What's **AHEAD** *for*

Minnesota Farmers

SEPTEMBER 1962

(4)

1963 EGGS

AGRICULTURAL EXTENSION SERVICE • UNIVERSITY OF MINNESOTA • INSTITUTE OF AGRICULTURE

(2) (1)

AT A GLANCE:

. Egg production in the United States was 1.7% more during the first 7 months of 1962 than what it was during the same period in 1961. In Minnesota it was 6.7% less.

. The size of the chick hatch for laying flock replacements in the United States was 6.5% smaller during the first 7 months of 1962 than what it was during the same period in 1961. In Minnesota it was nearly 14% smaller. Indications are that the laying flock as of January 1, 1963, may be 5 to 6% smaller than on January 1, 1962.

. Although general economic conditions may remain quite favorable, there is no indication of any increase in the demand for eggs, and in the "size" of the egg market. However, because of a more limited supply of eggs, the egg prices received by producers during the laying year of 1962-1963 (Sept.-Aug.) will no doubt be considerably more favorable than what they were during the laying year of 1961-1962. Generally, they may be fairly close to what they were during the laying year of 1960-1961.

SITUATION

. The demand for eggs has usually been quite inelastic. Even though there was a substantial increase in per capita egg consumption in the earlier years there has been almost a steady decline in the last number of years. The average annual per capita consumption of eggs during the earlier period of 1935-1939 was only 300. During the period of 1945-1949 it was at the highest level of 387. During the period of 1955-1959 it was down to 362. In 1960 it was 334, and in 1961 it was down to 326. It is expected that the per capita consumption of eggs will be about the same in 1962 as it was in 1961.

. Although there has been a substantial increase in the United States human population during the last decade, the size of the egg market has not even increased half as much, because of the decrease in per capita egg consumption.

. There have also been some changes on the production side. Because of improvement in breeding stock, and efficiency in production, the rate of lay (eggs per hen) has increased very much. About 30 years ago it was only slightly over a hundred eggs per hen and in the recent years it has been over 200 eggs per hen. In the

OUTLOOK

. The size of the hatch for laying flock replacement is a fairly good indication as to what the size of the laying flock will be during the next "laying year." Because the size of the hatch for laying flock replacements for the first 7 months of 1962 was about 6.5% below what it was a year ago this is a pretty strong indication that the laying flock in late 1962 and in 1963 will be smaller to the extent of 5 to 6% compared with the size of the flock during the laying year of 1961-1962. The egg enterprise is more flexible than almost any other agricultural enterprise and the size of the laying flock is not completely determined by the size of the hatch. The number of pullets which are culled out at the time they are mature and are put in the laying house, and the number of old hens which are continued in the laying flock have an influence on the total number in the laying flock as of a certain date. When egg prices are quite favorable in the fall of the year the culling of the young pullet flock is usually less severe, and more old hens are usually also kept for a longer period of time. On the other side if egg prices are quite unfavorable the young pullet flock is culled more severely and fewer of the old hens are kept in the laying flock. With the prevailing situation, it appears that there will not be any abnormally strong action on either side in the last quarter of 1962.

. The size of the hatch for laying flock replacement in Minnesota for the first 7 months of 1962 was down nearly 14%

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earlier years the rate of lay in Minnesota was considerably below the average in the United States and in recent years it has been considerably above. The rate of lay in Minnesota in the last few years has been about 220 eggs per hen which is exactly double of what it was in the late 1920's. As a result of the increase in the rate of lay, not only in Minnesota, but for the United States as a whole, the supply of eggs during the last several years has been supplied by producers with a total of less than 75% of the average number of layers we had during 1945-1949.

. The inflationary situation, with tremendous increases in marketing costs, has reduced the proportion of the consumer's price of eggs available to the producer to cover production costs. Egg producers now receive a much smaller percentage of the price paid by consumers than they used to do. This reduction has been much more severe in Minnesota and other midwestern states than the average for the United States as a whole. As a result, many Minnesota poultry men with flocks under 400 birds quit the egg business during the late 1950's. There were many more small flocks in northern than in southern Minnesota, with the result that from 50 to 60% of the egg producers in the northern counties and 20 to 30% in the southern counties of Minnesota went out of business during the last 10 years. Of course this is not an indication of the reduction in total egg production because many of the producers who have stayed in the egg business have increased the size of their flocks.

. Slightly over 4 billion eggs were produced in Minnesota in 1955 which was about 7.2% of the nation's supply. In 1961 it was only about 3.5 billion eggs which was about 5.6% of the total egg production in the United States.

which was a decrease of more than double of what it was for the United States as a whole. This gives indication of a further reduction in the percentage of the total United States supply of eggs that will be produced in Minnesota.

. There is no indication of any expansion in the demand for eggs, and in the size of the egg market. Per capita consumption of eggs in 1962 is estimated to be between 320 and 326 which is the lowest since the early 1940's. Although general economic conditions will very likely be comparatively favorable in 1963 it is not expected to bring about any expansion in per capita consumption of eggs.

. Although there was considerable variation between the different months, the egg prices received by producers were always lower in the laying year of 1961-1962 (Sept.-Aug.) than what they were during the laying year of 1960-1961. This was in large part the result of the larger hatch for laying flock replacement in 1961 which was close to 6% larger for the first 7 months of the year than what it had been for the same period in 1960. With a hatch in the first 7 months of 1962 which is about 6.5% smaller than in 1961 and a resulting smaller laying flock of about 5 to 6% by January 1, 1963, it is expected that the mid-month prices received for eggs in late 1962 and in 1963 may range <u>quite a bit above the prices received in the egg laying year of 1961-1962</u>.

. Monthly egg prices received by producers vary considerably, not only from one year to another but also from month to month within a laying year which can be observed from the list of mid-month prices at the bottom of this page. However, it appears that generally the egg prices received by producers during the laying year of 1962-1963 may be pretty much the same as they were from month to month during the laying year of 1960-1961.

. The circumstances of Minnesota egg laying flock owners differ considerably with (1) their existing poultry housing and operating facilities, (2) funds available for investment, (3) and the available labor supply. Those who are still in the egg business in Minnesota should give consideration to this, and to all phases of the egg enterprise, in order to make the most favorable and profitable adjustments.

AVERAGE MID-MONTH PRICES OF EGGS PER DOZEN WHICH WERE RECEIVED BY MINNESOTA PRODUCERS

	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
Sept. 1959-Aug. 1960	27.0	22.0	21.0	20.0	19.0	20.0	26.0	30.0	26.0	23.0	23.0	25.0
Sept. 1960-Aug. 1961	31.0	36.0	40.0	34.0	28.0	31.0	30.0	26.0	26.0	24.0	27.0	29.0
Sept. 1961-Aug. 1962	26.0	28.0	27.0	25.0	27.0	28.0	25.0	25.0	21.0	22.0	22.5	

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