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CAN SOUTH DAKOTA POULTRYMEN STAY IN EGG PRODUCTION?

Boyd J. Bonzer¹

The answer is "Yes some South Dakota poultrymen can stay in egg production".

First we should define the word poultryman and I would like to break them into three groups by size of unit--small, medium, and large flockowners.

A small flockowner is one who is producing enough eggs for the farm family and any additional eggs that can be marketed to neighbors, the local restaurant, bakery, etc., where the price can include some marketing costs.

A medium sized flockowner produces more eggs than can be consumed at home and sold on local specialized markets, yet is not producing enough to be of interest to the quality controlled carton markets, who pack and sell on the national market.

A large flockowner is one who is producing enough eggs to be of interest to the quality controlled carton markets who pack and sell for the national market.

I hesitate to classify the flocks by number of birds because the local situation will determine if the flock is too big or too small. For instance--the small farm flock of 100 birds may produce more eggs than the family can use and sell locally and that would be too big. On the other hand, if there were neighbors and a restaurant or two buying from the farmer, a flock of 500 or 1,000 may be too small. Here the number of eggs that can be marketed at a premium price limits the size of the flock.

Now let's look at the large flock--labor and financing are probably his limiting factors for size rather than marketing. He should be thinking in terms of units of 10,000 layers or more.

¹Extension Poultryman

My crystal ball tells me that the small and the large flockowners are going to be able to stay in the egg business in South Dakota. The middle sized flock owner will quit. The middle sized flockowner finds himself in much the same position many teenagers find themselves in at a certain age. They are too big to be a small kid and too small to be a big kid. Sooner or later they have to decide which group they are going to identify with.

The key to staying in production is finding a market that will pay a high price for the eggs and then producing efficiently for that market. There are two markets to consider--the local market and the national market.

In the less densely populated areas of our state the local market can be supplied by the small flockowner. This is limited here because of the small number of people involved.

If small flockowners supplied all of the eggs for the state's estimated population of 698,800 people at the rate of 319 eggs per capita per year, about 223 million eggs would be required. This is the production of about one million hens. Two thousand flocks of 500 or four thousand flocks of 250 layers could supply the total South Dakota market.

The national market is unlimited so far as the South Dakota producer is concerned. The total production in South Dakota during 1970 was 1,053,000,000 eggs, about 1½% of the nation's egg supply. There should be nothing standing in our way of getting a bigger chunk of the nation's market if we have a competitive advantage or even equal opportunities with other areas of the country.

South Dakota producers can compete with producers in other areas of the country. Production efficiency is important -- the South Dakota State University Flock Record Program has proven that midwestern producers can meet the accepted goals of holding mortality to near 1% per month, producing a dozen eggs on less than 4½ pounds of feed, marketing around 90% grade A eggs and selling to an advantage in specialized markets.

The feed cost is the biggest single expense in producing eggs, and feed prices are favorable to the South Dakota producer (Table 1).

The average feed cost was \$70.12 per ton for the 53 flocks participating in the South Dakota State University Layer Flock Record Program during the month of June 1971.

The cost of ready to lay pullets is the second biggest expense in a layer project. Ready to lay pullet costs should be comparable to other areas. Baby chicks are sold competitively over the nation, feed costs may even give the mid-west an advantage, and housing, labor, and other costs should be comparable. Transportation is cheap enough to warrant shipping in pullets if they can be raised cheaper in another area.

If feed and flock depreciation amount to about 85% of the total cost of producing a dozen eggs, then these two factors would seem to be the major influence that determines where the eggs should be produced. Differences in costs of utilities, housing, labor, and transportation are minor factors compared to the big two, however, they must be considered even though they are not covered at this time.

In summary, I think the answer to the question "Can South Dakota poultrymen stay in egg production?" is "yes some producers can stay in and maybe new ones will go in".

The small flockowner should gear his flock size to furnishing eggs for the family and what eggs he can sell locally on a specialized market at a premium price.

The medium sized flockowner should get smaller or bigger or get out.

The large flockowner should think in terms of 10,000 layers or more per unit. He should be located where there are several other such units within a few miles so truckloads of eggs can be moved out of the area to central markets. He will want to study the markets that are available and be sure he is cooperating with

the best one. He will want to keep up to date with the latest information on feeding, disease control, housing, management practices, and marketing practices.

He will want to watch his competition and do just a little bit better job than it is doing.

TABLE 1. EGG PRODUCTION AND FEED PRICES PAID
BY FARMERS, BY GEOGRAPHIC DIVISIONS

| <u>1970</u> | | <u>June 15, 1971</u> | | | |
|-----------------------------|--------------------------------|---------------------------------|--|------------------------|--|
| <u>Division</u> | <u>Eggs Pro- duced</u> | <u>Division</u> | <u>Price paid per 100 lbs. by farmers:</u> | | <u>Average price per ton paid by farmers for layer feed:</u> |
| | | | <u>Soybean 44%</u> | <u>Corn meal</u> | |
| <u>Millions</u> | | <u>Dollars</u> | | | |
| N. Atlantic | 9,820 | N. England | 6.40 | 4.47 | 82 |
| | | M. Atlantic | 5.91 | 4.13 | 91 |
| E. N. Central | 9,489 | E.N. Central | 5.79 | 3.49 | 93 |
| <hr/> | | | | | |
| W.N. Central (S. Dakota) | 9,934 (1,053) | W.N. Central (S. Dakota) | 5.46 (5.50) | 3.08 (3.05) | 89 (84) |
| <hr/> | | | | | |
| S. Atlantic | 14,777 | S. Atlantic | 5.87 | 4.13 | 91 |
| S. Central | 14,612 | E.S. Central | 5.46 | 3.92 | 93 |
| | | W.S. Central | 5.52 | 4.08 | 84 |
| <hr/> | | | | | |
| West (Calif.) | 11,478 (8,380) | Mountain Pacific (Calif.) | 6.07 6.63 (6.80) | 3.69 4.50 (4.55) | 94 (78) |

*Source - - "Agricultural Prices" Crop Reporting Board, SRS, USDA