Extension Pamphlet 155 December 1947

1948 Egg and Poultry OUTLOOK

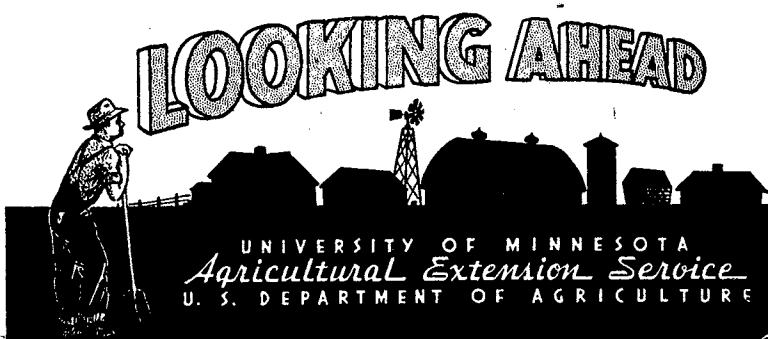
Agricultural Outlook Series No. 3

W. H. Dankers and M. K. Hinds

Alert poultrymen are considering several important questions as they make their plans for 1948 and beyond:

1. Shall I cull my laying flock heavier or lighter than usual?
2. How heavy shall I feed grain and protein concentrates?
3. How many chicks shall I get next spring, and at what time, and should they be straight-run or sexed chicks?

The answers to these questions will vary with conditions from one farm and one area to another. The answer will not be the same each year, and may even vary from season to season within the year as economic circumstances change.



UNIVERSITY OF MINNESOTA
Agricultural Extension Service
U. S. DEPARTMENT OF AGRICULTURE

EGGS and CHICKENS

Poultry is only one of several enterprises on Minnesota farms and poultry products come largely from "farm flocks." Because poultry competes for feed and labor with other farm enterprises, Minnesota farmers should plan their poultry and other farm enterprises so that the farm business will provide the best possible living for the farm family.

The egg and poultry enterprise, unlike dairying and many other farm enterprises, lends itself to adjustments at frequent intervals during the year. Therefore, decisions are more frequent and numerous.

Income from the sale of eggs is much larger in Minnesota than income from poultry meats. During 1928-1943 eggs made up 74 per cent of the income from the poultry enterprise in southeastern Minnesota. For the last three years it has been 82 per cent. Therefore the economic factors that affect egg production largely determine changes for the poultry enterprise as a whole.

Egg Production Has Increased

About two and a half times as many eggs are being produced in Minnesota now as in the prewar years. During the years of 1933-1937 Minnesota produced 4.1 per cent of the total United States supply, compared with 7.2 per cent during the last two years. The increase was greatest during the World War II period because egg prices were favorable, feed was abundant, and more facilities for breaking, freezing, and drying eggs became available. Farm flocks increased in size. Better management, improved production methods, and better egg-handling methods have been applied. These are more common with specialized and commercial egg producers and "farm-flock" owners who have larger flocks. Chick and flock mortality has been reduced. The death loss of hens and pullets was 23 per cent in 1940 but only 16 in 1946. Egg production per layer increased 31 eggs in Minnesota from 1940 to 1946, compared with an average increase of only 16 eggs per layer for the United States. Progress has been made in leveling out egg production. In 1940, May was the peak egg-production month, with 13.1 per cent of total production for the year; November was the low month, with only 4.2 per cent. In 1946, March was the peak production month with 11.2 per cent of total egg production for the year and October was the low month with 5.3 per cent. There is indication that the margin between the high and low months of production will be even smaller in 1947. More uniform egg production throughout the year helps in the development of year-round markets for eggs.

What to Do in '48

- **Continue to cull laying flocks, even though prices for fowl (hens) at the producer level are comparatively low.**
- **Feed the good layers a well-balanced ration. Good feeding will make good hens lay better and will result in more eggs per ton of feed.**
- **Place all-out emphasis on the production of QUALITY eggs. The high price margin between top-quality and lower-quality eggs is expected to remain. The high-quality producer will find the egg enterprise profitable. The low-quality producer should probably go out of business.**
- **Watch the prices of feed and young chickens (broilers, fryers, and roasters) in 1948 and study the relationship to determine whether to get sexed or straight-run chicks and at what time and at what age the young chickens should be sold.**

Feed Will Be Scarce

There is strong demand for feed because it is needed for other livestock enterprises, and grain is needed to feed undernourished people in Europe. Feed prices are high. Egg prices have gone up about as much as feed from a year ago, so that the egg-feed price ratio (pounds of feed a dozen of eggs will buy) is about as favorable as a year ago, and also about as favorable as in the prewar period of 1935-1939. However, it is considerably less favorable than for the five-year period of 1942-1946.

Efficiency in feeding will be especially important in 1948. Hens laying at the rate of 121 eggs per hen per year (based on yearly average number of layers) will produce 3,300 eggs per ton of feed; hens laying 154 eggs per hen will produce 4,000 eggs per ton of feed (National Research Council Report). If only such layers within a flock, and such flocks of layers, are kept that can attain a high level of production, the result will be a saving of scarce and high-priced feed. For the producer who succeeds in operating at this level it will mean a favorable net return from his egg enterprise even though feed is high priced. "Loafer" hens should be culled out regularly in 1948 so that feed is not wasted.

Fewer Eggs Still Enough

If the laying flocks in the United States were reduced by 4 per cent (to 420 million layers) in line with government recommendations for an over-all feed conservation program, they would still provide about 375 eggs per person. This would be somewhat lower than 1947 consumption but still 77 eggs more than in the prewar years. High consumption could be maintained because fewer eggs are needed for foreign shipment. High feed prices appear to have resulted in considerable culling of laying flocks in the early fall months of 1947, but unless the rate of culling is increased greatly the 4 per cent reduction will not be attained. There is indication that the number of layers on hand in the first part of 1948 may actually exceed the numbers of a year earlier.

Demand to Remain Strong

Consumer incomes have been exceptionally high. This has probably been responsible for the strong demand for top-quality eggs in 1947 and for the large price spread between top-quality and lower-quality eggs.

The supply of red meat has been limited in relation to the strong demand for it, and substitution of eggs for red meat has continued. Retail prices of red meat have been running one-third higher than they usually are in relation to egg prices.

There was a continued need for large amounts of food for Europe.

People in the United States consumed about as many eggs per person in 1947 as they did in 1946. Because of lower production and the continued strong demand and high consumption, the volume of shell eggs in storage in the fall of 1947 was the lowest for over 25 years. The influences that resulted in strong demand in 1947 are expected to remain through 1948.

Less Dried Eggs Needed

Egg drying was largely a war industry. Production reached its peak in 1944 when the government bought 274 million pounds. Only 36 million pounds

Careful Handling Means Better Quality, Higher Profits

were bought in 1945 and 98 million pounds in 1946. Government purchases in 1947 probably were less than 80 million pounds, but only half of that supply was needed to fulfill commitments to Great Britain, which has been the main foreign buyer. The rest were purchased mainly to support egg prices during May, June, and July of 1947. On October 1, 1947, storage stocks of dried eggs were still over 36 million pounds, at a time when the storage supply of shell eggs was at an all-time low. It would be desirable for the industry if only enough eggs were dried in 1948 to meet the small domestic demand and foreign commitments.

Egg Prices May Rise

In the fall of 1947 Minnesota farm prices for eggs were the highest for that time in 39 years of record. For the United States as a whole, producers' prices for the first nine months of 1947 averaged over 94 per cent of parity. There was a large margin between the price of top-quality and lower-quality eggs in 1947, probably due to the very high consumer incomes. This margin became larger when the government discontinued the purchase of dried eggs in July, 1947, and more low-grade eggs were placed on the shell egg market. Efficiency in egg production has increased so much since 1909-1914 (the base period for figuring support prices) that the support level of 90 per cent of parity is very attractive to many producers, and for that reason production remains expanded. The parity formula provides that as farm costs increase, the parity price for eggs also will increase. Therefore egg prices are expected to be higher even though they may not be much above the support price of 90 per cent of parity. Even though feed prices rise further, efficient poultrymen should find the egg enterprise quite profitable at the support price level for eggs.

Poultry Meat Situation Less Favorable

Sales of broilers, fryers, and roasters, together with the culling of laying flocks and sales of fowl in late 1947, resulted in a fairly heavy movement of poultry from farms. Some of the poultry was not well finished before it was sold because the feed supply was limited and feed prices were high. Consumption of poultry meat was probably lower in 1947 than during 1946 and earlier, because a larger supply of red meats was available. On October 1, 1947, over 206 million pounds of poultry was in storage, the largest supply on record for that date and 60 million pounds more than the average for 1942-1946.

TURKEYS

Fewer Turkeys Produced in 1947

Sharp declines in the price of turkeys during the fall marketing season of 1946 resulted in smaller breeding flocks and fewer poults in 1947. For the United States as a whole production was down 16 per cent from 1946. In Minnesota it was down 17 per cent. Prices for turkeys in 1947 together with high feed and labor costs have not given encouragement to turkey producers. Because feed prices are higher the cost of maintaining breeding hens will be higher in 1948. Eggs and poults will in turn sell higher than in 1947, which will be a factor in discouraging turkey production. The demand may be strongest for late poults because many producers will want to finish their birds with feed produced in 1948. The net result will very likely be a further reduction in the production of turkeys in 1948.

Indications are that red meats are competing quite strongly and effectively for the consumer's dollar. Turkey is still largely in the specialty and holiday food class. Only about 16 or 17 per cent of the total supply was consumed in the first half of each year from 1941 through 1946. In 1947 it may be over 20 per cent, owing largely to the heavy storage supply and comparatively low prices during the early part of the year.

Turkey prices broke sharply after they reached a record high in October, 1946. During war and postwar years they reached a level of 150 per cent of parity. As costs rise the parity price also rises. Actual turkey prices have stayed above the support level of 90 per cent of parity. However, this does not provide the high net margin to turkey producers that has been available the last several years. Present turkey prices are still favorable to efficient producers. A further reduction in the production of turkeys from 1947 to 1948 appears logical; grain will be needed for other livestock and for food shipments to foreign countries.

UNIVERSITY FARM, ST. PAUL 1, MINNESOTA

Cooperative Extension Work in Agriculture and Home Economics, University of Minnesota, Agricultural Extension Division and United States Department of Agriculture Cooperating, Paul E. Miller, Director. Published in furtherance of Agricultural Extension Acts of May 8 and June 30, 1914.

12M—12-47