

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	£1.20	80p(-5p)	75p(-5p)	
English Wholesaler	Colony	£1.10	76p	70p	60p
	F/R	£1.40	£1.30	£1.20	70p
	Colony	£1.25	95p	80p	60p
	F/R	£1.40	£1.40	£1.30	70p
Packer / Producer Contracted average Price					
		Organic	FreeRange	Barn	Colony
		£1.25/£1.50	90p/£1.15	80p/£1.05	75p/£1.00
Producer / Consumer		V. Large	Large	Medium	Small
- Colony	Prices	£2.00	£1.85	£1.40	90p
- Free Range	Prices	£3.00	£2.25	£1.93	£1.05
Free-Range to Farm Shop	Prices	£1.75/£2.25	£1.31/£1.91	£1.15/£1.91	95p
Central Egg Agency	Colony	95p	75p	70p	55p
	F/R	£1.35	£1.20	£1.10	80p
Imported Continental Prices in Bulk					
Dutch Eggs	Barn	93p(-2p)	74p(-2p)	64p(2p)	59p

Prices the market appears to have bottomed out for just now, the push to clear the floors with the threat of lower prices post Easter appears to have worked with some people saying they are having to pay slightly higher prices to get supplies while others are still selling at heavily discounted prices. We have heard of Large Colony at 62p and Medium at 58p and at the start of this week even lower prices.

We have heard of numerous requests for white eggs particularly from our Polish and Eastern European communities who are still heavily into the tradition of painting eggs for Easter which is something most children in this country are tending to forget about perhaps this could be encouraged for next year.

Scottish Egg Quality Awards, there has been a record entry of 38 this year BOCM Pauls and SRUC at Auchencruve deserve full marks, in the 3 categories there were 16 from producer/ retailers 15 producers and 7 Organics all should be receiving their individual markings in a few weeks but if you receive an invitation for the dinner in Perth you are certain to have won something, with the surprise on the night.

The big thing last week was the International Egg Commissions conference and as the report on it is fairly lengthy we will leave it at that.

Roundup of IEC Business Conference Vienna 2014

Over 300 delegates from 30 different countries attended IEC Business Conference Vienna 2014 to address the issues that really matter to their egg businesses.



"Business matters" was the message at the heart of IEC Chairman, Cesar de Anda's, opening speech, as he welcomed delegates representing the egg industry from all over the world.

During the two days of conference sessions, delegates were addressed by a combination of high profile business leaders and world leading scientists. Speakers included: Danielle Cagan from Nestlé, the world's largest food processor and manufacturer; Johann Morwald, former ALDI board member and CEO; Dr Franz Fischler, former EU Commissioner of Agriculture; Nan-Dirk Mulder from Rabobank; and world leading researchers and scientists, Dr David Swayne, Dr Ferry Leenstra, Professor Rudolf Preisinger and Dr Knut Niebuhr.

A key message repeated by speakers, was "be prepared" – prepare for volatility to remain in the market and prepare your business so it can adapt to change.

Professor David Hughes, Emeritus Professor of Food Marketing, spoke to the IEC delegates about the changes that have taken place in supermarket market share over the past few years. Professor Hughes explained that discount stores are thriving in many countries across the world, with Walmart in the UK and the US losing market share to big discount stores.

Fragile customer confidence has created what Professor Hughes referred to as "savvy shoppers", that is, people being careful about the amount of money they spend, and also becoming more technologically savvy, with an increase in on-line shopping using smart phones and tablets.

Danielle Cagan, European Lead Buyer for Nestlé, also discussed the importance of adapting product lines. Ms Cagan told the IEC that despite the huge role that eggs, and egg products in particular, already play in Nestlé's product offering, by continuing to adapt pack sizes and product sizes to meet new market demands in different countries, she believes there is still a lot of room for growth in the future of egg products.

Volatility requires flexibility

Nan-Dirk Mulder, from Rabobank addressed delegates during the conference's new Business Analysis session. He discussed the global feed grains outlook and the impact this will have on the global egg industry in the short term – during the next 12 months. He told delegates that despite declining feed costs and improving stock levels, the egg industry still needs to be prepared – prepared for a return to volatility.

Nan-Dirk Mulder explained that the current turmoil in the Black Sea region is an important factor in the global grains and oilseeds markets. The Black Sea region, namely Ukraine, Russia and Kazakhstan, plays

an important role in the global wheat and corn market: together Ukraine, Russia and Kazakhstan export 38 million tonnes of wheat, approximately 10-25% of the global trade, and 21.5 million tonnes of corn, approximately 20-21% of the global trade. Nan-Dirk Mulder told the IEC: "So, you can imagine that turmoil in these markets makes investors concerned."

However, he went on to say that despite the concern, in reality he does not think there will be a great impact on the market; production of corn, wheat and sunflower everywhere is looking very good at the moment, and in Ukraine, they are moving towards a record high in production of the three main crops.

Volatile weather conditions also have the potential to impact on grain prices. Nan-Dirk Mulder told the conference that the United States has recently announced there is a 50% chance of El Nino weather conditions returning; he advised the delegates to carefully follow these developments over the coming months.

Nan-Dirk Mulder told IEC delegates to be prepared for a return to volatility; he told his audience to shape their businesses to make them stable against the challenges that volatility could bring. Based on lessons learned by other animal protein industries, Nan-Dirk stressed that success has a lot to do with positioning your company: market intelligence; focussing on value added; keeping close to the final customer; creating a level of power in the market; managing the value chain and creating a careful balance between supply and demand, are all very important factors when operating in a volatile market. He told the IEC, volatility requires flexibility.

Former EU Commissioner of Agriculture, Dr Franz Fischler, also referred to volatile markets as he delivered the IEC Business Lecture at the conference. Dr Fischler discussed the EU's Common Agricultural Policy, the supply of feed grains and impact on prices; he told delegates that the commodity market prices are volatile. However, despite this, he believes that there is good news, saying: "We have 40 years of decreasing agriculture commodity prices behind us – now prices are rising". Dr Fischler expects to see steady growth over the coming decade, he also predicts much higher yields in maize, sunflower and rapeseed in the EU.

Growing demand for food chain traceability and transparency

Throughout the world, there is a growing trend for consumers demanding greater transparency in the food chain. Delegates heard that this is particularly true in Austria.

Dr Michael Blass, Managing Director of Agricultural Austria Marketing, addressed delegates at the IEC conference, he discussed the demands Austrian consumers place on the food chain. Dr Blass explained that over 80% of Austrian consumers prefer regional, domestic food products, and over 90% claim they reject eggs produced in cages, both in shell form and in egg products and catering. In response to consumer demand for transparency and traceability, the Austrian egg industry has created a sophisticated reporting system, in which 90% of all eggs produced in Austria's fresh egg market are labelled and entered into a database. The database enables consumers to input the information from the egg and trace its country, housing system and the business that the egg originated from.

Nestlé's Danielle Cagan also spoke in detail about supply chain integrity and the importance of transparency and traceability to create and maintain consumer trust. Ms Cagan explained that, where possible, supply chains are now being shortened and strengthened, as part of the ongoing effort to provide greater traceability, and ultimately greater transparency to consumers.

Sharing lessons learned

During IEC Business Conference Vienna 2014, Professor Hans-Wilhelm Windhorst and Peter van Horne, IEC Statistical Analyst and IEC Economic Analyst, presented their latest research findings into the new reality in the EU for commercial egg production, and an in-depth egg market case study from the Netherlands. Professor Windhorst and Peter van Horne both described extreme fluctuations in the egg markets. Following the ban on conventional cages, the EU experienced fluctuating layer numbers, this resulted in fluctuating egg production, which led to extreme fluctuations in income for EU egg produc-

ers. Peter van Horne told the IEC: "No one is happy with fluctuation – it should be more smooth development of prices; it makes it very difficult to be in business."

Both Peter van Horne and Professor Windhorst offered advice to other regions looking at introducing legislation for laying hen housing systems. Peter van Horne said: "If EU had to do this another time, I would say, give them more gradual change. Instead of putting it on one date to move to enriched cages ... put in some in-between steps."

Professor Windhorst's advice in response to the EU legislation was: "If there is a long time span between passing of the directive, or law, and the deadline when you have to fulfil it, if that is too long, then the farmers will not invest in the early years. Then it abruptly comes to the end, and that causes problems."

Learning from the past and shaping the future

Learning from the past and shaping the future, was a key theme behind the IEC Business Conference Vienna 2014.

2014 is a very significant year for the International Egg Commission as it celebrates its 50th anniversary. The conference in Vienna was the first half of the organisation's celebrations; celebrating the enormous successes of the egg industry and looking to shape the future for further success and innovative product developments.

As part of the IEC's initiative to help shape the future, during the conference it launched a new charitable foundation, the International Egg Foundation. The aim of the International Egg Foundation is to provide people living in developing countries with greater access to eggs, to combat malnutrition and provide people who are underfed and undernourished with access to a sustainable diet.

IEC conferences provide a unique opportunity for the leaders in the global egg industry to share knowledge and best practice, to learn from the lessons of others and hear first-hand from the decision makers within the food chain. With discussions as diverse as EU Common Agricultural Policy, to Nestlé's Supplier Code, ALDI's purchasing behaviour, to beak trimming, dual birds, and animal influenza, IEC conferences focus on the real issues that really make a difference to egg businesses – business matters.

World Poultry

What kind of egg lives by the sea?

An egg shell!-----(must be thinking of the Easter holidays)

