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Agricultural Letter

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Consumers the last three months have been graced with an abundance of their traditional breakfast fare—eggs—and at very attractive prices. Farmers, however, have faced low prices. After a dramatic drop in March, the average farm price reached 25.1 cents per dozen on May 15, the lowest since 1941 and dropped even lower to 24.9 cents on June 15. In the last two weeks of June, however, wholesale egg prices climbed almost as sharply as they had declined in March but remained well below prices of last year and the first quarter of this year.

Increases in egg production have, of course, been the major cause of the price decline. The increased supply of red meats and poultry available this spring may also have helped to push egg prices down more than would normally be indicated by the increase in production.

	Jan.	Feb.	Mar.	Apr.	May	June
Egg production, 1959, million cases*	14.9	14.2	16.5	16.1	15.9	14.3p
Per cent change 1958-59	+2	+8	+9	+5	+3	+2
Prices received by U. S. farmers, 1959, cents per dozen	36.6	35.8	34.1	28.1	25.1	24.9
Per cent change 1958-59	−7	−4	−18	−22	−32	−29
Egg-type chicks hatched, 1959, millions	35	60	120	133	88	28p
Per cent change 1958-59	+3	−3	+6	−1	−20	−30
Layers on farms, first of month 1959, millions	327	320	316	309	298	287
Per cent change 1958-59	+2	+2	+3	+3	+3	+1

*30 dozen case
p preliminary

The brisk recovery of egg prices in late June was principally in response to a slump in output which appears to have been more severe than the usual seasonal decline with the onset of summertime temperatures. Many farmers found that their egg checks barely covered their feed bills and, consequently, have culled their laying flocks heavily, some even liquidating entire flocks.

Government egg purchases have been boosted to help absorb the large supplies. On April 16, the Government began a "surplus removal" program which has taken about 1.3 per cent of production through May. In previous months, school lunch purchases amounted to about 1 per cent of production.

Hatching of replacement chicks for laying flocks has been curtailed sharply—down 20 per cent in May and 30 per cent in June, compared with the same months last year. This decline in replacement hatchings has been sharp enough to reduce total hatchings for the first half of 1959 about 6 per cent from a year earlier, whereas hatchings in the first quarter of this year were up 3 per cent.

Even with the recent heavy culling of hens, the number of layers will likely remain above a year earlier for another four or five months due to the large number of chicks hatched late last year and early this year. With normal weather and continuing improvement in the rate of output per hen, egg supplies likely will exceed the year-earlier level for the remainder of 1959. Thus, prices in the remainder of the year may average below last year but well above the low levels of May and June this year.

THE PROGRAM wheat farmers will vote on in the referendum July 23 appears likely to remain "as is" since the President vetoed the wheat bill recently passed by Congress. In his veto message, the President said that "acreage control programs . . . . just do not control production" and that "the bill would probably increase, and in any event would not substantially decrease the cost of the present excessively expensive wheat program now running at approximately $700 million a year."

The main provisions of the vetoed bill were an increase in price supports from 75 per cent to 90 per cent of parity and a cut of 25 per cent in the present 55 million acre minimum allotment.

A companion bill to freeze tobacco support prices at the present level was also vetoed.

The House Agriculture Committee has announced hearings on general farm policy "with the purpose of bringing general farm legislation before the present session of Congress."

One change in price support legislation was approved along with the Department of Agriculture appropriations. This limits to $50,000 the amount of price support payments to any one farmer on each commodity declared to be in surplus. The $50,000 limit per crop does not apply for producers who guarantee to repay the excess to the Government within 12 months and for producers who agree to cut production (not acreage) by an amount up to 20 per cent as determined by the Secretary of Agriculture.

Research Department