

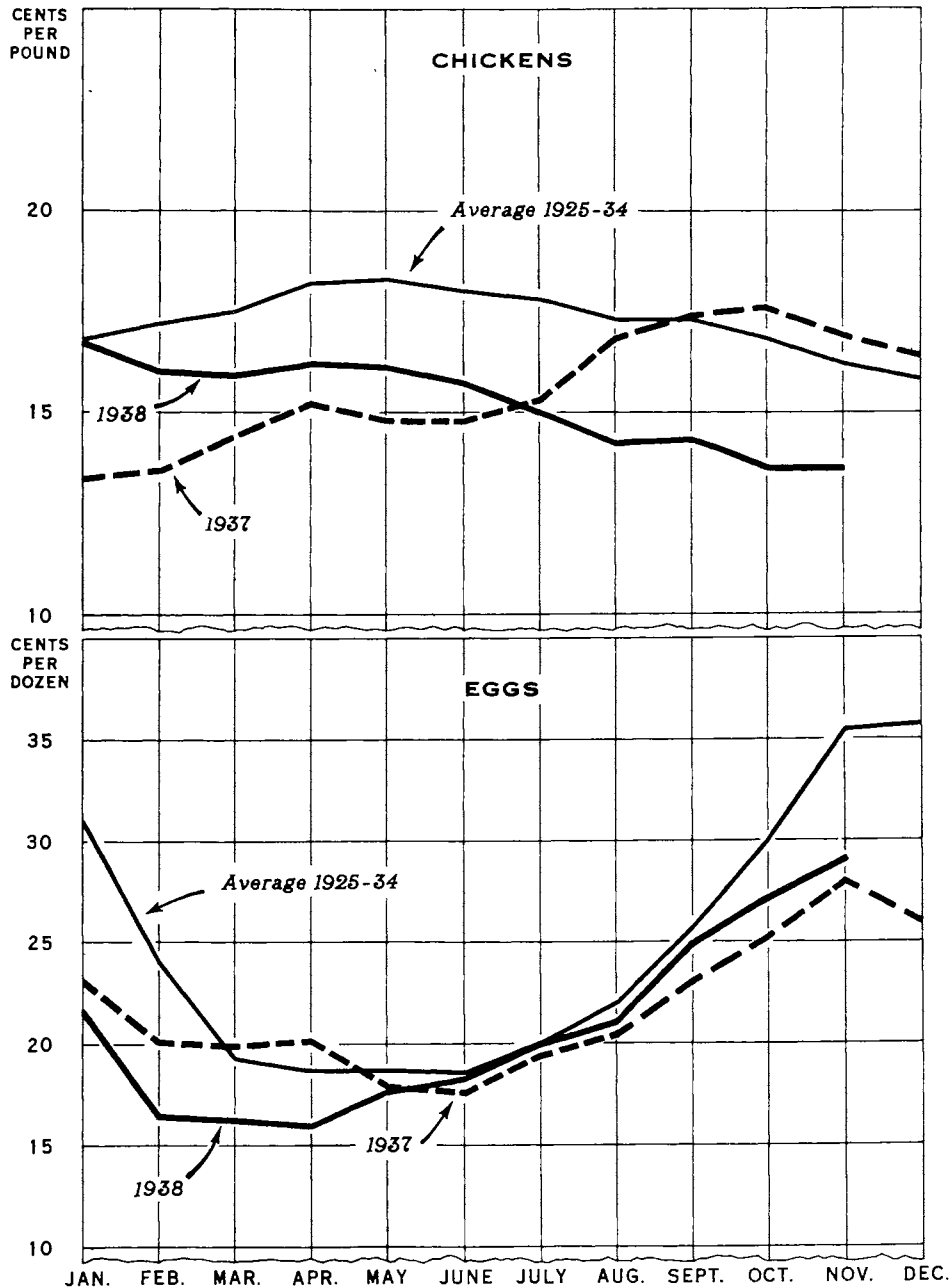
UNITED STATES DEPARTMENT OF AGRICULTURE
 BUREAU OF AGRICULTURAL ECONOMICS
 WASHINGTON

PES-24

DECEMBER 1, 1938

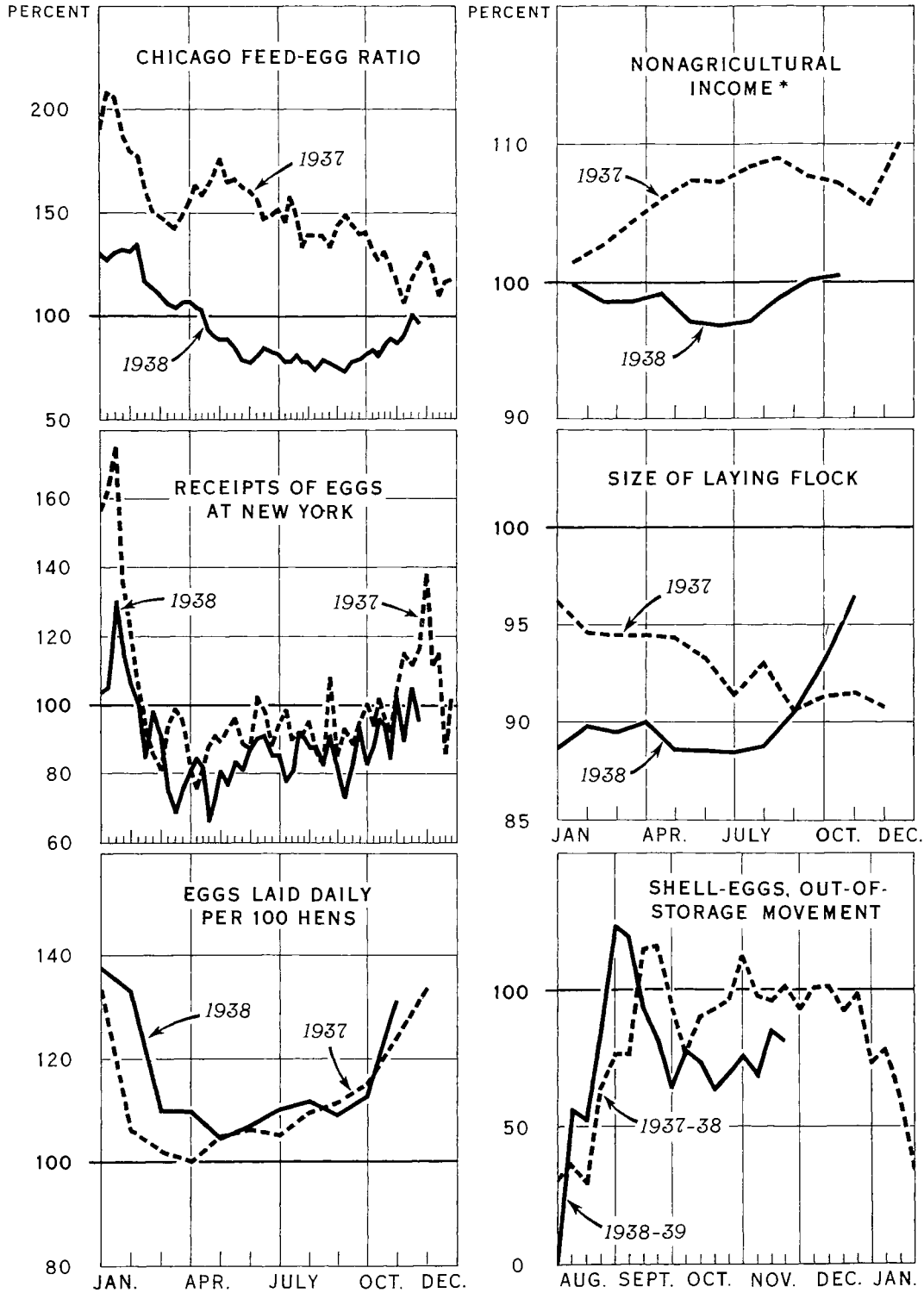
 THE POULTRY AND EGG SITUATION

U.S. FARM PRICES OF CHICKENS AND EGGS



THE POULTRY AND EGG SITUATION AT A GLANCE

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



*BASED ON REVISED DATA

FIGURE I

Summary

Recent important developments in the poultry and egg situation during November, says the Bureau of Agricultural Economics, were (1) a continued favorable feed-egg ratio, (2) an increased into-storage movement of dressed poultry, (3) continued low chicken prices, (4) a record high rate of egg production per farm flock, (5) a less-than-seasonal advance in egg prices.

Prices farmers receive for chickens have been declining more than the usual seasonal decrease of 13 percent from April to November. Chicken prices usually reach a seasonal low in December. Supplies of poultry are likely to continue larger than a year ago and will prevent prices from rising more than their upward seasonal trend in late winter and early spring. Storage stocks of poultry by January 1 will probably exceed those of a year before.

Egg prices have advanced less than the usual seasonal amount, even though storage holdings are low. Mild weather and low feed costs have contributed toward higher egg production. Egg prices are above 1937 levels and because of the exceptionally low storage stocks, severe weather might cause further increases in prices.

Even though turkey prices recently have been slightly below those for last year, a favorable outcome for producers is expected because of lower costs of production. Therefore, a further increase in numbers of turkeys is likely in 1939.

Feed situation

Little change has been made in the feed supply situation during the past 2 months. The total supply of corn, oats, barley, and grain sorghums on October 1 was slightly larger than on that date last year and again the supply per grain consuming animal was unusually large. Feed grain prices in recent months have been considerably below those of a year ago. The new corn loan program together with the prospective slight increase in consumer incomes may support an increase in feed grain prices from the present low level. The feed situation is expected to be favorable to poultrymen at least until the 1939 harvest approaches.

The relationship of feed prices to egg prices is important to poultrymen because it influences the number of pullets saved for layers in the fall as well as the size of the spring hatch. It also influences the amount of feed fed farm flocks, which directly affects egg production. During November the feed-egg ratio, as based upon prices at Chicago, approached the 10-year average. This indicates a feed situation less favorable to poultrymen, as compared with the seasonal cycle, than has prevailed during the past few months. But the ratio is still considerably lower - about 15 percent - than it was at this time last year, and is the lowest for November since 1932.

The feed-egg ratio at Chicago, specified weeks, as percentage of 1925-34 average

Year	Week ending as of 1938											
	Jan.: 1	Mar.: 26	May: 28	June: 25	Aug.: 27	Sept.: 24	Oct.: 29	Nov.: 5	Nov.: 12	Nov.: 19	Nov.: 26	Dec.: 3
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1937	167.8	148.0	162.8	148.8	134.0	140.4	125.5	118.1	106.6	117.8	124.7	131.6
1938	117.6	107.0	79.3	83.5	77.3	79.4	89.4	87.7	90.8	100.3	96.7	

Spring hatchings

Because of this favorable feed-egg ratio a further increase over the relatively large hatch of 1938 is likely in 1939. Beginning in 1925 a 3-year cycle in numbers of chickens raised has been evident. Since the low point in the present cycle was reached in 1937, it is expected - if the 3-year tendency is continued - that a high point will be reached in 1939. There is a regular, though not exactly proportional, relationship between the number of young chickens in flocks at the close of the hatching season and the number on October 1, the approximate time of year when substitution of pullets for hens in laying flocks usually begins.

Chicks and young chickens in farm flocks October 1, 1930-38 (1934 = 100)

1930	1931	1932	1933	1934	1935	1936	1937	1938
Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
113.5	108.0	114.2	115.4	100.0	105.8	120.6	103.1	123.6

Poultry marketings

Receipts of dressed poultry at New York in the first half of 1938 were smaller than the year before. This was due to the sharp reduction in numbers of poultry on farms during 1937, light culling during 1938, and a below-average out-of-storage movement. During November (through November 26) receipts of dressed poultry at New York were 22 percent above the 1925-34 average for that month but 3 percent above the same period last year.

Receipts of dressed poultry at New York, average 1925-34,
annual 1937-38

Year	Week ending as of 1938								
	Jan. : : 29	Mar. : : 26	July : : 30	Sept. : : 24	Oct. : : 29	Nov. : : 5	Nov. : : 12	Nov. : : 19	Nov. : : 26
	: 1,000	1,000	1,000	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>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Av. 1925-34:	3,324	2,070	2,914	3,922	4,516	4,643	4,980	7,364	11,841
1937	: 3,720	2,349	3,049	3,538	5,447	5,278	5,848	16,028	7,044
1938	: 2,639	1,707	3,986	4,997	5,187	4,825	5,026	16,540	8,676

Poultry storage

Stocks of frozen poultry at the peak in early 1939 are expected to be heavier than in 1938 and above the 1925-34 average, but lighter than the record holdings of 1937. Because of the larger production of chickens and turkeys in 1938, the net into-storage movement during the period of accumulations from September to January is expected to exceed that of a year ago and is likely to approximate or slightly exceed the 1925-34 average for the period. The into-storage movement of poultry during the latter part of 1939 is also expected to exceed that of 1938.

The into-storage movement of poultry has been increasing at a rate greater than that for 1937. At the end of the first week in August this year, storage stocks at 26 cities were about 75 percent of what they were in early August last year, while for the week ending November 26, stocks this year were 102 percent of those last year on the same date. Storage stocks as of November 26 are 22 percent above the 1925-34 average.

Storage holdings of dressed poultry at 26 markets for weeks ending November 26 and the following January 1 and into-storage movement for that period and for the 4 weeks ending November 26, average 1925-34, annual 1936-38

Year	Week ending as of 1938			
	Into-storage : movement, Oct. : : 29 to Nov. 26 :	Storage : stocks : Nov. 26	Into-storage : movement, Nov. : : 26 to Jan. 1 :	Storage : stocks : following Jan. 1
	: <u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
Av. 1925-34	: 17,352	62,631	29,117	91,748
1936	: 23,911	94,571	41,163	135,734
1937	: 19,485	74,621	18,561	93,182
1938	: 22,137	76,481		

Turkeys

The farm price of turkeys on November 15 was 4 percent below the price a year earlier. This result could be expected in view of a slight increase in the 1938 turkey crop over that of 1937. The price effect is partly offset by lower costs of production this year. Turkey prices in November were sustained somewhat by the prevalence of warm weather throughout the country which retarded the development and preparation of turkeys for market. This will probably mean a larger supply on the market later in the season.

Farm price of turkeys per pound

Year	Oct. 15	Nov. 15	Dec. 15	Jan. 15 ^{1/}
	Cents	Cents	Cents	Cents
Av. 1925-34	20.8	22.5	22.8	23.3
1937-38	16.7	17.9	18.0	17.5
1938-39	16.5	17.1		

^{1/} Prices are for marketing season. January prices in each case are for the January following December.

Nonagricultural income, monthly averages 1925-34, monthly 1937-38
(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Feb.	Mar.	May	July	Aug.	Sept.	Oct.	Nov.	Dec.
Av. 1925-34	91.3	91.2	90.8	90.1	90.2	90.1	90.0	89.9	89.6	89.4
1937	92.6	93.7	94.8	96.8	97.9	98.2	96.9	96.4	94.6	98.4
1938	91.2	90.0	89.5	87.5	87.6	89.0	90.1	90.3		

^{1/} Revised.

Chicken prices

The farm price of chickens usually varies seasonally from a high in April or May to a low in December. This year the seasonal decline has been greater than usual. The November 15 price of chickens, while it is the same as that for October 15, is 20 percent below that for November 15 last year, and 18 percent below the 1925-34 average. A usual seasonal advance in prices in late winter and early spring, plus the expected slight increase in consumers incomes, may cause prices to approach those of the spring of 1938.

Farm price of chickens per pound

Year	May 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents
Av. 1925-34	18.3	17.3	16.8	16.2	15.8
1937	14.8	17.4	17.6	16.9	16.4
1938	16.1	14.3	13.6	13.6	

Laying flock size

About January 1 laying flocks in most parts of the country are at their maximum size because of the pullets entering laying flocks in the last 4 months of the year. About September 1 the number of laying hens in farm flocks usually reaches a seasonal low. The increases of the laying flock size from September 1 to November 1 for the 1925-34 average, for 1937, and for 1938 are 15 percent, 16 percent, and 22 percent respectively. The number of layers per flock (November 1 report) is already 5 percent greater than last year. With a continued favorable feed situation and lighter culling of both young and old stock, the size of laying flocks will probably be around 10 percent larger during the coming year than they have been in 1938.

Average number of laying hens in farm flocks :

Year	Jan. 1	May 1	June 1	Aug. 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Av. 1925-34	87.5	77.4	73.4	66.8	66.1	70.4	75.7	81.9
1937	84.2	73.1	68.5	62.1	59.9	64.3	69.3	74.4
1938	77.6	68.6	65.0	59.3	59.8	65.6	73.0	

Rate of egg production

An increased daily egg production per layer during the past year has resulted from heavy feeding which has been stimulated by favorable weather with an abundance of feed and a very favorable feed-egg ratio. During every month from January through August, with only one exception, egg production per hen continued at a record high seasonal level. On September 1 and October 1 the rates dropped slightly below the levels for the same dates last year, but they still exceeded the September and October records for all other years.

Production of eggs per farm flock - an indication of total United States production - reached a record high for November 1 this year. This is a reflection of heavier feeding and larger farm flocks from the increased hatch of 1938.

Eggs laid per 100 hens and pullets of laying age in farm flocks on the first day of the month

Year	Jan.	Apr.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Number	Number	Number	Number	Number	Number	Number	Number	Number
Av. 1925-34	16.5	52.8	49.5	42.2	36.9	32.4	25.0	17.0	13.9
1937	22.0	52.8	52.5	44.4	40.4	36.1	28.8	21.1	18.6
1938	22.7	57.9	52.9	46.5	41.2	35.3	28.2		

Egg marketings

Receipts of eggs usually reach a seasonal low point about the middle of November. Marketings of eggs during the spring and summer of 1938 were much lighter than usual. With larger farm flocks and a high rate of egg production, however, marketings at New York are again approaching seasonal levels. In November (to November 26) receipts at New York were 12 percent below those for the same period last year and only 2 percent below the 1925-34 average.

Receipts of eggs at New York, average 1925-34, annual 1937-38

Year	Week ended as of 1938									
	Jan. : 29	May : 28	July : 30	Aug. : 27	Sept. : 24	Oct. : 29	Nov. : 5	Nov. : 12	Nov. : 19	Nov. : 26
	: 1,000	: 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	: cases
Av. 1925-34	: 112.2	: 217.9	: 119.9	: 100.2	: 101.3	: 80.2	: 74.0	: 68.4	: 69.2	: 69.9
1937	: 152.0	: 193.4	: 110.5	: 108.3	: 96.6	: 74.2	: 77.3	: 78.8	: 77.2	: 81.5
1938	: 129.2	: 176.7	: 108.5	: 91.2	: 94.6	: 67.8	: 76.4	: 61.4	: 72.6	: 66.7

Egg storage

The United States storage stocks of eggs at the usual seasonal peak on August 1 this year were the smallest since 1916. Stocks of frozen eggs were also small. The reduction in shell egg stocks at 26 cities since July 30 has been 69 percent while the 1925-34 average reduction is 64 percent. While the storage movement was slow in October, the out-of-storage movement since October 29 has been 45 percent; the 10-year average movement for the comparable period is 39 percent.

Cold storage holdings and out-of-storage movement of eggs at 26 markets, average 1925-34, annual 1937-38

Item and year	Storage	Out-of-storage movement				Storage
	holdings : Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26	holdings : Nov. 26
	: 1,000	1,000	1,000	1,000	1,000	1,000
	: cases	cases	cases	cases	cases	cases
Shell eggs	:					
Av. 1925-34	: 3,810	382	395	383	341	2,309
1937	: 3,624	429	385	368	345	2,097
1938	: 2,613	289	272	327	278	1,447
Frozen	:					
1937	: 2,383	51	78	51	40	2,163
1938	: 1,620	85	66	65	54	1,350

Egg prices

The farm price of eggs while rising some is falling behind its usual seasonal advance for this time of the year. The United States average for egg prices in local markets on November 15, however, were 4 percent above those of a year ago. Egg prices during the winter months are materially affected by weather conditions particularly when the reserve supply of eggs in storage is low as is the case this year.

The expected small carry-over of storage eggs on January 1 and the slightly improved consumers' income are favorable factors in the egg situation. But these factors will be largely offset by the expected larger supplies of fresh eggs during the early part of 1939.

Farm prices of eggs per dozen

Year	Jan. 15	Apr. 15	May 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average									
1925-34	31.0	18.7	18.7	20.0	22.0	25.7	30.0	35.4	35.7
1936	22.8	16.8	18.1	20.0	22.4	24.5	27.6	32.5	30.5
1937	23.1	20.1	17.9	19.4	20.4	22.9	25.2	28.0	26.0
1938	21.6	15.9	17.6	19.9	21.0	24.9	27.1	29.0	

SUPPLEMENTARY DATA

Production estimates revised

Estimates of chicken and egg production in the United States have been revised back to 1925. Through a rather intensive study of chicken and egg production and consumption, it was determined that previous estimates were on too low a level. Revised estimates by States will be available within the next few weeks.

Chicken and egg production, United States, 1925-37

Year	All chickens on farms Jan. 1	Number of chickens produced 1/	Number of eggs produced
	Thousands	Thousands	Millions
1925	434,998	626,069	34,969
1926	438,000	664,594	37,248
1927	460,999	693,657	38,627
1928	474,997	639,917	38,659
1929	449,006	692,328	37,921
1930	468,491	714,380	39,067
1931	449,743	646,579	38,532
1932	436,815	672,619	36,298
1933	444,523	684,929	35,514
1934	433,937	604,511	34,429
1935	389,958	632,365	33,305
1936	401,238	703,067	33,996
1937	420,257	583,867	37,647
1938	387,251		

1/ Net production during the calendar year, i.e., chickens sold, consumed in farm household, and the plus or minus difference in inventory.

Revised estimates of numbers on farms for 1925-34, inclusive; and of chickens and eggs produced for 1925-35, inclusive.

Nonagricultural income indexes

Nonagricultural income for the United States also has been revised back to 1919. The revised indexes, prepared by the Agricultural Adjustment Administration, are given in the following table.

Nonagricultural income, United States, 1919 to date

(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
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	71.0	70.6	73.7	76.6	75.5	77.9	80.5	80.3	82.9	83.0	76.1
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	105.5	105.6	105.3	105.4	105.1	104.9	104.0
1929	104.7	105.8	105.8	106.4	107.2	107.7	109.6	110.4	109.9	109.1	107.7	106.5	107.6
1930	105.9	105.3	104.4	103.8	103.7	102.9	102.1	99.9	99.2	97.0	95.2	93.6	101.1
1931	92.2	92.0	91.1	90.2	89.1	87.9	86.9	84.8	83.2	81.2	80.1	78.7	86.4
1932	77.9	76.4	74.5	72.2	70.2	67.6	65.6	64.3	65.2	65.2	64.9	63.9	69.0
1933	63.3	62.5	60.5	59.9	60.6	62.1	62.3	64.4	66.1	66.4	67.3	69.8	63.8
1934	71.9	72.1	72.7	72.0	73.1	72.8	72.6	72.7	71.8	72.4	73.2	74.2	72.6
1935	76.1	76.7	76.4	76.8	76.4	76.5	76.4	77.4	78.5	79.6	80.5	82.7	77.8
1936	82.9	83.2	83.5	83.9	85.2	85.5	87.3	87.9	88.3	89.6	92.2	100.4	87.5
1937	92.6	93.7	94.8	95.7	96.8	96.8	97.9	98.2	96.9	96.4	94.6	98.4	96.1
1938	91.2	90.0	89.5	89.6	87.5	87.3	87.6	89.0	90.1	90.3			