

## STRAIT OF HORMUZ UNCERTAINTY

Many observers expected the conflict with Iran to have been over by now. Alas, the conflict and the resulting closure of the Strait of Hormuz continue as of the writing of this newsletter. The closure affects the world economy in general and agriculture specifically. The most obvious effect is the cost, and increasingly, the availability of energy. The longer the Strait remains closed, or semi 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. [Note – During the production of this newsletter, an MOU was signed between the US and Iran, which has allowed the Strait of Hormuz to begin reopening.]

The consequences of the Iran conflict extend 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 as well.

An important agriculture supply chain problem caused by the conflict is the price and availability 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. Although most farmers in the northern hemisphere purchased their fertilizer before the recent price hike, the cost of growing the crop that will be planted in the southern hemisphere later this year is most certainly affected and the northern hemisphere crop next year could also be

affected. If fertilizer prices continue to be high for any length of time, the volume of grain produced will drop worldwide and, consequently, the price of grain will rise.

That potential rise in the price of grain caused by high fertilizer prices is something that, should it come to pass, would be many months in the future. Also in the future, a potential disruption to the world production of grain due to “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.

Despite these clouds on the horizon, for now, the poultry industry is enjoying low and falling prices of grains and soybeans. In the last month, corn prices fell 20% in part due to good weather and in part due to high inventories of corn. A bull market in corn prices may not arrive until next crop year.

Soybean meal did not fall as much as corn but did fall sharply during May. There is a huge harvest being gathered in South America. Because of that large crop, soybean and soybean meal prices may end the crop year about where they are now. Like corn, the start of a significant bull market may come next crop year.

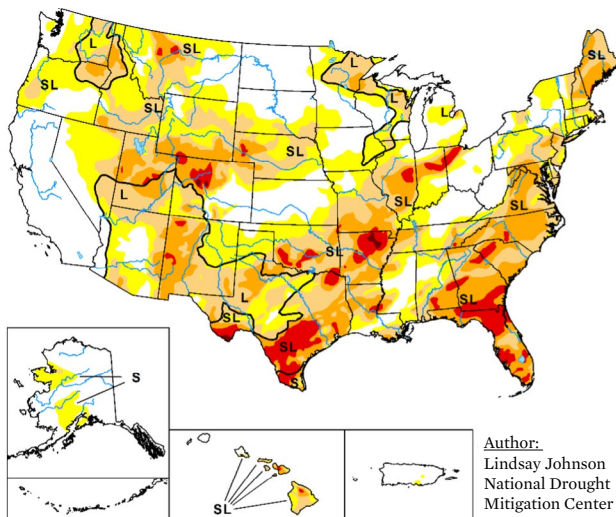
Although a large percentage of the US is in drought, the Corn Belt in the US is not in a drought. Conditions in South America are generally good.

## U.S. DROUGHT MONITOR

**February 10, 2026**

(Released Thursday, Feb 12, 2026)

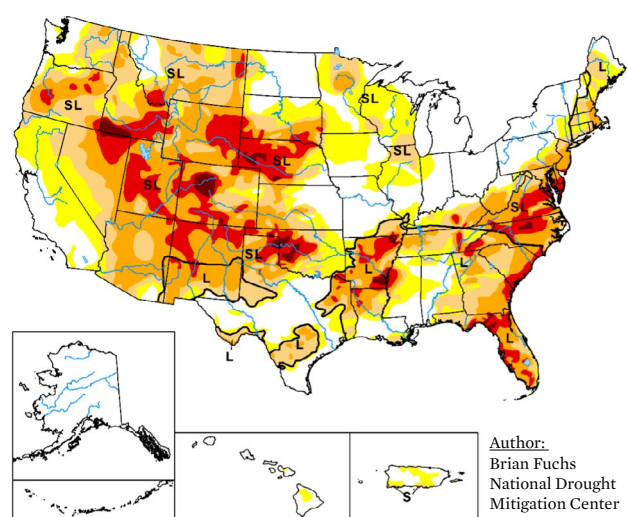
Valid 7 a.m. EST



**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:

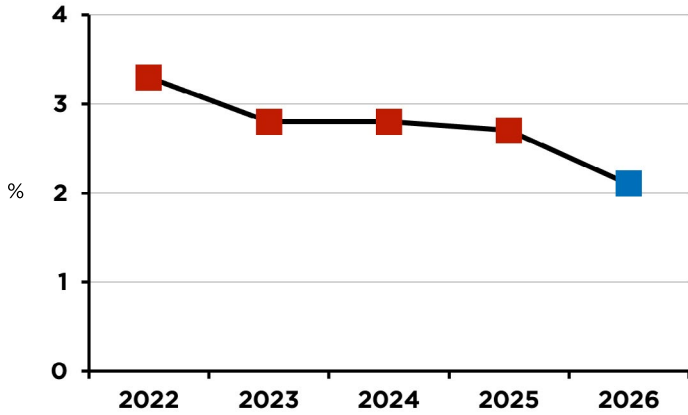
- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

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>



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 is Estimated



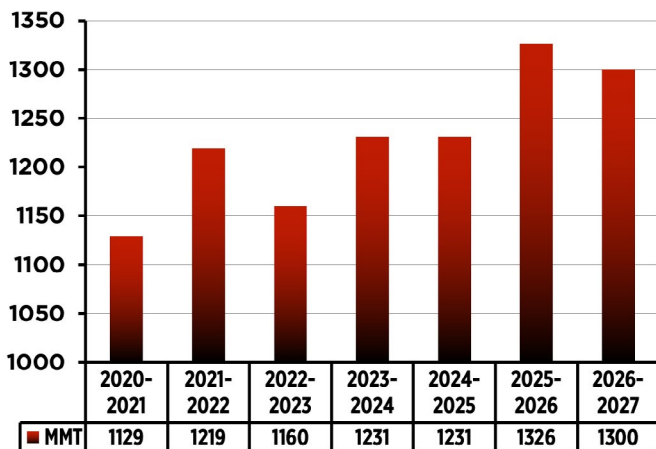
**CORN**

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. Total world production of corn increased as well. This big harvest is keeping corn prices low.

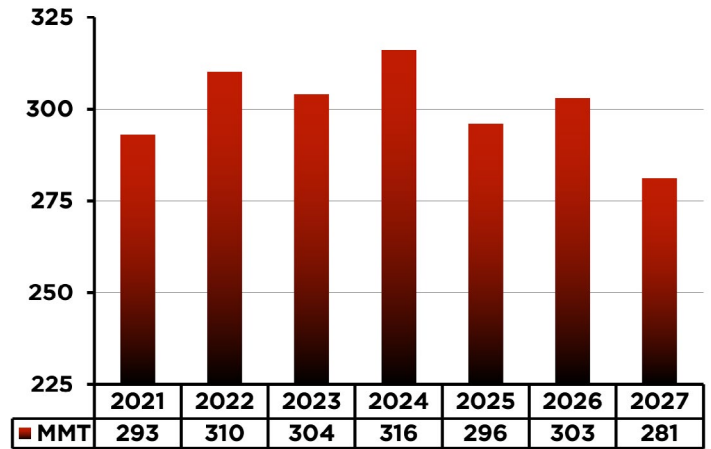
This happy situation for grain users may change in the next crop year (2026-2027).

The current crop is expected to be about 5% smaller in the US. World production is also expected to decline. As a result, ending inventories are expected to fall and the price of corn is likely to be higher next crop year. All of this is before considering the effects of high fertilizer prices and the expected arrival of a powerful “El Niño”. Therefore, enjoy the current relatively low prices of corn while they last.

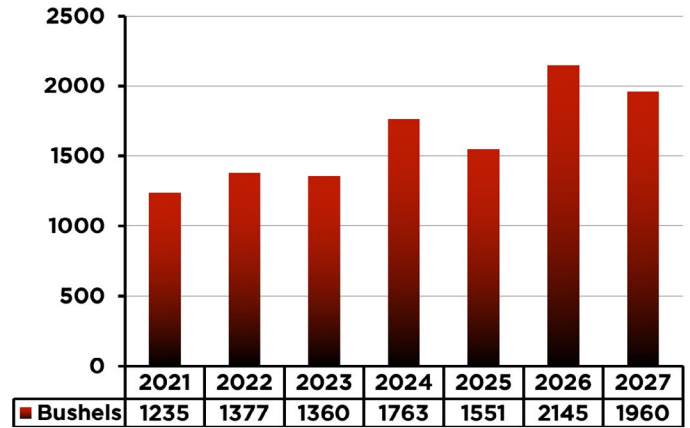
**World Production of Corn**  
Million Metric Tons - USDA



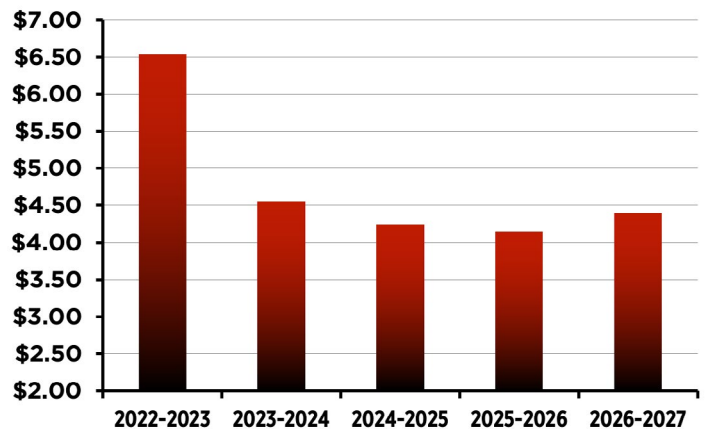
**World Ending Stock of Corn**  
Metric Tons - USDA



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



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



Argentina Corn Supply and Demand WASDE June – 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 June – 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	11

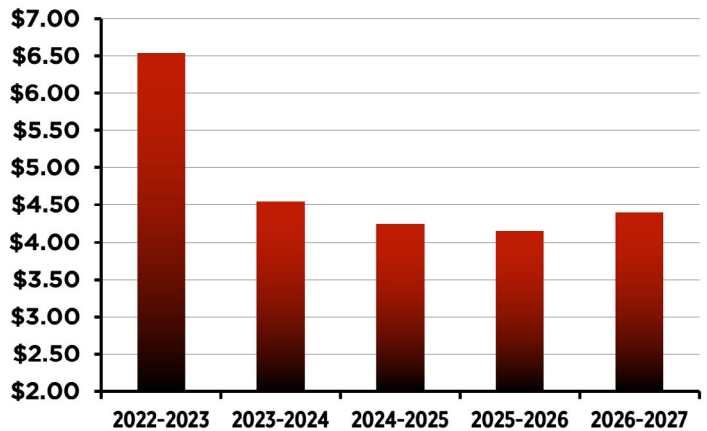
Ukraine Corn Supply and Demand WASDE June – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	32	27	31	30
Imports	0	0	0	0
Exports	29	22	22	23
Ending Inventory	2	1	3	2

China Corn Supply and Demand WASDE June – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	288	295	301	307
Imports	23	7	8	6
Exports	0	0	0	0
Ending Inventory	211	197	180	166

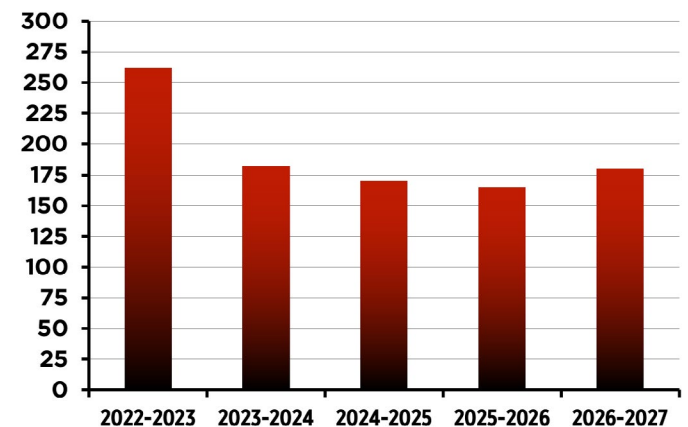
U.S. Corn Supply and Demand WASDE June – Million Metric Tons				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	390	377	432	406
Imports	1	1	1	1
Exports	58	67	84	80
Ending Inventory	44	35	54	50

U.S. Corn Supply and Demand – WASDE June Millions of Bushels				
	2023–2024	2024–2025	2025–2026	2026–2027
Harvest	15,341	14,892	17,021	15,995
Supply Total	16,729	16,677	18,600	18,165
Ethanol	5,478	5,436	5,575	5,600
Exports	2,292	2,650	3,325	3,150
Feed	5,805	5,466	6,200	6,100
Total Use	14,966	15,145	16,455	16,205
Ending Inventory	1,763	1,532	2,145	1,960
Farm Price	<b>\$4.55</b>	<b>\$4.24</b>	<b>\$4.15</b>	<b>\$4.40</b>

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



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

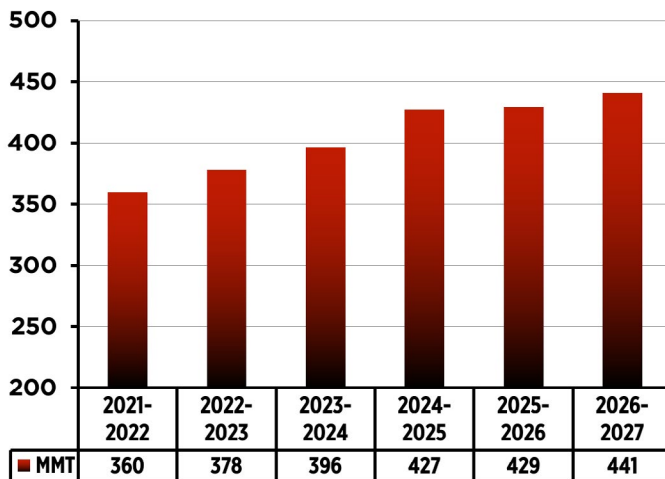


## SOYBEANS

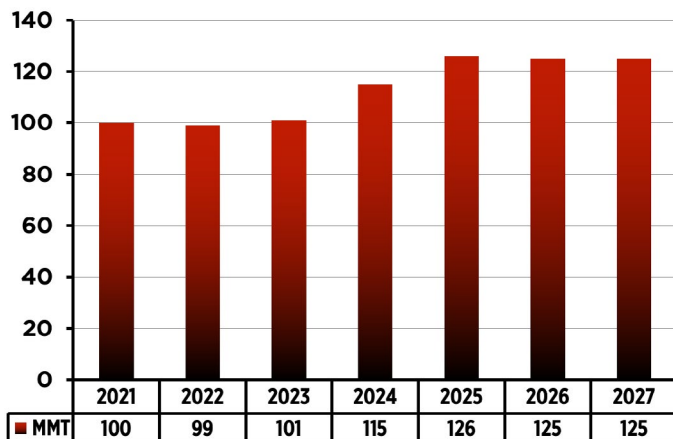
In contrast to corn, the US planted 6.1 million fewer acres of soybeans this crop year (2.6 million hectares). That would seem to have been bullish news for soybean prices. However, two factors reduced the impact. First, yields were higher in the US and second, South American production was higher.

Increases in production in South America offset lower production in the US. World production and inventory of soybeans remained about the same. The near-term decline in the price of soybeans and soybean meal is due to the huge harvest in South America. Looking forward to next crop year, South American production appears to be set to continue to rise and the world inventory is stable. That would suggest a sideways movement in prices. However, the El Niño weather pattern could change that outcome.

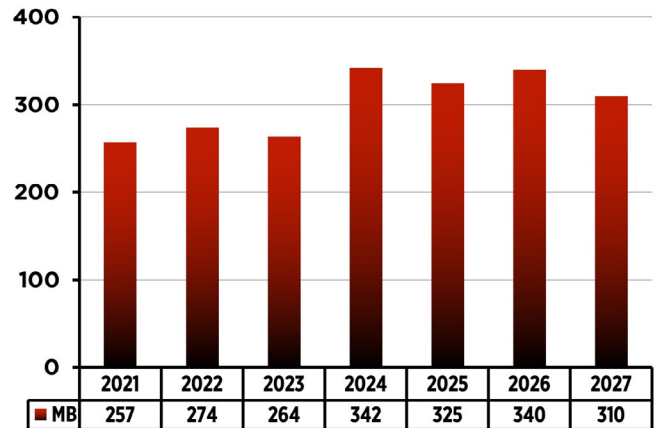
### World Production of Soybeans Million Metric Tons - USDA



### World Ending Stock of Soybeans in MMT - USDA



### US Ending Stock of Soybeans in Millions of Bushels - USDA



### Argentina Soybean Supply and Demand WASDE June - 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 June - 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

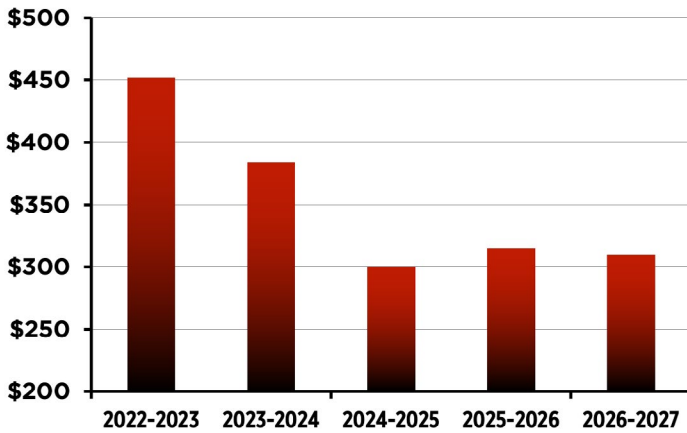
### US Soybean Supply and Demand WASDE June - Million Metric Tons

	2023-2024	2024-2025	2025-2026	2026-2027
Harvest	113	119	116	120
Imports	1	1	1	1
Exports Beans + Meal	60	66	58	64
Ending Inventory	9	10	10	8

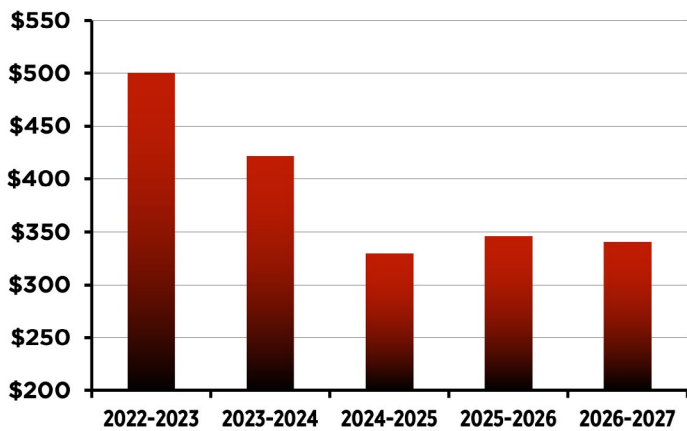
US Soybeans - USDA -  
WASDE June Millions of Bushels

	2023-2024	2024-2025	2025-2026	2026-2027
Harvest	4,162	4,374	4,262	4,435
Total Supply	4,447	4,746	4,612	4,800
Export	1,695	1,882	1,540	1,630
Total Use	4,105	4,429	4,262	4,490
Ending Stock Inventory	342	325	350	310
Meal Price short ton	<b>\$384</b>	<b>\$300</b>	<b>\$315</b>	<b>\$310</b>

Average US Crop Year Price of  
SBM Short Ton USDA



Average US Crop Year Price of  
SBM Metric Ton USDA

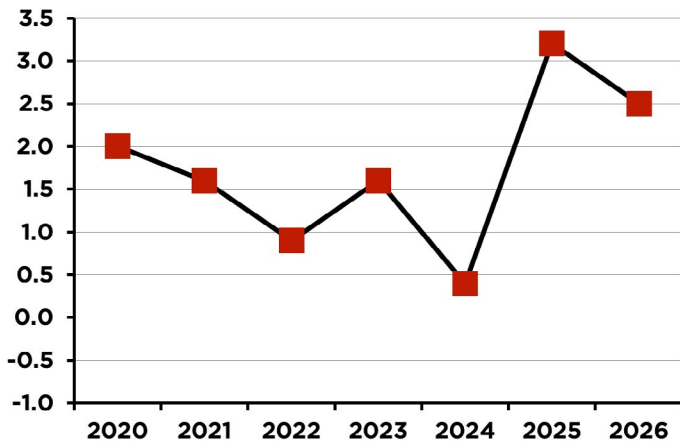


## CHICKEN INDUSTRY

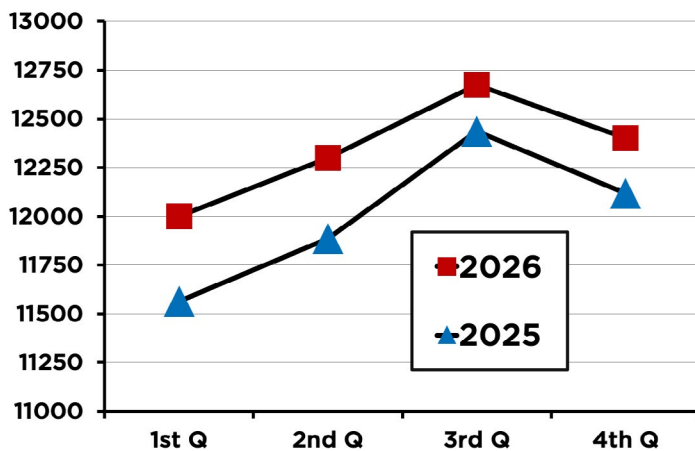
World chicken production increased last year and is projected to continue rising this year. Production rose 3.2% in 2025 and is expected to rise 2.5% this year according to the USDA Livestock and Poultry World Markets report. The biggest increase in production is coming from China. China has also surprisingly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

In the US, chicken production is expected to grow a robust 2.9% with more of the increase in the first half of the year. Increased production has moderated prices compared to last year.

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

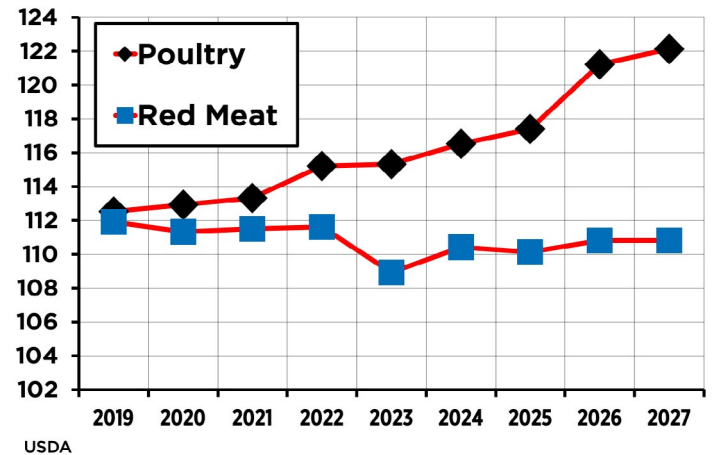


### US Quarterly Broiler Production - Million Pounds - USDA



Poultry per capita consumption in the US continues to increase while consumption of red meat is stable. Between 2019 and 2027, red meat per capita consumption is flat while poultry consumption is projected to rise by 10 pounds (4.5 kilos).

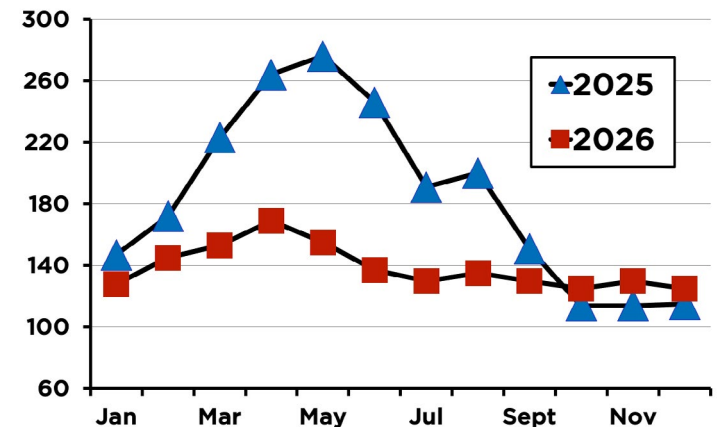
### US Per Capita Consumption of Red Meat and Poultry lbs.



### 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 similar to last year by the end of the year.

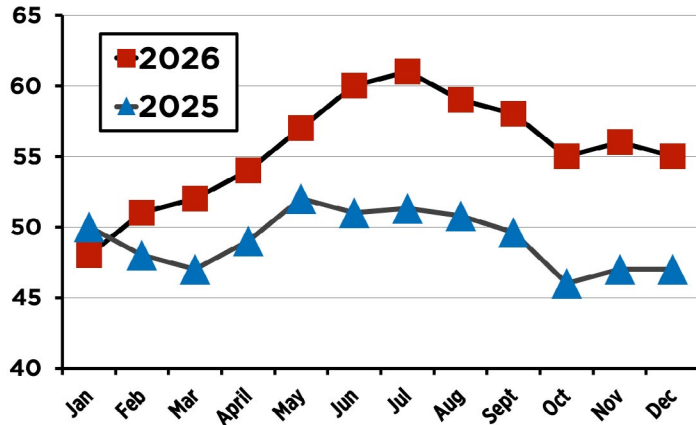
### Breast B/S - 2025-2026 USDA - National Price - Cents/lb. - Future Months Estimated



## BULK LEG QUARTERS

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

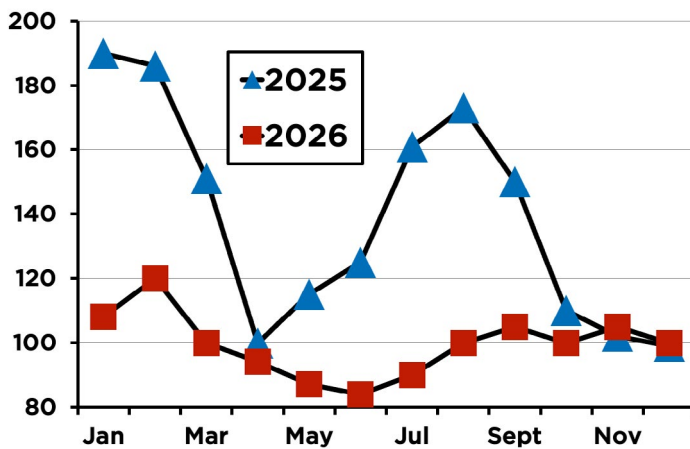
Bulk Leg Quarter Price - 2025-2026 - Cents per Pound - USDA



## 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. China is indicating that it might allow increased imports of US chicken later this year.

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 is currently profitable.

### U.S. Broiler Chicken Industry Profitability June US Measure

Frozen Leg Quarters	\$0.60 / pound
Deboned Breast	\$1.37 / pound
Wings	\$0.82 / pound
Chicago Corn	\$4.11 / bushel
Soybean Meal	\$301 / short ton
Total Wholesale Cost per pound	\$0.98
Revenue per pound (spot price)	\$1.03
Gain (Loss) per pound	<b>\$0.05</b>

### U.S. Broiler Chicken Industry Profitability June Metric Measure

Frozen Leg Quarters	\$1.32 / kilo
Deboned Breast	\$3.01 / kilo
Wings	\$1.80 / kilo
Chicago Corn	\$162 / ton
Soybean Meal	\$331 / short ton
Total Wholesale Cost per kilo	\$2.16
Revenue per kilo (spot price)	\$2.26
Gain (Loss) per kilo	<b>\$0.10</b>

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

**E-mail:** [PaulAho@PaulAho.com](mailto: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