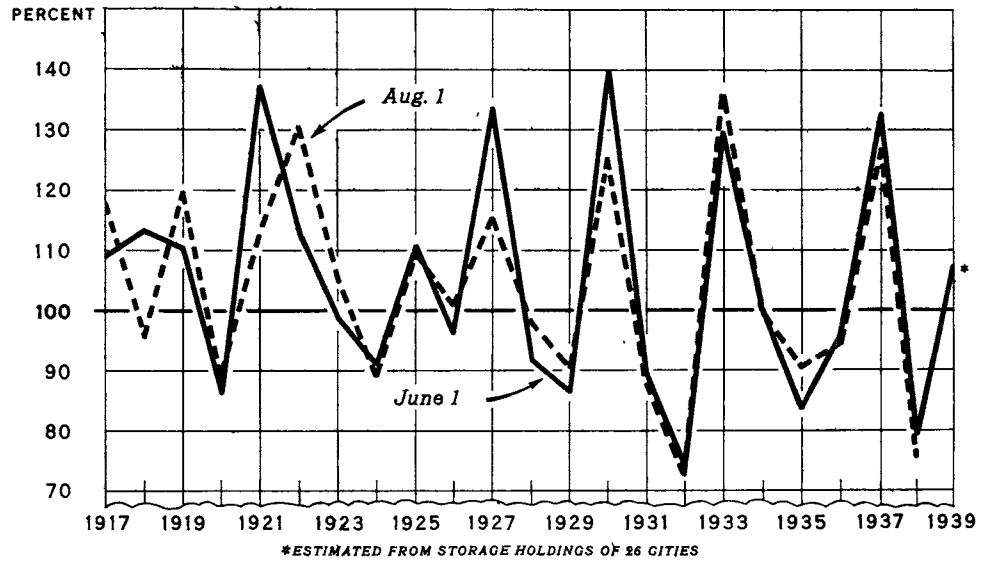
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON

PES-30 JUNE 1, 1939

THE POULTRY AND EGG SITUATION

U. S. STORAGE STOCKS OF SHELL AND FROZEN EGGS
(PERCENT OF PRECEDING YEAR)



*ESTIMATED FROM STORAGE HOLDINGS OF 26 CITIES

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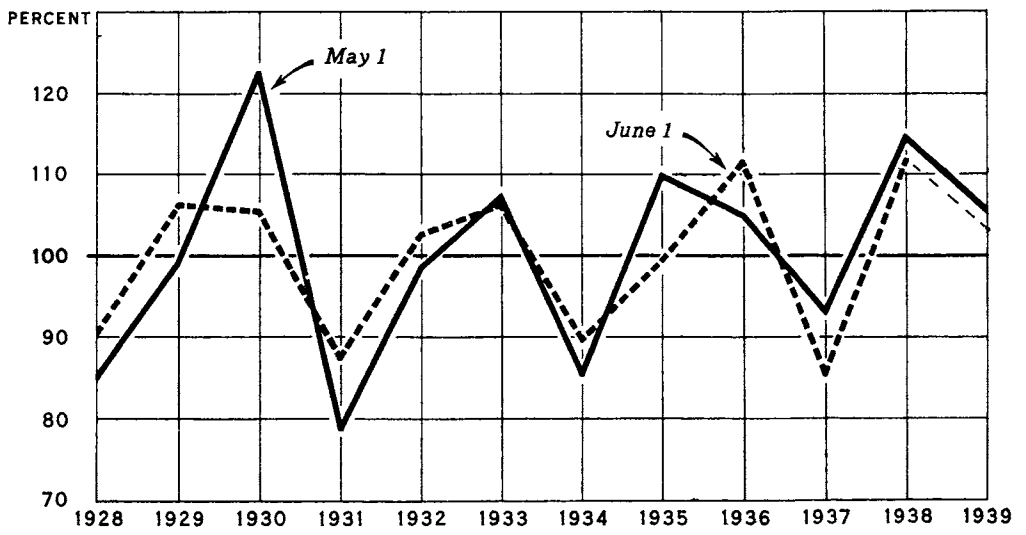
NUMBER OF CHICKS AND YOUNG CHICKENS PER FARM FLOCK IN THE U.S.
(PERCENT OF PRECEDING YEAR)



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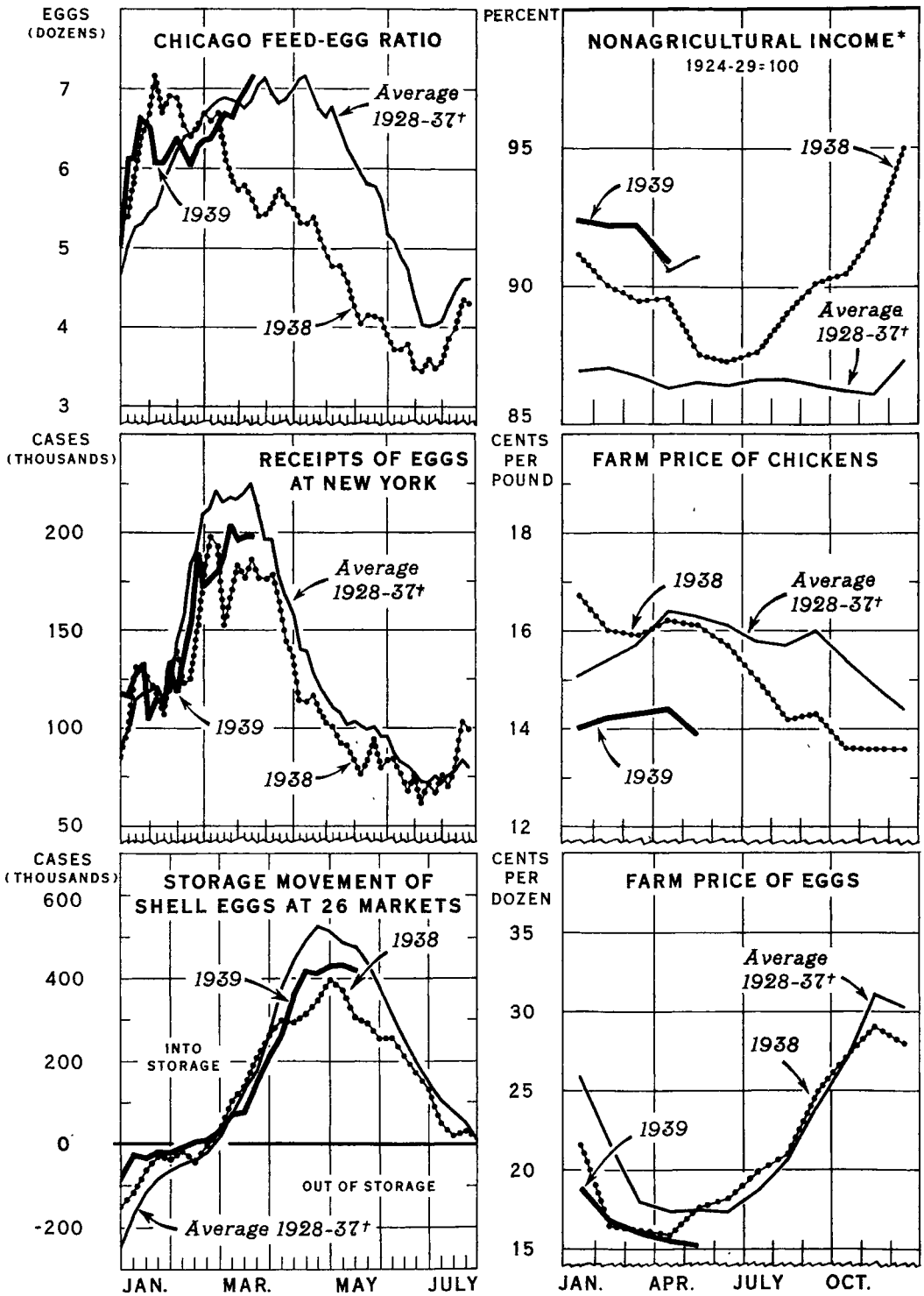
THE POULTRY AND EGG SITUATION AT A GLANCE



†AVERAGE FOR 1928-37(INSTEAD OF FOR 1926-34, AS FORMERLY) SHOWN FOR PURPOSES OF COMPARISON

*INDEX NUMBERS, ADJUSTED FOR SEASONAL VARIATION

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FIGURE 1

THE POULTRY AND EGG SITUATION

Summary

Outstanding developments in the poultry and egg situation are the continued large receipts of eggs and the decline in wholesale egg prices, reports the Bureau of Agricultural Economics. The lower egg prices are reflected in the steadily rising feed-egg ratio. During the past month the ratio has been much less favorable for egg producers than in the preceding month or last year, and slightly less favorable than the 1928-37 average for May. The purchase of eggs by the Federal Surplus Commodities Corporation for relief distribution, which began on May 23, will help to support egg prices.

Receipts of eggs at the 4 markets reached a peak in the week ending May 20, and during the first 4 weeks of May were 18 percent above last year. The into-storage movement of both shell and frozen eggs has been well above last year during the past month. Storage holdings of shell and frozen eggs at 26 markets on May 27 were about equal to last year, but because of the accelerated into-storage movement total storage holdings on August 1 may be considerably larger than in 1938.

Prices received by farmers for eggs declined 0.3 cents from April 15 to May 15. In 1938 average prices for the country as a whole increased about 2 cents between these two dates, and during 1928-37 they averaged about the same from April 15 to June 15. Farm prices of eggs on May 15 were over 2 cents below both that of last year and the 1928-37 average for this date.

Receipts of dressed poultry at New York during the first 4 weeks of May were 17 percent larger than last year, and United States storage stocks of frozen poultry on May 1 were 18 percent larger than in 1938. Poultry marketings

during the remainder of 1939 are expected to continue larger than in 1938 because of the larger number of hens and young chicks now on farms and the possibility that the increased hatchings of chicks and poults which has taken place to date will continue during the remainder of the season.

The farm price of chickens declined a half cent from April 15 to May 15. This was considerably more than the usual seasonal decline and more than the decline which occurred last year. The mid-May price was about 2 cents below a year earlier and below the 1928-37 average for May 15.

> Attention: Note the discussion on page 10 of this report regarding a possible change from a feed-egg to an egg-feed ratio.

Feed situation

The feed-egg ratio (based on Chicago prices) has risen steadily during the past 2 months. This is in marked contrast to the sharp decline in the ratio which occurred last year after April 16. During the 3 weeks ending April 15 of this year the ratio averaged 4 percent below the corresponding weeks of 1938, but during the first 3 weeks of May the ratio was 22 percent above last year and 3 percent above the 1928-37 average. In terms of eggs, it required about 1½ dozen more to purchase 100 pounds of poultry ration at Chicago during the week ending May 20 than in the corresponding week last year.

Feed-egg ratio at Chicago
(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ending as of 1939											
	Feb. 25	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27	June 3	June 10	June 17	Aug. 26	Nov. 25
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average 1928-37	6.01	6.89	6.86	6.83	6.75	6.86	7.04	7.12	6.94	6.82	6.26	4.04
1938	6.92	6.10	5.85	5.73	5.78	5.61	5.41	5.44	5.57	5.73	4.57	3.48
1939	6.21	6.69	6.65	6.84	6.99	7.14						

Hatchings

The number of chickens from this year's hatchings in farm flocks on May 1 was about 5 percent larger than on that date in 1938 and 14 percent above the 1928-37 average. The cover chart shows the extent to which the change from the preceding year in numbers of chicks and young chickens on May 1 is an indication of their change on June 1. In only 3 years of the series has the direction of the change (whether an increase or a decrease) been incorrectly indicated. In many years, however, the May 1 change has been greater than the June 1 change.

Average number of chicks and young chickens on hand per farm flock

Year	May 1	June 1
	Number of chickens	Number of chickens
1927	104.2	143.8
1928	88.7	130.2
1929	87.9	138.3
1930	107.7	145.7
1931	84.8	127.3
1932	83.6	130.6
1933	89.6	138.7
1934	76.6	124.4
1935	84.2	123.6
1936	88.4	138.0
1937	82.4	117.8
1938	94.5	131.7
1939	99.6	

Reports from commercial hatcheries showed an increase of 18 percent in the number of chicks hatched in April as compared with a year earlier. With the season two-thirds over, it appears that total commercial hatchings this year will be considerably larger than those of last year and will probably exceed the previous high record output of 1936.

Poultry marketings

Receipts of dressed poultry at New York have been increasing seasonally and during the first 4 weeks of May were 17 percent larger than in the corresponding weeks of 1938 and 37 percent above the 1928-37 average. Because of the greater number of hens on farms and the larger hatchings of chicks and poults so far this year, receipts during the remainder of 1939 probably will continue larger than in the same months of 1938.

Receipts of dressed poultry at New York

Year	Week ending as of 1939								
	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27	June 3	June 10	July 29
	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									
1928-37	2,302	2,372	2,687	2,720	2,710	2,745	2,835	3,009	2,954
1938	1,991	2,221	2,826	2,977	3,087	3,819	3,072	3,781	3,986
1939	2,418	2,510	3,306	3,809	3,805	3,995			

Poultry storage

Storage stocks of frozen poultry in the United States on May 1 were 18 percent above stocks a year earlier but 26 percent below the record high stocks on May 1, 1937. The out-of-storage movement has been declining rapidly, and it appears that the midsummer carry-over of frozen poultry will be considerably larger than last year.

Storage stocks of frozen poultry at 26 markets

Year	Week ending as of 1939					
	Storage stocks Apr. 29	Out-of-storage movement				Storage stocks May 27
		May 6	May 13	May 20	May 27	
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average 1928-37	47,885	2,814	2,514	2,165	2,113	38,279
1937	71,537	2,887	2,136	3,567	2,654	60,293
1938	43,700	1,942	1,445	1,622	1,756	36,935
1939	53,604	3,204	1,731	863	234	47,572

Chicken prices

The farm price of chickens declined a half-cent between April 15 and May 15. This was considerably more than the usual seasonal decline and a greater decline than that which occurred last year. The price on May 15 was more than 2 cents per pound below both last year and the 1928-37 average for May 15. The effects on prices of the larger supplies of poultry on farms and in storage this spring compared with last probably will be partly offset by a higher level of consumers' income and demand.

Price per pound received by farmers for chickens

Year	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Oct. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1928-37	15.4	15.7	16.4	16.3	16.1	15.8	15.7	15.4	14.4
1937	13.6	14.4	15.2	14.8	14.8	15.3	16.8	17.6	16.4
1938	16.0	15.9	16.2	16.1	15.7	15.0	14.2	13.6	13.6
1939	14.2	14.3	14.4	13.9	13.4				

Domestic demand

The outlook continues to point to relatively stable domestic business conditions and demand for farm products in 1939. Some improvement may occur during the summer but no marked changes are in prospect. The index of nonagricultural income declined about 1 percent from March to April but continued above the 1938 level.

Index numbers of nonagricultural income
(1924-29 = 100, adjusted for seasonal variation)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Sept.	Nov.
Average 1928-37..	86.9	87.0	86.7	86.3	86.5	86.4	86.6	86.4	86.1
1937	92.6	93.7	94.8	95.7	96.8	96.8	97.9	96.9	94.6
1938	91.2	90.0	89.5	89.6	87.5	87.3	87.6	90.1	91.9
1939	92.4	92.2	92.2	90.9					

Laying flock size

The seasonal decline in numbers of hens and pullets in farm flocks during April was about equal to the 1928-37 average but was slightly less than last year. The number of layers per farm flock on May 1 was about 5 percent above a year ago but about 4 percent below the 10-year average for May 1.

Average number of laying hens per farm flock on the first day of the month

Year	Feb.	Mar.	Apr.	May	June	July	Aug.	Nov.
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1928-37..	85.1	82.3	79.7	75.1	70.9	66.8	64.2	73.8
1937	82.5	80.0	77.5	73.1	68.5	63.6	62.1	69.3
1938	78.3	75.8	73.8	68.6	65.0	61.6	59.3	72.5
1939	82.0	79.8	76.8	72.2				

Egg production

The average number of eggs laid per 100 hens continues high. Although the rate of lay on May 1 this year was not quite equal to the rate in either of the past 2 years, it exceeded the May 1 figure for any other of the 15 years of record and was almost 4 percent above the 1928-37 May 1 average.

Total egg production per farm flock on May 1 was 5 percent above that of last year and about equal to the 10-year average for that date.

Eggs laid per 100 hens and pullets of laying age in farm flocks on the first day of the month

Year	Feb.	Mar.	Apr.	May	June	July	Aug.	Nov.
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1928-37	25.0	37.7	53.0	55.5	50.1	42.8	37.1	18.1
1937	25.7	39.2	52.8	57.8	52.5	44.4	40.4	21.1
1938	32.2	42.2	57.9	58.1	52.9	46.5	41.2	22.3
1939	31.9	41.4	56.3	57.6				

Egg marketings

Receipts of eggs at New York during the first 4 weeks of May were 7 percent above receipts a year ago but 12 percent below the 1928-37 average for the period. Receipts at New York reached a peak in the week ending April 29 and receipts at the four markets combined reached a peak in the week ending May 20. In 1938 the peak in egg receipts at both New York and the four markets combined was reached in the week ending April 9.

Receipts of eggs at New York

Year	Week ending as of 1939								
	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27	June 3	June 10	July 29
	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 1928-37	215.1	217.2	216.7	220.9	224.9	213.7	197.3	197.0	121.3
1938	152.0	170.5	183.8	176.4	186.1	176.7	176.3	178.8	108.5
1939	187.3	203.0	196.2	197.7	198.1	181.8			

Egg storage

Cold storage holdings of shell eggs in the United States on May 1 were 4 percent larger than a year earlier but holdings of frozen eggs were 23 percent smaller. The into-storage movement at 26 cities during the past month, however, has been well above last year for both shell and frozen eggs. As a result, storage holdings of shell eggs at these markets on May 27 were 8 percent above last year and of frozen eggs only 9 percent larger than a year earlier.

One of the charts on the cover page shows the relationship which has existed in past years between the change from the preceding year in storage stocks of shell and frozen eggs on June 1 and on August 1. On the basis of this relationship and the estimated storage stocks on June 1 of this year, it appears that storage holdings on August 1 may be from 5 to 10 percent larger than last year on August 1.

Storage stocks of eggs at 26 markets

Year	Week ending as of 1939					
	Storage stocks Apr. 29	Into-storage movement				Storage stocks May 27
		May 6	May 13	May 20	May 27	
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell						
Average 1928-37	2,590	514	486	476	436	4,502
1938	2,133	395	371	305	291	3,495
1939	2,103	429	434	425	369	3,760
Frozen						
1938	1,811	41	56	73	31	2,012
1939	1,356	91	132	128	127	1,834

Egg prices

The farm price of eggs declined 0.3 cents from April 15 to May 15. Last year the price increased 1.7 cents while on the average prices show little change between these two dates. Prices on May 15 were over 2 cents below prices on that date last year or the 1928-37 average for May 15.

Price per dozen received by farmers for eggs

Year	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Oct. 15	Dec. 15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average 1928-37	21.6	18.0	17.4	17.5	17.4	18.7	20.6	27.0	30.3
1937	20.1	19.9	20.1	17.9	17.6	19.4	20.4	25.2	26.0
1938	16.4	16.2	15.9	17.6	18.2	19.9	21.0	27.1	27.9
1939	16.7	16.0	15.5	15.2	15.3				

THE FEED-EGG vs. EGG-FEED RATIO

Since 1925 the Bureau of Agricultural Economics has published a feed-egg ratio showing the dozens of eggs required to buy 100 pounds of poultry ration at Chicago. This ratio has been published in the Poultry and Egg Situation since its inception. An important reason for choosing this type of ratio was that several other institutions were already publishing feed-egg ratios in 1925. A feed-egg ratio and a feed-chicken ratio, based on farm prices, are also published in the monthly production report of the Crop Reporting Board.

Similar measures are computed and published for other commodities. These, however, are commonly expressed as commodity-feed rather than feed-commodity ratios. Notable examples are the hog-corn ratio and the butterfat-feed ratio . In order to obtain greater uniformity among commodities and to prevent confusion, it has been suggested that the ratio for eggs should be expressed as an egg-feed ratio rather than in the present form.

For the week ending May 20 the Chicago feed-egg ratio was 7.14, compared with 6.05 two months ago. The steady rise in the ratio that has taken place during the past 2 months indicates a less favorable situation for poultrymen. The egg-feed ratio for the week ending May 20 would be 14.0 compared with 16.5 two months ago. The steady decline in this ratio during the past 2 months gives the same indication of a less favorable situation for poultrymen.

Advantages claimed for the egg-feed ratio include:

1. In general outlook meetings or reports, confusion is avoided if the same type of ratio is used for all commodities.

2. The egg-feed ratio is more easily understood. When the egg-feed ratio is high, profits are high and when the egg-feed ratio is rising, egg production is becoming more profitable. An opposite relationship exists between the feed-egg ratio and profits.

3. The egg-feed ratio places emphasis on the commodity. For any individual feed ratio, farmers and dealers are primarily interested in the particular commodity and therefore the commodity should be named first.

Disadvantages of an egg-feed ratio are as follows:

1. Farmers and the trade must adjust to the new basis.

2. Historical series of feed-egg ratios must be revised.

3. Other egg ratios are being published on a feed-egg basis. This might be overcome by changing all egg ratios to an egg-feed basis.

There is no objective basis for determining whether or not the advantages outweigh the disadvantages emmerated above, since it is largely a matter of personal preference. For this reason, the Bureau would like to know what those who use the information think about this question. Do you favor, or are you opposed to the proposed change? We would appreciate pro or con statements from poultrymen, dealers, poultry extension specialists, editors of poultry magazines, other marketing specialists, trade associations, etc.

Comments should be addressed to R. J. Foote, Division of Statistical and Historical Research, Bureau of Agricultural Economics, Washington, D. C.