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THE POULTRY AND EGG SITUATION

Summary

The Bureau of Agricultural Economics reports the following as important developments in the poultry and egg situation in April: (1) the continued greater-than-seasonal rise in the farm price of chickens, (2) the growing evidence of a large carry-over storage stock of frozen poultry by July 1, (3) the decline in market egg prices, and (4) the continued increase of storage stocks of eggs above those of 1936.

The rise in farm prices of chickens, in the face of heavy receipts of poultry and large storage stocks, may be attributed largely to a stronger consumer demand for poultry than has existed in recent years. While a continuance of this improved demand would tend to lessen the extent of the usual seasonal price decline in the last half of the year, its effect may be offset to some extent by a larger-than-usual summer stock of frozen poultry.

Eggs are continuing into storage at a rate about 26 percent greater than last year. This heavier storage movement began under the stimulus of stronger storage demand; it continues now largely because of relatively low consumption. While slight reductions in farm egg prices may occur this spring, this larger storage stock will tend to keep egg prices in the last half of 1937 from advancing by as much as the average seasonal amount.

In the first half of 1938, however, when the storage stock is used up and the 1937 crop of pullets will provide the important source of supply, egg prices are likely to exceed those of 1937.

Feed situation

The feed situation in April, as judged by the Chicago feed-egg ratio, was more unfavorable to the poultryman than in any other month of record. The rise in the feed-egg ratio was due both to a rise in feed prices and to a decline in the market price of eggs.

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)

Year	Week ended as of 1937										
	Mar.: 6	Mar.: 13	Mar.: 20	Mar.: 27	Apr.: 3	Apr.: 10	Apr.: 17	Apr.: 24	May: 1	June: 5	July: 3
Average	: Dozen	: Dozen	: Dozen	: Dozen	: Dozen	: Dozen	: Dozen	: Dozen	: Dozen	: Dozen	: Dozen
1925-34	6.20	6.16	6.14	6.13	6.23	6.31	6.49	6.46	6.43	6.98	6.71
1935	7.30	7.27	7.25	7.19	7.10	6.98	6.85	7.15	6.77	6.34	6.22
1936	5.11	6.29	6.39	6.37	6.48	6.32	6.25	6.21	6.01	5.60	6.32
1937	9.17	8.93	8.75	9.07	9.72	10.31	10.25	10.53	10.80		

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 year, with feed prices not expected to be maintained for long at their high April level and with egg prices not likely to change materially during the spring, the feed-egg ratio has probably reached its peak.

Hatchings

As was pointed out in March, this high feed-egg ratio would be expected to cause a reduction in the total hatch, both farm and commercial, of 7 to 10 percent in 1937 from that of 1936.

Reports from commercial hatcheries, however, show an increase over 1936 of 14 percent in salable chicks hatched in March and an increase of 3 percent during the period January through March. On the other hand, while official data are lacking, trade comments indicate that the sale of chicks was below production.

The number of young chickens in farm flocks on April 1 was 11 percent greater than in 1936. Because weather conditions so greatly affect the number on April 1, however, it is a poor guide to the number on June 1.

Poultry marketings

Though 3 percent less than in March, receipts of dressed poultry at the four markets - New York, Chicago, Boston and Philadelphia - in April were greater than the low reached in February. The average (1925-34) decline from March to April is 9 percent. This situation reflects the large out-of-storage movement. 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 if the prospective reduction in the hatch materializes.

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	: Million	: Million	: Million	: Million	: Million	: Million
	: pounds	: pounds	: pounds	: pounds	: pounds	: pounds	: 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	18.1			

Poultry storage

It is becoming more apparent that a large carryover stock of frozen poultry will probably exist by July 1. As has been pointed out in previous months, the out-of-storage movement would have to be 106 million pounds in the first 6 months of 1937 at the 26 major storing centers in order to have about average July 1 stocks. The movement in the 4 months January through April has been 62 percent of this total, much less than the 1925-34 average proportion of 79 percent of the 6 months total.

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

Year	Week ended as of 1937				
	Jan.-Apr.	May 8	May 15	May 22	May 29
	: Million	: Million	: Million	: Million	: Million
	: pounds	: pounds	: pounds	: pounds	: pounds
Average					
1925-34	47.9	2.8	2.2	2.2	2.0
1935	55.9	2.2	2.5	3.0	1.6
1936	43.6	2.6	1.6	1.1	.8
1937	65.9				
Movement needed:					
to clear 106					
in 1937	83.2	8.6	6.7	6.7	6.1

Note in the table that though the January-April out-of-storage movement is greater in 1937 than for the other years shown, it is not nearly so great as is necessary to clear 106 million pounds in the first 6 months of 1937.

Chicken prices

The farm price of chickens continued to rise by more than the usual seasonal amount from March 15 to April 15. The April price was 13.4 percent above that of January, while the normal rise is 9.5 percent.

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	15.2				
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

The greater-than-average rise in farm prices this year is largely due to the strong consumer demand for poultry. This demand is probably a result of the improvement in national income and of the relatively higher prices and lower supplies of other meats. Demand, therefore, may be expected to continue strong during the remainder of 1937. While its effect may be to accentuate and to extend the price rise this spring, its more important effect is likely to be a less-than-average seasonal decline in the last half of 1937; how much less will depend upon the size of the prospective storage carry-over this summer - a large carry-over possibly will result in an average decline, while with only a small carry-over there may be no decline. An unusually heavy culling of laying flocks this summer, however, would probably result in a sharp temporary decline at that time.

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	87.8	88.8	89.5					

Laying flock size

The number of hens and pullets of laying age in farm flocks averaged 3.6 percent more on April 1, 1937, than a year earlier. The size of the flock usually declines seasonally from a peak on January 1 to a low, about 25 percent less, on September 1. The decline to April has been 8 percent, as compared with the 1925-34 average decline for this period of 6.3 percent. The point of interest is that while the decline was greater than average from January 1 to March 1, because of heavy culling, the decline in March was less than average. It is not likely, however, that this change in seasonal movement will be maintained in the face of the more unfavorable feed-egg ratio of April and of the higher poultry prices.

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	82.0	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	1/ 80.0	77.5				

1/ Revised from last month.

Rate of egg production

The rate of egg production reported on April 1 was 3.5 percent below the rate a year before but exactly the same as the 1925-34 average. 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	52.8				

Egg marketings

Receipts of eggs at the four markets in April were 17 percent below the April 1925-34 average. The seasonal increase over March was 24 percent; in 1925-34 it averaged 30 percent. While a less-than-average increase in early spring often indicates a less-than-average decrease in late spring (as was true last year), this is not likely to be the case in 1937 inasmuch as the present unfavorable feed-egg ratio will tend to prevent more than an average seasonal advance in the rate of production. Receipts of eggs in May and June are not, therefore, likely to exceed the receipts of a year before.

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

Year	Jan.-Mar.	Apr.	May	June	Apr.-June
Average	1,000	1,000	1,000	1,000	1,000
	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>
1925-34	3,666	2,291	2,210	1,684	6,185
1935	2,891	1,779	1,871	1,429	5,079
1936	3,249	1,922	2,003	1,646	5,571
1937	3,392	1,894			

Egg storage stocks

The into-storage movement of shell eggs in March and April has been 26 percent greater than last year, as measured at 26 markets. It was pointed out last month that, on the basis of past relationships with receipts, an increase of about 23 percent in peak stocks on August 1 was likely. It is probable that receipts at the four markets during March-June will not equal the estimate used in last month's analysis, but, on the other hand, current consumption apparently is not being maintained at the anticipated level.

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

Year	Week ended as of 1937									
	Feb. : 27	Apr. : 3	Apr. : 10	Apr. : 17	Apr. : 24	May : 1	May : 8	May : 15	May : 22	May : 29
Average	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>
1925-34	90	1,068	1,530	2,033	2,587	3,163	3,694	4,206	4,668	5,089
1935	31	1,199	1,525	1,857	2,216	2,598	2,969	3,397	3,742	4,106
1936	5	610	897	1,271	1,642	2,043	2,477	2,938	3,377	3,787
1937	219	953	1,309	1,748	2,245	2,783				

Egg prices

The farm price of eggs changed little from March 15 to April 15, though market prices declined during April. In most years the low point in farm prices is reached in either March or April.

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	25.0				
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	20.1				
	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 temporary declines may occur in the next 2 months they are likely to be of temporary nature. In most years prices do not begin to rise sharply until the end of June. December prices average about double those of June.

With storage stocks continuing to accumulate above last year's level it is doubtful if the seasonal increase in farm egg prices will be as great as average. A reduced hatch will tend to reduce fresh supplies to some extent during the last 6 months of 1937, but it is not likely to completely offset the price-depressing effect of the storage stock.

In 1938, however, with eggs from the 1937 crop of pullets a major source of supply, prices may be expected to exceed those of early 1937, if the hatch this spring is reduced as expected. It should be noted that with the flock size as low now as it is relative to the 1925-34 average, an increase in the hatch is needed to replenish the nation's supply of poultry.

Supplementary Data

Average number of young chickens per farm flock

Year	Apr. 1	May 1	June 1	July 1	Oct. 1
	Number	Number	Number	Number	Number
1927	43.5	104.2	143.8	147.1	94.3
1928	36.1	88.7	130.2	133.1	85.1
1929	29.2	87.9	138.3	144.7	93.2
1930	41.7	107.7	145.7	144.0	96.0
1931	36.6	84.8	127.3	129.3	91.4
1932	38.2	83.6	130.6	137.5	96.6
1933	32.5	89.6	138.7	141.5	97.6
1934	26.1	76.6	124.4	127.0	84.6
1935	30.1	84.2	123.6	130.3	89.5
1936	29.3	89.5	138.0	144.4	102.0
1937	32.6				