



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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### TURKEYS: STRONG DEMAND, HIGHER PRICES

LIKE MOST OTHER ITEMS, CONSUMERS WILL BE PAYING MORE FOR TURKEYS this holiday season. Turkey prices have been on the increase all year despite substantial increases in production.

Encouraged by good profit margins during the first half of 1978, turkey producers increased their output by 9 percent, compared to the first half of 1977. The increase reflects an expansion of 5 percent in the number of turkeys marketed and a continuation of the shift from lightweight to heavyweight breeds. Thirty percent fewer fryer-roaster turkeys were marketed during the January-June period than in the same period a year ago.

For the first half of 1978, liveweight prices averaged 38.5 cents per pound, an increase of 5 cents over the same period a year ago. New York wholesale prices are running about 10 cents a pound higher than last year. The price increase is attributed to rising red meat prices and a strong demand for poultry products.

During the second half of 1978, the rate of increase for the production of turkey meat has been declining. The number of turkeys marketed in the last half of the year will about equal last year's level. However, increases in market weights will result in a production rise of 3 to 5 percent.

The supply of turkey meat includes the inventory of frozen turkeys as well as meat from current slaughter. Inventories of frozen turkeys normally accumulate rapidly from August to November. These inventories are then drawn down during the heavy consumption periods in November and December. Because of the increased demand for turkey, however, these inventories are low this year. Per capita consumption for the first half of 1978 totaled 3 pounds, compared to 2.7 pounds last year. On October 1, the inventory of frozen turkeys was almost 12 percent smaller than last year in spite of a 9 percent increase in production. As a result of the smaller inventory, the total supply of turkeys for the Thanksgiving and Christmas holidays will be about the same as last year.

A slowdown in price increases for red meat and substantially larger broiler supplies may restrain further rises in turkey prices. Prices are likely to hold near current levels through the end of the year.

Good profit margins, high red meat prices, and large supplies of feed grains all point to expanded turkey production in 1979. Evidence of substantial expansion already exists. The hatch of turkey poults in August was 18 percent above that of a year ago. Turkey eggs in incubators on September 1 were up 30 percent over 1977.

Even with expanded production, prices are not likely to be below those recorded in the first half of 1978. Frozen turkey inventories on January 1 will be about 17 percent below those at the beginning of this year. In addition, increasing consumer incomes and declining supplies of red meat should strengthen consumer demand.

*D. L. Good*

D.L. Good, Extension Economist, Prices and Outlook

Cooperative Extension Service  
United States Department of Agriculture  
University of Illinois  
At Urbana-Champaign  
Urbana, Illinois 61801

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