

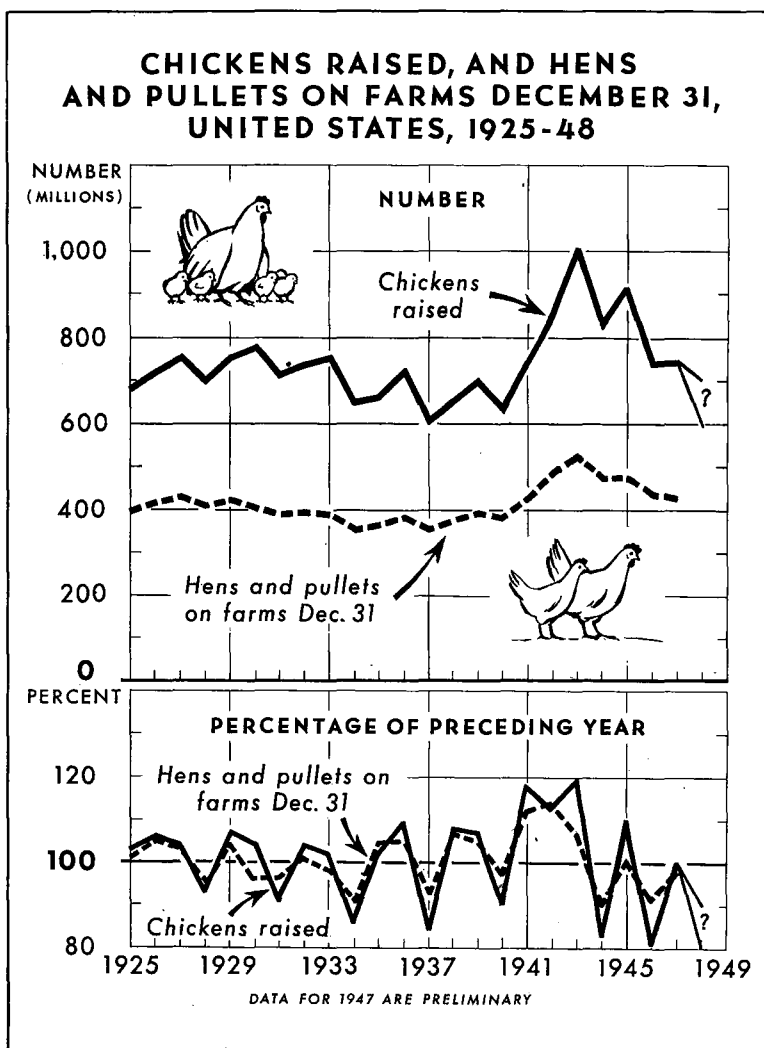
THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

PES-125



FEBRUARY-MARCH 1948



U. S. DEPARTMENT OF AGRICULTURE NEG. 48649-X BUREAU OF AGRICULTURAL ECONOMICS

Year-to-year changes in number of chickens raised are usually followed by smaller changes in size of the laying flock.

A somewhat less favorable egg-feed price ratio during the 1948 hatching season than in 1947 is probable because of higher feed prices. Thus a moderate decline in the number of chickens raised is likely for 1948. By January 1, 1949, the size of laying flocks will be smaller than they were at the beginning of this year.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1936-45	1946	1947	Month	Average 1936-45	1947	1948
Eggs									
Farm production	Mil. doz.	Dec.	218.2	313.7	312.2	Jan.	257.1	379.8	361.5
Average number of layers on farms	Million	"	366.5	392.1	390.7	"	363.4	394.0	389.6
Rate of lay per hen	Number	"	7.0	9.6	9.6	"	8.4	11.6	11.1
Apparent civilian per capita disappearance	Number	"	24.1	31.6	31.6	"	24.6	34.0	
Frozen egg production	Mil. lb.	"	---	3.6	3.3	"	---	9.3	
Dried egg production	"	"	---	11.7	0.6	"	---	34.8	
Prices received by farmers	Ct. per dozen	Jan.	27.0	41.1	41.3	Feb.	24.3	38.6	
Prices received by farmers as a percentage of parity	Percent	"	88	86	85	"	88	90	
Retail price (BAE)	Ct. per dozen	Nov.	45.5	63.2	71.4	Dec.	44.1	63.6	75.9
Egg-feed ratio	Lb. feed	Jan.	12.9	13.8	11.9	Feb.	11.6	11.3	
Stocks: 1/									
Shell	1,000 cases	Dec.	580	113	767	Jan.	304	287	263
Frozen	1,000 cases	"	2,364	3,451	2,732	"	1,793	2,155	3,246
Dried	Mil. lb.	"	---	19.9	10.4	"	---	16.0	30.6
Chicks hatched	Million	"	23.6	35.6	33.5	"	38.8	58.7	53.6
Potential layers on farms: 1/ 2/	"	"	477.1	436.5	427.9	"	450.1	412.9	408.3
Hens and pullets of laying age	"	"				"	414.7	389.6	386.5
Pullets not of laying age	"	"	57.6	53.5	37.1	"	35.4	23.3	21.8
Poultry									
Prices received by farmers for chickens	Ct. per pound	Jan.	17.4	23.5	25.6	Feb.	17.5	25.3	
Prices received by farmers as a percentage of parity	Percent	"	107	116	104	"	108	100	
Retail price of chickens (BAE)	Ct. per pound	Nov.	35.8	56.3	55.0	Dec.	34.7	54.5	54.8
Prices received by farmers for turkeys	"	Jan.	21.6	32.5	30.7	Feb.	21.2	29.8	
Stocks: 1/									
Poultry, excluding turkeys	Mil. lb.	Dec.	142.7	247.7	188.3	Jan.	122.4	224.4	211.0
Turkeys	"	"	40.8	108.2	128.3	"	46.8	139.6	83.4
Chicken-feed ratio	Lb. feed	Jan.	8.5	7.9	7.4	Feb.	8.5	7.4	
Turkey-feed ratio	"	"	10.4	10.9	8.9	"	10.1	8.7	
Receipts of poultry at Central Western Primary Markets, per plant	1,000 pounds	Dec.	20.9	15.0	17.8	Jan.	9.7	12.1	8.0

1/ End of month.

2/ 1942-46 average.

 THE POULTRY AND EGG SITUATION

Approved by the Outlook and Situation Board February 25, 1948

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SUMMARY

The recent sharp declines in prices of feed coupled with little change in prices of eggs means that farmers are likely to raise more chickens in 1948 than they had planned earlier in the year. On February 1, farmers reported that they intended to purchase 20 percent fewer chicks than last year. Because of recent price developments, however, the reduction from last year probably will be only about ten percent.

On the other hand, despite reduced feed prices, farmers intentions to decrease purchases of turkey poults 18 percent from last year as reported on January 1 are likely to be carried out. A limiting factor to turkey production this year will be the availability of hatching eggs. The number of breeder hens on farms January 1, 1948 was 2.8 million, one-third below last year and the lowest on record.

The egg-feed price ratio in mid-January, shortly before the intentions to purchase baby chicks had been reported, was 9.6, 19 percent below January 1947, 24 percent below average and the lowest for the month in any year. By mid-February the ratio had risen but was still below a year earlier. With egg prices at support levels, the ratio will stay below last year during the hatching season unless feed prices decline further.

More shell eggs have been moving into storage this year. This is likely to continue since shell-egg storage operations were fairly profitable in 1947. But the into-storage movement of frozen eggs will probably be less as frozen egg operations showed little, if any, profits, during 1947.

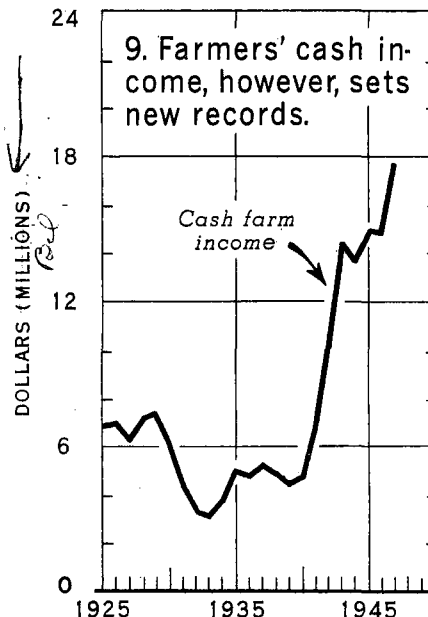
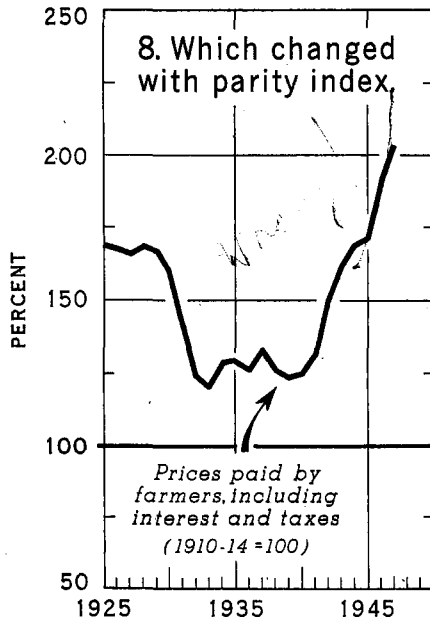
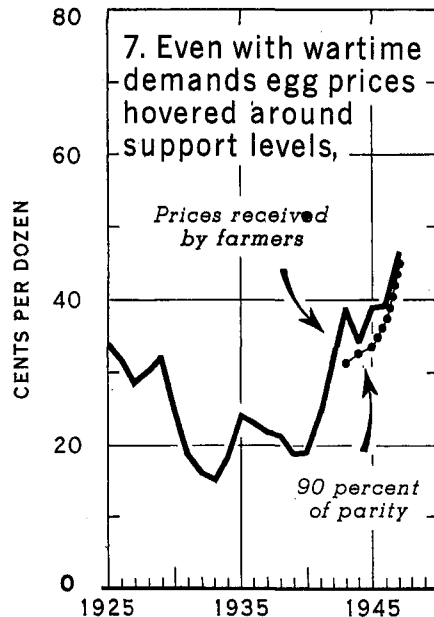
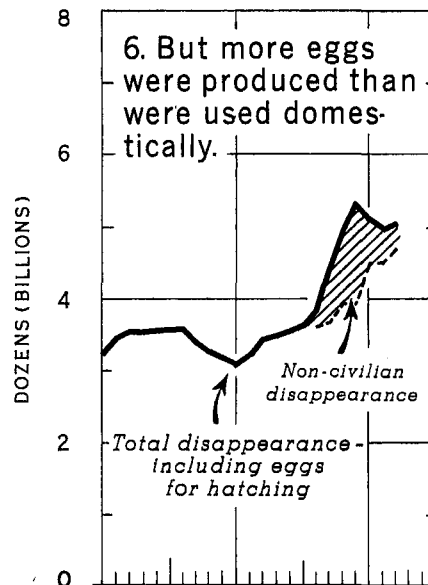
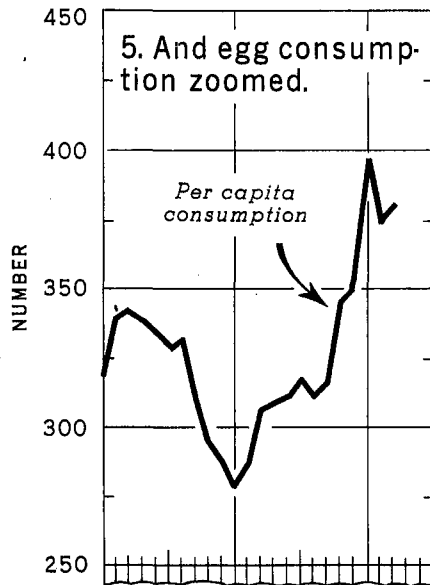
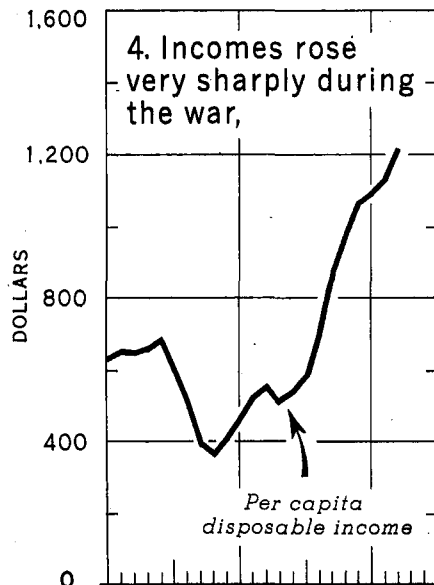
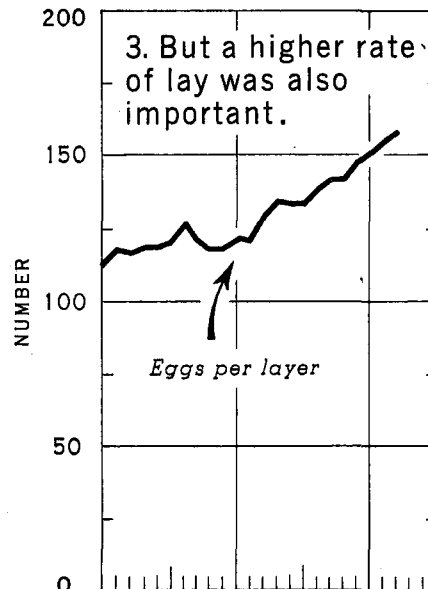
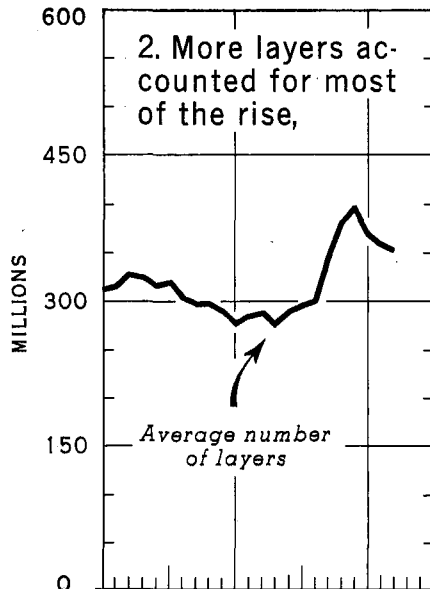
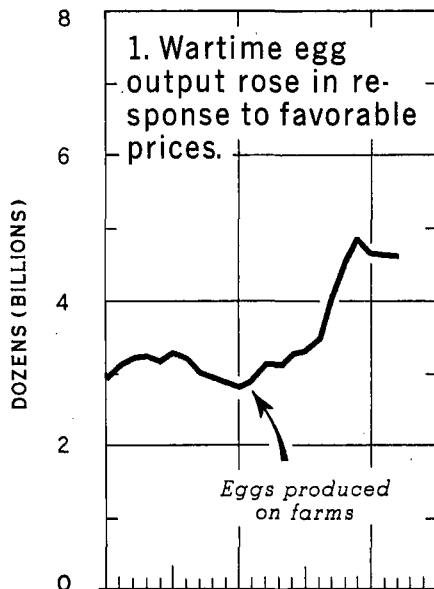
Consumption of eggs during 1948 is expected to remain near 1947 levels, even though production will be moderately less. Purchases by the United States Department of Agriculture for price support and export this year will be substantially smaller than in 1947.

Consumption of chicken meat during 1948 will be about as large as 1947. Large storage stocks now on hand will about offset any decline in slaughter due to the decrease in the number of chickens raised.

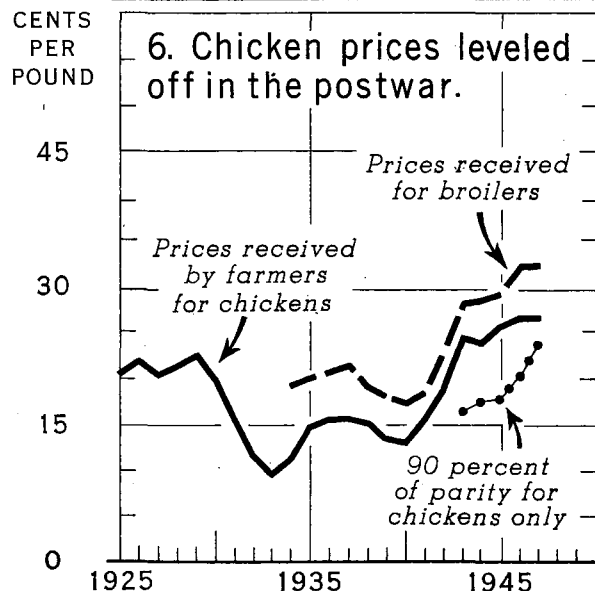
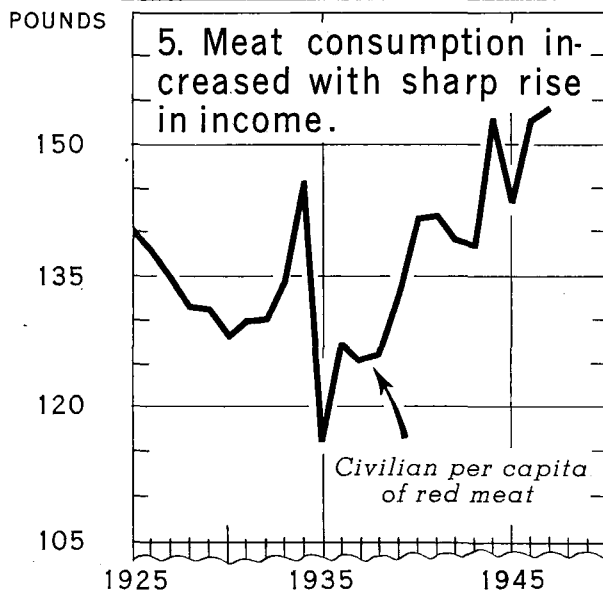
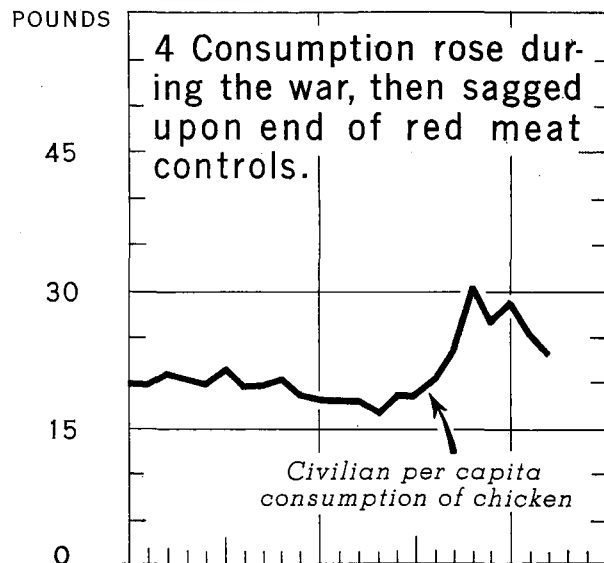
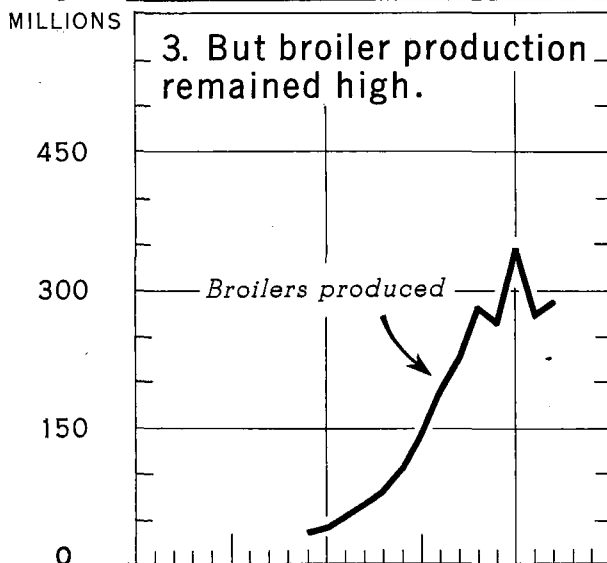
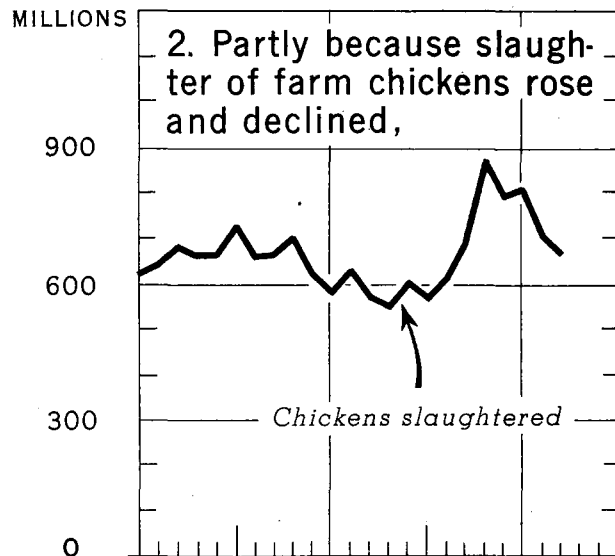
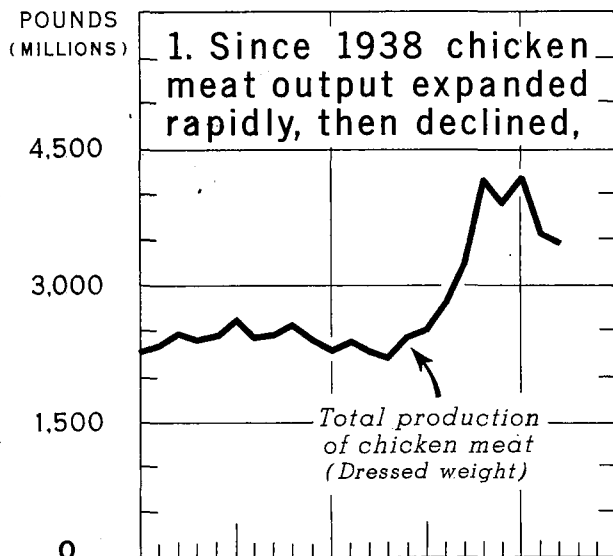
Turkey supplies for the 1948 holiday season may be as much as one-fourth below the 1947 holiday season. In addition to a decrease in the number of turkeys raised, stock in cold storage will be substantially smaller.

The United Kingdom has recently made contracts for 1948 egg deliveries with Canada and Denmark.

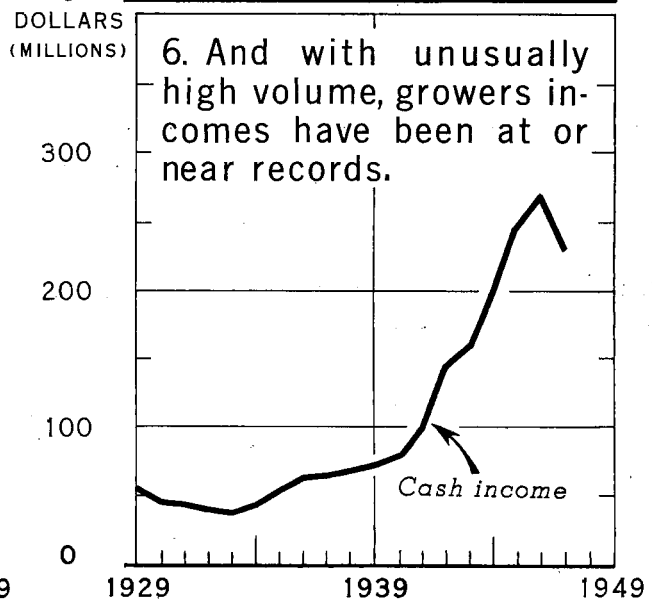
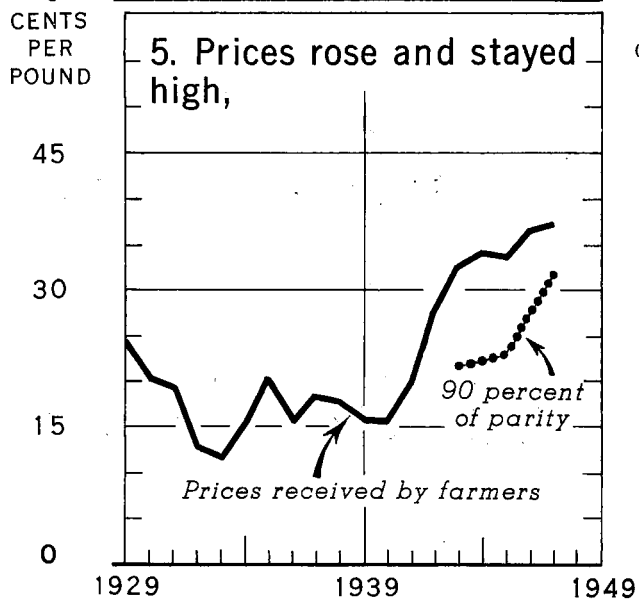
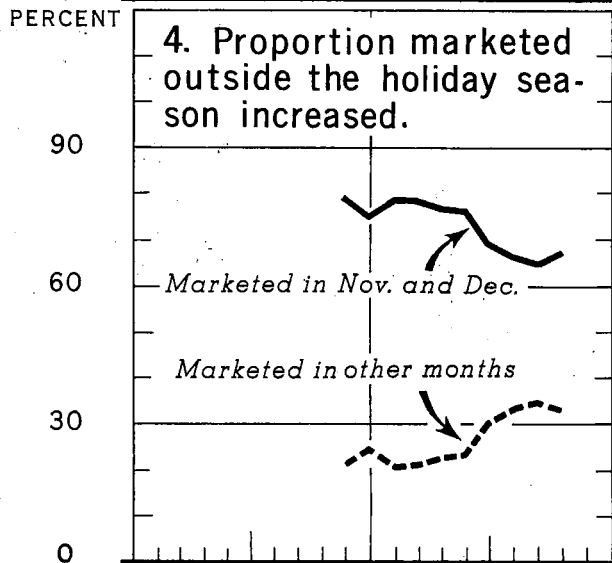
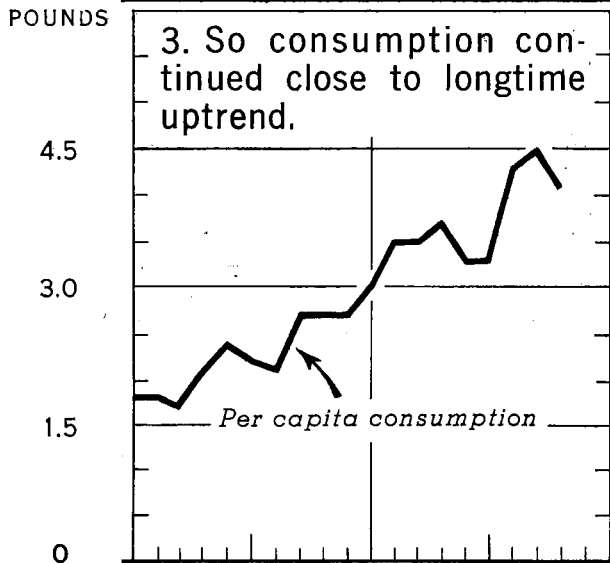
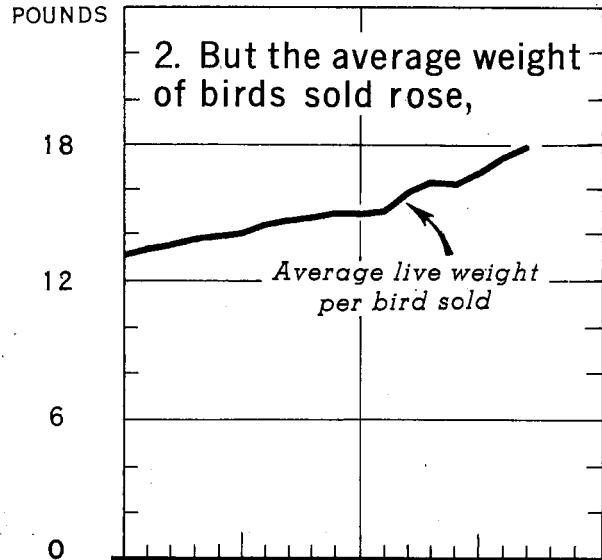
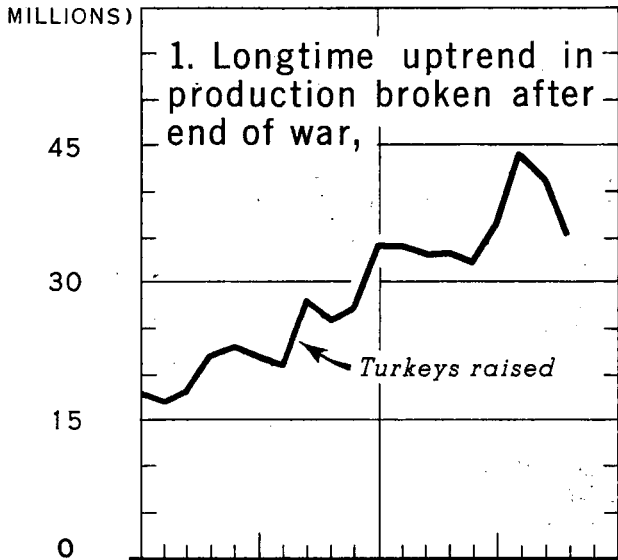
THE EGG INDUSTRY THROUGH TWO DECADES



THE CHICKEN INDUSTRY THROUGH TWO DECADES



THE TURKEY INDUSTRY THROUGH TWO DECADES



OUTLOOK

BACKGROUND.- Farmers' intentions to purchase baby chicks and turkey poults have been reported early every year since 1937. Only in 1941 and 1945 did the number of chickens raised vary greatly from the intentions report. In both years, egg prices rose much more than feed prices during the spring months and considerably more chickens were raised than farmers had intended earlier in those years. For turkeys, numbers actually raised have coincided fairly closely with intentions except during the war year.

Farmers reported that they intended to purchase 20 percent fewer chicks and 18 percent fewer poults in 1948 than in 1947. The main reason given by egg producers and turkey growers for the reduction was that feed prices were high in relation to prices received for eggs and turkeys. Comparisons of the intentions with the actual number raised are as follows:

Table 1.- Intentions to purchase baby chicks and turkey poults and numbers raised, 1938-1947

Year	(Percentage of previous year)			
	Intended	Number of	Intended	Number of
	purchases of	chickens	purchases of	turkeys
chicks 1/	raised	poults 2/	raised	
Percent	Percent	Percent	Percent	
1938	108	108	106	103
1939	108	107	127	126
1940	96	91	105	102
1941	109	118	97	97
1942	112	113	108	100
1943	116	119	112	100
1944	83	83	102	110
1945	96	110	110	124
1946	86	81	95	93
1947	94	100	84	84
1948	80		82	

1/ Based upon reports of Crop Correspondents as of February 1.

2/ Based upon reports of Crop Correspondents as of February 1 for 1938 through 1942; as of January 1 since 1942.

Number of Layers on Farms January 1, 1949
to be Below January 1, 1948

Intentions to purchase baby chicks were reported in early February before the sharp break in grain prices and after a sharp decline in egg prices. As a result, the early intentions probably over-stated the decline which will occur in the number of chicks raised.

With the egg-feed price ratio at about the February level it will be lower during the 1948 hatching season than in 1947, but is not likely to be down more than 10 percent. In mid-January, the egg-feed price ratio was 9.6, 19 percent below January 1947.

Every year since 1925, with slight variations in 1930, 1933 and 1947, a change in the number of chickens raised from the previous year resulted in a relatively smaller change in the same direction in the number of hens and pullets on farms at the end of the year. (Table 2.) If about 10 percent fewer birds are raised in 1948, past relationships indicate 3 to 6 percent fewer layers will be on farms January 1, 1949 than at the beginning of 1948.

The cash price for No. 3 Corn at Chicago on February 2 was \$2.61 a bushel. On February 20 the quotation was \$2.17 a decline of 17 percent. Similar declines also occurred in other grains. In late February, however, prices of most grains were still 5 to 10 percent higher than last year.

Egg prices declined sharply, and more than seasonally, during January. On January 2, U. S. Extras No. 1 and 2 at Chicago were 50 cents a dozen. By February 1 these grades were quoted at 46 cents a dozen. Since that time egg prices, however, have gone up a little.

Egg prices probably will continue at or near support levels during the next few months. But the support levels, 90 percent of parity, will be at or near last year's actual prices, even if the prices of things farmers buy decline moderately. The index of prices paid, including interest and taxes, which determines parity for eggs, was 251 in mid-January compared with an average of 228 from March through June of 1947. The average price received by farmers for eggs from March through June 1947 was 40.5 cents, 97 percent of parity.

Early Hatchings Below Last Year

Commercial hatching for flock replacement this year started off much smaller than last year. The output of chicks by hatcheries during January was 54 million, 9 percent below January 1947. In addition, about 10 percent fewer eggs were in incubators on February 1 than on February 1, 1947. Most of the decline was in the Midwest.

Egg Production Decreasing But Consumption Continues Near Last Year's Rate

Egg production during January totaled 362 million dozen, 5 percent below January 1947. The average number of layers on farms was down 1 percent while the rate of lay was 4 percent lower than in January 1947. The decline in the rate of lay was partly due to the extremely cold weather in most of the large egg producing areas.

Table 2.-Chickens raised and hens and pullets on farms, United States, December 31, 1925-48

(Data for cover chart)

Year	Chickens raised		Percentage of preceding year	
	Million	Million	Chickens raised	Hens and pullets on farms Dec. 31
1925	679	394	103	101
1926	718	415	106	105
1927	750	427	104	103
1928	700	404	93	95
1929	751	420	107	104
1930	777	402	104	96
1931	709	386	91	96
1932	736	391	104	101
1933	750	385	102	98
1934	644	350	86	91
1935	658	363	102	104
1936	715	380	109	105
1937	601	353	84	93
1938	651	376	108	107
1939	697	393	107	105
1940	634	381	91	97
1941	745	428	118	112
1942	844	489	113	114
1943	1,001	524	119	107
1944	832	474	83	90
1945	915	474	110	100
1946	740	437	81	92
1947 1/	742	428	100	98
1948 2/	593		80	
1948 3/	650-700		88-94	

1/ Preliminary.

2/ Based on farmers intentions as of February 1, 1948.

3/ Forecast on basis of recent egg-feed price relationships as compared with average egg-feed price ratio in 1947 hatching season. In past years, the yearly change in the number of chickens raised has been about one-half as great as the change in the egg-feed price ratios between successive hatching seasons.

Egg production is likely to continue somewhat below 1947 for the next few months. The number of layers on farms may be only slightly less.

During the latter part of 1948, egg production may be as much as 5 percent less than in 1947. This will be largely due to the fact that fewer pullets probably will be raised for flock replacement.

During the last quarter of 1947 at least 90 eggs per capita were consumed almost as many as the record of the last quarter of 1946. Consumption during January and February probably was higher for the months than in any other year except 1945. Even though production was smaller than a year earlier larger supplies were available because no purchases were made by the USDA. During January and February 1947, substantial quantities were purchased. (See p.11.)

A high egg consumption rate for 1948 is in prospect. At present, it appears likely that the per capita consumption may be about the same as the 380 eggs per person consumed in 1947. This will be due in part to about 10 percent smaller meat supplies--high meat prices and large consumer incomes.

Commercial Shell Egg Into-Storage Movement
Possibly Larger but Frozen Egg Movement
Likely to be Less than in 1947

Storage demand is important in determining prices for eggs in the spring. More shell eggs are placed in storage from March through June than in other months while most withdrawals occur from September through December. Last year was a profitable one for storage operators. Since a profitable year is usually followed by an increase in storage the next year, the into-storage movement of shell eggs in 1948 is likely to be 1 to 2 million cases larger than in 1947. This will tend to strengthen egg prices through the first half of 1948.

Precise information on the profits of storage operators in 1947 is not available. However, a good indication of these profits can be obtained by comparing spot-prices of eggs during the spring with prices of a comparable grade during the fall. For example, Extra Large Whites at New York were about 49 cents per dozen from March through June when eggs were going into storage. A comparable grade--Refrigerator Large Whites--averaged about 57.5 cents a dozen from September through December. This margin of 8.5 cents is substantially greater than the cost of carrying eggs in storage.

The movement of shell eggs into storage this year started earlier and has been heavier than in 1947. During the second week of January, the 35 markets reported a net into-storage movement which did not begin until early March last year. Much of the into-storage movement was in the Coastal areas where egg prices were particularly favorable for storage operators in 1947.

Frozen egg storage operations, in contrast to those for shell eggs, apparently were not profitable in 1947. This is indicated by comparing prices of frozen eggs in the spring with those in the fall. From March through June, prices of frozen whole eggs at New York City averaged 35 cents a pound. From September through January when these eggs were moving out of storage, prices averaged only one-half a cent higher. This is hardly enough to cover storage charges. As a result, demand for frozen eggs for commercial storing is not likely to be as strong as in 1947.

Government Actions Relating
To Poultry and Eggs

In early January, the United States Department of Agriculture owned about 29 million pounds of dried eggs and 58 million pounds of frozen whole eggs. Dried-egg stocks were offered for export and very small quantities were sold. At present, the Department is carrying on negotiations for the sale of dried-egg stocks for civilian relief feeding in foreign countries.

Frozen eggs sold by the USDA were offered to commercial buyers in recent months. Total sales to the trade amounted to only about 3 million pounds. At the end of February, USDA was offering these eggs to domestic handlers for export only.

A price support program for chickens is in effect through March 31 but no fowls have been purchased. A specific egg price support and purchase program has not yet been announced for 1948.

USDA purchases of dried and frozen eggs by months for 1947 are shown in table 3.

Table 3. - Purchases of dried and frozen eggs by Production and Marketing Administration, by months of delivery, 1947

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1947													
Dried	7.9	10.5	11.0	4.6	16.7	14.7	10.5	1/	---	---	---	---	75.9
Frozen	---	7.1	11.0	0.3	14.0	22.3	5.9	0.1	---	---	---	---	61.4

1/ Less than 1,000 pounds.

United Kingdom Contracts
With Canada and Denmark
for 1948 Egg Deliveries

Large import requirements, particularly by the United Kingdom, have been a factor in the demand for United States eggs during the last 6 years. In 1947, for example, the United States Department of Agriculture sold to the British Ministry of Food about 38 million pounds of dried eggs.

No contracts have been made between the United Kingdom and the United States for 1948.

The United Kingdom recently arranged for purchases of eggs from Denmark and Canada. Arrangements also may be made with Australia.

The agreement with the Danish Government calls for delivery of 85 percent of the exportable surplus to the United Kingdom for 1947-48 at 26 shillings for 120 eggs f.o.b. (equivalent to about 52 cents a dozen).

The arrangement with the Special Products Board of Canada calls for delivery of about 80 million dozen, shell egg equivalent, about the same as in 1947. Prices agreed upon are 4 to 5 cents a dozen above last year.

Slaughter of Chickens
Less than Last Year
but Supplies About as Large

Slaughter of chickens from farm flocks during 1948 will be less than in 1947. Most of the reduction will come during the latter part of the year when sales from farm flocks will be much smaller because of the reduction in the number of chickens raised for flock replacement.

Current marketings of commercial broilers are probably smaller than last year. However, placements of chicks in the important broiler areas indicated that in about 3 months marketings will be ahead of last year. The number of birds placed on farms in the Del-Mar-Va Peninsula from January 10 through February 7 averaged about 2 million birds. This is about one-fifth ahead of 3 months earlier.

Although total production of chicken meat may be smaller during 1948 than 1947, depending on broiler production later in the year, supplies for consumption may not be much different since storage stocks are exceptionally high. Cold-storage stocks of all chicken on February 1 totaled 204 million pounds, about one-fifth above the previous record in 1947. Holdings of fowl are substantially higher than last year.

Prices received by farmers for chicken have fluctuated between 25.2 cents and 27.9 cents per pound during the past year. In mid-January, prices received by farmers averaged 26.3 cents, 92 percent of parity. Little change in the prices farmers will receive for chickens is likely during the next few months.

Turkey Number Lowest on Record

The number of turkeys on farms January 1, 1948 was 4.5 million, the lowest since 1929, the year that yearly records were begun. Of this number 2.8 million are breeder hens, which is one-third below the number of breeder hens on farms January 1, 1947.

Table 4.-Turkeys: Number on farms, by classes, January 1, 1937-41 average, 1942-48.

Year	Total	Breeder hens
	1,000	1,000
1937-41 av.	6,941	3,818
1942	7,485	4,003
1943	6,600	3,984
1944	7,429	4,294
1945	7,203	4,606
1946	8,493	5,241
1947	6,650	4,222
1948 ^{1/}	4,507	2,849

^{1/} Preliminary.

In view of the sharp decreases in the number of breeder hens on farms, it is likely that the number of turkeys raised in 1948 will be substantially less than in 1947. Farmers' are likely to carry out their January intentions cutting turkeys 18 percent.

The chief reason turkey growers reported for their intention to reduce flocks so substantially was the high price of feed in relation to turkey prices. The turkey-feed price ratio during 1947 was about 20 percent below that of 1946.

Turkey Supplies for 1948 Holiday
Season Lowest in a Decade

Even if the turkey crop is reduced only moderately below last year, only about 350 million pounds of turkey meat will be available during the 1948 holiday season. On a per capita basis, this would be the smallest supply for almost a decade.

During the 1948 off-season, February through September, turkey consumption is likely to be about 60 to 70 million pounds. This compares with the record of about 100 million pounds consumed during the same period of 1947. The reduction will be largely due to the substantially smaller stocks in storage. Cold storage stocks on February 1 were 83 million pounds, about one-third below February 1, 1947. Also the reduction in the number of breeder hens will be a factor.

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