

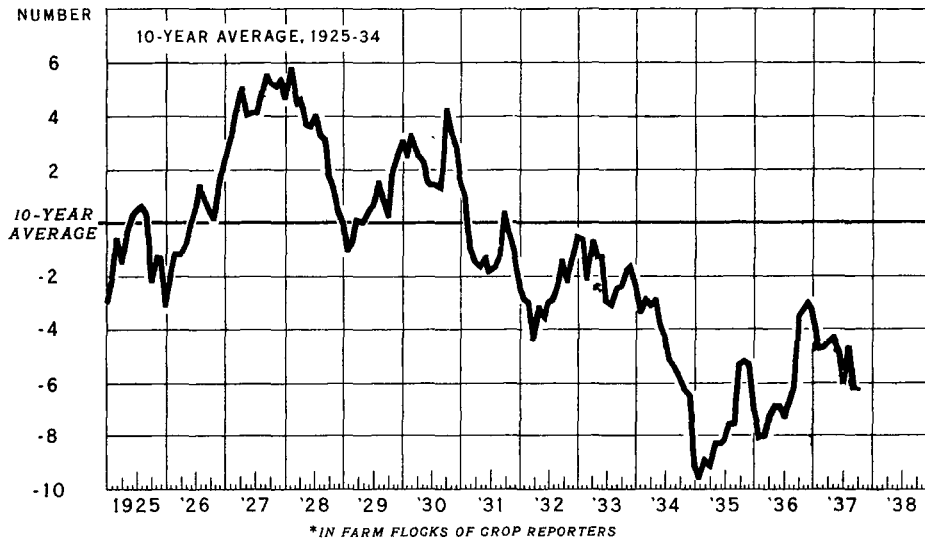
UNITED STATES DEPARTMENT OF AGRICULTURE
 Bureau of Agricultural Economics
 Washington

PES-10

October 1, 1937

THE POULTRY AND EGG SITUATION

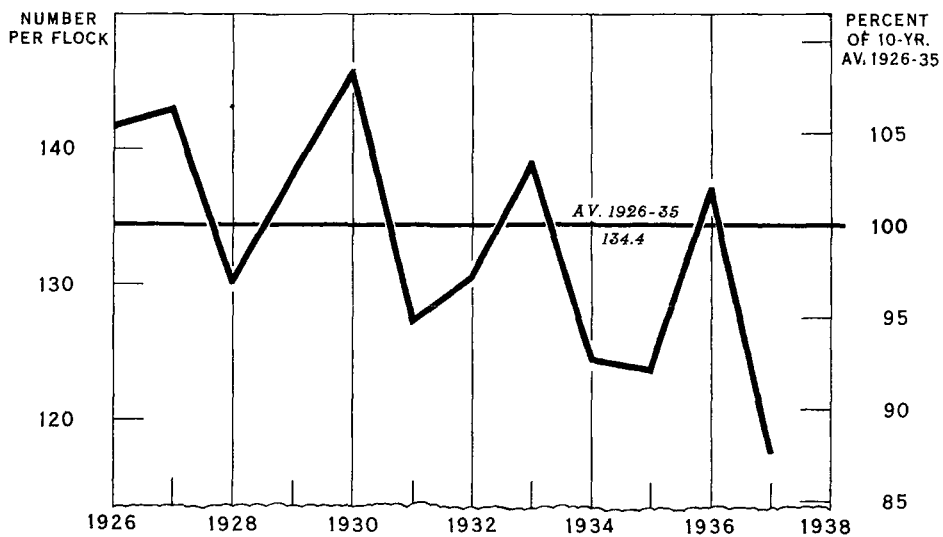
HENS AND PULLETS OF LAYING AGE*: NUMBER PER FARM FLOCK ABOVE OR BELOW 10-YEAR AVERAGE, 1ST DAY OF MONTH, 1925-37



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

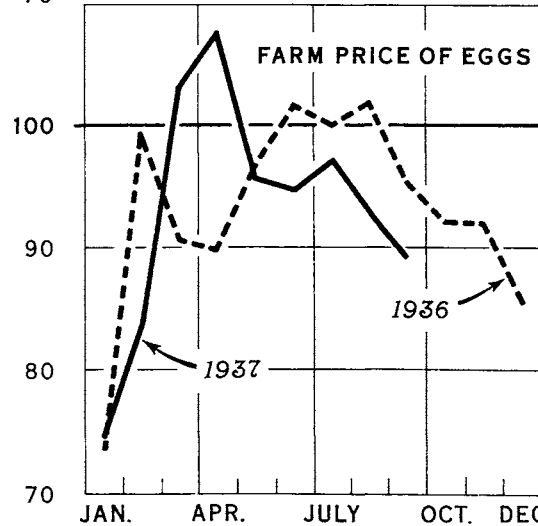
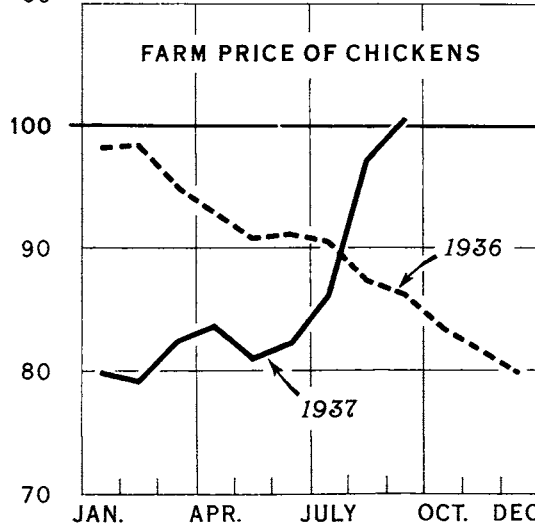
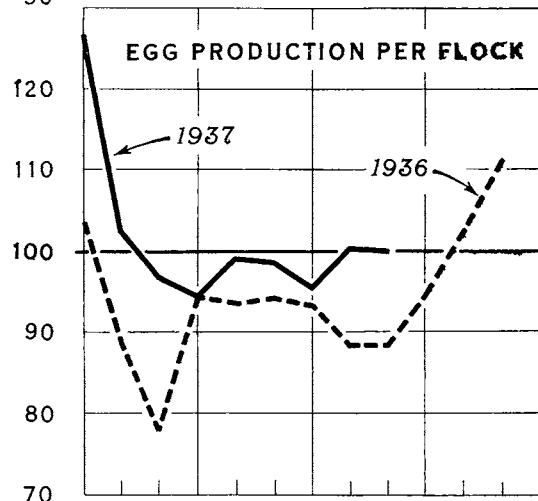
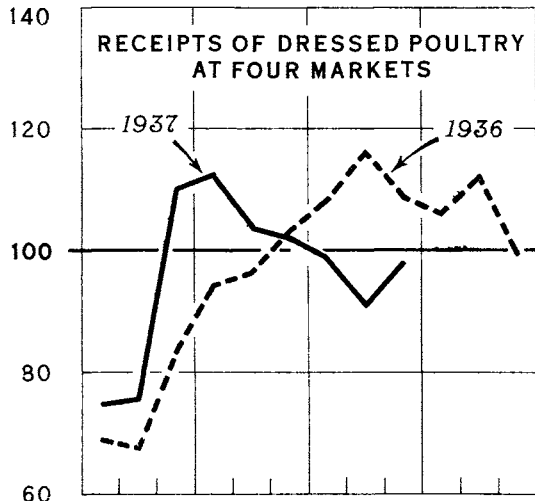
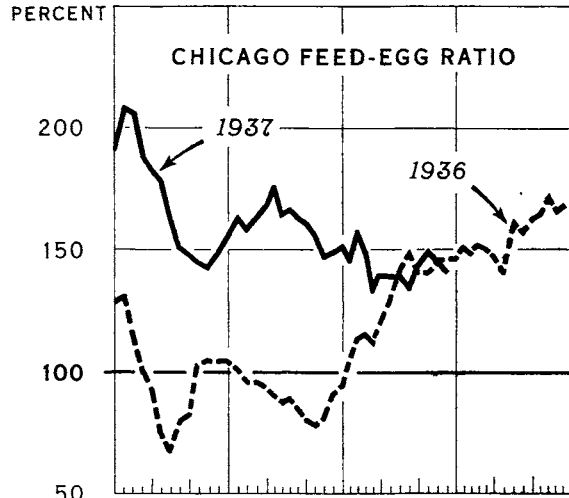
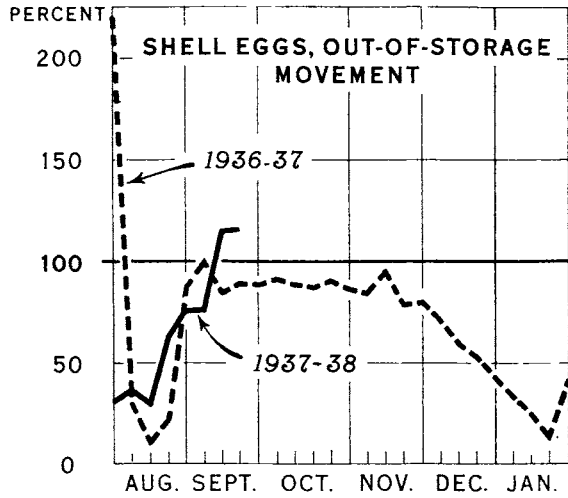


U. S. DEPARTMENT OF AGRICULTURE

NEG 31505 BUREAU OF AGRICULTURAL ECONOMICS

THE POULTRY AND EGG SITUATION AT A GLANCE

(AVERAGE OF CORRESPONDING PERIODS, 1925-34=100)



UNITED STATES DEPARTMENT OF AGRICULTURE
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THE POULTRY AND EGG SITUATION

Summary

By early fall many of the circumstances that will affect the following year's poultry situation are sufficiently well developed to warrant a survey of poultry prospects. Important developments, says the Bureau of Agricultural Economics, are expected to be: (1) a larger hatch than in 1937, resulting from a more favorable feed situation; (2) smaller poultry supplies in the first half, but greater in the last half, of 1938 than in the corresponding period of 1937; (3) higher chicken prices in early 1938 than in 1937, due to these smaller supplies, but lower prices in the fall of 1938; (4) higher egg prices throughout 1938, however, than in 1937, because of smaller flocks and a lower rate of egg production expected. Storage stocks of eggs in 1938, affecting fall egg prices then, are likely to be much lower than in 1937, due to reduced marketings. While the production of fall and winter broilers this year is expected to be heavy the price is not likely to be depressed to a corresponding extent because of a generally smaller meat supply.

Turkey production in 1937 is estimated at 10 percent less than in 1936. With 1937 prices expected to exceed those of 1936, and possibly 1935, the hatch and production of turkeys in 1938 will probably be increased over 1937.

Feed Situation

Total production of the four feed grains, corn, oats, barley, and grain sorghum in 1937 will be the largest since 1932. Since the carry-over

from 1936 was small the total supply will not be so large as the production estimates would indicate. Wheat production was also large and the supply available for poultry feeding will be larger than in recent years. With other livestock numbers very low, the supply of grain per grain consuming animal, with few exceptions, will be larger than in any of the past 15 years. Supplies per animal will be unusually large in some of the Corn Belt States where livestock numbers were greatly reduced.

The relationship of feed prices to egg prices is of importance to poultrymen in several respects: (1) in the fall it influences the number of pullets saved for the laying flock; (2) in the spring it influences the size of the hatch; (3) throughout the year it may influence culling, and it may have a bearing upon the rate of production of eggs. During most of 1937 about 50 percent more eggs than average were required to buy 100 pounds of feed. In September the feed-egg ratio was only 30 percent above the 1925-34 average and was below 1936. During the first half of 1938 the feed-egg ratio is expected to be much lower than in the same months of 1937 and may go below the 1925-34 average. In other words the feed situation next spring will be much more favorable to producers than in 1937.

The feed-egg ratio at Chicago, by weeks, average 1925-34, annual 1936-37

Year	Dozens of eggs required to buy 100 pounds of poultry rations											
	Week ended as of 1937											
	Jan.	Mar.	May	June	Aug.	Sept.	Sept.	Sept.	Sept.	Oct.	Nov.	Dec.
	9	6	1	5	7	4	11	18	25	2	6	4
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average												
1925-34	4.06	6.20	6.43	6.98	6.38	5.68	5.52	5.31	5.20	5.02	3.97	3.64
1936	5.22	5.11	6.01	5.60	7.71	7.99	7.74	7.73	7.58	7.37	5.85	5.92
1937	7.76	9.17	10.80	11.23	8.90	8.17	8.23	7.66	7.30			

Spring hatchings

Because of this lower feed-egg ratio expected for early 1938 an increase in the hatch over 1937 is likely. That laying flocks are likely to be the lowest of record since 1925, will also be important in stimulating increased hatchings. Hatchings, relative to those of 1934, are shown in the following table.

Chicks and young chickens in farm flocks June 1, and salable chicks hatched in commercial hatcheries, 1929-37
(1934 = 100)

Item	1929	1930	1931	1932	1933	1934	1935	1936	1937
	Per-	Per-	Per-	Per-	Per-	Per-	Per-	Per-	Per-
	cent	cent	cent	cent	cent	cent	cent	cent	cent
Young chickens									
on farms	111.2	117.1	102.3	105.0	111.5	100.0	99.4	110.9	94.7
Commercial hatch:	118.5	142.8	104.8	108.2	117.0	100.0	124.7	156.1	127.2

Poultry marketings

Receipts of dressed poultry at the four markets - New York, Chicago, Boston, and Philadelphia - were larger in the first half of 1937 than a year before. This is partly explained by the larger out-of-storage movement than in 1936 and partly by the greater reduction in flock size than in 1936. Because of the small flocks now and the light hatch, receipts from the middle of 1937 to the middle of 1938 are likely to be less than in the corresponding periods a year earlier. Because of the prospective heavier hatch in 1938, receipts in the last half of that year are likely to exceed those of 1937.

Receipts of dressed poultry at New York, average 1925-34, annual 1936-37

Year	Week ended as of 1937								
	July: 3	Aug. : 7	Aug. : 14	Aug. : 21	Aug. : 28	Sept. : 4	Sept. : 11	Sept. : 18	Sept. : 25
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Average 1925-34	3,305	3,005	3,160	3,201	3,394	3,587	3,291	3,594	3,922
1936	3,729	3,826	4,043	4,666	3,964	3,239	3,786	3,595	4,134
1937	3,739	3,079	3,185	3,187	3,990	3,677	3,511	3,987	3,538

Fall and winter broilers

Because of the prospective small marketings of farm broilers in 1937 and the less-than-average seasonal increase in broiler storage stocks, the prices of fall and winter broilers are expected to remain high relative to the same months of recent years. While production of fall and winter

broilers may be the largest of record, the price-depressing effect of the larger production is likely to be offset to a great extent by the effect of small supplies of most meats.

Poultry storage

Stocks of frozen poultry in storage when the peak is reached in early 1938, are expected to be much less than in 1937 but above the 1925-34 average. The increase in stocks from September 1 to February 1, is not likely to be so great as average because of reduced receipts in this period. On the other hand, September 1 stocks are 20 million pounds above average, due to a heavy carry-over from the 1936-37 storage season. Some of this carry-over stock is reported of poor quality and will not have a great competitive effect on farm poultry prices.

United States storage stocks of frozen poultry

Year	Sept. 1	Into storage Sept. 1-Feb. 1	Feb. 1
	Million pounds	Million pounds	Million pounds
Average			
1925-26 to			
1934-35	42,584	75,004	117,588
1936-37	65,488	112,816	178,304
1937-38	63,769		

Poultry consumption

Consumption of poultry in the first half of 1937 was greater than in the first half of 1936. This is indicated by (1) the exceptionally large out-of-storage movement in this period, and by (2) a greater reduction in laying flocks from January 1 to July 1 than was the case in 1936. The increase in poultry canning was not enough to offset these two indications.

Consumption of poultry in the last half of 1937 will very likely be less than in the same period of 1936, largely because of smaller marketings. With storage stocks on January 1, 1938, expected to be much less than a year earlier, consumption in the first half of 1938 will probably continue low. Consumption in the last half of 1938 may be greater than a year earlier, because of the probable larger supplies by that time.

Turkey production and prices

Turkey production in 1937, as indicated by the number of turkeys on hand on September 1, is expected to be about 10 percent less than the record crop of 1936. Many small producers and some large ones have discontinued production entirely but large increases have been made by commercial producers in some States. Much of the variation in numbers on hand in different parts of the country reflects the feed situation in those regions, some of the biggest reductions coming in drought areas.

Reduction from 1936 in turkeys on hand September 1

Division	Reduction from 1936 Percent	Division	Reduction from 1936 Percent
New England	0	East South Central	6
Middle Atlantic	1	Pacific Coast	6
South Atlantic	1	West North Central	18
West South Central	2	Mountain	23
East North Central	4	Total	9.5

Since the cost of feed with which the 1937 turkey crop will be finished for market will be lower than in 1936 and since the price received for the turkeys will in general be higher, the production of turkeys for sale in the fall of 1938 is expected to be increased.

While the smaller crop in 1937 will tend to raise turkey prices in the fall and early winter of 1937 above those of 1936 and possibly above those of 1935, the larger hatch likely next year will probably bring turkey prices in the fall of 1938 below those of 1937. Any anticipated small increase in consumer incomes would be expected to offset this decline to some extent.

United States farm price of turkeys per pound

Year	Oct.	Nov.	Dec.	Jan.
	Cents	Cents	Cents	Cents
Average 1925-34	20.8	22.5	22.8	22.2
1935-36	15.9	19.9	21.3	19.9
1936-37	15.9	15.0	14.3	14.1

Chicken prices

With fewer poultry, both turkey and chickens, to be marketed in the last quarter of 1937 than a year earlier, chicken prices in this period are expected to exceed those of the same months of 1936 and possibly to be above the 1925-34 average. In most years chicken prices decline in the last half of the year. But this year, prices are advancing.

Farm price of chickens per pound

Year	Jan.	Mar.	May	July	Aug.	Sept.	Nov.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	16.8	17.5	18.3	17.8	17.3	17.3	16.2
1935	12.4	14.2	15.7	14.0	14.1	15.4	15.9
1936	16.5	16.6	16.6	16.1	15.1	14.9	13.2
1937	13.4	14.4	14.8	15.3	16.8	17.4	

While poultry storage stocks in the first half of 1938 will probably be less than in the first half of 1937, the effect of this on chicken prices may be offset somewhat by a possible small decline in consumer income. Though chicken prices in this period are expected to be greatly above those of 1937 they are not likely to exceed the 1925-34 average.

In the last half of 1938 the effect on chicken prices of the prospective increase in hatchings will probably be partly offset by possible advances in consumer income. Chicken prices then are expected to be somewhat below those of the last half of 1937. There is no basis now for anticipating a seasonal decline in this period greatly different from average.

Nonagricultural income, average 1925-34, annual 1936-37

(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Mar.	May	June	July	Aug.	Sept.	Oct.	Dec.
Average									
1925-34	91.0	90.4	89.7	89.8	89.6	89.6	89.4	89.4	88.8
1936	81.5	82.5	84.1	85.1	86.8	87.4	87.9	89.8	100.9
1937	92.9	95.3	96.9	96.9	97.7	98.4			

Laying flock size

The number of hens and pullets of laying age per farm flock ordinarily decreases by about 25 percent from January 1 to September 1. In 1937 this decline was 29 percent, bringing laying flock size down to the level of 1936, while in January it had been 4 percent greater.

Hens and pullets in farm flocks on the 1st day of month

Year	Jan.	Mar.	May	June	Aug.	Sept.	Oct.	Dec.
	<u>Numbers</u>	<u>Numbers</u>	<u>Numbers</u>	<u>Numbers</u>	<u>Numbers</u>	<u>Numbers</u>	<u>Numbers</u>	<u>Numbers</u>
Average								
1925-34	87.5	84.7	77.4	73.4	66.8	66.1	70.4	81.9
1935	78.3	75.8	69.1	65.1	59.2	58.5	65.1	76.6
1936	80.6	76.7	70.5	66.5	60.0	59.9	66.9	79.1
1937	84.2	80.0	73.1	68.5	62.1	59.9		

The size of the laying flock on January 1 is largely influenced by the number of young chickens on hand 6 months earlier and by the feed-egg ratio in the last half of the year. The effect of the 19 percent reduction from 1936 in young chickens making fewer pullets available to add to the laying flock, will be only slightly offset by a somewhat more favorable (lower) feed-egg ratio than in 1936 so that the laying flock on January 1, 1938, is expected to be much smaller than in 1936 and probably smaller than in 1935.

With a more favorable feed situation in 1938 than 1937, from the standpoint of the producer, it is expected that the laying flock will be built up by less rigorous culling and by heavier hatching. Laying flock size in the past has fluctuated quite regularly in 3-year cycles, the last low point being in the winter of 1934-35 (see cover chart). It seems likely that the winter of 1937-38 will mark another such low point and that by the fall of 1938 laying flocks will be larger than in the fall of 1937.

Rate of egg production

Favorable weather in most of the season of heavy production, more rigid culling than usual, and a laying flock with a high proportion of pullets resulted in an exceptionally large number of eggs laid per hen in the period January 1-September 1, 1937. In 1938, with culling probably less rigid and with a smaller proportion of pullets than in 1937 the rate of production is likely to be lower than in 1937.

Eggs laid per 100 hens and pullets of laying age in farm flocks

Year	Jan.	Mar.	May	July	Sept.	Total Jan.-Sept.	Oct.	Dec.
Average	Number	Number	Number	Number	Number	Number	Number	Number
1925-34	16.5	38.4	55.1	42.2	32.4	348.0	25.0	13.9
1936	19.1	32.6	56.5	44.2	31.4	349.5	25.1	16.0
1937	22.0	39.2	57.8	44.4	36.1	370.9		

Egg marketings

Larger flocks and an increased rate of production caused marketings in the first 8 months of 1937 to be slightly larger than in 1936. During the remainder of 1937 marketings from fresh egg production are likely to be less than in 1936 because of smaller flocks and lower prices. Egg receipts at the four markets (New York, Chicago, Philadelphia, and Boston) however, may equal that of a year ago because of the inclusion of eggs from the large stocks in cold storage outside of these cities. Following the movement of these stocks into consumption, marketings after mid-winter will reflect current production and, therefore, until the fall of 1938, are likely to be much lower than in 1937.

Receipts of eggs at New York, average 1925-34, annual 1936-37

Year	Week ended as of 1937								
	July 3	Aug. 7	Aug. 14	Aug. 21	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases	Cases
Av. 1925-34	160.0	116.6	114.3	111.7	100.2	104.8	104.6	100.6	101.3
1936	176.7	114.0	107.5	113.2	123.8	112.9	101.3	93.6	87.1
1937	151.5	111.5	98.7	92.3	108.3	89.6	97.0	89.3	89.3

Egg storage

The mid-summer peak in cold storage stocks of shell and frozen eggs in 1937 was about 25 percent above that of 1936 and has only been exceeded in 1927. This was largely a result of an increased supply of eggs and a somewhat stronger incentive to store than in 1936. These influences are likely to be reversed in 1938, production probably being lower than in 1937 and the storage incentive likely to be weakened by a less profitable storage season than 1935-36. Hence, storage stocks in 1938 are expected to be much less than in 1937.

Cold storage holdings and out-of-storage movement of eggs
at 26 markets, average 1925-34, annual 1936-37

Year	: <u>Storage stocks</u> ; Out-of-storage movement, :					Storage stocks Sept. 25
	: July	: Sept. 4	: Sept. 11	: Sept. 18	: Sept. 25 :	
	: 31	: 4	: Sept. 11	: Sept. 18	: Sept. 25 :	
	: 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>
Shell eggs	:	:	:	:	:	:
Average	:	:	:	:	:	:
1925-34	: 6,433	: 5,990	: 162	: 201	: 227	: 5,400
1936	: 5,067	: 4,811	: 162	: 170	: 202	: 4,277
1937	: 5,917	: 5,682	: 124	: 231	: 263	: 5,064
Frozen eggs	:	:	:	:	:	:
1936	: 2,017	: 1,880	: 46	: 25	: 72	: 1,737
1937	: 2,917	: 2,800	: 31	: 52	: 40	: 2,677

The immediate effect of this year's large storage stock has been somewhat accentuated by a slow out-of-storage movement during August and early September. Movement since mid-September, however, has been at a much heavier rate, relative to earlier years.

Egg consumption

The supply of eggs available for consumption was greater during the first 8 months of 1937 than for the corresponding period in 1936, production probably exceeding that of the same period in 1936 by about 7 million cases. The stock of shell and frozen eggs in cold storage on August 1, 1937, exceeded that in 1936 by about 3 million cases. Part of this increase in eggs for storage was offset, however, by the smaller hatching requirements than in 1936. On the whole, therefore, consumption exceeded that of 1936 probably in almost every month of the period.

During the remainder of 1937 smaller production than in 1936 will be more than offset by the increased storage stocks so that consumption is expected to continue above last year well into the winter. Lower consumption seems likely in 1938 than in 1937.

Egg prices

The large storage stocks have tended to keep egg prices in the fall of 1937 below those of the same months of 1936. The seasonal peak in November or December is not likely to be as high as a year earlier.

Farm price of eggs per dozen

Year	Jan.	Mar.	May	July	Aug.	Sept.	Nov.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average							
1925-34	31.0	19.3	18.7	20.0	22.0	25.7	35.4
1935	25.0	18.6	21.4	21.7	22.7	26.4	30.1
1936	22.8	17.5	18.1	20.0	22.4	24.5	32.5
1937	23.1	19.9	17.9	19.4	20.4	22.9	

With normal weather conditions this winter, the smaller production of eggs is expected to keep prices above those of 1936-37. Abnormal weather, either mild or severe, will probably cause sharp temporary fluctuations. A large storage carry-over on January 1 would tend to depress egg prices to the 1937 level, while an average carry-over would tend to keep prices well above 1937.

While the slight decline anticipated in consumers' incomes in the spring of 1938 will offset to some extent the effect of lower production, egg prices then are expected to be above those of the spring of 1937. With smaller storage stocks in prospect by August 1, 1938, than a year earlier and with a slight advance in consumers' income probable, egg prices in the fall of 1938 are expected to increase even more over 1937 prices and probably to be higher than in 1936.