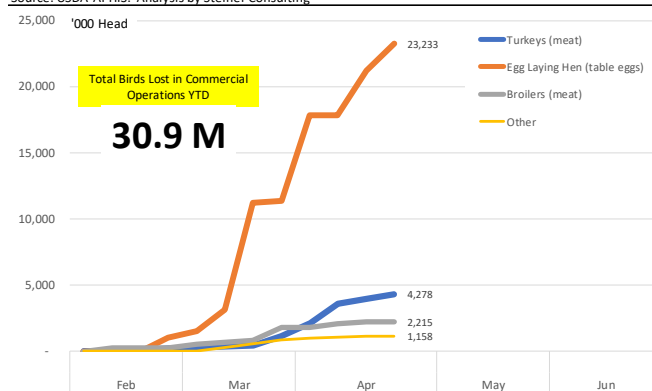
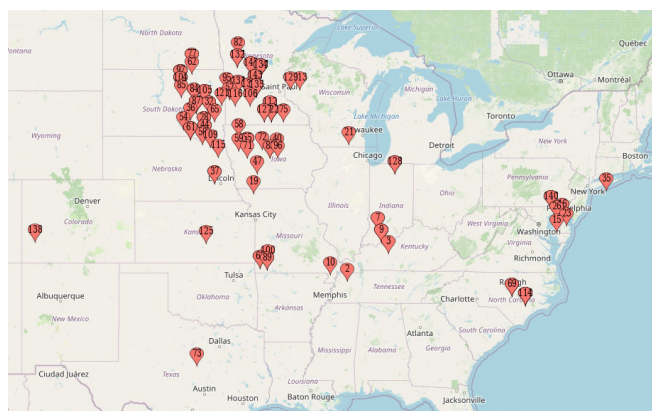


The number of HPAI outbreaks has slowed down in the last two weeks but **commercial operations continue to be affected**. If 2015 is any guide, unfortunately we may see more outbreaks in the next few weeks. The latest update from USDA put **the total number of birds affected in commercial and backyard operations at 30.95 million head**, with commercial operations accounting for 30.88 million of that number. As the chart to the right illustrates, the category most affected are chickens that produce table eggs. This is a different category from broiler chickens that are raised for meat. According to the latest USDA count, since early February industry has lost 23.2 million table egg laying hens. As of April 1, USDA estimated the inventory of these birds to be 305.2 million head, down 17.8 million since February 1 and down about 20 million head or 6.1% compared to the previous year. Since April 1, another 5.4 million table egg laying hens have been destroyed due to HPAI outbreaks. The potential for more outbreaks in the next 10 days means that the inventory of table egg laying hens on May 1 may be down as much as 7% from the previous year. In 2015 the outbreak took place a bit later, with the inventory on May 1 down 2% but then down 10% by June 1. That year, the inventory of table egg laying hens was little changed through the summer and it took about 9 months to get inventories back to normal levels. As for egg prices, they were already high before the outbreak due to the sharp increase in feed costs and those prices are likely to be elevated through the end of the year. Prices spiked going into Easter but have eased a bit now that holiday demand is behind us. Still, at around \$2.57/dozen prices are 138% higher than the previous year. In the summer of 2015 prices large table eggs peaked at \$2.8/dozen, 117% higher y/y. The difference this year is that feed costs are far higher than in 2015, when corn was trading around \$3.50/bu and soybean meal was around \$330/ton.

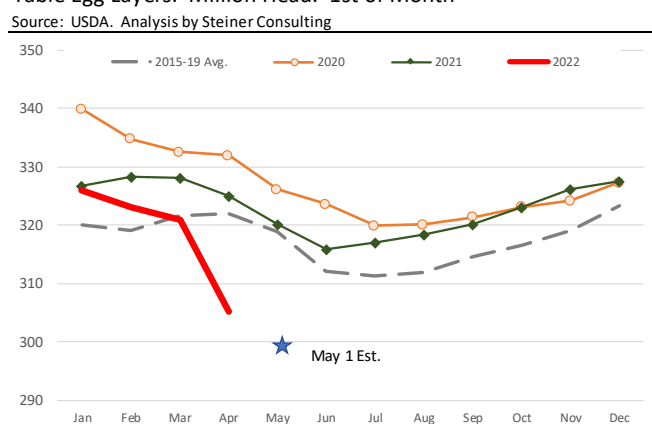
**Cummulative bird losses to highly pathogenic avian influenza by production type in 2022. '000 Head**  
Source: USDA-APHIS. Analysis by Steiner Consulting




**Distribution of HPAI Outbreaks in Commercial Operations**



**Table Egg Layers. Million Head. 1st of Month**




**The second production vector that has been affected are turkeys.** The latest update put the number of turkeys lost at 4.3 million head, with about 3.3 million lost in Minnesota and S. Dakota alone. The chart to the right shows the location of all the commercial operations affected, and a significant concentration of cases in the Upper Midwest. There's a lot of ideas out there as to why this is the case, from concentration of facilities in that region to the lifespan of the birds to the type of wild birds in the area. But this is almost exactly the same region that got impacted the most in 2015. This year there have been some outbreaks in the East Coast but so far the Southeast, a major broiler production hub, has been spared. The turkeys lost so far will significantly impact supply in Q2 and Q3. In February USDA was projecting turkey production for Q2 at 1.4 billion pounds. By April, the forecast was reduced by 60 million pounds or 4.3% and Q3 was reduced by 3.2%. Turkey market was already very tight, with breast meat prices in February in the \$4/lb. area. Now they are at \$5.5 and should surpass the 2015 high of \$5.85 by the end of this month. How high is high will largely depend on the bird flu trajectory in the next 2 months.



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