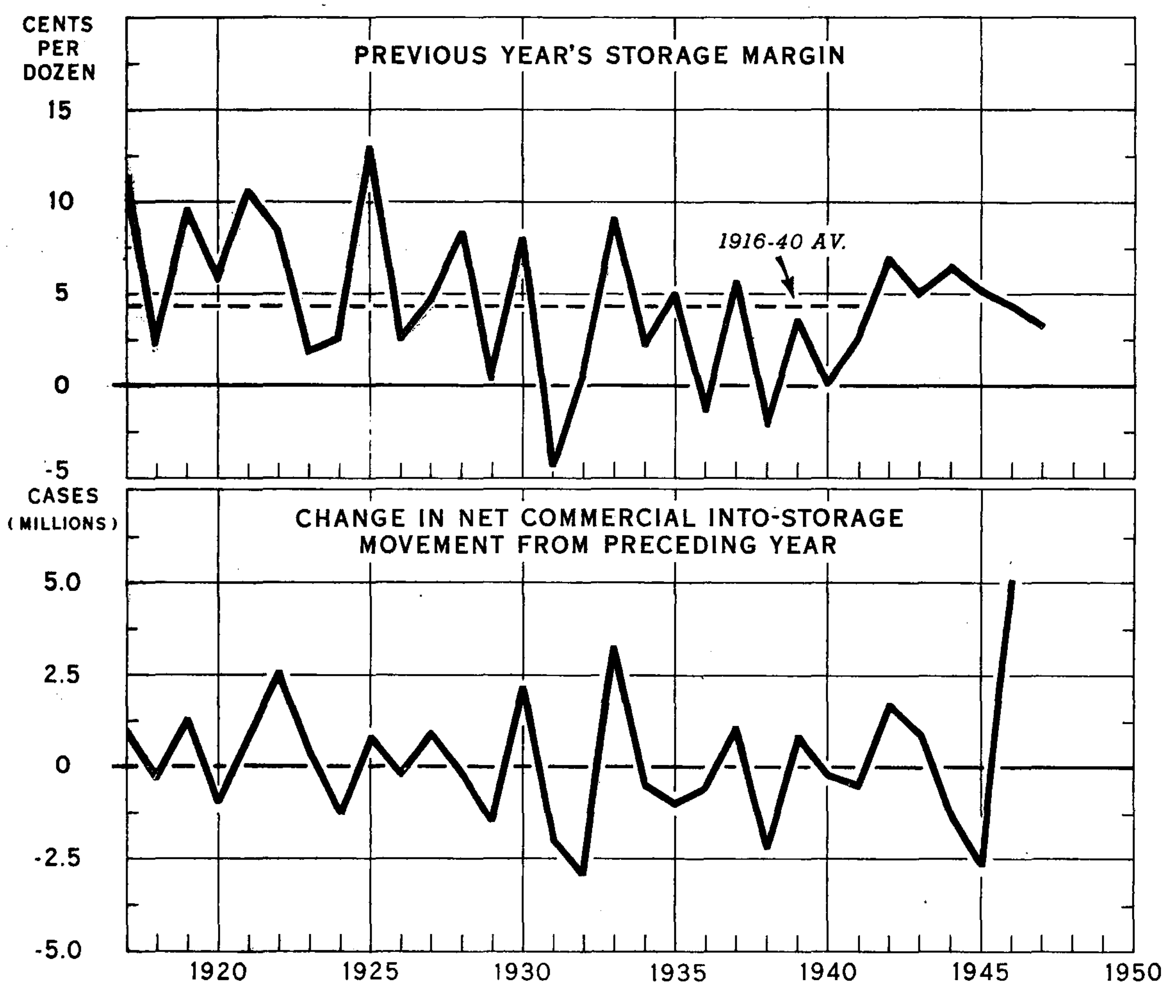
FOR REL[illegible]
JAN. 17, [illegible]

THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

PES - 117 BAE JAN. - FEB. 1947

SHELL EGGS: ESTIMATED PREVIOUS YEAR'S STORAGE MARGIN AND CHANGE IN NET COMMERCIAL INTO-STORAGE MOVEMENT FROM PRECEDING YEAR, 1917-46



THE STORAGE MARGIN FOR MOST YEARS IS CALCULATED AS THE DIFFERENCE BETWEEN THE WEIGHTED AVERAGE PRICE OF REFRIGERATOR FIRSTS AT NEW YORK FROM SEPTEMBER-JANUARY AND THE WEIGHTED AVERAGE PRICE OF STORAGE PACKED FIRSTS FROM MARCH-JUNE

DATA FOR 1946 ARE PRELIMINARY

U.S. DEPARTMENT OF AGRICULTURE NEG. 46264 BUREAU OF AGRICULTURAL ECONOMICS

Normally, the net into-storage movement of shell eggs increases over that of the preceding year if the preceding year's storage margin was above the long-time average; and decreases if the preceding year's margin was below average. The 1946 estimated storage margin was below average, and the 1947 net into-storage movement of shell eggs is expected to be moderately lower than that of 1946.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1935-44	1945	1946	Comments about 1946
			Eggs			
Farm production	Mil. doz.	Dec.	201.0	283.3	308.2	Exceeded any previous December.
Average number of layers on farms	Million	"	355.4	408.6	389.0	
Rate of lay per hen	Number	"	6.7	8.3	9.5	An outstanding record.
Apparent civilian per capita disappearance	Number	Nov.	22.4	27.2	30.1	Rate during last quarter exceeded any previous year.
Frozen egg production	Mil. lb.	"	---	1.3	2.5	
Dried egg production	" "	"	---	0.2	2.3	USDA began purchasing dried egg for 1947 delivery on December 16.
Prices received by farmers	Ct.per doz.	Dec.	32.4	48.2	47.0	Decrease from November about seasonal.
Prices received by farmers as a percentage of parity	Percent	"	84	104	85	
Retail price (BAE)	Ct.per doz.	Nov.	41.2	61.2	63.2	
Egg-feed ratio	Lb. feed	Dec.	16.0	16.2	13.3	Not as favorable for egg production as last year or long time.
Stocks: 1/						
Shell	1,000 cases	Nov.	1,782	314	1,675	Withdrawals during December and January were heavy.
Frozen	1,000 cases	"	3,130	4,158	3,535	
Dried	Mil. lb.	"	---	25	13	
Chicks hatched	Million	"	21.1	42.5	41.4	
Potential layers on farms 1/	"	Dec.	2/414.7	469.4	433.3	
Pullets not of laying age	"	"	2/ 50.0	53.6	37.7	
Prices paid by farmers for laying mash	Dol.per cwt.	"	2.63	3.68	4.48	Declined 13 cents per cwt. from previous month.
			Poultry			
Prices received by farmers for chickens	Ct.per lb.	Dec.	16.8	23.8	27.4	Prices declining in January.
Prices received by farmers as a percentage of parity	Percent	"	104	118	113	
Retail price of chickens (BAE)	Ct.per lb.	Nov.	34.5	47.3	57.3	
Prices received by farmers for turkeys	Ct.per lb.	Dec.	22.2	33.6	35.8	
Stocks: 1/						
Poultry, excluding turkeys	Mil. lb.	Nov.	131.7	243.2	187.5	Into-storage movement in December below last year.
Turkeys	" "	"	26.4	77.5	121.1	Record holdings!
Chicken-feed ratio	Lb. feed	Dec.	8.4	8.0	7.7	
Turkey-feed ratio	" "	"	10.9	11.3	10.1	
Receipts of poultry at Central Western Primary Markets, per plant	1,000 lb.	"	20.8	22.2	15.0	

1/ End of month.
2/ 1940-44 average.

THE POULTRY AND EGG SITUATION

Approved by Outlook and Situation Board, January 10, 1947

Contents

SUMMARY OF 1947 OUTLOOK

The national outlook for poultry products in 1947 as discussed in recent issues of The Poultry and Egg Situation is as follows:

Eggs

(1) Domestic demand for eggs during the first half of 1947 is expected to remain about as strong as in the first half of 1946, reflecting a high level of consumer purchasing power and high meat prices. By the second half of 1947, however, demand probably will be weaker than in the second half of 1946. For 1947 as a whole, retail prices will probably average somewhat lower, and civilian per capita disappearance moderately less than in 1946.

(2) Foreign demand appears to be strong. Contracts with foreign countries have not been made, but the U. S. Department of Agriculture announced on December 16 that it was ready to purchase 10 million pounds of dried whole egg for the United Kingdom for 1947 delivery.

The extent of British purchases will depend on prices in the United States and on supplies primarily available from Canada, Denmark, Argentina, and Australia. During 1946, the U. S. Department of Agriculture purchased about 98 million pounds of dried whole egg for shipment to foreign countries, primarily Great Britain.

Purchases for the 1947 program were begun December 18, and through January 10, approximately 6 million pounds had been procured. Egg driers who sell their product to the U.S.D.A. for January delivery must certify that they have paid egg producers an average of 35 cents per dozen.

ANNOUNCEMENT

The next issue of the Poultry and Egg Situation will appear early in March The April issue will be released as usual about the middle of the month.

Table 1.- Purchases through January 10, 1947 of dried whole egg by Production and Marketing Administration, by months of 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.
1941						0.7	1.2	2.6	2.6	5.7	8.7	13.9	35.6
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	10.6	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	9.8	10.6	3.5	0.6	0.1	0.3	---	---	---	---	36.1
1946	---	4.2	15.0	16.8	12.2	13.7	11.3	10.5	5.8	2.0	2.6	3.5	97.6
1947	6.4												

(3) Prices received by farmers during 1947 are expected to be at or near support levels. Under the Steagall Amendment, to the extent that funds are available, the U. S. Department of Agriculture is required to support egg prices at a minimum of 90 percent of parity through 1948. If recent increases in prices paid by farmers, including interest and taxes, are maintained, 90 percent of parity during the flush production season will be moderately higher than prices received in the corresponding month of 1946. From March through June 1946, farmers received an average price of 32.4 cents per dozen, 96 percent of parity. In 1947 the excess of supply over domestic demand at 90 percent of parity is expected to be the equivalent of at least 150 million dozen shell eggs.

(4) Egg production in 1947 will be 5 to 8 percent less than in 1946. The number of hens and pullets on farms January 1, 1947 was 433 million head, 8 percent below the previous January 1. However, the rate of lay is expected to increase, reflecting ample supplies of feed and the long-time trend toward increasing the rate of lay. The rate of lay in 1946 per hen and pullet on farms January 1, 1946 was 117 eggs, one egg below the 1945 record.

(5) The egg-feed price ratio probably will be below 1946 during the first half of 1947. Egg prices at support levels will be higher this spring than in the spring of 1946, but feed prices will probably be higher by a relatively greater amount. In December, prices paid by farmers for poultry ration averaged $3.54 per 100 pounds, 12 percent above the January-June 1946 average.

Chickens

(1) On the basis of past relationships between the egg-feed price ratio and the number of chickens raised, a decrease in chickens raised would be expected in 1947. However, because of more abundant feed supplies and better distribution of feeds, the decrease may be slight , if any.

(2) Chicken slaughter from farm flocks will decrease in 1947, even if the number of chickens raised in 1947 is as large as in 1946. During 1946, there was a 8 percent reduction in inventory numbers, but no such reduction is likely in 1947.

(3) Commercial broiler output is expanding and during the first half of 1947 will be larger than in the first half of 1946. During the latter part of 1947, however, decreases in output may occur as a result of declining prices. Commercial broiler output during 1946 was reduced about 20 percent from the previous year, mainly because of short supplies of feed. However, the number of commercial broilers produced in 1946 exceeded that in all years except 1945.

(4) Prices received by farmers and broiler growers for chickens during the early part of 1947 probably will increase from present levels. Seasonally smaller chicken and pork supplies and high meat prices will make this possible. By late 1947, prices may be declining. Supplies will be increasing and consumer purchasing power may be less in the latter half of 1947 than in the first half.

Turkeys

(1) Turkey production in 1947 probably will be larger than in 1946, because the number of turkeys raised in 1946 was limited by feed shortages and also because returns have been favorable during the past 5 years.

(2) Prices received by farmers for turkeys are expected to recede from the record high levels reached in 1946. Because of larger meat supplies during the 1947 turkey marketing season than in 1946 and prospective decreases in consumer incomes, turkey prices may decline materially from 1946 levels.

(3) Consumption of turkey in 1947 will continue its long-time upward trend. Per capita consumption in 1946 was about as large as the record achieved in 1945. Off-season (February through August) consumption will be at a record, since cold-storage holdings on January 1, 1947 are substantially ahead of the previous January 1 record in 1946.

1946 IN REVIEW

Although the war ended in mid-1945 the poultry and egg industry along with the rest of the economy continued to be affected in 1946 by conditions which resulted from the war. Principally, these conditions were the general inflationary tendencies which occurred because of a record level of national income accompanied by limited supplies of consumer and capital goods. In addition, a strong demand for dried egg developed during the year as it became evident that agricultural rehabilitation in Europe was occurring slowly. Farm prices of chickens and turkeys during 1946 averaged above those for any previous year while egg prices exceeded those in any year since 1920.

Table 2.-Selected economic data affecting the poultry and egg industry, 1939, 1945, and 1946

Item	Unit	1939	1945 1/	1946 1/	1946 as a percentage of 1939	1946 as a percentage of 1945
Disposable income	Bil. dol.	67.7	139.6	144.0	213	103
Urban consumer prices	1935-39=100	99.4	128.4	139.0	140	108
Prices received by farmers	1910-14=100	95	202	233	245	115
Prices paid, including interest and taxes	1910-14=100	124	174	194	156	111
Farm Production						
Eggs	Mil. doz.	3,237	4,600	4,574	141	99
Chickens raised	Million	697	821	677	97	82
Turkeys raised	Million	34	45	41	120	91
Broilers produced	Million	102	312	250	245	80
Per Capita Consumption						
Eggs	Number	311	392	370-375	118	94
Chicken	Pound	18.6	25.3	22.6	122	89
Turkeys	Pound	3.0	4.3	4.4	147	102
Prices received by Farmers (weighted av.)						
Eggs	Cts. per doz.	17.4	37.5	37.5	216	100
Chickens	Ct. per lb.	13.5	25.9	26.7	198	103
Broilers	Ct. per lb.	16.9	29.6	30.5	180	103
Turkeys	Ct. per lb.	15.7	33.6	35.0	223	104

1/ Preliminary.

During 1946, consumer demand for eggs was about as strong as the 1945 record, but demand for chicken was stronger. Retail egg prices averaged slightly higher in 1946 than in 1945, and about offset the reduction in per capita consumption. On the other hand, approximately 15 percent higher retail prices for chicken more than offset the 11 percent decrease in consumption.

Egg production, after declining about 5 percent in 1945 from the 1944 peak, remained approximately unchanged in 1946 (one percent less). Output of poultry meat was materially affected by feed shortages during the spring and summer of 1946. As a result, the number of chickens raised decreased 18 percent from 1945 and the number of turkeys raised decreased 11 percent. Commercial broiler output is tentatively estimated at 20 percent below the 1945 record, but exceeding any previous year.

The position of the poultry and egg industry in relation to the national economy is briefly summarized in table 2. Comparisons are made with 1939, the last full year before the war, and with 1945.

Estimated Storage Margins for Shell Eggs, 1916-46, and Outlook for Into-Storage Movement in 1947

Most shell eggs are placed in storage from March through June and are withdrawn largely from September through January. The storage operator determines in part the size of his holdings each year on the basis of what he made or lost in the previous year. In turn, his purchases affect the level of egg prices in the late winter and spring.

A rough measure as to whether there has been a gross profit or loss on the season's storage operations may be determined by comparing the average price during the into-storage period with that during the out-of-storage period. From this margin or price difference, an allowance must be made for storage costs of all kinds which are between 3 and 4 cents per dozen.

In prewar years, commercial into-storage movement of shell eggs usually increased if the previous year's estimated storage margin was higher than the 1916-40 average margin of 4.33 cents per dozen, and decreased if the margin was below average (see cover chart). This average margin is somewhat higher than present storage costs, but probably over a period of years closely approximates such costs, if occasional losses are included as costs. Deviations from this tendency in the 25 years from 1917 through 1941 occurred in five years (1920, 1923, 1928, 1935, and 1939); but in only two of these years, (1923 and 1928) were the deviations significant.

Prior to 1942, the average price of eggs going into storage was computed by weighting the average monthly price of Storage Packed Firsts at New York

Table 3.-Shell Eggs: Estimated storage margin and change in commercial into-storage movement, 1916-46

(Data for cover chart)

X3

Year	Seasonal average storage packed firsts at New York March - June	Seasonal average refrigerator firsts at New York Sept. - Jan.	Estimated storage margin	Net change in commercial into-storage movement from preceding year
	Cents	Cents	Cents	1,000 cases
1916	23.27	33.76	10.43	
1917	35.52	37.81	2.29	+ 863
1918	36.88	46.37	9.49	- 340
1919	45.90	51.68	5.78	+ 1,276
1920	45.92	56.44	10.52	- 981
1921	28.47	36.78	8.31	+ 719
1922	27.71	29.50	1.79	+ 2,586
1923	28.36	30.92	2.56	+ 348
1924	26.54	39.40	12.86	- 1,273
1925	31.79	34.27	2.48	+ 780
1926	31.68	36.31	4.63	- 235
1927	25.72	34.15	8.43	+ 886
1928	30.54	30.87	.33	- 184
1929	30.21	38.22	8.01	- 1,519
1930	25.66	21.32	- 4.34	+ 2,163
1931	19.08	19.42	.34	- 2,015
1932	14.38	23.43	9.05	- 2,926
1933	14.30	16.42	2.12	+ 3,259
1934	17.47	22.48	5.01	- 517
1935	25.06	23.66	- 1.40	- 1,002
1936	21.24	26.82	5.58	- 591
1937	22.62	20.54	- 2.08	+ 1,074
1938	20.37	23.95	3.58	- 2,266
1939	17.61	17.64	.03	+ 758
1940	17.98	20.43	2.45	- 229
1941	23.76	30.66	6.90	- 530
1942	30.92	1/ 35.92	5.00	+ 1,657
1943	38.79	2/ 45.13	6.34	+ 871
1944	3/ 34.78	2/ 39.89	5.11	- 1,365
1945	3/ 38.70	2/ 43.07	4.37	- 2,706
1946 4/	3/ 38.19	2/ 42.00	3.81	+ 5,078
Av. 1916-25	33.04	39.69	6.65	
Av. 1926-35	23.41	26.63	3.22	
Av. 1916-40	26.57	30.90	4.33	

N.B. Beginning with Fall of 1942 through Spring of 1946 the averages are primarily those of ceiling prices. Hence, storage margins for war years are not as representative as in previous years.

1/ Temporary freeze for refrigerator standards.
2/ U. S. Standards #1 and #2 (U.S.D.A. quotations).
3/ U. S. Extras #1 and #2 (U.S.D.A. quotations).
4/ Preliminary indication.

March-June inclusive with the net monthly into-storage movement. The September-January price was similarly obtained by using the monthly average price of Refrigerator Firsts at New York weighted by the net monthly out-movement. The comparison of these two series does not take into consideration premiums or discounts that may have been paid.

Since late 1942, because of the lack of quotations on Storage Packed Firsts and Refrigerator Firsts, the weighted average prices for March through June were based largely on OPA maximum prices for U. S. Extra #1 and #2; and U. S. Standards #1 and #2 during September-January. These grades are considered comparable to those used in the earlier series. However, since sales above ceilings took place during various intervals of the war years, the estimates of margins since 1942 are not so representative as those in earlier years.

The estimated storage margin for 1946 is about 3.80 cents per dozen, less favorable than in any of the 4 recent years, and below the average. Hence, it would appear that in 1947 the net into-storage movement of shell eggs will be less than in 1946, possibly by about 1 to 2 million cases.

Frozen Egg Into-Storage Outlook for 1947

The demand for frozen eggs during the late winter and spring has also become of increasing importance in the past few years in determining the price level during the flush production season. Prior to 1941, trade practices were such that most frozen eggs produced were sold on a cost-plus basis. Since then, because of greater use of frozen eggs in dehydration, open market transactions for frozen eggs have become increasingly important. As a result, wholesale quotations are available, but only since 1941.

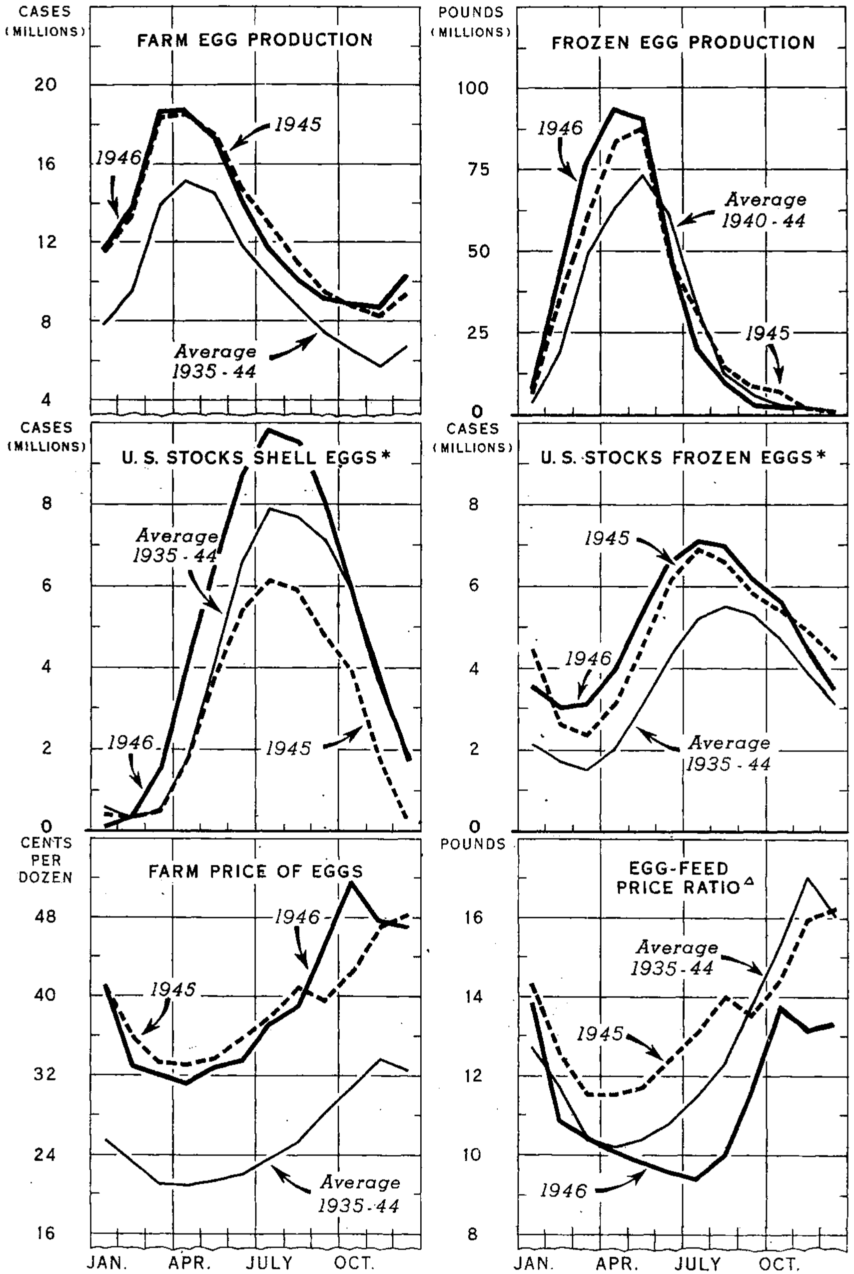
Comparison of frozen egg prices during the spring of 1946 with the fall of 1946 indicates that some net losses were involved. The average price for frozen whole eggs at New York from March through June was 29.5 cents per pound compared with an average price of 30.0 cents per pound from September through December, not enough to cover storage charges. It is estimated that the average storage cost per pound of frozen eggs is about 2 to 2 1/2 cents per pound. This would seem to indicate that the quantity of frozen eggs stored in 1947 is likely to be smaller than that in 1946.

The quantity of frozen eggs stored during the last 15 years has been increasing while that stored in shell form has been decreasing. This has been due in part to the changing American food habits, particularly to the increased usage of prepared mixtures and bakery goods. In addition, during the war, large quantities of frozen eggs were stored for later use in dehydrating.

Table 4.-Eggs: Farm production, February - June, net into-storage movement of shell and frozen eggs, and net into-storage movement as percentage of production, February-June

Year	Shell Eggs: Produced on farms Feb. - June	Shell Eggs: Net into-storage movement	Shell Eggs: Net into-storage as a percentage of number produced on farms Feb. - June	Frozen Eggs: Net into-storage movement (shell equivalent)	Frozen Eggs: Net into-storage as a percentage of number produced on farms Feb. - June
	1,000 cases	1,000 cases	Percent	1,000 cases	Percent
1925	57,805	10,003	17.3	1,007	1.8
1926	60,590	9,768	16.1	855	1.4
1927	64,467	10,654	16.5	1,538	2.4
1928	63,018	10,470	16.6	1,607	2.6
1929	61,120	8,951	14.6	1,571	2.6
1930	64.802	11,114	17.2	2,252	3.5
1931	61,675	9,099	14.8	1,118	1.8
1932	58,659	6,173	10.5	889	1.5
1933	58,180	9,432	16.2	1,842	3.2
1934	56,394	8,915	15.8	2,241	4.0
1935	53,359	7,913	14.8	2,078	3.9
1936	54,967	7,322	13.3	1,868	3.4
1937	58,861	8,396	14.3	3,533	6.0
1938	57,633	6,130	10.6	1,612	2.8
1939	59,495	6,888	11.6	2,664	4.5
1940	60,617	7,727	12.7	3,117	5.1
1941	61,712	6,344	10.3	3,997	6.5
1942	71,780	7,604	10.6	5,780	8.1
1943	82,301	8,657	10.5	7,858	9.5
1944	87,477	10,660	12.2	8,182	9.4
1945	82,397	5,824	7.1	4,185	5.1
1946	82,219	9,758	11.9	4,089	5.0

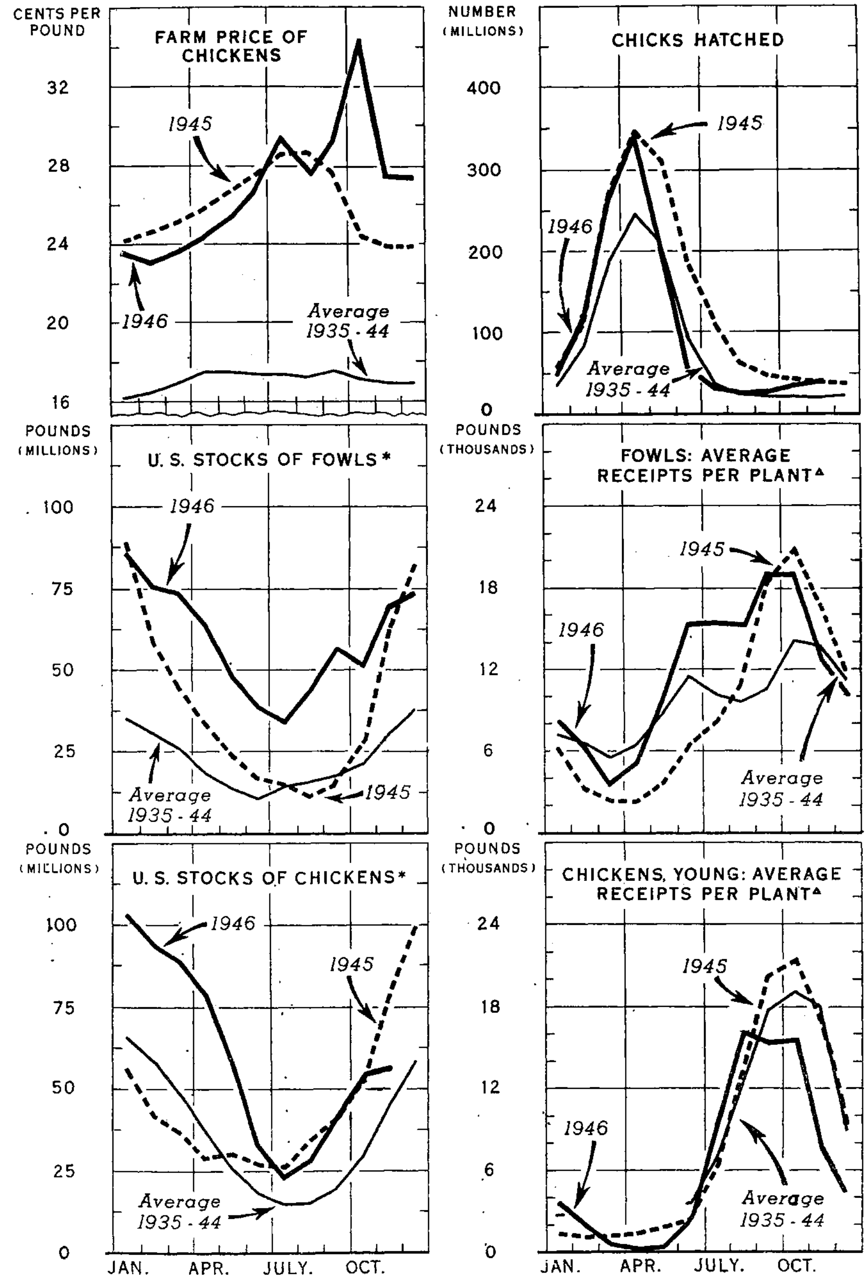
THE EGG SITUATION



* 1st OF THE MONTH △ BASED ON FARM PRICES

U. S. DEPARTMENT OF AGRICULTURE NEG. 45893 BUREAU OF AGRICULTURAL ECONOMICS

THE POULTRY SITUATION



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

U. S. DEPARTMENT OF AGRICULTURE NEG. 45894 BUREAU OF AGRICULTURAL ECONOMICS

INDEX OF SPECIAL SUBJECTS DISCUSSED IN THE POULTRY AND EGG SITUATION, 1937-46