

Egg market overview

H2 2024



July 30, 2024

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We feed the world with the data it needs. Our intelligence is integral to our clients' businesses and the entire supply chain. Our clients play a vital role in the world. Their decisions have a huge impact on people, communities and industries. And our data enables this. Every single day. We are Expana, and our market intelligence delivers a more resilient, more transparent and more sustainable supply chain.



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U.S. egg market

Shell eggs & egg products

Karyn Rispoli
Managing Editor, Eggs





Bird flu update

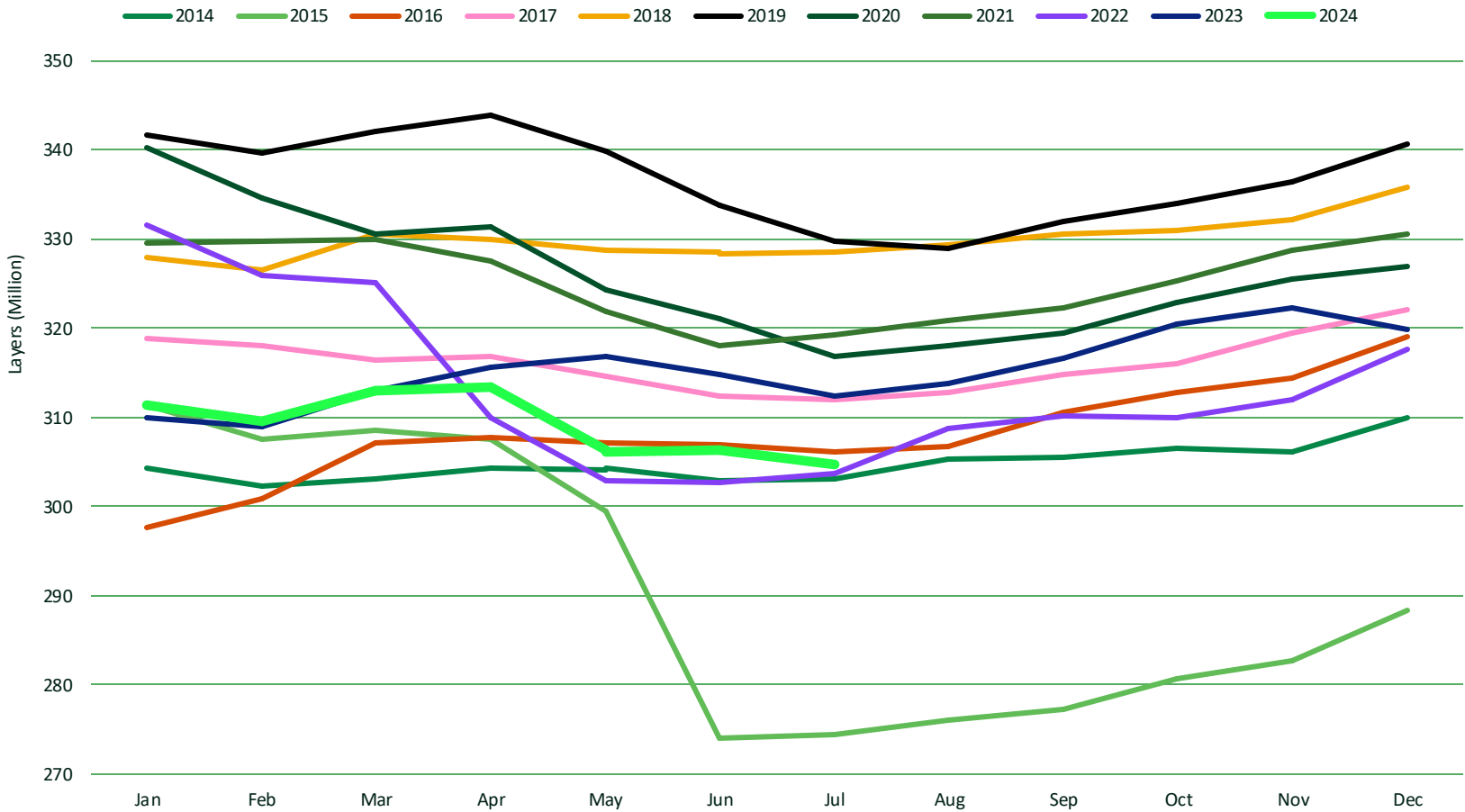
HPAI Affected Pullets and Layers 2024
Source: USDA APHIS



- 100 mm birds affected since start of outbreak in February 2022
- 18.4 mm layers culled YTD
- 168 dairy herds across 13 states now infected

Egg production

Table Egg Layers on Hand First Day of Month 10 Year Cyclical
Source: USDA

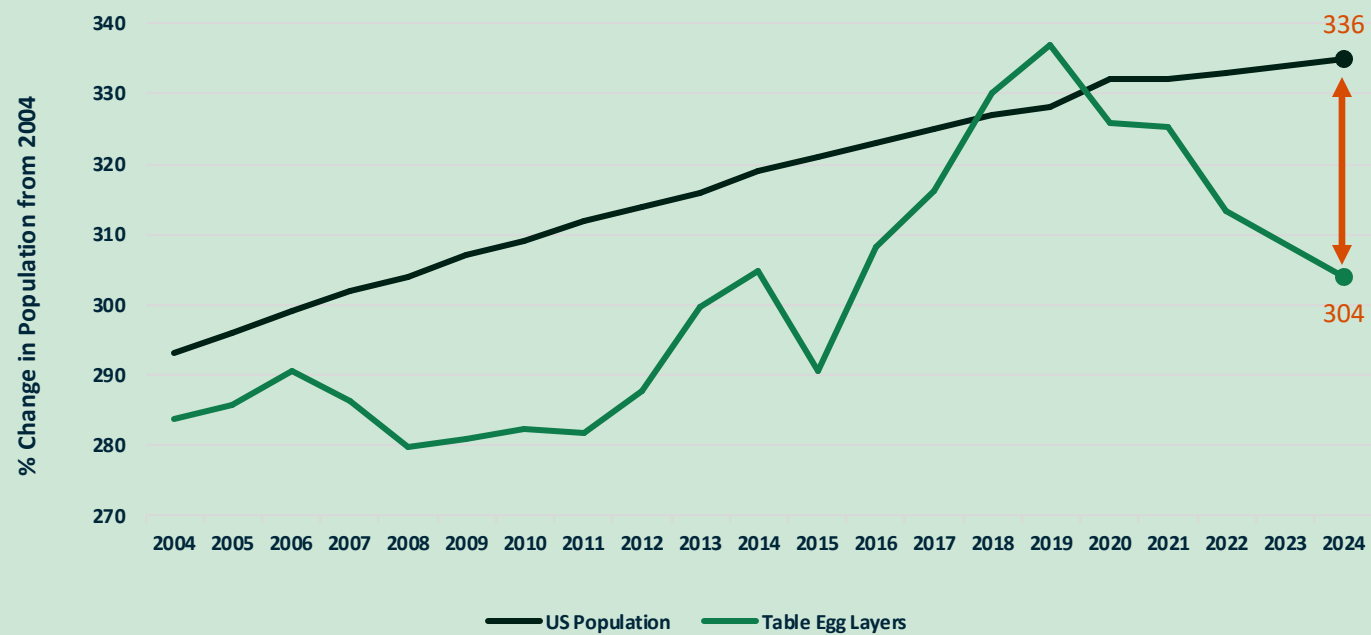


Hens : Humans

Population Growth

US Population Vs. Table Egg Layers on Hand

Source: US Census Bureau, USDA

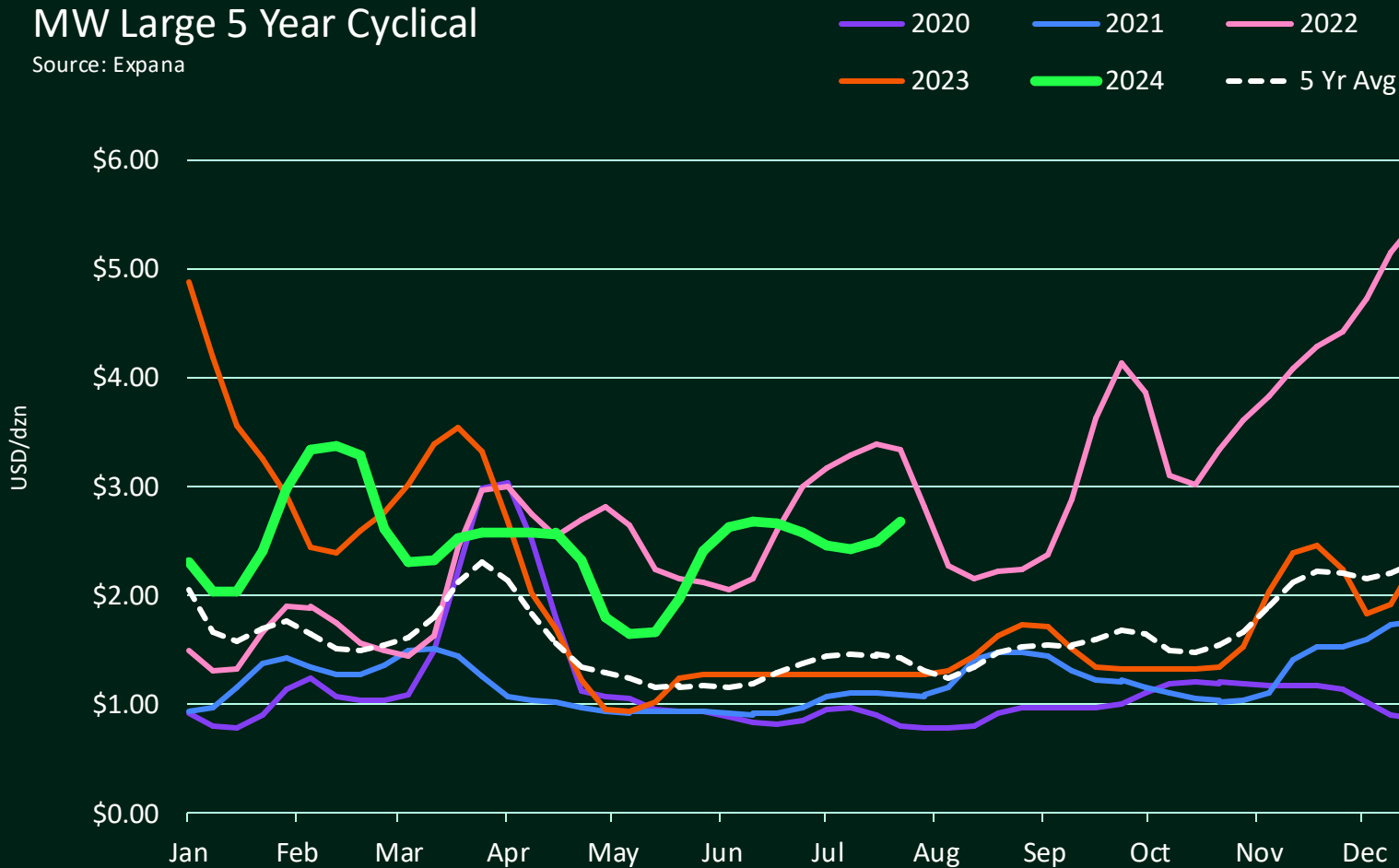


Midwest Large

- Second-highest July market on record
- Strongest market YTD on record, at an average of \$2.47/doz.
- All-time YTD average through July is \$0.98/doz.

MW Large 5 Year Cyclical

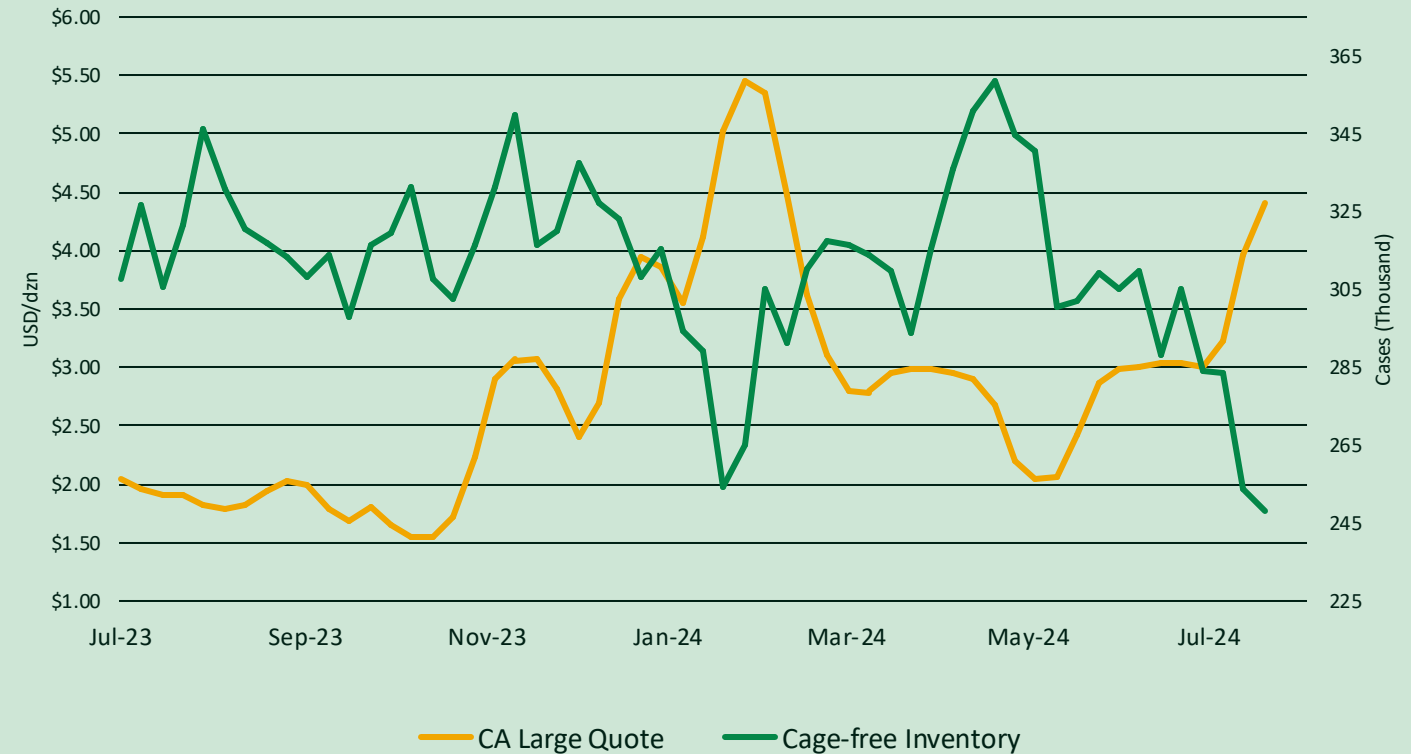
Source: Expana



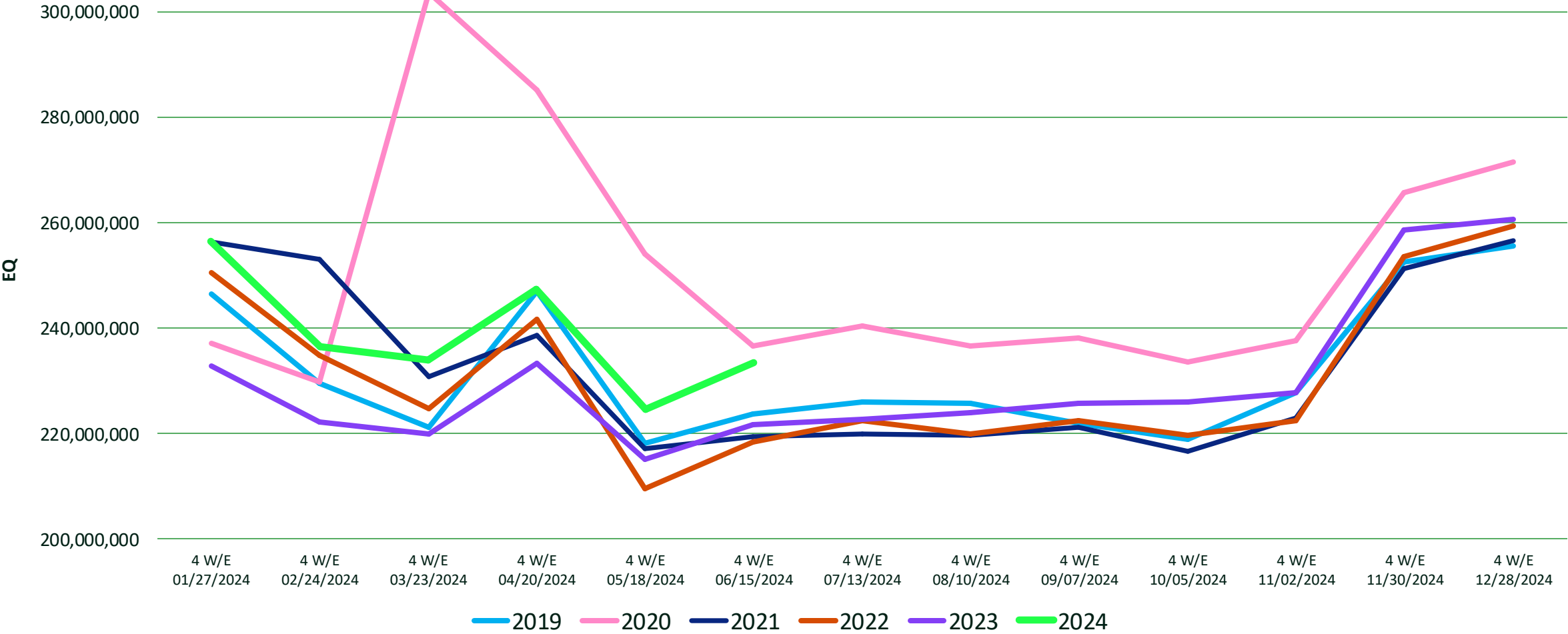
CA / Cage-free market

- CF inventory drops to 248,000 cases in July – lowest since January 2023
- CA large reaches record July high of \$4.43/dozen

Cage-free Inventories Vs. CA White Large Quote 1 Year
Source: Expana, USDA



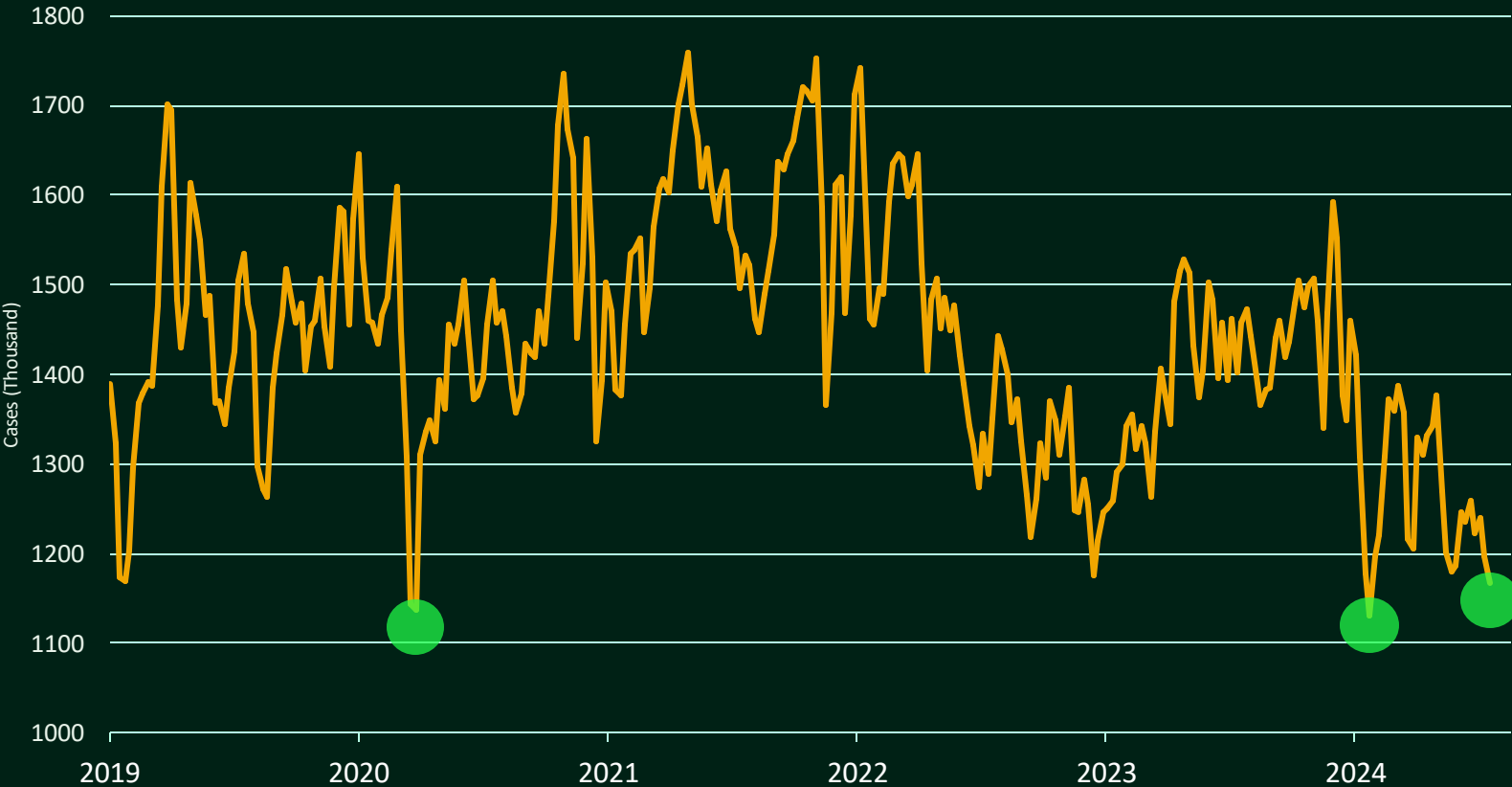
Shell Egg EQ Trends – American Egg Board / Nielsen



Source: NIQ Total US xAOC + Conv
Cal Year 2019, Cal Year 2020, Cal Year 2021, Cal Year 2022, CYTD Weeks ending 06/15/24
*2019, 2020, 2021 annual trends are based on pre event data and should only be used directionally. The methodologies were updated and are reflected in 2022 to date.

Shell Egg Inventory 5 Year Contiguous

Source: USDA

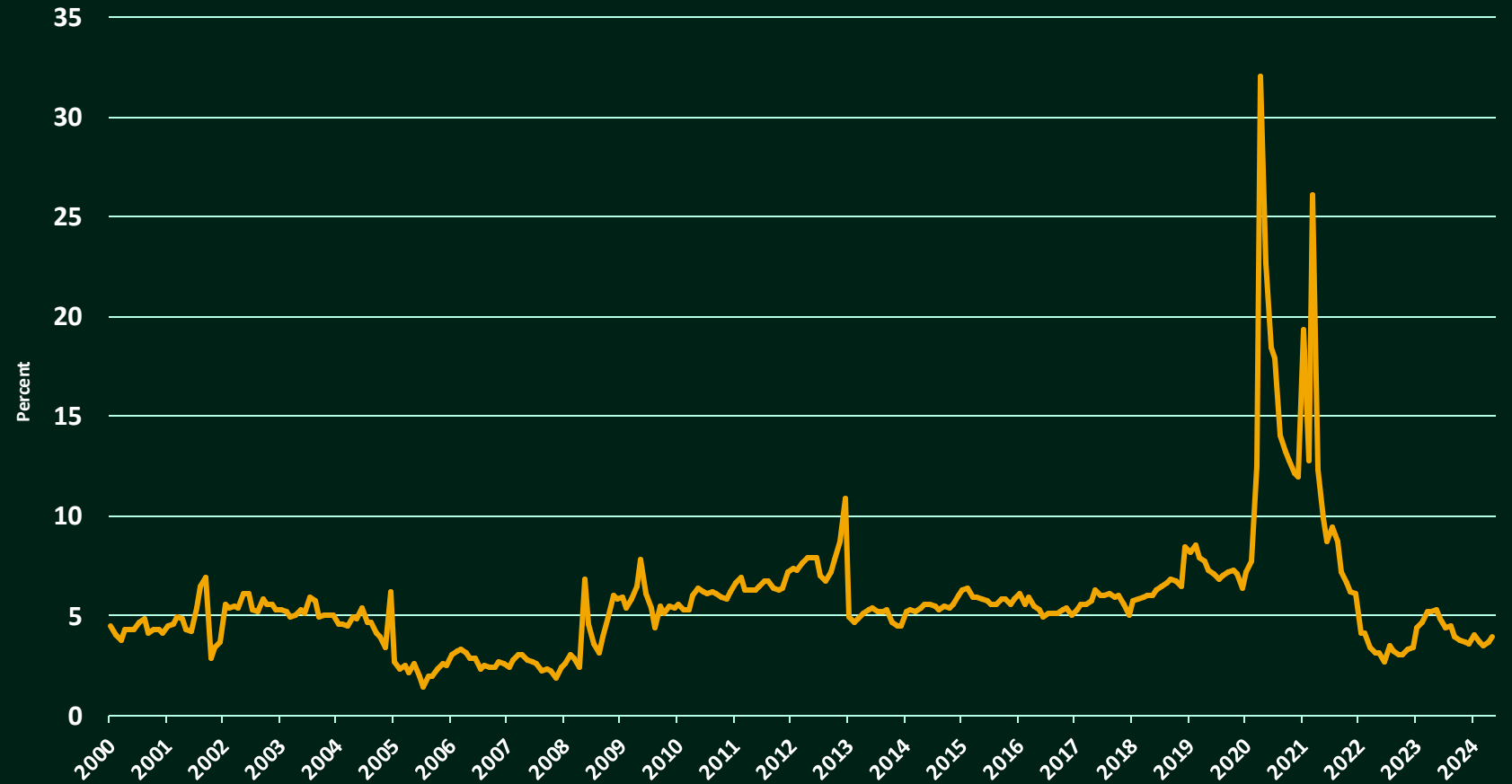


Grocery inflation: Impact on retail sales and market



Personal Saving as a Percent of Disposable Income

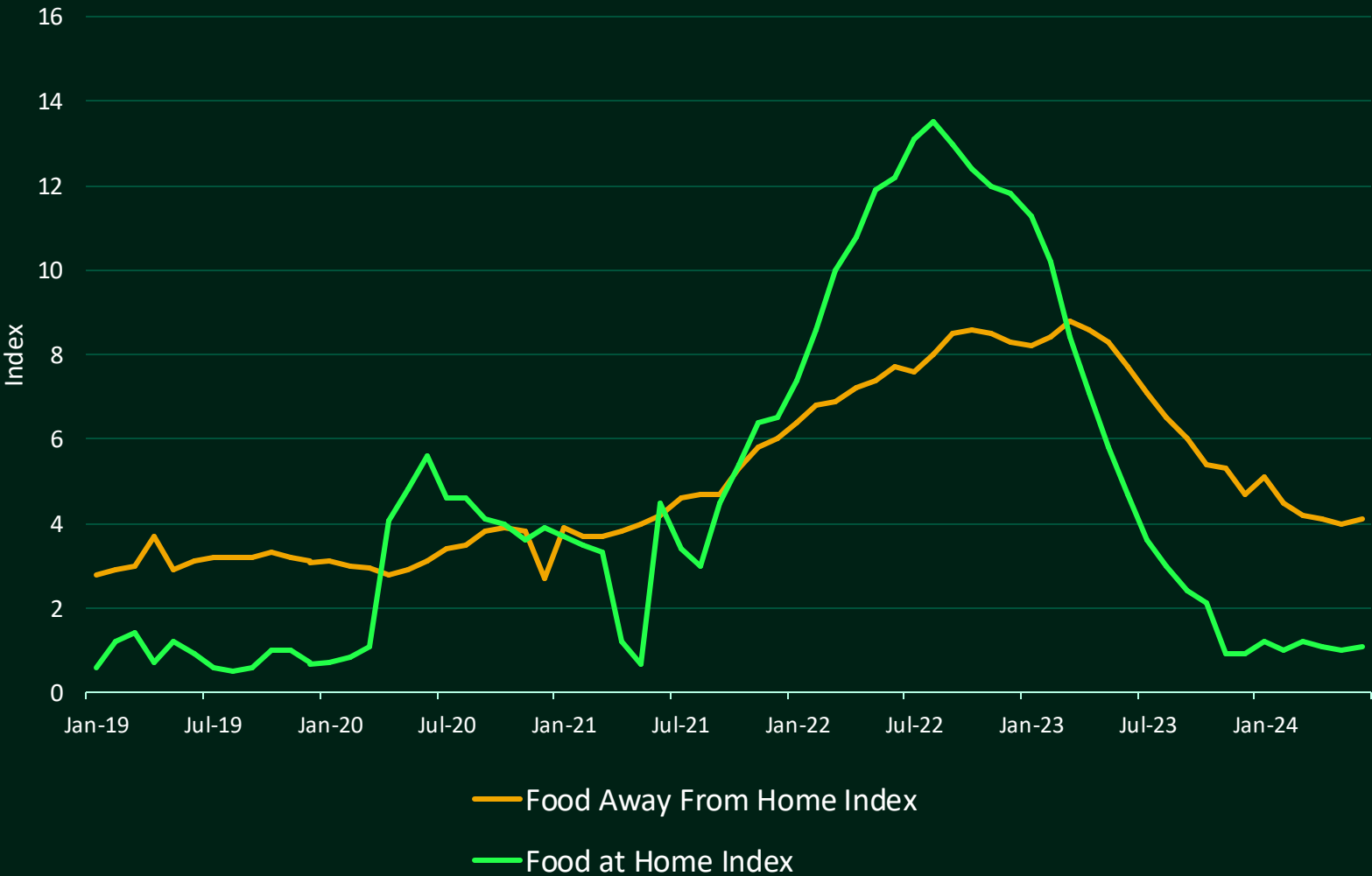
Source: U.S. Bureau of Economic Analysis





CPI-U 12 Month Food Away From Home Vs. At Home Index

Source: U.S. Bureau of Labor Statistics



Breaking stock market

Breaking Stock 48-50 lbs 5 Year Contiguous

Source: Expana



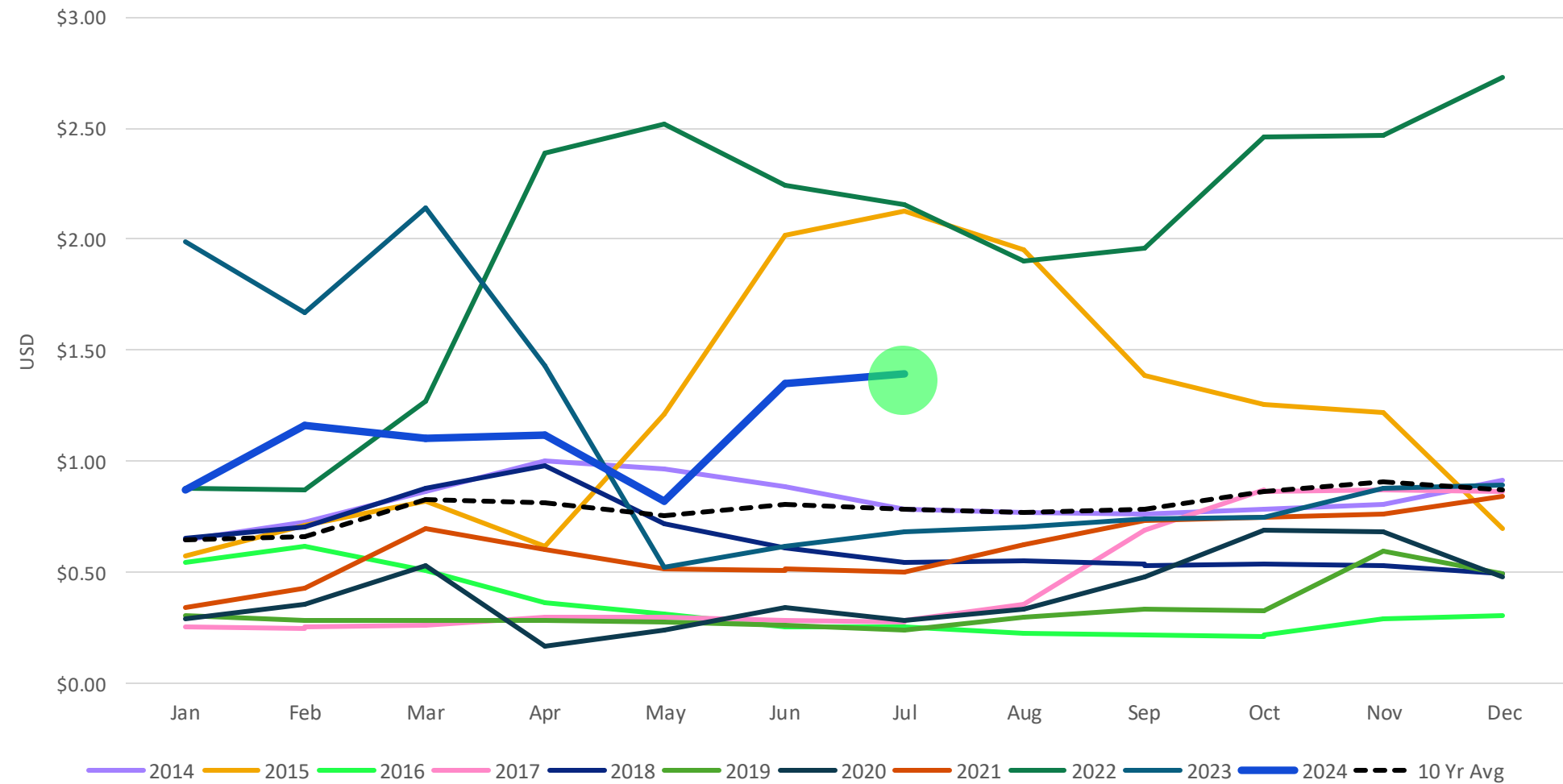
- YTD floor price of \$1.03/doz.
- YTD average price of \$1.43/doz.
- 10-year YTD average = \$0.77/doz.



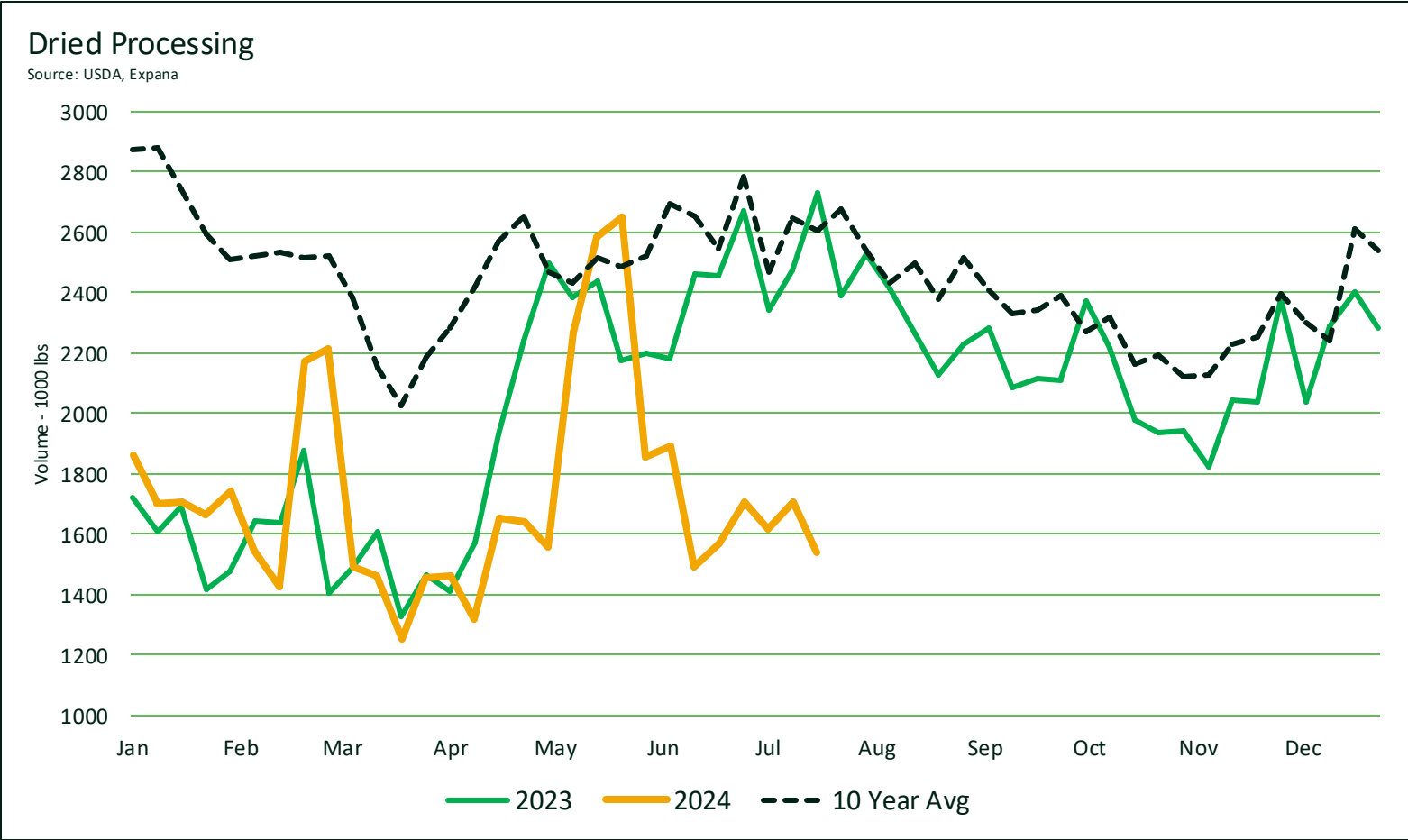
Liquid whole egg market

Liquid Whole Egg, Unpasteurized, Certified 10 Year Cyclical

Source: Expana



Dried processing



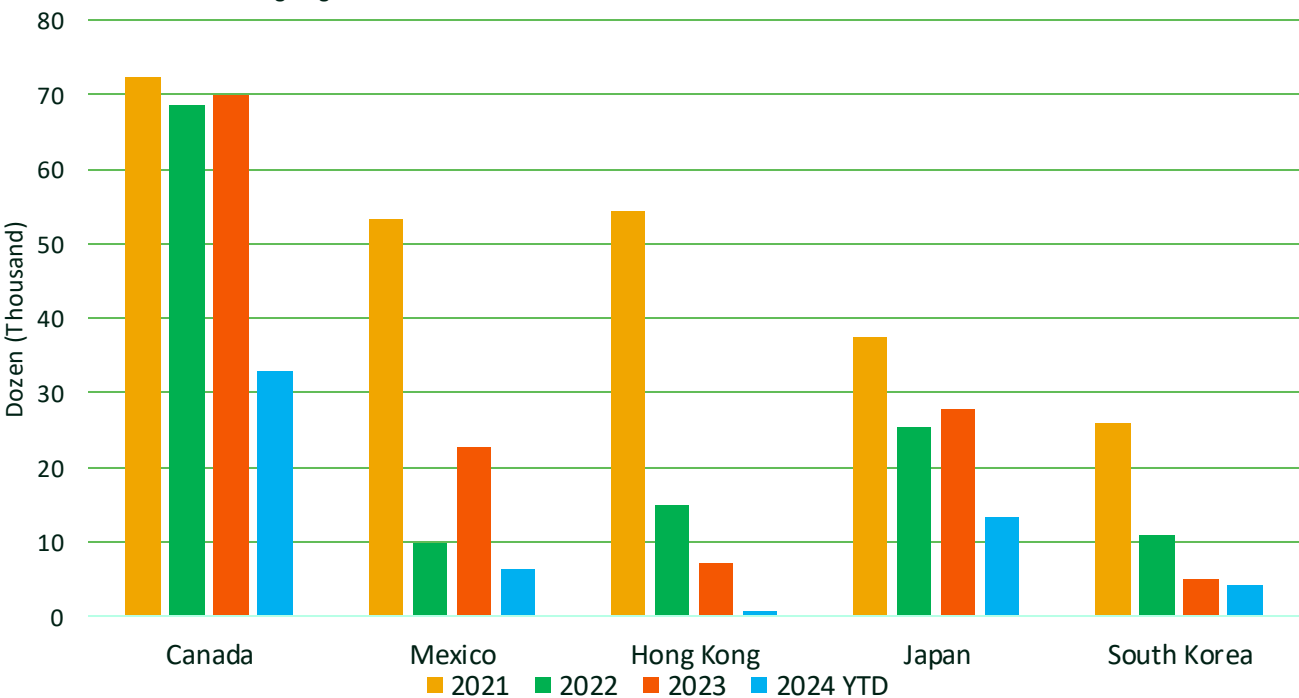
Monthly processing volumes are down 87% vs. the 10-year average and the lowest on record, dating back to **1996!**

Export market



Shell Egg and Egg Products Exports

Source: USDA Foreign Agricultural Services



Hong Kong
-92% YOY
(May)

Mexico
-67% YOY
(May)

Canada
+29% YOY
(May)

Total Exports
-29%
(May)

Looking ahead

H2 2024

Key factors to watch out for in the second half of the year

Bird Flu

Will Q4 present another resurgence, as it did in the previous two years?

Retail demand patterns

Will retailers pass along higher costs to consumers, or keep prices down to maintain market share?

Flock expansion

Will windfall profits lead to increased production and capacity?

Dietary Trends

How will new weight-loss trends impact demand ?

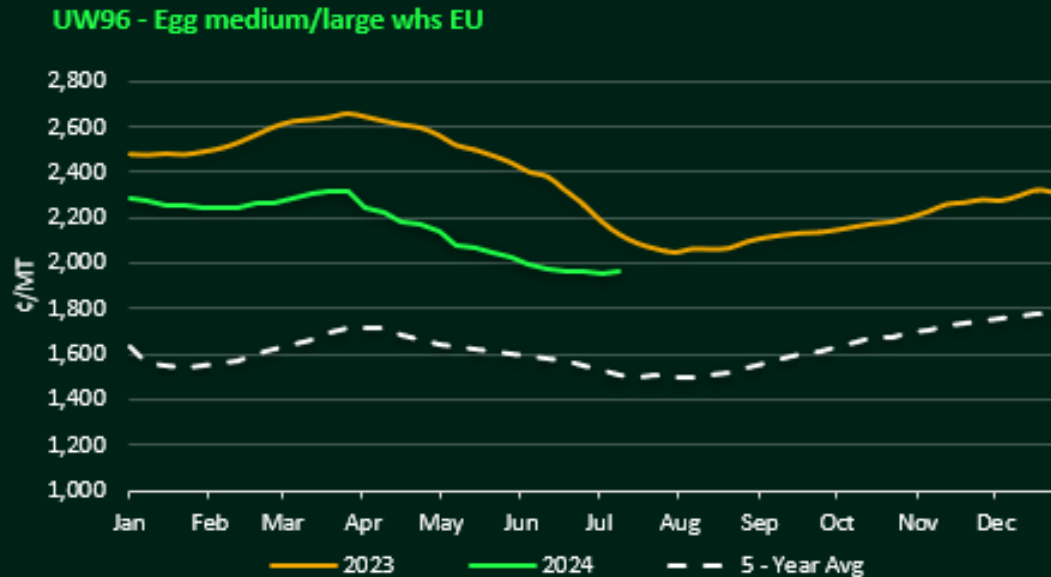
E.U. egg market

Shell eggs & egg products

Fabienne O'Donoghue
Market Reporter, Eggs



EU shell egg price trend



Source: European Commission

EU Shell Egg Prices - Drivers

- Shell egg prices currently stable despite demand slightly declining during the summer
- Tight supplies do not allow prices to drop further
- At the end of the holidays, supermarket sales increase and food manufacturers are back into full production.
- Market expected to firm up in the second half of Q3.

Consumption



Inflation in the EU
HICP - monthly data (% annual rate of change)

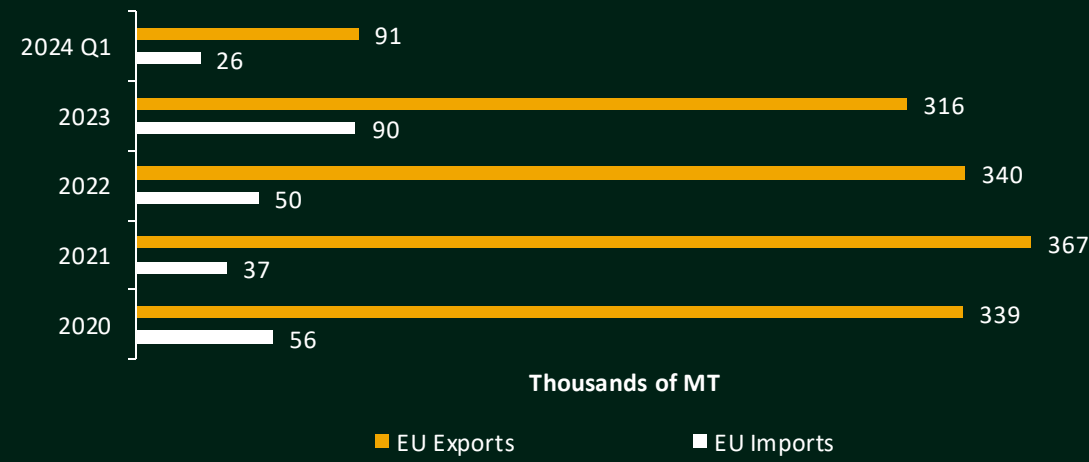


Source: European Commission

Strong domestic demand persists in the EU

- After a peak of inflation in 2022, yearly price increase in the EU is now stabilized at around 2.7%
- The demand in eggs grew with inflation, however the slowdown of price growth did not drive a decrease of egg consumption
- Providing enough egg supplies to all channels is now a challenge for EU producers
- The current balance between supply and demand is fragile and any factor could easily disrupt prices
- Uncertainty in the market in H2 2024

EU 27 Egg Trade Balance (excluding hatching eggs)



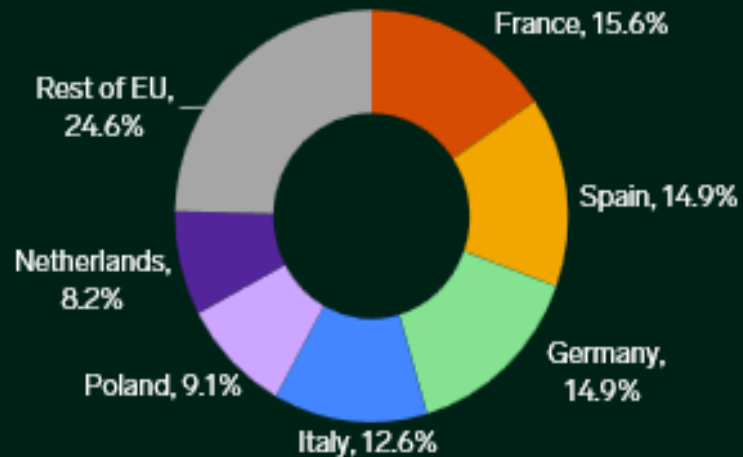
Source: European Commission

Egg trade balance narrowing

- Trade balance becoming narrower since 2021
- Imports remained strong in 2024 despite the absence of bird flu
- Exports decline due to tight supplies and lower demand of egg products however in 2024, both imports and exports progress

Production

EU production forecast - 6.04m MT of eggs



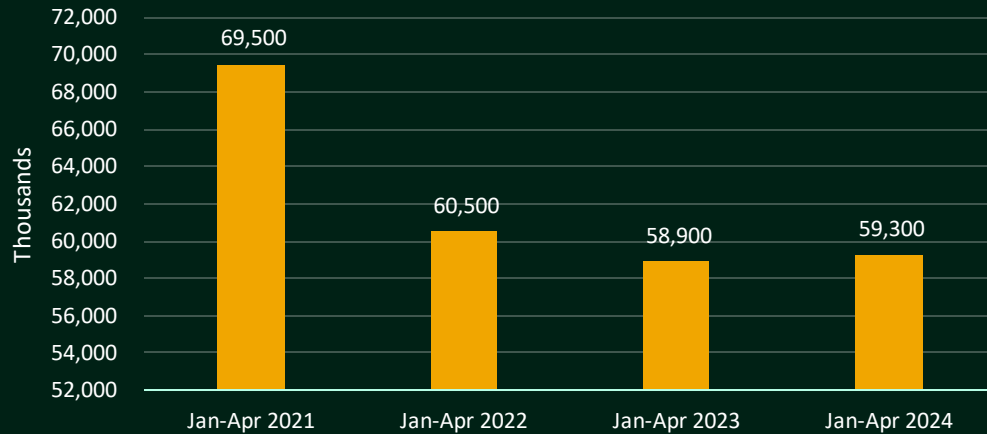
Source: European Commission

Egg Producers 2024

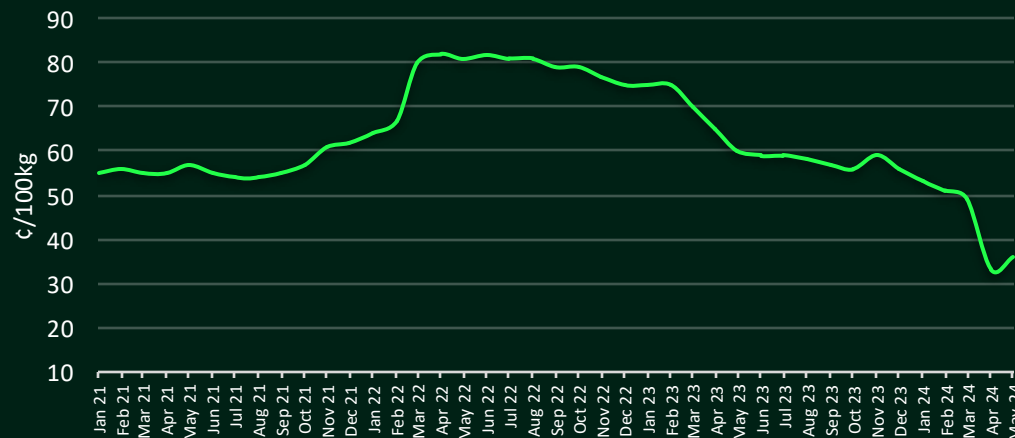
- The EU forecasted a production of 6.04 million tonnes of eggs in 2024
- France, Spain and Germany between 900k and 942k MT each
- Drop in production forecasted for Germany and Netherlands (unknown for other top producers)
- Main factors that could impact production :
 - Netherlands - political decision to reduce production, to protect the environment
 - Germany – keeping male chicks
 - Spain – growing demand due to soaring tourism
 - France – higher production costs for French eggs and dynamic demand
 - Poland – cage-free transition

Production drivers

EU placings of laying hens



Cost of feed (cereals and protein)



Recent movements

Production

- Stable number of placings at 0.7% despite increased demand since last year

Feed costs

- Continuous decline of feed cost with an acceleration in last spring
- Bad harvest this summer due to cold weather may lead to another positive trend

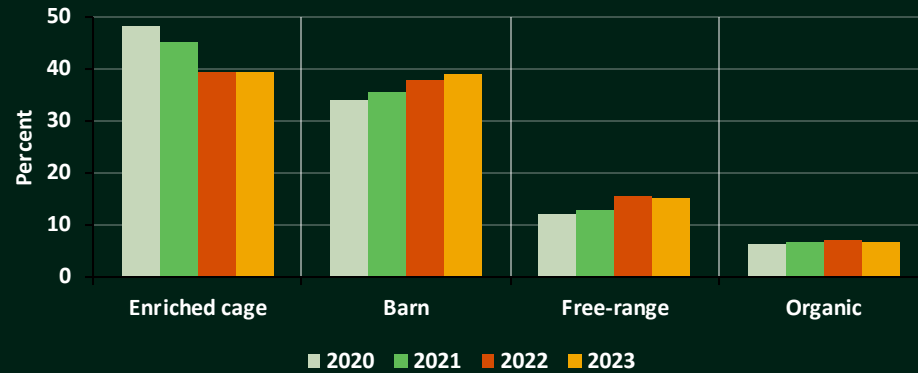
Avian Influenza

- No disruption in the EU last winter
- Prevention measures in place
- Vaccination tests in several countries
- Change in wild bird migration routes

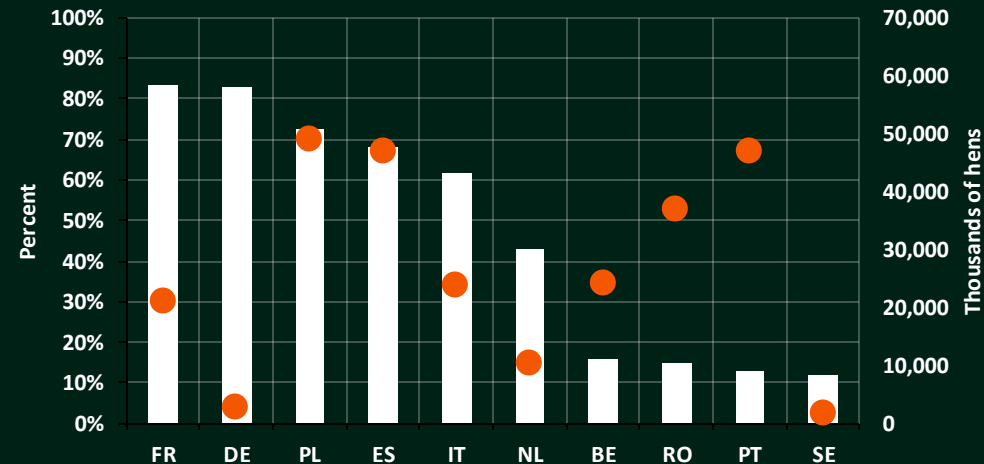
Source: European Commission

Housing types

Laying hens per housing type in the EU



Laying hens and percentage cage in top 10 EU producing countries



Source: European Commission

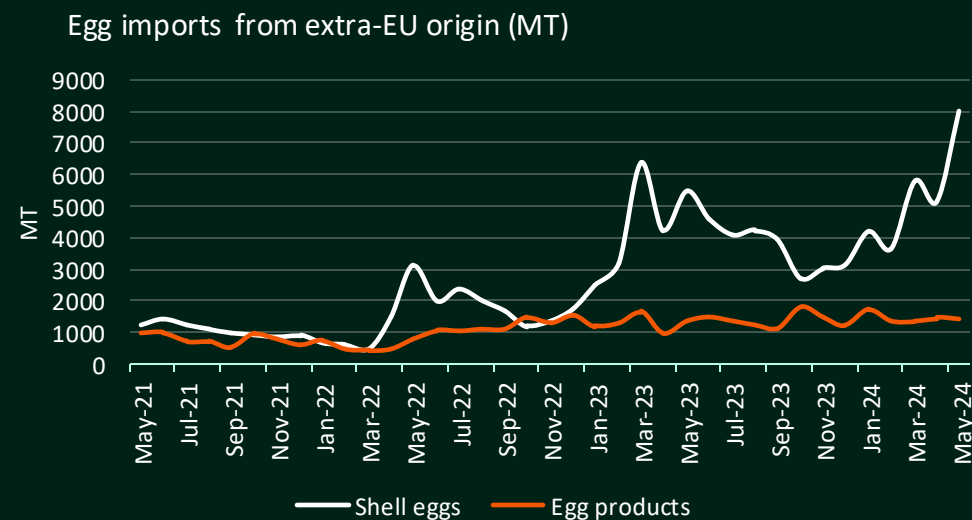
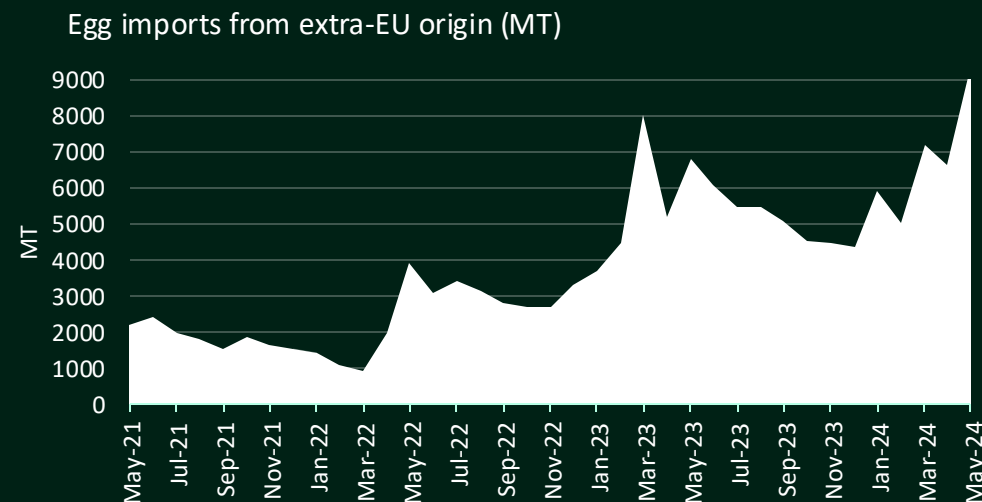
Transition to cage-free

- The cage-free transition is **on its way** in the EU, with an objective set for 2025 of no cage eggs.
- However, the progression **slowed down** due to major factors impacting egg producers last year
 - Avian Influenza risks
 - Inflation on building sector
 - Space needed for barn housing
- So far 15 out of 27 countries are at 50% cage and above, but these countries altogether represent 40% of the total hens in the EU.

Sharp increase of imports in 2024

Looking at January to May volumes

- Following the damages of Avian Influenza, imports of shell eggs (Jan to May), rose by 240% y.o.y. in 2023
- However the EU domestic egg production is currently not covering strong EU demand
- Imports kept increasing in 2024, when no major issue disrupted domestic egg production
- Imports are largely composed of shell eggs



Upward EU imports

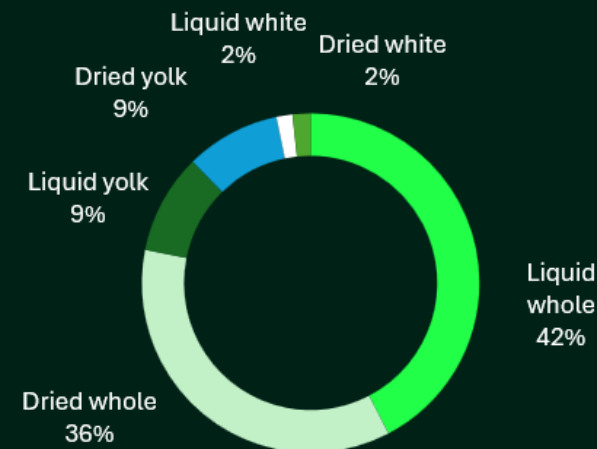
Mainly shell eggs

- So far in 2024, 79% of imports in volume are shell eggs, the rest are processed eggs, mainly liquid whole egg (42%) and dried whole egg 36%.

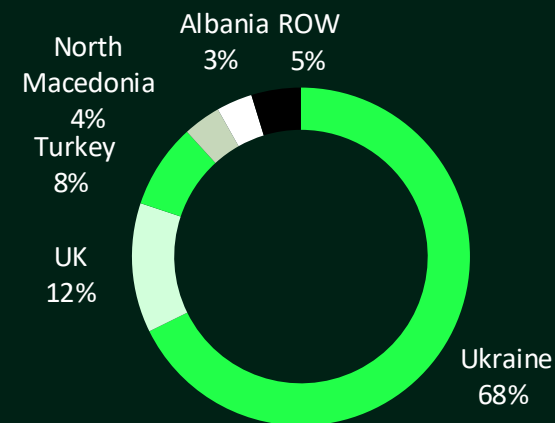
Ukraine is the main supplier

- More than two thirds of EU imports of eggs and egg products are from Ukraine
- However, the Free Trade Agreement initiated in 2022, is now renewed with quotas applied on shell eggs
 - 23k MT for 2024
 - 9662 MT for 2025 (January to June)
- Opinions are shared regarding its capacity to lower imports as custom duties are often absorbed by Ukrainian exporters to keep EU business
- Egg products are excluded from the deal

EU Imports Jan-May 2024



EU Imports Market Share



Strengthened exports in H1 2024

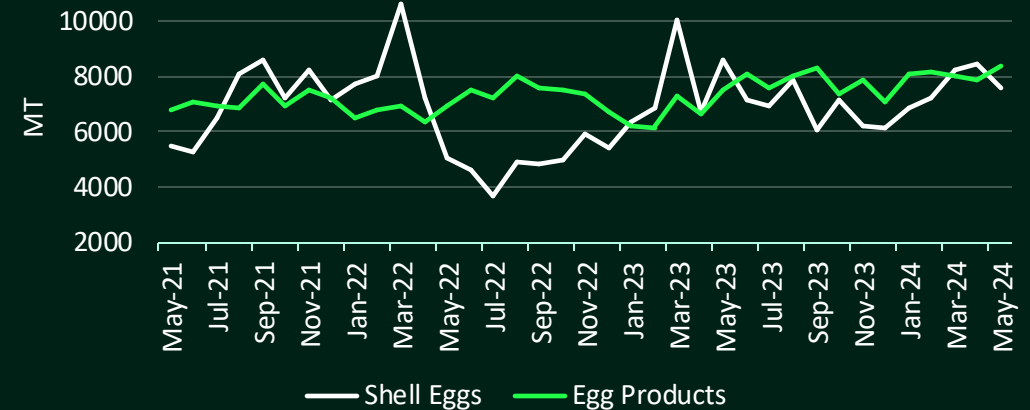
Looking at January to May volumes

- EU egg exports **progressed sharply** between Dec23 and Apr24, until reaching 16.3k MT in May. This is due to a 34% climb of **shell egg exports** between Dec23 and Mar24, as egg product exports also increased by 13%.
- The volume of shell eggs exported to non-EU countries between January and May has been steady in the last 3 years, however the EU exported **20% more egg products** y.o.y..
- More than half of the egg and egg product volume exported out of the EU is going to the UK, and a short quarter to Switzerland.

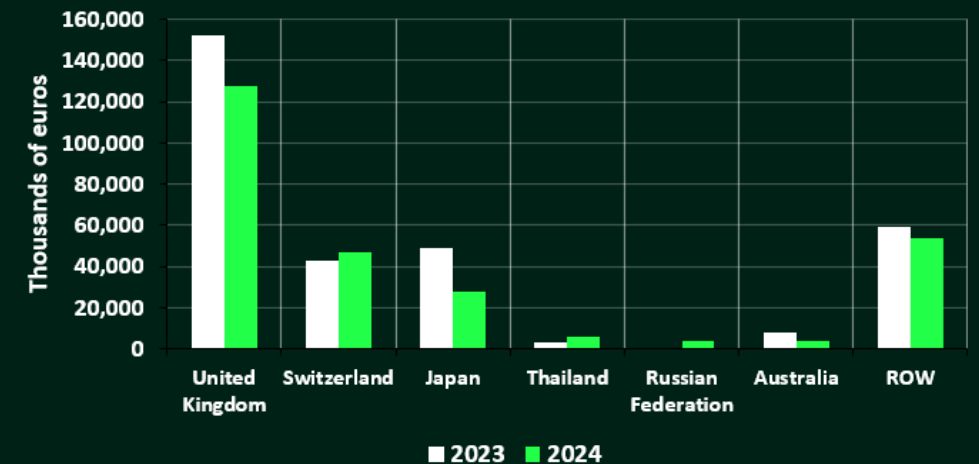
Looking at January to May values

- Exports in revenue **declined by 13.4% y.o.y.**, with less 15.9% for the UK and less 42.7% for Japan.

EU Egg exports to extra-EU destinations



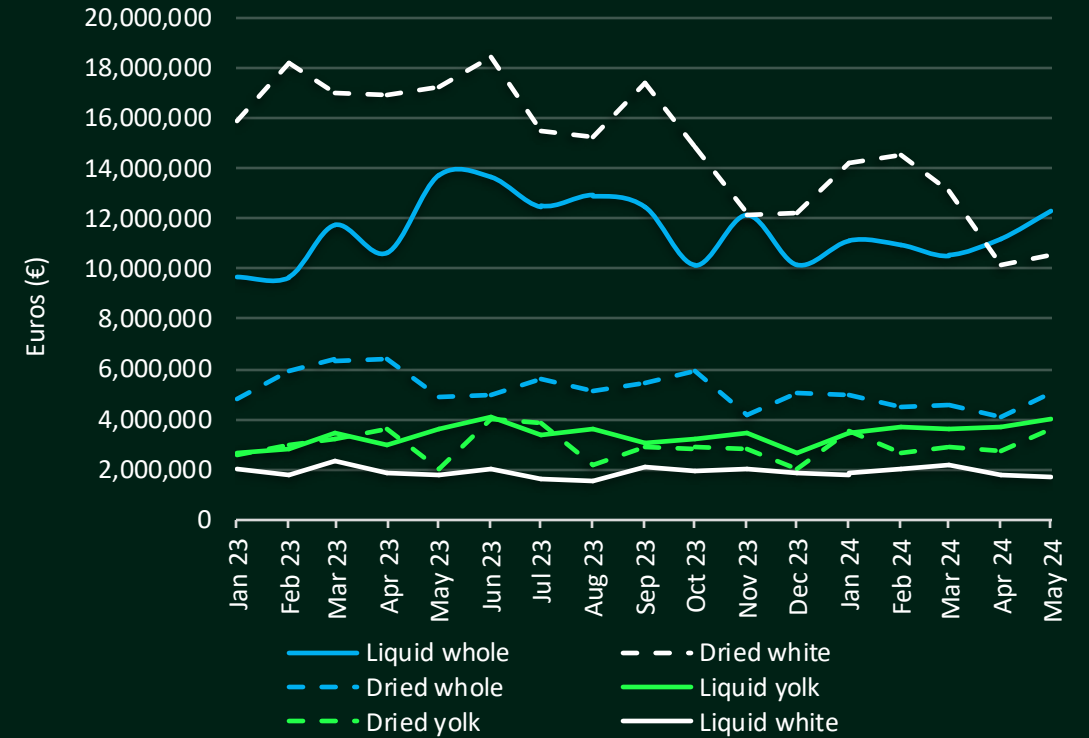
EU export revenue ('000 €)



EU egg product exports

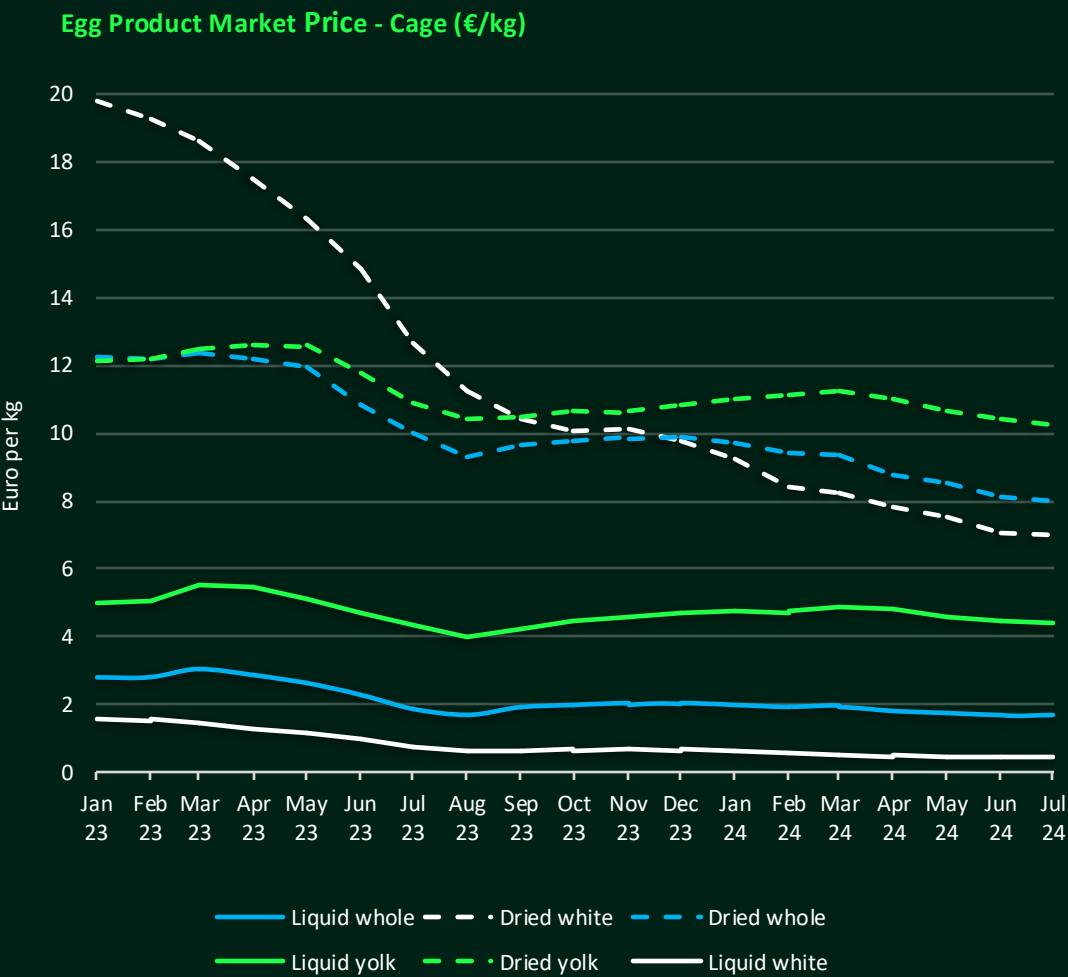


Extra-EU exports in value (Euros)

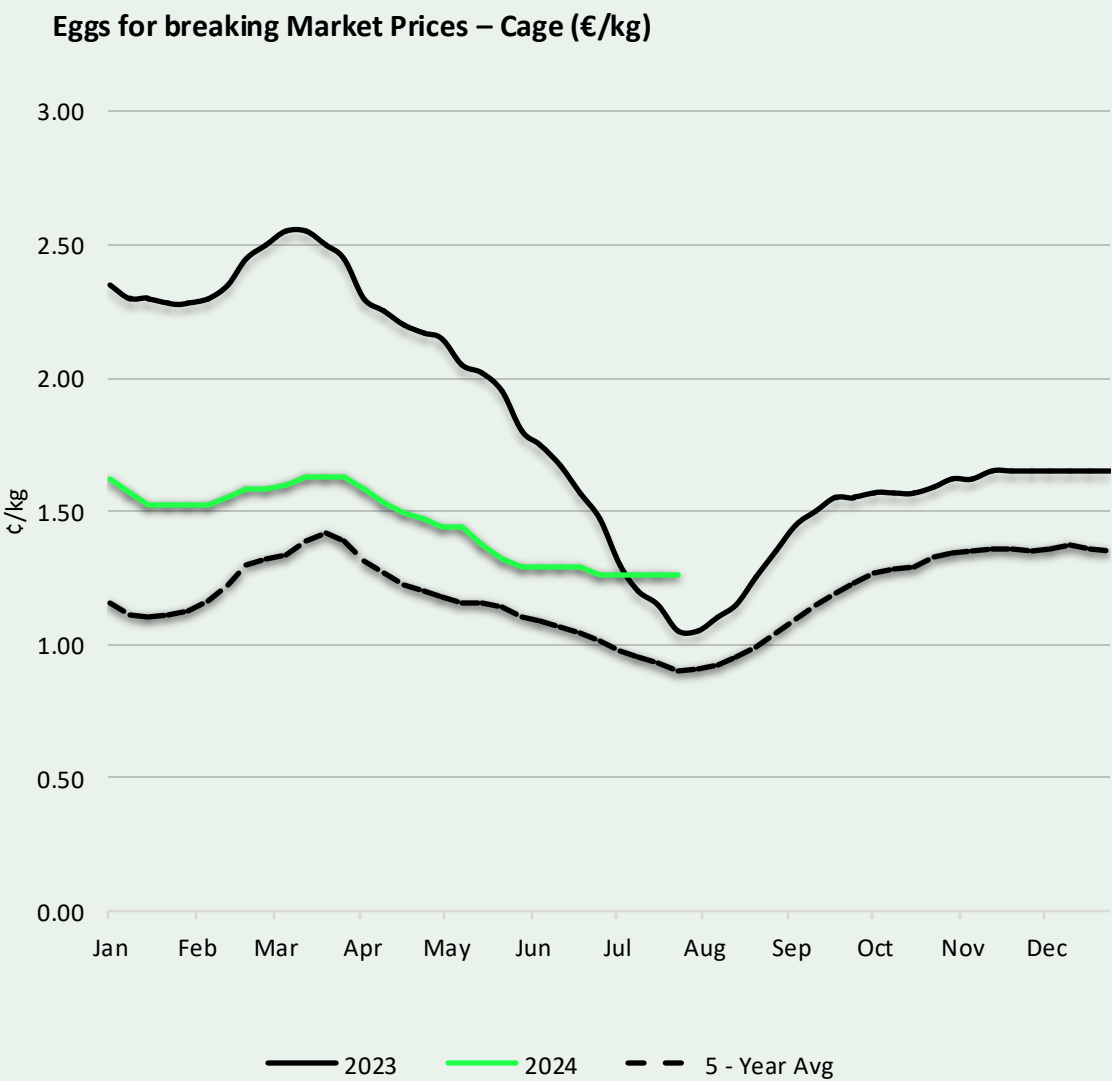


Source: Global Trade Tracker

EU Egg Product Price Trend



Source: Urner Barry by Expana



Source: Urner Barry by Expana

Key Takeaway

H2 2024

EU eggs - Key Factors to watch out for in the second half of the year

Demand

- Consumer demand of table eggs and elaborated food
- Asian demand of egg powders

EU egg supply

- EU egg production when the demand recovers in September
- Impact of imports from Ukraine with price below EU levels

Feed cost

- Possible increase of feed costs, leading to higher production costs in the EU

HPAI

- Impact of vaccination and prevention against new possible variant of the disease



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Thank you