

# Growing Corner of the Nation's Egg Basket

There is a whole lot of cackling going on in the Southeast these days. The noise around the hen houses is up not only because the number of laying hens and pullets have been increasing rapidly, but because the hens have been working harder—as evidenced by the rapid growth in egg output per layer. Consequently, egg production has assumed an increasingly important role as an income-producing enterprise of Southeastern farmers. This was particularly apparent during the period of relatively high egg prices throughout most of 1969. Since total egg production in the U. S. and per capita egg consumption have both trended downward recently, the continually rising total production within the Sixth Federal Reserve District is further evidence of the area's growth in relative importance as an egg-producing area.

## Total Egg Production

Total egg production within the region tripled from 1958 to 1969, increasing from 5 billion to 15 billion eggs annually (Chart I). During the same period, total U. S. production increased by about

8 billion eggs and since 1967, actually declined. Regional production has also grown at a less rapid rate since 1967, but is still increasing. Recently, indications are that output has been stimulated further by unusually high egg prices.

At the farm level, regional egg prices have consistently ranged between 3 cents and 8 cents per dozen above the U. S. average, but have followed the national pattern rather closely (Chart II). The higher prices received by Southeastern farmers have undoubtedly been an important factor in stimulating increasing egg output in the region when output for the rest of the nation has been holding constant or declining.

It is interesting to note the sharp dips in prices during 1959 and 1967, the years of abrupt increases in total production. However, egg prices undergo wide swings in response to even relatively minor changes in total production because of the somewhat rigid demand for eggs.

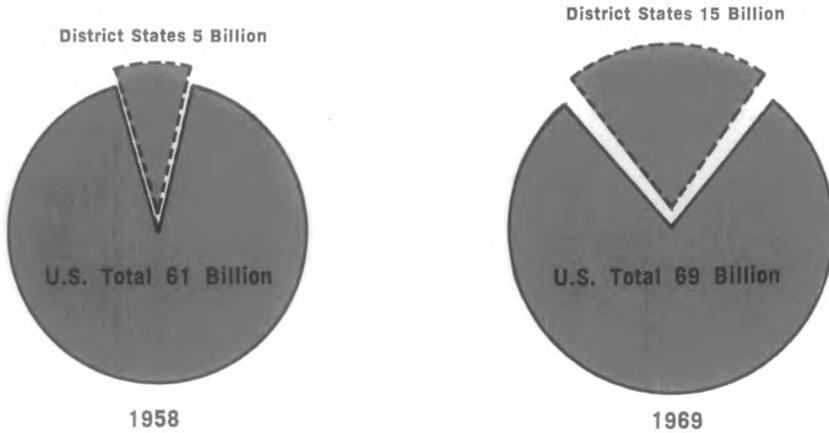
Although production increased in all six District states during the past decade, the rate of change varied significantly (Chart III). The lion's share of growth occurred in Georgia, where total annual production has approximately quadrupled (up 4.0 billion eggs) since 1958 and accounted for over one-third of the District total in 1969. Production in Tennessee, by contrast, increased by less than 0.3 billion eggs during the same period. Other states accounting for nearly equal

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Chart I

*The Southeast has been accounting for an increasing proportion of the nation's egg supply.*



portions of the District's growth are Mississippi, Alabama, and Florida, where production within each state has risen by about 2.0 billion eggs. More recently, production has leveled off in Mississippi and Alabama but is continuing to rise in Florida. Although production has approximately doubled in Louisiana since 1958, the 0.8 billion eggs produced in 1969 could not be considered a significant part of total District output. At the end of 1969, it appeared that only Georgia and Florida were continuing the upward production trends that characterized the entire District during the last decade.

#### Production Per Layer

The gain in egg production per layer has been even more remarkable than the long-term growth in total egg production. Egg farmers in the District can point with justifiable pride to this marked improvement in efficiency. In 1958, average annual production per hen within the District lagged more than 20 eggs behind the national average. By 1968, however, the gap had nearly closed (Chart IV). That accomplishment is further enhanced by the fact that national average production increased by nearly 20 eggs per layer during this period, requiring District producers to increase egg production by almost 40

eggs per layer in order to catch up. A number of factors have contributed to the rapid gain in efficiency per hen: chiefly, improved rations, genetic composition of breeding stock, and disease control.

The year 1969 was unfavorable for Southeastern laying flocks because of an extended period of unusually hot, dry weather which took its toll on the physical condition and production ability of the layers. As a result, average production per layer in the District exhibited its most serious decline of the decade and fell back significantly from the national average. With the return of favorable weather, it is expected that the rate of lay in the District will equal or even exceed the national average within the near future.

Wide differences in productivity existed among layers in individual states in the early part of the last decade. Rates of production per layer in 1958 ranged from a low of 161 eggs in Mississippi to 209 eggs in Florida (Chart V). In 1969, however, those between-state differences were considerably narrower. Less than 10 eggs per layer separated flocks in Tennessee and Florida, states occupying the low and high positions, respectively.

Although the productivity of laying flocks improved in all states, the most remarkable gain oc-

curred in Mississippi, where production jumped from 163 eggs to 227 eggs, or 64 eggs per layer, within the period from 1958 to 1968. Although production per bird dropped sharply in 1969, it probably reflected the debilitating effects of last year's severe summer drought and extremely high temperatures.

The rate of egg production in Florida did not improve greatly when compared with production in other states, but the annual average per layer maintained a level considerably above both the District and U. S. average throughout the period. Further improvement will undoubtedly be made in egg production per layer within the region, but Florida's experience seems to indicate that a point is usually reached where increased gains are slow in developing. After 1964, production per layer did not change much in Florida until the effects of adverse weather were felt in 1969.

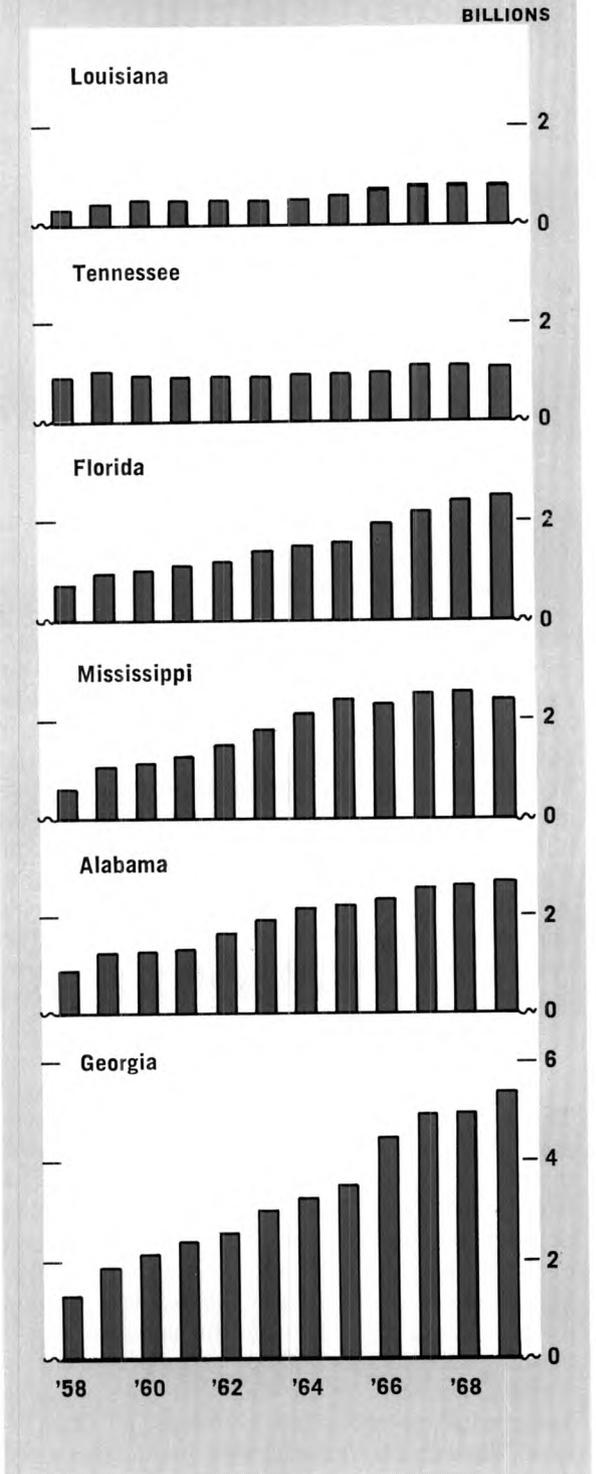
**Per Capita Consumption**

While egg production and efficiency are up, Chart VI shows that the number of eggs consumed per person has declined markedly since the early 1950's. But the greatest drop occurred after 1956. Although the trend was reversed in 1967 and 1968, per capita consumption by 1969 again hovered near the previously established low of 313 eggs—55 eggs below the 1956 level.

Based on the U. S. average per capita consumption of 314 eggs in 1969, and based on an estimated Regional population of approximately 24.3 million persons, a total of about 7.6 billion eggs were consumed within the District states last year. Thus, the District consumed only 50

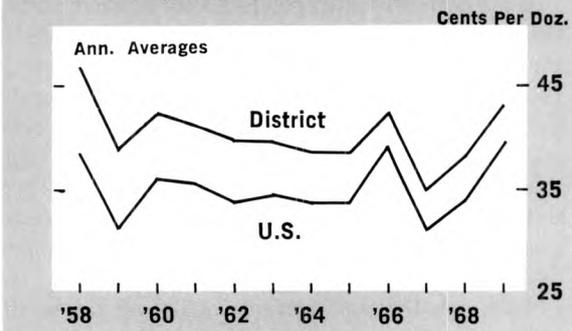
*Chart III*

*The lion's share of District growth in egg production has occurred in Georgia.*



*Chart II*

*District egg prices have been consistently higher than the national average, but both series have followed a similar pattern.*

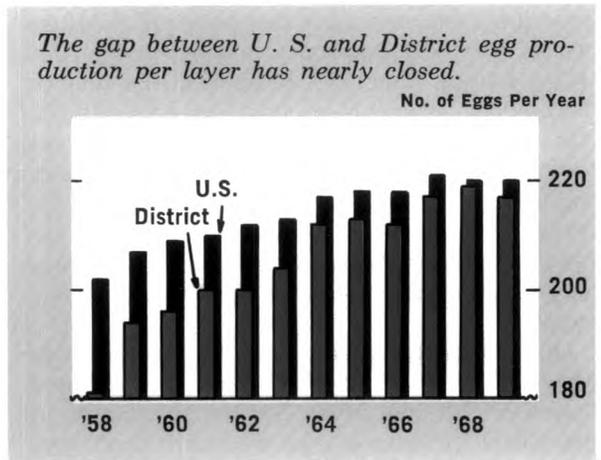


percent of the 15 billion eggs it produced during 1969. Similarly, about 7.3 billion eggs were consumed within the Region in 1958 when per capita consumption was 349 eggs and population was about 21.2 million. In 1958, however, total Regional production was only 5.0 billion eggs, making the Region a deficit producer. Thus, within the past decade the Region has developed into a substantial net exporter of eggs and appears to be well on the way to becoming a major supplier for the nation.

**Financing**

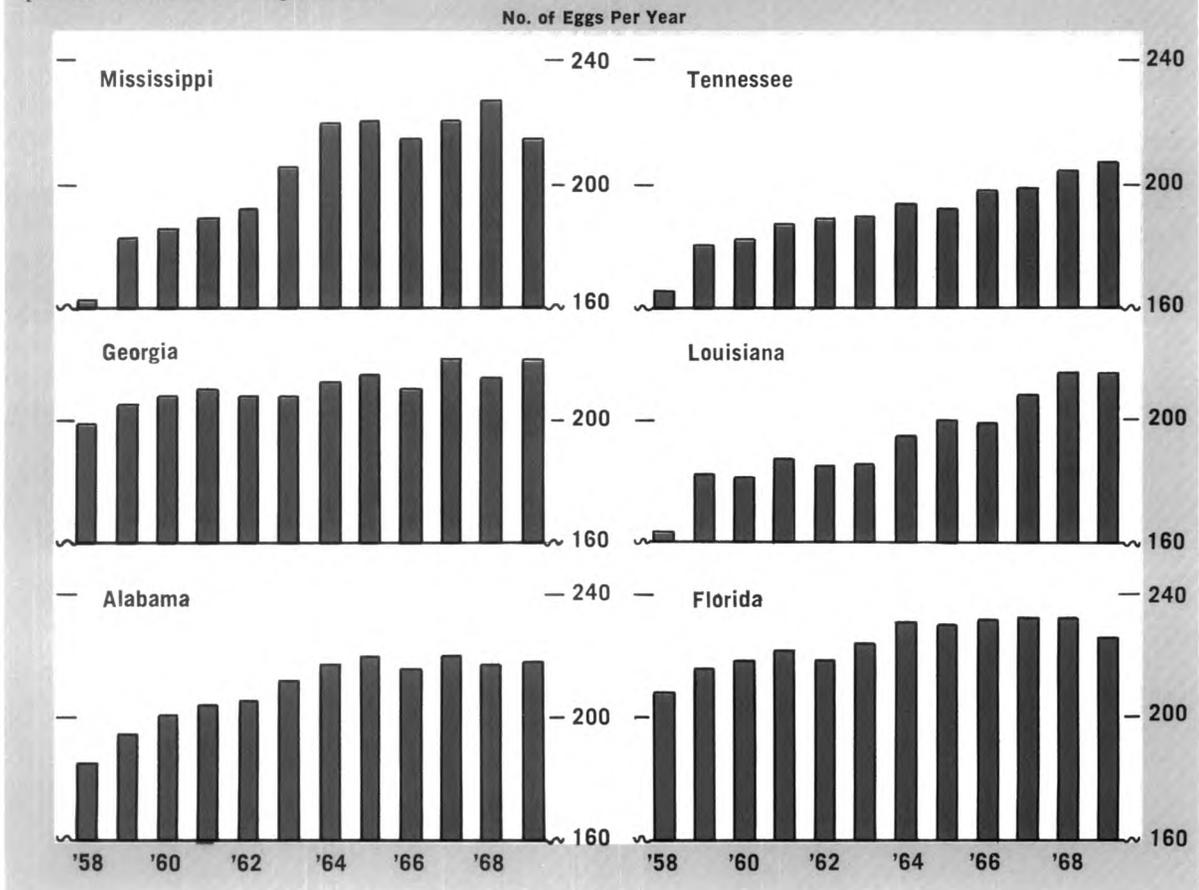
The egg industry has become highly integrated. Producers are typically engaged by contract with a company or cooperative organization that provides a market for the eggs and often supplies feed for layers, replacement chicks, and other

*Chart IV*



*Chart V*

*In 1958, the rate of lay varied widely among the District states, but by 1969 all the states approached Florida's high level.*



producer needs. The integrator, in turn, exercises some degree of control over the managerial decisions of the grower.

The grower or producer typically provides not only the labor but also the physical facilities needed for the laying operation which includes laying houses, land, and equipment. To finance his initial investment, the producer typically obtains a real estate or facility loan from the local bank or Production Credit Association. This loan might carry a term ranging up to 7 years. Although some loans are reportedly retired in advance, many are often extended when the producer refinances to remodel and modernize his facilities.

Operating expenses are born by the integrator who, in the case of large feed companies, finances these from internal funds. Smaller companies, in the role of integrator, may negotiate short-term production loans directly with commercial banks or, in the case of cooperative egg producer organizations, from the Bank for Cooperatives. Operating loans typically are repaid within a year and are more attractive to financing agencies having a need to maintain flexibility in the use of their funds.

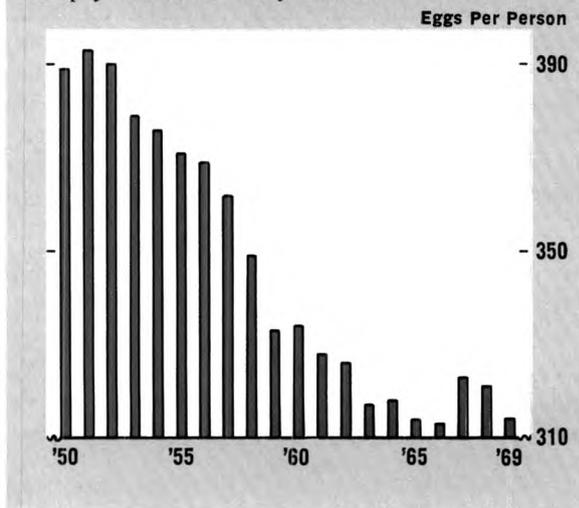
The independent egg producers, only a few of whom remain, negotiate production loans directly with commercial banks or Production Credit Associations. Such loans often have payments coordinated with receipts from egg sales so that the farmer makes biweekly or at least monthly installments until the loan is retired.

### Future Trends

The decline in per capita egg consumption is likely to continue as Americans become more diet-conscious and as long as wider selections of high-protein foods become available. If the population continues to engage in forms of employ-

Chart VI

*Egg consumption per individual has dropped sharply since the early 1950's.*



ment involving less physical activity, there will be less demand for eggs, particularly for breakfast foods. However, eggs continue to be a relatively cheap high-protein food and will probably retain popularity, especially in the diets of youngsters. Thus, total demand and production will probably increase, though not in proportion to the rate of population growth.

The Southeast appears to be well on its way to becoming a major supplier for the nation. And it is likely to continue to increase in importance as an egg-producing area because of its favorable climate, the increasing availability of economical sources of feed, a plentiful local supply of competent managerial labor, and an increasingly favorable financial environment for efficient producers.

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