

Egg Prices Have Flown the Coop

In recent weeks, grocery store shoppers have faced soaring egg prices. According to the latest Consumer Price Index (CPI) from December, egg prices have risen 36.8% compared to the previous year, far outpacing the overall food price increase of just 2.5%. In January 2025, the average price for a dozen eggs jumped \$1.67 — a 28.77% increase — before reaching an all-time high of \$7.43 per dozen in February, according to the United States Department of Agriculture (USDA).

Eggs U.S.



Fig. 1 Source: trangeconomics.com

The USDA Chicken and Egg Report from Jan. 21 provides some insight into this trend. In December 2024, total U.S. table egg production reached 7.83 billion, marking a 3.7% decline from December 2023 with production of 8.13 billion table eggs.

Other key production indicators also show slight declines:

- Egg-type chicks hatched in December 2024: 48.4 million (down 1% from December 2023).
- Eggs in incubators as of Jan. 1, 2025: 48.4 million (down 1% from a year ago).
- Pullet chick placements (for future hatchery supply flocks): 215,000 (down 2% from December 2023).

A significant factor behind rising egg prices is Highly Pathogenic Avian Influenza (HPAI), which has devastated poultry populations. According to the USDA Animal and Plant Health Inspection Service (APHIS), the U.S. has lost 106 million layer hens to HPAI since 2022, 38 million in 2024 alone. With fewer hens producing eggs, supply has tightened, contributing to price hikes. Looking at Fig. 3 and Fig. 4, we can see large egg producing states versus areas that were hit hard by HPAI.

It is also important to note that, once a bird has been depopulated from HPAI, it can take at least 141 days (21 days for incubation and 120 days to reach maturity) before a new hen lays her first egg, and an additional 70 days before she will reach peak production, this does not take into account the clean up and out time for the farm itself.

Traditionally, egg markets have patterns. Looking at Fig. 5 we see a 10-year comparison of the relationship between the availability of eggs versus the price per dozen. We can see that traditionally from November to February (holiday season), and April (Easter), a spike in prices can be expected. During the months May-August, prices traditionally fall. During the current period, prices are typically above average. However, these high prices were exacerbated by losses from HPAI, which led to lower than normal production.

Consumer behavior will also likely play a significant role in rising egg prices, due to shifts in demand, dietary trends, and purchasing habits. Increased interest in protein-rich diets, including keto and high-protein meal plans, has driven up demand for eggs. Panic buying during

Average Layers During the Month – United States

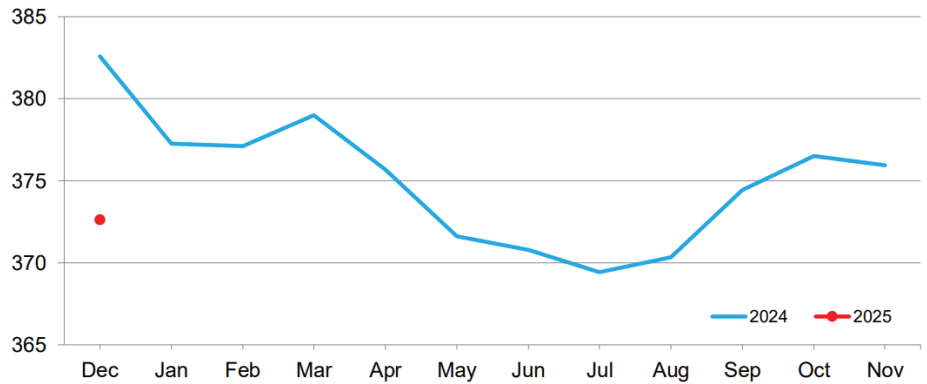


Fig. 2 Source: USDA

Egg Production In United States

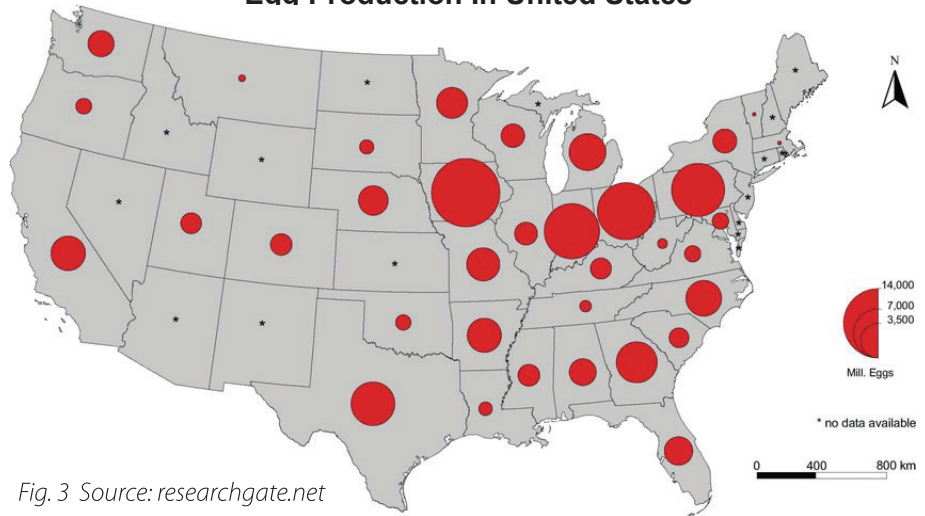


Fig. 3 Source: researchgate.net

Avian Influenza Hot Zones

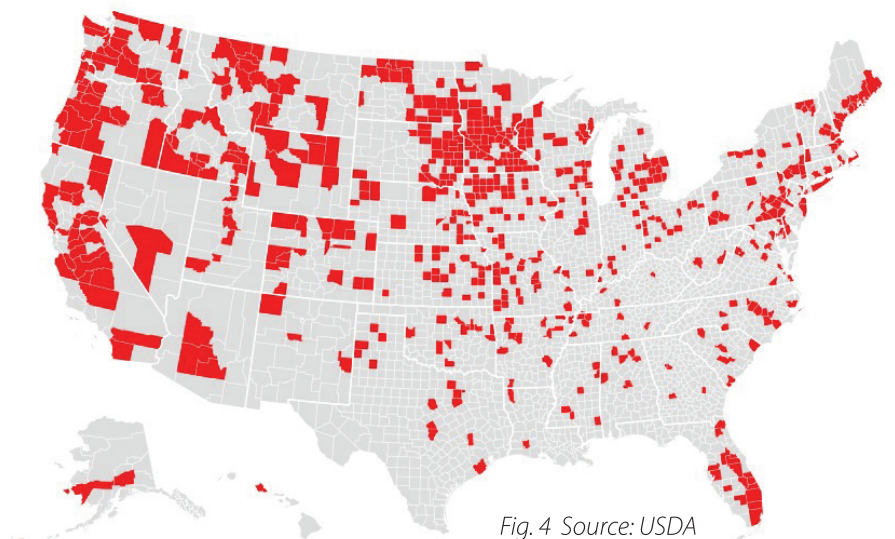


Fig. 4 Source: USDA

supply chain disruptions, such as those seen during the COVID-19 pandemic or HPAI outbreaks, can further inflate prices by creating temporary shortages. Combined with production costs like feed, transportation, and labor, these consumer-driven factors contribute to the overall increase in egg prices

Another factor leading to egg prices may be California’s Proposition 12. The law requires that egg laying hens have more space, which has increased production costs for farmers. These costs are often passed on to consumers,

leading to higher egg prices. Additionally, the regulation affects, not only California producers, but also out-of-state suppliers who wish to sell eggs in California. These factors further contribute to price increases. While the exact impact varies, some reports indicate the price of eggs has risen slightly since the implementation of Prop 12.

While prices have reached record highs, historical trends suggest they will eventually decline. As seen in the five year cycle (Fig. 1), egg prices typically correct after surges. However, factors like further disease outbreaks or supply chain disruptions could delay a return to lower prices. For now, consumers should prepare for elevated prices but expect some relief as production stabilizes.

10 Year Egg Production vs \$/Dozen Relationship

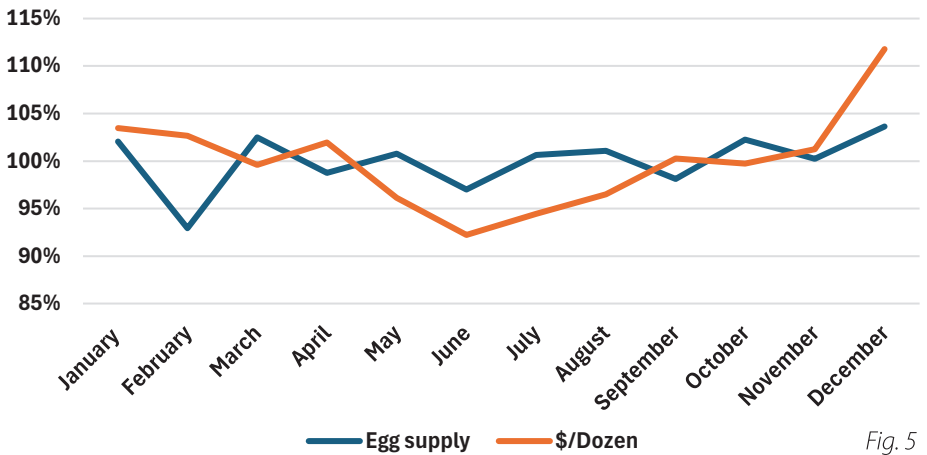


Fig. 5



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