

Scottish Egg Producer Retailers Association

MARKET REPORT

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	Size	V. Large	Large	Medium	Small
Farm to Shop	Prices	£1.49	£1.25	£1.15	80p
Scottish Wholesaler	Prices	£1.30	80p	70p	
English Wholesaler 1	Colony	£1.00	60p	55p	52p
	F/R	£1.20	£1.10	£1.00	60p
2	Colony	£1.05	60p(-5p)	52p(-5p)	47p(-3p)
	F/R	£1.15	£1.10	90p	
Packer / Producer Contracted average Price					
		Organic	FreeRange	Barn	Colony
		£1.30/£1.50	95p/£1.15	85p/£1.05	80p/£1.00
Producer / Consumer		V. Large	Large	Medium	Small
- Colony	Prices	£2.00	£1.85	£1.40	90p
- Free Range	Prices	£3.00	£2.35	£1.93	£1.05
Free-Range to Farm Shop	Prices	£1.75/£2.25	£1.31/£1.91	£1.15/£1.45	95p
Central Egg Agency	Colony	£1.00	70p	60p	50p
	F/R	£1.25	£1.25	£1.05	75p
Imported Continental Prices in Bulk					
Dutch Eggs	Barn	95p	68p(-2p)	62p(-2p)	

Prices would be best described as being in the doldrums, not going anywhere fast but still very depressed it looks like it will be June before the market will revive, it's not over production, it's just lack of demand, and there might be further reductions in prices next week.

Packers and producers retailers that were pushing a few cases in front of them and hoping that the May day demand would clear the floor, are now panicking a bit, last week the cheapest eggs on offer were German 58p Large, 51p Medium, this week the cheapest are coming from Stonegate in South West England, being delivered into the North of England and Scotland XL85p, Large 52p, Medium 48p, these are defiantly panic prices, as they are approximately 50% below the very basic production costs.

We wonder if this surplus of eggs would not be better going for processing, rather than collapsing the shell market, but even here the prices are dropping, with processors currently paying 40p per kg for colony and 60p per kg for Free range, but even here the price for pasteurised egg is falling daily.

Some of you might have thought that the 10p reduction in the SEPRA recommended prices two weeks ago, was a bit drastic, it was a token, as prices have collapsed in a big way, we are trying to maintain price.

RAW MATERIAL PRICES - Information kindly offered by Humphrey Feeds

Raw Material:	May:	Difference from early April:	Prices for Same month Last Year:	June Forecast:
Wheat (ex farm)	£186.00	-£11.00	£169.00	£188.00
Sunflower 32% *	£268.00	+£39.00	£192.00	£260.00
Wheatfeed	£189.00	-£11.00	£140.00	£189.00
Fishmeal	£1,220.00	+£30.00	£900.00	£1,220.00
Any origin HiPro Soya	£435.00	+£65.00	£342.00	£395.00
Non GM HiPro Soya	£520.00	+£35.00	£378.50	£471.00

* An error occurred in the April price given.

INTERNATIONAL EGG GROWTH AND TRADE

The International Egg Commission, recently published a report, by Hans-Wilhelm Windhorst, on the above subject.

The report covered the period 1970 to 2010 and the massive changes which have taken place in that time span.

There has been a 226% increase in the global number of laying hens over that period, so that we now have over 65 billion birds.

The largest increases have been in Asia, with a 700% increase, Africa and Central and South America, both with over 300% increases. Europe, by contrast, has only increased by 25% to some 8 billion birds collectively, producing some 10 million tonnes of eggs.

In 1970, Europe contributed 42% of total global egg production, but, by 2010, this had reduced to 16.5%. At the same time, Asia had increased from 23.7% to 58.7%.

In 1970, the UK was amongst the top 10 world countries in terms of numbers of laying hens, but, by 1990, has disappeared from this group.

The 10 leading European countries and the shift between 1970 and 2010 are as under:-

The 10 Leading Egg-Producing Countries in Europe

<i>Country</i>	<i>Prod. 1,000 tonnes</i>	<i>1970 Share %</i>	<i>Country</i>	<i>Prod. 1,000 tonnes</i>	<i>1990 Share %</i>	<i>Country</i>	<i>Prod. 1,000 tonnes</i>	<i>2010 Share %</i>
Germany	1,162	19.2	Russia*	2,385	20.4	Russia	2,261	21.4
UK	892	14.8	Germany	985	8.4	Ukraine	974	9.2
France	658	10.9	France	886	7.6	France	947	9.0
Italy	606	10.0	Ukraine*	757	6.5	Spain	840	8.0
Spain	464	7.7	Spain	667	5.7	Italy	737	7.0
Poland	389	6.4	Italy	656	5.6	N'lands	670	6.4
N'lands	279	4.6	N'lands	652	5.5	Germany	662	6.3
Belgium	238	3.9	UK	622	5.3	UK	658	6.2
Hungary	182	3.0	Poland	422	3.6	Poland	618	5.9
Romania	19.2	2.6	Romania	385	3.3	Romania	298	2.8
10 coun-tries	5,030	**83.2	10 coun-tries	8,417	**72.2	10 coun-tries	8,665	82.2
Europe	***6,042	100.0	Europe	11,663	100.0	Europe	10,541	100.0

** data of 1992 ** sum does not add because of rounding *** without USSR*

Essentially, egg production is stagnating in Central and Western Europe and increasing in Eastern Europe - Russia, Poland and the Ukraine.

The banning of conventional cages, first in Germany and Scandinavia and now in the rest of Central and Western Europe, will do nothing to improve the situation for producers in these Western areas.

Similarly, figures show that over the period 1970-2010, Europe suffered most with regard to percentage of egg exports, showing a decline of 12.7%, although still providing the greatest tonnage of exports at 1.3 million tonnes.

The 10 leading egg exporting countries were as follows:-

Table 2 - The 10 Leading World Exporting Countries

<i>Country</i>	<i>Prod.</i> <i>1,000</i> <i>tonnes</i>	<i>1970</i> <i>Share</i> <i>%</i>	<i>Country</i>	<i>Prod.</i> <i>1,000</i> <i>tonnes</i>	<i>1990</i> <i>Share</i> <i>%</i>	<i>Country</i>	<i>Prod.</i> <i>1,000</i> <i>tonnes</i>	<i>2010</i> <i>Share</i> <i>%</i>
Belgium	88	21.8	N'lands	422	50.6	N'lands	603	29.8
N'lands	80	19.8	Germany	96	11.6	Poland	153	7.6
China	34	8.4	Belgium	49	5.9	Turkey	132	6.5
Bulgaria	28	6.9	France	37	4.5	Spain	123	6.1
Hungary	23	5.7	USA	36	4.3	Germany	115	5.7
Poland	22	5.4	China	30	3.6	China	101	5.0
Denmark	19	4.7	Malaysia	25	3.0	Malaysia	89	4.4
Romania	17	4.2	Finland	19	2.3	USA	86	4.3
Finland	17	4.2	Czech.	15	1.8	Belgium	78	3.9
Lebanon	15	3.7	USSR	12	1.4	Syria	76	3.8
10 coun-tries	343	*84.9	10 coun-tries	741	89.3	10 coun-tries	1,556	77.0
<i>World</i>	<i>404</i>	<i>100.0</i>	<i>World</i>	<i>830</i>	<i>100.0</i>	<i>World</i>	<i>2,021</i>	<i>100.0</i>

<i>World</i>	<i>397</i>	<i>100.0</i>	<i>World</i>	<i>812</i>	<i>100.0</i>	<i>World</i>	<i>1,674</i>	<i>100.0</i>
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** sum does not add because of rounding*

The UK has not featured amongst the 10 leading European egg exporting countries in all that time, but has featured consistently amongst the 10 leading European importing countries.

In 1970, 11,000 tonnes were imported, and in 2010, 36,000 tonnes. Not encouraging figures for UK egg producers.

Probably the most damning statistics as far as the UK is concerned, is that it appears in the list of the 15 world countries with the highest negative balance of trade with shell eggs.

Table 4 - The 15 Countries with the Highest Negative Balance of Shell Egg Trade (Tonnes)

<i>Country</i>	<i>1970</i> <i>Deficit</i>	<i>Country</i>	<i>1990</i> <i>Deficit</i>	<i>Country</i>	<i>2010</i> <i>Deficit</i>
Germany	115,645	Germany	183,650	Germany	366,434
Hong Kong	44,290	Hong Kong	76,172	Iraq	199,482
USSR	33,461	UK	36,734	Hong Kong	94,631
Switzerland	24,216	Italy	35,040	Singapore	75,766
France	20,622	Singapore	31,393	Switzerland	34,324
Austria	18,935	Switzerland	31,235	UK	29,316
Iraq	10,000	Spain	21,635	Canada	22,338
Italy	9,407	UAE	15,700	Angola	19,046
UK	8,694	Canada	11,886	Qatar	17,591
Kuwait	6,705	Romania	11,088	Austria	16,319

Jordan	5,514	Kuwait	7,128	Czech. Rep.	15,506
Yugoslavia	4,798	Oman	6,827	UAE	14,340
Syria	4,798	Belgium-Lux.	6,680	Italy	12,212
Saudi Arabia	4,581	Iraq	6,000	Afghanistan	9,361
USA	4,171	Algeria	4,874	Libya	9,084

On a potentially “positive” note, Prof. Windhorst gives a projection of human population increase from 2012 to 2025.

Table 5 - A Projection of the Development of the European Population Between 2012 and 2025 (millions)

<u>CONTINENT</u>	<u>SUB-REGION/COUNTRY</u>	<u>2012</u>	<u>2025</u>	<u>ABSOLUTE</u> <u>(millions)</u>	<u>CHANGE</u> <u>(%)</u>
<u>EUROPE</u>		740	750	+10	+1.4
	Russia	143	141	-2	-1.4
	Germany	82	79	-3	-3.7
	UK	63	71	+8	+12.7
	France	64	67	+3	+4.7
	Italy	61	63	+2	+3.3
	Spain	46	47	+1	+2.2
	Poland	38	37	-1	-2.6
	<i>TOTAL WORLD</i>	<i>7,058</i>	<i>8,082</i>	<i>+1,024</i>	<i>+14.5</i>

Whilst it might at first sight seem daunting that the UK is projected as experiencing a far larger % increase than other European countries, it does, however, offer a considerable challenge in providing extra egg supplies to feed this increased population. This could be a sizeable proportion of the extra 142 million tonnes demand calculated for Europe as a whole.

Let us produce them in the UK and not rely on the rest of Europe, or worse still, elsewhere, to fill the gap.

UKRAINE

From Table 1, it will be seen that the Ukraine has risen from nowhere in 1970 to second place in Europe in 2010.

You will recall that by special arrangement with the EU, the Ukraine is to be given status of “associate member”, and able to supply, initially, egg product and then shell eggs into the EU market.

To that end, they have been steadily increasing their egg production, and, at the same time, retaining and utilising those cereals which earlier had been placed on the global market.

The two major egg producing companies in the Ukraine are Ovostar and Avangard.

Ovostar has some 4.32 million birds, up 28% in a year and Avangard has 20.6 million birds, up 9.6%. This already gives the two companies almost as many birds as the UK flock, albeit they are in cages for the most part.

So, at the moment, they will not challenge the UK free-range shell egg market, but they can affect the potential egg product sector.

Ovostar has also just signed a loan deal for 10 million Euros with the German Landesbank Berlin. They propose using this for purchase of extra German Salmet cages and poultry buildings.

No information is given as to which Salmet cages they propose buying. Salmet continue to produce conventional cages for sale outside the EU, but has the EU department which has granted the Ukraine special “associate membership” for trading eggs, liaised with the EU department responsible for bird welfare and conventional cage banning?

After all, there is serious concern that some of the cages in Poland, classed as “environmentally friendly” may not be fully up to scratch with the letter of the law.

Further, Oleg Bakhmatyuk, who owns 77.4% of Avangard, is also the owner of UkrLandFarming, which has just purchased Avangard.

He also owns Omron, which is buying the 100 year old Townshend poultry business in the USA for \$24.9 million.

UkrLandFarming and Avangard own 500,000 hectares of land, six feed mills, three egg packing units, as well as egg processing plants and Imperovo Foods.

Their share of total Ukrainian grain production is 3% and 26% of egg production.

This latest move by the EU and the clear plans of these Ukraine companies will have to be watched very carefully.

LIGHTING LAYERS

With the banning of incandescent light bulbs in Europe, many poultry units will have to be converting to alternative forms of lighting.

The University of Georgia has been comparing conventional incandescent bulbs with compact fluorescent lamps, cold cathode and LED bulbs.

They showed that dimming fluorescent bulbs below 5 lux gave a higher rate of lamp failure.

This is important in that many new colony units have found that high intensity light needs to be reduced considerably on welfare grounds.

The researchers also found that all bulbs suffered a loss of light output ranging from 25% to 50% over a 12 month period and that the spacing of bulbs and height from the floor affected intensity at bird level.

Simple replacement of incandescent bulbs or compact fluorescent with LED units did not always provide equivalent illumination.

Using different coloured LED bulbs, the researchers found highest egg production with red or white, compared to blue, yellow or green.

Egg weight, feed intake, shell quality or albumen quality were unaffected by light colour.

However, recent findings in the UK, may suggest that a form of High Energy lighting may have beneficial effects in layers.

AVIAN INFLUENZA

We have seen recently that AI has been seen on several units in the Netherlands and Germany, resulting in the slaughter of a number of birds.

This is coinciding with the Spring migration of birds and the Dutch authorities have authorised "alternative" systems birds should be kept indoors.

Migration is also occurring from the south, i.e. Africa, and virulent Newcastle Disease has been isolated in Libya.

So, all free-range producers should beware.

Much has been made of Chinese scientists combining Avian Influenza with Human Influenza in the laboratory, to make a strain of AI which would transmit human-human. Let us hope their bio security is absolute.

In the meantime, Australian scientists received a 0.5ml sample of H7N9 isolated from a patient in China.

The virus was replicated in 15 eggs before being sent to the Australian Animal Health Laboratory, where it has been injected into six week old chickens.

The antibodies from these chickens will help create tests for the virus. Also, the lab. is

producing antisera blood serum containing antibodies against H7N9 in ferrets for the WHO.

Work by Chinese scientists, published in the Lancet, have shown the very close similarity between H7N9 virus isolated from patients in Zhejiang and those isolated from birds in the live bird market, where all the patients had been in contact.

The researchers took cloacae swabs from chickens, quail, pigeons and ducks in six markets. 40% of the pigeons and 20% of the chickens were positive for H7N9 virus.

NOBLE FOODS

Many will have heard that Noble Foods is being offered for sale.

The expected price tag is £400 million and investment bank Rothschild are handling the sale. Buyout groups include PAI and CapVest. Bids could come from Asia and S. America as well as the USA.

In 2015, California will open it's markets for higher welfare eggs and Noble has already launched the Happy Egg brand in Krogers and Ralphs Stores there.

Noble, it seems, have been positioning itself for this sale for some time, by making the company potentially more attractive with a range of own-label brands - 'Woodland', 'Happy Egg', 'Big and Fresh', etc.

They are currently making a push with the 'Big and Fresh', aimed at young men with big appetites and women with "big" men in their lives, and will allegedly be fronted by ex-Jamie Oliver's 'Fifteen' graduate, Aaron Craze.

It is clear that eggs are moving out of the commodity sector and with proper branding and marketing, could refresh and resurrect the UK egg industry with increased consumption.

Apologies for the length of this report, it could be a record, but if you have struggled through it you might start to see the problems facing our industry, it's a small world.

How do baby chickens dance?

Chick-to-chick!

Thanks David



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