

An EGG ECONOMICS UPDATE

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**SOUTHERN CALIFORNIA COST OF PRODUCING TABLE EGGS/INCOME - 2005**

The net return for Southern California egg producers in 2005 was estimated to be – **8.4¢** per dozen. This represents an estimated loss of **\$1.85** per hen for the year – one of the poorest years in history.. This followed the previous year's total of **\$1.06**. Net returns for the last 5 years (2001 to 2005) is estimated to average less than 1 cent per dozen which is equivalent to an annual profit of approximately \$0.15 per hen. In other words, **total income** for these 5 years was estimated to be **\$0.73** per hen.

Feed costs were estimated to average **\$7.29** per 100 pounds in 2005, \$0.99 per 100 pounds less than in 2004 (**\$8.28**). Feed prices in 2005 ranged from a low of \$6.99 in January to a high of \$7.70 per 100 pounds in July. Feed conversion for 2004 was estimated at 3.45 pounds per dozen which resulted in feed costs of **25.1** cents per dozen – down 3.5¢ per dozen from 2004 costs.

Income was based upon producer egg prices adjusted to estimated monthly egg size differences. No deductions from industry egg price quotations were made except for egg pick-up that was charged to miscellaneous costs. Feed costs this year were based upon sample feed costs from two Southern California feed mills.

Egg and miscellaneous income over costs for 2005 are shown in Table 1 by month and for each year from 1991 to 2005 in Table 2.

**Table 1. Estimated income and net returns - cents per dozen - 2005**

Month	Egg Income	Misc.	Total Income	Total Costs	Net Returns Cents/hen
Jan	36.7	.0	36.7	50.9	+31.9
Feb	44.1	0	44.1	51.4	+31.8
March	34.6	0	34.6	53.7	+40.0
April	28.7	0	28.7	55.4	+13.0
May	28.9	0	28.9	54.8	-6.9
June	26.4	0	26.4	53.6	-6.4
July	34.3	0	34.3	51.7	-10.7
Aug	27.6	0	27.6	48.7	-12.4
Sept	44.6	0	44.6	47.4	-13.8
Oct	34.8	0	34.8	45.2	-11.8
Nov	49.6	0	49.6	43.6	-3.4
Dec	56.0	0	56.0	43.9	6.3
Avg. *	37.2	0	37.2	50.0	+4.8

\* Simple average of months.

**Table 2. Estimated income and net returns - cents per dozen - 1991 to 2005**

Year	Egg Income	Misc. Income	Total Income	Total Costs	Net Returns
2005	37.2	0	37.2	45.7	-8.4
2004	54.7	.1	54.8	50.0	4.8
2003	59.4	.1	59.5	47.5	12.0
2002	39.2	.1	39.3	45.3	-6.0
2001	38.9	.1	39.0	44.7	-5.7
2000	39.8	.1	39.9	43.3	-3.4
1999	38.8	.1	38.9	41.9	-3.0
1998	49.4	.1	49.5	46.3	+3.2
1997	56.0	.1	56.1	52.2	+3.9
1996	63.2	.1	63.3	56.8	+6.5
1995	48.0	.1	48.1	48.6	-0.5
1994	43.4	.1	43.5	48.6	-5.1
1993	49.1	.1	49.2	47.8	+1.4
1992	43.7	.2	43.9	47.8	-3.9
1991	54.1	.2	54.3	47.9	+6.4
Average	48.4	.1	48.5	47.8	+0.7

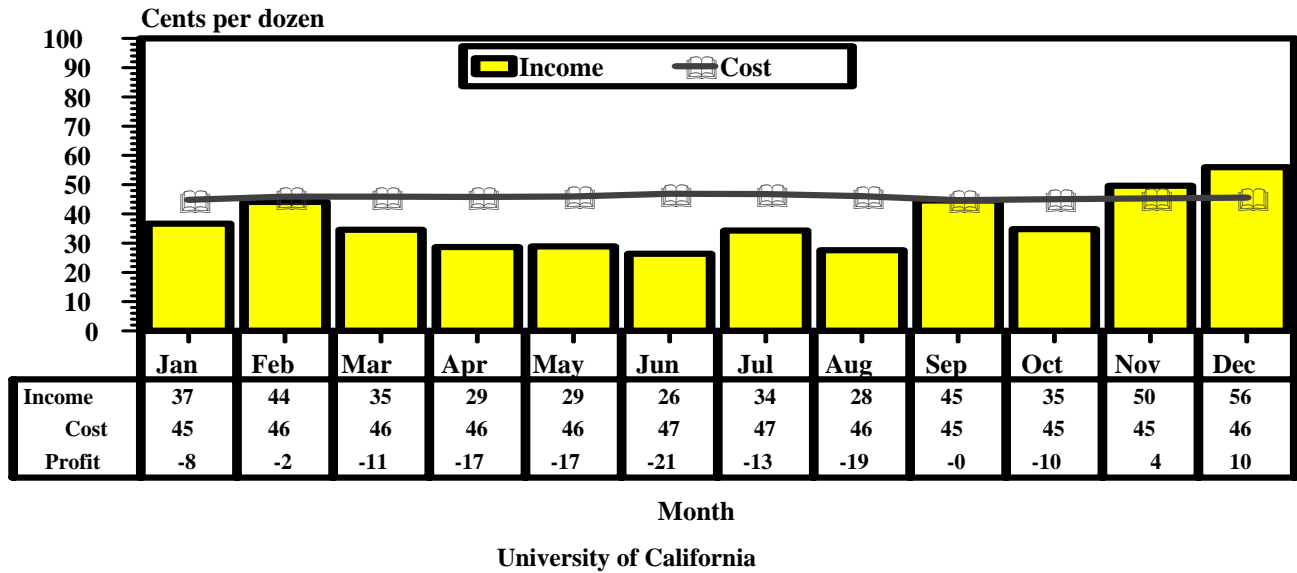
**Table 3: Cost of production estimates for 2005 were based on the following assumptions:**

Item	Cents per dozen
Feed: 3.45 pounds x \$7.29/100 lbs.	25.1
Pullets: \$2.51 divided by 34 dozen eggs	7.4
Labor	3.0
Miscellaneous	5.0
Building and equipment depreciation	2.9
Interest	1.8
Management	.9
Total	45.7

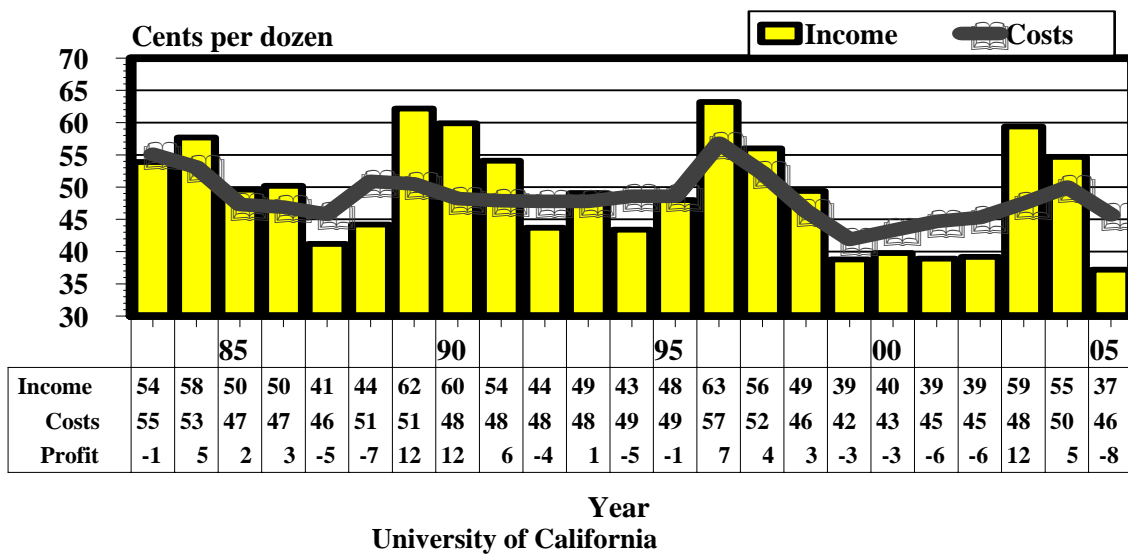
Feed conversion is adjusted monthly from 3.28 in August to 3.62 pounds per dozen in February to reflect seasonal variation. Egg values are adjusted to the market and reflect seasonal changes in egg size and egg prices. Large egg production is assumed to be at its maximum in January/February and at the minimum in July/August. Twenty-week pullet costs were estimated to average \$2.51 each at 20 weeks of age..

Figure 1 illustrates income and costs by month for 2005. Income exceeded costs in only 2 months. Figure 2 illustrates the costs and income for 1983 to 2005. Figure 3 illustrates the 26-year trend of profits in the Southern California egg industry.

**Figure 1. Monthly Egg Income and Costs - 2005**

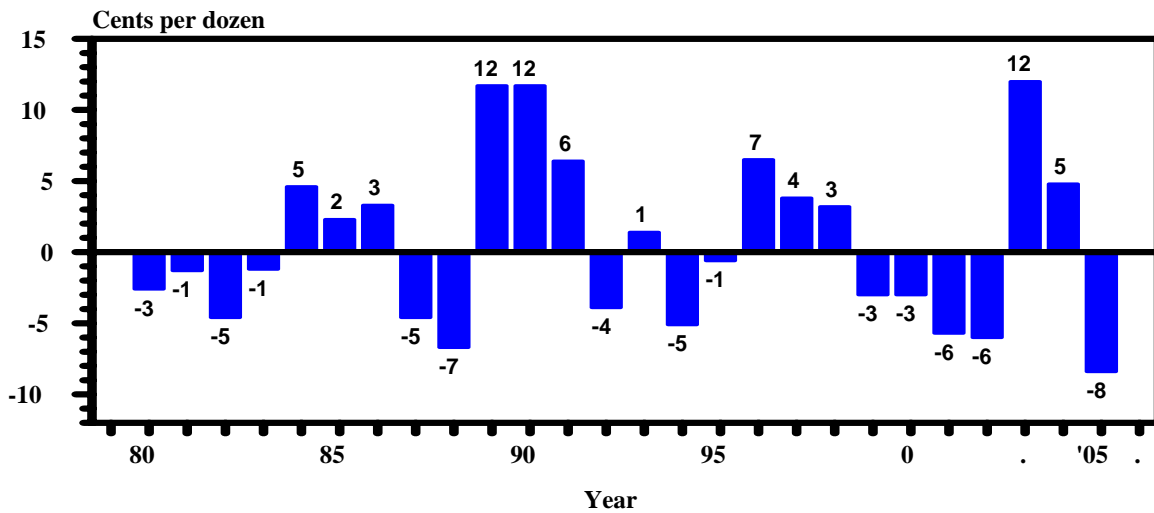


**Figure 2. Egg Income and Costs - 1983 to 2005  
(23 years) - Southern California**



### Figure 3. Southern California Table Egg

#### Profitability - 1980 To 2005



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These costs represent costs at the farm for nest-run eggs and include one cent per dozen (misc.) for transportation of eggs to the packing plant. See Egg Economics Update (January, 2004) for more details relative to egg prices. The assumptions used in this report are based upon typical performance for a two-cycle replacement program. Productivity, costs, and selling prices among firms are subject to considerable variation, and therefore, the values shown should be used only to represent trends and estimates of actual conditions. Costs between producers commonly vary by as much as plus or minus 4 cents per dozen from the average of the local industry.

Egg prices represent prices the producer actually received for unprocessed eggs F.O.B. the farm, (transportation was considered to be a cost). No deductions are shown for promotion or other charges imposed by the egg buyer. Individual producers may receive from 0 to 3 cents per dozen below the example prices because of differing buyer purchasing arrangements.

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