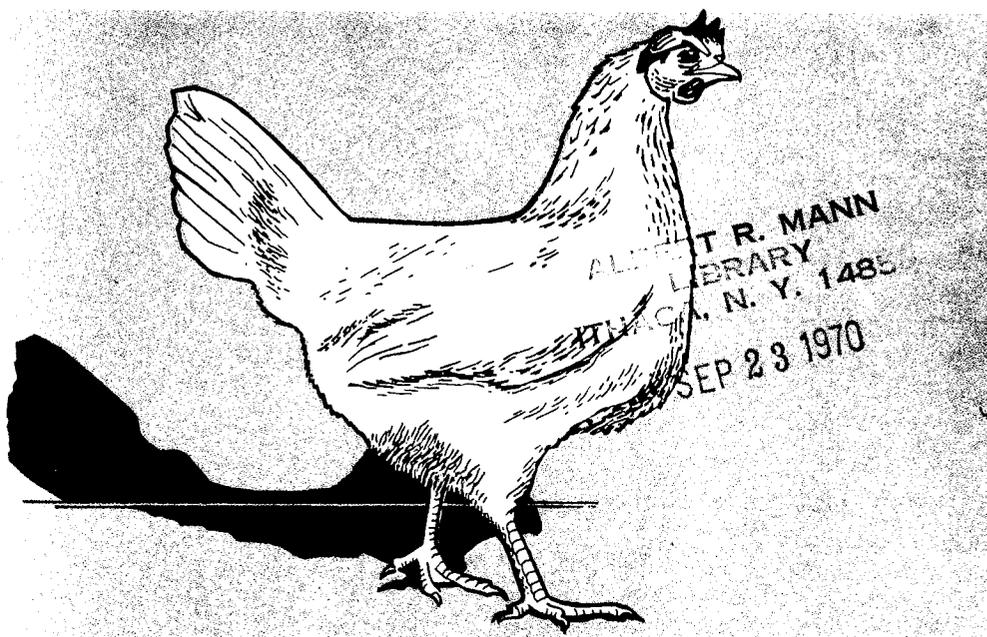


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COSTS and RETURNS



**Commercial
Egg-
Producing
Farms**

New Jersey

1965

FARM COSTS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1965 costs and returns studies have been conducted on the following:

- Dairy Farms, Northeast and Midwest
- Corn Belt Farms
- Egg-Producing Farms, New Jersey
- Broiler Farms, Maine, Delmarva, and Georgia
- Cotton Farms
- Tobacco Farms, Coastal Plain, North Carolina
- Tobacco-Livestock Farms, Bluegrass Area, Kentucky
- Wheat Farms, Plains and Pacific Northwest
- Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1965 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin No. 230, Revised 1965.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

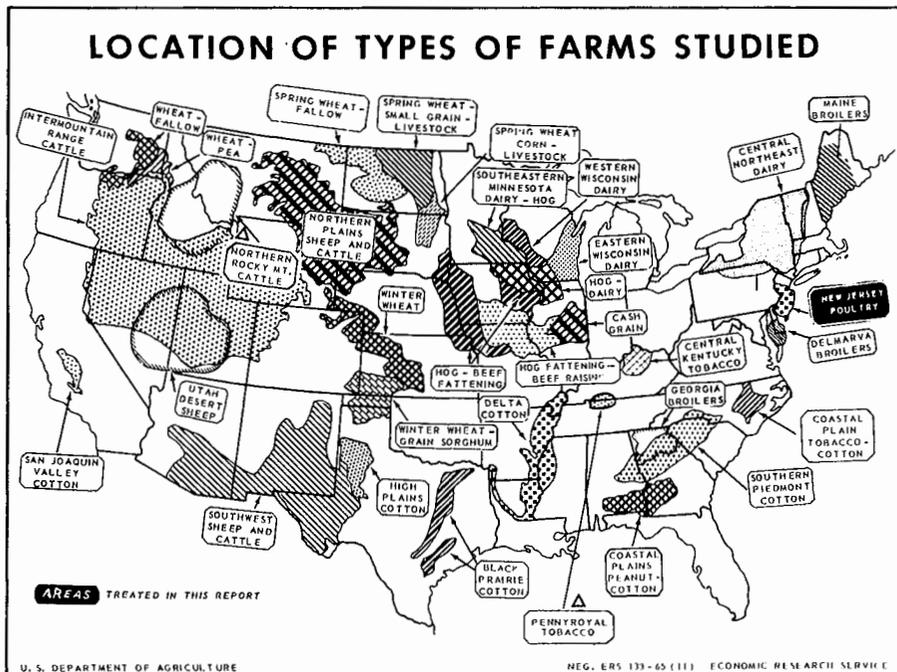


Figure 1

COSTS AND RETURNS

COMMERCIAL EGG-PRODUCING FARMS

NEW JERSEY, 1965

David T. Mateyka and Robert G. Latimer ¹

In 1965, net farm income on commercial egg-producing farms in New Jersey averaged \$4,400 per farm (fig. 1). This was the highest net income since 1961, and \$2,658 more than the 1957-59 average. Increased egg production, higher egg prices, and slightly lower feed costs contributed to the improvement in net farm income. Rate of lay rose to 204 eggs per hen, egg prices averaged 0.9 cents above a year earlier, and feed costs fell about 1.5 percent.

Net farm income

1957.....	\$2,462	1962.....	\$2,433
1958.....	3,285	1963.....	2,093
1959.....	-523	1964.....	2,438
1960.....	5,158	1965.....	4,400
1961.....	4,959		

Total cash receipts increased \$1,848 per farm in 1965 from a year earlier (table 1). Improved egg prices during the latter part of the year coupled with a record number of eggs marketed per farm brought about the favorable change in income (fig. 2). Income from cull layers continued its downward trend. The amount received from the sale of cull layers amounted to \$488 per farm. As in recent years, farmers (particularly operators of the smaller farms) had some difficulty disposing of cull layers during the first half of the year. Buyers were not interested in buying the culls unless a truckload was available. A small

producer who intermittently culled a few hundred layers virtually had no market unless he could get together with someone else to make a truckload. Prices for cull layers fell to their lowest level since the 1930s.

This situation reversed itself by the fall of 1965 as egg prices increased. Many flocks which would have usually gone to market were held over and processing plants had difficulty securing fowl for slaughter.

Egg prices received by commercial producers in New Jersey averaged 33.6 cents per dozen. This was 0.9 cents above a year earlier but 3.4 cents below the 1957-59 average. This price was the average of all grades and sizes including cracks and checks at all markets and methods of sale (that is, wholesale, retail), and is the price to

¹ Agricultural Economist, formerly with the Farm Production Economics Division, Economic Research Service, now Agricultural Statistician, Foreign Development and Trade Division, Economic Research Service; and Assistant Specialist, Farm Management, Department of Agricultural Economics, Rutgers University, respectively. The New Jersey Agricultural Experiment Station is a cooperator in the continuing study of costs and returns on commercial egg-producing farms in New Jersey.

Table 1.- Organization, production, costs and returns, commercial egg-producing farms,
New Jersey, 1957-59 average, 1964 and 1965

Item	1957-59	1964	1965 ¹
	<u>Number</u>	<u>Number</u>	<u>Number</u>
Laying hens on hand, Jan. 1.....	4,687	5,100	5,200
Chickens raised.....	3,042	2,964	2,726
Average number of layers on hand, during year.....	4,080	4,718	4,836
Eggs per layer on hand, during year.....	195	199	204
Total labor used.....	5,200	4,990	4,950
Operator and family.....	4,280	4,090	4,050
Hired.....	920	900	900
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Total farm capital, Jan. 1.....	42,090	45,370	48,380
Land and buildings.....	32,850	35,960	38,800
Machinery and equipment.....	1,890	2,270	2,300
Livestock.....	7,350	7,140	7,280
Total cash receipts.....	25,410	26,231	28,079
Eggs.....	24,658	25,552	27,591
Cull layers.....	752	679	488
Total cash expenditures.....	25,487	24,967	24,869
Feed purchased.....	19,286	19,297	19,167
Baby chicks.....	1,419	1,123	1,033
Brooder fuel.....	183	127	120
Other poultry expense.....	490	504	514
Machinery.....	926	1,037	1,061
Farm buildings.....	1,530	916	915
Labor hired.....	840	927	999
Taxes.....	434	570	587
Telephone.....	33	45	45
Electricity.....	230	250	249
Insurance.....	34	48	49
Miscellaneous expense.....	82	123	130
Net cash farm income.....	-77	1,264	3,210
Value of perquisites.....	922	1,034	1,050
Change in inventory:			
Livestock.....	182	140	140
Machinery and buildings.....	715	0	0
Gross farm income.....	26,514	27,405	29,269
Operating expenses.....	24,772	24,967	24,869
Net farm income.....	1,742	2,438	4,400

¹ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

N. J. Egg-Producing Farms

EGG PRICES AND NET FARM INCOME

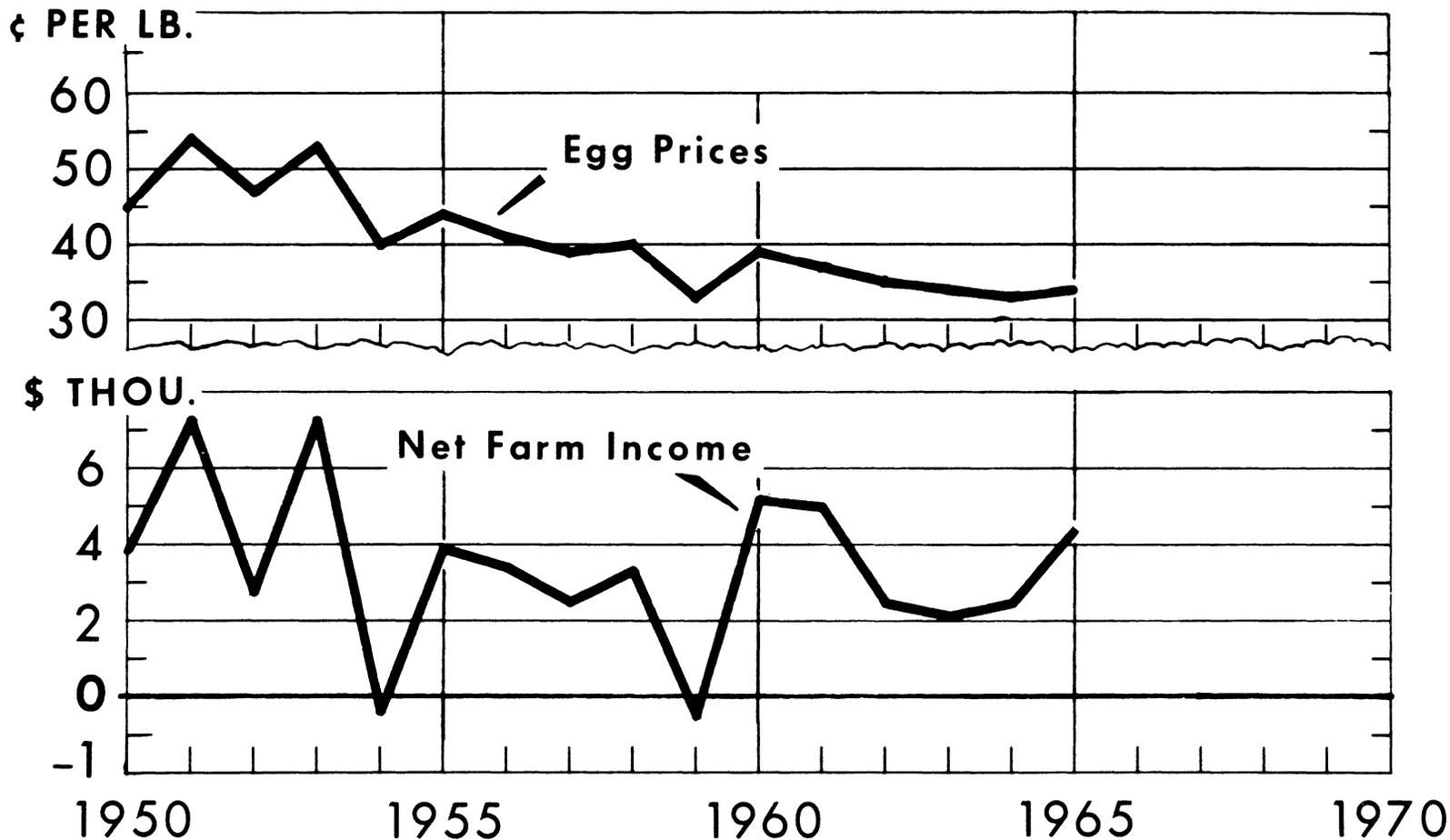


Figure 2

producers after all marketing charges, such as commissions and transportation costs, have been deducted. Most of the eggs are sold wholesale, but some producers have retail outlets or roadside stands.

During the first quarter of 1965, egg prices showed considerable weakness compared with the same period a year earlier. But by the early summer months, prices caught up with those of the previous year. During the last quarter, New York wholesale markets frequently carried prices 10 or more cents a dozen above the previous year. It was during this period that producers made most of their net income for the year.

New Jersey flocks, with their greater proportion of older birds, lay a higher percentage of large and extra large eggs than flocks in other areas. The price margin between large and medium eggs narrowed considerably during the last quarter of 1965. This reduced the advantage held by New Jersey producers. But prices for both medium and large eggs exhibited such strength during the latter part of 1965 that the overall New Jersey average for the year rose above the 1964 average price.

In 1965 the New Jersey producer sold an average of 74,236 dozen eggs, an increase of 1,360 dozen over the previous year. Producers maintained an average of 4,836 layers per flock during 1965, a gain of 118 from 1964. The rate of lay was 204 eggs per layer compared with 199 for 1964. The number of chicks raised during 1964 exceeded the previous year by about 5 percent. Therefore, the laying flock at the beginning of 1965 was somewhat younger than that of a year earlier. This was probably one of the factors in the increase in rate of lay and a

tendency to a smaller percentage of larger eggs.

Total operating expenses on these New Jersey farms in 1965 declined slightly despite the larger flock size and increase in number of eggs produced. More feed was used but lower feed prices resulted in a decrease in the total feed bill per farm. Baby chick and brooder fuel costs were less during 1965 because of the decrease in the number of chicks raised. Utility costs change little from year to year. Other costs increased moderately in 1965, following the trend for the State and the Nation.

Some producers indicated they will keep present flocks as long as feasible, and then not replace them. In other words, they intend to go out of the egg business. It is questionable whether the number of egg producers dropping out is accelerating, but the composition of the inventory of the entire State on January 1, 1966 seems to indicate that producers are continuing to drop out of the egg business. New Jersey was the only State in the Nation with fewer pullets than hens on January 1, 1966. The ratio of hens to hens and pullets increased 13 percent from January 1, 1965, to January 1, 1966 (table 2). This is good evidence that the New Jersey flock was relatively older than a year earlier. It is also additional evidence that during 1965 some producers did not plan to replace their flocks or maintain their previous number of layers. The good egg prices during the latter part of 1965 may have slowed down culling considerably and exaggerated the implication of this high ratio of hens to hens and pullets.

Several factors teamed during 1965 to increase net income. A small change in any of the factors presented

Table 2.--Hens as percentage of hens and pullets, January 1

Year	New Jersey	New York	California	Iowa
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
1950.....	29	33	38	20
1955.....	27	34	31	19
1960.....	41	40	36	25
1961.....	45	41	37	30
1962.....	45	38	37	27
1963.....	41	39	37	32
1964.....	45	38	42	29
1965.....	43	38	43	30
1966.....	56	40	49	32

here can change net farm income considerably. The influence these changes had in 1964 is shown in table 3. Of the four items listed, the price of fowl was the only one that did not influence the increase in net income during 1965.

Specifically, table 3 shows that an increase in rate of lay of one egg theoretically would have increased net income \$112 per farm in 1965

(2,316 cents per layer x 4,836 layers per farm = \$112). The 2,316 cents per layer allows for the additional feed consumed. An increase of 1 cent in egg prices would have increased net income \$822 per farm. This gives some idea of the importance of an extra egg or two per layer and shows what a small additional premium price means to the average commercial egg producer in New Jersey.

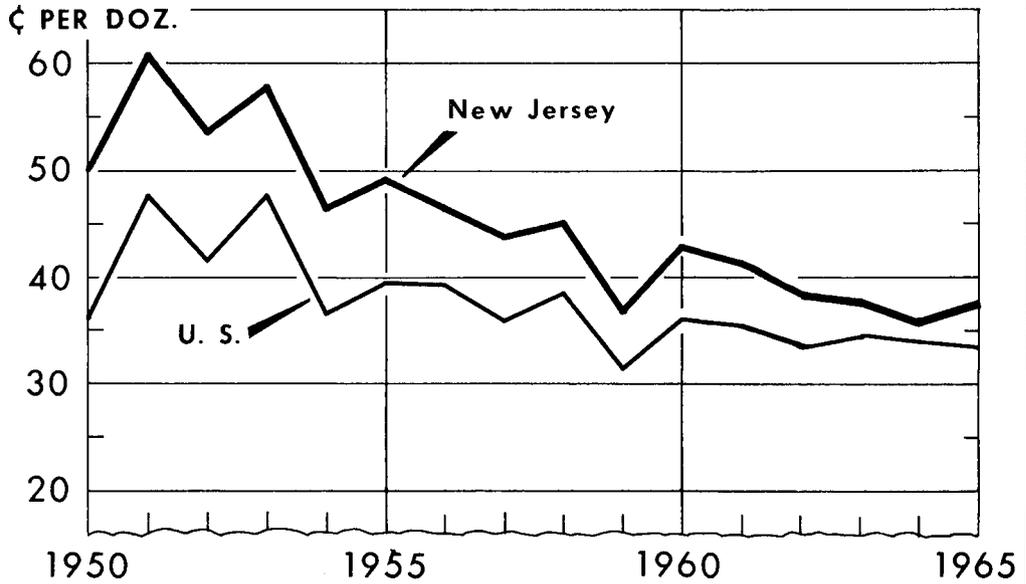
Table 3.--Influences of specified factors on income to commercial egg-producing farms, New Jersey, 1965

Factor	Annual change in net income	
	Per layer	Per farm
	<u>Cents</u>	<u>Dollars</u>
Change in egg prices of 1 cent per dozen.....	17.00	822
Change in fowl prices of 1 cent per pound.....	4.50	78
Change in laying mash prices of 1 cent per cwt.93	45
Change of 1 egg in rate of lay ¹	2,316	112

¹ Adjusted for feed consumption.

U. S. and New Jersey

PRICES RECEIVED BY FARMERS FOR EGGS

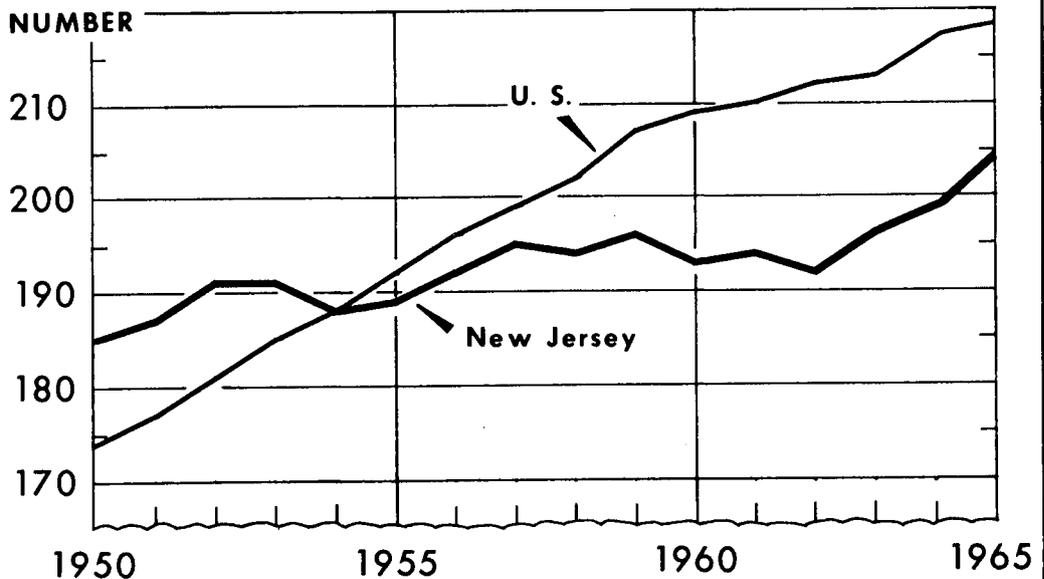


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EGG PRODUCTION PER LAYER

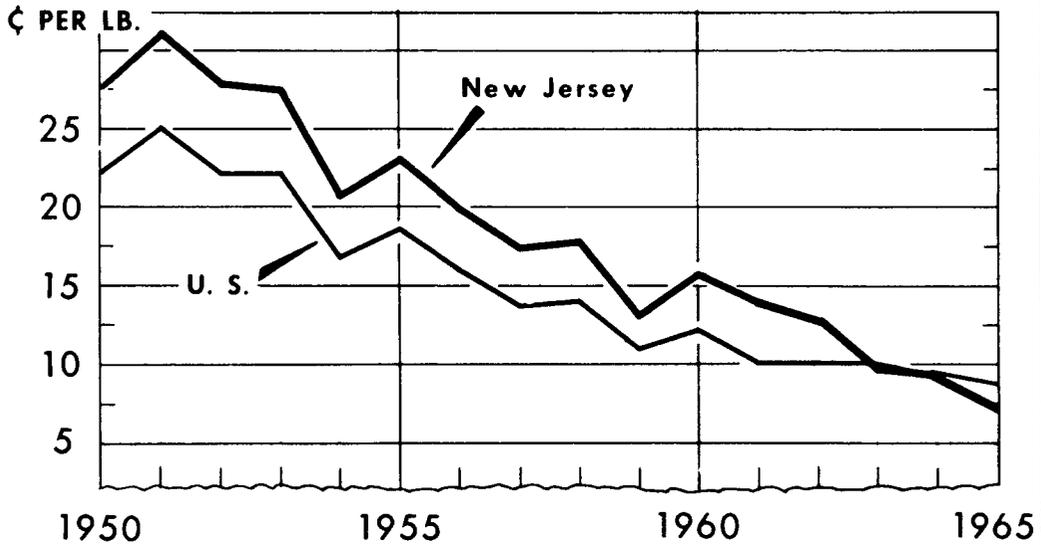


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PRICES RECEIVED BY FARMERS FOR FARM CHICKENS

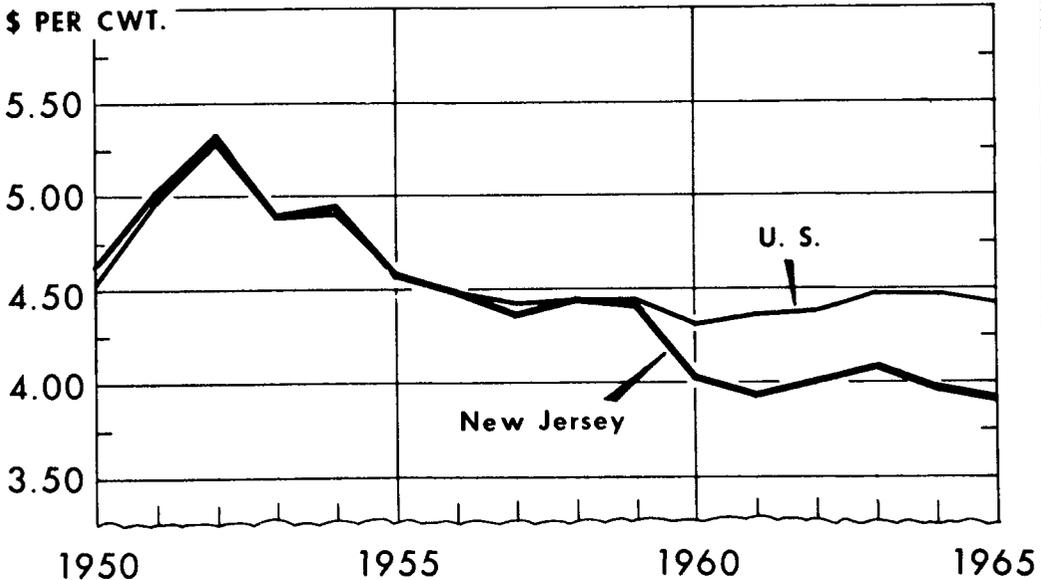


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PRICES PAID BY FARMERS FOR LAYING MASH

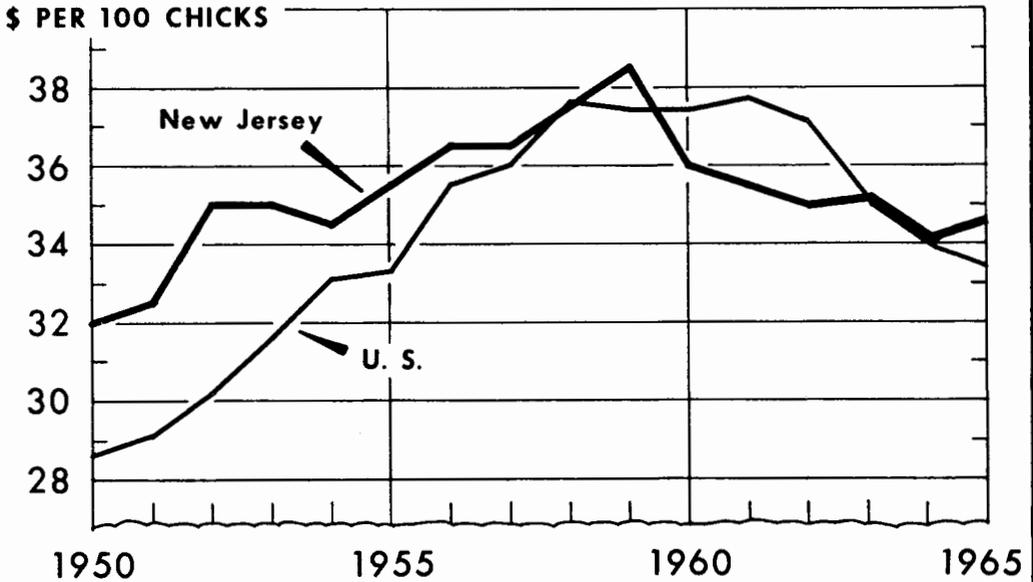


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PRICES PAID BY FARMERS FOR SEXED PULLETS

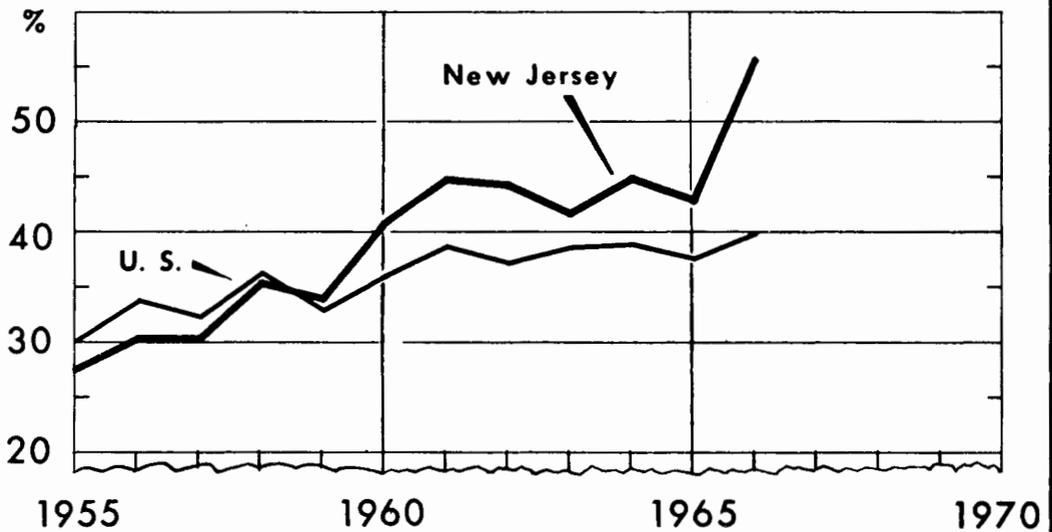


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HENS AS A PERCENTAGE OF HENS AND PULLETS ON HAND, JAN. 1



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