

## Little price relief seen for egg, poultrymen

WASHINGTON, D.C. --Poultry and egg producers are currently in a cost-price squeeze with little improvement in prospect until this fall or early 1981.

According to the Poultry and Egg Situation report, to be issued by the U.S. Department of Agriculture, sharply lower poultry and egg prices are the main reason producers' returns have shifted from favorable levels at this time last year.

The report, prepared by the Economics, Statistics, and Cooperatives Service, notes that large supplies of meat, particularly pork and poultry, plus the slowdown in the economy, have caused poultry and egg prices to drop sharply from a year ago.

Total red meat and poultry production was six percent above a year earlier in the first quarter of 1980, and is expected to advance four to six percent in the second.

Meat production increases likely will slow down around one percent this summer and output could drop below last prices to trail 1979 for most year's levels this fall.

On the demand side, real

during the remainder of 1980. Thus, poultry and egg prices probably will not rise significantly until late 1980 or early 1981.

Egg production during the first four months of 1980 was two percent above 1979 because of larger output per hen. Layer numbers averaged slightly below a year earlier, but the rate of lay was up 2.5 percent.

The young laying flock is expected to keep the rate of lay above last year. With current prospects for producer returns, layer numbers, which were 2 percent below a year earlier on May 1, likely will remain below 1979 levels for most of the remainder of this year.

Thus, egg production may trail 1979 levels through the summer. Egg prices in late May were four cents a dozen below a year earlier, and large supplies of highprotein foods and a sluggish economy will cause egg of the rest of this year.

Broiler producers now

per capita disposable in- face sizable losses and the come will show substantial situation is not expected to quarter-to-quarter declines improve much in coming months. Large red meat and poultry supplies and the declining purchasing power of consumers have forced market prices for brollers below production and marketing costs.

During the first four months of 1980, the 9-city broiler price averaged 42 cents per pound, compared with 47.5 cents in January-April 1979. Third quarter broiler prices are expected to rise one to four cents from last year's 40.8 cents, and furth quarter prices may average 41 to 44 cents, compared with 41.7 cents.

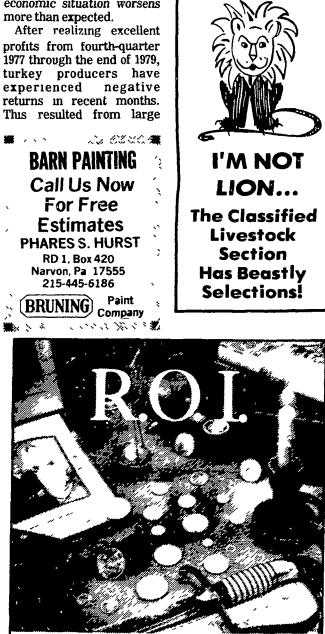
Broiler producers are reacting to the negative returns by reducing their chick hatch and placing fewer pullets in hatchery supply flocks.

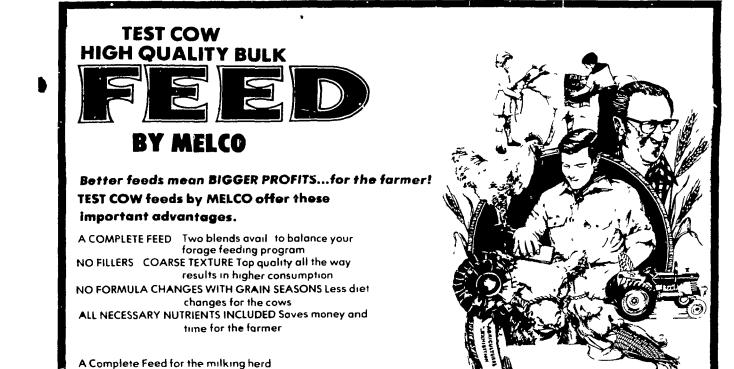
Thus, output may be slightly below a year earlier in the third quarter and down three percent or more in the fourth. These cuts could be even larger if feed prices rise suddenly or the economic situation worsens

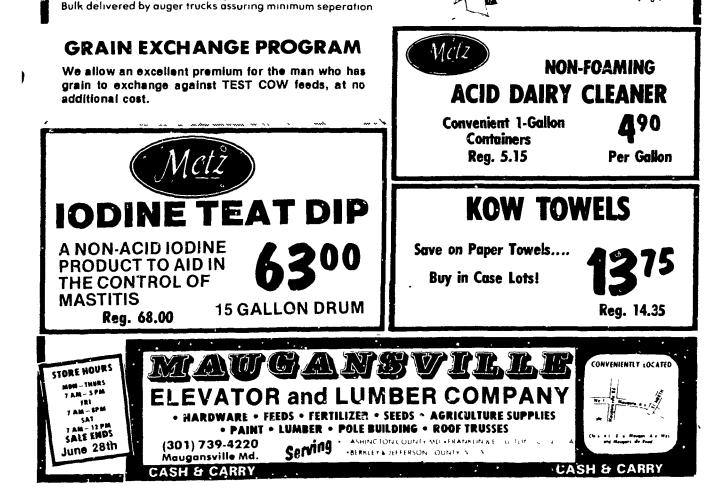
carryover stocks of turkey meat, a 38 percent increase in output from first-quarter 1979 to first-quarter 1980, large competing meat supplies, and a weak economy.

The five percent fewer eggs in incubators on May 1 indicate turkey producers are beginning to react to the unfavorable situation. Nonetheless, turkey production will remain well above year-earlier levels through summer.

Prices for young hen turkeys in New York averaged 54 cents a pound in April, 14.5 cents below a year earlier and the lowest monthly price since September 1977. Turkey prices will rise seasonally in coming months, but large supplies of turkey and competing meats, plus the sluggish economy, will keep them below 1979 levels for the rest of the year.







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