

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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SPECIAL OUTLOOK REPORT FOR TURKEYS

Summary

Producers intend to raise between 4 and 5 percent more turkeys in 1940 than in 1939 according to reports made by them to the Department of Agriculture in a recent survey. If these intentions for a still larger crop than in 1939 are carried out and if the present storage operations prove to be unprofitable, thus causing a weaker storage demand this coming season, the market outlook for the fall of 1940 will be much less favorable than in the fall of 1939. Another factor which may tend to reduce the returns from raising turkeys in 1940 is that feed costs will be higher during at least the first half of 1940 than in the first half of 1939. Domestic demand for farm products probably will not be greatly different in the fall of 1940 than in the fall of 1939. Supplies of other meats will be larger than in 1939.

The number of turkeys raised in 1939 was almost 33 million birds, which was 25 percent more than were raised in 1938 and 18 percent more than the previous record crop of 1936. In spite of the large increase in production, prices received by farmers for turkeys on November 15, 1939, were only 1.1 cents per pound below those of a year earlier, and on December 15 were only 2.8 cents below prices on December 15, 1938. Moreover, feed prices were relatively low during most of the turkey growing season, so that many producers found 1939 a profitable year for raising turkeys.

Storage stocks of turkeys from the crop of 1939 increased much more over the preceding year, on a percentage basis, than did total production. Turkeys in cold storage on March 1, 1940, totaled 63,756,000 pounds compared with 26,958,000 pounds a year earlier. This was an increase of 137 percent. Of the total stocks of turkeys now in cold storage, approximately 65 percent represents turkeys

weighing 16 pounds or over. These sizes are too large for general family consumption and must be sold largely to the hotel and restaurant trade. On the basis of present wholesale prices, it is doubtful whether storage operators will be able to sell their turkeys at any more than the into-storage price. If, as indicated, storage operators experience difficulties in profitably moving their storage holdings, it is likely that they will be less willing to store turkeys next fall.

Producers' intentions for 1940

A proposed increase in turkey production this year, of between 4 and 5 percent above last year's record large crop, is shown by intention reports of February 1 from 4,550 representative producers to the Agricultural Marketing Service. These producers reported their intention to buy 1 percent fewer poults from commercial hatcheries than last year, but this would be considerably more than offset by their intention to hatch 9 percent more poults at home. At the same time they reported an increase in the number of turkey hens on hand of 7 percent over a year earlier.

The trend of turkey breeders in recent years has been toward a broad-breasted meat-type bird, and, if this trend is continued, turkeys raised in 1940 are apt to average heavier in weight than in previous years.

Supply of hatching eggs

The somewhat smaller intended increase in numbers of poults than in the number of turkey hens on hand is consistent with the less active demand and lower prices for turkey eggs thus far this season. The total supply of turkey eggs laid during the hatching season, if fully utilized, is ordinarily more than sufficient for any desired increase in turkeys. This year the possible supply of hatching eggs is greater than last year, due to the favorable fall weather for maturing breeders and the 7 percent more turkey hens saved.

The demand for hatching eggs in January and February of this year was not as large as had been expected last fall, and some selling of hens that had

originally been reserved for breeders has been reported in certain States. A surplus of hatching eggs was reported during the cold weather in January, and a decline in the asking price of hatching eggs took place. In the eastern turkey section it is reported that egg production has started a little earlier than in 1939, but to date no excessive hatching egg supplies have been reported there.

The sample hatchery returns for February show about as many turkey eggs set as last year by the hatcheries reporting. This is in line with the February 1 intentions report showing an intended decrease of 1 percent in poults to be obtained from hatcheries.

Cost of production

Average costs of production have declined during the past decade with the gradual adoption, by an increasing proportion of turkey growers, of improved methods of management, by selection of superior meat types of birds, and by better feeding practices. Whether the price received by producers can be further reduced and turkeys still be grown at a profit is a problem for the individual grower to decide.

Per capita production

The trend of per capita production during the past 11 years has been as follows:

<u>Pounds per capita</u>		
1929 -- 1.80	1933 -- 2.54	1937 -- 2.90
1930 -- 1.77	1934 -- 2.38	1938 -- 2.97
1931 -- 1.92	1935 -- 2.31	1939 -- 3.68
1932 -- 2.42	1936 -- 3.14	

Feed prices

Feed prices will probably continue higher than a year earlier, at least until July. After that date, prospects for 1940 feed grain crops will become important in influencing prices of feed grains. Unless feed supplies are unusually abundant, the feed-turkey ratio is likely to be less favorable to producers in the fall of 1940 than in the fall of either 1939 or 1938.

Storage stocks

Turkeys in cold storage on March 1 totaled 63,756,000 pounds compared with 26,958,000 pounds a year earlier and a 5-year (1935-39) March 1 average of 26,271,000 pounds. The net reduction of stocks during February from the all-time peak of 65,467,000 pounds of February 1 was only 1,711,000 pounds. This compares with a February reduction last year, when stocks were around 60 percent smaller, of 1,306,000 pounds, and a 5-year (1935-39) average for February of about 2 million pounds. The relatively small net reduction this year is probably the result of unusually heavy marketings of fresh killed turkeys, since market men report an unusually free movement of turkeys during February.

It is estimated that approximately 65 percent, or 41,414,000 pounds, of the total stocks of turkeys now in cold storage represents turkeys weighing 16 pounds or over. The balance of 22,342,000 pounds is made up of turkeys weighing less than 16 pounds. This compares with stocks last year made up of 15,636,000 pounds weighing 16 pounds and over, and 11,322,000 pounds weighing less than 16 pounds. The ratio of heavy sizes to light sizes last year was around $1\frac{1}{2}$ to 1. This year it is almost 2 to 1.

Supplies of other meats

Meat supplies in 1940 probably will average 7 or 8 percent larger than in 1939, but the increase will be relatively greater in the first half of the year than in the last half. Supplies of poultry other than turkeys may be about the same as a year earlier during the first half of 1940 but may be somewhat smaller during the last half.

Domestic demand

Industrial production decline during January and February, and some further slackening of operations probably is taking place in March. Any additional decline which may occur is expected to be moderate as compared with that of the first quarter. A reversal of the downward movement probably will occur this spring, but no sharp upswing is in prospect. However, it is expected that consumer buying power and the domestic demand for farm products will remain for some time well above the corresponding months of 1939.