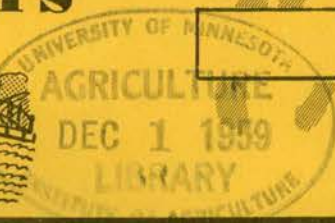


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What's AHEAD for Minnesota Farmers

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EGGS

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SITUATION

OUTLOOK

As of February 1, 1959 farmers reported that their intentions were to buy 1% fewer chicks for laying flock replacements in 1959 than they bought in the previous year. However, the number of egg-type chicks hatched in the United States during January-July, 1959 was down 7% from the same period in 1958. In Minnesota it was down 13%.

The change from the earlier intentions to actual purchases of chicks was no doubt a response to the comparatively low egg prices during the months of March, April, May, and June. This is the heavy hatching period for egg-type chicks. Egg prices in 1959 were below prices of a year earlier to the following extent:

April = 27%	June = 29%
May = 32%	July = 18%

The mid-July price of 30 cents per dozen was the lowest price received by producers at that time of the year since 1942.

The low prices for eggs during the April-July period not only resulted in a decrease in the 1959 hatch of egg-type chicks, but also resulted in increased sales of laying hens to the extent that during mid-summer it was nearly double compared to that period in 1958. The net result of less chicks and larger sales of laying hens was that the potential layers, namely the hens and pullets of laying age plus pullets not yet of laying age, on farms as of August 1, 1959 was 5% below a year earlier and the lowest since estimates began in 1938. Because the egg-feed ratio was still less favorable in August and September of 1959 than a year earlier, there is indication that the sale of yearling or older laying hens continued at a higher rate than a year earlier so

Consumer incomes and the resulting purchasing power of consumers is apt to be fully as strong or a bit stronger in late 1959 and early 1960 than a year ago. However, per capita egg consumption has dropped during the last several years, and with abundant supplies of poultry, red meats, and other substitute foods, there is little indication that the demand for eggs will strengthen.

On the production and supply side the situation will be much more favorable in late 1959, and especially in early 1960. The hens and pullets of laying age on farms was already lower on August 1, 1959 than a year earlier and the spread is apt to widen in the months ahead. Another factor needs to be considered namely that with a comparatively low hatch the percent of pullets in the laying flock is lower. When this situation exists, the total production of eggs declines more rapidly during the laying year as the larger percent of older layers are sold off or start "taking a rest."

With a demand situation about the same as a year ago and a supply situation which is much more favorable, egg prices should be as favorable or more so by the late fall of 1959 and early 1960 than they were in the same period a year earlier. They should be decidedly more favorable by the spring of 1960 than the very low prices which prevailed in the spring and summer of 1959.

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SITUATION

that the potential laying flock of January 1, 1960 may be lower than a year ago to about the same extent as the hatch was lower.

There is still a rather continuous increase in the "rate of lay" so that a somewhat smaller number of layers is needed to produce the necessary supply of eggs. For example, on August 1, 1959 the rate of lay was 56.1 eggs per 100 layers compared with 54.9 eggs on August 1, 1958.

Storage stocks of eggs as of August 31, 1959 were about 16% above a year earlier, but nearly 15% below the 5-year average of 1954-58.

OUTLOOK

In fact, it appears that egg production may be one of the most favorable farm enterprises in 1960.

Because egg prices will be more favorable in early 1960 compared to early 1959, the United States hatch of egg-type chicks during the first half of 1960 is expected to be 4-8% above the same period in 1959. The hatch will very likely show slight increases during the first three months and larger increases compared to a year earlier during the second quarter of the year.

MANAGEMENT CONSIDERATIONS

Here are some management and marketing practices for the wise poultryman:

1. Egg prices are usually much higher, seasonally, from late summer on through the fall and winter. The producer who obtained his chicks "early" will do the best job of management in order to mature the pullets as rapidly as possible. He will then get them into the laying house as soon as they are mature and ready for producing eggs, so he can get as many of the eggs from the pullet flock onto the market before the seasonal price decline becomes significant.
2. The larger 1958 hatch of chicks which resulted in an unnecessarily large laying flock in late 1958 and 1959 was not a profitable venture for most egg producers. Egg prices will not be especially favorable until these layers are too old to lay high quality eggs. For this reason they should be disposed of at any time it is necessary in order to give the most immediate and full attention to the well being of the young flock. There is every indication that the 1959-60 laying flock is much more valuable property than the 1958-59 laying flock.
3. The pullet flock should always be watched very carefully so that the "boarders" and the poor layers are culled out. The average margin per bird may not be as narrow during the laying year of 1959-60 as it was in 1958-59 but that does not guarantee that there won't be some boarders.

The egg situation can and does change much faster than the situation of other farm enterprises. The wise egg producer will be alert to the changes that may and very likely will occur between the fall of 1959 and the spring of 1960 and adjust to them in the manner that is best for him.