U.S. Egg Cost of Production and Prices

July 11, 2016

Compiled by

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The Egg Industry Center Market Reports & Industry Analysis are compiled in the memory of their creator, Don D. Bell, Poultry Extension Specialist Emeritus - UC Davis.

REPORT NOTE: This report estimates the average layer feed price and cost of production in six different U.S. regions as outlined on the following map. It also reports the EIC projected prices of eggs.

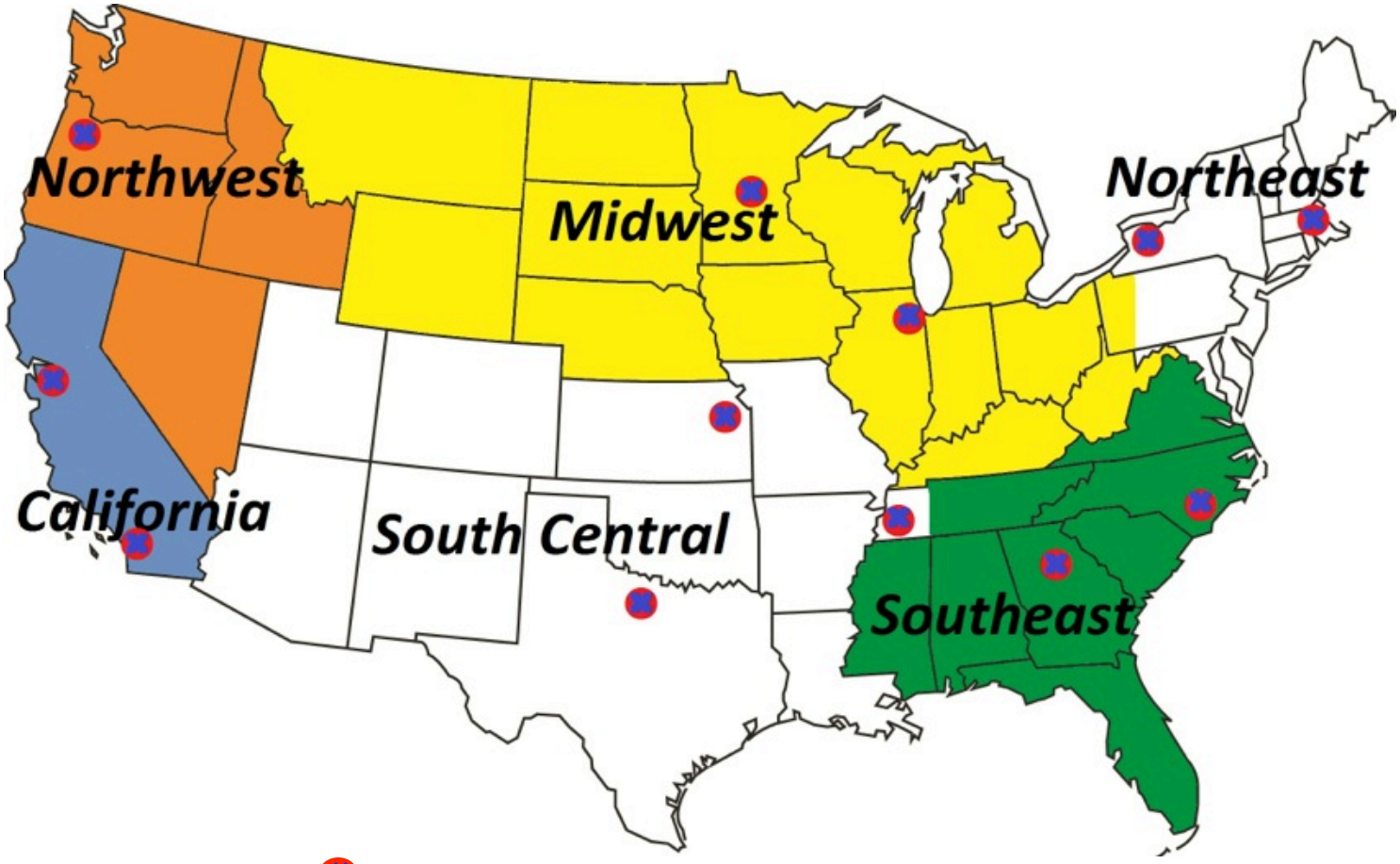
This report uses the corn and soybean meal prices reported by Feedstuffs weekly newspaper.
Monthly corn and soybean prices for each city are estimated as the simple average of the weekly prices for each month.
Monthly corn and soybean prices for each region are estimated as the simple average of prices for the cities in each region.

- The Northeast region price is the simple average of the prices for Buffalo and Boston
- The Southeast region price is the simple average of the prices for Atlanta and Fayetteville (NC)
- The Midwest region price is the simple average of the prices for Chicago and Minneapolis
- The South Central region price is the simple average of the prices for Ft. Worth, Kansas City and Memphis
- The California and Northwest region prices are the simple average of the prices for Los Angeles, San Francisco and Portland
- The U.S. price is the simple average of the prices for all the regions listed above (except California)

The average feed price is based on a diet consisting of 67% corn, 22% soybean meal, 8% limestone and 3% other ingredients.

The cost of production was adjusted from last year based on producer surveys. There is not enough information to separate costs by region other than using the differences in the feed ingredient prices.
Pullet cost are adjusted by region based on the average feed price for the month, assuming all the other costs are similar between regic
Feed conversion is variable depending on the month. The labor, building and equipment, interest and miscellaneous costs are assumed to be 17.15 (cents/dozen) for all regions (except California) and months.

Map of U.S. Regions and the location of corn and soybean meal price information used in this report



Note: The red dots with blue x's ( ) mark the cities associated with monthly corn and SBM prices.

Highlights and comparison with previous month and previous year.
Prices and Percent Changes

Difference with respect to June last year (2016 vs. 2015).

Corn Price ($/ton)		SBM Price ($/ton)		Feed Cost ($/ton)		Cost of Prod (cents/doz.)		Egg Price (cents/doz.)	
+6.60	+4.1%	+69.42	+19.0%	+19.70	+9.1%	+3.52	+5.7%	-140.33	-81.5%

In June, corn prices were $6.60/ton (4.1%) higher than in the previous year. Soybean Meal prices were $69.42/ton higher than June last year.

These changes in prices resulted in a $19.70/ton (9.1%) higher cost of feed and 3.52 cents/doz. (5.7%) higher cost of production than June last year.

The June 2016 egg price paid to producers was 140.33 cents/doz. (81.5%) lower than in June 2015.

Difference with respect to the previous month this year (June 2016 vs. May 2016).

Corn Price ($/ton)		SBM Price ($/ton)		Feed Cost ($/ton)		Cost of Prod (cents/doz.)		Egg Price (cents/doz.)	
+4.82	+2.9%	+25.14	+6.1%	+8.76	+3.8%	+1.56	+2.4%	+1.19	+3.9%

The June corn price was $4.82/ton (2.9%) higher than the previous month. Soybean Meal prices were $25.14/ton (6.1%) higher.

These changes in prices resulted in a $8.76/ton (3.8%) higher cost of feed and 1.56 cents/doz. (2.4%) higher cost of production than last month.

The June 2016 egg price paid to producers was 1.19 cents/doz. (3.9%) higher than the previous month.

Special Note:

We changed the method used to estimate the producers prices adjustments with respect to Urner Barry quotations in table 8. Please see table 8 footnote.

CORN PRICE BY REGION ($/ton) - 2016 **TABLE 1**

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	190.27	144.41	126.65	139.74	174.52	155.12
Feb	191.70	148.46	125.13	141.07	176.61	156.59
Mar	191.07	145.36	123.17	140.17	175.27	155.01
Apr	188.57	146.77	125.67	144.79	175.74	156.31
May	198.21	154.49	133.18	149.27	183.10	163.65
Jun	204.11	159.05	136.07	151.54	191.60	168.47
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
6 Month Avg.	193.99	149.76	128.31	144.43	179.47	159.19
Region/US avg.	1.22	0.94	0.81	0.91	1.13	(1.00)

Source: Feedstuffs magazine

SOYBEAN MEAL PRICE BY REGION ($/ton) - 2016 **TABLE 2**

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	374.00	319.13	270.34	281.06	320.67	313.04
Feb	372.75	307.25	265.60	279.06	317.65	308.46
Mar	375.50	311.13	270.56	281.40	319.13	311.54
Apr	405.75	336.63	288.09	307.90	336.50	334.97
May	475.40	416.40	362.44	375.26	414.47	408.79
Jun	483.35	441.75	395.75	408.06	440.75	433.93
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
6 Month Avg.	414.46	355.38	308.80	322.13	358.20	351.79
Region/US avg.	1.18	1.01	0.88	0.92	1.02	(1.00)

Source: Feedstuffs magazine

Notes:

Northeast prices are estimated as the simple average of Buffalo and Boston
Southeast prices are estimated as the simple average of Atlanta and Fayetteville
South Central prices are estimated as the simple average of Ft. Worth, Kansas City and Memphis
Midwest prices are estimated as the simple average of Chicago and Minneapolis
Northwest and California prices are estimated as the simple average of Los Angeles, San Francisco and Portland

Note: "5-Region avg" is the simple average of the NE, SE, SC, MW, and NW regions.

ESTIMATED LAYER FEED COST BY REGION ($/ton) - 2016 **TABLE 3**

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	237.86	195.06	172.43	183.56	215.57	200.90
Feb	238.54	195.17	170.37	184.01	216.31	200.88
Mar	238.73	193.94	170.15	183.92	215.74	200.50
Apr	243.71	200.49	175.68	192.84	219.88	206.52
May	265.49	223.22	197.07	210.67	241.96	227.68
Jun	271.19	231.85	206.33	219.41	253.43	236.44
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
6 Month Avg.	249.25	206.62	182.00	195.74	227.15	212.15
Region/US avg.	1.17	0.97	0.86	0.92	1.07	(1.00)

Source: Egg Industry Center. Estimated based on corn and soybean meal prices reported by Feedstuffs magazine and all other costs total $28.1/ton.

Assumptions:

	Diet Composition				Transport
	Corn	SBM	Calcium*	Other ingredients*	and Milling
Percent	67%	22%	8%	3%	Costs*
$/Ton	variable	variable	4.6	12.6	10.9

* These are standardized costs

ESTIMATED 19-WEEK PULLET COSTS BY REGION ($/bird) - 2016 **TABLE 4**

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	3.96	3.64	3.47	3.56	3.79	3.68
Feb	3.96	3.64	3.46	3.56	3.80	3.68
Mar	3.97	3.63	3.46	3.56	3.79	3.68
Apr	4.00	3.68	3.50	3.62	3.83	3.73
May	4.16	3.85	3.66	3.76	3.99	3.88
Jun	4.21	3.91	3.72	3.82	4.07	3.95
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
6 Month Avg.	4.04	3.73	3.54	3.65	3.88	3.77
Region/US avg.	1.07	0.99	0.94	0.97	1.03	(1.00)

Source: Egg Industry Center

Assumes: 13.9 pounds of feed consumed per pullet at variable prices to grow a pullet to 19 weeks of age (for all regions), pullet feed cost 7% more expensive than layers cost (because of higher nutrient requirements); chick cost = 79 cents/baby chick, moving cost = 16 cents/pullet, and other costs = 124 cents/pullet (for all regions)

Note: "5-Region avg" is the simple average of the NE, SE, SC, MW, and NW regions.

ESTIMATED PULLET COST BY REGION under 1-cycle systems (Cents/doz.) - 2016 **TABLE 5**

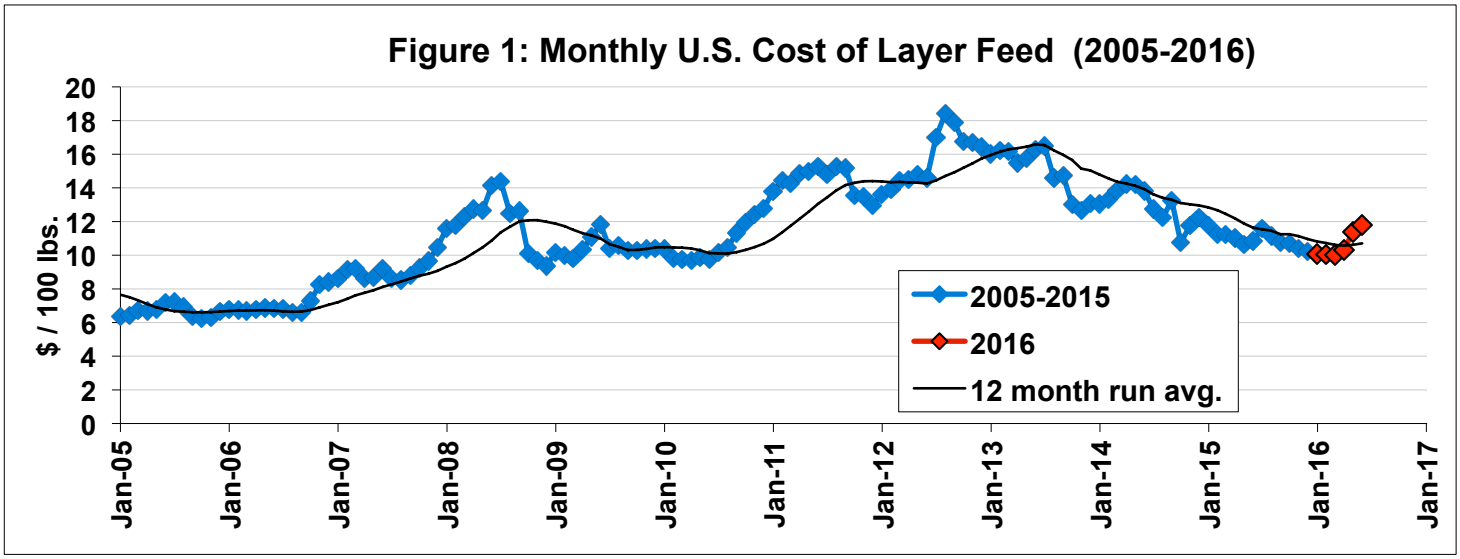
Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	11.47	10.55	10.06	10.30	10.99	10.68
Feb	11.49	10.55	10.02	10.31	11.01	10.68
Mar	11.49	10.53	10.02	10.31	11.00	10.67
Apr	11.60	10.67	10.13	10.50	11.09	10.80
May	12.07	11.16	10.60	10.89	11.56	11.26
Jun	12.19	11.35	10.80	11.08	11.81	11.44
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
6 Month Avg.	11.72	10.80	10.27	10.57	11.24	10.92
Region/US avg.	1.07	0.99	0.94	0.97	1.03	(1.00)

Source: Egg Industry Center Assumes 34.5 dozen eggs per pullet placed under 1-cycle systems

ESTIMATED FEED COST BY REGION under 1-cycle systems (Cents/doz.) - 2016 **TABLE 6**

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	37.34	30.62	27.07	28.82	33.85	31.54
Feb	37.45	30.64	26.75	28.89	33.96	31.54
Mar	37.48	30.45	26.71	28.88	33.87	31.48
Apr	38.26	31.48	27.58	30.28	34.52	32.42
May	41.68	35.05	30.94	33.08	37.99	35.75
Jun	42.58	36.40	32.39	34.45	39.79	37.12
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
6 Month Avg.	39.13	32.44	28.57	30.73	35.66	33.31
Region/US avg.	1.17	0.97	0.86	0.92	1.07	(1.00)

Estimated based on feed costs ($/ton) shown in table 3, assuming 3.14 lbs of feed/dozen eggs



Note: "5-Region avg" is the simple average of the NE, SE, SC, MW, and NW regions.

ESTIMATED TOTAL COSTS BY REGION under 1-cycle systems (cents/doz.) - 2016 * **TABLE 7**

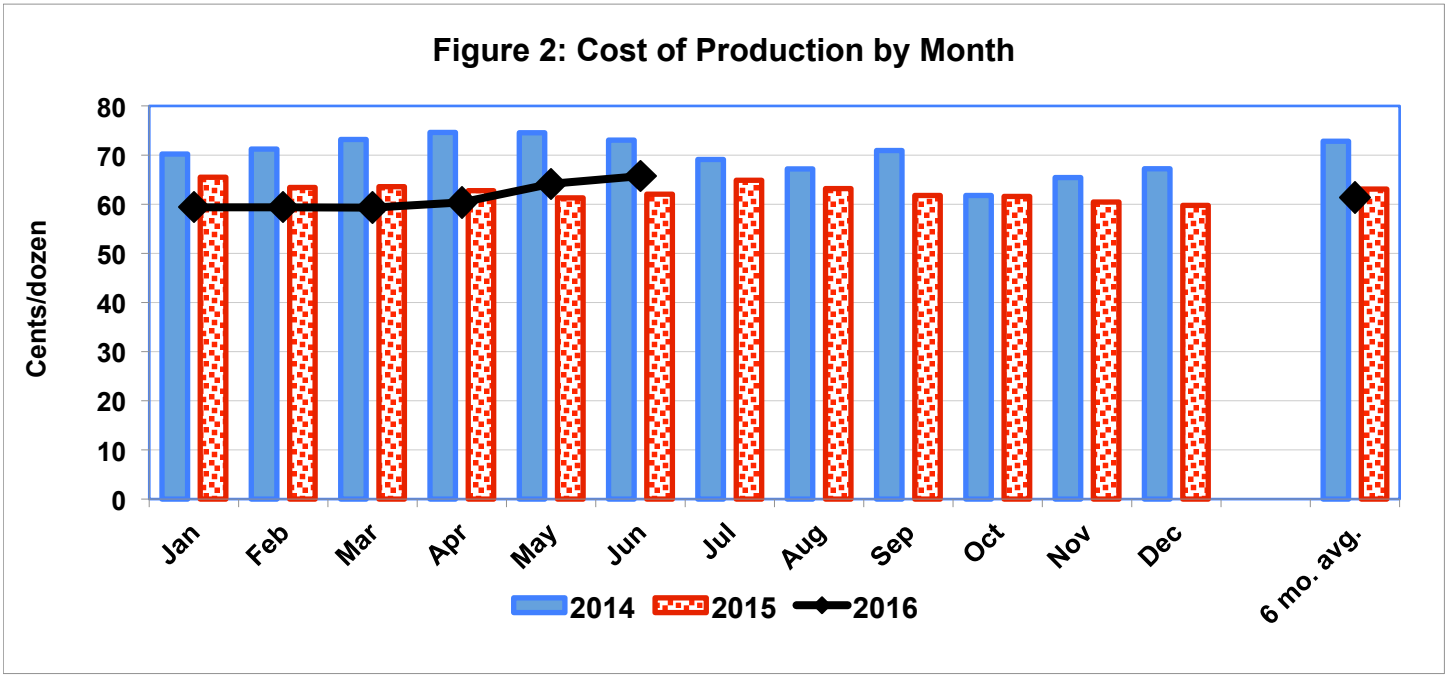
Month	Southeast	Northeast	Midwest	South Central	Northwest	California	of 5 Regions
Jan	65.97	58.33	54.29	56.27	61.99	74.53	59.37
Feb	66.09	58.35	53.92	56.35	62.12	74.66	59.37
Mar	66.12	58.13	53.88	56.34	62.02	74.56	59.30
Apr	67.01	59.30	54.87	57.93	62.76	75.30	60.37
May	70.90	63.35	58.69	61.11	66.70	79.24	64.15
Jun	71.92	64.90	60.34	62.67	68.75	81.29	65.72
Jul							
Aug							
Sep							
Oct							
Nov							
Dec							
6 Month Avg.	68.00	60.39	56.00	58.45	64.06	76.60	61.38
Region/US avg.	1.11	0.98	0.91	0.95	1.04	1.25	(1.00)

Source: Egg Industry Center.

* These estimations are based on feed costs (cents/dozen) shown in table 6, pullet costs (cents/dozen) shown in table 5.
Building and equipment, labor, interest and miscellaneous costs are assumed to be 17.15 cents/dozen (except for CA, please see below)
Some assumptions were made in the absence of enough information of cost of production under the new California regulations.
These assumptions that are a clear simplification of the changes in different costs are:

1) the feed efficiency and pullet cost are similar between California and the rest of the country
2) the "building and equipment, labor, interest and miscellaneous" costs are assumed to increase proportionally to the space per layer increase or 73% higher (116 in^2/67 in^2) than on the other regions which put them at at 29.69 cents/dozen (17.15 * 116/67)

These estimations are based on standard costs for conventionally produced eggs. Higher labor costs might exist in certain regions. Newer, more efficient farms, would probably use less labor but have higher equipment costs.



Note: "5-Region avg" is the simple average of the NE, SE, SC, MW, and NE regions. California is not considered for the average because of the different production requirements.

U.S. ESTIMATED FARM EGG PRICE AND RETAIL EGG PRICE (cents/Doz) **TABLE 8**

month	Farm Price for All White Egg Sizes (cents/Doz) 2014	2015	2016	Change	Retail Price for Large White Eggs (cents/Doz) 2014	2015	2016	Change
Jan	91.2	88.2	91.7	3.5	200.8	211.3	232.8	21.5
Feb	111.3	106.0	92.8	-13.2	199.8	208.8	226.7	17.9
Mar	110.9	124.1	66.9	-57.1	206.1	213.3	208.1	-5.2
Apr	111.0	80.4	41.8	-38.6	211.9	206.5	179.3	-27.2
May	92.6	128.4	30.6	-97.8	199.6	196.2	168.4	-27.8
Jun	85.9	172.1	31.8	-140.3	194.8	257.0		
Jul	95.2	175.2			195.0	257.0		
Aug	85.0	204.5			197.9	294.3		
Sep	84.8	169.5			197.0	296.6		
Oct	91.0	123.6			195.1	280.8		
Nov	124.0	162.5			203.2	266.4		
Dec	146.7	106.1			221.0	275.1		
Avg.	100.5	116.5	59.3	-57.2	203.6	207.2	203.1	-4.2
12 Month Avg.	102.5	136.7			201.9	246.9		

Source: Estimated using Urner Barry's price quotations by regions

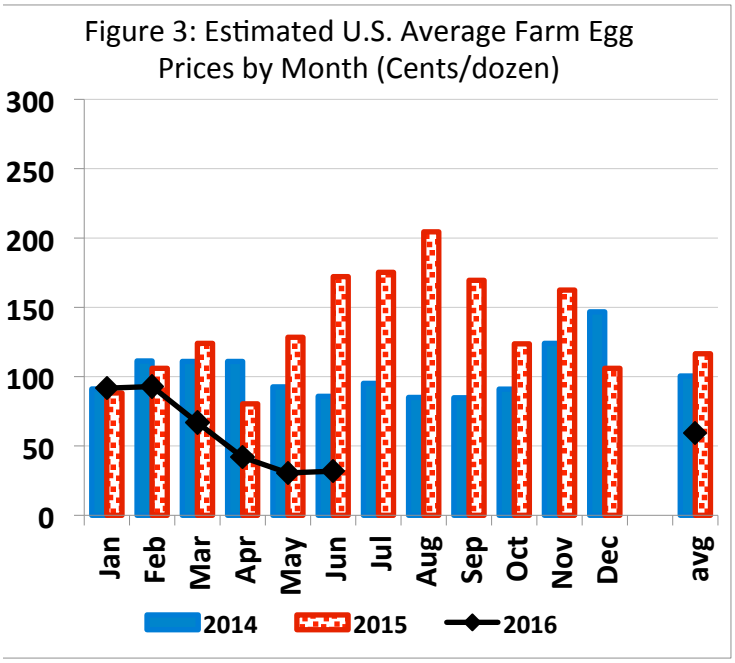
Source: Bureau of Labor Statistics (Dept. of Commerce)

For this report, the price paid to producers for each size eggs is estimated by subtracting an "adjustment factor" from Urner Barry quotations of prices by region. The "adjustment factor" we are using varies around 42 cents/dozen and it is estimated by comparing the historical relationship between the Urner Barry prices with the Trailer Load prices reported by USDA.

The Undergrades eggs price is estimated as the price of Checks eggs as reported by USDA Marketnews minus 25 cents (up to a minimum of 8 cents) adjusted by the differences in prices between regions.

The average price of all eggs is estimated based on the proportions of Jumbo, Extralarge, Large, Medium, Small and Undergrades eggs. Based on the Breeders Performance Manuals up to 90 weeks of age.

Adjustment figures between Urner Barry quotes and producer prices are subject to change monthly and between regions and companies.



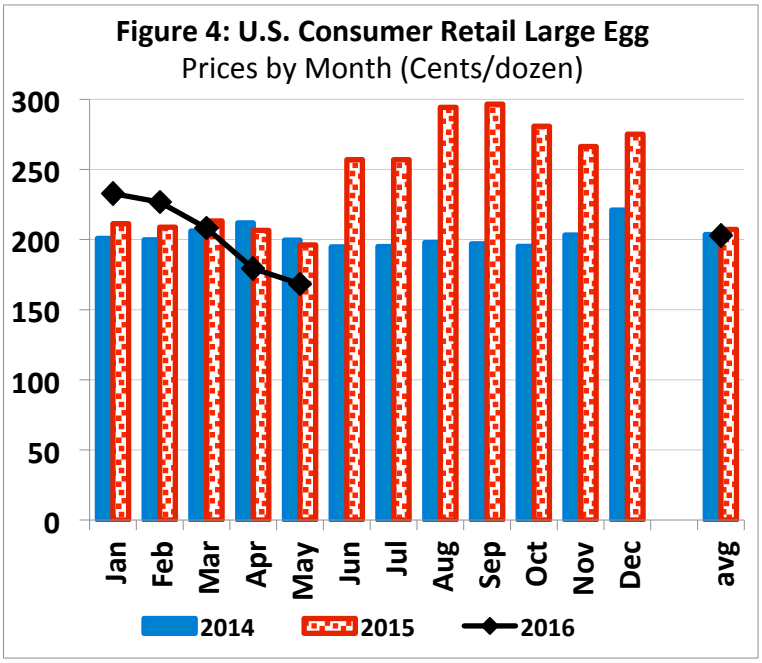


TABLE 9

ESTIMATED TOTAL COSTS comparing Breeders Manuals values vs. some loss in production efficiency (Cents/doz.) - 2016

month	TOTAL Cost (cents/dozen)							
	Manuals	5% higher feed conv. A	5% higher pullet feed B	lower eggs/ hen housed C	A and B	A and C	B and C	A, B, and C
Jan	59.37	60.95	59.59	59.93	61.16	61.51	60.16	61.74
Feb	59.37	60.94	59.58	59.93	61.16	61.50	60.16	61.73
Mar	59.30	60.87	59.51	59.86	61.09	61.43	60.09	61.66
Apr	60.37	61.99	60.60	60.94	62.22	62.56	61.18	62.80
May	64.15	65.94	64.40	64.74	66.18	66.53	65.00	66.79
Jun	65.72	67.57	65.97	66.32	67.83	68.17	66.59	68.44
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								
5 Month Avg.	**61.38**	**63.04**	**61.61**	**61.95**	**63.27**	**63.62**	**62.19**	**63.86**

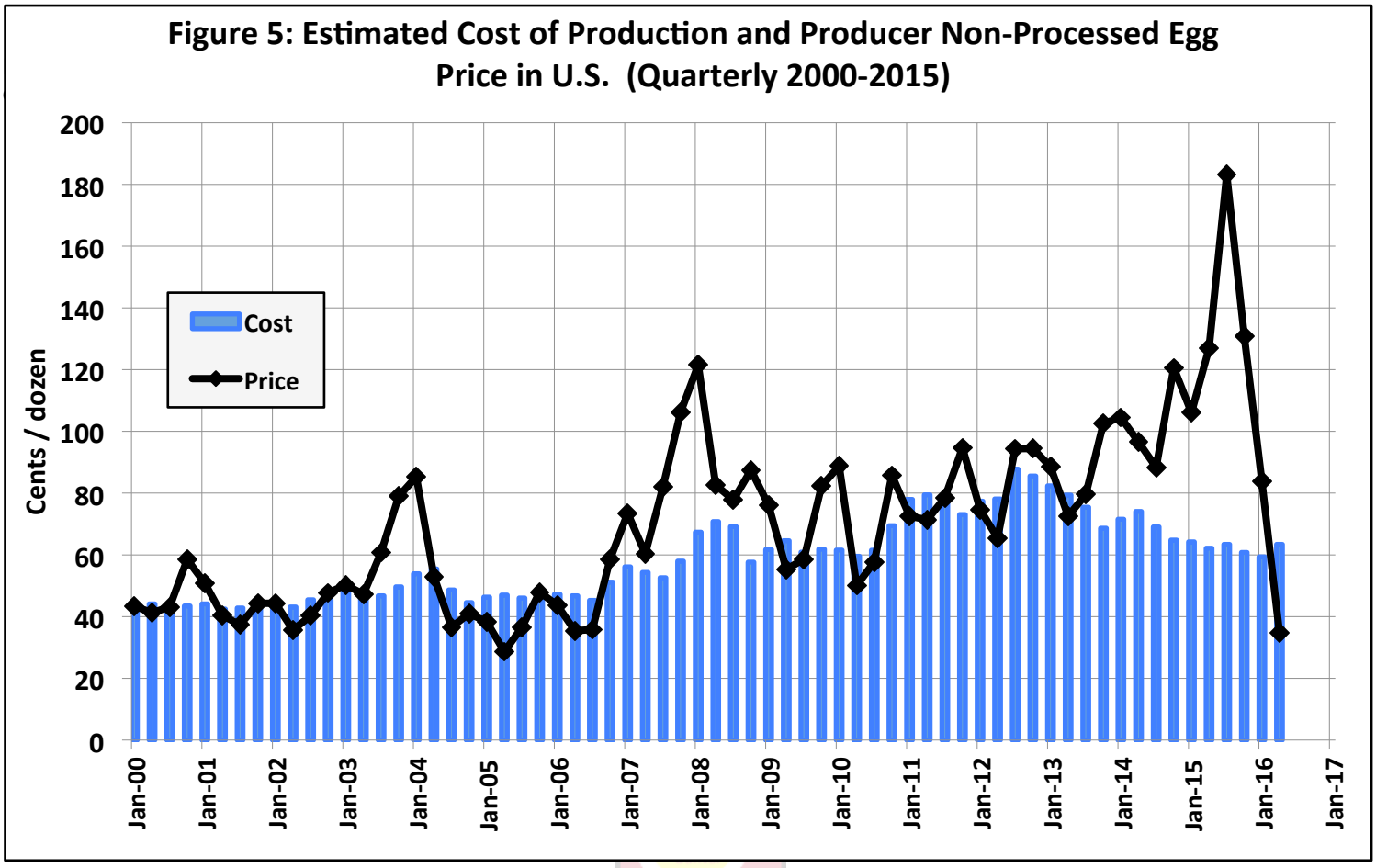
Source: Egg Industry Center, based on Feedstuffs magazine published prices of corn and soybean meal

"Manuals" is estimated using the weighted average of Breeders Manuals (70% Hyline w-36, 15% Shaver White, 8% Lohmann LSL-Lite and 5% Bovans White) for 20 to 90 weeks of age.

"5% higher feed conv." is the estimated cost if the feed conversion were 5% higher than the breeders manuals value (using 3.30 lbs./dozen instead of 3.14 lbs./dozen)

"5% higher pullet feed." is the estimated cost if the feed used to grow pullets were 5% higher than the breeders manuals value (using 14.6 lbs./pullet instead of 13.9 lbs./pullet)

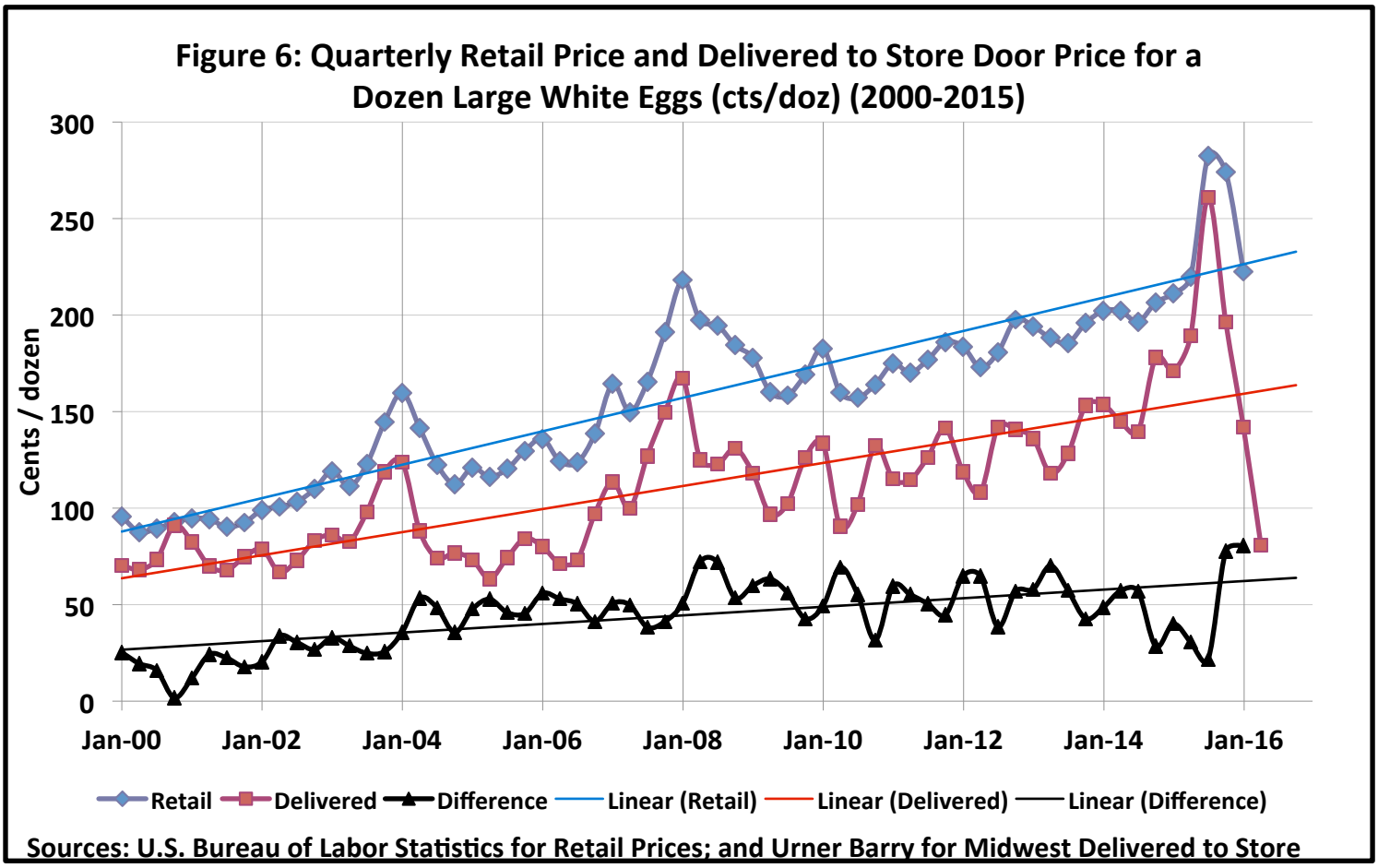
"lower eggs/ hen housed" is the estimated cost if the number of eggs per hen-housed were 5% lower than the breeders manuals value (using 394 eggs/hen-housed instead of 414 eggs/hen-house)



WAREHOUSE AND DELIVERED TO STORE PRICES FOR THE MIDWEST (cents/dozen) **TABLE 10**

	Large White Eggs Prices (cents/dozen)							
	Warehouse				Delivered Store Door			
month	2013	2014	2015	2016	2013	2014	2015	2016
Jan	112.93	113.07	111.15	106.71	118.43	118.57	116.65	112.21
Feb	112.82	135.97	133.50	131.80	118.32	141.47	139.00	137.30
Mar	113.15	133.75	149.18	93.11	118.65	139.25	154.68	98.61
Apr	97.86	146.77	115.36	62.93	103.36	152.27	120.86	68.43
May	105.45	116.21	136.20	56.25	110.95	121.71	141.70	61.75
Jun	89.75	115.83	223.82	46.18	95.25	121.29	229.32	51.68
Jul	104.73	122.18	206.55		110.23	127.68	212.05	
Aug	106.82	116.02	260.40		112.32	121.52	265.90	
Sep	106.50	111.93	217.02		112.00	117.43	222.52	
Oct	106.50	117.09	161.65		112.00	122.59	167.15	
Nov	134.29	141.32	192.55		139.79	146.82	198.05	
Dec	150.21	188.72	157.14		155.71	194.22	162.64	
6 Month Avg.	**105.33**	**126.94**	**144.87**	**82.83**	**110.83**	**132.43**	**150.37**	**88.33**
Year average	**111.75**	**129.91**	**172.04**		**117.25**	**135.40**	**177.54**	

Source: USDA AMS Poultry Market News and Analysis



Note: the delivered to store door price is estimated from the Urner Barry quoted prices as the 5- region simple average (Northeast, Southeast, South Central, Midwest, and Northwest). California is not considered for the average because of the different production requirements.

SPECIAL NOTE ABOUT PRICE PROJECTIONS

As everyone is aware, the avian influenza outbreak has affected the total supply of eggs in the U.S.

As a result, the egg market is experiencing great volatility making it near impossible to make projections.

The Egg Industry Center model for price projections is not designed to make projections under these extreme conditions.

Therefore we decided to suspend the price projections until the model can provide a reasonable representation of the market expectations.

TABLE 11: U.S. CORN AND SOYBEAN PLANTINGS, HARVEST, AND UTILIZATION (2012 to 2016)

Year	Corn Planted (Million acres)	Corn Harvest (Million acres)	Corn Production Harvested (Million bushels)	Soybeans Planted (Million acres)	Soybeans Harvest (Million acres)	Soybeans Production Harvested (Million bushels)
2012/13	97.3	87.4	10,755	77.2	76.1	3,042
2013/14	95.4	87.5	13,829	76.8	76.3	3,358
2014/15	90.6	83.1	14,216	83.3	82.6	3,927
2015/16	88.0	80.7	13,601	82.7	81.8	3,929
Projections June, 2016				**Projections** June, 2016		
2016/17	93.6 *	85.9 *	14,430	82.2 *	81.4 *	3,800

Utilization of Soybean for Various Purposes (Million bushels)

Year	Begin. Stocks	Product-ion	Imports	Total Supply	Crush	Seed Feed & residual	% Crush of total	Exports	Net Use	Ending Stocks
2012/13	169	3,042	41	3,252	1,689	89	51.9	1,317	3,111	141
2013/14	141	3,358	72	3,570	1,734	97	48.6	1,638	3,478	92
2014/15	92	3,927	33	4,052	1,873	96	43.9	1,843	3,862	191
2015/16	191	3,929	30	4,150	1,890	95	45.1	1,760	3,780	370
2016/17+	370	3,800	30	4,200	1,915	95	45.6	1,900	3,940	260

Utilization of Corn for Various Purposes (Million bushels)

Year	Begin. Stocks	Product-ion	Imports	Total Supply	Feed	(Fuel) *	Food & Industrial	Exports	Net Use	Ending Stocks
2012/13	989	10,755	160	11,904	4,315	4,641	6,038	730	11,083	821
2013/14	821	13,829	36	14,686	5,040	5,124	6,493	1,920	13,454	1,232
2014/15	1,232	14,216	32	15,479	5,323	5,200	6,560	1,864	13,748	1,731
2015/16	1,731	13,601	60	15,392	5,250	5,250	6,610	1,825	13,685	1,708
2016/17+	1,708	14,430	40	16,178	5,550	5,300	6,670	1,950	14,170	2,008

\+ (forecast June, 2016)

* Fuel is included in the "Food and Industrial" category

	Feed	Fuel	Food & Industrial *	Exports	Ending Stocks
2012/13	36.2%	39.0%	11.7%	6.1%	6.9%
2013/14	34.3%	34.9%	9.3%	13.1%	8.4%
2014/15	34.4%	33.6%	8.8%	12.0%	11.2%
2015/16	34.1%	34.1%	8.8%	11.9%	11.1%
2016/17+	34.3%	32.8%	8.5%	12.1%	12.4%

*** excluding the use for fuel**

Sources Acknowledgements (double click on the links below and you can go directly to the source):

Feedstuffs weekly newspaper http://www.feedstuffs.com
USDA ERS Feed Outlook http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1273
USDA ERS Oil Crops Outlook http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1288
Urner Barry http://www.ubcomtell.com/
Bureau of Labor Statistics http://data.bls.gov/cgi-bin/srgate

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Egg Industry Center

Don -
Thank you for all your contributions to this industry.
You will be forever missed.
Your friends at EIC