

ECONOMIC AND GEOPOLITICAL UNCERTAINTY

Adding to the volatility created by tariff and policy decisions of the new US administration, there is the added uncertainty caused by the new war in the Middle East as well as other continuing wars. While the impact on corn and soybean prices of all these events may turn out to be minimal, it does, at the very least, put some nervousness into the market.

Traders are hopeful that US exports of soybeans to China will return to something close to normal. Likewise, corn exports may well be minimally affected by all the turmoil. If these trade issues are indeed minimized then attention

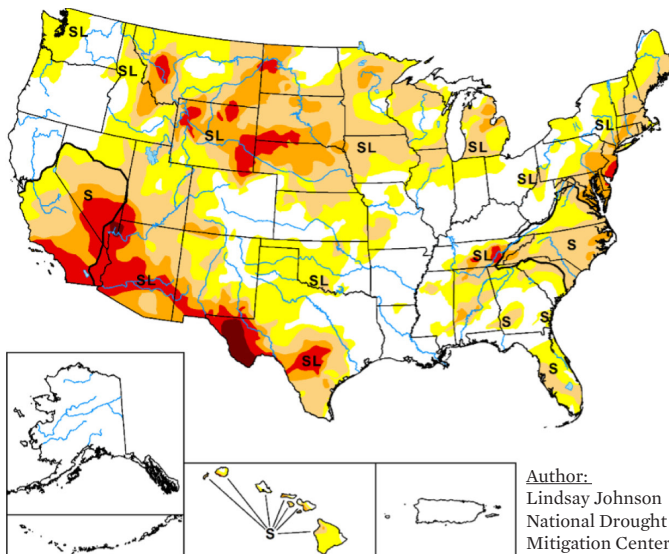
can return to what is normally important at this time of year, crop development, heat and rainfall. World markets for meat are also affected by the tariff war. It looks possible that US exports of chicken, pork and beef to China and other destinations will not be severely disrupted.

The US drought monitor shows an improvement from February to June this year. So far, the outlook for the summer is one of sufficient rain in the US Corn Belt. The harvest in South America turned out to be relatively normal despite some drought and floods at times.

U.S. DROUGHT MONITOR

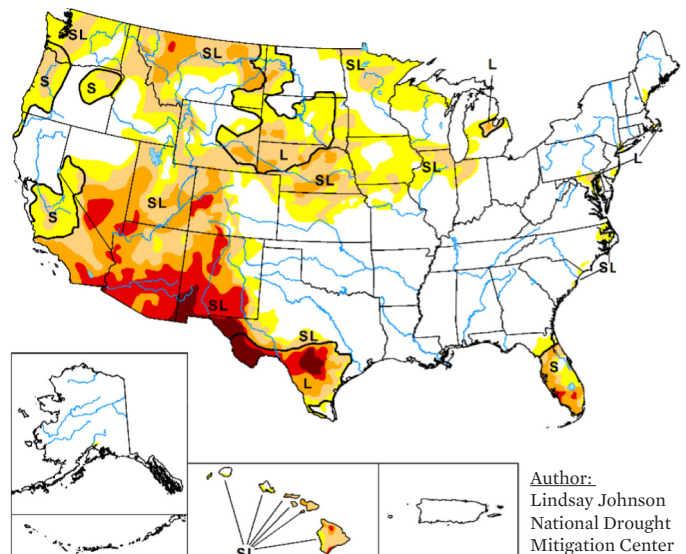
February 4, 2025

(Released Thursday, Feb 6, 2024)
Valid 7 a.m. EDT



June 10, 2025

(Released Thursday, Jun 12, 2025)
Valid 8 a.m. EDT



DROUGHT IMPACT TYPES:

~ Delineates dominant impact
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
D = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

INTENSITY:

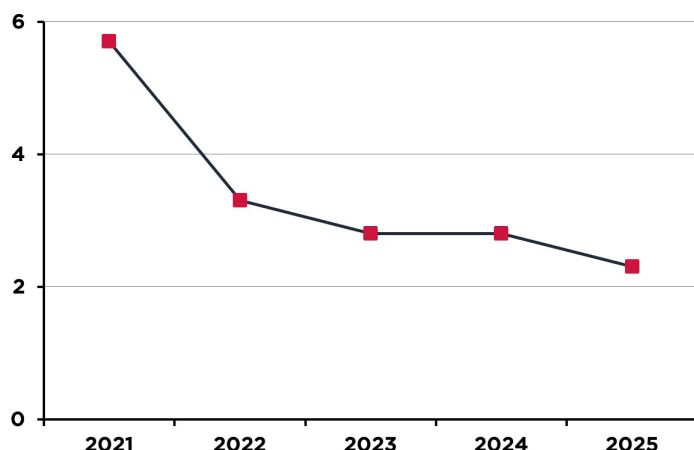
None
D0 Abnormally Dry
D1 Moderate Drought
D2 Severe Drought
D3 Extreme Drought
D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary.
For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



Since 2022 the global economy has been growing at a relatively slow pace. Given the current tariff situation and ongoing conflicts and wars, growth may slow even further this year.

World Economic Growth - World Bank

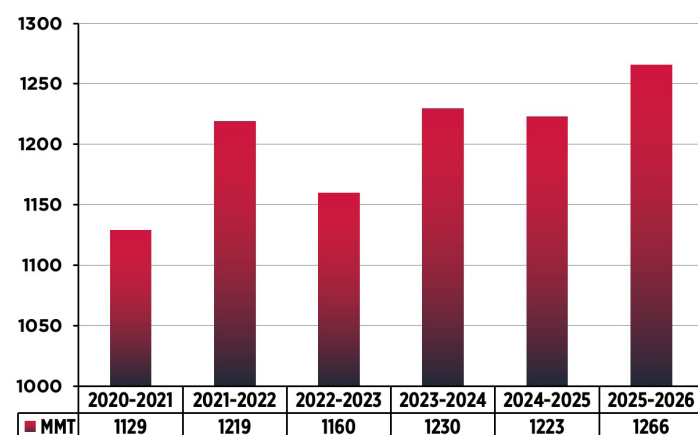


CORN

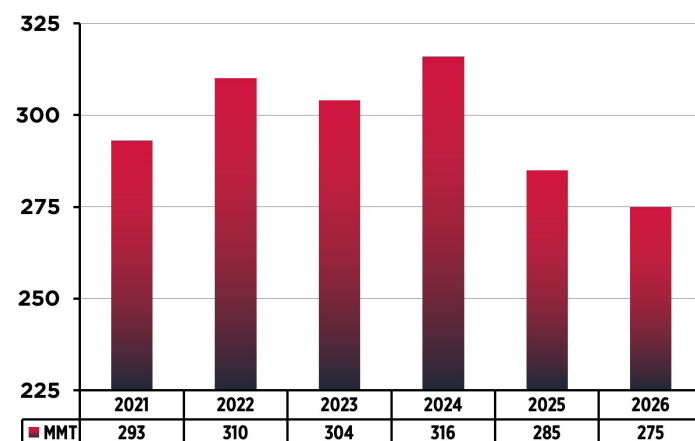
The US planted an additional 4.5 million acres of corn this year (1.8 million hectares). Since world production of corn is increasing at the same time as the world economy is slowing, the fundamentals appear to be bearish. Corn is likely to continue to be a bargain for poultry producers this crop year and next crop year as well. Lower ending corn stocks are not worrisome because they are primarily a result of a decline China's ample reserves. US ending stock is expected to rise next year.

After corn prices reached a high of \$5 per bushel (\$200 per ton) in February the market drifted down to \$4.35 now (\$175 per ton). The planting of a huge crop in the US combined with a good harvest in Brazil suggest that corn prices are likely to remain relatively low barring a drought.

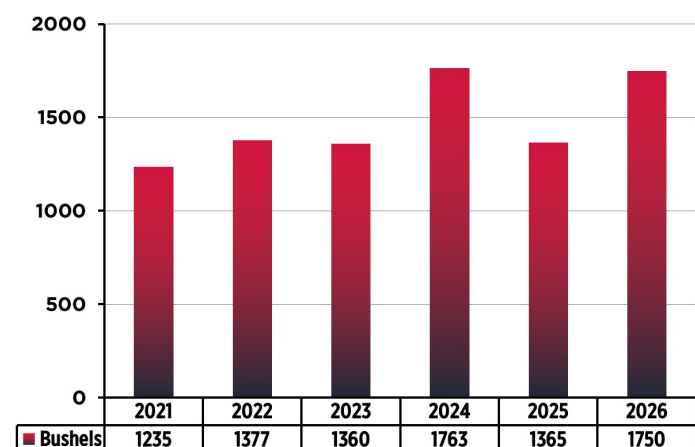
World Production of Corn Million Metric Tons - USDA



World Ending Stock of Corn Metric Tons - USDA



U.S. Ending Stock of Corn Millions of Bushels - USDA



Argentina Corn Supply and Demand WASDE June - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	35	51	50	53*
Imports	0	0	0	0
Exports	24	36	35	37
Ending Inventory	1	3	3	3

*The Rosario Board of Trade estimates only 46 MMT

Brazil Corn Supply and Demand WASDE June - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	137	119	130	131*
Imports	1	1	1	0
Exports	56	38	43	43
Ending Inventory	10	8	6	3

*CONAB estimates 122 MMT

Ukraine Corn Supply and Demand WASDE June - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	27	32	27	30
Imports	0	0	0	0
Exports	27	29	22	24
Ending Inventory	2	2	1	1

China Corn Supply and Demand WASDE June - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	277	288	295	295
Imports	19	23	7	10
Exports	0	0	0	0
Ending Inventory	206	211	197	181

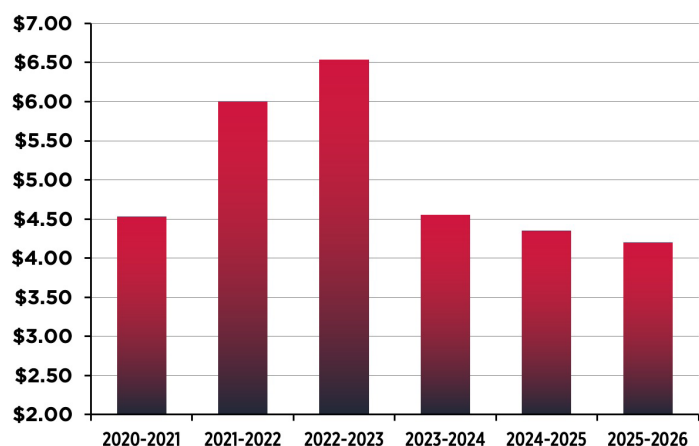
U.S. Corn Supply and Demand WASDE April - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	346	390	377	401
Imports	1	1	1	1
Exports	42	58	67	68
Ending Inventory	34	44	35	44

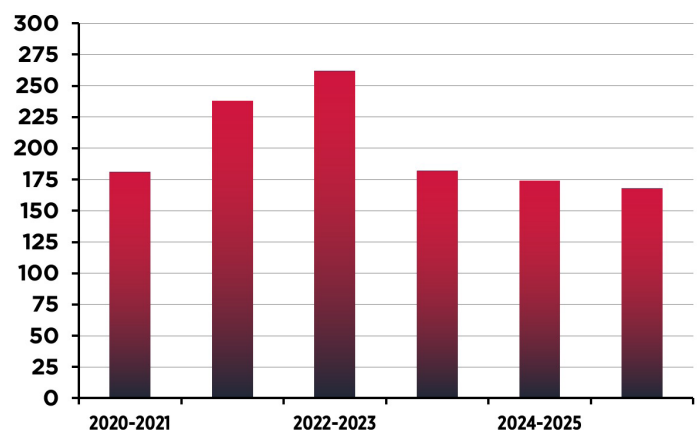
U.S. Corn Supply and Demand - WASDE June Millions of Bushels

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	13,651	15,341	14,867	15,820
Supply Total	15,066	16,729	16,655	17,210
Ethanol	5,176	5,478	5,500	5,500
Exports	1,661	2,292	2,650	2,675
Feed	5,487	5,805	5,750	5,900
Total Use	13,706	14,966	15,460	15,460
Ending Inventory	1,360	1,763	1,365	1,750
Farm Price	\$6.54	\$4.55	\$4.35	\$4.20

Average U.S. Farm Price of Corn \$/Bushel USDA



Average U.S. Farm Price of Corn \$/Metric Ton USDA



SOYBEANS

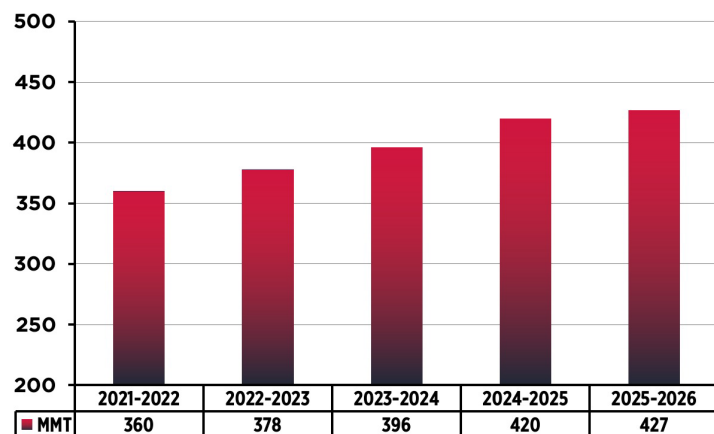
In sharp contrast to corn, the US planted 3.6 million fewer acres of soybeans this year (1.4 million hectares). That would seem to be bullish news for soybean prices. However, two factors reduce the impact. First, the USDA projects higher yields this year which makes up for most of the acreage decline and second, it is Brazil combined with Argentina that dominate the world soybean market, not the US, and their production is projected higher.

Increases in production in South America combined with the possibility of a weaker world economy reduces the effect of slightly declining production in the US. As can be seen on the following graphs, the world production of soybeans is projected to continue to march upward. World ending inventory also remains high. Only the US ending inventory is falling.

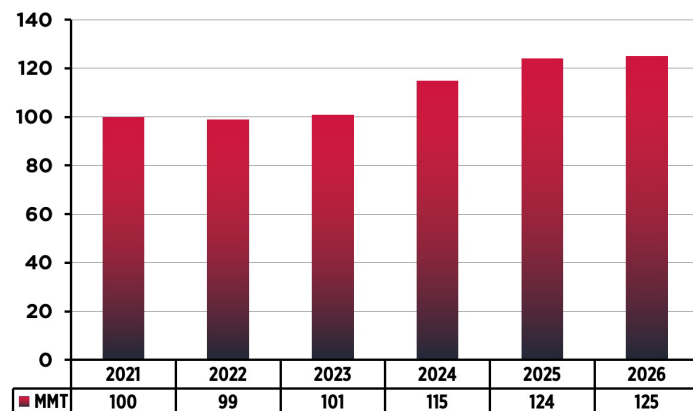
Although the US has a diminishing influence on the world price of soybeans and soybean meal, nevertheless the falling supply of soybeans in the US will have some effect on prices. It can be expected that in contrast to corn, soybean meal prices are likely to rise somewhat in the next 12 months.

The potential for volatile prices in the next year is increased due to geopolitical events and an uncertain tariff situation. Drought, as always is also a potential factor in prices. So far, it appears that the US Corn Belt will escape a drought this year.

World Production of Soybeans - Million Metric Tons - USDA



World Ending Stock of Soybeans in MMT - USDA



Argentina Soybean Supply and Demand WASDE June - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	25	48	49	49*
Imports	9	7	6	7
Exports Beans + Meal	25	32	34	35
Ending Inventory	18	24	25	25

*Rosario Board of Trade estimate 47.5

Brazil Soybean Supply and Demand WASDE June - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	162	153	169	175*
Imports	1	1	1	1
Exports Beans + Meal	116	127	128	135
Ending Inventory	37	27	32	34

*CONAB estimates 166 MMT

US Soybean Supply and Demand WASDE June - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	116	113	119	118*
Imports	1	1	1	1
Exports Beans + Meal	67	60	66	65
Ending Inventory	7	9	10	8

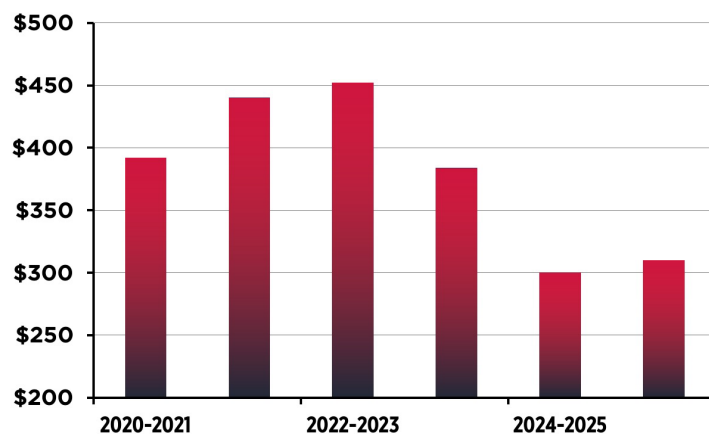
*CONAB estimates 166 MMT

US Soybeans - USDA - WASDE June Millions of Bushels

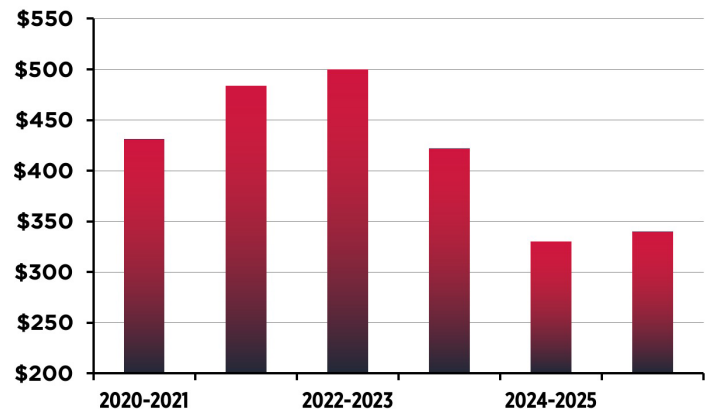
	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	4,270	4,162	4,366	4,340*
Total Supply	4,569	4,447	4,734	4,710
Export	1,992	1,695	1,825	1,815
Total Use	4,305	4,105	4,359	4,415
Ending Stock Inventory	264	342	375	295
Meal Price short ton	\$452	\$384	\$300	\$310

*CONAB estimates 166 MMT

Average US Crop Year Price of SBM Short Ton USDA



Average US Crop Year Price of SBM Metric Ton USDA

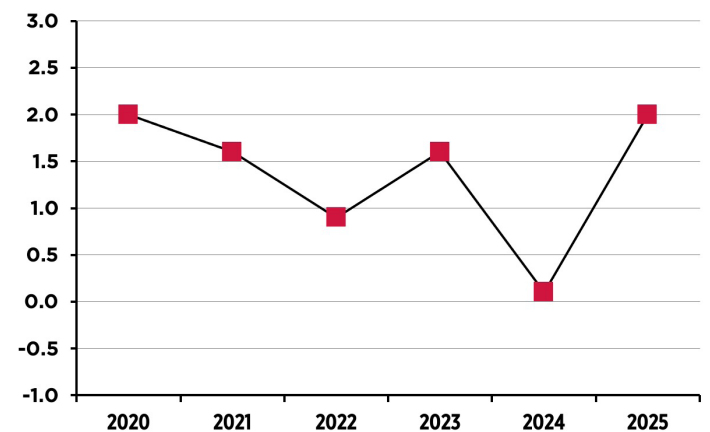


CHICKEN INDUSTRY

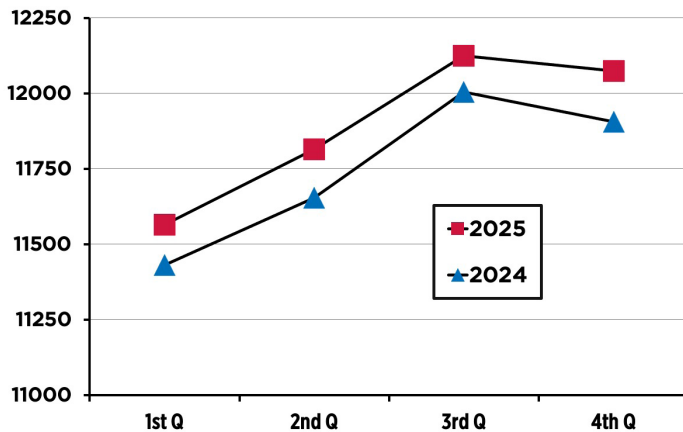
World chicken production increased only slightly last year according to the USDA Livestock and Poultry World Markets report. World production growth this year is projected to accelerate to 2%. Nevertheless, recent geopolitical and trade war events are increasing the risk of a further slowdown in the world economy which could limit the growth of chicken production.

US production is expected to grow by 1% in both 2025 and 2026. Production is growing slower than expected due to productivity issues and health issues such as aMPV and Avian Influenza. Avian influenza, a major story for table egg layers, is affecting the broiler chicken industry in a relatively lesser way.

Increase in World Broiler Chicken Production in % - USDA

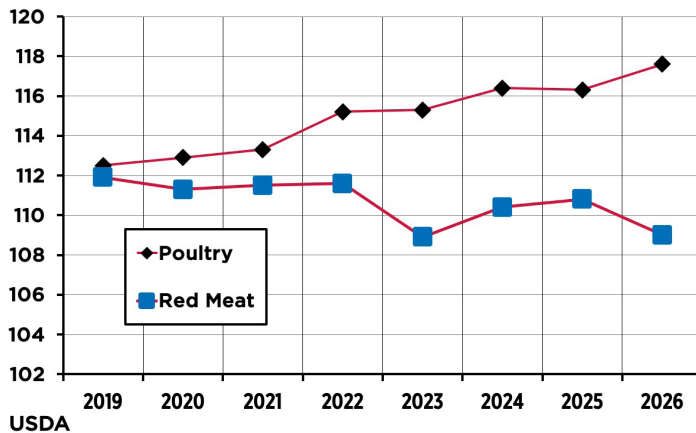


US Quarterly Broiler Production - Million Pounds - USDA



Poultry per capita consumption in the US continues to increase while consumption of red meat falls. Between 2019 and 2026, red meat per capita consumption is projected to decrease 3 pounds (1.4 kilos) while poultry consumption is projected to rise by 5 pounds (2.3 kilos).

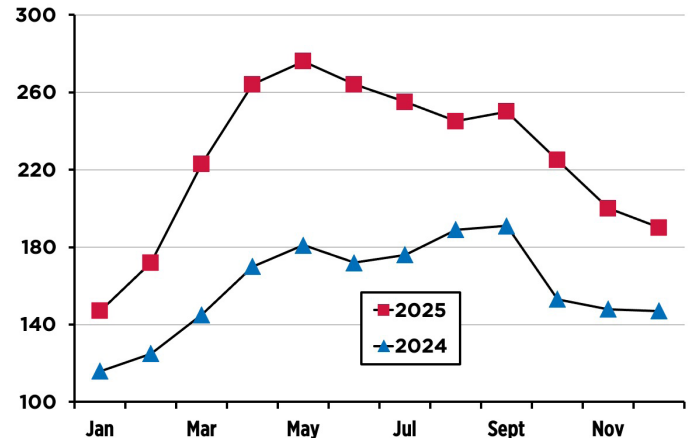
US Per Capita Consumption of Red Meat and Poultry lbs.



DEBONED BREAST

The spot price of deboned breast in the US rose surprisingly fast in the first four months of 2025 and is far higher than in 2024 helped by the astounding success of fried chicken sandwiches and high prices for competing meats. Prices can be expected to drift downward seasonally through the rest of the year. Similar prices can be expected in 2026.

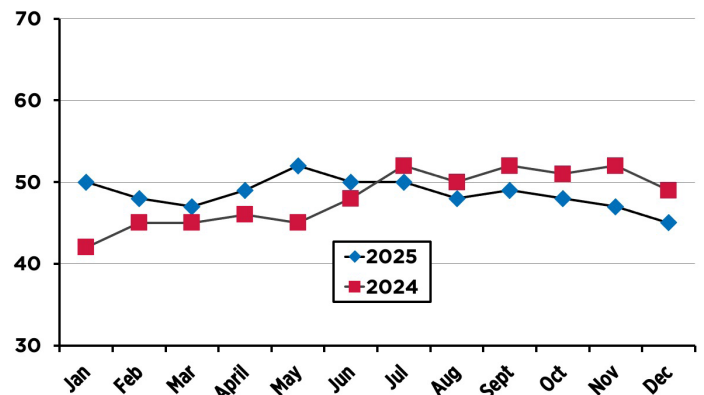
Breast B/S - 2024-2025 USDA - National Price - Cents/lb. - Future Months Estimated



FROZEN LEG QUARTERS FOR EXPORT

Mexico is the number one destination for US leg quarter exports, taking 25% of all exports. If there is a retaliation for tariffs imposed on Mexico, legs quarters may be one of the products affected. So far there has been no retaliation, and it appears that leg quarters will not be affected by trade disputes (at least those headed for Mexico). Although leg quarter prices started the year higher than last year, a lower ending price is penciled in below due to trade uncertainties.

Leg Quarter Price - 2024-2025 - Cents per Pound - USDA Frozen Bulk Export - Future Months Estimated

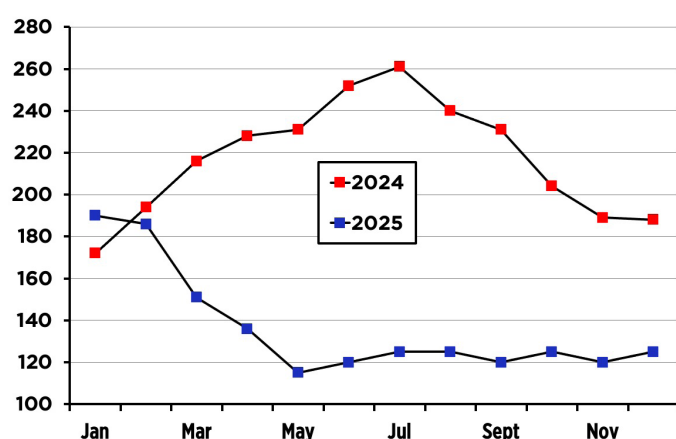


Price series started by USDA in October of 2022

WINGS

Wing prices were remarkably high last year and now are remarkably low. How is that possible? It appears that while demand for wings exploded during the pandemic, it has since decreased. As a result, the numbers this year are a regression to the mean from extremely high prices. In addition, there is more use of breast meat in “boneless wings”. Wings are now more than \$1 per pound below their wholesale price last year at this time.

Whole Wing Prices - 2024-2025 - USDA - National Price - Cents/lb - Future Months Estimated



When calculated using spot prices, chicken production is highly profitable thanks to the remarkably higher wholesale price for deboned breast. Profitability is now highly dependent on breast meat alone. If the price of deboned breast were to fall, for whatever reason, profitability would quickly deteriorate.

U.S. Broiler Chicken Industry Profitability June US Measure

Frozen Leg Quarters	\$0.50 / pound
Deboned Breast	\$2.64 / pound
Wings	\$1.20 / pound
Chicago Corn	\$4.35 / bushel
Soybean Meal	\$285 / short ton
Total Wholesale Cost per pound	\$0.98
Revenue per pound (spot price)	\$1.18
Gain (Loss) per pound	\$0.20

U.S. Broiler Chicken Industry Profitability June Metric Measure

Frozen Leg Quarters	\$1.10 / kilo
Deboned Breast	\$5.81 / kilo
Wings	\$2.64 / kilo
Chicago Corn	\$314 / ton
Soybean Meal	\$300 / short ton
Total Wholesale Cost per kilo	\$2.16
Revenue per kilo (spot price)	\$2.59
Gain (Loss) per kilo	\$0.43

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Dr. Paul Aho is an international agribusiness economist specializing in projects related to the poultry industry and has been a prolific writer in trade journals in both the United States and in Latin America. Dr. Aho now operates his own consulting company called “Poultry Perspective”. In this role, he works around the world with poultry managers and government policy makers.



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