

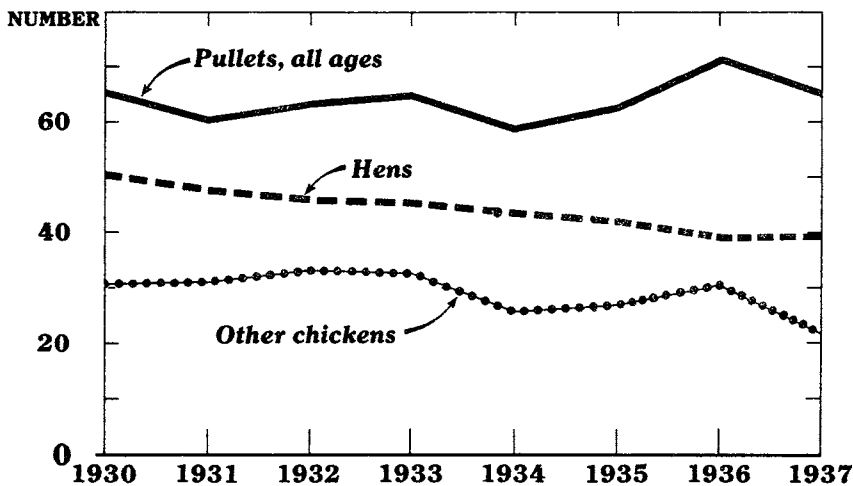
UNITED STATES DEPARTMENT OF AGRICULTURE
 BUREAU OF AGRICULTURAL ECONOMICS
 WASHINGTON

PES- 11

NOVEMBER 1, 1937

THE POULTRY AND EGG SITUATION

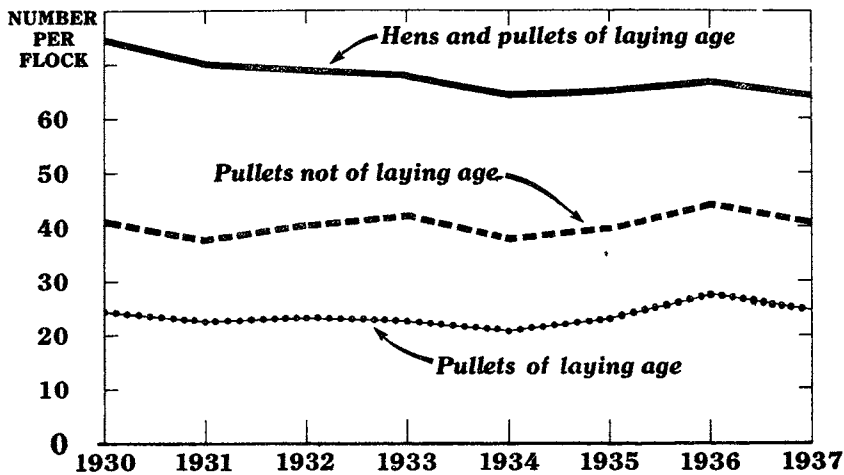
**Chickens in Farm Flocks, by Classes,
 October 1, 1930-37**



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**Hens and Pullets, All Ages, in Farm
 Flocks, October 1, 1930-37**

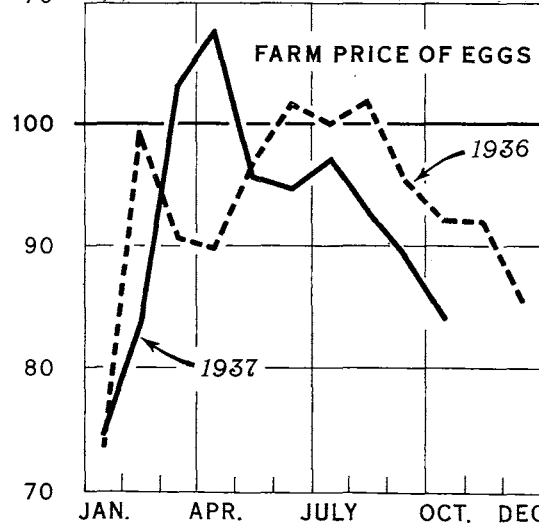
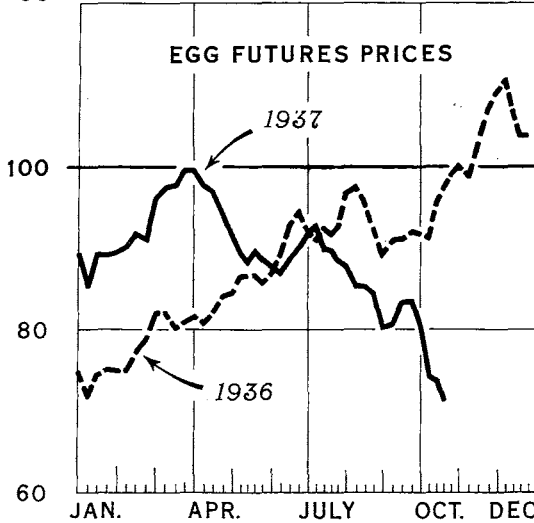
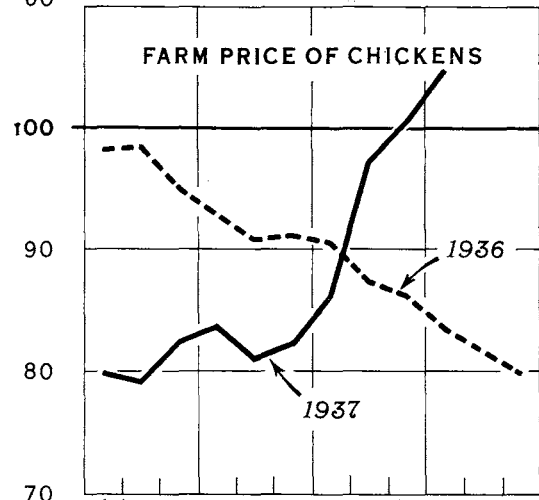
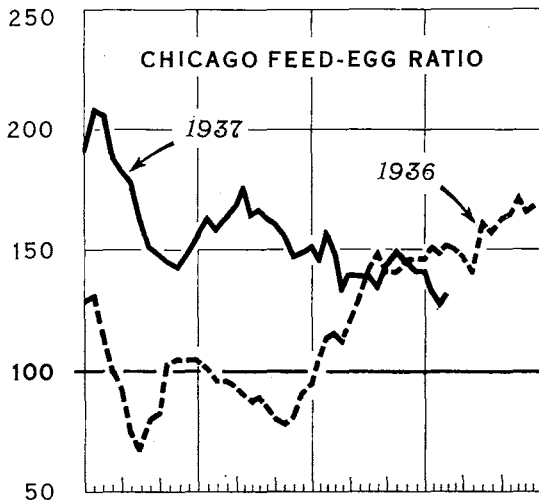
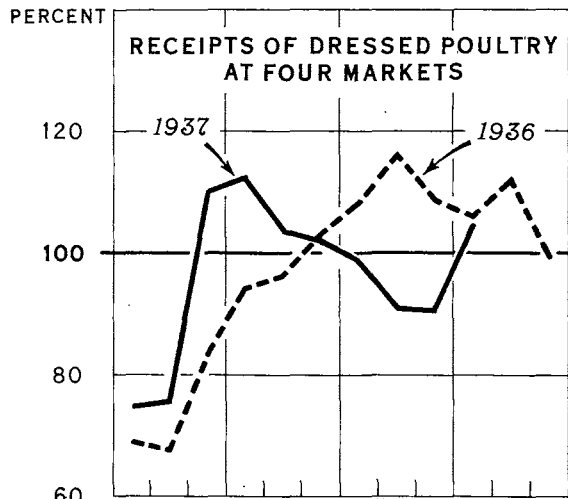
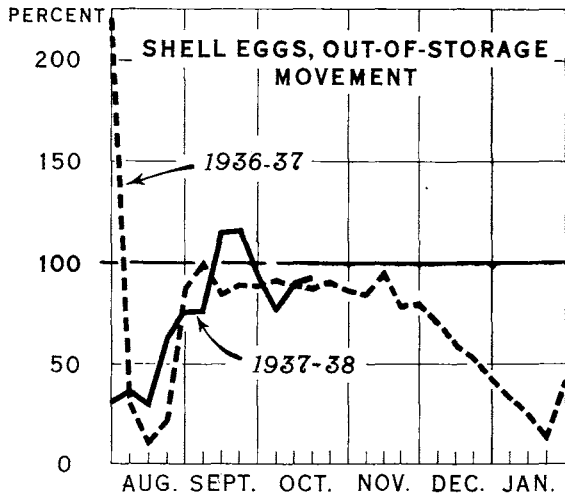


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THE POULTRY AND EGG SITUATION AT A GLANCE

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



UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

PES-11

November 1, 1937

THE POULTRY AND EGG SITUATION

Summary

Important developments in the poultry and egg situation during October, says the Bureau of Agricultural Economics, were (1) the continuance of the non-seasonal rise in farm chicken prices to a new high for the year, (2) the relatively heavy poultry marketings in the last half of the month, (3) the continued less-than-average seasonal advance in the farm egg prices, and (4) the institution of an egg purchasing program by the Agricultural Adjustment Administration.

The heavy poultry marketings, as shown by receipts at New York, may be largely at the expense of laying flocks, which will probably be quite small on January 1 relative to other years. The sale of poultry is due partly to high chicken prices and partly to low egg prices. The aim of the egg purchasing program is to stimulate a more nearly average seasonal gain in egg prices in order to check the tendency to diminish laying flocks. The rate of egg production per hen has continued so high, with the favorable weather this fall, that even with a small number of layers, total egg production is estimated at much above average for the period.

Feed situation

The feed-egg ratio at Chicago during October continued to remain about 30 percent above the 1925-34 average. Though this is not a definitely favorable relation of prices from the standpoint of feeding for heavy egg production, it is much more favorable than was the case at this time in 1936. No further great improvement in the feed-egg price situation is likely until egg prices advance above those of the year before -- and this is not anticipated until early 1938. During the first half of 1938 the ratio is expected to be much lower than in the same months of 1937 and it may go below the 1925-34 average.

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

: Dozens of eggs required to buy 100 pounds of poultry rations												
: Week ended as of 1937												
Year	:Jan.	:Mar.	: May	:June	:Aug.	:Sept.	:Oct.	:Oct.	:Oct.	:Oct.	:Nov.	:Dec.
	: 9	: 6	: 1	: 5	: 7	: 4	: 2	: 9	: 16	: 23	: 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	5.02				3.97	3.64
10-yr.av:								4.67	4.56	4.32		
1936 ...:	5.22	5.11	6.01	5.60	7.71	7.99	7.37	7.04	6.79	6.56	5.85	5.92
1937 ...:	7.76	9.17	10.80	11.23	8.90	8.17	7.08	6.20	5.81	5.68		

Poultry marketings

Receipts of dressed poultry at New York advanced sharply in the last half of October. They exceeded both 1936 and the 1925-34 average. This may reflect the sale of laying stock during a period of high chicken prices and low egg prices.

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

: Week ended as of 1937								
Year	: July	: Aug.	: Sept.	: Sept.	: Oct.	: Oct.	: Oct.	: Oct.
	: 3	: 7	: 4	: 25	: 2	: 9	: 16	: 23
	: 1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	: pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Average :								
1925-34:	3,305	3,005	3,587	3,922	3,963	4,156	4,283	4,521
1936 ...:	3,729	3,826	3,239	4,134	4,571	4,573	4,089	4,727
1937 ...:	3,739	3,079	3,677	3,538	3,873	4,193	5,050	5,125

Poultry storage

The net into-storage movement of poultry did not begin this year until October, movement out-of-storage exceeding that going in during the previous months. This is rather a late start. Storage stocks of frozen poultry at the 26 cities on October 23 were 23 percent below those of 1936, though 20 percent above the 1925-34 average. When storage stocks reach their seasonal peak in January or February they are expected to be somewhat above average but not nearly so large as a year earlier.

Storage stocks of frozen poultry at 26 markets

Year	: Storage :	Into storage movement				: Storage
	: stocks :	week ended as of 1937				: stocks
	: Sept. :	Oct. 2 :	Oct. 9 :	Oct. 16 :	Oct. 23 :	Oct.
	: 4 :	:	:	:	:	23
	: 1,000	1,000	1,000	1,000	1,000	1,000
	: <u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Average	:	:	:	:	:	:
1925-34	: 33,317	1,331	1,601	1,940	2,585	42,602
1935	: 24,395	1,376	1,142	1,156	1,524	30,833
1936	: 46,702	3,722	3,667	3,307	2,708	65,795
1937	: 46,013	132	1,795	1,528	3,290	50,898

Chicken prices

In most years chicken prices decline in the last half of the year. This year prices are advancing, and are 26 percent higher than last year at this time.

Farm price of chickens
per pound

Year	: Jan. :	Mar. :	May :	July :	Aug. :	Sept. :	Oct. :	Nov. :	Dec.
	: <u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Average	:	:	:	:	:	:	:	:	:
1925-34	: 16.8	17.5	18.3	17.8	17.3	17.3	16.8	16.2	15.8
1935	: 12.4	14.2	15.7	14.0	14.1	15.4	15.7	15.9	16.0
1936	: 16.5	16.6	16.6	16.1	15.1	14.9	14.0	13.2	12.6
1937	: 13.4	14.4	14.8	15.3	16.8	17.4	17.6		

This rise in price now may be at the expense of the usual seasonal rise that occurs from December to May. 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 decline in consumer incomes. 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 may be partly offset by possible advances in consumer incomes. 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.

Turkey prices

The farm price of turkeys on October 15 was 5 percent above the price a year earlier. As was pointed out last month this is a result that could be expected in view of the estimated 10 percent reduction in the 1937 turkey crop from that of 1936. The higher turkey prices and lower feed costs this year as compared with last will probably induce a larger hatch of turkeys in 1938 than in 1937, and hence fall and winter prices in 1938 may be expected to be lower than in 1937.

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
1937-38	16.7			

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	98.2	96.8		

Laying flock size

While the average size of the farm laying flock increased from September 1 to October 1 by a little more than the usual seasonal amount, by 7.3 percent as compared with the 1925-34 average of 6.5 percent, this relative rate of increase is not likely to be maintained during the fall and winter.

Average number of laying hens in farm flocks on the 1st day of month

Year	Jan.	Mar.	May	June	Aug.	Sept.	Oct.	Nov.	Dec.
	Num- bers	Num- bers	Num- bers	Num- bers	Num- bers	Num- bers	Num- bers	Num- bers	Num- bers
Average									
1925-34:	87.5	84.7	77.4	73.4	66.8	66.1	70.4	75.7	81.9
1935	78.3	75.8	69.1	65.1	59.2	58.5	65.1	70.5	76.6
1936	80.6	76.7	70.5	66.5	60.0	59.9	66.9	72.4	79.1
1937	84.2	80.0	73.1	68.5	62.1	59.9	64.3		

On October 1 the farm laying flock is largely made up of mature hens. These were as numerous in 1937 as in 1936. They are the class of birds that will be most heavily culled in the next month or so. The heavy poultry marketings were some evidence of this culling.

Pullets, on the other hand, both of laying age and younger, are much fewer than in 1936. It is from these that the bulk of the 1938 laying flock will be formed. This is the main basis for expecting the laying flock on January 1, 1938, to be much smaller than at the beginning of 1936 and probably smaller than in 1935 when flocks were the smallest of record for January 1.

Average numbers of chickens in farm flocks, by classes,
October 1, 1930-37

Year	All chickens	Mature hens	Pullets			Other chickens
			Laying age	Not of laying age	Total	
	Number	Number	Number	Number	Number	Number
1930	146.3	50.3	24.3	41.0	65.3	30.7
1931	139.7	48.2	22.6	37.8	60.4	31.1
1932	142.5	45.9	23.1	40.3	63.4	33.2
1933	143.0	45.4	22.6	42.3	64.9	32.7
1934	128.1	43.6	20.9	37.9	58.8	25.7
1935	131.6	42.1	23.0	39.7	62.7	26.8
1936	141.6	39.6	27.3	44.1	71.4	30.6
1937	126.9	39.7	24.6	40.7	65.3	21.9

These data are presented graphically in the charts on the cover.

Rate of egg production

The number of eggs laid per 100 hens and pullets of laying age continued at record high levels on October 1. Even with the reduced size of flock, as compared with other years, the high rate of production is estimated to have brought total egg production above that of any October 1 since 1931 and to more than 3 percent above the 1925-34 average.

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

Year	Jan. 1	Mar. 1	May 1	July 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	38.4	55.1	42.2	32.4	25.0	17.0	13.9
1936	19.1	32.6	56.5	44.2	31.4	25.1	18.1	16.0
1937	22.0	39.2	57.8	44.4	36.1	28.8		

Egg marketings

During October receipts of eggs at New York have been about the same as those of a year earlier. Receipts at four leading markets, including New York, were about 5 percent greater during this period than a year ago. Not all of these receipts represent marketings of fresh eggs, however, since they include out-of-storage movement to some extent. Marketings after mid-winter will reflect current production and are, therefore, likely to be much lower in the first 9 months of 1938 than in the same period of this year.

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

Year	Week ended as of 1937							
	July 3	Aug. 7	Sept. 4	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average								
1925-34 ...	160.0	116.6	104.8	101.3	95.6	95.1	87.4	81.8
1936	176.7	114.0	112.9	87.1	94.9	95.0	86.5	78.4
1937	151.5	111.5	89.6	96.6	96.2	89.3	89.3	78.2

Egg storage

The immediate effect on egg prices of this year's large storage stock is being accentuated by a slow, though improving, out-of-storage movement. The reduction in shell egg stocks in the first 3 weeks of October at the 26 cities was 17.5 percent, while the 1925-34 average reduction is 18.8 percent. Frozen eggs, of course, are moving even more slowly, since they may be kept for a longer period without deterioration.

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

Year	Storage stocks		Out-of-storage movement, week ended as of 1937			Storage stocks Oct. 23
	July 31	Oct. 2	Oct. 9	Oct. 16	Oct. 23	
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell eggs						
Average						
1925-34 ...	6,433	5,134	288	327	350	4,169
1936	5,067	4,041	263	289	306	3,183
1937	5,917	4,812	220	296	325	3,971
Frozen eggs						
1936	2,017	1,677	43	57	66	1,511
1937	2,917	2,626	69	48	69	2,440

With the 1937 storage operations apparently resulting in a general loss, it is expected that the incentive to store eggs next spring will be very much weaker than in this past spring.

Federal egg purchase program

In mid-October the Agricultural Adjustment Administration announced a program of egg purchasing by the Federal Surplus Commodities Corporation in an effort to keep egg prices advancing at more nearly their normal seasonal rate. As in the program last spring, the aim is to prevent further reduction of farm flocks. The eggs bought will be distributed to persons on relief. By November 1, about 300 cars had been purchased.

Egg prices

The farm price of eggs, while rising some, continues to fall behind its usual seasonal advance. On October 15 it was 9 percent below that of a year earlier.

Farm prices of eggs per dozen

Year	Jan.	Mar.	May	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average									
1925-34	31.0	19.3	18.7	20.0	22.0	25.7	30.0	35.4	35.7
1935	25.0	18.6	21.4	21.7	22.7	26.4	27.9	30.1	28.7
1936	22.8	17.5	18.1	20.0	22.4	24.5	27.6	32.5	30.5
1937	23.1	19.9	17.9	19.4	20.4	22.9	25.2		

The greater-than-average carry-over of storage eggs expected on January 1, 1938, will tend to keep winter prices low. This price depressing effect, however, is likely to be more than offset by low egg production. Prices, therefore, are expected to be above those of the winter of 1937 unless abnormally mild weather prevails as it did then.

The outlook for the remainder of 1938 is for prices above those of the corresponding periods of 1937 because of the lower production in prospect.

That 1937 storage operations are likely to result in losses to many operators is clearly indicated by the record of prices of refrigerator standards for October delivery at Chicago. Note (in the following table) the decline from the spring months when most storage eggs go into storage.

Average closing prices of refrigerator standards at Chicago for delivery in October 1/

Year	Week ended as of 1937									
	Mar. 6	Apr. 3	May 1	June 5	Sept. 4	Oct. 2	Oct. 9	Oct. 16	Oct. 23	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1/										
1925-34	26.1	26.5	26.4	26.6	27.8	27.6	27.6	27.1	27.2	
1936	21.4	21.6	22.3	23.1	24.8	25.3	25.2	25.9	26.5	
1937	25.1	26.4	24.1	23.3	22.3	22.1	20.5	20.0	19.4	

1/ December delivery 1925-26, November delivery 1927-31.