

Egg Prices Drop 12 Cents

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Asked about the figures, Delano said, "This is very serious if this continues for the next couple of months. We can look (if it continues) for very, very low (egg) prices beginning early next year."

Another Collapse?

Asked what egg prices might be early next year if layer hatch continues to climb at 15 to 20 per cent, he said, "I hate to put a figure. It'll be in the low 30s or below."

That would be another drop of around 25 per cent from present prices, which Delano describes as "break even."

A local producer described the potential situation early next year as similar to the 1966 situation in which many egg producers were "shaken out," helping pave the way for the recent high egg prices.

Urner Barry quote for fancy large eggs was 49 on Thursday, March 26, last day of trading before Easter. The price opened at 39 Monday, following the Easter holidays, off 10 cents. The price continued down Thursday to 37 cents for fancy large whites and 38 for fancy large browns.

Delano said the 37 cent price can be expected to net Pennsylvania egg producers about 32 cents after deduction of transportation and other marketing costs, and averaging in lower priced smaller eggs.

Average Break Even

The present market is just "break even" for the average producer with the average flock when all costs, including depre-

ciation of building and equipment, are considered, he said.

Some local egg producers at the Lancaster County Poultry Association board meeting Thursday night confirmed that present egg prices are hovering around the break even point.

One said his flock is losing a little money at the new prices, but another figures his cost of production at around 28 cents, still leaving some profit.

One noted that the 37 cent Urner Barry quote is for the big

ger higher priced eggs. When all the eggs are averaged together, the farmer gets substantially less. He figures a cost of production in the 30 to 32 cent area is break even at present prices.

Costs, Income Vary

Another farmer noted, however, that costs and output will vary widely from flock to flock, even on the same farm. Besides variations in egg output, he said, some flocks cost as much as two cents extra just for feed.

General feeling of the local

men, however, was that prices can't go much lower without seriously hurting egg producers.

One noted that producers who have long been in the business, and benefited from recent high prices, probably can continue indefinitely under adverse conditions, but that many farmers just getting in the business stand to be hurt.

Delano said a drop in egg prices following Easter is traditional. Big egg sales before Easter are followed by a period after Easter when "nobody buys them."

This year, a surplus situation existed, prices had been expected to drop something during the year, rumors of egg dumping started and suddenly the price quoted by Urner Barry, the controversial New York egg price pacer, were slashed.

No Egg Exchange

Delano thinks the price slide was made more severe by the recent elimination of the New York and Chicago egg exchanges.

As recently as the Lancaster Farming March 14 edition, however, it was reported that United Egg Producers officials were "jubilant" over the announcement that the Chicago Mercantile Exchange had agreed to discontinue trading the cash call on eggs. The last trading day was March 13.

U E P had long contended the Chicago egg cash call could easily be misused by commodity futures speculators to the detriment of the public and egg producers alike.

But Delano said this week he believes egg prices would have

stabilized this week above 40 cents if the exchanges had continued. He described the exchange as a public market place, the only one available for eggs, where persons who disagree with the selling price "could bid higher."

No Public Forum

Under the present situation, knowledgeable egg marketing officials can look at the facts and say that eggs are oversold, but there's no way to carry the point in the market place, according to Delano.

Lancaster Farming files show that in closing bids December 31, 1969 egg futures dealers predicted egg prices of 43.80 in March, 39.40 in April and 38.00 in May. These prices were set while January eggs were 51.30.

As the egg market zoomed to its peak, the Chicago fresh egg futures on January 21, 1970 showed January eggs at 62.90, but March eggs at 48.25, April eggs at 42.00 and May eggs at 38.25.

Delano noted that prices in New York last winter ranged all the way from 31 to 63 cents, with an average of 48. At 63, he said, "we felt they were too high, now we feel they're too low."

Such severe price fluctuations are bad for the egg industry, he said, because "the consumer never knows from one week to the next what he's going to pay."

Demand Change

But he noted the severe price fluctuations so far have not resulted from changes in egg supply. (Continued on Page 12)

USDA Backs April As Omelet Month

The Poultry and Egg National Board has been notified that the Consumer and Marketing Service of the U S Department of Agriculture will add support to the industry's promotion plans for April Omelet Month.

"Eggs will be listed on the Department's April Plentiful Foods List and will include a merchandising opportunity in support of April Omelet Month, stated W E Mauver, Jr., Director of the USDA's Poultry Division. He also added that eggs will appear on the Smart Shopper Food Guide for April.

The request for this support was made in early October by the Poultry and Egg National Board on behalf of the egg industry.

The Plentiful Foods Program increases marketing efforts through the cooperation of food distributors, both wholesale and retail, and the food service industries. These groups will receive the egg merchandising listings in advance of the promotion.

The Smart Shopper series has been added to the USDA's marketing program to broaden the marketing effort. This information is designed to reach low income groups and those receiving food assistance.

"These marketing programs by the USDA's Consumer and Marketing Service backed by our own promotional efforts during April, will help ease any over-supply that may exist," commented Dr. I A Wilhelm, PENB president.

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