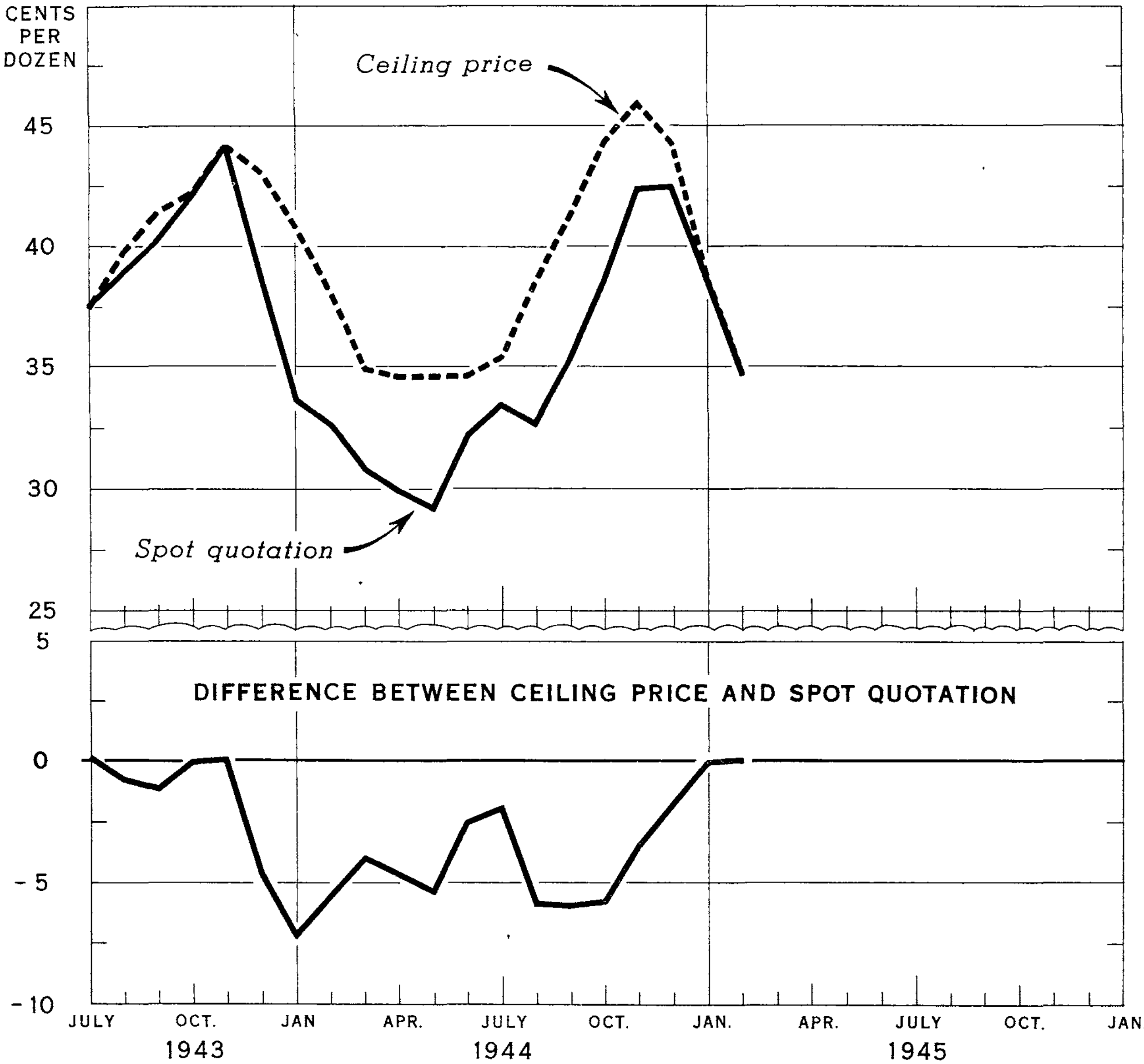
THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

PES - 99 BAE MARCH 1945

CURRENT-RECEIPT EGGS AT CHICAGO: CEILING PRICE AND SPOT QUOTATION, 1943-45



QUOTATIONS AND CEILING PRICES ARE APPLICABLE TO SALES BY FIRST RECEIVERS

U. S. DEPARTMENT OF AGRICULTURE NEG. 45153 BUREAU OF AGRICULTURAL ECONOMICS

A strong civilian demand, accompanied by an 8 to 12 percent reduction from last year in output, will tend to keep wholesale prices of eggs at or near ceiling levels for the rest of 1945. These levels vary seasonally. If noncivilian takings of eggs do not increase substantially from present levels, civilian consumption per capita in 1945 probably will be about 5 percent above the previous record in 1944.

STATISTICAL SUMMARY

ITEM	UNIT	AVERAGE			1944		1945		CURRENT MONTH AS PERCENT OF	
		PERIOD	JANUARY	FEBRUARY	JANUARY	FEBRUARY	JANUARY	FEBRUARY	YEAR EARLIER	AVERAGE
Layers on farms, number	Million	1934-43	340.7	334.7	449.3	445.2	417.9	409.3	92	122
Number of eggs laid per hen	Number	1934-43	7.55	9.36	9.98	12.12	9.92	11.69	96	125
Total farm production of eggs	Mil. doz.	1934-43	216.3	262.8	373.7	449.8	345.5	398.8	89	152
Stocks, eggs, U. S.:[1]										
Shell	1,000 case	1934-43	207	277	765	2,008	296	524	26	189
Frozen	1,000 case	1934-43	1,589	1,354	2,179	2,629	2,640	2,277	87	168
Total, shell and frozen	1,000 case	1934-43	1,795	1,632	2,944	4,637	2,936	2,801	60	172
Dried whole eggs	Mil. lb.	---	---	---	42.6	51.2	107.9	111.1	217	---
Apparent egg disappearance, civilian:										
Total shell egg equivalent	Mil. doz.	1934-43	246.7	263.6	316.2	309.1	358.3	349.9	113	133
Dried egg production	Mil. lb.	---	---	---	21.4	25.2	15.0	---	---	---
Commercial hatchery operations:										
Eggs set	Million	---								
Chicks hatched	Million	1934-43	31.0	74.5	48.2	123.4	50.6	108.5	88	146
Receipts:										
Poultry, dressed, four markets	Mil. lb.	1934-43	24.0	16.4	27.5	20.4	29.6	18.0	88	110
Poultry, live, Chicago	Mil. lb.	1939-43	3.7	3.5	3.4	1.8	1.3	.9	50	26
Poultry, live, New York	Mil. lb.	1939-43	9.0	8.1	10.0	11.8	6.1	7.7	65	95
Poultry, live, Midwest, per plant	1,000 lb.	1934-43	9.6	8.1	15.6	7.6	8.3	4.0	53	49
Fowl (hens), live, Midwest, per plant	1,000 lb.	1934-43	7.1	6.9	11.6	5.9	6.5	2.8	47	41
Young stock, live, Midwest, per plant	1,000 lb.	1934-43	2.8	---	3.5	1.2	1.4	1.0	83	---
Stocks, poultry:[1]										
Broilers	Mil. lb.	1934-43	12.5	10.4	14.7	13.6	4.8	3.5	26	34
Fryers	Mil. lb.	1934-43	12.8	10.5	20.7	17.8	11.5	11.1	62	106
Roasters	Mil. lb.	1934-43	31.6	26.4	41.8	36.9	25.3	21.7	59	82
Fowls (hens)	Mil. lb.	1934-43	25.0	20.5	69.7	59.7	58.7	44.8	75	22
Turkeys	Mil. lb.	1934-43	38.9	35.9	48.3	47.1	74.1	62.5	133	174
Ducks	Mil. lb.	1934-43	3.7	2.4	2.2	1.6	1.7	1.0	62	42
Miscellaneous and unclassified	Mil. lb.	1934-43	23.5	19.5	42.6	45.9	41.2	40.5	88	208
Total poultry	Mil. lb.	1934-43	148.0	125.8	240.0	220.9	215.5	184.2	83	146
Prices received by farmers:										
Eggs, per dozen	Cent	1934-43	23.7	21.7	34.6	31.9	41.0	35.8	112	165
Eggs, parity price per dozen	Cent	1934-43	28.8	25.8	36.1	32.3	37.4	34.0	105	132
Eggs, percentage of parity	Percent	1934-43	81	84	96	99	110	105	106	125
Chickens, per pound	Cent	1934-43	14.7	15.0	23.9	23.7	24.2	24.5	103	163
Chickens, parity price per pound	Cent	1934-43	15.0	15.1	19.2	19.3	19.6	19.6	102	130
Chickens, percentage of parity	Percent	1934-43	98	99	124	123	123	125	102	126
Turkeys, per pound	Cent	1939-43	19.5	19.1	32.4	32.0	34.4	33.9	106	177
Turkeys, parity price per pound	Cent	1939-43	19.4	20.8	24.2	24.3	24.8	24.8	102	119
Turkeys, percentage of parity	Percent	1939-43	101	92	134	132	139	137	104	149
All farm commodities (1910-14 = 100)	Index no.	1934-43	116	117	196	195	201	199	102	170
Chickens and eggs (1910-14 = 100)	Index no.	1934-43	116	118	178	181	199	193	107	164
Wholesale prices, Chicago:										
Eggs, standards, per dozen[2]	Cent		---	---	34.9	33.5	38.7	36.0	107	---
Live heavy hens, per pound	Cent	1939-43	19.5	19.3	24.0	24.0	26.0	26.5	110	137
Live broilers, per pound	Cent	1939-43	19.1	20.0	27.5	27.5	[3]	[3]	---	---
Live fryers, per pound	Cent	1939-43	19.8	21.2	27.5	27.5	29.5	30.0	109	142
Live roasters, heavy, per pound	Cent	1939-43	22.2	23.8	27.5	27.5	29.5	30.0	109	126
Wholesale prices, New York:										
Dressed broilers, 25-30 pounds per dozen, per pound	Cent	1934-43	24.2	23.7	37.5	37.5	38.0	38.0	101	160
Dressed roasters, 48-54 pounds per dozen, per pound	Cent	1934-43	25.2	25.5	37.5	37.5	38.0	38.0	101	149
Dressed fowls, 48-54 pounds per dozen, per pound	Cent	1934-43	22.4	22.5	33.5	33.5	34.0	34.0	101	151
Cash farm income:										
Total marketings	Mil. dol.	1939-43	839	713	1,536	1,343	1,554	1,285	96	180
Poultry and eggs	Mil. dol.	1939-43	80	78	147	158	163	171	108	219
Price ratios:										
Chicago, broiler-feed	Lb. feed	1939-43	13.5	14.5	12.1	12.1	[3]	[3]	---	---
Chicago, light roaster-feed	Lb. feed	1939-43	14.1	14.5	12.1	12.8	13.1	13.2	103	91
Farm, egg-feed	Lb. feed	1934-43	12.7	11.6	11.8	10.8	14.3	12.5	116	108
Farm, chicken-feed	Lb. feed	1934-43	8.0	8.2	8.2	8.0	8.5	8.6	108	105
Farm, turkey-feed	Lb. feed	1934-43	9.6	9.5	11.1	10.8	12.0	11.9	110	125
Farm, egg-laying mash	Lb. feed	---	---	---	9.7	8.9	11.6	10.1	113	---
Laying mash, cost per cwt.	Dollar	---	---	---	3.58	3.60	3.54	3.54	98	---
Feed cost per cwt., farm poultry ration	Dollar	1934-43	1.35	1.37	2.26	2.27	---	---	---	---
Wholesale food prices (1935-39 = 100)	Index no.	1934-43	102.0	102.4	132.6	132.1	132.0	---	---	---
Retail food prices (1935-39 = 100)	Index no.	1934-43	103.0	103.3	136.1	134.5	137.3	---	---	---
Prices paid by farmers including interest and taxes (1910-14 = 100)	Index no.	1934-43	131	132	168	169	172	172	102	130
Retail prices (BLS):										
Roasters, dressed, per pound	Cent	1934-43	31.9	32.6	44.9	44.7	45.5	---	---	---
Eggs, strictly fresh, per dozen	Cent	1934-43	38.8	35.7	54.3	50.3	60.2	---	---	---
Nonagricultural employees compensation (1935-39 = 100)	Index no.	1934-43	118.0	119.2	257.8	264.1	273.1	---	---	---

[1] End of month. Frozen eggs converted to case equivalent.
[2] Adjusted for seasonal.
[3] No quotation.

THE POULTRY AND EGG SITUATION

Contents

SUMMARY

Demand for eggs during the past 3 months has been unusually strong at or near ceiling prices. This situation probably will continue through the spring and summer. Prices received by farmers for eggs in 1945 probably will average moderately above last year, when they averaged 33.8 cents per dozen, 94 percent of parity.

Supplies of eggs available for civilians in 1945 may be larger than last year, primarily because of declines in WFA procurement even though output will be about 10 percent less. Purchases of dried egg by WFA for delivery during the first quarter aggregated approximately 20 million pounds, about one-third of last year's January-March deliveries. Although civilian consumption in 1945 may be above the previous record of 1944, demand probably will exceed supply at ceiling prices after the flush production season. This would result from a continuation of high level of consumer income and shortages of other foods, mainly meat.

Into-storage movement of shell and frozen eggs in March was at a rate of about one-third of last year's. Because of a large decline in the procurement of eggs by dehydrators for future processing, the total into-storage movement in 1945 probably will be far less than in 1944, and may be the smallest since 1941.

Commercial hatchery output continues the mixed trends of recent months. In areas in and around the principal commercial broiler regions, output is ahead of last year; in the main egg-producing territories, hatchery production, especially in the North Central States, is below last year. Relatively low egg prices received by farmers during most of 1944 and the uncertainty last fall concerning the demand for eggs in 1945 are the main reasons for the present decreases in hatchery output in the egg-producing areas.

Recently WFA urged poultry producers to increase chick production for meat purpose only, to aid the military in obtaining chicken meat and to supplement the civilian supply of red meats. The Office of Economic Stabilization has authorized the Office of Price Administration to raise price ceilings effective July 1 on young chickens. The price-ceiling increases will average about 1.25 cents per pound on an annual basis, ranging from 0.5 to 1.6 cents per pound, depending on the area. The average price received by farmers for chickens in mid-February was 24.5 cents per pound, 0.8 cent higher than a year earlier.

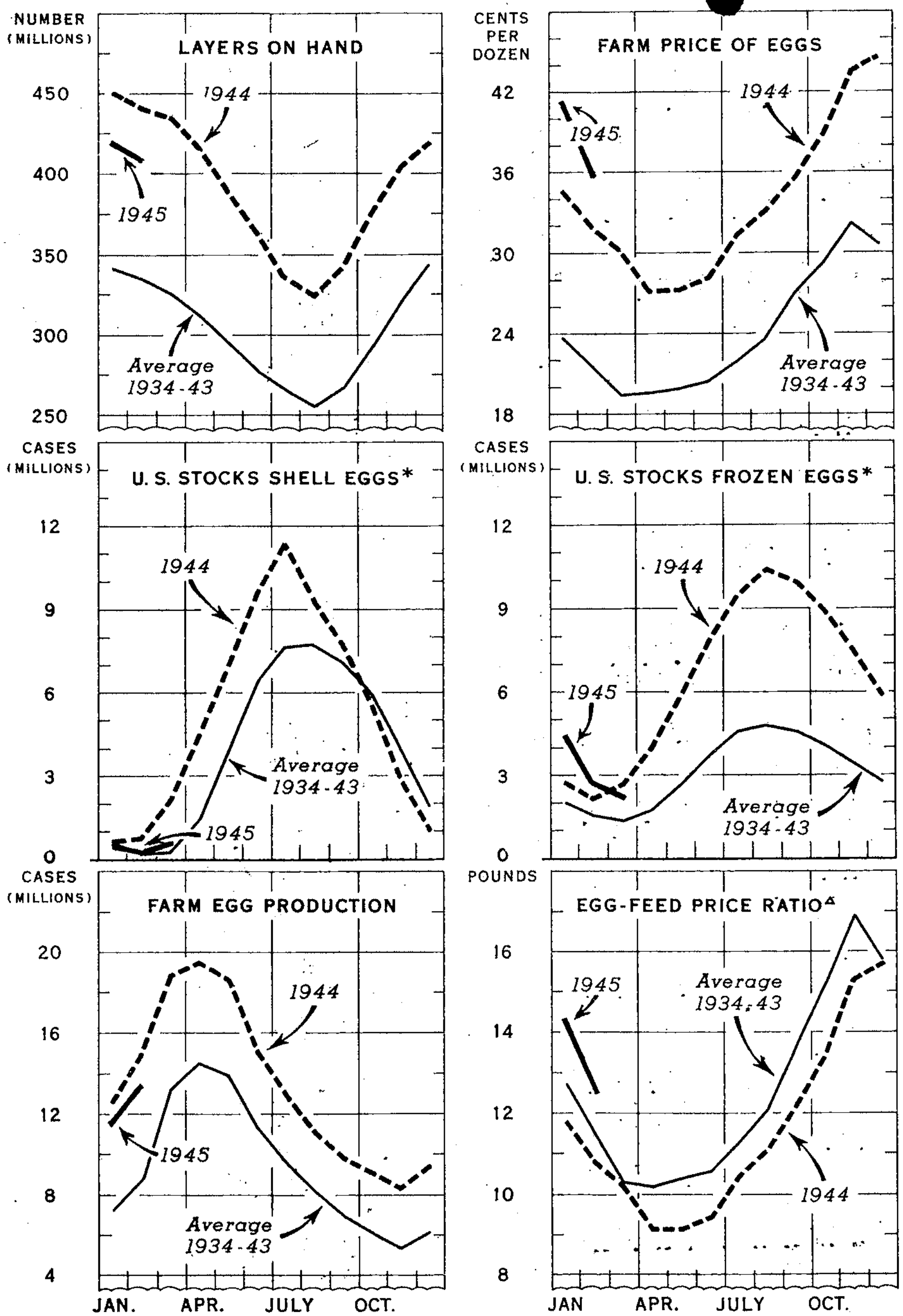
-- March 24, 1945

OUTLOOK

Civilian Supplies of Eggs Large; Demand Strong

The demand for eggs during the past 3 months has been unusually strong at or near ceiling prices, primarily as a result of the high level of consumer income and the shortage of meats. Nonagricultural income payments in January were 6 percent above January 1944 and were more than double the pre-war (1935-39) January average. Available indications show that consumption of eggs by civilians during the first 2 months of the year was 5 to 10 percent above that of corresponding months of 1944, and was at a new record high. In 1944, egg consumption is estimated at 349 eggs per capita, compared with 343 eggs in 1943 and a 1935-39 average of 298 eggs.

THE EGG SITUATION



*1st OF THE MONTH △BASED ON FARM PRICES

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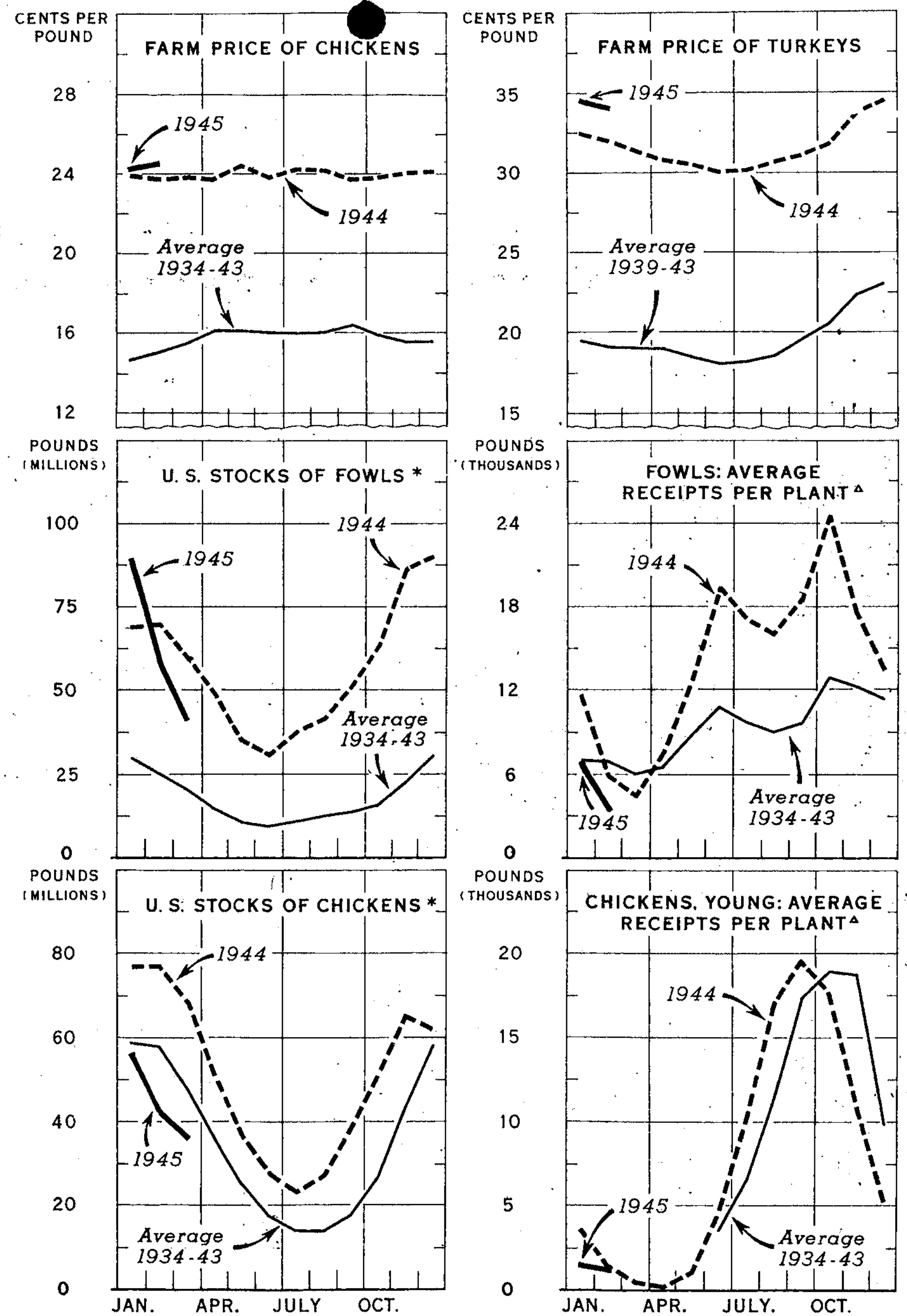
FIGURE 1

THE POULTRY SITUATION



* 1st OF THE MONTH △ RECEIPTS AT CENTRAL WESTERN PRIMARY MARKETS

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FIGURE 2

With no restrictions on civilian consumption of eggs, some substitution of eggs for meat apparently is taking place. Pressure on egg supplies because of the shortages of other food items may become generally apparent by early summer and may be expected to increase after the flush production season.

Market reports indicate that military procurement of eggs apparently is running ahead of last year. For 1945 as a whole military procurement probably will be moderately larger than in 1944.

About 6 months ago, the requirements for new supplies of dried egg for lend-lease purposes were negligible. Recent lend-lease demands, however, indicate that moderate quantities will be required, although less than was required last year. During 1944 dried egg purchases for lend-lease and other WFA programs totaled 185 million pounds. In addition, 61 million pounds of dried egg and 5-1/2 million cases of shell eggs were bought for price support purposes.

WFA procurement for lend-lease purposes so far in 1945 has been far below the 1944 level. Shell egg purchases by WFA have been negligible, even though some quantities are desired for overseas shipment. Dried egg purchases during the first quarter of 1945 were only about one-third of those during the first quarter of 1944. Dried egg purchases probably will continue below 1944 levels during most of the year. In 1944, the equivalent of about 27 million cases of shell eggs was used to produce the 274 million pounds of dried egg bought by WFA.

Table 1.- Purchases of dried whole egg by the War Food Administration through March 24, 1945, by months scheduled for delivery

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1942	11.4	12.9	13.1	13.4	18.3	17.5	18.5	19.2	19.2	22.0	25.3	15.8	206.6
1943	7.2	20.1	12.6	21.4	17.2	10.9	19.6	19.9	16.1	16.4	20.1	28.1	209.6
1944	26.4	27.0	18.3	27.7	27.0	26.1	24.8	31.5	24.2	20.4	12.8	7.6	273.8
1945	6.2	5.0	9.9	6.6	.6	.5							

Into-storage Movement of Eggs To Be Less Than in 1944

Egg production during 1945 will be about 10 percent below last year. Since civilian consumption may be moderately above last year and military procurement large, and since advance purchases of dried egg by WFA have been comparatively small, the into-storage movement of eggs and egg products probably will be significantly less in the coming into-storage season than in 1944.

During February and March 1944, egg production was at a record level and a burdensome supply situation developed. The net into-storage movement in 1944 was begun during the third week of January, and was the earliest on record. As of March 25, 1944, WFA purchases of dried egg aggregating 24 million pounds for delivery from June 1944 through January 1945 had been made. No purchases for delivery beyond June this year had been made as of March 24.

From March 1 through March 17, 1945, the into-storage movement of frozen and shell eggs in the 35 markets was equivalent to 387,000 cases, about one-fourth of the into-storage movement in the same period of 1944.

Table 2.- Net into-storage movement of eggs at 35 markets, March-April 1937-41, 1944 and 1945

Item	Week ending as of 1945								
	March					April			
	3	10	17	24	31	7	14	21	28
	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
Shell									
Average 1937-41	28	94	122	162	247	298	361	428	447
1944	264	269	326	328	371	290	289	392	434
1945	41	82	168	[illegible]	[illegible]				
Frozen									
Average 1937-41	-19	8	32	55	89	103	105	124	126
1944	183	175	183	195	213	233	261	259	313
1945	-15	36	75	[illegible]	[illegible]				

Egg Prices Probably Will Remain at Ceiling Levels

During the flush production season, April through June, the demand for eggs to take care of currentnneeds and the demand for eggs for future use (storage eggs) will be strong. Wholesale prices of eggs probably will be at ceiling levels as in the past 3 months.

On the basis of a 43-cent October option egg price, the present level, it is estimated that egg packers could pay the ceiling price of 33.8 cents for current receipts f.o.b. Chicago, for sales by first receivers. This ceiling price is in effect from March 1 through June 6. Based on past relationships, the farm price on the basis of a current-receipt price of 33.8 cents would be in the neighborhood of 30 to 32 cents per dozen.

For the last half of 1945 it appears that a strong demand for eggs will continue, and that wholesale and retail prices probably will be at ceiling levels. Price ceilings on eggs reflect 100 percent of parity to farmers. If ceiling prices prevail at wholesale markets, the price received by farmers for eggs would average 3 to 5 cents per dozen above last year. During the second half of 1944 prices received by farmers averaged 37.7 cents per dozen.

Demand for Baby Chicks for Replacement Purposes not as Strong as Last Year

Commercial hatchery output during February continued to show trends similar to those indicated in previous months. Hatchings of chicks in areas in and surrounding the areas of commercial broiler production were above last year. But hatchings in areas in and surrounding the areas of farm flock production were below last year. Increases in February this year compared with last were reported in the following regions: South Atlantic States, 12 percent; Middle Atlantic States, 9 percent; Mountain States, 7 percent; and New England States, 2 percent. Declines by regions were as follows: West North Central States, 34 percent; East North Central States, 20 percent; and Pacific Coast States, 3 percent.

The total number of eggs set during February was 15 percent below that of February 1944, while orders for chicks as of March 1 were 10 percent less. Especially pronounced was the 27 percent decline in the number of eggs set in the West North Central States.

Hatchery activities for flock replacement purposes were far below last year because of the unfavorable egg price situation during most of 1944, and the uncertainty as to the demand for eggs in 1945. The supply of hatching eggs is smaller than last year, and this may be a factor in keeping commercial hatchings at a lower level during 1945 than in 1944.

Farmers Intend to Cultivate Near-Record Acreage in 1945

As of March 1, farmers indicated that they intended to plant and cultivate almost 364 million acres of field crops, slightly less than last year's acreage. If yields of recent years are realized, this would provide near-record crops.

Prospective intended acreages of some of the major crops for 1945 as a percentage of 1944 are as follows: corn, 97 percent; oats, 108 percent; barley, 86 percent; and grain sorghum, 89 percent. On the basis of yields of recent years, the production of the 4 important feed grains--corn, oats, barley, and sorghum grains--would be about 119 million tons, or 2 million tons less than the record 1944 output. A production of feed grains of this volume, together with a probable increase in carry-over, would be sufficient to take care of expected feed requirements for the 1945-46 marketing year. The number of grain-consuming animals on farms on January 1, 1945 was 14 percent below the record number on January 1, 1944.

RECENT DEVELOPMENTS

WFA Urges Increases in Poultry Meat Production; OPA Raises Price Ceilings

Because of large military requirements and shortages of red meats, the War Food Administration is urging poultry producers to raise more chicks for meat purposes only. Requirements of the armed forces are indicated at the equivalent of 670 million pounds of dressed poultry, about twice as much as last year. At present the armed forces are procuring large quantities of broilers in the four important broiler-producing areas under War Food order No. 119. Also, War Food Order No. 125 and subsequent amendments require eviscerators who are processing more than 10,000 pounds of poultry in any week to set aside 100 percent above 10,000 pounds of eviscerated poultry for use in canning operations. The order further provides that all canned poultry items be set aside for sale to the armed forces.

In order to aid in obtaining more poultry, the Office of Economic Stabilization has authorized the OPA to increase price ceilings on young chickens which includes weight classifications from broilers to light capons. Such increases average 1 1/4 cents per pound on an annual basis and range from 0.5 cent to 1.6 cents per pound, depending on the locality. Effective date of the increase is July 1. The OPA will very shortly revise MPR 269 (the price regulation on poultry) which will put into effect ceiling prices based on a zoning system instead of ceilings at local markets.

Poultry Meat Supplies Increase Seasonally

Marketings of chicken meat (excluding broilers) are increasing seasonally. During 1944 the distribution of sales of chickens on farms by quarters was as follows: First quarter, 12.6 percent; second quarter, 22 percent; third quarter, 35.4 percent; and fourth quarter, 30 percent. Although receipts are increasing seasonally, they are far behind last year. At the Midwest Primary Markets for the 4 weeks ending March 17, receipts were about one-half of the corresponding period of 1944. However, in periods of shortages as at present, many chickens do not go through ordinary market channels.

According to a report issued by the State of Delaware, broiler output in the State is about 10 percent above last year. This rate of increase probably prevails in the Del-Mar-Va peninsular. However, little of this production is going into civilian channels because of War Food Order No. 119, which sets aside for sale to the armed forces virtually all the broilers produced in that area.

Although **March 1** storage holdings of fowl and chickens, at 81 million pounds, were 30 million pounds above the 1935-39 average, probably half of this year's stocks were for the use of the armed forces. Commercial supplies in cold storage probably were at the lowest level in 2 decades. Cold-storage holdings of turkeys were large, but a good portion was probably held by the Army. Of the total poultry holdings of 184 million pounds, more than half -- 95 million pounds -- was Government owned.

Daily Average Egg Production 8 Percent Below Last Year

Farm egg production during February averaged 14 million dozen per day, 8 percent below the daily average for February 1944. However, because 1944 was a leap year, total egg production during February 1945 was 11 percent less than a year earlier. Accounting for the 8 percent decline in average daily production was the same percentage decrease in the average number of layers on farms during the month.

Although total production was 11 percent less than last year, civilian egg consumption during February and probably during March continued at a high rate, between 5 and 10 percent above last year. Supplies of eggs for immediate consumption were larger than last year because of decreases in storing and egg-drying activities, compared with 1944. During February 1945 there was a net withdrawal of 135,000 cases, shell egg equivalent, compared with an into-storage movement of 1.7 million cases during February 1944. Stocks of shell and frozen eggs on March 1 were far below last year, and commercial stocks were about the 5-year (1935-39) average.

Table 3.- Cold storage holdings of egg products, United States, March 1, 1935-39 average, 1944-45

Egg product	March 1 average 1935-39	March 1, 1944 total holdings 1/	March 1, 1945 total holdings	March 1, 1945 non-Government-owned holdings
	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Shell	163	2,008	524	141
Frozen 2/	1,358	2,629	2,277	1,475
Dried 3/	---	5,118	11,110	450

1/ Includes WFA (formerly FSCC) holdings.
2/ Case equivalent, converted on basis of 37.5 pounds to the case.
3/ Case equivalent, converted on basis of 10 pounds to the case.

Eggs utilized in drying were significantly less in volume during February and and March 1945 than in the corresponding months of 1944. Dried egg production in February totaled 14 million pounds, 12 million pounds less than in February 1944 and the lowest February dried egg production since 1941. Indications are that the March dried egg production will be significantly less than last year, primarily because of the declines in purchases by War Food Administration for March delivery. This year dried egg purchases for March delivery by WFA totaled approximately 10 million pounds, about half of the purchases for delivery during March 1944.

Mid-February Farm Price of Eggs at 25-Year Record

The average price received by farmers for eggs on February 15 -- 35.8 cents per dozen -- was the highest February price received since 1920. This price was 105 percent of parity and 3.9 cents higher than the previous February 15. The decline from mid-January, 13 percent, however, was sharper than usual.

With egg prices averaging nearly 4 cents above last year, and with slightly lower feed prices, the egg-feed price ratio has become very favorable to egg producers. Compared with a long time average, the mid-February egg-feed ratio was 8 percent above the 1934-43 average and 1.7 points higher than last year.

Since mid-February wholesale quotations have remained at ceiling levels Chicago current receipts were quoted at 34.4 cents per dozen on Feburary 15, and on March 21 at 33.8 cents per dozen. Although supplies appear to be sufficient to meet most demands there have been some indications of up-grading.

Table 4.- Eggs: Price per dozen of current receipts at Chicago sold by first receivers (Data for cover page)

Year and month	Spot quotation, per dozen	Ceiling price, per dozen	Difference between spot quotations and ceiling price, per dozen
	Cents	Cents	Cents
1943			
July	37.5	37.5	0.0
August	38.9	39.7	-0.8
September	40.2	41.4	-1.2
October	42.1	42.2	-0.1
November	44.2	44.2	0.0
December	38.5	43.1	-4.6
1944			
January	33.6	40.1	-6.5
February	32.6	38.2	-5.6
March	30.8	34.9	-4.1
April	29.9	34.6	-4.7
May	29.2	34.6	-5.4
June	32.1	34.6	-2.5
July	33.4	35.4	-2.0
August	32.6	38.5	-5.9
September	35.3	41.3	-6.0
October	38.5	44.3	-5.8
November	42.4	45.9	-3.5
December	42.5	44.2	-1.7
1945			
January	38.6	38.6	-0.1
February	34.7	34.7	0.0
March 1/	33.8	33.8	0.0

1/ Average through March 24.

3 0.7

INDEX OF SPECIAL SUBJECTS DISCUSSED IN THE POULTRY AND EGG SITUATION, 1942-44 1/

1/ An index of special articles published in The Poultry and Egg Situation prior to 1942 is given in the January 1942 Situation.