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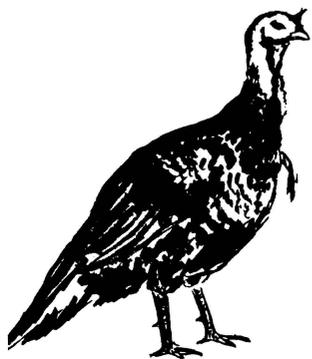
The Market Review of



PEEP AND MOO

Virginia Polytechnic Institute and the United States Department of Agriculture Cooperating:
Extension Service, L. B. Dietrick, Director, Blacksburg, Virginia

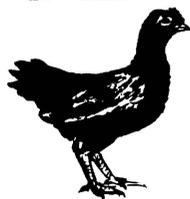
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MARKETING

turkeys broilers

eggs



May 1960

HOW MUCH DO YOU
NEED THE BROILER
INDUSTRY?

"Ten cent
cotton and
forty cent
meat, how

in the world can a poor man
eat," runs the refrain from an old
southern song.

Virginia broiler producers
are not yet in quite the shape of
this cotton farmer, but many of them
are taking a hard, second look at
the business they are in.

Consumers have been able to
buy broilers regularly for 36 to
45 cents per pound, cut-up and
ready for the pan. Some supermar-
kets in recent months have run spec-
ials on broilers as low as 29 cents
per pound. In a few instances the
special price has been even lower.
In fact many consumers have come to
regard 29 cents as the price of
broilers.

No doubt many consumers with
a farm background have asked them-
selves, "How can they market quality
birds at these prices?" Competition
is keeping the prices low, and
efficiency is keeping the growers'
head just above water. In many
instances, however, the grower--or
his backer--has gone under.

Competition within the broiler
industry and between broilers and

red meats--especially pork--is
keen. Virginia producers compete
not only with others in this
state, but with growers in the
deep South.

While each area may have
some particular advantage--
Virginia growers have better
housing, closer markets and lower
condemnation rates--they to a
large degree tend to offset each
other. In the final analysis it
is the advantage that a single
producer can gain over another
that decides who will produce
broilers and where they will be
grown. This puts a premium on
efficiency of operation and good
management.

But the time has come when
some growers are asking themselves,
"How bad do I need the broiler
industry?". Some are deciding that
other farm enterprises offer better
returns on the resources and
energies involved. Some are shift-
ing from broilers to layers.
Some are taking employment in
industry.

This does not mean that
Virginia producers are at a dis-
advantage when competing with
other areas. It does mean that
Virginia broiler growers, gener-
ally, have more opportunity to use

their resources and their labor; opportunity that is not generally available to producers in the more southern states. Actually Virginia growers enjoy a slight net advantage in broiler production. A recent inquiry has shown that nearness to markets, with lower transportation costs, gives a slight edge over deep South producers.

An award winning Georgia grower recently produced broilers for 16 cents per pound with a feed conversion of 2.4. He produced 509,000 pounds of broiler meat per man employed. This means that each man cared for 160 to 170,000 broilers per year. His costs and feed efficiency figures quoted in the award are not unusual for producers in Virginia. Our management is as good, or better, and in addition we have been able to achieve a much lower condemnation rate for this area than those quoted for other areas.

So--it would appear that management is the deciding factor in who will continue to produce broilers.

Virginia was one of the leading broiler producing states until 1949. In this year the production trend started to decline. To be sure, there was an increase from 1949 to 1953 of 20 million broilers. But the trend upward was not as marked as in other states. Since 1953 production has been fluctuating near 60 million birds. In 1959, production dropped about 15 per cent.

Now the broiler houses on Chincoteague Island are empty. Their owners have gone fishing-- for a living. Other Eastern shore producers have turned to vegetable production. Broiler contracting firms are more cautious and selective in assuming contract obliga-

tions. This withdrawal of credit has been largely responsible for nudging less efficient producers to look elsewhere for their livelihood.

What will be the future of Virginia's broiler industry? Although we can produce broilers competitively, the indications are that many producers are unwilling to commit their resources to broiler production. The returns from other enterprises or uses of resources are greater or potentially greater, than those from the broiler industry.

The answer to the question must come from each individual grower. He must analyze his situation and alternatives for his labor, capital, and other resources. He must answer the question, "Do I need the broiler meat enterprise?" Do you?



W. R. Luckham
Ass't Ext. Agri. Economist

EGG PRICES - Average From April 1, 1960 to April 30, 1960 ^{1/}

Market Area	U. S. Grade A			Grade B
	Large	Medium	Small	Large
- cents per dozen -				
Virginia	39.70	36.75	27.30	33.05

^{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 April 1, 1960 to April 30, 1960

Market Area	Ave. ^{1/} Price	Weekly Summary of Purchases in Virginia		
		Week Ending	No. Birds Purchased	Weighted Average Price (cents)
Virginia	16.80			
Del-Mar-Va	17.45	4/1	967,800	17.67
West Virginia	17.15	4/8	917,000	17.46
North Carolina	16.50	4/15	959,850	17.20
North Georgia	16.85	4/22	1,065,100	16.70
		4/29	1,070,350	16.27
		Total	4,980,100	17.05

^{1/} Unweighted average.

Average Virginia Poultry Feed Prices and Feed-Price Ratio

Date	Price Per 100 Pounds			Feed-Price Ratios ^{1/}		
	Laying Mash	Broiler Growing Mash	Turkey Growing Mash	Egg	Broiler	Turkey
	- dollars -					
April 15, '59	4.80	5.10	5.10	8.6	3.2	5.4
March 15, '60	4.55	4.80	4.90	10.8	3.8	7.3
April 15, '60	4.60	4.85	4.90	11.6	3.5	7.2

^{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

May 1960

MILK VENDING MACHINES Milk vending machines in secondary high schools can increase the total consumption of milk by students, the Utah Experiment Station concludes from a study last year in four schools having an enrollment of 2,275. The study shows that vending machines in these schools increased the amount of milk used by students nearly 8 percent per school day.

Nine vending machines installed in school hallways offered milk in one-third quart cartons. Marketing specialists making the study thought vendors might be especially helpful to students who carried their own lunches or wanted milk between meals. An important question was whether milk from vendors would be substituted for or added to milk usually consumed at home or with the school lunch.

To learn how much milk was used at home, surveys were made among parents before and after vendors were installed at school. These showed that the vendors had little or no effect on a student's use of milk at home. In fact, students who purchased milk from vendors generally were those who drank the most milk at home.

Records kept of the amount of milk used in school lunch and

"special milk" programs before and during the year of the vending study showed that consumption of milk with school lunches increased each year with no interference from the vended milk.

However, there was considerable change in the amount of milk sold from vendors in different months. Vendor sales were highest the first month the machines were installed. In October the sales rate was nearly 40 cartons per 100 students a school day. Up to January sales still were running nearly 25 cartons per 100 students a day. When another kind of beverage was offered along with milk in vendors, milk sales fell to 17, then 14 and continued some decline each month through spring.

The Station concludes that research is needed on long-run sales of milk in school vendors, and also on the effect of competition from other types of beverages if offered. Many of these findings agree with similar studies made in other States.

Dairy Price-Support Activity The 1959-60 marketing year for
USDA dairy price-support activity ended March 31, 1960. Overall

dairy price-support purchases of butter, cheese, and nonfat dry milk were down about 10 percent from purchases during the previous year. The preliminary marketing year summary of dairy price-support activities showed that purchases of butter and nonfat dry milk were below the previous year. Cheese purchases were up some from the previous year, but well below the purchasing levels of recent years.

Butter purchases during the 1959-60 marketing year amounted to 135,165,526 pounds, compared to 150,239,913 pounds during the 1958-59 marketing year. This is about 10 percent less than the previous year.

Cheese purchases totaled 50,323,992 pounds during the 1959-60 marketing year, compared with 34,714,391 pounds purchased the previous year; up about 45 percent. However, during the past two years, cheese purchases were considerably below the purchasing levels of recent years. No cheese was purchased for price support during February and March 1960.

Nonfat dry milk price-support purchases during the 1959-60 marketing year amounted to 699,346,167 pounds, compared to 790,794,597 pounds during the previous year. This was a decrease of about 12 percent. In addition, purchases for domestic donation programs made directly with Section 32 funds during the year just ended totaled 49,021,200 pounds, compared to similar purchases the previous year of 150,510,798 pounds.

Uncommitted stocks of dairy products in the Commodity Credit Corporation at the end of March amounted to none for butter and cheese, and 179,666,402 pounds of nonfat dry milk. A year ago at this time, uncommitted stocks amounted to 16,206,497 pounds

of butter, 6,692,601 pounds of cheese, and 42,818,620 pounds of nonfat dry milk.

Table 1 shows a preliminary summary of dairy price support activities for the last three marketing years.

Dairy Import Authorizations	The USDA reported April 14, 1960 on the distribution of quantities of cheese and other dairy products authorized to date under Import Regulation 1 for importation during the period July 1, 1959, through June 30, 1960.
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The President's Proclamation of June 8, 1953, as amended, issued under Section 22 of the Agricultural Adjustment Act, established annual import quotas on certain dairy products to prevent material interference with the Department's price support programs. Total quantities of each type of cheese and the other dairy products subject to IR-1 which have been authorized for importation during the current quota period are as follows:

Cheddar cheese, and cheese and substitutes for cheese, containing, or processed from Cheddar cheese, 2,775,280 pounds; Blue-mold (except Stilton) cheese, and cheese and substitutes for cheese containing, or processed from Blue-mold, 4,160,560 pounds; Edam and Gouda cheese, 4,586,310 pounds; Italian type cheeses, made from cow's milk in original loaves (Romano made from cow's milk, Reggiano, Parmesano, Provolone, Provolette, and Sbrinz), 9,136,080 pounds; butter 705,004 pounds; dried whole milk, 6,060 pounds; dried skim milk (non-fat dry milk solids), 1,804,000 pounds; dried buttermilk, 496,000 pounds and

Table 1. Preliminary Summary of Dairy Price-Support Purchases and Utilization for the Marketing Year Beginning April 1, 1959 and Ending on March 31, 1960 Compared with Activities For the 1957-58 and 1958-59 Marketing Years.

<u>Purchases:</u>	<u>Butter</u>			<u>Cheddar Cheese</u>			<u>Non-fat Dry Milk 1/</u>		
	1957- 58	1958- 59	1959- 60	1957- 58	1958- 59	1959- 60	1957- 58	1958- 59	1959- 60
	(million pounds)								
April	19.3	12.6	20.0	18.4	3.8	3.1	83.1	106.9	43.7
May	29.9	26.2	20.4	26.3	7.2	7.6	65.0	40.1	76.5
June	36.8	33.9	26.8	27.4	6.4	12.2	137.1	101.5	136.2
July	27.9	21.9	9.0	31.3	5.3	11.8	65.8	85.7	44.3
August	6.2	5.5	.3	28.1	2.2	7.2	39.5	91.2	66.5
September	.1	.2	-	20.6	.8	4.0	52.1	16.5	23.3
October	4.1	1.5	-	18.3	-	3.8	18.8	9.7	17.7
November	6.9	.7	-	12.5	-	.4	32.9	8.4	24.7
December	3.0	.4	-	12.8	2.0	.1	47.8	87.1	61.1
January	18.2	14.2	12.4	15.4	2.6	.1	69.0	21.9	55.5
February	20.7	15.3	20.3	12.7	1.9	-	81.8	69.5	56.5
March	42.0	17.8	26.0	24.5	2.5	-	85.4	152.5	93.3
Total	215.1	150.2	135.2	248.3	34.7	50.3	778.3	791.0	699.3
<u>Utilization:</u>									
<u>Commercial</u>									
Domestic Sales	.8	-	-	3.8	2.2	-	-	-	-
Feed Sales	-	-	-	-	-	-	27.6	49.2	29.0
<u>Donations:</u>									
Domestic	113.0	143.3	115.8	96.3	89.3	42.1	37.1	49.6	83.3
Foreign	-	-	-	150.9	31.2	-	510.3	590.5	182.7
Export									
Sales	21.3	15.1	17.7	12.2	8.4	11.9	85.0	93.9	138.9
Noncommercial									
Export Sales	-	-	-	-	-	-	54.8	33.8	55.9
ICA Transfers	-	-	-	6.1	1.8	-	35.8	15.5	72.2
U.S. Army									
Transfers	32.2	32.8	14.9	2.2	2.6	3.0	.1	-	.1
Other 2/	6.3	6.6	3.0	-	-	-	-	.1	.5
	173.6	197.8	151.4	271.5	135.5	57.0	750.7	832.6	562.6
<u>Uncommitted</u>									
<u>Supplies</u>									
March 31	63.8	16.2	-	112.7	6.7	-	84.6	43.0	179.7

1/ In addition to price-support purchases of nonfat dry milk, 50,928,912 pounds during 1957-58, 150,510,798 pounds during 1958-59 and 49,021,200 pounds during 1959-60 were purchased directly with Section 32 funds.

2/ Other includes cocoa butter sales, transfers to Veterans Administration, research donations, and inventory reductions.

malted milk and compounds, 4,990 pounds. No requests from eligible applicants were received for licenses to import dried cream and no authorizations were made against the quota.

Import authorizations by country-of-origin were also released by the USDA.



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