

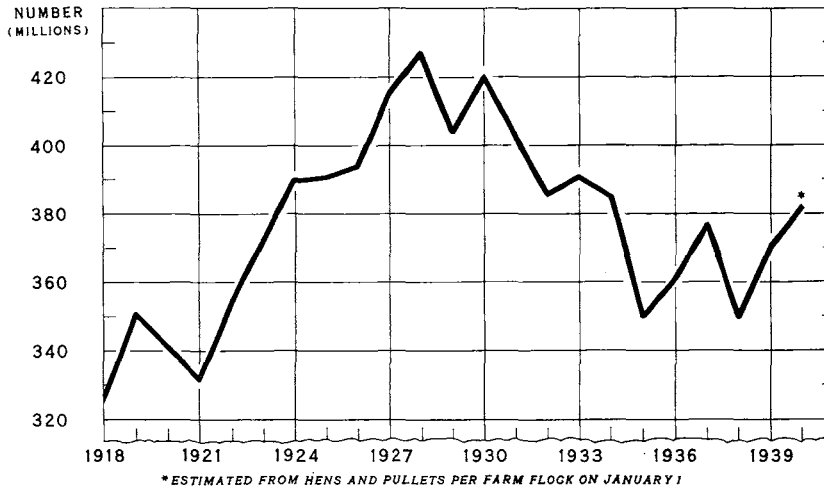
UNITED STATES DEPARTMENT OF AGRICULTURE
 BUREAU OF AGRICULTURAL ECONOMICS
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 THE POULTRY AND EGG SITUATION

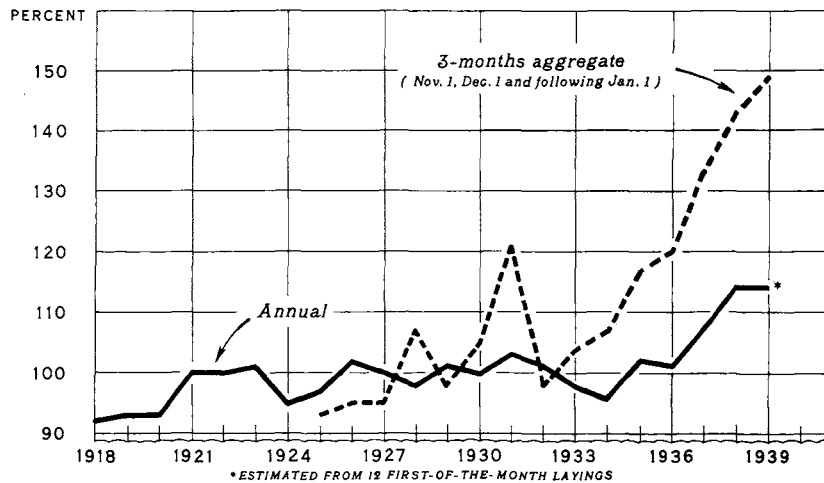
HENS AND PULLETS ON FARMS JANUARY 1, UNITED STATES, 1918-40



U. S. DEPARTMENT OF AGRICULTURE

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EGG PRODUCTION PER HEN AS A PERCENTAGE OF THE 1926-30 AVERAGE PRODUCTION, UNITED STATES, 1918-39



U. S. DEPARTMENT OF AGRICULTURE

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THE NUMBER OF HENS AND PULLETS ON FARMS USUALLY REACHES A PEAK ABOUT THE FIRST OF THE YEAR. THE JANUARY 1 INVENTORY OF HENS AND PULLETS ON FARMS REACHED THE HIGHEST FIGURE ON RECORD IN 1928. A DEFINITE DOWNWARD TREND FOLLOWED FROM 1928 TO 1935, AND SINCE THAT TIME THERE APPEARS TO HAVE BEEN A LEVELING OFF OF NUMBERS. INCREASED PRODUCTION PER HEN HAS TENDED TO OFFSET THE EFFECT OF DECREASED NUMBERS ON TOTAL EGG PRODUCTION. INCREASED PRODUCTION PER HEN DURING THE LATE FALL AND WINTER MONTHS IS A SIGNIFICANT DEVELOPMENT OF LATE YEARS.

THE POULTRY AND EGG SITUATION AT A GLANCE

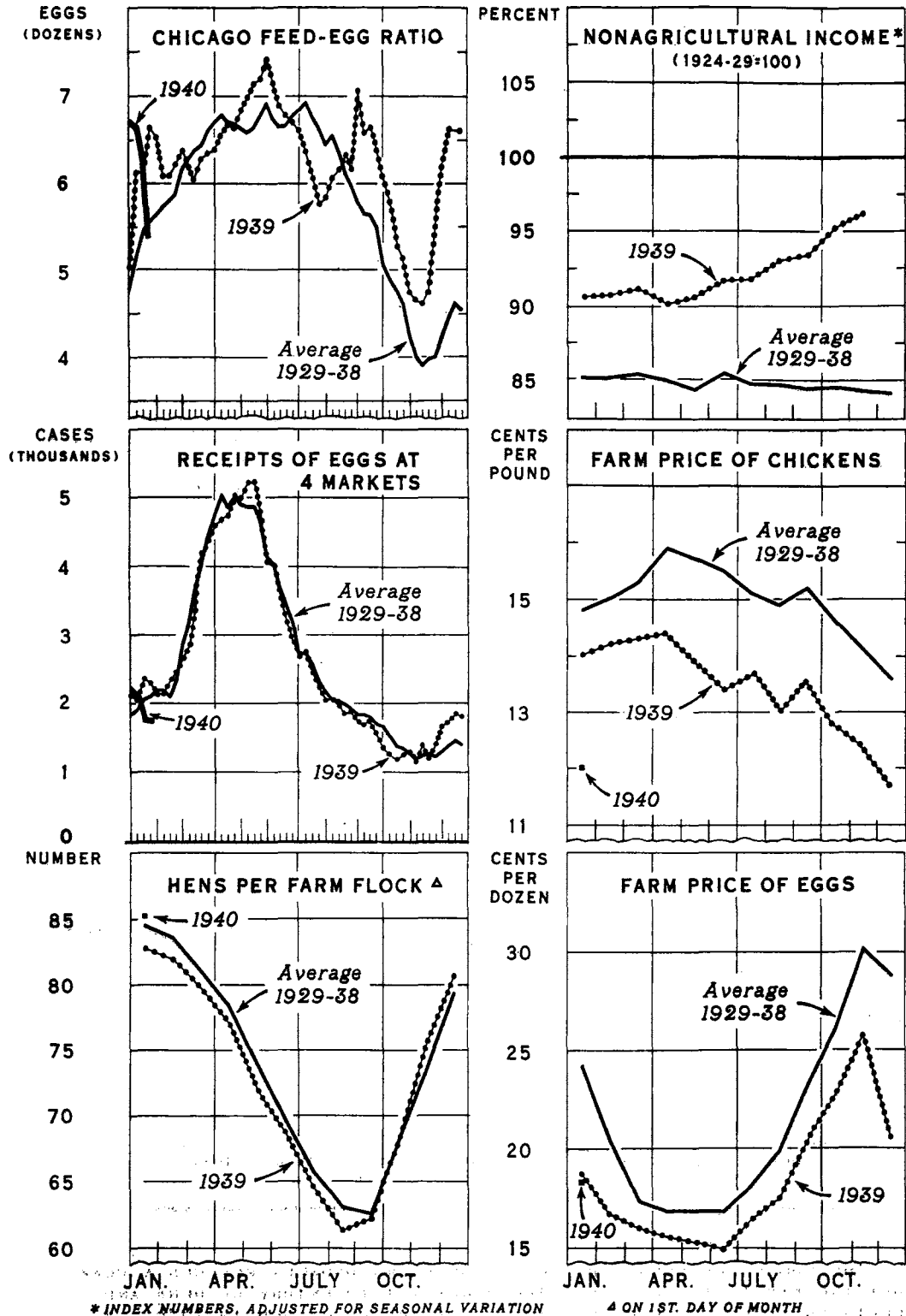


FIGURE I

THE POULTRY AND EGG SITUATION

Summary

Because of an advance in egg prices at Chicago, the feed-egg ratio at that market declined during January. However, the number of eggs required to buy 100 pounds of poultry ration is expected to average higher than a year earlier during the first half of this year and somewhat above the 1929-38 average.

A temporary drop in market receipts of eggs has caused the out-of-storage movement for shell eggs to be somewhat above that of a year earlier. Stocks of shell eggs are generally small at this time of year.

The seasonal peak in storage stocks of poultry, reached during the first week of January, was 26 percent greater than a year earlier and 35 percent over the 1929-38 average. A major part of the increase over January 1939 can be attributed to the 123-percent increase in storage stocks of turkeys. The comparatively large marketings of freshly dressed poultry during recent weeks have resulted in a below-average out-of-storage movement for poultry.

Most of the seasonal decline in the farm egg price which ordinarily occurs between November 15 and January 15 came this year in the first half of the period so that the seasonal decline between December 15 and January 15 was smaller than usual. The January 15 farm price of eggs (18.3 cents) was 5.9 cents below the 1929-38 average but only $\frac{1}{2}$ cent below the price on January 15, 1939, whereas the December 15 farm price was 7 cents below that of a year earlier. The unfavorable weather during January also helped to reduce the seasonal decline in farm egg prices from December to January.

The increased number of laying hens per farm flock on January 1 (85.2 as compared with 82.8 a year earlier) indicates a greater egg production this year than in 1939, since the seasonal change in size of flocks varies

little from year to year.

Prices received by farmers for chickens on January 15 were more than 1 cent below those of a year earlier and about 2 cents under the 1929-38 average for that date. Consumer demand is not expected to vary greatly in the near future and changes in market receipts of both chickens and eggs will probably be reflected directly in price changes.

FEED-EGG RATIO

The seasonal rise in the Chicago feed-egg ratio from November 18 to December 30 was much greater than usual. During this period in 1939 the number of eggs required to purchase 100 pounds of poultry feed at Chicago increased by 2 dozen eggs, whereas in 1938 it increased by only 0.7 dozen eggs, and the 1929-38 average increase during this period was only 0.6 dozen. Thus a large part of the seasonal rise in the feed-egg ratio, which ordinarily occurs during the early months of each new year, took place in the marked advance of late November and December.

The number of eggs required to purchase 100 pounds of poultry ration at Chicago declined from 6.72 dozens during the first week of January to 5.38 dozens for the week ending January 27. This decline may be only temporary, and the feed-egg ratio probably will average above that of a year earlier during the first half of 1940.

Feed-egg ratio at Chicago

| <u>(Dozens of eggs required to buy 100 pounds of poultry ration)</u> | | | | | | | | | | | | |
|--|-------------------------------|------|------|------|----------|------|------|-------|------|------|----------|------|
| Year | <u>Week ending as of 1940</u> | | | | | | | | | | | |
| | January | | | | February | | | April | July | Oct. | December | |
| | 6 | 13 | 20 | 27 | 3 | 10 | 17 | 27 | 27 | 26 | 21 | 28 |
| | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. | Doz. |
| Average : | | | | | | | | | | | | |
| 1929-38: | 4.77 | 5.13 | 5.46 | 5.55 | 5.63 | 5.72 | 5.78 | 6.68 | 6.62 | 4.62 | 4.62 | 4.54 |
| 1938 : | 5.30 | 5.40 | 5.88 | 6.39 | 6.68 | 7.17 | 6.70 | 5.85 | 5.12 | 3.79 | 4.36 | 4.31 |
| 1939 : | 5.02 | 6.12 | 6.13 | 6.65 | 6.52 | 6.07 | 6.07 | 6.65 | 5.76 | 5.13 | 6.62 | 6.62 |
| 1940 : | 6.72 | 6.66 | 6.32 | 5.38 | | | | | | | | |

POULTRY SITUATION

Poultry marketings

Receipts of dressed poultry at the 4 principal markets for the 4 weeks ended January 27 were 42 percent above receipts for the corresponding period a year earlier and 22 percent above the 1929-38 average receipts for these weeks. A slight seasonal decline in receipts is expected during the next several weeks, but receipts are expected to continue larger during the next few months than a year earlier because of the increased number of hens and chickens on farms on January 1 and the unfavorable feed-egg ratio.

Receipts of dressed poultry at 4 markets

(New York, Chicago, Philadelphia, Boston)

| Year | Week ending as of 1940 | | | | | | | | | |
|---------|------------------------|--------|--------|--------|----------|--------|--------|----------|--------|--------|
| | January | | | | February | | March | December | | |
| | 6 | 13 | 20 | 27 | 3 | 10 | 30 | 21 | 28 | |
| | 1,000 | 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 | pounds |
| Average | | | | | | | | | | |
| 1929-38 | 6,118 | 5,467 | 5,553 | 6,028 | 5,884 | 4,870 | 3,596 | 25,324 | 10,525 | |
| 1938 | 4,187 | 3,655 | 4,228 | 3,814 | 4,050 | 3,106 | 3,552 | 17,291 | 6,835 | |
| 1939 | 4,159 | 4,418 | 5,380 | 6,020 | 4,657 | 4,186 | 3,868 | 32,380 | 9,187 | |
| 1940 | 5,973 | 6,037 | 7,678 | 8,628 | | | | | | |

Poultry storage

Storage stocks of frozen poultry reached the seasonal peak during the first week of January. Stocks at the 26 major storing cities on January 27 were 31 percent larger than on the corresponding date in 1939 and 41 percent above the 1929-38 average for that date. The out-of-storage movement, which began during the week ended January 13, has been less than that of a year earlier or the 1929-38 average. This is probably the result of the increased marketings of fresh poultry.

United States stocks of poultry on January 1 were 20 percent larger than those of a year earlier. The increase was largely a result of the 123 percent increase in storage stocks of turkeys, since stocks of fowls (mature hens) increased but 16 percent over a year earlier and stocks of other types of poultry declined about 6 percent.

Storage stocks of frozen poultry at 26 markets

| Year | Week ending as of 1940 | | | | | | |
|---------|------------------------|---------------------------|--------|--------|--------|---------|---------|
| | Storage | Storage movement, January | | | | | Storage |
| | stocks | 6 | 13 | 20 | 27 | stocks | |
| | Dec. 30 1/ | | | | | Jan. 27 | |
| | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | |
| | pounds | pounds | pounds | pounds | pounds | pounds | |
| Average | | | | | | | |
| 1929-38 | 93,456 | +3,226 | -453 | -1,339 | -1,284 | 93,606 | |
| 1939 | 101,944 | +2,369 | -574 | -2,002 | -1,521 | 100,216 | |
| 1940 | 128,481 | +3,490 | -428 | - 206 | + 256 | 131,593 | |

1/ For preceding year.

Hatchings

Reports from commercial hatcheries indicate that almost as many chicks were produced commercially during December 1939 as in the same month a year earlier. But the decrease in advance orders on January 1, 1940 is probably indicative of future reactions. Because of the unfavorable feed-egg ratio,

the demand for chicks is expected to continue to be weak during the next few months. Except in the Pacific Coast States, the demand for chicks hatched in December apparently has come largely from broiler producers.

Chicken prices

Prices received by farmers for chickens advanced from the seasonal low of 11.7 cents on December 15 to 12.0 cents on January 15. This represents a seasonal increase, but the prices are decidedly below average. The price as of January 15 was 2 cents less than a year earlier and 2.8 cents below the 1929-38 average. The effect on prices of expected larger supplies of poultry during the next few months compared with a year earlier will be offset somewhat by higher consumers' income.

Price per pound received by farmers for chickens

| Year | Jan. 15 | Feb. 15 | Mar. 15 | Apr. 15 | June 15 | Aug. 15 | Oct. 15 | Nov. 15 | Dec. 15 |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| Average 1929-38 | 14.8 | 15.0 | 15.3 | 15.9 | 15.5 | 14.9 | 14.6 | 14.1 | 13.6 |
| 1938 | 16.7 | 16.0 | 15.9 | 16.2 | 15.7 | 14.2 | 13.6 | 13.6 | 13.6 |
| 1939 | 14.0 | 14.2 | 14.3 | 14.4 | 13.4 | 13.0 | 12.7 | 12.4 | 11.7 |
| 1940 | 12.0 | | | | | | | | |

EGG SITUATION

Laying flock size

The average size of farm laying flocks reached what is probably the seasonal peak of 85.2 birds on January 1. This is the highest figure reached for any month since January 1934. The present high feed prices and low egg prices may cause farmers to cull their flocks more closely during the next few months than they did last year. However, the size of laying flocks may continue above that of a year earlier during at least the first half of this year.

The seasonal increase in the number of layers per farm flock from the low point of 61.3 on August 1 to 85.2 on January 1 represents an increase of 39 percent compared with the 1929-38 average increase of 35 percent from seasonal low to seasonal high. It is interesting to note that 1938 and 1939 are the only years during which the seasonal low was reached on August 1 rather than on September 1.

Average number of laying hens per farm flock
on the first day of the month

| Year | Jan. | Feb. | Mar. | Apr. | Aug. | Sept. | Nov. | Dec. |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Number | Number | Number | Number | Number | Number | Number | Number |
| Average 1929-38 | 84.5 | 83.6 | 81.0 | 78.4 | 63.1 | 62.5 | 73.3 | 79.4 |
| 1938 | 77.6 | 78.3 | 75.8 | 73.8 | 59.3 | 59.8 | 72.5 | 78.0 |
| 1939 | 82.8 | 82.0 | 79.8 | 76.8 | 61.3 | 62.1 | 75.1 | 80.8 |
| 1940 | 85.2 | | | | | | | |

Egg production

Egg production per layer and per flock on both December 1 and January 1 was the highest on record for those dates. Production per bird was undoubtedly stimulated considerably by the unusually favorable weather during November and December. The comparatively large number of birds per flock contributed to the record production per farm flock.

Egg production per flock on January 1 was 9 percent above that of a year earlier and 40 percent above the 1929-38 average. With the increased number of birds per farm flock at the present time, egg production may average higher during this year than in 1939. However, the unfavorable food-egg ratio may result in some reduction in size of flocks not previously anticipated.

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

| Year | Jan. | Feb. | Mar. | Apr. | July | Oct. | Nov. | Dec. |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Number | Number | Number | Number | Number | Number | Number | Number |
| Average | | | | | | | | |
| 1929-38 | 18.7 | 26.0 | 38.4 | 53.5 | 43.2 | 25.8 | 18.5 | 15.8 |
| 1938 | 22.7 | 32.2 | 42.2 | 57.9 | 46.5 | 28.2 | 22.3 | 19.9 |
| 1939 | 24.6 | 31.9 | 41.4 | 56.3 | 45.9 | 27.5 | 22.0 | 21.5 |
| 1940 | 26.3 | | | | | | | |

Egg marketings

Receipts of eggs at the 4 principal markets had been increasing seasonally until recent weeks. Since January 6, receipts at these markets have decreased somewhat as a result of widespread unfavorable weather conditions. Receipts during 1940 may exceed those of 1939 because of the expected larger egg production.

Receipts of eggs at 4 markets

(New York, Chicago, Philadelphia, Boston)

| Year | Week ending as of 1940 | | | | | | | | | |
|---------|------------------------|-------|-------|-------|----------|-------|-------|-------|----------|-------|
| | January | | | | February | | March | | December | |
| | 6 | 13 | 20 | 27 | 3 | 10 | 30 | 21 | 28 | |
| | 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 |
| Average | | | | | | | | | | |
| 1929-38 | 183.6 | 191.3 | 206.7 | 211.1 | 218.4 | 219.0 | 444.4 | 144.1 | 139.0 | |
| 1938 | 168.5 | 198.5 | 231.8 | 220.1 | 231.6 | 215.9 | 449.5 | 173.9 | 171.1 | |
| 1939 | 211.5 | 206.8 | 235.5 | 229.2 | 212.6 | 212.9 | 437.0 | 184.1 | 181.5 | |
| 1940 | 221.9 | 209.9 | 177.7 | 174.6 | | | | | | |

Egg storage

Stocks of eggs are always small at this season of the year. United States stocks of shell eggs on January 1, however, were nearly twice those of a year earlier, although they were only about half of the 1929-38 average. Stocks of frozen eggs were about 15 percent above the figure for January 1, 1939.

The out-of-storage movement for both shell eggs and frozen eggs at the 26 major storing cities during the 5 weeks ended January 27 has been greater than that of a year earlier. This is probably due to the drop in receipts of fresh eggs during recent weeks as indicated by receipts at the 4 principal markets.

Egg prices

Increased production during the late months of 1939 resulted in the lowest December 15 farm egg price for the past 30 years. The farm price of eggs on January 15 was 18.3 cents per dozen, which was only one-half cent below the corresponding date of last year but 5.9 cents below the 1929-38 average. The decrease in price between December 15 and January 15 was somewhat less than seasonal. A major part of the decline which ordinarily occurs between November 15 and January 15 had been accounted for in the marked drop during December. The unfavorable weather during January also helped to reduce the seasonal decline in farm prices of eggs. But the total seasonal decline to date has been sufficient to cause 1940 to follow 1939 in having the lowest January 15 prices during the period since 1910, except for 1932 and 1934.

As a result of the larger number of hens and pullets on farms on January 1 than a year earlier, egg supplies during the next few months may be somewhat greater than during the same period in 1939. But the effect on prices of any increase in supplies as compared with a year earlier is expected to be at least partly offset by higher consumers' income.

Price per dozen received by farmers for eggs

| Year | Jan. : 15 | Feb. : 15 | Mar. : 15 | Apr. : 15 | June : 15 | Aug. : 15 | Oct. : 15 | Nov. : 15 | Dec. : 15 |
|---------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| Average | | | | | | | | | |
| 1929-38 | 24.2 | 20.3 | 17.3 | 16.8 | 16.8 | 19.9 | 26.2 | 30.1 | 28.8 |
| 1938 | 21.6 | 16.4 | 16.2 | 15.9 | 18.2 | 21.0 | 27.1 | 29.0 | 27.9 |
| 1939 | 18.8 | 16.7 | 16.0 | 15.5 | 14.9 | 17.5 | 22.9 | 25.8 | 20.5 |
| 1940 | 18.3 | | | | | | | | |

DOMESTIC DEMAND

The rapid improvement in general conditions affecting the domestic demand for farm products has been halted. A decline of industrial production from the all-time peak reached in December has started, and may continue during

the next few months. During the first part of this period of decline consumer incomes are expected to be supported somewhat by increased general employment resulting from the previous period of business improvement. Furthermore, some time is required for consumers to readjust their purchases of many items. This lag of consumer demand behind industrial production may be sufficient to result in little change in domestic demand for poultry and eggs in the near future.

Index numbers of nonagricultural income

(1924-29 = 100, adjusted for seasonal variation)

| Year | Jan. | Feb. | Mar. | May | July | Sept. | Oct. | Nov. | Dec. |
|---------|--------|------|------|------|------|-------|------|------|---------|
| Average | : | : | : | : | : | : | : | : | : |
| 1929-38 | : 85.2 | 85.1 | 85.4 | 84.3 | 84.7 | 84.4 | 84.5 | 84.2 | 84.1 |
| 1937 | : 92.9 | 93.8 | 95.1 | 96.4 | 97.1 | 96.7 | 96.0 | 94.1 | 91.7 |
| 1938 | : 88.9 | 88.1 | 87.9 | 86.1 | 86.2 | 88.3 | 89.0 | 89.8 | 90.3 |
| 1939 | : 90.6 | 90.6 | 91.1 | 90.5 | 91.8 | 93.4 | 95.4 | 96.2 | 1/ 97.2 |

1/ Preliminary.

SUPPLEMENTARY DATA

Change in official index of seasonal variation of farm egg prices

Since December 1939 a new official index of seasonal variation for farm egg prices has been in use. The new index represents a change from the use of the years 1921-30 to the years 1929-38 as the base period.

The two indexes are compared in the following table. It will be noted that November is the peak month in the new series whereas December formerly was the peak month. A second important difference is that the revised series does not show the wide variation between seasonal high and seasonal low. The entire series has been smoothed considerably.

The change was made advisable as a result of the gradual shift in the monthly production of eggs and the resulting change in the seasonal variation of egg prices. The index of seasonal variation is used to calculate parity prices and prices as a percentage of parity in connection with several Government activities, including egg purchases by the Federal Surplus Commodities Corporation.

| Indexes compared | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|------------------|-------|-------|------|------|------|------|------|------|-------|-------|-------|-------|
| 1921-30 basis: | 125.0 | 102.0 | 74.4 | 72.6 | 73.7 | 74.2 | 77.3 | 86.1 | 101.1 | 118.9 | 143.5 | 151.2 |
| 1929-38 basis: | 108.6 | 90.0 | 79.3 | 78.3 | 77.3 | 77.4 | 83.8 | 93.3 | 108.9 | 124.0 | 144.4 | 134.7 |
| Mar. 1941: | 76 | 58 | 82 | 82 | 81 | 79 | 97 | 113 | 127 | 141 | 124 | |
| | | | +3 | +4 | +1 | +2 | +6 | +5 | +4 | +2 | +3 | +1 |