

U.S. Egg Cost of Production and Prices

October 5, 2018



Compiled by
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American Egg Board

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)

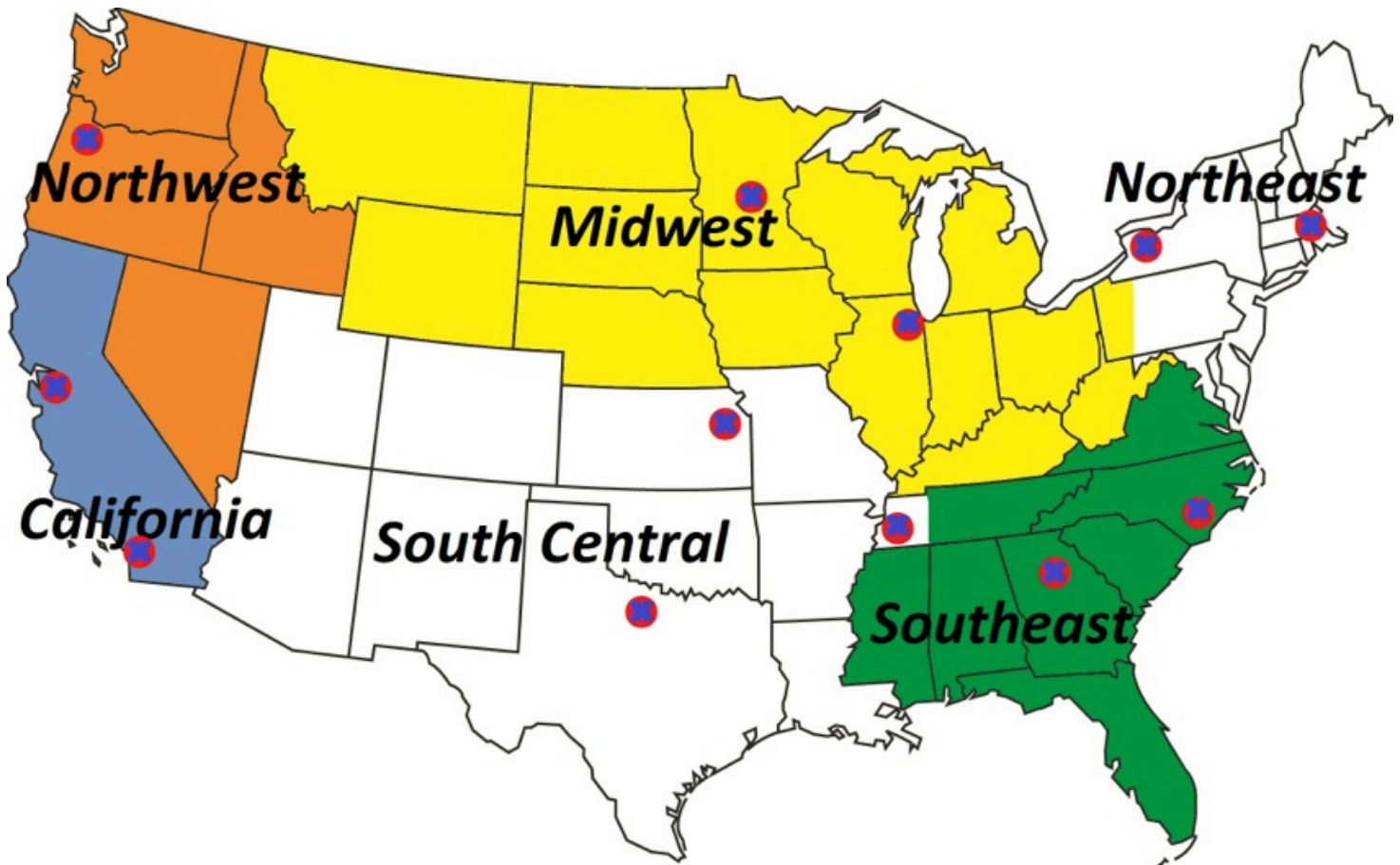
The average feed price is based on a diet consisting of 67% corn, 22% soybean meal, 8% limestone and 3% other ingredients.

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 regions.

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 September last year (2018 vs. 2017).

Corn Price (\$/ton)		SBM Price (\$/ton)		Feed Cost (\$/ton)		Cost of Prod (cents/doz.)		Egg Price (cents/doz.)	
+0.58	+0.4%	+10.25	+3.1%	+3.24	+1.6%	+1.09	+1.9%	-11.11	-13.2%

In September, corn prices were \$0.58/ton (0.4%) higher than in the previous year. Soybean Meal prices were \$10.25/ton higher than September last year.

These changes in prices resulted in a \$3.2/ton (1.6%) higher cost of feed and 1.09 cents/doz. (1.9%) higher cost of production than September last year.

The September 2018 egg price paid to producers was 11.11 cents/doz. (13.2%) lower than in September 2017.

Difference with respect to the previous month this year (September vs. August 2018).

Corn Price (\$/ton)		SBM Price (\$/ton)		Feed Cost (\$/ton)		Cost of Prod (cents/doz.)		Egg Price (cents/doz.)	
-1.12	-0.8%	-30.00	-8.1%	-7.35	-3.5%	-1.31	-2.1%	-12.16	-14.3%

The September corn price was \$1.12/ton (0.8%) lower than the previous month. Soybean Meal prices were \$30.0/ton (8.1%) lower.

These changes in prices resulted in a \$7.35/ton (3.5%) lower cost of feed and 1.31 cents/doz. (2.1%) lower cost of production than last month.

The September 2018 egg price paid to producers was 12.16 cents/doz. (14.3%) lower than the previous month.



CORN PRICE BY REGION (\$/ton) - 2018

TABLE 1

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	188.50	144.56	115.27	129.15	171.14	149.72
Feb	194.51	148.60	119.66	135.67	178.03	155.29
Mar	194.64	154.89	125.19	135.15	185.16	159.01
Apr	194.64	156.36	128.48	138.65	187.21	161.07
May	175.09	155.73	134.60	146.71	192.74	160.97
Jun	173.93	146.67	121.65	131.50	181.04	150.96
Jul	173.93	143.69	116.64	127.22	176.90	147.68
Aug	173.59	142.29	117.01	124.77	179.71	147.47
Sep	173.93	*	118.08	118.65	175.20	146.35
Oct						
Nov						
Dec						
9 Month Avg. Region/US avg.	182.53 1.19	* *	121.84 0.80	131.94 0.86	180.79 1.18	153.17

Source: Feedstuffs magazine

* there were no corn prices reported for the Northeast locations in September. Therefore, the last 12 months difference with the other 4 regions was used to approximate their value for the 5-region average estimation.

SOYBEAN MEAL PRICE BY REGION (\$/ton) - 2018

TABLE 2

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	363.80	353.10	305.95	324.61	357.80	341.05
Feb	404.38	380.25	351.68	371.21	401.78	381.86
Mar	425.00	396.25	356.06	384.41	410.94	394.53
Apr	425.00	401.75	367.54	390.18	416.47	400.19
May	455.00	411.87	373.33	381.99	423.54	409.14
Jun	455.00	386.37	337.16	345.23	388.92	382.54
Jul	455.00	377.00	322.98	340.45	374.08	373.90
Aug	455.00	375.70	315.25	344.85	369.60	372.08
Sep	*	*	303.13	328.86	350.58	342.09
Oct						
Nov						
Dec						
9 Month Avg. Region/US avg.	* *	* *	337.01 0.89	356.86 0.95	388.19 1.03	377.49

Source: Feedstuffs magazine

* there were no soybean meal prices reported for the Southeast and Northeast locations in September. Therefore, the last 12 months difference with the other 3 regions was used to approximate their value for the 5-region average estimation.

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) - 2018

TABLE 3

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	235.03	203.24	173.24	186.65	222.08	204.05
Feb	247.98	211.91	186.24	201.27	236.37	216.76
Mar	252.61	219.65	190.91	203.82	243.16	222.03
Apr	252.61	221.85	195.64	207.44	245.76	224.66
May	246.11	223.65	201.01	211.03	251.01	226.56
Jun	245.33	211.97	184.38	192.76	235.56	214.00
Jul	245.33	207.91	177.91	188.84	229.52	209.90
Aug	245.11	206.69	176.45	188.16	230.42	209.36
Sep	*	*	174.50	180.54	223.21	202.02
Oct						
Nov						
Dec						
9 Month Avg. Region/US avg.	*	*	184.48	195.61	235.23	214.37
	*	*	0.86	0.91	1.10	

Source: Egg Industry Center. Estimated based on corn and soybean meal prices reported by Feedstuffs magazine and all other costs total \$28.7/ton.

* Please see notes below tables 1 and 2.

Assumptions:

	Diet Composition				Transport
	Corn	SBM	Calcium*	Other ingredients*	and Milling
Percent	67%	22%	8%	3%	Costs*
\$/Ton	variable	variable	4.7	12.9	11.1

* These are standardized costs

ESTIMATED 19-WEEK PULLET COSTS BY REGION (\$/bird) - 2018

TABLE 4

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	3.99	3.75	3.53	3.63	3.89	3.76
Feb	4.08	3.82	3.62	3.74	4.00	3.85
Mar	4.12	3.87	3.66	3.76	4.05	3.89
Apr	4.12	3.89	3.69	3.78	4.07	3.91
May	4.07	3.90	3.73	3.81	4.11	3.92
Jun	4.06	3.82	3.61	3.67	3.99	3.83
Jul	4.06	3.79	3.56	3.64	3.95	3.80
Aug	4.06	3.78	3.55	3.64	3.95	3.80
Sep	*	*	3.54	3.58	3.90	3.74
Oct						
Nov						
Dec						
9 Month Avg. Region/US avg.	*	*	3.61	3.69	3.99	3.83
	*	*	0.94	0.96	1.04	

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 = 81 cents/baby chick, moving cost = 16 cents/pullet, and other costs = 127 cents/pullet (for all regions)

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

* Please see notes below tables 1 and 2.



ESTIMATED PULLET COST BY REGION under 1-cycle systems (Cents/doz.) - 2018

TABLE 5

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	11.56	10.87	10.23	10.52	11.28	10.89
Feb	11.84	11.06	10.51	10.83	11.59	11.16
Mar	11.94	11.23	10.61	10.89	11.73	11.28
Apr	11.94	11.27	10.71	10.96	11.79	11.34
May	11.80	11.31	10.83	11.04	11.90	11.38
Jun	11.78	11.06	10.47	10.65	11.57	11.11
Jul	11.78	10.97	10.33	10.56	11.44	11.02
Aug	11.78	10.95	10.30	10.55	11.46	11.01
Sep	*	*	10.25	10.38	11.30	10.85
Oct						
Nov						
Dec						
9 Month Avg. Region/US avg.	*	*	10.47	10.71	11.56	11.11
	*	*	0.94	0.96	1.04	

Source: Egg Industry Center

Assumes 34.5 dozen eggs per pullet placed under 1-cycle systems

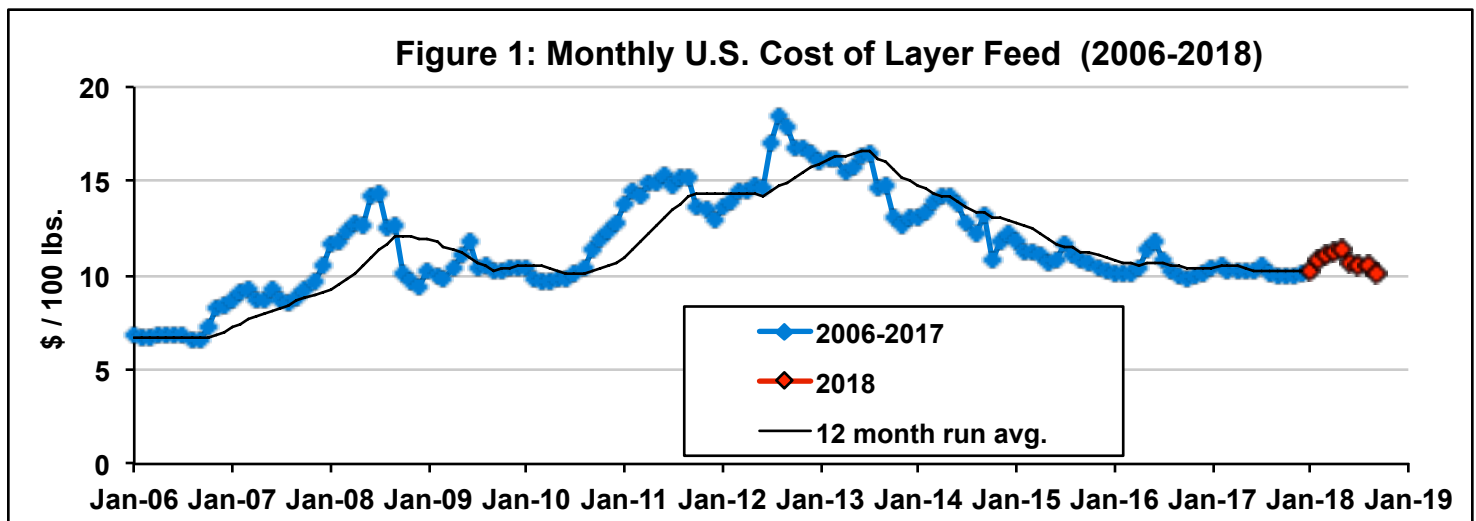
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ESTIMATED FEED COST BY REGION under 1-cycle systems (Cents/doz.) - 2018

TABLE 6

Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	36.90	31.91	27.20	29.30	34.87	32.04
Feb	38.93	33.27	29.24	31.60	37.11	34.03
Mar	39.66	34.49	29.97	32.00	38.18	34.86
Apr	39.66	34.83	30.72	32.57	38.58	35.27
May	38.64	35.11	31.56	33.13	39.41	35.57
Jun	38.52	33.28	28.95	30.26	36.98	33.60
Jul	38.52	32.64	27.93	29.65	36.03	32.95
Aug	38.48	32.45	27.70	29.54	36.18	32.87
Sep	*	*	27.40	28.35	35.04	31.72
Oct						
Nov						
Dec						
9 Month Avg. Region/US avg.	*	*	28.96	30.71	36.93	33.66
	*	*	0.86	0.91	1.10	

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.) - 2018 *

TABLE 7

Month	Southeast	Northeast	Midwest	South Central	Northwest	California	5-Region avg.
Jan	65.98	60.30	54.95	57.34	63.67	76.48	60.45
Feb	68.29	61.85	57.27	59.95	66.22	79.03	62.72
Mar	69.12	63.23	58.10	60.41	67.43	80.24	63.66
Apr	69.12	63.63	58.95	61.05	67.89	80.71	64.13
May	67.96	63.95	59.90	61.69	68.83	81.65	64.47
Jun	67.82	61.86	56.94	58.43	66.07	78.89	62.22
Jul	67.82	61.14	55.78	57.73	64.99	77.81	61.49
Aug	67.78	60.92	55.52	57.61	65.15	77.97	61.40
Sep	*	*	55.17	56.25	63.87	76.68	60.08
Oct							
Nov							
Dec							
9 Month Avg. Region/US avg.	* *	* *	56.95 0.91	58.94 0.95	66.01 1.06	78.83 1.27	62.29

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.

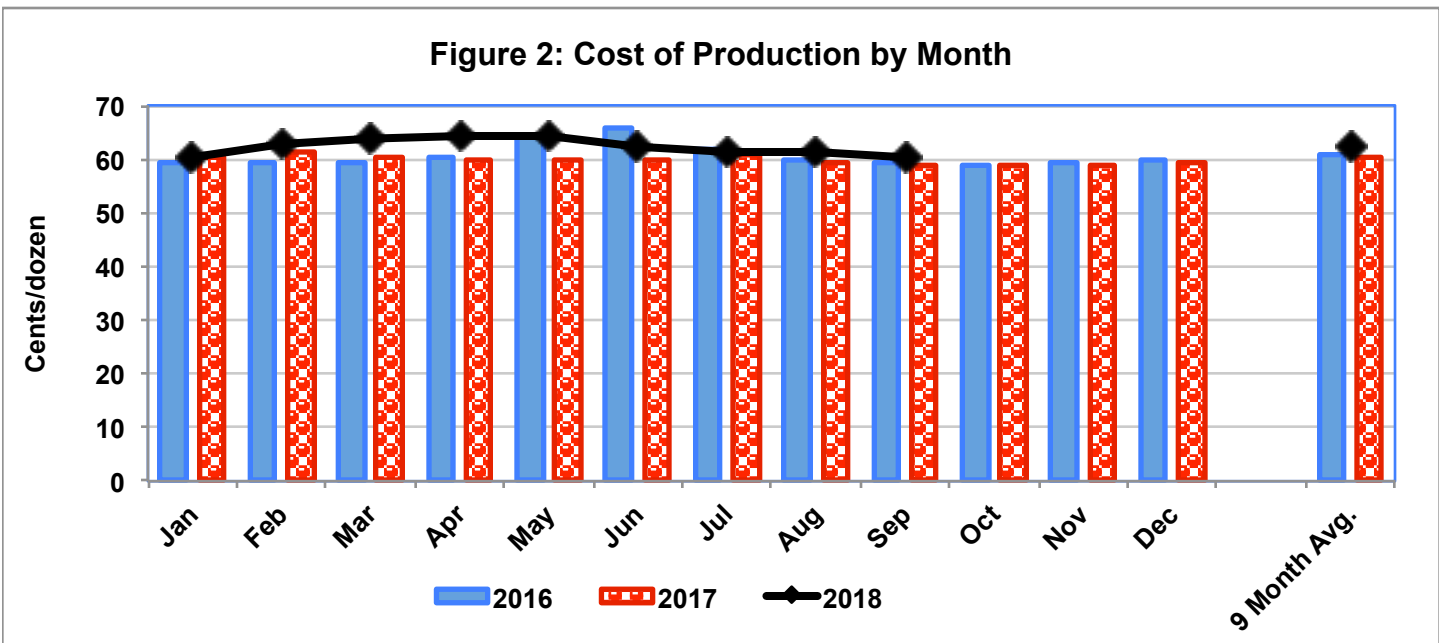
Building and equipment, labor, interest and miscellaneous costs are assumed to be 17.52 cents/dozen (except for CA, please see below) Some assumptions were made in the absence of enough information of cost of production under the new California regulations.

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 in²/67 in²) than on the other regions which put them at at 30.33 cents/dozen (17.52 * 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.

Figure 2: Cost of Production by Month



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)				Retail Price for Large White Eggs (cents/Doz)			
	2016	2017	2018	Change	2016	2017	2018	Change
Jan	91.7	49.5	93.9	44.3	232.8	159.9	176.9	17.0
Feb	92.8	38.9	119.0	80.0	226.7	146.4	175.5	29.1
Mar	66.9	46.7	180.8	134.1	208.1	140.4	183.1	42.7
Apr	41.8	42.8	116.2	73.4	179.3	140.9	208.1	67.2
May	30.6	37.1	64.0	26.8	168.4	141.4	198.7	57.3
Jun	31.8	39.5	75.9	36.3	149.1	133.2	162.8	29.6
Jul	39.9	51.0	93.7	42.7	154.6	133.3	172.5	39.2
Aug	39.8	55.8	85.0	29.2	145.5	136.7	162.2	25.5
Sep	38.3	84.0	72.8	-11.1	147.1	142.2		
Oct	29.5	79.2			139.0	154.0		
Nov	35.9	109.6			132.1	150.6		
Dec	73.3	124.1			138.3	181.5		
Avg.	52.6	49.5	100.1	50.7	183.1	141.5	180.0	38.5
12 Month Avg.	51.0	63.2			168.4	146.7		

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.

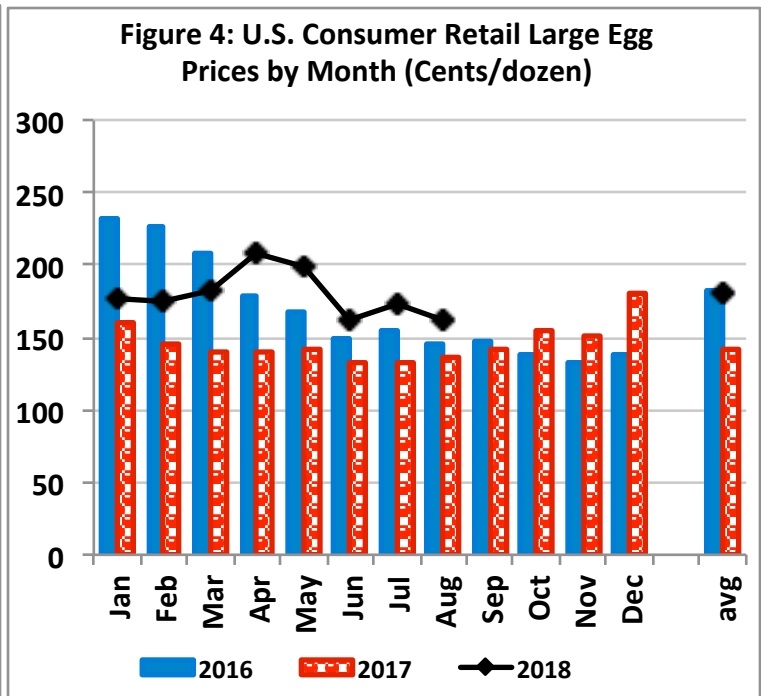
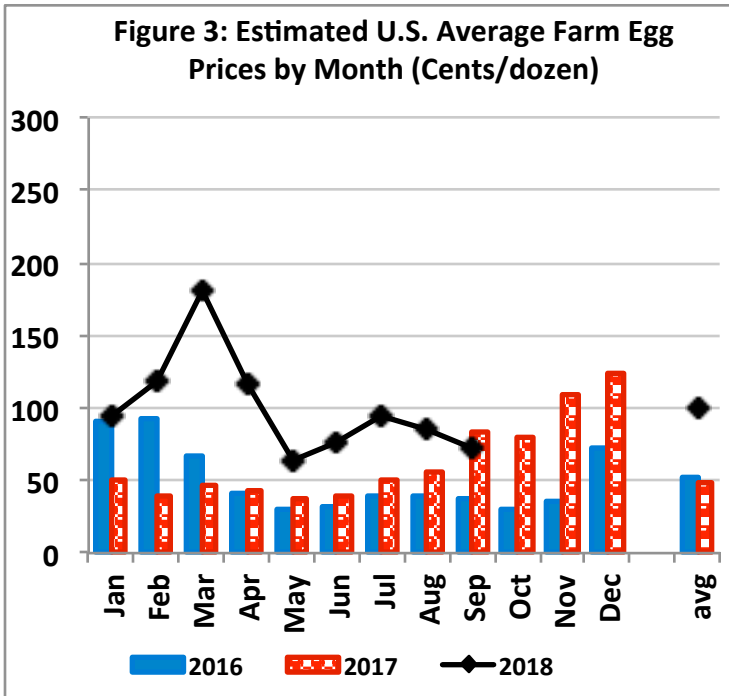


TABLE 9

ESTIMATED TOTAL COSTS comparing Breeders Manuals values vs. some loss in production efficiency (Cents/doz.) - 2018

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	60.45	62.05	60.67	61.02	62.27	62.62	61.25	62.85
Feb	62.72	64.42	62.95	63.30	64.65	65.00	63.55	65.25
Mar	63.66	65.40	63.90	64.25	65.64	65.99	64.50	66.25
Apr	64.13	65.89	64.37	64.72	66.13	66.49	64.98	66.74
May	64.47	66.25	64.71	65.07	66.49	66.84	65.32	67.10
Jun	62.22	63.90	62.45	62.81	64.13	64.49	63.05	64.73
Jul	61.49	63.14	61.72	62.07	63.37	63.72	62.31	63.96
Aug	61.40	63.04	61.62	61.98	63.27	63.62	62.21	63.86
Sep	60.08	61.67	60.30	60.65	61.89	62.24	60.88	62.47
Oct								
Nov								
Dec								
9 Month Avg.	62.29	63.97	62.52	62.87	64.20	64.56	63.12	64.80

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

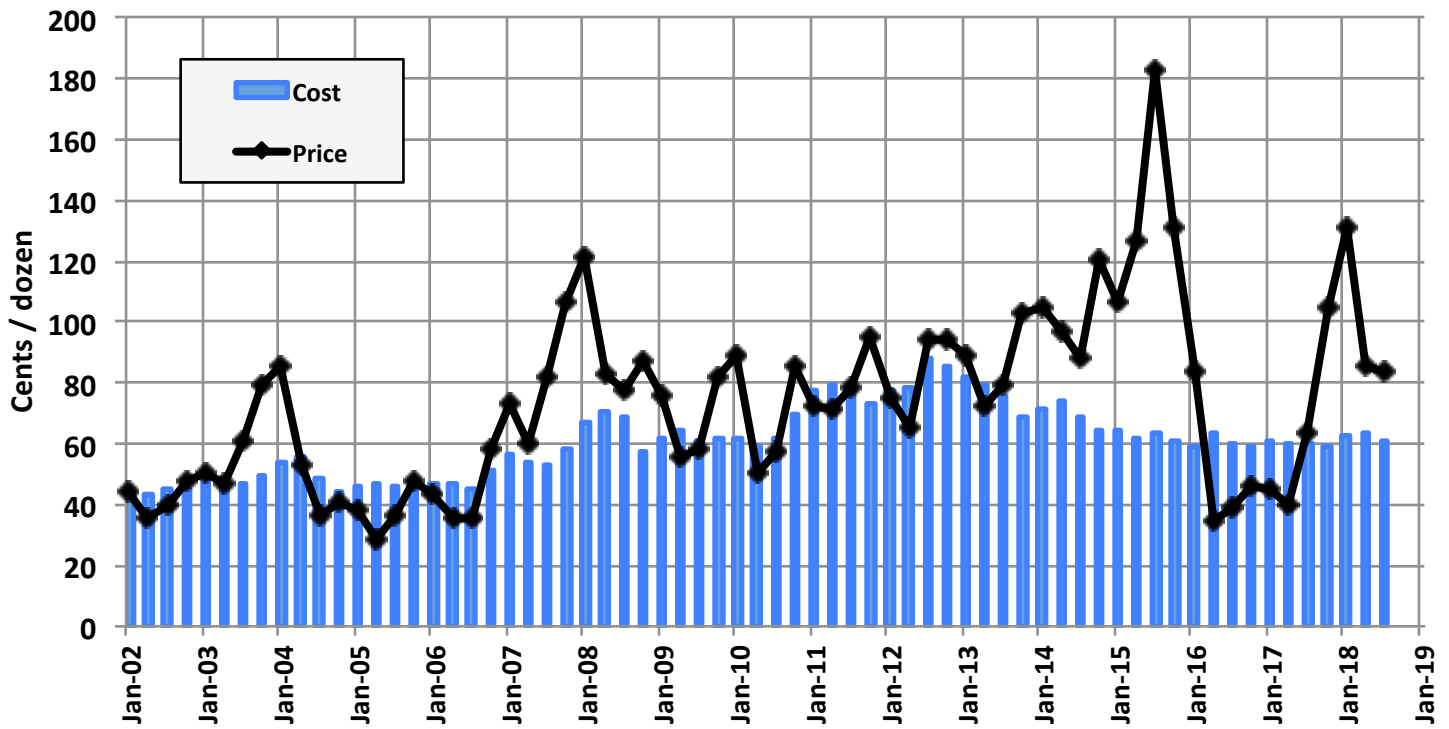
"Manuals" is estimated using the weighted average of Breeders Manuals (70% Hyline w-36, 15% Shaver White, 8% Lohmann LSL-Lite and 5% Bovans White) for 20 to 90 weeks of age.

"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)

Figure 5: Estimated Cost of Production and Producer Non-Processed Egg Price in U.S. (Quarterly 2002-2018)



LARGE EGG PRICES - CONVENTIONAL (warehouse) AND CAGE-FREE (to 1st receivers) - (\$/dozen)

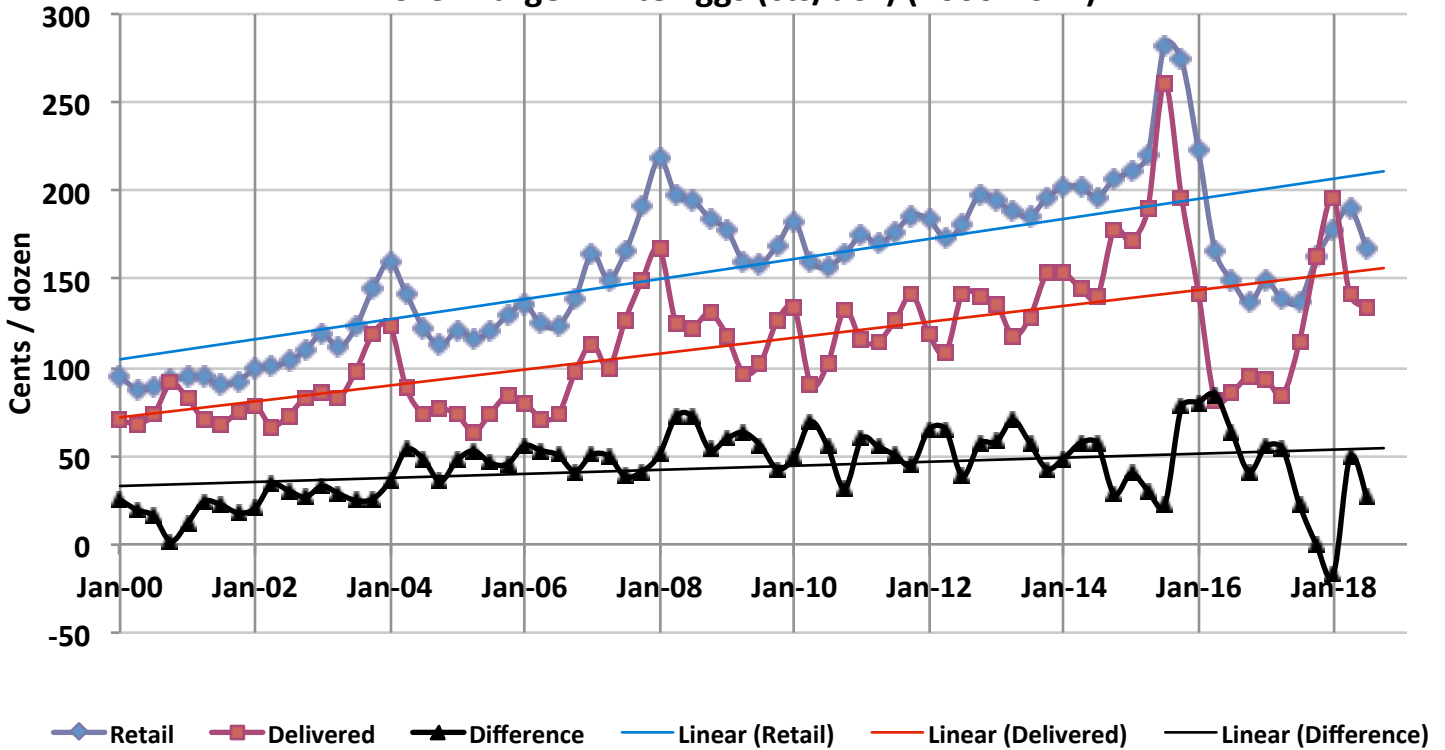
TABLE 10

month	Conventional White		Cage-Free to 1st receivers			
	4-Regions AVG		Contracting price		Negotiated price	
	2017	2018	2017	2018	2017	2018
Jan	0.83	1.26	1.58	1.60	0.92	1.89
Feb	0.71	1.61	1.64	1.60	0.80	1.88
Mar	0.69	2.14	1.64	1.60	0.74	1.88
Apr	0.74	1.86	1.63	1.60	0.60	1.76
May	0.61	0.99	1.64	1.60	0.74	1.12
Jun	0.65	0.96	1.60	1.59	0.59	1.12
Jul	0.79	1.37	1.61	1.59	0.85	0.96
Aug	0.86	1.13	1.61	1.59	0.93	1.15
Sep	1.11	1.01	1.60	1.59	1.55	1.27
Oct	1.17		1.60		1.75	
Nov	1.39		1.60		1.77	
Dec	1.77		1.60		1.72	
9 Month Avg.	0.78	1.37	1.62	1.60	0.86	1.45

Source: USDA AMS Poultry Market News and Analysis

Notes: the "Conventional Warehouse" is the simple average of white egg prices of 4-regions: MW, NE, SC and SE
 the Cage-Free price includes pricing for both white and brown cage-free eggs
 cage-free contracting price is cartoned while cage-free negotiated price is loose

Figure 6: Quarterly Retail Price and Delivered to Store Door Price for a Dozen Large White Eggs (cts/doz) (2000-2017)



Sources: U.S. Bureau of Labor Statistics for Retail Prices; and Urner Barry for Midwest Delivered to Store

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.



We are currently working in developing a new price projection model



TABLE 11: U.S. CORN AND SOYBEAN PLANTINGS, HARVEST, AND UTILIZATION (2014 to 2018)

Year	Corn		Production Harvested (Million bushels)	Soybeans		Production Harvested (Million bushels)
	Planted (Million acres)	Harvest (Million acres)		Planted (Million acres)	Harvest (Million acres)	
2014/15	90.6	83.1	14,216	83.3	82.6	3,927
2015/16	88.0	80.8	13,601	82.7	81.7	3,926
2016/17	94.0	86.7	15,148	83.4	82.7	4,296
2017/18	90.2	82.7	14,604	90.1	89.5	4,392
Projections September, 2018				Projections September, 2018		
2018/19+	89.1 *	81.8 *	14,827	89.6 *	88.9 *	4,693

Utilization of Soybean for Various Purposes (Million bushels)

Year	Begin. Stocks	Production	Imports	Total Supply	Crush	Seed Feed & residual	% Crush of total	Exports	Net Use	Ending Stocks
2014/15	92	3,927	33	4,052	1,873	96	46.2	1,842	3,862	191
2015/16	191	3,926	24	4,140	1,886	97	45.6	1,942	3,944	197
2016/17	197	4,296	22	4,515	1,901	105	42.1	2,166	4,214	302
2017/18	302	4,392	22	4,715	2,055	104	43.6	2,130	4,321	395
2018/19+	395	4,693	25	5,113	2,070	103	40.5	2,060	4,268	845

Utilization of Corn for Various Purposes (Million bushels)

Year	Begin. Stocks	Production	Imports	Total Supply	Feed	(Fuel) *	Food & Industrial	Exports	Net Use	Ending Stocks
2014/15	1,232	14,216	32	15,479	5,280	5,200	6,601	1,867	13,748	1,731
2015/16	1,731	13,602	68	15,401	5,114	5,224	6,648	1,901	13,664	1,737
2016/17	1,737	15,148	57	16,942	5,470	5,432	6,885	2,294	14,649	2,293
2017/18	2,293	14,604	40	16,937	5,450	5,600	7,060	2,425	14,935	2,002
2018/19+	2,002	14,827	50	16,879	5,575	5,650	7,130	2,400	15,105	1,774

+ (forecast September, 2018)

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

	Feed	Fuel	Food & Industrial *	Exports	Ending Stocks
2014/15	34.1%	33.6%	9.1%	12.1%	11.2%
2015/16	33.2%	33.9%	9.2%	12.3%	11.3%
2016/17	32.3%	32.1%	8.6%	13.5%	13.5%
2017/18	32.2%	33.1%	8.6%	14.3%	11.8%
2018/19+	33.0%	33.5%	8.8%	14.2%	10.5%

* 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>
- USDA Marketnews <https://www.marketnews.usda.gov/mnp/py-report-config?category=Egg>
- USDA Cage-Free Shell Egg Report <https://www.ams.usda.gov/mnreports/pymcagefree.pdf>

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