

## THE POULTRY AND EGG OUTLOOK FOR 1935

The outlook for poultrymen during the coming winter and spring is rather favorable to those in a position to retain and feed their layers. The high price and scarcity of grain is forcing a drastic reduction in numbers of livestock including poultry, especially in the badly damaged drought areas. Supplies of both eggs and poultry will be relatively short until next summer when the chickens of next year's hatching begin to affect supplies, and prices of poultry products may be expected to continue at seasonally high levels until that time. The total number of hens and all pullets on October 1 this year was about 7 percent below the number on that date in 1933 and about 11 percent below the number in 1930 which was close to the high record. Farmers have been keeping as many of their hens and pullets as possible but there has been a heavy early marketing of the young males. A further reduction in the laying flocks below numbers last year seems probable, the extent depending upon relative prices of feed and poultry products this fall and winter.

Egg production has been and will continue to be, materially less than last year and considerably below the 5-year average, with probable further relative decreases this winter and next spring somewhat in line with expected further reduction in relative numbers of laying stock. Total storage stocks of eggs, both shell and frozen, on October 1 were about 5 percent less than last year. Stocks of shell eggs showed a still greater decrease. With a short supply of fresh eggs in prospect and with prices of other foods increasing, a good market for eggs seems assured during this winter and early spring. The October 15 farm price of eggs 23.7 cents per dozen, compared with 20.8 cents on that date in 1933, being 1 percent below pre-war levels, but still 35 percent below the favorable levels of the post-war years 1927-1931.

The tendency shown by egg prices, during the spring and summer of 1934, to rise faster than the usual seasonal advance is expected to continue to about December, and the winter and spring prices will probably not decline to as low a level as in 1934.

The supply of poultry will be short this year owing to a decrease of 10 percent in the number of chickens raised and to a smaller crop of turkeys. Heavy marketings of young chickens have taken place during the summer and early fall, but the supply remaining for later marketings will be much smaller than last year and smaller than usual unless farm consumption is curtailed or flocks are further materially reduced in the drought areas. Owing to the heavy early marketings, the cold-storage stocks of poultry on October 1 were about 10 percent heavier than in 1933 and 12 percent above the October 5-year average. However, with fewer young birds yet to go to market, it is expected that storage stocks on January 1, at the normal peak of the storage season, will be considerably below average.

The United States average farm price for chickens on October 15 was 11.8 cents compared with 9.3 cents in October 1933, being 1 percent above pre-war and 40 percent below post-war levels. Prices of chickens usually change but little from March to October but they advanced 10 percent during the spring and summer of 1934. With the smaller supplies of poultry and with prices of competing types of meat increasing, poultry prices are expected to advance further during the fall and winter, and to remain at higher levels during the first half of 1935 than in that period of 1934.

## NUMBER OF CHICKENS

The number of mature hens in farm flocks on October 1, 1934, was 3 percent less than on that date in 1933. The number of pullets of the 1934 hatch of laying age on October 1 was 8 percent less than in 1933 and the number of pullets not of laying age was 11 percent less. The large reduction in the number of pullets was due to a decrease in hatchings this year, and to the feed shortage. Although the Atlantic Coast States, both North and South, on October 1 showed relatively more young chickens compared with the same date last year, than in July, the drought stricken Central and Western States showed relatively fewer young birds compared with last year than in July. The West North Central States showed a decrease in the number of pullets on October 1 of 17 percent below October numbers in 1933; the South Central States a decrease of 12 percent; and the North Atlantic, East North Central, and Far Western divisions each showed a 7 percent decrease. The South Atlantic group alone showed an increase in pullets, of 3 percent. Combining hens and pullets of all ages, the resulting number of potential layers on hand in the United States on October 1 was 7 percent less than last year, and 11 percent less than the near-record numbers of 1930. The decrease below last year in the number of potential layers on October 1 was 10 percent in the West North Central Division, 12 percent in the South Central, 9 percent in the Far Western, 6 percent in the East North Central, and 1 percent in the North Atlantic Division. There was an increase of 2 percent in the South Atlantic States.

It appears that the heavy marketings of chickens thus far this year, although affecting pullet numbers materially, have been more particularly from the class of "other" chickens, the numbers of which were reported at 22 percent less than last year. The decrease in this class, consisting mainly of young cockerels, amounts to about 30 percent in the West North Central States, where drought was most severe, and up to almost 50 percent in some of the worst affected States. It appears that farmers, particularly in the drought areas, have been marketing surplus males from the young flocks early in the season this year in order to conserve feed, and that whenever possible they are keeping their hens and pullets. Many farmers in the drought area, especially those who ordinarily produce few winter eggs, will endeavor to bring their reduced numbers of layers through the winter on a near-maintenance ration, hoping for good egg prices during the heavy-laying period next spring. During the late fall and early winter, however, after the supply of grass and insects has failed, so that farm chickens can no longer obtain substantial quantities of feed from the field, it is probable that a further unusual depletion of laying stock may occur in the drought areas. This further decrease will be balanced in part by a tendency to keep as many layers as possible in sections where the farmers have sufficient supplies of feed.

Producers favorably located with reference to markets and having available feed, especially those in the Atlantic Coast States and in part of the East North Central States, have maintained the number of layers at about last year's level. Producers in the Pacific Coast States who supply a high grade of market eggs and also have feed this year, have thus far made only moderate reductions. Considering the severity of the drought situation, however, and the importance of the drought area in production of poultry products, it appears probable that the total reduction in laying stock by midwinter may be close to 10 percent below the numbers last winter and about 15 percent below average numbers at that season in the years 1927 to 1931, inclusive.

The reduction in numbers of chickens will probably be less than in that of meat animals generally, because numbers of chickens have been stationary or declining since 1930 with a resulting upward price adjustment now in progress, while numbers of cattle have increased greatly and hogs and sheep have increased slightly, with resulting price levels for meats less favorable than those for poultry products when considered in relation to the price of feed.

Although the reported figures on numbers of poultry are for farm flocks, and do not include commercial flocks, it appears probable that the high feed prices of the past year or more, with the smaller increase in prices of eggs, compared with average post-war relations, have had an effect upon numbers of layers in commercial flocks similar to their effects upon farm flocks in the same areas.

#### Commercial Hatchings in 1934

The commercial production of baby chicks during the first 7 months of 1934 was apparently about 11 percent smaller than the production of the similar period of 1933, and 3 percent smaller than in 1932. Production was much less than last year in the Central States, ranging from about 10 percent less in the South Central States and 11 percent in the West North Central up to 18 percent less in the East North Central States. Production was also substantially smaller in the important egg-producing areas of the Far West, the Pacific Coast States showing a decrease of 11 percent and the Mountain States 13 percent. In the Eastern States, however, there was an increase, the reported production of New England being 30 percent greater than in the previous year. This was the only section that showed an increase, and owing to the absorption by large hatcheries of many of those of small capacity, the figure may exaggerate somewhat the actual increase. Chick production in the Middle Atlantic States showed a decrease of 16 percent and in the South Atlantic 12 percent decrease.

#### Poultry Supplies

With a 10 percent reduction in the numbers of young chickens produced in 1934 below numbers in 1933, which was an average year, with heavy early marketings of both hens and young stock, and with October 1 numbers of hens 3 percent less, pullets 10 percent less, and other chickens 22 percent less than last year, a considerable decrease in the number of chickens sent to market during the fall and winter of 1934 is to be expected, even allowing for further marketings of laying stock in the drought States. The average weight of the chickens to be marketed may be even less than the light weights of those marketed last season unless the relation of the farm price of chickens to the price of feed improves. The October 15 relation of chicken prices to feed prices was 89 percent as much as in the pre-war 1909-14 period, but only 70 percent as high as in the post-war 1923-27 period. Many farmers in the drought area, which normally supplies a large proportion of the chickens for the commercial markets, have neither the feed nor the means for obtaining it, to bring their poultry to proper marketable weights and considerable poultry will be sold to consumers lighter in weight than usual.

#### Receipts of Poultry

Receipts of dressed poultry at the four markets for the period of January through September 1934, were 8.4 percent smaller than for the same period last year. Receipts from the West North Central States were about 1 percent heavier, but from all other areas they were substantially less except those from the Pacific Coast, which comprise only a very small fraction of total receipts. The only months to show receipts heavier this year than last year were January and

July. In January, receipts were only fractionally larger than those of January of the preceding year, but in July they were about 2 percent higher. The increase in this latter month was due to the heavy marketings of poultry by farmers in the Middle West during June and July where the drought damaged the feed crops and summer ranges to such an extent that farmers were forced to reduce their stocks of poultry. Although marketings of poultry in that area continued heavy through August and September, the weak demand from terminal markets caused most of it to be stored at interior storage points.

Receipts of live poultry at New York and Chicago, the only two points for which such information is available, for the first 9 months of this year were about the same as those of a year earlier. The 11 percent decline in baby chicks hatched this year resulted in a smaller number of young chickens available for marketing, but the lack of feed and unseasonable growing conditions as the result of the drought this summer, caused the marketing of a larger proportion of this year's chicken crop as broilers and fryers. Until recently, the receipts of live roasting chickens of  $3\frac{1}{2}$  pounds weight and over have been exceptionally small, but with the beginning of October they began to come to market in large numbers. In view of the sharp selling of young stock this summer it appears that the number of young chickens on farms to be sold as roasters later in the year is considerably smaller than a year ago.

#### Storage Stocks of Dressed Poultry

Stocks of poultry in storage on July 1 this year amounted to 40,609,000 pounds compared with 42,705,000 pounds on July 1 last year, and 41,235,000 pounds for the 5-year average. In contrast to the usual seasonal trend stocks in storage increased during July, and in August and September they showed a much larger than normal seasonal gain. Stocks of poultry on October 1 amounted to 55,271,000 pounds, compared with 50,177,000 pounds on October 1, 1933, and 49,359,000 pounds for the 5-year average. These large stocks, in comparison with both last year and the 5-year average, are due to the heavy marketings of poultry during recent months. In view of the sharp increase in storage stocks that has already taken place, it seems probable that the later into-storage movement will go forward at a much less rapid rate. It also seems probable that at the peak of this year's storage season the total quantity of poultry in storage will be smaller than at the peak of last season.

#### Apparent Trade Output of Poultry

The apparent trade output of dressed poultry for the four markets (Boston, New York, Philadelphia, and Chicago) during the first 9 months of 1934 was about 5 percent smaller than during the corresponding months of 1933. Although the volume apparently consumed at these markets was somewhat smaller than a year earlier, prices for the most part have been several cents higher than last year. Receipts were about 9.4 percent less but trade output declined only about 5 percent as heavy withdrawals were made on the large stocks of poultry in storage carried over from 1933. No figures are available on the trade output of live poultry, but based upon receipts at Chicago and New York it was about the same as that of the preceding year.

#### Poultry Feed Situation

The production of feed grains in 1934 was only 53 percent of the 5-year average. In some of the worst drought damaged States the production ranged from 30 percent down to as low as 7 percent. Most of the States east of the Mississippi River, those on the Pacific Coast, and most of the Rocky Mountain States had from a fair-to-average production of feed grain but in

the great grain-producing region of the West North Central States, production was only 28 percent of average. It has been estimated that the grain-consuming animal units of the country will have been reduced by November 1 to 81 percent of the number on that date in 1933. Even with this decline in livestock numbers it is evident that supplies of feed will continue very short and prices high until next summer.

The October 15 price index of feed for poultry stood at 86 this year compared with 51 in 1933 and with 31 in 1932, on the basis of prices in the post war years 1927-1931. On the basis of the October prewar prices this year's October feed price index stood at 114, against 67 last year. Feed prices during the winter will no doubt continue high.

The October 15 price of some of the soft western wheats was less than that of corn. An unusual proportion of wheat will probably be used in the poultry ration this year, particularly in the Western and Central States. A larger-than-usual proportion of mill feeds, concentrates, and commercial scratch feeds may also enter into the average farm ration.

The effect of the feed situation on egg production in different parts of the country is discussed in the following section.

#### Egg Production

The production of eggs per hen during the first 10 months of 1934 has been the smallest for these months since 1925. Although the number of eggs laid per hen on October 1, this year, was slightly greater than the record low October 1 figure of 1933, it is reasonable to expect, in view of the importance of egg production in the area affected by severe drought and feed shortage that it will be lower during the coming fall and winter months than last season when production per hen was about average. A factor tending to maintain the fall and winter production of eggs per hen close to normal is that a larger proportion of the laying birds are in the sections where commercial production of eggs is important and where consequently fall and winter production of eggs per hen is greatest. Producers undoubtedly will try to maintain in good productive condition that branch of the farm industry that is capable of bringing in a constant cash return, and the short supply of fresh eggs may raise prices to the point at which fairly liberal feeding may appear to be justified even though feed prices remain high. Even allowing for these factors tending to support a full seasonal rate of laying, the total reduction in production of eggs this fall and winter seems likely to be at least as great as, and probably greater than, the decrease in numbers of layers, and it appears probable that it will fall below that of last season by 10 percent or more, and below the 5-year average by at least 15 percent.

As always, weather will be an important factor in determining the rate of winter production of eggs per hen and will operate to limit or increase the prospective decline in production.

If the usual proportion of layers is disposed of during the winter, the number left in the spring of 1935 will probably be at least 10 percent less than in 1934.

Chickens carried through the winter in the drought area in the west central States are likely to be in poorer condition than usual, and therefore

will be less prepared to lay a normal number of eggs during the late winter and early spring months. Because of the importance of these States in the production of the commercial supply of eggs for spring consumption and for storage, the total supply of marketable eggs next spring appears likely to be at least 10 percent less than that of last year even considering the low rate of production per hen last spring.

The feed situation in the West North Central States, where drought conditions were most severe and where production of feed this year was only 28 percent of average, is acute, and will so continue through the winter, even with the expected reduction of livestock units to 74 percent of the number in 1933. The total lack of grain on many farms located in this heart of the grain-producing area, is forcing reductions in numbers of layers, and this movement is likely to continue until egg prices show a more distinctly favorable relation to the price of feed than in October. Many farms that have supplies of wheat and other small grains, even though they may have no corn, will be inclined to keep as many layers as possible depending on a scanty ration containing little if any corn, to carry them through the winter. Although some increase in the wheat component in the usual farm poultry ration might improve it, the average ration fed this winter in the drought area is not likely to be so well balanced or so abundant as usual. Most of the production of eggs in this area is from farm flocks, large commercial flocks being relatively few in number. Conditions in the South Central States of Texas, Oklahoma and Arkansas, and in the Mountain States of Colorado, New Mexico, Utah, and Wyoming, are similar to those in the West North Central States.

In the East North Central States production of feed grain is about 63 percent of the 5-year average. The worst conditions extend from Western Illinois into Southern Michigan. In this Grand Division, farm flocks produce most of the eggs but commercial flocks fed on purchased feed are fairly numerous. Nearby and eastern markets this year will afford a ready outlet for all fresh eggs produced. The number of layers is being held at near last year's level. Flocks will probably be closely culled but the hens fed nearly normal rations to maintain production.

In the Pacific Coast States and in most of the Rocky Mountain area except Colorado and adjoining States, production of feed grains ranged this year from 69 percent nearly up to average. The large group of commercial producers in this area may be expected to feed close to a normal ration to a slightly reduced number of layers.

In the North Atlantic States feed production is above average this year. The number of layers has not decreased appreciably and farm as well as commercial flocks will doubtless receive nearly their usual supply of feed. Commercial flocks are numerous in this area and most of them are maintained on purchased feed. Owing to the light production of grain in the Middle West and the good crops in the East this year, the increase in feed prices has been relatively much less in the East than in the Middle West. With a probable substantial decrease in receipts of eggs from the Middle West and some decline in the supply from the Far West, local producers in the North Atlantic States should have an unusually favorable market for a full production of eggs even though consumption there should be somewhat curtailed by increased prices.

In the Southern States east of the Mississippi River, which normally import more eggs than they export, and where feed supplies are better than

average, those who produce eggs for market will probably feed a nearly normal ration to about the usual number of layers. Although many small farm flocks will probably be reduced below usual numbers before the winter is over, from inability of owners to purchase high-priced feed in the usual quantity, the probable shortage of production by these small farm flocks will operate mainly to reduce the supply of eggs used on the farms.

#### Receipts of Eggs

Receipts of shell eggs at the four leading markets of New York, Chicago, Boston, and Philadelphia for the first 9 months of 1934 amounted to 11,154,000 cases compared with 12,307,000 cases for the same months last year, a decrease of 9.3 percent. Receipts were much smaller from all sections, with the exception of the Middle Atlantic and Mountain States, which showed increases of 15.2 percent and 11.0 percent, respectively, and for the Pacific Coast States which were practically unchanged. The decrease in receipts this year, compared with a year earlier, was largely the result of conditions in the Central States. Normally, the East North Central and West North Central States, combined, supply around 80 percent of the receipts of the four large markets. This year, receipts from those States were 9.4 percent smaller than for the corresponding period last year. Early last spring egg-breaking plants operating throughout that area, which were breaking on contracts at specified prices, paid a premium over prices offered by local buyers, and a part of the supplies usually going to the terminal markets were broken out and frozen. The prospect of a generally higher price level in the fall also caused a rather extensive storage of eggs at interior points. Subsequently the late spring and early summer drought seriously checked egg production throughout most of the Middle Western States, and the supply of eggs available for shipment to the terminal markets continued less than that of a year earlier and less than usual.

#### Storage Stocks of Eggs

Combined storage stocks of shell and frozen eggs, on a shell egg equivalent basis amounted to 9,657,000 cases on October 1, this year, compared to 10,128,000 cases on October 1, last year, and 10,017,000 cases for the 5-year average for that date. Peak stocks for this year on August 1 amounted to 12,434,000 cases compared with 12,583,000 cases on August 1, last year, and 12,144,000 cases for the 5-year average. Reduction in the combined stocks since August 1 amounted to 2,777,000 cases up to October 1 compared with a reduction of 2,455,000 cases during the same period last year. Stocks of shell eggs in storage on October 1 amounted to 6,803,000 cases compared with 7,466,000 cases on the same date last year and 7,338,000 cases for the 5-year average. Stocks of frozen eggs, which on August 1 amounted to 121,564,900 pounds, the largest quantity of that product ever reported in storage at any time since records became available, on October 1 amounted to 99,881,000 pounds, compared with 93,182,000 pounds on the same date last year, and 93,769,000 pounds for the 5-year average. As a result of the much smaller stocks of shell eggs in storage this year and the smaller fresh-egg production during the last several months, many manufacturers of food specialties who normally use shell eggs have used frozen eggs instead. The demand for frozen eggs has therefore been unusually active and stocks in storage decreased approximately 20,600,000 pounds from August 1 to October 1 compared with a decrease of about 14,400,000 pounds during the same period last year. Stocks of frozen eggs in storage on October 1 were still larger than those of the same date last year or the 5-year average; but in view of the smaller stocks of shell eggs in storage and the prospective lighter egg production during the late fall and winter months, these supplies do not appear likely to interfere seriously with the increasing trend of prices

## Egg Prices

The farm price of eggs on April 15, which is normally the lowest farm price of the year, was 13.5 cents per dozen in 1934 compared with 10.3 cents per dozen in 1933, an increase of 31 percent. Smaller egg production and a higher level of farm prices generally were mainly responsible for this rise in egg prices. The advance in egg prices from April to October in 1934, when they reached 23.7 cents per dozen, was less than the advance during the same period in 1933, but greater than normal. Ordinarily, farm egg prices in October may be expected to be about 64 percent higher than those in April, but on October 15, 1934, the price was 76 percent above the April price. The cause of this greater-than-normal seasonal advance in egg prices was about the same as mentioned above - a continuation of the upward movement of farm prices generally, and a greater-than-usual decline in summer and fall egg production which in turn resulted from some reduction in the average size of laying flocks, rising feed costs, and unfavorable weather conditions.

The tendency for egg prices to rise more rapidly than usual is likely to continue through late November and early December; after that, when egg prices normally decline, this decline may be less rapid than usual. This probability is strengthened by the fact that farm prices have shown a rising tendency. Unless unusually favorable weather conditions prevail this winter, fresh-egg production will be considerably decreased. With the stock of all eggs in cold storage on October 1, 1934, about 5 percent less than in 1933, and also less than average, the check on rising fresh-egg prices from this source for the remainder of the storage period will be diminished. On the other hand, there are some indications that egg production along the Atlantic Seaboard may be larger this winter, especially in the North Atlantic States which contribute heavily to the commercial winter egg supply. This increase is likely to be somewhat offset, however, by a smaller production on the West Coast which also contributes heavily to the fall and winter fresh egg-supply.

## Poultry Prices

Farm chicken prices reached their lowest point since 1910 at 8.6 cents per pound as reported for December 15, 1933, but in terms of the normal seasonal movement of chicken prices the lowest point was reached when a price of 9.1 cents per pound was reported for March 15 of the same year. Between March 15, 1933, and March 15, 1934, the farm price of chickens advanced to 10.7 cents per pound, an increase of 18 percent, while in October of 1934, farm chicken prices at 11.8 cents were 10 percent above those in March. This is particularly significant since normally chicken prices for October are about 1.5 percent below March prices. The advance in chicken prices throughout this whole period was partly in response to advancing prices generally and in response to reduced chicken numbers. This latter influence was especially effective during 1934 when, in addition to the fewer layers in the farm flocks, a smaller number of chicks were hatched. Coincident with the prospect for a smaller supply of poultry during the fall and winter of 1934-35, it became apparent that supplies of other meats, especially the cuts of finer quality, would also be reduced - a fact which contributed to rising poultry prices.

Poultry prices are likely to advance still more during the coming fall and winter. The small hatch and the heavy subsequent marketings indicate a much smaller supply available for later marketings unless laying flocks are further materially reduced from their present low levels. It is not possible in October to estimate when the heavy rate of marketings from the drought affected States will subside but relatively smaller marketings later are to be expected. With smaller poultry marketings, and reduced supplies of other meats which are in prospect for next spring, poultry prices are likely to advance to higher levels as compared with those of 1934, at least during the first half of 1935.