What's the egg price, profit outlook?

UNIVERSITY PARK — Will steady profits return to the egg industry in 1982? Will they be sufficient to offset prior losses and allow egg producers to rebuild economic reserves in preparation for future unprofitable periods?

To answer these questions, Penn State's Poultry Marketing Specialist A. Kermit Birth reviewed what happened to the egg market in January and February.

Prices for large Grade A eggs climbed above 90 cents a dozen in New York City in late January after snow and ice storms interrupted movements of egg supplies from farm to markets and production dropped, he said.

By the end of February, prices had returned to 76 cents — only about 4 cents above prices for the same period the previous year. Then as new export orders were being filled near the end of February, the market strengthened, Birth explained.

About 8 million or 9 percent fewer pullet chicks were hatched from August 1981 to February 1982, he said, a reduction equaling about 3 percent of the number of layers on farms on Feb. 1, 1982. By Feb. 1, the number of layers on farms was only 1 percent below the number a year earlier.

"Increased force-molting has largely offset this reduction in the number of pullet chicks hatched," Birth observed. "A 1 percent increase in force-molted layers in the nation's flock is equal to 2.9 million layers. On Feb. 1, 1982, 18.8 percent or about 55 million layers on farms had been force-molted as compared with 16.5 percent a year earlier. The number of eggs per layer in January was about the same as a year earlier."

Even with an increase in the percentage of force-molted layers, the number of layers on farms will probably continue to average less than a year earlier, Birth predicted. About 5.7 million fewer light-type hens and one-third of a million fewer heavy-type hens were processed under federal inspection from Jan. 1 to Feb. 17, 1982.

"Part of the reduction may have been due to delayed processing and increased mortality during adverse weather," he hypothesized.

The reduced number of hens marketed plus a 1 percent reduction in the number of layers on farms (2.9 million) would more than equal the reduced number of pullets to be housed from August 1981-January 1982 hatch of egg-type chicks.

"From Aug. 1, 1981 to Feb. 1, 1982, the average number of layers on farms each month with the exception of December averaged more than 1 percent less than a year earlier," Birth reported. "In January, the number of eggs-per-layer was about the same."

For the rest of the year, egg prices will be influenced to a great extent by the proportion of force-molted layers on farms, Birth forecasted.

"As profits improve and poultrymen are able to replace force-molted layers with pullets, the average rate of lay could increase. More of the pullet produced would then be required to replace force-molted layers without increasing the total number of layers on farms. Future quantities of force-molted layers in the nation's flock will depend to a great extent on the profitability of these layers as compared with all pullet flocks," Birth stated.

High interest rates may limit expansion if the poultry industry becomes profitable and stays so for a long time, he added.

"As usual, factors beyond the control of poultrymen influence the profitability of the egg business, Birth said. "One of these is the feed situation." He mentioned that from fall 1980 until winter 1981, high feed prices "put the squeeze on the egg business."

"If feed prices increase substantially during the last half of this year, relatively hgiher prices will be needed to maintain and/or increase industry profits," Birth noted.

Any prolonged sharp increase in profitability could bring further expansion which in turn could return the industry to below-cost of production and marketing prices, he cautioned.

"Significant price increases this spring and summer could result in expansion, in turn adversely affecting the egg situation this fall and winter," Birth concluded. "If prices this spring and summer are about even with those a year ago, the situation during the last half of the year may continue to be profitable."

Penn Manor

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were: P.L. Rohrer and Bro., Inc.; Richard Dombach; Organic Plant Food; Pennfield Corporation; Manor Farm Service; R.S. Hollinger and Son, Inc.; Hoffman Seeds; Chemgro Fertilizer Company, Inc.; Richard Binkley of Dekalb Seed; Group Purchasing Agent from Safemark Products; Hen Barley, Cargill Seed Corn; Guy Eshelman, Pioneer Seeds; and Earl Newcomer, McNess Products.

CCC interest decreases to 13.875%

WASHINGTON, D.C. — Commodity and farm storage facility loans disbursed in April by the U.S. Department of Agriculture's Commodity Credit Corporation will carry a 13.875 percent interest rate, Everett Rank, Executive Vice President of the CCC announced recently.

The new rate, down from 14.875 percent, reflects the interest rate charged CCC by the U.S. Treasury in April, Rank said.

Officers of the Kennard-Dale Young Farmers include, from the left, front row, Clark Eveler, secretary; John Johnson, president; David Trout, vice president; back row, Kenneth Moore, public relations; Daniel Hushon, treasurer; Elwood Krick, and Rick Pfautz, of the Pennsylvania Young Farmers.

Kennard-Dale YF holds banquet

FAWN GROVE — The Kennard-Dale Young Farmers Association awarded its outstanding community service award to Mr. and Mrs. Donald Wilson, R1, New Park, at the chapter's recent sixteenth annual banquet.

Wilson, a past president of the Young Farmers, is presently a member of the Pennsylvania Farmers Association and the Fawn Grove Fire Company. The Wilsons are members of Centre Presbyterian Church in New Park. They received a $50 saving bond from York Bank and Trust Company, Fawn Grove office, at the banquet.

Greetings were extended by Mr. Rick Pfautz from the Pennsylvania Young Farmers Association.

Members of the junior class presented a preview of the musical, "The Wizard of Oz".

New officers for the group are John Johnson, president; David Trout, Vice-President; Clark Eveler, Secretary; Kenneth Moore, Director of Public Relations; and Daniel Hushon, Treasurer.