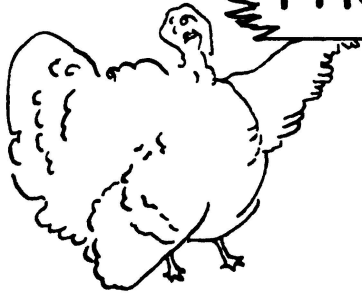


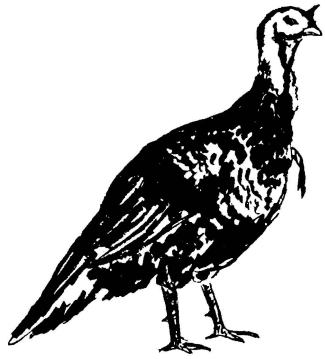
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The Market Review of



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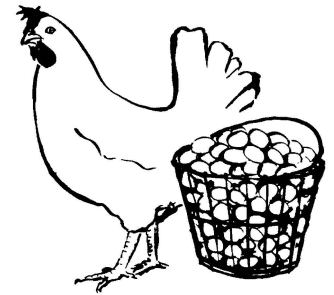
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MARKETING

turkeys broilers

eggs



November - December 1960

POULTRY AND EGGS

In Capsule

1. Table Eggs - good to June of 1961 then may run into trouble. Yearly average 32-34¢ per dozen - up from 1959 and down from 1960.
2. Broilers - stable year in 1960 - no encouragement for great expansion in 1961. A modest increase in production is expected with a slight decrease in price.
3. Turkeys - similar to broilers - 1960 a fairly stable year despite marked changes in types of birds raised. Light weight birds will continue to lose favor, but will be more than replaced by Heavy White and Bronze Turkeys.

Note: There is some possibility of greatly increased production in 1961 with resulting prices lowered significantly.

4. Hatching Eggs - more available in first quarter than in 1960 - but may not be sufficient to meet increased demand.

Poultry and egg producers have enjoyed a reasonably profitable year in 1960. The low egg prices in Virginia and the nation during the first two months of 1960 were a carryover from the 1959 conditions. Since that time Virginia egg prices have improved steadily, with a slight set back during May and June. The third quarter egg prices have increased markedly, while the fourth quarter prices are expected to remain slightly above the September level. Overall prices have

averaged over 33¢ per dozen for all table eggs through September. Yearly average prices of table eggs in Virginia will be approximately 35¢ per dozen.

The yearly average price of all eggs (including hatching eggs) is expected to approach 41-42¢. This is in contrast to a similar figure of 37.1¢ in 1959 and 46.4¢ in 1958.

Broiler prices have been about 1¢ higher than last year, and should average about 17¢ per pound, live weight at the farm. Prices have been slightly above 1959 prices in spite of an 11% increase in total broiler placements. The weighted average farm price of broilers in Virginia as of the end of September was 17.04¢ per pound.

Turkey production in the State is down some 34%, with the chief drop in the number of lightweight Beltsville type turkeys (44%). Heavy turkey numbers decreased slightly (-3%).

The turkey crop in the nation is almost identical with 1959. However, there was a marked drop in the light breeds - down 37%, while the heavy breeds gained 9%. The number of light breed turkeys dropped was almost identical with the increase in the number of heavy turkeys (5,745,000 light to 5,969,000 heavy - a net gain of 224 thousand).

Prices for turkeys in 1960 have been higher than in 1959. In Virginia, turkeys will average about 26¢, live weight at the farm. This will be about 3¢ over the 1959 price. Nationally the increase will be somewhat less, about 2-3¢ over 1959 prices. However, the average price will be similar to that in Virginia.

Hatching eggs were in good supply for the first half of the year and then somewhat short for the remainder. Placements of pullet chicks for broiler supply flocks got off to a slow start but are now about 5% ahead of 1959. (January to September figures for 1959 were 21,640,000, and the same period in 1960 - 22,791,000 or a gain of 5.3%). They should supply a few more chicks in 1961 than were available in 1960.

Thus, it appears that the poultry industry has had a reasonably good year. What effect will this have on decisions for 1961?

In spite of a profitable year for all concerned in the poultry industry, there is a great deal of caution being exercised. Memories of the severe losses suffered in 1959 are still sharp. Many businessmen have expressed concern over the expected poultry conditions in the fall of 1961 and during 1962. They are advocating a cautious, soundly based program of expansion. This is in contrast with the boom or bust feeling of 1958-1959.

Feed credit is very difficult to obtain. This will help hold expansion plans to a reasonable level - if the feed companies and other financing agencies maintain their present position. Industry fears of over-expansion and the resulting tighter credit policies may help to prevent a disastrous situation from developing in the fall of 1961.

Table Eggs:

The January 1, 1961, laying flock is estimated to be about 274 million

layers. It will be composed of 110 million hens and 164 million pullets of laying age. This represents a 14% reduction from the January 1, 1960, flock of 318 million layers.

The seasonal pattern for the number of layers on farms will be somewhat different from that of previous years because of the small spring replacement hatch and the above normal fall hatch. Beginning with about 274 million layers on January 1, 1961, a gradual reduction in numbers is expected until a low of 263 million layers is reached in March. By July of 1961, the laying flock should increase to approximately the January 1 level - or 272 million.

The pattern for the last half of 1961 depends heavily upon the late fall-early winter hatch which may be as much as 30% above normal. If the spring hatch returns to the normal pattern and level (slightly above that for 1959 and below that of 1958), a very substantial build-up in layer numbers can be expected next fall (See Table 1).

The average quarterly and yearly egg prices for all table eggs sold in Virginia during 1960 is based on the monthly average egg price quotations computed from the Federal-State daily market news reports. The weighting used is as follows: Grade A. Large 56.66%; Grade A. Medium 19.02%; Grade A. Small 8.48%; Grade B. Large 9.22% and all others 6.62%.

The Virginia laying flock is estimated to be 4,606 million in 1960 as compared to 4,687 million in 1959. The 1961 estimates indicate a build-up to about 4,600 million layers. This is slightly below that of 1959, but will be concentrated largely in commercial table egg flocks. The expected rate of lay for Virginia will be in the neighborhood of 207-208 eggs per bird. This will be sufficient to increase the total number of eggs produced over that of 1959.

The overall yearly average egg price for table eggs in Virginia is expected to

be slightly less than for 1960 and 1-3¢ over that for 1959.

Table 1: Average Number of Layers in the National Laying Flock-By Months
(millions)

Year	J.	F.	M.	A.	M.	J.	J.	A.	S.	O.	N.	D.	Average
1957	332	324	314	303	293	282	277	283	290	311	318	321	304.7
1958	318	311	304	295	287	281	279	284	290	312	322	327	301.5
1959	324	319	313	305	294	283	279	284	297	310	316	318	303.5
1960	313	308	302	295	288	281	277	277	279	281	297	277	289.7
1961	271	270	263	272	272	272	282	304	349	387	391	352	307.1*

Source: Poultry and Egg Situation - September 1960

*Based on: (1) the farmers' intentions to purchase 66% pullets in 1960, (2) a 10% death and culling loss during the growing period; and (3) a 16% death and culling loss during a 13-month production period.

The fall build-up in layer numbers is due to: (1) the heavy late hatch of replacement-type chicks in 1960; and (2) an expected normal placement pattern and level in the spring months of 1961.

Table 2: Egg Production: Number of Eggs per Layer and Civilian Consumption
for 1954 to 1960 and Estimates for 1961

	(millions)			
	1954-58 Ave.	1959	1960	1961 (Est.)
Total Eggs Produced on Farms*	60,084	62,240	60,461	62,100
Less Hatching Eggs	<u>3,503</u>	<u>4,030</u>	<u>3,924</u>	<u>3,992</u>
Net for Consumption**	56,581	58,210	56,537	58,108
Per Capita Civilian Consumption	345.3	333.5	317.6	320.2
No. of Eggs per Layer	194.9	202	207.3	211

*Total production is the total number of eggs reported as produced on farms and includes hatching eggs.

**Net for consumption is adjusted to include only those eggs consumed during the year. Hatching eggs, Government purchases of dried or frozen eggs, and net additions to storage are excluded, but net removals from storage during the year are included in the consumption figure.

Table 3: Average Quarterly and Yearly Table Egg Prices in Virginia
(Estimates for 1960 and 1961)

	1st Quarter	2nd	3rd	4th	Yearly Average
1960 (Est.)	27.77¢	31.61¢	38.92¢	43.30¢	35.70¢
1961 (Est.)	43-46	40-42	28-80	20-25	32-34

Egg prices in Virginia will tend to hold near year-end 1960 levels for the first two quarters of 1961. The third and fourth quarters will be markedly below similar periods in 1960 and slightly below those for 1959 (See Table 3). This is due to the expected build-up in the national laying flock as shown in Table 1. If the spring hatch is lower than anticipated, fall egg prices will be higher. This marked fall build-up comes earlier than normally would be expected and will cause considerable distress to the egg industry in the latter half of 1961 and in 1962.

Hatching Eggs:

There is not sufficient information available at the present time (November 5, 1960) to indicate how many hatching eggs will be available in 1961. However, the January through September placements of pullet chicks for hatchery supply flocks is about 5.3% greater than for the similar period in 1959.

If 1960 placements continue to be substantially above those for last year (1959), we can expect to have more hatching eggs available during the first half of the year than was true for 1960. However, this amount may not be sufficient to meet the expected demand for chicks.

Broilers:

Broiler production in Virginia has remained at approximately 54-55 million broilers during the last two years, 1959-1960. The estimate for 1961 is for 55 million broilers to be produced in Virginia.

Nationally, broiler production is expected to increase moderately - about 5% - to slightly over 2 billion birds in 1961.

Broiler prices during 1960 have been almost one cent higher than for 1959. There have been no major price fluctuations, except for the seasonal decline starting in August. All in all, it has been a reasonably profitable year

with the price averaging about 17¢ per pound.

Feed credit is becoming increasingly difficult to obtain, both for broilers and for egg production. This will restrain any large expansion in production that might otherwise occur. Prices have been high enough, however, for most to make money this year. This will encourage a modest expansion in 1961 - if financing is made available.

Competition between broilers and pork is expected to be less severe in 1961. Beef prices are expected to be somewhat lower. However, broilers and beef do not substitute for each other as readily as do broilers and pork.

The general situation then, is for less competition with other meats, a slight expansion in total broiler production in the nation, and broiler prices to be at 16-17¢ per pound.

Turkeys:

Turkey production in Virginia has decreased 34% while the national turkey crop remained at the 1959 level of 82 million birds.

The composition of these flocks is changing. In Virginia, light weight Beltsville-type turkey numbers were decreased by 40%; heavy white hatchings were increased by over 85% and hatches of other heavy breeds were down 51%. The net result is a 34% decrease in the Virginia turkey crop. Long-time boosters of the Beltsville-type turkey are making plans to switch over to a heavier bird, largely because of the economics of feed efficiency, so a continued shift from light to heavy is expected to occur. There will be a place, however, for a certain number of the light-type turkey, at least until a real dual purpose bird is developed.

Estimates for the 1961 turkey crop in Virginia are as follows:

Table 4: Composition of Turkey Flocks in Virginia* 1957 to Date

	(millions)				
	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961 (Est.)</u>
Heavy	2,682	2,021	1,581	1,536	2,000
Light	4,434	4,455	5,115	2,864	2,600
Total	7,116	6,476	6,696	4,400	4,600
Av. Price	23.9	24.8	23.0	26.0 est.	24-25 est.

*Number raised.

Turkey production in the nation is estimated to be as follows:

Table 5: Composition of Turkey Flocks in the Nation 1957 to Date

Type	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961 (Est.)</u>
Heavy	67,853	66,121	66,589	72,558	79,210
Light	13,333	12,228	15,533	9,788	8,900
Total	81,186	78,349	82,122	82,346	88,110
Av. Price	23.4	23.9	23.9	26 est.	24-25

Virginia's turkey crop in 1961 is estimated to be about 4.5% larger than in 1960. Light weight turkeys will decline slightly from their 1960 position. Production of heavy whites is expected to increase to 1,400,000 from the 1960 level of 756,000. Bronze and other heavy turkeys (excluding the heavy white) production is expected to remain about the same (607,000 in 1960 to 600,000 in 1961).

The national turkey flock is the same as it was in 1959. However, there was a marked drop in the light breeds--down 37% while the heavy breeds gained by 9%.

Turkeys marketed by the end of August in the nation were 33% ahead of last year (on a live weight basis). In Virginia, total marketings were 1.4% less than in 1959, but there was a 34% smaller turkey crop. California and Minnesota have marketed 42 and 18% more turkeys respectively this year than last. These two states have each increased 1960 production by approximately 10% over 1959.

Storage stocks of turkeys in the United States have been running ahead of those for 1959 since June. September 1 storage stocks were 24 million pounds heavier than the September 1 stocks in 1959.

These turkeys will help discourage a year-end price rise similar to that of 1959. Greater price stability is expected for the remainder of the year.

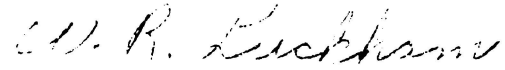
Reports now indicate that turkey breeders are planning to increase their breeders by 20%. This could provide enough more poults to make 1961 a disastrous turkey year. A modest increase of about 7-8% could probably be absorbed by the market without lowering the price level appreciably.

If the industry leaders and individual turkey producers realize that the present prices are the result of a supply of poults insufficient to meet the demand last spring, only a mild expansion in

numbers should be entertained by the grower. On the strength of this, 33-39 million turkeys are expected to be raised in 1961. Average price will be around 24-25¢.

If 1961 production expands greatly because of favorable 1960 prices and a

plentiful poult supply in the spring of 1961, look for 19-20¢ turkeys next fall.



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DAIRY



SECTION

November - December, 1960

DAIRY OUTLOOK - 1961

Summary

Milk production will continue its long time upward trend throughout 1961. Demand for fluid milk and for manufacturing milk will continue about steady to slightly higher as population increases. A larger proportion of Grade A milk will be utilized in the lower price classes resulting in a lower average price. Continuation of prices at about the same level for the various use classes of milk best describes the 1961 price outlook.

SUPPLY CONDITIONS

United States:

Milk production in the United States declined during 1958 and 1959 after reaching a record high in 1957. Based on the first nine months of 1960, milk production for the year will be nearly 1 percent greater than in 1959--approaching the 1956 level but less than the record set in 1957. In spite of this increase in total production, the production per person has declined because of the more rapid increase in population.

There are several reasons why milk production increased in 1960:

(1) A slower rate in the decline of milk cow numbers. The rate of decline in milk cow numbers from year to year is influenced by the price of beef. Beef

prices started a down-drift in 1959; and since that time, there has been a slowing up in the rate of decline in milk cow numbers. The rate of decline in milk cow numbers between June 1, 1959, and June 1, 1960, is the lowest since 1954 (Table 1). Also, in relation to the number of mature cows, the number of replacement stock on hand on January 1, 1960, was at a record high level.

(2) Milk production per cow increased rapidly enough to more than offset the decline in cow numbers. However, the large decline in milk cows during 1958 and 1959 was too great to be offset by the increased production per cow in those years (Table 1).

(3) The favorable balance between supply and demand in the past two years. This gave dairymen more confidence in the market and an incentive to produce more.

Milk production in the United States will continue to increase throughout 1961 and may exceed the record production of 1957. Factors contributing to increased production in 1960 will continue to prevail through 1961.

Virginia:

Milk production in Virginia will set a new record high in 1960. During the first nine months of 1960, milk production

in Virginia was about 5% greater than during the same period a year earlier. Deliveries of Grade A milk were up about 3.5% during the first eight months of 1960 above the same period of 1959. Deliveries of manufacturing grade milk were up about 9% above the same period of 1959 following a decline in the last several years.

The number of milk cows on farms in Virginia was approximately 373,000 on

June 1, 1960, nearly 2% above that of June 1, 1959. This is the first year milk cow numbers increased in Virginia since 1953 (Table 2).

Production per cow continued to increase in Virginia during 1960. Production per cow averaged 5,580 pounds in 1959 and is expected to increase to about 5,720 pounds per cow in 1960 (Table 2).

Table 1.--Milk Production, Production Per Cow and Number of Milk Cows, United States, 1953-1960, with Comparisons.

Year	Milk Production		Production per cow		Number of milk cows in June	
	Total	Change from previous yr.	Total	Change from previous yr.	Total	Change from previous yr.
	Billion pounds	Per-cent	Lbs.	Per-cent	Millions	Per-cent
1953	120.2	4.8	5,542	3.1	21.7	-1.9
1954	122.1	1.6	5,657	2.1	21.6	-0.5
1955	123.1	0.8	5,810	2.7	21.2	-1.9
1956	125.5	1.9	6,004	3.3	20.9	-1.4
1957	125.9	0.3	6,160	2.6	20.5	-1.9
1958	124.9	-0.8	6,316	2.5	19.8	-3.4
1959	124.4	-0.4	6,438	1.9	19.3	-2.5
1960	125.4*	0.8*	6,531*	1.4*	19.2	-0.5

*Partly forecast.

Source: Dairy Statistics: Statistical Bulletin 218, AMS, USDA, Washington, D. C.

Table 2.--Milk Production, Production Per Cow, and Number of Milk Cows, Virginia, 1953-1960, with Comparisons.

Year	Milk Production on farms ¹		Production per cow		Number of milk cows in June	
	Total pounds	Change from previ- ous yr.	Total	Change from previ- ous yr.	Total number	Change from previ- ous yr.
	Million	Per- cent	Lbs.	Per- cent	(000)	Per- cent
1953	2,019	6.8	4,740	5.3	426	1.4
1954	2,002	-0.8	4,790	1.1	418	-1.9
1955	2,002	0.0	5,030	5.0	398	-4.8
1956	2,053	2.5	5,290	5.2	389	-2.3
1957	2,088	1.7	5,480	3.6	382	-1.3
1958	2,040	-2.3	5,500	0.4	371	-2.9
1959	2,053	0.6	5,580	1.5	367	-1.1
1960	2,135*	4.0*	5,720*	2.5*	373	1.6

¹Includes Grade A and manufacturing grade milk produced.

*Partly forecast.

Source: Dairy Statistics: Statistical Bulletin 218, AMS, USDA, Washington, D. C.

Milk production in Virginia is expected to increase again during 1961. Milk cow numbers will likely decrease slightly, but more production per cow will more than offset the reduction in cow numbers.

DEMAND Per capita consumption of fluid milk and cream for the United States has declined slightly in the last two years despite significant increases in real incomes of consumers. Consumption of cream, particularly, has shown a decline for a number of years, due both to a drop in the fat

content of cream and a decline in the quantity on a product weight basis. The use of fluid skim milk continued to expand in 1960, and whole milk sales on a per capita basis were steady. Sales of fluid milk products thus far in 1960 indicate that per capita consumption will be no greater in 1960 than in 1959--possibly less (Table 3). The overall increase in fluid milk sales will continue to depend on population increases.

Milk used in the production of all manufactured products, except evaporated milk, was above a year earlier thus far in 1960. Based on the volume of milk used, butter made the biggest increase.

Table 3.--Per Capita Disappearance of Milk and Dairy Products,*
U. S., 1945-1959

Year	All Products	Fluid Milk & Cream	Butter	Cheese	Ice Cream	Evap. & Con.	Nonfat Dry Milk
	Pounds of Milk Equivalent	Pounds of Milk Equivalent	Pounds of Product	Pounds of Product	Pounds of Product	Pounds of Product	Pounds of Product
1945-49 Average ^{4/}	760	372.9	10.6	6.9	19.0	19.4	2.9
1950-54 Average ^{4/}	709	349.6	9.3	7.6	17.6	18.0	4.0
1955	707	351.7	9.0	7.9	18.0	16.2	5.5
1956	706	353.9	8.8	8.0	18.0	15.9	5.2
1957	691	350.4	8.4	7.7	18.0	15.4	5.3
1958 ^{3/}	688	343.1	8.4	8.1	17.8	14.8	5.6
1959 ^{3/}	678	341.2	8.0	8.0	18.7	14.4	6.2

*Includes amounts from CCC supplies bought wholly or partly with Government funds.

^{1/}Includes milk equivalent of other dairy products not shown separately.

^{2/}Includes farm butter.

^{3/}Preliminary.

^{4/}Simple average of the five years.

Source: "Dairy Producer Highlights," National Milk Producers Federation, Washington, D. C.

Evaporated milk continued the long-time downward trend in both domestic and foreign (export) sales. Historically, evaporated milk has been the only major commercial export dairy product of the United States.

Purchases of dairy products by the government for price support purposes have been below a year earlier on a milk equivalent basis.

The supply-demand balance in the dairy industry does not look as favorable for 1961. With per capita consumption

of fluid milk products decreasing slightly each year, increased consumption will come only from increased population. Even though the per capita consumption of some manufactured dairy products is increasing, the government may have to increase price support purchases to utilize all of the expected production in 1961.

Virginia:

Milk sales in Virginia increased again during 1960. Based on information from milk commission-controlled markets, Bristol and Bluefield markets, and the

Washington, D. C. markets, fluid sales in Virginia were nearly 3% above a year earlier. Fluid milk sales did not increase as rapidly as did producer deliveries.

The market for manufacturing milk in Virginia continued good in 1960. More milk of manufacturing grade was delivered to plants in 1960 than in the past several years.

During 1961, fluid milk sales will continue to increase. However, most of the increase will result from population growth. Per capita consumption of milk in Virginia, although considerably below the national average, is not expected to increase significantly during 1961.

PRICES

United States:

The average price received by farmers has been higher in each month of 1960 compared with the same month a year earlier. For fluid milk markets, higher prices have been due to higher base prices for the various classes and to improved utilization in several markets. Prices for milk for manufacturing have also been above a year earlier.

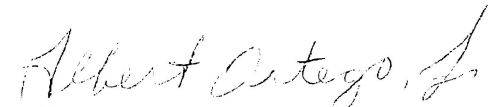
Retail prices for milk thus far in 1960 have averaged just slightly more than the record high of a year earlier.

It is difficult to predict prices for an industry that is as highly regulated as the dairy industry. Assuming that the support prices for milk prices revert to the level just prior to the recent temporary increase signed by the president, milk prices should remain about the same in 1961 as in 1960. The average price for Grade A milk will probably be slightly lower, since fluid milk sales are not expected to increase as much as Grade A milk production. Retail prices for milk will probably increase slightly as costs of marketing creep upward.

Virginia:

The average milk prices received by Virginia farmers for milk in 1960 have been slightly below those received during 1959. Average prices for fluid milk (Grade A) are lower because a somewhat larger proportion was utilized in the lower price classes and a lower average butterfat content of the milk. Prices for manufacturing grade milk have been slightly lower in 1960 than in 1959, primarily because of lower butterfat content.

The price outlook for 1961 is for a continuation of present levels for the various classes. However, the average price will continue to decline as milk production continues to increase more rapidly than fluid sales.


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