

# WEEKLY OUTLOOK

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## POULTRY PRICES MAY RISE IN 1981

SUPPLIES OF BROILERS AND TURKEYS ARE EXPECTED TO INCREASE slightly this year. Nonetheless, prices of these products may also increase because total meat supplies are expected to decline. Broiler prices are expected to rise to 52 or 53 cents per pound; turkey prices are likely to average 60 cents per pound in the second quarter of the year. Unfortunately, these price gains are likely to be offset by rising production expenses.

The key to the improvement in poultry prices is the intended decline in pork production later this year. In the March 1 USDA Hogs and Pigs report, hog producers indicated that they reduced farrowings by 11 percent during the December-February quarter. The result will be a substantial decrease in pork production starting in the June-August quarter.

Since December, the number of chicks hatched for broiler production has been above year-earlier levels. Based on this increase, broiler production is expected to be 2 to 3 percent larger in the first half of 1981 than in 1980. Expectations of rising consumer incomes and higher broiler prices will probably induce additional production increases in the third and fourth quarters. Any rise in the third quarter when compared to the same period a year ago will be especially noticeable because last year's production was diminished by drought.

Wholesale prices for broilers have averaged about 50 cents per pound in the first quarter of this year, about 7 cents above prices a year ago. The warmer months will bring additional demand to the broiler market, leading to another 2- to 3-cent rise in wholesale prices in the second quarter. Further price increases in the third quarter will depend on the amount that pork production actually decreases. If pork availability declines by as much as the 10 percent indicated in the Hogs and Pigs report and if red meat availability declines by 4 percent, broiler prices may reach into the upper-50-cent level during the late summer months.

Turkey production is also expected to increase in 1981. The high level of profit for producers in the last half of 1980 led to a 6 percent expansion

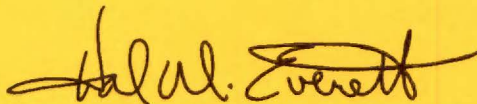
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of breeder hens by year's end. This increase, plus the 5 percent increase in hatchings from September, 1980 to January of this year, indicates that turkey production in the first half of 1981 will be up 5 to 7 percent. Overall, turkey producers have reported that they plan to raise 3 percent more turkeys this year than in 1980.

Turkey price changes are likely to be governed by red meat availability and consumer income increases as well as the supply of turkey. As with broilers, turkey prices may strengthen in the latter part of the year. For example, turkey hens may sell for 72 to 74 cents per pound in the July-to-December period, 1 to 3 cents above last year.



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