

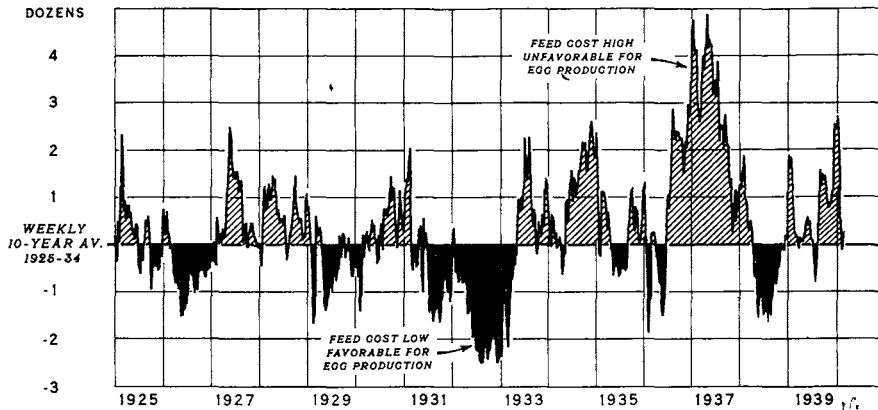
UNITED STATES DEPARTMENT OF AGRICULTURE
 BUREAU OF AGRICULTURAL ECONOMICS
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 THE POULTRY AND EGG SITUATION

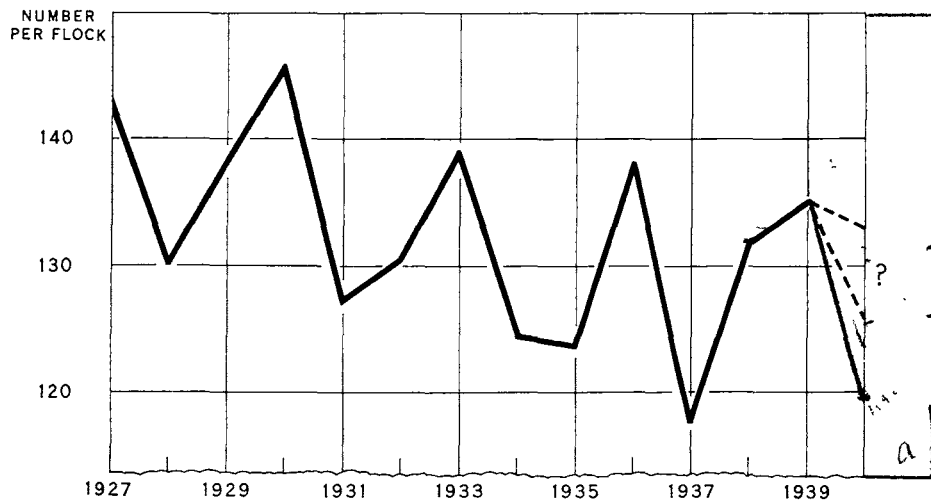
FEED-EGG RATIO AT CHICAGO, 1925-40



U. S. DEPARTMENT OF AGRICULTURE

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CHICKS AND YOUNG CHICKENS PER FARM FLOCK
 ON JUNE 1, 1927-40

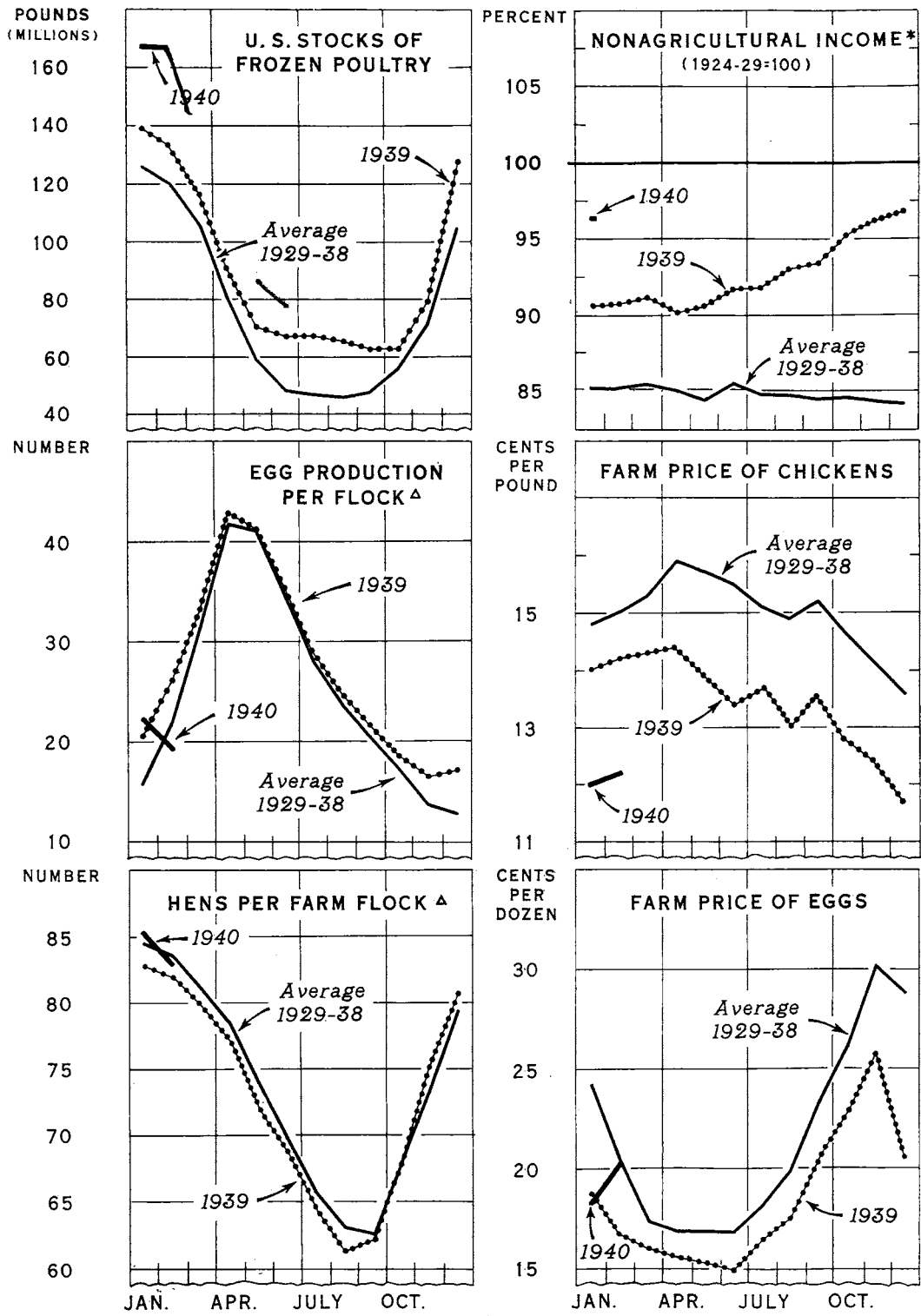


U. S. DEPARTMENT OF AGRICULTURE

NEG. 31505 BUREAU OF AGRICULTURAL ECONOMICS

THE CHANGE FROM THE PRECEDING YEAR IN THE NUMBER OF CHICKS AND YOUNG CHICKENS PER FARM FLOCK ON JUNE 1 IS A GOOD INDICATION OF THE CHANGE IN THE SIZE OF THE TOTAL HATCH. THE DOTTED LINES INDICATE THAT, ON THE BASIS OF PAST EXPERIENCE, THE 1940 HATCH MAY BE FROM 2 TO 7 PERCENT SMALLER THAN IN 1939. AN IMPORTANT REASON FOR THIS INDICATED DECREASE IS THE 12-PERCENT INCREASE (SHOWN IN THE UPPER CHART) IN THE OCTOBER-MARCH FEED-EGG RATIO FROM THAT OF A YEAR EARLIER.

THE POULTRY AND EGG SITUATION AT A GLANCE



* INDEX NUMBERS, ADJUSTED FOR SEASONAL VARIATION

Δ ON 1ST. DAY OF MONTH

FIGURE 1

THE POULTRY AND EGG SITUATION

Summary

Commercial hatchings during January were considerably smaller than a year earlier, and present indications point to a total hatch during the 1940 hatching season somewhat smaller than in 1939.

This is the first year on record during which egg production per hen and per flock decreased between January 1 and February 1. Both production figures normally increase about 40 percent between these two dates, but this year because of the severe weather the rate of lay decreased 9 percent and production per flock declined nearly 14 percent. (The decrease in production per flock was greater than the decrease in production per hen because the average number of layers per flock declined more than seasonally during January).

The feed-egg ratio was relatively high and unfavorable for producers during December and early January, but the reduced marketings of eggs resulting from the decline in production caused wholesale prices to advance, and the number of eggs required to buy 100 pounds of poultry feed decreased contraseasonally during late January and early February. However, the increasing volume of eggs now being marketed is causing egg prices to recede and the feed-egg ratio is again becoming unfavorable to producers. The price of feed is not expected to vary much during the spring months, and the number of eggs required to purchase 100 pounds of laying ration during the next few months probably will remain above average and considerably above the level for the corresponding period of 1939.

Storage stocks of eggs have reached their usual seasonal low. The major into-storage movement will probably begin early in March.

Receipts of dressed poultry at the principal markets have decreased from the abnormal January high, but are continuing above a year earlier and somewhat above average. Storage stocks of frozen poultry are decreasing about seasonally now, but are continuing above a year earlier and considerably above the 1929-38 average.

The price received by farmers for eggs increased from 18.3 cents in mid-January to 20.2 cents in mid-February. This is the first time since 1936 that an advance has occurred between these dates. The farm price for eggs during the next few months will probably decline about seasonally, but possibly more sharply than a year earlier. The farm price for chickens advanced seasonally from 12.0 cents on January 15 to 12.2 cents on February 15, but remained below both the price of a year earlier and the 1929-38 average.

Consumer purchasing power, which has been increasing in recent months, probably will steady or decline somewhat during the next few months.

FEED-EGG RATIO

The cost of poultry feed based on Chicago prices is not expected to change much in the next few months from the relatively high level maintained since about December 1. However, during the last half of January and in early February market supplies of eggs were considerably reduced and wholesale egg prices advanced. This resulted in a more favorable feed-egg ratio, i.e., the number of eggs required to buy 100 pounds of poultry ration was reduced. For the week ended February 10 it required 5.18 dozen eggs to buy 100 pounds of poultry ration at Chicago compared with the near-record high of 6.72 dozens for the week ended January 6. But the lower wholesale prices resulting from the rapidly increasing volume of eggs now being marketed is causing the feed-egg ratio to again become unfavorable, and it is quite probable that the number of eggs required to buy 100 pounds of poultry ration will continue larger than average during the first half of 1940.

Feed-egg ratio at Chicago

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

Year	Week ending as of 1940											
	January			February			March			May	Aug.	Nov.
	20	27	3	10	17	24	2	9	16	25	24	23
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
1929-38	5.46	5.55	5.63	5.72	5.78	5.87	6.16	6.26	6.37	6.80	6.11	3.99
1938	5.88	6.39	6.68	7.17	6.70	6.92	6.89	6.54	6.41	5.41	4.57	3.48
1939	6.13	6.65	6.52	6.07	6.07	6.21	6.38	6.19	6.05	7.21	6.33	4.73
1940	6.32	5.38	5.56	5.18	5.93	6.23						

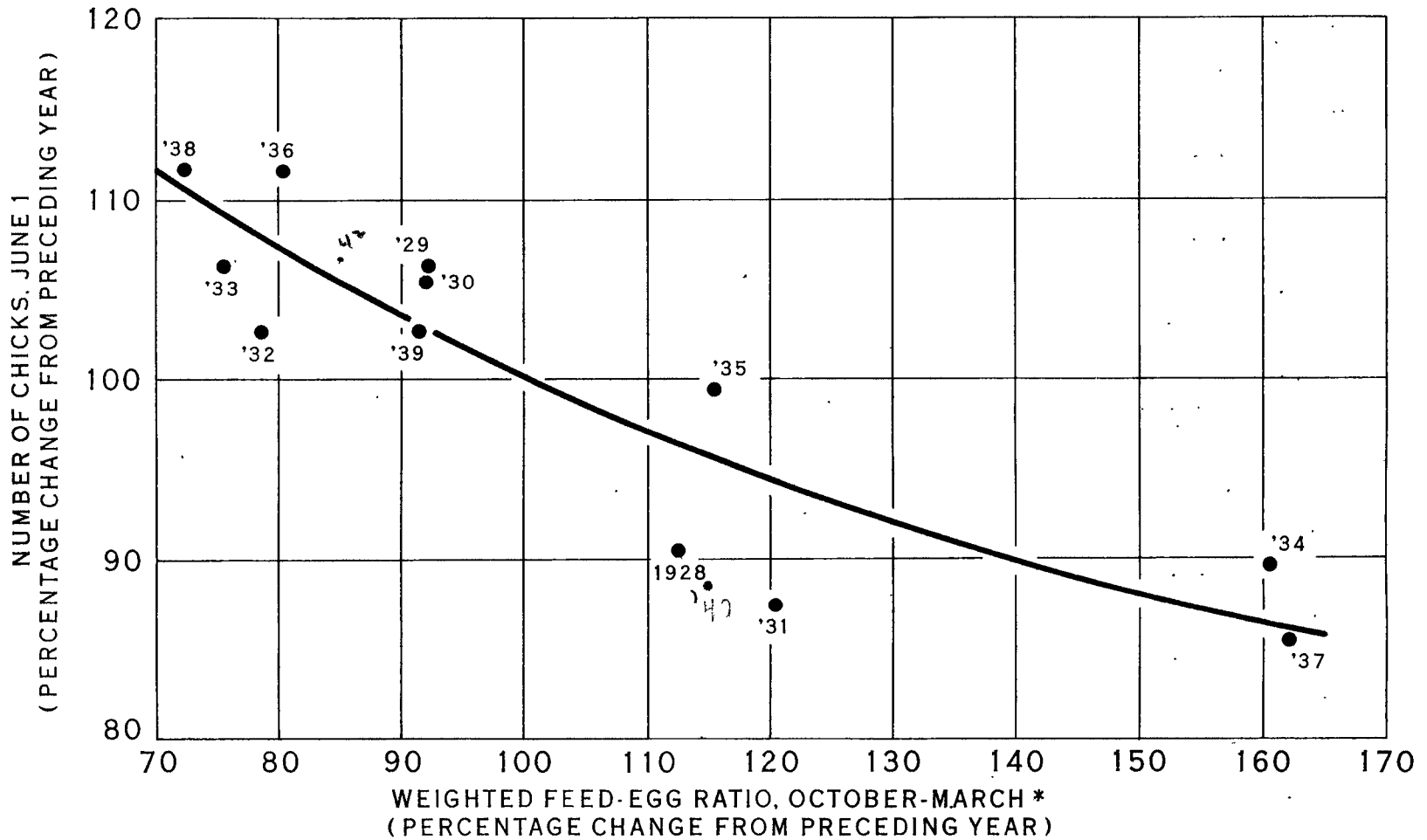
HATCHINGS

The monthly survey of commercial hatcheries by the Agricultural Marketing Service indicates that during January 1940, as compared with January last year, there was a decrease of 36 percent in the number of eggs set, a 31-percent reduction in the number of chicks hatched, and a 31-percent decrease in advance orders. These percentages are less significant than they may first appear to be because January 1939 was a month of much larger than average hatchery operations. Moreover, a large part of the January hatch is used for broiler production. Consequently, these comparative figures are not to be taken as an estimate of that part of the total seasonal hatch to be used in producing hens for egg production.

However, the change in the number of chicks and young chickens on farms June 1, compared with a year earlier, is a fairly good indication of the relative change in the number of chicks hatched - both from farm and commercial hatchings - during the hatching season immediately preceding. The chart on the cover page of this report shows how these June 1 numbers have varied during the past 13 years and how the numbers apparently follow a rather well defined 3-year cycle. The dotted lines indicate the range within which the 1940 hatch may fall if past relationships continue.

This range is based on figure 2, which shows the relationship between the change from the preceding year in the feed-egg ratio and the change in the number of chicks on farms on June 1. The percentage change in the October-March Chicago feed-egg ratio has been compared with the percentage change in the number of chicks on farms the following June 1 for the years 1928-39. Thus, with a 12-percent increase over last season in the feed-egg ratio, as is likely this season for the months October through March, a 2 to 7 percent decrease in the hatch is indicated. The effects of many other circumstances which influence the hatch prevent this relationship from continuing uniformly from year to year.

CHANGES IN NUMBERS OF CHICKS AND YOUNG CHICKENS PER FARM FLOCK, JUNE 1, AND CHANGES IN WEIGHTED AVERAGE CHICAGO FEED-EGG RATIO IN PRECEDING OCTOBER-MARCH, 1928-39



* WEIGHTED AS FOLLOWS: OCTOBER, 1; NOVEMBER, 2; DECEMBER, 3;
JANUARY, 4; FEBRUARY, 5; AND MARCH, 6.

FIGURE 2

POULTRY SITUATION

Poultry marketings

Receipts of dressed poultry at the 4 principal markets have decreased from the abnormal high for January reached during the week ended January 27. The comparatively large receipts during the first few weeks of this year are a reflection of the larger than usual marketings of turkeys and considerably closer culling of farm flocks. Receipts at the 26 markets for the week ended February 24 were 44 percent above a year earlier and 26 percent above the 1929-38 average. They are expected to continue somewhat heavier than a year earlier during the immediate months because of the increased number of hens and chickens on farms and the likelihood of an increasingly 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		April	
	20	27	3	10	17	24	2	9	27	
	1,000	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>	<u>pounds</u>
Average										
1929-38	5,553	6,028	5,884	4,870	4,541	4,077	4,051	3,786	3,793	
1938	4,228	3,814	4,050	3,106	3,191	3,278	2,686	2,243	3,117	
1939	5,380	6,020	4,657	4,186	3,685	3,585	4,066	3,528	3,640	
1940	7,678	8,620	6,108	5,634	5,168	5,150				

Poultry storage

Although decreasing about seasonally, the amount of frozen poultry in storage is continuing above a year earlier and well above the 10-year average. Storage holdings of poultry at the 26 markets on February 24 were 30 percent above a year earlier and 40 percent above the 1929-38 average. The out-of-storage movement has increased during recent weeks, but the quantity moved out so far this year is less than usual, reflecting the larger marketings than a year earlier of turkeys and fowl (mature hens).

Total United States stocks of frozen poultry on February 1 were 12.5 percent above a year earlier and about 39 percent above the 10-year average for that date. The larger storage figure for February 1 of this year is attributed to the respective increases over a year earlier of 131 percent and 18 percent in stocks of turkeys and fowl. The quantity of all other poultry in storage was about 9 percent less than on the same date in 1939.

Storage stocks of frozen poultry at 26 markets

Year	Week ending as of 1940					
	Storage stocks	Out-of-storage movement, February				Storage stocks
	January 27:	3	10	17	24	February 24
	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 1929-38	93,606	1,471	2,074	2,669	3,005	84,387
1939	100,216	997	2,714	2,680	2,928	90,897
1940	131,593	578	2,954	4,455	5,742	117,864

Chicken prices

The heavier than average marketings of poultry and the above-normal storage stocks of frozen poultry are among the factors causing low prices to be received by farmers for chickens.

About normal seasonal price increases have been made, but the February 15 price of 12.2 cents was 2.0 cents below a year earlier and 2.8 cents below the 10-year average for that date. The reduced hatchings so far this year, together with the light culling which may follow the comparatively closer culling of the past two months, may reduce marketings during the late spring months enough to cause a greater than seasonal advance in prices received by farmers for poultry. Such an advance, however, may be restricted somewhat by the slightly lower level of consumer income which may result from the present decline in industrial activity.

Price per pound received by farmers for chickens

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	July 15	Sept. 15	Nov. 15	Dec. 15
	<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 1929-38	14.8	15.0	15.3	15.9	15.7	15.1	15.2	14.1	13.6
1938	16.7	16.0	15.9	16.2	16.1	15.0	14.3	13.6	13.6
1939	14.0	14.2	14.3	14.4	13.9	13.7	13.6	12.4	11.7
1940	12.0	12.2							

EGG SITUATION

Laying flock size

The average size of farm laying flocks decreased from 85.1 birds on January 1 to 82.8 on February 1. This represents a drop of nearly 3 percent - the largest drop between these two dates for the 16 years on record. The normal seasonal decline for this period is about 1 percent. The marked drop this year resulted in an average size of farm flocks on February 1 less than 1 percent larger than a year earlier compared with an increase of about 3 percent on January 1 over January 1, 1939.

The probable light culling which may follow the comparatively closer culling of January and February, together with a somewhat greater than usual number of pullets remaining to be added to laying flocks, may result in a slightly less than usual seasonal decline in the number of layers per flock during the spring months.

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

Year	Jan.	Feb.	Mar.	April	May	Aug.	Nov.	Dec.
	Number	Number	Number	Number	Number	Number	Number	Number
Average								
1929-38	84.5	83.6	81.0	78.4	73.9	63.1	73.3	79.4
1938	77.6	78.3	75.8	73.8	68.6	59.3	72.5	78.0
1939	82.8	82.0	79.8	76.8	72.2	61.3	75.1	80.8
1940	85.1	82.8						

Egg production

This is the first year on record during which egg production per hen and per flock decreased between January 1 and February 1. The rate of production, both per hen and per flock, on January 1 was the highest on record for that date, but the generally cold weather resulted in a 9-percent decrease in rate of lay and a 14-percent decline in production per flock between January 1 and February 1. Both of these production figures normally increase about 40 percent between these two dates.

The percentage drop in production per flock this year was greater than the percentage decline in rate of lay per bird because there was a greater than seasonal decrease in number of layers per farm flock. However, egg production per flock on February 1 was only 12 percent below the 1929-38 average for that date, although it was about 26 percent below the comparatively high level for the corresponding date in 1939. The probable less than seasonal decline in the number of layers per flock

during the next few months, aided by a full recovery of laying stock from the severe setback caused by the recent generally cold weather, may cause a greater than seasonal increase in total egg production during the early spring months.

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.	May	Aug.	Nov.	Dec.
	Number	Number	Number	Number	Number	Number	Number	Number
Average								
1929-38	18.7	26.0	38.4	53.5	56.0	37.6	18.5	15.8
1938	22.7	32.2	42.2	57.9	58.1	41.2	22.3	19.9
1939	24.6	31.9	41.4	56.3	57.6	40.4	22.0	21.5
1940	26.3	23.9						

Egg marketings

Marketings of eggs decreased during the first 5 weeks of this year, a period during which a seasonal increase usually occurs. Receipts at the 4 principal markets during the fifth week (week ended February 3) were 25 percent below a year earlier and 27 percent below the 1929-38 average receipts for that week. However, receipts at these markets during more recent weeks have increased sufficiently so that the figure for the week ended February 24 was about 12 percent above the 10-year average for that date and 6 percent above the comparable figure for the same week in 1939. Receipts at these markets will quite probably increase somewhat greater than seasonally within the immediate future and in general may be heavier during the next few months than a year earlier, provided that the rate of lay per bird of the past 2 years is regained.

Receipts of eggs at 4 markets
(New York, Chicago, Philadelphia, Boston)

Year	Week ending as of 1940									
	January		February				March		April	
	20	27	3	10	17	24	2	9	27	
	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	
Average										
1929-38	206.7	211.1	218.4	219.0	209.8	233.8	287.3	317.5	500.5	
1938	231.8	220.1	231.6	215.9	200.2	239.2	281.8	297.4	422.9	
1939	235.5	229.2	212.6	212.9	232.8	247.8	264.4	285.7	501.6	
1940	177.7	174.6	159.5	170.0	193.9	262.2				

Egg storage

The out-of-storage movement for United States stocks of shell eggs during January of this year was greater than for the same period a year earlier. The storage movement at the 26 major storing cities indicates that this situation continued during most of February. The larger out-of-storage movement so far this year, compared with a year earlier, was a situation caused by comparatively small supplies of fresh eggs. The situation is changing considerably now, with the increase in volume of fresh eggs being marketed.

The out-of-storage movement for frozen eggs has continued proportionately heavier, compared with shell eggs, than a year earlier but the storage stocks of frozen eggs remaining in the 26 major storing cities are about the same as a year earlier.

Storage stocks of both shell eggs and frozen eggs are normally very small at this time of year. Stocks of the former at the 26 markets for the week ended February 24 were 80 percent below those for the same week a year earlier and 81 percent below the 1929-38 average for that week.

Storage stocks of eggs at 26 markets

Year	Week ending as of 1940					
	Storage stocks	Storage movement, February				Storage stocks
	Jan. 27	3	10	17	24	Feb. 24
	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						
Average						
1929-38	286	-66	-50	-43	-22	105
1939	120	-23	-8	+3	+8	100
1940	76	-45	-14	-4	+7	20
Frozen						
1939	872	-45	-34	-24	-11	758
1940	1,022	-70	-71	-74	-65	742

Storage margin

Eggs are stored mainly during the period from March through June and move out of storage chiefly during the period from September through January. The difference in weighted average prices between these two periods is a rough measure of the average gross profit (or loss) on the season's storage operations. From the margin a deduction of from 3 to 4 cents per dozen must be made to allow for the necessary storage costs. From the viewpoint of the operator the results of the preceding storage season (and therefore on the level of egg prices in late winter and early spring) and also tend to affect the quantity of eggs stored.

The March-June average price is the average of the monthly prices of storage packed firsts at New York weighted by the net into-storage movement as indicated by the first-of-the-month United States cold storage reports. The September-January price is similarly obtained, using the price of refrigerator firsts at New York weighted by the net out-of-storage movement.

The average margin, as measured in this way, for the eggs placed in storage during 1939 was +.02 cents (\$.0002) per dozen. This compares with +3.57 cents a year earlier, and -2.08 cents as the average gross loss on eggs stored during 1937. It is to be noted, therefore, that the average margin on eggs moved out of storage during the past out-of-storage season was not sufficient to cover the storage costs of 3 to 4 cents per dozen. The unusually low egg prices during the first four of the five chief out-of-storage months account for the very narrow margin for 1939. January 1940 was the only month of the past out-of-storage season during which the average price was higher than for a year earlier. However, this had little effect on changing the storage situation because the major out-of-storage movement took place prior to January 1.

Estimated storage margin on shell eggs per dozen, average 1916-35, 1925-34, annual 1935-38 ³⁹

Year	Seasonal weighted	Seasonal weighted	Storage margin
	average st. pkd. firsts at N. Y. Mar. - June	average refriger. first at N. Y. Sept. - Jan.	
	Cents	Cents	Cents
Average			
1916-35	28.22	33.16	4.94
1925-34	24.08	27.69	3.61
1935	25.06	23.66	-1.40
1936	21.24	26.82	5.58
1937	22.62	20.54	-2.08
1938	20.37	23.95	3.58
1939	17.61	1/ 17.63	1/ .02

1/ Preliminary.

Egg prices

The sharply reduced supplies of eggs during most of the past two months accompanied by little change in the level of consumers' income caused the price per dozen received by farmers for eggs to advance somewhat from January 15 to February 15. An increase between these two dates has not occurred since 1936. However, the price of 20.2 cents on February 15 of this year was slightly lower than the 10-year average, although 3.5 cents above the same date for 1939. As a result of the relatively high February 15 average price

compared with the January 15 average price (18.3 cents) the seasonal decline in the prices received by farmers for eggs may be more rapid during the next few months than a year earlier. The increasing volume of eggs being marketed and the decreasing level of consumers' income may be contributing factors in causing such a decline.

Price per dozen received by farmers for eggs

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	July 15	Sept. 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	18.1	23.2	30.1	28.8
1938	21.6	16.4	16.2	15.9	17.6	19.9	24.9	29.0	27.9
1939	18.8	16.7	16.0	15.5	15.2	16.5	20.6	25.8	20.5
1940	18.3	20.2							

DOMESTIC DEMAND

The decline in industrial production which was first noticed in the drop from December to January continued through February, and a still further decline is in prospect before the downward trend is reversed. However, conditions in general do not indicate that this is the beginning of a severe and prolonged depression. Changes in consumers' income usually lag behind and are generally less pronounced than the decline in industrial activity. Upon that basis it is probable that only a slight recession will occur in the domestic demand for farm products. The extent of such a recession will depend upon the rate and length of time during which industrial activity continues to drop off.

Index numbers of nonagricultural income

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

Year	Jan.	Feb.	Mar.	Apr.	June	Aug.	Oct.	Nov.	Dec.
Average									
1929-38	85.2	85.1	85.4	85.0	85.4	84.7	84.5	84.2	84.1
1938	88.9	88.1	87.9	87.0	86.1	88.0	89.0	89.8	90.3
1939	90.6	90.6	91.1	90.1	91.7	93.1	95.4	96.2	97.2
1940 <u>1/</u>	97.5	97.2							

1/ Preliminary.