

Increased consumption unlikely

Marketing problems explode during egg production boom

UNIVERSITY PARK — What effect will expansion of egg production have on egg prices in Pennsylvania? Will it result in farm prices relatively lower than in other areas of the United States?

If marketing agencies as well as producers provide an orderly flow of eggs to markets, serious price problems may be avoided. Producers and marketing agencies must cooperate if the industry is to capitalize on marketing expertise in

the state and avoid local price depressing effects of expansion, Poultry Marketing Specialist Kermit Birth says.

As production expands, the marketing part of the industry has three alternatives: (1) Replace eggs produced outside and marketed in the area. (2) Market eggs outside the area. (3) Increase per capita consumption.

There isn't any question that if one or all of these developments do not take

place Pennsylvania poultrymen could face relatively poor prices.

We can't count on increasing population to absorb additional supplies in the near future, he says.

New York City wholesale market continues to be the dominant market. It continues to be the price determining center. It is either directly or indirectly the basis of trading for a high percent of the eggs marketed.

The direct effect is that

prices paid or received by producers, wholesalers, and/or retailers is a fixed amount plus or minus the New York wholesale market price for the specific wholesale grade and size.

The indirect effect is when prices paid do not state a fixed cents per dozen plus or minus the wholesale market, then the New York wholesale prices may place a ceiling on prices paid.

This may be an important consideration when deter-

mining the price to sell or buy nest run eggs.

The other indirect effect is that wholesale prices for another market which is used as a trading base bear a direct relationship to the New York City wholesale market.

As long as the New York City wholesale price is used as a trading base, over-supplies in the metropolitan area which depress prices can have a depressing effect in other market areas even though there may be a short supply situation in the other markets.

If the price is artificially held and does not reflect supply and demand for a particular market area, eggs may not flow from the surplus to the deficit market area, Birth says.

Replacing eggs from other areas has been taking place at a rather rapid rate in New York, New Jersey, and Pennsylvania and will have to continue to do so as production expands.

The method of bringing this change about is of primary concern to the industry.

Is the transition accomplished by (1) decreasing purchases from other areas by our Pennsylvania marketing agency? (2) is it at the retail market through reduced prices? (3) or is the replacement made at the going price through

improved quality and services?

Marketing and pricing eggs from outside the area to maximize returns from eggs is not an easy matter.

Sometimes it is necessary to sell eggs as surplus at less than the prices obtained in existing markets in order to avoid depressing prices. This is the challenge facing marketing agencies. They must use existing systems for moving eggs from where they are in surplus to where they are in short supply.

Often when there is a surplus in one area, there is a deficit in another. This may require some changes in marketing practices.

The use of racks for transporting eggs from farm to plant requires extra handling when selling and delivering eggs to distant markets. In some instances it may be necessary to pack eggs in 30 dozen cases on the farm to facilitate the transfer. The transfer of eggs out of the area can no longer be treated in a casual manner as in the past.

Increasing per capita consumption often is held up as the means of reducing surpluses and marketing increasing quantities of eggs in a given market area. As consumption expands it may temporarily make over-expansion. If we increase consumption it must not be

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