

THE *Poultry and Egg* SITUATIONBUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

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## SUMMARY

Farmers in mid-March were receiving the highest March prices for eggs and chickens since 1920. Since then, wholesale prices of all poultry products have increased further. There is likely to be little change in the prices farmers will receive for eggs, chickens and turkeys until after June.

For the second half of 1947, poultry men face both good and bad prospects. Supplies of all poultry products compared with the last half of 1946 will be significantly smaller, but demand may also be lessened. If business activity declines and there is a decrease in demand for all foods between now and the end of the year, egg prices will increase less than seasonally while chicken prices will decline moderately. Turkey prices may not change greatly because of sharply lower supplies. Another factor tending to depress prices of poultry products during the latter part of 1947 is the likelihood of larger supplies and lower prices of red meats. A seasonal increase in egg prices would be about 35 percent, chicken prices normally decrease slightly, and turkey prices increase somewhat.

Egg production for the second half of 1947 probably will be 4 to 8 percent below the corresponding period of 1946. But supplies will show greater disparity because the into-storage movement this year is substantially below last year. Chicken supplies will be about 10 percent less, and turkeys at least 15 percent below.

(For release May 1, a.m.)

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1936-45	1946	1947	Month	Average 1936-45	1946	1947	Comments about 1947
<b>Eggs</b>										
Farm production	Mil. doz.	Feb.	306.1	418.9	400.9	Mar.	439.0	565.9	514.2	Below any of previous 3 years Culling rate about equal to average.
Average number of layers on farms	Million	"	357.2	412.5	386.9	"	347.7	401.0	375.9	
Rate of lay per hen	Number	"	10.1	12.2	12.4	"	15.1	16.9	16.4	
Apparent civilian per capita disappearance	"	Jan.	24.6	32.6	34.0	Feb.	26.1	31.6	33.2	First quarter total over 100, exceeding any previous corresponding quarter.
Frozen egg production	Mil. lb.	Feb.	---	46.4	34.3	Mar.	---	76.1		
Dried egg production	" "	"	---	8.4	12.7	"	---	19.7		
Prices received by farmers	Cts. per doz.	"	24.3	32.6	38.6	"	22.4	32.1	40.1	Increase in prices over last year just about offset the rise in parity index. Index of prices paid including interest and taxes was 229 this March compared with 180 last March.
Prices received by farmers as a percentage of parity	Percent	"	88	92	90	"	89	98	96	
Retail price (B.A.E.)	Cts. per doz.	Jan.	37.0	54.3	57.5	Feb.	33.5	44.7	53.8	
Egg-feed ratio	Lb. feed	Feb.	11.6	10.8	11.3	Mar.	10.6	10.5	10.6	
Stocks: 1/										
Shell	1,000 cases	"	518	1,578	221	"	1,779	3,771	495	Into-storage movement continues far below last year or average
Frozen	" "	"	1,633	3,144	1,962	"	2,224	3,992	2,643	
Dried	Mil. lb.	"	---	16.7	14.3	"	---	19.6	31.0	
Chicks hatched	Million	"	89.9	119.0	114.4	"	202.5	264.7	255.3	Thus far, raising of replace- ment stock is below last year.
Chicks and young chickens on farms April 1 1/	"	"	---	---	---	"	169.1	219.0	209.1	
<b>Poultry</b>										
Prices received by farmers for chickens	Cts. per lb.	Feb.	17.5	23.1	25.3	Mar.	17.9	23.3	26.6	Exceeded any previous March since 1920.
Prices received by farmers as a percentage of parity	Percent	"	108	114	100	"	108	114	102	
Retail price of chickens (B.A.E.)	Cts. per lb.	Jan.	33.9	44.5	53.9	Feb.	34.0	43.7	50.3	
Prices received by farmers for turkeys	" " "	Feb.	21.2	31.6	29.8	Mar.	20.9	30.6	29.7	U.S.D.A. purchased small quanti- ties for price support.
Stocks: 1/										
Poultry, excluding turkeys	Mil. lb.	"	102.7	222.2	157.7	"	77.1	196.1	135.7	
Turkeys	" "	"	42.7	134.5	126.2	"	33.9	123.9	107.3	Withdrawals in February and March at a record rate.
Chicken-feed ratio	Lb. feed	"	8.5	7.6	7.4	"	8.6	7.6	7.1	Unfavorable for meat production.
Turkey-feed ratio	" "	"	10.1	10.5	8.7	"	9.9	10.0	7.9	
Receipts of poultry at Central Western Primary Markets, per plant	1,000 lb.	"	7.4	8.5	4.9	"	6.1	4.8	4.5	

1/ End of month.

## PRICE OUTLOOK

BACKGROUND.--The demand for any individual agricultural product is closely associated with the demand for all agricultural commodities. Prices of individual commodities fluctuate around the general price level depending upon supply and demand for the commodity. For example, in 1944 egg prices because of exceptionally large supplies declined while the index of prices received for all agricultural products increased.

In recent months there has been a sharp rise in the prices of all agricultural commodities, reflecting much larger than anticipated exports and a general inflationary movement following the removal of most controls. The index of prices received for all agricultural commodities in mid-March was a record, 280--18 points higher than in mid-February and 71 points above March 1946. Eggs, and to a smaller extent poultry, have shared in the general price increases. Farmers in mid-March were receiving higher prices for chickens and eggs than in any previous March except that of 1920.

Egg Prices May Increase Less Than  
Seasonally; Chicken Prices to Decline

Between now and the end of the year, egg prices usually increase about 35 percent, turkey prices increase moderately and chicken prices decrease slightly. If there is an overall decline in demand this year, egg prices will increase less than seasonally, chicken prices will decline moderately, and turkey prices change little. Any decline in demand for poultry products would be partly offset by much smaller supplies of eggs, chickens and turkeys than in 1946.

A factor tending to offset the outlook for smaller supplies during the latter part of 1947 is prospects for increased supplies and lower prices of meat. During most of the war years, demand for poultry products was partly sustained by the shortages of meat at ceiling prices. With the removal of price controls on meat, higher meat prices tended to keep the demand for eggs and chickens strong (see March 1947 issue of The Poultry and Egg Situation.) In recent months retail meat prices have been at record high levels, and have been substantially higher than they usually are in relation to egg prices. This has resulted in an exceptionally high egg consumption. For the first quarter of 1947, egg consumption has been over 100 eggs per person, exceeding any first quarter of record. Turkey consumption during the first quarter was also ahead of any first quarter on record, and chicken consumption was large.

Prices of poultry products are less likely to decline than most agricultural products. Important to this smaller decline are the price support requirements of the Steagall Amendment which require the Department to support prices of poultry products at a minimum of 90 percent of parity. Also important are the relatively low prices of eggs and chickens which in mid-March were at 96 and 102 percent of parity, respectively, while the index of prices received by farmers for all commodities was at 122 percent of parity.

## SUPPLY OUTLOOK FOR JULY-DECEMBER, 1947

Eggs--About One-Tenth Below 1946

The size of the national laying flock during the second half of 1947 is likely to be 4 to 8 percent below the previous year. Hence, egg production on farms, assuming little change in rate of lay, would show the same decrease.

During March, the average number of layers on farms was 6 percent below the previous year. Replacement stock available probably will be somewhat less than in 1946. The number of young chickens on farms April 1, 1947 was 209 million, 5 percent below April 1, 1946. This in itself does not give an accurate indication as to the number of chickens to be raised. But the number of eggs in incubators on April 1 was 9 percent below last year indicating a smaller April hatch this year than last. Also, hatchery output for the first quarter was 2 percent below the same quarter of 1946.

Although egg prices usually go down from February to March, this year they went up and prices of feed grains rose even more. In February, the average price paid by farmers for poultry ration was \$3.43 per Cwt., but by mid-March had increased to \$3.77 per Cwt., an increase of 10 percent. In February the egg-feed price ratio was 5 percent above February of last year, while in mid-March the ratio was about the same as a year earlier.

Compared with last year, egg supplies will be down even more than production as a result of the small into-storage movement thus far this year. The poor "returns" from the 1946 storage operations, the high demand for current supplies and inventory fears of the trade because of exceptionally high prices have resulted in a very small early into-storage movement. Stocks of shell eggs in storage April 1 were 495,000 cases, one-eighth of last year's exceptionally large holdings, and only about one-fourth of the usual April 1 holdings. The into-storage movement increased during early April but was still only about 25 percent of last year.

Frozen egg stocks are also substantially below 1946. Holdings on April 1 totaled 99 million pounds, 51 million pounds below April 1, 1946. Since April 1 the frozen egg into-storage movement has been about two-thirds of last year. Total stocks of frozen eggs at the peak will probably be moderately below that of 1946, but substantially above any prewar year.

Chicken--About 10 Percent Less

Slaughter of both farm chickens and commercial broilers, in the second half of 1947 will probably total about 5 percent below the previous year. With a substantially reduced carryover stock, total supplies may be down 10 percent. The number of chickens raised is likely to be less this year than last, and as a result slaughter of young chicken from farm flocks will be smaller. Commercial broiler output may be the same or slightly larger than last year. However, the slaughter of old chicken will be substantially smaller. During 1946 there was a 10 percent reduction in inventories because of the tight feed situation. Much of this occurred during the summer and probably will not be repeated this year.

In addition to a 5 percent smaller slaughter of chickens, the carry-over stocks will be substantially less in July and August of 1947 than in



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APRIL 1947

- 6 -

Frozen egg acquisitions for delivery February through April were being made at top price of 31-1/2 cents per lb., f.o.b. plant. Acquisitions totaled 20.7 million pounds as of April 19.

Turkey Prices Increasing

During March and early April wholesale prices of turkeys have increased. This has been due largely to the high red meat prices and an increase in the general price level. Also withdrawals from cold-storage during February-March totaled 32 million pounds, a record for that period. Marketings of breeder hens were large.

The market for turkey hens during 1946 was strong and will probably continue strong in 1947. The usual spread between prices of large toms and small hens in prewar years was about 4 to 6 cents per pound. During the war years because of the large takings by the armed forces, there was little if any differential between large and small sizes. In 1946, however, the spread between large and small birds was at times as much as 20 cents per pound.

The U. S. D. A. announced a turkey price-support program on February 11. Since that time, 3.1 million pounds have been purchased, mostly large toms from the West Coast area. Under the provisions of this program, turkeys in storage owned by producers or those processed after February 14 were eligible for price supports.