

GRAIN PRICES CONTINUE TO BE FAVORABLE

Grain prices worldwide continue to be favorable for the poultry industry. A huge harvest last 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 enjoy a robust bear market in grain.

The benchmark price of corn in Chicago is now below \$5 per bushel (\$200 per ton) and is likely to stay low for the rest of the year as disappointing exports cause grain to pile up inside the US. Soybean meal is also a bargain due to the return of Argentina this year and the continued growth of total production in South America.

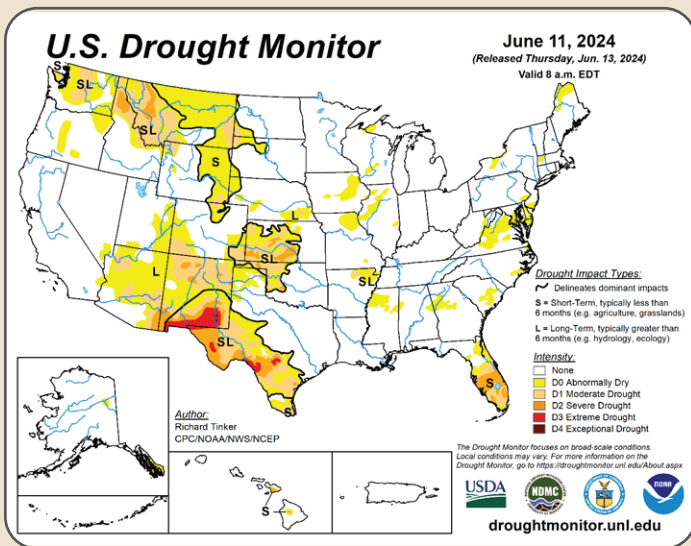
December 2024 Futures Corn Price in Chicago

Highest Price	\$6.05 bushel	\$240/metric ton
Price Now	\$4.73 bushel	\$188/metric ton

December 2024 Futures Soybean Meal Price

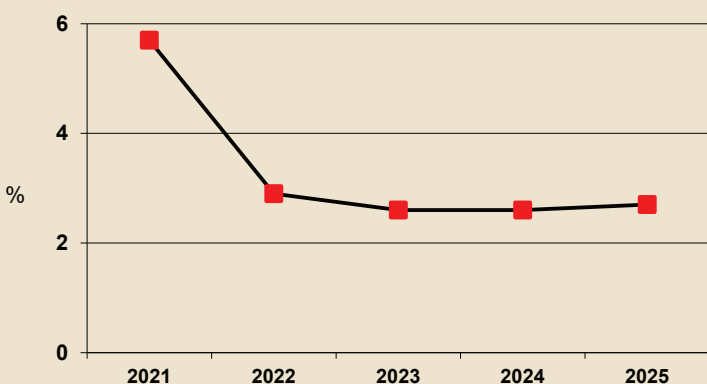
Highest Price	\$417/short ton	\$459/metric ton
Price Now	\$353/short ton	\$388/metric ton

Prices could, of course, reverse direction if there is a drought in one or more of the important growing areas. It is too early to be sure about this year, but the US drought monitor below shows the Corn Belt in excellent shape. Overall, in South America conditions are favorable.



How long will the bear market in grain 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.

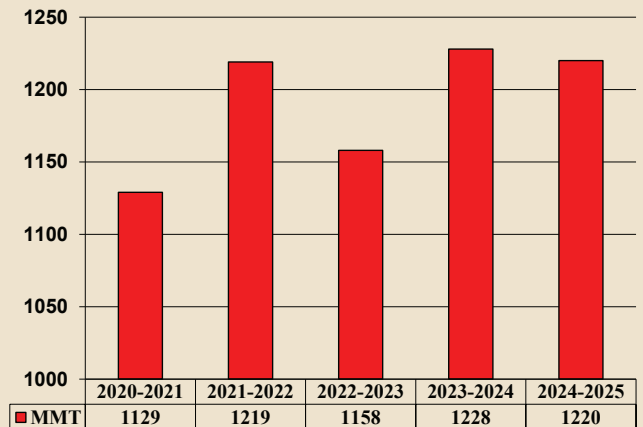
World Economic Growth - World Bank



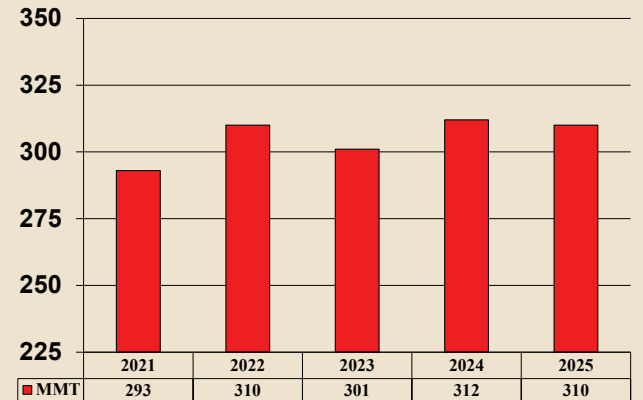
Corn

The latest WASDE report projects that world corn production will continue to be ample in crop year 2024-2025. With two crop years of higher production and higher ending inventory, prices can be expected to continue falling. 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 \$4.40 (\$176 per metric ton) is projected by the USDA.

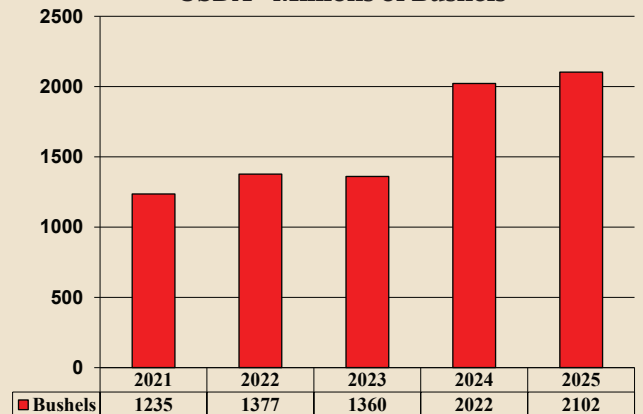
World Production of Corn USDA - Million Metric Tons



World Ending Stock of Corn USDA - Metric Tons



US Ending Stock of Corn USDA - Millions of Bushels



**Argentina Corn Supply and Demand
WASDE June - Million Metric Tons**

	2021-22	2022-23	2023-24	2024-25
Harvest	50	35	53	51
Imports	0	0	0	0
Exports	36	24	38	36
Ending Inventory	1	1	1	2

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

	2021-22	2022-23	2023-24	2024-25
Harvest	42	27	31	27
Imports	0	0	0	0
Exports	27	27	26	24
Ending Inventory	5	2	3	2

**China Corn Supply and Demand
WASDE June - 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

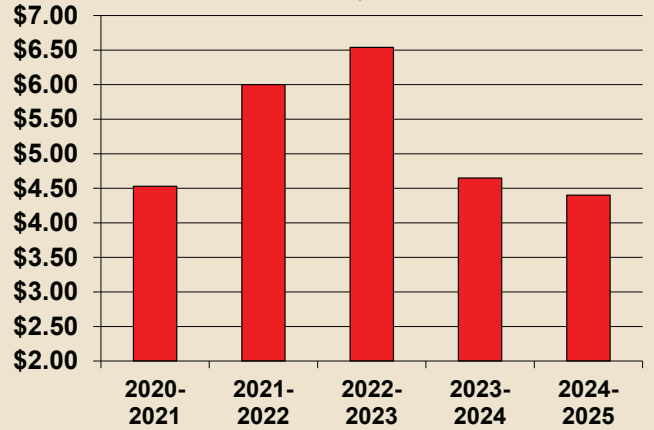
**US Corn Supply and Demand
WASDE June - Million Metric Tons**

	2021-22	2022-23	2023-24	2024-25
Harvest	381	346	390	377
Imports	1	1	1	1
Exports	62	42	54	56
Ending Inventory	35	34	51	53

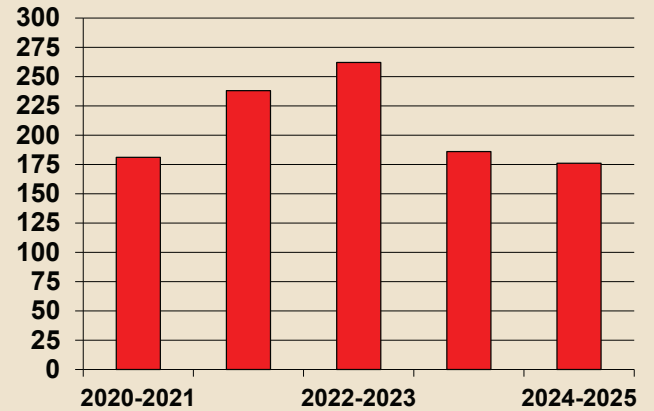
**US Corn Supply and Demand –
WASDE June Millions of Bushels**

	2022-23	2023-24	2024-25
Harvest	13,651	15,342	14,860
Supply Total	15,066	16,727	16,907
Ethanol	5,176	5,450	5,450
Exports	1,661	2,150	2,200
Feed	5,487	5,700	5,750
Total Use	13,706	14,705	14,805
Ending Inventory	1,360	2,022	2,102
Farm Price	\$6.54	\$4.65	\$4.40

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



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



Soybeans

Between crop year 2022-2023 and crop year 2024-2025 production in South America is expected to increase 36 MMT. The enormous capacity of Brazil to increase soybean production combined with the production of Argentina and Paraguay results in South America now representing 55% of world production. The exports of beans and meal from South America are 2.5 times as high as exports from the US. Continued rising production in South America means that the US benchmark price of soybean meal will average no more than \$380 in this current crop year (\$418 per metric ton) and is likely to drop to \$330 (\$363 per metric ton) next crop year.

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

	2021-22	2022-23	2023-24	2024-25
Harvest	44	25	50	51
Imports	3	9	6	6
Exports Beans + Meal	31	25	29	33
Ending Inventory	24	18	26	29

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

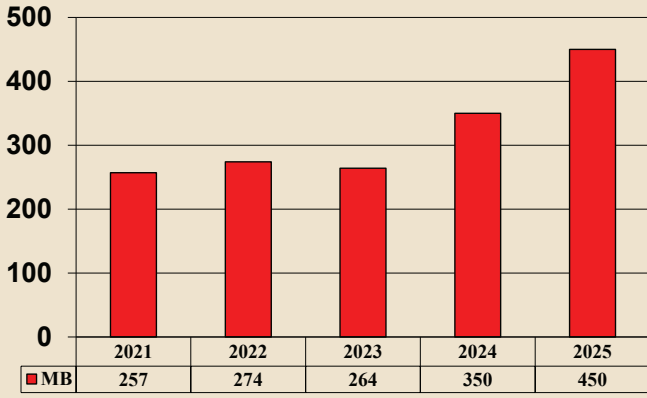
	2021-22	2022-23	2023-24	2024-25
Harvest	125	162	153	169
Imports	1	1	1	1
Exports Beans + Meal	100	116	124	126
Ending Inventory	21	37	33	36

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

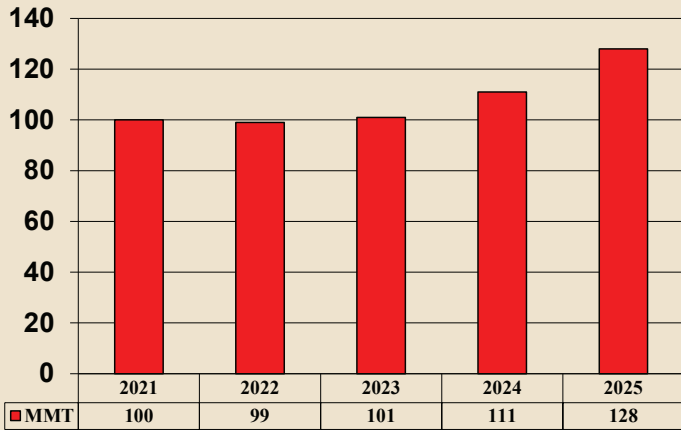
	2021-22	2022-23	2023-24	2024-25
Harvest	122	116	113	121
Imports	1	1	1	1
Exports Beans + Meal	70	67	61	66
Ending Inventory	7	7	9	12

As a result of much higher production in Argentina, world ending stocks will be higher this crop year. US ending stocks will be higher as well. Higher ending inventories are, of course, likely to lead to lower prices.

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



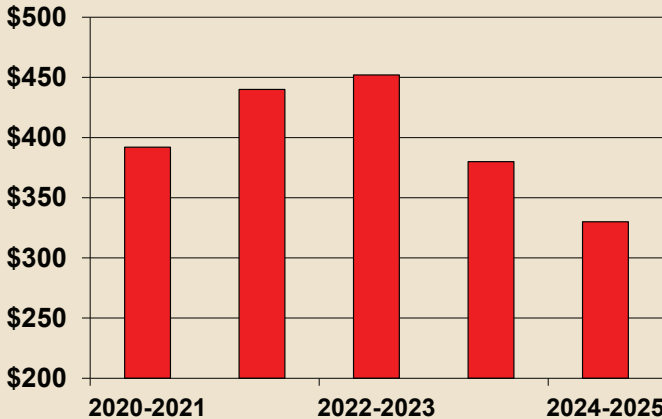
**World Ending Stock of Soybeans
USDA - Million Metric Tons**



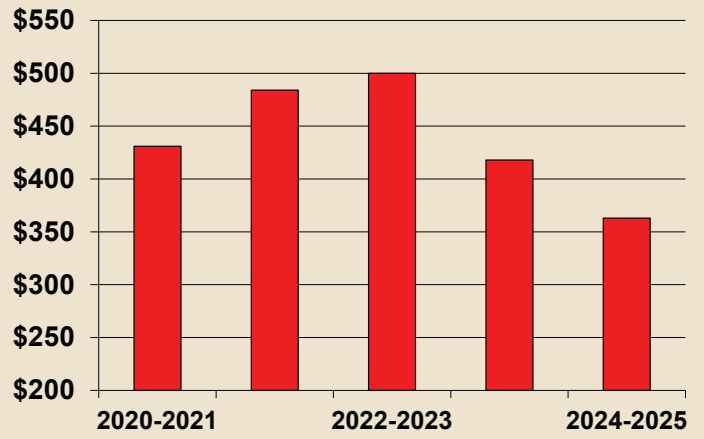
**US Soybeans - USDA - WASDE June
Millions of Bushels**

	2022-23	2023-24	2024-25
Harvest	4,270	4,165	4,450
Total Supply	4,569	4,454	4,815
Export	1,992	1,700	1,825
Total Use	4,305	4,104	4,360
Ending Stock Inventory	264	350	455
Meal Price short ton	\$452	\$380	\$330

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



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

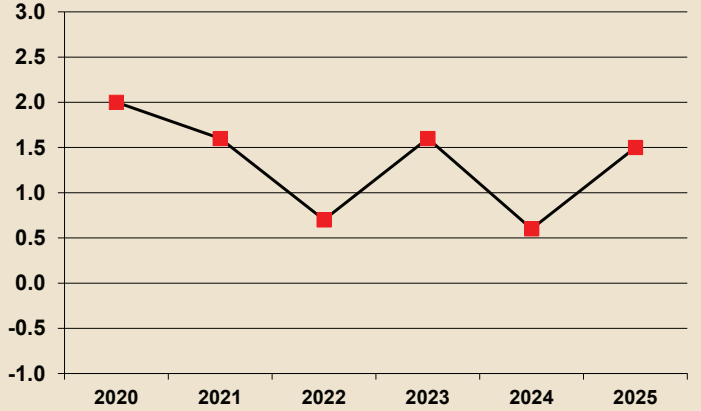


Chicken Industry

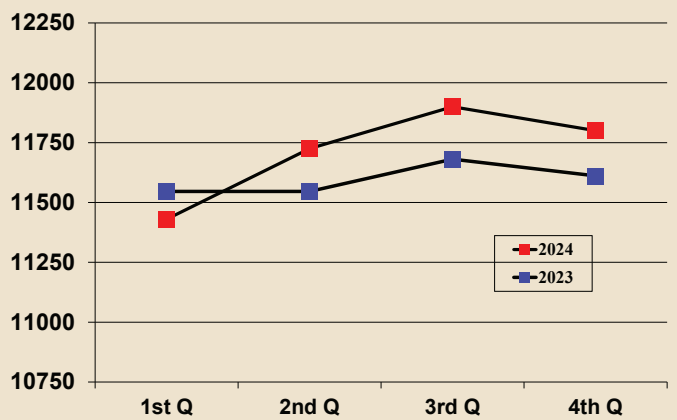
Slow growth in the world economy in the first half of this decade, in addition to high grain prices until recently, was reflected in the slow growth of world chicken production. Growth has averaged just over 1% recently. It is likely that growth will accelerate starting in 2025 and rise to an average of 2% for the last half of the decade.

Low prices in the US in 2023 led to an increase of only 0.4% last year. For 2024, the USDA predicts that growth will increase slightly to 1%.

**Increase in World Broiler Chicken Production
USDA to 2024 - %**

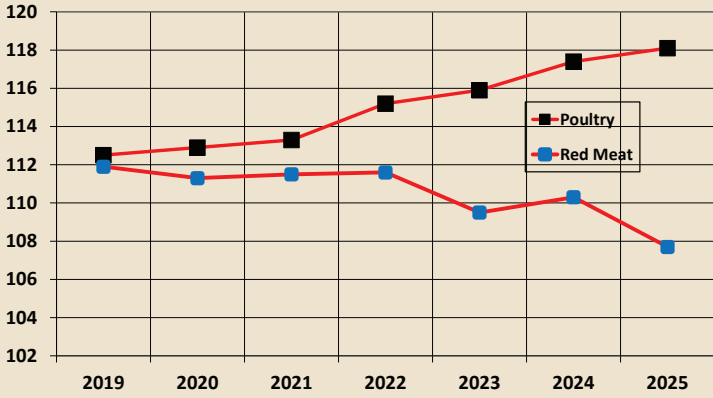


**US Quarterly Broiler Production
USDA - Million Pounds**



Poultry per capita consumption in the US has been stealing market share from red meat. Between 2021 and 2025, red meat per capita consumption fell by 4 pounds (1.8 kilos) while poultry consumption rose by the same amount. It is interesting to note that total meat consumption stayed the same between 2021 and 2025. Current trends would seem to indicate that future growth in total meat consumption per capita in the US might be minimal and therefore there will a zero-sum game rivalry between red meat and poultry.

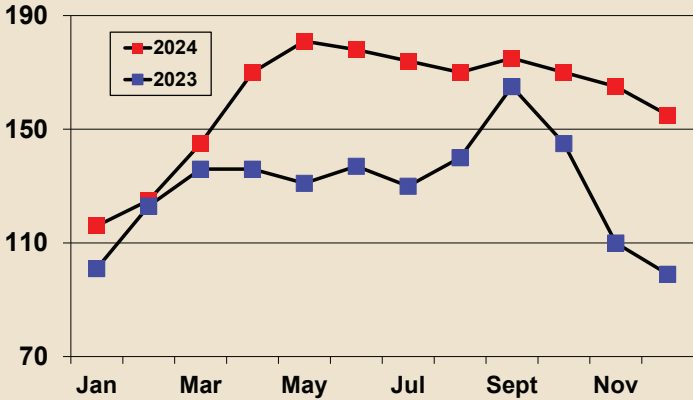
**US Per Capita Consumption of Red Meat and Poultry
USDA- lbs**



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. For example, the all-fresh retail price of beef was a record \$7.69 per pound in May. 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.

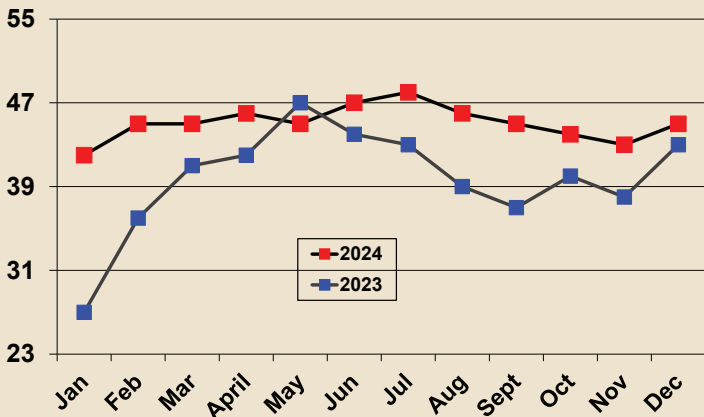
**Breast B/S - 2023-2024
USDA - National Price - Cents/lb
Future Months Estimated**



Frozen Leg Quarters for Export

Spot prices for frozen leg quarters are slightly higher than last year and can be expected to continue to be slightly higher. Trade issues and the strong dollar are reducing the potential price of leg quarters.

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

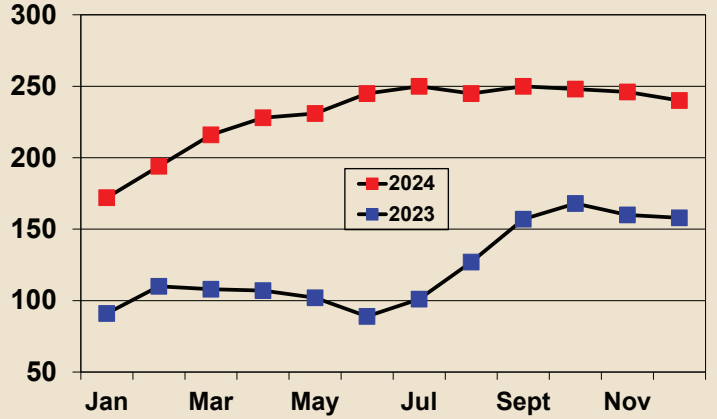


*Price series started by USDA in October of 2022

Wings

Wing prices are off to a remarkable start this year. The price is now \$1 per pound (\$2.50 per kilo), more than double the price last year at this time. Wing prices can be expected to remain high in line with higher deboned breast prices.

**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
June US Measure**

Frozen Leg Quarters	\$0.47/pound
Deboned Breast	\$1.75/lb
Wings	\$2.40/pound
Chicago Corn	\$4.48/bushel
Soybean Meal	\$368/Short Ton
Total Wholesale Cost per pound	\$1.02
Revenue per pound (spot price)	\$1.18
Gain (Loss) per pound	\$0.16

**US Broiler Chicken Industry Profitability
June Metric Measure**

Frozen Leg Quarters	\$1.03/kilo
Deboned Breast	\$3.85/kilo
Wings	\$5.28/kilo
Chicago Corn	\$176/ton
Soybean Meal	\$405/ton
Total Wholesale	\$2.25/kilo
Revenue per kilo (spot price)	\$2.60
Gain (Loss) per kilo	\$0.35

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