



# WEEKLY OUTLOOK

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## TURKEYS: STRONG DEMAND AND A RECORD SUPPLY

UNLIKE MOST OTHER THINGS, consumers can look forward to continued low prices for turkeys. The situation cuts the other way, however, for turkey producers. Supplies will continue to be large, and feed costs are rising. "Soft" prices and low profitability are the result of a very rapid increase in turkey production that will take several more months to work off.

Turkey production during the first half of 1980 totaled 963 million pounds, up 18 percent from the 792 million recorded during the first half of 1979. Based on placements of young turkeys, we should expect production in the second half of 1980 to be 1,600 million pounds, up 3 percent from the same period in 1979. Stocks of turkey meat at the end of June were 288 million pounds, up from 201 million at the same time last year. Totaled supplies for the second half are up 134 million pounds, or 2.6 percent, from last year. This coupled with large supplies of pork and beef during the last quarter of 1980 will keep pressure on turkey prices for the next several weeks.

During the first half of 1980, turkey prices were low, down 6.7 percent during the first quarter and 13.5 percent during the second quarter. Prices increased about 12 cents during the third quarter as the heat wave reduced broiler production and pork supplies decreased sharply. Turkey prices remained slightly above year-earlier levels. During the fourth quarter of 1979, prices rose from 63.1 cents (young hens, wholesale NYC) to 72.8 cents. Given the large supply going into the fourth quarter, the increase should be smaller, with an average price of about 69 cents.

Prospects for turkey producers during the first half of 1981 are unfavorable from the supply side. The hatch of 8.9 million turkey poults during September was up 12 percent from the year before. The heavy breed hatch was up 13 percent and that of the light breeds was up 2 percent. Turkeys eggs in incubators were up 9 percent on October 1. There are no indications yet of rising feed costs stopping the rapid growth of turkey production. For 1980 as a whole, production will increase about 8 percent compared to 1979. Early indications are that production in 1981 will be up about 5 percent.

Year-to-year comparisons are difficult because the production and consumption of turkeys are becoming less seasonal. During the first half of 1980, turkey production was about 38 percent of the year's total compared to 34 percent in 1979. The shift to year-around production has gone on for a long time. First-half production in 1970 was only 17 percent.

The shift in consumption has been smaller than that in production. Inventories are accumulated during the first half of the year for consumption during the last half, especially over the holiday seasons. However, there is a tendency for consumers to make turkey more of a year-around meat. During the first half of 1980, 37 percent of the year's total was consumed in the first half, compared to only 30 percent during the first half of 1977. In 1977, 46 percent of the total for the year was consumed during the fourth quarter, compared to 41 percent expected in the fourth quarter of 1980. This trend is likely to continue, since turkey meat is prepared and merchandised differently now than before.

Since 1971, the total production of turkey meat has increased nearly 50 percent. Even so, the turkey prices have increased in relation to those of their nearest competitor. In 1979, turkey prices were double those of broilers. In 1971, they were only 1.5 times as high. Turkey meat is gaining in consumer acceptance.

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