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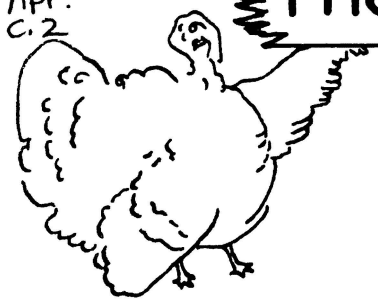

The Market Review of PEEP AND MOO

Virginia Polytechnic Institute and the United States Department of Agriculture Cooperating:
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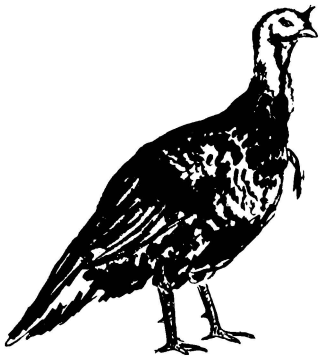
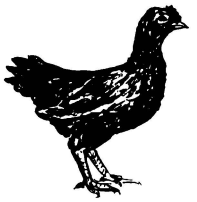
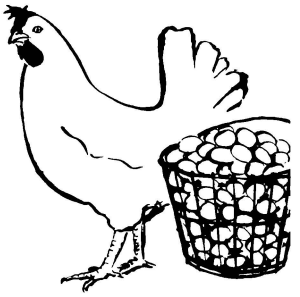


MARKETING

turkeys  eggs



broilers

April 1960

BROILER CONDEMNATIONS-KEY INDICATOR TO PROFIT OR LOSS?

Broiler condemnations are taking money out of your pocket. The estimated cost of broiler condemnations to the poultry industry in the United States was nearly 22 million dollars last year. This figure does not take into account a labor cost to the processing plants of 3 to 5 cents per bird condemned. This adds another 1 1/2 million dollars to the loss. Again the losses due to slower operating speed, costs of transportation and handling, and the share of the fixed costs of producing and processing these broilers are not included in these figures. A total loss in the neighborhood of 25 million dollars would not be unrealistic.

A large portion of these losses can be prevented. The causes of condemnations are, by and large, directly attributable to the conditions under which the broilers are grown. It is estimated that over three-quarters of all condemnations are caused by about 10 percent of the producers. There are, therefore a number of things that the producer can do to prevent most of these losses - such as the security management practices which will be discussed briefly later in this article.

Major Causes of Condemnations

First let's take a look at the major causes of condemnations in this area. Septicemia-toxemia and inflammatory processes account for the major portion of all condemnations. Next in importance is the leucosis disease complex. These first two conditions mentioned are of major concern, and can be largely eliminated. Septicemia-toxemia is a condition in which the disease organisms have infected the blood stream of the bird, and thus affect all portions of the flesh. Under federal law all birds evidencing a septicemic infection must be condemned.

The inflammatory processes are usually localized infections which may involve the air sac or other parts of the body. Thus it is frequently the cause of condemnations when the birds have chronic respiratory disease (C.R.D.) Almost every case of C.R.D. however, involves a combination of the pleura-pneumonia like organism (PPLO) and one or more virus or bacterial diseases (Infection Bronchitis or Newcastle viruses or E. Coli bacteria). Seldom, if ever, is a bird infected and condemned for the PPLO infection alone. Research tests conducted

by Dr. W. B. Gross, poultry pathologist at V.P.I., tend to substantiate these findings.

The problem, then, is to prevent the disease organism from coming into contact with the birds and to prevent those organisms present from becoming infective. In other words, the disease organisms must be present in large enough numbers and in the proper stage of development with the proper environment (usually damp and warm) in order to be able to cause a disease in the chicken. Generally a stress factor must be present in order for the birds to become seriously infected by the PPLO organisms and one or more of the virus or bacterial agents which cause the typical inflammatory process or the septicemia-toxemia condition. These stress factors are many and varied. The most common might be chilling or overheating, over crowding, poor ventilation, and wet litter.

Methods of Disease Prevention

There are two important aspects of disease prevention necessary for the broiler grower to practice. The first of these is called security management. This involves: a careful cleaning of all buildings and equipment; the prevention of wet spots in the litter through the use of wire covered platforms for the waters; the use of rubber boots (which are cleaned with disinfectant before and after leaving the building) to prevent the transportation of disease organisms from one pen to another; and the exclusion of visitors from the pens unless they are provided with clean rubber boots or other footwear that is impervious to water. In other words, do everything possible to prevent disease organisms from being carried from farm to farm or from pen to pen. If these methods are practiced carefully, there will be little chance of the birds' being infected by disease organisms which are carried into the house. This information is fully explained in Circular 848 entitled "Security Management - A Method for Disease Prevention". For a copy of this, ask your county agent or V.P.I. poultry department, or the Virginia Agricultural Extension Service, Blacksburg.

A good environment for broilers is the second important aspect in disease prevention. Studies have shown that there is an inverse relationship between temperature and the number of respiratory cases reported in chickens. (See Chart). The peak in respiratory diseases occurs during periods of low temperatures and generally inclement weather. Thus, during the months between November and April when we generally have the worst weather, there is a marked increase in respiratory infections.

This study emphasizes the need for good buildings with adequate insulation and ventilation. There are evidences that this type of facility is a prerequisite to successful (and profitable) broiler growing. Of course, the management of the broiler enterprise is the key to success or failure.

To keep our condemnations as low as possible, we are going to have to practice the best management that we know as well as providing the type of building that can maintain a desirable environment for our poultry. It is only by achieving these results that we in Virginia can hope to meet

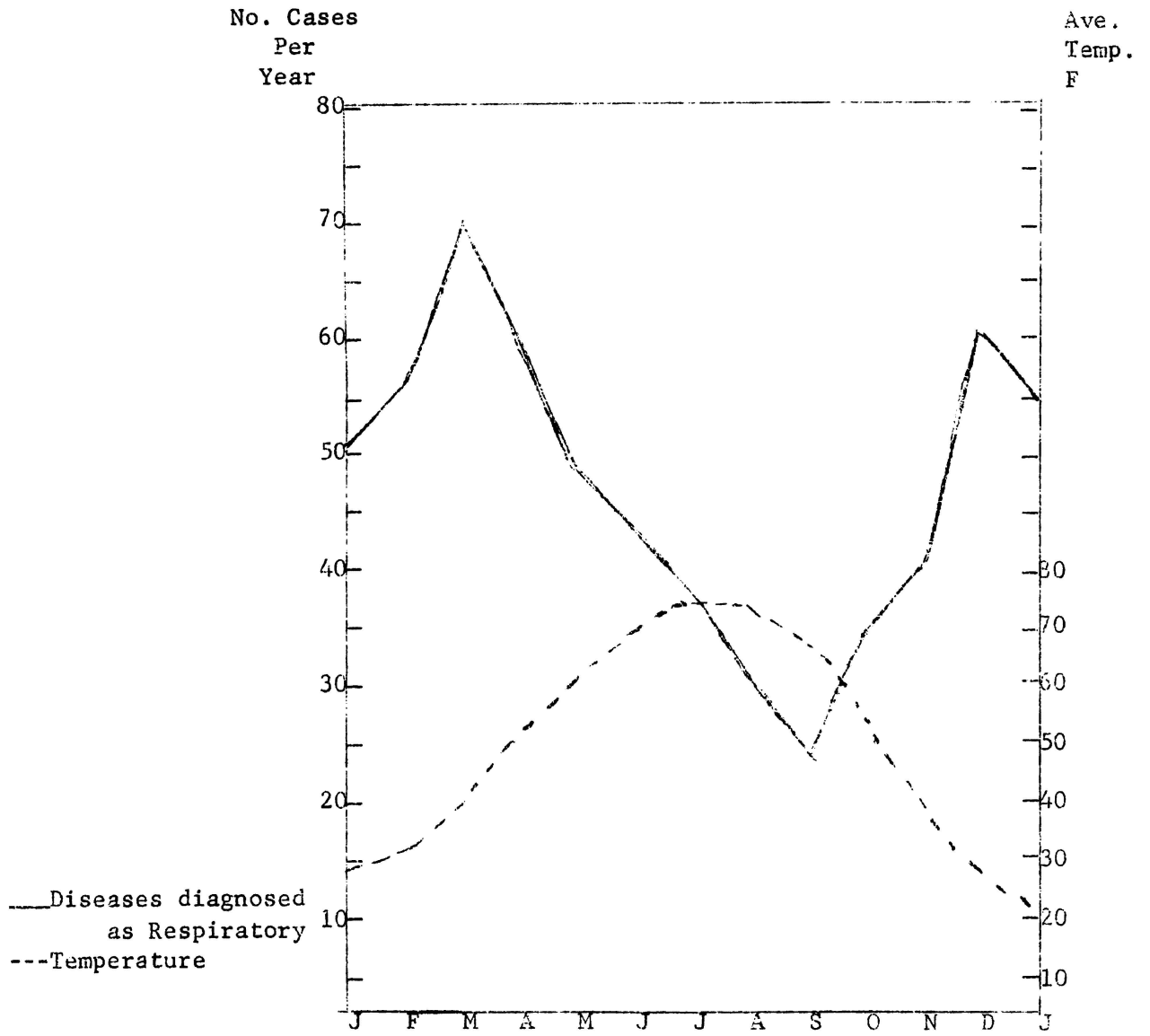
the competition from our southern neighbors. At present we have been enjoying somewhat lower levels of condemnations then other areas.

We must maintain this advantage if a broiler industry is to remain a significant part of our agricultural enterprise.

W. R. Luckham

W. R. Luckham
Poultry Marketing Specialist
Agricultural Extension Service

RESPIRATORY CASES IN CHICKENS
CONN. LAB. 1950-54
JUNILA & GARVER (USDA)



EGG PRICES - Average From March 1, 1960 to March 31, 1960[1/]

Market Area	U. S. Grade A Large	U. S. Grade A Medium	U. S. Grade A Small	Grade B Large
	- cents per dozen -			
Virginia	37.15	34.70	24.15	30.50

1/ Values being used in adjusting to a common denominator are: (1) Delivered to plant --0 to 1¢ (2) Cases exchanged--1¢ (3) Farm refrigeration--0 to 3 1/2¢ (4) Minimum 5 case lots--0 to 2¢. When the conversions are completed each day, statewide prices will be comparable and both producers and egg marketing firms will have a sounder basis for buying and selling.

BROILER PRICES - Average From March 1, 1960 to March 31, 1960

Market Area	Ave. 1/ Price
Virginia	17.90
Del-Mar-Va	18.70
West Virginia	18.85
North Carolina	17.45
North Georgia	17.65

Weekly Summary of Purchases in Virginia		
Week Ending	No. Birds Purchased	Weighted Average Price (cents)
3/4	559,200	19.05
3/11	916,516	18.43
3/18	935,559	17.78
3/25	859,350	17.42
Total	3,270,625	18.08

1/ Unweighted average.

Average Virginia Poultry Feed Prices and Feed-Price Ratio

Date	Price Per 100 Pounds: Laying Mash	Broiler Growing Mash	Turkey Growing Mash	Feed-Price Ratios 1/: Egg	Broiler	Turkey
	-dollars-					
Mar. 15, 1959	4.70	5.10	5.00	9.9	3.3	6.3
Feb. 15, 1960	4.55	4.80	4.90	9.5	3.7	6.8
Mar. 15, 1960	4.55	4.80	4.90	10.8	3.8	7.3

1/ Number of Pounds of feed equal in value to one dozen eggs, one pound of broiler live weight, or one pound of turkey live weight.

Dairy  Section

April 1960

Fluid Milk Substitutes

On several occasions recently, I have been asked, "What effects will new milk products have on Virginia's regular fluid milk markets?" At the present time, powdered milk, sterile milk, and concentrated milk are considered the best fluid milk substitutes.

Powdered milk has been available for some time but has not displaced much of the fluid milk market. Studies in Chicago and Rhode Island have indicated that powdered milk might be an additional market for milk rather than a substitute for fresh fluid milk.

Sterile whole milk is relatively new to the dairy industry. This product has possibilities for outlets such as the Army, Navy, and foreign markets because of its storability. Unless and until the taste of sterile milk is made comparable to fresh milk, it offers no immediate threat to fluid milk markets. Through greatly reduced prices, sterile milk might widen the market for milk.

Refrigerated concentrated milk (commonly called fresh concentrate) is presently the most acceptable substitute for fresh milk. The extent to which this product will affect Virginia markets depends primarily on three things:

1. Whether outside milk can be brought into the market.

2. What volume of concentrated milk sales can be developed.

3. The price advantage consumers can obtain to offset real or fancied inconveniences.

Can outside milk be brought into Virginia markets? At present, the answer is "no" because regulations (both sanitary and marketing regulations) do not permit it to be brought in. Let us look at what might happen; assuming milk can be brought in. Fresh concentrated milk is only 1/3 as bulky as fresh milk. This means that transportation costs can be reduced to 1/3 that of whole milk. Concentrated milk from the Midwest could be brought in for about 3 cents per quart equivalent less than whole milk. An additional 2 cents per quart equivalent can be saved on processing and packaging. By having less frequent deliveries of concentrated milk, it would be possible to save 2 to 4 cents per quart equivalent

in distribution costs. Thus, under very favorable conditions, milk could be reduced 6 cents per quart equivalent by refrigerated concentrated milk.

If a supply of fresh concentrated milk was being obtained from the Midwest (the most logical area), how dependable would such a supply be? Weather conditions, as were experienced in February and March, would certainly cause delays in a regular supply schedule. Would a distributor be willing to risk the possibility of not having a supply of milk for such long periods? If his supply were from a nearby source, this would not be as big a problem.

After concentrated milk has been brought into a market, what volume of sales can be developed in the area? Few new products are immediately accepted by consumers. It would take considerable time for fresh concentrated milk to make inroads in Virginia's fluid milk markets. This product has been available in a number of markets throughout the country for some time now. Thus far, sales of concentrated milk have become only a negligible percent of all milk sold in those markets.

What price advantage could be offered to consumers by concentrated milk? About 4 to 6 cents per quart equivalent below present fluid milk prices would be possible. Just how attractive this would be to consumers in Virginia will determine the volume of sales that can be developed. But, remember, if the dealer has to pass along to the consumer all his savings, what will the dealer have to gain?

However, let's not forget that refrigerated concentrated milk is a high quality product. At recent taste tests, a number of the people involved could not distinguish it from fresh whole milk and a number preferred it to fresh whole milk. The people who have developed this product are going to continue to try to sell it. Remember, the margarine process was developed in the 1870's, but it was only in the past 20 years that it captured the butter market.

If and when such products become accepted throughout the country, they will greatly increase interregional competition. Prices paid farmers in different areas will become more closely aligned. Low price areas will obtain slightly higher prices and high price areas, such as Virginia, will receive lower prices. Should this happen, the Virginia dairy industry will have to become more efficient in the production and marketing of milk.

Additional information on this subject can be obtained by writing the author.

(The following is taken from "Agricultural Marketing", March 1960 issue published by USDA, AMS).

Special Milk Program

"The number of schools, child care institutions, and summer camps participating in the special milk program rose to an all-time high of 81,500 in 1959, according to the Agricultural Marketing Service. This represents an increase of more than 5,000 organizations in the past year.

"During fiscal 1959, which ended June 30, a total of 2.2 billion half-pints of milk was used in addition to milk served with school lunches.

"Preliminary reports indicate

that the program has continued to expand this school year.

"Since its inauguration in 1954, the special milk program has brought about a steady increase in milk consumption by children and, in this way, has expanded the market for milk.

"The success of the program has twice led Congress to extend and expand its annual appropriations."

Merging of Appalachian and Bluefield Milk Orders Proposed: A proposed merger of the Appalachian (Va.-Tenn.-Ky.) and Bluefield (W. Va.-Va.) Federal milk marketing orders and a number of other proposals affecting the two orders were discussed at a public hearing in Bristol, Va., April 12, and at Bluefield, W. Va., April 14.

The hearing which opened at 10a.m., April 12, at the Holiday Inn, Euclid and State Streets, Bristol, and at 10 a.m., April 14, at the West Virginian Hotel, Federal Street, Bluefield, W. Va., was called in response to a petition from the Tri-State Milk Producers Association, the principal producer association in both markets.

This producer organization submitted the following major proposals:

1. To combine the present Appalachian and Bluefield orders, employing a market-wide pool. Currently, each of the two orders provides for individual handler pooling.

2. To designate a cooperative association as a "handler" with respect to milk deliveries to pool plants in bulk tank trucks under its control.

3. To provide a Class I price for the two markets under the combined order at the level of the present Appalachian Class I price. This price averages about 6 cents above the Bluefield Class I price.

4. To increase the Class II price 20 cents.

Also considered at the hearing were proposals from handlers in the two markets, which would:

1. Fully regulate those handlers whose milk supply is from their own farms and who distribute more than 1,000 pounds of fluid milk daily in the marketing area. Presently such "producer-handlers" are exempt from the pricing provisions of the orders.

2. Maintain the present Appalachian and Bluefield Class I prices by setting up two pricing zones under a single order.

3. Provide that if a marketwide pool is adopted, compensatory payments not apply when producer deliveries are less than 110 percent of Class I sales.

After considering the evidence brought out at the hearing, USDA may recommend amending the Appalachian and Bluefield milk marketing orders. There would than be opportunity for interested persons to file exceptions to the proposed amendments, and a "final decision" issued by USDA upon which producers would be asked to vote before any changes are made effective.

Albert Ortego, Jr.
Ext. Dairy Marketing Specialist