U.S. Egg Cost of Production and Prices

August 4, 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)

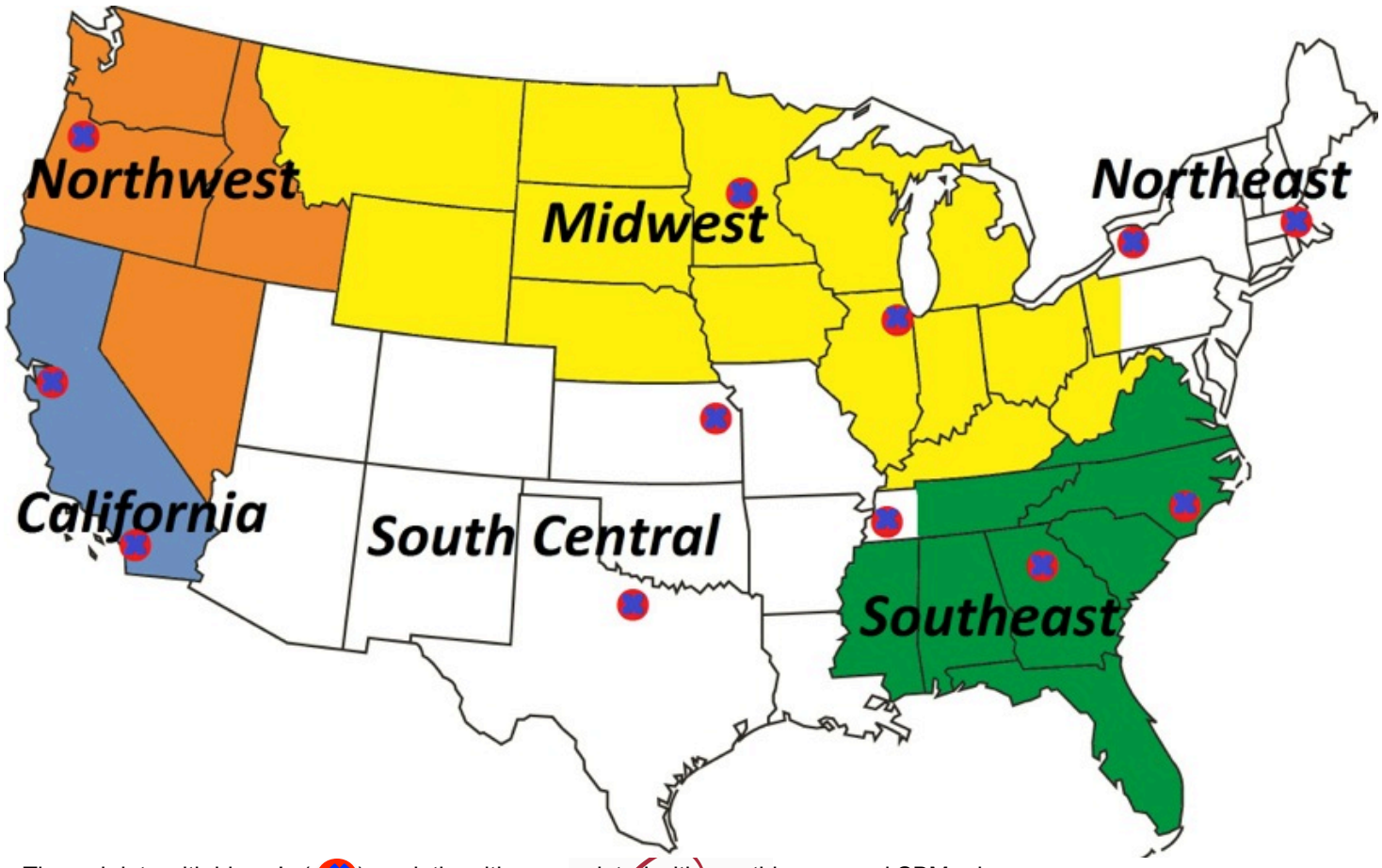
The average feed price is based on a diet consisting of 67% corn, 22% soybean meal, 8% limestone and 3% other ingredients.

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 July last year (2018 vs. 2017).

Corn Price ($/ton)		SBM Price ($/ton)		Feed Cost ($/ton)		Cost of Prod (cents/doz.)		Egg Price (cents/doz.)	
-9.41	-6.0%	+30.03	+8.7%	+0.90	+0.4%	+0.68	+1.1%	+42.67	+83.7%

In July, corn prices were $9.41/ton (6.0%) lower than in the previous year. Soybean Meal prices were $30.03/ton higher than July last year.

These changes in prices resulted in a $0.90/ton (0.4%) higher cost of feed and 0.68 cents/doz. (1.1%) higher cost of production than July last year.

The July 2018 egg price paid to producers was 42.67 cents/doz. (83.7%) higher than in July 2017.

Difference with respect to the previous month this year (July vs. June 2018).

Corn Price ($/ton)		SBM Price ($/ton)		Feed Cost ($/ton)		Cost of Prod (cents/doz.)		Egg Price (cents/doz.)	
-3.28	-2.2%	-8.63	-2.3%	-4.10	-1.9%	-0.73	-1.2%	+17.80	+23.5%

The July corn price was $3.28/ton (2.2%) lower than the previous month. Soybean Meal prices were $8.63/ton (2.3%) lower.

These changes in prices resulted in a $4.10/ton (1.9%) lower cost of feed and 0.73 cents/doz. (1.2%) lower cost of production than last month.

The July 2018 egg price paid to producers was 17.80 cents/doz. (23.5%) higher 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						
Sep						
Oct						
Nov						
Dec						
7 Month Avg.	185.03	150.07	123.07	134.87	181.74	154.96
Region/US avg.	1.19	0.97	0.79	0.87	1.17	

Source: Feedstuffs magazine

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						
Sep						
Oct						
Nov						
Dec						
7 Month Avg.	426.17	386.66	344.96	362.58	396.22	383.32
Region/US avg.	1.11	1.01	0.90	0.95	1.03	

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) - 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						
Sep						
Oct						
Nov						
Dec						
7 Month Avg.	246.43	214.31	187.05	198.83	237.64	216.85
Region/US avg.	1.14	0.99	0.86	0.92	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.

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						
Sep						
Oct						
Nov						
Dec						
7 Month Avg.	4.07	3.83	3.63	3.72	4.01	3.85
Region/US avg.	1.06	1.00	0.94	0.97	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.

ESTIMATED PULLET COST BY REGION under 1-cycle systems (Cents/doz.) - 2018 **TABLE 5**

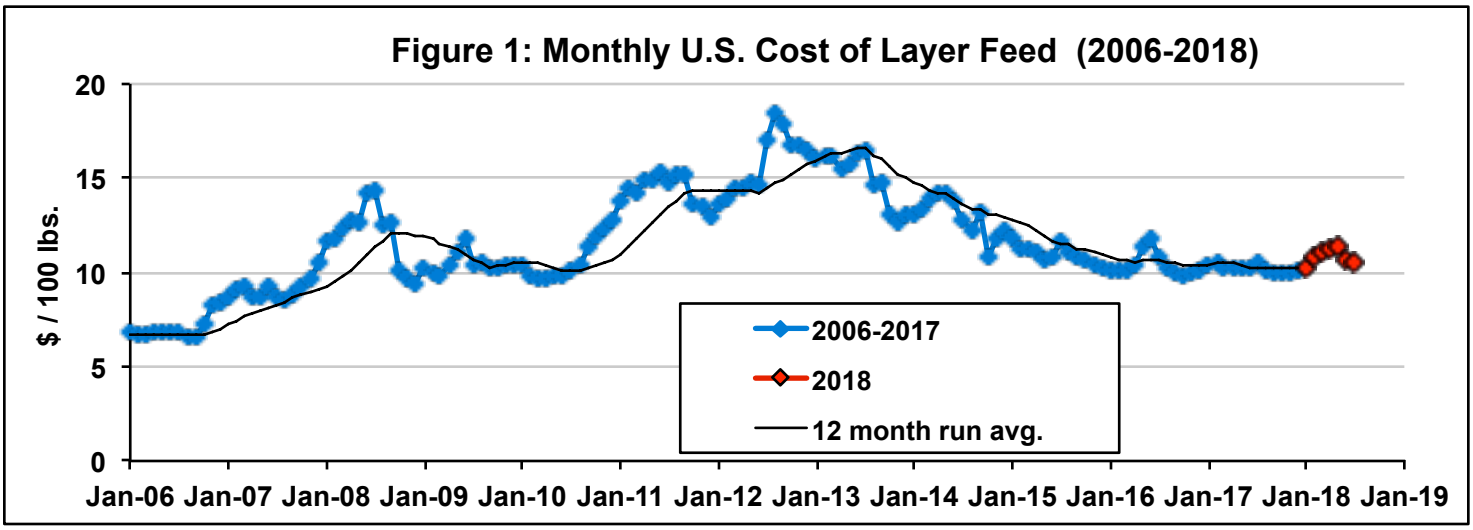
Month	Southeast	Northeast	Midwest	South Central	Northwest	5-Region avg.
Jan	11.56	10.87	10.23	10.52	11.28	10.89
Feb	11.84	11.06	10.51	10.83	11.59	11.16
Mar	11.94	11.23	10.61	10.89	11.73	11.28
Apr	11.94	11.27	10.71	10.96	11.79	11.34
May	11.80	11.31	10.83	11.04	11.90	11.38
Jun	11.78	11.06	10.47	10.65	11.57	11.11
Jul	11.78	10.97	10.33	10.56	11.44	11.02
Aug						
Sep						
Oct						
Nov						
Dec						
7 Month Avg.	11.80	11.11	10.52	10.78	11.62	11.17
Region/US avg.	1.06	1.00	0.94	0.97	1.04	

Source: Egg Industry Center Assumes 34.5 dozen eggs per pullet placed under 1-cycle systems 210.4917521

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						
Sep						
Oct						
Nov						
Dec						
7 Month Avg.	38.69	33.65	29.37	31.22	37.31	34.05
Region/US avg.	1.14	0.99	0.86	0.92	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

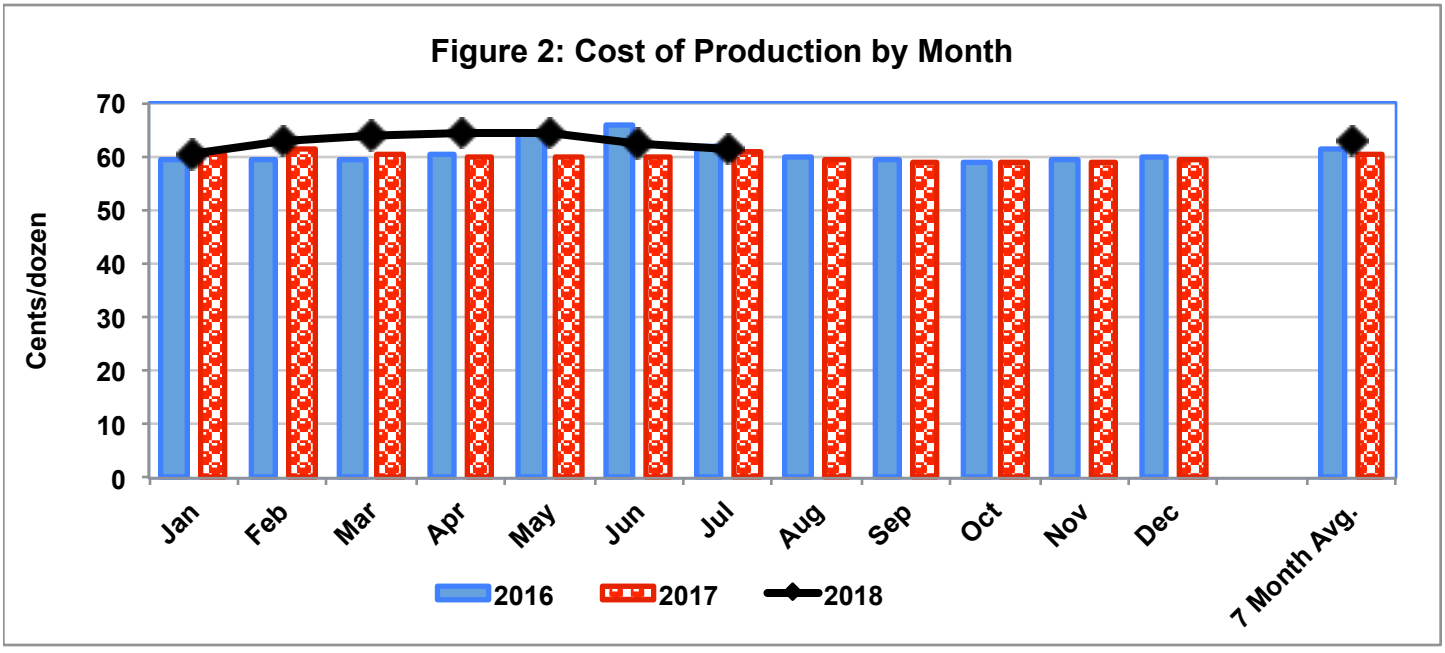
Month	Southeast	Northeast	Midwest	South Central	Northwest	California	5-Region avg.
Jan	65.98	60.30	54.95	57.34	63.67	76.48	60.45
Feb	68.29	61.85	57.27	59.95	66.22	79.03	62.72
Mar	69.12	63.23	58.10	60.41	67.43	80.24	63.66
Apr	69.12	63.63	58.95	61.05	67.89	80.71	64.13
May	67.96	63.95	59.90	61.69	68.83	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							
Sep							
Oct							
Nov							
Dec							
7 Month Avg.	68.01	62.28	57.41	59.51	66.44	79.26	62.73
Region/US avg.	1.08	0.99	0.92	0.95	1.06	1.26	

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 in^2/67 in^2) 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.



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) 2016	2017	2018	Change	Retail Price for Large White Eggs (cents/Doz) 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		
Aug	39.8	55.8			145.5	136.7		
Sep	38.3	84.0			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.	56.5	43.7	106.2	62.5	194.1	143.7	184.2	40.5
12 Month Avg.	51.0	63.2			168.4	146.7		

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

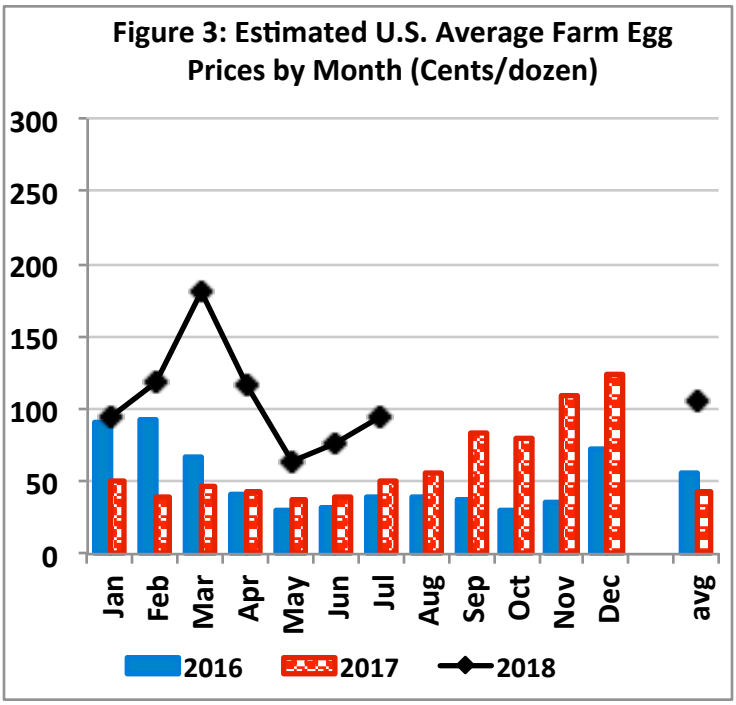
Source: Bureau of Labor Statistics (Dept. of Commerce)

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.



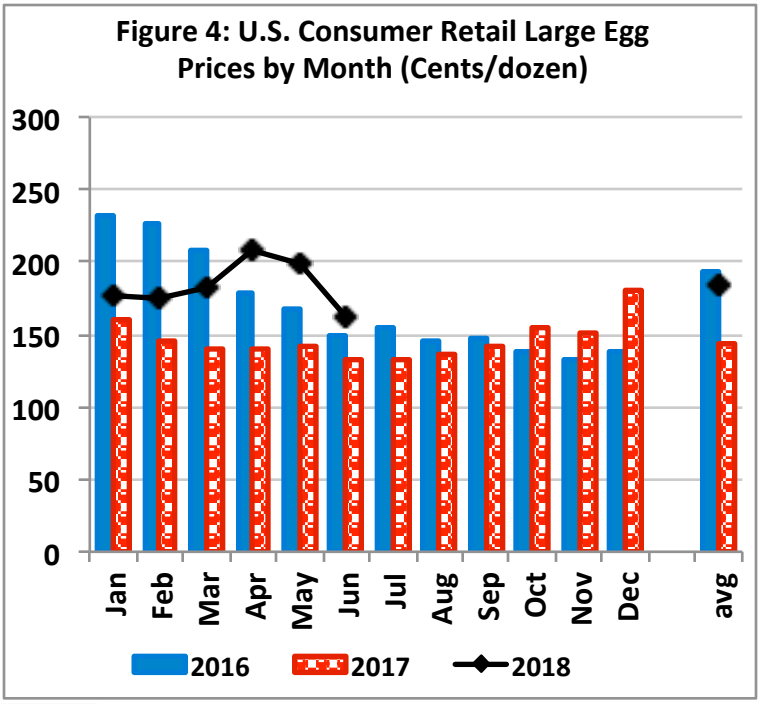


TABLE 9

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								
Sep								
Oct								
Nov								
Dec								
7 Month Avg.	**62.73**	**64.43**	**62.97**	**63.32**	**64.67**	**65.02**	**63.57**	**65.27**

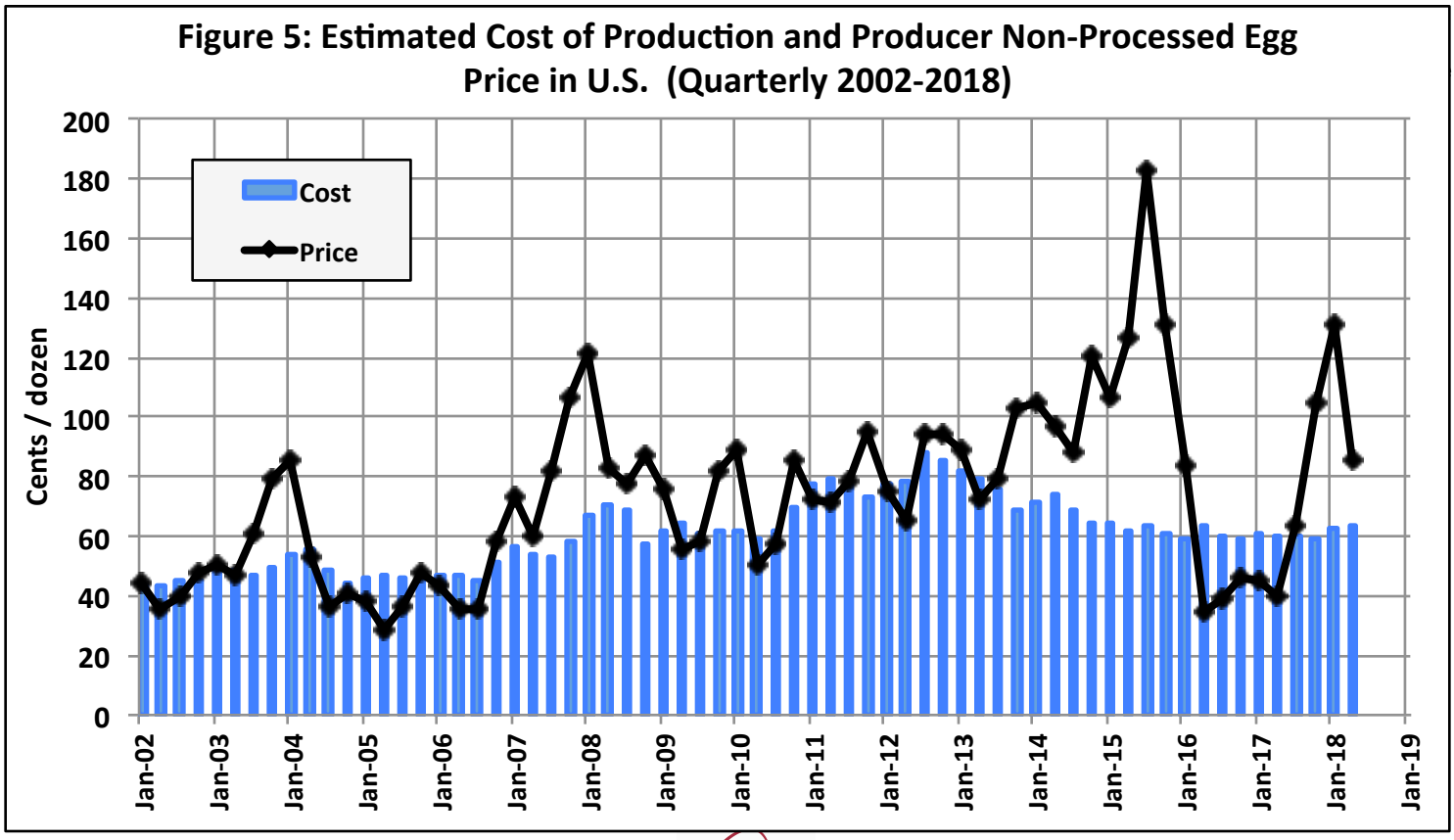
Source: Egg Industry Center, based on Feedstuffs magazine published prices of corn and soybean meal

"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)



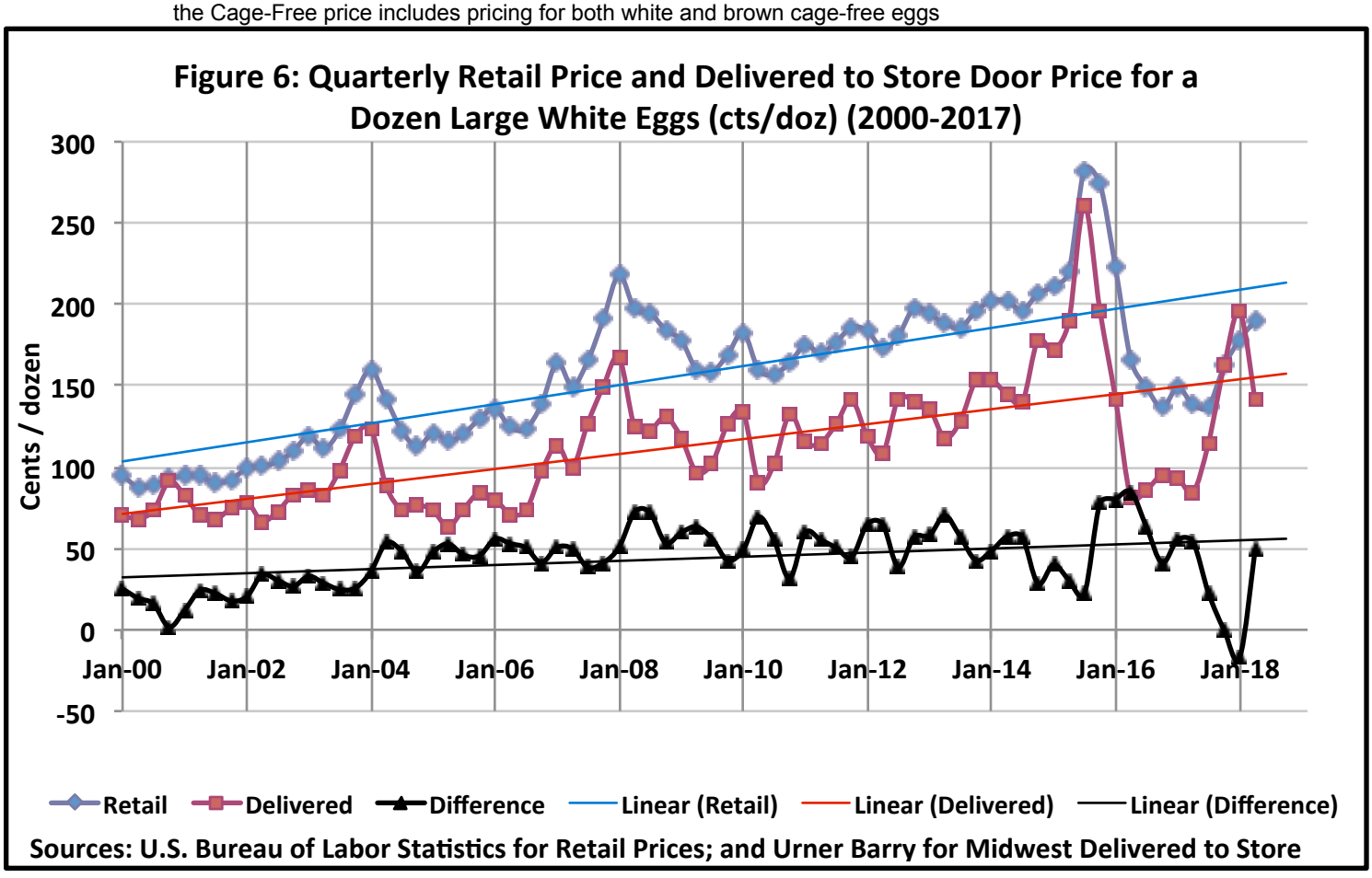
LARGE EGG PRICES - CONVENTIONAL (warehouse) AND CAGE-FREE (to 1st receivers) - ($/dozen) **TABLE 10**

	Conventional White	
	4-Regions AVG	
month	2017	2018
Jan	0.83	1.26
Feb	0.71	1.61
Mar	0.69	2.14
Apr	0.74	1.86
May	0.61	0.99
Jun	0.65	0.96
Jul	0.79	1.37
Aug	0.86	
Sep	1.11	
Oct	1.17	
Nov	1.39	
Dec	1.77	
7 Month Avg.	**0.72**	**1.46**

	Cage-Free to 1st receivers			
	Contracting price		Negotiated price	
month	2017	2018	2017	2018
Jan	1.58	1.60	0.92	1.89
Feb	1.64	1.60	0.80	1.88
Mar	1.64	1.60	0.74	1.88
Apr	1.63	1.60	0.60	1.76
May	1.64	1.60	0.74	1.12
Jun	1.60	1.59	0.59	1.12
Jul	1.61	1.59	0.85	0.96
Aug	1.61		0.93	
Sep	1.60		1.55	
Oct	1.60		1.75	
Nov	1.60		1.77	
Dec	1.60		1.72	
7 Month Avg.	**1.62**	**1.60**	**0.75**	**1.52**

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



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 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)
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 July, 2018				**Projections** July, 2018		
2018/19+	89.1 *	81.8 *	14,230	89.6 *	88.9 *	4,310

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
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	2,030	104	43.1	2,085	4,251	465
2018/19+	465	4,310	25	4,800	2,045	103	42.6	2,040	4,220	580

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
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	2,400	14,910	2,027
2018/19+	2,027	14,230	50	16,307	5,425	5,625	7,105	2,225	14,755	1,552

+ (forecast July, 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%	14.2%	12.0%
2018/19+	33.3%	34.5%	9.1%	13.6%	9.5%

*** 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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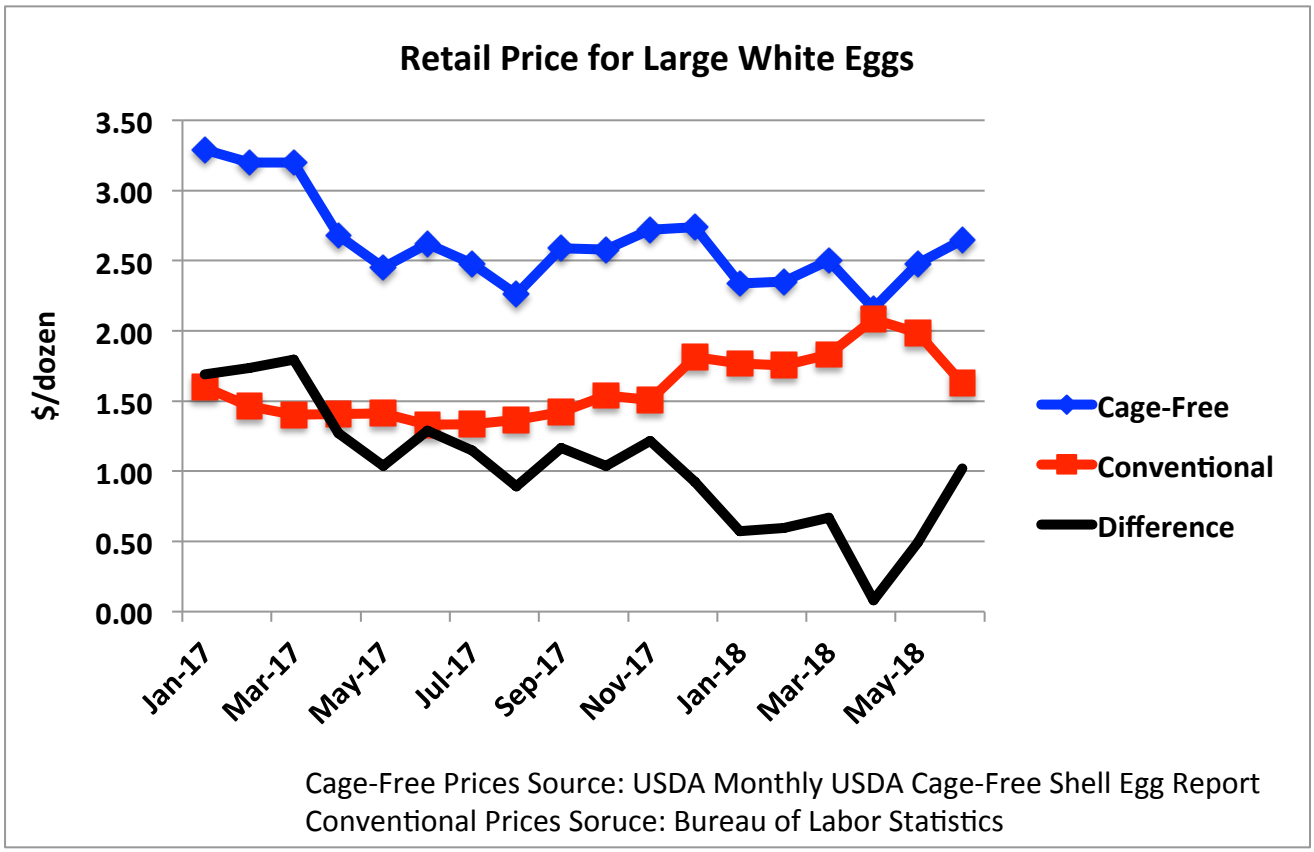
Egg Industry Center
10th ANNIVERSARY

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

	Retail Price for Large White Eggs ($/dozen)					
	Cage-free		Conventional		Difference	
month	2017	2018	2017	2018	2017	2018
Jan	3.29	2.34	1.60	1.77	1.69	0.57
Feb	3.20	2.35	1.46	1.76	1.74	0.60
Mar	3.20	2.50	1.40	1.83	1.80	0.67
Apr	2.68	2.16	1.41	2.08	1.27	0.08
May	2.45	2.48	1.41	1.99	1.04	0.49
Jun	2.62	2.65	1.33	1.63	1.29	1.02
Jul	2.48		1.33		1.15	
Aug	2.26		1.37		0.89	
Sep	2.59		1.42		1.17	
Oct	2.58		1.54		1.04	
Nov	2.72		1.51		1.21	
Dec	2.74		1.82		0.93	
6 Month Avg.	**2.91**	**2.41**	**1.44**	**1.84**	**1.47**	**0.57**

Cage-Free Prices Source: USDA Monthly USDA Cage-Free Shell Egg Report

Conventional Prices Soruce: Bureau of Labor Statistics



Cage-Free Prices Source: USDA Monthly USDA Cage-Free Shell Egg Report

Conventional Prices Soruce: Bureau of Labor Statistics