

Delmarva's broiler boost means corn, soybeans needed

By Jerry Webb
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NEWARK, DEL.—Delmarva's broiler-corn-soybean agricultural complex is booming. The latest information from Delmarva Poultry Industry, Inc., (DPI) indicates that this interrelationship, which already accounts for almost three-fourths of Delaware's farm income and equally sizable chunks of income for those parts of Maryland and Virginia on the peninsula, is even stronger. The broiler business is getting bigger and that is affecting the demand for corn and soybeans.

DPI says 200 new broiler houses were built in '78 and each of them will produce about 100,000 birds this year. And according to DPI president Simpson Dunahoo, each of those houses will need the production of about 100 acres of corn and 115 acres of soybeans to feed the additional broilers. That figures out to some 20,000 corn acres and 23,000 soybean acres.

Obviously, area farmers aren't going to find that many new acres, so it means several things. Perhaps some acres will be switched from pasture and other less intensive uses. Maybe some farmers will switch from vegetables to corn and soybeans if prices look good. There are a few new acres being cleared and drained and no doubt some of them will be seeded to corn and soybeans. And there's also the opportunity for more double-cropping of soybeans behind small grains.

When it comes right down to it, if Delmarva farmers don't meet the demand, the

needed feed ingredients will be shipped in from somewhere else. After all, Delmarva's feed grain production is a drop in the bucket when you look at the national picture. And the prices Delmarva farmers receive are based on mid-west prices with a transportation adjustment added. So if local farmers can't supply the grain, it will come from the Corn Belt of the rapidly expanding southern feed grain areas.

That transportation differential is a key factor in local crop pricing. After all, if a processor can meet his needs with grain trucked to his elevator, he can afford to pay a little more than the Chicago price. Otherwise, he would be paying the Chicago price plus the transportation from Chicago to Delmarva. So the increased broiler production is good for local grain farmers because if their expanding production wasn't needed on the peninsula, they would be selling to a midwest market based on a Chicago price minus the cost of transportation from Delmarva to the midwest.

All of this means that the Delmarva broiler-corn-soybean complex is important and inseparable. The broiler producers need the farmers not only to produce their feed grain but also to house and care for their chickens. And the farmers need the broiler producers as a steady, ever-expanding buyer of their crops.

Dunahoo points out that the 200 new houses built in '78 were not just a one-time thing. He expects a continued construction trend of 200 to 300 new houses each

year for the immediate future. He believes two factors are working to assure this trend. One is the higher prices for red meat which has increased the demand for broilers. Another is the investment tax credit made available to poultrymen for new house construction.

I asked a broiler company representative recently if new broiler houses are being built simply to replace old outdated ones. He said definitely not, that any old house that is still usable has broilers in it and the new houses are virtually all classed as additional housing to take care of a rapidly expanding broiler demand.

Let's face it, more people are eating chicken these



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days. They do so primarily because it's a good nutritious product that can be prepared in a variety of luscious tempting ways. It's also cheaper than red meat.

Consumers are howling over the rapid rise in beef prices and they're substituting chicken whenever they can. Of course, high beef prices also cause higher poultry prices as astute marketers take advantage of the supply situation. They know the smart homemaker will compare hamburger with chicken and somewhere along the line will decide

which is the better buy. If the chicken price is favorable, she will no doubt substitute chicken for some of the red meat intentions. Of course, that puts pressure on the poultry supply, boosting the price upward to the point where the homemaker is again willing to pay a little extra for hamburger.

And so around and around it goes with the escalating beef prices setting the pace and poultry, pork and other meats following along. Spiraling consumer incomes are keeping the consumer's meat-buying habit high.

Even though prices are much stronger than they were a couple of years ago, we're still eating about as much meat but we're substituting cheaper cuts of red meat and we're eating more chicken. And that's why Dunahoo and the DPI organization feel that the Delmarva poultry industry will be expanding its broiler production facilities over the next few years.

It's a good situation for the broiler industry and for those farmers who are dedicated to expansion of corn and soybean output.

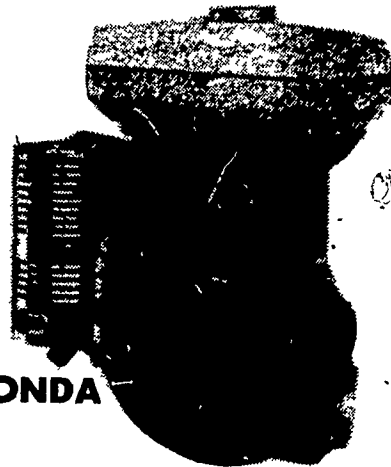
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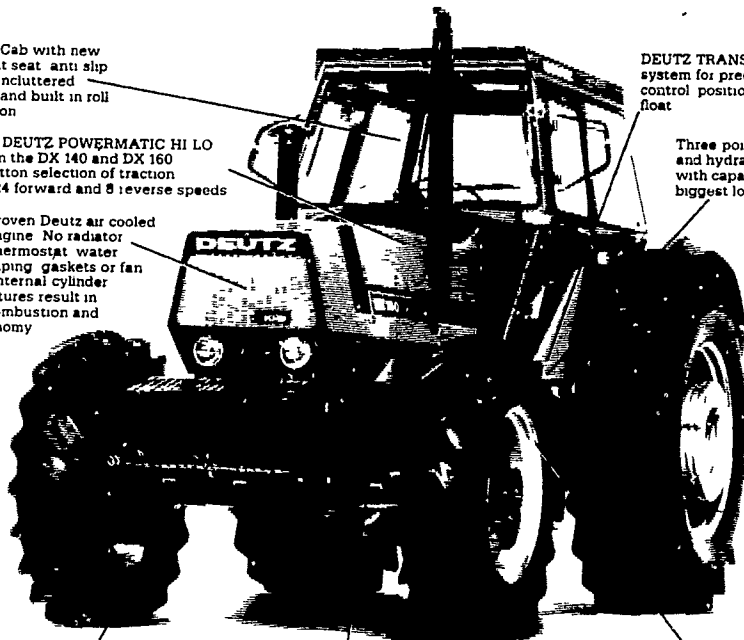
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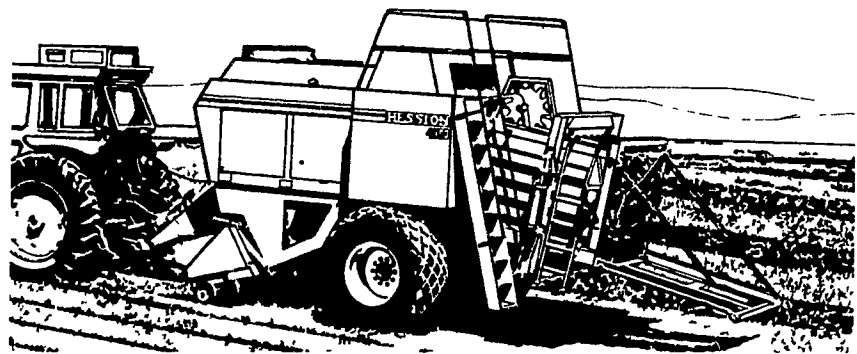
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