

Egg Clearinghouse Expanding to West Coast

Egg Clearinghouse, Inc. will expand its trading activities to include the West Coast on Monday, September 24, according to Ray Delano, ECI President and General Manager. West Coast trading has been under consideration by ECI directors since the appointment of a three-man West Coast Ad-

visory Committee on July 5, by Chairman of the Board John Wallace. Committee members advising the Board regarding cash egg trading and industry needs on the West Coast are: Dwight Bert, Quality Farm Products, Inc., Upland, CA., Kent Christofferson, Countryside Egg Farms, Inc., Salt Lake City,

Utah; and George Biddle, Sun Valley Farms, Modesto, Ca.

West Coast trading will take place daily beginning at 10 a.m. Pacific Time, and will consist of three half-hour trading periods. A different phase of trading will occur during each of the periods, with completed trades possible in any period, and the opportunity to negotiate a price in the second and third periods.

Trading will be in Gradeable Nest Run eggs according to ECI Trading Rules and Specifications. Trading in this form has been readily accepted by the industry since its development and the start of trading by ECI in October, 1971. The industry recognized that a practical method of trading gradeable Nest Run eggs met an urgent need of the industry, and as a result, USDA adopted the ECI Weight and Grade Specifications, and made Nest Run an official grade on November 1, 1972.

The Pacific Commodity Exchange assumed industry leadership when it launched the first Nest Run Futures Contract on February 12, 1973. Once the industry and traders recognize the many advantages of this Nest Run Contract, the Pacific Commodity Exchange is expected to become a major factor in futures trading. Cash trading through ECI should complement futures trading on the Pacific Commodity Exchange. Eggs delivered against the futures contract can be sold in the cash market through ECI since the specifications are the same.

Trading rules for West Coast trading are being sent to major producers, packers, and dealers, and are available on request. Trading Gradeable Nest Run eggs by Weight Class and Grade, at a flat price for all eggs, is a major change from what has been the practice of the industry for many years. An understanding of the make-up of a GNR pack, including limits on undergrades, yield of sizes, and the cost of converting the pack to a cartoned product delivered to a

chain store, is fundamental to accepting the concept.

Cost data has been accumulated and summarized by ECI to give the industry a guide in determining the margin required to service chain stores with cartoned eggs when starting with the raw unprocessed GNR egg. The data is broken down into three parts: 1) Cost due to undergrades, 2) Cost due to smaller eggs in a GNR pack; 3) Operating costs for processing and marketing. This data is available from ECI on request.

Gradeable Nest Run eggs have proven to be more practical to trade for both buyers and sellers than Graded Loose. There is no duplication of processing and handling costs, and for this reason many producers, packers, dealers, and brokers have turned to trading GNR eggs. Some have developed contracts based on ECI specifications and trading rules. The overall quality has also proven to be superior because they are oil treated at the farm, fresher, unprocessed,

and reach the buyer with a minimum of handling.

Nest run eggs are a blend of sizes. However, cases with the same net weight consistently yield the same percent of the various sizes. For example, Class 1 Large with a net of 48 pounds will yield approximately the following sizes: Extra Large 18 percent, Large 54 percent, Medium 14 percent, Small 1 percent, Undergrades 8 percent to a maximum of 13 percent. This data was based on minimum 24 ounces large so that the yield of larger sizes would be greater if USDA standards are used.

Trading activity is expected to be quite limited until industry leaders become familiar with how ECI operates, and see how it can help them and the industry. Anyone interested in membership or trading is invited to call ECI at 800-258-7160. Trading Rules and Weight and Grade Specifications, and other information is available from ECI on request.



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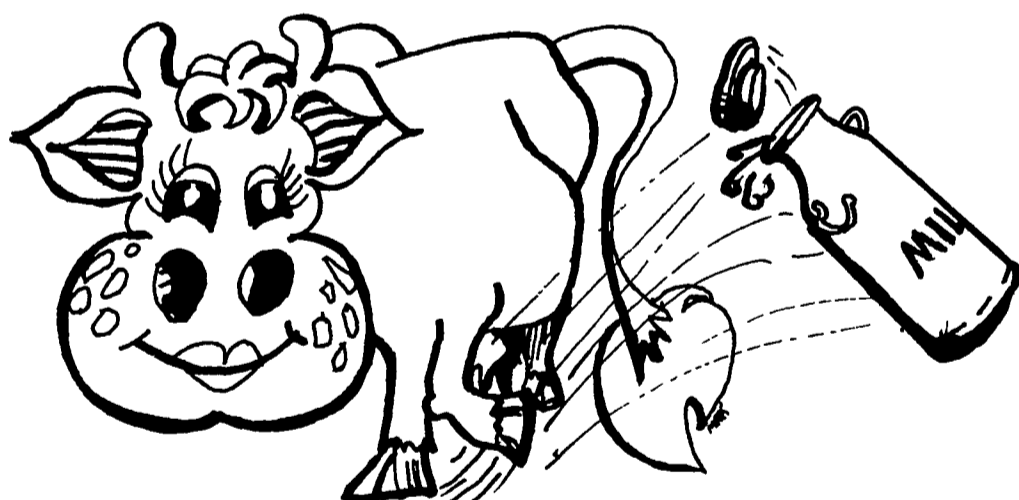
COST: \$110

(includes air travel, lodging, most meals, bus travel while in Wisconsin)

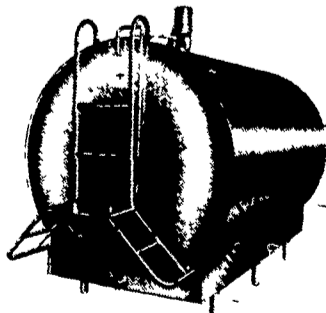
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August Order 4 Milk Prices

Base milk price \$7.92
Excess price \$6.51
Butterfat differential \$.09

Producers shipping to plants located within 55 miles of Philadelphia receive an additional .06 per hundredweight.

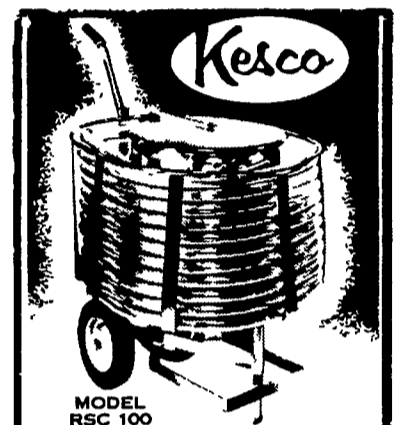
Butterfat differential is .09 per point above or below 3.5 percent.

The August uniform price for base milk increased 35 cents from the previous month. Excess milk showed a increase of 67 cents.

In comparison to August levels one year ago base milk was up \$1.01 and excess up \$1.34.

The weighted average price for the market was increased \$1.01, above August 1972.

A total of 367 million pounds of producer milk was pooled in August of which 64.13 percent was sold as Class I, showing an increase of 3.38 percent of deliveries made in July, and increased 3.13 percent over August a year ago. 8128 Order No. 4 producers provided 11.8 million pounds per day to dealers during August, averaging 1457 pounds per day per farm. Total value of producer milk was set at \$28,552,599.64 for the month.



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