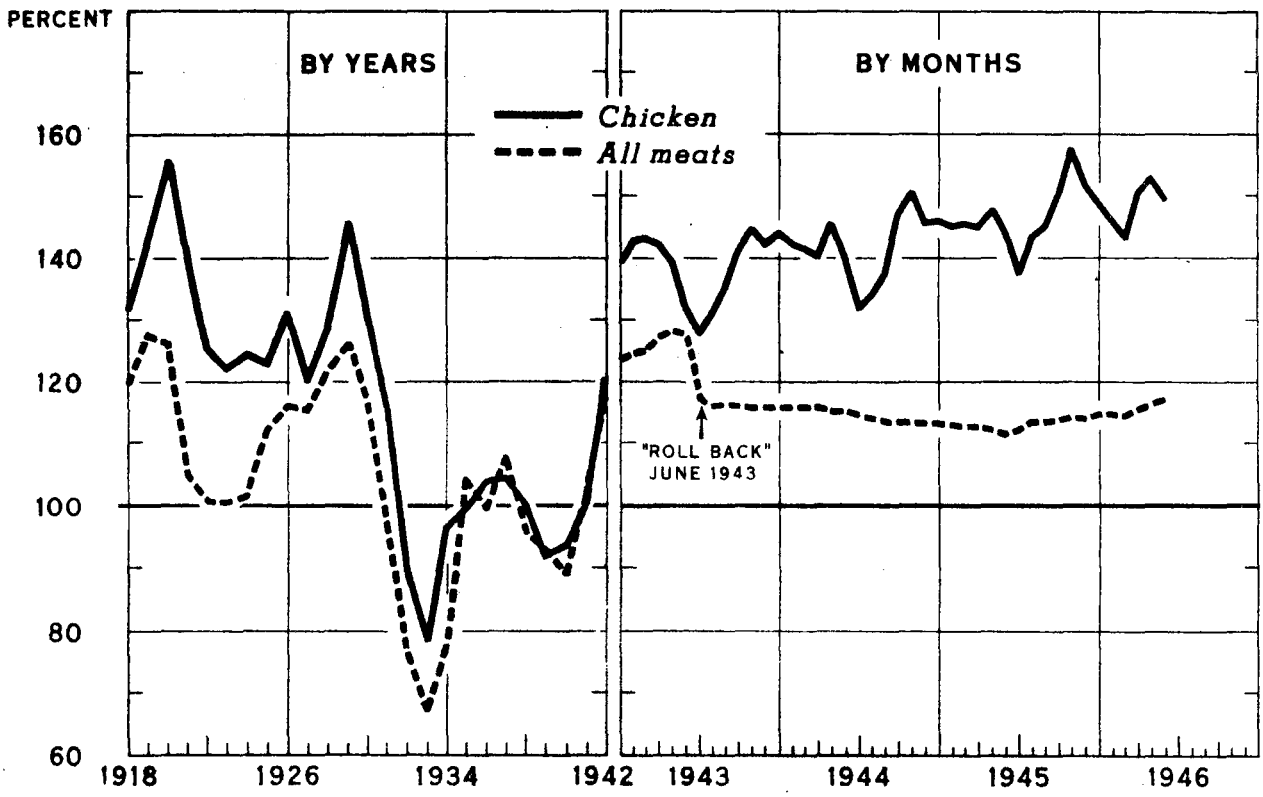
THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

. PES - 112 BAE AUGUST 1946

RETAIL PRICES OF CHICKENS AND ALL MEATS, BY YEARS, 1918-42, AND BY MONTHS, JAN. 1943-JUNE 1946

INDEX NUMBERS (1935-39=100)



U. S. DEPARTMENT OF AGRICULTURE NEG. 46090 BUREAU OF AGRICULTURAL ECONOMICS

Retail prices of chicken and meats followed the same general changes from 1918 through 1934. Prices of chickens during that period were about 15 percent higher in relation to meat in 1935-39.

Retail chicken prices were almost 30 percent above meat prices, relative to the 1935-39 average relationship, in June 1946, prior to the lapse of price control. Meat prices increased sharply in July. Chicken prices also rose sharply in early July, but then declined to about June levels.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1935-44	1945	1946	Comments about 1946
Eggs						
Farm production	Million doz.	July	302.2	382.8	351.8	Decline from June about normal.
Average number of layers on farms	Million	"	270.9	316.9	302.6	Disappearance of layers during July above average, but equal to last year.
Rate of lay per hen	Number	"	13.4	14.5	14.0	
Apparent civilian per capita disappearance	"	June	26	35	31	
Frozen egg production	Million lbs.	"	---	51.8	46.6	
Dried egg production	" "	"	---	9.2	15.8	
Prices received by farmers	Ct. per doz.	July	23.6	37.9	37.1	Sharp increase in prices paid, including interest and taxes, resulted in decrease in terms of parity.
Prices received by farmers as percentage of parity	Percent	"	88	108	90	
Retail price (B.A.E.)	Ct. per doz.	June	30.5	45.8	45.8	
Egg-feed ratio	Pounds feed	July	11.5	13.1	9.4	Less favorable for egg production than preceding months.
Stocks: 1/						
Shell	Thous. cases	July	7,743	5,926	9,616	Stocks for commercial use near record levels.
Frozen	" "	"	5,498	6,631	6,964	
Dried	Million lbs.	"	---	27	7	
Chicks hatched	Million	"	35.5	105.6	30.8	Smallest since 1937.
Potential layers on farms 1/	"	"		623.0	582.2	
Pullets not of laying age 1/	"	"		318.4	291.2	
Prices paid by farmers for laying mash	Dol. per cwt.	"	2.60	3.58	4.59	All-time high.
Poultry						
Prices received by farmers for chickens	Ct. per lb.	July	17.3	28.5	29.4	A record high!
Prices received by farmers as percentage of parity	Percent	"	108	145	130	
Retail prices of chickens (B.A.E.)	Ct. per lb.	June	32.4	43.0	44.8	
Prices received by farmers for turkeys	" " "	July	17.9	33.4	32.7	Turkey prices changed little with lapse of OPA.
Stocks: 1/						
Poultry, excluding turkeys	Million lbs.	"	53.7	82.6	115.2	Still a record.
Turkeys	" "	"	16.4	20.6	62.8	
Chicken-feed ratio	Pounds feed	"	8.5	9.8	7.5	Unfavorable for chicken meat production.
Receipts of poultry at Central Western Primary Markets, per plant	Thous. lbs.	"	17.9	14.9	25.7	

1/ End of month.

THE POULTRY AND EGG SITUATION

Approved by Outlook and Situation Board, August 15, 1946

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SUMMARY

If price increases on major food items are moderate, egg prices will probably increase seasonally and chicken and turkey prices remain about unchanged for the next few months (through November). On the other hand, a substantial increase in the general level of food prices would probably result in a more-than-seasonal rise in egg prices and moderate increases in chicken and turkey prices.

Egg supplies for the fall months will be almost as large as during the summer, and at least as large as last year. Egg production for the remainder of 1946 will be 6 to 9 percent below last year, but the near-record cold storage stocks of shell and frozen eggs will fully offset the smaller output. Allowing for normal carry-over January 1, stocks of shell and frozen eggs available for civilian use from August through December this year are about 13 million cases (shell-egg equivalent) compared with actual net withdrawals in the last 5 months of 1945 of about 8 million cases.

Total supplies of eggs during the first half of 1947 will be moderately below the first half of 1946, but a smaller quantity of eggs may be used in drying and freezing for export. Support prices at 90 percent of parity, will be higher than in the first half of 1946, since the parity index (prices paid by farmers, including interest and taxes) will average higher.

Turkey cold storage holdings on August 1 were 63 million pounds, equivalent to about one-tenth of last year's turkey meat production, and four times the 1935-39 average. This large carry-over and the reduction in army procurement will about offset a prospective 15-percent decrease in output this year compared with 1945. Turkey meat supplies per person this fall will about equal the record quantity in 1945.

Prices received by farmers for eggs increased seasonally from mid-June to mid-July, but did not match the increase of 11 points in the parity index. At 37.1 cents per dozen, the average price received by farmers in mid-July was 90 percent of parity. In mid-June the average price received by farmers was 33.5 cents per dozen, 95 percent of parity. Wholesale shell egg prices, particularly of lower grades, did not advance as much as farm prices during July and early August. USDA purchases of dried and frozen eggs were almost as large as during the flush production months.

Feed prices rose more sharply than prices of poultry products during June and July, and all poultry product-feed price ratios became less favorable. However, on the basis of August 1 indications, prospective feed supplies for the 1946-47 season appear ample and may be more favorably priced during 1947.

OUTLOOK

Egg Prices Increase Seasonally

Prices received by farmers from mid-June to mid-July showed about the usual seasonal increase. The average price received by farmers as of July 15 was 37.1 cents per dozen, 3.6 cents higher than in mid-June but 0.8 cent below mid-July 1945. From June 15 to July 15, although egg prices increased seasonally, prices paid increased more, and the average price received by farmers declined 5 points in relation to parity. In mid-June the average price received by farmers was 95 percent of parity; in mid-July it was 90 percent of parity. The index of prices paid, including interest and taxes, rose 11 points from 188 to 199 (1910-14=100).

With the lapse of price controls in July and the sharp reduction in Government procurement of most foods, there appeared to be a lessening in the demand for eggs compared with the previous year. Per capita disappearance for July, based on tentative data, is indicated at about 10 percent below July 1945, when 34 eggs per person were consumed. Meat supplies for civilians apparently were at a fairly high level in July.

Prices received by farmers for eggs from January through June averaged 33.9 cents per dozen, 1.5 cents below the comparable period of 1945. Per capita consumption of eggs in the first half of 1946 was approximately 5 percent below the previous year. This may be attributed in part to somewhat larger meat supplies, which from January through June 1946 were at least 15 percent greater than in the same period in 1945.

Prices received by farmers for eggs from August through November are expected to show only seasonal increases if increases in prices of other major food products are held to moderate levels. On the other hand, if there is a substantial increase in the general level of food prices, egg prices will tend to increase more than seasonally. However, the increases above seasonal will be less than those which will occur in the level of all agricultural prices. Egg supplies per person for the fall months will continue large.

USDA Plans Increased Procurement

Wholesale egg prices in July and early August failed to advance as much as prices received by farmers for eggs. Large storage supplies in primary markets tended to hold down prices. Wholesale prices on lower quality eggs (current receipts) declined during July, and at the beginning of August were about 5 percent below the end of June. Higher quality grades (U.S. Extras or better) increased during July, but not as much as usual.

Prices of lower quality eggs during July and early August were lower than in June, and USDA purchases of dried and frozen eggs for August delivery increased. Dried-egg procurement during late July and the first half of August for August delivery was nearly 11 million pounds, about the same as the total quantity purchased for July delivery. The 1946 procurement program for dried eggs was increased from 76.5 million pounds to 86.5 million pounds on

July 31, and was further raised to 97.5 million pounds on August 13. Purchases of frozen eggs under the procurement program totaled 6 million pounds in July and early August. Prices paid by the USDA for dried and frozen eggs delivered in August were unchanged from July levels.

Table 1.- Purchases through August 15, 1946, of dried whole egg by Production and Marketing Administration, by months scheduled for delivery

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aub.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
1941						9.7	1.2	2.6	2.6	5.7	8.7	13.9	35.6
1942	11.4	12.9	13.1	13.4	18.3	17.5	18.5	19.2	19.2	22.0	25.3	15.8	206.6
1943	7.2	20.1	12.6	21.4	17.2	10.9	19.6	19.9	16.1	16.4	20.1	28.1	209.6
1944	26.4	27.0	18.3	27.7	27.0	26.1	24.8	31.5	24.2	20.4	12.8	7.6	273.8
1945	6.2	5.0	9.8	10.6	3.5	0.6	0.1	0.3	---	---	---	---	36.1
1946	---	4.2	15.0	16.8	12.2	14.4	11.2	10.6					

August 1 Stocks of Egg Products for Consumer Use Large

Egg production for the remainder of the year will be 6 to 9 percent below last year. However, the reduction in output will be more than offset by the large stocks of shell and frozen eggs available for consumers.

Cold-storage stocks of shell eggs on August 1 available for consumer use, i.e., excluding drying and use by the armed forces, were about 9 million cases assuming a normal carry-over. This compares with net withdrawals of shell eggs from August 1 to December 31 for domestic use of approximately 4.5 million cases in 1945, and about 6 million cases in 1944.

In addition to the large stocks of shell eggs available, frozen-egg holdings for consumer use are probably at an all-time peak, even though total stocks are below 1943 and 1944. It is estimated that net withdrawals of frozen eggs for consumer use for the 5-month period, August through December 1944 and 1945 totaled 100 to 125 million pounds. This year for the same period there will be available about 175 million pounds of frozen eggs assuming a normal carry-over. In prewar years the net out-of-storage movement for the 5-month period never exceeded 90 million pounds.

Egg Production in First Half of 1947 to be Below First Half of 1946

The number of hens and pullets on farms January 1 in any year (the peak in laying flock size) determines largely the egg production for that year. The basis for a substantial reduction in the size of laying flocks for 1947 has already been made by the reduction in the number of chickens raised in 1946. Based on the preliminary report, there were 677 million chickens raised on farms during 1946, 18 percent below 1945, and the smallest number since 1941.

The number of pullets not yet of laying age on farms August 1 was 291 million head, 9 percent below last year. Also, the number of potential layers on farms on August 1, 1946 was 7 percent below August 1, 1945. All these factors indicate that there will be a decrease of 6 to 10 percent in laying flock size on January 1, 1947 compared with January 1, 1946.

The other physical factor determining egg production is the rate of lay. This has been trending upward during the past decade, and with the outlook of feed supplies improved, it is possible that a further increase in the rate of lay may occur in 1947. Hence, the reduction in output from last year in the first half of 1947 may be less than the decline of hens and pullets on farms at the beginning of the year.

Although production of eggs will be down, the prospective carry-over of cold-storage stocks larger than a year earlier by about 2 million cases, shell egg equivalent, will in part offset the reduction in output. This will result in a supply of eggs for all uses in the first half of 1947 moderately below that of the first half of 1946, perhaps by 5 percent. During the first 6 months of 1946, about 250 million dozen eggs (8 percent of the total supply) were used in drying and freezing for fulfilling Government requirements.

Chicken Prices at All-Time Peak

In the first week of July, following the lapse of price control, wholesale prices of chickens rose sharply (about 20 percent). The average price received by farmers as of July 15 -- 29.4 cents per pound -- was the highest in 37 years of record. The increase of 2.8 cents from the previous month was the largest monthly change ever to occur. During the second week in July, however, wholesale chicken prices declined and for the following 3 weeks they remained fairly stable at or near June levels. The increases in supplies of red meats, the large marketings of chickens which came about with the temporary lapse of price control, and the record cold-storage stocks were responsible for the declines from early July levels. Marketings of chicken through normal channels were substantially above last year. However, during July and August 1945 some marketings did not move through usual channels, and the apparent increase in market supplies this year is probably an exaggeration of the actual increases in total supplies.

Prices received by farmers for chickens during the next few months will depend in part on the level of meat prices and on the status of price control. But price increases are expected by the end of the year because of seasonal decrease in marketings.

Retail prices of chicken and all meats moved closely together in the 25-year period from 1918 through 1942, with the exception of the 5 years, 1935-39. However, during the past 3 years retail chicken prices have been higher in relation to retail prices of all meats than any period heretofore. This is in part due to the roll-back of meat prices which occurred in mid-1943 in an effort to hold down the cost of living (See cover chart).

Marketings of farm chickens for the remainder of 1946 will be substantially below 1945, reflecting the 18-percent reduction in the number of chickens raised this year compared with 1945. Commercial broiler output for the next few months on the basis of placements in selected areas will be 30 to 40 percent lower than last year.

Civilian supplies in the remainder of 1946, however, will be only moderately smaller than last year, because of the sharp reduction in Army procurement. Army procurement during the third quarter of 1945 was large.

Cold-storage stocks of poultry, excluding turkeys, on August 1 were 115 million pounds, 32 million pounds above the previous August 1, and more than double prewar. The increase in commercial stocks compared with last year was much greater because large quantities of the 1945 stocks were held by the armed forces. From August 1 to August 16, the rate of into-storage movement of chickens, as indicated by the 35 markets, was running ahead of 1945.

Turkey Carry-Over Almost One-Tenth of Production

Cold-storage stocks of turkey on August 1, totaled 63 million pounds, 42 million pounds above the previous year and about triple prewar. The holdings this year equal roughly 10 percent of the total 1945 output of 680 million pounds of turkey. In prewar years, August 1 cold-storage stocks were less than 5 percent of the previous year's production.

The large carry-over into the new marketing season will leave about as much turkey available for consumption this year as last year's record of 4.3 pounds per person, even though production is indicated to be about 15 percent smaller.

If price controls are reimposed on meats at the June 30 level, prices received by farmers for turkey would not change much from present levels. But increases in meat prices probably would be accompanied by increased prices of turkeys. The price received by farmers for turkeys in mid-July was 32.7 cents per pound, an increase of 1.5 cents from the previous months but 1/2 cent below mid-July 1945. Wholesale quotations for turkeys showed little change with the lapse of price control, and in early August were near June levels.

Egg-Feed Price Ratio Declines

Prices of feed from June 15 to July 15 moved sharply upward, increasing more than prices of poultry products. As a result, all poultry products-feed price ratios declined during the month. The cost of poultry ration rose from $3.49 per hundred pounds to $3.94, an increase of 13 percent. During the same period farm egg prices increased 11 percent, chickens 11 percent, and turkeys 5 percent.

Th This year was the second year of record that a decrease in the egg-feed price ratio occurred from mid-June to mid-July, the only other year being 1936. Usually the ratio increases about 10 percent during the month because of the seasonal increase in egg prices. The egg-feed price ratio in mid-July of 9.4 was 28 percent below last year and 17 percent below the long-time average. Turkey-feed and chicken-feed price ratios were also below the long-time (1935-44) average.

Prospective feed supplies for the 1946-47 feeding season appear ample on the basis of August 1 conditions. With indications pointing to a record corn crop of 3-1/2 billion bushels, total production of the four principal feed grains --- corn,

oats, barley, and sorghum grains -- in 1946 would be 130 million tons, the largest on record. This compares with 118 million tons in 1945. Total supplies of by-product feeds for the 1946-47 feeding season beginning in October may be slightly smaller than in the 1945-46 season. However, livestock numbers currently are trending downward so that supplies of all feed concentrates per animal unit on farms January 1 would be moderately larger in the 1946-47 season than in the 1945-46

Culling Rate Equals Last Year

The seasonal decrease in the number of layers on farms from July 1 to August 1 was 7.4 percent, about the same as the 1945 reduction, but above the average decrease of 5 percent. The decrease in the number of layers on farms from January to April was about average. High prices tended to keep the number of layers on farms large during the winter and early spring. However, in May and early June, the tight feed situation and sharply rising price for feed resulted in a greater reduction in laying flocks than normal, particularly in New England and Pacific Coast regions.

The average number of layers on farms in July was 303 million, 5 percent below July 1945. Egg production during July, however, was 8 percent below the previous July, with the rate of lay 4 percent below last year.

New Seasonal Adjustment Factors for Eggs

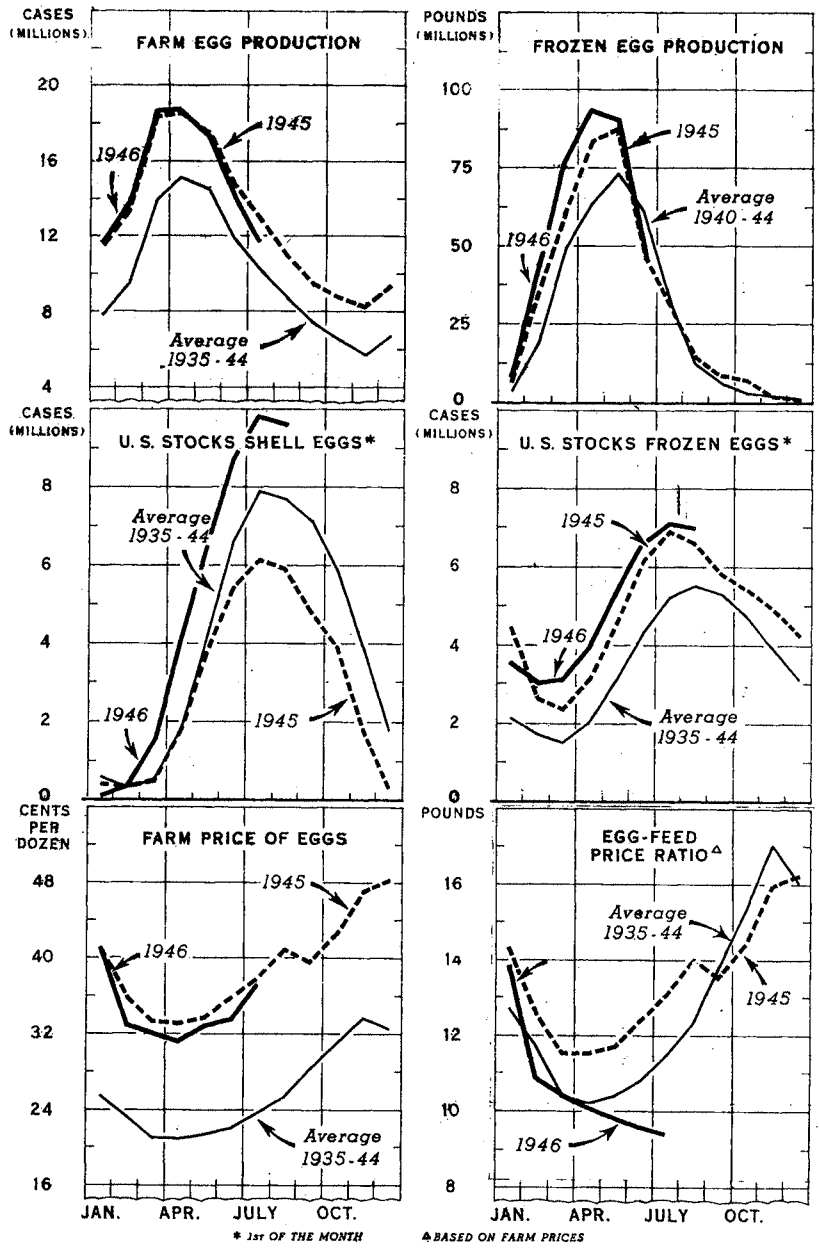
Seasonal adjustment factors for egg prices for 1946-47 were published in the July 1946 issue of Agricultural Prices. The factors for 1946-47 are lower in the fall and higher in the spring than in the previous year, with the index being 2 to 3 points lower in the months of September through December, and somewhat higher in March through June.

Details as to the method used in arriving at the index of seasonal variation for eggs from 1910 to July 1942 were given in the May 1941 issue of The Poultry and Egg Situation. The method which has been used in arriving at seasonal adjustment factors since July 1942 may be found in the September 1944 issue of Agricultural Prices. Table 2 gives the index numbers of seasonal variation from 1910 through June 1947.

Index numbers of seasonal variation of egg prices, 1910-46

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1910	131	109	82	75	75	75	78	84	95	110	138	148
1911	131	109	81	75	75	75	78	84	96	110	138	148
1912	131	109	81	74	74	75	78	84	96	111	139	148
1913	131	108	81	74	74	75	78	84	97	111	139	148
1914	131	107	81	74	74	75	78	85	97	111	139	148
1915	131	106	81	74	74	75	78	85	97	111	140	148
1916	131	105	81	74	74	75	78	85	97	112	140	148
1917	130	105	80	73	74	75	78	86	98	113	140	148
1918	130	104	80	73	74	75	78	86	99	113	140	148
1919	130	104	80	73	74	75	78	86	99	113	140	148
1920	129	103	80	72	74	75	79	86	99	114	141	148
1921	128	102	80	72	74	75	79	86	100	115	141	148
1922	127	101	80	72	74	75	79	87	100	116	141	148
1923	126	101	79	72	74	75	79	87	101	117	142	147
1924	125	101	79	73	74	75	79	88	101	117	142	146
1925	124	100	79	73	74	75	79	88	102	118	142	146
1926	123	99	79	73	74	75	80	88	102	119	142	146
1927	122	98	79	73	74	75	81	89	103	120	142	144
1928	120	98	79	74	74	75	81	90	104	120	142	143
1929	119	97	80	74	74	76	81	90	104	121	142	142
1930	118	96	80	75	74	76	82	90	105	121	142	141
1931	116	96	80	75	75	76	82	90	106	122	142	140
1932	114	95	80	76	75	76	83	91	107	122	142	139
1933	112	94	80	76	76	77	83	92	108	123	142	137
1934	111	93	80	77	76	77	84	92	108	124	142	136
1935	109	93	80	78	77	77	84	93	109	124	142	134
1936	106	92	81	78	77	77	85	94	110	125	142	133
1937	104	91	81	79	78	78	86	95	111	125	141	131
1938	102	91	81	80	79	78	87	95	111	126	141	129
1939	100	90	81	80	79	79	88	96	112	126	141	128
1940	98	89	82	81	80	79	89	96	113	126	141	126
1941	96	88	82	82	81	79	90	97	113	127	141	124
1942	95	88	82	82	82	79	92	97	112	123	135	125
1943	99	88	81	82	82	84	93	98	112	121	131	123
1944	100	89	81	82	84	86	93	98	110	119	128	120
1945	101	92	84	84	85	86	94	98	108	116	125	123
1946	102	93	85	84	85	87	96	101	106	114	122	121
1947	104	90	85	85	86	90						

THE EGG SITUATION



* 1st OF THE MONTH

△BASED ON FARM PRICES

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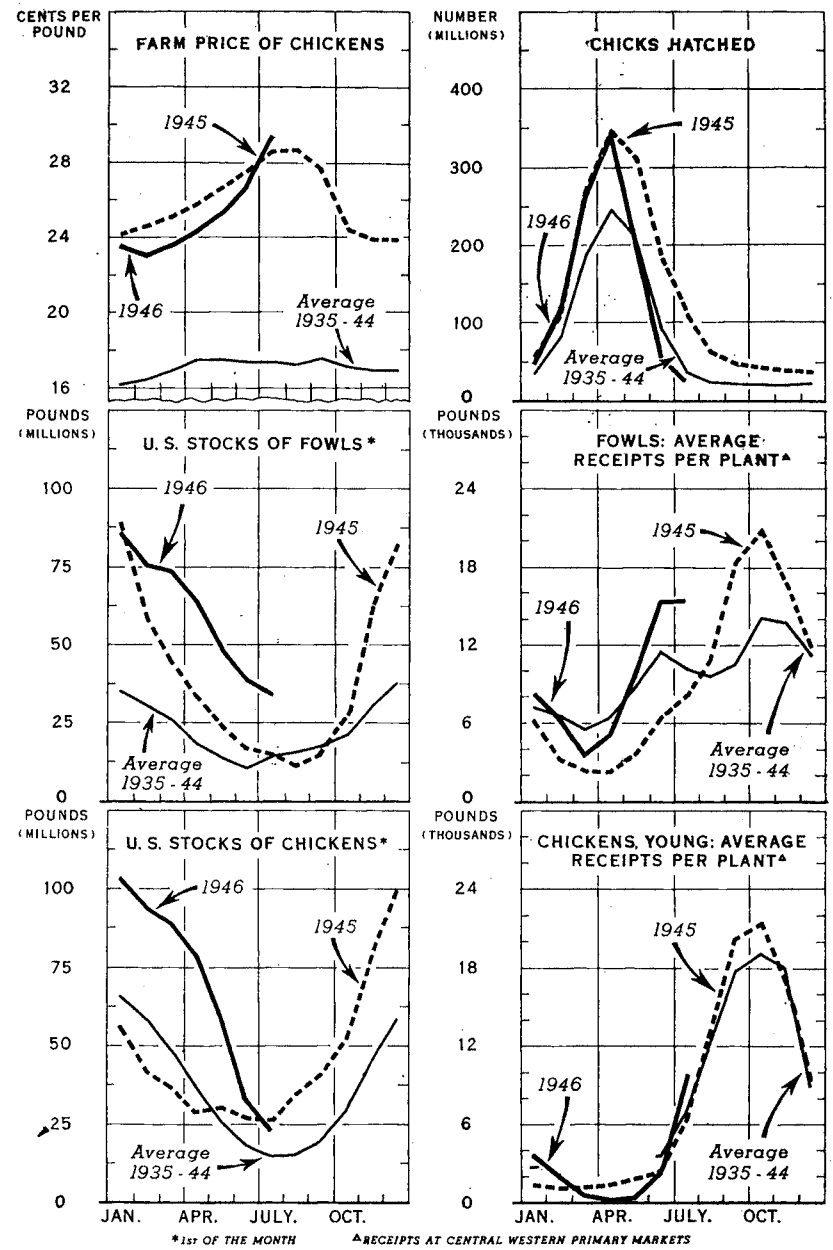
THE POULTRY SITUATION



*1st OF THE MONTH

△RECEIPTS AT CENTRAL WESTERN PRIMARY MARKETS

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