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Federal Reserve Bank of Chicago - -

October 4, 1968

**EGG PRICES** at most supermarkets have jumped 20 cents per dozen within the past month. Producers are sharing in the price boost. Prices at farms have risen from the seasonal low of 27 cents per dozen in May to over 42 cents per dozen in September.

Following a year and a half of depressed egg prices, production was cut back and prices rose. Egg production during the first four months of the year was above the year-earlier level. But since May, production has been below a year ago. Furthermore, the Department of Agriculture entered the market and purchased a large amount of scrambled egg mix equal to some 2 percent of the total June-July production of eggs.

The housewife may well have to live with higher egg prices at least through the remainder of 1968 and probably into the first half of next year as the number of layers on farms is expected to continue at a reduced level. During the first six months of 1968, 15 percent fewer egg-type chicks were placed than a year earlier. The laying flock will probably not decline proportionately, however, since higher egg prices and relatively lower feed costs will cause producers to delay culling and to recycle layers by forced molting before removing them from their flocks. Nonetheless, the nation's flock will be approximately 4 percent smaller at the end of 1968 than at the end of 1967. Consequently, production is expected to continue below year-ago levels, and prices at the farm are expected to average from 4 to 8 cents a dozen higher.

Prices growers received for broilers have also improved. Although supplies in the third quarter were approximately 2 percent greater than a year ago, strong demand boosted prices of ready-to-cook birds almost 3 cents per pound over last year. Based on chick placements and broiler-type eggs set, fourth-quarter broiler supplies are expected to be 3 percent greater than a year ago, and, although broiler prices will decline seasonally, they are expected to average slightly higher than last year.

Turkey producers, suffering from severely depressed prices this year as a result of the huge cold storage stocks held over from last year's large production, reduced their production of turkeys about 22 percent in the second quarter of this year. As of September 1, growers had raised about 16 percent fewer birds than a year ago. Prices have just begun to reflect the reduced supplies. Throughout the first half of this year turkey prices have been about 2 cents a pound below year-ago levels, but in September prices rose to nearly 21 cents per pound—a slight increase over September 1967 prices. Turkey prices for the final quarter of the year will probably average about 3 cents above year-ago levels.

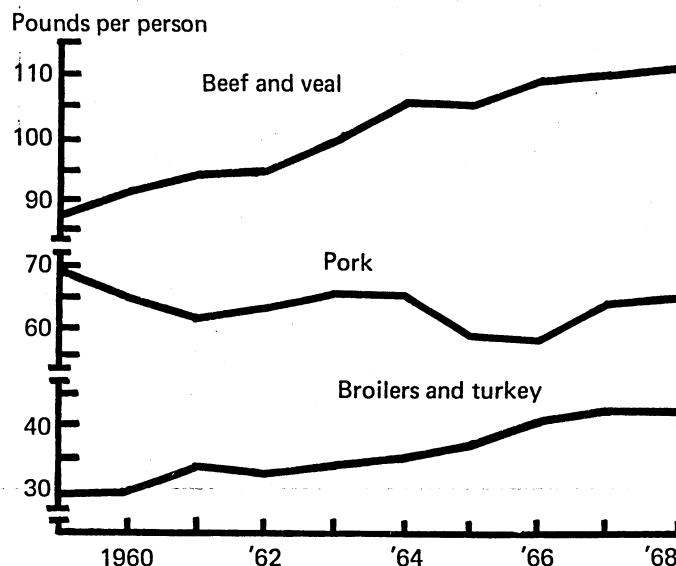
# Agricultural Letter

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While the poultry industry accounts for a small proportion of the cash receipts from farming in the Seventh District states—only 9 percent—poultry supplies and prices are important to beef and pork growers since poultry, especially broilers, compete for a share of the consumers expenditures on meat. The greater the supply and the lower the price of poultry the greater inroads it may make into the markets for other meats.

**Poultry and Beef Pace  
Increase in Meat Consumption**



Since 1959 per capita consumption of broilers and turkeys has increased from 29 pounds to nearly 42 pounds—a gain of over 40 percent. This compared with a 23 percent increase in beef consumption and a 5 percent decline in pork consumption over the same period.

With the steadily rising consumer incomes and with poultry production currently running 3 percent below a year ago while beef and pork production are up 2 and 4 percent, respectively, per capita consumption of red meat in 1968 should increase while consumption of poultry, which will be in relatively shorter supply, should continue at about the same level as a year ago.

Dennis B. Sharpe  
Agricultural Economist

# FARM BUSINESS CONDITIONS

August 1968 with Comparisons

I T E M S	1968		1967
	August	July	August
<b>PRICES:</b>			
Received by farmers (1957-59=100) . . . . .	108	108	106
Paid by farmers (1957-59=100) . . . . .	121	121	117
Parity price ratio (1910-14=100) . . . . .	74	73	74
Wholesale, all commodities (1957-59=100) . . . . .	108.7 <sup>P</sup>	109.1	106
Paid by consumers (1957-59=100) . . . . .	121.9	121.5	117
Wheat, No. 2 red winter, Chicago (dol. per bu.) . . . . .	122	1.28	1.49
Corn, No. 2 yellow, Chicago (dol. per bu.) . . . . .	1.08	1.13	1.23
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.60	.67	.75
Soybeans, No. 1 yellow, Chicago (dol. per bu.) . . . . .	2.72	2.71	2.81
Hogs, barrows and gilts, Chicago (dol. per cwt.) . . . . .	20.50	21.78	21.18
Beef steers, choice grade, Chicago (dol. per cwt.) . . . . .	27.78	27.61	27.22
Milk, wholesale, U. S. (dol. per cwt.) . . . . .	5.24	5.06	4.98
Butterfat, local markets, U. S. (dol. per lb.) . . . . .	.67	.67	65.8
Chickens, local markets, U. S. (dol. per lb.) . . . . .	14.2	.15	12.5
Eggs, local markets, U. S. (dol. per doz.) . . . . .	42.7	.33	32.0
Milk cows, U. S. (dol. per head) . . . . .	277	276	263
Farm labor, U. S. (dol. per week without board) . . . . .	--	70.50	--
Factory labor, U. S. (dol. earned per week) . . . . .	121.99 <sup>P</sup>	122.10 <sup>P</sup>	114.77
<b>PRODUCTION:</b>			
Industrial, physical volume (1957-59=100) . . . . .	164.0 <sup>P</sup>	165.6	158
Farm marketings, physical volume (1957-59=100) . . . . .	132	120	130
<b>INCOME PAYMENTS:</b>			
Total personal income, U. S. (annual rate, bil. of dol.)	694.3 <sup>P</sup>	689.2	631.6
Cash farm income, U. S. <sup>1</sup> (annual rate, bil. of dol.) . .	45.3	41.9	40.4
<b>EMPLOYMENT:</b>			
Farm (millions) . . . . .	4.1	4.4	4.4
Nonagricultural (millions) . . . . .	73.3	73.3	71.8
<b>FINANCIAL (District member banks):</b>			
Demand deposits:			
Agricultural banks (1957-59=100) . . . . .	123.5	124.2	119.3
Nonagricultural banks (1957-59=100) . . . . .	123.1	125.9	115.3
Time deposits:			
Agricultural banks (1957-59=100) . . . . .	300.3	297.4	266.8
Nonagricultural banks (1957-59=100) . . . . .	317.0	312.3	289.9
<div> <div><sup>1</sup></div> <div>Based on estimated monthly income.</div> </div> <div> <div><sup>P</sup></div> <div>Preliminary</div> </div>			

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago.