

USDA Egg Markets Overview

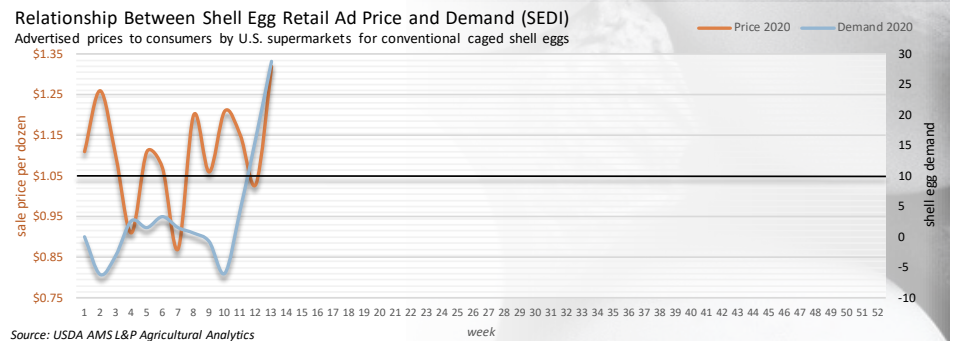
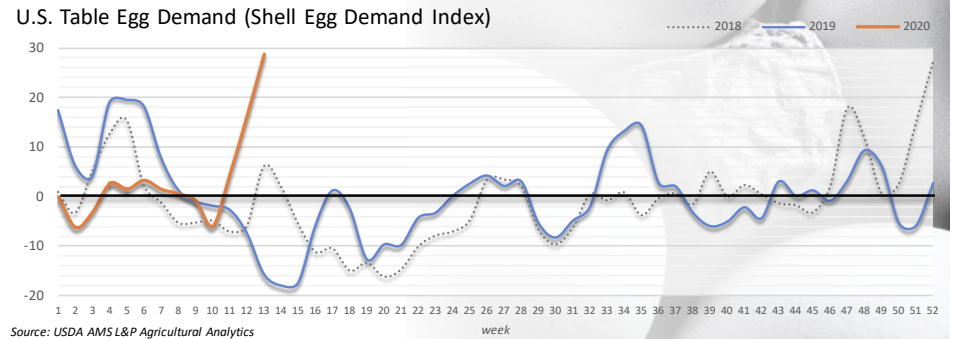
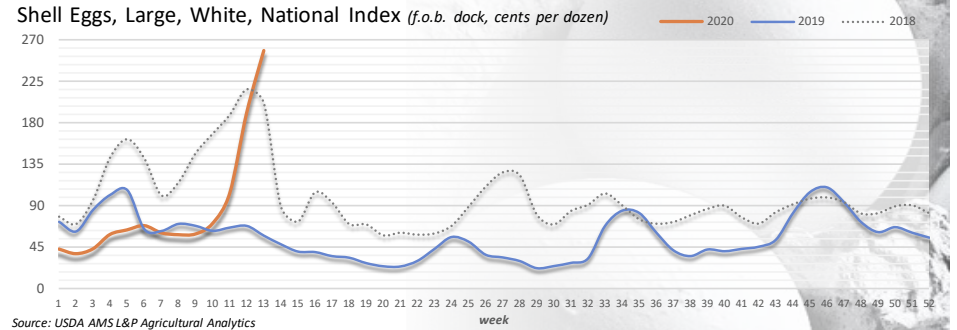
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Wholesale prices for shell eggs continued to post sharp daily increases through the week, rising to levels not seen since March 2018. As the week progressed, marketers were able to gradually procure a sufficient amount of product to begin to backfill stores shelves laid bare by the recent wave of consumer panic buying which has already begin to decline. Buyers are now faced with rebuilding depleted stocks on very limited offerings and the market price undertone remains firm to higher. Trading is active with available product quickly clearing the marketplace. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs gained 35% (from \$1.908 to \$2.583 per dozen), their highest level to date with a higher undertone into next week. The wholesale price on the bellwether New York market for Large shell eggs delivered to retailers gained 18% (from \$2.61 to \$3.09 per dozen) before topping late in the week with a firm undertone noted. The Midwest wholesale price for Large, white, shell eggs delivered to retailers increased 54% (from \$1.46 to \$2.25 per dozen) and the California benchmark for Large shell eggs gained 35% (from \$2.28 to \$3.07 per dozen) with both markets expecting continued sharp increases into next week. Shell egg demand continues at a high level. The initial consumer demand shock driven by hoarding instinct has eased as the public slowly adjusts to the current national reality. As consumer demand eases, demand among marketers has risen sharply as they work to replace their depleted stocks and make slow progress in maintaining stocked store shelves. It has begun to look likely that the traditional Easter demand period for shell eggs, now just over a week away, may not materialize with many retailers not issuing circulars and those that are focusing on cage-free and organic offerings which, largely of the brown shell variety, are poor candidates for Easter coloring activities.

The pace of supermarket feature activity for conventional shell eggs declines to near zero levels (last seen in the summer of 2015 following the avian influenza-induced supply shock) as eggs are selling themselves and a large number of supermarkets have either halted weekly advertising or have greatly scaled it back. On an extremely limited test, the average ad price jumps 28% (from \$1.03 to \$1.32 per dozen). Ads for specialty shell eggs accounts for 92% of all shell egg promotions this cycle as retailers avoid featuring conventional eggs, supplies of which have become unpredictable. Cage-free types, despites a significant drop in activity, remain the primary specialty offering along with nutritionally-enhanced types. Offerings of [UEP-defined cage-free](#) shell eggs decrease by 70% from last week's pace and the average ad price falls 3% (from \$2.65 to \$2.57 per dozen.) The spread between the average ad price for 12-packs of Large conventional shell eggs and those for their cage-free counterparts, at \$1.25 per dozen, narrows by \$0.37 (23%).

The overall inventory of shell eggs decreased 10% for the second consecutive week and the nation-wide inventory of Large eggs declined 14% in support of the current run on supplies at retail stores across the nation. Stocks of Large eggs in the key Midwest production region decreased 12% as eggs were rushed into the marketing channel to meet demand. The inventory share of Large class shell eggs declined 2% to a 44% share



of all shell egg stocks on inventory at the start of the week. The share of stocks of ungraded eggs was down by 8% on the sharp increase in carton demand. Breaking stock inventories declined 4% as breakers drew from their own production and stocks to maintain fulltime schedules on a sharp reduction in spot market offerings. Total table egg production for the week was unchanged from last week and remains one percent above last year, about 1.8 million dozen.

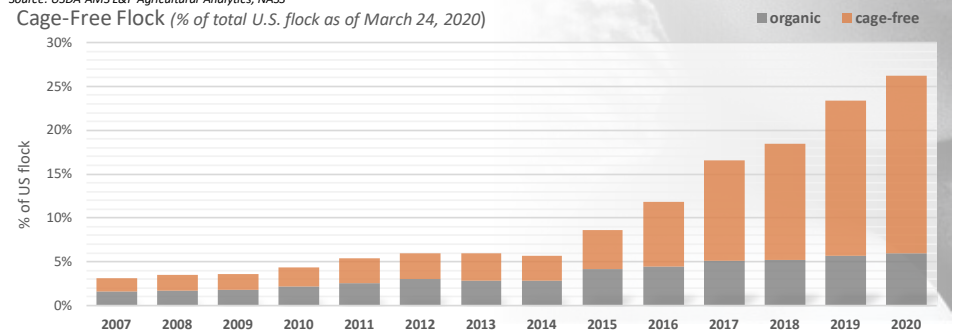
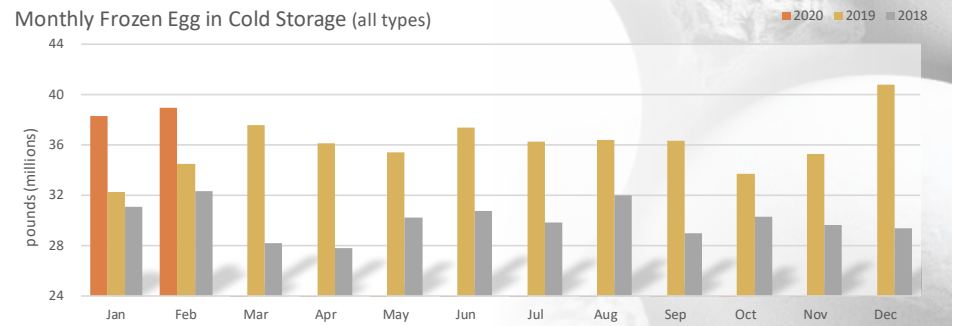
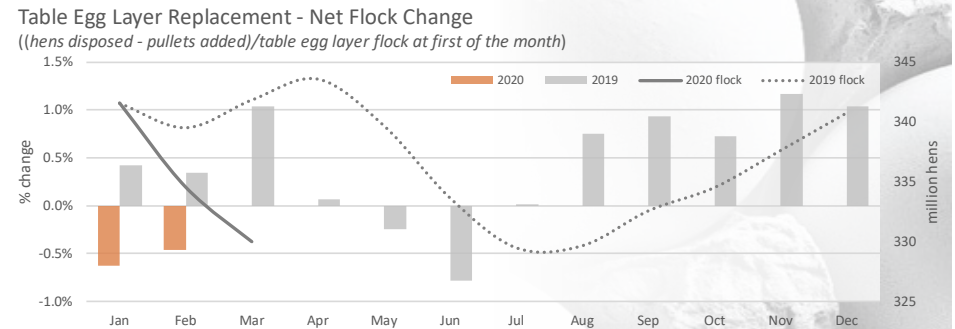
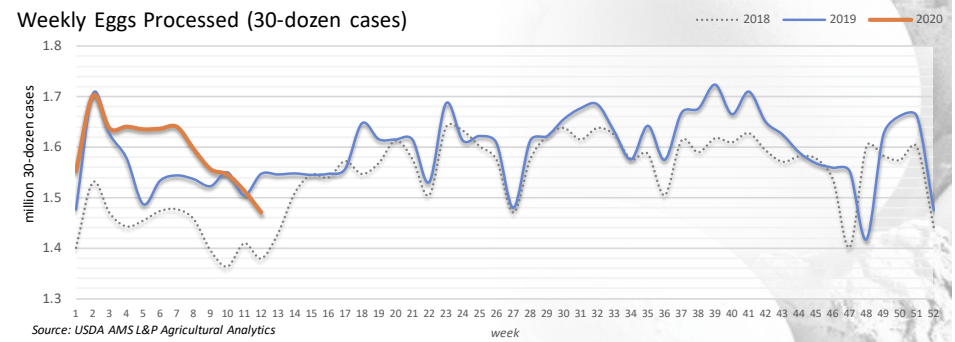
The wholesale price for breaking stock in the Central States remained unchanged through the week at \$0.70 per dozen with a steady undertone. Spot market offerings remain limited but breakers are working from current production and from current stocks to maintain schedules with some slowdown noted. Supplies are light to moderate. Trading is slow. Demand for stock continues to recede and is light to moderate. The volume of eggs processed during the past week declined 3% representing just under 29% of weekly table egg production. Production of whole liquid eggs was down 7% while that for liquid whites rose 3%. Production of yolk was unchanged while production of dried egg increased 13%.

Wholesale prices for certified liquid whole eggs are lower on increased spot trading with a lower undertone. Demand is light to moderate for moderate to heavy offerings. The wholesale price for frozen whole egg products were unchanged at \$0.78 per pound as was the price for liquid whites at \$0.69 per pound. The undertone is a weak steady on mixed offerings and light to moderate supplies. The pace of trading is moderate to active on a wide range of interest. Wholesale prices for dried eggs are mostly steady with prices for whole dried egg unchanged at \$2.25 per pound, those for dried yolk unchanged at \$2.10 per pound and prices for dried albumen unchanged at \$4.65 per pound. The undertone is a weak steady on a wide range of demand. Offerings vary but are mostly moderate while supplies are light to moderate. Trading is slow to moderate.

According to AMS Market News, the monthly inventory of total dried egg products at the end of February increased 9% from January to a level 65% above that of February 2019. Stocks of whole dried eggs were up 10% for the month and 61% from last year while stocks of dried whites increased 8% to a level 58% in excess of last year. Dried yolk stocks increased 10% for the month reflecting a level 74% above that of February 2019. Stocks of dried blends were the only item to see a drawdown for the month, declining 10% but remain 93% above last year.

According to NASS, the February monthly volume of frozen eggs in storage increased 2% from January, 13% over February 2019. Stocks of whole frozen egg increased 2% from January and 17% from a year ago and maintained a consistent level of stock share at 49% of all frozen egg stocks. Stocks of frozen yolk declined sharply, down 52% for the month but 21% above the level of a year ago. Frozen white volume in storage increased 13% for the month and 7% above levels of a year ago. Stocks of unclassified eggs were up 2%, 9% over February 2019, and share of stocks was unchanged at 42% of cold storage stocks.

Cage-free commitments as of March 24 were unchanged, requiring just under 62.0 billion cage-free eggs per year to meet 100% of needs from an approximate cage-free flock of 217 million hens (66% of the U.S. non-organic flock), indicating a shortage of 150.0 million hens from the current non-organic cage-free flock of 67 million hens. The lay rate for non-organic cage-free production is currently estimated at 78%.



Key Egg Markets Overview

	Recent History						
	27-Mar	% Change	20-Mar	13-Mar	6-Mar	28-Feb	21-Feb
SHELL EGGS (cents per dozen)							
National, Large, White (f.o.b. dock prices)	258.25	35%	190.79	102.86	70.35	58.90	58.14
New York, Large, White, (price to retailers)	309.00	18%	261.00	172.00	118.00	103.00	103.00
Midwest, Large, White (price dlvr'd to warehouse)	225.00	54%	146.00	94.00	87.00	87.00	87.00
California, Large, benchmark	307.00	35%	228.00	176.00	166.00	166.00	166.00
National Retail Shell Egg (dollars per dozen)							
Conventional, Large, White	1.32	28%	1.03	1.15	1.21	1.06	1.20
Cage-Free, Large, Brown/White	2.57	-3%	2.65	2.44	2.62	2.64	2.73
EGG PRODUCTS (f.o.b. dock prices; dollars per pound)							
Central States Breaking Stock (delivered prices)	70.00	0%	70.00	67.00	47.00	37.00	31.00
Whole Frozen Eggs	78.00	0%	78.00	78.00	70.00	64.00	60.00
Whole Dried Eggs	2.25	0%	2.25	2.25	2.25	2.25	2.30
Processed Share of Weekly Egg Production	28.8%	-0.9%	29.7%	30.4%	30.6%	30.9%	31.8%
SHELL EGG DEMAND INDICATOR (no units)							
	28.8	12.5	16.3	4.5	-6.0	-0.8	0.6

Source: USDA AMS Agricultural Analytics

Key Shell Egg Markets Snapshot - 2020

(Large, White, Conventional Shell Eggs in cents per dozen)	27-Mar	Change	20-Mar	2020 High	2020 Low
National, Large, White (f.o.b. dock prices)	258.3	▲ 35%	190.8	258.3 27-Mar	36.7 15-Jan
Daily New York Eggs (delivered store door)	309.0	▲ 18%	261.0	309.0 25-Mar	78.0 09-Jan
Midwest Regional (delivered warehouse) ¹	225.0	▲ 54%	146.0	225.0 23-Mar	62.0 13-Jan
California Benchmark	307.0	▲ 35%	228.0	307.0 23-Mar	140.0 13-Jan
Central States Breaking Stock (delivered prices) ¹	70.0	■ 0%	90.0	70.0 17-Mar	26.0 10-Jan
Whole Frozen Egg Products (f.o.b. dock prices)	78.0	■ 0%	78.0	78.0 13-Mar	55.0 24-Jan
Whole Dried Egg Products (f.o.b. dock prices)	2.25	■ 0%	2.25	2.30 03-Jan	2.20 10-Jan
Natl Average Retail Ad Price - Conventional	1.32	▲ 28%	1.03	1.32 10-Jan	0.87 14-Feb
Natl Average Retail Ad Price - Cage-free ²	2.57	▼ -3%	2.65	2.76 07-Feb	2.25 10-Jan
Shell Egg Demand Indicator	28.8	▲ 12.5	16.3	28.8 25-Mar	-6.2 08-Jan

¹ mostly high; ² non-organic

U.S. Table Egg Layer Flock Estimates

(layers by system in millions)

System	March 2020	
	Flock	%
Caged ¹	243.5	73.8%
Cage-Free	86.5	26.2%
Organic Total	19.6	5.9%
Organic	14.9	4.1%
Free-range	3.2	0.8%
Pastured	1.4	0.4%
Non-Organic Total	67.0	20.3%
Barn/Aviary	60.6	18.4%
Free-range	2.9	0.9%
Pastured	3.4	1.0%

¹ - battery and enriched systems