

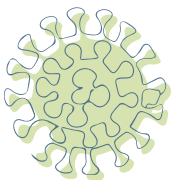


THE FACTS ABOUT AVIAN FLU AND ITS IMPACT ON EGG PRICES



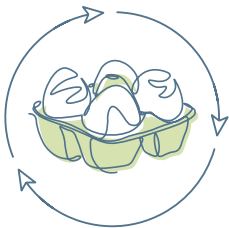
Despite improvement over the last year, U.S. inflation continues to be stubborn. While overall food inflation has stabilized, a few outliers—notably the price of eggs—continue to pose significant challenges driven in large part by the sustained outbreak of Highly Pathogenic Avian Influenza (avian flu).

While eggs remain an affordable, nutrient dense protein that households rely on, this outbreak weighs heavily on the cost of bringing eggs from the farm to retail shelves—which are already under pressure due to on-going supply chain disruptions, driver shortages and severe weather events.



The effects of the avian flu outbreak may extend farther than shoppers anticipate, since eggs are not only a protein source, but also a major ingredient in many other common goods.

- Eggs are widely utilized in the food industry to prepare many of the products Americans consume. These products—including those that are fresh-prepared—and their availability and costs will likely also be impacted by existing egg supply challenges and cost increases.
- Even when egg prices normalize, these products may still reflect higher prices to account for the cost of production.



Shoppers may encounter sporadic unavailability of eggs, depending on the egg supplier or region, but grocery stores are working hard to offer suitable substitutions that meet quality replacements for your egg needs.

- Consumers may witness variation among egg prices at their grocery store due to a host of reasons, such as their region; increased demand due to certain holidays; seasonal production due to daylight hours and temperatures experienced by egg-laying hens; changes in state/local regulations; packaging and production challenges; weather/natural impacts; and, of course, avian flu.
- In-store Registered Dietitian Nutritionists (RDNs) can help with meal planning and provide recipe ingredient substitutions when needed to help consumers stretch their food dollars while preparing nutritious, delicious meals.
 - For breakfast, consider replacing eggs with cottage cheese paired with fruit or honey, which contains roughly the same amount of protein per serving as two eggs.
 - Soy or wheat products like tofu or seitan can be used in place of eggs in meals like breakfast burritos or fried rice.
 - When baking, there are several substitutes that can be used instead of eggs:



Flax seed can be used with water instead of eggs when baking cookies or brownies.



Baking soda mixed with lemon juice makes a great leavening agent that can be used in place of eggs when baking a cake.



Additionally, applesauce or mashed banana can also be mixed with baking powder as an egg substitute when making baked goods.



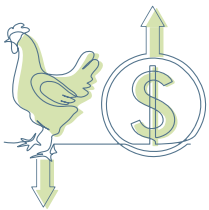
FMI members are working hard to try to ensure that eggs remain an affordable protein, although prices in this environment are vulnerable due to a variety of external factors that are difficult to control.

- Despite their relative affordability, eggs remain the most volatile of all the categories tracked by the USDA due to fluctuating costs for everything from packaging to various supply chain inputs.
- This variability is especially true now as farm-level egg prices continue to experience significant monthly changes.
- While prices are predicted to **increase 41.1%** in 2025, even the USDA notes that this is the mid-point of a wide prediction range.
- Prices are expected to remain volatile until producers are able to restore their flocks to healthy levels, which could take at least six months. New outbreaks will set this timeframe back longer.



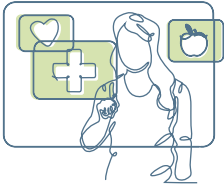
The epidemic is disrupting America's chicken supply as farmers grapple with unprecedented losses and supply shortages are likely to persist.

- As of February, outbreaks have been confirmed in 8 states resulting in the loss of **21.1 million birds**. Of those impacted, **15 million (71%)** come from conventional caged systems, **6.1 million (29%)** from cage-free systems, and **26,000 from organic (0.1%)**.
- In an effort to control the spread of the virus quickly, farmers are forced to cull their entire flock after identifying even a single case of avian flu. This has led to abrupt and significant reductions in the availability of egg-laying hens.



The current outbreak is impacting all major production systems including conventional caged, cage-free, and certified organic types—leading to reduced supply and increased costs, as demand for eggs has not abated.

- The implications of the widespread losses are significant. Consider that the average American consumes around **280 eggs per year** while each egg-laying hen typically produces 300 eggs per year.
- Further complicating the situation is the fact that laws adopted by some states require that only cage-free eggs can be sold. This has added pressure on the supply chain and costs.
 - California, for example, requires that shell or liquid eggs produced either in-state or out-of-state be cage free.
 - In February 2025, legislation (AB 171) was signed by Nevada Gov. Lombardo to suspend the state's cage-free egg law for 180 days, beginning February 20, 2025, to increase egg supply and lower prices. The bill allows stores to stock conventional eggs, locally grown eggs and even Grade B eggs.
- While eggs have been severely impacted by avian flu, the availability of poultry remains stable since egg-laying hens are not used to produce meat.
 - Broiler chickens, for a variety of reasons—such as having shorter lifespans—have not been impacted as severely.
- Additionally, the population of broiler chickens is far larger at **9 billion** when compared to the **372 million egg-laying hens**.



Retailers are committed to serving all of our shoppers, including mothers and children receiving assistance through the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

- The WIC program serves approximately **6 million individuals** each year. As a nutrition program, WIC includes a list of specific quantities of items that are allotted to WIC participants each month.
- The WIC program is administered by the states, and each state has its own requirements. WIC-approved retailers are required to maintain minimum inventory levels of these items to meet these needs. If inventory levels are low, states may offer substitutions.
- Under the program, WIC families are allotted at a minimum one dozen eggs per month – and in some cases as many as two dozen. If eggs are unavailable, other protein sources like peanut butter or tofu may be substituted depending on the state. In fact, more than 20 states currently offer egg substitutions under their respective WIC programs.
- As supporters of the WIC program, retailers strive to ensure enough eggs are available to meet the needs of these customers, just as they work to meet the needs of all shoppers.
- WIC customers can be confident that, even if eggs are in short supply, retailers work diligently to provide alternate protein sources covered under the WIC program.



While avian flu is not a food safety concern, consumers should always use best practices when preparing food.

- While there is no evidence that anyone in the U.S. has been infected with avian flu viruses after eating poultry products that were handled and cooked properly, eating uncooked or undercooked poultry can make you sick.
- Flu viruses are easily destroyed by heat and cooking food to the proper internal temperatures is an effective measure to kill bacteria and inactivate viruses, including flu viruses.
 - Cooking poultry and eggs to an internal temperature of 165° F kills bacteria and viruses, including avian flu.



The good news is that there is a healthy supply of food in the system, but the ongoing avian flu outbreak may challenge grocers' ability to keep shelves stocked with eggs.

- We understand shoppers may be frustrated they can't buy their favorite egg products at a price they're used to, but Americans can have confidence in the food and product supply in this country.
 - Consumers can rest assured that their grocers are doing everything in their power to keep shelves stocked, although at times, there may be limited availability of eggs and higher prices may persist.
 - Shoppers may need to be flexible if their favorite egg products are temporarily unavailable but know that alternative options and substitutions are available.

As we witnessed during the COVID-19 pandemic, when times get tough, the entire food industry rises to the occasion to ensure that our customers can keep their families fed.

