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# OUTLOOK

## Dairy Products Egg and Poultry

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### DAIRY . . .

Production of milk will be larger in 1949 than in 1948. The demand for fluid milk and cream is expected to be strong for most of 1949 but may weaken some later in the year.

The demand for most manufactured products will be comparatively strong, but prices may be somewhat lower.

### EGG AND POULTRY . . .

The situation appears favorable for excellent returns from the laying flock for most of 1949.

## LOOKING AHEAD

UNIVERSITY OF MINNESOTA  
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# 1949 To Be a Good Year for Dairymen

## *Marketing Shifts*

About half of Minnesota's milk is now sold from farms as whole milk compared to 10 per cent before the war. The rest is separated and sold as cream, with the skim milk being fed to farm livestock.

Minnesota was primarily a butter state before the war. During the war, however, there was a considerable shift to the use of butterfat in other forms. Now about 10 per cent of our milk is shipped out of Minnesota as **fluid milk and cream**. Production of evaporated and condensed milk, dried whole milk, cheese, and ice cream has increased greatly.

Minnesota is still an important butter state, however, and depends on butter as a market for a large share of its butterfat. Fifty-eight per cent of our butterfat goes into butter, compared with 27 per cent for the United States.

If consumer purchasing power falls off, the demand for cheese, ice cream, and especially for fluid milk and cream is likely to decline. More butterfat will then be available for making butter. When this happens, a drop in butter prices can be expected. The shift back to using more butterfat for making butter may result in a further increase in the production of dried skim milk, because factories will in some way have to use the skim milk from whole milk. A larger supply of nonfat solids may mean lower prices.

Three fourths of all the butterfat in milk in the United States is used for either fluid milk and cream or butter.

Although almost all of our butterfat is consumed here, one third of our dried nonfat solids which are produced supplementary to butter were exported in 1947.

The need for dried milk during the war resulted in a shift in the method of selling milk from farms and in the rapid growth of a dried milk industry in Minnesota. This dried milk industry is about eight times the prewar size and includes 60 additional milk plants.

In 1947 Minnesota produced one fourth of the nation's dried skim milk. Practically all of it is now used for human food, compared with prewar when about two fifths was used for animal feed. This shift to human use and the increased use of whole milk products has focused attention on milk quality.

**Producing quality milk will become more important as competition for dairy markets increases between different areas.**

**DEMAND GOOD** Because over-all dairy exports may increase slightly and because purchasing power is likely to be about as great as in 1948, demand for milk and dairy products in 1949 is expected to continue strong.

Consumers spent 28 per cent of their disposable income for food in 1948 compared to 23 per cent before the war, because:

1. A larger share of the national income went to low income people.

2. Enough nonfood items such as houses, automobiles, and refrigerators were not available to draw off this additional purchasing power.

In 1949, however, the percentage of total income spent for food is expected to decline.

Growth in population has also increased the demand for milk and dairy products.

**MORE MILK** Since 1944 milk cow numbers have declined to about 2.5 per cent below 1940. Total milk production in 1948, however, is almost 7 per cent above 1940. Production per cow in the United States for 1948 was 5,000 lbs. compared with 4,625 lbs. in 1940.

**Milk cow numbers in the United States may now be at or near the low point.** Heifers and calves available for replacement stock or additions to the herd are at a record level in relation to the number of milk cows. Because of a record feed supply and because milk will buy more feed now, more heifers may be kept for milking and fewer cows may be culled.

More cows and heavier feeding should push production of milk well above the 117 billion pounds produced in 1948. **Milk production per capita** in 1949, however, is expected to be the lowest since the drouth years of the 1930's.

## *Products Outlook*

### **Fluid Milk and Cream**

Consumption of milk and cream per person reached a record high in 1945. Since the removal of price ceilings in 1946, milk prices have increased more than consumer incomes, and consumption has declined. A consumption of 390 pounds per person in 1948, however, was 50 pounds higher than the average of 1935-39.

Consumption may decline further. With about the same income being earned and higher milk prices, the money available for milk will buy fewer quarts.

## Cheese, Evaporated and Condensed Milk

Domestic demand for cheese and evaporated and condensed milk in 1949 is expected to be about the same as in 1948. Any change in total demand will likely come from a change in export policies. Production is expected to be about the same as in 1948. If consumption of fluid milk and cream declines, however, more of these dairy products may be made.

## Butter

If consumption of fluid milk and cream declines in 1949, butter production may increase. Butter production has fallen to its lowest level in a quarter century. The cause was the wartime shift to greater use of fluid milk and cream, dried whole milk, evaporated and condensed milk, and milk products such as cheese and ice cream. Butter consumption fell from a prewar level of 17 pounds to 10 pounds per person in 1948. This decline was partly offset by increased manufacture and use of margarine when butter was not available. During the same period per capita consumption of margarine increased from 3 pounds (1935-39) to 6 pounds (1948). This situation resulted largely from a continued shortage of butter and consumer resistance to high butter prices. Late in 1948 a sharp drop in butter prices resulted in record sales of butter in some large cities. As butter production increases the price is likely to decline and the trend toward margarine may be reversed.

## Dried Nonfat Solids

The large production of dried skim milk during the war went largely to military and export uses, while civilian use remained about the same. Since 1945, military uses have fallen to about one third of the war peak (1945) and exports have dropped to one half of the peak (1943). Production continued to increase to a record 676 million pounds in 1947. During 1947 the government bought dried skim milk to support prices. Production during the first eight months of 1948 was 10 per cent below the same period of 1947.

Outlets through the European Recovery program strengthened the market in 1948. The longer time outlook for dried nonfat solids is still problematical. If consumption of fluid milk and cream and other whole milk products drops, more milk will probably be used in the joint production of butter and dried skim milk. Domestic consumption of dried skim milk has not increased enough to take any substantial increase in production, although per capita consumption in the United States has increased from 1.9 pounds in 1935-39 to 3.1 pounds in 1948. Present conditions indicate that, in competition with the human food uses of skim milk, casein does not offer a good outlet for much additional skim milk.

# Poultry Producers Face Two Important Situations

## *The Immediate Situation*

**A** HIGH EMPLOYMENT and large consumer income and purchasing power during most of 1949 should provide for a continued strong demand for eggs and poultry.

### Fewer Chickens

The number of chickens in the United States in 1948 (not including commercial broilers) was about 15 per cent below 1947 and 17 per cent below the ten-year average (1937-46). In Minnesota it was 28 per cent below 1947 and 26 per cent below the ten-year average. Farmers cut their chicken and other livestock numbers greatly last winter and spring when feed was scarce and feed prices high. This left fewer animals to feed this winter and spring (1948-49).

### More Feed, Lower Feed Prices

On the other hand, record feed crops in 1948 brought feed supplies to 30 per cent over last year. Less livestock and more feed resulted in lower feed prices.

Meat supplies are still short in relation to the strong demand for meat, and money income is still high. As a result meat prices are expected to fall less rapidly than feed prices. The egg-feed ratio (pounds of feed that can be bought with a dozen of eggs) and chicken-feed ratio were much more favorable in the fall of 1948 than a year ago. These ratios are expected to become even more favorable.

Poultry numbers (raised and kept for laying) can be adjusted in different ways and at different times.

1. The hatch can be increased or decreased in the spring.

2. The pullet flock can be culled more or less severely in the late summer and fall.

3. The yearling hens can be sent to market at the end of the first laying season or held over for a second year. This decision can be made in the early or late fall.

### Laying Flocks Down 5 Per Cent

Apparently pullet flocks are being culled less severely this year and more yearling hens are being kept over. Although the United States 1948 hatch was down 15 per cent, the number of layers on January 1, 1949, is expected to be only about 5 per cent below the number on January 1, 1948.

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## A PROGRAM FOR 1949

Because the situation appears favorable for excellent returns from the laying flock for most of 1949, these steps seem to be advisable:

1. Feed a balanced ration and feed well even though feed prices appear high. Feed is comparatively cheaper than eggs.
2. Feed and manage so that potential layers lay as early as possible.
3. Keep all pullets that are, or have prospects of being, good layers.
4. Consider holding the best yearling hens if they are healthy and have prospects of good egg production. Have adequate space to keep them, and keep them separate from the pullets.
5. Give attention to the housing of your layers. Insulating the laying house may provide good returns. It doesn't have to be fancy or cost a lot of money.

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## *Longer-time Situation*

### EGG PRODUCTION

#### Larger Egg Production Likely

Producers usually order more chicks in the spring when the egg-feed ratio has been favorable in the fall and winter. For this reason at least 15 per cent more chicks are expected in 1949 than in 1948 or about the same as in 1947. This means greater egg production in the fall of 1949. At the same time demand may be weaker if consumer purchasing power drops.

**If 1949 is an average crop year, the supply of feed per animal may be below 1948 because of increased livestock numbers. However, it is likely to be above average.**

#### Less Favorable Outlook for 1949-50

Everything considered, the prospects for egg as well as other livestock producers appear less favorable in 1949-50 than in 1948-49. Eggs and poultry, however, should be considered on the basis of net returns compared with other livestock enterprises. In the light of present prospects, this program appears desirable:

1. Decide on the number of baby chicks for 1949 with the expectation that egg prices will be considerably lower in 1949-50 than in 1948-49 and that the egg-feed ratio will be less favorable. The "normal" number of chicks is probably justified, but it will not pay to crowd the available brooding and housing facilities.

2. Order and obtain chicks as early as possible, feed and manage well for early maturity, and get the 1949 pullets housed and into production early in the fall. This will get eggs on the market early in the transition period from a year of high egg prices to a year of expected lower prices. Early production will also mean selling eggs when prices are seasonally high.

### POULTRY, MEAT PRODUCTION

Chicken meat production supplements egg production in Minnesota, and commercial broiler production is not a significant enterprise. Commercial broiler production in other states, however, directly affects price prospects for all poultry meats, no matter where produced.

Commercial broiler production in 1948 will be near the 1945 record level and is expected to be even larger in 1949. This will add to the larger volume of farm chickens, turkeys, and red meat going to market in late 1949.

**Poultry meat prices, like egg prices, are expected to be considerably lower in late 1949 than in the fall of 1948.**

The situation for poultry meats suggests the following program:

1. **Buying "straight run" chicks** by those having sufficient brooding and range facilities. This will take advantage of an abundant and cheaper feed supply during 1949. Straight run chicks may not be desirable for late hatches.

2. **Broilers and roasters from early hatches** that are marketed before meat supplies increase should bring favorable returns. Where cockerels are held beyond the broiler stage, provide for additional brooder house room or range shelter facilities in order to feed efficiently.

3. **Selling young chickens at lighter weights**, while prices may still be more favorable—Leghorns at broiler weights and heavy breeds at broiler or light roaster weights. Study current market conditions and prices carefully to determine just when to sell.

## SPECIAL CONSIDERATIONS

In 1945 egg consumption reached an all-time high of nearly 400 eggs per person, or 75 to 100 eggs more than before the war. In 1948 consumption was still at a high level, about 380 eggs per capita, as a result of the shortage of red meats.

All sections of the country increased production during the war. The west north central region, especially Minnesota, increased much more than other areas. In 1948 United States egg production was 53 per cent above the 1935-39 average. In Minnesota it was 150 per cent above. Minnesota's gain was made by:

1. Improved breeding, feeding, and management.
2. Reduced mortality of chicks and layers.
3. Increased flock size.
4. Increased rate of lay.

These improvements resulted in an increased efficiency and reduced cost of production.

### Fewer Eggs Will Be Needed

When red meat supplies become more abundant, fewer eggs will be needed. Egg production will be reduced accordingly. If Minnesota producers want to remain on an expanded basis they will have to increase their efficiency and lower their costs. They should therefore consider the following steps:

1. **Increasing the size of the flock** with the aim of cutting per unit production costs still further, if poultry income has been satisfactory. This should especially be considered when plans are made for remodeling or for building a new poultry house.

2. **Adopting all possible labor-saving devices**, such as free choice feeding, a "piped-in" water supply, and the use of deep litter and dropping pits or dropping boards. Thus the size of the flock can be increased without comparable increase in labor costs.

3. **Confining the laying flock** for larger and more uniform production of eggs and more uniform egg quality. Such eggs, sold "on grade," should provide increased returns.

4. **Producing and marketing more eggs when egg prices are seasonally high.**

5. **Buying chicks of the highest quality** that are pullorum tested and have the inherent ability for high egg production.

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