

WARS AFFECT GRAIN AND ENERGY PRICES

The price of grain rose substantially at the beginning of the war in Ukraine in 2022 but then settled down as most shipments of grain left the Black Sea undisturbed. Unfortunately, grain carrying vessels are once again being attacked in the Black Sea and once again sending grain prices higher. Meanwhile, the persistent closure or semi closure of the Strait of Hormuz continues to increase the cost and availability of energy. Even after the Strait is opened it will take months or years to fully restore the export of oil and LNG.

The consequences of the wars extend beyond grain and 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 as well.

Although fertilizer prices have dropped since earlier in the year, they are still above levels of a year ago. Approximately a third of globally traded fertilizers are produced in the Persian Gulf region with Gulf countries dominating urea, ammonia and phosphate exports. Most affected is the crop being planted in the southern hemisphere this year. If fertilizer prices continue to be high for any length of time, the volume of grain produced will drop worldwide.

In addition to the problem of grain vessels being attacked and high fertilizer prices the temporary “El Niño” in the Pacific Ocean 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. All these clouds on the horizon are resulting in increasing grain prices with more increases surely to come. In the last month, corn prices rose 10%.

The price of soybean meal in the last few months has moved sideways with a lot of volatility. However, increases could come later this year. A huge harvest gathered in South America this year helps keep prices from rising.

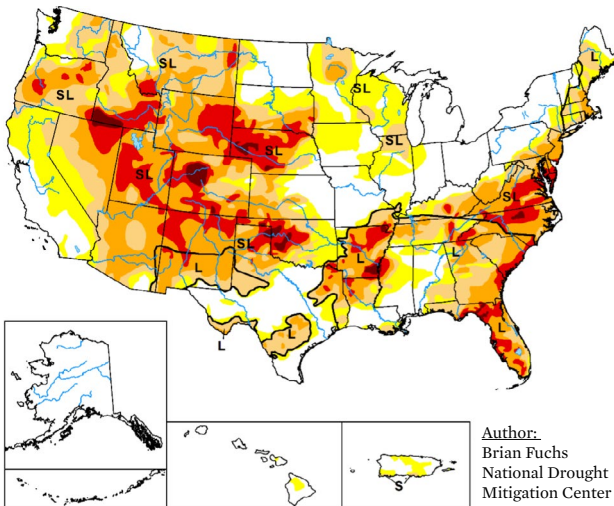
Although a large percentage of the US is in drought, most of the Corn Belt in the US is not in drought with the exception of the extreme western part of the Corn Belt. Conditions in South America are generally good.

U.S. DROUGHT MONITOR

June 9, 2026

(Released Thursday, Jun 11, 2026)

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

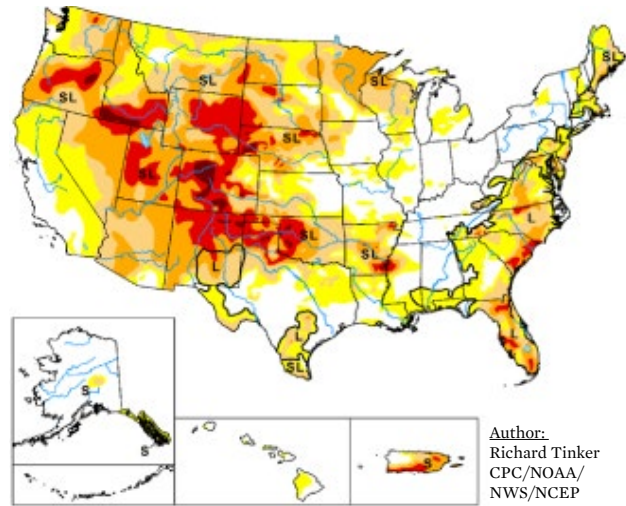
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary.

For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

August 11, 2026

(Released Thursday, Aug 13, 2026)

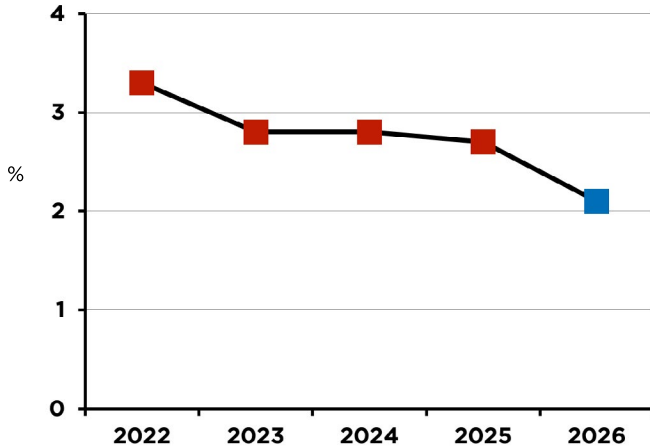
Valid 8 a.m. EDT



droughtmonitor.unl.edu

The world economy has been growing at about a 3% pace in the last few years. The conflict in the Middle East could reduce growth this year by an estimated 0.5%.

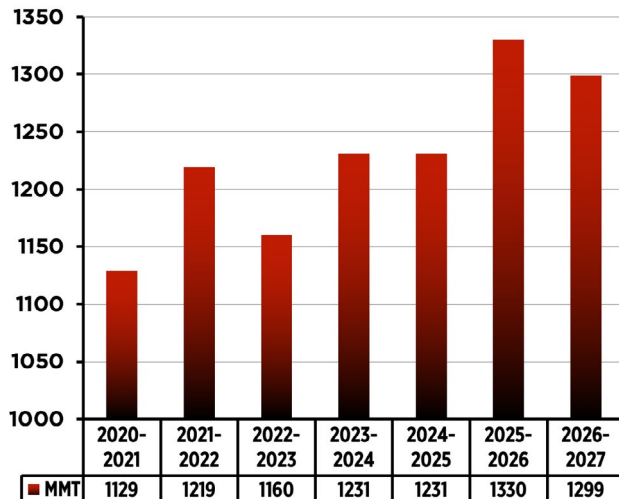
World Economic Growth World Bank Blue to 2025 - Estimated Reduction in 2026 Due to the War in the Middle East



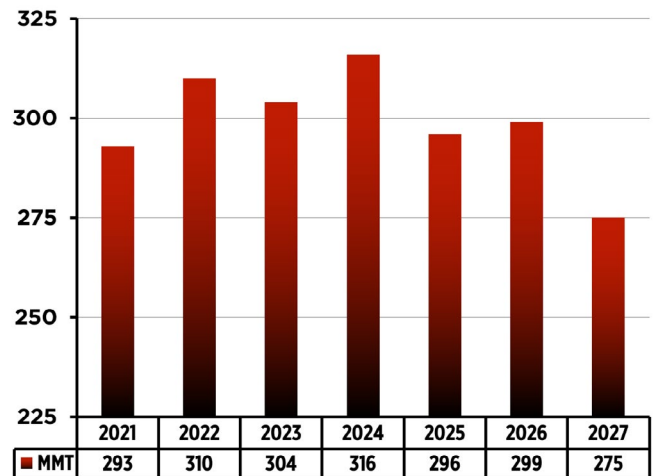
CORN

For the next crop year of 2026-2027, which starts on September 1st, the US planted 2 million fewer acres (0.8 million hectares) of corn, and the yield is projected to be 3% lower. The crop is therefore expected to be about 6% smaller in the US. World production is also expected to decline. As a result, ending inventories will fall and the price of corn is likely to be higher. All of this is before considering the effects of high fertilizer prices, disruptions caused by wars and the expected arrival of a powerful “El Niño”. Therefore, enjoy the current relatively low prices of corn while they last. A modest rise in the price of corn projected by the USDA for corn prices could well turn out to be too low.

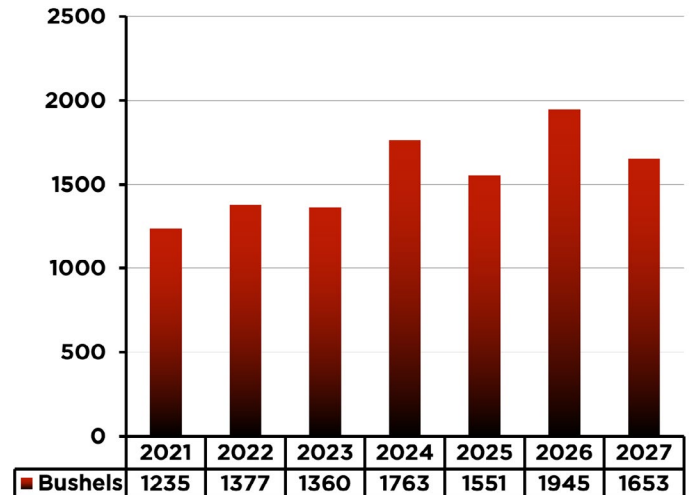
World Production of Corn Million Metric Tons - USDA



World Ending Stock of Corn Metric Tons - USDA



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



Argentina Corn Supply and Demand WASDE August – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	51	50	52	55
Imports	0	0	0	0
Exports	36	35	37	38
Ending Inventory	3	3	5	4

Brazil Corn Supply and Demand WASDE August – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	119	130	132	139
Imports	1	1	1	2
Exports	38	43	43	44
Ending Inventory	8	6	6	10

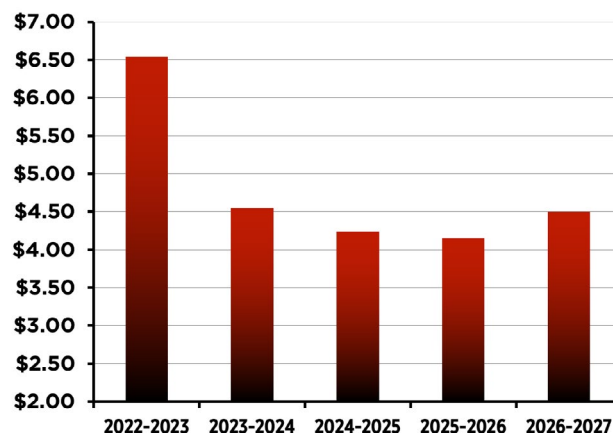
Ukraine Corn Supply and Demand WASDE August – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	32	27	31	31
Imports	0	0	0	0
Exports	29	22	22	22
Ending Inventory	2	1	3	5

China Corn Supply and Demand WASDE August – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	288	295	301	307
Imports	23	7	8	5
Exports	0	0	0	0
Ending Inventory	211	197	180	165

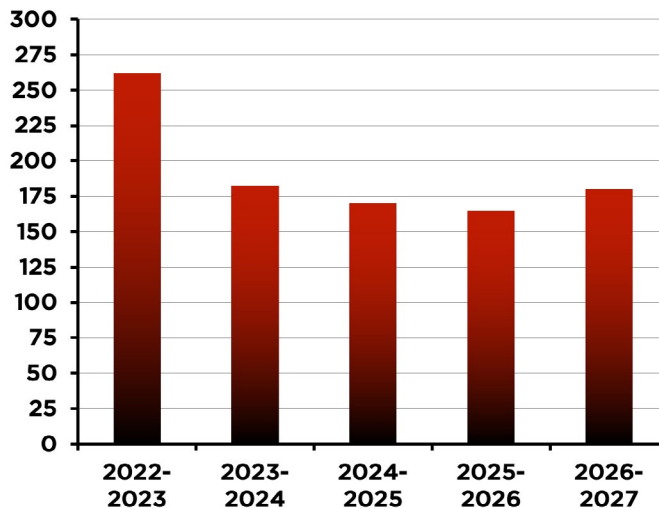
U.S. Corn Supply and Demand WASDE August – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	390	377	432	407
Imports	1	1	1	1
Exports	58	67	84	83
Ending Inventory	44	35	54	41

U.S. Corn Supply and Demand – WASDE August Millions of Bushels				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	15,341	14,892	17,021	16,013
Supply Total	16,729	16,677	18,600	17,983
Ethanol	5,478	5,436	5,550	5,600
Exports	2,292	2,650	3,400	3,257
Feed	5,805	5,466	6,350	6,100
Total Use	14,966	15,145	16,655	16,205
Ending Inventory	1,763	1,551	1,945	1,653
Farm Price	\$4.55	\$4.24	\$4.15	\$4.50

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



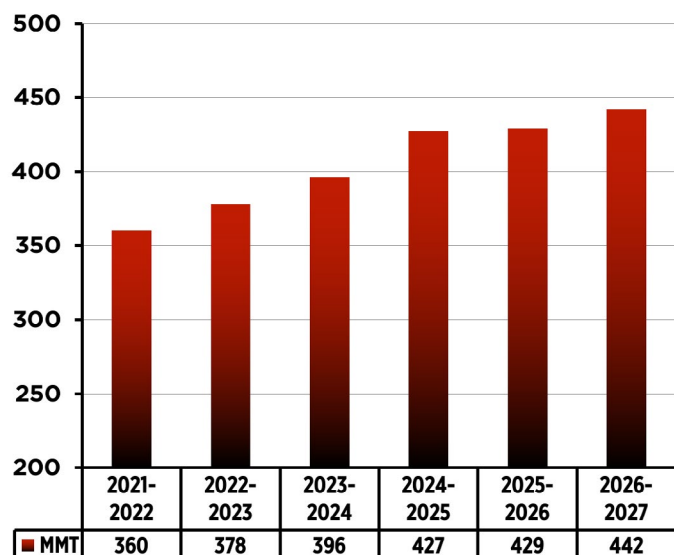
Average U.S. Farm Price of Corn
\$/Metric Ton USDA



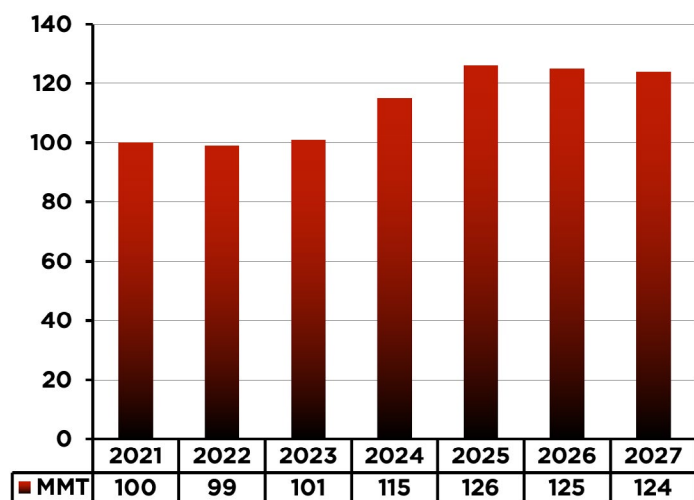
SOYBEANS

In contrast to corn, the US planted 5.6 million more acres of soybeans for crop year 2026-2027 (2.3 million more hectares). Total production is expected to be 5% higher. South America also had a robust harvest. Despite higher world production, soybean prices are not expected to fall due to robust demand. Ending stock in both the US and worldwide is flat. That would suggest a sideways movement in prices. However, geopolitical events and the El Niño weather pattern could change that outcome.

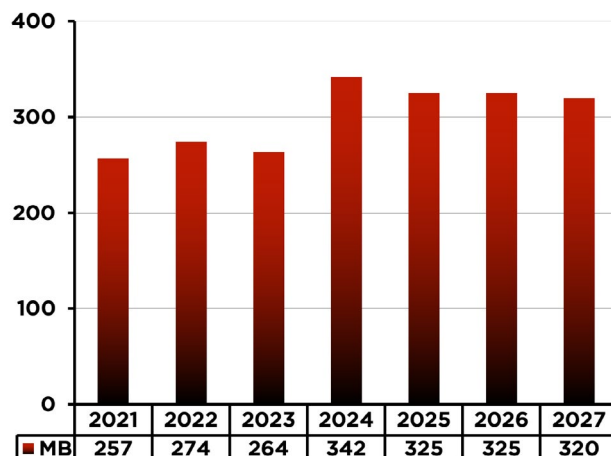
World Production of Soybeans Million Metric Tons – USDA



World Ending Stock of Soybeans in MMT – USDA



US Ending Stock of Soybeans in Millions of Bushels – USDA



Argentina Soybean Supply and Demand WASDE August – Million Metric Tons

	2023-2024	2024-2025	2025-2026	2026-2027
Harvest	48	49	48	50
Imports	7	6	7	7
Exports Beans + Meal	32	34	37	36
Ending Inventory	24	25	23	24

Brazil Soybean Supply and Demand WASDE August – Million Metric Tons

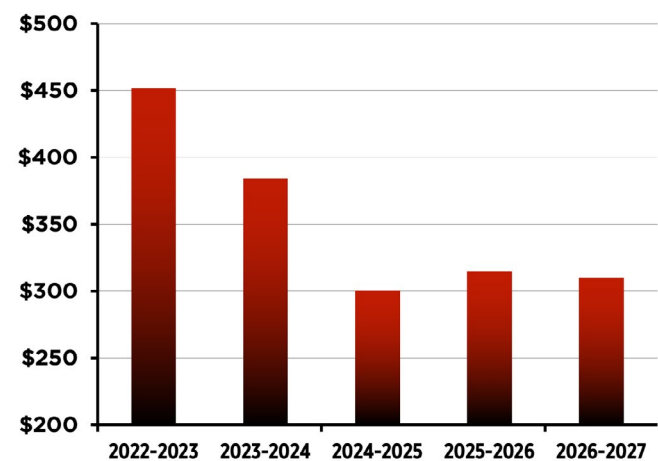
	2023-2024	2024-2025	2025-2026	2026-2027
Harvest	153	169	180	186
Imports	1	1	1	1
Exports Beans + Meal	127	128	141	145
Ending Inventory	27	32	38	37

US Soybean Supply and Demand WASDE August – Million Metric Tons

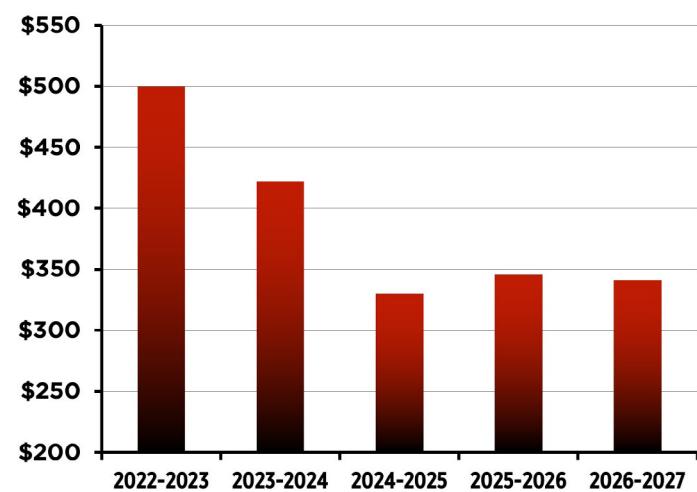
	2023-2024	2024-2025	2025-2026	2026-2027
Harvest	113	119	116	122
Imports	1	1	1	1
Exports Beans + Meal	60	66	58	65
Ending Inventory	9	10	10	8

US Soybeans – USDA – WASDE August Millions of Bushels				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	4,162	4,374	4,262	4,519
Total Supply	4,447	4,746	4,612	4,869
Export	1,695	1,882	1,540	1,660
Total Use	4,105	4,429	4,287	4,549
Ending Stock Inventory	342	325	325	320
Meal Price short ton	\$384	\$300	\$320	\$310

Average US Crop Year Price of
SBM Short Ton USDA



Average US Crop Year Price of
SBM Metric Ton USDA

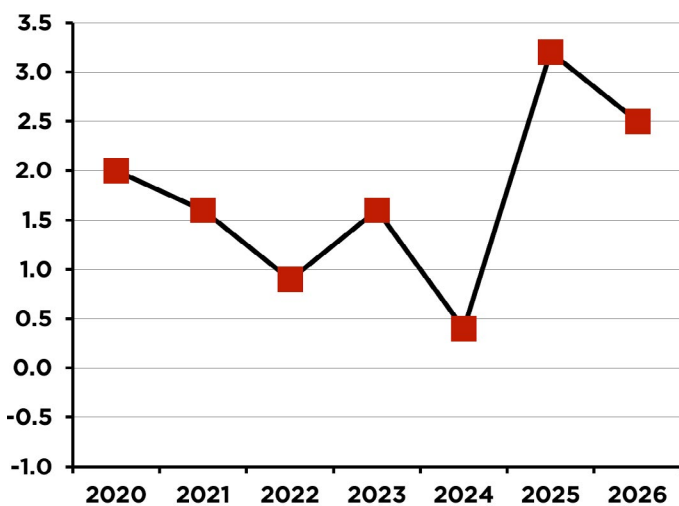


CHICKEN INDUSTRY

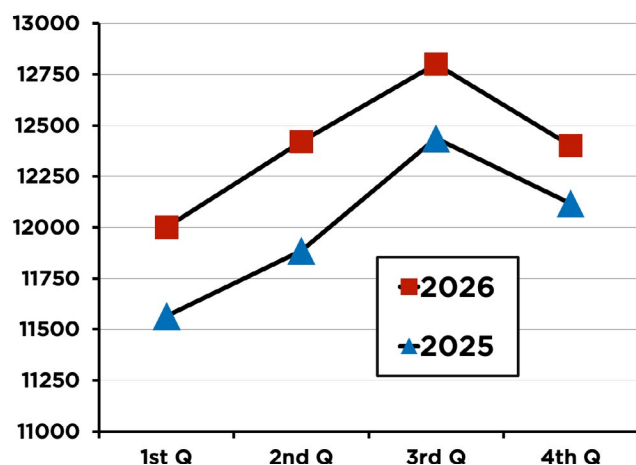
World chicken production increased last year and is expected to continue rising this year. Production rose 3.2% in 2025 and is expected to rise 2.5% this year according to the USDA Livestock and Poultry World Markets report. The biggest increase in production is coming from China. China has also become a major chicken exporter surpassing Thailand this year.

In the US, chicken production is expected to grow 3.4%. However, with falling exports, the domestic supply will increase by about 4%. That rapid increase in supply combined with weakness in pork and beef demand led to a significant drop in chicken prices. Prices are likely to fall further due to the normal seasonal decline later this year.

Increase in World Broiler Chicken Production in % - USDA

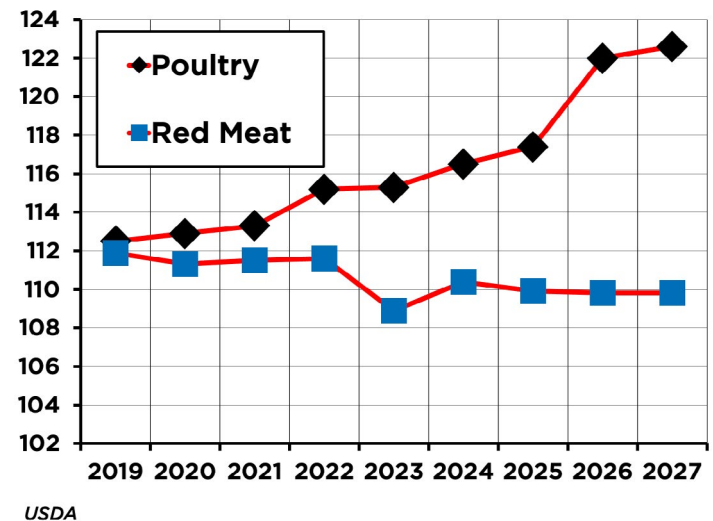


US Quarterly Broiler Production - Million Pounds - USDA



Poultry per capita consumption in the US continues to increase while consumption of red meat is stable. In the nearby chart note the sudden increase in the per capita consumption of poultry in 2026.

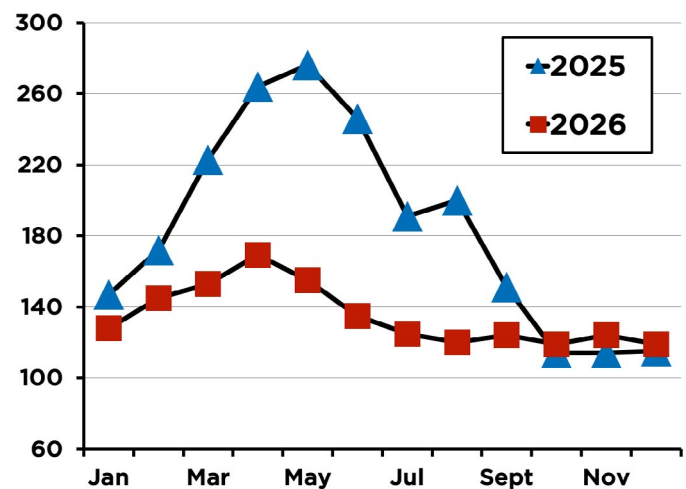
US Per Capita Consumption of Red Meat and Poultry lbs.



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 until the end of the year when they may be similar.

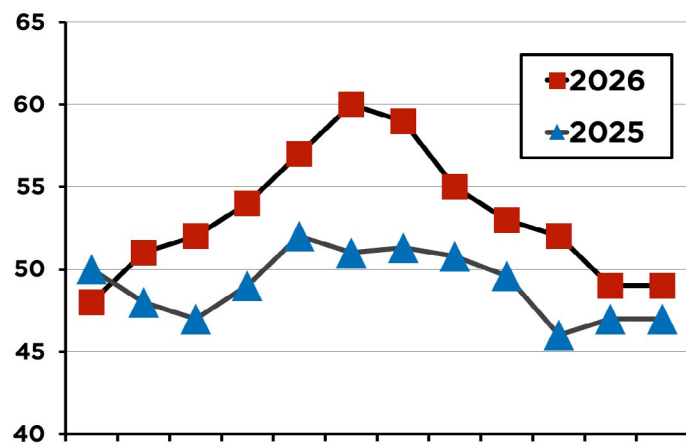
Breast B/S - 2025-2026 USDA - National Price - Cents/lb.



BULK LEG QUARTERS

The price of leg quarters is the one part of the chicken with a higher price this year. Although US exports fell this year, the price of leg quarters this year looks like it will be higher during the entire year compared to last year.

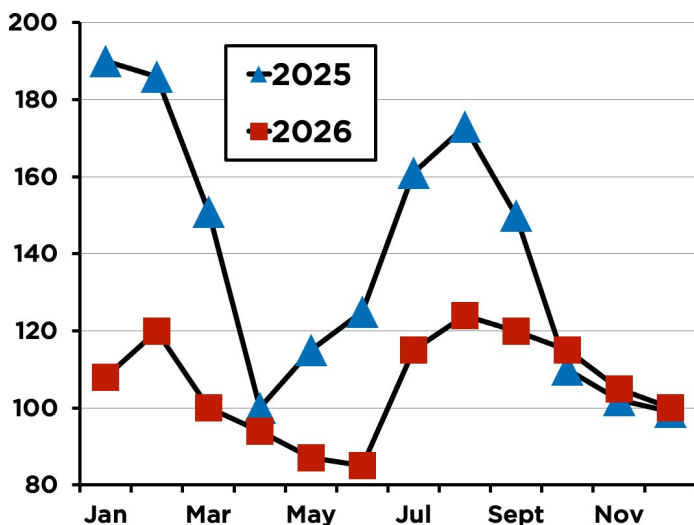
Bulk Leg Quarter Price — 2025-2026 - Cents per Pound — USDA



WINGS

Similarly to deboned breast, wing prices are lower this year. They started off lower than the extremely high prices of early 2025 and are likely to end this year at a similar price to last year. 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



When calculated using spot prices, and when selling commodity chicken parts (not value added or further processed) chicken production in the US is currently profitable. However, trends appear to be moving against the industry with lower chicken prices combined with higher grain prices.

U.S. Broiler Chicken Industry Profitability August US Measure

Frozen Leg Quarters	\$0.55 / pound
Deboned Breast	\$1.20 / pound
Wings	\$1.24 / pound
Chicago Corn	\$4.59 / bushel
Soybean Meal	\$309 / short ton
Total Wholesale Cost per pound	\$1.00
Revenue per pound (spot price)	\$1.01
Gain (Loss) per pound	\$0.01

U.S. Broiler Chicken Industry Profitability August Metric Measure

Frozen Leg Quarters	\$1.21 / kilo
Deboned Breast	\$2.64 / kilo
Wings	\$2.73 / kilo
Chicago Corn	\$180 / ton
Soybean Meal	\$340 / short ton
Total Wholesale Cost per kilo	\$2.20
Revenue per kilo (spot price)	\$2.22
Gain (Loss) per kilo	\$0.02

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.



Aviagen® and the Aviagen logo are trademarks of Aviagen in the US and other countries. All other brands and trademarks are the trademarks of their respective owners.

© 2026 Aviagen