Lower Feed Prices - Their Effect on the Cost of Production

Feed prices for Southern California egg producers for the 19 year period, 1979 through 1997, have averaged just under $160 per ton or $7.95 for 100 pounds of typical layer mash delivered to the farm. During this time period, monthly prices ranged from a low of $6.32 in January of 1987 to a high of $11.02 in July of 1996.

A closer look at this issue for 1996 through September of 1998 has seen us go from a September 1996 price of $10.48 per 100 pounds to a low of $6.68 in September of 1998. Feed costs have gone down from 36.5 cents per dozen in 1996 to our current estimate of 23.2 cents - a 13.3 cent per dozen improvement in costs.

In general, September prices are normally a little above the yearly average (+1.2% above average) due to the beginning of the new year’s harvest. The current cost estimate of $6.68 per 100 pounds is one of the lowest we’ve seen in the 20 year period, but not the lowest.

In 1998, our estimated total cost of production has gone down from 51.4 cents per dozen in January to 43.7 cents on September 28. The current low costs are attributed to both low feed costs and improvements in feed conversion associated with the season.

September prices for 1979 to 1998 are shown in Figure 1.

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**Figure 1. Southern California Layer Feed Costs (September)**

1979 through 1998

University of California feed industry surveys.
Estimated feed price changes in 1998 are shown in Figure 2 and their effect on the cost of production are illustrated in Figure 3.

**Figure 2. Southern California Layer Feed Costs**
*Monthly - 1998*

University of California feed industry surveys.

**Figure 3. The Effect of Feed Prices on Estimated Monthly Cost of Production - 1998**

University of California feed industry surveys.

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