



AgEcon SEARCH

RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

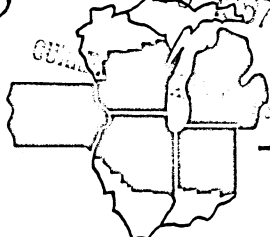
No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

281.9
F313

Federal Reserve Bank of Chicago - -

October 13, 1967

Agricultural Letter



Number 930

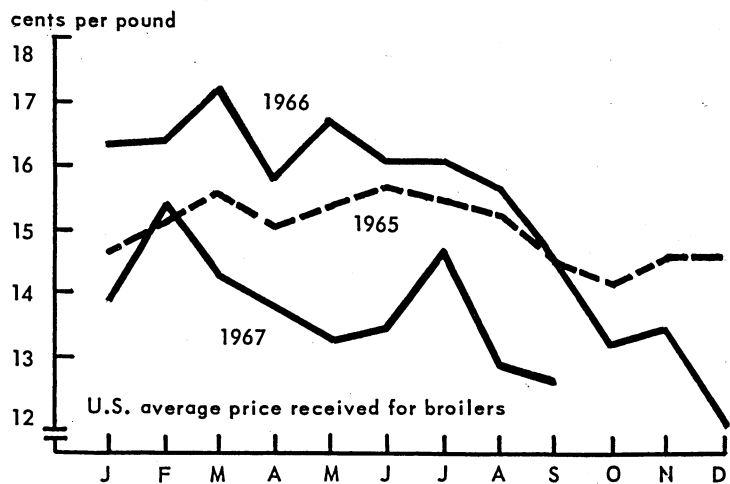
POULTRY AND EGG SUPPLIES are expected to decline because of the relatively low prices thus far this year.

While poultry accounts for only a small part of the agricultural commodities produced in the Seventh Federal Reserve District, it represents an important alternative to pork and beef for most consumers. In 1966, when red meats were relatively high priced and poultry supplies were large, consumption of poultry rose to 44 pounds per capita—up nearly three pounds from 1965. Moreover, consumption had risen more than three-fourths since 1950. During this same 16-year period, per capita consumption of beef rose 27 percent while consumption of pork declined 16 percent. Although increased consumption of broilers has accounted for most of the absolute increase in poultry, turkey consumption has increased even more rapidly. In 1966, turkeys accounted for about 19 percent of total poultry consumed in the nation compared with 16 percent in 1950. Thus, developments in poultry production are important to cattle and hog raisers as well as poultry farmers.

Production of broilers more than tripled during the Fifties although prices declined by about 50 percent. Mechanized production techniques reduced costs sharply.

Since 1961, broiler prices and production have fluctuated greatly. Production expanded sharply last year and was up about 10 percent from the year-earlier level in response to relatively high prices in 1965 and early 1966. Broiler production in the first half of 1967 continued above the level a year ago by about 9 percent.

Broiler Prices Well Under Year Earlier



SOURCE: U.S. Department of Agriculture.

Since midyear the rate of production increase has slowed and an actual decline is expected during the fall. In July and August production was 6 percent above last year. Furthermore, broiler chick placements in 22 states

during the July through September period were slightly below the 1966 level and eggs set for broiler chick hatch during September declined 9 percent from the same month a year ago. This indicates chick placements in the next few weeks will be below a year ago and that broiler marketings will probably drop below the year-earlier level during November and December.

The turnabout in broiler production has been caused primarily by the lower prices in 1967. Prices received by producers averaged 13.8 cents per pound during the first 9 months of this year—about 2 cents below the 1966 level. During the remaining months of this year, however, prices may exceed the relatively low year-ago level if supplies of both red meat and poultry decline, as now appears likely.

Egg production also has been running above the year-earlier level but the margin above 1966 is expected to narrow by the end of 1967. During the first nine months production was about 6 percent above a year ago. Egg producers added greatly to their laying flocks during 1966 and early 1967 in response to relatively high egg prices during that period. On August 1, 1967, layers on farms numbered 310 million—up about 5 percent from a year earlier. Moreover, as a result of the sharp increase in the number of pullets added to laying flocks and the culling of older birds, the number of eggs laid per bird at mid-year was nearly 2 percent above the year-earlier level.

As a result of the near record production, egg prices have declined from the relatively high year-ago level. During January-September of this year egg prices received by farmers averaged 31 cents per dozen—nearly 9 cents under the year-earlier average.

Because of the lower prices, egg producers have begun to curtail the expansion in laying flocks. Chicks hatched by commercial hatcheries during the first quarter exceeded the 1966 level by 8 percent, but the number hatched during April through August declined by about 7 percent. These cutbacks in hatch for flock replacements, however, will not affect egg production until later this year or in early 1968. Egg production is likely to continue larger than a year earlier, though by a narrowing margin during the remaining months of 1967. Prices are expected to increase seasonally this fall, but likely will continue well below the high year level of last fall.

David W. Maaske
Economist