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Broiler Economics

By Dr. Paul Aho

Vol. 33, Issue 12
December 2025

PLENTIFUL HARVEST

The government shutdown in the US is finally over and reports from the USDA are now being published again. The details of the plentiful harvest in the US have now been confirmed. It is a harvest that is great for grain users like the poultry industry and not so great for grain farmers.

The distress of grain farmers will be relieved a bit in February, when they will be given a bridge payment of $12 billion to make up for their losses. The payment is for row crop producers facing high input costs, and trade-related losses allowing them to bridge financial gaps until new trade deals take effect in 2026. An example of a new trade deal is the one worked out with China. After boycotting US soybeans for months, China is now back in the market. It remains to be seen if China will honor their promise to purchase 12 million metric tons of soybeans this (crop?) year and 24 million metric tons next (crop?) year. So far, the Chinese have purchased just 3 million metric tons.

Although trade problems may have made this year worse for grain farmers, the bigger problem for them was reaching the bottom of a bear market. It now appears that the bottom was indeed reached last summer and that the grain cycle will soon enter a bull market that will send prices higher over the next few years. At the end of a bear market there is great incentive to consume grain and less incentive to produce grain. The inevitable result is higher prices although the timing is, of course, difficult to determine.

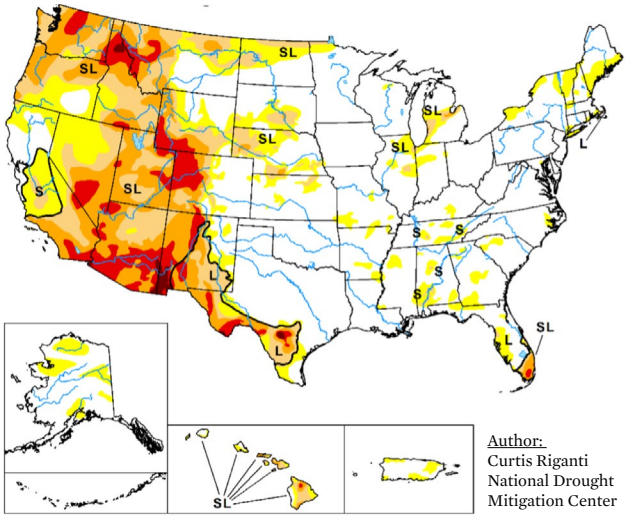
World markets for meat are also affected by trade issues. For example, the export of beef from Brazil to the US was disrupted this year by a punishingly high tariff of 75%. However, in the last few weeks, after the Trump administration lifted the additional tariff of 50% on Brazilian beef, exports to the US were rapidly restored. It is reported that the 50 Brazilian meatpackers have fully resumed production of cuts to be sent to the US.

The Corn Belt in the US was dry during harvest which is a good thing. However, the area continues to be dry which could be worrisome for next year. Conditions in South America are expected to be relatively normal during their current growing season.

U.S. DROUGHT MONITOR

October 7, 2025

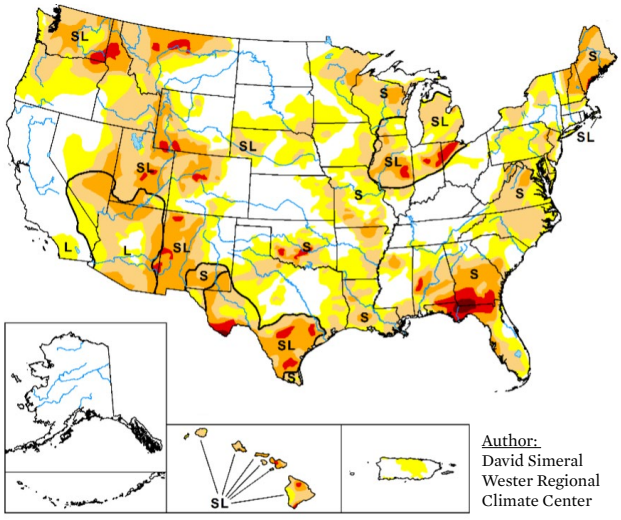
(Released Thursday, Oct 9, 2025)
Valid 8 a.m. EDT



Author:
Curtis Riganti
National Drought Mitigation Center

December 2, 2025

(Released Thursday, Dec 4, 2025)
Valid 7 a.m. EDT



Author:
David Simeral
Wester Regional Climate Center

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:

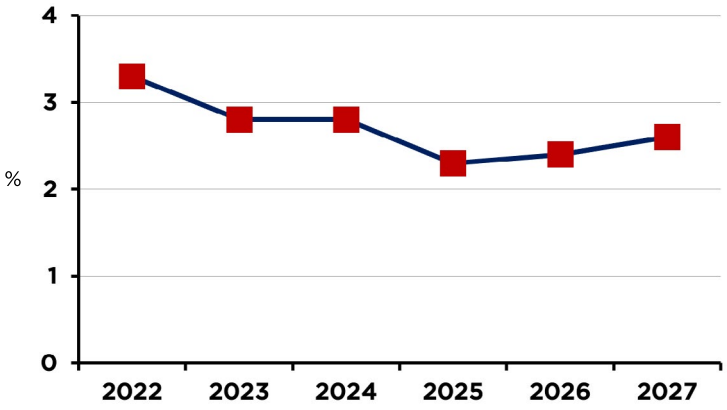
- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

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

droughtmonitor.unl.edu

The world economy has been growing at a slow pace in the last few years but did not fall into a recession. Growth is now expected to accelerate slightly from that of 2025 in the coming years. During the entire decade of the 2020's global growth is expected to average just 2.5%, the slowest of any decade since the 1960's.

World Economic Growth World Bank 2025–2027 Estimated



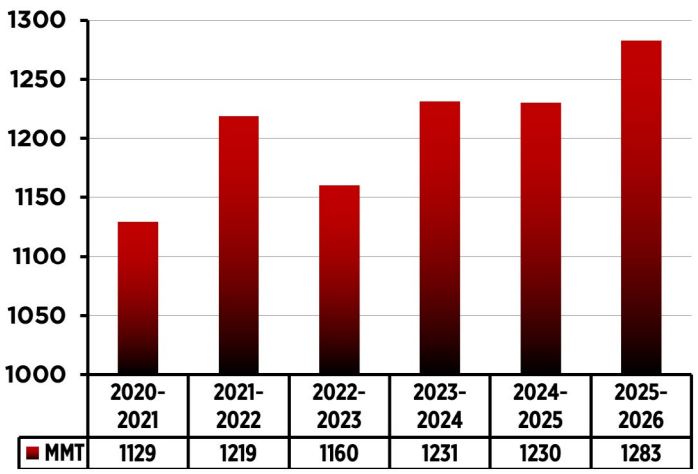
CORN

In the US, 7.8 million more acres (3.25 million hectares) were planted to corn this year compared to last year. The increase in area planted combined with higher yields resulted in a much bigger harvest. The harvest was 12% higher than last year.

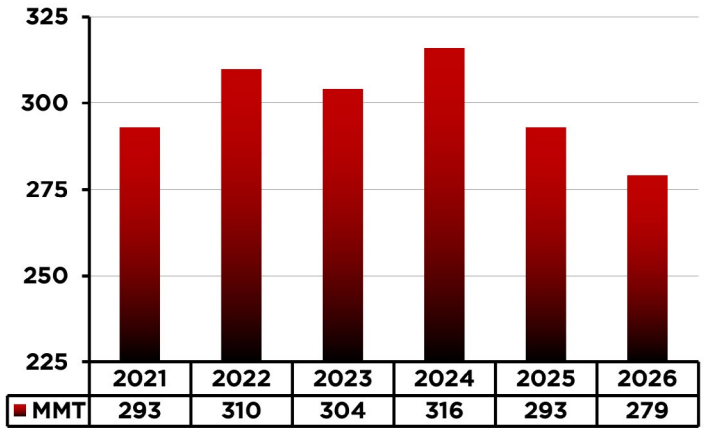
Thanks to the huge harvest in the US, total world production of corn is increasing. This large harvest coming at a time of relative weakness in the world economy keep corn prices low. Corn is likely to be a bargain for poultry producers for the rest of this crop year. Lower world ending corn stocks this crop year are not a significant factor because they are primarily a result of a decline in China's ample reserves. US ending stock is expected to rise sharply.

After corn prices reached a high of $5 per bushel ($200 per ton) in February the market drifted down to below $4 ($160 per ton) before recovering slightly in the last few months. The prediction of the USDA for an average of $4 per bushel for the entire crop year appears to be low given strong demand worldwide. An average of $4.50 ($180 per ton) would appear to be more likely with the upper bound being $5 per bushel ($200 per ton).

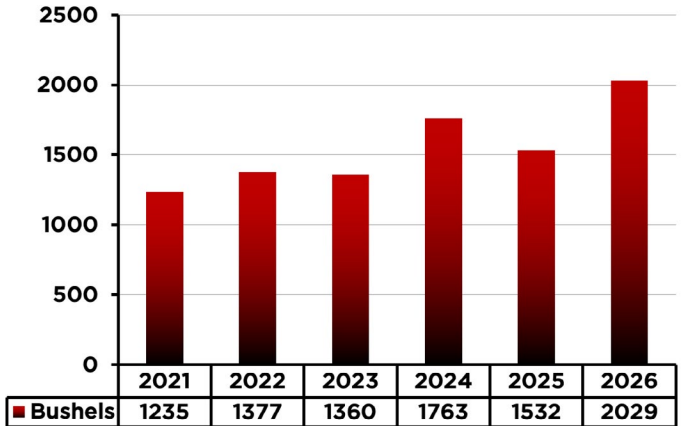
World Production of Corn Million Metric Tons – USDA



World Ending Stock of Corn Metric Tons – USDA



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



Argentina Corn Supply and Demand WASDE December – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	35	51	50	53
Imports	0	0	0	0
Exports	24	36	35	37
Ending Inventory	1	3	3	6

Brazil Corn Supply and Demand WASDE December – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	137	119	130	131
Imports	1	1	1	1
Exports	56	38	43	43
Ending Inventory	10	8	6	3

Ukraine Corn Supply and Demand WASDE December – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	27	32	27	29
Imports	0	0	0	0
Exports	27	29	22	23
Ending Inventory	2	2	1	1

China Corn Supply and Demand WASDE December – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	277	288	295	295
Imports	19	23	7	8
Exports	0	0	0	0
Ending Inventory	206	211	197	174

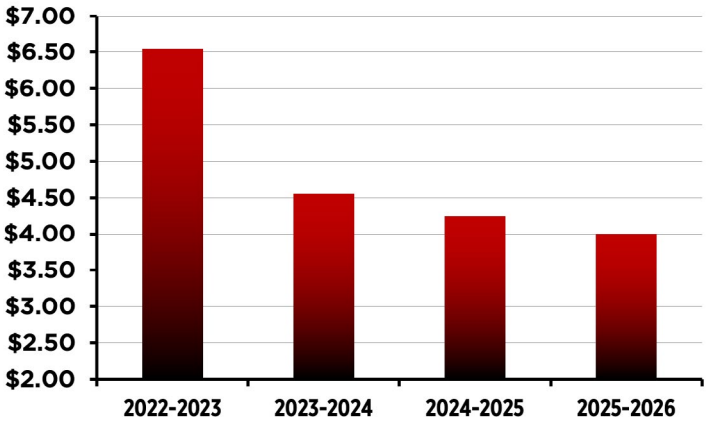
U.S. Corn Supply and Demand WASDE December – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	346	390	377	425
Imports	1	1	1	1
Exports	42	58	67	81
Ending Inventory	34	44	35	51

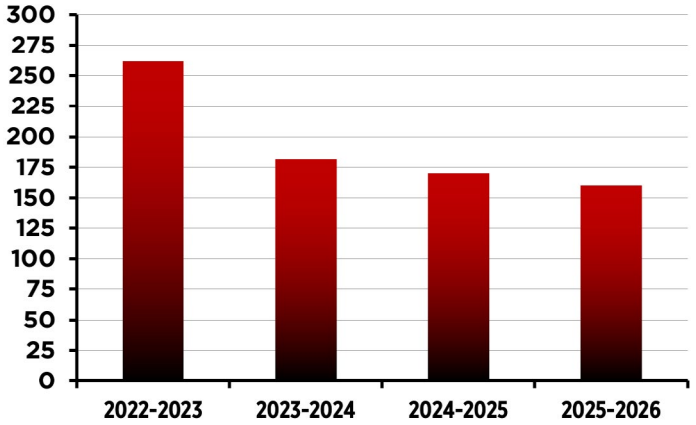
U.S. Corn Supply and Demand – WASDE December Millions of Bushels

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	13,651	15,341	14,892	16,752
Supply Total	15,066	16,729	16,677	18,309
Ethanol	5,176	5,478	5,436	5,600
Exports	1,661	2,292	2,650	3,200
Feed	5,487	5,805	5,466	6,100
Total Use	13,706	14,966	15,145	16,280
Ending Inventory	1,360	1,763	1,532	2,029
Farm Price	**$6.54**	**$4.55**	**$4.24**	**$4.00**

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



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

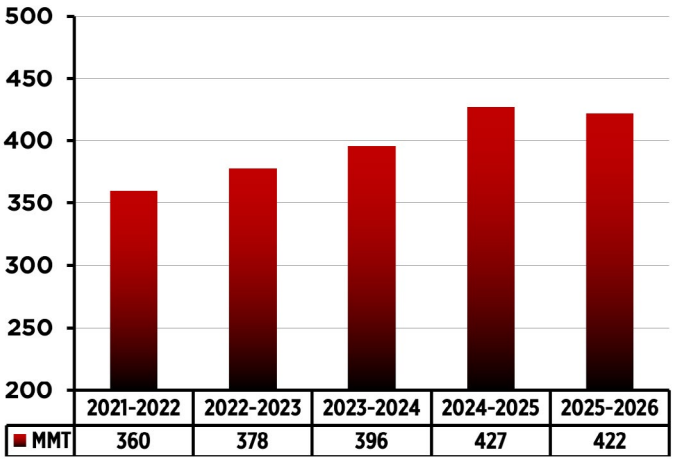


SOYBEANS

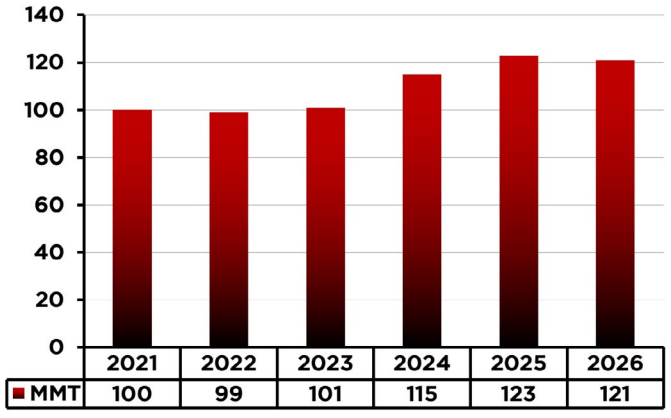
In sharp contrast to corn, the US planted 6.2 million fewer acres of soybeans this year (2.6 million hectares). That would seem to have been bullish news for soybean prices. However, two factors reduced the impact. First, yields were higher in the US and second, it is Brazil combined with Argentina that dominate the world soybean market, not the US, and their production was higher this year.

Increases in production in South America combined with a relatively weak world economy reduced the effect of lower production in the US. World production of soybeans declined only slightly this crop year and world ending inventory is ample. Favorable weather in South America combined with lackluster sales to China probably mean that the USDA projection of only $300 per short ton ($330 per metric ton for soybean meal is correct.

World Production of Soybeans Million Metric Tons – USDA



World Ending Stock of Soybeans in MMT – USDA



Argentina Soybean Supply and Demand WASDE December – Million Metric Tons

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

Brazil Soybean Supply and Demand WASDE December – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	162	153	169	175
Imports	1	1	1	1
Exports Beans + Meal	116	127	128	136
Ending Inventory	37	27	32	36

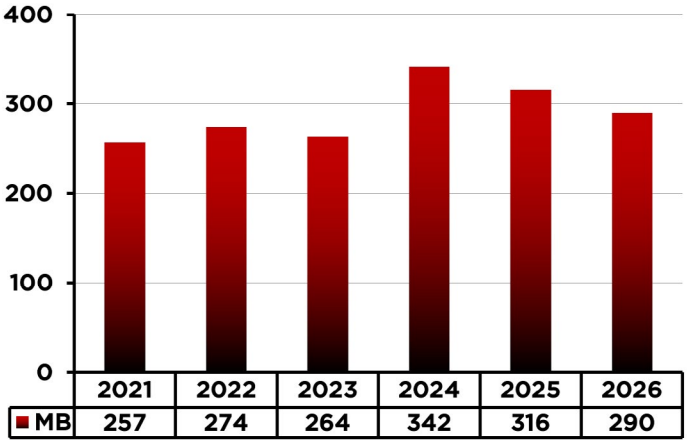
US Soybean Supply and Demand WASDE December – Million Metric Tons

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	116	113	119	116
Imports	1	1	1	1
Exports Beans + Meal	67	60	66	62
Ending Inventory	7	9	10	8

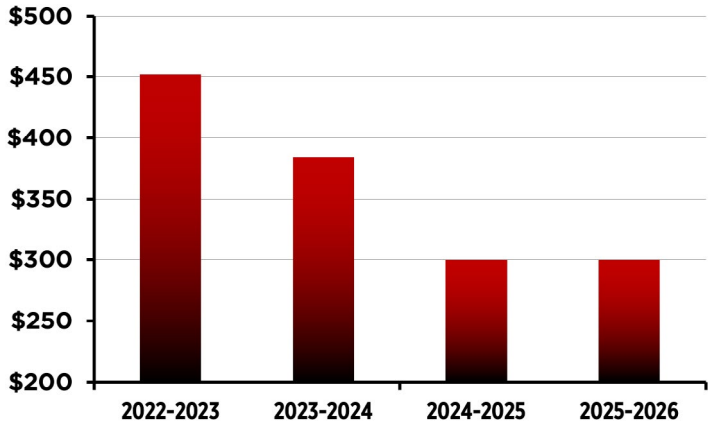
US Soybeans – USDA – WASDE December Millions of Bushels

	2022–2023	2023–2024	2024–2025	2025–2026
Harvest	4,270	4,162	4,374	4,253
Total Supply	4,569	4,447	4,746	4,590
Export	1,992	1,695	1,882	1,635
Total Use	4,305	4,105	4,429	4,300
Ending Stock Inventory	264	342	316	290
Meal Price short ton	**$452**	**$384**	**$300**	**$300**

Average US Crop Year Price of SBM Short Ton USDA



Average US Crop Year Price of SBM Metric Ton USDA

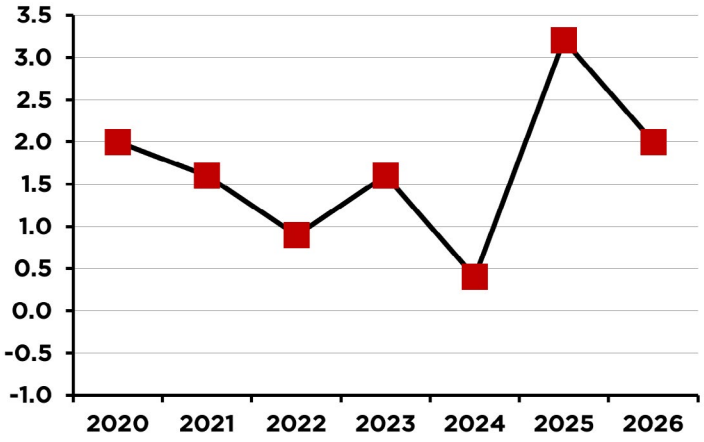


CHICKEN INDUSTRY

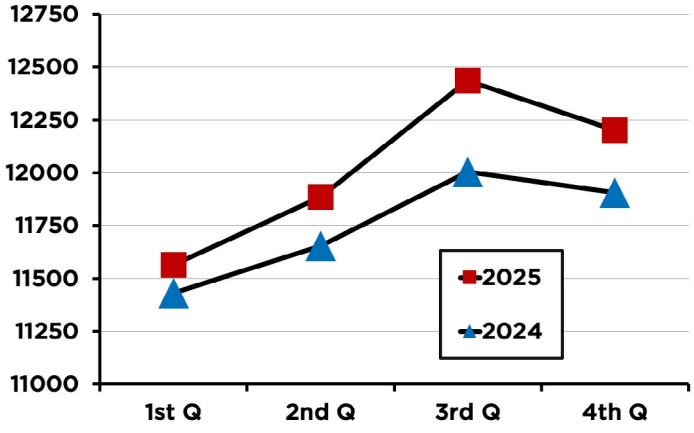
World chicken production surged this year, rising from an increase of only 0.4% last year to a increase of 3.2% this year according to the December USDA Livestock and Poultry World Markets report. There were robust increases in China, Brazil and the US. Next year growth is expected to fall back to 2%. Recent geopolitical and trade war events have not limited the growth of chicken production.

US chicken production rose surprisingly rapidly in the third quarter of this year in part due to supportive demand from tighter red meat supplies. As beef from Brazil begins to return to the US market, red meat supplies will become more ample.

Increase in World Broiler Chicken Production in % – USDA

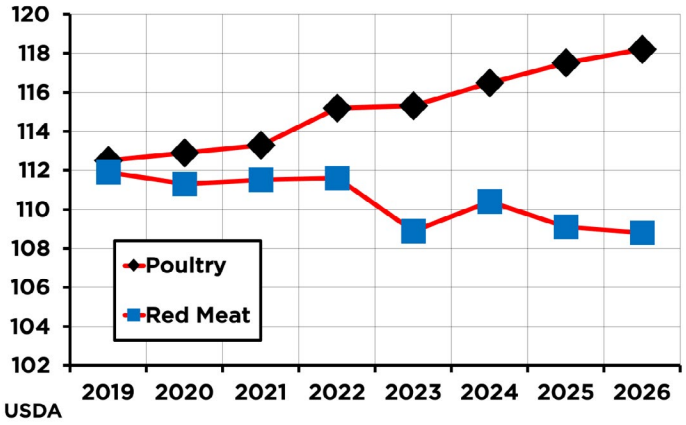


US Quarterly Broiler Production – Million Pounds – USDA



Poultry per capita consumption in the US continues to increase while consumption of red meat falls. Between 2019 and 2026, red meat per capita consumption is projected to decrease 3 pounds (1.4 kilos) while poultry consumption is projected to rise by 5 pounds (2.3 kilos).

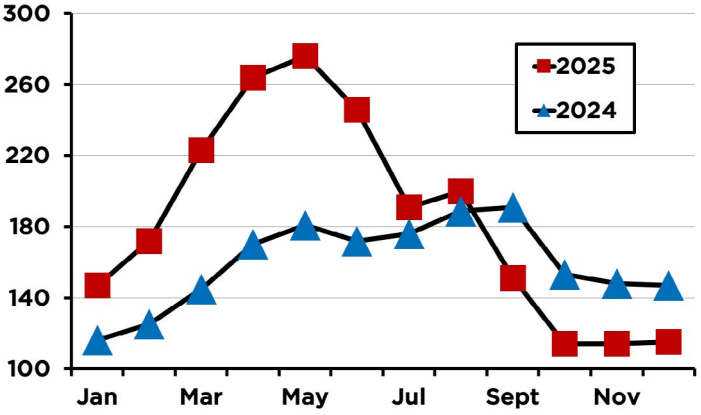
US Per Capita Consumption of Red Meat and Poultry lbs.



DEBONED BREAST

The spot price of deboned breast in the US rose remarkably fast in the first four months of 2025, helped by the astounding success of fried chicken sandwiches. As production increased rapidly in the third quarter, prices started to fall. Prices can be expected to remain relatively low until the spring.

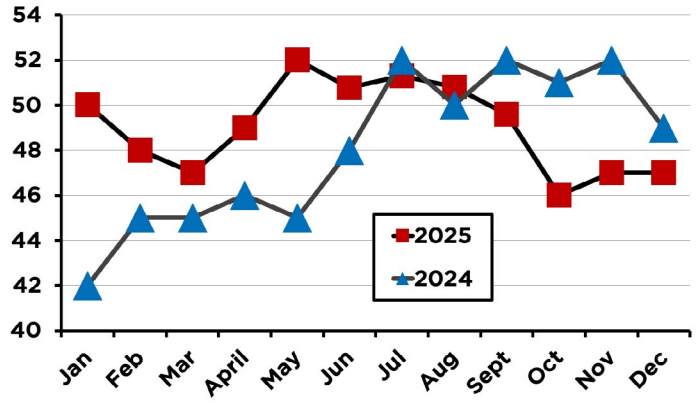
Breast B/S - 2024-2025 USDA – National Price – Cents/lb. – Future Months Estimated



FROZEN LEG QUARTERS FOR EXPORT

Mexico is the number one destination for US leg quarter exports, taking 25% of all exports. Despite contentious and ongoing tariff negotiations leg quarters continue to flow to Mexico. Although leg quarter prices started the year higher than last year, they will end the year slightly lower than last year.

Leg Quarter Price – 2024-2025 – Cents per Pound – USDA Frozen Bulk Export

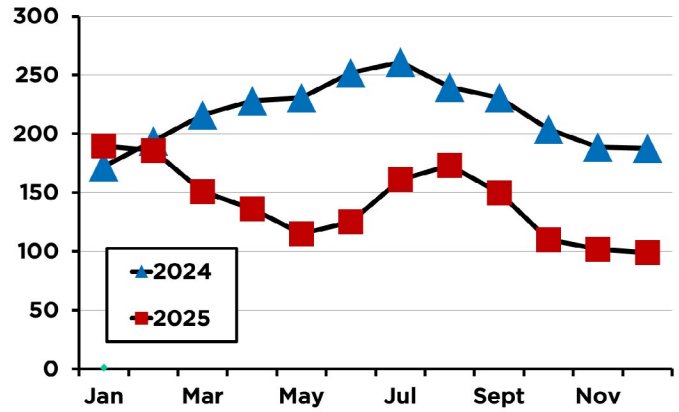


Price series started by USDA in October of 2022

WINGS

Wing prices were remarkably high last year and then fell by 50% this year. How did that happen? It appears that while demand for wings exploded during the pandemic, it has since decreased. As a result, the lower price this year was simply a return to more normal prices. In addition, there has been more use of breast meat in "boneless wings". Wings are now a dollar a pound below their year-earlier wholesale price.

Whole Wing Prices - 2024-2025 - 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 unprofitable. The dramatic drop in the wholesale price for deboned breast and wings is responsible for the change from earlier profitability to loss. Seasonal increases next spring will likely bring commodity production back to profitability.

U.S. Broiler Chicken Industry Profitability December US Measure	
Frozen Leg Quarters	$0.47 / pound
Deboned Breast	$1.16 / pound
Wings	$1.00 / pound
Chicago Corn	$4.40 / bushel
Soybean Meal	$300 / short ton
Total Wholesale Cost per pound	$0.99
Revenue per pound (spot price)	$0.95
Gain (Loss) per pound	**$0.04**

U.S. Broiler Chicken Industry Profitability December Metric Measure	
Frozen Leg Quarters	$1.03 / kilo
Deboned Breast	$2.55 / kilo
Wings	$2.20 / kilo
Chicago Corn	$173 / ton
Soybean Meal	$330 / short ton
Total Wholesale Cost per kilo	$2.18
Revenue per kilo (spot price)	$2.08
Gain (Loss) per kilo	**$0.10**

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.