

EEU # 279**U.S. Farm Egg Production Income, Costs and Profitability - 2001 to 2006**

The period of 2001 to 2006 represents one of the most variable in terms of prices and profitability that U.S. egg producers have ever experienced. 2004 had one of the highest annual returns on record, while 2005 was one of the poorest. Estimates of profitability for the country as a whole ranged from minus 38 cents/bird/month in June of 2005 to plus 92 cents/bird/month in March of 2004.

Our estimates of farm egg prices, costs of production and profitability are listed in the following tables. Prices are obtained from USDA publications; feed prices were developed by the author from prices for corn and soybean meal as published in Feedstuffs. Data is listed for the Midwest and the U.S. as a whole by month and by year.

Thirty of the sixty-six weeks during this period experienced negative income. Overall profitability averaged about \$0.63 per hen per year or 2.9 cents per dozen. The current 24 month period beginning in July of 2004 through June of 2006, has had 17 negative income months with an accumulated loss of an estimated \$2.70 per hen.

The Table below summarizes the data by year for the U.S..

Table 1: U.S. farm egg prices, cost of production and estimated profitability for 2001 to 2006

Year	Av. Egg Price	Av. Cost of Production	Annual Profit	
	Cts/dozen.	Cts/dozen	Cts/dozen	\$/hen/year
2001	43.5	40.7	+2.8	+0.60
2002	42.0	42.0	-0.1	-0.02
2003	59.4	43.9	+15.5	+3.47
2004	53.7	46.1	+7.6	+1.69
2005	35.0	41.8	-6.9	-1.54
2006 *	35.7	42.8	-7.1	-0.76

* Jan-June

Figures 1-3 represent the data listed in the tables 4-8.

Note: Individual company costs and income could vary by as much a + or - 5 cents/dozen from the figures listed.due to regional and management differences.

Table 2: Farm Egg Prices (all "market" eggs (table), non-processed, all sizes) by State.

The USDA publishes estimates of egg prices at the farm level for most of the major States each month in the report, Agricultural Prices. This particular series excludes hatching eggs and is our best estimate of farm prices for the U.S. egg industry. Table 2 lists the average prices quoted for the the major table egg producing states for the period 2001 to 2006.

Table 2: Estimated Farm Egg Prices by State - 2001 to 2006

Year	Iowa	Ohio	PA	Indiana	CA	Texas	U.S.
2001	34.2	46.1	48.4	46.1	45.3	42.9	43.5
2002	32.8	44.4	48.2	45.7	38.7	44.3	42.0
2003	52.3	59.7	64.3	59.5	63.3	57.3	59.4
2004	47.7	52.4	56.3	51.8	60.4	51.1	53.7
2005	30.2	36.3	34.8	34.8	41.1	34.2	35.0
2006 *	29.7	42.2	33.8	33.8	45.2	32.0	36.0
Average	37.8	46.9	47.6	45.3	49.0	43.6	44.9

* 6-months

Boxed data represents the highest for the year or total.

In previous years, nest-run eggs were commonly sold to processor/dealers and payment was made to the producer. Farm prices, therefore reflected all eggs produced (sold) at prices relative to the market quote by size and grade. As the industry became more and more integrated (common ownership of production, processing and marketing), payment for the eggs was based upon market quotes at a different level and "farm prices" became more difficult to estimate. Today, the quotation that most firms use includes processing, packaging, transportation, marketing, and "discounts". Price has become more difficult to define and to compare because it includes many additional factors.

According to the USDA survey referred to in Table 2, U.S. farm prices to the producer have averaged approximately 45 cents/dozen for all eggs produced over the last 5 & 1/2 years. Annual prices have ranged from 35 to 59 cents/dozen. Individual states have averaged from 38 (Iowa) to 49 (California) cents/dozen for the 5 & 1/2 years.

Before we get all worked up about these state by state differences in egg prices, we must factor in the differences in costs (see tables 3-8) and the transportation costs required to get the eggs to market. It does little good to have low production costs when transportation costs to market can exceed 10-12 cents per dozen or, on the other hand, to have the highest egg prices in the nation along with the highest feed prices due to transportation.

A "Rule of Thumb" Regarding Midwest Urner Barry Price Quotes and Farm Break-Even Prices

Iowa and Minnesota currently represent 21% of the table egg layers in the U.S. What are their farm prices relative to the Urner Barry (UB) quotation for large eggs? We often hear a fixed quote to represent their break-even UB price, but such a rule of thumb will not work throughout the year as costs vary and as prices between the various sizes vary. Using the prices and cost listed in this article, the following Mid-west UB price quotations would represent "break-even" conditions:

Table 3: Break-even Prices (Midwest Urner Barry)

Year	UB Large Cents/doz	Mo. Range Cents/doz	Difference Between UB Large and USDA "all egg" prices
2001	71.2	57-79	32.6
2002	75.7	70-82	35.9
2003	78.8	74-88	37.3
2004	80.0	72-87	36.3
2005	75.8	71-81	36.6
2006*	77.6	76-80	38.2
Av	76.3		36.0

* 6 months

Comments

These data are based upon published information and may or may not be comparable to those of individual firms. Assumptions are based upon the production and marketing of eggs in the shell form as opposed to eggs for breaking purposes.

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Table 4: U.S. Egg Production Income, Costs and Profitability - 2001

Producer Monthly and To Date Egg Prices/Costs/Profits - Midwest and U.S.

Month	USDA All Egg prices * USDA				UB MW (Lg)	Costs		Av.MW COP **	U.S. COP	Profit/doz (cts)		Profits/hen	
	Iowa	Minn.	Av.	U.S.		ENC	WNC			MW	U.S.	MW	U.S.
Jan	37.4	42.0	39.7	50.3	77.5	41.1	39.3	40.2	42.6	-0.5	7.7	-0.9	14.4
Feb	40.7	45.0	42.9	50.9	75.1	40.5	39.0	39.8	41.8	3.1	9.1	5.2	15.4
Mar	46.4	46.0	46.2	51.8	80.1	39.6	38.6	39.1	41.2	7.1	10.6	13.3	19.8
Apr	39.1	45.0	46.2	49.2	75.3	38.6	37.9	38.3	40.4	8.0	8.8	14.4	15.9
May	28.0	35.0	42.1	38.3	61.4	38.8	37.3	38.1	40.0	4.0	-1.7	7.5	-3.2
Jun	24.7	29.0	31.5	35.8	60.8	38.3	37.4	37.9	40.0	-6.3	-4.2	-11.5	-7.6
Jul	22.0	27.0	26.9	35.0	64.1	39.0	37.8	38.4	40.4	-11.6	-5.4	-21.6	-10.1
Aug	26.6	32.0	24.5	38.4	65.6	38.9	37.7	38.3	40.4	-13.8	-2.0	-25.8	-3.7
Sep	29.4	29.0	29.3	37.6	61.2	39.1	37.8	38.5	40.4	-9.2	-2.8	-16.6	-5.1
Oct	40.0	37.0	29.2	44.6	68.6	38.2	37.7	38.0	40.0	-8.8	4.6	-16.4	8.6
Nov	44.0	42.0	38.5	48.5	72.8	38.7	38.1	38.4	40.4	0.1	8.1	0.2	14.7
Dec	31.7	37.0	43.0	41.0	68.6	38.8	37.9	38.4	40.5	4.7	0.5	8.7	0.9
Av.	34.2	37.2	36.7	43.5	69.3	39.1	38.0	38.6	40.7	-1.9	2.8	-43.5	60.0

* Egg prices are based upon quoted mid-month average farm prices for all "market" (table) eggs. (non-processed eggs of all sizes)..

Source: USDA Agricultural Statistics Board, Agricultural Prices (monthly by state and US)

States included in this report for the Midwest include: Iowa and Minnesota

** Costs are based upon the University of California monthly report "Formula Feed Prices by Region".

This report calculates estimated feed costs and costs of production for table eggs based upon published corn and SBOM prices in Feedstuffs.

The East and West North Central Regions are combined to represent the "Midwest".

This includes corn and SBOM quotations for Chicago, Minneapolis and Kansas City deliveries.

Miscellaneous costs are standardized at 12.7 cent/dozen for labor, building and equip., depreciation, interest and miscellaneous costs.

Pullet costs are adjusted with changing feed prices.

Note: Individual company costs and income could vary by as much a + or - 5 cents/dozen from the figures listed.

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Table 5: U.S. Egg Production Income, Costs and Profitability - 2002

Producer Monthly and To Date Egg Prices/Costs/Profits A25

Month	USDA All Egg prices * USDA				UB MW (Lg)	Costs		Av.MW COP **	U.S. COP	Profit/doz (cts)		Profits/hen	
	Iowa	Minn.	Av.	U.S.		ENC	WNC			MW	U.S.	MW	U.S.
Jan	34.8	40.0	37.4	45.0	74.7	39.1	38.5	38.8	41.1	-1.4	3.9	-2.6	7.3
Feb	26.4	30.0	28.2	36.6	66.2	39.1	38.7	38.9	41.3	-10.7	-4.7	-20.0	-8.8
Mar	47.3	54.0	50.7	51.5	82.0	39.7	38.4	39.1	41.1	11.6	10.4	21.7	19.4
Apr	23.4	27.0	25.2	32.1	60.5	38.6	38.1	38.4	40.5	-13.2	-8.4	-24.6	-15.7
May	19.6	23.0	21.3	29.7	58.2	38.6	38.3	38.5	40.7	-17.2	-11.0	-32.1	-20.6
Jun	35.0	41.0	38.0	44.5	70.3	39.0	38.4	38.7	41.0	-0.7	3.5	-1.3	6.5
Jul	26.8	32.0	29.4	38.1	67.6	40.5	39.8	40.2	42.2	-10.8	-4.1	-20.1	-7.7
Aug	33.9	41.0	37.5	43.9	70.7	41.2	40.7	41.0	43.1	-3.5	0.8	-6.5	1.5
Sep	29.9	35.0	32.5	39.0	67.4	42.4	41.5	42.0	44.1	-9.5	-5.1	-17.8	-9.5
Oct	25.4	31.0	28.2	34.8	69.3	41.3	40.5	40.9	43.2	-12.7	-8.4	-23.7	-15.7
Nov	48.1	50.0	49.1	56.3	88.0	41.0	40.3	40.7	43.1	8.4	13.2	15.7	24.7
Dec	42.7	50.0	46.4	51.9	79.7	40.8	40.2	40.5	42.9	5.9	9.0	10.9	16.8
												To date	
Av.	32.8	37.8	35.3	42.0	71.2	40.1	39.5	39.8	42.0	-4.5	-0.1	-100.4	-1.7

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Table 6: U.S. Egg Production Income, Costs and Profitability - 2003

Producer Monthly and To Date Egg Prices/Costs/Profits - Midwest and U.S.

Month	USDA All Egg prices * USDA				UB MW (Lg)	Costs		Av.MW COP **	U.S. COP	Profit/doz (cts)		Profits/hen	
	Iowa	Minn.	Av.	U.S.		ENC	WNC			MW	U.S.	MW	U.S.
Jan	46.0	49.0	47.5	52.9	83.4	41.0	40.6	40.8	43.4	6.7	9.5	12.5	17.8
Feb	36.4	42.0	39.2	46.6	78.4	41.9	41.5	41.7	44.3	-2.5	2.3	-4.7	4.3
Mar	44.0	51.0	47.5	51.8	84.1	41.6	41.2	41.4	44.0	6.1	7.8	11.4	14.6
Apr	44.6	46.0	45.3	52.0	81.2	41.7	41.4	41.6	43.9	3.8	8.1	7.0	15.1
May	31.6	40.0	35.8	39.7	72.5	42.3	41.8	42.1	44.4	-6.3	-4.7	-11.7	-8.8
Jun	44.6	55.0	49.8	49.9	81.9	41.8	41.4	41.6	43.8	8.2	6.1	15.3	11.4
Jul	48.0	54.5	51.3	52.4	85.4	40.3	39.9	40.1	42.4	11.2	10.0	20.9	18.7
Aug	61.9	67.0	64.5	66.9	100.1	39.1	39.1	39.1	41.3	25.4	25.6	47.4	47.9
Sep	54.8	61.0	57.9	63.4	98.1	41.4	41.1	41.3	43.6	16.7	19.8	31.1	37.0
Oct	62.3	70.0	66.2	70.3	105.0	41.2	41.0	41.1	43.7	25.1	26.6	46.8	49.7
Nov	87.3	89.0	88.2	92.6	126.4	44.0	43.8	43.9	46.2	44.3	46.4	82.7	86.8
Dec	65.9	70.0	68.0	73.9	112.5	43.7	43.2	43.5	45.9	24.5	28.0	45.8	52.4
												To date	
Av.	52.3	57.9	55.1	59.4	92.4	41.7	41.3	41.5	43.9	13.6	15.5	304.7	346.9

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Table 7: U.S. Egg Production Income, Costs and Profitability - 2004

Producer Monthly and To Date Egg Prices/Costs/Profits - Midwest and U.S.

Month	USDA All Egg prices * USDA				UB MW (Lg)	Costs		Av.MW COP **	U.S. COP	Profit/doz (cts)		Profits/hen	
	Iowa	Minn.	Av.	U.S.		ENC	WNC			MW	U.S.	MW	U.S.
Jan	76.2	83.0	79.6	80.6	120.3	45.4	44.9	45.2	47.6	34.5	33.0	64.4	61.7
Feb	68.1	74.0	71.1	74.5	110.6	46.6	46.2	46.4	49.1	24.7	25.4	46.1	47.5
Mar	93.9	99.0	96.5	100.0	127.1	48.6	47.9	48.3	50.7	48.2	49.3	90.1	92.2
Apr	53.7	59.0	56.4	61.4	93.4	50.6	49.9	50.3	52.5	6.1	8.9	11.4	16.6
May	38.7	47.0	42.9	46.8	77.9	49.3	48.8	49.1	51.3	-6.2	-4.5	-11.6	-8.4
Jun	41.9	49.0	45.5	49.6	80.8	47.9	47.3	47.6	49.8	-2.1	-0.2	-4.0	-0.4
Jul	35.0	41.0	38.0	39.9	75.1	46.2	45.2	45.7	48.0	-7.7	-8.1	-14.4	-15.1
Aug	29.0	34.0	31.5	33.4	66.6	40.3	40.0	40.2	42.7	-8.7	-9.3	-16.2	-17.4
Sep	30.0	34.0	32.0	35.1	68.6	39.8	39.2	39.5	41.7	-7.5	-6.6	-14.0	-12.3
Oct	26.0	28.0	27.0	30.3	62.7	37.3	36.5	36.9	39.6	-9.9	-9.3	-18.5	-17.4
Nov	40.0	41.0	40.5	43.6	75.4	37.5	37.1	37.3	40.0	3.2	3.6	6.0	6.7
Dec	40.0	43.0	41.5	48.8	80.1	38.2	37.4	37.8	40.4	3.7	8.4	6.9	15.7
												To date	
Av.	47.7	52.7	50.2	53.7	86.6	44.0	43.4	43.7	46.1	6.5	7.6	146.2	169.4

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Table 8: U.S. Egg Production Income, Costs and Profitability - 2005

Producer Monthly and To Date Egg Prices/Costs/Profits - Midwest and U.S.

Month	USDA All Egg prices * USDA				UB MW (Lg)	Costs		Av.MW COP **	U.S. COP	profit/doz		To date profits	
	Iowa	Minn.	Av.	U.S.		ENC	WNC			MW	U.S.	MW	U.S.
Jan	35.0	36.0	35.5	37.3	70.0	39.2	38.3	38.8	41.2	-3.3	-3.9	-6.1	-7.3
Feb	32.0	35.0	33.5	35.8	71.7	39.8	38.8	39.3	42.0	-5.8	-6.2	-10.8	-11.6
Mar	29.0	32.0	30.5	32.7	64.0	40.4	39.6	40.0	42.7	-9.5	-10.0	-17.8	-18.7
Apr	22.0	26.0	24.0	26.1	60.0	40.2	39.4	39.8	42.3	-15.8	-16.2	-29.5	-30.3
May	19.9	23.0	21.5	23.6	57.1	40.3	39.7	40.0	42.2	-18.6	-18.6	-34.7	-34.8
Jun	18.0	21.0	19.5	23.1	59.6	41.5	40.7	41.1	43.6	-21.6	-20.5	-40.4	-38.3
Jul	27.9	31.0	29.5	32.6	67.6	41.4	40.4	40.9	43.4	-11.5	-10.8	-21.4	-20.2
Aug	20.0	25.0	22.5	25.7	61.0	39.8	38.9	39.4	41.8	-16.9	-16.1	-31.5	-30.1
Sep	40.1	48.0	44.1	46.5	77.7	38.0	37.0	37.5	40.2	6.6	6.3	12.2	11.8
Oct	23.3	28.0	25.7	31.4	65.6	37.6	36.4	37.0	40.1	-11.4	-8.7	-21.2	-16.3
Nov	43.3	48.0	45.7	48.2	80.2	38.0	37.0	37.5	40.4	8.2	7.8	15.2	14.6
Dec	49.1	55.0	52.1	56.4	89.1	39.4	38.2	38.8	41.8	13.3	14.6	24.8	27.3
												To date	
Av.	30.0	34.0	32.0	35.0	68.6	39.6	38.7	39.2	41.8	-7.2	-6.9	-161.2	-153.9

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Table 9: U.S. Egg Production Income, Costs and Profitability - 2006

Producer Monthly and To Date Egg Prices/Costs/Profits - Midwest and U.S.

Month	USDA All Egg prices * USDA				UB MW (Lg)	Costs		Av.MW COP **	U.S. COP	Profit/doz (cts).		To date profits	
	Iowa	Minn.	Av.	U.S.		ENC	WNC			MW	U.S.	MW	U.S.
Jan	35.6	41.1	38.4	43.8	77.6	40.6	39.4	40.0	43.0	-1.7	0.8	-3.1	1.5
Feb	24.0	25.4	24.7	30.1	62.1	40.7	39.5	40.1	43.2	-15.4	-13.1	-28.8	-24.5
Mar	44.5	50.0	47.3	49.9	83.6	40.1	39.0	39.6	42.6	7.7	7.3	14.4	13.7
Apr	28.0	31.5	29.8	31.8	69.7	40.4	39.4	39.9	42.6	-10.2	-10.8	-19.0	-20.2
May	18.0	25.0	21.5	23.1	60.6	40.7	39.4	40.1	42.7	-18.6	-19.6	-34.7	-36.7
Jun	30.0	38.0	34.0	37.0	69.2	40.3	39.1	39.7	42.4	-5.7	-5.4	-10.7	-10.1
Jul													
Aug													
Sep													
Oct													
Nov													
Dec													
												To date	
Av.	30.0	35.2	32.6	36.0	70.5	40.5	39.3	39.9	42.8	-7.3	-6.8	-81.8	-76.3

Figure 1: USDA Egg Prices by Month/Year

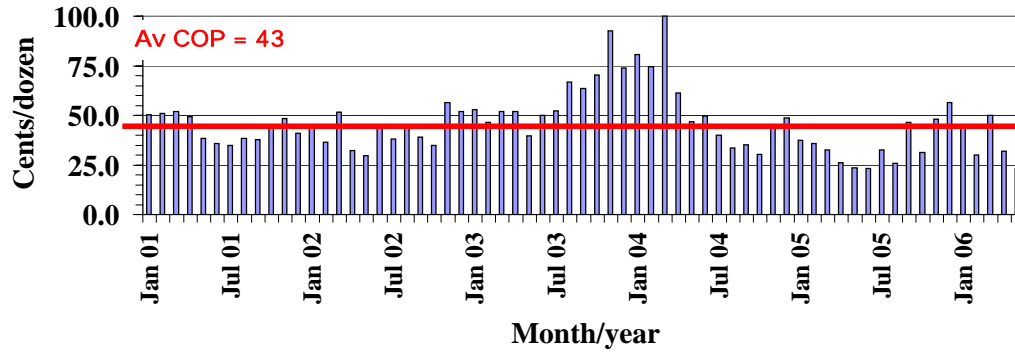


Figure 2: U.S. Egg Production Costs

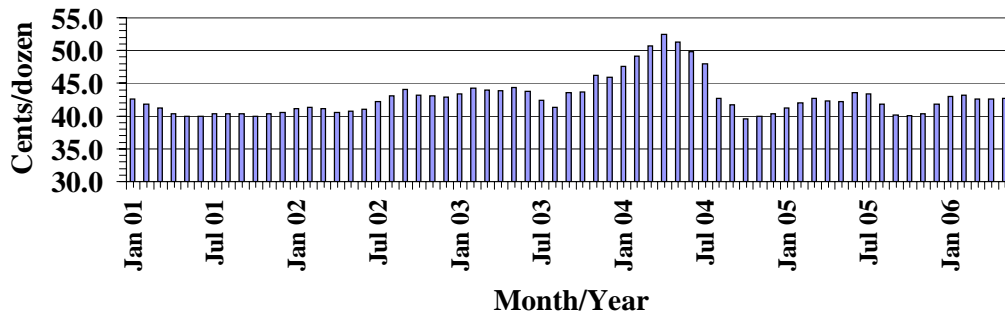


Figure 3: U.S. Estimated Profits

