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FEEDER CATTLE PURCHASES in December were 13 per cent below year ago. And data for ten public markets indicate that buying continued lower during January. This is in contrast to substantial year-to-year gains during each of the previous five months.

Smaller winter purchases reflect the \$5-6 drop in fed cattle prices since fall and possibly the large number moved into feedlots at that time. Demand has also been dulled by the prospects of a large volume of marketings of fed cattle for some time to come. July-November purchases were nearly 30 per cent above the corresponding period of a year earlier, and the number of cattle on feed at the beginning of the year topped the previous record by 4 per cent. However, prices of fed steers, according to the USDA, "are expected to stay higher this winter and spring than their low of last February," when the choice grade averaged \$19 at Chicago.

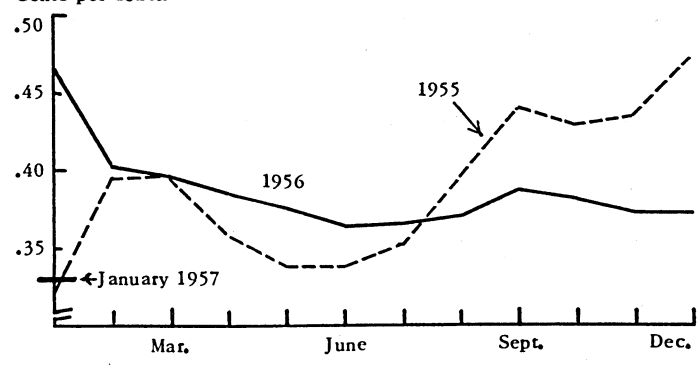
POULTRY AND EGG INCOME IN 1956, according to preliminary estimates, totaled \$3.2 billion, about the same as a year ago. Larger output of eggs, turkeys and broilers was offset by lower prices. In the year ahead, any income gain is expected to result from broilers.

Egg production in the months ahead is expected to continue above year ago. The number of layers on hand January 1 was somewhat larger than a year earlier, and the rate of lay per hen is expected to continue upward. In recent months the rate of lay has averaged 3 per cent above a year ago.

Egg prices, on the other hand, are expected to average lower. In early winter, prices averaged about 35 cents per dozen or 20 per cent below year-ago levels.

Recent seasonal price weakness at major markets was followed by an announcement that the Government would resume egg purchases. Last fall USDA purchased 600,000 cases, about 2 per cent of the October and November production. The purchase program is limited to the amount that can be channeled into the school lunch program.

Price received by farmers for eggs
Cents per dozen



Some observers expect that low winter egg prices may result in a reduced chick hatch in the spring. In

December, hatcheries reported 8 per cent fewer replacement type chicks hatched than a year earlier. However, the peak hatching months are yet to come.

Even if replacement buying is lower this spring, smaller egg production next fall and winter is not assured. Higher rates of lay and the tendency for farmers to keep layers longer than formerly will partially offset any reduction in number of replacements. Moreover, a fast pace of technical progress and increased specialization tend to maintain output in the face of price weakness.

Increased specialization in the egg industry is indicated by estimates from the Census of Agriculture. The number of laying flocks with 400 or more birds increased about 75 per cent between 1950 and 1954. In contrast, the number of flocks with fewer than 200 layers declined by about 25 per cent. In a period of narrow profit margins, increased attention has focused on egg quality, marketing arrangements and production methods that could lower costs. The trend toward larger flocks has been encouraged by these developments.

The turkey industry, also plagued with large supplies and low prices in 1956, will face more of the same if farmers carry out their current intentions. Growers reported in January that they intend to produce 10 per cent more turkeys in 1957 than last year. Heavy-breed growers intend to raise 13 per cent more, while light-breed growers expect to reduce the number by 3 per cent. In line with grower intentions, turkey hens of the heavy type on farms at the beginning of the year were 14 per cent higher than a year ago, while light-breed hens were 2 per cent lower.

Broiler production is also continuing to increase. Chick placements in major broiler areas and egg settings for broilers in hatcheries both continue to exceed year-earlier levels. Despite prospects for record large broiler output in the current year, prices may be about the same as in 1956 due to continuing strong demand for poultry meat.

AN AGRICULTURAL CREDIT CLINIC sponsored by the Economics Department of Iowa State College will be held on February 8 and 9 at Ames. The college staff has planned a program which should prove interesting and helpful to agricultural lenders as they block out plans for the year ahead.

Research Department