

THE *Poultry and Egg* SITUATION

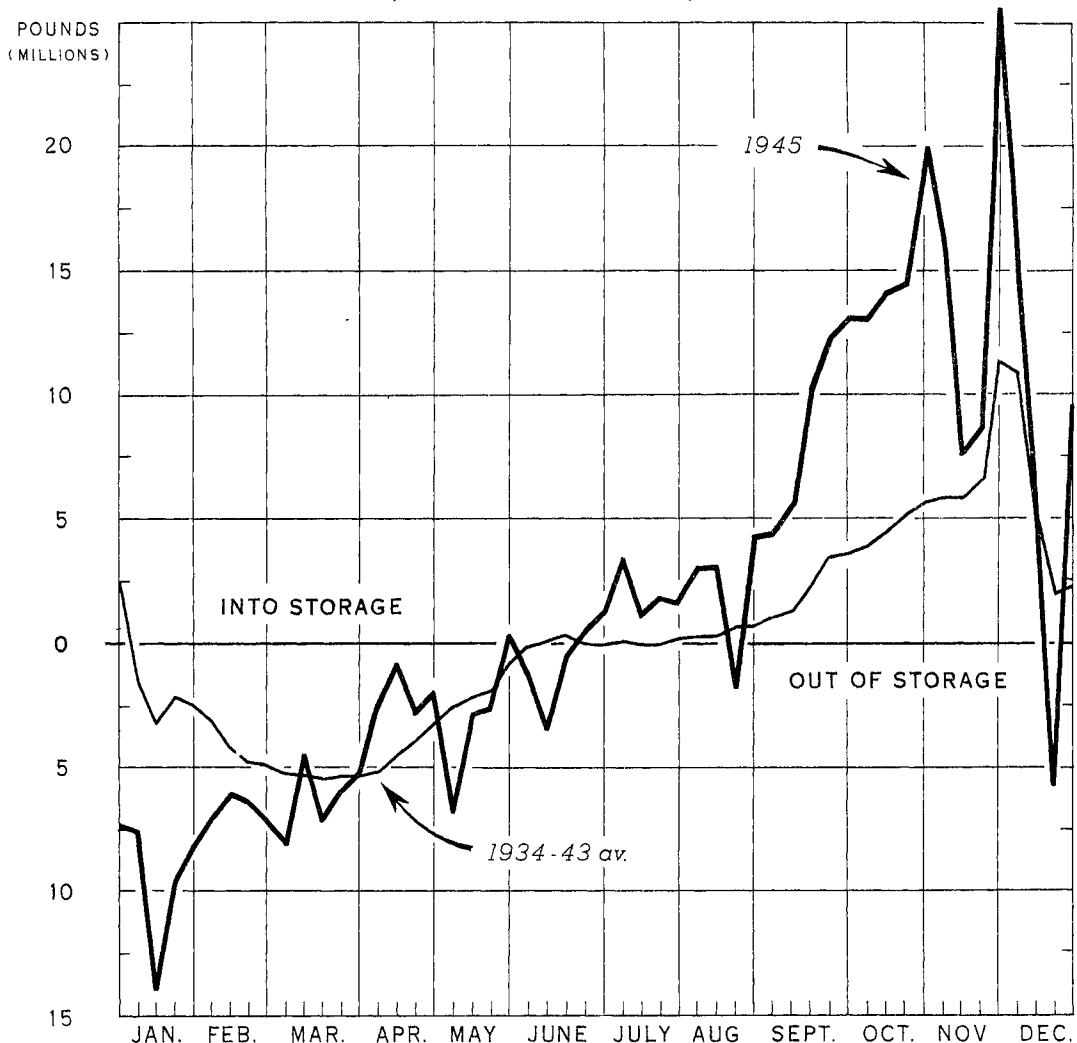
BUREAU OF AGRICULTURAL ECONOMICS
 UNITED STATES DEPARTMENT OF AGRICULTURE

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JANUARY 1946

POULTRY: NET STORAGE MOVEMENT AT 35 MARKETS,
 BY WEEKS, 1934-43 AVERAGE, AND 1945



U. S. DEPARTMENT OF AGRICULTURE

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The into-storage movement of poultry during 1945 exceeded that of any previous year, reflecting the record turkey crop and the near-record marketings of chicken meat (including commercial broilers).

Stocks of poultry meat on January 1, 1946 were at an all-time high, totaling 354 million pounds, about a third above a year earlier and more than double prewar.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1934-43	1944	1945	Comments about 1945
Eggs						
Farm production	Million dozen	Dec.	184.5	283.8	284.2	Exceeded any previous December.
Average number of layers on farms	Million	"	344.0	419.9	411.1	
Rate of lay per hen	Number	"	6.3	8.1	8.3	A record for the tenth consecutive month.
Apparent civilian per capita consumption	Number	"	22	29	29	Demand very strong and exceeded supplies at some markets.
Farm price	Cents per dozen	"	30.6	44.5	48.2	Contra-seasonal increase from November of 1.1 cents. New high for World War II period.
Farm price as percentage of parity	Percent	"	81	101	104	
Retail price (BAE)	Cents per dozen	Nov.	40.4	59.5	61.2	
Egg-feed ratio	Pounds feed	Dec.	15.8	15.7	16.2	Favorable for egg production.
Stocks:						
Shell	Thousand cases	"	611	411	148	Lowest for January 1 in 30 years of record.
Frozen	Thousand cases	"	1,991	4,425	3,354	About one-third are Government-owned, which are to be used by the Army for dehydrating purposes.
Dried	Million pounds	"	---	108	20	
Chicks hatched	Million	"	18.4	37.2	35.5	Some decline in demand for baby chicks from broiler growers apparent.
Potential layers on farms 1/	Million	"	2/402.9	469.2	470.4	
Pullets not of laying age	Million	"	49.4	46.5	53.5) Largest proportion of potential layers on record--69 percent-- are pullets.
Pullets of laying age	Million	"	208.7	253.2	269.4	
Hens one year old or older	Million	"	144.8	169.5	147.5	
Farm price of laying mash	Dollars per cwt.	"	---	3.54	3.68	
Poultry						
Farm price of chickens	Cents per pound	Dec.	15.6	24.1	23.8	Decrease of 4.8 cents from mid-August all time high.
Farm price as percentage of parity	Percent	"	100	124	118	
Retail price of chickens (BAE)	Cents per pound	Nov.	33.1	45.2	47.3	
Farm price of turkeys	Cents per pound	Dec.	2/ 23.1	34.6	33.6	
Farm price as percentage of parity	Percent	"	112	141	133	
Stocks 1/						
Poultry, excluding turkeys	Million pounds	"	126.2	196.4	248.3) All time high.
Turkeys	Million pounds	"	33.3	72.6	105.2	
Chicken-feed ratio	Pounds feed	"	8.1	8.5	8.0	
Turkey-feed ratio	Pounds feed	"	10.5	12.2	11.3	Favorable for turkey production.
Receipts of poultry at Central Western Primary Markets, per plant	Thousand pounds	"	21.5	19.4	22.1	

1/ End of month.

2/ Average 1935-44.

 THE POULTRY AND EGG SITUATION

Approved by Outlook and Situation Board January 30, 1946

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SUMMARY

Domestic demand for poultry products in 1946 is expected to be less than the exceptionally strong 1945 demand. Exports of eggs probably will be less. Prices received by farmers for eggs, particularly during the flush production season, will decline sharply from 1945 and will be at or near support price levels. The extent of the decline will be limited partly by the Government paying price for dried whole egg. Under the support program announced December ²⁷~~5~~, purchases of dried whole, frozen, and shell eggs are to be made in such a way that prices received by farmers will average at least 27 cents per dozen in the Midwest and 29 cents nationally. On January 23, for price support purposes only the USDA announced a paying price until further notice for dried whole eggs of 99 cents to one dollar per pound F.O.B. delivery point.

Farm egg output in 1946 will be almost as large as in 1945. The number of chickens raised this spring may decline as much as 15 percent from last spring- however, a prospective increase in the rate of culling will result in a slaughter of farm chickens not much smaller than in 1945. Commercial broiler production, because of decreased Army procurement and prospective tight feed supplies, will be less in 1946 than in 1945. Turkey growers probably will raise nearly as many turkeys in 1946 as in 1945, since returns in the past 3 years have been highly favorable.

Egg consumption per capita at support prices is expected to be below the 1945 consumption of about 390 eggs, but above any previous year. An excess of supply over domestic demand approximating 300 to 400 million dozen eggs may prevail during the flush production season. Civilian supplies of turkey and chicken probably will be near 1945 levels. Civilian consumption of chicken in 1945 is estimated at 24.6 pounds per person. Consumption of turkey, at 4.4 pounds per person, was a record high.

Egg prices advanced contraseasonally from mid-November to mid-December. The average price received by farmers for eggs on December 15--48.2 cents per dozen--was 1.1 cent above November 15 and 3.7 cents above December 15, 1944. Although egg production in December was 37.7 million dozen above November, civilian supplies were about the same in both months. Large Army procurement and extremely small stocks of shell eggs offset the increased production. By January 15, prices had declined sharply and at 41.1 cents per dozen were 7.1 cents below December 15. Percentagewise this decline was somewhat less than usual.

Prices received by farmers for poultry meat in January were unchanged from December and moderately below January 1945. Record turkey and commercial broiler output, and well above average numbers of chickens raised, resulted in a heavy into-storage movement of poultry meat. Total stocks of poultry on January 1, 1946 were 354 million pounds, about a third above a year earlier and more than double prewar.

Farm egg production in 1945, totaling 4,601 million dozen, was 5 percent below 1944, but otherwise the largest on record. An outstanding development of the year was the record rate of lay, averaging 118 eggs per hen and pullet on farms January 1, 1945. This was 5 percent above 1944 and about 20 percent above prewar rate.

THE EGG SITUATION

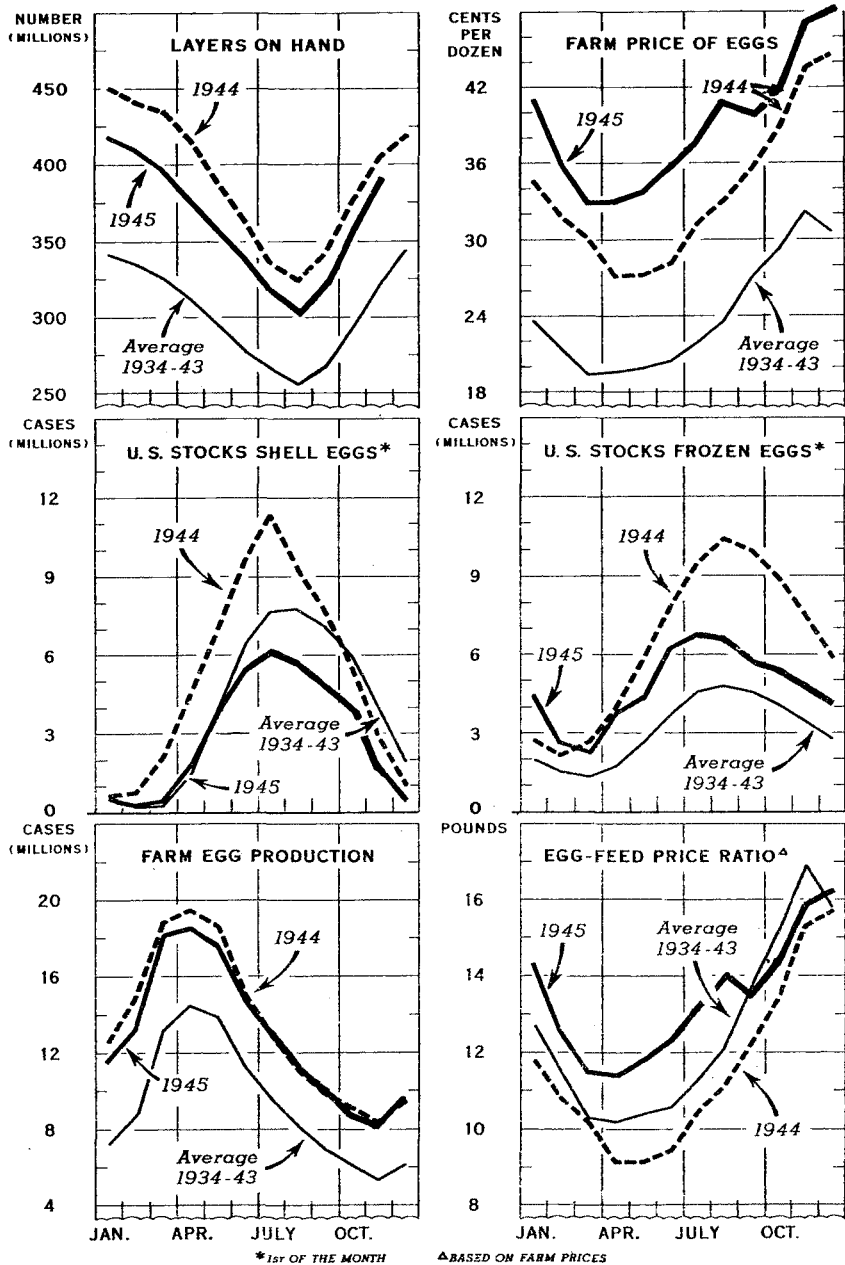


FIGURE 1

THE POULTRY SITUATION

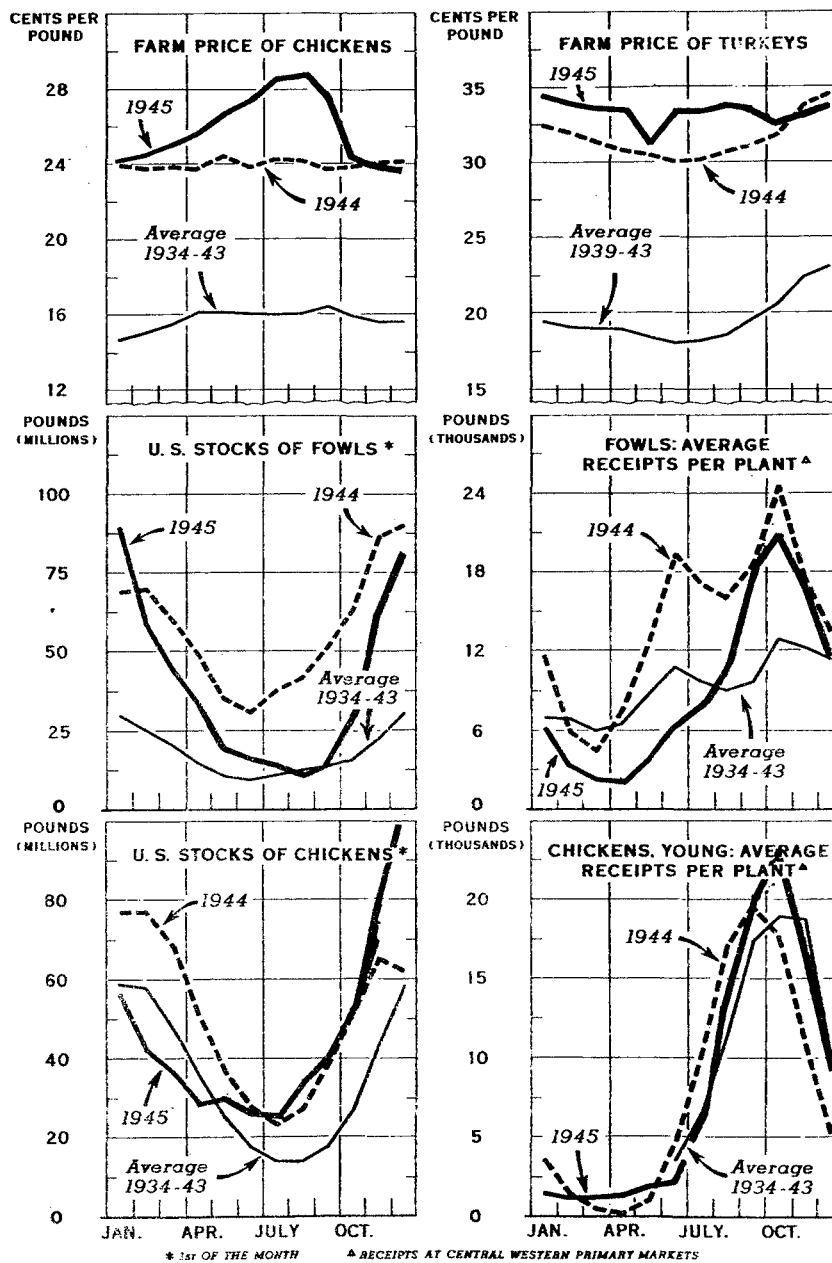


FIGURE 2

EGGS: NET STORAGE MOVEMENT AT 35 MARKETS

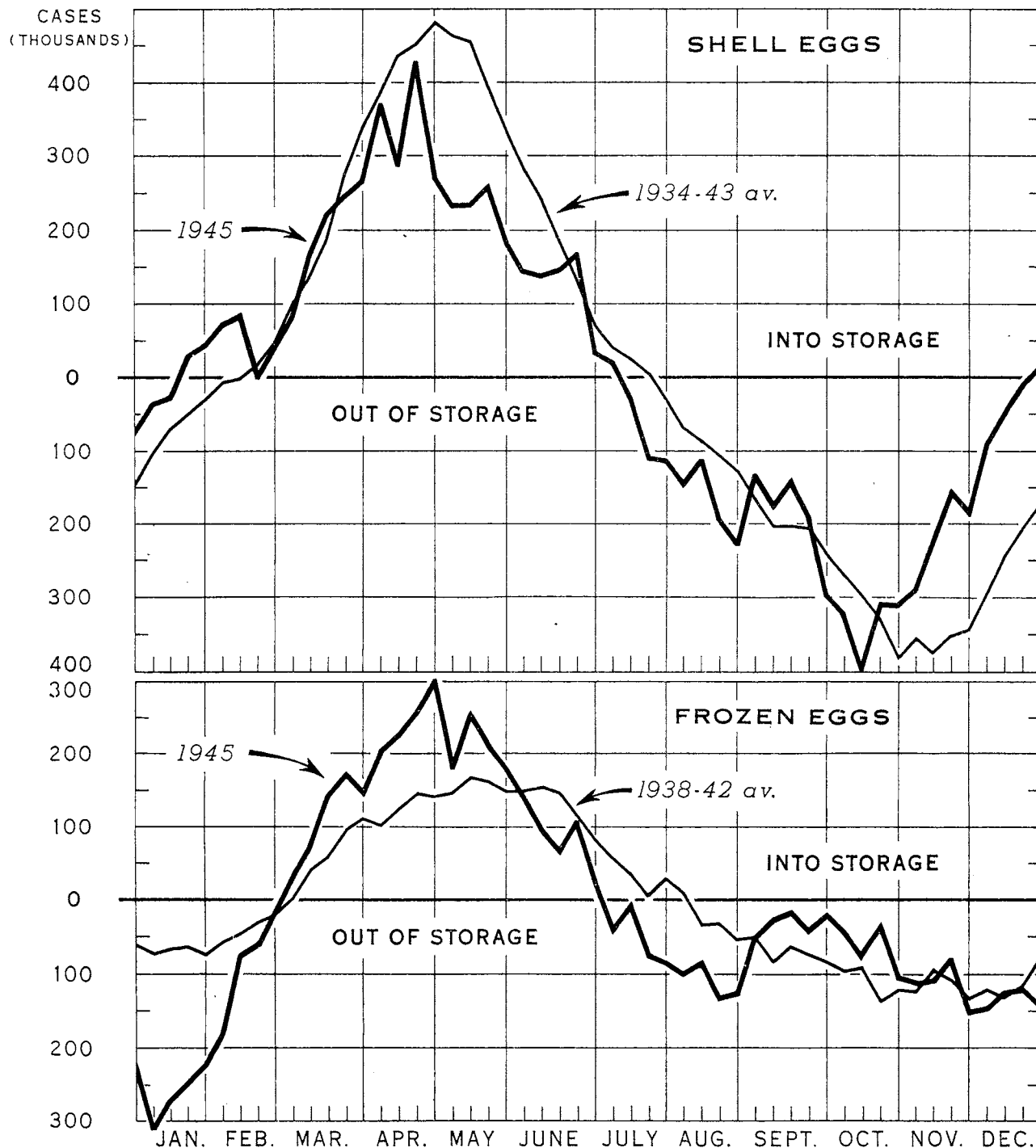


FIGURE 3.

Reflecting the unusually strong demand for shell eggs in 1945, the net into-storage movement was the smallest, and the out-movement was the earliest, of record. Stocks of shell eggs at the beginning of 1946 were the lowest for January 1 in 31 years of record. However, the net in-movement of frozen eggs during 1945 was larger than prewar. Part of the large into-storage movement of frozen eggs was of eggs for use by the armed forces.

OUTL.CJK

BACKGROUND: 1945 IN REVIEW - The poultry and egg industry in 1945 was affected by the high level of consumer purchasing power, shortages of red meat, and large Army procurement. National income, totaling 158 billion dollars, was second only to the record income of 161 billion dollars in 1944, was 9 billion dollars above 1943, and nearly 2-1/2 times the late 1930's. The civilian supply of red meat was about 20 percent short of demand. Procurement of poultry products by the armed forces amounted to approximately 10 percent of the egg production, 8 percent of the chicken-meat production, and 5 percent of the turkey production.

Civilian demand for eggs was unusually strong at ceiling prices. Per-capita consumption by civilians averaged about 390 eggs, about 40 eggs above the previous record of 1944, and almost one-third larger than the prewar average of 298 eggs. Prices received by farmers averaged 39 cents per dozen, 105 percent of parity.

Farm egg production in 1945 was 4,601 million dozen, 5 percent below the record of 1944. Dehydrating of eggs for export was negligible, amounting to only 35 million pounds of dried egg (105 million dozen shell-egg equivalent) compared with a 1943-44 average of 245 million pounds. During various intervals of the year, supplies of eggs, particularly in the months of seasonally low production (October through December) were short of demand at ceiling prices at some markets.

Civilian consumption of chicken meat per capita in 1945 was almost 25 pounds and was exceeded only by the 1943 consumption of 28 pounds. Production of chicken meat, tentatively indicated at 3,550 million pounds, was about one-third above prewar, and was exceeded only in 1943. The supply-demand gap for chicken was wide in the early part of 1945, when military procurement amounted to 20 to 30 percent of slaughter. Markets in the Northeast, supplied by the commercial broiler producing areas on the Del-Mar-Va peninsula, were particularly short. Prices received by farmers for chickens averaged 26 cents per pound--8 percent above 1944 and the highest on record.

The number of turkeys raised in 1945 was 44.2 million birds 22 percent above 1944 and about double the 1935-39 average. Despite the large crop, prices received by farmers for turkeys were only slightly below 1944. Civilian consumption of turkey meat per capita was at a record level of about 4.4 pounds, compared with slightly over 3.3 pounds in 1943 and 1944, and the 1935-39 average of 2.6 pounds.

Demand for Poultry Products to
Remain Strong, But Below 1945

(1) Domestic demand for eggs in 1946 will remain strong, reflecting continuation of a high level of consumer purchasing power. Per capita consumption of eggs in 1946 at or near support price levels is expected to be below 1945, but will be above any earlier year. An excess of supply over demand at 90 percent of the parity price probably will prevail during the flush production season, unless demand for export is much stronger than is now indicated. If exports of dried eggs, or production for export, should equal 100 to 125 million pounds of dried whole egg (300 to 400 million dozen shell-egg equivalent), prices received by farmers will not show much more than the usual seasonal decline in the flush season.

(2) Demand for eggs for storing in 1946 will be strong, and the commercial into-storage movement, particularly of shell eggs, probably will be much larger than in 1945. Stocks of shell eggs were severely reduced in 1945; commercial holdings on January 1 this year were the lowest in 31 years of record. Usually about one-half million cases of shell eggs are in storage on January 1; on January 1, 1946 shell-egg holdings totaled only 148,000 cases, of which 45,000 were Government-owned. Commercial frozen-egg stocks on January 1 were about at prewar levels.

(3) Despite prospective large supplies of chicken and turkey meat in 1946, the high level of consumer purchasing power will tend to maintain a strong demand. Prices received by farmers for chickens during the first half of 1946 are expected to be only moderately below the record average of 26 cents reached in 1945. During the latter part of 1946, when marketings will be at a seasonal peak, moderate price declines may occur. Prices received by farmers for turkeys in 1946 probably will average moderately lower than in 1945.

Production of Poultry Products to Show
Little Change From 1945

(1) Egg production in 1946 will be about the same as or slightly lower than in 1945. The number of hens and pullets on farms January 1, 1946 was 470 million head, one million above January 1, 1945. With declines in egg prices in prospect, the average number of layers on farms in the last half of 1946 may be less than in the last six months of 1945.

The rate of lay in 1946 may not be much different from the record achieved in 1945. The number of eggs produced per hen and pullet on farms January 1, 1945 was 118--6 eggs more than in 1944; and almost 20 percent above prewar. The record rate of lay was largely due to ample feed supplies and favorable egg-feed price relationships. In the long run, better types of birds and improved poultry husbandry practices have had an important influence in increasing the rate of lay. The ratio of hens to pullets on farms January 1, 1946 was favorable for a continuation of a high level of egg production per bird. Pullets comprised 69 percent of the total, the highest ratio of pullets to hens since records have been kept. This compares with 64 percent in 1945 and the 10-year (1932-41) average of 62 percent. Offsetting factors to a high rate of lay in 1946 include possible scarcities of feeds, particularly high-protein feeds, and, a less favorable egg-feed price ratio than in 1945.

(2) With prices received by farmers substantially below those of 1945 and feed prices showing little change, resulting in a low egg-feed price ratio, the number of chickens raised in 1946 for flock replacement purposes probably will be lower than in 1945. A decrease of as much as 15 percent the number of chickens raised will occur if prices decline sharply in the late winter and early spring as expected.

(3) Production of chicken meat in 1946 may be somewhat less than in 1945. The effect on slaughter of a decrease in the number of chickens raised probably will be nearly offset by heavier than usual culling and a reduction in numbers in farm flocks. Commercial broiler output may also show some decline from the 1945 peak. However, with a sharp reduction in military takings and record cold-storage holdings, civilian supplies of chicken meat will not be greatly different from last year. Military takings of chicken meat in 1945 were 250 to 300 million pounds, about one-twelfth of total slaughter.

(4) The number of turkeys raised in 1946 probably will be about the same as in 1945. Favorable returns for the past 3 years will maintain a high level of production. Civilian consumption will remain at or near the record level reached in 1945.

Protein Feed Supply Tight

(1) Supplies of feed concentrates for all purposes in the 1945-46 feeding season total about 159 million tons, only slightly less than a year earlier. The supply per grain-consuming animal unit is about 1.08 tons, equal to the large supply in 1942 and 1945.

Table 1. Feed supplies for crop year in relation to the number of livestock on farms, 1937-45

Item	1937-41 average	1942-43	1943-44	1944-45	1945-46 ^{1/}
	1,000	1,000	1,000	1,000	1,000
	tons	tons	tons	tons	tons
Four feed grains ^{2/}	116.5	141.4	130.5	130.6	132.4
Wheat and rye ^{3/}	4.6	12.7	13.9	8.9	7.2
Byproduct feeds ^{4/}	15.4	18.6	18.9	19.6	19.2
Total	136.5	172.7	163.4	159.1	158.8
	Millions	Millions	Millions	Millions	Millions
Grain-consuming animal units, Jan. 1.....	132.6	159.6	171.1	147.0	147.0
	Tons	Tons	Tons	Tons	Tons
Supply per animal unit	1.03	1.08	.95	1.08	1.08

^{1/} Expected.

^{2/} Domestic supply of corn October 1, oats July 1, and barley, June 1, exclusive of stocks in interior mills, elevators and warehouses, production of all sorghums for grain.

^{3/} Amount fed on farms, year, beginning October.

^{4/} Oilseed cake and meal, animal proteins, and mill byproducts, year beginning October.

(2) Demand for byproduct feeds, particularly high-protein feeds, has been exceptionally strong during the past few months, and supplies have been insufficient to meet demand. In an effort to obtain more equitable distribution of high-protein feeds, the Department of Agriculture on January 16 placed restrictions on use of protein meal in manufacture of mixed feed for livestock and poultry. The order reinstated and amended War Food Order 9, Revision 3, which was in effect from December 18, 1943 until January 1945, and incorporated provisions of WFO-110, which was revoked October 10, 1945.

REGIONAL OUTLOOK

North Atlantic--Nearly Three-fourths of Laying Flocks are Pullets

The number of potential layers on farms in the North Atlantic States on January 1, 1946 was 60 million head, 2 percent above the previous January 1 and 4 percent below the record on January 1, 1944. Of the total number, a record proportion--72 percent--was pullets. This compares with the prewar average of 67 percent pullets.

Egg production for at least the first half of the year will be larger than in the first half of 1945. Since production of eggs in this area is primarily in commercial flocks, it is influenced more by price changes than in other regions, where eggs are produced chiefly in general farm flocks. Hence the prospective sharp price declines during the early spring probably will result in a much larger than usual culling in this region. Egg production probably will be lower in the second half of 1946 than in the second half of 1945.

North Central--Sharp Price Declines for Eggs Probable

The North Central States contain most of the egg-drying facilities in the United States. About a fifth to a fourth of the eggs produced in this region in 1942-44 were dehydrated. Therefore, the reduction in demand for dried eggs will affect prices of eggs in this area more than in other areas. The decline in prices will be limited by the level of prices paid for dried eggs by Government agencies for price support purposes. Under the program announced December 27, purchases of dried, frozen, and shell eggs are to be made in the Midwest so as to reflect a minimum average farm price of 27 cents per dozen.

South Atlantic--Broiler Production Down

The South Atlantic States contain the Del-Mar-Va Peninsula and the Shenandoah Valley, which together account for about 60 percent of the total commercial broiler output. For 1946, demand for chicken meat, particularly broilers, is expected to be moderately weaker than in 1945, chiefly because of reduction in Army procurement. During the first half of 1945, when War Food Order 119 was in effect, the armed forces purchased 70 to 90 percent of the broilers produced in this region. Without an assured outlet at ceiling prices, and with increasing tightness in the feed supply in prospect this spring, broiler growers will reduce operations.

West--Continued Strong Demand
for Eggs in Prospect

The Western States did not increase egg production during the war as much as other regions. Farm egg output in 1945 was about 20 percent above 1940. This compares with a national increase of 39 percent. Egg production in the Western States in 1946 will be about the same as in 1945. Although some price decline compared with 1945 will occur, it probably will not be as great as in other areas, as a result of the large increase in population during the war. This region has become a deficit-producing area during the past 5 years. In the early 1930's, it was a surplus-producing area, and shipped large quantities of eggs to northeastern markets.

RECENT DEVELOPMENTS

Egg Prices Increase Contraseasonally
Then Decline

With egg production increasing seasonally, the average price received by farmers in mid-January--41.1 cents per dozen--was 7.1 cents below mid-December and unchanged from the previous January 15. The mid-January farm price reflected 106 percent of parity.

The average price received by farmers for eggs in mid-December was 48.2 cents per dozen, 1.1 cent above mid-November and 3.7 cents above mid-December 1944. The average farm price was 104 percent of parity.

Since 1932, prices received by farmers for eggs averaged higher in December than in November in 1940, 1942, 1944, and 1945. In years prior to 1930, the average price received by farmers always reached the seasonal peak in December. The shift to a November peak was due to a change in the seasonality of egg production.

The rise in egg prices from mid-November to mid-December 1945 reflected small civilian supplies, large military procurement of shell eggs, and small cold-storage stocks of shell eggs. Civilian supplies of shell eggs in December were about the same as or possibly less than in November.

From December 12 through the first week in January, wholesale prices of eggs declined seasonally, in line with changes in OPA ceiling prices. Since early January, wholesale quotations have declined and are moderately below ceilings. The ceiling price on eggs remained unchanged from October 26 to December 12. Under RMPR 333, consumer grade A egg ceilings decline from December 12 to January 24, a total of 11.3 cents per dozen. During December and early January, supply and demand were nearly in balance at ceiling prices.

Marketings of Chickens Later Than Usual

Marketings of farm chickens reached a seasonal peak in 1945 two to four weeks later than usual, as shown by receipts of live poultry at mid-western primary markets. This was due to the large late hatch in 1945. Total marketings of chicken meat in 1945 were above those of any previous year, with the exception of 1943, reflecting the second largest number of chickens raised in 1945--221 million head.

Despite large marketings in December, the average price received by farmers was 23.8 cents per pound, 0.1 cent below mid-November and 0.3 cent below mid-December 1944. In mid-January, prices were little changed from a month earlier, but below January 1945 when large military purchases were begun.

Storage Stocks of Poultry Meat
At All-Time High

Reflecting the near-record marketings of chickens and the record number of turkeys raised, the net into-storage movement of poultry meat during the last six months of 1945 exceeded any corresponding period. Inputs of chicken meat from June through December totaled 147 million pounds, almost 3 times prewar. The net into-storage movement of turkeys during the 1945 marketing season, 87 million pounds, was far greater than any earlier year.

The January 1, 1946 cold-storage stocks of poultry meat (excluding turkeys, ducks, and geese) totaled 245 million pounds, 52 million pounds above a year earlier, and more than double prewar. Of this quantity, about 17 million pounds were Government-owned. Total holdings of turkey meat on January 1--105 million pounds--were about one-third above 1945 and triple those of prewar. A small quantity was Government-owned.

Canadian Poultry and Egg Goals
for 1946 Announced

The 1946 agricultural program for Canada was announced in early December. The goal for egg production was set at 379 million dozen, 96 percent of the indicated 395 dozen produced in 1945. The goal recommended for the output of poultry meat was the same as the indicated 288 million pounds produced in 1945.

Because of meat rationing and large commitments to ship eggs to the United Kingdom--at least 85 million dozen--demand for eggs in Canada will be strong, especially during the first half of 1946.

Table 2. Eggs and poultry: Weekly storage movement at 35 markets
(Data for cover chart and Figure 3)

Week no.	Shell eggs		Frozen eggs		Poultry dressed		1946 1,000 lb.	
	1934-43 Av.	1945	1938-42 Av.	1945	1934-43 Av.	1945		
	: 1,000 cases:	: 1,000 cases:	: 1,000 cases:	: 1,000 cases:	: 1,000 lbs.	: 1,000 lbs.		
		1946						
1	- 148	- 73	9	- 61	- 228	2457	- 7478	6572
2	- 103	- 38	14	- 72	- 311	- 1615	- 7655	4086
3	- 71	- 29	7	- 66	- 271	- 3261	-13998	-1741
4	- 51	29	-12	- 64	- 246	- 2155	- 9600	-4184
5	- 31	46	117	- 74	- 221	- 2506	-8246	979
6	- 8	72	230	- 57	- 180	- 3138	- 7002	-1139
7	- 2	85	262	- 45	- 74	- 4235	- 6109	-681
8	18	0	184	- 30	- 60	- 4820	- 6391	-1825
9	46	41	255	- 20	- 15	- 4944	- 7178	-4426
10	100	82	345	2	36	- 5263	- 8135	-3681
11	137	168	320	42	75	- 5346	- 4502	-5723
12	187	222	382	59	144	- 5486	- 7172	-6600
13	273	248	442	98	172	- 5340	- 5986	-9054
14	337	266	529	111	146	- 5367	- 5203	-9330
15	386	371	488	102	205	- 5179	- 2652	-14181
16	437	288	419	124	225	- 4615	- 849	-12719
17	452	429	368	146	259	- 4013	- 2842	-7081
18	482	269		142	303	- 3262	- 1970	
19	463	232		147	180	- 2559	- 6767	
20	455	234		168	255	- 2234	- 2838	
21	394	257		162	209	- 1917	- 2669	
22	332	182		149	179	- 856	280	
23	280	143		150	139	- 150	- 1226	
24	241	137		155	95	42	- 3495	
25	183	147		146	67	314	- 616	
26	132	169		115	109	- 55	512	
27	71	31		82	23	- 96	1314	
28	40	19		58	- 41	29	3369	
29	23	- 29		36	- 8	- 24	1081	
30	5	- 111		6	- 75	- 59	1733	
31	- 30	- 115		29	- 84	188	1640	
32	- 70	- 145		9	- 99	208	3044	
33	- 88	- 113		- 34	- 85	285	3079	
34	- 106	- 195		- 32	- 132	685	- 1696	
35	- 129	- 229		- 54	- 127	716	4227	
36	- 166	- 134		- 50	- 52	1037	4316	
37	- 204	- 177		- 84	- 28	1216	5539	
38	- 203	- 141		- 63	- 17	2244	10164	
39	- 206	- 192		- 74	- 43	3487	12249	
40	- 241	- 296		- 84	- 22	3628	13081	
41	- 270	- 323		- 95	- 44	3923	13025	
42	- 298	- 398		- 90	- 77	4395	14126	
43	- 329	- 310		- 137	- 37	5095	14491	
44	- 381	- 312		- 120	- 105	5651	19896	
45	- 354	- 291		- 123	- 111	5834	15944	
46	- 375	- 227		- 94	- 108	5841	7577	
47	- 352	- 159		- 107	- 79	6547	8666	
48	- 344	- 186		- 133	- 152	11398	25602	
49	- 298	- 90		- 120	- 147	10825	14485	
50	- 244	- 48		- 130	- 126	5471	5180	
51	- 207	- 10		- 117	- 119	1974	-5736	
52	- 171	17		- 78	- 143	2288	9563	