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THE OUTLOOK FOR POULTRY AND EGGS FOR 1937

Summary

Poultry marketings in the fall and early winter are expected to be greater than in any recent year except 1931. This is because the feed shortage will cause much of the 1936 hatch, which was above that of 1935, to be marketed in that period. Little addition to laying stock will be made.

Storage stocks of frozen poultry, January 1, 1937 are expected to be exceptionally large because of larger marketings and because of a stronger speculative demand than in other recent years.

Numbers of chickens on farms, January 1, 1937 are expected to be only slightly larger than a year earlier because of the feed situation.

Numbers of chickens hatched in 1937 are expected to be slightly less than in 1936 because of the less favorable feed-egg ratio likely to prevail early in the year.

Poultry marketings throughout 1937 are expected to be less than in 1936 because heavy receipts this fall will be at the expense of receipts next spring and because fall receipts in 1937 will reflect the slightly smaller hatch in 1937.

Poultry prices are expected to decline more than average until mid-winter because of greater-than-average marketings. Because of the probable large storage stock, prices in 1937 are expected to average somewhat lower in the spring and slightly higher in the fall than in the corresponding periods of 1936.

Egg production per hen is expected to be less during the fall and winter 1936-37, about the same in the spring, and somewhat greater in the last half of 1937 than in the corresponding periods of 1936, because the feed-egg ratio in summer and fall of 1937 is likely to be favorable for feeding for egg production.

Egg marketings this fall and winter are expected to be about the same as those of 1935-36.

Egg marketings in 1937 are expected to be slightly greater than in 1936.

Egg prices during the fall and winter 1936-37 are expected to follow their usual seasonal course and average about the same as a year earlier.

Egg prices in 1937 are expected to average somewhat higher in the spring and somewhat lower in the fall than in the corresponding periods of 1936.

Feed Situation Affected by Drought

The present feed situation will be a major influence in controlling both the numbers of poultry and the amount of egg production until early 1938. The quantity of grain feed likely to be available this winter is now indicated to be much less per grain-consuming animal unit than on January 1, 1936, but slightly more than on January 1, 1935 after the drought of 1934. As the drought is causing feed prices to rise more rapidly than egg prices the feed-egg ratio is unfavorable to feeding for egg production and is conducive to flock reduction (figure 1), being greater than its 1910-33 average in September.

The feed-egg ratio

(Number of dozens of eggs required to buy 100 pounds of poultry ration)

Year	Jan.	Mar.	May	July	Sept.	Nov.	Dec.
	Dozen						
1934.....	5.3	7.0	7.7	8.5	6.8	5.2	5.9
1935.....	6.5	8.4	7.4	6.7	5.2	3.8	3.9
1936.....	5.0	6.7	6.5	7.5	7.7		
Average 1910-33....	4.4	7.2	8.0	7.7	6.1	4.0	3.5

It is likely that, as after the 1934 drought, the feed-egg ratio will remain unfavorable during the coming winter and that it will become favorable in the spring.

Poultry

Commercial hatchings increase.- Commercial hatchings reported in the 1936 season averaged, throughout the country, about 25 percent more than in 1935. The increase may be attributed to a more favorable feed-egg ratio during the hatching season and to the larger flocks on hand March 1, 1936 than in 1935. Since the feed-egg ratio is likely to be less favorable in early 1937 than in 1936, it is expected that hatchings will be less than in 1936. In areas where a severe feed situation has caused heavy liquidation of laying flocks, the burden of replacement will fall heavily on commercial hatcheries. Commercial-hatchery capacity has been expanded. The commercial hatch in 1937 may be larger than in 1936 even though the total hatch may be less.

Outlook for poultry and eggs - 3.

Numbers of chickens in farm flocks increase.- The larger hatch in 1936 was partly reflected in the 11 percent increase in chicks and young chickens reported in farm flocks on July 1. The total number of chickens per farm flock on October 1, 1936 was above that of a year earlier, being 142 birds. Available among these for fall and winter marketing were 31 nonlayers, 14 percent more than in 1935. The other main source of fall and winter receipts, mature hens, was 5 percent below that in 1935. A larger-than-usual proportion of hens is likely to be sold because of the 14 percent increase in number of pullets, available for replacement over those of a year earlier. (figure 2).

Fall-winter marketings to be near record high.- Receipts of dressed poultry at New York, Chicago, Philadelphia, and Boston in the first 8 months of 1936 totaled about 12 percent greater than for the same period of 1935. Receipts of all poultry at New York, however, were about the same for these months (figure 3). Because of both the heavy hatch this year and the drought, receipts of poultry during the period of normally large poultry marketings, September to January, are expected to be greatly increased over those of a year earlier and to be exceeded only by the record receipts of 1931. Receipts of dressed poultry in September at the four markets were 27 percent greater than in September 1935. Since much of this represents unusually early and heavy marketings because of the drought, receipts throughout 1937 are likely to be smaller, particularly in the late winter and spring, than in 1936.

Foreign trade.- Poultry imports for consumption 1927-31, averaged about one-fourth of 1 percent of the total supply. Imports fluctuate from year to year.

Poultry: Imports for consumption and domestic exports

Item	: 1927- : : : : : 1936,					: 1936, Jan. - Aug.
	: 1931	: 1932	: 1933	: 1934	: 1935	
	: average:	:	:	:	:	
	: 1,000	1,000	1,000	1,000	1,000	1,000
	: pounds	pounds	pounds	pounds	pounds	pounds
Imports	: 5,716	1,036	412	765	713	1,490
Exports	: 3,582	1,303	2,473	2,341	1,770	953
: Dressed weight.						

With rising prices, imports of both live and dead poultry in 1936, (January - August) were above those of a year earlier, though the duty was reduced on live poultry only.

Large stocks of poultry in storage.- Reflecting both the heavy marketings of late summer and the speculative belief that these will be at the expense of fresh supplies in the spring, storage stocks of frozen poultry on September 1, 1936 were the largest on record for the month (figure 4). This situation will probably prevail during the whole into-storage season so that the frozen stock on January 1, 1937 will be on a record level. These stocks will be a main source of supply during the spring of 1937.

Poultry prices close to 5-year average.- Poultry prices decline seasonally during the last half of the year reaching their lowest level in December. A rise of about 14 percent (1921-30 average) culminating in late spring usually follows. The farm price of chickens on September 15, 1936 was 14.9 cents per pound (figure 5) representing a somewhat greater than average seasonal decline.

Chickens: Prices received by producers

Year	Jan.	Apr.	June	July	Aug.	Sept.	Nov.
	Cents						
1935.....	12.4	15.5	15.6	14.0	14.1	15.4	15.9
1936.....	16.5	16.9	16.4	16.1	15.1	14.9	---
5-year seasonal							
1931-35....	11.9	13.0	13.3	12.7	12.6	13.0	12.2
	Per-						
	cent						
1936 as a percentage of seasonal...	138.7	130.0	123.3	126.8	119.8	114.6	---

That prices in 1936 have been falling close to the average of the 5 years, 1931-35, is shown in the last line of the table. This downward trend began with the first evidence of the large hatch for 1936 and is likely to continue until mid-winter when the storage stock will reach a peak. Poultry prices in the spring of 1937 will very likely be lower than in the spring of 1936. The seasonal decline in the summer and fall of 1937 is not likely to be as great, however, as in most years.

Eggs

Numbers of layers somewhat larger - The number of layers in farm flocks on October 1, 1936, 67 birds per flock, was 3.4 percent greater than in 1935.

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Average number of layers in farm flocks

Year	Jan.	Mar.	May	July	Sept.	Oct.	Dec.
	Number						
1935.....	78.3	75.8	69.1	61.4	58.5	65.3	76.6
1936.....	80.6	76.7	70.5	62.3	59.9	67.3	---
Average :							
1928-32..	88.9	85.3	77.6	69.9	66.4	71.4	82.5

There were 11 percent more pullets not yet of laying age in farm flocks on October 1, 1936 than a year earlier. It is expected because of the unfavorable feed-egg ratio likely to prevail, that continued flock culling will leave numbers of layers in farm flocks on January 1, 1937 only about 3 percent greater than a year before (figure 7).

Egg production responds to shifts in feed-egg ratio.- With the shift in the feed-egg ratio during the summer from favorable to unfavorable as regards feeding for egg production, the number of eggs laid per 100 hens and pullets of laying age in farm flocks declined more than is common seasonally from a relatively high rate of laying.

Eggs laid per 100 hens and pullets in farm flocks

Year	Jan. 1	May 1	July 1	Sept. 1	Nov. 1
	Number	Number	Number	Number	Number
1935....	16.9	55.2	44.1	32.8	19.5
1936....	19.1	56.5	44.2	31.4	---
Average :					
1926-35 :	17.0	55.2	42.4	32.5	17.4

It is not likely, unless unusually mild weather prevails, that production per bird this fall and winter will average above that of a year earlier. The rate of production differs little from year to year in the spring, but in the last half of 1937, as new feed crops become available, a more favorable feed-egg ratio will tend to raise the rate of laying above that of the last half of 1936 (figure 8).

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Egg marketings larger than last year.- Receipts of eggs at New York, Chicago, Philadelphia, and Boston for the first 8 months were greater in 1936 by 11 percent, because of larger flocks and heavier production, than in 1935. In the commercial regions of New England and the Far West, the increase averaged about 40 percent. The larger flocks and lighter production per bird this fall are expected to maintain marketings during the rest of 1936 about equal to those of a year earlier. Receipts in 1937 are likely to be only slightly above those of 1936, especially during the first half of the year. During the last half of 1937 the rate of egg production may be increased and larger production and marketings will result (figures 9 and 10).

Foreign trade.- In 1935, as prices rose, egg imports for consumption increased from the levels set by the low prices and high duties of 1930-34. The greatest increase was in dried albumen.

Eggs: Imports for consumption, and domestic exports

Item	: 1927- : : 1931	: : : 1932	: : : 1933	: : : 1934	: : : 1935	: 1936, : Jan. -
	: average:	: : : Aug.				
	: Million : dozen					
Imports.....	40	10	9	8	22	17
Exports.....	18	2	2	2	2	2
Shell-egg equivalent.						

Storage stocks of eggs are low.- Stocks of eggs in storage at the peak of the season on August 1, were much less in 1936 than for other recent years except 1932 (figure 11). This situation continued to prevail on October 1. It is likely that storage stocks will continue relatively low until after January 1, 1937 when stocks of shell eggs cease to be a major source of supply. Since frozen eggs may be held longer, the gradually increasing proportion of the storage stock so handled is of interest, for the less perishable product is not so likely to be sold in a way to depress prices unduly.

Outlook for poultry and eggs - 7.

Egg prices.- Egg prices rise during the last half of the year, usually reaching a peak in November or December. The amount of this rise, which averages about 100 percent from the spring level, is often made greater than average by relatively low storage stocks or by an advance in consumers' incomes (figure 6), or made less than average by relatively heavy receipts. That the farm price has, since February, been from 25 to 30 percent above the comparable averages of the years 1931-35 has been largely due to an above-average level of consumers' incomes and below-average receipts (figure 12). The last line of the table shows that the farm price of 24.5 cents per dozen on September 15 represents about an average seasonal advance to that date, since the ratios do not change materially. It is likely that the average seasonal course of prices will be followed this fall and winter. Winter prices are commonly characterized by unpredictable temporary changes due to unusual weather.

Eggs: Prices received by producers

Year	Feb.	Apr.	June	July	Aug.	Sept.	Nov.
	Cents						
1935.....	25.6	20.0	21.0	21.7	22.7	26.4	30.1
1936.....	23.8	16.8	18.9	20.0	22.4	24.5	---
5-year average seasonal 1931-35....	18.8	13.4	13.7	15.1	17.0	20.2	27.0
	<u>Percent</u>						
1936 as a percentage of seasonal	126.6	125.4	138.0	132.4	131.7	121.3	---

In view of the expectation that production in 1937 will be only slightly above that of 1936; that the stock of frozen eggs carried into the new storage season will be less; and that both consumer demand for eggs and the demand by storage operators will be maintained above their 1936 strength, it seems probable that egg prices in the first half of 1937 will average about the same or a little higher than during the first half of 1936. During the last half, when the rate of production may increase, 1937 prices will probably be less than in 1936.

DESIRED U.S. AVERAGE FARM EGG PRICES, DURING THE SPRING OF 1937.

During the period from March 15th through May 15th there is relatively little seasonal variation in U.S. farm egg prices although prices during April and May usually average about $\frac{1}{2}$ cent less per dozen than during March.

The average U.S. farm price of eggs on January 15, 1937 was 23.1 cents. During the past several years there have been declines in farm egg prices from January to spring months as shown in the following table.

U.S. Average Farm Egg Prices
(Cents Per Dozen)

Year	January 15	March 15	Amount March is below Jan.	April 15	Amount April is below Jan.
1931	22.1	17.0	5.1	16.2	5.9
32	17.2	10.4	6.8	10.2	7.0
33	21.4	10.1	10.3	10.3	10.1
34	17.6	14.4	3.2	13.5	4.1
35	25.0	18.6	6.4	20.0	5.0
36	22.8	17.5	5.3	16.8	6.0
37	23.1				

The decline from January to spring months has averaged more than six cents per dozen. If a decline of that amount should occur this year the egg price level this spring would be 17 cents per dozen. On the basis of the normal seasonal change in egg prices, the most that could be hoped for would be a decline of 4 cents per dozen and a U.S. average farm egg price this spring of 19 cents per dozen. While a 17 cent price would be comparable to last years actual price it would be relatively considerably lower when feed prices and the price of things farmers buy are taken into consideration.

On December 15 the average U.S. price of a representative poultry ration, as estimated by the Crop Reporting Board, B.A.E. was \$1.816 per 100 pounds. This is higher than this ration has been in any year since 1924 and during that year egg prices were considerably higher. It is more than 20

cents per hundred pounds higher than the same ration was following the 1934 drought, and in that year egg prices were at least two cents per dozen higher than they are this year.

There is no noticeable seasonal change in the price of this poultry ration and there is no reason at the present time to expect that the price of this ration will be lower than \$1.80 per hundred pounds during spring months. With a price of \$1.80 per 100 pounds the feed-egg ratio would be as follows for different egg prices.

U.S. Farm Egg Prices (Cents per Dozen)	Ratio With Poultry Ratio at \$1.80
17	10.6
18	10.0
19	9.5
20	9.0
21	8.6
22	8.2
23	7.8

The feed-egg ratio which has existed during past years during spring months is shown below.

Feed-Egg Ratio - U.S. Farm Prices

Year	March	April	May
1931	6.65	6.96	8.13
32	6.88	6.99	6.68
33	5.03	6.31	7.08
34	7.00	7.52	7.68
35	8.38	8.03	7.38
36	6.68	6.90	6.51

In order to have a ratio as satisfactory as in any of the past six years (and this would be true back to years earlier than 1921) the U.S. farm price of eggs would have to be 22 to 23 cents per dozen, which would mean very little if any decline from January 15 levels. Poultrymen will have to increase their production per bird to much higher levels than in these other

years if they hope to make any profits on egg sales.

On the basis of parity prices the situation does not appear quite so serious for poultrymen since feed prices have increased much more than the price of other things which farmers buy. Using the latest index of prices paid by farmers for commodities bought, plus interest and taxes, and assuming that there will be no change in this index between the present time and spring months, average egg prices at 21 cents per dozen in March would be equal to 100 percent of parity.

Percent of Egg Prices to Parity at Various Levels of Egg Prices

U.S. Farm Egg Prices (Cents per dozen)	Percent of Parity	
	In March	In April
17	80	83
18	85	88
19	90	93
20	95	98
21	100	103

On the basis of average farm egg prices during March and April at 20 cents per dozen, using the concept of parity prices as our measure, a fairly satisfactory situation would result. While this would not be satisfactory on the basis of present feed prices, a higher price might not only prove some difficulty to the consumption of eggs, but it would also appear to be practically impossible to attain. An average spring price of 19 cents per dozen, being an increase from 1936 more in line with increases which have occurred in consumer purchasing power, might be the maximum desired price within practical limits.