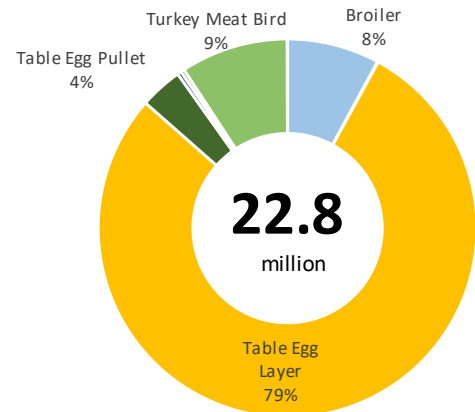


As losses from bird flu continue to pile up, meat market participants are naturally nervous and wondering how this will impact meat supplies/prices this spring and summer. USDA recently made some changes to the way they report the flocks affected, and this now gives a much better idea as to the extent of losses at various poultry industry segments. What's important to understand is not just the total number of birds affected but also what type of birds they are and what they supply to the market. The chart to the right summarizes the number of birds lost between early February and April 2, highlighting those segments that have experienced a material impact so far. **The impact of HPAI on the egg production industry has been devastating, which is also what the industry experienced in 2015.** Of the 22.8 million birds in commercial operations lost so far, about 80% have been egg producing layers. These are birds whose function is to produce unfertilized eggs that end up in your local grocery store, your breakfast sandwich or the various egg products used to make cakes and pastries and many other food products. They do not affect the meat supply.

Bird Losses due to Highly Pathogenic Avian Influenza

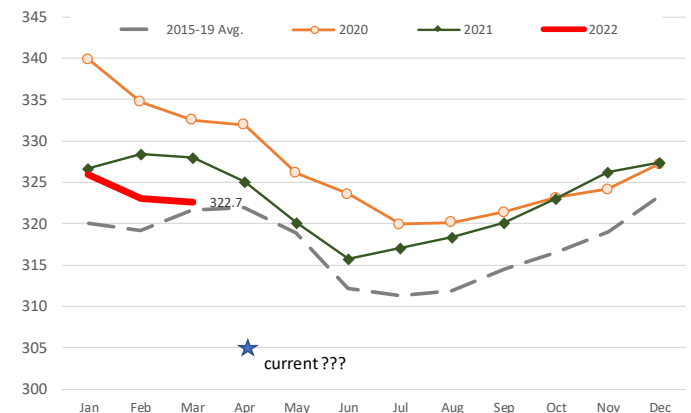
Data source: USDA-APHIS. Analysis by Steiner Consulting



The second chart puts the losses for the egg industry in perspective. USDA reported last month that, as of March 1, there were 322.7 million table egg producing layers in the United States. This likely did not account for the loss of 1.2 million layers in a Delaware facility on February 22. In a couple of weeks, USDA will offer an assessment of the table egg layer inventories as of April 1, which could capture the loss of the near **18 million birds or 5.5% of the layer supply.** If 2015 is any guide, **we could see more outbreaks and losses in the next 2 months, further worsening the egg supply situation and pricing.** Already table egg prices at wholesale are running over \$3/dozen, up 170% from a year ago. Liquid eggs and breaking stock prices are up sharply as well.

Table Egg Layers. Million Head. 1st of Month

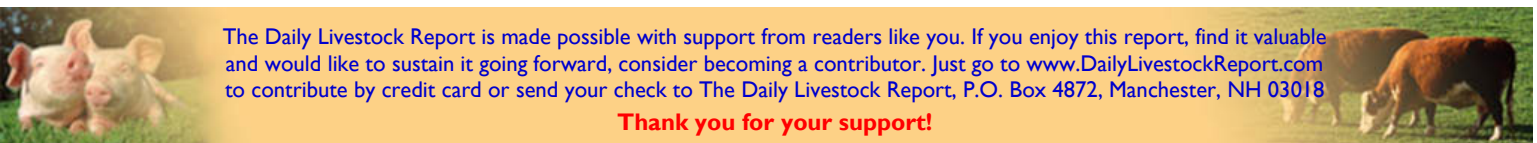
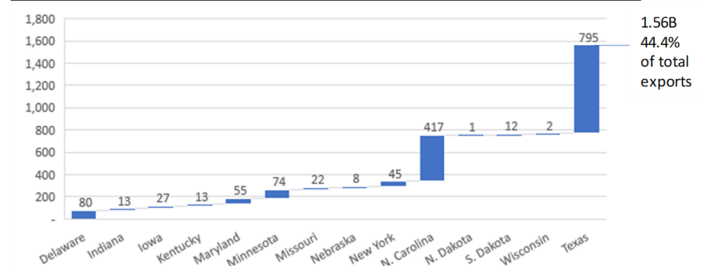
Source: USDA. Analysis by Steiner Consulting



With regard to the impact on poultry meat supply, the picture is a bit more muddled and not as bullish for prices as some might expect. To be clear, things could change in the next few weeks but so far we see a minimal impact on broiler supplies. USDA has so far reported 1.8 million birds lost in broiler production operations. This is over a seven week period. Broiler slaughter during this period was 1.160 billion birds so the lost production represents 0.2% of the slaughter during this period. As for turkeys, the impact has been much more significant. Turkey slaughter during the last 7 weeks has been a total of 27.8 million birds or an average of almost 4 million birds per week. HPAI losses in the turkey industry so far have been a total of 2.1 million birds, representing around 7.5% of weekly slaughter. The minimal effect of broiler losses should also be seen relative to the loss of export markets. In recent years USDA and industry have done a good job to regionalize any trade disruptions due to HPAI. Thankfully there have not been any HPAI cases in commercial operations in the Southeast. However, USDA data shows that so far there have been HPAI cases in 14 states. These states in 2021 accounted for 44% of the value of poultry exports. The HPAI outbreak in a commercial pheasant operation in Texas has no impact on poultry supplies but could potentially have a significant effect on trade. We will have to wait on this until official trade statistics come out but, for those fearing a shortfall in supply, it would be good to also consider the shortfall in exports.

Accumulated Export Value of States with HPAI Cases in Commercial Flocks

Data source: USDA-FAS. Analysis by Steiner Consulting



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.