

Don Bell's Table Egg Layer Flock Projections and Economic Commentary - 2004

(This report was written by Don Bell, University of California Poultry Specialist, emeritus, under the sponsorship of United Egg Producers)

What a Difference a Year Makes !

I've always found it to be of immense interest the rate at which the egg industry gets itself into and out of trouble – when it needs to. Could the industry have withstood another negative income year after 3-4 years of low egg prices? Combined losses for the 1999 to 2002 period were probably in the \$2 to \$4 range for the average egg producer. Our estimate of losses for California producers, for example, was \$3.78 per hen – one of the longest “dry spells” the industry had ever experienced.

We are all aware of the extremely high (record high) egg prices that occurred in late November/early December of 2003. Annual egg price increases between 2002 and 2003 were estimated by the USDA to average 17.4 cents/dozen. Urner Barry quotations increased by 21.2 cents/dozen in 2003. (USDA prices represent mid-month estimates; Urner Barry prices are quoted several times per week).

There are many theories about why prices exceeded everyone's expectations, but we believe they were affected by a combination of supply and demand circumstances that elevated prices beyond historical experience. Supply was essentially the same during the two years in spite of marginally fewer hens. The industry successfully held hen numbers down. No increases in production were made to compensate for a larger human population. Demand was especially strong as evidenced by the consumer's willingness to buy the same amount of product for significantly higher prices. Consumer prices of less than \$1 per dozen may have become a thing of the past. Annual retail prices for 2003 were reported to be \$1.25 per dozen for the year and \$1.55 for December for the U.S. Regardless of the causes, the industry would be wise to attempt to duplicate these conditions in the future. The result was:

- a huge improvement in industry revenue of ONE BILLION DOLLARS (or more) !! -

Table 1 illustrates the enormity of the economic effects of such changes in overall income improvements between 2002 and 2003.

Table 1. Production and Economic Changes in the US Table Egg Industry – 2002 vs 2003

Year	Hens (millions)	Eggs (dozens)	Eggs Per Hen	Av. Egg Price Per Dozen *	Total Income (billion \$)
2002	278.35	6,157,000,000	265.4	42.0	2.582
2003	276.45	6,163,416,667	267.5	59.4	3.659

* based upon USDA egg price estimates. NASS “Agricultural Prices”

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