UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE POULTRY AND EGG SITUATION

Summary

Two of the important developments in the poultry and egg situation in March, as reported by the Bureau of Agricultural Economics, were (1) the somewhat greater-than-average seasonal rise in the farm price of chickens, and (2) the less-than-average seasonal decline in the farm price of eggs.

The rise in chicken prices in the face of heavy receipts and large storage stocks may be attributed largely to a stronger consumer demand than has existed in recent years. If this improved demand continues into the fall, its effect, together with that of a smaller supply resulting from the prospective light hatch, will be to lessen the extent of the usual seasonal price decline.

The less-than-average reduction in egg prices also may be attributed largely to a stronger demand, particularly from storage operators. Eggs are going into storage at a rate about 21 percent greater than last year and at higher prices. Though temporary declines may occur during the spring they are not likely to carry prices below those of 1936. The prospective lighter hatch points toward fewer egg marketings this fall and winter than a year before. While the effect of this upon fall egg prices will be approximately offset by the probable increase in storage stocks, winter prices will respond more to the hatch than to the storage holdings. In the spring of 1938 eggs from this crop of pullets will be a major source of supply.

Feed situation

Though still very unfavorable to the poultryman, the feed situation in March, judged by the feed-egg ratio, was not as bad as in February.

The feed-egg ratio at Chicago, by weeks, average 1925-34, annual 1935-37
(Dozens of eggs required to buy 100 pounds of poultry ration)

Week ended as of 1937	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Mar. 6	Mar. 13	Mar. 20	Mar. 27	Apr. 3	May 1	June 5
	Dozen	Dozen	Dozen	Dozen	Dozen	Dozen	Dozen	Dozen	Dozen	Dozen	Dozen
Average 1925-34	5.08	5.29	5.70	6.04	6.20	6.16	6.14	6.13	6.23	6.43	6.98
1935	5.66	5.12	5.47	6.05	7.30	7.27	7.25	7.19	7.10	6.77	6.34
1936	4.70	4.03	3.84	4.80	5.11	6.29	6.39	6.37	6.48	6.01	5.60
1937	9.16	9.40	9.26	9.13	9.17	8.93	8.75	9.07	9.72		

In most years the feed-egg ratio rises to a maximum in June; note the course of the 1925-34 average. In 1935, however, after the 1934 drought, the ratio was greatest in March, declining later in the spring and summer. This spring, with a more serious feed situation than in 1935, no material decline below the March average is likely, but, on the other hand, any rise which may occur will probably not greatly exceed the feed-egg ratio of early April.

Hatchings

As was indicated last month, the feed situation is likely to be the dominant factor in causing a smaller hatch in 1937 than in 1936. The reduction in the total hatch, both farm and commercial, will probably be from 7 to 10 percent. While no estimates are available on changes in farm hatchings, reports from commercial hatcheries showed a decrease of 6 percent from 1936 in the number of salable chicks hatched in February. The cumulative reduction for the season, including both January and February, is 12.5 percent.

Poultry marketings

The seasonal low in the receipts of dressed poultry - usually in April - appears to have come in February this year. Receipts at the four markets in March were up 22 percent from February. The average change, 1925-34, is a decrease of 16 percent. This situation reflects both a large out-of-storage movement and a continued heavy culling of flocks. The effect of the storage movement on receipts will continue until mid-summer. Because of this it seems likely that receipts will rise seasonally and be above the 1925-34 average until marketing of the new crop of birds is well begun. Receipts in the last part of 1937 will probably be less than in 1936 because of the prospective reduction in the hatch.

Receipts of dressed poultry at the four markets, January-June, average 1925-34, annual 1935-37

Year	Jan.	Feb.	Mar.	Apr.	May	June	Jan.-June
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average 1925-34	28.5	20.2	17.0	15.4	18.6	21.0	120.7
1935	21.0	15.1	12.6	13.5	14.4	18.3	94.9
1936	19.6	13.7	14.2	14.5	17.9	21.7	101.6
1937	21.3	15.3	18.7				

Poultry storage

In years when the summer carry-over stock is large it tends to depress fall poultry prices by weakening the demand to store poultry and by adding to the fall supply. If the present record stocks of frozen poultry in storage are to be brought down to the 35-million average of other years (1925-34) by July 1, the seasonal out-of-storage movement in the first 6 months of this year would have to be 106 million pounds at the 26 major storing centers. The movement in the 3 months from January through March 1937 has been 42 percent of this total, somewhat less than the 1925-34 average proportion. The 1925-34 average out-of-storage movement in March was 27 percent of the 6 months' out-of-storage movement; the 1937 movement was 24 percent.

Out-of-storage movement of frozen poultry at 26 markets, average 1925-34, annual 1935-37

Year	Jan.-Mar.	Jan.-June	Jan.-Mar. as percentage of 6 months total	Week ending as of 1937			
				Apr. 3	Apr. 10	Apr. 17	Apr. 24
	Million pounds	Million pounds	Percent	Million pounds	Million pounds	Million pounds	Million pounds
Average 1925-34	27.4	61	44.9	4.4	4.2	4.5	4.1
1935	37.0	67	55.2	4.4	4.9	4.6	2.6
1936	26.7	50	53.4	3.9	4.1	3.5	2.8
				Movement needed to clear 106:			
1936	44.6			8.0	7.7	8.2	7.5

Chicken prices

The seasonal rise in the farm price of chickens usually reaches a peak in May about 12 percent above the January price - corresponding to a price of 15 cents per pound this May. Normally 5.4 percent of this advance occurs by March 15. In 1937 the March price of 14.4 cents per pound represents an advance of 5.9 percent from January.

Average price per pound received for chickens by farmers in the United States, 15th of the month, 1935-37

Year	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935	12.4	13.4	14.2	15.5	15.7	15.6	15.7	16.0
1936	16.5	16.9	16.6	16.9	16.6	16.4	14.0	12.6
1937	13.4	13.6	14.4					
	Average seasonal index (average for the year = 100)							
Average 1921-30	94.9	98.3	100.0	103.9	105.9	105.7	98.5	92.2

In view of the large storage movement, reflecting heavy consumption, there can be little doubt of a stronger demand for poultry than existed in 1935 or 1936. While this may tend to create a greater-than-average seasonal advance in prices, its more important effect is likely to be a less-than-average seasonal decline after May. The lighter hatch in prospect also will tend to support prices, both by rendering less burdensome any storage surplus which may develop and by resulting in lower-than-average supplies in the fall.

Index of national income, excluding agriculture, average 1925-34, annual 1935-36

(1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
Average 1925-34	91.0	90.7	90.2	89.7	89.6	89.6	88.6	88.8
1935	73.5	75.5	74.4	72.3	74.4	73.8	74.3	79.9
1936	78.6	78.5	81.6	78.7	82.2	83.3	87.3	97.2
1937	1/ 87.8	88.8						

1/ Revised from last month.

Laying flock size

The number of hens and pullets of laying age in farm flocks averaged 4.2 percent more on March 1, 1937, than a year earlier. With the flock 5.1 percent smaller than at the January 1 peak the seasonal decline in numbers is well under way at a greater-than-average rate. The 1925-34 average decline for this period is 3.2 percent. The seasonal decline usually ends by September with numbers about 25 percent less than on January 1.

Average number of laying hens in farm flocks, average 1925-34 annual 1935-37

Year	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	Oct. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	87.5	87.2	84.7	82.1	77.4	73.4	70.4	81.9
1935	78.3	77.6	75.8	72.9	69.1	65.1	65.1	76.6
1936	80.6	79.1	76.7	74.8	70.5	66.5	66.9	78.9
1937	84.2	82.5	79.9					

Rate of egg production

The rate of egg production reported on March 1 was 20 percent above the relatively low rate a year before. It was but 2 percent above the 1925-34 average for March 1. It is likely that the high feed-egg ratio will keep the rate of production in the spring months near the corresponding 1925-34 average.

Eggs laid per 100 hens and pullets of laying age in farm flocks, average 1925-34, annual 1935-37

Year	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	Oct. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	24.2	38.4	52.8	55.1	49.5	25.0	13.9
1935	16.9	21.7	37.3	53.9	55.2	50.3	25.9	16.3
1936	19.1	24.0	32.6	54.7	56.5	51.2	25.1	16.0
1937	22.0	25.7	39.2					

Egg marketings

Receipts of eggs at the four markets in March were 13 percent below the March 1925-34 average. The course of receipts during the spring will probably reflect the below-average size of flock and the prospective average rate of lay - that is, they will tend to move below the 1925-34 average but above 1936. This has been true for the first quarter of 1937.

Receipts of eggs at four markets, average 1925-34, annual 1935-37

Year	Jan.	Feb.	Mar.	Jan. - Mar.	Apr. - June
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	842	1,060	1,764	3,666	6,185
1935	684	792	1,415	2,891	5,079
1936	820	734	1,695	3,249	5,571
1937	1,012	849	1,531	3,392	

Egg storage stocks

The usual seasonal increase in storage stocks of eggs began in early March. Though there was some storing in January and February there was a greater out-of-storage movement, so that holdings of case eggs at 26 major storing centers did not increase until the week ending March 6. Since February 27 the net into-storage movement has exceeded that of 1936 by about 21 percent. It has been 25 percent less than the 1925-34 average, however.

Cold storage holdings of eggs at 26 markets, average 1925-34, annual 1935-37

Week ending as of 1937	Feb. 27	Mar. 6	Mar. 13	Mar. 20	Mar. 27	Apr. 3	Apr. 10	Apr. 17	Apr. 24	May 1
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	90	153	278	462	709	1,068	1,530	2,033	2,587	3,163
1935	31	114	285	534	822	1,199	1,525	1,857	2,216	2,598
1936	5	11	56	143	340	610	897	1,271	1,642	2,043
1937	219	244	344	462	636	953				

Because of the bearing that storage stocks have on the fall and winter price of eggs - large stocks tending to depress prices by more than do small stocks in that period - it is of interest to consider what the August 1 stock of eggs is likely to be. Variation in this peak storage quantity is largely due to a corresponding variation in spring supplies and in the storage margin on the previous year's storage operations. Figure 2 shows the relationship between stocks and receipts at the four markets. If receipts in the period March to June come to 7.5 million cases - about half way between the 1925-34 average and the 1936 figure - then the United States storage stocks of case eggs on August 1 is indicated at about 8.8 million cases.

It is to be noted that this relationship is not followed very closely in any one year. Many of the differences, however, correspond to variations in the margin for the previous storage season. As a general rule for each cent over four cents in the margin there has been an additional hundred thousand cases more than the stocks indicated in figure 2. Since the margin for 1936 was about 6 cents, stocks are likely to be about 200,000 cases greater than supplies alone indicate, or about 9 million cases -- 23 percent greater than in 1936.

As shown in figure 1, the amount of frozen eggs in storage on August 1 has not varied widely since 1930 from an average of 3.2 million equivalent cases. If this much is stored again in 1937 the total stock, both shell and frozen, is indicated at about 12.2 million cases, or close to the 1925-34 average.

Egg prices

The farm price of eggs on March 15 was only 1 percent less than on February 15, though the average seasonal decline is 27 percent. The course of spring prices is, therefore, starting out at a level 14 percent higher than in 1936.

Average price of eggs per dozen, mixed colors, special packed at New York, and the United States farm price, 1935-37

Year and price	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
N.Y. price:								
1935	32.9	31.0	24.1	26.6	27.5	26.9	32.8	32.3
1936	27.9	32.6	23.5	22.8	23.9	25.1	33.5	34.3
1937	26.5	24.3	26.0					
U.S.farm price								
1935	25.0	25.6	18.6	20.0	21.4	21.0	27.9	28.7
1936	22.8	23.8	17.5	16.8	18.1	18.9	27.6	30.5
1937	23.1	20.1	19.9					
	Seasonal index of farm prices (average for year = 100)							
1921-30	125.0	102.0	74.4	72.6	73.7	74.2	118.9	151.2

While some declines may occur in the next three months they are likely to be of a temporary nature and would probably not bring prices below those of 1936. It is more likely that advances will take place, largely because of a strengthened storage demand.

The extent of the reduction in hatch will be an important influence on egg prices next winter and in the spring of 1938. Laying flocks are now below average for this time of year. Such a reduction in the hatch as now seems likely may, therefore, result in relatively high prices in early 1938 when eggs from this crop of pullets will be an important source of supply.

Cold-Storage Stocks of Eggs on August 1, 1916 to Date

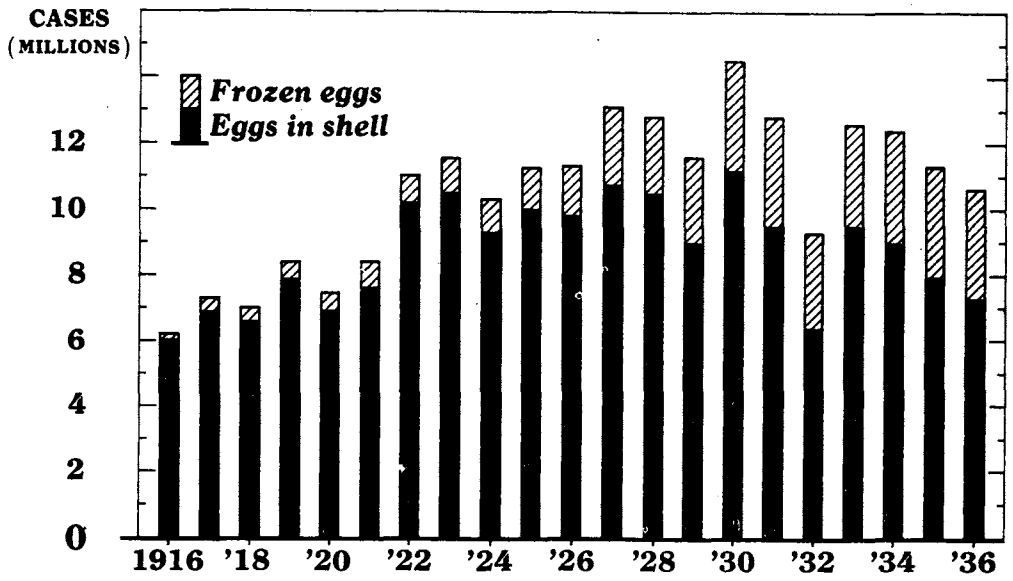

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FIGURE 1.- COLD STORAGE HOLDINGS OF EGGS, PARTICULARLY SHELL EGGS, HAVE BEEN DECLINING SINCE 1930. THIS DOWNWARD TREND MAY BE PARTLY THE RESULT OF INCREASED COMMERCIAL EGG PRODUCTION IN THE FALL AND WINTER, BUT IT REFLECTS MAINLY DECLINING TOTAL PRODUCTION.

STORAGE STOCKS OF SHELL EGGS ON AUGUST 1, UNITED STATES, AND RECEIPTS OF EGGS AT FOUR MARKETS* MARCH-JUNE

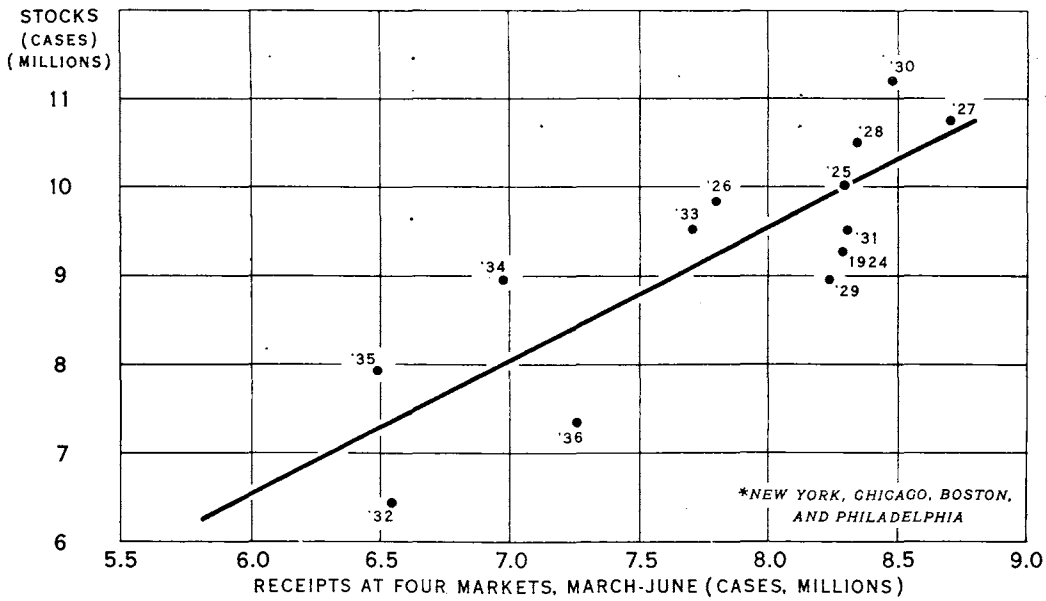

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FIGURE 2.- IN A GENERAL WAY HEAVY RECEIPTS HAVE RESULTED IN LARGE STORAGE STOCKS BY AUGUST 1. RECEIPTS DURING MARCH-JUNE 1937 ARE NOT LIKELY TO GREATLY EXCEED 7.5 MILLION CASES.