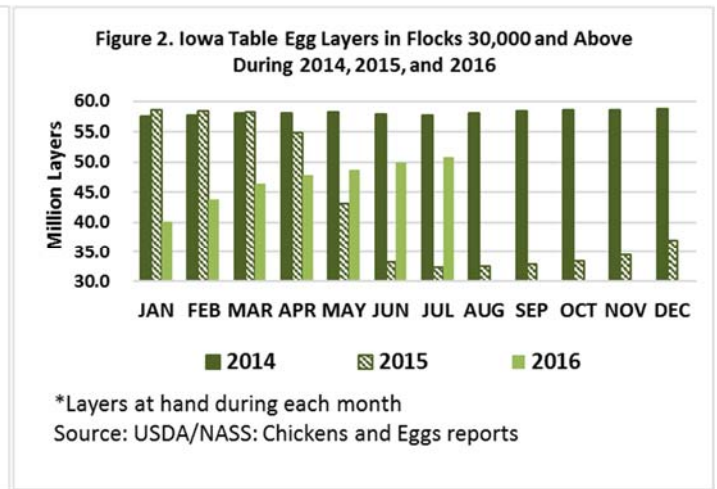
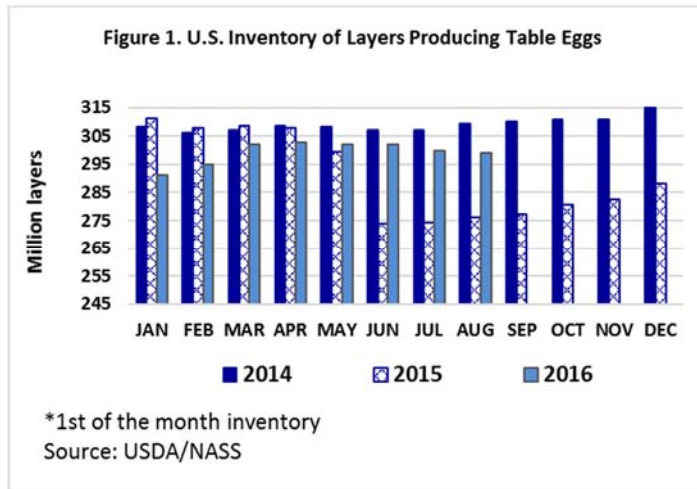
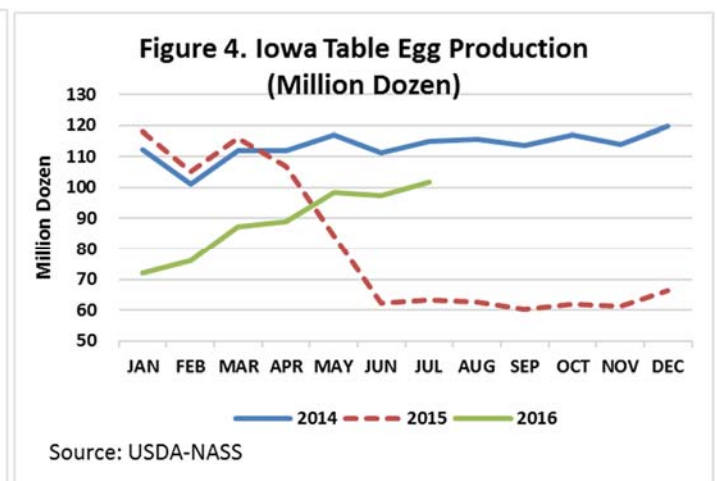
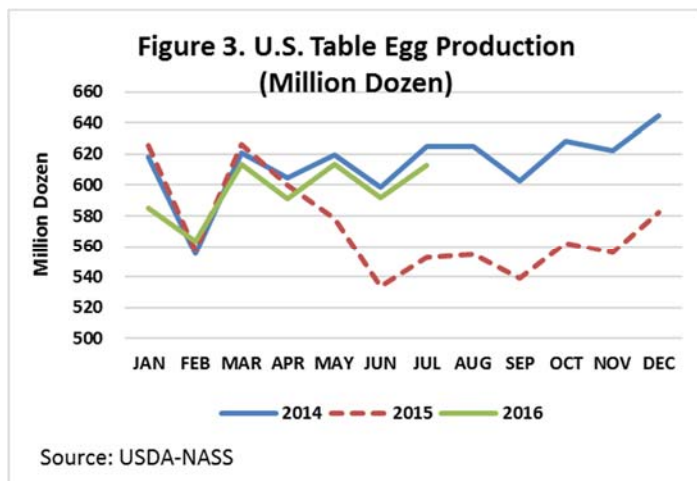


U.S. Egg Production, Exports, and Retail Prices (09/13/2016)

Iowa, the largest table egg producer in the country, was severely impacted by the Highly Pathogenic Avian Influenza (HPAI) outbreak for much of last year. As Figures 1 and 2 indicate, inventories of layer producing table eggs both at the national level and in Iowa started to slowly recover back in October 2015, but it wasn't until May 2016 when inventories surpassed those from the same period a year ago. At the national level, the inventory of layers producing table eggs in August 2016 (299 million birds) was up 8.4% relative to the previous year (276 million birds). The most recent data available for Iowa (July 2016) indicates that the number of layers in flocks 30,000 and above (50.8 million layers) was up 56.5% compared with those in July 2015. Despite these substantial increases, inventories remain below those in 2014 (see Figure 2).

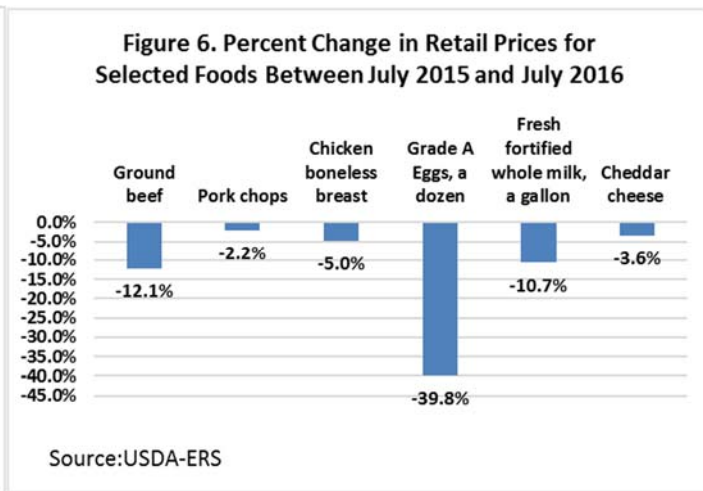
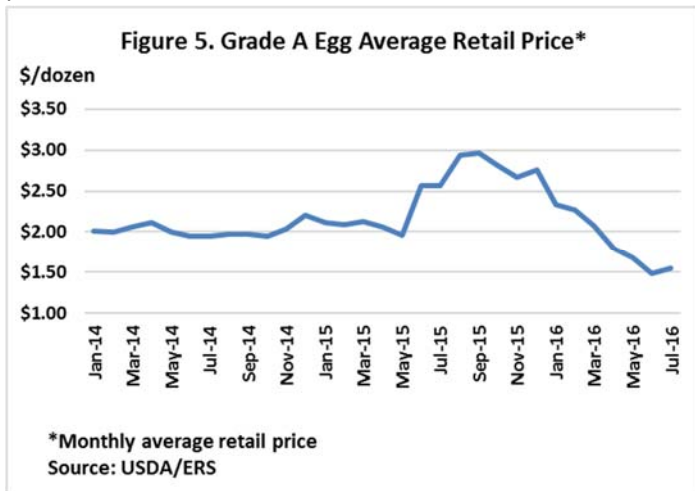


During the first seven months of 2016, table egg production in the U.S. was 4.171 billion dozen, up 2.4% from the same period in 2015 but down 1.7% from January to July 2014; nonetheless, table egg production since May 2016 has been above 2015 levels (see Figure 3). Table egg production in Iowa from January to July 2016 (0.622 billion dozen) was 5.1% below year over year and down 20.3% compared with 2014 levels (0.780 billion dozen). However, monthly production in Iowa during May, June, and July 2016 was up 17%, 56%, and 61%, respectively, compared with the corresponding production a year earlier (see Figure 4).



Despite a 3.7% increase in the average retail price for grade A eggs in July 2016 (\$1.546 per dozen) compared with the previous month (\$1.491 per dozen), egg prices remain low. The average retail grade A egg price in June was the lowest since October 2010 (\$1.456 per dozen) and was down 42% year over year

when egg prices sharply increased due to the severe HPAI outbreak. The average retail price of eggs in July was down 39.8% from the same period a year ago (see Figure 5). As shown in Figure 6, retail prices for selected protein foods in July 2016 were down relative to the same period last year, with egg prices declining the most. Large supplies of beef, pork, chicken, dairy products, and eggs are fueling low retail prices for the selected commodities.



Part of the downward pressure on egg prices is due to lower exports of shell eggs and products this year (2016). U.S. egg exports (shell eggs and egg products) during July 2016 (20.462 million dozen, shell egg equivalent) were down 6.1% from July 2015. Overall U.S. egg and product exports from January to July 2016 reached the shell egg equivalent of 148.920 million dozen, down 25% year over year and 28% below 2014. U.S. egg and egg product export performance so far this year (January to July), indicates that in spite of the mostly complete recovery of domestic production from HPAI, exporters are still struggling to raise shipments to pre-HPAI levels. During the first seven months of 2016, shipments to Mexico and Canada, the two main markets for U.S. eggs and eggs products, declined 40% to 38.539 million dozen, and 41% to 34.273 million dozen, respectively, compared with the same period a year earlier; however, not all markets for U.S. egg and egg products are down this year. For instance, exports to Hong Kong, the third largest market for U.S. eggs and eggs products increased 6% and exports to Jamaica have been exceptionally strong compared with previous years. Each month from January to July 2016, shipments to Jamaica were above 1.5 million dozen representing a 259% increase year over year.

The USDA (World Agricultural Supply and Demand Estimate [WASDE], September 12, 2016) forecast for 2016 exports is 258.4 million dozen, down 17.6% from 2015 levels and 31.7% from 2014. The forecast for 2017 (295 million dozen) is up 14.2% from the 2016 forecast but still down 5.9% compared with 2015 levels.

The U.S. annual per capita egg consumption for 2016 is forecast at 266.1 eggs (USDA, WASDE September 12, 2016) up 13.1 eggs per capita from the 2015 level (253 eggs per capita). The forecast indicates that one less egg per capita will be consumed in 2016 relative to the level in 2015 (267.1 eggs per capita).

On August 23, 2016, USDA announced plans to purchase shell eggs and egg products for surplus removal as farmers and egg processors struggle with low and falling egg prices. A solicitation will be issued in the near future ([see here](#) for more details).