

## Looking Ahead With the Poultry Industry

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The poultry and egg outlook for 1947 is favorable relative to 1946 and returns should be well above the pre-war level. A high level of production seems justified for the year ahead.

In spite of this there is considerable uncertainty and a growing pessimism within the industry concerning the outlook for 1947. Some of this is justified and some is not. The weakening of markets for both poultry and eggs following the decontrol of meat prices made the industry take another look at the sign and suggests the need for a re-view of the fundamental price factors underlying the industry.

The principal demand factor affecting poultry and egg prices is normally seen the poultry industry boom. We have statistically since 1941 in response to a continuing demand. In the last few years, part of an abnormal, though temporary, demand factor—the shortage of red meat.

Under normal conditions the substitution of poultry meat and eggs for red meat is not very important. During 1946 the situation was reversed. As the industry entered the 1946 market—short supplies of red meat—would be a billion one. Consequently, there was a strong storage demand for eggs last spring. As large gain to meet a harsh market may be during the OPA holiday of last July and August.

Following the return of meat controls in September, the earlier pigments again appeared to be correct. Retail meat supplies virtually disappeared and the industry found itself in the middle of a boom. Instead of facing these high prices in their artificial setting, many poultrymen felt that a new level of prices was in the making. It was an extreme blow when meat prices were suddenly decontrolled and prices for both poultry and eggs sagged from their artificially high level. Consumers shifted back to red meat as quickly as they shifted to poultry products earlier.

As consumers experience continuing high retail prices of red meat they will shift back to a normal level of consumption of poultry and eggs at satisfactory prices. Much of course, will depend upon the level of demand through 1947.

## Strong Demand in 1947

We are now in the immediate post-war inflationary period. It is impossible to predict how long it will last. This period continued for 18 months following World War I and the current predictions are that it will come to an end around or after mid-1947.

It now appears that 1947 will be another year of high income, approximating that of 1946. The 1946 national income was about the same as in 1945 when it reached approximately 158 billion dollars.

In December 1946 our total employed labor force was 56 million people, an all-time high. As long as this situation continues, we can expect to continue at favorable prices all the poultry and eggs and red meat that we can produce.

If the business recession anticipated for 1947 occurs, we must expect some cut back in the demand for poultry and eggs. Prices of poultry and eggs will probably decline to approximately the 1944 or 1945 levels.

The red meat situation will behave normally during 1947 as a factor affecting poultry and egg prices. Meat supplies in the first half of 1947 were higher than in the same period of 1946. Log marketings will be down about 10 percent. Large cattle marketings will more than offset the decline in pork

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