

**Don Bell's Table Egg Layer Flock Projections and Economic Commentary - 2002**

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

**Reducing Cage Density - It's Effect on Egg Prices and Flock Performance..**

Reducing the nation's average cage density can have numerous positive effects on the income and costs of individual producers and the industry as a whole. This was summarized extensively in our December 31, 2000 "Egg Economics Update" newsletter (No. 234).

The one factor that was not discussed in detail was the effect of reduced numbers of chickens on U.S. egg prices. After 2+ years of losses, the emphasis must be on reducing the nation's flock size. Even though many producers may not participate in United Egg Producer's animal husbandry guidelines, the more that do, the more the improvement in prices for everyone.

**Our analysis of price responses to layer numbers for the 1996 to 2001 period show a 0.69¢/dozen improvement in Mid West Urner-Barry egg prices for each reduction of one million layers during that time period. This is equivalent to 15¢ per hen/year or \$40 million for the entire industry.**

A one-million hen reduction is possible within several individual companies, but half of this reduction could be accomplished by 2-5 companies by just reducing their number of birds per cage by one. We commonly hear the excuse that "If we do it, there's no guarantee that my competitor will do it." That's true, but any reduction will help everyone and the bulk of the industry can't wait to accomplish this goal just because they're concerned that their competitor will also benefit.

Besides, benefits are not limited to the effect of reduced flock side on price. Once a bird is removed from each cage, egg production per hen will increase by 5-10 eggs or more per remaining hen. Egg production costs will decrease. Egg breakage will decline by 0.5%, and mortality will improve by 2-3%. The net benefits of improved flock performance with reduced density is especially rewarding during low egg price or high cost periods. Crowding cages is a particularly bad management decision during low margin years. More producers go out of business for this reason alone during times of low or non-existent profit margins.

*On the following pages, we've started a new presentation format for important flock statistics. The intent is to show the most recently available data with comparisons with the previous month and for the two previous years. This will make "trends" more readily apparent to the reader. We'll try to update these tables bi-monthly.*

1. **MONTHLY HATCH** (straight-run) (000's): Monthly hatches for the past 4 months have been lower than for the previous year for a total of 5 million fewer female chicks. This decrease in hatch is readily apparent in the table below (for Jan-Feb).

Period	2000	2001	2002	'02/'01 (%)
January	34,125	37,976	35,533	-6.4
February	35,491	38,198	34,326	-10.1
To date	69,616	76,174	69,859	-8.3

2. **24 MONTH ACCUMULATED HATCH** (females) (000%): The 24 month previous hatch is one of the most highly correlated statistic associated with "next year's" egg prices. During the 1996-2001 period, each additional one million female chicks hatched decreased Urner-Barry Midwest Large egg prices by 0.39¢/dozen.

Period	2000	2001	2002	'02/'01 (%)
January	442,009	440,333	440,780	+0.10
February	442,040	441,608	440,615	-0.22

3. **PULLET PLACEMENT INTO LAYER HOUSES** (000's): Pullets placed equal pullet chicks hatched minus a mortality factor projected ahead 5 months for placement in layer houses.

Period	2000	2001	2002	'02/'01 (%)
January	16,000	15,490	15,870	+2.4
February	17,530	16,380	16,510	+0.8
To date	33,530	31,870	32,380	+1.6

4. **TABLE EGG LAYERS** (millions): During the period 2000 to 2002, layer numbers have increased a total of 7-8 million. It is estimated that increases in the human population require approximately 3 million per year to provide the same per capita consumption.

Period	2000	2001	2002	'02/'01 (%)
January	270.0	275.3	278.7	+1.2
February	270.8	276.5	277.2	+0.3
To date	270.4	275.9	278.0	+0.8

5. **TABLE EGGS PRODUCED** (millions): Egg production in 2002 is running 1.4% ahead of last year's rate. This is equivalent to 3.7 million cases per week.

Period	2000	2001	2002	'02/'01 (%)
January	6,070	6,043	6,155	+1.9
February	5,625	5,517	5,570	+1.0
To date	11,695	11,560	11,725	+1.4

**6. FORCE MOLTING (% in plus after a molt):** Molting was up in 2001 and has apparently fallen back in 2002. This figure represents the percentage of the nation's flock either in or after an induced molt.

<b>Period</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>'02/'01 (%)</b>
January	25.8	27.5	26.7	-0.8
February	26.4	27.4	26.7	-0.7
To date	26.1	27.5	26.7	-0.8

**7. SLAUGHTER (millions):** This number represents birds slaughtered in USDA inspected plants - about 45-50% of the total bird disappearance. The counts for 2002 represent a marked increase over year 2001 figures.

<b>Period</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>'02/'01 (%)</b>
January	8.47	8.34	9.81	+17.6
February	8.24	7.44	8.19	+10.1
To date	16.71	15.78	18.00	+14.1

**8. BREAKER EGGS PRODUCED (million cases):** Year 2002 figures represent about 30% of the total U.S. production and are considerably over 2001 levels. Jan.-Feb breaking is usually at a rate much lower than the average for the year.

<b>Period</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>'02/'01 (%)</b>
January	4.799	4.820	5.101	+5.8
February	4.601	4.407	4.616	+4.7
To date	9.400	9.227	9.717	+5.3

**9. URNER-BARRY MID-WEST LARGE EGG PRICES (\$/dozen):** Egg prices in 2001 started at a very good level, but decreased during the latter half of the year. Current thinking about year 2002 prices would suggest a reversal of last year's pattern.

<b>Period</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>'02/'01 (¢)</b>
January	65.7	77.5	74.7	-2.8
February	70.4	75.1	66.2	-8.9
March	64.2	80.1	82.0	+1.9
To date	66.8	77.6	74.3	-2.3

**10. COST OF EGG PRODUCTION (FEEDSTUFFS FORMULA) - ALL REGIONS:**

Egg production costs for 2002 are at a lower level than for the same period in 2001. This is a result of lower feed prices since all other factors are standardized.

Period	2000	2001	2002	'02/'01 (¢)
January	n/a	42.6	41.1	-1.5
February	n/a	41.8	41.3	-0.5
March	n/a	41.2	41.1	-0.1
To date	n/s	41.9	41.2	-0.7

**11. TABLE EGGS IN LEADING STATES (LAYERS IN 30,000+ FLOCKS)(FEB)(Mill.)**

Iowa continues to lead the nation in total egg production and rate of growth.

State	2000	2001	2002	'02/'01 (%)
IOWA	26.68	30.53	34.76	+13.9
OHIO	31.48	29.65	29.30	-1.2
CA.	23.64	23.09	23.34	+1.1
PENN..	21.78	22.98	22.27	-3.1
IND.	22.06	22.36	21.88	-2.1
TX.	13.61	14.51	14.50	n/c
U.S.	264.85	270.30	271.30	+0.4

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