



U.S. Broiler Industry Structure

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Evolution of Chickens Raised for Meat

The broiler industry has evolved from millions of small backyard flocks, where meat was a by-product of egg production, to less than 50 highly specialized, vertically integrated agribusiness firms.

A measure of the changing structure is the number and size of chicken hatcheries. In 1934, there were 11,405 facilities which hatched all chickens in the U.S. Those hatcheries had the capacity to incubate 276 million eggs at one time for an average capacity of 24,224 eggs. In 2001, there were 323 chicken hatcheries, with an incubator capacity of 862 million eggs, which includes inactive capacity (Chart 1). The average incubator capacity of those hatcheries is 2.7 million eggs.

"Broilers" are defined as chickens of meat-type strains raised specifically for meat production. Chickens raised for egg production or other uses are not included. There are often over 170 million broiler chicks placed on feed for meat production each week by the companies in 19 major states (Chart 2). The average weight per bird has increased dramatically, with consumer preference the limiting factor for future increases. U.S. broiler production in 1945 was 366 million broilers with an average live weight of 3.03 pounds. In 2001, 8.4 billion broilers were produced with an average live weight of 5.06 pounds (Chart 3).

While broiler production has soared, the live weight price has not. In 1948, the live weight price of broilers was 36 cents per pound, compared to 39.3 cents in 2001 (Chart 4). In recent years the price of broilers has been a live weight equivalent price, based on wholesale prices of processed whole birds. The broiler companies are vertically integrated with contract growers, and therefore transactions of live broilers are rare.

Broiler production compared to other meats has been dramatic. In 1945, broiler production was 1.11 billion pounds live weight, compared with 19.52 billion pounds of cattle and calves, and 18.84 billion pounds of hogs live weight. In 2001, broiler production was 42.45 billion pounds, slightly higher than the 42.37 billion pounds of cattle and calves, and well ahead of the 25.94 billion pounds of hogs and pigs (Chart 5). The price of broilers has kept the growth in the value of production more subdued. In 1945, the value of broiler production was \$327 million, compared to a gross income for cattle and calves of \$3.37 billion, and hogs of \$2.64 billion. In 2001, the value of production for broilers was \$16.69 billion, with \$29.27 billion for cattle and calves, and \$11.44 billion for hogs and pigs respectively (Chart 6).

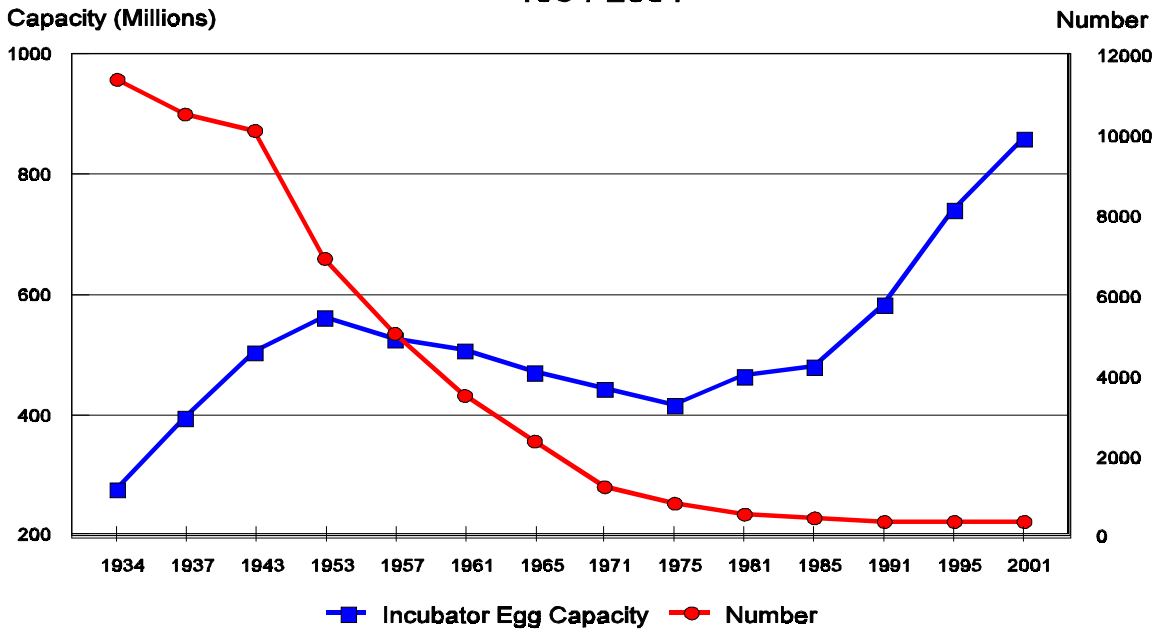
In summary, as the broiler industry continues to consolidate, it also continues to expand production. Therefore, broilers will continue to be an abundant source of relatively inexpensive meat.

Note

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Chart 1

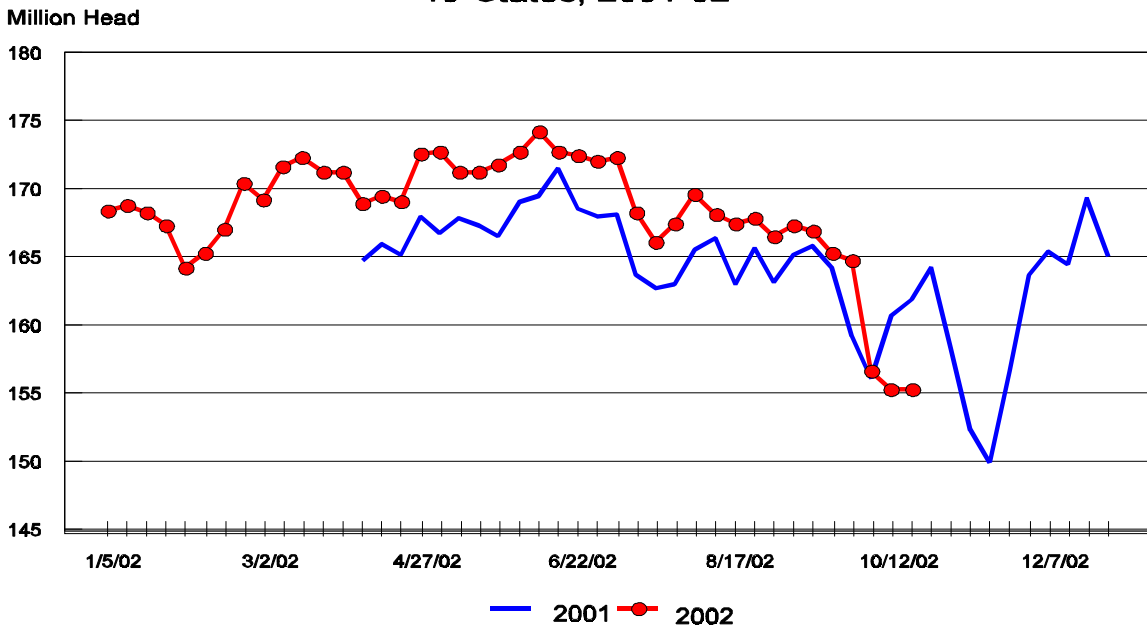
U.S. Chicken Hatcheries 1934-2001



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Chart 2

Broiler Chicks Placed 19-States, 2001-02

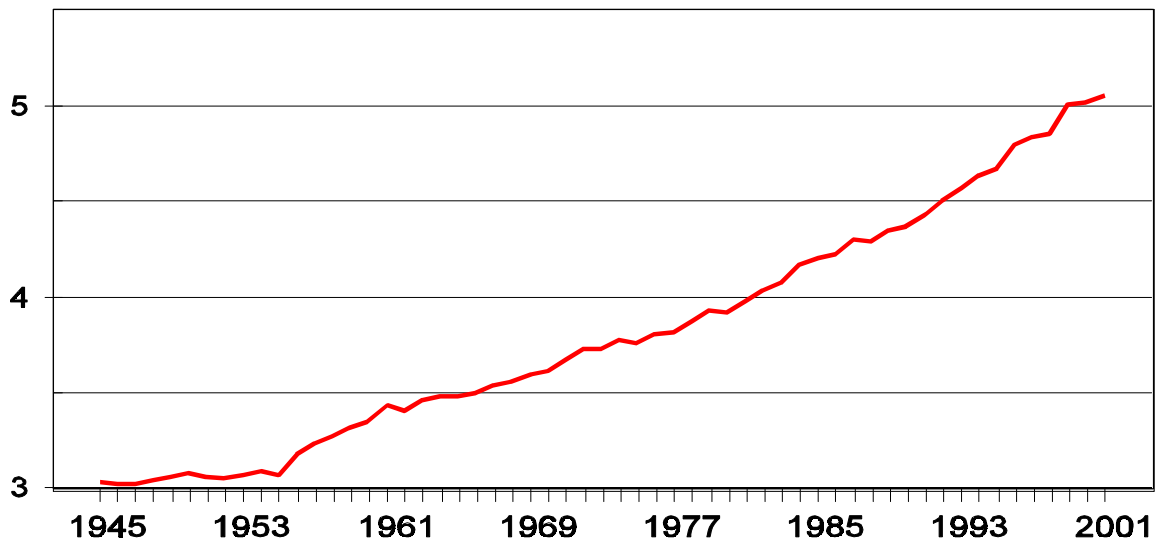


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Chart 3

Broiler Average Live Weight 1945 -2001

Pounds

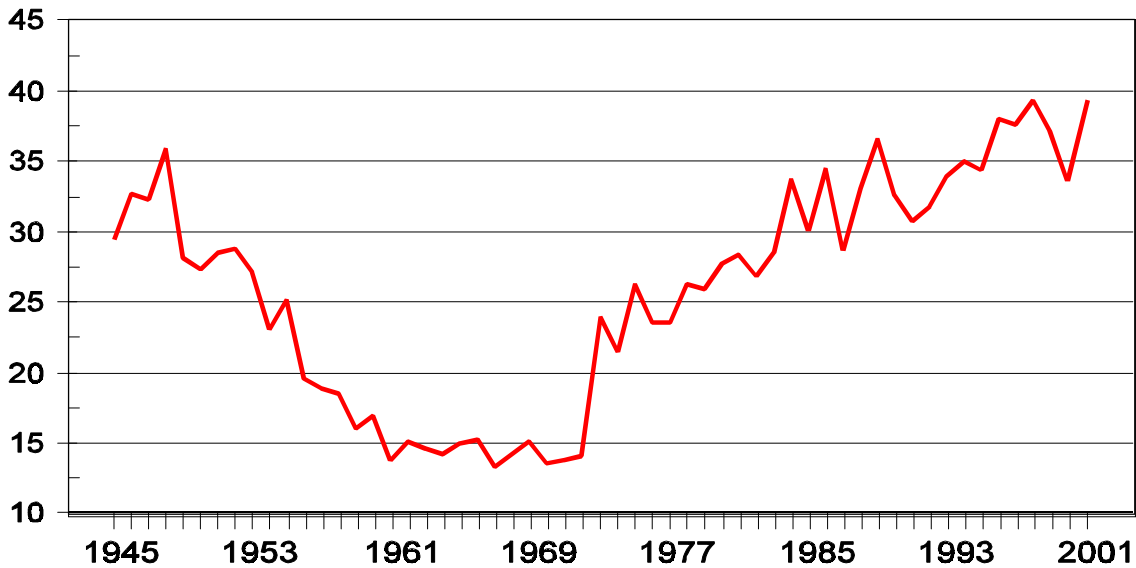


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Chart 4

Broiler Live Weight Price 1945 - 2001

Cents Per Pound

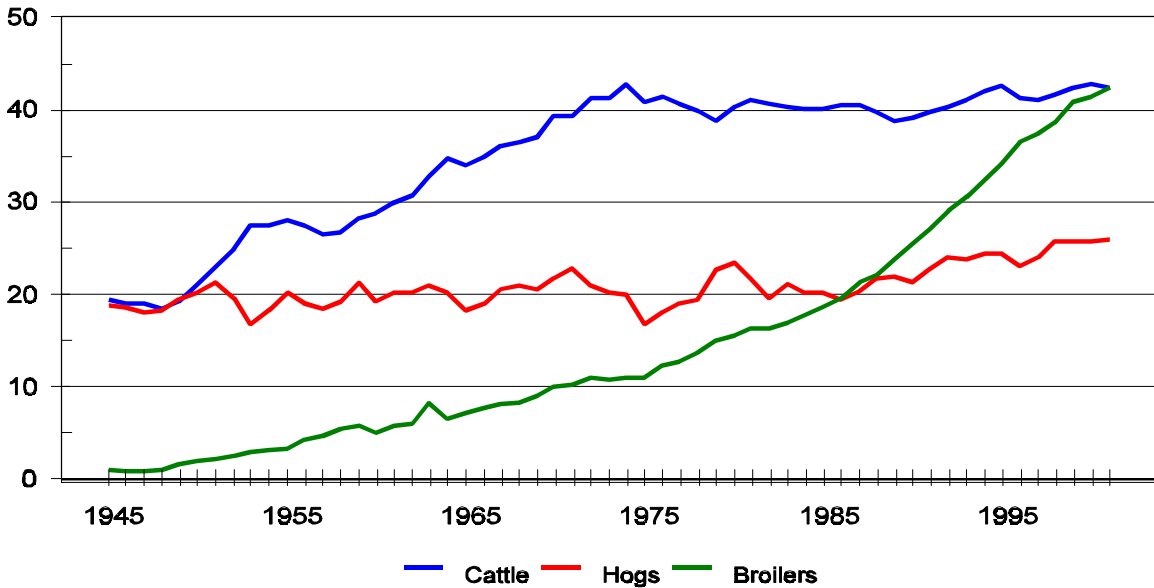


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Chart 5

Cattle, Hogs, Broilers Pounds Produced 1945 - 2001

Billion Pounds Liveweight

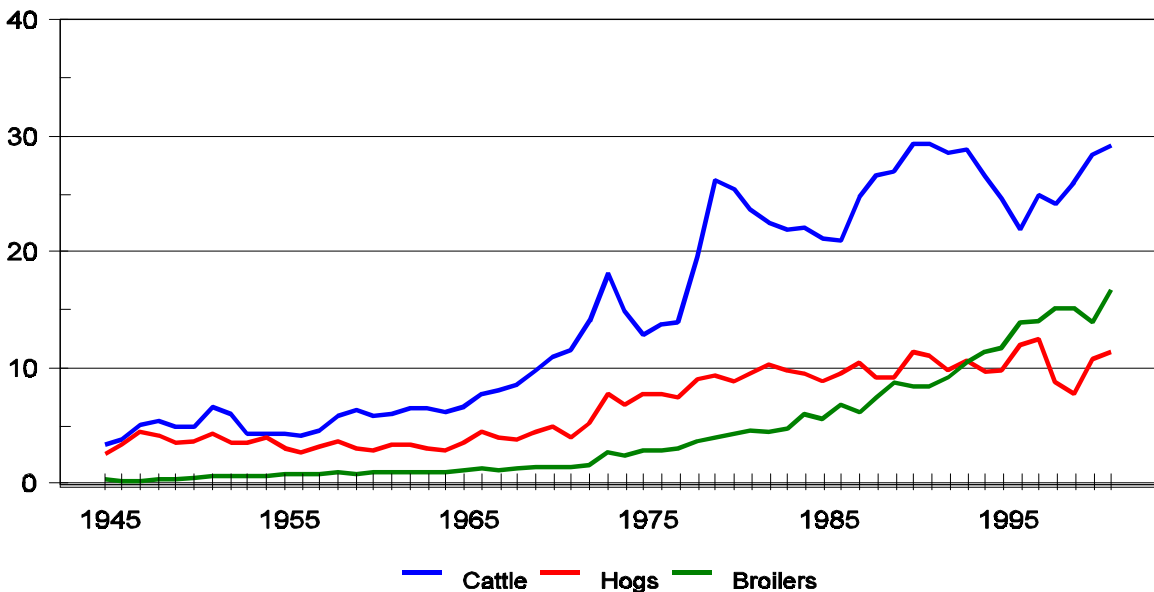


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Chart 6

Cattle, Hogs, Broilers Value of Production 1945 - 2001

Billion Dollars



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