

THE OUTLOOK FOR POULTRY AND EGGS FOR 1936

Relatively short supplies and high prices for poultry are likely during the remainder of 1935 and the first half of 1936. The price depressing effect of the expected increase in egg supplies in this same period over those of a year earlier will probably be only partially offset by improved demand conditions. Present favorable conditions pertaining to both poultry and egg production are likely to induce an increased hatch of young chicks in the spring of 1936 and result in a further lowering of prices for both eggs and poultry during the latter half of 1936.

The number of young chickens in farm flocks on October 1, 1935 was 5.8 percent greater than on October 1, 1934. Poultry receipts are not likely to fully reflect this increase until late spring of 1936 due to the tendency to save a larger than usual proportion of pullets for layers. Somewhat more plentiful feed may encourage the marketing of birds of heavier than average weights and partly offset this tendency toward lighter receipts. Storage stocks of poultry are not expected to be as large on January 1, 1936 as a year earlier. Poultry prices, which were relatively high throughout 1935 due largely to very light receipts, will probably continue on the same level relative to corresponding pre-war prices during the first half of 1936 especially if prices of meats remain high and expected improvement in demand conditions materialize.

The number of laying birds in farm flocks on October 1, 1935 was 1.5 percent greater than that a year earlier, and the increase, when including potential layers, is 2.7 percent. Hence, laying flocks in the first half of 1936 are likely to be larger than in the first half of 1935. Together with a prospective higher rate of production this indicates larger production for that period than in 1935. This will especially be the case if the present favorable relation of egg prices to feed prices continues. Low supplies and the improving demand situation in 1935 put egg prices on a higher level than in 1934. In view of a larger production for 1936 than in 1935 the prospective continuance of improvement in business conditions is likely to be entirely offset and egg prices in 1936 as a whole are not expected to average above those in 1935.

Commercial Hatchings

The reduction in laying flocks last year because of the drought and the general feed situation, together with rising prices for both eggs and poultry meat, created a better demand for commercially hatched baby chicks during the 1935 hatching season. Reports received from representative commercial hatcheries indicate an increase in the number of salable chicks hatched of 22.4 percent in 1935 over 1934.

On the basis of volume of output, the hatchery industry in 1935 had the best year of its history since 1930. Fairly sharp increases over 1934 were reported by all sections, the smallest being by the Mountain States where the increase amounted to only 9.3 percent. The small increase here is explained by the fact that an unusually large proportion of hatchery capacity was used for the production of early turkey poults. In contrast, the increase of 36.0 percent in baby chick production for the Pacific Coast States was the largest reported for any section. The higher egg prices of the past year are undoubtedly causing an expansion in the commercial egg producing areas of the Pacific Coast States, particularly California, and larger supplies of eggs from that section can be expected at Eastern markets during 1936.

Production of baby chicks in the West North Central States this year was slow in expanding, owing both to the high price of eggs and to the difficulty of obtaining suitable hatching eggs in quantity during the early part of the season. Beginning with April, hatchings rose above those of the corresponding month in 1934, and at the end of the season showed an increase of 13.3 percent above the same period last year. Increases in other sections were between 20 and 30 percent.

Young Chickens

Since July, there has been a tendency for farmers to retain young chickens. Thus, while the average number of young chickens in farm flocks was only 2.6 percent greater on July 1, 1935 than on July 1, 1934, it was 5.8 percent greater on October 1, 1935 than on October 1, 1934. The most pronounced gain was in the number of young birds for layers. The increase in number of pullets was 6.6 percent and in number of other young chickens was only 4.3 percent.

Market Receipts of Poultry

The reduction in the numbers of poultry on farms through the Middle West during the latter part of 1934 curtailed seriously the receipts of dressed poultry at the leading terminal markets during the major part of 1935. Receipts at the four markets of New York, Chicago, Philadelphia, and Boston for the first 9 months amounted to 150,900,000 pounds compared with 185,100,000 pounds during the same period in 1934, and 196,900,000 pounds for the 5-year average 1930-34. Receipts for the months of January to September this year were the smallest for that period since 1922. The greatest decrease reported for any geographic section was for the West North Central States, which supplies about one half of the dressed poultry received at these four markets. Receipts from these States declined from 112,600,000 pounds for the first 9 months in 1934 to 74,900,000 pounds for the same period in 1935, a decrease of approximately one third. The only other sections to show decreases were the South Central and the Mountain States. Small increases were reported for the East North Central and the Middle Atlantic States, and fairly substantial increases for the other areas. The quantity of dressed poultry received from the States along the Atlantic Seaboard, however, is not very large, as most of the poultry marketed in that area is sold alive.

Poultry Marketings

The tendency to save as many layers as possible for egg production this winter will limit fall and early winter marketings both of fowl and of young pullets. The increase of 5.8 percent shown in the number of young stock on farms October 1, 1935 over that of October 1, 1934 is thus likely to be more than offset by lighter fall cullings of hens and pullets. The total number of all chickens in farm flocks on October 1, 1935 was about 3 percent greater than in 1934. Hens are about 2.7 percent less, pullets, 6.6 percent more, and other chickens, 4.3 percent more than last year. Considering that flocks are being built up this year, these increases in young birds offer little probability of increased marketings of chickens and smaller marketings are likely. With the improved feed situation, however, the average weight of chickens will be greater.

While marketings of fowl in the late winter and spring will depend considerably upon the price of eggs then prevailing or in prospect, there will still be the tendency to maintain hens in laying flocks and poultry marketings will continue at low levels relative to the corresponding averages of recent years, until the middle of 1936.

Storage Stocks of Dressed Poultry

Dressed poultry in storage at the peak of the 1934-35 storing season, which occurred on January 1, 1935, amounted to 132,000,000 pounds, the fourth largest peak stocks for any year since records became available. The light marketings of fresh killed dressed poultry during the first half of 1935, however, afforded a good opportunity to move these heavy stocks into trade channels, so that when the low point for the 1935 season was reached on September 1, stocks in storage were, with the exception of 1932, the smallest for that date since 1924. Stocks of chickens were actually one of the lowest of record for any date, but were offset by continued heavy stocks of turkeys which were approximately 5,000,000 pounds larger than the 5-year, 1930-34 average for September 1.

The net into-storage movement of dressed poultry in September amounted to about 5,500,000 pounds. Last year the net increase for that month was around 9,000,000 pounds, and for the 5-year average 7,000,000 pounds. Total stocks on October 1 amounted to 39,500,000 pounds compared with 55,300,000 pounds on the same date last year and 48,000,000 pounds for the 5-year average. Stocks by classes were smaller on everything except turkeys, which were more than double the stocks in storage on October 1, last year. Stocks of broilers were particularly small, amounting to 6,900,000 pounds compared with 14,400,000 pounds on October 1 last year and 11,900,000 pounds for the 5-year average. Fowl were also much less than last year, amounting to 4,900,000 pounds compared with 11,600,000 pounds a year earlier and 7,800,000 pounds for the 5-year average. Stocks of poultry in storage show a seasonal increase during the fall and early winter. Present indications point to a larger supply of roasters than the small supply of a year before but the seasonal increase in stocks of all other classes will likely be considerably less than usual.

Foreign Trade in Poultry

Imports of poultry, mostly turkeys, have declined from 5,800,000 pounds (dressed weight equivalent) in 1931 to an average of about 500,000 pounds per year for 1932, 1933 and 1934. Rapidly falling turkey prices made the tariff unusually exclusive after 1931, and although poultry prices have increased, the rise had not been enough to cause a material increase in imports during the first half of 1935.

Domestic exports and shipments of dressed poultry to Puerto Rico, Hawaii, and Alaska have been maintained at approximately 1931 levels and are not likely to be changed much in 1935.

Foreign trade in poultry, including shipments to Puerto Rico, Hawaii, and Alaska, resulted in an import balance of 1,200,000 pounds for 1931, but since that time there have been export balances, the largest of which amounted to 4,000,000 pounds in 1934 which is less than one-half of 1 percent of domestic supply.

The production of fall and winter broilers has become increasingly important during recent years in some areas. During the early part of 1935 increased production, coupled with unusually large storage stocks of broilers, resulted in unfavorable prices on this class of poultry. During January and February the highest grade of live broiler at New York City could be bought cheaper than a correspondingly high grade of live fowl, and during the early months of the year broiler prices were lower than they were during the same months in 1934 and only slightly higher than they were in 1933. Since July, however, broiler prices have advanced over those of 1934.

Broiler prices after the first of the year will be dependent upon the commercial production of broilers, size of storage stocks and the demand for this type of bird. With low storage stocks and an expected improvement in demand, prices during the first quarter of 1936 will probably be at a higher level than they were in 1935, unless an even larger increase in production occurs than that expected at this time (November 1, 1935).

Feed Supplies

Current estimates of feed grain production combined with estimates of farm carry-over of feed grains on July 1 indicated that the supply for the current crop year was about 13 percent below the 1926-35 average. The number of units of grain consuming animals and poultry is expected to be about 14 percent below the average for the same years, indicating a slightly greater than average feed supply per unit of livestock. This represents only a moderate supply in comparison with the prospective demand since there is some evidence that farmers may use more than the average amount of feed per livestock unit during the winter of 1935-36.

Consumption of Poultry

The estimated annual per capita consumption of poultry meat in the United States declined from approximately 18.0 pounds dressed meat for the 5-year 1930-34 average to a little more than 15.5 pounds, estimated for the current year. As indicated by apparent trade output and receipts figures, the consumption of both live and dressed poultry has been curtailed considerably during 1935. The available supply of poultry during 1935 has been at a lower level than the supply of eggs because with relatively favorable egg prices a great deal of laying stock has been held on farms which otherwise might have been marketed for poultry meat. It is expected, however, that since a larger hatch is likely in 1936, the supply of poultry meat available will increase during the last half of the year.

Poultry Prices

The United States average farm price of chickens on August 15, 1934 was 11.4 cents per pound, at which level it was about equal to its pre-war average. Farm chicken prices did not decline during the fall as is usually the case, and the farm price for December 1934 was about 12 percent above its pre-war average. The rise of poultry prices during the fall of 1934 was due to small marketings. This advance in chicken prices continued into 1935, the February price being 20 percent, March 25 percent, and May 30 percent above prices in the pre-war years. Chicken prices usually decline after May, and in 1935 this

decline was greater than usual until August, but in September prices rose again to 34 percent above the pre-war average. The general advance in poultry prices from February until June in 1935 was in line with the trend of meat prices during those months. During this time stocks of dressed poultry in cold storage were above average and receipts at the four markets were below average. During July prices were lower and storage stocks were materially decreased, after which poultry prices again advanced.

The price of fresh dressed poultry at wholesale at New York City did not rise relative to its pre-war level as much as farm prices during the fall of 1934. Since that time the course of wholesale prices has been very similar to that of farm prices.

Poultry prices during the remainder of 1935 and most of the first half of 1936 will probably be maintained at high levels relative to the corresponding pre-war averages, since there is little prospect for a material increase in supplies available in this period over those of a year earlier. Both marketings and storage stocks of poultry are likely to be below average up to July 1936. However, should the feed-egg ratio become less favorable to the producer, during this time, some increase in receipts is likely due to the sale of laying birds. In any event, heavier hatchings than in 1935 are likely. An increase in hatchings will, of course, tend to increase marketings and reduce prices after May in 1936. This price depressing tendency will probably be stronger than can be offset by expected improvements in general demand conditions.

Laying Birds

For the first time since 1930 the October 1 number of hens and pullets of laying age, in farm flocks, exceeded that of the previous year. Although the October 1, 1935 average of 65.4 laying birds per farm flock was larger than the 64.5 reported for the same date in 1934, it was still much below the 69.4 average for the 5 years 1930-34. The increase, as compared with 1934, was general, occurring in all sections except the West North Central which was very slightly below the 1934 level. The increase was brought about by the inclusion of a larger than usual proportion of pullets in the farm laying flocks, the number of mature hens being 2.7 percent below the number on October 1, 1934. The proportion of pullets in the laying flock on October 1, 1935 was 35 percent as compared with 32 percent in 1934 and 33 percent for the 5-year average 1930-34.

The gain in number of potential layers (hens and pullets of all ages) over numbers last year on October 1 was about 6 percent in the South Central States, 4 percent in the East North Central States, 3 percent in the North Atlantic States and 1 percent in the other areas. Compared with 1934, potential numbers are about 2.5 percent higher but compared with the October average of the 5 years 1930-34, numbers this year are about 4 percent lower.

Winter and Spring Layers

The numbers of layers in farm flocks on January 1, 1936 will exceed that on January 1, 1935. Cullings of hens from January to September of this year were about average whereas in 1934 they were unusually heavy. As a result, numbers of hens, while not gaining in comparison with average seasonal numbers, did show a distinct recovery as the year progressed. Based on the average

change in numbers of layers in farm flocks from October 1 to January 1 as indicated by the 10-year average, 1926-35, the number of layers in farm flocks on January 1, 1936 would be expected to exceed the number of layers on hand January 1, 1935 by 3.2 percent. With the present favorable prices for eggs, however, and with supplies of feedstuffs available to permit of rebuilding the depleted flocks in last year's drought areas, it is to be expected that more than the usual proportion of the hens and pullets on hand October 1, 1935, will be kept for winter layers, hence, the number of layers in farm flocks on January 1, 1936, may be expected to exceed that of January 1, 1935 by around 5 percent.

Receipts of Eggs

Receipts of eggs at the four markets, New York, Chicago, Boston, and Philadelphia, during the first 9 months of 1935 amounted to 11,100,000 cases, a decrease of 5.2 percent from the receipts for the same period last year. During this 9-month period, receipts from the West North Central States were 22.3 percent smaller than in 1934. The only other sections to show decreases in comparison with 1934 were the Mountain States, with 26.3 percent, and the Pacific Coast States, with 25.1 percent. Receipts from all other sections were larger than last year, ranging from an increase of 9.1 percent for the Middle Atlantic States to 47.8 percent for the South Central States. This reduction from 1934 occurred in the first 6 months when receipts were 10.6 percent smaller than for the first 6 months of 1934 and were also the smallest for the period in a number of years. The chief cause for the exceptionally small receipts during the first half of the year was the situation in the West North Central States, where the 1934 drought and the lack of feed supplies had caused a sharp reduction in the size of farm flocks and an unusually small production during the winter months. Receipts from that section were 25 percent less than a year earlier during January, and 50 percent less in February and March. To some extent the sharp decrease for the West North Central States was offset by heavier receipts from States on the Atlantic Seaboard; supplies being particularly large during the early months from the New England, Middle Atlantic, and South Atlantic States. After the spring peak in production was reached, the situation was reversed. Receipts from nearby eastern areas of production declined seasonally, but owing to relatively favorable production conditions in the Middle West shipments from that area showed considerably less than the usual seasonal decline.

Egg Production

Throughout the first 9 months of 1935 the cost of the poultry ration has shown a small downward trend. At the same time egg prices did not take the full seasonal decline to June, although since then they have failed to take the full seasonal rise. The result of these changes in feed prices and in egg prices is that the feeding of chickens for egg production has been more profitable month by month. This has resulted in a tendency to increase the average farm laying flocks and also to increase the rate of production per bird. As compared with average production per 100 hens and pullets for the 10-years, 1926-35, the rate during the first 3 months of 1935 was low, but since May the rate of production has been above average. Egg production per farm flock was smaller in 1935 than in 1934 during all the months from January to June, but beginning with July the increased rate of production has offset the smaller number of layers in 1935. Total production for the year, however, will not come up to the 1934 production.

Winter and Spring Production of Eggs

With larger farm flocks now in prospect, and with average or better than average production per hen, total egg production during the first half of 1936 will exceed that of the same period in 1935. Severe winter weather, however, would limit the expected production of eggs and unusually mild winter weather would materially increase it. Due to low production in January and February 1935, production in these months of 1936 is likely to be very much larger. Any considerable decline in egg prices as a result of such unusual production may be expected to change the favorable relationship between feed and egg prices which now exists, and stimulate culling of laying flocks for market. With egg and feed prices maintained at near their present levels relative to each other, production of eggs during the spring and summer of 1936 should exceed that of the same period in 1935 by at least the amount of the increase in the number of layers.

Eggs in Storage

With the exception of 1932, stocks of shell eggs in storage August 1, which was the peak for this year, were the smallest for that date since 1921. Total stocks on August 1 amounted to 7,900,000 cases, which were 1,000,000 cases smaller than the stocks in storage on the same date last year, and 1,200,000 cases smaller than the 5-year average 1930-34. In contrast, stocks of frozen eggs in storage were again large, at the peak on August 1 amounting to 116,300,000 pounds compared with 121,600,000 pounds on the same date last year and 111,900,000 pounds for the 5-year average. On a case egg equivalent basis, combined stocks of shell and frozen eggs in storage on August 1 equalled 11,300,000 cases compared with 12,400,000 cases on August 1 last year and 12,300,000 cases for the 5-year average.

Strengthening effects of the small stocks of shell eggs in storage on egg prices this fall have been lessened by the larger than expected supplies of fresh eggs. As a result, reduction in stocks of eggs in cold storage during August and September this year were 454,000 cases smaller than the reduction during the same months last year and 256,000 cases smaller than the 5-year average for that period. The decrease in storage stocks of frozen eggs during August and September were also less than a year earlier by 4,700,000 pounds, although 2,500,000 pounds larger than the 5-year average.

Stocks of shell eggs in storage on October 1 this year, amounted to 6,300,000 cases compared with 6,800,000 cases on October 1 last year, and 7,300,000 cases for the 5-year average. Frozen eggs amounted to 99,300,000 pounds compared with 100,000,000 pounds a year earlier and 97,500,000 pounds for the 5-year average.

Foreign Trade in Eggs

Imports of shell eggs and egg products converted to shell eggs equivalents amounted to 44,400,000 dozen in 1930, but 22,700,000 dozen were exported or shipped to Hawaii, Puerto Rico, and Alaska, leaving an import balance of 21,700,000 dozen eggs, or about 2 eggs per capita. During the years following 1930, both imports and domestic exports of eggs and egg products declined rapidly, but shipments to Hawaii, Puerto Rico, and Alaska increased slightly. In 1934, imports were equivalent to 7,500,000 dozen, but domestic exports and shipments amounted to about 6,000,000 dozen, leaving an import balance of only 1,500,000 dozen or less than 0.2 of an egg per capita.

Imports of eggs, particularly dried eggs, increased sharply during the first half of 1935 as compared with those of the same period in 1934. Imports of shell eggs increased during the first 8 months of 1935 over the same period of 1934 from about 121,000 dozen to about 312,000 dozen, dried egg imports in all classifications from about 1,674,000 pounds to 4,162,000 pounds, and frozen eggs from 270,000 pounds to 1,045,000 pounds. With continued higher levels of egg prices in prospect, imports will probably be maintained well above those of 1934 during the remainder of 1935 and the first half of 1936. Domestic exports and shipments of eggs have shown little change from their 1934 levels. Although the import balance in eggs and egg products is not likely to reach its 1930 level, by the end of 1935 it may reach or exceed one egg per capita.

Consumption of Eggs

The estimated annual per capita consumption of eggs in the United States reached a high level of nearly 22 dozen eggs during the years from 1927 through 1932. Since 1932 estimated egg consumption has declined annually and during the current year it is estimated that approximately 18 dozen eggs per capita will be consumed. The number of laying hens in farm flocks and storage holdings of shell eggs are still too small to permit consumers to obtain greatly increased quantities during the balance of 1935. However, a decreased supply of eggs, improvements in business conditions, and high prices for meats and other foods have caused consumers to bid for eggs sufficiently so that prices, to the producer, have been at a relatively favorable level and this will probably encourage larger supplies in 1936.

Consumer demand for eggs during 1936 will depend upon the level of consumers' income and upon the prices for these products in relation to prices for competitive foods. While it is expected that the available supply of meat will be increased in 1936, there probably will be a sufficient increase in consumers' income to assure poultrymen of a demand for eggs somewhat greater than in 1935.

Egg Prices

The United States average farm price of eggs on August 15, 1934 was 17.2 cents per dozen. During the fall of 1934 they made a fairly normal seasonal advance to a peak of 28.6 cents on November 15. Farm prices continued to follow their usual course at a level about 7 percent below pre-war averages into the winter. Heavy drought marketings of meats during the fall and early winter months of 1934-35 largely offset the effect on egg prices of the short supplies prevailing then and so prevented a more-than-seasonal rise in egg prices. These marketings declined after January 1935, and with this decline in distress marketings prices of most meats and animal products advanced to new levels. Instead of declining seasonally, the February 15, 1935, farm price was 25.6 cents per dozen as compared with 25.0 cents per dozen on January 15, 1935. This established a new level of prices for eggs which during 1935 has been maintained between 17 to 36 percent above pre-war averages. The farm price on May 15, 1935, was 21.4 cents per dozen. The September 15, 1935, price of 26.4 cents per dozen does not show the usual seasonal advance since May. Egg prices at wholesale followed a course similar to that of farm prices but on a lower level relative to pre-war averages during 1935.

At the higher level of prices which prevailed after February 1935 production of eggs has been stimulated. There has been a tendency for farmers to increase the size of the laying flock and the rate of production has been increased. This tendency received further stimulation by the decline in feed prices in the first 8 months of 1935.

The above average rate of production and the increase in laying flocks has tended to prevent the average seasonal rise in prices during the late summer and early fall. The higher level of prices has stimulated imports of egg products, partly offsetting the effect of smaller storage stocks.

Egg prices in the winter of 1935-36 will continue to be affected in this way by these factors and some decline from the usual seasonal course of prices may occur unless generally adverse weather conditions curtail production. Both in the winter and in the spring improved demand conditions may limit this decline to a small amount.

Should the number of chicks hatched in the spring of 1936 be large, as is now expected, the inclusion of increased numbers of pullets in laying flocks in the fall of 1936 will further increase production and egg prices are likely to decline to lower levels.