

**USDA Warns**

# Poultry, Egg Profits Lower in '70

The poultry industry faces the prospect of higher production costs and lower prices for their products in 1970, according to the US Department of Agriculture.

That analysis of the overall situation was presented recently during USDA's National Agricultural Outlook Conference by William E. Cathcart.

Despite the overall prospect outlined by the USDA economist, poultry industry men can expect profits in 1970.

The size of this year's hatch of replacement chicks holds the key to egg prices in the last of 1970, but the outlook for the first half of the year is encouraging.

Cathcart said that prospects for rising incomes and continued strong consumer demand likely will hold egg prices above the first half of 1969 during the first six months of this year. But he warned

"General demand expansion is expected to continue in the last half of 1970, but supplies of competing foods will likely increase.

If producers add to the laying flock, as seems likely based on recent increases in hatchery activity, prices in the second half probably will average below the relatively high prices a

year earlier, particularly in the closing months of the year."

Increased supplies and prices lower than a year earlier were forecast for the broiler industry during 1970.

Cathcart said that in response to favorable broiler prices during the past year, producers will likely continue to increase production in 1970, probably by 5 to 10 percent.

Based on broiler chick placements, supplies for January-March will average around 13 per cent above those months of 1969, Cathcart said. He added that output likely will average above year-earlier levels through all of 1970, though the margin may narrow during the year.

"Prices are expected to fall below 1969 by spring and likely will average below a year earlier in the second half of 1970," he said.

Cathcart recalled that last year the usually strong consumer demand for meat kept broiler prices above year earlier levels despite a 9 per cent increase in broiler meat and continued large supplies of red meats.

But in 1970, broiler prices may average below 1969 because of larger output and perhaps a slow expansion in demand.

"However, continued strong

consumer demand for meats and prospects for little change in red meat supplies will tend to maintain the demand for poultry," the economist pointed out.

The broiler hatchery supply flock continues to expand, Cathcart noted, adding that the number of pullets placed quarterly for broiler hatchery supply flocks continuing above year-earlier levels since the second quarter of 1968.

This buildup could support a substantial increase in broiler production this year, he warned.

Turkey industry men can expect higher prices than a year earlier during the first half of 1970, but the price during the main marketing season depends almost entirely on the size of the March-July poult hatch.

Cathcart indicated that turkey production this year probably will increase moderately from the 106 million raised in 1969. He cited growers' intentions to raise about 112 million birds in 1970, some five per cent more than last year.

He noted, however, that poult production in December was up 29 per cent from a year earlier and weekly hatchery reports during January from 10 key states showed a 32 per cent increase.

"Turkeys will face strong competition from larger broiler supplies this year and per capita red meat supplies will likely be increasing later this year. However, rising consumer incomes will continue to lend support to prices in 1970."

Cathcart noted that the past year was good for the poultry

industry, with egg production down slightly and prices soaring to the highest levels since the early 1950s.

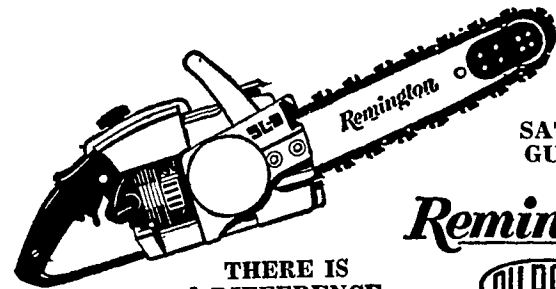
Broiler meat production was up more than 9 per cent, but prices remained above year earlier levels. And turkey production was about the same as in 1969, but cold storage holdings were large. However,

strong demand sharply reduced stocks and prices averaged above 1968.

Cash receipts from marketings of poultry and eggs rose 15 per cent in 1969. Another increase is likely in 1970, Cathcart said, but by a smaller amount. An increased volume probably will more than offset an expected reduction in average prices, he added.

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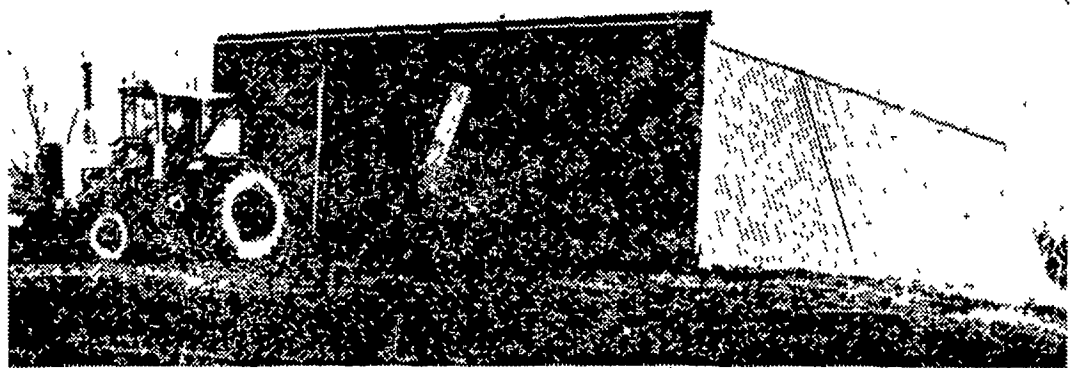
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