

THE Poultry and Egg SITUATION

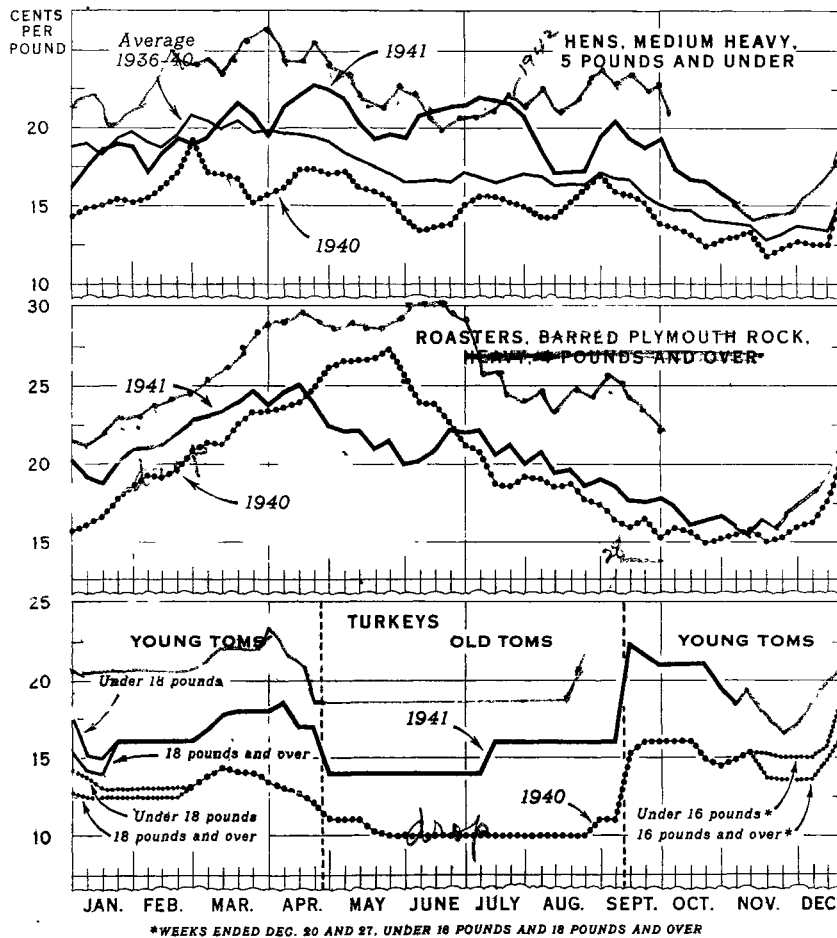
BUREAU OF AGRICULTURAL ECONOMICS
 UNITED STATES DEPARTMENT OF AGRICULTURE

FES-59



NOVEMBER 1941

WHOLESALE PRICES OF LIVE POULTRY, SELECTED CLASSES,
 CHICAGO. AVERAGE 1936-40, AND 1940-41

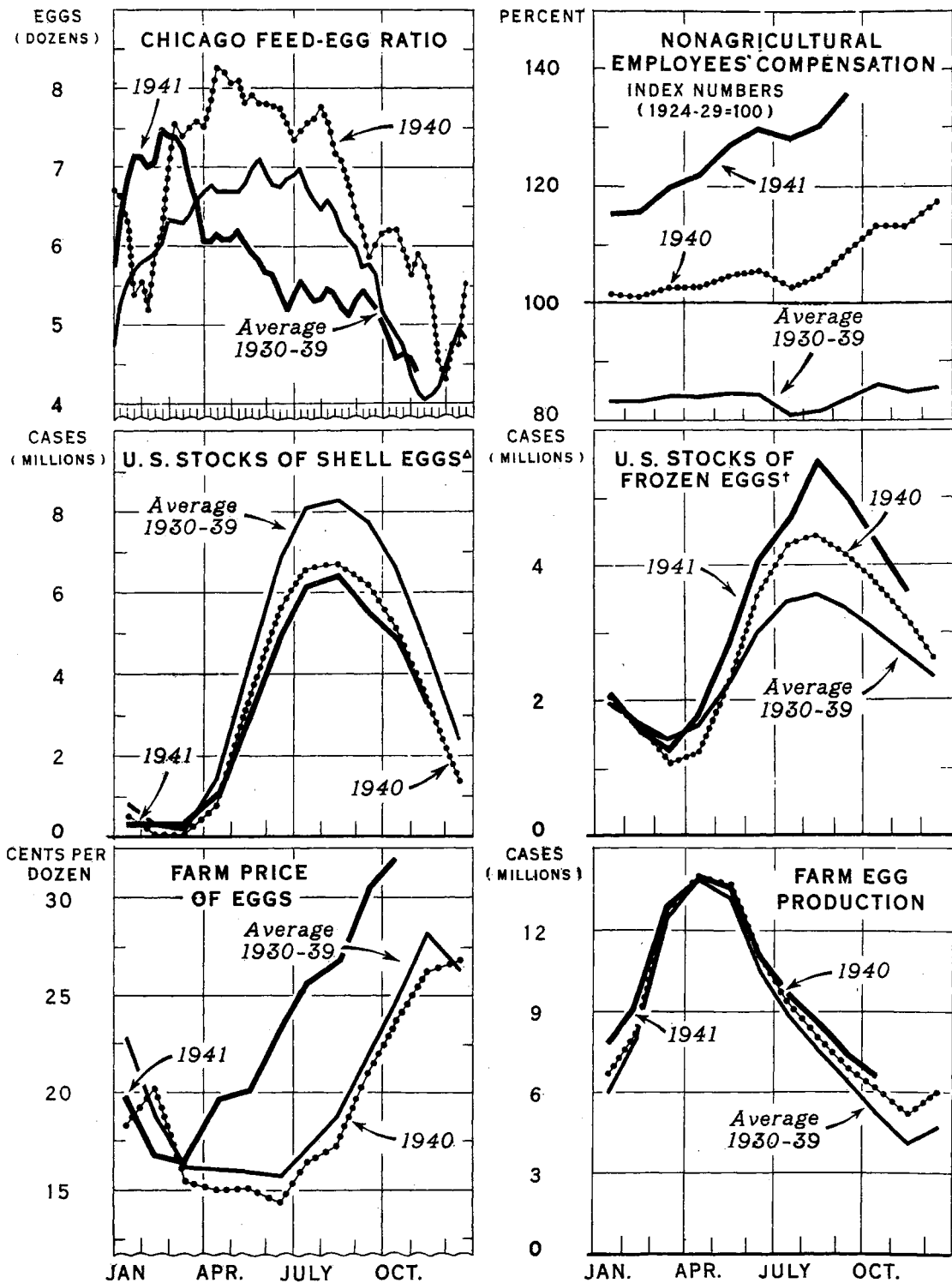


U. S. DEPARTMENT OF AGRICULTURE

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THE INCREASE IN SUPPLIES OF CHICKEN MEAT HAS OFFSET A LARGE PART OF THE EFFECTS ON PRICES OF THE LARGER CONSUMER INCOMES THIS FALL THAN LAST. PRICES OF CHICKENS AND FOWL IN EARLY NOVEMBER AVERAGED ONLY SLIGHTLY HIGHER THAN A YEAR EARLIER, WHILE IN THE SUMMER MONTHS THEY WERE CONSIDERABLY HIGHER THAN IN THE CORRESPONDING TIME LAST YEAR. SUPPLIES OF TURKEYS THIS FALL ARE ALMOST AS LARGE AS THE RECORD SUPPLIES IN 1940 BUT BECAUSE OF THE MUCH STRONGER CONSUMER DEMAND TURKEY PRICES ARE AVERAGING CONSIDERABLY HIGHER THAN A YEAR AGO.

THE EGG SITUATION AT A GLANCE



A. M. S. DATA, EXCEPT NONAGRICULTURAL EMPLOYEES' COMPENSATION
 ▲ 1ST. OF THE MONTH. EXCLUDES U. S. D. A. HOLDINGS, BEGINNING APRIL 1, 1940
 † 1ST. OF THE MONTH. EXCLUDES U. S. D. A. HOLDINGS BEGINNING JULY 1, 1941.

FIGURE 1

THE POULTRY AND EGG SITUATION

Summary

Although supplies of turkeys for consumption this fall are almost as large as the record supplies of 1940, wholesale prices of turkeys are averaging about one fourth higher than a year ago. Supplies of chickens are considerably larger this fall than last but prices have been averaging slightly higher. Marketings of chickens in recent weeks have been about the largest on record and although current consumption is at a very high rate, storage stocks are accumulating more rapidly than usual. Total stocks of poultry on November 1 were 12 percent over the previous record for that date in 1940. The seasonal peak in holdings will be reached early in January.

Marketings of chickens will continue heavier than a year earlier into 1942 because of the large late hatch this year. Commercial broiler output apparently is continuing even larger than the previous record output last fall. Chicken prices are expected to resume an upward trend after the heavy fall marketings and for 1942, as a whole, prices received by farmers for chickens probably will average higher than in 1941.

Egg production is continuing even larger than the record output a year ago. On November 1 total egg production was about 9 percent larger than a year earlier. Receipts of eggs at midwest primary markets in recent weeks have been about twice as large as a year earlier. But because of the heavy egg-breaking operations in that area, receipts at terminal markets are continuing a little smaller than a year ago. Storage withdrawals of eggs had been running considerably below normal but in recent weeks increased considerably and are now about as large as those of a year ago. Stocks of privately owned frozen eggs on November 1 were about 13 percent larger than

on November 1, 1940, but stocks of shell eggs in private hands were 5 percent smaller than a year earlier.

Egg prices advanced further during the past month; wholesale prices of fresh firsts at Chicago in mid-November were 37 cents per dozen, about 60 percent higher than at that time last year. Feed prices advanced in recent weeks but the feed-egg ratio, based on Chicago prices in mid-November, was about average and was much more favorable than a year earlier. Because of the stronger demand and increased purchases for lend-lease requirements, egg prices are expected to continue considerably higher than a year earlier well into 1942. Direct purchases by the Department to date this year are equivalent to approximately 6,924,290 cases of shell eggs.

-- November 19, 1941

EGG SITUATION

REVIEW OF RECENT DEVELOPMENTS

Average Rate of Lay Continuing at a Record Level

The average number of eggs laid per hen in sample farm flocks on November 1 was about 2 percent larger than the previous record for that date in 1940, and was 28 percent larger than the 1930-39 average. With about 7 percent more layers on farms on November 1 than a year earlier, total egg output on that date was about 9 percent larger than on November 1 last year.

For the month of October, the average number of layers on farms, 291 million, was about 4 percent larger than in October 1940. The rate of lay was 2 percent higher this October than last, making the total egg output for the month about 8 percent larger than in October 1940.

Receipts of eggs at primary markets indicate that egg production since November 1 has continued larger than a year earlier. In the Midwest, receipts at primary markets during early November were running about twice as large as in early November last year. Receipts at Pacific Coast markets are continuing to increase relative to a year earlier. Terminal market receipts, however, have been running smaller this fall than last. The difference in trends between these two types of markets is due to the heavy purchases by the Government in producing areas. Such purchases result in a heavy movement of eggs directly from country plants or assembling points to breakers.

Number of layers on farms, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
Average:												
1930-39:	332	325	315	301	284	267	253	246	256	278	300	322
1938	307	301	292	278	262	248	236	234	245	269	293	314
1939	322	316	306	292	276	260	246	242	253	279	305	326
1940	332	327	318	304	289	270	252	247	257	279	303	320
1941	324	318	308	295	280	266	254	249	263	291		

Average number of eggs produced per layer, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Average:												
1930-39:	6.6	8.9	14.3	16.7	16.8	14.2	12.7	11.2	8.9	6.8	5.0	5.2
1938	7.9	9.9	15.4	17.5	17.3	14.9	13.6	11.8	9.4	7.5	5.9	6.4
1939	8.0	9.7	14.9	17.0	17.0	14.6	13.2	11.7	9.3	7.4	6.0	6.8
1940	7.2	9.0	14.4	16.5	17.0	14.8	13.4	11.8	9.7	7.9	6.2	6.8
1941	8.7	10.3	15.0	16.9	17.4	15.1	13.8	12.2	10.0	8.2		

Total farm production of eggs, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases
Average:												
1930-39:	6.0	8.0	12.5	13.9	13.2	10.5	8.9	7.6	6.4	5.2	4.1	4.7
1938	6.7	8.3	12.5	13.5	12.6	10.3	8.9	7.6	6.4	5.6	4.8	5.5
1939	7.2	8.5	12.6	13.8	13.0	10.6	9.1	7.8	6.5	5.7	5.1	6.1
1940	6.7	8.2	12.7	14.0	13.7	11.1	9.4	8.1	7.0	6.1	5.2	6.0
1941	7.9	9.1	12.8	13.9	13.5	11.1	9.7	8.5	7.4	6.6		

Agricultural Marketing Service data.

Direct Purchases of Eggs by the Department
This Year Now Nearly 7 Million Cases

The Department has continued to purchase shell eggs as well as dried eggs; purchases of frozen eggs have been discontinued until further notice. Dried eggs make up the largest proportion of present purchases, though part of such purchases are made for delivery early in 1942. Monthly production of dried egg products now is over 3 million pounds compared to 100,000 pounds,

or less, per month in the late fall of 1940. The approximate shell-egg equivalent of all eggs and egg products purchased directly by the Department to the middle of November was 6,924,290 cases. The following table shows direct purchases by the Department and quantities purchased indirectly by redeeming blue stamps.

Purchases of eggs by the Department of Agriculture in 1941

Date	Shell		Frozen	Dried
	Direct	Blue Stamp		
	purchases	purchases		
	Cases	Cases	1,000 pounds	1,000 pounds
Month -				
Jan.	4,003	120,067	---	---
Feb.	173,003	132,933	---	---
Mar.	72,191	157,000	---	---
Apr.	386,925	173,000	---	---
May.	398,711	169,700	15,527	840
June	38,401	184,100	6,240	735
July	316,535	160,900	42,218	4,750
Aug.	96,736	199,633	2,205	6,525
Sept.	88,150	182,967	---	5,546
Oct.	92,395		---	12,687
Week ended -				
Nov. 8	7,700		---	989
15	1,600		---	826
Total	1,676,350	1,480,300	66,190	32,897

Withdrawal of Storage Stocks Increased
in Recent Weeks

Up until about mid-October the net out-of-storage movement of shell eggs was running much smaller than a year earlier, and in some weeks the net withdrawals were the smallest in more than 20 years. Beginning in the latter part of October the out-movement increased considerably and now is running about average. Storage stocks of privately owned shell eggs on November 1 were only 5 percent smaller than a year ago compared with as much as 15 percent in earlier months. Holdings by the Department of Agriculture on November 1 were 18 percent smaller than a year earlier, making total holdings of shell eggs about 7 percent smaller than on November 1, 1940.

Although the out-of-storage movement of frozen eggs has been running about average, privately owned stocks on November 1 were about 12 percent larger than on November 1, 1940. The Department owned the equivalent of 3,608,000 cases on November 1 this year whereas on November 1 last year no frozen eggs were held by the Department.

Eggs: Storage stocks in the United States and storage movement at 26 markets

Year	United States:		Out-of-storage movement, week ending as of 1941						
	stocks		Oct.	November				Dec.	
	Oct. 1:	Nov. 1:	25	1	8	15	22	29	6
	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>Shell</u>									
<u>Average</u>									
1930-39	6,572	4,592	321	354	354	367	334	315	303
1939	5,430	3,519	296	359	361	304	300	303	224
1940	1/5,139	1/3,427	307	332	315	373	331	417	348
1941	1/4,846	2/3,271	271	386	306	358			
<u>Frozen</u>									
<u>Average</u>									
1930-39	3,036	2,688	---	---	---	---	---	---	---
1939	3,471	2,979	82	72	57	67	68	69	51
1940	3,737	3,195	78	81	81	101	85	102	74
1941	3/4,261	2/3,608	198	84	96	77			

Agricultural Marketing Service data.

1/ Excludes United States Department of Agriculture holdings as follows: October 1, 1940, 901,000 cases; November 1, 1940, 717,000 cases; October 1, 1941, 595,000 cases; November 1, 1941, 586,000 cases.

2/ Preliminary.

3/ Excludes United States Department of Agriculture holdings as follows: October 1, 1941, 837,000 cases; November 1, 1941, 781,000 cases.

Egg Prices Advanced Further During the Past Month

Wholesale egg prices advanced further during the last half of October and first part of November as receipts declined seasonally and purchases by the Department of Agriculture continued large. Fresh firsts at Chicago increased about 5 cents per dozen from mid-October to mid-November and are now about 14 cents (60 percent) higher than a year ago. Price advances at other markets were about proportional to the average advance at Chicago.

The average price received by farmers in mid-October (31.8 cents) was about 8 cents higher than a year earlier and was 84 percent of the October parity price.

Price per dozen received by farmers for eggs, United States

Year	:Jan. : 15	:Feb. : 15	:Mar. : 15	:Apr. : 15	: May : 15	:June : 15	:July : 15	:Aug. : 15	:Sept. : 15	:Oct. : 15	:Nov. : 15	:Dec. : 15
	:Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average :												
1930-39 :	22.8	18.8	16.1	16.0	15.9	15.7	17.0	18.7	21.9	24.7	28.2	26.3
1938 :	21.6	16.4	16.2	15.0	17.6	18.2	19.9	21.0	24.9	27.1	29.0	27.9
1939 :	18.8	15.7	16.0	15.5	15.2	14.9	16.5	17.5	20.6	22.9	25.8	20.5
1940 :	18.3	20.2	15.4	15.0	15.1	14.4	16.4	17.2	21.0	23.7	26.2	26.8
1941 :	19.7	16.8	16.4	19.7	20.1	23.2	25.6	26.8	30.3	31.8		

Agricultural Marketing Service data.

Imports of Eggs from Argentina

The relatively high egg prices in this country during the past few months have resulted in imports of eggs from Argentina. Egg prices in the United States have been running considerably higher than a year earlier since last April and recently have been at the seasonal high level. Prices of eggs in Argentina and adjoining South American countries, on the other hand, are at the seasonal low level. The seasonal variation in egg prices in Argentina is about as pronounced as in this country but the pattern of variation is reversed because the seasons are opposite. In the next few months egg prices in the United States probably will decline somewhat from the present level as production increases seasonally, whereas prices in Argentina will rise as production drops off with the coming of summer and early fall in that country. Under these conditions imports of eggs into the United States from Argentina may cease.

Tariff rates on poultry products and eggs were not changed by the Argentine Trade Agreement which went into effect on November 15.

Quantities of eggs imported in some months have been large relative to receipts of domestic eggs at specific markets. Such imports, however, probably have had relatively little effect on domestic egg prices since it is unlikely that total imports exceeded 1 percent of the monthly domestic supply of eggs. Department of Commerce data on total current imports of eggs will not be available for several weeks, but the Agricultural Marketing Service reports that about 84,000 cases of eggs were received at New York from South American countries during October. For this year up to November 5 about 240,000 cases of eggs were received at New York from South America. These receipts are not included in the data on receipt of eggs at New York City.

OUTLOOK

BACKGROUND.- Per capita consumption of eggs in the United States in 1940 was the largest in nearly a decade. Egg prices in that year averaged only slightly higher than in 1939 despite the larger consumer incomes. Prices received by farmers for eggs continued at a relatively low level during the first quarter of 1941. But since last April egg

prices have been advancing steadily. The food-for-defense program was announced in early April and large Government purchases have been made under the Lend-Lease Act. To assure a large production of eggs in 1942 the Department has announced that prices received by farmers for eggs will be supported at not less than 85 percent of parity through December 31, 1942.

The outlook for eggs during the remainder of this year and in 1942 was discussed in detail in the September issue of The Poultry and Egg Situation. Since there has been little change in the general situation during the past several weeks, the principal points concerning the outlook are outlined below.

(1) With favorable weather, egg production this fall and winter will continue even larger than the record output of a year earlier.

(2) The number of layers on farms has been increasing for several months relative to a year earlier and by January close to 10 percent more layers will be on farms than in January 1941. In addition, because of the large late hatch this year, a larger number of pullets will be available for addition to laying flocks after the first of the year. The prospective increase in layers is largely the basis for expecting an increase of 10 percent in total egg output in 1942. With such an increase the production goal of about 4 billion dozen eggs in 1942 would be reached.

(3) Purchases by the Department of Agriculture for lend-lease purposes in 1942 are expected to total about a half billion dozen eggs, or about 16-5/4 million cases (approximate shell-egg equivalent). Supplies of eggs for domestic consumption in 1942, however, are expected to be as large as average for recent years, or perhaps a little larger.

(4) Prices received by farmers for eggs next year are expected to average somewhat higher than in 1941. The prospective stronger average consumer demand in 1942 will be supplemented by the announced purchase program. Egg prices will be influenced to some extent also by movements in the general price level.

(5) The feed-egg ratio is expected to continue favorable for egg production. Some costs will be higher in 1942 than they have been this year, but all things considered it should be more profitable than average to produce eggs next year. Cash farm income from eggs in 1942 will be materially larger than in 1941.

POULTRY SITUATION AT A GLANCE

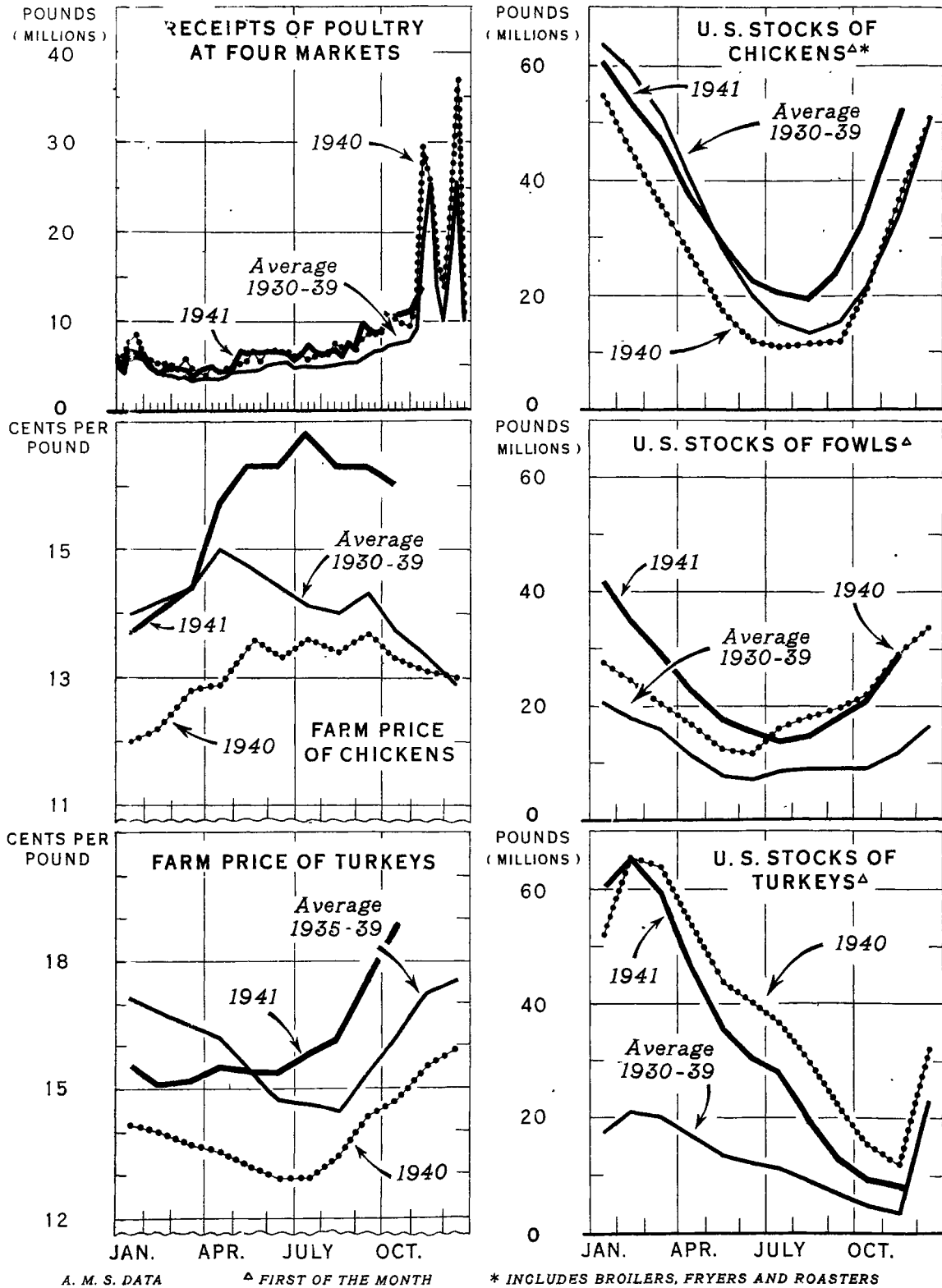


FIGURE 2

POULTRY SITUATION
 REVIEW OF RECENT DEVELOPMENTS

Hatchery Output Continuing Large

The demand for chicks for specialized broiler and fryer production is continuing unusually strong and the hatchery output of baby chicks is being maintained at a high level. About 60 percent more chicks were produced by commercial hatcheries in October this year than in that month in 1940. The output in October exceeded the previous record for that month by 15 percent. During the first 10 months of 1941 about 1,009 million chicks were produced by commercial hatcheries, 27 percent more than a year earlier and 16 percent more than the previous record for that period established in 1939.

Farm Marketings and Terminal Market Receipts of Poultry Much Larger than a Year Ago

Receipts of live young chickens at midwest primary markets in recent weeks have been about 50 percent larger than receipts a year earlier. This probably reflects an increase in the average weight of birds sold as well as an increase in numbers, since conditions this year have favored feeding to heavier weights.

Receipts of fowls also have increased in recent weeks and now are a little larger than those of a year ago. The increase in fowl marketings is due in large part to the fact that fowls were retained on farms during the past summer and early fall to increase egg production.

Receipts of dressed poultry (fresh and frozen) at the four principal markets during the first 10 months of 1941 were about as large as in the same months a year earlier. But in recent weeks receipts at these markets have been as much as one fourth larger than in corresponding weeks of 1940 and the largest on record for those weeks. These data, of course, include receipts of turkeys and other classes of poultry as well as chickens and fowls. The movement of turkeys may have started a little earlier this year than last.

Receipts of dressed poultry at four markets

(New York, Chicago, Philadelphia, Boston)

Year	Week ending as of 1941											
	Sept.		Oct.			Nov.			Dec.			
	20	27	11	18	25	1	8	15	22	29	6	
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Average:												
1930-39:	6,238	6,627	7,238	7,387	7,641	7,788	9,101	18,931	25,187	13,766	9,846	
1939	7,371	7,530	8,526	7,733	8,438	9,470	11,741	28,200	23,999	12,471	9,451	
1940	8,478	8,403	9,548	10,327	9,796	9,350	12,256	29,526	25,818	16,500	13,656	
1941	8,082	8,354	10,150	10,865	10,951	11,756	13,405	23,634				

Agricultural Marketing Service data.

Storage Holdings Even Larger than the
Record Holdings of Last Year

The net into-storage movement of all poultry in October was about one third larger than the previous record in October 1940, and data for the 26 markets indicate that this margin has been at least maintained during early November. On November 1 holdings of broilers and fryers were 36 percent larger than a year earlier while stocks of roasters were up 46 percent from November 1, 1940. Stocks of fowls were 3 percent larger than on November 1, 1940, but holdings of turkeys (at the seasonal low point) were 32 percent smaller than on November 1 last year.

Poultry: Storage stocks in the United States and
storage movement at 26 markets

Year	United States		Into-storage movement, week ending as of 1941								
	stocks		Oct.	Nov.						Dec.	
	Oct. 1	Nov. 1	25	1	8	15	22	29	6		
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	
Average:											
1930-39:	55,192	70,412	3,117	3,487	3,864	4,398	7,086	10,062	9,085		
1939:	63,164	79,228	3,038	4,740	6,629	5,392	9,456	17,462	9,166		
1940:	90,842	114,257	3,681	4,541	4,596	5,081	6,887	15,845	13,009		
1941:	96,701	1/128,071	6,169	7,255	8,096	5,477					

Agricultural Marketing Service data.
1/ Preliminary.

Fowl and Chicken Prices Lower in
November than in October

Wholesale prices of live young chickens, of heavier weights, declined a little further in the last half of October and in the first part of November. In mid-November the price of heavy colored roasters at Chicago was the same as a year earlier and about a half cent lower than in mid-October. Prices of medium weight spring chickens also declined a little during the past month but in mid-November were somewhat higher than a year earlier. Prices of live fowls declined from 1 to 2 cents during the month ended in mid-November, but they are still 2 to 3 cents higher than in November 1940. The average price received by farmers for chickens in mid-October was 16.0 cents per pound, 20 percent higher than a year earlier, and 2 percent above parity.

Price per pound received by farmers for live chickens,
United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	15	15	15	15	15	15	15	15	15	15	15	15
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:												
1930-39:	14.0	14.2	14.4	15.0	14.7	14.4	14.1	14.0	14.3	13.7	13.3	12.9
1938:	16.7	16.0	15.9	16.2	16.1	15.7	15.0	14.2	14.3	13.6	13.6	13.6
1939:	14.0	14.2	14.3	14.4	13.9	13.4	13.7	13.0	13.6	12.7	12.4	11.7
1940:	12.0	12.2	12.8	12.9	13.6	13.3	13.6	13.4	13.7	13.3	13.1	13.0
1941:	13.7	14.0	14.4	15.7	16.3	16.3	16.8	16.3	16.3	16.0		

Agricultural Marketing Service data.

Poultry, live: Wholesale price, by classes, at Chicago, average
1936-40 and selected dates 1940 and 1941

Class	Average:			1940			1941			
	1936-40			Oct.	Nov.	Dec.	Jan.	Week ending		
	Nov.	Oct.	Nov.	Oct.	Nov. 1	Nov. 8	Nov. 15	Cents	Cents	Cents
	Cents									
Hens:										
Over 5 pounds	16.6	15.1	14.9	15.5	16.9	19.0	18.1	18.2	18.0	
5 pounds and under ...	13.3	13.1	12.6	13.5	18.0	17.2	15.9	15.2	14.2	
Leghorn	11.6	10.8	10.2	10.9	13.2	14.7	14.2	13.2	12.6	
Spring chickens:										
4 pounds and over										
Colored	15.0	14.2	14.8	16.5	18.1	15.7	15.2	15.0	14.8	
White Rock	16.3	15.7	16.0	18.0	19.6	17.0	16.2	16.2	16.5	
Barred Rock	15.9	15.4	15.4	17.6	19.8	16.9	16.7	16.0	15.5	
Under 4 pounds										
Colored	14.9	13.9	14.3	16.1	17.6	17.0	17.1	17.0	16.2	
White Rock	16.7	15.8	15.8	17.7	18.9	18.5	19.2	19.0	17.3	
Barred Rock	16.6	15.8	16.1	17.6	19.5	19.1	20.5	20.7	19.5	
Broilers:										
2-1/2 pounds and under:										
Colored	17.8	16.2	16.3	16.6	17.2	18.9	19.0	19.0	17.6	
White Rock	19.5	18.1	18.6	17.5	18.0	20.1	20.5	20.5	18.3	
Barred Rock	19.2	18.0	18.7	17.9	18.0	21.2	21.5	21.2	19.7	
Turkeys:										
Young hens	19.3	18.5	17.5	18.2	18.6	22.4	21.0	21.0	23.2	
Young toms	16.9	15.4	1/14.7	1/15.4	1/15.5	20.7	19.5	18.5	1/20.4	

Computed from quotations in Chicago Price Current.

1/ Computed from all quotations on young toms, including classes by weights.

Chicken Prices Have not Increased as Much
as Prices of Some Other Livestock Products

The material improvement in demand during the past year has resulted in mixed trends in prices received by farmers for various livestock products. On the basis of a comparison of October prices this year with those of 1940, prices received for beef cattle increased the least and prices for hogs increased the most. Chicken prices had increased slightly more than prices of beef cattle. Increases in supplies of chicken and beef have partly offset the effects on prices of the stronger demand for those products. Supplies of beef are large chiefly because of the large increase in cattle feeding during the past year. The cycle of chicken production is about the shortest of all cycles of livestock enterprises, and as illustrated this year, the supply can be increased materially in a few months. Supplies of chicken meat this fall and winter as a whole will be something like 15 percent larger than a year earlier. In view of this increase and the 25 percent increase in consumer income, the increase in chicken prices this fall over last compares favorably with increases in prices of other farm products. The average price received by farmers for chickens in mid-October was 20

percent higher than in October 1940. The products showing the largest advances in prices are those also showing only slightly larger supplies this year than last. Supplies of some products are smaller.

The increase in cash farm income from chickens will compare favorably with increases in cash farm income from other sources despite the fact that the increase in chicken prices this fall over last is among the smallest of all commodities. Farm marketings of chickens this year probably will be something like 10 percent larger than in 1940 and the average price received in 1941 will average a little more than 20 percent higher than in 1940.

OUTLOOK - CHICKENS

BACKGROUND. - Domestic supplies of chickens in 1940 were smaller than in 1939 and prices received by farmers for chickens during 1940 increased relative to a year earlier. This encouraged further expansion of the specialized broiler and fryer industry. The number of chickens raised on farms this year also increased considerably. The marketing of chickens is about at the seasonal peak now and the increase in supplies over last year has offset a large part of the effects on prices of the much stronger demand this fall than last.

The outlook for chickens during the remainder of this year and in 1942 was discussed in detail in the September issue of The Poultry and Egg Situation. Since there has been little change in the outlook during the past month or two, the principal points bearing on the future are outlined below.

(1) The market movement of this year's record chicken crop is about at the seasonal peak and will continue larger than a year earlier during the rest of 1941 and into 1942. The record farm marketings for the next few months may be supplemented by an even larger commercial broiler output than that of the winter of 1940-41.

(2) Although specific encouragement is not being given to the broiler industry for an increase in production it is likely that the total output will be increased over that of a year earlier. The capacity for producing broilers has been expanded considerably since last winter so that even if existing facilities were operated at a lower rate this year than last the total output might be greater. It is impossible to determine how much additional output would be desirable in the long run and it, therefore, seems particularly hazardous to expand facilities materially at this time.

(3) Expansion of the poultry industry has been encouraged primarily to obtain increased supplies of eggs. It is expected, however, that the number of chickens raised on farms in 1942 will be larger than this year's number. The slaughter of farm chickens in 1942 is expected to approach 750 million head (the tentative goal established for chicken slaughter), about 10 percent more than the probable slaughter this year. This level of slaughter will be closely approached even if the number of chickens raised

on farms in 1942 is no more than 6 to 8 percent larger than the number raised this year. The combined slaughter of farm chickens and commercial broilers may increase as much as 13 or 14 percent in 1942 compared to 1941. This does not mean that the total hatch is expected to increase by 13 or 14 percent. The increase in chicken slaughter in 1942 compared to this year will be larger than the increase in the total hatch because fowl marketings in 1942 very likely will be larger than they were this year, and numbers of chickens on farms may increase only moderately next year compared with a probable increase of 50 million head or more during 1941.

(4) Prices of heavy young chickens declined with the increase in marketings, and wholesale prices of such classes now are little different from prices a year ago. Prices of almost all classes of young chickens probably will rise during the course of the next few months as marketings decline seasonally. The large storage stocks in prospect will tend to limit the extent of the increase. For 1942 as a whole it is expected that average prices received by farmers for chickens will average higher than in 1941.

TURKEYS

Supplies of turkeys for consumption this fall are almost as large as the record supplies a year earlier. The number of turkeys raised on farms this year is expected to be slightly (0.3 percent) larger than the number raised in 1940 (excluding the more than a million birds lost in a storm last year), and turkeys are expected to average slightly heavier this year than last. It is likely, however, that supplies of meat will not be as large this fall as last because more turkeys will be carried over into 1942 than were carried over into 1941, and cold storage holdings of turkeys this fall are smaller than a year ago. At the seasonal low point in holdings on November 1, United States storage stocks of turkeys totaled 4 million pounds, about one third less than on November 1, 1940.

Wholesale prices of turkeys have been averaging about one fourth higher than a year ago. The increase in prices of toms, however, is about double the increase in price of hens. The price of young toms at Chicago in mid-November was about 36 percent higher than a year ago while hens were about 17 percent higher than in mid-November 1940. In 1940 larger price differentials were established in order to move the heavier birds. This year, with the much stronger consumer demand, the various weights are selling at more nearly the same price. In addition, Government purchases for personnel in the Army and Navy are much larger this year than last and consist of a large proportion of heavy birds.

The movement of turkeys to market started in volume in early November. Prices paid to farmers are reported to be running about one third higher than those of last fall. The average price received by farmers for turkeys in mid-October, 18.8 cents, was 28 percent higher than in October last year. As a result of these favorable prices and the scarcity of eggs last spring, it is expected that more breeder hens will be saved this year than last. This would form the basis for a considerable expansion in turkey production in 1942.

Price per pound received by farmers for live turkeys, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	: 15	: 15	: 15	: 15	: 15	: 15	: 15	: 15	: 15	: 15	: 15	: 15
	:Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average:												
1935-39:	17.2	16.8	16.5	16.2	15.5	14.7	14.6	14.4	15.3	16.1	17.2	17.5
:												
1938	: 17.5	17.7	17.2	17.0	16.4	15.6	15.7	15.0	15.0	16.5	17.1	18.4
1939	: 18.3	17.5	17.6	16.9	15.6	14.7	14.4	14.3	15.4	15.3	16.0	15.6
1940	: 14.2	14.0	13.7	13.5	13.2	12.9	12.9	13.4	14.3	14.7	15.5	15.9
1941	: 15.5	15.1	15.2	15.5	15.4	15.4	15.8	16.1	17.5	18.8		
:												

Agricultural Marketing Service data.

FEED SITUATION

The October 1 supply of feed grains for 1941-42 was 120 million tons, the largest total in over 20 years. The feed grain supply per animal unit is expected to be slightly smaller than that of last year but 18 percent above the 1928-32 average.

Prices of feed grains and many of the byproduct feeds advanced during the past 3 weeks, after declining during September and the first half of October. Prices of all feeds are considerably higher than a year ago, but corn prices have advanced relatively less than prices of other feeds.

The cost of the poultry ration, based on Chicago wholesale prices, advanced in recent weeks but this rise was more than offset by the advance in egg prices and the feed-egg ratio declined further. This ratio is much more favorable than a year ago and about as favorable as the 10-year average.

Feed-egg ratio at Chicago

(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ending as of 1941												
	Jan. : : 25	May : : 31	Aug. : : 30	Sept. : : 27	Oct. :				Nov. :			Dec. : : 27	
	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	: Doz.	
Average:													
1930-39:	5.70	7.11	6.07	5.65	5.00	4.84	4.73	4.36	4.10	4.03	4.09	4.23	4.83
:													
1939	: 6.65	7.45	6.13	6.39	5.79	5.29	5.13	4.73	4.66	4.62	4.73	5.68	6.62
1940	: 5.38	7.82	6.78	6.02	6.19	6.21	5.95	5.61	5.90	5.76	5.34	4.53	5.52
1941	: 7.16	5.83	5.13	5.22	4.83	4.56	4.61	4.55	4.39	4.14			
:													

Agricultural Marketing Service data.

DOMESTIC DEMAND

The demand for farm products is expected to show some improvement from recent levels over the next few months. Some additional increase in industrial production and employment should occur during the winter, bringing further gains in consumer incomes. Food-for-defense purchases in general are expected to be increased, and some recovery from the recent slump in speculative demand is indicated.

The general level of wholesale prices has shown no definite trend since mid-September, following the broad advance of the preceding 6 months, but this halt to the general rise very likely is temporary and the upward trend will be resumed. The rise in the farm and food groups of products, however, is likely to be much more moderate than during most of 1941.

Total nonagricultural employees' compensation,
United States

(Index numbers 1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Average:												
1930-39:	83.2	83.2	84.1	84.0	84.6	84.6	81.0	81.6	84.0	86.1	84.9	85.7
:												
1939	: 94.4	94.6	96.6	95.5	96.9	98.9	94.7	96.6	100.1	104.6	104.7	106.5
1940	: 101.4	101.1	102.6	102.8	104.7	105.3	102.4	104.7	109.0	113.3	113.2	117.3
1941	: 115.2	115.5	119.9	121.9	126.5	129.9	127.9	130.4	<u>135.7</u>			
:												
	Adjusted for seasonal variation											
Average:												
1930-39:	84.3	84.2	84.0	83.6	83.8	84.0	83.7	84.0	83.7	83.9	83.9	84.0
:												
1939	: 95.4	96.0	96.7	95.4	96.6	98.9	98.3	99.6	99.6	101.5	102.6	103.5
1940	: 102.6	102.5	102.7	102.7	104.3	105.1	106.4	108.0	108.6	109.9	110.7	114.1
1941	: 117.5	120.2	120.7	121.3	127.0	130.3	131.9	133.2	<u>133.9</u>			
:												

Based on data from the Department of Commerce and the National Bureau of Economic Research.

1/ Preliminary.

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