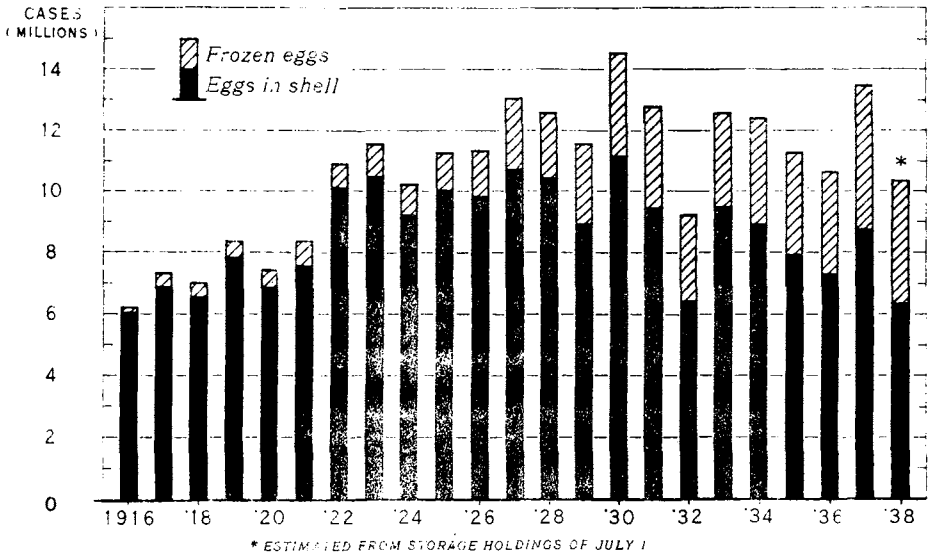
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON

PES-20 AUGUST 2, 1938

THE POULTRY AND EGG SITUATION

U. S. COLD-STORAGE STOCKS OF EGGS ON AUGUST 1. 1916-38



* ESTIMATED FROM STORAGE HOLDINGS OF JULY 1

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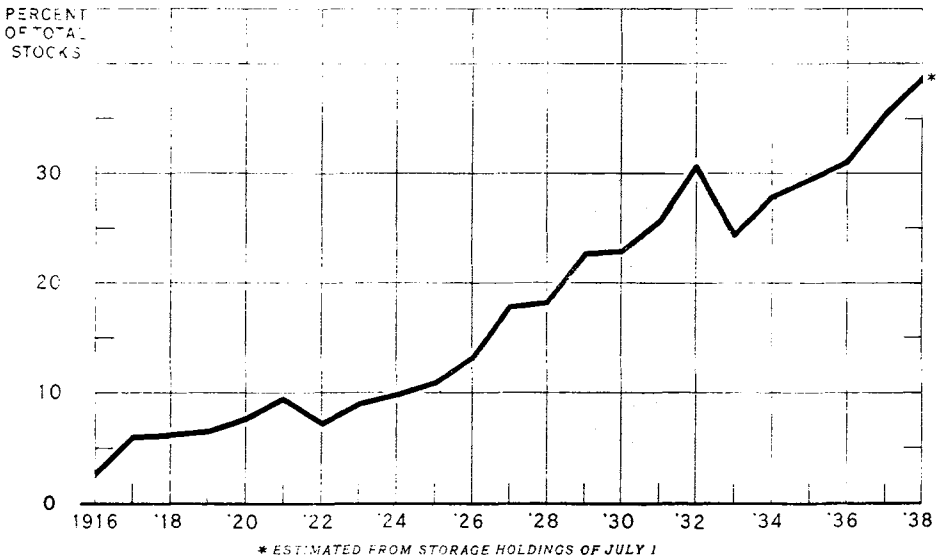
FROZEN EGGS AS PERCENTAGE OF U. S. TOTAL STORAGE STOCKS ON AUGUST 1, 1916-38



* ESTIMATED FROM STORAGE HOLDINGS OF JULY 1

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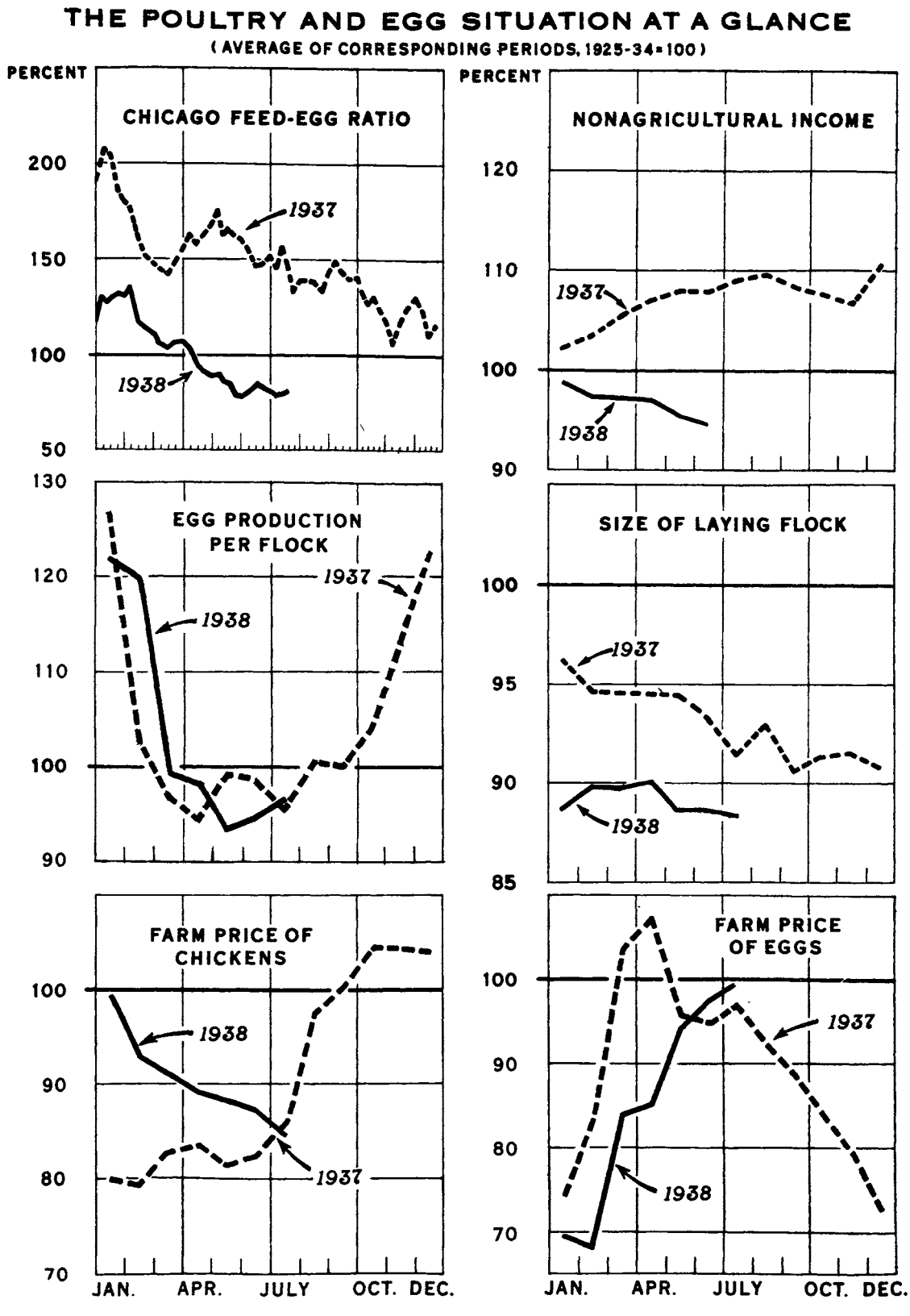
THE POULTRY AND EGG SITUATION AT A GLANCE
(AVERAGE OF CORRESPONDING PERIODS, 1925-34=100)
PERCENT
CHICAGO FEED-EGG RATIO
200
150
100
50
1937
1938
PERCENT
NONAGRICULTURAL INCOME
120
110
100
90
1937
1938
EGG PRODUCTION PER FLOCK
130
120
110
100
90
1937
1938
SIZE OF LAYING FLOCK
100
95
90
85
1937
1938
FARM PRICE OF CHICKENS
100
90
80
70
1938
1937
FARM PRICE OF EGGS
100
90
80
70
1937
1938
JAN.
APR.
JULY
OCT.
DEC.
U. S. DEPARTMENT OF AGRICULTURE
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FIGURE 1

Summary

As seen by the Bureau of Agricultural Economics, the outlook for poultry and egg prices until early 1939, on the basis of present data, is (1) for a more than seasonal decline in chicken prices and (2) for a more than seasonal advance in egg prices.

Because the increase in the hatch, as of July 1, had placed 13 percent more chicks and young chickens on farms, supplies of poultry during the last half of this year are likely to be greater than those in the last half of 1937. The demand for poultry for storage, however, may be weaker than usual because of the unprofitable poultry storage season just closing. Also, the demand for poultry for consumption is likely to be weaker than in the last 6 months of 1937 because of the lower average level of consumer income.

The principal sources of egg supplies for the large cities during the second half of the year are storage stocks. This year supplies are likely to be much below those of last year. It is expected that this shorter supply, together with some increase in consumer incomes from present levels, will raise egg prices in early 1939 above those prevailing early this year, and that these factors together with a strong speculative demand will tend to maintain prices at least at the 1938 levels in the early spring.

Feed situation

The feed situation continued favorable to the poultryman during July. The feed-egg ratio at Chicago has remained about 20 percent below average - that is, 100 pounds of poultry feed (at Chicago prices) could be bought with only 80 percent as many eggs as is required on the average. Rising egg prices are likely to keep the feed-egg ratio favorable throughout the remainder of 1938 and for several months, perhaps, in 1939.

The feed-egg ratio at Chicago, specified weeks, as percentage of 1925-34 average

Year	Week ending as of 1938											
	Jan. 1	Mar. 26	Apr. 30	May 28	June 25	July 2	July 9	July 16	July 23	July 30	Oct. 29	Dec. 3
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1937	167.8	148.0	168.0	162.8	148.8	151.7	146.0	157.4	148.3	134.7	125.6	131.6
1938	117.6	107.0	91.0	79.3	83.5	82.0	78.3	78.6	81.7			

Young chickens on hand

The number of young chickens on hand per farm flock on July 1 is important in two ways. This number largely affects the size of next year's laying flock and hence egg production and egg prices; also affected is the supply, and price, of poultry for marketing in the fall. The number of young chickens per farm flock July 1 this year was reported to be 13 percent larger than a year earlier.

Average number of chicks and young chickens per farm flock July 1

Year	Number	Year	Number	Year	Number
1927	147.1	1931	129.3	1935	130.3
1928	133.1	1932	137.5	1936	144.4
1929	144.7	1933	141.5	1937	117.4
1930	144.0	1934	127.0	1938	132.6

Poultry marketings

Receipts of dressed poultry at New York in July (to July 23) were 12 percent above those of a year earlier and 18 percent above the 1925-34 average. Because of a 13-percent increase in the hatch this year, it is likely that receipts in the next 9 months will exceed those for the same period a year earlier.

Receipts of dressed poultry at New York, average 1925-34, annual 1937-38

Year	Week ending as of 1938								
	Jan. 29	Mar. 26	Apr. 30	May 28	June 25	July 2	July 9	July 16	July 23
	1,000 pounds	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	3,324	2,070	2,245	2,651	3,157	3,305	2,884	3,043	3,156
1937	3,720	2,349	3,419	2,342	3,375	3,739	3,041	2,981	3,238
1938	2,639	1,707	2,221	3,819	3,560	3,990	3,233	4,025	3,350

Poultry storage

Storage stocks of frozen poultry are now near their low point for the year. By September the net into-storage movement will be well under way. While exact

data are not available the course of chicken prices indicates a heavy loss to poultry storage operators in the 1937-38 season. As shown in the next table chicken prices were materially higher during the into-storage period last fall than they have been since January.

Chicken prices

The farm price of chickens usually reaches a seasonal peak in April or May and then declines until the end of the year. As may be noted in the chart on page 2 the price relative to the 10-year (1925-34) average has declined steadily since October. It was then 5 percent above average; in July it was 16 percent below average. Further declines, relative to average, are likely.

Farm price of chickens per pound

Year	Jan. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Sept. 15	Oct. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	16.8	17.5	18.2	18.3	18.0	17.8	17.3	16.8	15.8
1936	16.5	16.6	16.9	16.6	16.4	16.1	14.9	14.0	12.6
1937	13.4	14.4	15.2	14.8	14.8	15.3	17.4	17.6	16.4
1938	16.7	15.9	16.2	16.1	15.7	15.0			

Three factors will contribute to this tendency for a more-than-seasonal decline in chicken prices. First, marketings in the last half of 1938 will probably exceed those of a year before; second, storage losses in the past season may weaken the demand for poultry for storage; and third, lower consumer incomes will weaken the demand for poultry for immediate consumption, because even though incomes rise some in the remaining months of 1938, they probably will average below the second half of 1937.

Nonagricultural income, monthly averages 1925-34, monthly 1936-38
(Seasonally corrected indexes, 1924-29 = 100)

Year	Jan.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Dec.
Average 1925-34	91.0	90.4	89.9	89.7	89.8	89.6	89.6	89.4	89.4	88.8
1936	81.5	82.5	83.1	84.1	85.1	86.8	87.4	87.9	89.8	100.9
1937	92.9	95.3	96.3	96.9	96.9	97.7	98.2	96.8	96.3	98.3
1938	89.9	87.9	87.1	85.4	84.9					

Laying flock size

The size of the laying flock usually declines by about 25 percent from January 1 to September 1. The decline to July 1 this year has been 20.8 percent, about the same as the 1925-34 average decline for this period.

An analysis of the relationship of the change in the number of young chickens on hand July 1 to the changes in the number of laying birds the following January 1 indicates the likelihood of a 5 to 10 percent increase in the

size of the laying flock on January 1, 1939, over that of a year earlier. This indication also includes an allowance for a more favorable feeding situation in 1938 than in 1937.

Average number of laying hens in farm flocks

Year	Jan. 1	Apr. 1	May 1	June 1	July 1	Aug. 1	Sept. 1	Nov. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	87.5	82.0	77.4	73.4	69.6	66.8	66.1	75.7	81.9
1937	84.2	77.5	73.1	68.5	63.6	62.1	59.9	69.3	74.4
1938	77.6	73.8	68.6	65.0	61.5				

Egg production

The July 1 rate of egg production per 100 hens and pullets of laying age continued at a high level, 10 percent above the 10-year average for that date. Production of eggs per farm flock - an indication of total United States production - was 3 percent below the 1925-34 average and was 1 percent above that for July 1 last year. Production of eggs per flock is likely to increase relative to the seasonal average in November or December when the size of flock begins to reflect the increased hatch.

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

Year	Jan. 1	Feb. 1	Apr. 1	May 1	June 1	July 1	Sept. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	24.2	52.8	55.1	49.5	42.2	32.4	13.9
1937	22.0	25.7	52.8	57.8	52.5	44.4	36.1	18.6
1938	22.7	32.2	57.9	58.1	52.9	46.5		

Egg marketings

Receipts of eggs at New York are declining from their seasonal peak reached during May. For the 4 weeks ending July 23 receipts were 11 percent below those for the corresponding period last year and 16 percent below the 10-year average. During the next few months receipts are expected to continue below those of a year earlier, and not until the end of 1938 are they likely to exceed those of a year earlier.

Receipts of eggs at New York, average 1925-34, annual 1937-38

Year	Week ending as of 1938							
	Jan. 29	Mar. 26	Apr. 30	May 28	June 25	July 2	July 9	July 16	July 23
	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	112.2	200.4	235.1	217.9	168.3	160.0	146.3	141.6	127.1
1937	152.0	190.7	213.8	193.4	148.5	151.5	144.2	127.5	117.0
1938	129.2	151.8	170.5	176.7	143.4	136.8	113.8	113.7	116.8

Egg storage

The size of the storage stock of eggs on August 1 is an important influence on fall and early winter egg prices. The storage stock this year is quite low, both when compared with the 1925-34 average and when compared with 1937.

United States cold storage holdings of eggs July 1, average 1925-34, annual 1937-38 and percent of average 1937-38

Year	Holdings	Percentage of 1925-34 av.
	1,000 cases	Percent
Shell eggs		
Av. 1925-34	9,261	100.0
1937	8,548	92.3
1938	6,251	67.5
Frozen eggs		
Av. 1925-34	2,503	100.0
1937	4,709	188.1
1938	3,956	158.1
Total		
Av. 1925-34	11,764	100.0
1937	13,257	112.7
1938	10,207	86.8

Egg prices

Farm prices of eggs per dozen

Year	Jan. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1925-34	31.0	18.7	18.7	18.6	20.0	22.0	25.7	30.0	35.7
1936	22.8	16.8	18.1	18.9	20.0	22.4	24.5	27.6	30.5
1937	23.1	20.1	17.9	17.6	19.4	20.4	22.9	25.2	26.0
1938	21.6	15.9	17.6	18.2	19.9				

A study of the relationship of the changes in storage stocks and in consumer incomes to changes in farm egg prices during the fall months indicates a probable advance of 5 to 10 percent in fall prices over those of 1937. It is expected that prices in early 1939 will also be above those of early this year. A possible increase in consumer incomes and a strong speculative demand will tend to maintain prices in the early spring at least at 1938 levels.