

Egg Economics Update #272

**University of California
Cooperative Extension
Riverside, CA 92521**

Economic Trends in the California Table Egg Industry – 1966 to 2005

The University of California Cooperative Extension has conducted studies of the economic returns within the state's table egg industry since 1925. The early studies emphasized flock performance and costs at the production level and were conducted in various counties within the state. Individual farm cost studies (with actual farm records) were last conducted in 1979 in San Diego County California. Since then, a series of standardized costs and income were developed to track the industry's economic well-being. These are updated annually with emphasis on accurate current egg and feed prices – the most important income and cost items.

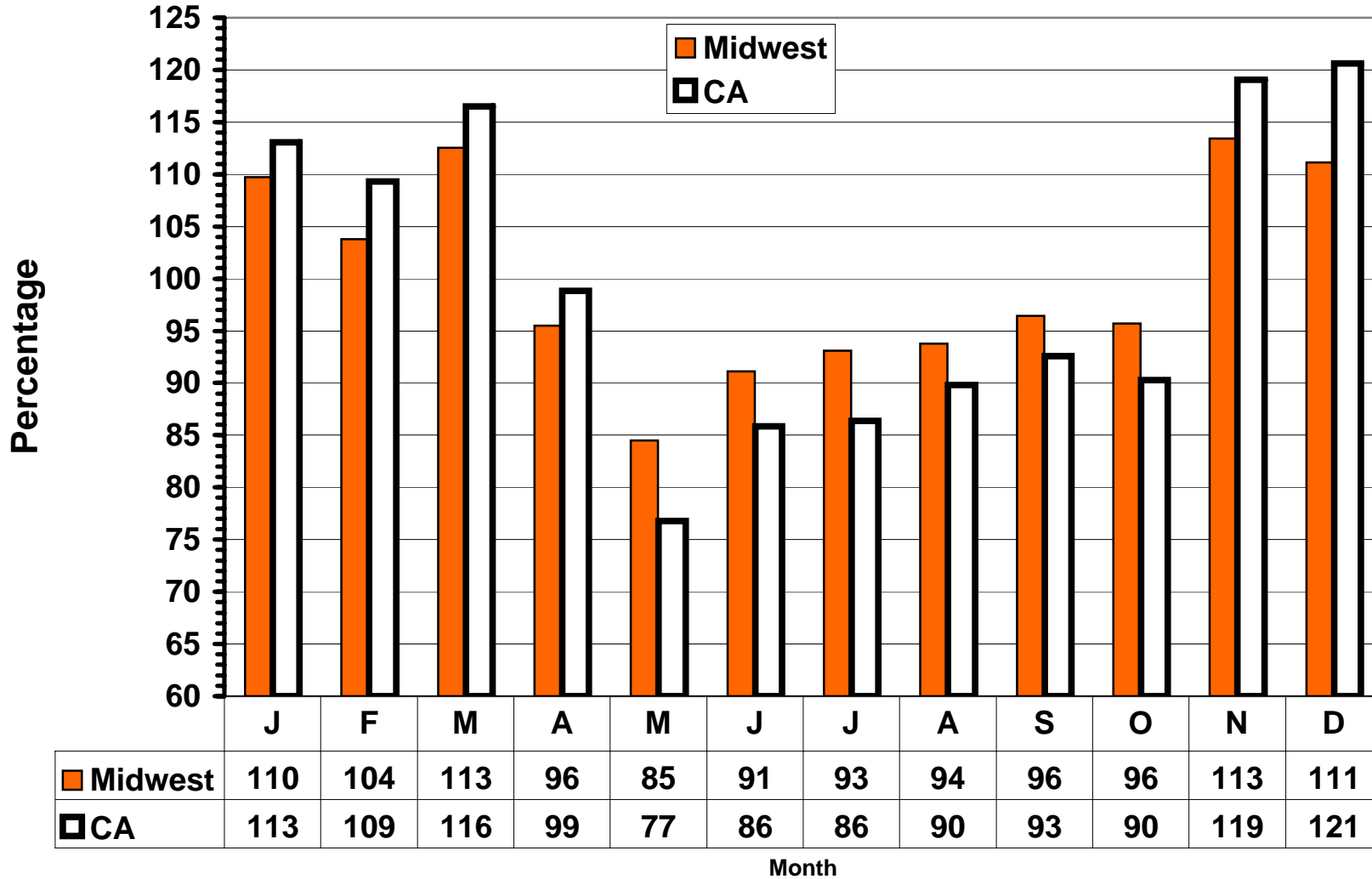
Comparable annual data is available starting in 1966. During the next 40 years, the industry experienced a wide range of profits and losses with exactly 20 positive income and 20 negative income years. Annual profits range from a high of \$2.39 per hen/year in 2003 to a low of minus \$1.85 per hen/year in 2005. Profit or loss periods usually occur for 3-4 consecutive years with the interval between profit peaks or loss "valleys" of 5-6 years in length. Positive years totaled \$22.39 per hen while negative years totaled \$15.41 per hen during the 40 years studied – a net gain of \$6.98 per hen or \$.17 per hen/year – less than one cent per dozen.

Even though these figures are fairly representative of only one state, similar trends are also observed in other states as well. Profit levels at the production level commonly range from + or – 5 cents/dozen between top and bottom producers. These are due to relative strengths in flock performance, marketing and cost reduction efforts. Also, some producers may be weak in production efficiencies but make it up in their processing and marketing divisions.

The attached graphs depict the estimated annual profits beginning in 1966 chronologically and from the highest to the lowest years for California and for the U.S. for 2001 to 2005.

Percentage of Monthly Egg Prices to Annual Average - MW vs CA

2001 TO 2005



Prepared by Don Bell
 Poultry Specialist (emeritus)
 University of California

