UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
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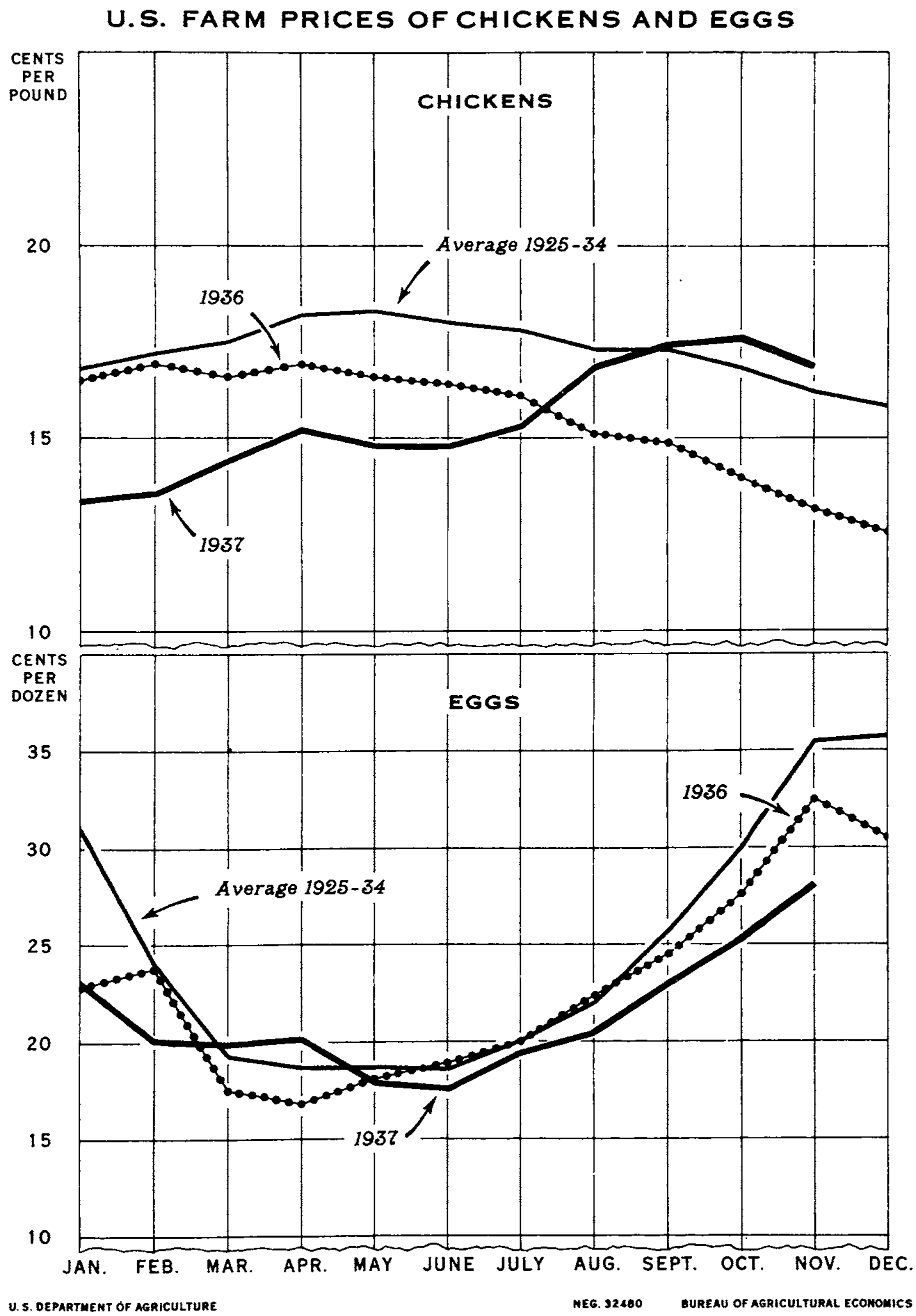
THE POULTRY AND EGG SITUATION



THE POULTRY AND EGG SITUATION AT A GLANCE

(AVERAGE OF CORRESPONDING PERIODS, 1925-34 = 100)

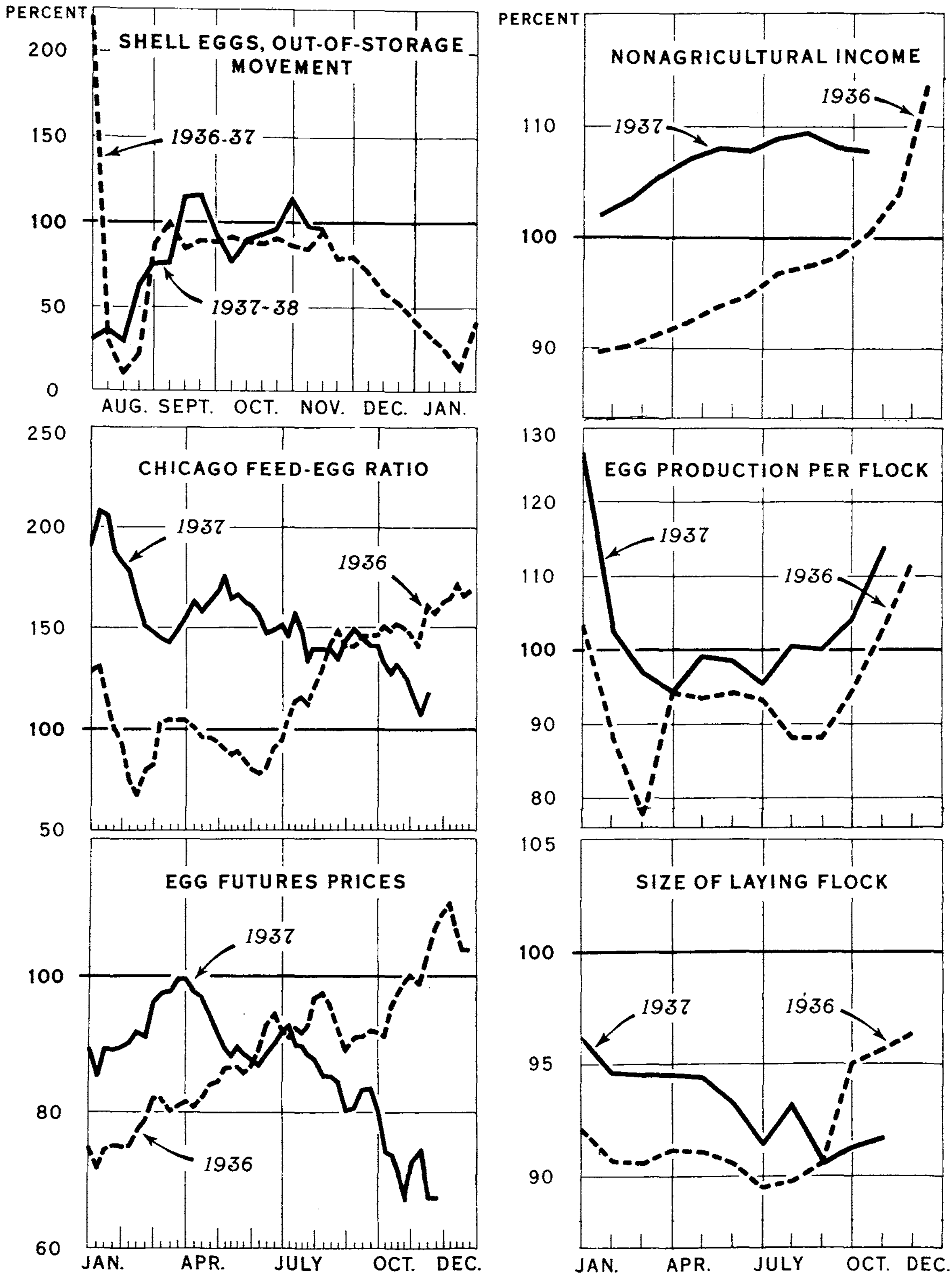


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FIGURE 1

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

Summary

Important developments in the poultry and egg situation during November, says the Bureau of Agricultural Economics, were (1) the break in the non-seasonal rise in farm chicken prices; (2) the continued less-than-average seasonal advance in farm egg prices; (3) the continued high rate of egg production per bird, and (4) the continued slow out-of-storage movement of eggs.

Farm chicken prices usually do not rise after May or June, but in 1937 the price continued to rise until it reached the high point in October. This advance may prove to be partly at the expense of the 1938 seasonal advance, which normally occurs from January to May. The decline this month, therefore, tends to restore chicken prices to a more nearly normal relation with their usual seasonal course.

Farm egg prices have failed to rise by their full seasonal amount largely because of heavy storage stocks, the movement of which has been slow this year, and because of an exceptionally high rate of production per hen. Both of these factors are expected to be altered by early 1938, so that prices then are likely to be above those of 1937. With the small size of flock in prospect an average rate of production per bird would very greatly reduce total supplies of eggs.

Feed situation

The feed situation, as represented by the feed-egg ratio at Chicago, became a little more favorable to the poultryman during November. With feed prices declining 8 percent in the month and with egg prices rising 16 percent, the relation between his feed costs and his egg returns has been closer to the

1925-34 average than at any time since the middle of 1936. Only about 15 percent more eggs are now required to buy 100 pounds of poultry ration than were required on the average in November during the 10 years 1925-34. With egg prices in 1938 likely to be above those of 1937, and with feed prices lower than in 1937, the feed-egg ratio is expected to be much lower this winter and spring than it was a year before. It may be below the 1925-34 average.

The feed-egg ratio at Chicago, by weeks, average 1925-34, annual 1936-37

Year	Dozens of eggs required to buy 100 pounds of poultry ration											
	Week ended as of 1937 -											
	Jan. 9	Mar. 6	June 5	Aug. 7	Sept. 4	Oct. 2	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Dec. 4
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average 1925-34	4.06	6.20	6.98	6.38	5.68	5.02	4.24	3.97	3.79	3.60	3.60	3.6[illegible]
1936 ...	5.22	5.11	5.60	7.71	7.99	7.37	6.36	5.85	5.31	5.79	5.67	5.92
1937 ...	7.76	9.17	11.23	8.90	8.17	7.08	5.32	4.69	4.04	4.24	4.49	

Poultry marketings

Receipts of dressed poultry at New York during November have been about the same as a year before. That receipts are so large now in view of the small hatch last spring is believed to reflect the sale of hens during a period of high chicken prices and low egg prices. Mid-western poultry packing plants report marketings in 1937 of a greater proportion of fowl than of young stock. Because of this marketing of older birds now and because of the low numbers of young stock on hand, receipts of poultry during the next 6 or 7 months are likely to be less than a year earlier.

Receipts of dressed poultry at New York, average 1925-34, annual 1936-37

Year	Week ended as of 1937 -						
	Aug. 7	Sept. 4	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1925-34	3,005	3,587	4,516	4,643	4,980	7,364	11,841
1936 ...	3,826	3,239	4,340	5,207	5,037	5,804	17,671
1937 ...	3,079	3,677	5,447	5,278	5,848	16,028	7,044

Poultry storage

Storage stocks of frozen poultry at the 26 markets on November 30 continue at about 20 percent above the 1925-34 average. When storage stocks reach their seasonal peak in January or February they are expected to be somewhat above average but not nearly so large as in 1937.

Storage stocks of frozen poultry at 26 markets

Year	Week ended as of 1937 -							
	Storage stocks	Into storage movement					Storage stocks	Storage stocks Jan. 1 of year following
	Oct. 2	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Nov. 27	
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1925-34	36,476	2,677	3,053	3,831	4,287	6,181	62,631	96,410
1935 ...	38,450	3,482	5,233	4,005	4,772	4,370	52,695	81,858
1936 ...	56,113	4,865	4,704	4,676	5,536	8,995	94,571	140,802
1937 ...	44,285	4,238	4,353	5,356	3,693	6,083	74,621	

Chicken prices

The unusual advance in chicken prices in September has been offset by an equally sharp decline in November. The farm price of chickens, however, is still 28 percent above last year at this time and is 4 percent above the 1925-34 average.

Farm price of chickens per pound

Year	Jan.	Mar.	May	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	16.8	17.5	18.3	17.8	17.3	17.3	16.8	16.2	15.8
1935	12.4	14.2	15.7	14.0	14.1	15.4	15.7	15.9	16.0
1936	16.5	16.6	16.6	16.1	15.1	14.9	14.0	13.2	12.6
1937	13.4	14.4	14.8	15.3	16.8	17.4	17.6	16.9	

In most years the poultryman receives less for his chickens in the last half of the year than in the first half. This year, however, his fall prices are above those of last spring.

This recent rise in price may be at the expense of the usual seasonal rise that occurs from December to May. While poultry storage stocks in the first half of 1938 will probably be less than in the first half of 1937, the effect of the smaller stocks on chicken prices may be offset somewhat by a possible decline in consumer incomes. Though chicken prices in this period are expected to be greatly above those of 1937 they are not likely to exceed the 1925-34 average.

In the last half of 1938 the effect on chicken prices of the prospective increase in hatchings may be partly offset by possible advances in consumer incomes. Chicken prices then are expected to be somewhat below those of the last half of 1937. There is no basis now, however, for anticipating a seasonal decline in this period greatly different from average.

Turkey prices

The farm price of turkeys on November 15 was 19 percent above the price a year earlier. This is a result that could be expected in view of the estimated 10-percent reduction in the 1937 turkey crop from that of 1936. The higher turkey prices and lower feed costs this year as compared with last will probably induce a larger hatch of turkeys in 1938 than in 1937, and hence fall and winter prices in 1938 may be expected to be lower than in 1937. Again, this tendency for lower prices in the latter part of the year may be offset by slightly higher incomes.

Farm price of turkeys per pound

Year	Oct.	Nov.	Dec.	Jan.
	Cents	Cents	Cents	Cents
Average 1925-34	20.8	22.5	22.8	22.2
1935-36	15.9	19.9	21.3	19.9
1936-37	15.9	15.0	14.3	14.1
1937-38	16.7	17.9		

Nonagricultural income, average 1925-34, annual 1936-37

(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Mar.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Average 1925-34	91.0	90.4	89.7	89.8	89.6	89.6	89.4	89.4	89.1	88.8
1936	81.5	82.5	84.1	85.1	86.8	87.4	87.9	89.8	92.6	100.9
1937	92.9	95.3	96.9	96.9	97.7	98.2	96.8	96.4		

Laying flock size

In most parts of the country poultrymen build up their laying flocks during the last 4 months of the year. By January 1 the laying flock is usually reported at its maximum size. In the years 1925-34 the average gain in flock size from September 1 to November 1 was 9.6 birds; last year this gain was 12.5 birds while in 1937 it has been 9.5. The average size of flock on November 1 was at the lowest point of record for the month, but in 1934 it was equally low.

Average number of laying hens in farm flocks on the 1st day of month

Year	Jan.	Mar.	May	June	Aug.	Sept.	Oct.	Nov.	Dec.
	Number	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	87.5	84.7	77.4	73.4	66.8	66.1	70.4	75.7	81.9
1935	78.3	75.8	69.1	65.1	59.2	58.5	65.1	70.5	76.6
1936	80.6	76.7	70.5	66.5	60.0	59.9	66.9	72.4	79.1
1937	84.2	80.0	73.1	68.5	62.1	59.9	64.3	69.4	

Rate of egg production

The number of eggs laid per 100 hens and pullets of laying age continued at record high levels on November 1. Even with the reduced size of flock, as compared with other years, the high rate of production per hen is estimated to have brought total egg production above that of any November 1 of record and to 14 percent above the 1925-34 average.

Eggs laid per 100 hens and pullets of laying age in farm flocks

Year	Jan. 1	Mar. 1	May 1	July 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	38.4	55.1	42.2	32.4	25.0	17.0	13.9
1936	19.1	32.6	56.5	44.2	31.4	25.1	18.1	16.0
1937	22.0	39.2	57.8	44.4	36.1	28.8	21.1	

Egg marketings

During November receipts of eggs at New York have exceeded those of a year earlier. Most of this excess represents the higher production of eggs. Receipts usually reach a seasonal low point about the middle of November. The low this year apparently occurred at the end of October so that receipts may be expected to increase seasonally week by week until spring.

Receipts of eggs at New York, average 1925-34, annual 1936-37

Year	Week ended as of 1937							
	Aug. 7	Sept. 4	Oct. 2	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
	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..	116.6	104.8	95.6	80.2	74.0	68.4	69.2	69.9
1936	114.0	112.9	94.9	79.3	75.4	68.6	62.6	65.3
1937	111.5	89.6	96.2	74.2	77.3	78.8	77.2	81.5

Egg storage

The storage stock of eggs (shell and frozen combined) this year was the second largest on record at its peak on August 1. Since then it has been reduced at a slightly less-than-average rate. The reduction in shell egg stocks at the 26 cities since July 31 has been 65 percent while the 1925-34 average reduction is 64 percent. The out-of-storage movement since October 30 has been 42 percent, while the 10-year average movement is 39 percent. Frozen eggs, of course, are moving even more slowly since they may be kept for a longer period without deterioration.

Cold storage holdings and out-of-storage movement of eggs at 26 markets average 1925-34, annual 1936-37

Year	Week ended as of 1937						
	Storage stocks		Out-of-storage movement				Storage stocks
	July 31	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Nov. 27
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell eggs-							
Average 1925-34....	6,433	3,810	382	395	383	341	2,309
1936........	5,067	2,857	332	374	365	270	1,516
1937........	5,917	3,624	429	385	368	345	2,097
Frozen eggs-							
1936........	2,017	1,460	63	77	80	49	1,191
1937........	2,917	2,383	52	77	51	40	2,163

Egg prices

The farm price of eggs, while rising some, continues to fall behind its usual seasonal advance. On November 15 it was 14 percent below that of a year earlier. Prices usually reach a seasonal peak in November or December and then decline until spring. The decline now in prospect is expected to be less than it was last year because of the smaller number of laying birds. Factors tending to make a greater decline than last year are (1) the larger storage stocks likely to be carried over into the winter, (2) the possibility of a continuance of the record rate of egg production, and (3) the lower consumer incomes expected. These are not expected to be as important, however, as the reduced flocks.

Farm prices of eggs per dozen

Year	Jan.	Mar.	May	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average									
1925-34	31.0	19.3	18.7	20.0	22.0	25.7	30.0	35.4	35.7
1935	25.0	18.6	21.4	21.7	22.7	26.4	27.9	30.1	28.7
1936	22.8	17.5	18.1	20.0	22.4	24.5	27.6	32.5	30.5
1937	23.1	19.9	17.9	19.4	20.4	22.9	25.2	28.0	

Average closing prices of refrigerator standards at Chicago for delivery in November 1/

Year	Week ended as of 1937 -								
	Mar. 6	May 1	Sept. 4	Oct. 2	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1/									
1925-34	26.1	26.4	27.8	27.6	27.0	26.8	27.4	27.6	27.2
1936	21.4	22.3	24.8	25.3	26.8	26.8	27.1	28.3	29.1
1937	25.1	24.1	22.3	22.1	18.2	19.5	20.4	18.6	18.3

1/ December delivery 1925-26, October delivery 1932-37 to October 30.

Because of the lower production in prospect for 1938, the outlook for egg prices after the seasonal decline is over is for prices above those of 1937. Lower storage stocks than in 1937 are likely both because of fewer eggs and because of an unwillingness to store resulting from losses in the 1937 storage season. These smaller stocks will help maintain prices in the last half of 1938 above those of 1937.