the year prices will be above those of the end of 1936. In other words, while in 1936 the gap between current prices and the average was becoming wider, it is expected to become narrower in the remainder of 1937 and in early 1938. (See figure 3.)

Average United States farm price of chickens, per pound
average 1925-34, annual 1935-37

Year	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average :								
1925-34 :	18.3	18.0	17.8	17.3	17.3	16.8	16.2	15.8
1935 :	15.7	15.6	14.0	14.1	15.4	15.7	15.9	16.0
1936 :	16.6	16.4	16.1	15.1	14.9	14.0	13.2	12.6
1937 :	14.8	14.8						

Index of national income, excluding agriculture,
average 1925-34, annual 1935-37

Year	Jan.	Mar.	May	June	July	Aug.	Oct.	Dec.
Average :								
1925-34 :	91.1	90.2	89.5	89.7	89.7	89.5	89.2	88.9
1935 :	73.8	73.9	73.9	74.1	74.1	74.9	77.3	80.0
1936 :	79.7	79.9	82.1	83.3	84.8	85.2	87.3	97.2
1937 :	87.8	89.7	91.4					

This series has been revised since the last issue. Complete data will be found on the last page.

Laying flock size

The number of hens and pullets of laying age in farm flocks averaged 3 percent more on June 1, 1937, than a year earlier. The period January 1 to September 1 is one of steadily diminishing size of flock as there are normally about 25 percent fewer layers on September 1. The decline so far in 1937 has been 18.6 percent while the average is 16.1 percent. This slightly greater reduction together with the reduction in hatchings is likely to bring the number of layers this fall below the number a year earlier.

Average number of laying hens in farm flocks, average 1925-34
annual 1935-37

Year	Jan. 1	June 1	July 1	Aug. 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average								
1925-34..	87.5	73.4	69.6	66.8	66.1	70.4	75.7	81.9
1935	78.3	65.1	61.4	59.2	58.5	65.1	70.5	76.6
1936	80.6	66.5	62.3	60.0	59.9	66.9	72.4	78.9
1937	84.2	63.5						

Rate of egg production

The rate of egg production per hen reported on June 1 was the highest on record for the month. That the rate of production has been so high thus far in 1937, regardless of an unfavorable feeding situation, has been due in part to the larger than usual proportion of pullets in the flock. Since the feeding situation is likely to continue unfavorable into the fall, and since the effect of the present proportion of pullets will be gone by then, the rate of production in early 1938 will probably not be maintained above its level of a year earlier.

Eggs laid per 100 hens and pullets of laying age in farm flocks,
average 1925-34, annual 1935-37

Year	Jan. 1	June 1	July 1	Aug. 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average								
1925-34..	16.5	49.5	42.2	35.9	32.4	25.0	17.0	13.9
1935	16.9	50.3	44.1	38.2	32.8	25.9	19.5	16.3
1936	19.1	51.2	44.2	35.8	31.4	25.1	18.1	16.0
1937	22.0	52.5						

Egg marketings

Receipts of eggs at the four markets during June were 3 percent less than a year before. The seasonal decrease from the peak in May, 23 percent, was about as great as the average (1925-34) decrease of 24 percent.

Receipts of eggs at the four markets
average 1925-34, annual 1935-37

Year	Jan.-Mar.	Apr.-June	June	July	Aug.	Sept.
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>
Average						
1925-34...	3,666	6,185	1,684	1,182	962	828
1935	2,891	5,079	1,429	1,101	788	719
1936	3,249	5,571	1,646	1,173	921	724
1937	3,392	5,597	1,599			

Egg storage stocks

The into-storage movement of shell eggs in June, as measured at the 26 major storage centers, was little more than a year before; but nearly twice as many frozen eggs were stored as in June 1936. Because of heavy storing early in the season stocks of shell eggs on June 26 were 20 percent greater than in 1936 and frozen stocks were 43 percent greater. The stock with frozen eggs converted to shell egg equivalents was 26 percent greater than in 1936. There is ordinarily but little into-storage movement in July, and from August through January storage stocks constitute a major source of supply.

Cold storage holdings of eggs at 26 markets
average 1925-34, annual 1935-37

Week ended as of 1937

Year	Case eggs					Frozen eggs				
	May	June	June	June	June	May	June	June	June	June
	29	5	12	19	26	29	5	12	19	26
	1,000	1,000	1,000	1,000	1,000	Million	Million	Million	Million	Million
	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Average										
1925-34...	5,039	5,440	5,721	5,952	6,128					
1935.....	4,106	4,381	4,641	4,632	4,962					
1936	3,787	4,036	4,290	4,521	4,731	55.2	59.0	61.8	63.8	66.3
1937	4,694	5,001	5,298	5,529	5,667	73.3	79.4	83.8	89.6	94.7

Egg prices

The farm price of eggs declined slightly from May 15 to June 15, reaching the lowest price this year. In most years egg prices fluctuate rather irregularly at a low level during the spring. By the end of June they have definitely begun to rise; by December they about double their March-June average. This usual seasonal movement is shown in figure 3 by the 1925-34 average.

Average United States farm price of eggs per dozen,
average 1925-34, annual 1935-37

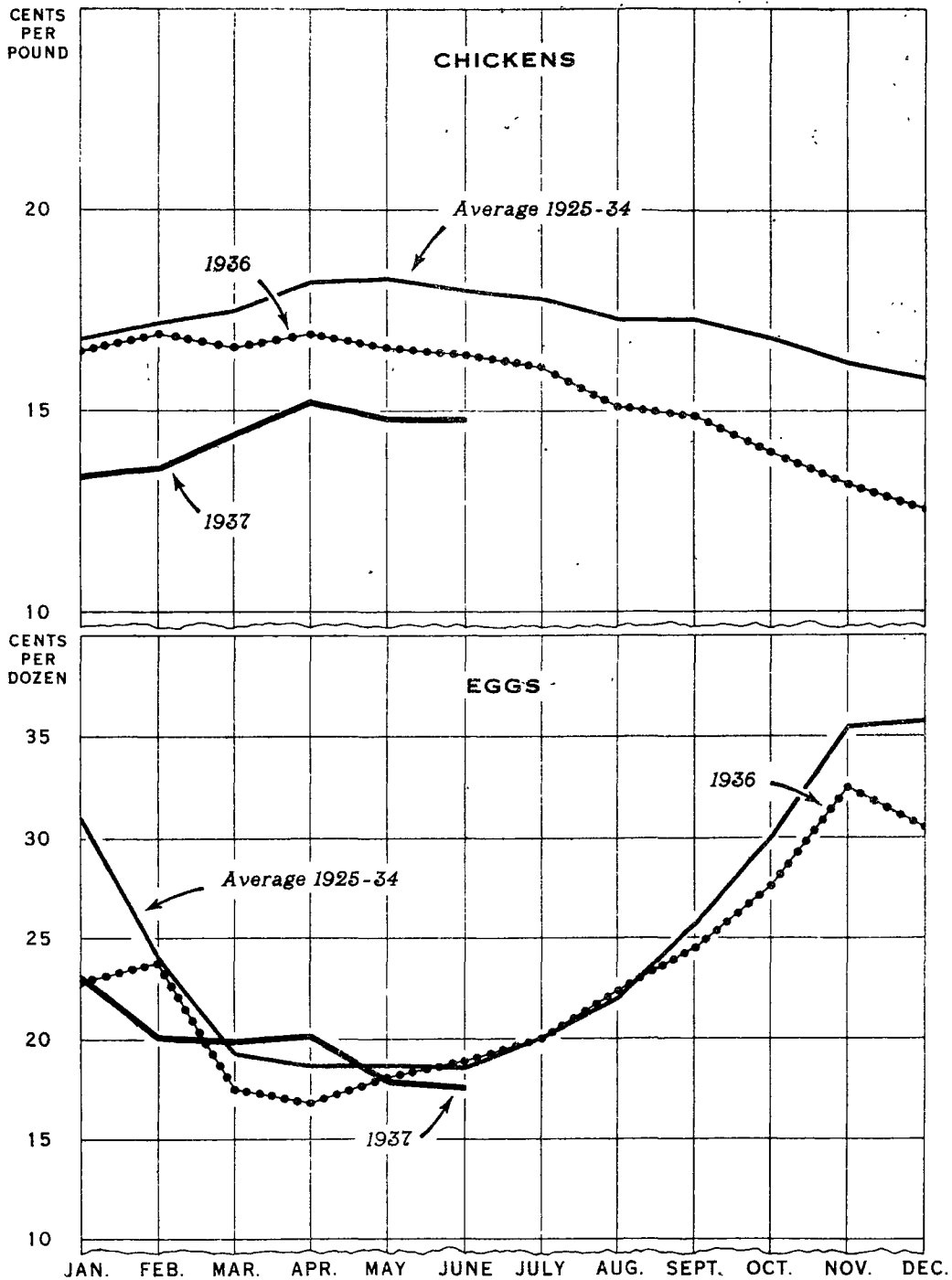
Year	Mar.-June: average	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average								
1925-34	18.8	18.6	20.0	22.0	25.7	30.0	35.4	35.7
1935	20.2	21.0	21.7	22.7	26.4	27.9	30.1	28.7
1936	17.8	18.9	20.0	22.4	24.5	27.6	32.5	30.5
1937	18.9	17.6						

The seasonal rise in egg prices in 1937 is not expected to exceed that of 1936, which figure 3 shows was not quite as great as average. The depressing tendency of the storage stock is not likely to be completely offset by the possibly somewhat higher level of consumer incomes than in the fall of 1936. There is little chance that marketings will be light enough, in addition, to make prices rise faster than last year.

By the end of the year, however, and in the first half of 1938, the smaller flocks in prospect will tend to lessen the winter decline and to keep prices above those of the spring of 1937. Any increase in consumer incomes would, of course, accentuate this tendency, while a decrease would offset it.

In deciding as to the number of young chickens to keep for the 1938 laying flock, therefore, the outlook contains two features of importance: (1) the likelihood that egg and feed prices together will maintain a rather unfavorable situation during the remainder of 1937, and (2) the likelihood that when these pullets come into their heaviest production egg prices and the feed situation will be more favorable to the producer than in 1937, subject, of course, to changes in other elements of the situation which are not now expected to vary materially.

**AVERAGE FARM PRICES FOR CHICKENS AND EGGS,
UNITED STATES, AVERAGE 1925-34, AND 1936 TO DATE**



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FIGURE 3.- THE GAP BETWEEN THE 1937 FARM PRICE OF CHICKENS AND THE 1925-34 AVERAGE IS EXPECTED TO BECOME LESS THIS FALL. EGG PRICES IN 1937 ARE NOT EXPECTED TO RISE AS MUCH FROM THEIR MARCH-JUNE LEVEL AS THEY DID IN 1936.

Non-Agricultural income, 1919 to date

(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
1919	70.8	66.3	65.1	65.8	66.2	68.2	71.9	73.9	75.9	73.9	76.7	79.5	71.2
1920	83.9	81.0	83.7	82.8	83.2	84.5	85.1	84.5	83.6	81.0	79.7	76.3	82.4
1921	75.8	73.4	72.5	71.9	72.9	73.3	72.3	73.1	72.5	71.4	72.2	72.5	72.8
1922	70.7	70.1	70.9	70.5	73.6	76.6	75.5	77.9	80.5	80.2	82.9	83.0	76.0
1923	83.7	82.4	83.9	84.8	86.8	87.5	88.2	88.4	88.4	89.2	90.8	90.3	87.0
1924	91.5	92.5	92.0	92.6	90.7	88.8	87.5	88.0	89.2	89.1	89.9	92.6	90.4
1925	93.5	93.5	93.3	93.7	94.2	95.0	96.8	96.7	97.0	99.6	100.2	100.2	96.1
1926	100.2	100.5	100.9	100.2	98.3	99.6	99.0	99.7	100.8	101.8	101.5	101.2	100.3
1927	101.5	102.0	101.7	102.1	102.2	102.3	101.8	102.3	101.8	100.6	100.6	100.6	101.6
1928	101.7	102.3	102.9	102.5	102.5	104.2	105.0	105.6	105.3	105.4	105.1	104.9	104.0
1929	105.2	106.3	106.2	106.2	106.9	107.7	109.4	110.4	109.4	109.1	107.5	107.0	107.6
1930	105.8	105.3	103.6	103.4	103.0	102.2	101.5	99.1	97.7	95.8	94.4	93.5	100.4
1931	92.4	91.9	90.3	89.5	88.2	87.0	86.2	83.8	81.8	79.8	79.4	78.4	85.7
1932	76.8	74.9	72.7	70.5	68.8	66.4	64.4	63.0	63.2	63.3	63.1	62.2	67.4
1933	62.7	61.6	59.3	58.9	60.5	62.0	62.3	64.3	65.4	65.9	66.4	68.4	65.2
1934	71.2	70.6	70.8	70.3	70.7	70.8	70.3	70.5	69.5	70.7	71.5	72.2	70.7
1935	73.8	74.4	73.9	74.2	73.9	74.1	74.1	74.9	76.3	77.3	78.0	80.0	75.4
1936	79.7	79.4	79.9	80.8	82.1	83.3	84.8	85.2	85.9	87.3	90.0	97.2	84.6
1937	87.8	88.8	89.7	91.1	91.4								

These data are revised from those shown in the February 1937 issue.