Determination of Table Egg Prices in a Deficit Area in Relation to Central Market Quotations.

Harry Ellis Hathaway
Louisiana State University and Agricultural & Mechanical College

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DETERMINATION OF TABLE EG: PRICES IN A DEFICIT AREA
IN RELATION TO CENTRAL MARKET QUOTATIONS

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

The Department of Agricultural Economics

by

Harry Ellis Hathaway
B.S., Oklahoma A & M College, 1940
M.S., Michigan State College, 1942
August, 1959
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ABSTRACT

Any pricing system must register and report prices accurately reflecting market values. Prices should facilitate efficient egg marketing and allocate all resources equitably. Formerly, and at present egg pricing based on central market quotations was utilized, even in egg deficit areas. It is hypothesized that it could be a disadvantage for the local producer of high quality to base prices on eggs of lower average quality in central markets. Lack of usable market egg news emphasizes the need for improved market news reporting techniques.

Spot call trading on the Chicago and New York Mercantile Exchanges is the basic price-registering mechanism in the egg market. The number of participants on the exchanges is very small. Volumes of eggs traded on the spot calls are less than one per cent of total eggs received in the two markets. Thus, the accuracy with which the spot calls of the two exchanges register market value at any level is doubtful, especially for deficit production areas.

Prices reported daily from Chicago and New York Market News Services are near to and fluctuate with the Mercantile Exchanges' price quotations. Louisiana egg buyers base their paying price on these price reports. This price is usually based upon a wholesale classification (60% A Quality Large) while grade-yield returns of locally produced eggs range from 80% to 90% A Quality. This latter
system of pricing eggs in a deficit area apparently ignores quality
differences between central market "wholesale" classifications and
locally produced "consumer classifications.

In examining egg price differentials between a Baton Rouge
price and Chicago-New York prices, the greatest differential was
+15.23 cents per dozen for Baton Rouge over Chicago and +11.26 for
Baton Rouge over New York in December 1954. The differentials listed
for the Chicago and New York markets during 1957 were within the four
cents differential reportedly used by Louisiana egg buyers. Therefore,
it is doubtful whether in 1957, Louisiana egg buyers considered quality
a factor in their price determination for Louisiana produced eggs. An
arithmetic ratio of (the wholesale price per dozen) is to (the per
cent A quality in the classification) as (the price that should be
paid) is to (the A quality yield of local eggs) is used to obtain an
adjustment price for A quality yields of locally produced eggs.

Louisiana egg buyers use several methods of determining their
offer price for locally produced eggs. The most common method is to
use a central market reported price and add or subtract transportation
charges. Louisiana egg buyers offered, in 1957, a range of plus four
cents to minus four cents per dozen from the base price for eggs pur-
chased from local producers.

Seventy-nine per cent of the eggs purchased by twelve Louisiana
egg buyers based on four selected months in 1957, originated from out-
of-state, while 21 per cent were Louisiana produced. During this
period, 38 per cent of the eggs handled were packed in a consumer
Grade A classification, and 62 per cent were packed in a Candler
Current Receipt classification.

Federal-State Market News egg and poultry reports from Kansas and Louisiana for 1951-1957, contained irregularly 7½ different grade, size, and color egg classifications in wholesale and consumer grades. This type of market news reporting of egg prices is obsolete; therefore, a revised system is needed. Presented is a model report designed to eliminate the confusion which exists for users of the report and to offer other needed information.

Further research suggested by the dissertation includes devising new and imaginative pricing systems for table eggs based on consumer demand for eggs, shortening the marketing system, and allocating the residual to egg producers.
CHAPTER I

INTRODUCTION

The fluctuating movement of table egg prices and the reporting of such fluctuations are important economic topics because of the increasing relative role of poultry and eggs in the agricultural economy. Table egg prices have a role in resource allocation by affecting production decisions of hundreds of thousands of farmers in the United States, by affecting decisions of thousands of egg handlers, and by resource allocation in food purchases of millions of consumers. In 1955, farmers in the United States received approximately 1,746 million dollars from the sale of about 54 billion eggs. Farm consumption accounted for another 5.5 billion eggs, valued at 176 million dollars or roughly 10 per cent of the value of eggs sold. Consumers spent about 2,700 million dollars for eggs during the same year. The producers' share of the consumers' dollar was about 70.0 per cent. It is important that any pricing system register prices which accurately reflect market values, which facilitate efficient marketing of eggs, and allocate resources equitably.

Changes in table egg production and marketing techniques during

1/Table eggs are shell eggs for human consumption.
The past five years have created new interest regarding the validity of the central market quotation as a base for pricing eggs, particularly throughout the deficit-producing area of the South. Production has changed drastically during this period.

Although eggs still are produced on more than two million farms, most of which maintain small flocks on a non-commercial or semi-commercial basis, specialization in production is now firmly established and increasing. From 1940 to 1954, while the number of farms reporting chickens on hand dropped from 5.2 million to 2.4 million, the number of farms reporting flocks of 800 or more birds increased from 17,500 to 59,400.2

The trend toward an increase in size of flocks has influenced marketing procedures, especially in the areas of central markets. In recent years, producers' sales directly to large chain stores have reduced the volume of eggs handled by wholesalers at central markets so that they no longer exert as strong an influence as formerly on the price of table eggs. None-the-less, central market price quotations of the Chicago and New York markets are still used as a base for establishing egg prices in many markets, including those in Louisiana and other southern states.

Many local producers feel that the present price paid for eggs at grading stations is not equitable. On the other hand, managers of egg grading stations feel that producers do not furnish a constant supply of eggs as needed by their station. There is usually a surplus in the Spring and a shortage in the Fall. This makes stable pricing sys-

tems difficult. These continuing problems between producers and managers of egg grading stations indicate an area in which research is needed.

The Problem

The continuous nature of the production and marketing process for table eggs creates problems in pricing that are felt more acutely than in the case of annual crops and livestock products. Eggs are produced every day and must be sold from the farm at least once a week, sometimes more often. This means that the price must be established every time delivery is made from the farm and exchange consummated. If the price were determined in the traditional manner by bargaining between buyer and seller for each sale, the amount of time consumed in such negotiations would be costly. More long-term agreements (or the use of "third-party" pricing which requires no expenditure of time in reaching agreement upon the price for each transaction) are generally used.3/

Pricing based on central market quotations has been and is still being used in Louisiana and in the other deficit areas of the South. For example, local egg buyers use the Chicago or New York central market quotation for a U. S. Extra 60% A egg (wholesale, case pack classification); add two or three cents, and use this as a purchase price for

---

eggs on a grade yield basis at their grading stations. With the use of present breeding, feeding, and management techniques, local producers are able to produce eggs of high quality. It is believed that they are producing eggs which are of higher quality than the wholesale classifications customarily used as a base price for locally produced eggs. Therefore, it is hypothesized that basing egg prices to local producers on eggs of lower average quality (central market classification) could be a decided disadvantage for the local producer of high quality eggs.

Market news reporting is another factor which may add to confusion in egg price determination. Egg prices are quoted both on wholesale and consumer grades and, at the present time, are composed of approximately 75 grade classifications. The heterogeneity and microscopic grade and size classifications now present in market news reporting leads to confusion. Lack of continuity in egg prices for each classification, and the very numerous classifications, result in price confusion at the first buyer and wholesaler level in egg marketing. Grades at the consumer level show much more simplification and clarity, although improvements may be needed there also.

Hypotheses of Study

Egg prices are established in many ways and in many markets. The methods used in determining egg prices are not readily understood.

Grade yield basis is the purchase of eggs on a candled standard quality for each egg. Most eggs produced and handled under recommended practices will yield approximately 95% A quality, 3% B quality, and 2% checks, dirty, and loss.
by all segments of the trade, particularly the "producer" segment. The producer and first egg buyer in a deficit area are probably the least informed on economic price determination. It is believed that study of price determination at the "producer" level may be useful in bringing about a more economically sound and equitable method of reflecting quality and value in local Louisiana and other "deficit" egg markets. It seems logical to base this study on the following hypotheses:

1. Central market quotations do not accurately reflect egg volume movements, and thus are not reliable as a base for egg prices in a "deficit" area.

2. Egg price differentials used locally based on central market prices do not adequately reflect differences in quality between the local product and the central market classification.

3. The methods of present market news reporting of egg prices are not effective because of the numerous grade and size classifications.

Scope, Objectives, and Methods of Study

The Southwestern and Southeastern states, except Kentucky, Oklahoma, and North Carolina, are deficit in the production of table eggs. (Table I). This pricing study is limited to this southern area and its relation to central market pricing areas of Chicago and New York. The Atlanta and New Orleans wholesale markets are also involved, but as wholesale markets in an egg deficit rather than an egg surplus area. It is recognized that surplus-deficit positions are fluid and, over time, there is a tendency for deficit areas to overcome their deficiency and for surplus areas to diminish their surplus.
Table I. Table Eggs: Surplus and Deficit Position of Selected States, 1952 and 1956.

<table>
<thead>
<tr>
<th>State</th>
<th>1952</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cases</td>
<td>Cases</td>
</tr>
<tr>
<td>Alabama</td>
<td>-1269</td>
<td>-994</td>
</tr>
<tr>
<td>Arkansas</td>
<td>-325</td>
<td>-397</td>
</tr>
<tr>
<td>Florida</td>
<td>-2264</td>
<td>-2222</td>
</tr>
<tr>
<td>Georgia</td>
<td>-1738</td>
<td>-1019</td>
</tr>
<tr>
<td>Kentucky</td>
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<td>+45</td>
</tr>
<tr>
<td>Louisiana</td>
<td>-1953</td>
<td>-2008</td>
</tr>
<tr>
<td>Mississippi</td>
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<tr>
<td>North Carolina</td>
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<tr>
<td>Oklahoma</td>
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<tr>
<td>South Carolina</td>
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<td>-875</td>
</tr>
<tr>
<td>Texas</td>
<td>-1269</td>
<td>-2531</td>
</tr>
<tr>
<td>Virginia</td>
<td>-1036</td>
<td>-1611</td>
</tr>
<tr>
<td>West Virginia</td>
<td>-892</td>
<td>-892</td>
</tr>
</tbody>
</table>


The specific objectives of this study were: (1) To determine the extent that central market quotations reflect egg volume movements in the central markets. (2) To determine the extent by which price differences reflect differences in quality. (3) To design a price-report form which would be more useful to the trade than the one now in use.
The methods of study employed were: (a) Theoretical and (b) Empirical. In (a), the atomistic free market structures were used as a "norm" or as the starting point of analysis of price determination together with deviations from this "perfect market" concept. In (b), several approaches were used such as: (1) Daily poultry and egg market news reports from state and federal agencies were used to obtain egg prices and volumes for deficit areas and for the central markets of Chicago and New York. Comparisons of prices quoted for various classifications of eggs were made between deficit and central markets. Appropriate graphic analysis was made for this comparison. (2) Field interviews were conducted with egg buyers and dealers in Louisiana to determine method of operation, volumes handled, grade classifications used, and method of determining selling price to retail outlets. Appropriate graphic analysis was made of these interviews.
CHAPTER II

PRICING UNDER VARIOUS MARKET STRUCTURES

Commodities are offered and demanded at prices which will, under certain limiting circumstances, clear the market. "Price" is the exchange value of a unit of goods stated in terms of money. Reasons for specific prices are usually attributed to the relations between "demand and supply." The relation of demand and supply is different under various kinds of competition. It is the purpose of this chapter to discuss the relationships under conditions of "Perfect" and "Imperfect" competition.

Perfect Competition

The American poultry farmer believes in competition in business. Producers desire to make a profit by selling their products at the highest prices possible. However, since they cannot receive a price higher than buyers are willing to pay, they will take that price which will make it possible for them to move the product they have to sell. Likewise, the buyers are eager to obtain goods at the lowest possible price, but are unable to set the price at which the producer will sell. This condition exists under competition, and a series of bids and offers are made between prospective buyers and sellers before a sale is made. Also, there is a contest between and among sellers who want to sell their commodities; and between and among buyers who try to obtain the
desired quantity of the commodity by offering a price that is agreeable to both parties. The market price is neither too high nor too low, and results from the relationship of demand to supply and supply to demand. Price is rarely fixed by just one individual.1/

Several conditions must be fulfilled before a perfectly competitive market price can exist. They are: (1) The number of buyers and sellers must be large enough that no one transaction can influence the prices of the things they buy and sell; (2) There is complete knowledge regarding the homogeneous commodity which is available; and (3) All markets must be completely free from any form of restraint.

The practical importance of perfect competition is not very great. Few markets in our economy are perfectly competitive, because few markets fulfill the conditions of perfect competition, large numbers, and expertness on both the buyer's and seller's side. From the point of view of economic theory, however, the concept of perfect competition is very important. For it can be shown that perfectly competitive behavior by all members of every market would result in the most efficient organization of production and the best allocation both of productive resources and of consumers' goods and services. Perfect competition, therefore, provides a standard of efficiency by which actual economic institutions and organizations can be appraised.2/

Demand:

Demand is one of the two basic factors that influence the price of a commodity. To understand how demand influences price, it is necessary to recognize two applications of the term: individual demand and

---


market demand.

**Individual Demand:** Demand involves more than just the desire an individual has for a commodity. The individual must feel a strong need for the satisfaction and/or services that the commodity can provide before he will make up his mind to secure it. He must also possess some purchasing power if he is to satisfy his need by obtaining what he desires. Demand also signifies that the individual is ready to buy a given quantity of a commodity at a definite time and price.

**Market Demand:** This demand illustrates that the total number of buyers will purchase a total quantity of goods at different prices at a given time. It is difficult to construct an accurate schedule of demand since it would require complete knowledge as to just how many units people would buy at various prices.

<table>
<thead>
<tr>
<th>Price per Dozen (Dollars)</th>
<th>Quantity Demanded 1,000 Cases</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ .70</td>
<td>52</td>
<td>$36,400</td>
</tr>
<tr>
<td>.65</td>
<td>54</td>
<td>35,100</td>
</tr>
<tr>
<td>.60</td>
<td>56</td>
<td>33,600</td>
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<td>.55</td>
<td>60</td>
<td>33,000</td>
</tr>
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<td>.50</td>
<td>64</td>
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<td>29,600</td>
</tr>
<tr>
<td>.35</td>
<td>80</td>
<td>28,000</td>
</tr>
<tr>
<td>.30</td>
<td>90</td>
<td>27,000</td>
</tr>
</tbody>
</table>
However, if desire and purchasing power is constant, buyers will purchase a larger quantity of a good at a lower price than they will at a higher price, or the quantity of a good which people will buy tends to vary inversely with the price. Since this tendency is present in market demand, it is possible to construct a hypothetical demand schedule of various prices and quantities (Table II).

The demand schedule may be utilized to construct a demand curve for eggs (Figure 1). The curve slopes downward to the right illustrating graphically the principle that quantity and price are inversely related: the law of diminishing consumption, as price rises. If price is reduced, a greater quantity will be demanded. The degree with which
this is true varies with almost all commodities.3/

Elasticity of Demand: "Elasticity of demand" is the extent to which a change in price will affect the quantity of a good purchased. The degrees of elasticity are designated as "elastic," "inelastic," and "unitary."

The price demand for a good is "elastic" only when the total expenditure for the commodity is greater when the price is lower than it is when the price is higher. The price demand is "elastic" for example, if consumers spend a greater total amount of money for eggs when the price is 40 cents a dozen than when the price is 50 cents.

If the total expenditure of buyers is greater when the price is higher than it is when the price is lower, the price demand is "inelastic." For example, if consumers spend a greater total amount of money for eggs when the price is 50 cents a dozen than they do when they are 40 cents per dozen, the price demand is "inelastic."

A "perfectly elastic" demand would be when any quantity of a good is bought at a given price. Thus, in a perfectly competitive market for an individual producer, demand is perfectly elastic when he can sell his entire supply at a given price.

In Figure 2, it can be observed that at price OA, a producer could sell any quantity he had to sell. Therefore, line AB could be extended as far as OQ and beyond. This would indicate that the degree of elasticity is infinite.

A perfectly inelastic demand would be present when a change in price results in no difference in the quantity purchased. For example, if consumers would buy a million dozen eggs when the price was 10 cents per dozen and would buy the same quantity if the price were 70 cents per dozen, the demand would be perfectly inelastic.
In Figure 3, the fact that a change in price results in no difference in the quantity purchased is indicated by a line AB drawn from any point from line OQ, parallel to OP. This demonstrates perfect inelasticity of price demand.

The terms "inelastic" and "elastic demands" are relative terms and are used as relatively inelastic or relatively elastic.

**Supply:**

The supply schedule is the relation between prices and the amounts of a commodity producers are willing to produce and sell. Table III illustrates a supply schedule for eggs.

Table III. Hypothetical Supply Schedule for Eggs.

<table>
<thead>
<tr>
<th>Price per Dozen (Dollars)</th>
<th>Quantity Sellers Will Supply (1000 Cases)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ .70</td>
<td>90</td>
</tr>
<tr>
<td>$.65</td>
<td>84</td>
</tr>
<tr>
<td>$.60</td>
<td>78</td>
</tr>
<tr>
<td>$.55</td>
<td>70</td>
</tr>
<tr>
<td>$.50</td>
<td>64</td>
</tr>
<tr>
<td>$.45</td>
<td>55</td>
</tr>
<tr>
<td>$.40</td>
<td>45</td>
</tr>
<tr>
<td>$.35</td>
<td>37</td>
</tr>
<tr>
<td>$.30</td>
<td>25</td>
</tr>
</tbody>
</table>

The supply curve in Figure 4 is unlike the demand curve as it slopes upward and to the right. At higher prices for eggs, producers
will increase number of layers and place more eggs on the market. They can also buy improved production strains and feed a more expensive ration.

Theoretically, it is possible to have perfectly elastic and perfectly inelastic supply curves as was true of demand curves. However, the important factor is the relativity of the elasticity and how the relatively elastic and/or inelastic demand and supply relationships can bring about an "equilibrium" price for a commodity.

![Hypothetical Supply Curve for Eggs](image)

**Figure 4. Hypothetical Supply Curve for Eggs.**

**Equilibrium of Demand and Supply:**

By combining the analysis of demand and supply, it is possible to see how competitive market price is determined (Table IV).

"Equilibrium price" is never reached at once. There is usually an initial period of trial and error or of oscillation around the right level before price finally settles down and supply balances demand and
vice versa. In Table IV, only at a price of 50 cents per dozen will the quantity demanded equal the quantity offered or supplied. "Price is at equilibrium, just as an olive at the bottom of a cocktail glass is at equilibrium, because there is no tendency for it to rise or fall."!

Table IV. Supply and Demand Schedule for Eggs.

<table>
<thead>
<tr>
<th>Price Per Doz. (Dollars)</th>
<th>Quantity Demanded</th>
<th>Quantity Supplied</th>
<th>Pressure On</th>
</tr>
</thead>
<tbody>
<tr>
<td>$.70</td>
<td>52</td>
<td>90</td>
<td>Falling</td>
</tr>
<tr>
<td>.65</td>
<td>54</td>
<td>84</td>
<td>Falling</td>
</tr>
<tr>
<td>.60</td>
<td>56</td>
<td>78</td>
<td>Falling</td>
</tr>
<tr>
<td>.55</td>
<td>60</td>
<td>70</td>
<td>Falling</td>
</tr>
<tr>
<td>.50*</td>
<td>64*</td>
<td>64*</td>
<td>Neutral</td>
</tr>
<tr>
<td>.45</td>
<td>68</td>
<td>.55</td>
<td>Rising</td>
</tr>
<tr>
<td>.40</td>
<td>74</td>
<td>45</td>
<td>Rising</td>
</tr>
<tr>
<td>.35</td>
<td>80</td>
<td>37</td>
<td>Rising</td>
</tr>
<tr>
<td>.30</td>
<td>90</td>
<td>25</td>
<td>Rising</td>
</tr>
</tbody>
</table>

*The equilibrium price and output.

Figure 5 demonstrates how supply and demand determine market price and quantity. They cross at one intersection point. This point "A" represents the equilibrium price of 50 cents per dozen and the equilibrium quantity of 64 thousand cases of eggs.

---

At a higher price of 70 cents per dozen, only 52 thousand cases will clear the market while the suppliers are willing to place 90 thousand cases for sale. As stocks of eggs begin to pile up, competitive sellers will cut price. Likewise, at a lower price of 45 cents per dozen, 68 thousand cases of eggs will be demanded and only 50 thousand cases will be offered by the supplier. This will in time cause a decrease in supplies of eggs and cause the price to be increased by competitors. In a perfectly competitive climate, this oscillation will continue until an equilibrium price of 50 cents per dozen and 64 thousand cases is reached.

Figure 5. Hypothetical Equilibrium Supply and Demand.
Imperfect Competition

Types of Market Relations:

Market structures of perfect buying competition and perfect selling competition, like monopsony and monopoly, are rare cases. Instead of the extremes of monopsony and perfect buying competition, certain elements of monopsony are found in some combination with other structures which resemble pure competition.

There are two principal forms which such a combination might take, depending upon: (1) Whether one, a few, or many buyers offer homogeneous services to farmers in the same market; and (2) whether any given number of buyers offer identical, slightly different, or very different services. Similarly on the selling side, elements of monopoly and perfect selling competition would be expected to be blended in various ways. This would depend upon: (1) Whether one, a few, or many sellers offer a homogeneous product to consumers in the same market; and (2) whether any given number of sellers offer identical, slightly different or very different products. In either case, condition (1) will indicate the extent to which a given firm can, given a homogeneous product, influence the price decisions of its competitors; and condition (2) reveals the extent to which, given the number of firms, any given firm's volume depends upon the prices of other competitors.

Table V presents a scheme showing nine possible categories into which table egg market competition can fall according to the number each of buyers and sellers.

It is not possible to treat table egg price determination under all market structures. Within the field of imperfect competition, three cases can be distinguished whose results differ widely: (a) "monopolistic competition," (b) "perfect oligopoly," and (c) "imperfect oligopoly." In all cases of competition, freedom of entry of firms into

---

The industry are assumed thus, at least, eliminating chances for pure monopoly or monopsony. Cases of competition are then defined by changes on two fundamental conditions: The homogeneity of the product and the number of firms. When many firms are producing a homogeneous product, the result is perfect competition, as when egg growers sell to first buyers. When many firms are producing heterogeneous products, and the product of each firm is similar to, but not identical with the product of other firms in the same industry, the condition is known as monopolistic competition, as when egg dealers label and carton their eggs differently. When a few firms are selling a homogeneous product, there is a condition which may be called perfect oligopoly, as when a few egg buyers pack under a retail store brand. When a few firms are selling

Table V. Nine Possible Egg Market Situations or Structures.

<table>
<thead>
<tr>
<th>Buyers</th>
<th>Sellers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Perfect Competition (Many)</td>
<td>Perfect Competition (Many)</td>
</tr>
<tr>
<td>2. Imperfect Competition (Few)</td>
<td>Perfect Competition (Many)</td>
</tr>
<tr>
<td>3. Monopsony (One)</td>
<td>Perfect Competition (Many)</td>
</tr>
<tr>
<td>4. Perfect Competition (Many)</td>
<td>Imperfect Competition (Few)</td>
</tr>
<tr>
<td>5. Imperfect Competition (Few)</td>
<td>Imperfect Competition (Few)</td>
</tr>
<tr>
<td>6. Monopsony (One)</td>
<td>Imperfect Competition (Few)</td>
</tr>
<tr>
<td>7. Perfect Competition (Many)</td>
<td>Monopoly (One)</td>
</tr>
<tr>
<td>8. Imperfect Competition (Few)</td>
<td>Monopoly (One)</td>
</tr>
<tr>
<td>9. Monopsony (One)</td>
<td>Monopoly (One)</td>
</tr>
</tbody>
</table>
heterogeneous products, there is a condition which may be called imperfect oligopoly, as when a few egg buyers differentiate their packs.6/

Monopolistic Competition:

In monopolistic competition, firms producing the same product are so numerous that they ignore each other's price policies. Monopolistic competition is also characterized by product differentiation or heterogeneous products, such as egg branding. The products of the various firms are not perfect substitutes in the mind of the consumer. Thus, a form of product differentiation gives each firm something of the position of a monopolist. A perfect monopolist is a firm whose product is perfectly different from that of any other firm. However, most egg consumers are not against substituting brands in light of other pertinent considerations.

Sales Curve: The sales curve of a firm in monopolistic competition is not perfectly elastic. If a firm lowers its price, it will gain sales to a limited extent. If it raises price, it will lose some but not all of its sales, unlike under perfect competition. This property of the sales curve depends upon the differences between the product of the firm in question and that of its competition. If buyers believe the products of the various firms are all alike, they will buy from the firm with the lower price. Likewise, if a firm raises its price above the level of the other firms, all buyers will desert it and purchase from the other firms. However, where there are differences in

the product of various firms, each firm will have a group of buyers who
depth the product of that firm and will not be driven away from it if
it raises its price above the other firms. Egg sellers, through brand-
ing and other differentiations, attempt this technique.

The differences may be of many kinds. Preference may be shown
because of the personality of the salesman, or of a personal relation-
ship with the seller. It may be because of an assumed difference in
quality, trade name, or an attractive package. It is also possible for
distance to be an important factor in a show of preference by buyers
for a commodity.

**Spatial Differentiation:** One source of difference, the distance
between firms, is an important one and should be examined more closely.

Take two firms, A and B, located 100 miles apart in the center
of a level plain over which transportation costs in any direction are
the same. The price charged by the firms is the same at their location,
or $15 per case, and transportation cost is 1 cent per case per mile.
Given these conditions, buyers located an equal distance from both
firms will buy from either. Figure 6 illustrates that buyers are on
line CDC' where D bisects AB and CC' is perpendicular to AB. Thus, for
a buyer at C (100 miles from either A or B) the price will be $16 at
either A or B (factory and transportation). Buyers located to the left
of line CC' will buy from firm A and buyers to the right of line CC' will
buy from B. Now suppose that A cuts his price to $14.50 per case. At
point D, he now sells for $15 per case while B continues to sell for
$15.50 per case. Some of B's sales will now go to A. This will move
the location to point E, where AE is 75 miles and EB is 25 miles from
the supply point. A's price will now be $15.25 ($15.00 + $0.25). Therefore, the new boundary between A's sales area and B's sales area will be FEF'. This is a hyperbola, since at any point F, AF - PF = 50 miles. If AF, for instance, is 125 miles and BF is 75 miles, A's price at E will be $15.75 and B's price will also be $15.75.7/

![Diagram](image)

Figure 6. Spatial Effect on Price and Market Area, Monopolistic Competition.

If firm A reduces its price independently of firm B, it will lose some of its buyers to B. The greater the decrease in the price, the larger the area of lost buyers will be. However, it is the difference in price which is significant. If A cuts his price to $14.50, the boundary line between their two markets will remain at CC', and neither firm gains or loses buyers.

Production With Decreasing Average Cost: Under monopolistic competition the entry of new firms does not cause the price of the prod-

7/For further analysis of Spatial Differences under Monopolistic Competition, see K. E. Boulding, Economic Analysis, pp. 631-633.
uct to fall for there is no one price as each firm has a range of prices at which it may sell. In an industry which is in monopolistic competition, the entry of new firms will lower the sales curve of each firm already in the industry. After a new firm has entered the industry, each old firm will find that at each possible price it can sell less than before, or in order to sell the same amount as before, it will be forced to charge a lower price. This, of course, reduces the profit of each firm and the entry of new firms will continue until it does not pay new firms to enter. The profits of the industry are then considered to be "normal."

Each firm will produce at a minimum average cost when an industry in perfect competition is in equilibrium. In monopolistic competition, if firms could still reduce average costs by increasing output, they would be producing at their most profitable position. Under perfect competition, it is the fear of increasing costs which decreases a firm's desire to increase output. In this market structure the most profitable output is where average costs cannot be lowered by expanding output. In monopolistic competition, the fear of declining revenues and the knowledge that it must lower prices or raise selling costs to sell more limits a firm's desire to expand output.

Consequently, it will stop expanding its output at a point where its average cost is still falling, if its marginal cost is equal to its marginal revenue. Beyond this point, although its average cost falls, the fall in cost is more than countebalanced by the fact that in order to sell the increased output the price must be lowered or the selling cost raised.8/

8/Boulding, op. cit., p. 636.
Equilibrium in Monopolistic Competition: "We cannot construct a 'supply curve' for an industry in imperfect competition as we can for one in perfect competition, for there is no single price at which all the product is sold; even in equilibrium each firm may charge a different price."

A general rise in demand can still be interpreted as meaning a rise in the sales curves of all the firms connected with a given industry. Figure 7 shows the cost and revenue curves (average and marginal) for a series of firms in the egg industry under monopolistic competition.

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Figure 7. Change in Industry Equilibrium Due to a Rise in Demand in Monopolistic Competition.

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9/ Ibid., p. 637.
tion. The dotted curves marked MC in the diagrams are marginal cost curves; the dotted curves marked MR are marginal revenue curves; the solid curves marked AVC are average variable cost curves; and those marked AR are average revenue curves.

In Figure 7A, the position of the curves is such that firm 3 is the marginal firm. The most profitable price for firm 3 is equal to its average variable cost but fixed costs are not covered. In Figure 7B is given the effects of a rise in demand for the commodity. The rise in demand is caused by an increase in the demand of all the individual firms. This increase in demand allows firm 4 to come into the industry, whereas in Figure 7A firm 4 could not be in the industry because, even at its most profitable output $A_4B_4$, the price $D_4P_4$ is less than the average variable cost $D_4A_4$. The rise in demand clearly raises the output of each firm.

Cost of production usually determines prices among firms operating under monopolistic competition. However, there are several additional situations which influence pricing in imperfect competition including that of oligopoly which is treated under (b) perfect and (c) imperfect oligopoly.

**Oligopoly:**

"Oligopoly is restricted competition among price makers whose competitive behavior is restrained, not by agreement, but by their realization of the interdependence of their actions. . . . Oligopoly may come about when the number of competing price makers is small."10/

10/Scitovsky, op. cit., p. 384.
Oligopoly has several different forms, but they are all marked by one characteristic not found when there are many sellers. Each firm, in oligopoly, must determine how its actions will affect the actions of other competing firms.

In monopolistic competition, certain data could be used with logical defense. When the sales curve for output and the purchase curves for input were given, the most profitable quantities of output to produce and of input to use could be derived. However, in the case of oligopoly, the sales curve of any one firm depends upon what the other firms are doing. If a firm feels that the other firms' behavior will not be changed, it will follow only one policy. Likewise, if it thinks that its own policy will cause other firms to change their behavior, then it will choose a different policy of operation.

**Perfect Oligopoly**: Perfect oligopoly is a case in which the product is so homogeneous that a cut in price by one firm will immediately result in an identical price cut by all the other firms in the industry. The condition of perfect oligopoly can be further divided into three cases. The cases are: (1) firms with identical cost curves and equal shares of the market, (2) firms with different cost curves and equal shares of the market, and (3) firms with identical cost curves and different shares of the market. For illustration purposes, each case will be analyzed on the assumption of only two firms (duopoly). Also for convenience, cases 1 and 2 will be discussed omitting case 3.

For case (1): In Figure 8 is illustrated an industry under perfect oligopoly (duopoly) where two firms have equal cost curves and equal shares of the market. The total demand curve for the product of
the industry is \( ED_1 \).

![Graph](image)

**Figure 8.** Equal Cost and Equal Shares of Market, Perfect Oligopoly.

Line \( EPD \) is the individual demand curve of each firm since the total sales of the industry are assumed to be divided equally. Thus, at any price \( OC \) the amount sold by each firm will be half the amount sold by the industry. This individual demand curve, which is common to each firm, is constructed under the assumption that both firms charge the same price. The marginal cost curve of either firm is \( CMC \). The marginal revenue curve for each firm is \( MR \). Thus, \( OC \) becomes the price set by each firm for the output \( OA \). At this price and quantity, marginal cost is equal to marginal revenue, \( AR \).

For case (2): In Figure 9 is illustrated the condition of two firms where the market is shared equally but cost curves differ. The marginal cost curve for the low-cost firm is \( C_1 \), and \( C_2 \) is the marginal cost curve for the high-cost firm.

Firm A will be happy at output \( OB \), where price is \( OP \), and its marginal cost and marginal revenue are both equal to \( AR \).
Firm B, however, would rather produce at an output OA, with a price of $AP^1$, where its marginal cost and marginal revenue intersect at $AR^1$. Since there is a different price desired by the two firms, the high-capacity firm A will set the price most useful to its operation. The low-capacity firm B will have to follow suit, as the firms must charge the same price. If firm A sets the price where it desires at $BP$, the other firm must change its price or lose its sales. Likewise, if firm B suffers a loss at price $BP$, it may leave firm A with a monopoly by discontinuing operation. However, firm B might still be making at least normal profits when price is $BP$. If this be the case, the industry would be stable.

**Imperfect Oligopoly:** Imperfect oligopoly is intermediate between perfect oligopoly and monopolistic competition. "In imperfect oligopoly, the product is differentiated enough so that a price cut on the part of one firm does not immediately result in a price cut on the part of other firms. A price cut may attract a large volume of new busi-
ness to the price cutter.\textsuperscript{11/}

Price cutting is common in an industry under imperfect oligopoly. A very unstable situation may arise from a firm cutting prices on the assumption that other firms will not follow suit. Let us suppose that firm A attempts to expand sales by cutting its price because it believes its marginal revenue to be greater than its marginal cost. For a time, firm B may not react and will lose business to A. Firm B, on the other hand, may decide it is profitable to cut its prices since A has established a new price level. This could continue with each firm cutting prices in turn until the condition of the industry becomes chaotic.

The stability of the equilibrium of an industry in imperfect oligopoly depends on both firms being normally profitable at the level of prices mutually developed. If this is true, then the industry has reached a position of stable equilibrium. If this is not true and one or both firms are less than normally profitable, then one of the firms will go out of business, leaving the other a monopoly; or the two firms may come to an agreement to raise prices.\textsuperscript{12/} Other possibilities would be: (1) Each firm may seek to increase its power to raise prices by a further differentiation of product thus decreasing the elasticity of the demand for the product, or (2) if the firms are highly profitable at the equilibrium point, new firms will tend to enter the industry. These new firms will cause the equilibrium to be unstable and the industry will have a tendency to develop a new equilibrium point.

\textsuperscript{11/}Boulding, op. cit., p. 645.

\textsuperscript{12/Tbid.,} p. 646.
It is believed that many of the competitive situations in the table egg industry especially at the egg dealer firm level have been delineated by the use of foregoing relevant theory. This serves as a background for examining some of the empirical aspects of competition and price making in "central" as well as "local" egg markets, including other aspects of pricing table eggs.
CHAPTER III

EGG PRICE DETERMINATION AT CENTRAL MARKETS

In recent years, questions have been raised regarding the nature and performance of egg pricing processes on the central markets. The most pointed ones have been leveled at the pricing methods for eggs in Chicago and New York. The egg trade is presently using a quotation system of pricing eggs to establish actual paying prices at all levels of trading. In Louisiana the egg buyer uses the reported prices for various grades as a base for determining his actual paying prices for eggs of local production.

Although this system for price determination is used at the first buyer level, neither the egg buyer nor the farmers are fully satisfied with it. In particular, strong objections have been raised against the methods of establishing egg quotations in Chicago and New York. An analysis of the two central markets with the degree of participation and volumes of eggs traded on the "spot call" of the Mercantile Exchanges are discussed in this chapter.1/

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1/A "spot call" is the term used to describe cash trading on the exchange in eggs. Most of the material in this chapter is based on a review of Marketing Research Reports, Numbers 173 (1957) and 210 (1958), of the Agricultural Research Service, U.S.D.A.
Chicago Market Organization

The Chicago wholesale market for shell eggs is composed of an estimated 200 receiver-distributors, brokers, chain food stores, meat packers, dairy companies, general food distributors and cooperative grocery groups. This number does not include the large number of hucksters and distributors believed to be receiving and handling volumes of eggs principally in the suburbs of the city. Special facilities and services are provided the egg trade by the Chicago Mercantile Exchange and the U.S.D.A. Dairy and Poultry Market News Service. These egg wholesale firms with their operating practices are the basic elements of a complex marketing structure which involves not one, but several different egg receiving-distributing systems. From the early days of Chicago and until the past few years, the complex and diverse system used to determine the price quotations for eggs was very satisfactory. However, it is hypothesized that the changes which have occurred in the structure of the Chicago egg market make this system antiquated and inadequate for price determination.

Chicago Mercantile Exchange:

Since its beginning as a nonprofit organization in 1919, the Chicago Mercantile Exchange has provided a national market location for cash and futures trading in several commodities. Trading, in one of the largest commodity exchanges in the world, is conducted mostly in contracts for future delivery. This exchange at the present time provides the only available futures market for eggs in the United States. Trading in cash commodities for immediate delivery is done on the exchange's
"spot call" board.

Membership is limited to 500, and members must meet the financial, moral, and commercial standards of the exchange. These standards are determined by the exchange's elected twelve-man board of governors. It is the duty of this board to establish policies, rules and regulations which govern all operations. The president and his staff have the responsibility of executing the policies of the board. Operating costs of the exchange are paid from income received from fees that members pay on each transaction.

Cash sales trading is conducted on the exchange daily in several specific grades and sizes of eggs, as indicated in Table VI.

Table VI. Classifications of Eggs Available for Cash Trading on Chicago Mercantile Exchange.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Size</th>
<th>Color</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extras** (60% A's)</td>
<td>Large</td>
<td>White</td>
</tr>
<tr>
<td>Extras (60% A's)</td>
<td>Medium</td>
<td>Mixed</td>
</tr>
<tr>
<td>Standards***</td>
<td></td>
<td>Mixed</td>
</tr>
<tr>
<td>Current Receipts</td>
<td></td>
<td>Mixed</td>
</tr>
<tr>
<td>Dirties</td>
<td></td>
<td>Mixed</td>
</tr>
<tr>
<td>Checks</td>
<td></td>
<td>Mixed</td>
</tr>
</tbody>
</table>


**Extras: 60% A quality, balance B quality, tolerance, 11.7% may be C quality, Dirties or Checks in combination, not over 3.0% loss.

***Standards: 80% B, balance C quality, tolerance, 11.7% may be Dirties or Checks in combination, and not over 4% loss.
"Spot call" trading begins at 9:30 a.m. and continues for thirty minutes. A blackboard is positioned at one end of the trading floor where all bids, offers, and transactions are recorded. The minimum quantity of eggs for trading is 50 cases. When a transaction is made, the seller must submit to the buyer, on delivery of eggs, a certificate issued by the exchange. This exchange certificate is based on an inspection certificate issued by an inspector of the United State Department of Agriculture. This document certifies that the eggs meet the minimum requirements of the exchange for eggs of a certain classification.

It is not the function of the exchange to establish prices on eggs traded by cash sales. Members trading for themselves or acting as brokers do this as they complete transactions. The function of the exchange is to provide the facilities for trading in cash and future contracts for eggs.

Establishing the Chicago Egg Quotation:

The Chicago egg price quotations are established by a private reporter who is not a member or employee of the exchange. This single reporter, at the close of trading on the daily spot call, calls an employee of the exchange and receives a verbal account of the trading activity as recorded. The reporter immediately determines a price quotation for the grades of eggs handled for that trading period. All price quotations are made available to those participating on the exchange by recording them on a blackboard on the wall of the trading floor.
The reporter, in an interview in 1955, indicated that his decisions generally are based on results of trading on the daily spot call. However, he does consider reports on trading in eggs on the New York Mercantile Exchange, trading in futures in Chicago, and information on street trading among a small number of Chicago receivers with whom he talks regularly.2/

Apparently, this single reporter is responsible for the Chicago egg quotations each day. He can and does exercise his independent judgement in making his price quotations. He may change prices from the previous day's quotations not only on the basis of sales on the "spot call" but also on offers at prices below previous quotations or on bids above earlier quotations. The trade generally frowns on the practice of the reporter if he alters daily quotations when there has been no trading on the spot call board. Likewise, the reporter cannot ignore closing prices on the spot call without criticism from the trade.

The primary occupation of the private market reporter in Chicago seems to be in poultry processing and distribution in the city. Only a small portion of his time is spent in reporting the Chicago egg quotations. His reporting services are obtained on a subscription basis by the exchange. The reporter formulates the quotations for the use of exchange members. A mimeographed report is circulated to the members and is also posted on the exchange. These reports are also available to the public through various communication media.2/


U.S.D.A. Market News Service:

Reporters of the Chicago office of the Dairy and Poultry Market News Branch of the Agricultural Marketing Service, U.S.D.A., cover the egg and fowl market in that city. These reporters daily contact many receivers of eggs in the city. It is a general practice for one reporter from the office to visit the exchange to observe cash transactions during the spot call trading. They obtain information regarding the condition of the market and prices and quantities involved in the market transactions. A daily egg market report is issued which covers the range of egg prices in wholesale trading in the city. It also includes a description of the tone of the egg market, prices on sales of eggs on a procurement grade, a full record of spot trading and a summary of egg futures trading on the exchange. The Louisiana Federal-State Market News Service uses this report to publish Chicago prices as part of their daily Poultry and Egg Market Report. These Chicago market news prices are used almost exclusively by the egg buyers in Louisiana as base prices for determining their paying prices for locally produced eggs.

Pricing Systems

Chicago has at least two different systems of assembling, marketing and pricing eggs. Individual firms, within each of the two groups of firms, employ numerous variations in these marketing and pricing practices. This dual marketing system causes a complex structure of egg pricing practices in Chicago.

The Integrated Firms:

The large corporate food chains with fully or partially inte-
grated egg marketing operations are included in one system. These food chains own, operate, or contract with country assembling and grading stations where they purchase eggs directly from farms on a grade-yield basis; thus they seldom have need of eggs from a Chicago source. When they do trade with Chicago distributors, their purchases are likely to be only a few cases of eggs already cartoned for consumer grade and size. The eggs for which they have contracted are candled and cartoned under their trade label for distribution through their own retail outlets.

Therefore, the companies need not, and do not buy or sell on the basis of reported Chicago wholesale egg prices under quotation price agreements. Also, the companies do not buy or sell eggs on the mercantile exchange. This does not mean, however, that the firms can ignore the Chicago wholesale egg prices. As a matter of fact, the chains are very cognizant of the quotation so that they can keep their retail consumer price and producer paying price in line with these quotations. Since these firms are not included in the prices, they must use the quotation in conjunction with other reported prices, to determine their paying price at the country point.

Exchange Trading:

Participation in exchange trading has apparently decreased continuously over the past ten years or from 1947 to 1957. Newer and more direct marketing methods have supplanted old ways and traditional channels to a great extent. But, the egg quotation posted daily on the exchange remains important in the pricing of eggs in the city and at many country points in surplus as well as deficit producing areas throughout
the United States.

Most Chicago egg marketing firms, with the exception of larger independent receiver-distributors and egg breakers, do not engage in exchange trading either as members or through brokers. Most of these large independent receiver-distributors and egg breaking companies are members of the Chicago Mercantile Exchange. One important characteristic of this group of firms is that the handling of shell eggs is only a minor part of their total business. "These firms are the principal known participants in the daily spot call. Because of the common practice of trading through brokers, the total number of participants is not known. However, it could hardly be large, because the total volume of shell eggs sold on the spot call is extremely small."\(^4\)

Wholesale prices of eggs reported by the U.S.D.A. Market News Service and those egg quotations posted on the Chicago Mercantile Exchange usually are close together. Also, they usually move in the same direction at the same time (Table VII). This closeness and direction of movement is to be expected since the private and public reporters are contacting members of the same group of trading firms. The U.S.D.A. Market News Report provides a broader coverage of transactions; provides more market information; and is a prices paid report, not a quotation. The Louisiana egg buyers and others in the South use this report.

\(^4\)Ibid., p. 9.

<table>
<thead>
<tr>
<th>Month</th>
<th>Cash Sales - (Large White 65% Grade A)</th>
<th>Chicago Egg &amp; Poultry News (Large White 60% Grade A)</th>
<th>Relationship U.S.D.A. Market News With Cash Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>29.75</td>
<td>30.91</td>
<td>+1.16</td>
</tr>
<tr>
<td>February</td>
<td>-</td>
<td>32.20</td>
<td>-</td>
</tr>
<tr>
<td>March</td>
<td>30.50</td>
<td>30.67</td>
<td>+ .17</td>
</tr>
<tr>
<td>April</td>
<td>32.00</td>
<td>32.32</td>
<td>+ .32</td>
</tr>
<tr>
<td>May</td>
<td>-</td>
<td>29.13</td>
<td>-</td>
</tr>
<tr>
<td>June</td>
<td>29.37</td>
<td>29.91</td>
<td>+ .54</td>
</tr>
<tr>
<td>July</td>
<td>-</td>
<td>36.16</td>
<td>-</td>
</tr>
<tr>
<td>August</td>
<td>39.50</td>
<td>41.19</td>
<td>+1.69</td>
</tr>
<tr>
<td>September</td>
<td>45.56</td>
<td>47.24</td>
<td>+1.68</td>
</tr>
<tr>
<td>October</td>
<td>49.54</td>
<td>52.67</td>
<td>+3.13</td>
</tr>
<tr>
<td>November</td>
<td>49.75</td>
<td>50.03</td>
<td>+ .28</td>
</tr>
<tr>
<td>December</td>
<td>49.50</td>
<td>43.71</td>
<td>-5.79</td>
</tr>
</tbody>
</table>


Pritchard and Hester reported the following regarding the closeness and movement of the Market News Service price and the Exchange quotation:

In 1953 and 1954, the usual relationship of wholesale prices reported by the Market News Service to the quotations was: (1) the bottom of the range of prices reported by the Service was a half-cent below or equal to the quotation, and (2) the top of the range generally was about 1 cent to 1½ cents above the quotation. In 1954, both the Market News prices and the quotations changed on the same day 120 times. Changes in the Market News price preceded changes in the quotation by one or more days 35 times during the year. The quotation and Market News price
moved in opposite directions only 17 times, including 4 times when 1 changed but the other did not. In other words, the two prices are generally close together but neither can regularly be used as an accurate indicator of the other.5/

In 1957, the differences between the Mercantile Exchange quotation and the Market News reported price were greater than those reported by Pritchard and Hester for 1953 and 1954 prices. Also, the U.S.D.A. Market News egg prices exceeded the exchange quotation eight months of the nine reported. Only for December did the cash sales of the exchange exceed the Market News Report. This may be due to the additional factors, which might affect the market, used by the market news reporter in determining a price to be reported. The prices were, however, close together and did move in the same direction. Therefore, the Market News reported price seemed to be a reflection of the Exchange quotations.

Exchange "Spot Call" Trading:

"Although the integrated marketing firms handle more than half of the eggs marketed in Chicago, they are not directly associated with the process of establishing wholesale egg prices in the city."6/ The prices which they use in buying and selling eggs are not reported by an established market reporting service. The firms reported regularly by the U.S. Market News Service probably handle not more than 15 per cent of eggs sold in Chicago. The primary price determinant on the Chicago market continues to be the Chicago Mercantile Exchange "Spot Call" quotation. Pritchard and Hester reported the following regarding the use of the spot call quotations:

5/Ibid., p. 10.

Despite the importance of "direct" marketing methods for eggs in Chicago, the daily spot call of the Chicago Mercantile Exchange remains the basic price-registering mechanism in the market. It is supplemented in a material way by the results of street trading reported by the Market News Service. But the quotations formulated by a private market reporter, largely on the basis of spot call activity, and posted on the information boards of the exchange, are the market base prices used by the traders operating under quotation pricing arrangements with country shippers and others.\(^7\)

Only a small number of individuals and firms participate on the Chicago spot call. The trading is carried on by a small number of exchange members who trade for themselves and their clients. The principal participants probably are Chicago wholesalers.\(^8\) These wholesale firms constitute a relatively small segment of the total market for eggs in the city. Still they remain an important part of the old market channel which includes producers, first egg buyers, wholesalers, jobbers, and retailers. It is evident that this channel of trade for shell eggs is declining at a rapid rate. This decline may reduce the reliability of the spot call quotation as a base for pricing eggs in the Chicago area and in the egg deficit areas of the South.

**Volume of Trading:**

Central markets, as established in the early 1800's, are designed to perform several functions in marketing.

Terminal marketing includes the function of pricing. Market prices are determined through buying and selling activities when they are conducted by large numbers of buyers and sellers in a competitive market in which the product is moving in large volume and on a variety of grades. Because it is this type of

\(^7\)Ibid., p. 14.

\(^8\)It is difficult to define the nature of wholesalers' activities on the spot call because Chicago wholesalers act as brokers for cash and futures contracts.
trading that goes on in terminal markets, the prices currently prevailing there are accepted as representative, or base prices, which can be used in quoting prices to country shippers or to buyers in other markets.\footnote{Edward A. Duddy, The Place of Terminal Markets, (Washington, D.C.: Yearbook of Agriculture, U.S.D.A., 1954), p. 38.}

There has been increasing concern regarding the numbers of buyers and sellers and volumes traded on the Chicago market. Pritchard and Hester have demonstrated that the numbers of buyers and sellers are relatively small on the spot call trading.\footnote{Pritchard and Hester, op. cit.} It has been difficult to obtain data on volumes of eggs traded on the exchange. An attempt was made by letter to obtain this volume data directly from the Chicago Mercantile Exchange. Mr. Walter T. Kowalski, statistician for the Exchange, replied as follows:

Volumes of cash sales are not available. Cash prices by months for the years you desire are contained in the Poultry and Egg Year Books which can be purchased from the exchange at one dollar per copy.\footnote{Walter T. Kowalski, statistician for Chicago Mercantile Exchange, reply to a letter by author dated January 11, 1959, requesting data on price and volume of spot call trading on the exchange.}

Numerous other attempts were made to obtain the statistical data, (see Appendix A). However, a source was located and data were obtained from the University of Illinois, Urbana, Illinois.

The volumes of cash sales of the Exchange "spot call" trading are less than 1 per cent of the total eggs received in Chicago, (Table VIII). This agrees with Pritchard and Hester: "The volume of eggs traded on the spot call normally is only a minute fraction of the total..."
Table VIII. Relationship of Chicago Mercantile Exchange Cash Sales Volume With Total Egg Receipts for Chicago, 1951-1957.*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1.519</td>
<td>.938</td>
<td>3.430</td>
<td>.263</td>
<td>.846</td>
<td>4.475</td>
<td>1.193</td>
</tr>
<tr>
<td>February</td>
<td>.778</td>
<td>-</td>
<td>.511</td>
<td>1.140</td>
<td>2.406</td>
<td>.398</td>
<td>.194</td>
</tr>
<tr>
<td>March</td>
<td>.094</td>
<td>.023</td>
<td>2.005</td>
<td>.543</td>
<td>2.178</td>
<td>.523</td>
<td>.180</td>
</tr>
<tr>
<td>April</td>
<td>.643</td>
<td>.635</td>
<td>.166</td>
<td>.494</td>
<td>.318</td>
<td>2.238</td>
<td>.023</td>
</tr>
<tr>
<td>May</td>
<td>1.400</td>
<td>.245</td>
<td>1.209</td>
<td>.589</td>
<td>.087</td>
<td>2.310</td>
<td>.256</td>
</tr>
<tr>
<td>June</td>
<td>.242</td>
<td>.184</td>
<td>.283</td>
<td>.337</td>
<td>.445</td>
<td>.647</td>
<td>.391</td>
</tr>
<tr>
<td>July</td>
<td>.072</td>
<td>.193</td>
<td>.447</td>
<td>.835</td>
<td>1.515</td>
<td>.147</td>
<td>.458</td>
</tr>
<tr>
<td>August</td>
<td>.223</td>
<td>.262</td>
<td>.352</td>
<td>.528</td>
<td>.042</td>
<td>.432</td>
<td>.305</td>
</tr>
<tr>
<td>September</td>
<td>.326</td>
<td>.652</td>
<td>.035</td>
<td>1.11t</td>
<td>.023</td>
<td>.732</td>
<td>.215</td>
</tr>
<tr>
<td>October</td>
<td>.153</td>
<td>.478</td>
<td>.063</td>
<td>1.069</td>
<td>.747</td>
<td>.260</td>
<td>1.428</td>
</tr>
<tr>
<td>November</td>
<td>.565</td>
<td>.582</td>
<td>.218</td>
<td>.239</td>
<td>.266</td>
<td>.397</td>
<td>2.312</td>
</tr>
<tr>
<td>December</td>
<td>1.143</td>
<td>.902</td>
<td>1.090</td>
<td>.444</td>
<td>.864</td>
<td>3.022</td>
<td>.696</td>
</tr>
</tbody>
</table>

Average: .513  .425  .817  .633  .814  1.298  .638

*For monthly receipts for Chicago and total volume sales on the Chicago Mercantile Exchange, refer to Appendix B.

receipts of eggs in the Chicago Metropolitan area. Less than half of 1 per cent seems to be the normal relationship.12/ The largest percentage during the seven year period, 1951 through 1957, was 4.475% for January, 1956. The smallest percentage during this same seven year pe-

iod was .023% for March, 1952, September, 1955, and April, 1957.

The spot call trading on the Mercantile Exchange is of a thirty minute duration for five days a week. This amount, if given by hours per year, would only be 1,300 hours or 16.2 days available for egg trading. If the daily (8 hours per day) cash sales volumes were equal to the daily receipts of eggs in Chicago, the Exchange spot call trading would involve 181,732 cases per year (16.2 days total trading of 11,218 cases per day). The largest spot call trading volume during the 1951 - 57 period was 56,744 cases in 1956 ( Appendix B ).

These volume percentages indicate that the volumes moved on the spot call trading are too small to continue to be used as a base quotation in egg price determination by egg buyers of locally produced eggs.

It seems that the suitability of Chicago egg quotations in pricing eggs under the present pricing system depends largely on the economic closeness of the particular traders and transactions involved to the Chicago wholesale egg market. The Chicago egg quotations may be used with satisfactory results within the Chicago market. However, as the marketing area broadens to deficit areas, the use of Chicago egg quotations in fixing or guiding exclusively the egg buyers offer price becomes questionable.

New York Market Organization

It is doubtful if anyone knows exactly what constitutes the wholesale market for eggs in New York. There are hundreds of businesses involved in every phase of egg marketing. The trading firms consist of wholesale receivers, corporate food chains, jobbers, general food distributors and many other classifications. Apparently, the majority of
these firms are small. More than half of the estimated shell egg requirements of the New York metropolitan area are received by about forty of the largest wholesalers and corporate food chains. Like the Chicago market, the daily "spot call" quotation is the base which is used by the trade to set buying and selling prices of eggs in New York. It is hypothesized that the New York Mercantile Exchange quotation is a more valid base to use than is the Chicago quotation. Louisiana egg buyers have gradually shifted from the Chicago to the New York price as published in daily reports by the U.S.D.A. Market News Service. At the present time, a large number of egg handlers in Louisiana are using the New York price of "Midwestern" origin and classification as a base for determining prices for locally produced eggs.13/ Even though the trade has accepted the New York price, it is still doubtful that "spot call" trading there reflects adequately the volumes traded in New York to make it a reliable base for price determination. A further hypothesis is that the trade may continue to use New York quotes in absence of better pricing mechanisms.

The New York Mercantile Exchange:

Facilities for trading in cash and future contracts in eggs were provided by the formation of the New York Mercantile Exchange in 1872. The specialized marketing agency offered facilities for "futures contracts" and "spot call" trading of eggs. Membership is limited to 500 and is open to any person or firm with a good business standing. For a

13/ Mid-Western is a wholesale classification on the New York market listed as follows: Extras Including Mid-Westerns, Large 65% A, 48-50#. 
person to obtain a seat on the exchange, it is necessary to buy one from a member and to obtain the approval of the Exchange. The elected president and the executive committee govern the affairs of the Exchange, and routine business is under the supervision of the secretary and business manager.

Active trading on the Exchange is done on the daily spot call. Trading in futures contracts has not been active for several years. Like the Chicago Mercantile Exchange, only members may trade on the spot call. Here too, they may be acting for themselves or as brokers for non-members. There are definite rules as to conditions under which trading may be done. These include egg quality, weight, delivery, and payment. Offers, bids, and sales are recorded on blackboards so that the participants and the public may see while trading is done orally.

The classifications of eggs used by the exchange are shown in Table IX. These are trade classifications of long-standing and are defined in terms of U. S. Department of Agriculture Grades and Standards for shell eggs. All eggs sold on the exchange must bear certificates of quality from Federal-State egg graders. This work is under the direction of the U. S. Department of Agriculture and the New York State Department of Agriculture. Maximums have not been established as to the number of cases per lot, but a minimum of 25 cases of "Nearbys" or 50 cases of "Midwesterns" has been established.

Active trading regarding number of participants and volumes traded on the spot call, has been questioned in relation to price determination at the central market. Gerald and Pritchard reported as follows regarding the participation:
The principal participants on the daily spot call are the large New York wholesalers. As many as 75 traders may be in attendance on a given day, but typically there are less than half this number. Since many of these refrain from actual trading most of the time, the number of active traders on a given day usually represents only a small fraction of the exchange members actively engaged in marketing eggs in New York.

Table IX. Classifications of Eggs Available for Cash Trading on New York Mercantile Exchange.*

<table>
<thead>
<tr>
<th>Grade</th>
<th>Size</th>
<th>Color</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Min.10% AA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nearby</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60% A - 48-50#</td>
<td>Large</td>
<td>White Brown</td>
</tr>
<tr>
<td>55% A</td>
<td>Medium</td>
<td>White Brown</td>
</tr>
<tr>
<td>Extras Including</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midwestern</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65% A - 48-50#</td>
<td>Large</td>
<td>White Brown &amp; Mixed</td>
</tr>
<tr>
<td>55% A</td>
<td>Medium</td>
<td>White Mixed</td>
</tr>
<tr>
<td>Standards (80% B)</td>
<td></td>
<td>White Mixed</td>
</tr>
<tr>
<td>Checks</td>
<td></td>
<td>White Mixed</td>
</tr>
</tbody>
</table>


Reporters of the Urner-Barry Company and the Federal-State Market News Service regularly observe the activity on the spot call and publicly report trading results and prices. The exchange itself does not engage in pricing other than providing facilities for public trading. *The spot call, however, is an integral part of the system of

establishing and quoting base values for eggs in New York.15/

**Reporting Procedures of Private Reporting Firms:**

The Urner-Barry Company employs a staff which collects, analyzes, and reports New York wholesale prices of eggs. The company, a private organization, was established in 1858, and has since its inception published daily price quotations, a weekly report, and various other publications. These are available by subscription to persons and firms of the trade.

To collect information and quote egg prices, the private reporter of Urner-Barry Company usually calls on a number of wholesalers in the Manhattan market. The reporter collects little price information from these wholesalers, however, because practically all prices used by them for bulk-packaged, ungraded eggs are determined on the basis of his own quotation. The reporter actually feels the pulse of the market by personal contacts. He obtains information on how traders feel about the current market situation and how readily or how slowly eggs are moving in relation to actual and anticipated receipts. To this information, he adds his findings of the previous afternoon from telephone conversations with egg buyers in New York City outside the Manhattan area.

This information is analyzed prior to the opening of the spot call trading on the exchange. During the trading period, he observes all activity on the spot call. Shortly after the close of trading, the reporter announces his egg price quotations. These quotations are,

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15/Ibid., p. 13.
technically, the reporter's personal judgment of the market base prices at the moment of their release. However, they are heavily influenced by the results of exchange trading. The reporter rarely ignores closing prices of an active spot call in making his final decision on the price quotations.

Gerald and Pritchard reported as follows regarding the activity of the private reporter of Urner-Barry in making egg price quotations:

At the same time, the reporter frequently issues a quotation for a given classification of eggs when no trading activity in that classification takes place on the call. For example, in 1954, there were no sales on the exchange of Extra Fancy Heavyweight white eggs on 124 of the 248 trading days. On 52 of these 124 days, offers or bids were recorded on the call boards for these eggs, but on 92 days no activity of any type took place on eggs in this important classification. On such days, it appears that the reporter usually determines quotations for classifications not traded by the use of recent "normal" differentials from quotations established on classifications in which trading took place on that day. Frequently, the differentials used are those established on a previous day.16/

Federal-State Market News Service:

The Federal-State Market News Service maintains a staff of reporters who obtain marketing information on eggs as well as other farm products. At noon of every trading day, reports are released which contain data concerning quantities of eggs available, prices, market supplies, and other pertinent information. These reports are distributed free of charge to any persons who request them. Also, the major news wire services are supplied with these reports. Weekly summary reports are also issued. Every day these reporters contact the principal egg buyers in the city, from whom they receive their information.

Also, one reporter is present for the daily spot call to observe trading on the exchange.

In addition to reporting egg prices, receipts, and related market information and comments, the Service reports prices for street trading in wholesale quantities during the most recent 24 hour period. Service reporters regularly search for independently priced transactions, but most of their price information is received as price differentials from the quotation published daily by the Urner-Barry firm.

The New York egg prices published in the daily reports and weekly summaries issued by the Market News Service are used as base prices by Louisiana egg buyers in determining paying prices for eggs produced locally.

Exchange "Spot Call" Trading:

The firms that participate in the establishment of wholesale egg prices are the link in the traditional and declining market channel consisting of farmer, country shipper, city wholesaler, jobber, and independent retailer. They represent primarily one segment of the New York market area. The number engaging in active trading on the exchange spot call is small. Only one of these firms which represents country shippers and farmers is highly active on the spot call trading. However, representatives of a few other organizations of egg producers and egg shippers participate occasionally.

The New York firms, like the Chicago firms, who handle most of the eggs received in the city do not participate directly in the trading that serves as the principal basis for the quotations. They may, however, exert an indirect influence on market base prices. It may be felt
through the effects of their purchasing and distribution activities on country purchases and direct receipts. It appears that large corporate chain stores may also exert an indirect influence on market base prices by their influence on retail prices and movements of egs.

Participation in spot call trading on the exchange probably is largely confined to a few of the larger wholesalers and brokers. A representative of a group of farmers' marketing cooperatives may also participate in the spot call trading. Gerald and Pritchard reported the action of the group as follows:

In a practical sense, this group may be thought of as a sort of informal pricing committee without a fixed or defined membership. They carry on a marketing function which the egg trade as a whole has left to them, more or less by default. These traders are generally well informed on egg marketing conditions, particularly in New York City and its principal supply areas. Furthermore, as a group, they are interested primarily in obtaining customary, or larger, margins on the eggs they handle, and only secondarily in price levels.17/

Even with the decreasing number of individuals and firms participating in the spot call trading, it is still the price-registering mechanism for base price quotations in the New York Market.

Volume of Trading:

The volume of eggs traded on the spot call of the exchange is usually small. This has raised questions regarding the adequacy of this sample of transactions for accurate registering of market base prices. It has been estimated by Gerald and Pritchard that the following percentage of total receipts were supplied by: (1) Large independent wholesalers 40%, (2) large corporate food chains 20%, and (3) other

17/Ibid., p. 18.
receivers and distributors 40%. These, of course, are approximations and error involved would allow for a minute volume to be attributed to the spot call trading.

Numerous attempts were made to obtain volumes of eggs sold on the New York Mercantile Exchange spot call trading. It was felt that the exchange itself would be the logical place to obtain this information. In a letter from Mr. John W. Clagett, Executive Director (see Appendix A) the following information was obtained:

"It will not be possible for me to give you the volume and prices of each grade of the eggs sold on this Exchange inasmuch as the system for keeping this information is not such that we can readily tabulate and supply it to you."18/

All other attempts turned up similar futile results, (Appendix A). Gerald and Pritchard have studied the New York wholesale market and have reported as follows regarding volume of trading on the spot call of the Exchange:

Activity on the spot call may also be measured by the number of offers, bids, and sales, and by the volume of eggs sold. In April, 1951, for example, there were 22 spot calls and 109 sales in all 13 classifications, involving 8,982 cases of eggs. Based on estimated disappearance, this volume is about 0.7 per cent of the estimated 1.2 million cases received in the city that month. During the fall of the year 1954, it is estimated that about 0.5 per cent of total disappearance of eggs in the city were sold on the exchange.19/

The central market egg quotations of Chicago and New York will continue to be influential in price formation at other market points.


However, their influence seems likely to continue to decline. Expansion of reporting of egg movements, prices and market conditions in the major producing areas will hasten this decline. These central markets have lost or are losing the functions normally associated with terminal markets and now are essentially no more than large consuming areas. As the central markets become larger, and larger consuming centers and smaller volumes are involved in cash sales trading on the Mercantile Exchanges, the use of the cash sales trading as a base for egg price determination should become inactive. This, of course, creates the need for a stronger system of pricing and reporting egg transactions at other levels in the marketing system and at more decentralized points where production of eggs is being balanced with the demand for eggs.

Commodity exchanges of central markets have been compared by some economic theorists as fulfilling most of the specifications of a "Perfectly Competitive" market. This, perhaps, was true when many buyers and sellers used the exchange as a market place, and large volumes of eggs were moved. However, in the past ten years the Mercantile Exchanges of Chicago and New York have developed more toward an oligopoly-oligopsony market structure. (See Chapter II for discussion.)

The numbers of buyers and sellers in egg futures and cash sales have continued to decrease on both exchanges. In fact, no trading in egg futures has taken place on the New York Mercantile Exchange for several years. This has created a condition where only a few buyers and sellers deal in eggs on the exchange. This makes it necessary for each buyer and seller to ask himself what will be the effect of his action
upon the behavior of the other firms. Each firm participating on the exchange has the opportunity to become a "dominant firm." For example, if a firm who buys eggs on the exchange is large enough to handle such a large proportion of the eggs offered for sale that the other firms individually ignore any influence they may have on prices, this firm becomes a dominant firm. Thus, it would be able to set buying and selling prices for eggs. Some of the egg trade has raised questions as to the possibilities of egg price manipulations on the exchanges. If a "dominant firm" were present in the oligopoly-oligopsony exchange market, this might be one possible explanation of this question of price manipulation.

Another possibility that might exist on the mercantile Exchanges is the market condition of "several dominant firms." This condition might describe more closely the actual structure of the exchange markets. If this is the structure, the few dominant firms could avoid price competition among themselves in buying and selling by collusion, market-sharing, and price leadership, and other conventions of oligopoly-oligopsony.

The small number of firms participating in cash sales of eggs and the small volumes of eggs traded indicate that the Chicago and New York Mercantile Exchanges' cash sales market structure approaches one of oligopoly-oligopsony. Also, there are indications of a few dominant firms influencing the price of those eggs traded on the "spot call."
CHAPTER IV

EGG PRICE AND QUALITY DIFFERENTIALS

Egg prices for surplus and deficit producing areas are determined from the base quotation issued by the Chicago and New York Mercantile Exchange "Spot Call" trading. Historically, these quotations reflect the trading of a few individuals for a relatively small volume of eggs. These quotations are determined for wholesale classifications of eggs.\(^1\) Egg buyers use this wholesale quotation as a base for determining the paying price for eggs at the producer level. Country point egg buyers in deficit areas seem to ignore quality differences, or assume homogeneity of product, in determining paying price for locally produced eggs. Apparently, the only factor considered is the transportation costs from production areas to consuming areas.

Transportation Costs and Product Prices

Numerous forces cause geographic differentials in prices for various products. Transportation cost seems to be the most important one in deficit areas. Egg buyers in Louisiana seem to adhere closely to the theoretical influence of costs of transportation on product cost. Heady treats this problem as follows:

The price at any particular producing point tends, aside from

\(^1\)Wholesale classifications of eggs range from 55 to 80 per cent of A quality eggs. These are quoted for large and medium sizes.
collusion or special agreements between rival producers of transportation and processing services, to vary directly with distance from the central market or consuming center. Under competitive conditions, the price to the producer would be central market price less the cost of transportation services between the production location and the consuming center. Under this situation and in the absence of variations in costs of other processing of in-transit services, the geographic pattern of prices would tend to be of the nature outlined in Figure 10.2

![Distance from Market](image)

**Distance from Market**
(100 miles)

*Figure 10. Distance From Market and Egg Price Determination.*

The upper portion of Figure 10 assumes that (1) each producer has equal access to the consuming center indicated as C and (2) transportation media are not more available for one producer than for others.

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An iso-price boundary (circles such as $P_1$, $P_2$, $P_3$, and $P_4$, indicating equal prices to producers) exists for each point equally distant from the market. The price is the same for all producers on a given line and is equal to the central market price less the cost of transportation from the producing point to the central market. On boundary line $P_1$, the egg producer price is 42 cents per dozen. This represents the central market price of 43 cents less 1 cent cost for transportation.

The lower portion of Figure 10 illustrates the degree of decline in the producer price as the point of production becomes more distant from the market. This relationship between price and distance is easily detected in data which relates prices received by farmers, and distance to their markets. In 1954, Topeka, Kansas, received an average of 36.7 cents per dozen for eggs while Dodge City, Kansas, received only 35.4 cents per dozen. This difference of 1.3 cents per dozen, assuming other variables constant, was due to transportation charges and distance from a Kansas City, Missouri, market. In the illustration given, the distance from market was proportional to the producer price. The transportation cost of 1.3 cents per dozen did not vary with distance. However, in actual practice, transportation media may lower their rates for longer distances. Also, "back-hauling" practices by fruit and vegetable refrigerated trucks have a tendency to change the usually calculated cost of transportation per unit.3/

Seldom do the iso-price lines demonstrate as much uniformity

3/"Back-hauling" is a situation where trucks hauling fruit and vegetables from production to consuming areas contract return loads at below usual rate to defray cost of return trip for the trucking agency.
about a given market as is indicated in Figure 10. Price contours around a single market or several markets tend to assume a pattern such as that illustrated in Figure 11. The lines delineating the iso-price boundary tend to vary irregularly from the consuming center or central markets. This is due to topography, variation in accessibility to main transportation arteries, rates which vary with distance, and other physical and economic forces. 

![Diagram of egg price contours](image)

Figure 11. Location and Price Boundaries.

Egg prices received by farmers are influenced by several factors. The above transportation presentation gives only one variable factor while others are kept constant. The Cornell egg price map, Figure 12, illustrates the differences in price received by farmers for eggs in 1946-59. If transportation were the only factor, it would seem logical that the areas of Louisiana, lower Georgia and upper Florida would receive approximately the same price for eggs. However, there

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1/ Heady, op. cit., p. 643.

2/L. B. Darrah, Classroom Laboratory Workbook, Cornell University Dept. of Agricultural Economics.
is a seven-cent differential in prices for eggs in these three areas. It appears that other economic factors such as local supply-demand relations, income levels, and perhaps egg quality are involved in these egg price differentials.

Egg Pricing Methods Used by Louisiana Egg Buyers

Louisiana egg buyers use several methods of determining their offer price for locally produced eggs. The two most important factors seem to be the central market price report and transportation costs from the central market to their business. Late in 1957, a survey was taken of 12 egg buyers in Louisiana in an effort to determine the pricing methods used.6/

Table X. Use of Various Market Prices as a Base for Determining Paying Price for Locally Produced Eggs, Louisiana Egg Buyers, 1957.

<table>
<thead>
<tr>
<th>Combination</th>
<th>Chicago - New York</th>
<th>Chicago</th>
<th>New York</th>
<th>La. mkt.</th>
<th>Other</th>
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<td>Commission</td>
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Table X illustrates that four buyers used the Chicago reported price as their base price. Only one buyer relied entirely on the reported New York Price. Two employed a combination of the Chicago-New York price while four used the Louisiana Market News Service reported price. The egg buyers using the Louisiana Market Commission daily reported price were actually using the central market price plus

6/Only egg buyers handling over 200 cases per week were surveyed. See Appendix G.
Fig. 12 Average Prices Received by Farmers for Eggs, 1946-1950.
or minus transportation. The Louisiana Market Commission price in 1957, was determined by telephone contact with egg buyers at various points in Louisiana. Their paying prices for Grade A, large, medium and small were reported. The buyers contacted were those using Chicago or New York as the base for determining their paying price for eggs. Thus, those buyers reporting Louisiana Market Commission as a base price were actually reporting a central market price plus or minus transportation charges. Since 1957, it is reported that the New York quote has largely replaced the Chicago quotes.

To insure an adequate and constant supply of eggs, Louisiana egg buyers have purchased the bulk of their eggs from the Midwest. Table XI indicates that about 79 per cent of eggs handled by the 12 Louisiana egg buyers surveyed for January, April, July and September, 1957, were obtained from outside the state. These same buyers obtained about 21 per cent from local producers. It has been estimated that local production supplied approximately one-third (33%) of the state egg needs during 1957. Therefore, it is apparent that more direct egg marketing is still important in Louisiana.

Several factors have been responsible for direct selling by producers. An important one is the 18 to 30-cent price spread between the producer and consumer price. Another factor is that producers have not fully understood the marketing service cost and the net profits taken by the first buyer and retailer. The lack of understanding of the price spread and the alternative marketing opportunity for the producer have been dominant factors for direct marketing. The attitude of the producer toward egg buyers and the attitude of egg buyers toward
 producers may also be a factor. Louisiana egg producers strive to maximize profit by always selling to the highest price offered. This is favorable for them in the summer and fall when egg supplies are low and selling alternatives are available. In the spring, however, this type of action is not possible because the large seasonal supply of eggs eliminates selling alternatives and forces the producer to market through a first egg buyer. This condition may change as large commercial flocks replace small backyard flocks. The tendency is for the producer of table eggs to capture a market for his egg production and to channel total supply in that direction.7/

The Louisiana egg buyers pack grade A large, medium, and small, grade B large, and candled current receipt eggs. For the selected

7/E. P. Roy, Economic Integration in Marketing Table Eggs, Dept. of Agricultural Economics, Litho. Circular 225, 1956, pp. 30-34.
months in 1957, the buyers graded and packed 31.6% grade A large, 5.2% grade A medium, 1.1% grade A small, and 0.2% grade B large. The balance, or 61.9% were candled current receipt (Table XII). The practice of Louisiana egg buyers of purchasing eggs from the Midwest on a wholesale classification has influenced the volume of eggs that are packed as candled current receipts.

Table XII. Volumes of Various Grades Packed by Louisiana Egg Buyers for Selected Months in 1957 (Cases).

<table>
<thead>
<tr>
<th>Month</th>
<th>Large</th>
<th>Grade A Medium</th>
<th>Small</th>
<th>Grade B Large</th>
<th>Candled Current Receipt</th>
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</thead>
<tbody>
<tr>
<td>January</td>
<td>13,215</td>
<td>2,361</td>
<td>471</td>
<td>40</td>
<td>25,301</td>
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<tr>
<td>April</td>
<td>9,204</td>
<td>1,207</td>
<td>242</td>
<td>60</td>
<td>19,742</td>
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<tr>
<td>July</td>
<td>9,653</td>
<td>1,527</td>
<td>419</td>
<td>80</td>
<td>18,849</td>
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<tr>
<td>September</td>
<td>11,700</td>
<td>2,013</td>
<td>427</td>
<td>110</td>
<td>21,754</td>
</tr>
<tr>
<td>Total</td>
<td>43,772</td>
<td>7,111</td>
<td>1,559</td>
<td>290</td>
<td>85,649</td>
</tr>
<tr>
<td>Per Cent</td>
<td>31.6</td>
<td>5.2</td>
<td>1.1</td>
<td>0.2</td>
<td>61.9</td>
</tr>
</tbody>
</table>

Egg buyers packed 85,649 cases of eggs in Candled Current Receipt classification in four months in 1957. This was 61.9% of all the eggs packed for this period. This large percentage of eggs being packed as candled current receipts may have resulted from a need for an outlet of the eggs not of A quality. It was an easy matter to "cream out" the A quality eggs for a top pack and lump the balance in the lower classification. The influence of price, as a major factor in determining purchasing habits of consumers for eggs, may also exert pressure for an egg buyer to pack and distribute large volumes of candled current
receipts, particularly in areas with lower purchasing power. Some Louisiana egg buyers feel it is imperative that they offer a wide variety of quality and price items in eggs to better cover the purchasing power and habits of all possible consumers. The Louisiana Egg Law as it existed in 1957 was also a contributing factor to the large volumes of eggs being sold in this classification.

Price and Quality Differences

Egg price differentials as reported by Louisiana egg buyers ranged from a plus four to a minus four cents per dozen from the reported price used as a base for determining paying price for locally produced eggs (Table XIII).

Table XIII. Paying Price for Eggs Above or Below Base Price Used by Egg Buyers, Louisiana, 1957.

<table>
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<tr>
<th></th>
<th>+4</th>
<th>+3</th>
<th>+2</th>
<th>+1</th>
<th>0</th>
<th>-1</th>
<th>-2</th>
<th>-3</th>
<th>-4</th>
<th>Total</th>
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<td>2</td>
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<td>2</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>20*</td>
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</table>

*Total greater than number of plants surveyed as some gave a + and - paying differential from base used.

Eight egg buyers did not use a differential in determining their paying price for local eggs. Only one buyer reported a spread of from minus four cents to plus four cents per dozen. Most buyers remarked as follows about their price to producers of local eggs: "We determine the difference above or below the base price by the supply of eggs, our stock on hand and the general tone of the market." Quality difference was not mentioned as a factor in paying price determination by the buyers.

The Louisiana reported egg price differed from the Chicago and New York reported egg price every month for 1954, 1955, 1956, and 1957
(Table XIV). The range in price differences of the Louisiana and Chicago market for the four-year period was a minus 4.42 cents per dozen in September, 1956, and a plus 15.23 cents per dozen in December, 1954. The Louisiana and New York reported prices for the four-year period differed from a minus 7.80 cents per dozen in September, 1957, to a plus 11.26 cents per dozen in December, 1954. 8/

The average price differential decreased yearly for both central markets. The 1957 average differential of a minus 3.80 cents per dozen to a plus 2.09 cents per dozen is well within the range of the differentials reported by the Louisiana egg buyers for the same year. The differentials existing between the Louisiana reported price and the Chicago and New York reported prices appear to be large enough to include economic factors other than transportation costs. The delineation of the kinds of factors and the amounts of the differential attributed to each is not available from these data.

Quality differences exist between eggs purchased from Midwest on central market wholesale quotations and locally produced eggs delivered to the egg buyers. Egg buyers must hand-candle each individual egg from out-of-state shipments to be sure to meet the regulations of the Louisiana egg law. 9/ On the other hand, with controlled quality of locally produced eggs, it is necessary only to strip-light the eggs to

8/For actual per dozen prices for Chicago, New York, and Baton Rouge for 1954, 1955, 1956, and 1957, see Appendix C.

9/Hand-candle is the process where each egg is placed before a light (usually 300-400 ft. candles of power) and the quality determined by interior factors.
Table XIV. Shell Egg Price Differentials Between Louisiana and Chicago and Louisiana and New York by Months, 1954-1957.  

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<tr>
<th>Month</th>
<th>Chicago²</th>
<th>New York³</th>
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<tbody>
<tr>
<td></td>
<td>Cents per Dozen</td>
<td>Cents per Dozen</td>
</tr>
<tr>
<td>January</td>
<td>+13.72 + 9.55 + 7.00 +8.09</td>
<td>+ 9.72 +6.65 +3.91 +4.11</td>
</tr>
<tr>
<td>February</td>
<td>+ 8.17 +1.63 +11.06 +5.80</td>
<td>+ 4.93 -1.16 +6.11 +2.53</td>
</tr>
<tr>
<td>March</td>
<td>+ 0.54 +2.03 + 5.01 +2.33</td>
<td>- 2.04 -1.22 +2.08 -0.94</td>
</tr>
<tr>
<td>April</td>
<td>- 2.50 +3.56 + 4.50 +1.18</td>
<td>- 6.73 +1.15 +1.29 -3.26</td>
</tr>
<tr>
<td>May</td>
<td>+ 5.91 +4.86 +2.89 +3.87</td>
<td>+ 0.94 +1.15 -0.08 +1.39</td>
</tr>
<tr>
<td>June</td>
<td>+ 5.72 +1.42 +2.82 +3.09</td>
<td>+ 3.01 -2.10 -0.45 +0.32</td>
</tr>
<tr>
<td>July</td>
<td>+ 0.75 +10.39 -1.67 +1.44</td>
<td>- 0.74 +6.31 -6.12 -3.10</td>
</tr>
<tr>
<td>August</td>
<td>+ 9.60 +4.73 +2.43 -0.19</td>
<td>+ 7.44 +0.76 -1.54 -0.72</td>
</tr>
<tr>
<td>September</td>
<td>+ 7.17 +0.16 +4.42 -0.24</td>
<td>+ 5.48 -4.00 -7.32 -7.80</td>
</tr>
<tr>
<td>October</td>
<td>+ 6.78 -1.12 +0.43 -3.07</td>
<td>+ 5.09 -2.88 -2.40 -6.03</td>
</tr>
<tr>
<td>November</td>
<td>+ 5.94 +1.44 +1.87 +0.47</td>
<td>+ 2.21 -1.01 -2.71 -3.85</td>
</tr>
<tr>
<td>December</td>
<td>+15.23 +0.49 +5.39 +4.29</td>
<td>+11.26 -3.92 +2.09 -0.74</td>
</tr>
<tr>
<td>Average</td>
<td>+ 7.22 +3.66 +4.34 +3.17</td>
<td>+ 5.56 +5.00 +3.49 +2.09</td>
</tr>
<tr>
<td></td>
<td>- 2.50 -1.12 -3.04 -1.16</td>
<td>- 3.33 -2.33 -2.07 -3.80</td>
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</table>


⁴For June, July, August, September, October, November, and December, 1956, and January, 1957, an average Louisiana Grade A Large price was used as Baton Rouge price was not reported.
meet the same requirements. 10/ Locally produced eggs are usually of such high quality that the per unit cost of grading and packing is below that required for eggs of a wholesale classification. Louisiana egg buyers seem to offer prices for these local eggs without regard to quality differences. If this difference of from 10 to 35 per cent higher quality were taken into consideration and a price adjustment were made for this higher quality, the price schedule would resemble the calculated adjustments shown in Table XV. For example, if the price of a "Midwestern extra white 60% A quality minimum" delivered to a Louisiana egg buyer is 35-cents per dozen in case lots, the buyer could offer 40.8 cents per dozen for a yield of 70% A quality and 55.4 cents per dozen for a yield of 95% A quality from locally produced eggs. This would adjust for a differential in quality between a wholesale classification shipped-in and a consumer classification for eggs delivered him by local producers of eggs. An arithmetic ratio was used in calculating the price which should be offered for various A quality yield of local eggs: (The wholesale price per dozen of eggs) is to (the per cent A quality in the classification) as (the price that should be paid) is to (the actual A quality yield in each lot of locally produced eggs). At 35 cents per dozen 60% A wholesale price and a 70% A yield, the ratio would be: 35/60 \times \frac{X}{70} = 40.8.

The adjustments thus obtained numerically, agree with conclusions reached by other workers who may not have otherwise numerically substan-

10/Strip-light is the process where eggs are passed over a light as they are being sized and the obvious checks, stains, spots, and oversize eggs are removed. (Occasionally, a definite low-grade is re-moved.)
Table XV. Calculated Paying Price Adjustment for Higher Quality Yields of Locally Produced Eggs.

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<tr>
<th>If Extras Large White If Locally Produced Eggs Yield Quality of:</th>
<th>60% A Quality Minimum Price Is:</th>
<th>70%</th>
<th>75%</th>
<th>80%</th>
<th>85%</th>
<th>90%</th>
<th>95%</th>
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</table>

Source: Original calculations by author.
tiated their conclusions. Roy, in an address to the Association of
Southern Agriculture Workers, concluded as follows:

The argument here is that Midwestern Candled Current Re­
ceipts at 57-cents per dozen at the retail store are no match
for 63-cents local Grade A large eggs. In fact, preliminary
research conducted at L.S.U. indicate that when local Grade A
large cartoned eggs sell for 63-cents per dozen then the Mid­
western Candled Current Receipt eggs should not sell for over
49-cents when adjusted for interior quality, egg size, and
condition of shell.11/

11/E. P. Roy, Marketing Table Eggs in a Growing Southern Market,
Association of Southern Agricultural Workers Proceedings of Marketing
Section, 55th Annual Convention, Little Rock, Arkansas, February, 1958.
CHAPTER V

MARKET NEWS REPORTING

Since its beginning in 1915, the Federal Market News Service has been regularly collecting and distributing complete market information. In reality, the Market News Service of the United States Department of Agriculture is six separate services. Each service deals with a separate group of commodities: livestock, dairy and poultry, fruit and vegetables, grain, tobacco, and cotton. Each has its own specialized methods, points of emphasis, and terms that are used in reporting the commodities concerned. The information is used by farmers, dealers, processors, buyers, and other people in all walks of life concerned with the marketing of agricultural products. Its timeliness and accuracy are very important. Market News serves the agricultural industry in the following ways.1/

1. It strengthens the farmer's bargaining position. Market news provides pertinent information on which farmers can base their asking prices with confidence. They do not have to rely solely on the statements of buyers in deciding what prices they should accept for their crops.

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2. It protects the farmer and shipper against fraud. The seller can protect himself against fraud by comparing prices paid for the commodity shipped to market against the market news report price of that day.

3. It points out those markets where prices are highest. The farmers and others are able to direct their products to those markets where the prospects for highest prices are best.

4. It expands market outlets for commodities. Through complete information from the reports, producers are able to use other market outlets for their commodity.

5. It lowers the cost of marketing. By replacing hearsay or biased information with reliable market news, the risks involved in buying, selling, and owning agricultural commodities are reduced. It increases the speed of the movement of perishable products to market, thus reducing spoilage and loss.

6. It reduces special advantage. Market news information is available to all who wish it without charge. Those people, who in the absence of market news would have an advantage because of private information, are forced to compete more equally with everyone else.

7. It provides acceptable evidence for court action. Where legal action is required to settle marketing disputes, market news reports are considered prima facie evidence of the market price in all courts.

Poultry and egg producers and marketing people have been particularly insistent since World War II on getting more information from more markets, in more detail, and more accurately. Changes in producing
and marketing techniques have brought about a need for changes in market news reporting of shell egg prices.

Shell Egg Reporting 1951-57

All grade classifications reported from two market news reports for 1951 through 1957 were recorded. The market news reports used were the Federal-State daily poultry and egg reports from Louisiana and Kansas. Seventy-four different grade, size, and color classifications were recorded on I.B.L. cards from the reports (Table XVI). There were 13 different grade combinations of Rehandled Current Receipts and 12 different combinations of Candled Current Receipts classifications. The most confusing classifications occurred in the wholesale grades where 33 different classifications appeared. Sixteen consumer grade classifications were recorded. All classifications reported covered every grade, size, and color description available in the egg trade. 2/ There was a great degree of inconsistency in the reporting from day to day of the various classifications.

Price reporting has been and is used to prepare trend and outlook information which is useful to the egg industry. The lack of consistent reporting of the various grade classifications makes the pricing data less reliable as a tool for outlook information on eggs. Not one of the 74 egg grade classifications appeared on every one of the reports. It was not possible to calculate monthly average prices by grade for every classification. In fact, the most consistently reported group was the consumer grades and they were not continuous for every market

2/For examination of all classifications, refer to Appendix D.
Table XVI. Shell Eggs: Grade, Size, and Color Classifications Recorded, Kansas and Louisiana Reports, 1951-57.1

<table>
<thead>
<tr>
<th>Classification Description</th>
<th>No. of Classification Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehandled Candled Current Receipts</td>
<td>13</td>
</tr>
<tr>
<td>Candled Current Receipts</td>
<td>12</td>
</tr>
<tr>
<td>Wholesale Grades</td>
<td>33</td>
</tr>
<tr>
<td>Consumer Grades</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74</strong></td>
</tr>
</tbody>
</table>

1/The four broad categories listed contained a number of distinctly different grade, size, or color descriptions. i.e., Rehandled Candled Current Receipt, small, Rehandled Candled Current Receipts, brown, grade A large, etc.

used. In Figure 13 and Figure 14 is illustrated the irregularity with which the Rehandled Candled Current Receipts and the Consumer Grade A appeared on the report for the period covered for the Baton Rouge market.2/

The terminology used in the two market reports over the seven-year period was more than adequate to describe the market, Table XVII. These terms seem to describe too closely the actual conditions of the market. Terms such as "about steady" and "barely steady" appear to describe equal market tone conditions. It seems that the terms used in each category could be reduced in number to cover the situation and tone, thus reducing the confusion for those using the market news

2/For the irregularity of grade price reporting for other markets, Refer to Appendix D.
Fig. 13 Shell Eggs: Prices Reported, Rehandled Candled Current Receipts, No Size

Source: Louisiana Federal-State Market News Service
Fig. 11: Shell Eggs: Prices Reported, Grade A Large, Baton Rouge, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service
reports. The tremendous number of grade, size, and color classifications reported, the lack of a consistent price report for a specific grade, and the large number of descriptive terms used indicates the need for an improved method of price reporting for shell table eggs.

Model Report

For a market news egg price report to be of use to the total egg industry, it must meet certain specifications. The various market news categories to be described in a report are the supply situation, demand situation and market tone.

Supply refers to the quantity of product available for the current day's market. Wherever possible, it should show the absolute quantity divided into current shipments and carry-over from previous days. If actual volumes are not available, terms such as "excessive," "adequate," "short," etc., should be used. The grade classification should be given with the supply whenever it is significant.

The demand situation for the commodity should be expressed in relation to available supply. It is the desire to possess a commodity, coupled with the willingness and ability to buy. Terms such as "light," "fair," "good," etc., should be used to describe demand on a given day.

The market tone refers to the condition of the price for the commodity offered. Terms such as "steady," "weak," "very firm," etc., should be used to describe the tone of the market. These will give a measure of price fluctuation for the day.
Table XVII. Categories and Terms Used by Two Market News Reports to Describe Egg Market, 1951-57.

<table>
<thead>
<tr>
<th>Supply Situation</th>
<th>Demand Situation</th>
<th>Market Tone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy</td>
<td>No Demand</td>
<td>Very Firm</td>
</tr>
<tr>
<td>Slightly Heavy</td>
<td>Light</td>
<td>Firm</td>
</tr>
<tr>
<td>Light</td>
<td>Fair</td>
<td>Steady to Firm</td>
</tr>
<tr>
<td>Increasing</td>
<td>Improved</td>
<td>Steady</td>
</tr>
<tr>
<td>Decreasing</td>
<td>Good</td>
<td>About Steady</td>
</tr>
<tr>
<td>Adequate</td>
<td>Heavy</td>
<td>Barely Steady</td>
</tr>
<tr>
<td>Scarce/Short</td>
<td>Exceeds Supply</td>
<td>Weak</td>
</tr>
<tr>
<td>Good</td>
<td>Slow</td>
<td>Unsettled</td>
</tr>
<tr>
<td>Moderate</td>
<td>Uneven</td>
<td>Irregular</td>
</tr>
<tr>
<td>Fair</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A model report would use the categories and terms given in Table XVIII to describe market tone and situation. These three categories would supply the user of the report with enough information to assist in developing trends and outlook information which would influence present and future marketing decisions for shell table eggs.

These market terms should be defined and published with the daily market news report at least two times per year. Standard definitions would read as follows:

1. Excessive Supply: A condition where supply is greater than demand will move it. This usually indicates a drop in price is forthcoming.
Table XVIII. Model Categories and Terms Needed to Describe Egg Market Situation.

<table>
<thead>
<tr>
<th>Supply Situation</th>
<th>Demand Situation</th>
<th>Market Tone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excessive</td>
<td>Light</td>
<td>Firm</td>
</tr>
<tr>
<td>Adequate</td>
<td>Good</td>
<td>Steady</td>
</tr>
<tr>
<td>Short</td>
<td>Exceeds Supply</td>
<td>Weak</td>
</tr>
</tbody>
</table>

2. Adequate Supply: This indicates a condition where supply is sufficient to cover the demand at the present price.

3. Short Supply: There is not enough egg supply to meet the demand. This usually indicates a rise in price in the near future.

4. Light Demand: Demand condition when buyers are few and the total volume of business is small.

5. Good Demand: This indicates firm confidence on the part of the buyer that general market conditions are good. It represents a satisfactory condition with consistent trading.

6. Exceeds Supply: Usually indicates a supply condition wherein some buyers are unable to secure stock for immediate delivery. May exist during periods of light, moderate or even liberal supplies when buyers are anxious to buy.

7. Firm Market: Indicates a condition of increasing confidence on the part of most sellers, because of present or expected demand, lighter supplies, etc. Prices are holding at the level of the day before or a shade higher.

8. Steady Market: Represents a condition in which there are no appreciable price changes or trends in either direction. Usually
represents a normal movement with consistent trading, with no definite sentiment that any immediate market changes are in prospect.

9. Weak Market: Indicates a downward trend to the market. It implies a condition of market sentiment that anticipates lower prices the following day. Prices are usually lower, and there is often a general feeling that the full course of the decline has not been run, and that further decreases are in prospect.

To best serve the egg trade, the report should cover only the following grade classifications:

1. Consumer Grade A Extra Large
2. Consumer Grade A Large
3. Consumer Grade A Medium
4. Consumer Grade A Small

These grade classifications and/or their derivatives should be reported for three levels of the egg trade. Modern production and marketing practices lend themselves to price reporting at the (1) "producer" level or prices paid by the wholesaler to the producer for the various grades of eggs; the (2) "wholesale" price received from the retailer, and the (3) "retail" price received from the consumers. Personnel trained in market news gathering and reporting should be used to obtain this egg price and volume information. This should be accomplished by telephone contact with selected producers of table eggs to obtain the prices they have received from the wholesaler (first buyer) for the consumer grades to be reported. Also, telephone reports should be obtained from wholesalers and retailers to obtain price and volume of eggs moved for each consumer grade to be reported. This system of
obtaining data should develop into one that would be effective in reporting more accurate egg pricing information to the egg trade. This would develop into a market news reporting form containing the following information:

**Eggs:** Description of supply and demand situation.

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I. Prices paid local producers, cases exchanged, 80% Grade A:

- Large: (Range of Reported Prices), Mostly (66% Volume Reported Prices)
- Medium: (Range of Prices), Mostly (Range of Prices)
- Small: (Range of Prices), Mostly (Range of Prices)

II. Prices paid by retailer to wholesaler for cartoned consumer grades, store delivery, cases included for the week ending (date).

<table>
<thead>
<tr>
<th>Grade A</th>
<th>Large</th>
<th>Medium</th>
<th>Small</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Volumes - Price Range of Reports</td>
<td>Same as for Large</td>
<td>Same as Large</td>
<td></td>
</tr>
<tr>
<td>Case Volumes Moved at Each Price</td>
<td>&quot; &quot; &quot; &quot; &quot; &quot;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

III. Retail egg prices for consumer grades at principal city in state for week ending (date).

<table>
<thead>
<tr>
<th>Grade A</th>
<th>Large</th>
<th>Medium</th>
<th>Small</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Volumes - Price Range of Reports</td>
<td>Same as for Large</td>
<td>Same as Large</td>
<td></td>
</tr>
<tr>
<td>Case Volumes Moved at Each Price</td>
<td>&quot; &quot; &quot; &quot; &quot; &quot;</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1Principal cities to include any city in each state determined as principal by market news supervisor or representative.

The "range and mostly price" reported at each level of the egg
trade would be a weekly price and would not change in a mid-week report unless a drastic condition developed in the market.

Since this model was developed several market news services have changed their system of reporting egg prices. In late 1957, the Federal Market News Service began a pilot report at two locations in the United States. The method used for this reporting was as follows:

**Jackson, Mississippi, Egg Market**

Supplies fairly well balanced for a mostly good demand. Market position unchanged. Prices paid and reported volume to retailer for Tuesday, June 3: (Intra-Company deliveries not included).

**Consumer Grades, Store Door Delivery, in Cartons:**
- Whites
  - Grade A Extra Large 49¢ (5 cases) all at 49¢
  - Grade A Large 45-50¢ (87 cases) 29% at 45; 68% at 47; 3% at 50¢
  - Grade A Medium 42¢ (60 cases) all at 42¢
  - Grade A Small 35¢ (19 cases) all at 35¢
  - Grade B Large 41¢ (50 cases) all at 41¢

Since the Jackson, Mississippi, market news report began reporting a volume in conjunction with price paid, several other locations have revised their reports. Producers and egg buyers in Louisiana have become very interested in the market news reporting of eggs. Several members of the egg trade asked for a meeting with Experiment Station, Agricultural Extension, State Department of Agriculture, and Market News personnel to discuss better methods of reporting.

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Louisiana egg prices. After much discussion concerning market news reporting, the group agreed that the Louisiana Market News, Poultry and Egg Report, should be changed to carry the following information:

**Louisiana Poultry and Egg Report**

Eggs: Market slightly weaker, demand slow to fair, mostly slow. Supplies adequate to excessive. Prices paid local producers, cases exchanged, 80% Grade A large 24-30, mostly 26-28¢, medium 20-27, mostly 23-26¢, small 16-20, mostly 16-18¢.

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**Louisiana Prices to Retailers for Consumer Grade Cartonied Eggs, Store Delivery, Cases Included for Week Ending April 18, 1959.**

<table>
<thead>
<tr>
<th>Grade A Large</th>
<th>Medium</th>
<th>Small</th>
</tr>
</thead>
<tbody>
<tr>
<td>2619 Cases 36-43 Cents</td>
<td>1187 Cases 23-38 Cents</td>
<td>23¢ Cases 27-31 Cents</td>
</tr>
<tr>
<td>57¢ @ 36¢</td>
<td>20¢ @ 32¢</td>
<td>36¢ @ 27¢</td>
</tr>
<tr>
<td>22¢ @ 38¢</td>
<td>25¢ @ 33¢</td>
<td>30¢ @ 29¢</td>
</tr>
<tr>
<td>2¢ @ 39¢</td>
<td>17¢ @ 34¢</td>
<td>24¢ @ 31¢</td>
</tr>
<tr>
<td>11¢ @ 40¢</td>
<td>14¢ @ 35¢</td>
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<tr>
<td>8¢ @ 43¢</td>
<td>24¢ @ 38¢</td>
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Retail Egg Prices at Principal Stores in Louisiana for Week of April 13-18, 1959.

**Grade "A" Cartoned**

| Large, Regular Sales: | Mostly 41-47¢ per doz. some low as 39¢, some high as 55¢ |
| Special Sales: | 38-39¢, some low as 35¢ |

| Medium, Regular Sales: | Mostly 37-39¢, some low as 34¢, others 40-42¢ |
| Special Sales: | None |

| Small, Regular Sales: | Mostly 35 and 40¢ |
| Special Sales: | None |

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1/Cities included in this report are New Orleans, Baton Rouge, Shreveport, and Monroe.

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Meeting attended by author, E. P. Roy, Clyde Ingram, Burl Watts, Walter DeCuir, Ralph Germany, R. B. Johnson, Olin Joffeion, and others.

The group requesting this type of egg report felt that the egg producers, egg buyers, and retail stores would all benefit from this type of reported information.

The reporting system used by the Louisiana Federal-State Market News Service for eggs approaches closely the model developed by the author in 1957. The information given to the egg trade by such a report will surely come close to fulfilling the seven ways market news serves the agricultural industry given at the beginning of this chapter.

It should be the aim of all persons concerned with market news reporting to continue to improve reporting information and techniques.
CHAPTER VI

SUMMARY AND CONCLUSIONS

Summary

With the changing system of marketing, the growing importance of egg production in Louisiana and in the deficit South has caused an increased interest by producers and others in price determination and price reporting for local markets. The development of the producer-egg buyer, retailer-consumer system of marketing has raised questions regarding the use of central market quotations as a pricing base for eggs in deficit areas. The increased quality of eggs produced and delivered by farmers has caused concern about country-buyer pricing systems and their relation to quality. Also, the tremendous number of shell egg classifications appearing in Federal-State Market News reports add to the confusion concerning shell egg prices.

Theoretical price determination was treated for several market structures. The over-simplified illustration of supply and demand in the "Perfect Competitive" market structure was used as a starting point for comparison. To demonstrate the complexity of pricing, price determination was presented for the varied market structures of "Monopolistic Competition," "Perfect Oligopoly," and "Imperfect Oligopoly."

There were three primary objectives in this study:

Objective one was to determine the extent that central
market quotations reflect egg volume movements in the central market. This was approached by defining the integral parts of the central markets of Chicago and New York. Volumes of eggs moved on the Chicago Mercantile Exchange "spot call" trading were compared with total receipts at the Chicago market.

The total egg market of Chicago consists of several hundred receivers and distributors. A very small number of these handle most of the eggs received in the city. Over half of the total eggs received in Chicago are handled by large corporate chains. These handlers seldom need to purchase eggs from established egg wholesalers and never participate in cash sales egg trading on the Chicago Mercantile Exchange. Therefore, the large volumes of eggs moving directly from the country points to corporate chains have no direct influence on the Exchange egg quotation. The volume of eggs needed to be traded on the Exchange has been reduced by this change in marketing procedure.

The Exchange pricing of eggs continues to be determined by a small number of Chicago wholesalers and egg breaking firms. Their business has declined to only a fraction of the total eggs marketed in Chicago.

The volume of trading of cash sales on the Chicago Mercantile Exchange by these firms for 1951-1957, was less than 1% of the total receipts of shell eggs in the city. Only one year of the seven, 1956, did the cash sales volume exceed one per cent of total receipts (1.29%).

The small volumes of eggs traded on the Exchange, the irregularity of sales, the absence of trading in the classifications of eggs making up most of the market receipts, and the participation of only
a small number of traders, raise serious doubts that the trading in cash sales on the Exchange is large enough to reflect market values accurately. Serious doubts are also raised on the use of the cash sales quotation as a base price for country egg buyers to determine paying price for locally produced eggs.

The New York egg market structure and pricing process are similar to the system in Chicago. However, New York wholesalers handle a larger share of the egg receipts in their market, and a larger number of traders are active on the New York Mercantile Exchange. The aggregate volume of cash sales trading is larger on the New York Exchange than it is on the Chicago Exchange. Also, most of the deficiencies of the Chicago pricing process are present in New York. These are the extremely small number of participants and the very small volume of eggs moved by cash sales trading on the Exchange. The volume of cash sales in New York is less than one per cent of total receipts of shell eggs.

One private reporter on each of the Mercantile Exchanges determines the Exchange cash sales price quotation after each day's trading for specific classifications of eggs. The price quotation is determined by actual cash sale trading of eggs for the period covered on the Exchange with very little use being made of egg transactions by other important segments of the trade.

The egg trade continues to rely heavily on the traditional pricing system of the Mercantile Exchanges of Chicago and New York for establishing paying prices for eggs. This system establishes quotation on a relatively small volume of eggs and does not reflect the basic market forces affecting the movement of eggs, the bulk of which bypasses
the wholesale market. The root of the pricing problem is the lag in
the development of pricing methods to meet the needs of modern decen-
tralized egg marketing. The combined efforts of the egg trade, farmers,
farm organizations, research and extension workers, and Federal agencies
are needed to develop new and improved pricing and price reporting sys-
tems. To accomplish a new and improved pricing system for eggs, it will
be necessary to expand research to involve the following:

(1) Study and analyze the number needed of participants and
volumes of eggs sold on the "spot call" trading for this to be a valid
system of price quotations.

(2) Study possibilities and means of broadening the base of
exchange trading.

(3) Study the reliability of retail pricing of eggs based on
elasticities of demand for large consumption centers.
The study of these and other alternatives might reveal them to be im-
practicable or otherwise unsatisfactory, but they deserve consideration.

The second objective was to determine the extent to which
price differences reflect differences in quality. This was approached
by analyzing the differences in quality and price reported between
Baton Rouge and Chicago, and Baton Rouge and New York. A simple arith-
metic ratio was used to develop a table of prices which would have to
be paid local producers of high quality eggs to adjust for quality
differentials.

Louisiana egg buyers use several methods of determining their
paying price for locally produced eggs. The most common method is to
use a reported price of a central market and add or subtract transporta-
tion charges. Four buyers used Chicago reported price, one buyer used a New York-Chicago combination, and four used the reported price of the Federal-State Market News of Louisiana.

Egg buyers offered from a plus 4 to a minus 4 cents per dozen from the base price for locally produced eggs. Eight buyers used the reported price as their paying price for locally produced eggs and 10 buyers reported adding or subtracting plus or minus one or two cents per dozen to or from the base used.

Seventy-nine per cent of the eggs purchased by 12 Louisiana egg buyers for four selected months in 1957, originated from out-of-state, while 21 per cent were from eggs produced in Louisiana. During this period, 38 per cent of the eggs handled were packed in a consumer Grade A classification, and 62 per cent were packed in a Candled Current Receipt classification.

There were egg price differentials existing between a Baton Rouge reported price and a Chicago and New York reported price. The greatest differential of a Chicago and New York price from a Baton Rouge price was +15.23 cents and +11.26 cents per dozen, respectively, for December, 1954. The difference between the Baton Rouge price and the Chicago and New York prices decreased each year, and in 1957, was well within the 4 cents differential reported as used by Louisiana egg buyers. This indicates that pricing techniques of Louisiana egg buyers were changing and were becoming nearer and nearer the central market reported prices. The larger differences in 1954, 1955, and 1956, indicate that Louisiana buyers considered factors other than transportation in determining their paying price for eggs. However, it is doubtful
that quality differences were reflected in the price differentials exhibited in these years.

A simple ratio formula on egg prices was employed to calculate a table which would correct for quality differences between a Louisiana paying price and a central market reported price. The ratio of: \((\text{Price of wholesale classification}) \) to \((\text{the Grade A yield of classification})\) as \((\text{price that should be paid})\) is to \((\text{Grade A yield of local eggs})\) was used to adjust for quality differences in determining price for locally produced eggs. This produces a price differential to adjust only for quality. It ranges from 4.2 cents per dozen if wholesale 60% A quality eggs are 25 cents per dozen, to 35 cents per dozen if wholesale 60% A quality eggs are 60 cents per dozen when locally produced eggs yield 95% A quality. The calculated quality differences, within the usual price range for central market eggs (30¢ to 50¢ per dozen), are greater than differentials shown from prices reported for the three markets concerned.

Objective number three was to design a price-report form which would be more useful to the trade than the one now in use. Egg price reports from the Federal-State Market News Services of Kansas and Louisiana were used to develop criticism of present news reporting. A model form was developed which would be of greater use to the egg trade.

Seventy-four different grade, size, and color classifications were recorded over a seven year period from two Federal-State daily market news reports. None of the seventy-four classifications were reported on every issue of the two reports. Most of the classifica-
tions were reported with a high degree of irregularity.

Numerous supply, demand, and market tone descriptive terms were used to describe the market. It was difficult to determine, with any degree of accuracy, the differences between terms such as firm, very firm, heavy, etc.

A model egg price reporting form was developed to try to remove some of the confusion existing from the old-type reports. An effort was also made to produce information that would be of greater value to the egg trade. This report contained the following information:

1. Three Market Categories
   (a) Supply Situation
   (b) Demand Situation
   (c) Market Tone

2. Descriptive Terms for Categories
   (a) Supply Situation
      (1) Excessive
      (2) Adequate
      (3) Short
   (b) Demand Situation
      (1) Light
      (2) Good
      (3) Exceeds Supply
   (c) Market Tone
      (1) Firm
      (2) Steady
      (3) Weak
3. Cover only Consumer Grades
   (a) Consumer Grade A Extra Large
   (b) Consumer Grade A Large
   (c) Consumer Grade A Medium
   (d) Consumer Grade A Small

4. Report Prices
   (a) Prices paid local producers
   (b) Received by Wholesaler from Retailer
   (c) Received by Retailer from Consumer

5. Volumes of Eggs Moved at Each Price
   (a) From Wholesaler
   (b) From Retailer

6. Prices would only be published once each week unless drastic changes in all market conditions occurred.

This type of price reporting for eggs would be more useful and less confusing to all segments of the egg trade. This would make it possible for the producer to be aware of price spreads between his price and the price the consumer pays for his eggs. It would also be helpful to the wholesaler and retailer in setting their prices to be competitive with the trade. Volumes reported would make it possible for all concerned to place some degree of validity on the price as it related to volumes needed and reported. Additional stress should be placed on the use of market news reporting as trend and outlook information instead of as a base for establishing paying prices for eggs.
Conclusions

Information and data analyzed in this study pointed to the following conclusions:

1. The small number of participants and the minute volume of eggs moved on "spot call" trading of the Chicago and New York Mercantile Exchanges make it doubtful that the Exchanges' price quotations are valid bases for pricing eggs to producers at country points.

2. There were small differences shown between Chicago and New York wholesale prices and Baton Rouge reported prices. These differences were sufficient to cover more than transportation charges but not large enough to allow for the differences in quality between the central market wholesale classification and locally produced eggs sold to first egg buyers.

3. A model price reporting form for eggs was developed. This report should improve the reporting of information so that it would be more useful to the egg trade in preparing outlook and trend information.
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A. BOOKS


B. BULLETINS


C. CIRCULARS

Farris, P. L. "The Pricing Structure for Poultry and Eggs at the First Assembly Point in Two Indiana Areas." Purdue Agricultural Experiment Station, Circular No. ID-8. Lafayette, Indiana: Purdue University, 1956.


Roy, E. P. "Economic Integration in Marketing Table Eggs." Department of Agricultural Economics, Circular No. 225. Baton Rouge, Louisiana: Louisiana State University, 1958. (Litho.)

D. GOVERNMENT REPORTS


E. PERIODICAL

APPENDIX
New York 13, N. Y.
February 10, 1959

Mr. Harry E. Hathaway
Assoc. Poultry Marketing Specialist
State Of Louisiana University
University Station
Baton Rouge, Louisiana

Dear Mr. Hathaway:

Receipt is acknowledged of your letter dated January 27, 1959, in which you requested certain information regarding the grades and movements of eggs through the New York Mercantile Exchange. The enclosed sheet will give you the grades of eggs that are traded on the cash boards of the New York Mercantile Exchange.

It will not be possible for me to give you the volume and prices of each grade of the eggs sold on this Exchange inasmuch as the system for keeping this information is not such that we can readily tabulate and supply it to you.

There is also enclosed herewith a copy of a futures contract for a 200 case Refrigerator Processed White Shell Eggs. Inasmuch as this contract has just been introduced there has been very little futures trading therein. I thought, however, that you might be interested in receiving the terms of this contract particularly in regard to the grades of eggs that are deliverable thereon.

Very truly yours,

John W. Clagett
Executive Director
New York Mercantile Exchange
Corner Hudson and
Harrison Streets

JWC:af
enc.
APPENDIX A-2

COPY

Chicago 6, Illinois
February 11, 1959

Mr. Harry E. Hathaway
State of Louisiana
University Station
Baton Rouge, Louisiana

Dear Sir:

This is in reply to your letter of January 27th in which you request considerable information on cash eggs handled by the Chicago Mercantile Exchange.

All grades of eggs move through the exchange. While, the exchange carries quotations only for White Large, Mixed Large, Mediums, Standards, Dirties and Checks, there is no reason why other eggs cannot be substituted when making delivery. In other words, there is no rule which prohibits the delivery of 75 or 80% "A" against a 70% "A" trade.

Volumes of cash sales are not available. Cash prices by months for the years you desire are contained in the Poultry and Egg Year Books which can be purchased from the exchange at one dollar per copy. I might add at this time, that the 1950 and 1952 editions are out of print.

My apology for not writing sooner, but out-of-town conventions have kept me away from my desk.

Sincerely,

Walter T. Kowalski
Statistician
Chicago Mercantile Exchange
110 No. Franklin Street

WTK: vm
Washington 25, D. C.
February 11, 1959

Mr. Harry E. Hathaway
Louisiana State University
University Station
Baton Rouge, Louisiana

Dear Mr. Hathaway:

In reference to your request for egg futures statistics, you may find useful the summary data on volume of trading, open contracts, and prices on the Chicago Mercantile Exchange included in the attached issue of Commodity Futures Statistics, 1957-58. Issues of Commodity Futures Statistics for earlier years (ended June 30) are available if you want them. The yearbook of the Chicago Mercantile Exchange includes daily data, but futures, on volume of trading, open contracts, and prices.

Futures trading in eggs on the New York Mercantile Exchange has been inactive for several years except for a brief period in the latter part of 1958.

Very truly yours,

R. Corbin Dorsey
Trading and Reports Division
U.S.D.A.
Commodity Exchange Authority

Attachment
Mr. Harry E. Hathaway  
Associate Poultry Marketing Specialist  
Louisiana State University  
University Station  
Baton Rouge, Louisiana

Dear Mr. Hathaway:

Thank you for your letter of February 12 regarding a publication on egg pricing quotations. As yet the material on this study has not been published. I will send you a copy as soon as it is completed. I hope it will be in time to be of benefit to you.

I suppose you are familiar with the two USDA publications along this same line. Their Market Research Report No. 173 is titled Pricing Eggs At Wholesale in Chicago and St. Louis. Their Market Research Report No. 210 is titled Pricing Eggs at Wholesale in New York City. You might also be interested in the information in Purdue Station Bulletin 648 titled The Pricing of Indiana Eggs at Country and Terminal Markets.

I hope this information is of some benefit to you. Good luck with your dissertation.

Very truly yours,

J. R. Roush  
Assistant Professor  
Agricultural Economics  
College of Agriculture  
University of Illinois

JRR: mor
Mr. Harry E. Hathaway  
Associate Poultry  
Marketing Specialist  
Extension Service  
Louisiana State University  
Baton Rouge, Louisiana  

Dear Mr. Hathaway:

I am forwarding your letter of February 11 requesting some statistical information on volumes and prices of cash eggs and futures contracts on the Chicago and New York Mercantile Exchanges to the Commodity Exchange Authority of this Department. I do not happen to have such information in this office. Incidentally, I believe that there has been no futures trading in New York for at least several years.

I believe that both the Chicago and New York Mercantile Exchanges publish annual reports which contain some statistical information and that the Exchanges would be glad to send you copies on request.

Sincerely yours,

Norris T. Pritchard  
Head, Poultry Section  
Market Organization and Costs Branch  
United States Department of Agriculture  
Agricultural Marketing Service
Mr. Harry E. Hathaway  
Associate Specialist in Poultry Marketing  
Louisiana State University  
Baton Rouge, Louisiana

Dear Mr. Hathaway:

This is written in response to your letter of February 21 regarding volume of eggs traded on the Chicago and New York Mercantile Exchange spot call.

The manuscript which I am preparing does not contain this information. To the best of my knowledge, the only place where this is available for the Chicago market is on the individual daily market reports put out by the United States Department of Agriculture, Agricultural Marketing Service. This agency carried this information on their report up through the spring of 1958. They no longer carry it. I do not know whether the New York report by the same agency gives the volume of trading on the New York Mercantile Exchange.

Apparently the only way to obtain this information is to accumulate it from the individual daily reports. These reports are on file in the USDA library. They can be obtained on a loan basis through the inter-library loan system.

I have copies of the Chicago report back through 1950. I would be happy to let you borrow these if you cannot obtain them from Washington.

I hope this information is of some help to you. If we can be of further assistance, please let us know.

Very truly yours,

J. R. Roush  
Assistant Professor  
Agricultural Economics  
College of Agriculture  
University of Illinois

JRRiks
Dear Mr. Hathaway:

In your recent letter you asked for the volume and prices of eggs which were sold on the Spot Call of the Chicago Mercantile Exchange for past years. We used to carry this information on our Daily Market Reports but this has been discontinued. We did not make summaries of this information. The data is available in daily records at the Chicago Mercantile Exchange but I doubt very much if any summaries were made. You might ask them for it. You could address the Exchange statistician, Mr. Walter Kowalski, 110 N. Franklin Street, Chicago 6, Illinois.

Very truly yours,

F. R. Simpson
Dairy and Poultry Market News Branch
Agricultural Marketing Service
U.S.D.A.
536 South Clark Street

Chicago 5, Illinois
March 6, 1959
Mr. Harry E. Hathaway  
Assoc. Poultry Marketing Spec.  
Cooperative Extension Work  
University Station  
Baton Rouge, Louisiana  

Dear Sir:

We have your letter of March 5, in which you requested the statistical data showing the Cash sales on the New York Mercantile Exchange by volume and prices for the years 1951 through 1958. I have exhausted practically every avenue known to me trying to get this data for you.

According to our reports we published the sales on the New York Mercantile Exchange from quite some time back (I have a personal file 1950 to date). However, it is not compiled in such form that it would be readily available. In other words I would have to do one of two things. Either I would have to tabulate those for you day by day or I would have to send you a copy of our daily report. In either event this would appear to be an almost impossible task. We do not have available either the time or the personnel that we could do this. Neither do we have all copies of those years available so that we could mail them to you, and even if we did you could see that it would be a rather bulky package.

I checked with the New York Mercantile Exchange and they told me that they have a record of each days sales, but do not have it published so that it would be available to you by mail. I have also checked with the Urner Barry Co. (Private publishing Agency) who also reports the New York Market and they told me that they have done just what we did, publish it by days but did not compile it in such a form that it could be mailed to you other than by mailing there "Daily Price Current".

In view of the foregoing I am somewhat at a loss to suggest what might be done other than if you were ever in New York or were somewhere that you would have available to you our daily report or the Urner Barry "Price Current" so that you might take the data from these daily reports.

If you have any suggestion I would be glad to look into it to see what might be done in this regard.
Again we are sorry that we are unable to give you the information you desire at this time.

Very truly yours,

L. C. Giffin
Officer in Charge, USDA
Agricultural Marketing Service
139 Centre Street, Room 603

lcg:cc
Mr. Harry E. Hathaway  
Associate Poultry Marketing Specialist  
Louisiana State University  
University Station  
Baton Rouge, Louisiana  

Dear Mr. Hathaway:

I have received your letter of March 18 regarding your inability to obtain copies of the Chicago Market News Reports for 1951 through 1957.

Of the two alternatives which you suggest, I would prefer to have the data copied here. I believe I can get it done for about $1.10 an hour. Before starting the project, it is necessary for me to know whether you wish to have only the sales on the "spot call" or if you wish to have the bids and offers also. It will probably take about one-third the time to tabulate sales only as it would to tabulate bids and offers as well as sales. But the bids and offers are available and we will be happy to tabulate them if you should desire to have them.

We shall start work as soon as we receive your reply.

Very truly yours,

James R. Roush  
Assistant Professor  
Agricultural Economics  
College of Agriculture  
University of Illinois  

JRRiks
New York 13, New York
April 20, 1959

Mr. Harry E. Hathaway
Assoc. Poultry Marketing Spec.
Cooperative Extension Work
Baton Rouge, Louisiana

Dear Mr. Hathaway:

As I pointed out to you in my letter of March 10th, I do have a personal file here in the office from 1950 to date. In as much as I have frequent use for this file for reference, I would hesitate to send it to you.

About a year ago the Chief of Records Management visited us and insisted that we cut down on the material being carried in our files. He, therefore, made arrangements to have all our older records transferred to the Records Center at 641 Washington Street, New York 15, New York; and all excess destroyed.

In view of the foregoing we have at least one suggestion that might be made. If you could engage some research organization or anyone that you know, we are willing to make working space available for them in our office to get the information together for you. Or we could arrange for them to go to the Records Center and obtain the information at that source. Another possibility would be a library, but a check of our mailing list does not reveal any such library in your area.

We regret that we are not in a position to offer to compile the data for you, but we are required to get along with a minimum of clerks and our technical staff is usually at a minimum or below which does not afford anyone to be assigned the work and to expect it to be done within a reasonable length of time. I'm sure you are aware of the tremendous task involved to list all sales, offers and/or bids.

While there might be a few days when there was only limited activity on the New York Mercantile Exchange, there would be other days when there would be considerable trading.

Very truly yours,

L. C. Giffin
Officer in Charge
USDA

Agricultural Marketing Service
APPENDIX B-1


<table>
<thead>
<tr>
<th>Month</th>
<th>1951</th>
<th>1952</th>
<th>1953</th>
<th>1954</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>337,102</td>
<td>5,119</td>
<td>1,519</td>
<td>3,204</td>
</tr>
<tr>
<td>Feb.</td>
<td>314,678</td>
<td>2,149</td>
<td>.778</td>
<td>511,905</td>
</tr>
<tr>
<td>Mar.</td>
<td>370,690</td>
<td>350</td>
<td>.094</td>
<td>435,935</td>
</tr>
<tr>
<td>Apr.</td>
<td>421,065</td>
<td>2,707</td>
<td>.643</td>
<td>434,630</td>
</tr>
<tr>
<td>May</td>
<td>538,998</td>
<td>2,156</td>
<td>.400</td>
<td>525,489</td>
</tr>
<tr>
<td>June</td>
<td>400,614</td>
<td>971</td>
<td>.212</td>
<td>342,005</td>
</tr>
<tr>
<td>July</td>
<td>276,191</td>
<td>200</td>
<td>.072</td>
<td>232,587</td>
</tr>
<tr>
<td>Aug.</td>
<td>226,717</td>
<td>511</td>
<td>.223</td>
<td>206,623</td>
</tr>
<tr>
<td>Sept.</td>
<td>184,151</td>
<td>600</td>
<td>.326</td>
<td>179,053</td>
</tr>
<tr>
<td>Oct.</td>
<td>195,587</td>
<td>300</td>
<td>.153</td>
<td>189,971</td>
</tr>
<tr>
<td>Nov.</td>
<td>213,269</td>
<td>1,375</td>
<td>.565</td>
<td>182,125</td>
</tr>
<tr>
<td>Dec.</td>
<td>311,521</td>
<td>3,561</td>
<td>1,143</td>
<td>273,282</td>
</tr>
<tr>
<td>Totals</td>
<td>3,822,576</td>
<td>20,299</td>
<td>6,158</td>
<td>3,858,015</td>
</tr>
<tr>
<td>Av.</td>
<td>318,548</td>
<td>1,691</td>
<td>.513</td>
<td>321,501</td>
</tr>
</tbody>
</table>

3 Mercantile Exchange
### APPENDIX B-2

**SHELL EGGS: TOTAL MONTHLY RECEIPTS FOR CHICAGO, CASH SALES VOLUMES OF THE CHICAGO MERCANTILE EXCHANGE, AND THE PERCENT CASH SALES VOLUMES ARE OF TOTAL RECEIPTS FOR 1955-56-57.**

<table>
<thead>
<tr>
<th>Month</th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>321,027</td>
<td>2,741</td>
<td>.846</td>
</tr>
<tr>
<td>February</td>
<td>255,653</td>
<td>6,152</td>
<td>2.406</td>
</tr>
<tr>
<td>March</td>
<td>370,485</td>
<td>8,070</td>
<td>2.178</td>
</tr>
<tr>
<td>April</td>
<td>606,699</td>
<td>2,112</td>
<td>.348</td>
</tr>
<tr>
<td>May</td>
<td>685,899</td>
<td>600</td>
<td>.087</td>
</tr>
<tr>
<td>June</td>
<td>420,230</td>
<td>1,870</td>
<td>.445</td>
</tr>
<tr>
<td>July</td>
<td>258,048</td>
<td>3,909</td>
<td>1.515</td>
</tr>
<tr>
<td>August</td>
<td>212,301</td>
<td>900</td>
<td>.42</td>
</tr>
<tr>
<td>September</td>
<td>184,809</td>
<td>424</td>
<td>.023</td>
</tr>
<tr>
<td>October</td>
<td>193,993</td>
<td>1,150</td>
<td>.711</td>
</tr>
<tr>
<td>November</td>
<td>215,861</td>
<td>575</td>
<td>.266</td>
</tr>
<tr>
<td>December</td>
<td>251,645</td>
<td>2,175</td>
<td>.864</td>
</tr>
<tr>
<td>Totals</td>
<td>3,979,650</td>
<td>30,978</td>
<td>9.767</td>
</tr>
<tr>
<td>Average</td>
<td>311,638</td>
<td>2,538</td>
<td>.811</td>
</tr>
</tbody>
</table>


^3 Mercantile Exchange
# APPENDIX C-1

**SHELL EGGS: MONTHLY PRICES OF EGGS FOR CHICAGO, NEW YORK AND BATON ROUGE AND THE PRICE DIFFERENCE BATON ROUGE IS FROM CHICAGO AND NEW YORK FOR THE YEARS OF 1954 AND 1955.**

<table>
<thead>
<tr>
<th>Month</th>
<th>1954</th>
<th>1955</th>
<th>Diff. 1</th>
<th>Diff. 2</th>
<th>Diff. 3</th>
<th>Diff. 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B.R.</td>
<td>Chicago</td>
<td>N.Y.</td>
<td>B.R.</td>
<td>Chicago</td>
<td>N.Y.</td>
</tr>
<tr>
<td>January</td>
<td>61.00</td>
<td>47.28</td>
<td>+13.72</td>
<td>51.28</td>
<td>+ 9.72</td>
<td>63.00</td>
</tr>
<tr>
<td>February</td>
<td>53.50</td>
<td>45.03</td>
<td>+ 8.47</td>
<td>48.57</td>
<td>+ 4.93</td>
<td>44.00</td>
</tr>
<tr>
<td>March</td>
<td>41.40</td>
<td>40.86</td>
<td>+ 0.54</td>
<td>41.06</td>
<td>- 0.10</td>
<td>43.80</td>
</tr>
<tr>
<td>April</td>
<td>36.50</td>
<td>39.00</td>
<td>- 2.50</td>
<td>43.23</td>
<td>- 6.73</td>
<td>41.00</td>
</tr>
<tr>
<td>May</td>
<td>41.00</td>
<td>36.59</td>
<td>+ 5.91</td>
<td>40.06</td>
<td>+ 0.94</td>
<td>39.50</td>
</tr>
<tr>
<td>June</td>
<td>41.00</td>
<td>35.28</td>
<td>+ 5.72</td>
<td>37.99</td>
<td>+ 3.01</td>
<td>38.40</td>
</tr>
<tr>
<td>July</td>
<td>43.00</td>
<td>42.25</td>
<td>- 0.75</td>
<td>42.71</td>
<td>- 0.74</td>
<td>47.80</td>
</tr>
<tr>
<td>August</td>
<td>52.00</td>
<td>42.40</td>
<td>+ 9.60</td>
<td>44.56</td>
<td>+ 7.44</td>
<td>52.00</td>
</tr>
<tr>
<td>September</td>
<td>53.00</td>
<td>45.83</td>
<td>+ 7.17</td>
<td>47.52</td>
<td>+ 5.28</td>
<td>52.50</td>
</tr>
<tr>
<td>October</td>
<td>48.80</td>
<td>42.02</td>
<td>+ 6.78</td>
<td>43.71</td>
<td>+ 5.09</td>
<td>49.80</td>
</tr>
<tr>
<td>November</td>
<td>44.90</td>
<td>38.96</td>
<td>+ 5.94</td>
<td>42.69</td>
<td>+ 2.21</td>
<td>52.00</td>
</tr>
<tr>
<td>December</td>
<td>47.00</td>
<td>31.77</td>
<td>+15.23</td>
<td>35.74</td>
<td>+11.26</td>
<td>52.00</td>
</tr>
</tbody>
</table>

**Average**

|            | 46.93 | 40.52 | + 7.22 | 43.52 | + 5.56 | 46.32 | + 3.66 | 46.42 | + 5.00 |

1Baton Rouge - Grade A Large 80% A. Source: Federal State Market News Report, Baton Rouge, La.
3Difference between Baton Rouge and Chicago and Baton Rouge and New York egg prices.
### APPENDIX C-2

**SHELL EGGS: MONTHLY PRICES OF EGGS FOR CHICAGO, NEW YORK AND BATON ROUGE AND THE PRICE DIFFERENCE BATON ROUGE IS FROM CHICAGO AND NEW YORK FOR 1956 AND 1957.**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>51.80</td>
<td>54.80</td>
<td>7.00</td>
<td>47.89</td>
<td>3.91</td>
<td>30.91</td>
<td>8.09</td>
<td>34.89</td>
</tr>
<tr>
<td>February</td>
<td>51.00</td>
<td>39.91</td>
<td>+11.06</td>
<td>42.89</td>
<td>8.11</td>
<td>32.20</td>
<td>+5.80</td>
<td>35.47</td>
</tr>
<tr>
<td>March</td>
<td>46.50</td>
<td>41.49</td>
<td>+ 5.01</td>
<td>44.42</td>
<td>2.08</td>
<td>30.67</td>
<td>+2.33</td>
<td>33.94</td>
</tr>
<tr>
<td>April</td>
<td>44.30</td>
<td>39.79</td>
<td>+ 4.50</td>
<td>43.01</td>
<td>1.29</td>
<td>32.50</td>
<td>+1.82</td>
<td>34.32</td>
</tr>
<tr>
<td>May</td>
<td>42.20</td>
<td>39.31</td>
<td>+ 2.89</td>
<td>42.28</td>
<td>- 0.08</td>
<td>33.00</td>
<td>+ 3.87</td>
<td>31.61</td>
</tr>
<tr>
<td>June</td>
<td>40.00</td>
<td>37.18</td>
<td>+ 2.82</td>
<td>40.45</td>
<td>- 1.15</td>
<td>33.00</td>
<td>+ 3.09</td>
<td>36.09</td>
</tr>
<tr>
<td>July</td>
<td>40.00</td>
<td>41.67</td>
<td>- 1.67</td>
<td>44.12</td>
<td>- 4.12</td>
<td>36.60</td>
<td>+ 0.44</td>
<td>39.70</td>
</tr>
<tr>
<td>August</td>
<td>41.00</td>
<td>38.57</td>
<td>+ 2.43</td>
<td>42.94</td>
<td>- 1.54</td>
<td>41.00</td>
<td>- 0.19</td>
<td>40.81</td>
</tr>
<tr>
<td>September</td>
<td>43.00</td>
<td>47.74</td>
<td>- 4.72</td>
<td>51.45</td>
<td>- 7.32</td>
<td>47.00</td>
<td>- 4.29</td>
<td>51.29</td>
</tr>
<tr>
<td>October</td>
<td>45.00</td>
<td>44.57</td>
<td>+ 0.43</td>
<td>47.94</td>
<td>- 2.40</td>
<td>49.60</td>
<td>+ 3.07</td>
<td>52.67</td>
</tr>
<tr>
<td>November</td>
<td>42.00</td>
<td>40.13</td>
<td>+ 1.87</td>
<td>44.12</td>
<td>- 2.71</td>
<td>50.50</td>
<td>+ 4.17</td>
<td>54.35</td>
</tr>
<tr>
<td>December</td>
<td>40.00</td>
<td>34.61</td>
<td>+ 5.39</td>
<td>37.91</td>
<td>+ 2.09</td>
<td>40.10</td>
<td>+ 3.17</td>
<td>43.27</td>
</tr>
<tr>
<td>Average</td>
<td>43.90</td>
<td>40.79</td>
<td>+ 3.11</td>
<td>44.00</td>
<td>+ 3.19</td>
<td>40.10</td>
<td>+ 3.17</td>
<td>43.27</td>
</tr>
</tbody>
</table>

3. Difference between Baton Rouge and Chicago and Baton Rouge and New York egg prices.

*For June, July, August, September, October, November, December of 1956, and January, 1957, an average Louisiana Grade A Large price was used since Baton Rouge was not reported.*
APPENDIX D-1

GRADE, SIZE, AND COLOR CLASSIFICATIONS OF SHELL EGGS REPORTED BY KANSAS AND LOUISIANA FEDERAL-STATE MARKET NEWS SERVICE, 1951-1957.

Rehandled Candled Current Receipts, No Size
Rehandled Candled Current Receipts, Brown
Rehandled Candled Current Receipts, Large and Extra Large
Rehandled Candled Current Receipts, Medium
Rehandled Candled Current Receipts, Large White
Rehandled Candled Current Receipts, Small
Rehandled Candled Current Receipts, Medium White
Rehandled Current Receipts, Medium - (No Minimum)
Rehandled Current Receipts, Extras Out, All White
Rehandled Current Receipts, Extras Out, Mixed Color
Rehandled Current Receipts, Extras Out, (No Color or Size)
Rehandled Current Receipts, Large
Candled Current Receipts, No Size
Candled Current Receipts, Large
Candled Current Receipts, Medium
Candled Current Receipts, Large Brown
Candled Current Receipts, Brown
Candled Current Receipts, Large White
Candled Current Receipts, Medium White
Candled Current Receipts, 65% A Large
Candled Current Receipts, 75% A Medium
Candled Current Receipts, Mixed Colors
Current Receipts
Current Receipts, Selected Large White
APPENDIX D-2

GRADE, SIZE, AND COLOR CLASSIFICATIONS OF SHELL EGGS REPORTED BY KANSAS AND LOUISIANA FEDERAL-STATE MARKET NEWS SERVICE, 1951-1957.

Wholesale Classifications

Extras, Large, Mixed Colors, 70% A
Extras, Large, No Color, 60% A
Extras, Large, White, 60% A
Extras, Large, Brown, 60% A
Extras, Large, Mixed Colors, 60% A
Extras, Medium, Mixed Colors, 60% A
Extras, Medium, 70% A
75% A Medium
Extras, Medium, Processed, 60% A
80% or above A, Medium
65% A Large
Extras, Large, 40-60% A
Extras, Extra Large, 60% A
U. S. Specials, 20% AA or Better
Extras, Large, 80% B
Extras, 70% A Large, Brown (or 70% A Large Brown)
Extras, 70% A Large, White (or 70% A Large White)
Extras, 80% A, Large (or 80% A, Large)
Extras, 70% A, Large, No Color
Extras, White - No Min. Specified
Pee Wee (Ungraded)
Pullet
Checks
APPENDIX D-3

GRADE, SIZE, AND COLOR CLASSIFICATIONS OF SHELL EGGS REPORTED BY KANSAS AND LOUISIANA FEDERAL-STATE MARKET NEWS SERVICE, 1951-1957.

"Standards" 20% Qual. or Better (80% B Qual. or Better)

Dirties

Mixed Colors, No Size

Mixed Colors, (Med.) (Med. Mixed Colors) 70% A

40% A, Large, Extras, Brown and Mixed

Extras, 60% A, Small, White

Min. 10% AA, 60% A, Large, White

Min. 10% AA, 60% A, Med., White

Min. 10% AA, 60% A, Small, White

Large Brown and Med., White

<table>
<thead>
<tr>
<th>Consumer Classifications</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade A, Jumbo</td>
<td>Grade B, Medium</td>
</tr>
<tr>
<td>Grade A, Extras Large</td>
<td>Grade B, Small</td>
</tr>
<tr>
<td>Grade A, Large</td>
<td>Grade B, (No Size)</td>
</tr>
<tr>
<td>Grade A, Medium</td>
<td>Grade B, Extra Large</td>
</tr>
<tr>
<td>Grade A, Small</td>
<td>Grade C, (No Size)</td>
</tr>
<tr>
<td>Grade A, Large, Pkgd.</td>
<td>Grade A, Large</td>
</tr>
<tr>
<td>Grade A, Pkgd.</td>
<td>Grade A, Brown</td>
</tr>
<tr>
<td>Grade B, Large</td>
<td>Grade A, Medium Mixed</td>
</tr>
</tbody>
</table>
APPENDIX D-A

Shell Eggs: Price Reporting Irregularity, Alexandria, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service
APPENDIX D-5


Source: Louisiana Federal-State Market News Service
APPENDIX D-6

Shell Eggs: Price Reporting Irregularity, New Orleans, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service
APPENDIX D-7

Shell Eggs: Price Reporting Irregularity, Alexandria, Louisiana, 1951-1957

$ per doz.

Source: Louisiana Federal-State Market News Service
APPENDIX D-8

Shell Eggs: Price Reporting Irregularity, Baton Rouge, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service
APPENDIX D-9

Shell Eggs: Price Reporting Irregularity, New Orleans, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service
APPENDIX D-10

Shell Eggs: Price Reporting Irregularity, Lake Charles, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service
APPENDIX D-11

Shell Eggs: Price Reporting Irregularity, Alexandria, Louisiana, 1951-57

Source: Louisiana Federal-State Market News Service
APPENDIX D-12

Shell Eggs: Price Reporting Irregularity, Alexandria, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service

- Candled Curr. Rec., No Size
APPENDIX D-13

Shell Eggs: Price Reporting Irregularity, New Orleans, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service

Candled Curr. Rec., No Size
Shell Eggs: Price Reporting Irregularity, Lake Charles, Louisiana, 1951-1957

Source: Louisiana Federal-State Market News Service

Chart showing the price of shell eggs from 1951 to 1957, with the source credited to the Louisiana Federal-State Market News Service.
Dairy and Poultry Market News

FEDERAL - STATE MARKET NEWS SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE - AGRICULTURAL MARKETING SERVICE

MISSISSIPPI STATE CENTRAL MARKET BOARD
JACKSON, MISSISSIPPI
302 Woodrow Wilson Ave.

JACKSON POULTRY MARKET

Today's prices mostly unchanged to 1/2 lower on large and medium sizes and unchanged on smalls. Offerings and supplies well balanced with demand which is fair to mostly good. Reported prices and volume distribution to retailers for Friday and Saturday, April 17 and 18: (Intra-Company deliveries not included) CONSUMER GRADES, STORE DOOR DELIVERY, IN CANTONS: WITNESSES:

GRADE A EXTRA LARGE: (14 cases) 10 cases at 39%; 3 cases at 46%; 1 case at 48%
GRADE A LARGE: (224 cases) 171 cases at 37%; 52 cases at 38%; 1 case at 47%
GRADE A MEDIUM: (162 cases) 10 cases at 32%; 48 cases at 33%; 52 cases at 34%; 2 cases at 37%
GRADE A SMALL: (44 cases) 16 cases at 27%; 29 cases at 28%

MISSISSIPPI POULTRY MARKET

Offerings and supply short of a very good inquiry. Premiums over a base price reported in most instances, though a base price could not be established due to conflicting reports. Bonafide offering prices were too few to report though a few confirmed sales noted at farm with prices ranging from 13½-16½¢. Most sales for Friday and Saturday were still unsettled, however prices reported at the farm ranged from 15-16½¢, and for plant prices ranged from 15½-17½¢.

OTHER COMMERCIAL POULTRY PRODUCING AREAS

GEORGIA: Demand for ready to cook poultry generally good at the prevailing price levels. Offerings of live birds clearing readily. Estimated slaughter by Georgia processors today 1,272,000 head. George poultry exchange Friday offered 366,000 head, sold 359,400 head as follows: 50,000 head at 15.5-15.7; 360,000 head at 15.8-16; 122,000 head at 16.1-16.2%. Buyers' offering prices on birds not priced prior to today's movement: At Farms 15-17½¢, Mostly 1½ - 726,000 head; FOB Plants 16½ - 221,000 head. Prices paid Friday and Saturday, April 17-18, including sales on Exchange.

AT FARMS: 15-16.5¢ - 1,670,000 head

67¢ at 1½
11¢ at 15.5-15.9
8¢ Intra-Co. Sales "booked" at 1½
4¢ Intra-Co. Sales "booked" at 15.9
1½ Undetermined

F.O.B. PLANTS: 16½ - 217,000 head

90¢ at 16½
10% Intra-Co. Sales at 16½


TEXAS: SOUTH market steady. Supplies adequate for present needs. Trading moderate. Prices paid at farm 24 hours ending 10 AM today, broilers and fryers 2½-3½ lbs. 16½¢. B.M.A. market fully steady. Supplies adequate for good demand. Trading heavy. Volume and confirmed sales ending 10 AM today, broilers and fryers 2½-3½ lbs. 348,000 head; 23% at 15¾; 2% at 15½; 2% at 16½; 90% intra-company open price basis; 5% open price basis or undetermined.
APPENDIX F

STATE MARKET NEWS SERVICE
LOUISIANA DEPARTMENT OF AGRICULTURE & IMMIGRATION
STATE MARKET COMMISSION
UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

S. J. McCrory, Commissioner

PULTRY AND EGG REPORT

LOUISIANA

LIVE POULTRY: Broiler and fryer market is about steady. The demand is mostly fair. Supplies adequate to fully adequate. Prices paid and estimated volume at the farm up to 10 A.M. today for 2 3/4-3 1/2 lbs. 15-16, mostly 15 at 12% at 16 at 19% at 15%. The hen and rooster market is steady. The supplies are adequate to ample. The demand is mostly fair. Prices paid F.O.B. plants: Heavy hens 16-202; light type depending on size 8-14%; and roosters 8-102 per lb.

EGG: Market about steady, demand slow to fair. Supplies adequate to excessive. Prices paid local producers, cases exchanged, 80% Grade A - large 24-35, mostly 27-38%; medium 20-30, mostly 20-26%; small 18-29, mostly 16-20%.

LOUISIANA PRICES TO RETAILERS FOR CONSUMER GRADE CARTONED EGGS, STORE DELIVERY, CASES INCLUDED FOR THE WEEK ENDING APRIL 11, 1959

<table>
<thead>
<tr>
<th>GRADE &quot;A&quot; LARGE</th>
<th>MEDIUM</th>
<th>SMALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2973 cases 37-46 cents</td>
<td>949 cases 32-33 cents</td>
<td>283 cases 27-32 cents</td>
</tr>
<tr>
<td>17% 0.372</td>
<td>8% 0.322</td>
<td>37% 0.272</td>
</tr>
<tr>
<td>32% 0.382</td>
<td>25% 0.352</td>
<td>7% 0.302</td>
</tr>
<tr>
<td>16% 0.402</td>
<td>10% 0.362</td>
<td>5% 0.382</td>
</tr>
<tr>
<td>10% 0.422</td>
<td>23% 0.382</td>
<td>5% 0.322</td>
</tr>
<tr>
<td>14% 0.432</td>
<td>21% 0.392</td>
<td>8% 0.402</td>
</tr>
<tr>
<td>4% 0.452</td>
<td>27% 0.402</td>
<td>8% 0.432</td>
</tr>
<tr>
<td>7% 0.462</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RETAIL EGG PRICES AT PRINCIPAL STORES IN LOUISIANA FOR WEEK OF APRIL 6-11, 1959

GRADE "A" CARTONED

LARGE, REGULAR: Mostly 45 and 49 per dozen, some low as 43 per, others 50-63 per.
SPECIALS: 35 and 43.

MEDIUM, REGULAR: Mostly 41-43 per, some 35, others 45-49 per.
SPECIALS: None.

SMALL, REGULAR: Mostly 35 and 39, some 42 per dozen.
SPECIALS: None.

CITIES INCLUDED IN THIS REPORT ARE NEW ORLEANS, BATON ROUGE, BUNKERVILLE, MONROE, LAKE CHARLES AND LAFAYETTE.
# APPENDIX G

## QUESTIONNAIRE

EGG HANDLERS IN LOUISIANA

<table>
<thead>
<tr>
<th>Date</th>
<th>Manager</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Firm Name</th>
<th>Location</th>
</tr>
</thead>
</table>

| Supply Source (All Eggs) |  |

### 1. CASE VOLUME PER MONTH DURING:

<table>
<thead>
<tr>
<th>Month</th>
<th>Local</th>
<th>Out-of-Area</th>
<th>Out-of-State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jul</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sept</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### 2. DISTRIBUTION:

<table>
<thead>
<tr>
<th>Location</th>
<th>PerCent</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Orleans</td>
<td></td>
</tr>
<tr>
<td>Shreveport</td>
<td></td>
</tr>
<tr>
<td>Monroe</td>
<td></td>
</tr>
<tr>
<td>Baton Rouge</td>
<td></td>
</tr>
<tr>
<td>Lake Charles</td>
<td></td>
</tr>
<tr>
<td>Lafayette</td>
<td></td>
</tr>
<tr>
<td>Alexandria</td>
<td></td>
</tr>
</tbody>
</table>

### 3. GRADES PACKED

<table>
<thead>
<tr>
<th>Grade</th>
<th>PerCent</th>
<th>PerCent</th>
<th>PerCent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Large</td>
<td></td>
<td>Medium</td>
<td>Small</td>
</tr>
<tr>
<td>B Large</td>
<td></td>
<td>Medium</td>
<td>Small</td>
</tr>
<tr>
<td>C Large</td>
<td></td>
<td>Medium</td>
<td>Small</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Candled</th>
<th>Current</th>
<th>Receipt</th>
<th>OTHER</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

(b) Seasonal Variations (note):

### 4. PRICING PROCEDURE (BUYING):

<table>
<thead>
<tr>
<th>Quotation</th>
<th>Cent Differential ($)</th>
<th>Variations (c)</th>
<th>+ or -</th>
<th>Seasonal Shifts</th>
<th>Cage Eggs</th>
<th>Floor Eggs</th>
<th>Services Performed</th>
</tr>
</thead>
</table>

(b) PRICING PROCEDURE IN SELLING: % Mark-up | Cents per doz. | Margin | Quotation used | Cent differentials by grade/class of egg |

### 5. MANAGER'S REACTION TO MIDWEST VS. LOCAL

Eggs and Recommendations on Better Pricing:
The author was born September 2, 1918, in Cleveland, Oklahoma. He was reared in this small country town and was active in Future Farmers of America for four years.

He was graduated from Cleveland High School in 1936, and enrolled in Oklahoma A & M College the same year where he received a Bachelor of Science degree in Poultry Husbandry in 1940. In the same year he accepted a Graduate Assistantship from Michigan State College. There he received his Master of Science degree in Poultry Physiology in 1942.

After filling the position of Instructor and Research Assistant at Louisiana State University in 1942-43, he served a term in the U. S. Army Air Corp during World War II. In 1946 he accepted the position of Assistant Professor, Poultry Husbandry, at Oklahoma A & M College. He returned to Louisiana State University in 1948 as Instructor in Poultry Husbandry, and in 1953 became general manager of the Logan Seed Company of Gilliam, Louisiana.

He began his Agricultural Extension career as Extension Poultry Specialist and Assistant Professor at Michigan State College in 1954. He then returned to Louisiana State University as Associate Marketing Specialist (Poultry) in 1957, in which capacity he now serves.
Candidate: Harry E. Hathaway

Major Field: Agricultural Economics

Title of Thesis: Determination of Table Egg Prices in a Deficit Area in Relation to Central Market Quotations

Approved:

Ewell Paul Roy
Major Professor and Chairman

George H. Mickey
Dean of the Graduate School

EXAMINING COMMITTEE:

Date of Examination:

June 26, 1959