

## ONGOING EFFECTS OF TARIFF AND POLICY ISSUES

This entire year is likely to see continued volatility in markets of all kinds as tariff and policy decisions made by the new US administration dominate the news. Some of those effects are starting to come into focus.

For example, US exports of soybeans to China have now come to a halt and may remain that way for a long time. In anticipation of lower exports to China, American farmers are expected to plant 3.6 million fewer acres of soybeans this year.

China is not an important importer of corn so the effect of the tariff war between China and the US will have little or no effect on corn. For corn, the most important international customer is Mexico. High tariffs have been imposed on Mexican steel, aluminum and automobiles.

So far, Mexico is continuing to import US corn without any change. The policy stance of the new administration toward ethanol and biodiesel, yet to be determined, could also have an effect on corn prices.

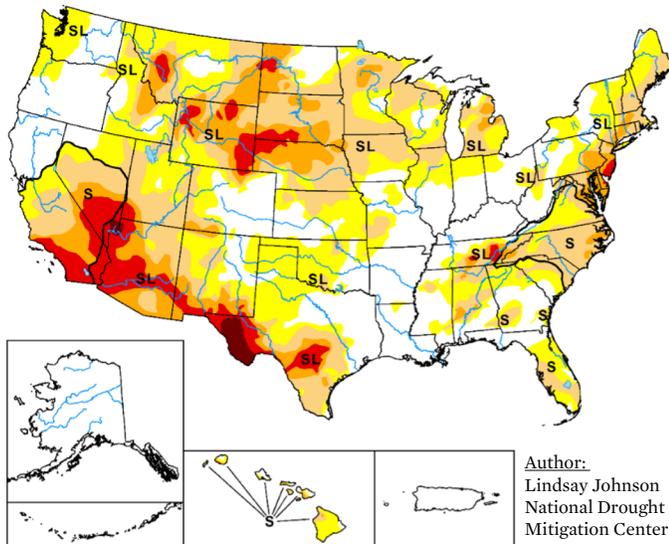
World markets for meat are also affected by the tariff war. It can be expected that US exports of chicken, pork and beef to China will either end completely or be sharply reduced this year.

Besides politics, another factor that influences grain production is, of course, the weather. The US drought monitor shows an improvement in the Western US Corn Belt from February to April this year. The harvest in South America turned out to be relatively normal despite some drought and floods at times.

## U.S. DROUGHT MONITOR

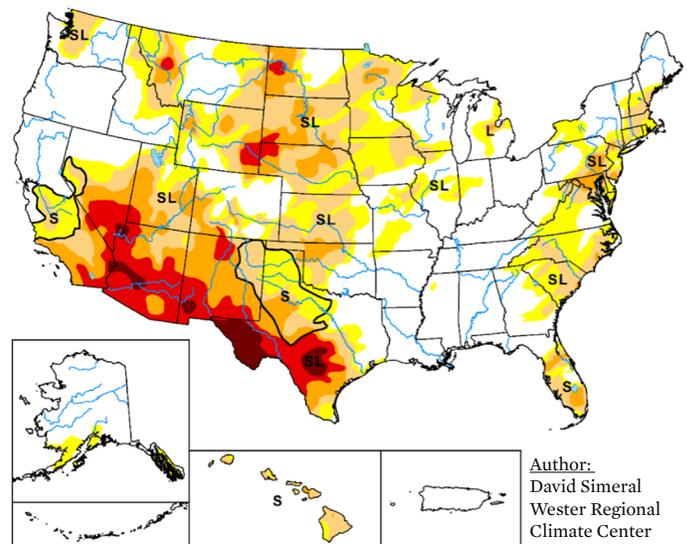
### February 4, 2025

(Released Thursday, Feb 6, 2024)  
Valid 7 a.m. EDT



### April 8, 2025

(Released Thursday, Apr 10, 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:

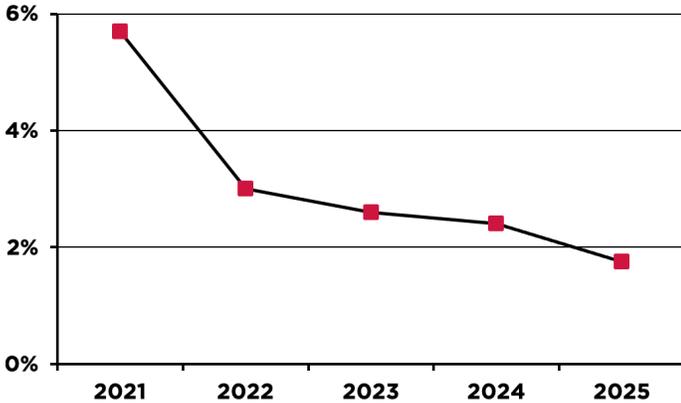
- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

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>



Since 2022 the global economy has been growing at a relatively slow pace. Given the current tariff war, growth may slow even further this year. Even a world recession is not out of the question. Making projections is particularly difficult this year but slower growth appears to be likely.

### World Economic Growth - World Bank

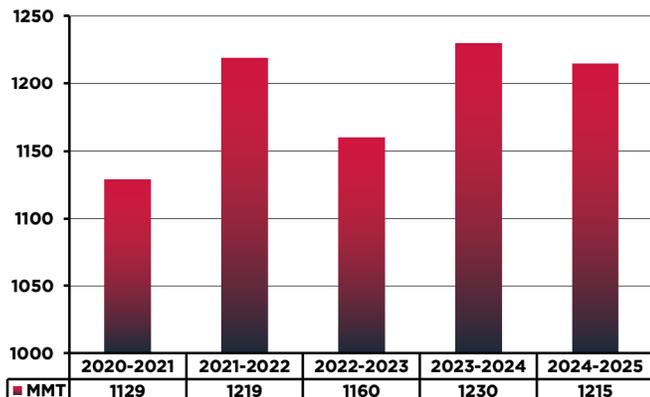


### CORN

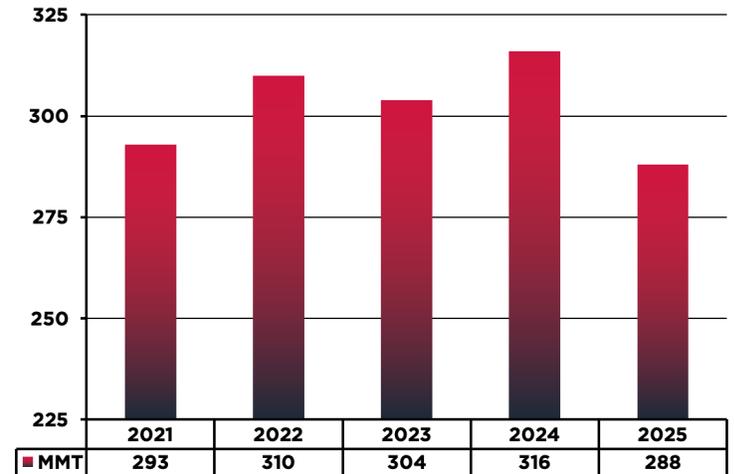
After corn prices reached a high of over \$5 per bushel (\$200 per ton) in February the market traded below that number in March and then returned to nearly \$5 in April. Projecting the price is especially difficult this year. In addition to the normal weather uncertainties, fundamental questions about the world economy and world trade are up in the air. Given the supply tightness of corn worldwide, the price can be expected to average at least \$5 per bushel (\$200 per metric ton) for the rest of this crop year.

It is expected that the US will plant an additional 4.7 million acres of corn this year (1.9 million hectares). If world production increases at the same time as the world economy slows, corn will fall below \$5 in the next crop year. In the futures market in Chicago the price for December 2026 is \$4.60 (\$184 per ton).

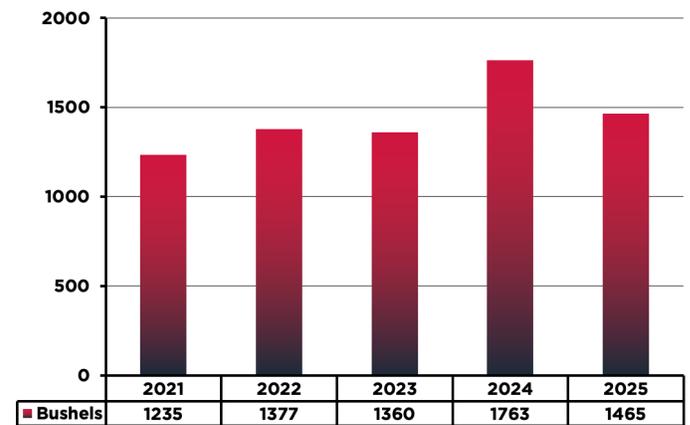
### World Production of Corn Million Metric Tons - USDA



### 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

	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	50	35	50	50*
Imports	0	0	0	0
Exports	36	24	32	36
Ending Inventory	1	1	4	3

\*The Rosario Board of Trade estimates only 46 MMT

### Brazil Corn Supply and Demand WASDE April - Million Metric Tons

	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	116	137	122	126*
Imports	2	1	1	1
Exports	47	56	46	44
Ending Inventory	4	10	6	3

\*CONAB estimates 122 MMT

### Ukraine Corn Supply and Demand WASDE April - Million Metric Tons

	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	42	27	32	26
Imports	0	0	0	0
Exports	27	27	29	22
Ending Inventory	5	2	2	1

### China Corn Supply and Demand WASDE - Million Metric Tons

	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	273	277	288	294
Imports	22	19	23	8
Exports	0	0	0	0
Ending Inventory	209	206	211	201

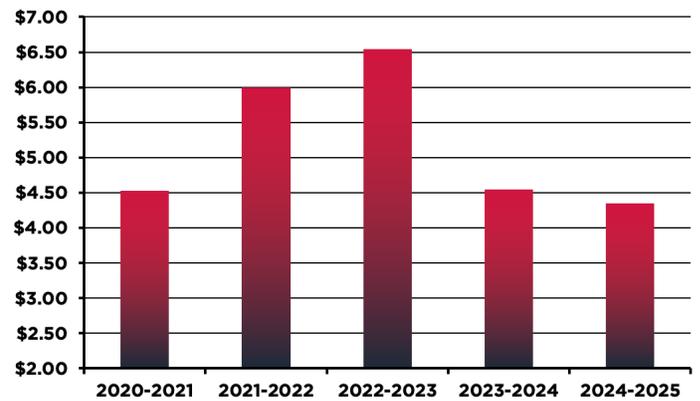
### U.S. Corn Supply and Demand WASDE April - Million Metric Tons

	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	381	346	390	377
Imports	1	1	1	1
Exports	62	42	58	64
Ending Inventory	35	34	44	37

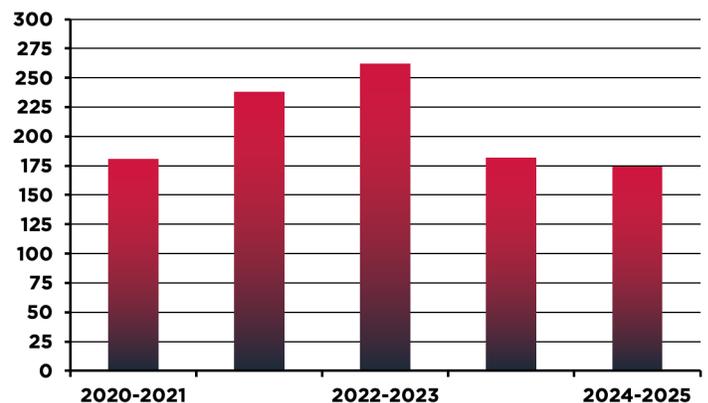
### U.S. Corn Supply and Demand - WASDE April Millions of Bushels

	2022-2023	2023-2024	2024-2025
Harvest	13,651	15,341	14,867
Supply Total	15,066	16,729	16,655
Ethanol	5,176	5,478	5,500
Exports	1,661	2,292	2,550
Feed	5,487	5,805	5,750
Total Use	13,706	14,966	15,190
Ending Inventory	1,360	1,763	1,465
Farm Price	\$6.54	\$4.55	\$4.35

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



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



## SOYBEANS

The export of soybeans from the US to its largest customer, China is likely to be halted for an extended amount of time. In part because of this reality, farmers in the US are planting 3.6 million fewer acres of soybeans (1.5 million hectares) this year. Despite fewer acres in the US, the expected increases in production in South America combined with the possibility of a weaker world economy could ultimately result in lower prices.

Despite these longer-term bearish signs, the price of soybean meal is experiencing a technical bounce after reaching an unusually low point this April. From \$285 per short ton (\$313 per metric ton) earlier this April prices returned to \$300 (\$330) and may remain in that neighborhood on average for the rest of this crop year before falling next crop year.

Argentina Soybean Supply and Demand WASDE April - Million Metric Tons				
	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	44	25	48	49*
Imports	3	9	7	6
Exports Beans + Meal	31	25	32	34
Ending Inventory	24	18	24	25

\*Rosario Board of Trade estimate 47.5

Brazil Soybean Supply and Demand WASDE April - Million Metric Tons				
	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	125	162	153	169 *
Imports	1	1	1	1
Exports Beans + Meal	100	116	127	128
Ending Inventory	21	37	27	31

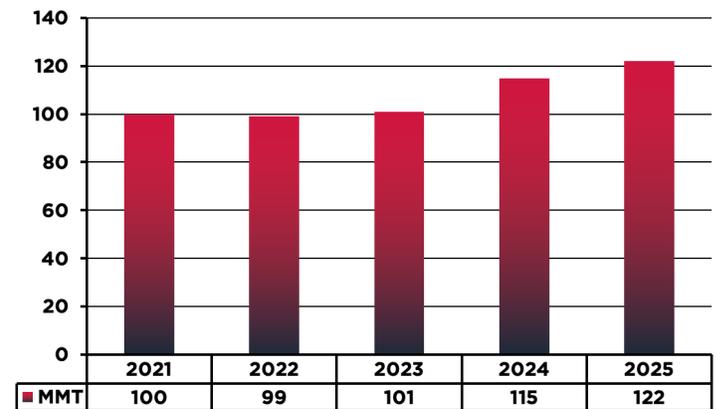
\*CONAB estimates 166 MMT

## U.S. Soybean Supply and Demand WASDE April - Million Metric Tons

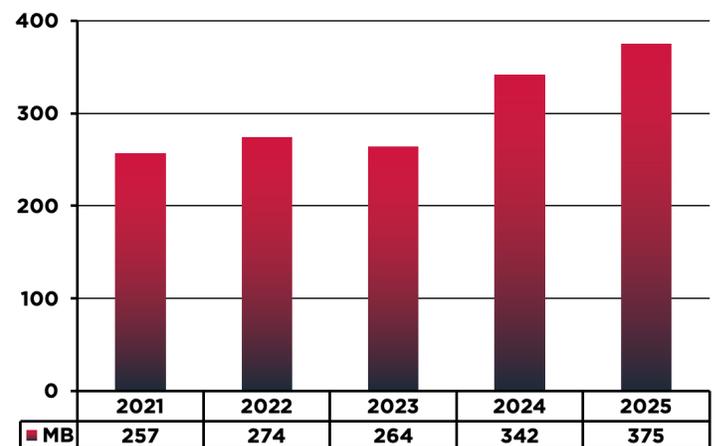
	2021-2022	2022-2023	2023-2024	2024-2025
Harvest	122	116	113	119
Imports	1	1	1	1
Exports Beans + Meal	70	67	60	66
Ending Inventory	7	7	9	10

World ending stocks of soybeans are rising and putting downward pressure on prices.

## World Ending Stock of Soybeans in MMT - USDA



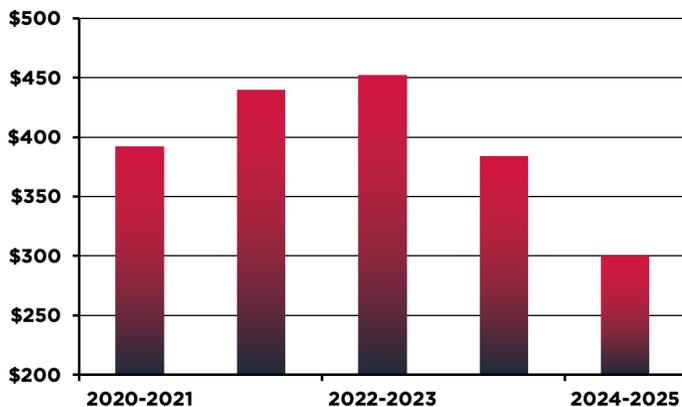
## U.S. Ending Stock of Soybeans in Millions of Bushels - USDA



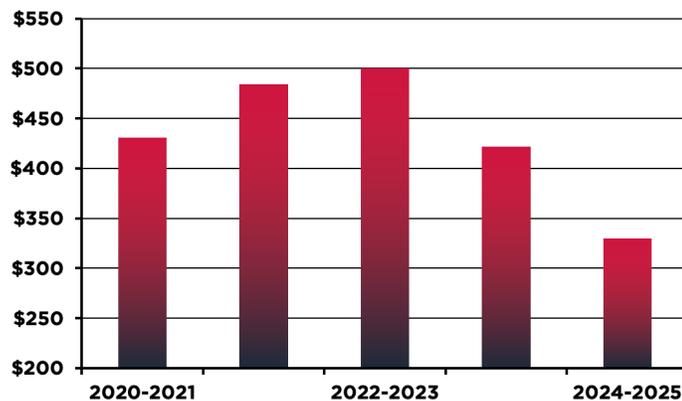
## U.S. Soybeans - USDA - WASDE April Millions of Bushels

	2022-2023	2023-2024	2024-2025
Harvest	4,270	4,162	4,366
Total Supply	4,569	4,447	4,734
Export	1,992	1,695	1,825
Total Use	4,305	4,105	4,359
Ending Stock Inventory	264	342	375
Meal Price short ton	\$452	\$384	\$300

### Average U.S. Crop year Price of SBM Short Ton USDA



### Average U.S. Crop year Price of SBM Metric Ton USDA

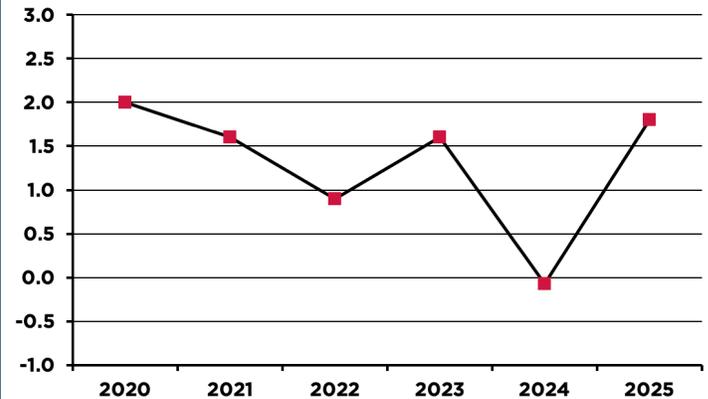


## CHICKEN INDUSTRY

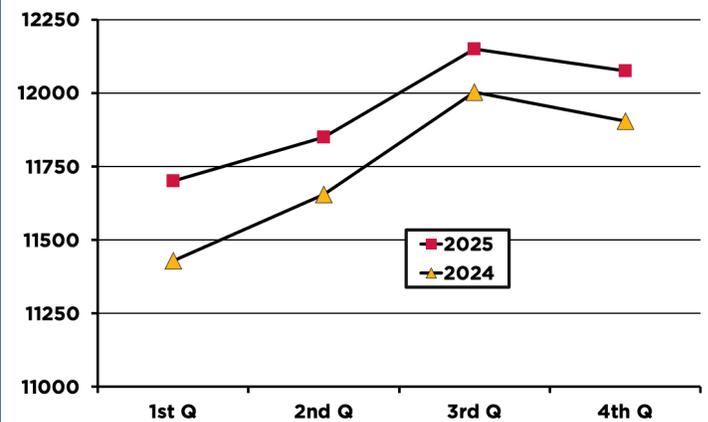
Slow growth in the world economy recently was reflected in the slow growth of world chicken production. Last year, world production did not increase at all according to the USDA Livestock and Poultry World Markets report. World production is projected to accelerate to nearly 1.8% this year. However, recent geopolitical events are increasing the risk of a further slowdown in the world economy which would shrink growth of chicken production.

US production increased by 1.3% in 2024 and is projected to increase 1.7% in 2025. Production is growing slower than expected due primarily to productivity issues and to a lesser extent, Avian Influenza. Avian influenza, a major story for table egg layers, is affecting the broiler chicken industry in a relatively minor way.

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

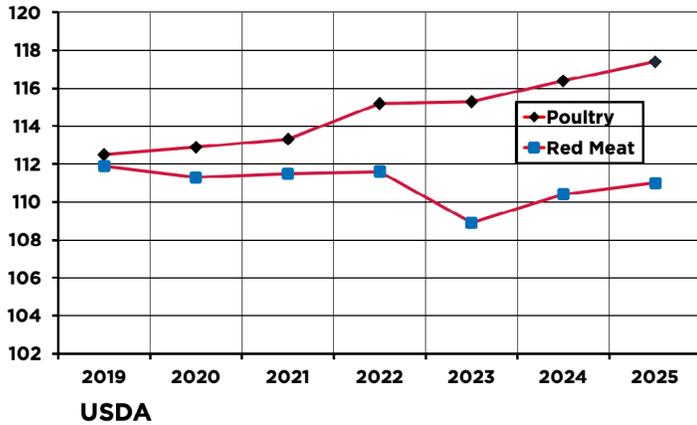


### U.S. Quarterly Broiler Production - Million Pounds - USDA



Poultry per capita consumption in the US continues to increase while consumption of red meat is relatively stable. Between 2019 and 2025, red meat per capita consumption did not increase while poultry consumption rose by 5 pounds (2.3 kilos).

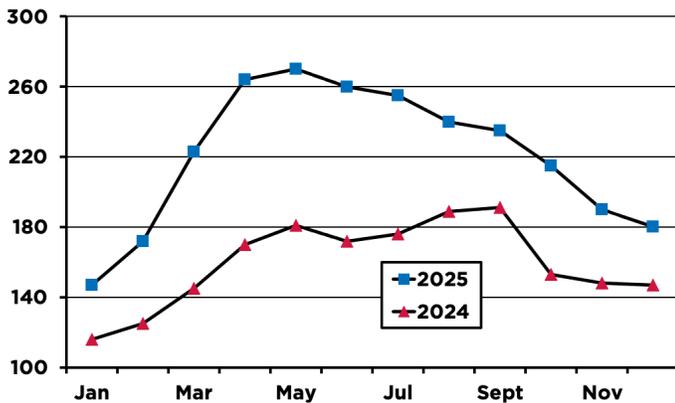
### U.S. Per Capita Consumption of Red Meat and Poultry lbs.



### DEBONED BREAST

The spot prices of deboned breast in the US rose surprisingly fast in the first four months of 2025 helped by high prices for competing meats and chicken supply constraints. Prices can be expected to drift downward through the rest of the year if, as projected, chicken production finally increases at a more rapid rate and the economy slows.

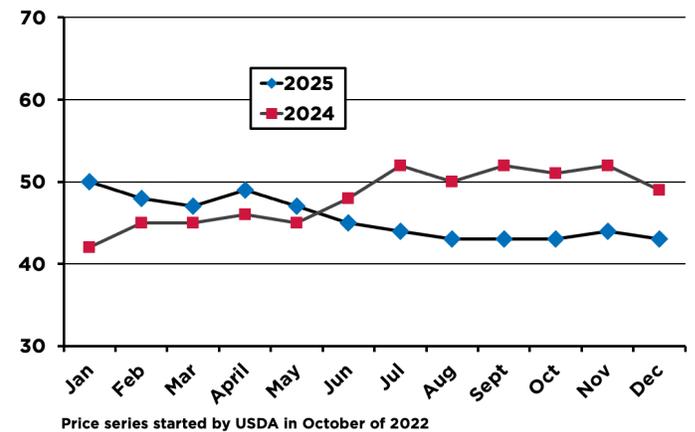
### Breast B/S - 2024-2025 USDA - National Price - Cents/lb Future Months Estimated



### FROZEN LEG QUARTERS FOR EXPORT

Mexico is the number one destination for US leg quarter exports, taking 25% of all exports. If there is a retaliation for tariffs imposed on Mexico, legs quarters may be one of the products affected. So far there has been no retaliation. Although leg quarter prices started the year higher than last year, a lower ending price is penciled in below due to trade uncertainties.

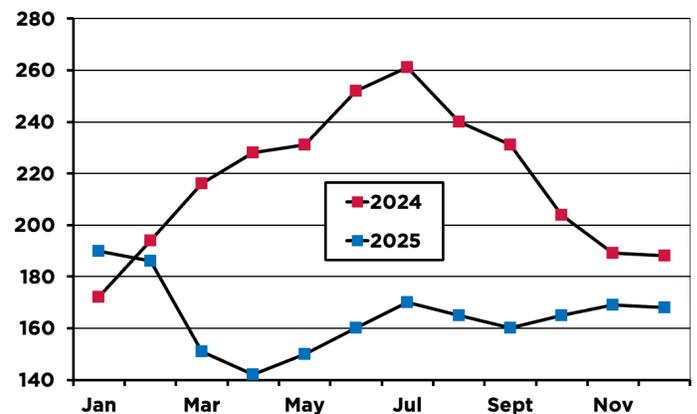
### Leg Quarter Price - 2024-2025 Cents per Pound - USDA Frozen Bulk Export Future Months Estimated



### WINGS

Wing prices are proving to be highly volatile. They were remarkably high last year and now are remarkably low. How is that possible? Several factors are likely to be involved including a regression to the mean from extremely high prices, increased production, a decrease in demand from restaurants and more use of breast meat in “boneless wings”. Wings are now nearly \$1 per pound below their wholesale price last year at this time.

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



When calculated using spot prices, chicken production is still highly profitable. The loss of the market in China for paws is offset by a much higher wholesale price for deboned breast. Profitability is now highly dependent on breast meat alone. If the price of deboned breast were to fall, profitability would deteriorate.

**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.*

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

Frozen Leg Quarters	\$0.49 /pound
Deboned Breast	\$2.64 / pound
Wings	\$1.42 / pound
Chicago Corn	\$4.90 / bushel
Soybean Meal	\$300 / short ton
Total Wholesale Cost per pound	\$1.00
Revenue per pound (spot price)	\$1.20
Gain (Loss) per pound	<b>\$0.20</b>

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

Frozen Leg Quarters	\$1.08 / kilo
Deboned Breast	\$5.81 / kilo
Wings	\$3.12 / kilo
Chicago Corn	\$193 / ton
Soybean Meal	\$330 / ton
Total Wholesale Cost per pound	\$2.21
Revenue per pound (spot price)	\$2.63
Gain (Loss) per pound	<b>\$0.42</b>



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