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Broiler Economics

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WAR AND PEACE

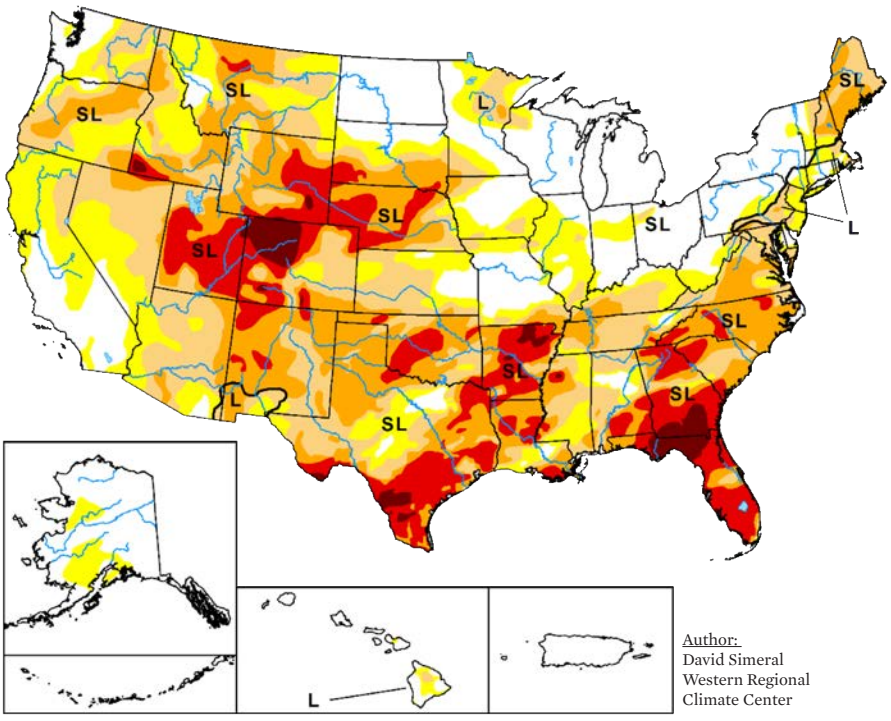
The world economy has been shaken by the conflict with Iran, and particularly the closing of the Strait of Hormuz. Depending on how long the disruption in shipping through the Strait lasts, the conflict could have a long-lasting effect on the world economy in general and agriculture specifically. The most obvious effect is the cost of energy. Diesel fuel, vital to planting, harvesting and moving agricultural products, has gone up 50% in the US and even more in many other countries. Oil prices spiked after the Strait of Hormuz was closed at the beginning of the war and shut off 20% of the world production of oil and LNG (liquified natural gas). The longer the Strait remains closed the greater will be the long-term effect on all energy costs. Even after the Strait is opened it will take months or years to fully restore the export of oil and LNG.

Another, perhaps surprising, effect of the conflict has been a spike in the price of fertilizer. Approximately a third of globally traded fertilizers are produced in the Persian Gulf region with Gulf countries dominating urea, ammonia and phosphate exports. The price of some forms of fertilizer is up 50% in the last several weeks. Although most farmers in the northern hemisphere purchased their fertilizer before the price hike, the cost of growing the crop that will be planted in the southern hemisphere later this year and the northern hemisphere crop next year could be affected. If fertilizer prices continue to be high for any length of time, the volume of grain produced will drop worldwide and the price of grain will rise significantly. It is sobering to note that at current prices of corn and fertilizer it does not make economic sense to plant if your fertilizer was not already purchased.

U.S. DROUGHT MONITOR

April 7, 2026

(Released Thursday, Apr 9, 2026)
Valid 7 a.m. EDT



Author:
David Simeral
Western Regional
Climate Center

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

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)*

droughtmonitor.unl.edu

The consequences of the Iran conflict extends far beyond energy markets, creating impacts that ripple across manufacturing, food production, health care and technology sectors worldwide. All of this contributes to inflationary pressures and will likely affect world economic growth. Goldman Sachs estimates a potential drag on global GDP of as much as 0.5% this year.

In the midst of this tumultuous and worrisome international situation, the WASDE report from the USDA in April came out with no major surprises. The ending inventory of corn and soybeans remained about the same. Attention now shifts to planting progress in the northern hemisphere, the harvest in the southern hemisphere and of course weather. A potential disruption to the world production of grain is a developing "El Niño" in the Pacific Ocean which raises temperatures around the world and could increase the chance of drought in important grain producing areas. At this point, the projections are for a record breaking El Niño.

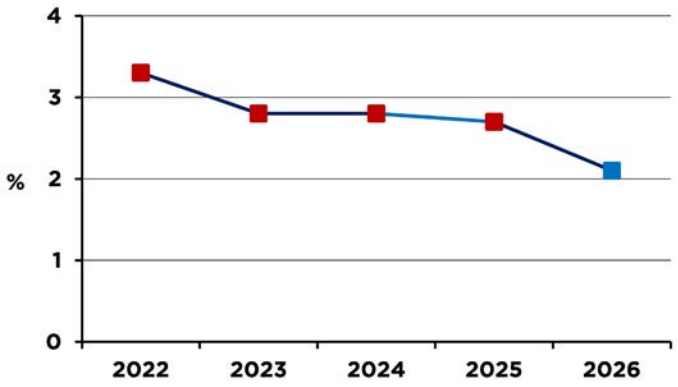
In the last two months, corm prices rose substantially and then went through a correction. Prices are held down in part by the record amount of corn stocks held in the US. The long-anticipated bull market in corn prices may not arrive until next crop year.

The story of soybeans is more difficult to predict. On the one hand there is a huge harvest being gathered in South America. On the other hand, there is uncertainty about US sales to China and how that affects the benchmark prices in Chicago. Taken together, it is volatility that can be expected in soybean prices. Like corn, the start of a significant bull market in soybeans may not arrive until next crop year.

Although a large percentage of the US is in drought, the Corn Belt in the US is not in a drought now. Conditions in South America are good. Brazil has adequate moisture while crops in Argentina have a little too much moisture right now slowing harvest.

The world economy has been growing at a slow pace in the last few years, but has not fallen into a recession. Steady growth is expected in the coming years according to the World Bank as can be seen on the following graph.

World Economic Growth World Bank to 2025 - Estimated Reduction in 2026 due to War in the Middle East



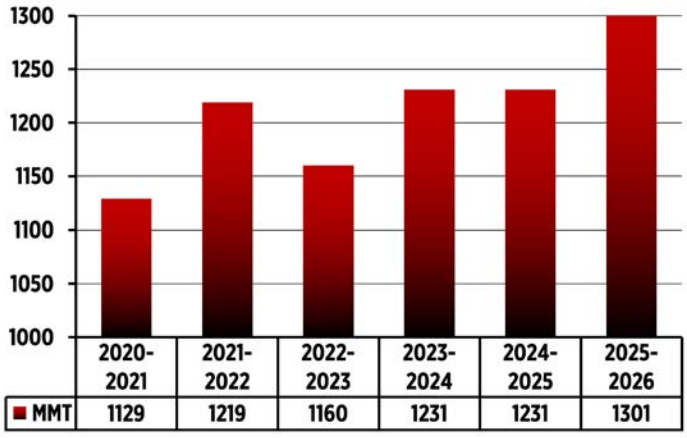
CORN

In the US, 7.9 million more acres (3.3 million hectares) were planted to corn this crop year compared to last. The increase in area planted combined with higher yields resulted in a much bigger harvest. The harvest was 15% higher.

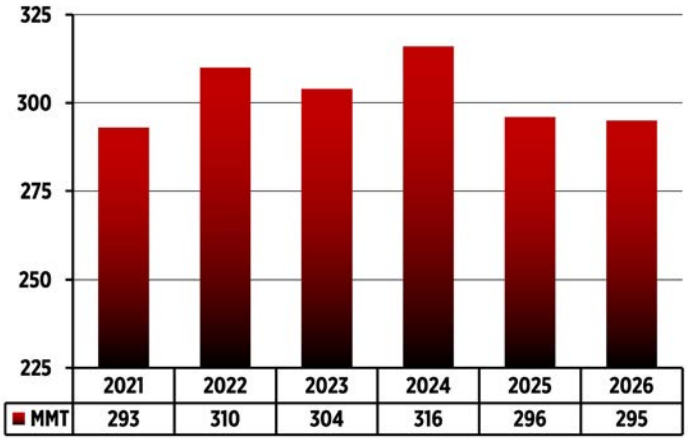
Thanks in part to the large harvest in the US, total world production of corn increased as well. This big harvest is keeping corn prices low. Corn is therefore likely to be a bargain for poultry producers for the rest of this crop year. Slightly lower world ending corn stocks this crop year are primarily a result of a decline in China's ample reserves. US ending stock is expected to rise sharply.

Prices are likely to be higher next crop year given the disruptions caused by the conflict with Iran and the expected arrival of a powerful "*El Niño*". If high fertilizer prices persist, corn is the crop most likely to reduced in size due to the high requirement of fertilizer for corn production. Therefore, enjoy the current relatively low prices of corn while they last.

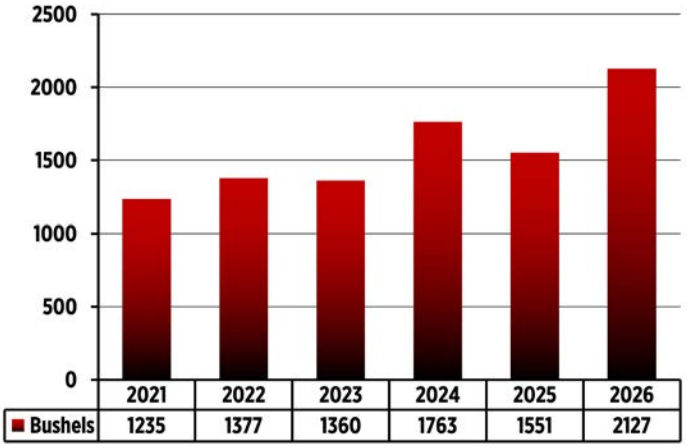
World Production of Corn
Million Metric Tons – USDA



World Ending Stock of Corn
Metric Tons – USDA



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



Argentina Corn Supply and Demand
WASDE April – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	35	51	50	52
Imports	0	0	0	0
Exports	24	36	35	37
Ending Inventory	1	3	3	5

Brazil Corn Supply and Demand
WASDE April – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	137	119	130	132
Imports	1	1	1	1
Exports	56	38	43	43
Ending Inventory	10	8	6	6

Ukraine Corn Supply and Demand
WASDE April – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	27	32	27	31
Imports	0	0	0	0
Exports	27	29	22	22
Ending Inventory	2	2	1	3

China Corn Supply and Demand
WASDE April – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	277	288	295	301
Imports	19	23	7	8
Exports	0	0	0	0
Ending Inventory	206	211	197	180

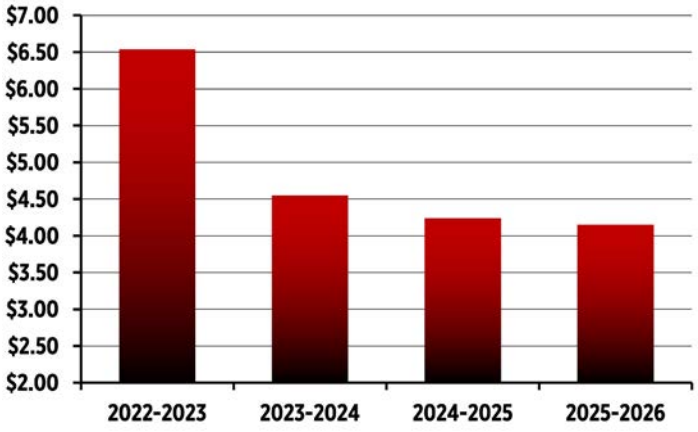
U.S. Corn Supply and Demand WASDE April – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	346	390	377	432
Imports	1	1	1	1
Exports	42	58	67	84
Ending Inventory	34	44	35	54

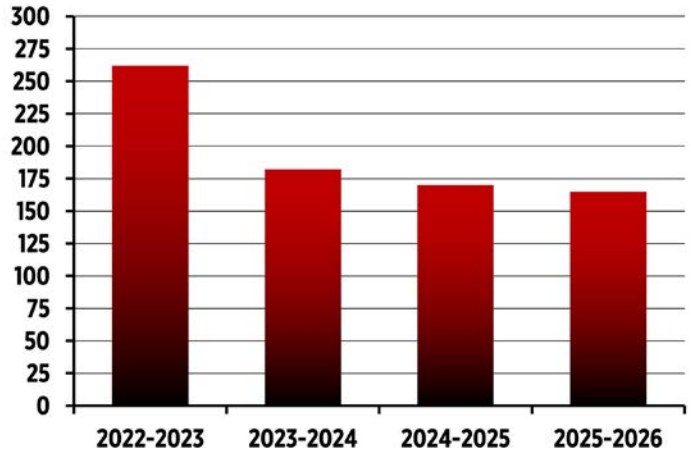
U.S. Corn Supply and Demand – WASDE April Millions of Bushels

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	13,651	15,341	14,892	17,021
Supply Total	15,066	16,729	16,677	18,597
Ethanol	5,176	5,478	5,436	5,600
Exports	1,661	2,292	2,650	3,300
Feed	5,487	5,805	5,466	6,200
Total Use	13,706	14,966	15,145	16,470
Ending Inventory	1,360	1,763	1,532	2,127
Farm Price	**$6.54**	**$4.55**	**$4.24**	**$4.15**

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



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

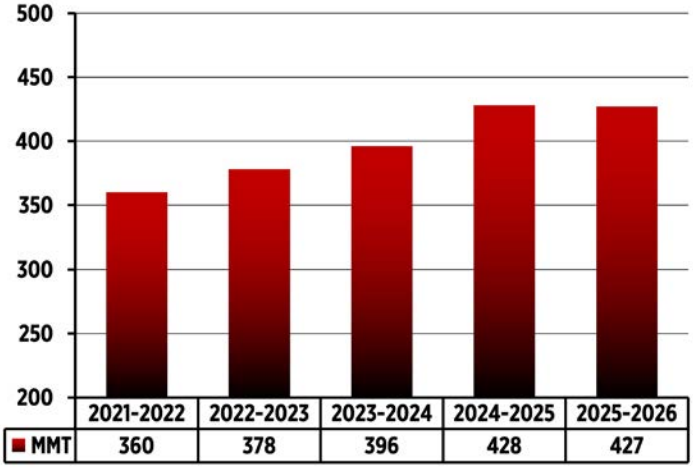


SOYBEANS

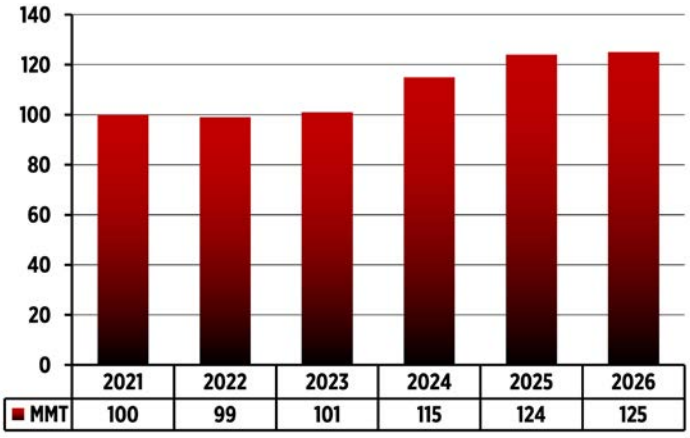
In contrast to corn, the US planted 6.1 million fewer acres of soybeans this crop year (2.6 million hectares). That would seem to have been bullish news for soybean prices. However, two factors reduced the impact. First, yields were higher in the US and second, South American production was sharply higher last crop year and again higher this crop year.

Increases in production in South America offset the lower production in the US. World production of soybeans dropped slightly this crop year and world ending inventory increased slightly. The near-term movement in the price of soybeans and soybean meal will depend on the final result of the South American harvest. Prices in the US will be affected by the willingness of China to import soybeans from the US.

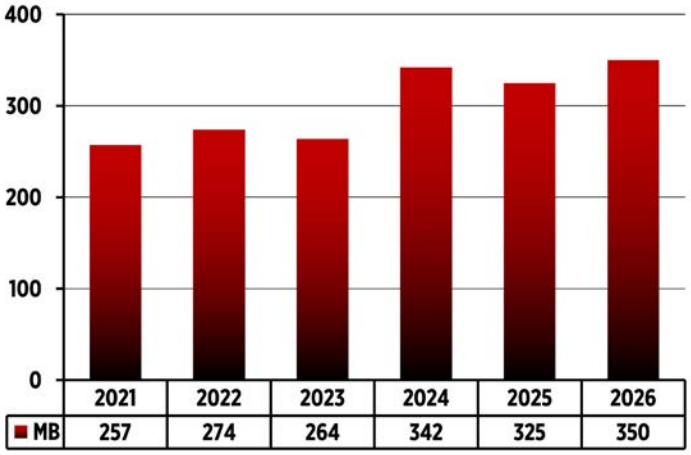
World Production of Soybeans Million Metric Tons – USDA



World Ending Stock of Soybeans in MMT – USDA



US Ending Stock of Soybeans in Millions of Bushels – USDA



Argentina Soybean Supply and Demand WASDE April – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	25	48	49	48
Imports	9	7	6	7
Exports Beans + Meal	25	32	34	37
Ending Inventory	18	24	25	23

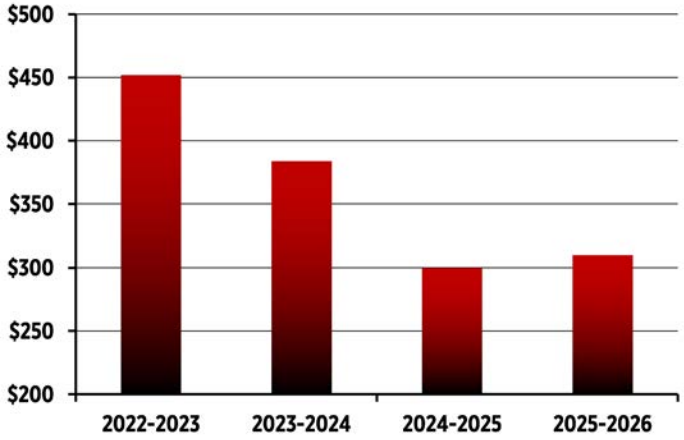
Brazil Soybean Supply and Demand WASDE April – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	162	153	169	180
Imports	1	1	1	1
Exports Beans + Meal	116	127	128	141
Ending Inventory	37	27	32	38

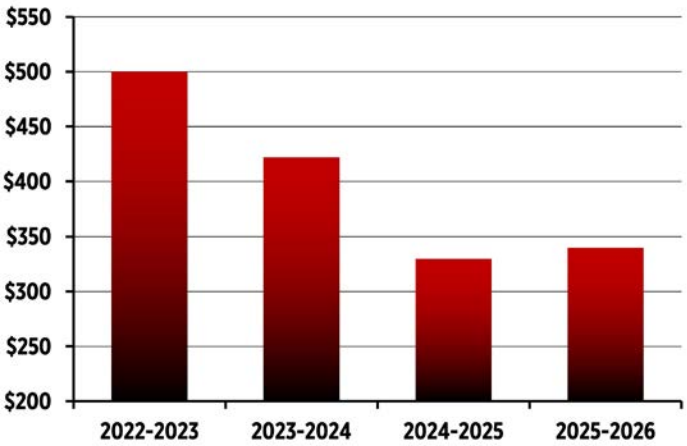
US Soybean Supply and Demand WASDE April – Million Metric Tons				
	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	116	113	119	116
Imports	1	1	1	1
Exports Beans + Meal	67	60	66	58
Ending Inventory	7	9	10	10

US Soybeans – USDA – WASDE April Millions of Bushels				
	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	4,270	4,162	4,374	4,262
Total Supply	4,569	4,447	4,746	4,616
Export	1,992	1,695	1,882	1,540
Total Use	4,305	4,105	4,429	4,262
Ending Stock Inventory	264	342	316	350
Meal Price short ton	**$452**	**$384**	**$300**	**$310**

Average US Crop Year Price of SBM Short Ton USDA



Average US Crop Year Price of SBM Metric Ton USDA

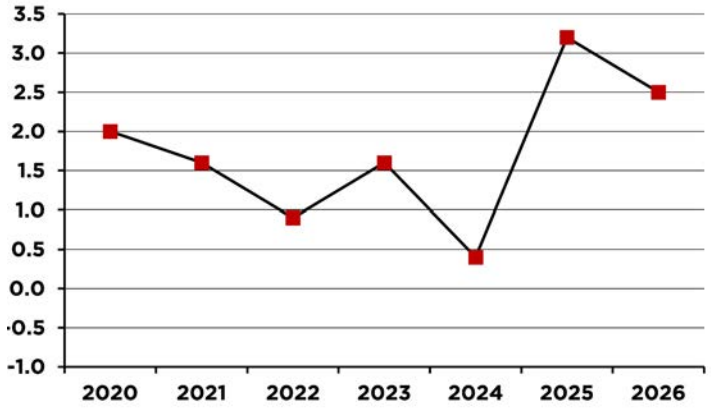


CHICKEN INDUSTRY

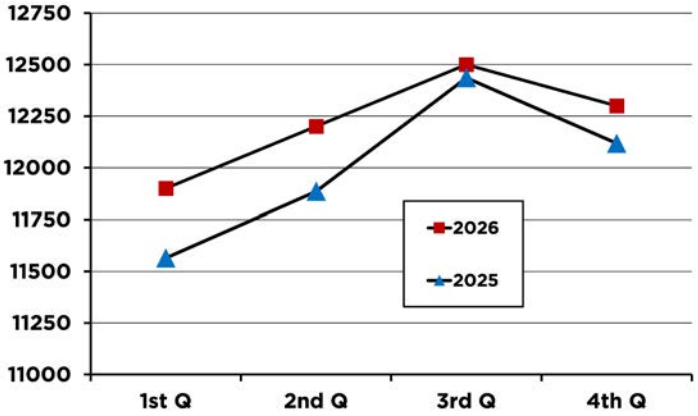
World chicken production surged last year and is projected to continue rising rapidly this year. Production rose 3.2% in 2025 and is expected to rise 2.5% this year according to the USDA Livestock and Poultry World Markets report. The biggest increase in production is coming from China. China has also surprisingly become a major chicken exporter surpassing Thailand this year. At the same time chicken imports by China have fallen.

In the US, chicken production is expected to grow 2.2% with much of the increase in the first half of the year. Prices are supported by relatively high red meat prices.

Increase in World Broiler Chicken Production in % – USDA

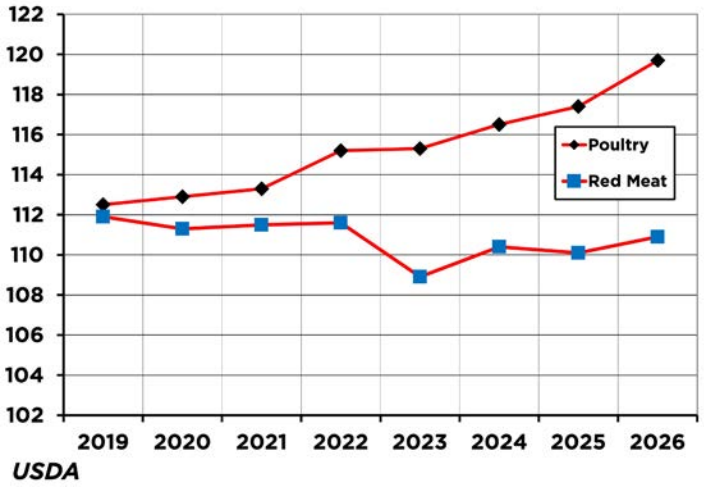


US Quarterly Broiler Production – Million Pounds – USDA



Poultry per capita consumption in the US continues to increase while consumption of red meat is stable. Between 2019 and 2026, red meat per capita consumption is flat while poultry consumption is projected to rise by 8 pounds (3.6 kilos).

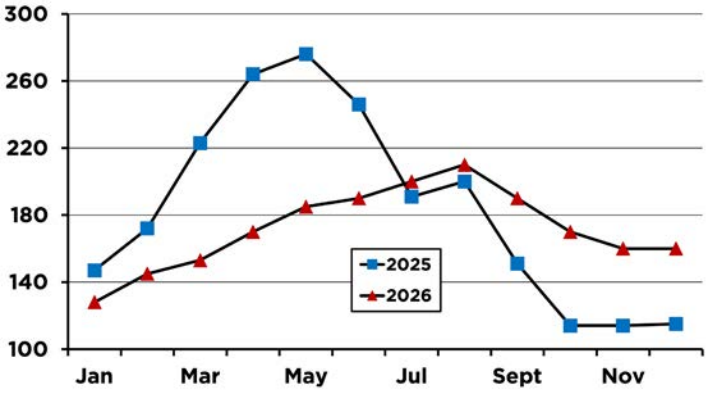
US Per Capita Consumption of Red Meat and Poultry lbs.



DEBONED BREAST

The spot price of deboned breast in the US rose remarkably fast in the first four months of 2025 and then fell starting in May. This year, prices are lower compared to last year at the beginning of the year and are likely to be higher at the end of the year. In other words, 2026 may show a seasonal price pattern that is more typical.

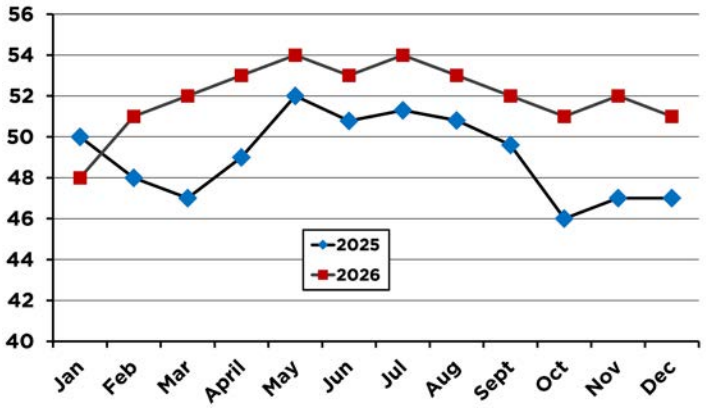
Breast B/S - 2025–2026 USDA – National Price – Cents/lb. – Future Months Estimated



FROZEN LEG QUARTERS FOR EXPORT

Total US exports are stable, neither growing or shrinking. The price of leg quarters this year looks like it will be slightly higher compared to last year.

Leg Quarter Price – 2025–2026 – Cents per Pound – USDA Frozen Bulk Export

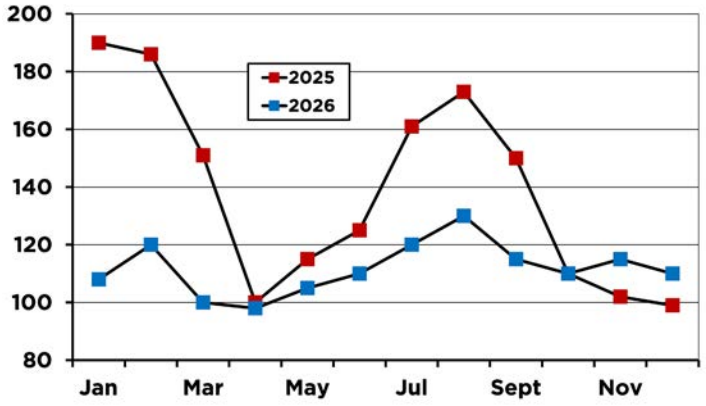


Price series started by USDA in October of 2022

WINGS

Similarly to deboned breast, wing prices this year are likely to experience a more "normal" year. They are starting off lower than the extremely high prices of early 2025 and are likely to end this year at a higher level than the extremely low prices of 2025. Wing prices are lower than last year in part due to lower exports to China.

Whole Wing Prices - 2025–2026 - USDA - National Price - Cents/lb - Future Months Estimated



When calculated using spot prices, and when selling commodity chicken parts (not value added or further processed) chicken production is currently profitable. The recent increase in the wholesale price for deboned breast is responsible for the current profitability.

U.S. Broiler Chicken Industry Profitability April US Measure	
Frozen Leg Quarters	$0.53 / pound
Deboned Breast	$1.70 / pound
Wings	$0.98 / pound
Chicago Corn	$4.40 / bushel
Soybean Meal	$332 / short ton
Total Wholesale Cost per pound	$1.00
Revenue per pound (spot price)	$1.09
Gain (Loss) per pound	**$0.09**

U.S. Broiler Chicken Industry Profitability April Metric Measure	
Frozen Leg Quarters	$1.17 / kilo
Deboned Breast	$3.74 / kilo
Wings	$2.16 / kilo
Chicago Corn	$173 / ton
Soybean Meal	$3654 / short ton
Total Wholesale Cost per kilo	$2.21
Revenue per kilo (spot price)	$2.40
Gain (Loss) per kilo	**$0.19**

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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.