## Poultry production up but prices remain strong

LITITZ — The egg industry once again is facing an adjustment problem as production and marketing costs continue their upward trend and egg production continues to equal year earlier levels.

The big question is "How many eggs will consumers be willing to buy at prices high enough to return a profit to producers and marketers?"

It will likely be less than what was produced and marketed a year earlier. However, the quantity that can be sold profitably will depend on many factors, including prices of other food items and changes in

demand for eggs and other foods. February 1980 was the first

month since August 1977 that the number of layers in the United States was below the same month a year earlier. In March 1980 there were about one percent fewer layers on farms than a year earlier. The reduced number of layers on farms each month as compared with a year earlier continued to be about one percent less through July.

In September 1980, the average number of layers on farms was about 0.2 percent more than a year earlier On January 1, 1981 there were about one percent fewer table

egg type layers on farms but egg production was the same as a year earher.

The cutback in number of layers in the spring occurred after prices were well below the average costs of producing eggs. Following the adverse weather in June and July, which curtailed production and pushed blend egg prices well above production costs, the industry increased the proportion of layers in the nation's laying flock which had been force molted

Also, other layers were apparently held in production for longer intervals than was planned before prices advanced sharply

This resulted in an increase in the ching chicks Also, cutbacks in the number of layers on farms in September - and subsequent months.

A factor adding to the weakness of egg prices last spring was the cutback in quantity of eggs used for hatching of broiler chicks. Demand for eggs for hatching meat type chicks has been strong. Hatchability has been down. This increases the number of eggs needed per 100 broiler chicks hatched and it requires an increased percent of the available supply of hatching eggs.

Hatching eggs can find their way into the table eggs market since not all sizes are suitable for hatnumber of eggs set because of unfavorable prices in the broiler industry can add to the table egg supply.

Long periods of untavorable broiler prices will likely result in marketing hens at earlier ages than planned originally.

As the broiler industry continues to expand, an increasing proportion of the nation's total egg production is used for production of broiler chicks. In December 1980 and 93 percent of total egg production was used for hatching chicks

Perhaps the most uncertain (Turn to Page C36)

