

# Egg Industry

News for the Egg Industry Worldwide

WATT

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### Majority says: Hen numbers, shell egg prices to remain steady



Respondents to *Egg Industry's* 2009 annual survey anticipate a hen population increase of 6 million in 2010 with 90% to be housed in new buildings.

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### Monthly profits through November

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Negative months in mid-2009 brought 11-month average profits down to 4.29 cents/dozen.

### Hy-Line monitors egg quality



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Among breeding companies, Hy-Line maintains the largest company-owned diagnostic laboratory. It is located in Dallas Center, Iowa.

# Specht QUALITY WORLDWIDE



• Drinking system



• Feeding system



• Group cage system



• Cage floor



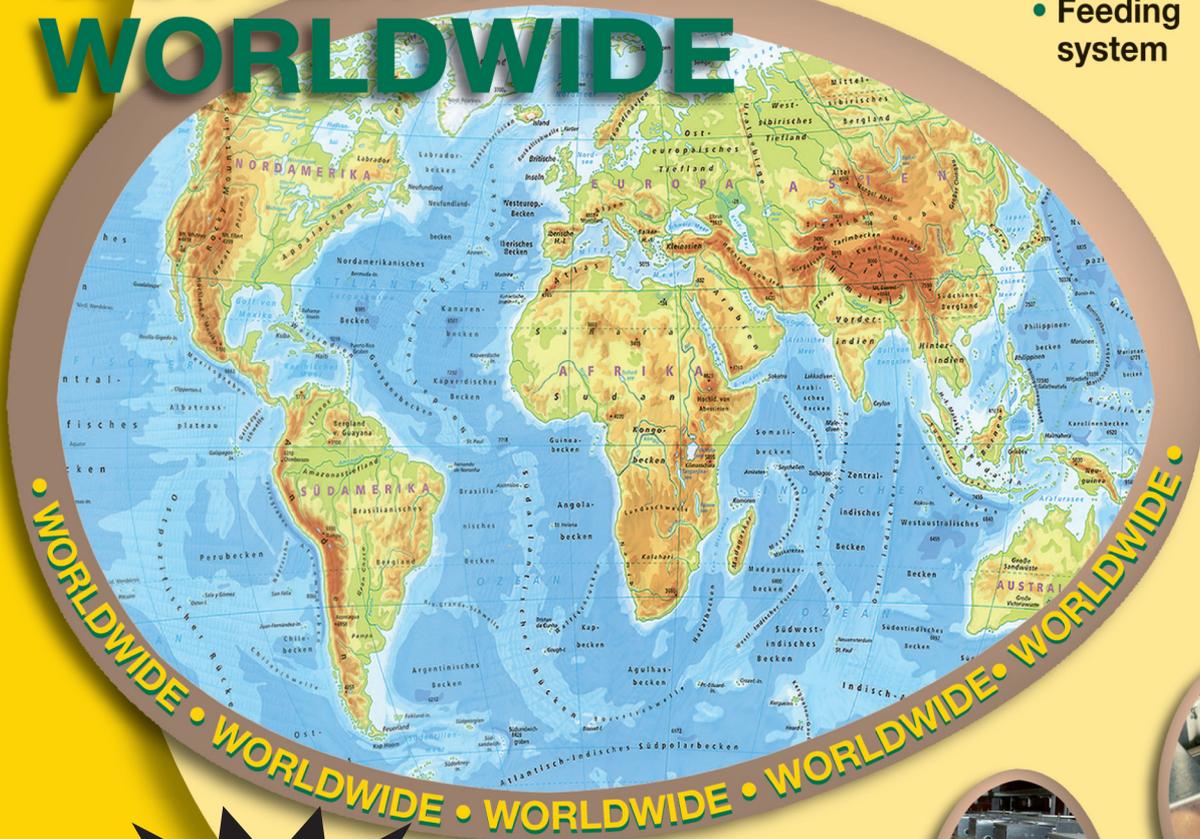
• Egg belt



• Egg collecting system



• Manure drying system



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## EDITORIAL

BY DR. SIMON M. SHANE

# New products, new services and confidence define our industry

**W**ell, we should by now have recovered from the International Poultry Expo—a great event this year—USPOULTRY take a bow! We are busy assimilating information and assessing products and services offered at the IPE. We will share our observations in upcoming editions highlighting items which have the potential to improve performance and profitability.



Simon M. Shane

participation in the 2010 survey in October so as to provide more representa-

tive data and applicable interpretation.

The egg industry appears to be sound despite the economic stresses which we and our consumers are enduring. If there is one commodity shared by producers it is confidence. Given freedom from catastrophic diseases, restraint in expansion and a gradual increase in employment, as predicted, we should experience improved returns compared to 2009.

The impact of government policy and regulations by the EPA, FDA, and OSHA in addition to the Departments of Agriculture and Justice and the activities of animal rights groups are the imponderables for the coming year.

Hopefully reason will prevail across a broad section of these organizations which influence how we operate our production facilities and our marketing activities.

*Simon*

sshane@wattnet.net

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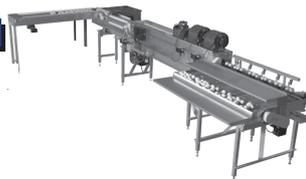
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## EggIndustry

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CORPORATE HEADQUARTERS

### WATT

303 N. Main St., Ste. 500  
Rockford, Illinois 61101-1018 USA  
Tel: +1 815 966 5574; Fax: +1 815 968 0941

Publisher: Steve Akins, sakins@wattnet.net  
Tel: +1 919 387 7961 Fax: +1 815 968 0941

V.P./Director of Content  
Bruce Plantz, bplantz@wattnet.net

#### EDITORIAL OFFICE

Editor: Simon M Shane, sshane@wattnet.net  
Tel: +1 919 806 8695

Managing Editor: Sue Roberts,  
sroberts@wattnet.net; Tel: +1 815 966 5548

#### COPY DESK TEAM

Managing Content Editor  
Ken Jennison

Community Manager/SEO Editor  
Kathleen McLaughlin

Senior Content Editors  
Tara Leitner, Sue Roberts

Associate Editor  
Andrea Saladino

#### ART/PRODUCTION TEAM

Senior Art Director  
Tess Stukenberg

Production Director  
Bill Spranger

#### SALES TEAM

##### USA/Canada

Pam Ballard, pballard@wattnet.net  
Tel: +1 815 966 5576 Fax: +1 815 968 0941  
Sue Snyder, ssnyder@wattnet.net  
Tel: +1 815 966 5523 Fax: +1 815 968 0941  
Ginny Stadel, gstadel@wattnet.net  
Tel: +1 815 966 5591 Fax: +1 815 968 0941

##### International

Frans Willem van Beeman,  
beemenfw@xs4all.nl; Tel: +31 344 653 442  
Fax: +31 344 653 261  
Michael van den Dries,  
driesmvd@xs4all.nl; Tel: +31 79 323 0782  
Fax: +31 79 323 0783  
Tineke van Spanje, spanje@xs4all.nl  
Tel: +31 495 526 155; Fax: +31 495 525 126

##### Southeast Asia

Dingding Li, dingdingli@vip.163.com  
Tel: +86 21 54136853

##### SUBSCRIPTIONS:

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# Majority says: Hen numbers, shell egg prices to remain steady

*Egg production from non-confined systems is not anticipated to increase.*

The 2009 annual survey of the U.S. egg industry was completed by 37 companies including 13 of the top 20 as ranked by hen numbers. Collectively the responses represented 176 million layers. Of this total 153 million were company-owned with the remainder under contract.

During the past year respondents added 4.6 million hens of which 85% were housed in new buildings. In the 2008 survey, respondents predicted the addition of 6.9 million hens. The discrepancy suggested that market realities constrained expansion.

For 2010, respondents proposed adding 6 million hens of which 90% will be placed in new buildings. The previous move towards re-caging existing buildings is apparently slowing.

## Hen population in 2010

Most respondents did not anticipate a change in hen numbers during 2010. Approximately 60% of the respondents estimated that hen numbers would remain in the vicinity of 285 million by

December 2010. The remainder forecast an increase in the national flock by December. The projections by Don Bell based on a model incorporating pullet placements estimates 283 million hens in December 2010 which is consistent with the opinions of the respondents.

## Classification of shell egg production

Respondents projected that nearly 84% of eggs produced in 2009 would be generic with 14% of output branded (FIGURE 1). These figures suggest a shift to generic and away from nutritionally enhanced eggs in comparison to values reflected in the 2008 survey.

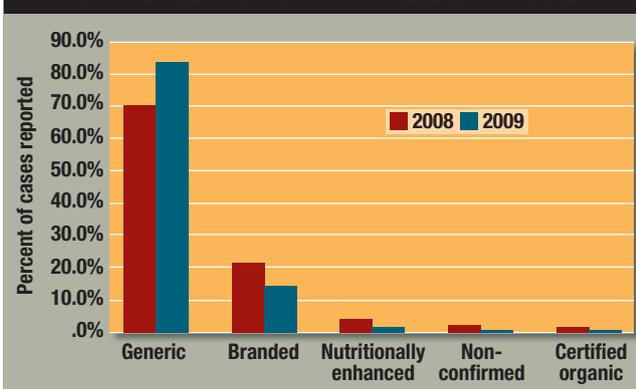
The most recent company reports from the larger egg producers include comments concerning the incremental contribution from branded and specialty eggs in a market where unit revenue from generics is depressed by lower demand relative to supply. The inconsistency between forecast as reflected in the 2009 survey and current industry

**TOP 20 COMPANY RANKINGS (LAYERS IN PRODUCTION 12/31/2009)**

Company	Total layers
Cal-Maine Foods	28,000,000
Rose Acre Farms	20,000,000
Hillandale Farms of PA	14,000,000
Rembrandt Enterprises	14,000,000
Sparboe Summit Farms	12,000,000
Moark LLC	11,300,000
Michael Foods	11,200,000
Daybreak Foods	9,200,000
DeCoster Egg Farms	9,000,000
Ohio Fresh Eggs	7,600,000
Weaver Brothers	6,800,000
Midwest Poultry Services	6,000,000
Center Fresh Egg Group	5,700,000
Fremont Farms of IA	5,400,000
Herbruck's Poultry Ranch	5,320,000
Fort Recovery Equity	5,000,000
Hickman's Egg Ranch	4,300,000
ISE America	4,300,000
Sunrise Farms Inc IA	4,000,000
Kreider Poultry Farms	4,000,000

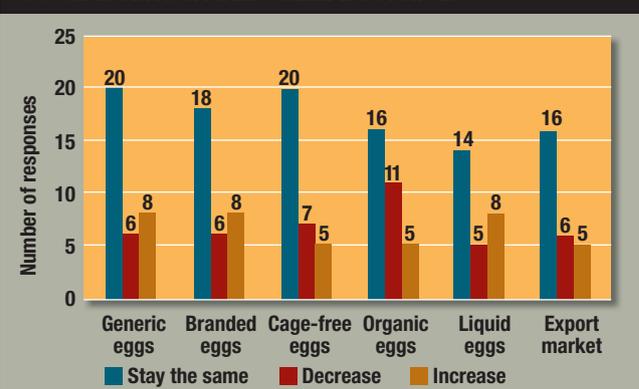
Weaver Bros. and Fremont Farms were among producers reporting increased flock sizes.

**FIGURE 1: SEGMENTATION OF U.S. SHELL EGG MARKET**



Respondents indicated a shift away from nutritionally enhanced eggs to generic eggs.

**FIGURE 2: ANTICIPATED SHELL EGG PRICES**



With the exception of organic eggs, shell egg prices are expected to steadily increase throughout 2010.

**FIGURE 3: DISTRIBUTION CHANNELS**



**Retail supermarkets account for well over half of shell egg distribution.**

trends may be a function of bias inherent in the responders.

### Anticipated prices in 2010

There was a general agreement that prices in 2010 for the various categories shown in FIGURE 2 would be essentially unaltered from 2009. The only exception was an inclination towards a decrease in unit revenue for organic eggs which became apparent during the second half of 2009.

Egg price projections by Don Bell

**See the 2009 ranking of the top 60 producers at [www.WATTAgNet.com/13362.html](http://www.WATTAgNet.com/13362.html)**

confirm the impression of respondents concerning price stability but with the implicit acceptance of seasonality characteristics of the U.S. market.

### Segmentation of the U.S. shell egg market

The various segments representing shell egg sales are indicated in FIGURE 3. Supermarkets represent the largest single component of the distribution chain at 58% of sales.

Institutions, including restaurants and food service, are the second largest category at 23%.

### Factors influencing the U.S. egg industry

Respondents were asked to rank 11 factors of current concern according to

importance ranging from 0 (not important) to 5 (extremely important). The rank scores for the 11 determinants are shown in FIGURE 4. Consistent with recent voter initiatives and impending legislation, bird welfare was regarded as the most important factor influencing decisions during the coming year.

This is effectively an increase compared with the 2008 survey which was conducted before the November ballot for California Proposition 2.

The influence of the regulatory environment increased in 2009, possibly as a result of the initiatives announced by the new Obama administration especially in the areas of the environment, food safety and regulation of the relationship between contractors and integrators.

Compared with the 2008 survey, the cost of feed, packaging and fuel were regarded as less important. This is attributed to the fact that prices of ingredients were lower during 2009, consistent with the decline in the cost of crude oil which is regarded as the major determinant of the price of corn and soybeans.

A concurrent escalation in the price of crude oil and concomitantly the cost of the major feed ingredients may be at variance with the predictions of our respondents. What does emerge from the survey is that the industry is faced with a number of issues all of which can impact profitability and which will require major consideration in both planning and execution to maintain profitability.

### Non-confined housing of flocks

During 2009, 40% of the respondents indicated that they operated non-confined flocks suggesting the need to supply a broad range of products to the marketplace. On a hen population basis approximately 55% of non-caged hens are operated by contractors.

The proportion of hens in aviaries, which are virtually all owned by companies, increased slightly from 18% in

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2008 to 21% for the current survey.

Of the respondents intending to expand into non-confined production in 2010, 56% will erect new housing and 44% will make use of contractors (FIGURE 5). The location of respondents in the U.S. obviously influences strategy with respect to “cage-free” and organic product. In the Southeast there are still a large number of obsolete broiler breeder houses which are suitable for floor production.

Producers are willing to pay contractors an acceptable fee which facilitates production of eggs at a competitive value. In the absence of available contractors, producers have no alternative other than to erect new facilities or to

retrofit existing houses with old cages to accommodate flocks on litter.

The proposed requirements for out-

If the suggested requirements are adopted these units will be obliged to function as “cage-free” facilities or

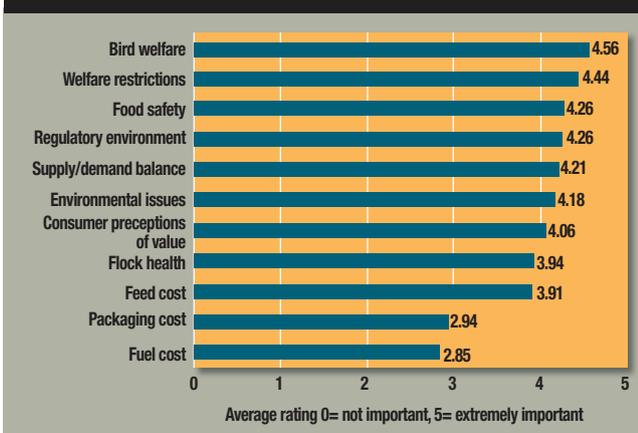
***The industry is faced with a number of issues all of which can impact profitability and which will require major consideration in both planning and execution to maintain profitability.***

side access for organic flocks will effectively eliminate large in-line aviary complexes of which at least four are currently in production.

could produce a new category of product conforming to organic specifications without the USDA seal.

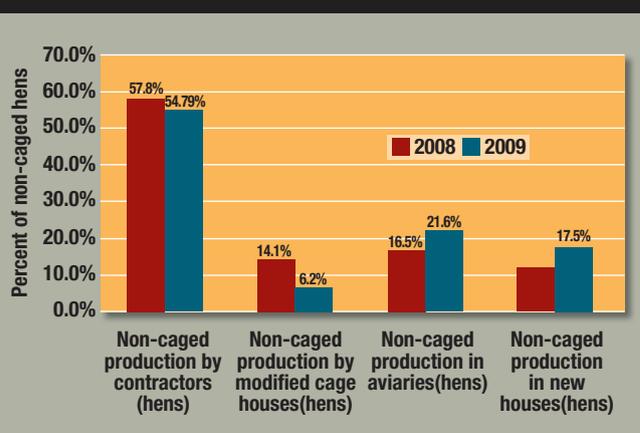
For 2010, 50% of expansion for non-

**FIGURE 4: IMPACT OF FACTORS INFLUENCING PRODUCTION**



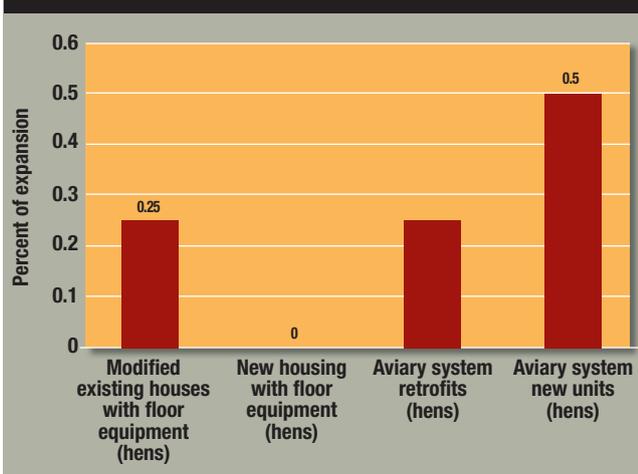
Bird welfare maintained the top position in a long list of industry influences, followed closely by Welfare restrictions.

**FIGURE 5: 2008/2009 NON-CONFINED HOUSING CONTRAST**



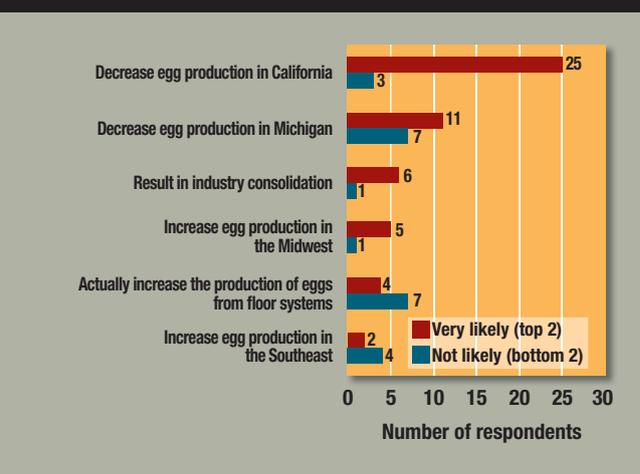
Approximately 55% of non-caged hens are in production by contractors.

**FIGURE 6: TYPE OF NON-CAGE HOUSING TO BE ERECTED**



For 2010, 50% of expansion for non-confined systems is projected to be aviaries in new buildings.

**FIGURE 7: EFFECTS OF WELFARE LEGISLATION ON U.S. HENS**



A vast majority of respondents expect egg production to shift away from California and Michigan.

confined systems will comprise aviaries in new buildings. Approximately 25% will be derived from aviary systems retrofitted to existing houses presumably following removal of obsolete conventional cages.

Virtually the same proportion of hens will be housed in existing houses with installation of nests, feeding and watering systems and slats. None of the respondents indicated any intention of erecting new houses for egg production on the floor, presumably using either slats, litter or a combination of these installations (FIGURE 6).

### Impact of intended legislation

In the 2009 survey, respondents were asked to predict the effect of welfare-related legislation on the distribution of egg production through 2013. It is evident from FIGURE 7 that egg production will decrease in California following passage of Proposition 2 in November 2008. Responses suggested that restricted welfare legislation

would result in more consolidation in the industry and that egg production would increase in the Midwest. It was not considered likely that egg production would increase in the Southeast. This may reflect lower feed ingredient prices in the Midwest which favors production in that region together with proximity to markets.

Surprisingly respondents did not consider that restrictive welfare legislation would result in an increase in the production of eggs from non-confined systems despite the intention of the welfare organizations promoting restrictions on cage housing. This probably represents a general opinion that individual states such as California and Michigan will ban cages but production will migrate to states in the Midwest where protection is afforded and costs will become strained.

### Cooperative marketing

More than half of the respondents (53%) reported participating in either a

regional cooperative marketing organization or a franchisee arrangement.

Eggland's Best was noted as the predominant cooperative with a presence in 21 states supported by national promotion and distribution. **EI**

*Editor's Note: Egg Industry is appreciative of the responses submitted by producers. The number of participants in 2009 was restrained by factors including a reluctance to submit data and concern over ongoing litigation alleging collusion among producers.*

*All data submitted on the response forms was collated and entered into a database by a disinterested clerk and the individual response documents were shredded. Data submitted by individual companies cannot be identified as to source. It is hoped that the 2010 survey will elicit a broader response resulting in a more complete picture of our industry. Respondents and readers are encouraged to submit questions for 2010 and to comment on the data and conclusion of this survey.*



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# Hy-Line monitors egg quality

*Advanced instruments assure accuracy and consistency for measuring internal and external characteristics.*

Simon M. Shane

**B**oth internal and shell quality as significant variables influencing consumer appeal rank highly in the Hy-Line selection program. Recently *Egg Industry* was invited to view laboratory procedures applied by the company in their dedicated facility in Dallas Center, Iowa.

Hy-Line evaluates quality from a range of generations in the breeding



**Evaluation of egg quality at the Hy-Line Research Unit. Operator passes eggs through successive stages (from left to right) to assess shell color, shell breaking strength, egg mass, Haugh Units, albumen inclusions and yolk mass.**

program but also from flocks placed on commercial farms in the U.S., Brazil and the UK. The egg evaluation laboratory processes over 1 million eggs an-

All eggs submitted for evaluation are identified with an adhesive barcode tag coding for generation, strain, location and other relevant details.

Special software has been developed to relate the barcode data with the physical measurements of quality.

## External quality measured

Trained operators process eggs using automated instruments to achieve a high standard of accuracy and consistency.

The following measurements are obtained through a sequence of stations:

- ✓ Egg shell color is determined using a Minolta colorimeter which determines the L\*a\*b variables comprising the color index. Both white and brown shell eggs can be evaluated and the extent of “speckling” is scored on brown shelled eggs.
- ✓ Shell quality is measured using a compression instrument which determines the force required to puncture the shell in standardized locations around the circumference. The breaking strength of shells is also

- ✓ The integrity of the shell is assessed using a specially constructed electronic instrument which functions similar to the crack detector on a grader but with far greater sensitivity.

## Internal characteristics checked

After obtaining the external quality characteristics, eggs are broken for the following determinations:

- ✓ Albumen height is measured at a specific location midway between the viteline membrane and the outer circumference of the thick albumen.
- ✓ Internal quality is monitored by ob-



**Among breeding companies, Hy-Line maintains the largest company-owned diagnostic laboratory. It is located in Dallas Center, Iowa.**

serving for the presence of protein inclusions which are translucent to ivory in color in white shelled eggs and are pigmented (“meat spots”) in brown-shelled eggs.

- ✓ Yolk weight is determined using a second sensitive scale as this parameter relates to relative proportions of albumen and yolk as a function of egg mass and proportion of solids.

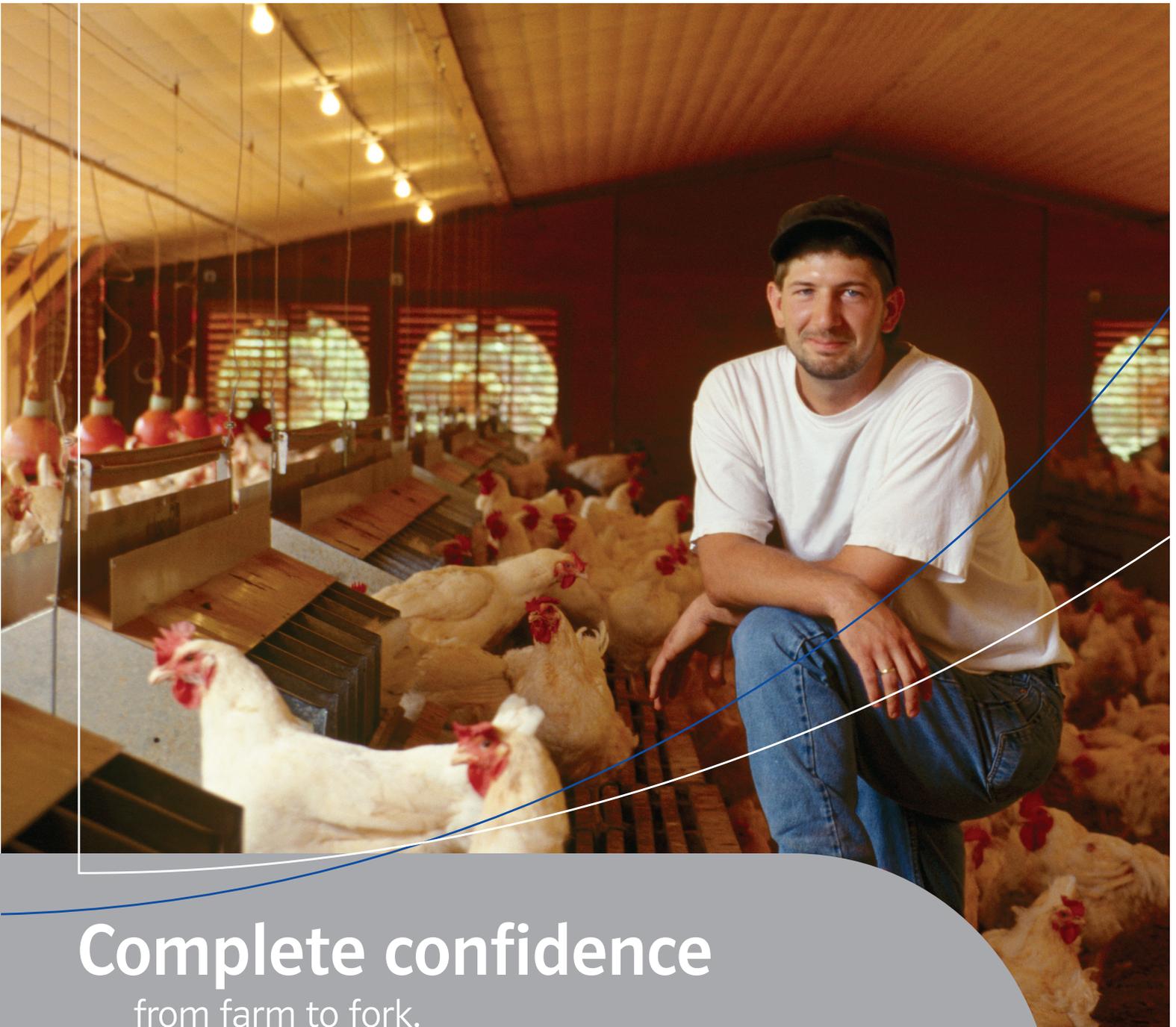
For further information on the Hy-Line program access the company Web site at [www.hyline.com](http://www.hyline.com). **EI**

**Don't miss New frontiers in egg layer breeding industry by Dr. Neil O'Sullivan, director of R&D, Hy-Line International at [www.WATTAgNet.com/12662.html](http://www.WATTAgNet.com/12662.html)**

nally and enters results of assays into an extensive database which is then applied in the program of selection of sire and dam families.

determined using a force meter with a disc-shaped head.

- ✓ Egg weight is determined using a sensitive scale accurate to within 0.1 gram.



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# Prospects for 2010 profitability

*Triple-digit prices are predicted through October.*

Forward projections prepared by Don Bell of the University of California at Riverside, suggest acceptable prices this year as compared to 2009. Despite a relatively

stable production cost, prices slumped after Easter 2009 through the early fall months representing our *summer of discontent*, to paraphrase Shakespeare.

Most producers of generic eggs lost 20 to 25 cents/dozen in May and June and broke even from July to September. The only saving grace was a reduction in ingredient prices. This cost advantage is not expected to contribute to profits in 2010 since the world economy is recovering and the prices of crude oil and grains will escalate.

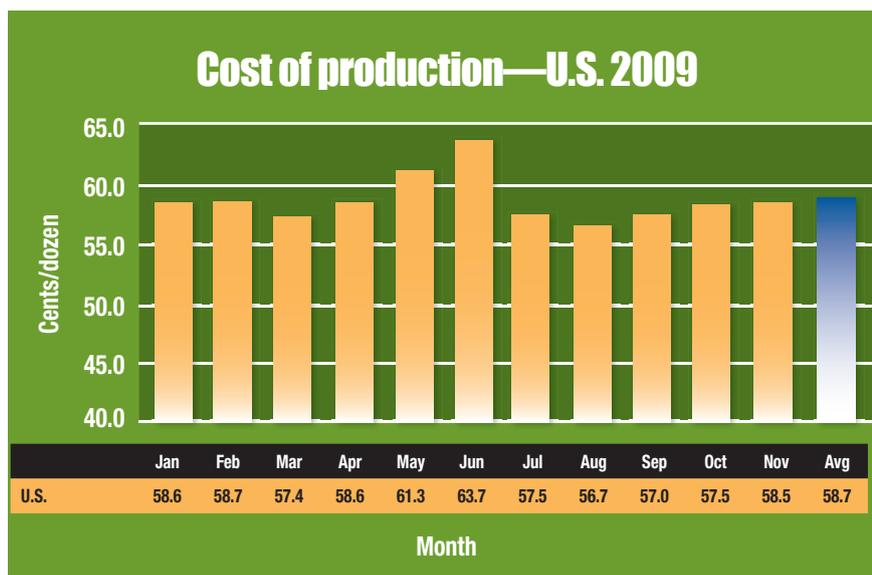
Based on the Forward Projection model, Don Bell predicts triple-digit UB prices through October, notwithstanding the post-Easter slump to 101 cents/dozen.

**Supply and demand should be closer to equilibrium than in past "boom and bust" cycles.**

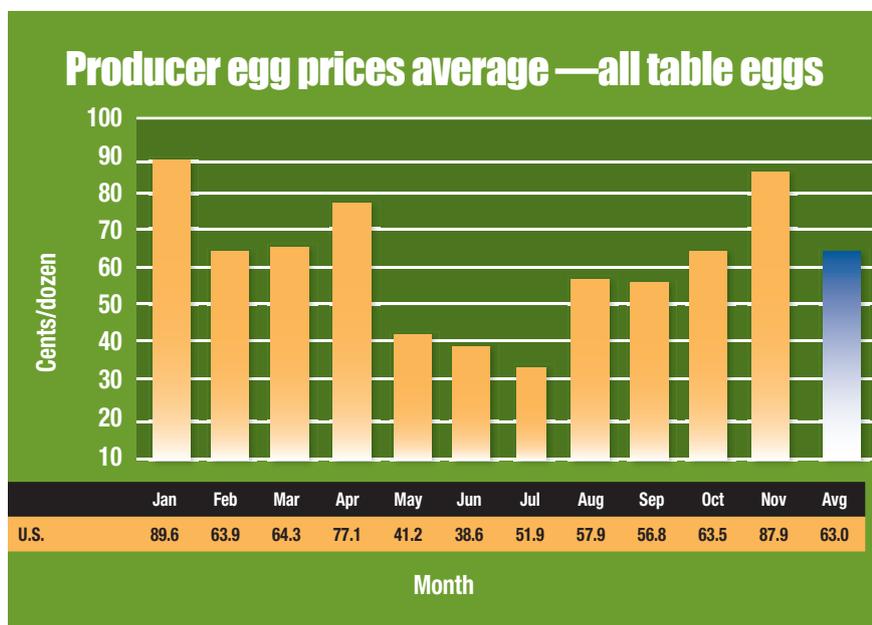
The industry is expected to show restraint in expansion with hen numbers during June and July attaining 278 million. It is evident that management of flock size is critical to maintaining profitability.

Short-term adjustments in the age of depletion of flocks and when initiating molt are established procedures to take advantage of transitory rises in unit revenue. The intermediate term approach to pullet placement and structuring rearing programs provides more efficient strategic options.

With consolidation and fewer producers making independent decisions which impact total production, supply and demand should be closer to equilibrium than in past "boom and bust" cycles. This is analogous to the situation in the broiler industry where there is greater concentration of production. **EI**



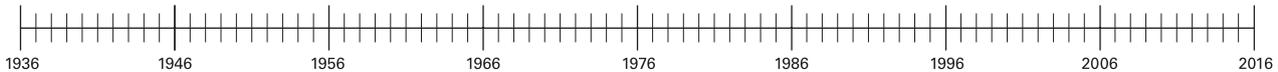
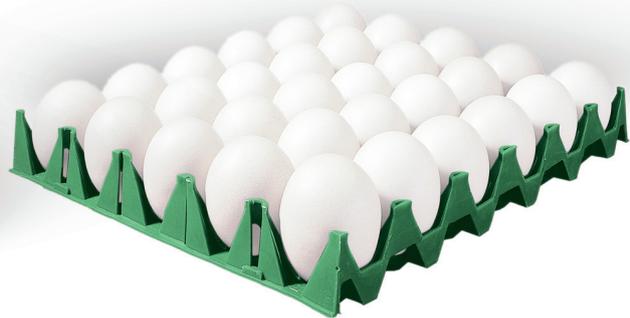
After peaking at 63.7 cents/dozen in June, average cost of production for January through November 2009 was 58.7 cents/dozen.



In May and June prices dropped to below half of January's high of 89.6 cents/dozen.

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# Rayzel sees further consolidations, acquisitions as 'inevitable'

*Innovations to improve air quality, manure processing and feed handling top Big Dutchman's development list.*

**D**r. Clovis Rayzel, president of Big Dutchman USA since 2005, has extensive experience in intensive animal agriculture. He earned his veterinary medical degree from his native country of Brazil and after pursuing post graduate studies in the Netherlands and obtaining a master's degree from South Dakota State University he was involved in broiler, egg and pork production with a large integrator in his home country. He joined Big Dutchman in 1997 as a marketing manager for Latin America and was then promoted to vice president of international sales, requiring relocation to Holland, Michigan.



**Clovis Rayzel**

*Egg Industry: How can equipment manufacturers enhance profitability of their clients?*

**Clovis Rayzel:** Advances in technology and production procedures have extended the operational life of equipment.

Overall quality and reliability are su-

perior to installations of ten to fifteen years ago. Innovations such as steel coating technology using Galvanneal zinc and aluminum coating of wire mesh prolongs durability and is standard for Big Dutchman cages.

*EI: How has equipment design changed during the past decade?*

**CR:** The most significant change is the almost complete transition from

**► "We anticipate that a new product will enhance traceability which is emerging as a significant production and safety issue."  
Clovis Rayzel, president, Big Dutchman**

high-rise houses to belt batteries. If we go back ten years most equipment manufacturers either didn't offer belt batteries or had imperfect designs.

Currently there are many companies with competitive products. Big Dutchman has positioned itself to be a leader in egg production systems both globally and for the U.S. market. Several of our manure belt products are already in their fourth generation, incorporating many improvements.

The second development area has been in the area of improved air quality through upgrading ventilation. This not only improves hen performance but also prolongs the life of equipment.

Computerized controls have revolutionized control of egg flow to plants in in-line complexes.

*EI: How do you review acquisitions and consolidations within the U.S. egg industry?*

**CR:** In this respect our industry has more similarities than differences when compared to other segments of the economy. Consolidations and acquisitions will continue and are inevitable. Some will be successful and other mergers or takeovers are counter-productive. Size can often create focus

through organization and coordination. Large groups are frequently better equipped to deal with challenges such as high ingredient costs and regulatory restraints.

*EI: Big Dutchman recently acquired Poultry Management Systems. How will this improve your product line?*

**CR:** Poultry Management Systems Inc. is a market leader in computerized systems for egg production. We anticipate a high degree of synergy from the association since their products enhance the functionality of large installations.

*EI: How will the industry respond to welfare initiatives such as in California and Michigan?*

**CR:** Most people in our industry concede that animal welfare is a significant issue and will be with us for many years to come. This is not only

**Read Adoption of enriched cages in the EU by Big Dutchman's Vice President Terry Pollard at [www.WATTAgNet.com/9452.html](http://www.WATTAgNet.com/9452.html)**

perior to installations of ten to fifteen years ago. Innovations such as steel coating technology using Galvanneal zinc and aluminum coating of wire mesh prolongs durability and is standard for Big Dutchman cages.

a state issue but there are implications for both NAFTA and U.S. interstate commerce.

Producers must consider not only how they will house their hens in the states where they are located but also whether they will be able to market their eggs elsewhere. I am optimistic with regard to the ability of U.S. egg producers to respond to this challenge.

**EI:** *Does your association with a parent company in Europe have any influence on your approach to designing and marketing “animal-friendly” systems?*

**CR:** We have the benefit of the experience of our European colleagues who have been confronted with welfare regulation for many years. We have done our best to make this experience available to U.S. egg producers and organizations. Our approach is to work with our clients to help them make the best decisions. Our product line is broad enough to cover the needs of our customers and our engineers are willing to customize products as required.

**EI:** *What future products can we expect from Big Dutchman?*

**CR:** We always have several projects under development. Our most recent innovation into the U.S. market is the Avech Colony System which we believe will allow producers the flexibility to conform to future requirements.

We are actively working on improving the control of air quality, processing of manure and feed handling. We are in the final stages of adapting egg imaging technology which could be of benefit in enhancing quality and diagnosing problems.

We anticipate that a new product will enhance traceability which is emerging as a significant production and safety issue.

**EI:** *What is your long-term vision for the U.S. egg industry?*

**CR:** We believe that we will see further consolidation. Many companies will explore new market opportunities. Traceability will become more important. Improved ventilation and control of egg flow will enhance saleable yield

and constrain cost escalation. Regardless of foreseeable challenges, the U.S. industry has a bright future. We are a large market with competitive mature and well-managed egg production companies. These are characteristics that will allow Big Dutchman to remain com-

petitive and to provide consumers with a nutritious and economical source of protein and energy. **EI**

**Watch for industry mergers, acquisitions and news at [www.WATTAgNet.com](http://www.WATTAgNet.com)**

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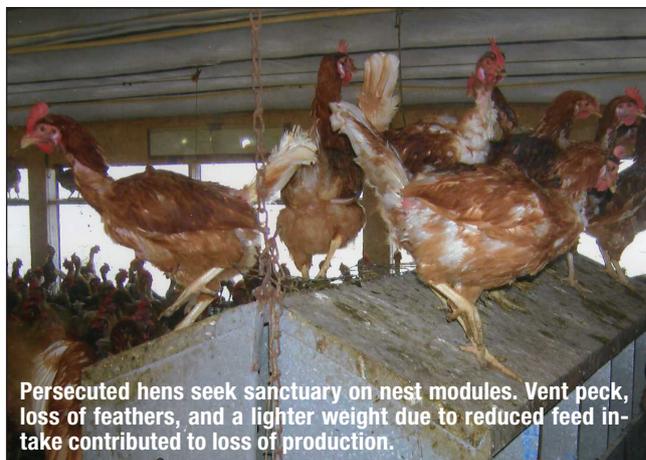
# Promoting quality: an interactive exercise

*Four recommendations to prevent cannibalism, its resulting increase in mortality and loss of productivity.*

**E**gg Industry and its readers investigated how to prevent cannibalism in brown-feathered laying flocks housed in broiler breeder units with slats and litter.

1. Four recommendations for prevention:  
Rearing flocks must be given the opportunity to perch using either A-frames or suspended tubular perches.
2. Flocks must be "walked" at least three times per day during rearing so they become accustomed to workers. The program of stimulation should continue after transfer at approximately 17 weeks through peak

Find more specifics on the original problem at [www.WATTAgNet.com/13373.html](http://www.WATTAgNet.com/13373.html)



Persecuted hens seek sanctuary on nest modules. Vent peck, loss of feathers, and a lighter weight due to reduced feed intake contributed to loss of production.

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production. In general the problems of aggression and vent peck are more severe in houses fitted with mechanical nests compared to manual collection due to less human contact associated with egg collection.

**3.** It is essential to trim beaks to limit aggression and subsequent injury. Various programs are used including an initial treatment at the hatchery followed by removal of 2 mm to 4 mm of mandibular (lower) and maxillary (upper) beak tissue at 12 weeks of age or alternatively, precision beak trimming at 7 to 10 days using an appropriate template followed by a second "tipping" from 10 to 12 weeks of age. Severe beak trim before 10 weeks of age is not advisable, as this will retard skeletal development resulting in a pullet with a compact frame which is less desirable in terms of persistence and egg mass.

Proposed "welfare" regulations relating to production of organic eggs disallow beak trim other than at the hatchery or at 7 to 10 days. In the absence of appropriate uniform and effective beak treatment, outbreaks of cannibalism will occur and affectively preventing trimming is contrary to the dual goals of improving welfare and enhancing productivity of flocks.

**4.** Light intensity should be controlled by replacing high-efficiency sodium lamps, favored for broiler breeder production, with 15-20 watt compact fluorescent bulbs which result in a light intensity under 3 foot candles at the center of the house. Some broiler breeder units in which aggression and vent peck are observed show light readings in excess of 25 foot candles.

It is hoped that the realities of practical flock husbandry will be recognized by panels of academics setting standards for the management of flocks. Their recommendations should incorporate a realistic appraisal of the commercial situation and not be based only on the results of limited-scale trials conducted in Europe and the blanket adoption of the European standards. **E**



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### Chore-Time control pan light

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[www.ctbinc.com](http://www.ctbinc.com)

### FoodLogIQ traceability application

FoodLogIQ has launched free and subscription versions of its traceability application for growers, produce buyers and consumers. The application enables growers, packers-shippers and retailers to capture and trace detailed information about a product at the item, case or pallet level. It also can deliver supply chain traceability information to the consumer's mobile device.

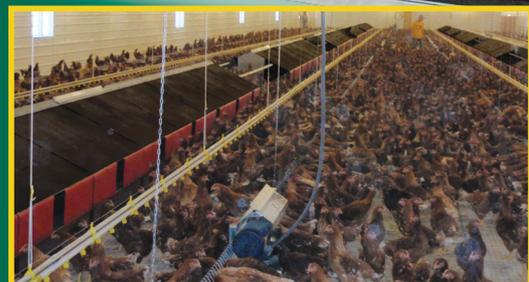
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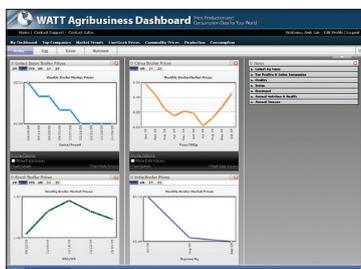
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# INDUSTRY NEWS

## WATT Dashboard offers industry data

Agribusiness professionals from around the world are finding the WATT Agribusiness Dashboard a useful and valuable tool to discover market data and trends and news on the worldwide poultry, egg, feed, swine and related animal agribusiness industries.



The WATT Agribusiness Dashboard can assist in making better business decisions about strategies and revenue generation by gaining an instant understanding of global poultry, egg, swine and animal feed data faster and more

conveniently than previously possible. This powerful business tool is used to review price, production and consumption data and how changes to that data can have an impact on you or your organization. It also provides instant access to industry news gathered from over 400 sources on the Internet.

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## Missouri to follow Ohio example

Missouri intends to establish a Livestock Care Standards Board following the November initiative approved by voters in Ohio. The Humane Society of the United States has indicated that it will conduct a petition drive to confront voters with a welfare measure in November 2010. Although this organization maintains that this initiative will be aimed at dog breeders there is concern that the wording of any proposition put forward by HSUS, especially if characteristically ambiguous may restrict legitimate livestock operations.

Legislation to create the Livestock Care Standards Board will be introduced into the legislature beginning in January and as with the Ohio action, will effectively preempt attempts by HSUS to restrict confinement housing by manipulating voter sentiment.

## Free online poultry forum to address nutritional, health issues

The agribusiness industry's second educational virtual forum, WATT Poultry Nutrition and Health Forum, is scheduled for Thursday, March 25. Event hours are 03.00 hrs.- 18.00 hrs. CST (-6 GMT).

The educational event offers five Web seminars with live Q&A sessions, on-demand content, virtual sponsor booths and networking – all the components of a live tradeshow, and more – on the Internet.

During the virtual event, attendees can attend five educational presentations, including “The New Nutritional Bottomline: Decision Making in Volatile Markets (Panel)” moderated by Dr. Edgar Oviedo, with Dr. Rob Gous, nutritionist-consultant, South Africa, and Dr. Frank Ivey, nutritionist-consultant, USA.

Visit [www.wattevents.com](http://www.wattevents.com) for more information.

## Large egg producers report third quarter results

Land O'Lakes and Michael Foods reported divergent results for their egg operations covering their third quarters of the current fiscal year.

For the third quarter of 2009, ending September 30, Land O'Lakes reported a \$14.3 million pre-tax loss for their Moark LLC subsidiary on sales of \$111 million. These values can be compared to a \$10.3 million pre-tax loss on \$135 million sales for the third quarter of FY 2008.

In commenting on results, president and CEO Chris Policinski noted, “We have preformed well in a very challenging economic environment.” He added “going forward, the company will continue to focus on cost reduction, operating efficiency and effectively serving the commodity egg market when also building its brand in the specialty egg volume and market share.”

# MARKETPLACE

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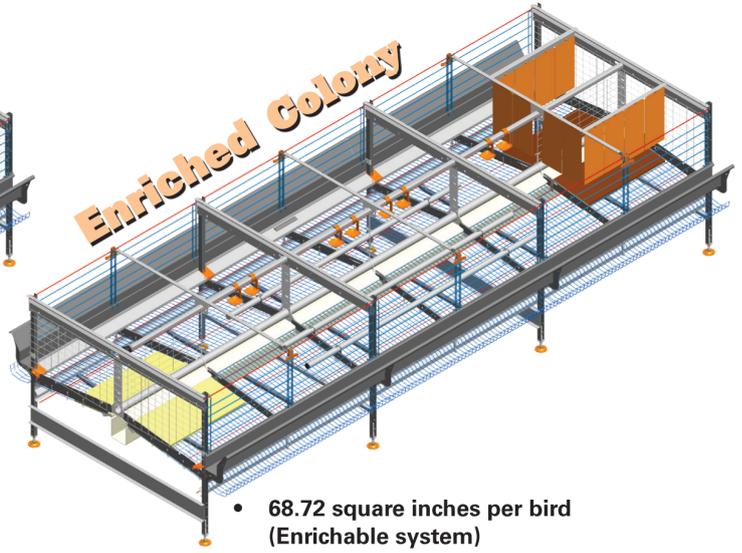
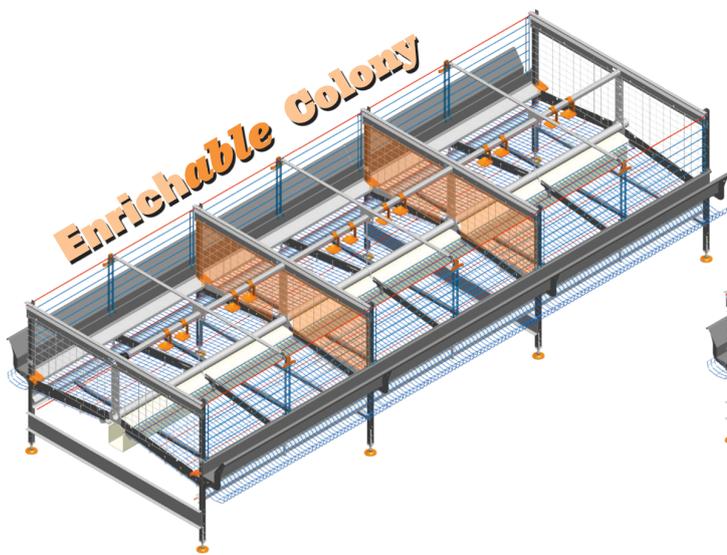
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