

GRAIN IS STUCK IN A BEAR MARKET FOR NOW

With an enormous harvest looming in the Northern Hemisphere, it is the best of times for grain users like the poultry industry and the worst of times for grain farmers. Although the harvest is not yet in the bin, it is highly likely that a giant harvest in the US will be harvested. This is what the bottom of a bear market looks like; prices that provide a huge incentive to consume grain combined with little incentive to produce grain.

In addition to the harvest, there is the matter of tariffs to consider. While the impact on corn and soybean prices of tariff policy changes 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 but that is still in doubt. Likewise, corn exports may well be minimally affected by all the turmoil. World markets for meat can also be affected by the tariff war. In particular, the export of beef from Brazil to the US is, at least now, suspended.

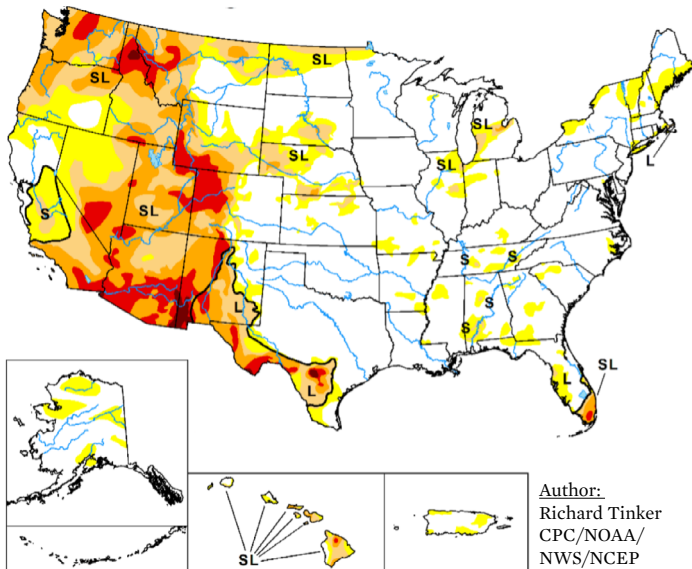
The US drought monitor below is just about as good for the corn belt as it can be. The chances of disruption to the US harvest due to weather issues this year are increasingly unlikely. In addition, the next harvest in South America is expected to be relatively normal. All in all, the situation for grain users is good. However, it is important to remember that bear markets do not last forever, a bull market will eventually arrive sooner or later.

U.S. DROUGHT MONITOR

August 5, 2025

(Released Thursday, Aug 7, 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:

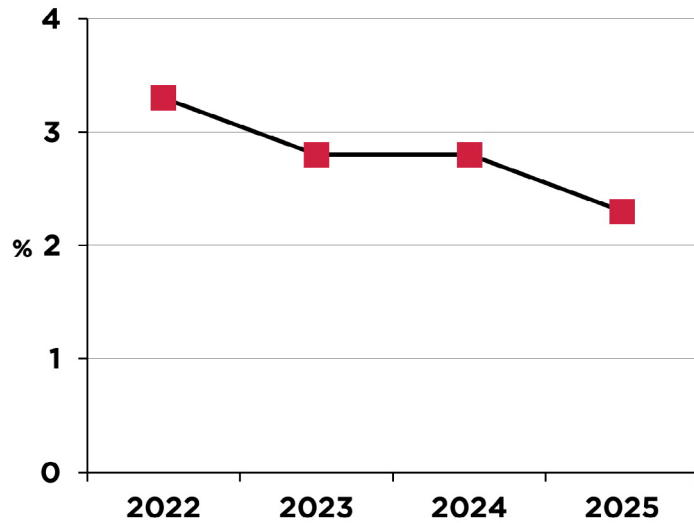
- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

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>



According to the World Bank Chief Economist, Indermit Gill, international discord, particularly over trade, will result in global economic growth that will be the weakest in 17 years outside of outright recessions. During the entire decade of the 2020's global growth is expected to average just 2.5%, the slowest of any decade since the 1960's.

World Economic Growth World Bank 2025 Estimated



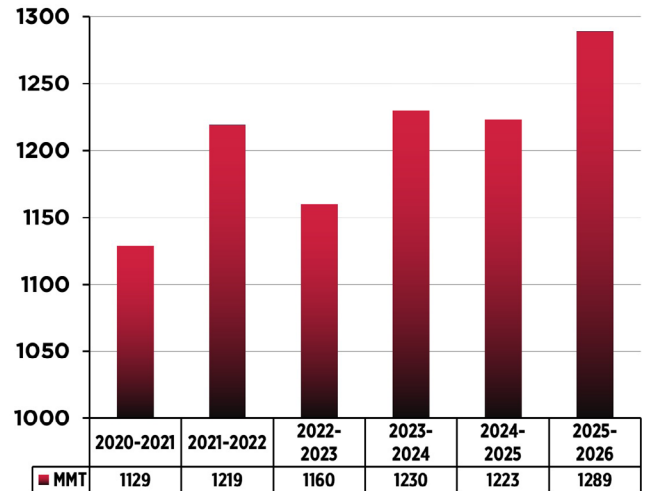
CORN

In the US, 6.7 million more acres (2.7 million hectares) were planted to corn this year compared to last year. The increase in area planted combined with higher yields will result in a much bigger harvest. The harvest is expected to be 12.6% higher than last year, truly a bumper crop.

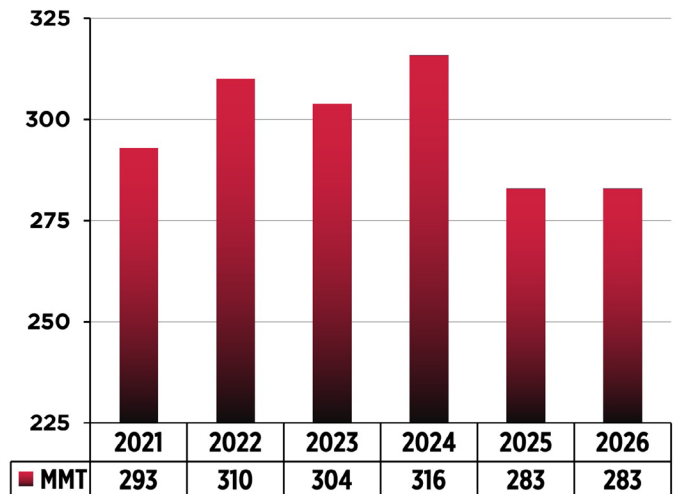
Thanks to the huge harvest in the US, total world production of corn is increasing. This large harvest coming at a time of weakness in the world economy is a recipe for lower prices. Corn is likely to be a bargain for poultry producers for the rest of this crop year and next crop year as well. Lower world ending corn stocks this crop year are not a significant factor because they are primarily a result of a decline China's ample reserves. US ending stock is expected to rise sharply.

After corn prices reached a high of \$5 per bushel (\$200 per ton) in February the market drifted down to \$4 now (\$160 per ton). The harvest of a huge crop in the US combined with a good harvest in Brazil would indicate that corn prices are likely to have trouble rising above current levels.

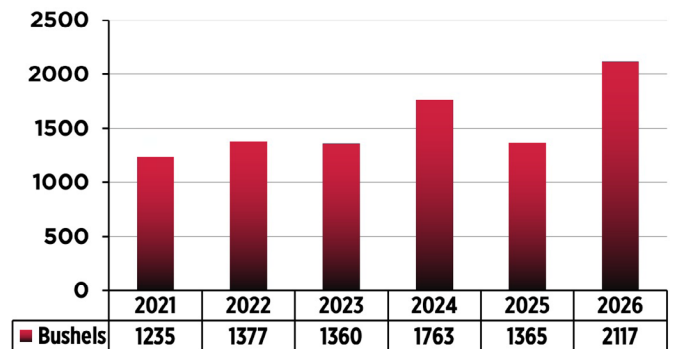
World Production of Corn Million Metric Tons - USDA



World Ending Stock of Corn Metric Tons - USDA



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



*The Rosario Board of Trade estimates only 46 MMT

Argentina Corn Supply and Demand WASDE August - 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

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

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	27	32	27	32
Imports	0	0	0	0
Exports	27	29	22	25
Ending Inventory	2	2	1	1

China Corn Supply and Demand WASDE August - 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	178

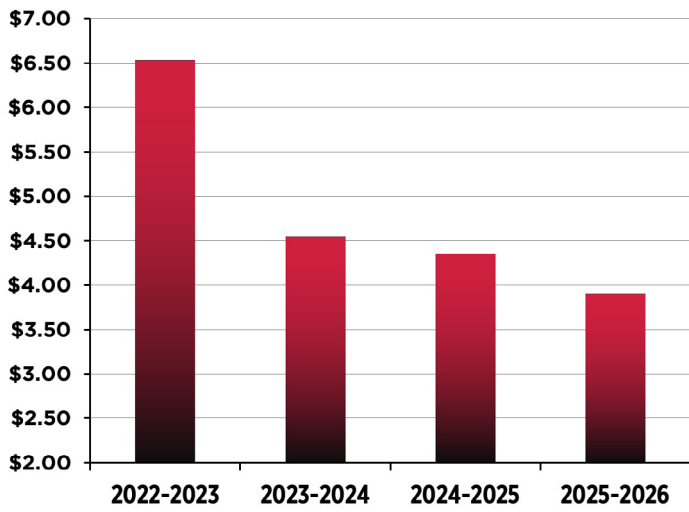
U.S. Corn Supply and Demand WASDE August - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	346	390	377	425
Imports	1	1	1	1
Exports	42	58	67	73
Ending Inventory	34	44	35	53

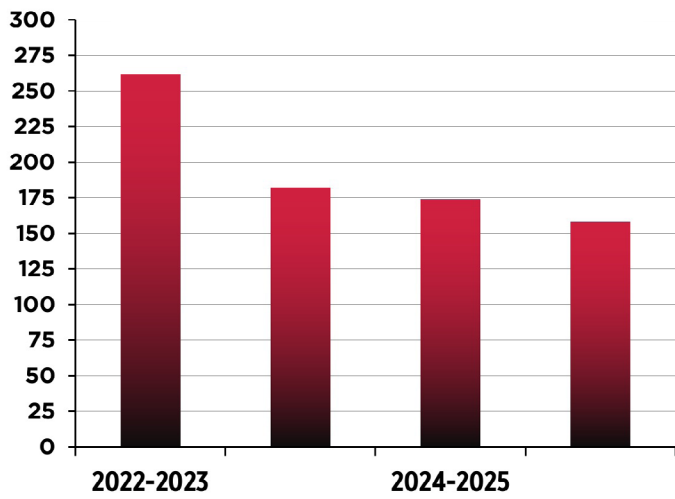
U.S. Corn Supply and Demand - WASDE August Millions of Bushels

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	13,651	15,341	14,867	16,742
Supply Total	15,066	16,729	16,655	18,072
Ethanol	5,176	5,478	5,500	5,600
Exports	1,661	2,292	2,650	2,875
Feed	5,487	5,805	5,750	6,100
Total Use	13,706	14,966	15,460	15,955
Ending Inventory	1,360	1,763	1,365	2,117
Farm Price	\$6.54	\$4.55	\$4.30	\$3.90

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



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



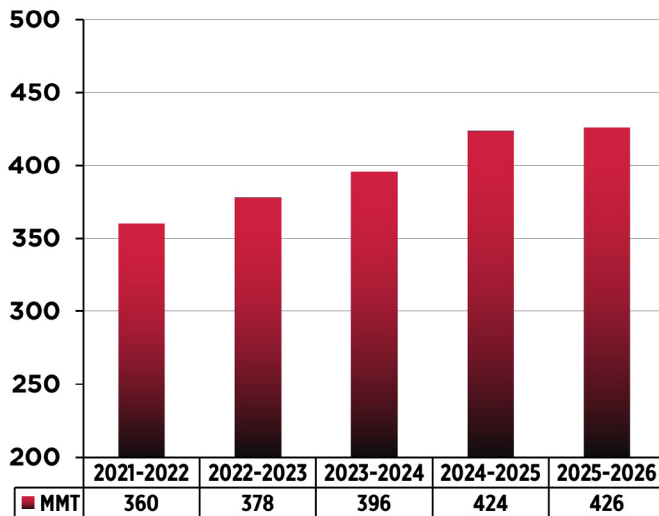
SOYBEANS

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 was higher this year.

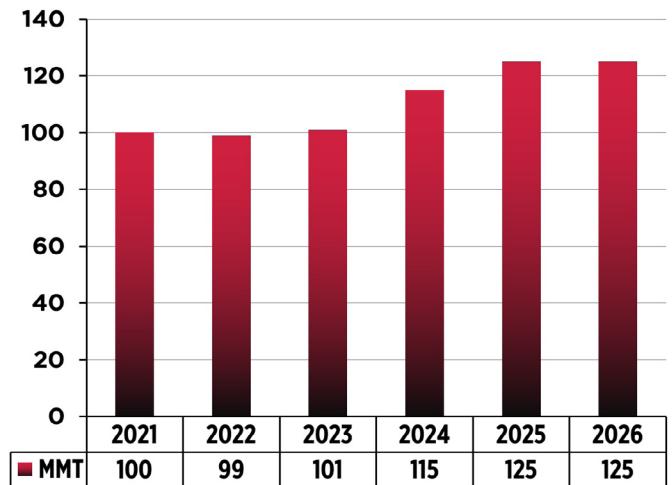
Increases in production in South America combined with the possibility of a weaker world economy reduces the effect of slightly lower production in the US. As can be seen on the following graphs, the world production of soybeans is projected to continue to march upward. World ending inventory is ample. Only the US ending inventory is falling. As with corn, soybean meal prices are likely to continue to fall.

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 is 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 August - 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	36
Ending Inventory	18	24	25	25

*Rosario Board of Trade estimate 47.5

Brazil Soybean Supply and Demand WASDE August - 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	37

*CONAB estimates 166 MMT

US Soybean Supply and Demand WASDE August - Million Metric Tons

	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	116	113	119	117*
Imports	1	1	1	1
Exports Beans + Meal	67	60	66	63
Ending Inventory	7	9	10	8

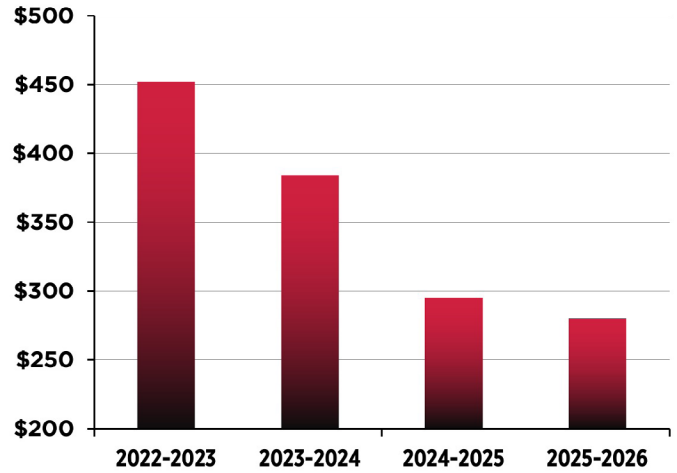
*CONAB estimates 166 MMT

US Soybeans - USDA - WASDE August Millions of Bushels

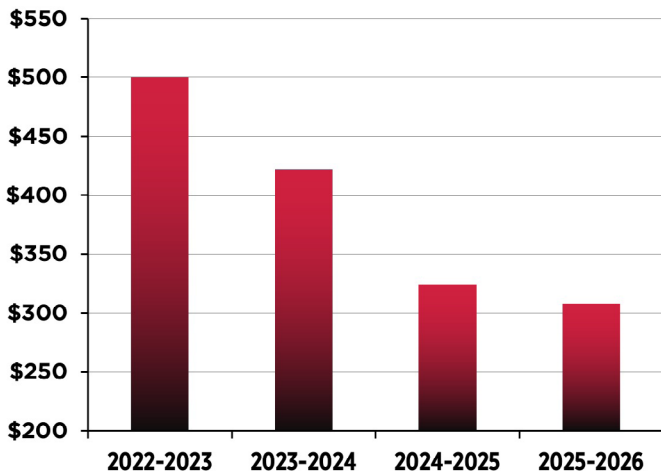
	2022-2023	2023-2024	2024-2025	2025-2026
Harvest	4,270	4,162	4,366	4,292*
Total Supply	4,569	4,447	4,734	4,642
Export	1,992	1,695	1,825	1,705
Total Use	4,305	4,105	4,359	4,352
Ending Stock Inventory	264	342	375	290
Meal Price short ton	\$452	\$384	\$295	\$280

*CONAB estimates 166 MMT

Average US Crop Year Price of SBM Short Ton USDA



Average US Crop Year Price of SBM Metric Ton USDA

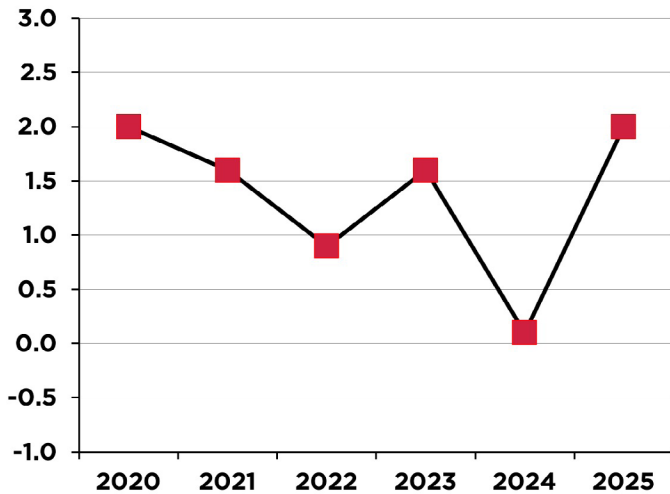


CHICKEN INDUSTRY

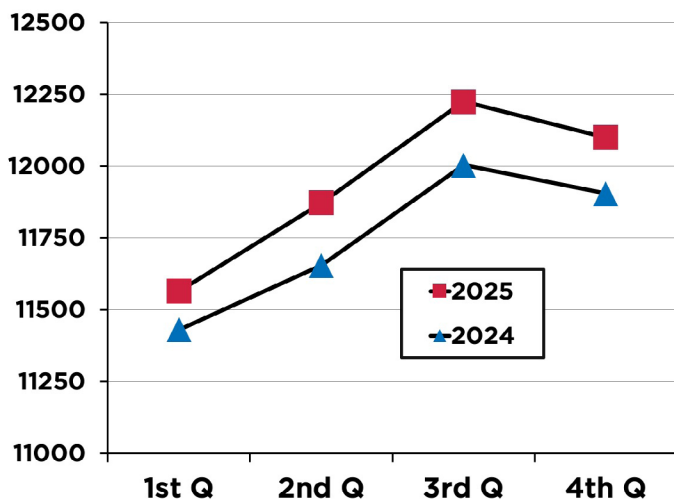
World chicken production increased only slightly last year according to the USDA Livestock and Poultry World Markets report. However, world production growth this year is projected to accelerate to 2%. Recent geopolitical and trade war events may limit the growth of chicken production despite favorable grain prices.

The USDA estimate for US chicken production was raised in the August WASDE report due to lower feed cost and supportive demand due to tighter red meat supplies. In particular, the 50% tariff on Brazilian beef means that little or no beef will enter the country from Brazil for the next few months. Brazil accounts for approximately 5.4% of the total US supply of beef.

Increase in World Broiler Chicken Production in % - USDA

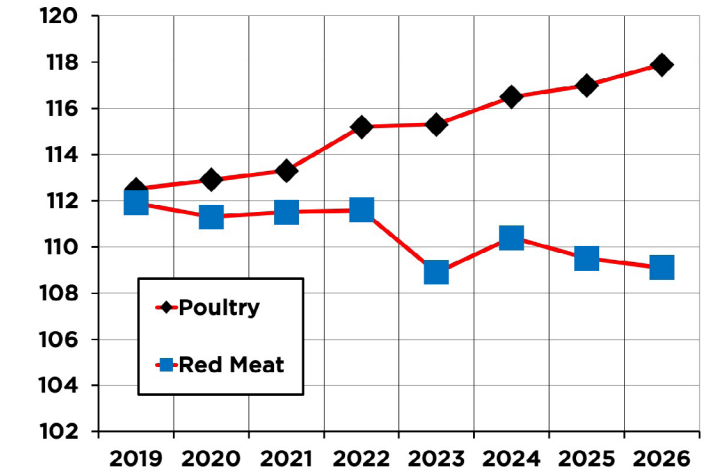


US Quarterly Broiler Production - Million Pounds - USDA



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.

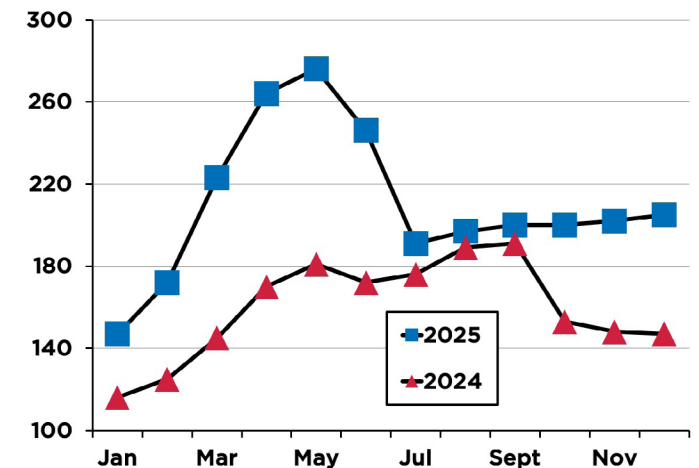


USDA

DEBONED BREAST

The spot price of deboned breast in the US rose surprisingly fast in the first four months of 2025 and was far higher than in 2024 helped by the astounding success of fried chicken sandwiches. As production increased and the market accommodated the sudden new demand, prices fell in July. Prices can be expected to rise somewhat throughout the rest of the year rather than falling seasonally due to high prices for competing meat and in particular, beef. Similar prices can be expected in 2026.

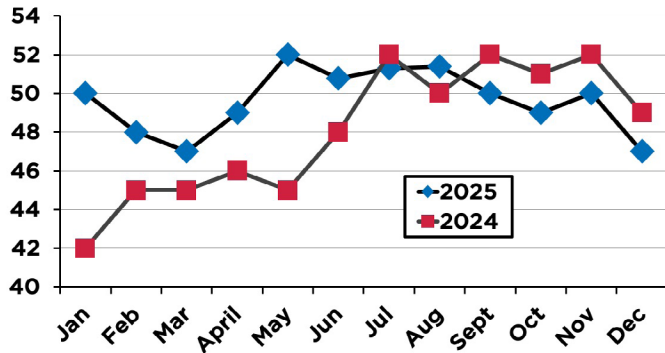
Breast B/S - 2024-2025 USDA - National Price - Cents/lb. - Future Months Estimated



FROZEN LEG QUARTERS FOR EXPORT

Mexico is the number one destination for US leg quarter exports, taking 25% of all exports. Despite contentious and ongoing tariff negotiations leg quarters continue to flow to 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

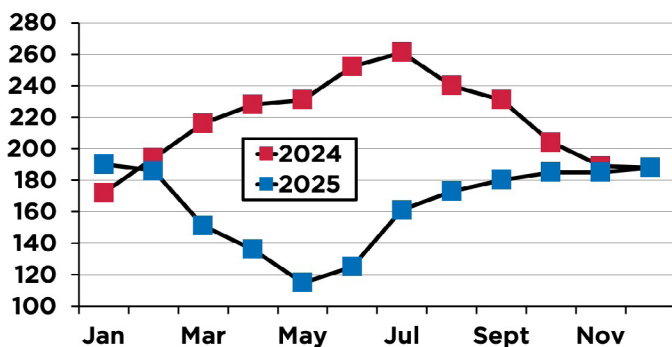


Price series started by USDA in October of 2022

WINGS

Wing prices were remarkably high last year and then fell sharply at the beginning of this year. How did that happen? It appears that while demand for wings exploded during the pandemic, it has since decreased. As a result, the lower price this year was simply a regression to the mean from extremely high prices. In addition, there is more use of breast meat in “boneless wings”. At one point this year wings were more than a dollar per pound below their year-earlier wholesale price. Nevertheless, the price of wings is now rising. The gap in price between 2024 and 2025 is likely to be eliminated by the end of the year.

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



When calculated using spot prices, chicken production is profitable although not as profitable as earlier in the year. The recent drop in the wholesale price for deboned breast reduced profitability by about 10 cents per pound or 22 cents per kilo. The rest of the year is likely to see higher profitability as deboned breast and wing prices both rise.

U.S. Broiler Chicken Industry Profitability August US Measure

Frozen Leg Quarters	\$0.51 / pound
Deboned Breast	\$1.97 / pound
Wings	\$1.73 / pound
Chicago Corn	\$3.98 / bushel
Soybean Meal	\$285 / short ton
Total Wholesale Cost per pound	\$0.97
Revenue per pound (spot price)	\$1.08
Gain (Loss) per pound	\$0.11

U.S. Broiler Chicken Industry Profitability August Metric Measure

Frozen Leg Quarters	\$1.12 / kilo
Deboned Breast	\$4.33 / kilo
Wings	\$3.81 / kilo
Chicago Corn	\$156 / ton
Soybean Meal	\$324 / short ton
Total Wholesale Cost per kilo	\$2.14
Revenue per kilo (spot price)	\$2.38
Gain (Loss) per kilo	\$0.23

About the Author - Paul W. Aho, Ph.D.

E-mail: PaulAho@PaulAho.com

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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