

BEAR MARKET IN GRAIN CONTINUES

Grain prices continue to fall. A large harvest this year in the US of corn and soybeans combined with continued growth in production in South America means that poultry producers worldwide are likely to continue enjoying low grain prices. Low grain prices may well last for another year. However, it is important to remember that bear markets eventually end so enjoy this one while it lasts.

The benchmark price of corn in Chicago is now \$4 per bushel (\$160 per metric ton) and is likely to stay low for the rest of the year because huge stocks of unpriced old crop corn on US farms must be sold in the next two months to make room for the coming ample harvest. Soybean meal is also a bargain due to the return of production in Argentina this year and the continued growth of total production in South America.

December 2024 Futures Corn Price in Chicago

Highest Price	\$6.05 bushel	\$240/metric ton
Price Now	\$4.00 bushel	\$160/metric ton

December 2024 Futures Soybean Meal Price

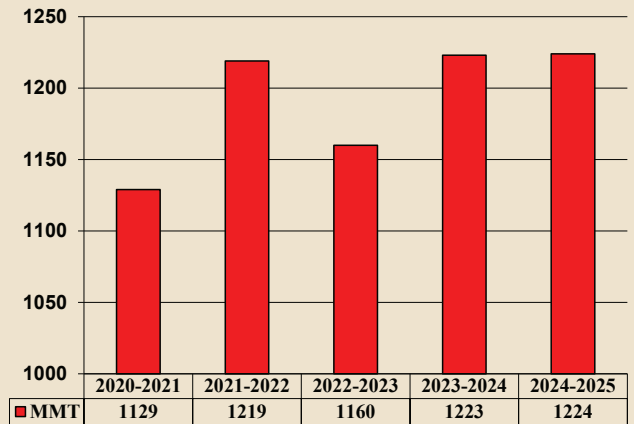
Highest Price	\$417/short ton	\$459/metric ton
Price Now	\$300/short ton	\$330/metric ton

Prices are unlikely to reverse direction in the short term. As the US drought monitor below shows, the Corn Belt is in excellent shape apart from a small area on the extreme eastern edge. Overall, in South America and the rest of the world, conditions are also favorable.

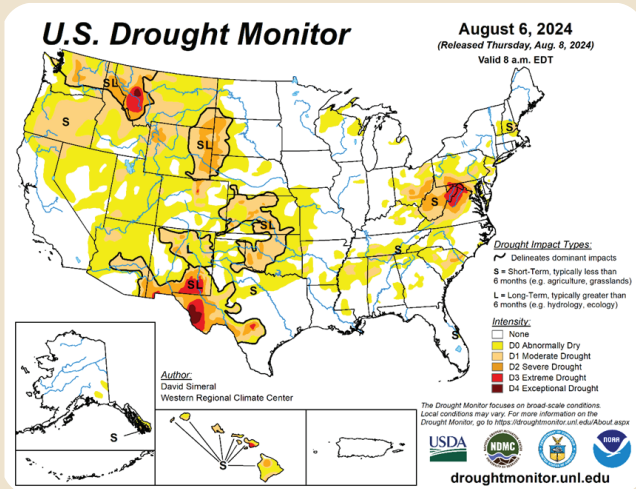
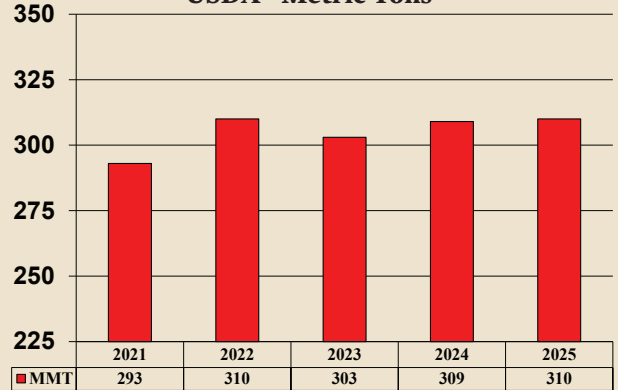
Corn

The latest WASDE report projects that world corn production will continue to be ample in crop year 2024-2025. Two crop years of higher production and higher ending inventory resulted in lower prices. The average farm price in the US last crop year was \$6.54 per bushel (\$262 per metric ton). The average this crop year will end up less than \$5.00 (\$200 per metric ton) and is likely to be even lower next crop year. An average price of \$4.20 (\$166 per metric ton) is projected by the USDA for crop year 2024-2025 which starts at the end of this month.

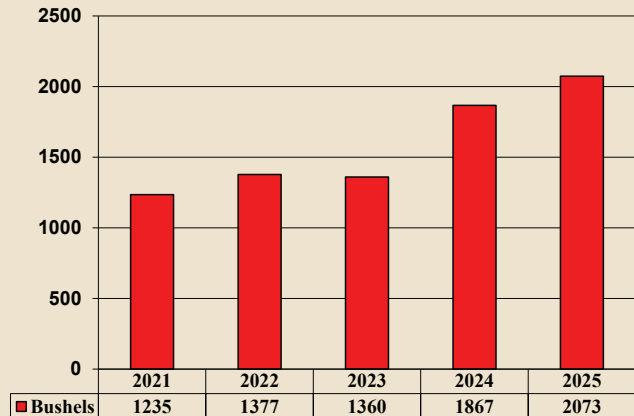
World Production of Corn
USDA - MMT



World Ending Stock of Corn
USDA - Metric Tons

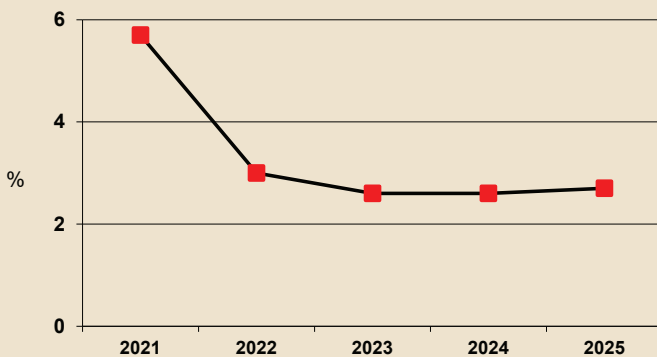


US Ending Stock of Corn
USDA - Millions of Bushels



How long will the bear market in grain bottom last? It could last through crop year 2025-2026 as the world economy continues to be sluggish and supplies remain ample. The World Bank expects that the half decade of 2020 to 2025 will have the slowest world economic growth in 30 years. However, with prices now below the cost of production in many cases, higher prices are inevitable in the not too distant future.

World Economic Growth - World Bank



Argentina Corn Supply and Demand
WASDE August - Million Metric Tons

	2021-22	2022-23	2023-24	2024-25
Harvest	50	35	50	51
Imports	0	0	0	0
Exports	36	24	35	36
Ending Inventory	1	1	1	2

**Brazil Corn Supply and Demand
WASDE August - Million Metric Tons**

	2021-22	2022-23	2023-24	2024-25
Harvest	116	137	122	127
Imports	2	1	1	1
Exports	47	56	50	49
Ending Inventory	4	10	4	3

**Ukraine Corn Supply and Demand
WASDE August - Million Metric Tons**

	2021-22	2022-23	2023-24	2024-25
Harvest	42	27	32	27
Imports	0	0	0	0
Exports	27	27	29	24
Ending Inventory	5	2	2	1

**China Corn Supply and Demand
WASDE August - Million Metric Tons**

	2021-22	2022-23	2023-24	2024-25
Harvest	273	277	288	292
Imports	22	19	23	23
Exports	0	0	0	0
Ending Inventory	209	206	211	213

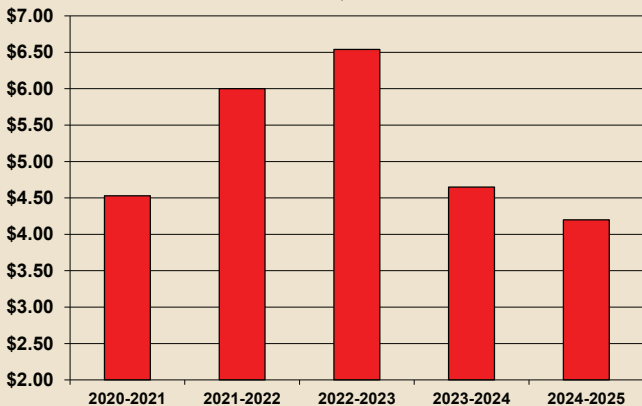
**US Corn Supply and Demand
WASDE August - Million Metric Tons**

	2021-22	2022-23	2023-24	2024-25
Harvest	381	346	390	385
Imports	1	1	1	1
Exports	62	42	57	58
Ending Inventory	35	34	47	53

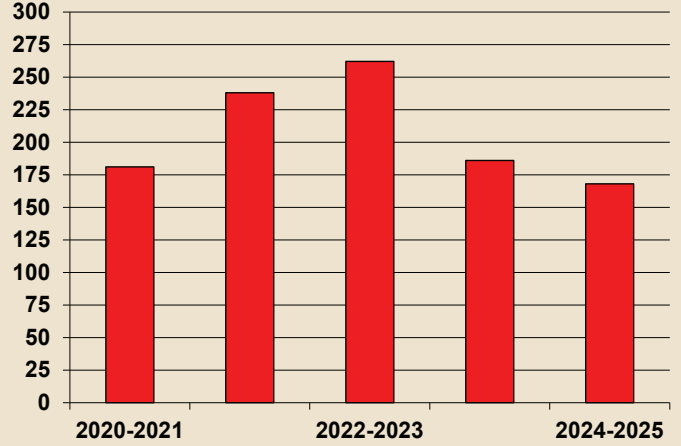
**US Corn Supply and Demand -
WASDE August Millions of Bushels**

	2022-23	2023-24	2024-25
Harvest	13,651	15,342	15,147
Supply Total	15,066	16,732	17,038
Ethanol	5,176	5,450	5,450
Exports	1,661	2,250	2,300
Feed	5,487	5,775	5,825
Total Use	13,706	14,865	14,965
Ending Inventory	1,360	1,867	2,073
Farm Price	\$6.54	\$4.65	\$4.20

**Average US Farm Price of Corn
USDA - \$/Bushel**



**Average US Farm Price of Corn
USDA - \$/Metric Ton**



Soybeans

Production continues to increase rapidly in South America. The enormous ability of Brazil to increase soybean production combined with the production of Argentina and Paraguay results in South America now representing 55% of world production. Continued rising production in South America and a good harvest in the US means that the US benchmark price of soybean meal is projected to average only \$320 (\$352 per metric ton) in the next crop year which starts at the end of this month.

**Argentina Soybean Supply and Demand
WASDE August - Million Metric Tons**

	2021-22	2022-23	2023-24	2024-25
Harvest	44	25	49	51
Imports	3	9	7	6
Exports Beans + Meal	31	25	30	33
Ending Inventory	24	18	24	29

**Brazil Soybean Supply and Demand
WASDE August - Million Metric Tons**

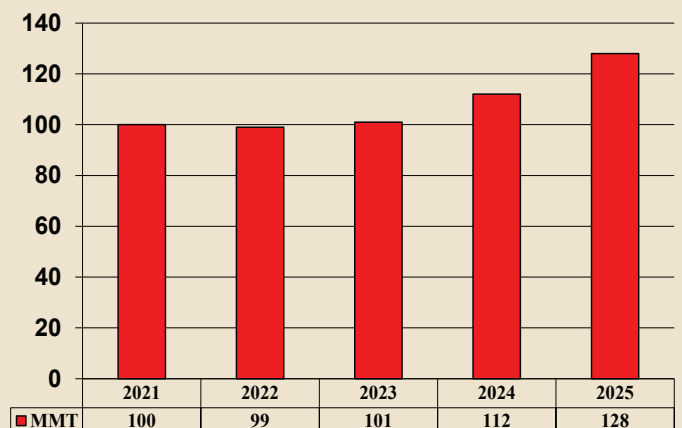
	2021-22	2022-23	2023-24	2024-25
Harvest	125	162	153	169
Imports	1	1	1	1
Exports Beans + Meal	100	116	127	125
Ending Inventory	21	37	33	36

**US Soybean Supply and Demand
WASDE August - Million Metric Tons**

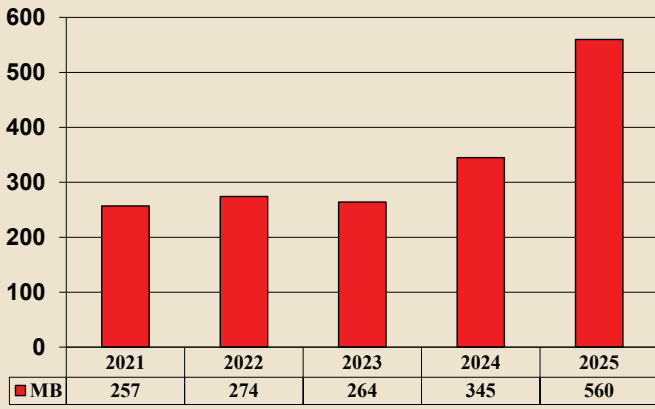
	2021-22	2022-23	2023-24	2024-25
Harvest	122	116	113	121
Imports	1	1	1	1
Exports Beans + Meal	70	67	68	66
Ending Inventory	7	7	9	15

World and US ending stocks will be higher at the end of this crop year and possibly next crop year as well. Higher ending inventories, of course, are likely to lead to lower prices.

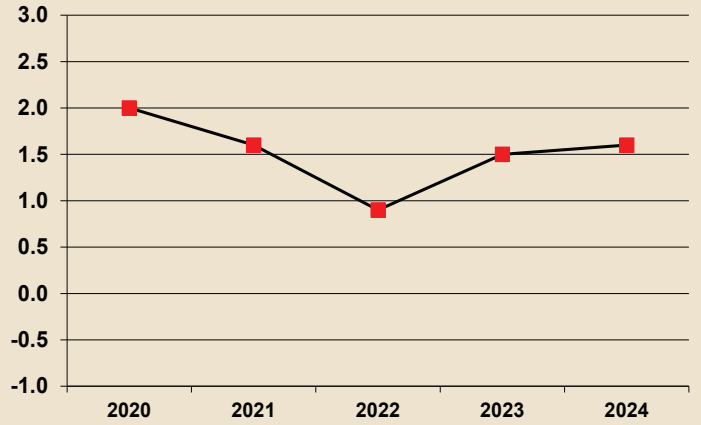
**World Ending Stock of Soybeans
USDA - MMT**



**US Ending Stock of Soybeans
USDA - Millions of Bushels**



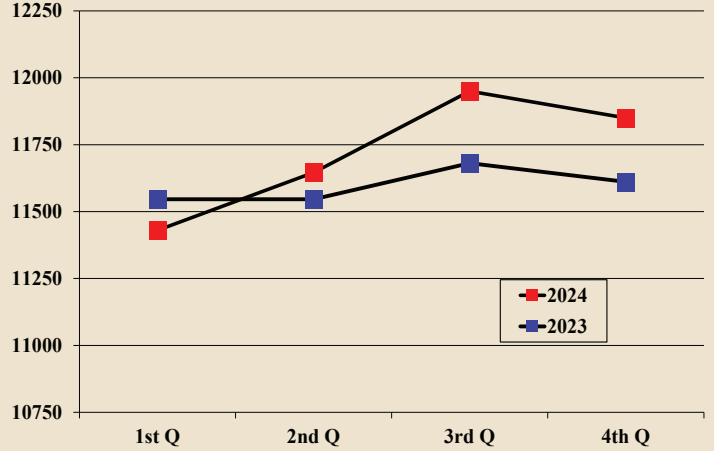
**Increase in World Broiler Chicken Production
USDA - %**



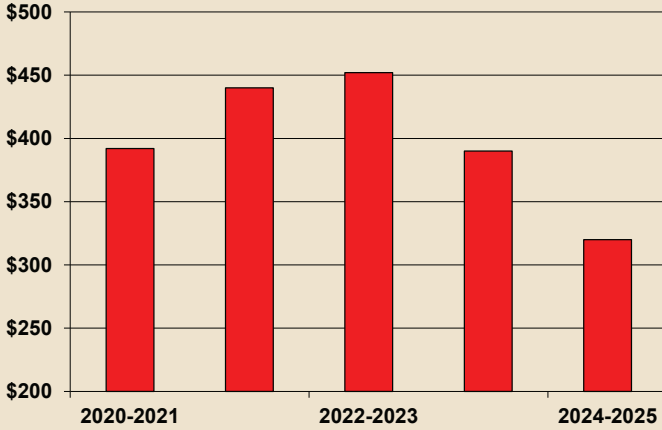
**US Soybeans – USDA - WASDE August
Millions of Bushels**

	2022-23	2023-24	2024-25
Harvest	4,270	4,165	4,589
Total Supply	4,569	4,449	4,949
Export	1,992	1,700	1,850
Total Use	4,305	4,104	4,389
Ending Stock Inventory	264	345	560
Meal Price short ton	\$452	\$390	\$320

**US Quarterly Broiler Production
USDA - Million lbs**

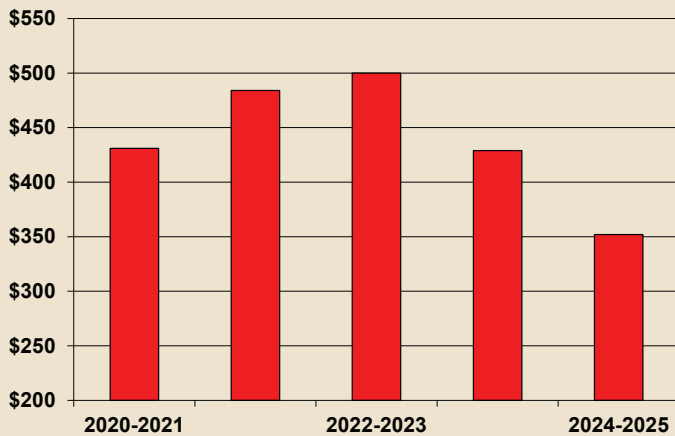


**Average US Crop Year Price of Soybean Meal
USDA Short Ton**

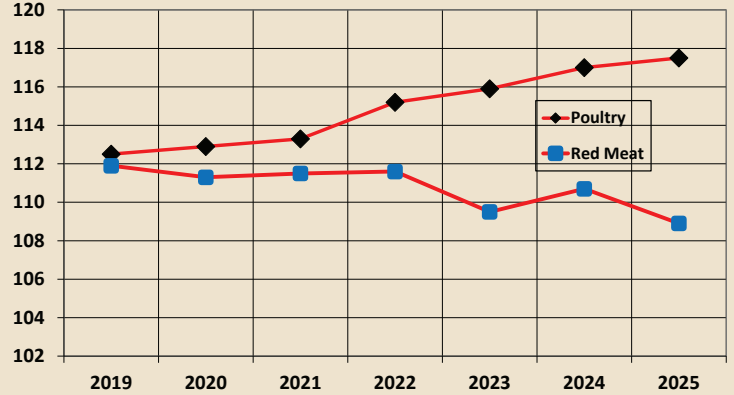


Poultry per capita consumption in the US continues to take market share from red meat. Between 2021 and 2025, red meat per capita consumption fell by 3 pounds (1.4 kilos) while poultry consumption rose by 5 pounds (2.3 kilos). Total meat consumption is relatively stable.

**Average US Crop Year Price of Soybean Meal
USDA Metric Ton**



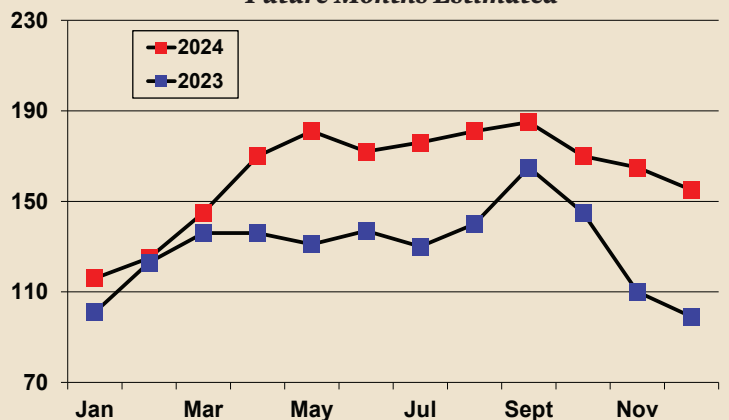
**US per Capita Consumption of Red Meat and Poultry
USDA - lbs**



Deboned Breast

The spot prices of deboned breast in the US rose surprisingly fast in the first five months of 2024, helped by high prices for competing meats. In addition, a relatively robust US economy with low unemployment helped support the price. For the entire year the average price of deboned breast is likely to be significantly higher than last year.

**Breast B/S - 2023-2024
USDA - National Price - Cents/lb
Future Months Estimated**



Chicken Industry

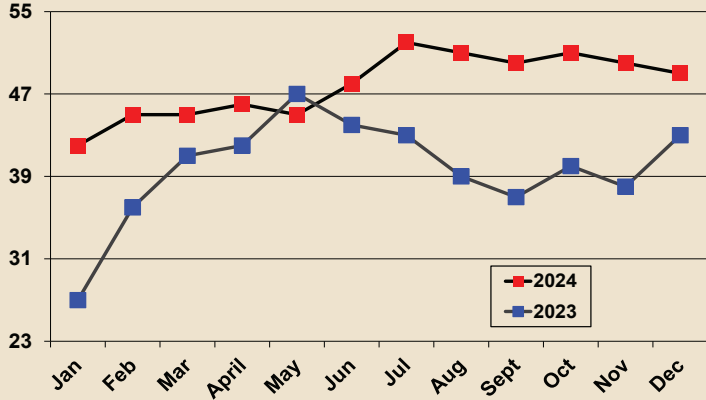
Slow growth in the world economy recently is reflected in the slow growth of world chicken production. World chicken production growth averaged just 1.5% recently. It is likely that growth will accelerate starting in 2025 and rise to an average of 2% for the last half of the decade.

Low prices in the US in 2023 led to an increase in production of only 0.4% last year. For 2024, the USDA predicts growth will increase to 1.1% with most of the growth in the second half of the year.

Frozen Leg Quarters for Export

Spot prices for frozen leg quarters are slightly higher than last year despite a reduction in the volume of exports. Trade issues and a relatively strong dollar are reducing the potential volume of exports.

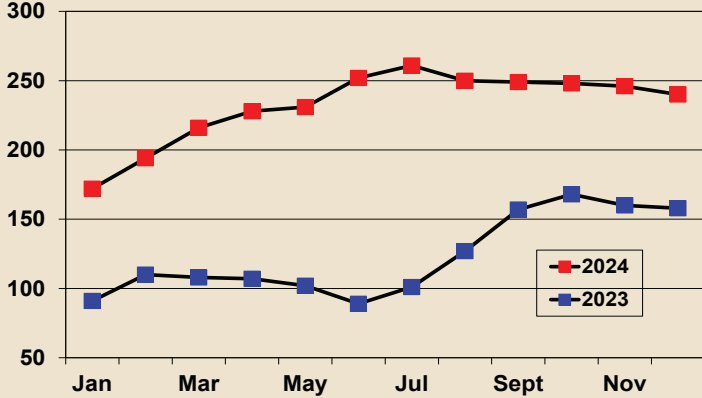
Leg Quarter Price - 2023-2024
USDA Frozen Bulk Export - Cents/lb
Future Months Estimated



Wings

Wing prices are remarkably high. The price is now double the price last year at this time. Wing prices can be expected to remain high as demand appears to be insatiable.

Whole Wing Prices - 2023-2024
USDA National Price - Cents/lb
Future Months Estimated



Due to the firm demand for chicken and low price of grain, chicken production in the US is currently profitable when calculated using spot prices, and is likely to continue to be profitable throughout the year.

US Broiler Chicken Industry Profitability August
US Measure

Frozen Leg Quarters	\$0.53/lb
Deboned Breast	\$1.81/lb
Wings	\$2.50/lb
Chicago Corn	\$4.0/bushel
Soybean Meal	\$303/Short Ton
Total Wholesale Cost per pound	\$0.98
Revenue per pound (spot price)	\$1.13
Gain (Loss) per pound	\$0.25

US Broiler Chicken Industry Profitability August
Metric Measure

Frozen Leg Quarters	\$1.17/kilo
Deboned Breast	\$3.98/kilo
Wings	\$5.50/kilo
Chicago Corn	\$157/ton
Soybean Meal	\$334/ton
Total Wholesale Cost per kilo	\$2.15
Revenue per kilo (spot price)	\$2.70
Gain (Loss) per kilo	\$0.55

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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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