



February 12, 2025

Chairman Andrew Ferguson
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, D.C. 20580

Acting Assistant Attorney General Omeed Assefi
U.S. Department of Justice, Antitrust Division
950 Pennsylvania Avenue NW
Washington, D.C. 20530

Re: Profiteering, Collusion, and Monopolization in the Egg Supply Chain

Dear Chairman Ferguson and Acting Assistant Attorney General Assefi:

Farm Action is a farmer-led advocacy organization dedicated to fighting the monopolization of the food and agriculture sector. Our network includes farmers, ranchers, independent processors, food system workers, and rural community leaders across the country.¹ We share the Trump administration's concern about the cost of living crisis and the need to deliver emergency price relief to American families.² We write to urge the Federal Trade Commission (FTC) and the Antitrust Division of the Department of Justice (DOJ) to help deliver such relief by investigating and taking action against potential monopolization and anticompetitive coordination by dominant firms in the egg industry. We also urge the FTC to use its authority under Section 6(b) of the Federal Trade Commission Act to more broadly investigate concentration, price-setting systems, and production and marketing practices in the egg production industry and its surrounding supply chains.

While avian flu has been cited as the primary driver of skyrocketing egg prices, its actual impact on production has been minimal. Instead, dominant egg producers—particularly Cal-Maine Foods—have leveraged the crisis to raise prices, amass record profits, and consolidate market power. The slow recovery in flock size, despite historically high prices, further suggests coordinated efforts to restrict supply and sustain inflated prices.

¹ Farm Action would like to thank Basel Musharbash for leading the research contributing to this letter.

² Executive Office of the President. (2025, January 20). *Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis* [Executive Order No. 3419]. The White House. <https://www.whitehouse.gov/presidential-actions/2025/01/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis/>.

Farm Action sent a letter³ to the FTC during the previous administration, urging action in response to what appeared to be price- or output-fixing in the egg industry. To the best of our knowledge, no such action was taken. In this letter, we provide new evidence that the reason competition has been so limited in the egg industry over the past three years is that it has been restrained. As egg prices remain elevated—and with continued market failures and excessive profits by dominant producers—we urge the FTC and DOJ to launch investigations and bring appropriate actions forthwith.

I. Egg Prices Have Risen Sharply Since the Start of the Avian Flu Epidemic in 2022

Since the start of the current avian flu epidemic in early 2022, egg prices have surged dramatically. The wholesale price of Grade-A, Large, White, Shell Eggs surged from around \$0.50–\$1.30 per dozen in 2021 to \$1.50–\$5.00 per dozen in 2022. While there was a slight dip in 2023, prices began climbing again by August 2024, reaching \$3.00–\$6.00 per dozen by the end of the year. As of January 2025, the national index of weekly prices for Grade-A, Large eggs had risen to \$6.00–\$8.00 per dozen.⁴

Retail prices have also surged. In the 2010s, eggs averaged \$1.50–\$2.00 per dozen. With the onset of the avian flu outbreak in the beginning of 2022, prices began to rise and by December 2022, retail egg prices had reached an average of \$4.25 per dozen before peaking at \$4.83 per dozen in January 2023. Prices declined slightly throughout 2023, but by December 2024, they had again increased to \$4.15 per dozen.⁵

II. The Avian Flu Epidemic’s Impact on Egg Production Has Been Relatively Small

Over the past 24 months, avian flu outbreaks have resulted in the culling of approximately 115 million egg-laying chickens. The effect of these losses on the total size of the U.S. egg-laying flock has been relatively modest, however. In a month-to-month comparison to 2021, the egg-laying flock was, on average, only 3.82% smaller in each month of 2022, 3.16% smaller in each month of 2023, and 5.18% smaller in each month of 2024.⁶

As a result of the smaller flock, egg production has dropped slightly from 8.1 billion eggs per month in 2021 to 7.75 billion eggs per month in December 2024. Importantly, however, per capita production of eggs in the U.S. has not dipped below per capita consumption of eggs in any year between 2022 and the

³ Farm Action. (2023, January). Letter to FTC Chair Lina Khan regarding antitrust enforcement in the agricultural sector [Letter]. Farm Action. Retrieved on February 6, 2025 at <https://farmaction.us/wp-content/uploads/2023/01/Farm-Action-Letter-to-FTC-Chair-Lina-Khan.pdf>.

⁴ U.S. Department of Agriculture, Agricultural Marketing Service. (2023, December 29). *Egg markets overview*. U.S. Department of Agriculture. Retrieved on February 6, 2025 at <https://www.ams.usda.gov/sites/default/files/media/Egg%20Markets%20Overview.pdf>; U.S. Department of Agriculture, Agricultural Marketing Service. (2025, January 31). *Egg markets overview*. U.S. Department of Agriculture. Retrieved on February 6, 2025 at https://www.ams.usda.gov/mnreports/ams_3725.pdf.

⁵ Federal Reserve Bank of St. Louis. (n.d.). *APu000070811: Average Price: Eggs, Grade A, Large (cost per Dozen) in U.S. City Average, 1980-present*. Federal Reserve bank of St. Louis. Retrieved on February 6, 2025, at <https://fred.stlouisfed.org/series/APU000070811>.

⁶ See Appendix, Figure 1. National Table-Egg Layer Hen Inventory (2008-2024); Appendix, Figure 2. Table-Egg Layer Hens Lost Due to Avian Flu Outbreaks, Monthly and Replacement-Adjustment Rolling Total (2022-2025); Appendix, Figure 3. Year-Over-Year Monthly National Table-Egg Layer Hen Inventory (2021-2025).

present. Meanwhile, the total value of egg production has risen significantly, from \$8.8 billion in 2021 to \$19.4 billion in 2022 and \$17.9 billion in 2023.⁷

III. Dominant Egg Producers Have Increased Profit Margins Dramatically

While supply has only fallen slightly, profit margins for dominant egg producers have soared. The production and distribution of eggs in the U.S. is highly concentrated and dominated by a small, tightly interconnected group of firms. Cal-Maine Foods, which controls approximately 20% of the egg market,⁸ is often considered the “bellwether” of the industry.⁹ Reporting demonstrates that Cal-Maine Foods has maintained sales volumes, but significantly increased its profit margins, posting results for multiple quarters for which its gross profits exceed what it previously had reported in an entire year.

Prior to the current avian flu epidemic, in FY20 (June 2019–June 2020) and FY21 (June 2020–June 2021), Cal-Maine reported gross profits of \$179.6 million and \$160.7 million, respectively, while egg production remained relatively stable at 1.1 billion dozen eggs sold annually. Following the avian flu outbreak in 2022, however, Cal-Maine saw its gross profits rise significantly, reporting \$1.2 billion and \$541.6 million gross profits in FY23 (June 2022–June 2023) and FY24 (June 2023–June 2024), respectively, while sales levels remained flat at roughly 1.1 billion dozens annually.¹⁰

Cal-Maine’s Q1 and Q2 of FY25 have continued this trajectory, reporting \$247.2 million and \$356.0 million in gross profits, respectively.¹¹ These figures suggest that the price increases are not merely the result of supply constraints but are also a reflection of the dominant producers taking advantage of market conditions to increase their margins.

Of note, this would not be the first time leading firms in this market have engaged in price-fixing, market manipulation, and other anticompetitive behaviors. In fact, two juries have found that Cal-Maine and the other leading egg producers have engaged in cartelistic conspiracies since 2018.¹²

IV. Dominant Egg Producers Are Using Their Windfall Profits to Acquire Rivals Rather Than Invest in Replenishing or Expanding Their Flocks

Instead of using the windfall profits they are earning from record egg prices to rebuild or expand their egg-laying flocks, the largest egg producers are using them to buy up smaller rivals and further consolidate market power. In 2023 alone, Cal-Maine acquired Fassio Egg Farms, while Daybreak Foods acquired Hen Haven LLC and Schipper Eggs LLC, and MPS Egg Farms (the sixth-largest egg producer)

⁷ See Appendix, Figure 4. Monthly Egg Production, Measured in Eggs (2007 – 2024); Appendix, Figure 5. Per Capita Annual Production and Consumption of Eggs, Measured in Eggs (2013–2024); Appendix, Figure 6. Annual Table Egg Production, Measured in Dollars (2008 – 2023).

⁸ Watts, M. (2024, February 5). *Top 25 U.S. egg producers in 2024*. WATTAgNet. Retrieved on February 6, 2025 at <https://www.wattagnet.com/egg/article/15663503/top-25-us-egg-producers-in-2024>.

⁹ Egg-News.com. 2022. *Egg news update: Cal-Maine Foods Reports on Q2 of FY2023*. Retrieved on February 6, 2025 at http://www.egg-news.com/Share.aspx?Site_Copy_ID=246541.

¹⁰ Cal-Maine Foods. 2025. *2Q 2025 Investor Presentation*. Retrieved on February 10, 2025, at https://irp.cdn-website.com/79e86203/files/uploaded/CALM_FY25_2Q_Investor_Presentation.pdf.

¹¹ *Ibid.*

¹² *In re Processed Egg Prod. Antitrust Litig.*, 962 F.3d 719, 725 (3d Cir. 2020).

acquired Country Charm Eggs. Overall, between January 2023 and January 2025, Cal-Maine's share of the U.S. layer hen flock increased from 14% to 16%, while the top five egg producers' share of the U.S. layer hen flock grew from 37% to 46%.¹³

In contrast, there appears to be a remarkable unwillingness among large egg producers to invest in the internal reconstruction or expansion of their egg-laying flocks in response to persistently high prices. During the last avian flu epidemic (2014-2015), producers lost and replaced over 35 million hens, executing a full recovery from the impact of HPAI cullings on the national flock within eight months. In contrast, during the current avian flu epidemic, the egg-laying flock has yet to return to its pre-epidemic size of around 330 million hens. In 2023 and 2024, flock size fluctuated between 310 and 320 million hens before falling into the 300–310 million range in 2024.¹⁴ This is not attributable to the magnitude of avian flu cullings being greater during the current epidemic, but to the fact that—unlike in 2015—the egg industry has failed to meaningfully expand the number of fertilized eggs placed in incubators and the number of chicks hatched, keeping the supply of new egg-laying hens more or less stagnant.¹⁵

V. These Market Failures Appear to Be Rooted in Monopolization and Anticompetitive Coordination Among the Dominant Firms in the Egg Supply Chain

The lagging recovery in the nation's egg-laying flock, despite persistently elevated prices, suggests that market forces are not operating as they should be. So does the fact that egg producers are showing unusual discipline in their pricing and output decisions, instead of seeking to capture market share from each other despite highly inflated profit margins at leading firms. The following factors likely contribute to this lack of competition in the egg industry:

1. ***Industry-wide pricing system is an "impediment to a free market":*** Almost all shell eggs are marketed through contracts between producer firms and chain buyers where egg prices are based on weekly wholesale quotes published by Urner Barry, an industry consulting and data analytics firm. According to leading industry commentator Simon M. Shane, this convergence "on a single commercial price discovery system constitutes an impediment to a free market," with the benchmark prices released by Urner Barry potentially serving to amplify price swings led by the largest-volume producers and to prevent independent, competitive decision making by others.¹⁶
2. ***Breeder duopoly's power to constrain supply of egg-layer hens:*** Compared with 2015, options for purchasing chicks to rebuild or expand flocks are significantly diminished, due to a series of

¹³ Cal-Maine Foods, Inc. (2025). *FY25 2Q investor presentation*. Retrieved on February 6, 2025 at https://irp.cdn-website.com/79e86203/files/uploaded/CALM_FY25_2Q_Investor_Presentation.pdf; Cal-Maine Foods, Inc. (2023). *Investor presentation* (February 1, 2023). Retrieved on February 6, 2025 at <https://irp.cdn-website.com/79e86203/files/uploaded/calm-investor-presentation-192023.pdf>.

¹⁴ See Appendix, Figure 1. National Table-Egg Layer Hen Inventory (2008-2024).

¹⁵ See Appendix, Figure 7. Volume of Layer-Type Hatching Eggs Placed in Incubators By Month, Measured in Eggs (2012-2024); Appendix, Figure 8. Volume of Layer-Type Chicks Hatched By Month, Measured in Head (2012-2024). Notably, the avian flu epidemic has not had much impact on egg-layer breeder and pullet flocks at all. Since January 2022, only approximately 5 million layer pullets and 123,000 layer breeders have been culled due to avian flu outbreaks. Importantly, no outbreaks among layer-type breeders have occurred since November 2022. See Appendix, Figure 13. Table-Egg Chickens Culled Due to Avian Flu Outbreaks Per Month, By Type (2022-2024).

¹⁶ Simon M. Shane, "Egg Week, Egg Price and Inventory Report, January 29th 2025," Egg-News.com (Jan. 29, 2025), <https://www.egg-news.com/news.aspx>.

acquisitions within the hatchery industry. The global layer-chicken breeding industry is dominated by two private European corporations, Hendrix-ISA and EW Group, which control the breeding of an estimated 90% of the world's egg-layer hens.¹⁷ The limited competition in this area means that the pipeline of commercial egg-laying chicks and hens to U.S. producers is, by and large, at the mercy of these two foreign companies. Prior to 2015, there was more diversity in the market for layer chicks; since then, however, a series of acquisitions by Hendrix and EW Group has enabled them to exert greater control, giving them the power to restrict the supply of layer hens, and by extension, potentially collude with dominant egg producers to maintain high egg prices (which naturally enable the dominant breeders to charge higher prices to producers for layer chicks and hens).

3. ***Cal-Maine's power to discipline egg producers:*** The publicly available information suggests that Cal-Maine is the only egg producer with its own breeder or multiplier flock, which allows Cal-Maine to expand its flock of egg-laying hens internally without obtaining chicks from breeders. Depending on the size of this multiplier flock (which is not publicly known), Cal-Maine potentially has a powerful weapon to use in steering wholesale egg prices and imposing output discipline on the rest of the industry. For example, smaller egg producers would be unlikely to challenge Cal-Maine if they knew that it could—on its own—significantly increase production and flood the market with eggs, driving down prices for everybody while capturing greater market share for itself. It is unknown why or under what (apparently exclusive) arrangement Cal-Maine has been allowed this unique privilege by the dominant layer-chicken breeding firms (EWG and Hendrix).
4. ***The lack of independent egg-packing and breaking operators:*** Unrestrained mergers and acquisitions over the past three decades have allowed the largest egg companies not only to consolidate control over egg production, but also to pursue control over the downstream egg-packing, -breaking, and -processing industries. All or nearly all of the 20 largest egg companies (which collectively control over 75% of egg-layer hens) have their own facilities for these downstream functions, leaving few independent egg-packers and -breakers in the market for non-integrated producers to use in delivering their eggs to market.¹⁸

The slow recovery in egg-laying flocks, combined with the control exerted by the dominant breeding firms and Cal-Maine over egg production inputs and outputs, has led to a market that is less competitive

¹⁷ Through serial acquisitions over the past three decades, Hendrix and EW Group have consolidated control over the pedigree stocks for all or nearly all the commercialized layer-chicken strains and—together with Tyson—all or nearly all of the germplasm stocks that could be used for the development of new ones. See Tak, Mehrosh, et al. (2022). *Identifying Economic and Financial Drivers of Industrial Livestock Production - The Case of the Global Chicken Industry*. Tiny Beam Fund. Available at <https://www.issuelab.org/resources/40548/40548.pdf> (providing graphical chart of mergers and acquisitions creating the two dominant firms in layer chicken breeding); iPES Food. (2017). *Too Big To Feed*. iPES Food. Available at https://ipes-food.org/_img/upload/files/Concentration_FullReport.pdf; Fulton, J.E. (2006). *Avian Genetic Stock Preservation: An Industry Perspective*. 85 Poultry Science 227, 227-29; Pisenti, J.M. et al. (1999). *Avian Genetic Resources at Risk: An Assessment and Proposal for Conservation of Genetic Stocks in the USA and Canada*; Blackburn, H.D. (2006). *The National Animal Germplasm Program: Challenges and Opportunities for Poultry Genetic Resources*. 85 Poultry Science 210, 210-12, 214.

¹⁸ See Basel Musharbash (2024). *"Kings Over the Necessaries of Life": Monopolization and the Elimination of Competition in America's Agriculture System*. Farm Action. Available at <https://farmaction.us/2024/09/12/farm-actions-comprehensive-report-reveals-monopolistic-corporate-control-over-americas-food-and-agriculture-system/>.

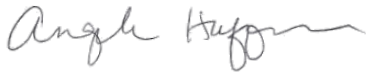
and more susceptible to manipulation. It is also increasingly a challenging market for farmers and producers to enter, which would allow for increased supply in response to elevated prices. As smaller producers struggle to remain competitive—or even operational—in this environment, consumers are having to face more frequent price shocks with little recourse.

VI. The FTC and DOJ Should Take Action to Restore Competition and Lower Egg Prices for Americans

In light of these developments, we strongly urge the FTC and DOJ to launch investigations and take swift action to restore competition and lower egg prices for American consumers. We also encourage the FTC to launch a Section 6(b) investigation into the pricing and production practices of dominant egg producers and their hatchery suppliers to ensure that the market for this critical food staple is truly free and fair and that consumers and small producers are not being subjected to improper control or extortion, and lastly, to use its Section 6(f) authority to release its findings to the American people.

We look forward to your response and appreciate your attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Angela Huffman".

Angela Huffman
President
Farm Action

APPENDIX

Data and Charts

Figure 1. National Table-Egg Layer Hen Inventory (2008-2024)

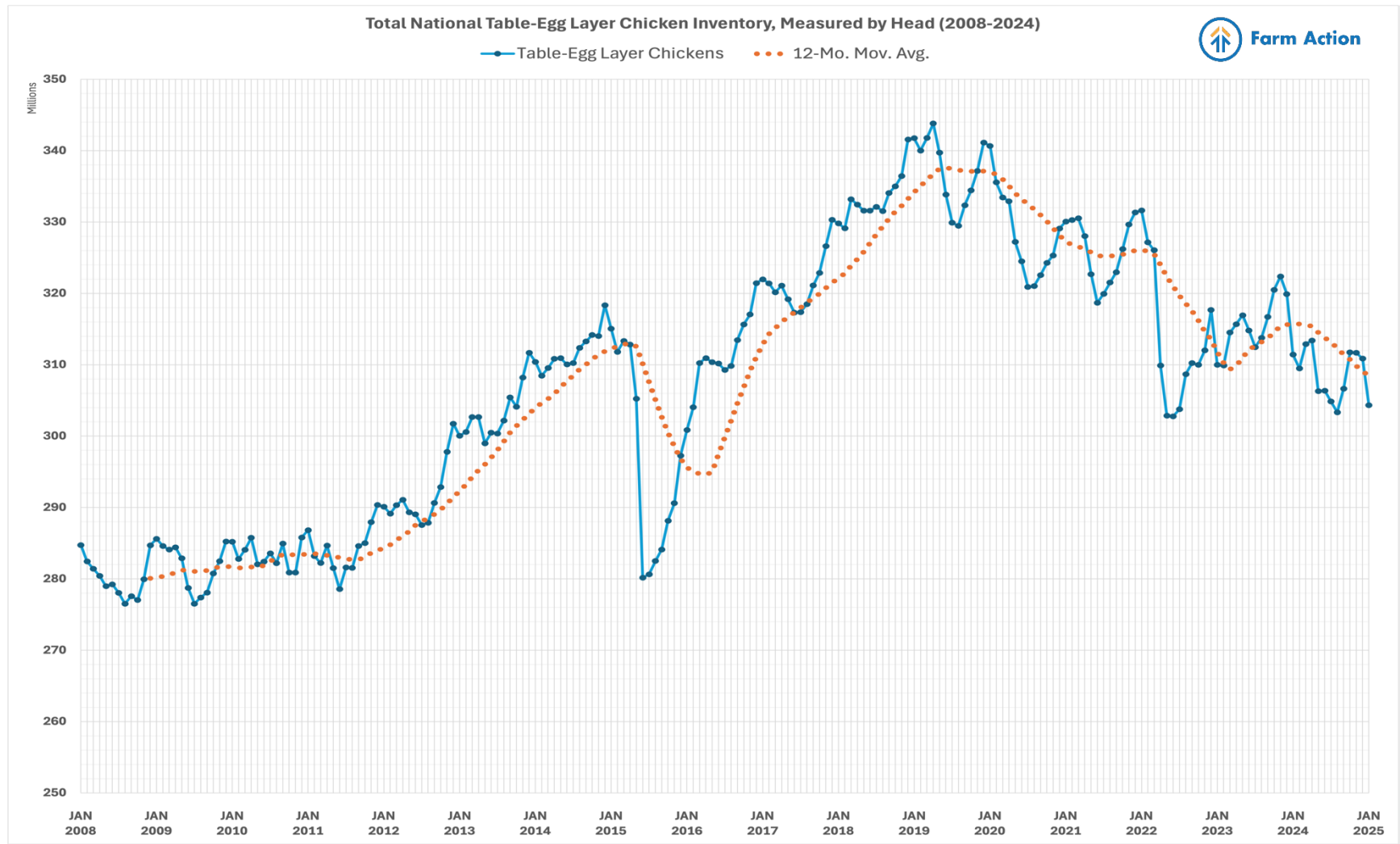
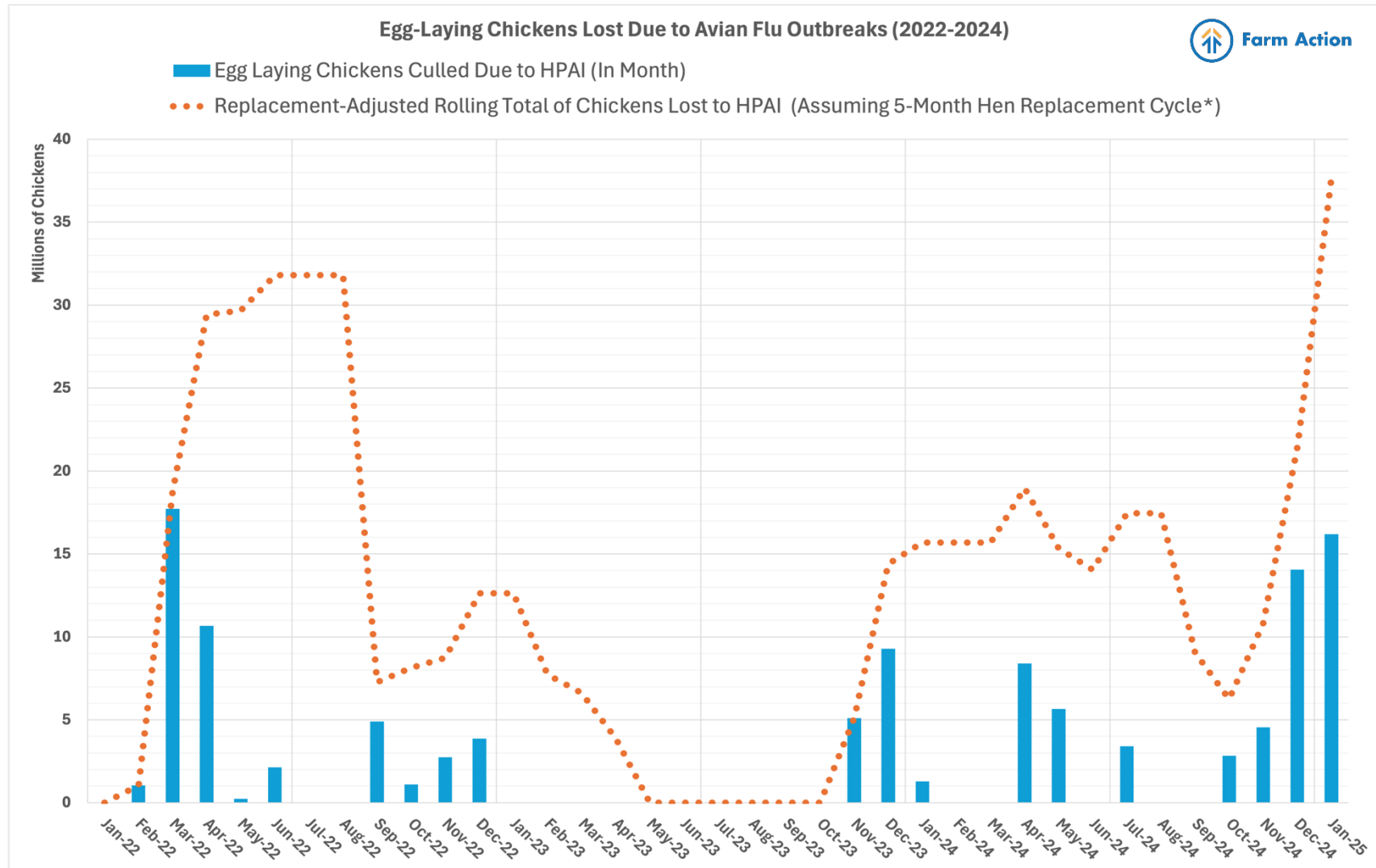


Figure 2. Table-Egg Layer Hens Lost Due to Avian Flu Outbreaks, Monthly and Replacement-Adjusted Rolling Total (2022-2025)



* Biologically, it takes between 3 and 5 months to grow replacement layers, from their hatching to their productive stages. See Sean Ramos, et al., USDA, ERS, *Impacts of the 2014-2015 Highly Pathogenic Avian Influenza Outbreak on the U.S. Poultry Sector* 7 (Dec. 2017).

Figure 3. Year-Over-Year Monthly National Table-Egg Layer Hen Inventory (2021-2025)

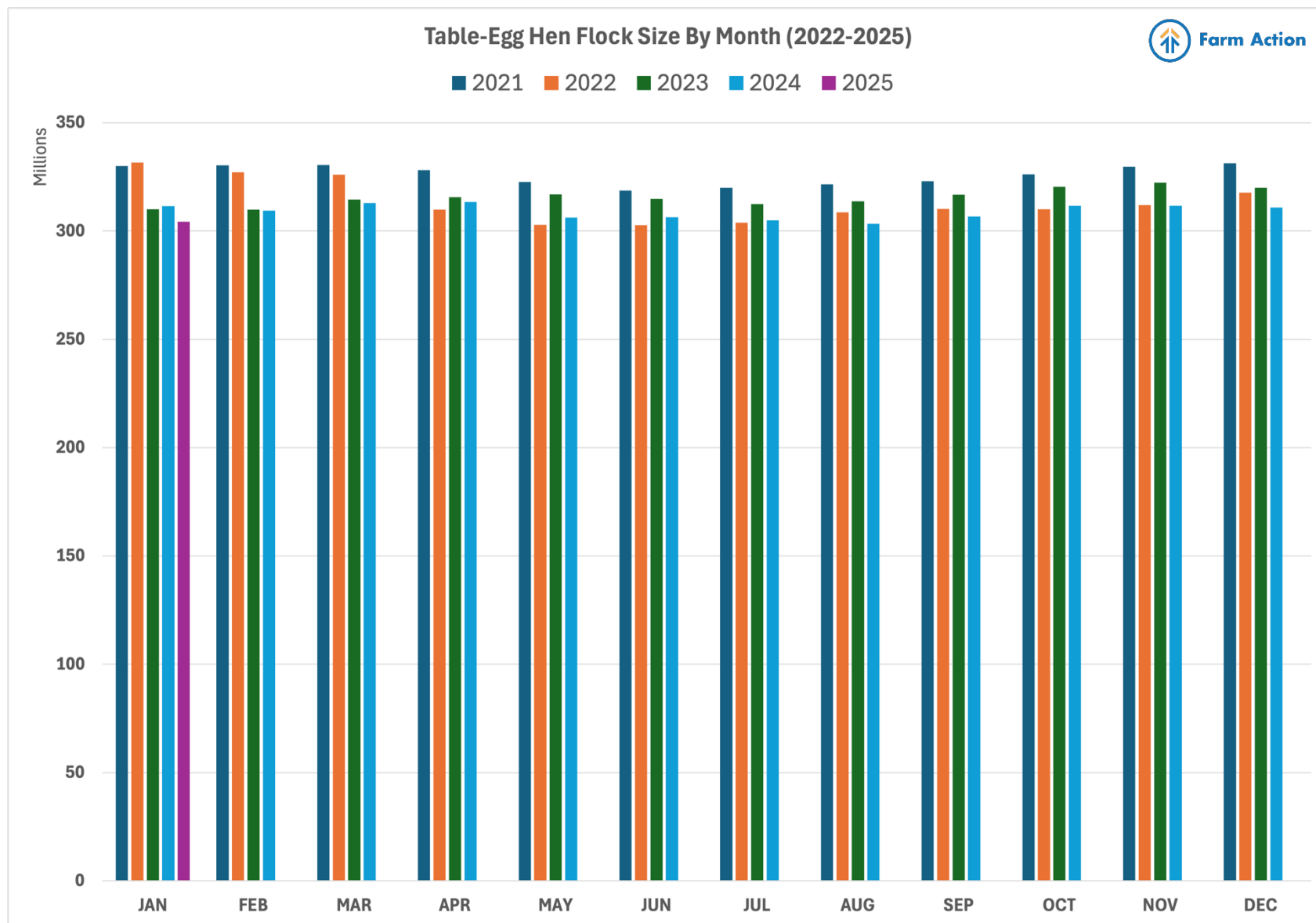


Figure 4. Monthly Egg Production, Measured in Eggs (2007-2023)

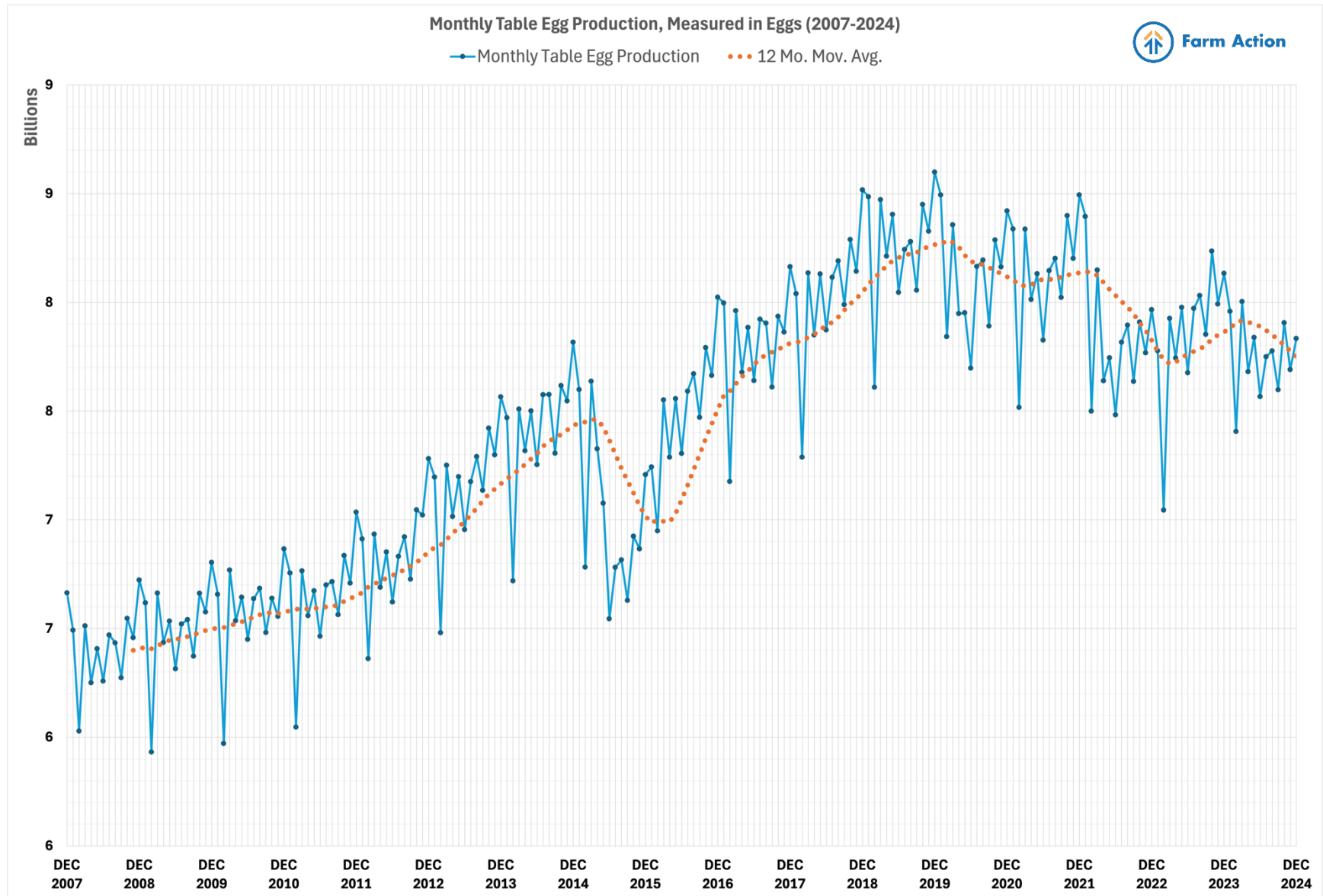


Figure 5. Per Capital Annual Production and Consumption of Eggs, Measured in Eggs (2013-2024)

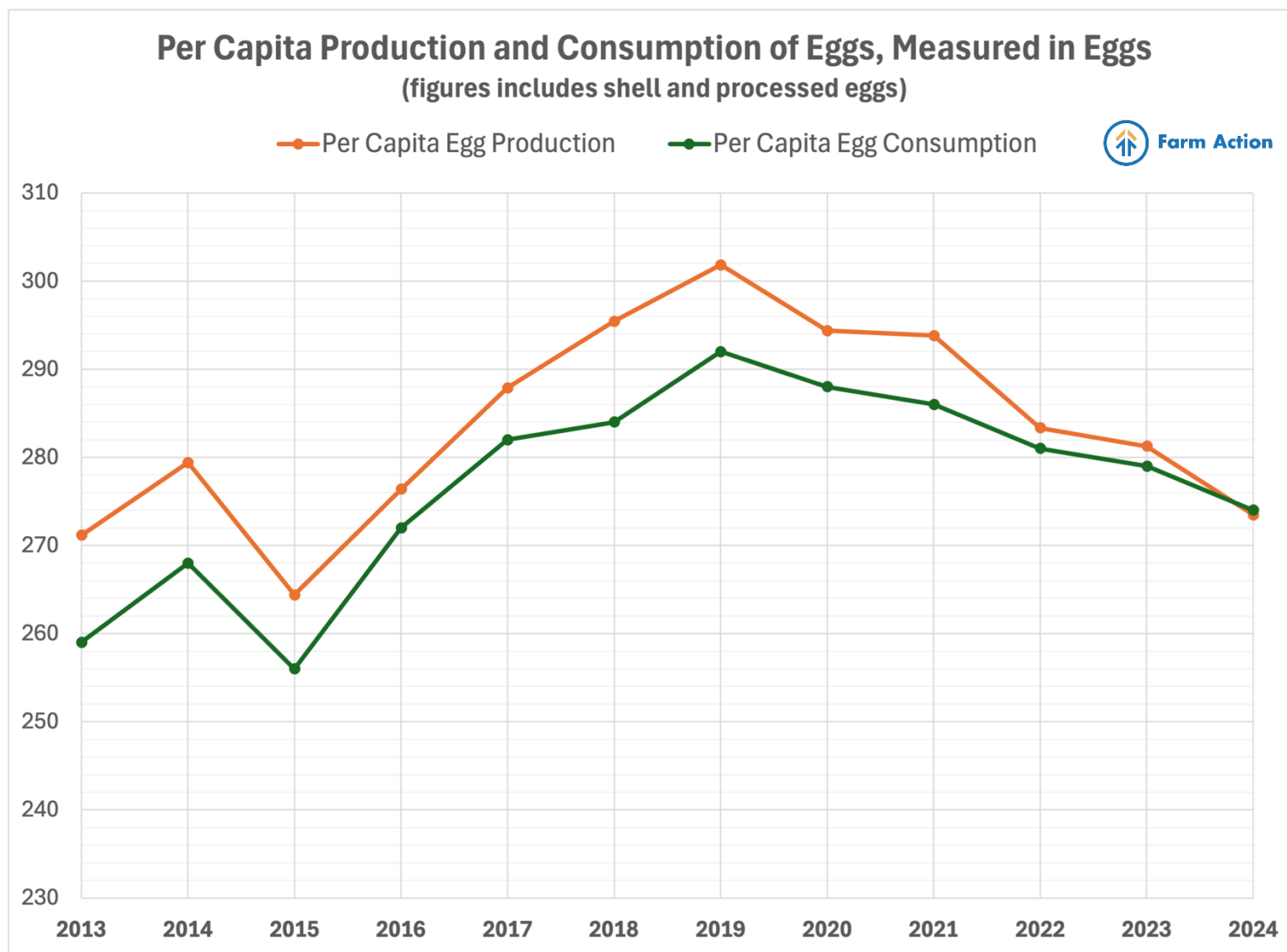


Figure 6. Annual Table-Egg Production, Measured in Dollars (2008-2023)

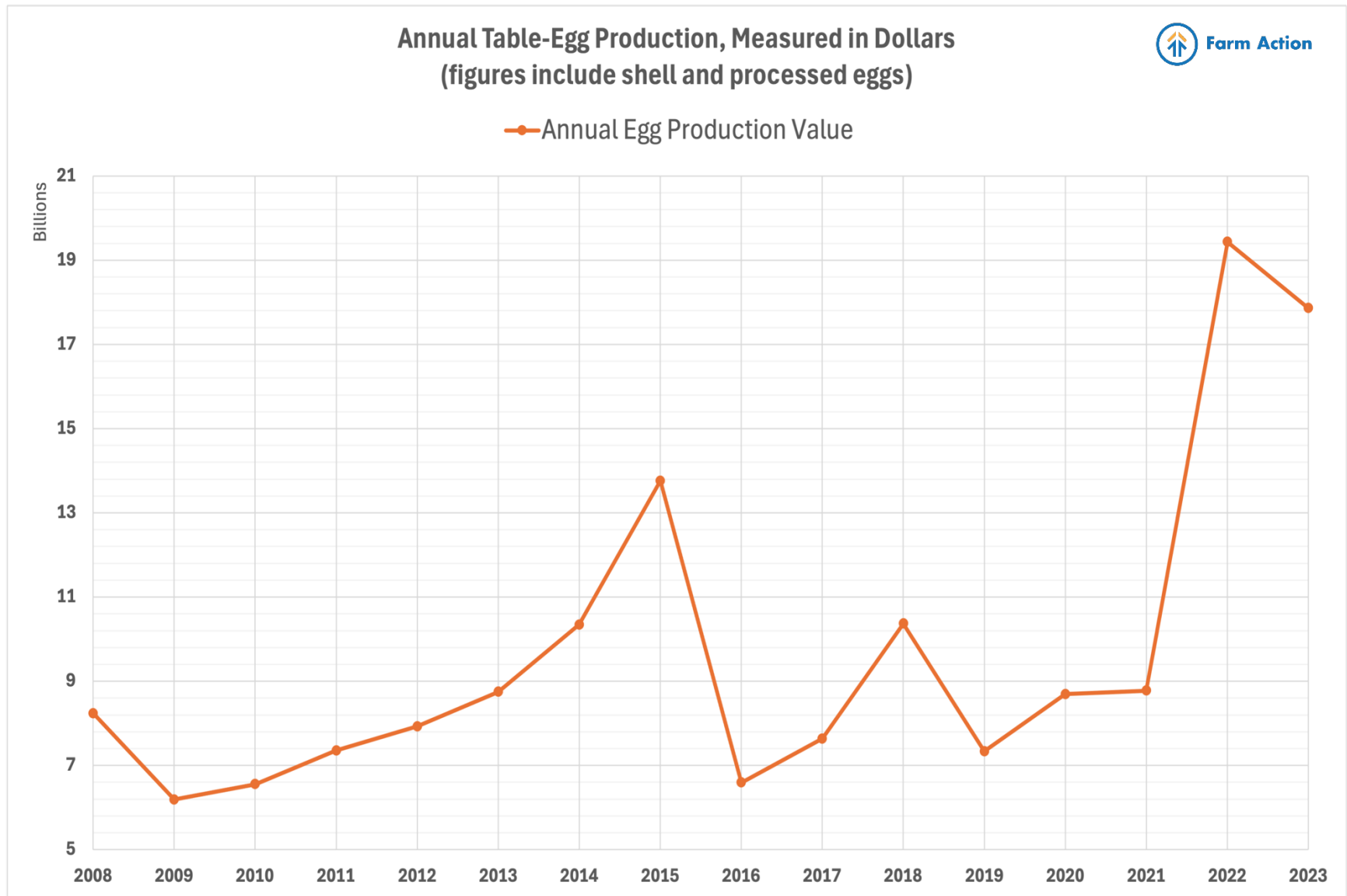


Figure 7. Volume of Layer-Type Hatching Eggs Placed in Incubators By Month, Measured in Eggs (2012-2024)

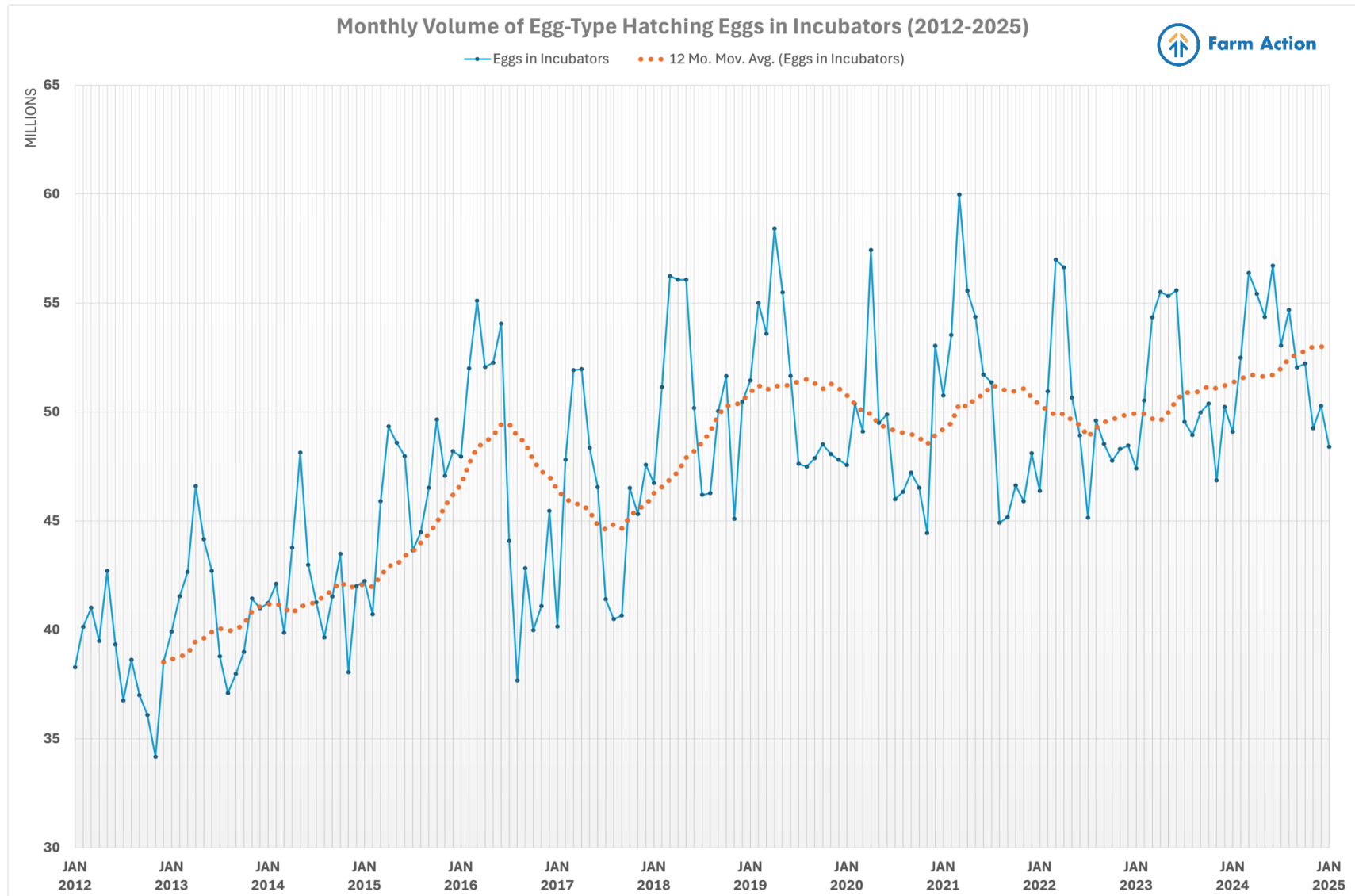


Figure 8. Volume of Layer-Type Chicks Hatched By Month, Measured in Head (2012-2024)

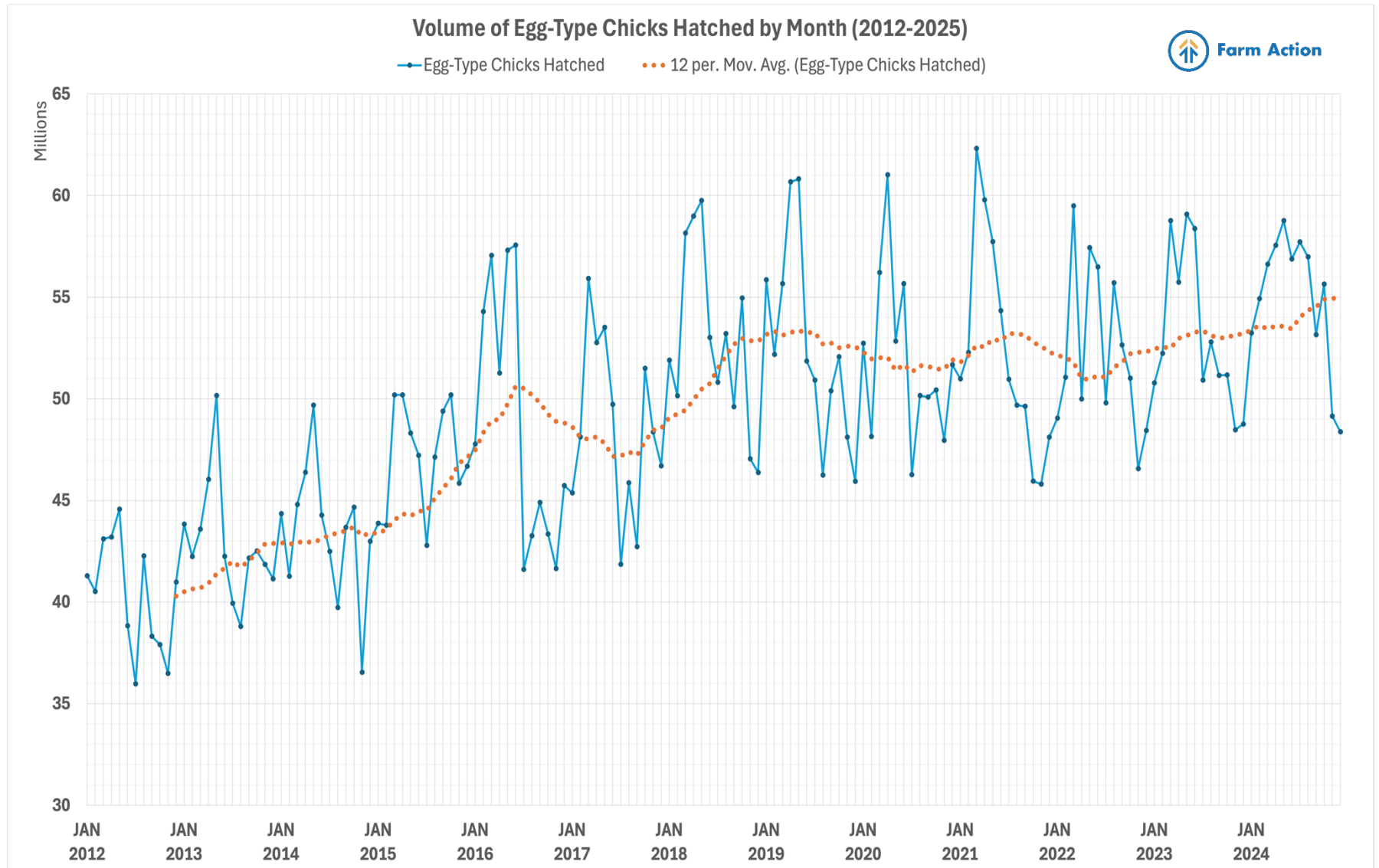


Figure 9. Volume of Layer-Type Hatching Eggs Produced By Month, Measured in Eggs (2007-2024)

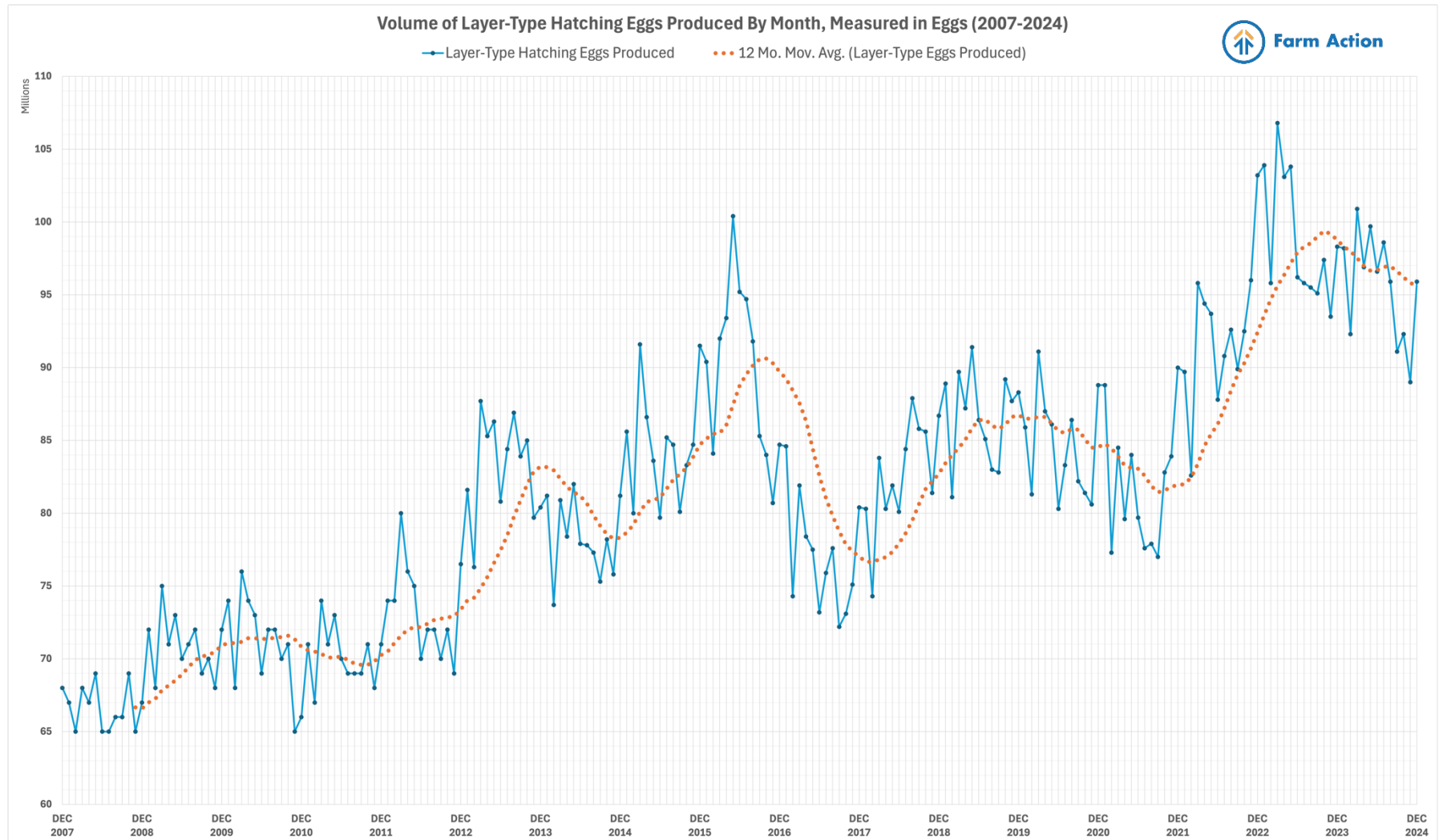


Figure 10. Number of Hatchery Operations with Capacity in the United States

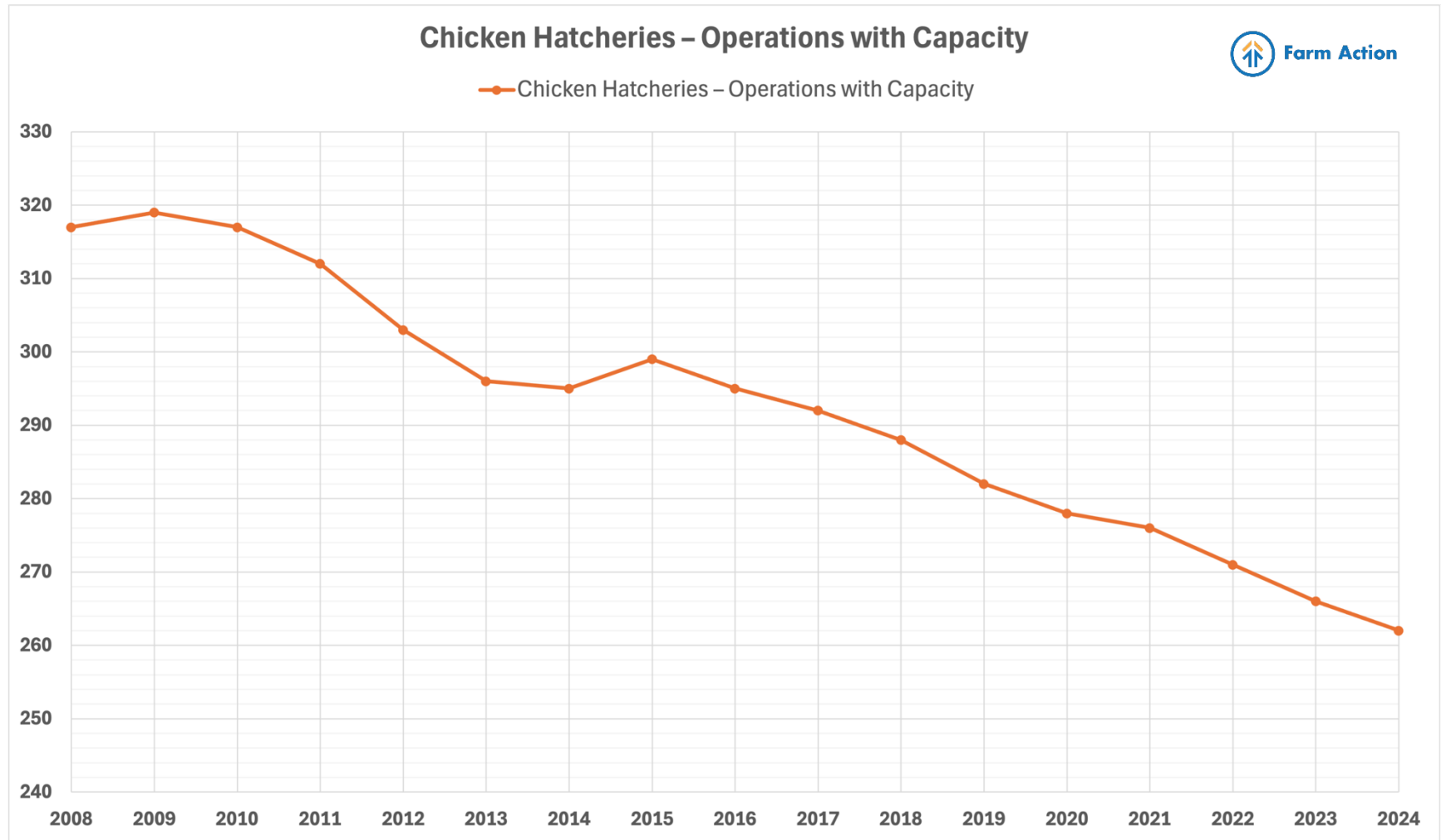


Figure 11. Prices Received by Producers for Eggs, Yearly Averages, Measured in \$ per Dozen (1998-2024)

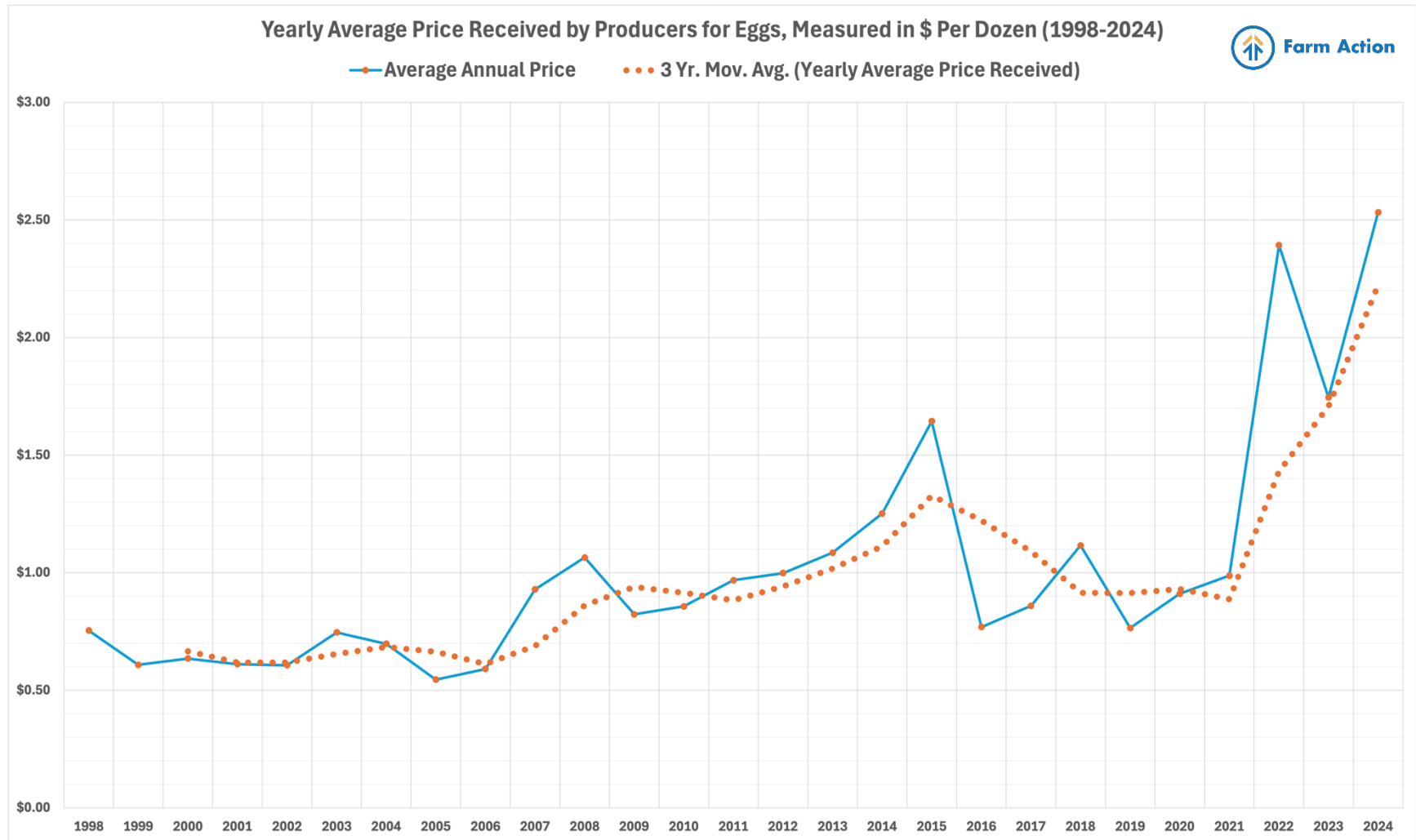
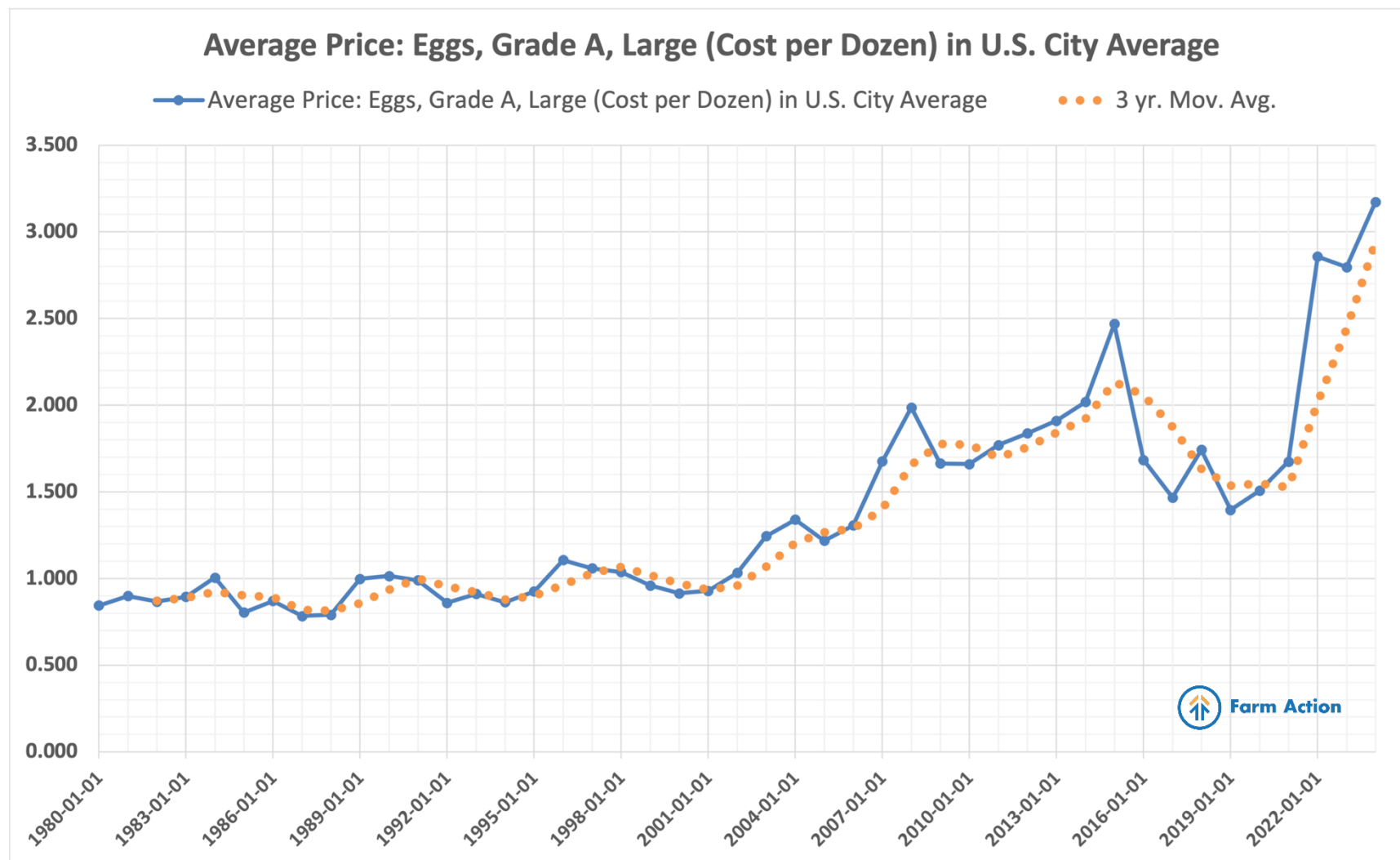
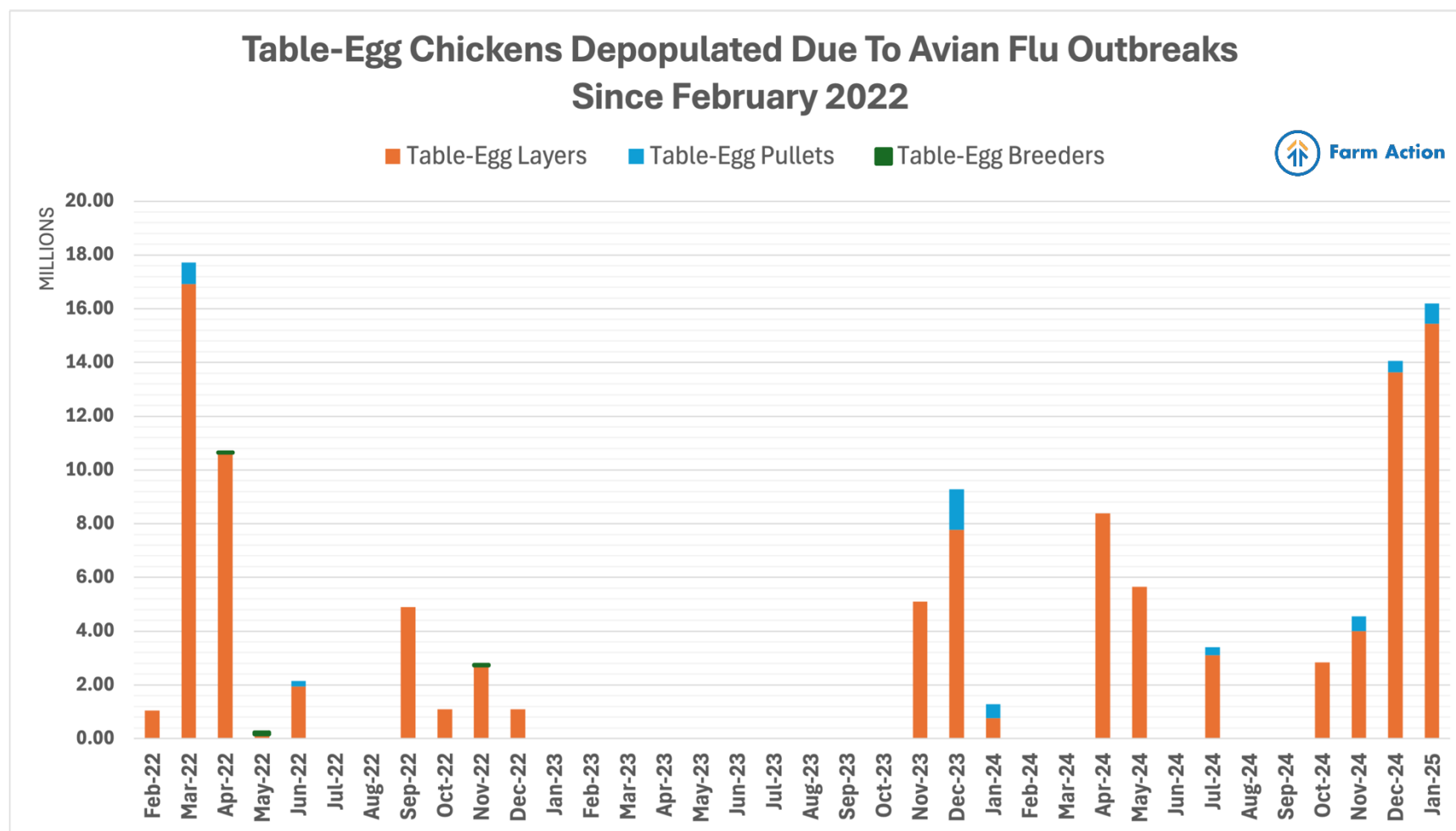


Figure 12. National Average Retail Price: Eggs, Grade A, Large (Cost per Dozen) in U.S. City



Data obtained from Bureau of Labor Statistics via FRED (APU0000708111) on February 11, 2025.

Figure 13. Table-Egg Chickens Culled Due to Avian Flu Outbreaks Per Month, By Type (2022-2024).



Except where otherwise noted, chart data was obtained from NASS QuickStats. Population data for the computation of per-capita statistics was obtained from www.usafacts.org and/or U.S. Census Bureau QuickFacts. All data is available from Farm Action upon request.