



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

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TURKEY PRICES UP AS THANKSGIVING APPROACHES

DURING THE NEXT FEW WEEKS, millions of American housewives will stop at the meat counter to buy a turkey for Thanksgiving. The poultry portion of the November 24 meal is likely to cost a bit more than last year, although less than in 1975.

Much of the turkey eaten at Thanksgiving and Christmas time is actually slaughtered between June and October. This meat is frozen for sale later in the year. Cold-storage holdings of turkey accumulate from mid-summer until the November-December period of heavy sales. For growers and processors, this method of operation is less costly than concentrated marketing and slaughter operations just before the holidays.

Thus, cold-storage holdings are an important source of supply for turkey sales at Thanksgiving. Frozen turkey stocks totaled 406 million pounds on October 1--down 12 percent from last year. Lower frozen stocks this year reflect the effects of reduced turkey hatchings last winter coupled with higher-than-average consumption during the summer. The record cold weather last winter may have had something to do with the smaller hatchings.

Turkey slaughter in the October-December quarter will be about the same as last year's 691 million pounds. However, with the reduced cold-storage levels, total turkey supplies will be down about 5 percent. This means that average retail turkey prices are likely to run 10 cents a pound above those of last year.

At individual stores, of course, turkeys may cost more or less than last year depending on whether the food store elects to run a "special." With supplies tighter than last year, fewer stores will be offering bargains on turkeys.

Looking forward into next year, the prices for turkeys as well as other poultry will probably remain below the 1977 levels. Large supplies of feed grains and soybean meal this coming year will depress the cost of producing all poultry items. Lower costs have increased profits for poultry producers temporarily. The higher profits will be used to expand production, though, resulting in lower prices for poultry in

1978. The effects of the lower grain prices are expected to start showing up in retail poultry prices by the middle of next year.

The declines in retail prices will not be dramatic because non-fed production costs for poultry continue to rise. Costs for labor, transportation, and refrigeration will no doubt be higher next year, partially offsetting the lower prices for feed.

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