

UNITED STATES DEPARTMENT OF AGRICULTURE
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THE OUTLOOK FOR POULTRY AND EGGS FOR 1938

In sizing up the poultry, egg and turkey outlook for next year, the Bureau of Agricultural Economics expects:

The feed-egg price situation to improve from the producers' viewpoint, and by early 1938 to be much more favorable than a year earlier;

The spring hatch in 1938, therefore, to be greater than the spring hatch in 1937;

Poultry marketings to be less than those of a year earlier from July 1937 to June 1938 because of the small 1937 hatch, and to exceed marketings in the remainder of 1938 because of the larger 1938 hatch;

Poultry consumption, therefore, to be under that of a year previous in the period July 1937 to June 1938 and to be above for the remainder of 1938;

Fall and winter broiler production, 1937-38, to be heavy but prices are not expected to be correspondingly depressed except possibly for short periods in view of the smaller supplies of other meats;

Poultry storage stocks, first half of 1938 to be above average because of the heavy summer carry-over in 1937 but much below 1937 because of the lower marketings;

Turkey production in 1937 to be about 10 percent less than the record crop of 1936;

The turkey hatch in 1938 to be greater than the hatch in 1937 because of a better feed situation;

Turkey prices in the fall of 1937 to be above those of 1936 and possibly above 1935 and to decline in the fall of 1938 with the prospective larger crop;

Chicken prices, because of the above prospective conditions, to advance in the period July-December 1937 and although expected to be above 1937 during the first half of 1938, they will probably be under during the last half;

Laying-flock size to reach a cyclical low point early in 1938;

The rate of egg production per hen in 1938 to be under that of 1937;

Egg marketings in 1938, therefore, to be less than in 1937;

Egg storage stocks, last half of 1938, to be much less than in 1937, because of smaller marketings;

Egg prices throughout 1938 to be above corresponding periods of 1937 because of the prospective supply situation.

Poultry marketings

Receipts of dressed poultry at the four markets (New York, Chicago, Boston, and Philadelphia), were larger in the first half of 1937 than a year before. This is partly due to a larger out-of-storage movement than in 1936 and partly due to a greater reduction in flock size than in 1936. Because of the small flocks now, and the light hatch, receipts from the middle of 1937 to the middle of 1938 are likely to be less than in the corresponding periods a year earlier. Because of the prospective heavier hatch in 1938, receipts during the last half of that year are likely to exceed those of 1937.

Fall and winter broilers

Because of the small marketings of farm broilers in 1937 and the less-than-average seasonal increase in broiler storage stocks, the prices of fall and winter broilers are expected to remain high, relative to the same months of recent years. Although production of fall and winter broilers (a small part of total supply) may be the largest of record, the price-depressing effect of this is likely to be offset to a great extent by the effect of small supplies of meat. The same assurance with regard to heavy broiler production in the fall and winter of 1938-39 cannot be given, in view of the expected increase in the 1938 hatch.

Poultry storage

Stocks of frozen poultry in storage when the peak is reached in early 1938 are expected to be much less than in 1937 but above the 1925-34 average. The increase in stocks from September 1 to February 1, is not likely to be so great as average because of reduced receipts during this period. On the other hand, September 1 stocks are 20 million pounds above average because of a heavy carry-over from the 1936-37 storage season. Some of this carry-over stock is reported to be of inferior quality and so far has not had a great competitive effect on farm poultry prices.

United States storage stocks of frozen poultry

Year	: September 1	: Into storage : : Sept. 1-Feb. 1	: February 1
	: Million pounds	: Million pounds	: Million pounds
Average	:	:	:
1925-26)	: 42,584	75,004	117,588
1934-35)	:	:	:
1936-37	: 65,488	112,816	178,304
1937-38	: 63,769		

Poultry consumption

Consumption of poultry in the first half of 1937 was greater than in the first half of 1936. This is indicated by (1) the exceptionally large out-of-storage movement in this period, and by (2) a greater reduction in laying flocks from January 1 to July 1 than was the case in 1936. The increase in poultry canning was not enough to offset these two indications.

Consumption of poultry during the last half of 1937 will very likely be less than in the same period of 1936, largely because of smaller marketings. With storage stocks on January 1, 1938 expected to be much less than a year earlier, consumption in the first half of 1938 will probably continue low. Consumption in the last half of 1938, however, may be greater than a year earlier.

Turkey production and price

Turkey production in 1937 as indicated by the number of turkeys on hand on September 1, is expected to be about 10 percent less than the record crop of 1936. Many small producers and some large ones have discontinued production entirely but large increases have been made by commercial producers in some States. Much of the variation in numbers on hand in different parts of the country reflects the feed situation in those regions, some of the biggest reductions being in drought areas.

Reduction from 1936 in turkeys on hand
September 1

Division	Reduction :from 1936	Division	Reduction :from 1936
	Percent		Percent
New England	0	East South Central	6
Middle Atlantic	1	Pacific Coast	6
South Atlantic	1	West North Central	18
West South Central	2	Mountain	23
East North Central	4		9.5

As the cost of feed with which the 1937 turkey crop will be finished for market will be lower than in 1936 and as the price received for the turkeys will in most instances be higher, the production of turkeys for sale in the fall of 1938 is expected to be increased.

Although the smaller crop in 1937 will tend to raise turkey prices in the fall and early winter of 1937 above those of 1936 and possibly above those of 1935, the larger hatch likely next year will probably bring turkey prices in the fall of 1938 below those of 1937. A small increase in consumer incomes would tend to offset this decline to some extent.

United States farm price of turkeys
per pound

Year	October	November	December	January
	Cents	Cents	Cents	Cents
Average :				
1925-34 :	20.8	22.5	22.8	22.2
1935-36 :	15.9	19.9	21.3	19.9
1936-37 :	15.9	15.0	14.3	14.1
1937-38 :				

Chicken prices

With fewer poultry, both turkeys and chickens, to be marketed in the last half of 1937 than a year earlier, chicken prices in that period are expected to

exceed those of the same months of 1936 and possibly to be above the 1925-34 average. In most years chicken prices decline in the last half of the year. The seasonal decline in 1937 has been replaced by an advance.

Farm price of chickens per pound

Year	Jan.	Mar.	May	July	Sept.	Nov.
	Cents	Cents	Cents	Cents	Cents	Cents
Average:						
1925-34:	16.8	17.5	18.3	17.8	17.3	16.2
1935 :	12.4	14.2	15.7	14.0	15.4	15.9
1936 :	16.5	16.6	16.6	16.1	14.9	13.2
1937 :	13.4	14.4	14.8	15.3	17.4	

Although poultry storage stocks in the first half of 1938 will probably be less than in the first half of 1937, the effect of this on chicken prices in this period may be offset somewhat by a possible small decline in consumer income. Though chicken prices in this period are expected to be greatly above those of 1937, they are not likely to exceed the 1925-34 average.

In the last half of 1938 the depressing effect on chicken prices of the prospective increase in hatchings may be partly offset by possible advances in consumer income. Chicken prices then are expected to be somewhat below those of the last half of 1937. There is no basis now for anticipating a seasonal decline in this period greatly different from average.

Laying-flock size

The number of hens and pullets of laying age per farm flock ordinarily decrease by about 25 percent from January 1 to September 1. In 1937, this decline was 29 percent, bringing laying-flock size down to the level of 1936, while in January it had been 4 percent greater.

Hens and pullets in farm flocks on the 1st day of month

Year	Jan.	Mar.	May	June	Aug.	Sept.	Oct.	Dec.
	Numbers							
Average :								
1925-34 :	87.5	84.7	77.4	73.4	66.8	66.1	70.4	81.9
1935 :	78.3	75.8	69.1	65.1	59.2	58.5	65.1	76.6
1936 :	80.6	76.7	70.5	66.5	60.0	59.9	66.9	79.1
1937 :	84.2	80.0	73.1	68.5	62.1	59.9	64.3	

The size of the laying flock on January 1 is largely influenced by the number of young chickens on hand 6 months earlier, and by the feed-egg-ratio in the last half of the year. The effect of the 19-percent reduction from 1936 in young chickens, making fewer pullets available to add to the laying flock, will be only slightly off set by a somewhat more favorable (lower) feed-egg-ratio than in 1936, so that the laying flock on January 1, 1938 is expected to be much smaller than in 1936 and probably smaller than in 1935.

With a more favorable feed situation in 1938 than 1937, it is expected that the laying flock will be built up by less rigorous culling and by heavier hatching. Laying-flock size in the past has fluctuated quite regularly in 3-year cycles, the last low point being in the winter of 1934-35. It seems likely that the winter of 1937-38 will mark another such low point and that by the fall of 1938 laying flocks will be larger than in the fall of 1937.

Rate of egg production

Favorable weather in most of the heavy production season, more rigid culling than usual, and a laying flock with a high proportion of pullets resulted in an exceptionally large number of eggs laid per hen in the period January 1 to September 1, 1937. In 1938, with culling probably less rigid and with a smaller proportion of pullets than in 1937 the rate of production is likely to be lower than in 1937.

Eggs laid per 100 hens and pullets of laying age in farm flocks

Year	: Jan.	: Mar.	: May	: July	: Sept.	: Total : Jan.-Sept.:	: Oct.	: Dec.
	: <u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
Average :								
1925-34 :	16.5	38.4	55.1	42.2	32.4	347.8	25.0	13.9
1936 :	19.1	32.6	56.5	44.2	31.4	349.5	25.1	16.0
1937 :	22.0	39.2	57.8	44.4	36.1	370.9	28.8	

Egg marketings

Larger flocks and an increased rate of production made marketings in the first 8 months of 1937 slightly larger than in 1936. During the remainder of 1937 marketings from fresh-egg production are likely to be less than in 1936 because of smaller flocks and lower prices. Egg receipts at the four markets (New York, Chicago, Philadelphia, and Boston) however, may equal that of a year ago because of the large stocks in cold storage. Following the movement of these stocks into consumption, after mid-winter of 1938 marketings will reflect current production and are likely to be much lower than in 1937 until the fall of 1938.

Egg storage

The midsummer peak in cold-storage stocks of shell and frozen eggs in 1937 was about 25 percent above that of 1936 and was only exceeded in 1930. These large stocks were largely a result of an increased supply of eggs and a somewhat stronger incentive to store than existed in 1936. These influences are likely to be reversed in 1938, production probably being lower than in 1937 and the storage incentive likely to be weakened by a less profitable storage season than 1935-36. Hence, storage stocks in 1938 are expected to be much less than in 1937.

Egg prices

The large storage stocks have tended to keep egg prices in the fall of 1937 below those of the same months of 1936. The seasonal peak in November or December is not likely to be as high as a year earlier.

feed grains in excess of local needs. As transportation costs failed to drop as much as market egg prices, farm egg prices dropped disproportionately more in areas more distant from market than in nearby areas. A low price level accentuated the effect of this decline. Production in the Mississippi Valley and in the West was discouraged as compared with that in nearby areas having motor transportation and a higher price level.

Since the depression low in 1933, production in the West and Midwest has twice been checked by drought with attendant high feed costs that were less severe in the East because of feed imports. The Western States in the 1935-36 season, with no drought effect, increased their eastern shipments materially. Lower feed costs in the future are likely to encourage production in the Western and Mid-western areas. Higher feed costs are likely to discourage it.

That poultry equipment may be idle in one region while it is being increased in another is only one of the consequences of this shift. The seasonal variation of egg and poultry production has also been modified since in the North Atlantic area there is less seasonal change in climate than in the Midwest. As a result, a larger proportion of total egg production is laid in the winter months and the seasonal variation in egg prices has also been modified, the rise from spring to fall being smaller both actually and proportionally than before 1930.

Storage losses often result from such less-than-average seasonal price advances. It is likely that a decrease in the total demand for eggs for storage will result from a continuation of these diminishing seasonal price rises.

Cold storage of frozen eggs

The proportion of the total egg holdings that is stored in frozen form has been steadily increasing. Though less than 3 percent of the total stock was frozen in 1916, more than one-third of a much larger stock was frozen in 1936.

Storage stocks, shell and frozen eggs - August 1 holdings

Years	1916-20	1921-25	1926-30	1931-35	1936	1937
	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>
5-year average						
Shell eggs	6,849	9,513	10,249	8,470	7,335	8,718
Frozen eggs	432	972	2,415	3,196	3,300	4,768
Total	7,281	10,485	12,664	11,666	10,635	13,486
Frozen percent of						
total	5.9	9.3	19.1	27.4	31.0	35.4

Although shell eggs in storage must ordinarily be disposed of by the following spring, frozen eggs may be kept a longer time. If this trend continues, as seems likely, it must sooner or later bring about a reduction in the seasonal movement of egg prices which is likely to decrease the demand for eggs from storage in the shell.

Quality-egg marketing programs

In some areas marketing programs that recognize egg quality have made considerable progress under Federal-State quality certification. In other areas quality programs are operating under State supervision alone. The most satisfactory of these programs, from the producers' point of view, are those in which

producers of better-than-average quality have the cooperation of retailers in establishing a consumer demand for the product. Further development of such programs may be expected to benefit producers who are in a position to take advantage of them since they offer more direct outlets and for some qualities of eggs, higher prices.

The marketing of poultry and eggs at auction by producers located close to large markets has grown rapidly in the northeast and as far west as Ohio. The buyers at these auctions are mostly hucksters, retailers, wholesale dealers, chain stores, and some producers. The services of the auction are classification, grading, inspection, and selling. The auctions have provided a more satisfactory method of sale for some producers.

New developments in poultry marketing

The marketing of full-drawn poultry is increasing and with it the cutting up of carcasses and the marketing of poultry parts. This innovation has been advocated as a service to consumers, full-drawn poultry possibly being more palatable, and poultry parts more suited to consumers who do not require a whole chicken. Breaking up the retail package into smaller parts may make the average consumer's purchase smaller but in the long run it is probable that this consumer service will increase demand by reaching more consumers, both in the small-family and lower-income groups.

Feed-grain price stabilization

The important effect which the feed-egg ratio has on production indicates that any activity that would limit the year-to-year fluctuation in feed prices would also reduce the year-to-year change in poultry and egg production. Several proposals for agricultural legislation that might affect feed supplies and prices have been proposed in Congress. One of these is the proposal for an "Ever-normal granary, warehouse or reserve supply". This proposal includes, among others, a plan to maintain a surplus of some feed grains, in addition to the normal supply, which will be sufficient to meet domestic consumption and export demand in years of drought flood, or other adverse conditions. Any practicable plan which would achieve greater stability in feed-grain prices, which are an important cost factor, should benefit poultrymen, especially those who operate continuously year after year.

Foreign trade

The disturbed situation in China will doubtless reduce egg exports from that country both to the United States and to Europe. Hence an increase in domestic egg-breaking and egg-drying is probable. This increase, however, is not expected to be great enough to affect materially the farm price of eggs.

Eggs: Imports for consumption, and domestic exports

Item	:1927-31 : :average :	1932 : Mil.doz.	1933 : Mil.doz.	1934 : Mil.doz.	1935 : Mil.doz.	1936 : Mil.doz.	1937 : :Jan-Aug. Mil.doz.
Imports..:	40	10	9	8	22	27	22
Exports..:	18	2	2	2	2	2	1

Shell egg equivalent.

The table shows imports and exports of eggs during a period when domestic production of eggs averaged at least 2,500 million dozens.

Chick sexing

The practice of sexing day-old chicks has developed in the last few years, especially in the Pacific Coast States where the leghorn breed predominates and the demand for pullet chicks of this breed greatly exceeds the demand for cockerels. Some of the cockerel chicks are brooded and sold as broilers but large numbers of them are destroyed. In the midwestern or eastern States a much smaller proportion of the chick output is sexed. Should the practice of sexing day-old chicks become more general, especially in the midwestern or eastern States, it might have an important effect on the amount of poultry marketed. In years when the outlook for poultry prices was not such as to justify the cost of feeding the cockerels, considerable numbers of them might be destroyed.