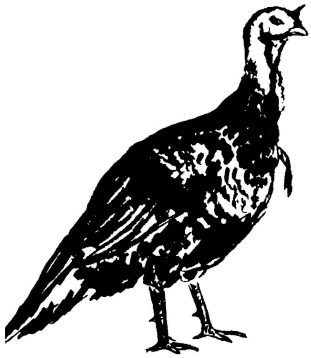
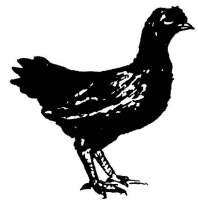
PEEP AND MOO

Virginia Polytechnic Institute and the United States Department of Agriculture Cooperating:
Extension Service, L. B. Dietrick, Director, Blacksburg, Virginia
Issued and Distributed in Furtherance of the Acts of Congress of May 8 and June 30, 1914

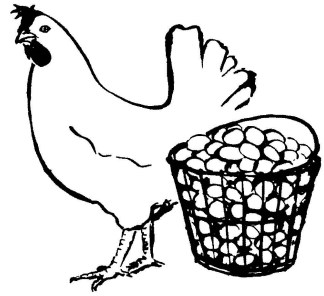


MARKETING

turkeys eggs



broilers



January 15, 1959

The Poultry Division of the Agricultural Marketing Service is studying new procedures for certifying quality for eggs produced and marketed under controlled conditions. Since much interest has been shown for such a change in egg marketing in Virginia, the following Proposed Quality Control Egg Grading Program should be of interest to all Virginia table egg producers. These proposed regulations should be of special interest to producers delivering eggs to grading stations equipped with flash candlers and other modern equipment.

I would like to emphasize that the following requirements are proposed and not official. The Poultry Marketing Service, U.S.D.A., Washington, invites interested persons to submit their views and suggestions regarding these proposed requirements to the Poultry Division.

- - - - - - - - - - -

PROPOSED REQUIREMENTS FOR CERTIFICATION OF USDA FRESH FANCY QUALITY EGGS

FOR DISCUSSION ONLY November 12, 1958

All terms in the United States Standards when used herein have the same meaning as when used in the Standards.

I. Minimum requirements of procurement and distribution program.

Packing station or plant must have a satisfactory procurement and distribution program including, but not being limited to, the following requirements at the farm and retail store level as applicable:

(a) Eggs from each flock shall be packed separate and the shipping cases marked so as to facilitate segregation at the packing station. A flock consists of birds not varying in age by more than 60 days. In operations with a constant replacement procedure, such as cage operations, birds shall be grouped together in accordance with the above requirement.

(b) Eggs should be gathered from the nest at least twice, and preferably three, times a day.

(c) Eggs which require cleaning should be cleaned by approved methods. (See 7 CFR, Part 56.) Eggs may be treated by oil dipping, oil spraying, or oil-emulsion spraying, provided that methods used are such as will not cause objectionable cloudiness in the whites. Oil treating and cleaning operations must be in compliance with the sanitary requirements as provided under the shell egg regulations.

(d) Eggs shall be cooled immediately after gathering to 60°F. or below and held at a reasonably constant temperature not to exceed 60°F., and a relative humidity of approximately 70 percent.

(e) Eggs shall be transported and handled under such conditions as will prevent sweating and so as to reach the packing plant or store with an internal temperature of 60°F. or below.

(f) The temperature at which the eggs are held and displayed at the retail store shall not exceed 60°F.

(g) Periodic checks to determine the adequacy of the production and distribution programs shall be made by civil servants under the supervision of the Grading Branch, Poultry Division, AMS.

II. Minimum requirements at time of packaging.

(a) Quality of eggs shall be determined by the broken-out score, measured in Haugh units, and the condition of the yolk. The break-out test shall be accomplished at the assembly plant or at the farm in the event the eggs go directly from the farm to the store. Eggs that do not meet the requirements of AA quality with respect to shell texture or shape shall not be selected as part of any sample that is to be broken out and scored since such eggs will be removed at time of packaging.

(b) The internal temperature of the eggs shall not exceed 60°F. at the beginning of the packaging operations.

(c) A flock may be eligible for entry under the program when (1) one sample of 25 eggs drawn at random averages 76 Haugh units or higher; or (2) two samples of 25 eggs each drawn at random (one sample per week for two consecutive weeks) each averages 72 Haugh units or

higher. No sample shall contain more than one egg measuring less than 55 Haugh units and no eggs in any sample shall contain yolks with serious defects.

(d) A flock may remain on the program provided that a "moving" average of 72 Haugh units or higher is maintained with no individual "weekly" average below 68 Haugh units and provided further that not more than one of any two consecutive "weekly" averages falls below 70 Haugh units.

(1) The "moving" average shall be computed by averaging the results of the latest four weekly entries of a flock, except that during the second and third weeks after admission to the program, the average shall be computed by averaging the latest entry with the previous weekly entries.

(2) The "weekly" average shall be computed by averaging the results obtained when testing eggs in accordance with either subsection (i) or subsection (ii) of this section. Samples shall be drawn at random once a week per flock from a single shipment. In either case, no eggs in any sample shall contain yolks with serious defects.

(i) A sample of 10 eggs shall be tested when the "moving" average is below 78 Haugh units and not more than one egg in the sample shall measure less than 55 Haugh units; or (ii) a sample of 5 eggs shall be tested when the "moving" average is 78 Haugh units or above and the sample shall contain no eggs which measure less than 55 Haugh units. If not more than one egg measures less than 55 Haugh units, an additional 5 eggs shall be tested. If this second 5-egg sample contains no eggs below 55 Haugh units, the average of the 10 eggs shall be used in determining the "weekly" average.

(e) Any flock which has been on the program and is excluded for failure to meet the requirements may be reinstated by the same procedures used to originally enter a flock on the program.

(f) Eggs from flocks that meet the provisions of these requirements may be packaged and officially labeled after the blood spots, meat spots, checks, loss, and eggs with shells failing to meet the requirements for AA quality have been removed. The packaged product shall be indentified with the proper size and packed in accordance with the regulations.

(g) Cartons or sealing tapes shall bear in distinctly legible form, a date preceded by the statement, "not to be sold after" or a similar statement having the same meaning. The date shall not exceed 10 days including the day of packaging. Upon expiration of the 10 days, the eggs shall be removed from the labeled cartons.

(h) Sampling, break-out testing, and maintenance of records of break-out tests shall be the responsibility of/or under the immediate supervision of a civil service grader. All graders shall make examinations of all packaged product to observe compliance with U.S. Grade AA standards for shell conditions, loss and foreign material such as blood and meat spots. The size of the samples shall be on the basis of the requirements of the regulations (7CFR, Part 56).

III. Authority to waive certain provisions.

Reasonable variations from the provisions of these requirements may be approved by the Administrator, provided that such variations are not in conflict with the intent and purpose of the requirements.

- - - - - - - - - - -

Harold W. Walker

Harold W. Walker
Asst. Ext. Agric. Economist

EGG PRICES - Average from December 1, 1958 to December 31, 1958 1/

Market Area	U. S. Grade A Large	U. S. Grade A Medium	U. S. Grade A Small	Grade B Large	Grade C Large
	- cents per dozen -				
Harrisonburg	39.7	33.0	21.8	31.5	18.0
Richmond	40.0	33.7	24.0	37.2	25.0
Roanoke	40.9	32.1	23.1	30.6	19.4

1/ Unweighted average. Additional payments of 1 to 4 1/2 cents per dozen made by some buyers on special arrangements for quality and quantity.

BROILER PRICES - Average from December 1, 1958 to December 31, 1958

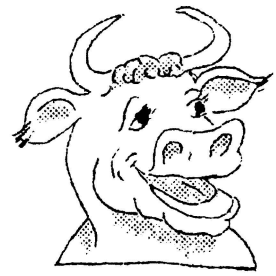
Market Area	Ave.1/ Price	Weekly Summary of Purchases in Shen-Valley Area		
		Week Ending	No. Birds Purchased	Weighted Ave. Price (cents)
Shenandoah Valley	14.1	12/ 5	1,138,000	14.04
Del-Mar-Va	15.6	12/12	908,180	14.36
West Virginia	14.7	12/19	827,500	14.21
North Carolina	14.2	12/26	413,700	14.22
North Georgia	14.2	Total	3,287,380	14.18

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 -					
December 15, 1957	4.50	4.90	4.90	14.1	3.0	7.4
November 15, 1958	4.60	5.00	4.90	12.9	3.0	6.5
December 15, 1958	4.70	5.00	5.00	11.8	2.9	6.3

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

January 15, 1959

FACTORS TO CONSIDER IN CLASSIFYING MILK*

Much has been written and said about pricing milk according to its use, yet there is much disagreement as to which products should be included in each class and what the level of pricing should be for each class.

In the past few months classification of milk has again become the center of attention of the Virginia Dairy Industry. The State Milk Commission held hearings in Richmond and Roanoke for the purpose of obtaining more uniformity in regulations for the various markets under its jurisdiction, with emphasis on classification of milk.

This article is concerned with the basis for classification of milk uses. The purpose is to bring out the factors which should be considered in determining the number of classes in the market and the products to be included in each class. The final grouping should be based on the weight of each of these factors in the markets in question.

Determining the number of classes: The number of classes which it is necessary to use in a market depends upon the economic conditions of the market--including both specific cost and demand factors as well as institutional arrangements. Institutional arrangements which may enter into decisions affecting the number of classes include the number of dealers, the degree of their specialization, the plant facilities in the market and other related factors. A specific number of classes certainly is not a goal.

The number of classes should be held to a minimum and based on simplicity. However, each group of milk products actually affected by distinctly different cost and demand conditions usually must be grouped separately for pricing purposes. Balancing these two considerations, the need for simplicity and the need to recognize distinct economic conditions, leads to some difficult decisions. Deciding whether a minor class can be eliminated is difficult but often necessary.

Probably the most accurate grouping of products would be having a separate

---

* Parts of this article are based on Farmer Cooperative Service Bulletin 6, Krause, Stanley F., "Pricing Milk According To Use".

class for each type product. This would mean having as many class uses as there are products. However, such a system would be impractical and extremely difficult and expensive to administer and enforce.

The proper objective in classifying products is to group together products affected by similar economic conditions. Substantial differences between cost and demand conditions for various product-uses of milk furnish the basis for dividing these into class-pricing groups. Each basis of classification should be considered separately.

Markets: Recognition must be given to the differences between the markets in which dairy products are sold. Bottled milk and bottled milk products are sold in a more localized market and sales are not greatly responsive to price changes. Manufactured milk products, such as butter and cheese, are sold on national markets and the amounts produced from the surplus of one fluid milk market have little effect on the price.

Quality: The perishability and disease-bearing potential of milk have led to strict sanitary requirements for fluid milk. A substantial price differential is necessary to induce dairymen to meet Grade A requirements rather than the less restrictive ones for production of manufacturing grade milk. On the basis of quality standards, milk and milk products which are required to be processed from Grade A milk should be placed in the same group. Milk products not required to be made from Grade A milk would be placed in a separate group. This does not mean that Grade A milk would not be used to produce such products. However, since these products can be made from manufacturing grade milk they should be placed in this group because a processor could not pay more for this milk than what he would have to pay for manufacturing grade milk. Thus, on the basis of quality alone, milk would be grouped into two classes, products requiring Grade A milk and those not requiring Grade A. If there were more than two quality classes of milk, products would be grouped according to the quality grade requirements.

Transportation costs: Costs of transportation should be considered when grouping milk products for pricing purposes. Perishability of whole milk shipped for fluid use requires that it be kept cool, which makes it more costly to move than less perishable products. Both the perishability and bulkiness of whole fluid milk add to the transportation cost. Cream separated in the production area is cheaper to transport in terms of milk equivalent of milk product since only about a fifth as many pounds need to be transported. Likewise, butter and cheese are relatively economical to transport because they are less bulky and perishable. When cream is separated in the production area and butter and cheese are also produced in the production area, the cost of transporting cream to the market will be somewhat higher than that for butter and cheese but less than hauling cost for whole milk. Thus, on the basis of transportation cost on milk-equivalent terms, cream would be grouped between whole milk and butter or cheese.

Most markets, however, do not separate cream in the production area, even though this may be practical in large milk markets. In smaller markets the milkshed is generally the surrounding nearby area and all milk is transported to the market as whole milk. In such a situation, there are only two transportation rates which usually need to be

considered, one for whole milk and one for products such as butter and cheese. However, in grouping milk products into price classes, consideration should be given to transportation costs.

Seasonality: Milk production varies from one season to another and cost may also vary seasonally. Milk for fluid use (bottling) cannot be stored and such needs are dependent on current production. Seasonal variations in production are less serious for some other milk products. For example, ice cream sales are largest during summer months, when milk production is usually greatest. This product serves as a satisfactory outlet for surplus Grade A milk. However, during months of short production ice cream can be made from stored milk products. Because ice cream is not required to be made from Grade A milk, handlers will not use Grade A milk in ice cream if such milk costs are very much more than manufacturing grade milk. However, in markets where ice cream is required to be made from Grade A milk, producers may reasonably demand a higher price for milk used for ice cream. Otherwise they have no reason to prefer that their milk be used in these products rather than for such products as butter and cheese.

Demand and competition: In grouping milk products into the various classes, it is necessary to consider the demand for and substitutability of the different milk products. As was mentioned previously, sales of fluid milk respond only slightly to price changes. Price for manufacturing grade milk, on the other hand, is dependent largely on the national market.

Even though demand and competition are hard to measure accurately, it is necessary to indicate their influence in milk classification. The market for fluid milk and related products is distinct and separate from the market for such products as butter and cheese. A glass of milk satisfies a different desire than does a pat of butter. Thus on the basis of demand (consumer desires) milk products could be grouped into categories according to the desires satisfied.

Competition between various milk products is another factor to consider in grouping milk products into classes. For example, there is some competition between evaporated milk and whole milk. However, most persons prefer whole milk to evaporated milk unless there is a substantial price differential. Characteristics of storability, transportation cost, and raw product quality requirements for these are different. Therefore, milk for evaporating is generally priced with other manufacturing uses.

Concentrated fresh milk competes with whole milk, cream, and evaporated milk. Its ease of substitution for whole milk and Grade A raw milk requirements would suggest putting it in the same class as whole milk. Cost of transportation, however, would indicate otherwise.

Another example would be whole milk and skim milk. Skim milk substitutes easily for whole milk, must be made from Grade A raw milk, and transportation costs are higher for skim milk because of its bulkiness relative to its value.

In grouping these products some account must be taken on how such a grouping will affect an outlet for Grade A milk. To illustrate, suppose evaporated milk is put in the same category as whole milk; very little (none in theory) Grade A milk would be sold for evaporating at fluid milk prices (Class I). Thus, an

attractive market for surplus Grade A milk would be lost without anything being gained.

In arriving at the final grouping of milk products into the various classes, products should be grouped into categories according to where they best fit under each factor. Those falling in the same groups most often for each of these situations should generally be grouped together. As mentioned previously, consideration must be given to institutional factors in the market and, also, to how such a grouping might affect the market as a particular outlet for Grade A milk.

Alberto Ortego

A. J. Ortego
Asst. Ext. Agric. Econ.
Dairy Marketing Specialist