

Agri-Food Institute Quarterly Update

September 2025

Quick links

Insights

Industry article	2
Dr. Michael Swanson's blog	7

News and highlights

Economic developments	11
Industry news	11
Food highlights	12
Beverage highlights	12

Sector reports

Crop inputs	13	Citrus	19
Sugar	14	Forest products	20
Grain and oilseeds	15	Protein	21
Dairy	16	Seafood	24
Fresh produce	17	Specialty crops - Coffee and Cocoa	25
Tree nuts	18		

Where's the Beef?

By Robin Wenzel, Head of Wells Fargo Agri-Food Institute, Michael Swanson, Ph.D., Chief Agricultural Economist, Wells Fargo's Agri-Food Institute, and Courtney Buerger Schmidt, Sector Manager, Wells Fargo Agri-Food Institute. *August 28, 2025*

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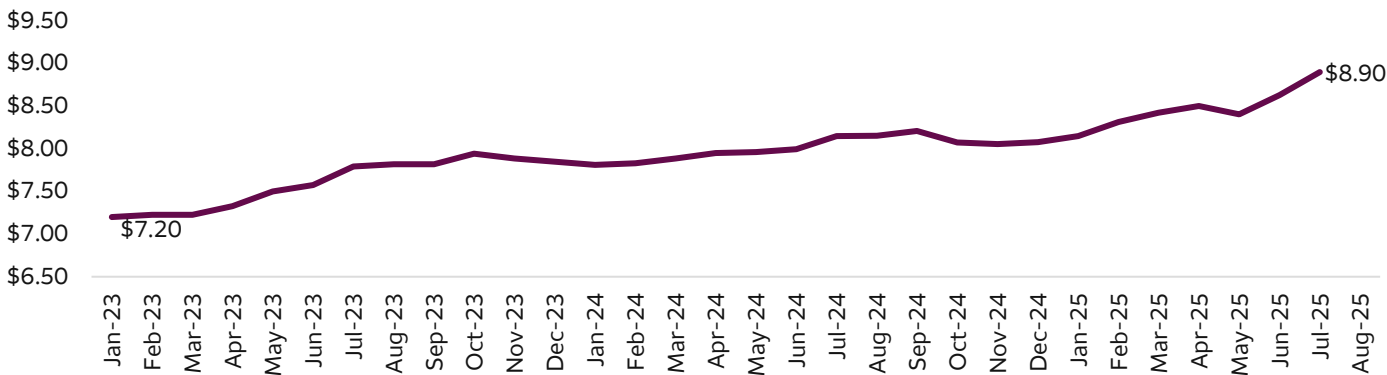


Tight supply, tough choices: Why U.S. cattle herds aren't bouncing back overnight and what this means for consumers and fast-food restaurants.

First eggs, now beef. While the current egg supplies have shown recent improvement, leading to lower prices, consumers are feeling a sense of déjà vu as beef prices send sticker shock at the meat counter. While the culprit is similar, short supply and steady demand resulting in increased prices, beef presents a far greater challenge when it comes to rebuilding supply.

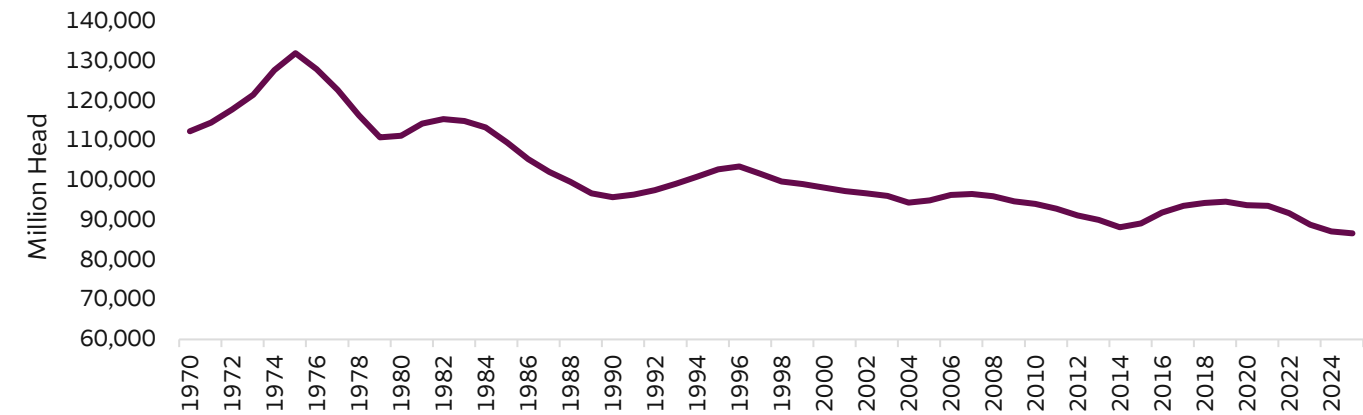


USDA All-fresh beef retail price monthly, dollars per lb.



Source: USDA July 2025

U.S. Total Cattle Inventory January 1st, Annual



Source: USDA July 2025

The age-old question asks which come firsts – the chicken or the egg. In the cattle industry, there is no question. The cow always comes before the calf. And the U.S. has less cows in 2025 than a few years ago when prolonged drought conditions forced ranchers to make

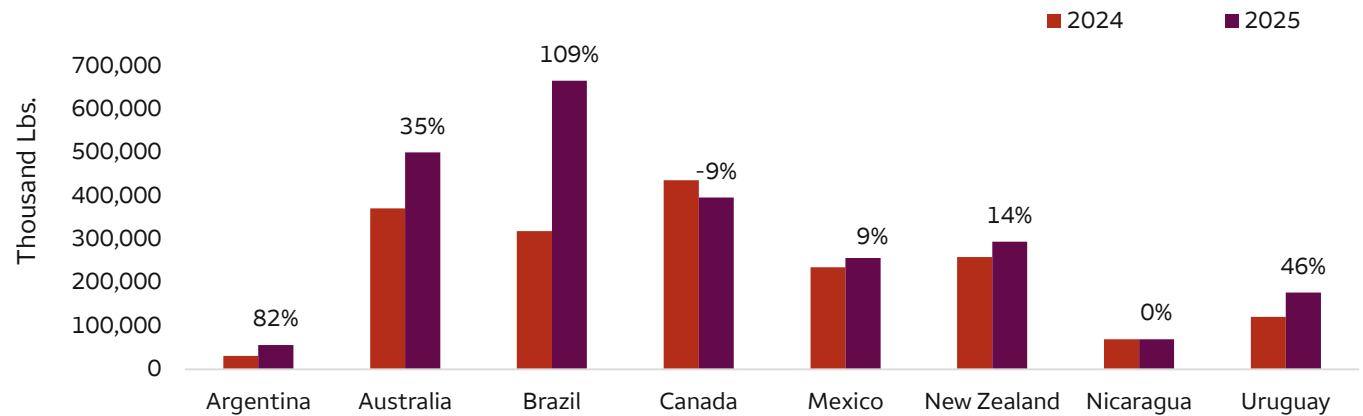
tough calls, including selling off breeding cows due to lack of pasture grass. According to the USDA’s July 2025 report, the national cattle herd has fallen to 94.2 million head—the lowest level since 1951.

Beef Supply Dynamics

The result is a tighter beef supply that’s unlikely to ease soon. The USDA projects a further 2.9% decline in beef production in 2025, with meaningful recovery not expected until late 2026 - or beyond. Demand for beef remains strong, and as a result, the U.S. is importing

more lean beef than ever—projected to hit 5.4 billion pounds, according to the USDA-WASDE, July 2025 report, this year, with most coming from Brazil, Australia, Canada, New Zealand and Mexico.

U.S. Beef and Veal Imports
Carcass Weight (Thousand Lbs) YTD: Jan -May

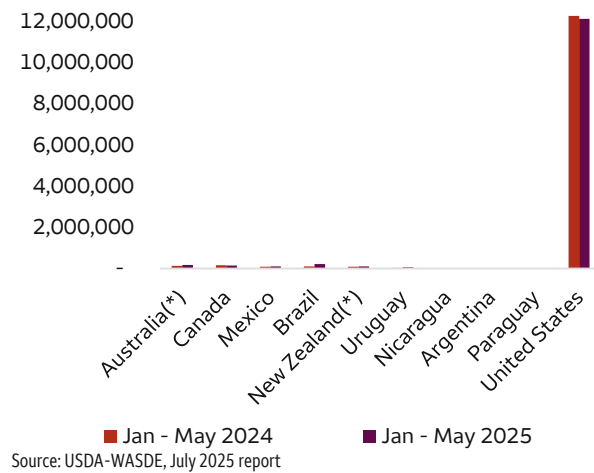


Source: USDA-WASDE, July 2025 report

Brazil has grown into a notable supplier of this imported beef, seizing the opportunity to expand with their cost-effective input costs and scalable production advantages – resulting in competitively priced beef. This dynamic may change under the threat of new tariffs, causing Brazil to shift product one of the other 100+ countries they work with.

Before we sound too many alarms, it’s important to understand the scope and scale of imported beef to our food supply. As with all domestically grown food and ag commodities, the U.S. produces 85%+ of what we consume annually, according to the USDA. Notable exceptions include bananas and coffee. Beef is no different and the chart below helps to put domestic vs. imported volumes in perspective.

U.S. Beef Imports in Tons + U.S. as a Supplier-metric tons



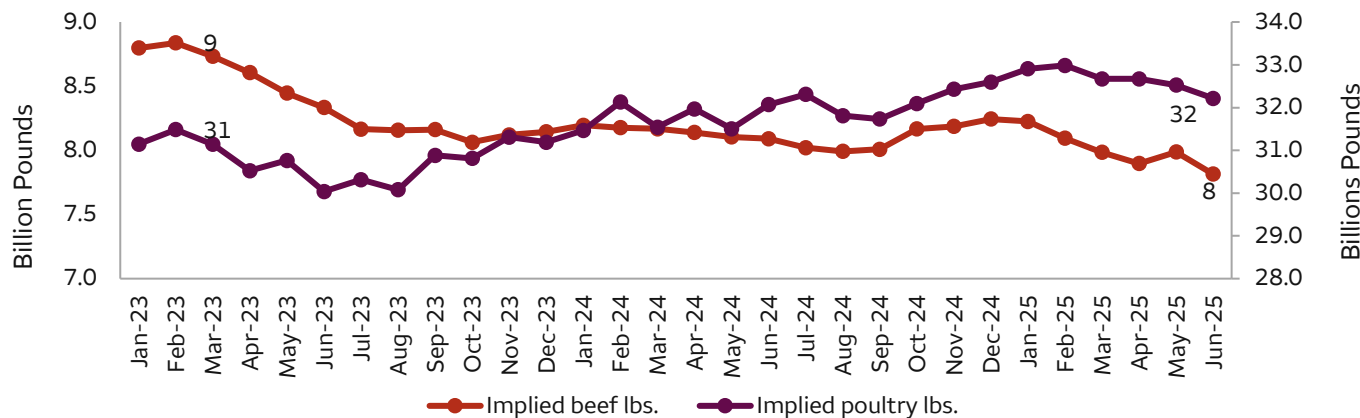
While eye-catching, this chart should not discount the relevance of imports to our ground beef supply. U.S. consumers love their burgers and while the beef our ranchers produce is praised for its quality, especially with the more expensive cuts, imported ground beef helps to bolster our hamburger meat supply.

Beef Demand Impacts

Have you noticed the newest menu items at your favorite fast-food restaurant seem to be chicken related? It’s not your imagination. In 2025, McDonald’s, Taco Bell, Popeyes, and Sonic have all rolled out new chicken offerings. With beef supplies tightening and prices climbing, quick service restaurants are leaning into chicken’s advantages - stable supply, lower cost per pound, and high customer appeal.

Retail consumers have also taken notice of the higher beef prices. The chart below is monthly implied volume of retail beef consumption. It takes the Bureau of Economics reported personal consumption expenditures for beef and poultry divided by the USDA retail prices. In classic economic rationing, the steady rise of retail beef prices since January 2023 has eroded retail beef consumption. Chicken has been a benefactor with steadily increasing consumption until recently facing its own increase in retail pricing.

U.S. Implied Monthly Retail Beef and Poultry Consumption



Source: BLS, USDA



A long, slow road to Herd Recovery

The looming question is when can we expect a recovery in beef supplies? The road to rebuild the U.S. beef cattle herd is a slow process facing multiple headwinds. The expansion and contraction of the cattle herd is a natural part of commodity markets. Cattle cycles are long due to biological factors—it takes about 24 months for a female calf to produce her first offspring, compared to just 18 weeks for a chicken hen to begin laying eggs.

We start by looking back at other historical cattle cycles. We are currently in the fifth major cattle contraction cycle since the 1970s. Previous cycles averaged 4 – 8 years from the peak to trough. If 2025 marks the bottom as year, as some analysts suggest, it would be a 6-year contraction - within the average range, though not the longest cycle or steepest on record.

Cattle Cycle	Peak Year	Bottom Year	Decline Period	Approximate Herd Decline %
1975 - 1979	1975	1979	4 years	-16%
1982 - 1990	1982	1990	8 years	-17%
1996 - 2004	1996	2004	8 years	-9%
2008-2014	2007	2014	7 years	-8%
2019-2025	2019	2025?	6 years?	-8%

Source: USDA January 1st Cattle Inventory

The July 1 Cattle Inventory USDA report offered a bright spot, showing higher beef cow inventories compared to the January 1 report. However, other key indicators – remain subdued, suggesting any herd expansion is progressing slowly.

Before investing in herd expansion, ranchers weigh several factors. In 2024, USDA calculated the returns for cow/calf producers at a record high. Normally, strong profits would spur expansion, but other considerations remain:

- **Historical Returns:** Ranchers have not forgotten the previous 10 years of low return on assets, the longest down cycle of profitability since ProSight (formerly RMA) started keeping records.
- **Interest Rates:** Current rates are more than double those of the last two downcycles according to the St. Louis Fed., Federal Funds Effective Rate, which increases the borrowing costs for purchasing animals.
- **Age:** The average age of U.S. farm producers has steadily risen, reaching 58.1 years in the most recent USDA.gov, Census of Agriculture data. With many ranchers nearing retirement, they may be reluctant to invest cash savings in new livestock, especially given the significant time commitment required for animal care.
- **Land:** Urban expansion continues to reduce available pastureland according to the USDA Ag Census for Pastureland acres. Since 2021, pastureland values have also risen sharply compared to relatively flat values during the previous cattle expansion cycle.
- **Cattle Prices:** Established ranchers could expand their herds by retaining their heifers for breeding, however they face a 24-month wait before seeing returns as that's the time it takes for a heifer to produce her first calf. With calf prices hitting record high levels in 2025, many may prefer selling their heifers now to lock in strong profits rather than risk lower returns later.

Conclusion

Record-low cattle herds and cautious ranchers mean beef supplies won't rebound quickly. High calf prices are encouraging sales over herd retention and expansion – keeping supplies tight and prices high. Consumers and restaurants are adapting – turning to more affordable beef cuts and, like many fast-food chains, adding more chicken to the menu.



The Biggest Crop EVAH

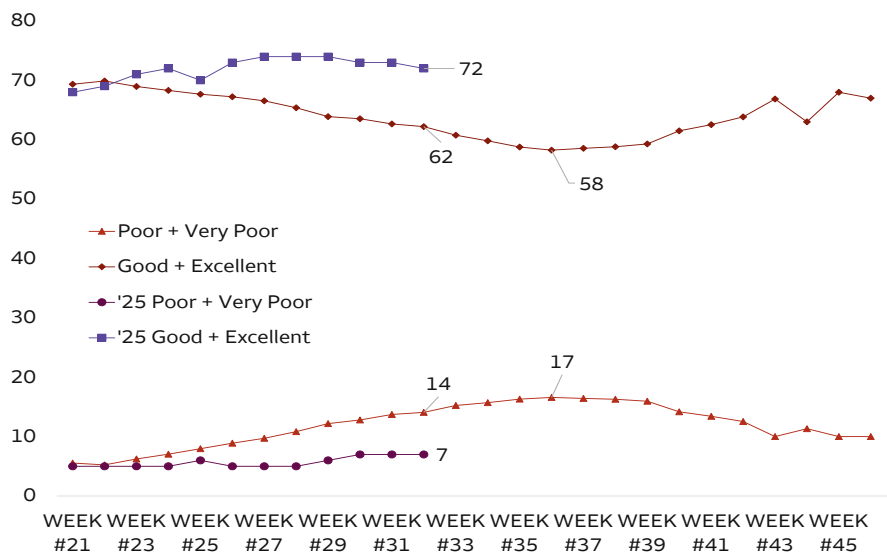
By Dr. Michael Swanson | August 28, 2025

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The USDA August World Agricultural Supply and Demand Estimate report (WASDE) finally had to admit that the 2025 corn and soybean crop will be a monstrously big crop. All of the hard work from the farmers and their industry support will pay off with more corn and soybeans than ever. The better yields are the product of decades of effort with better genetics, machinery, fertilizers, and crop chemicals taking the seed and making it a crop. On average, a single seed planted leads to 480 seeds harvested, according to the data from the

USDA Feed Grains database. That is up from a 1 to 300 ratio in the mid-1970s. Each year's weather determines how that latest and greatest improved version gets a chance to express itself out in the fields. This year's weather has been very helpful with a timely planting, good precipitation and sunshine getting the plants up and running. This crop will not be in the harvest bins until later in the year, but the momentum is clearly in favor of a great yield throughout most of the country.

Corn Crop Ratings versus Average since 2000

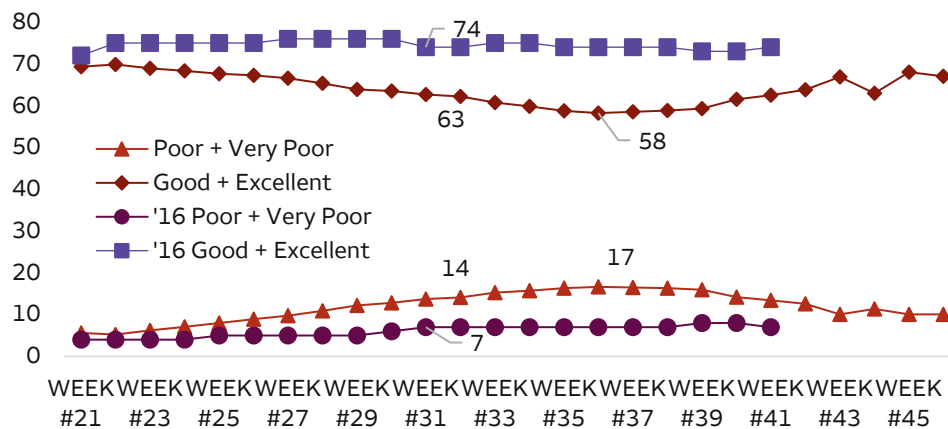


Source: USDA NASS through July 2025

The above chart for the corn crop rating shows the good and excellent percent at 72% (that's above the 25-year average of 62%) for this point in the season, and the poor and very poor is only at 7% (versus the 25-year average of 14%). The current drought map shows very little drought and dryness in the key growing regions. Even the lower yield states like the Dakotas are showing great potential. Great growing conditions combined with the ever-increasing yield potential thanks to technological progress make the old saying "records were meant to be broken" truer than ever.



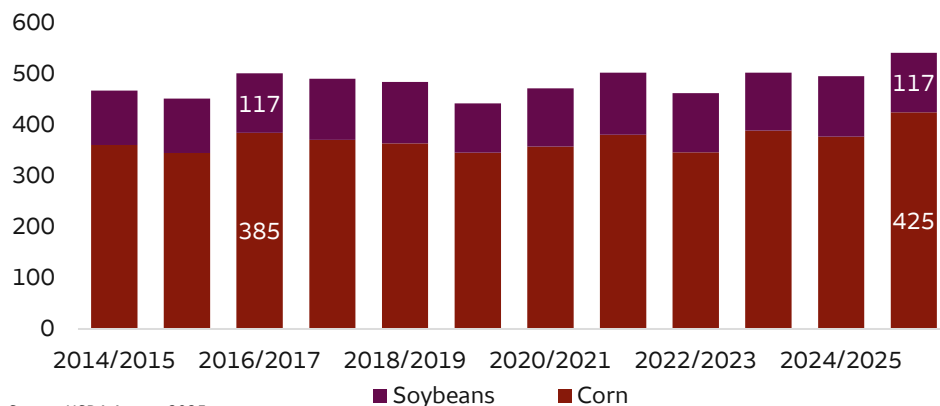
Corn Crop Ratings for 2016 versus Average since 2000



Source: USDA NASS through July 2025

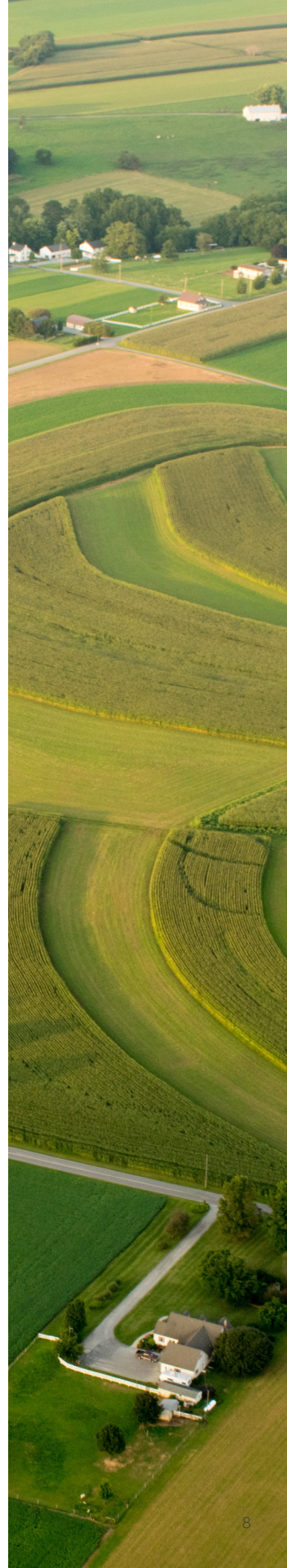
The previous record holder was 2016 when we planted fence row to fence row, and the weather was great throughout the country for the growing season. The graph above shows that the 2025 rating is a mirror image of the 2016 record crop. Another factor that works in the favor of big crops getting bigger is that very little crop gets abandoned in the field for being too bad to harvest. Typically, only about 92% of the corn acres planted get harvested, but a great growing year like 2025 sees that percent harvested rising and adding to the size of the crop. The 2016 crop produced 502 million metric tons of corn and soybeans. The August WASDE estimate for 2025 is 542 million metric tons of corn and soybeans.

Domestic Production in Millions of Metric Tons



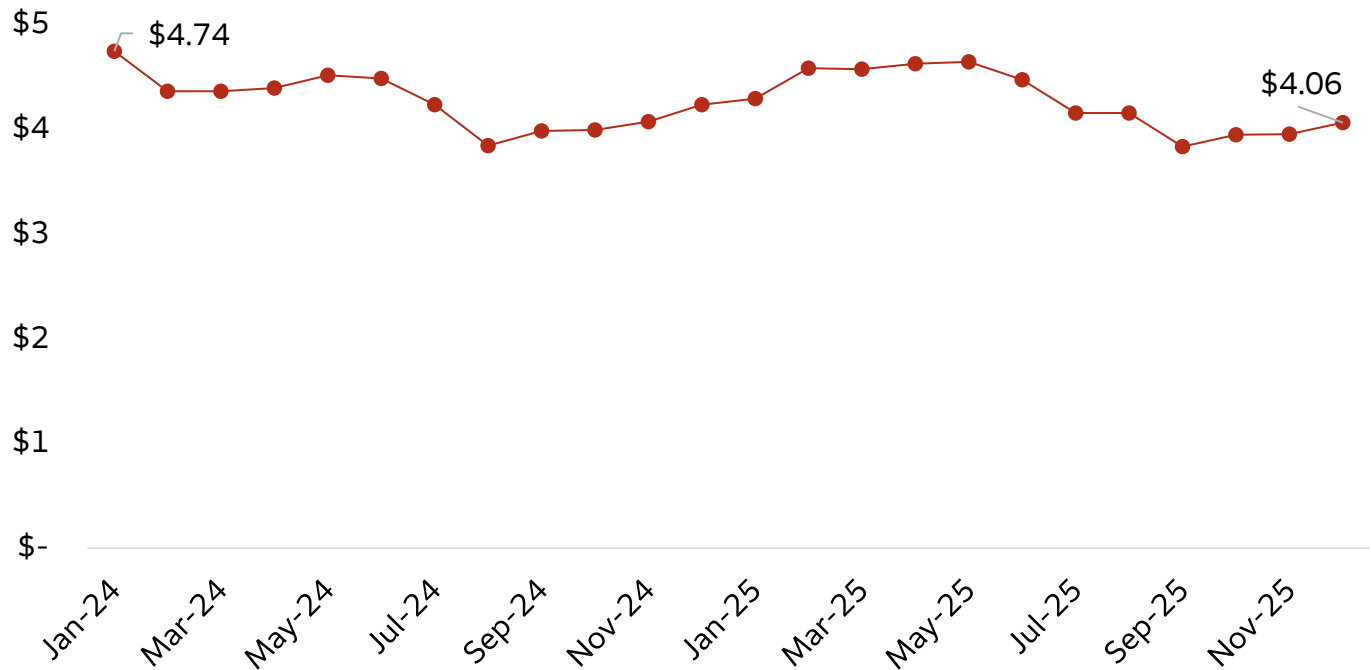
Source: USDA August 2025

So, what are the consequences for the United States when it grows a record crop? The first reaction is a big drop in corn and soybean prices. The following graph shows a snapshot of the historical prices plus the CME corn contracts for the remainder of 2025. Inexpensive corn gets even more affordable for the consumer. Without a doubt, this dropping price hurts the farmers and their suppliers. It is partially offset by more corn and soybeans to sell, but it still hurts their top and bottom lines. The second reaction is that the buyers of corn and soybeans find it even more profitable to buy them. The following chart shows the broiler-feed ratio which tracks the price of broiler meat to the price of their feed ration. The higher the number the higher the profitability. The spike in corn and soybean prices due to the Russian-Ukraine conflict squeezed the profitability of meat companies in a very material way.



The ongoing drop in corn and soybean prices combined with record high retail prices for broiler meat has given the industry a real boost in profitability. The USDA has published the ratios through May of 2025, but it is logical to expect the profitability to stay strong with the falling crop prices. Every segment of the United States economy is a competitive environment. The broiler meat segment is fiercely competitive with many strong producers who are always on the lookout for a chance to expand. This expansion takes time with the build out of barns, flocks, and facilities to process the broilers. However, once the expansion starts it continues until it pushes the industry back into a more neutral profitability.

Corn Price per Bushel Historical plus CME Futures



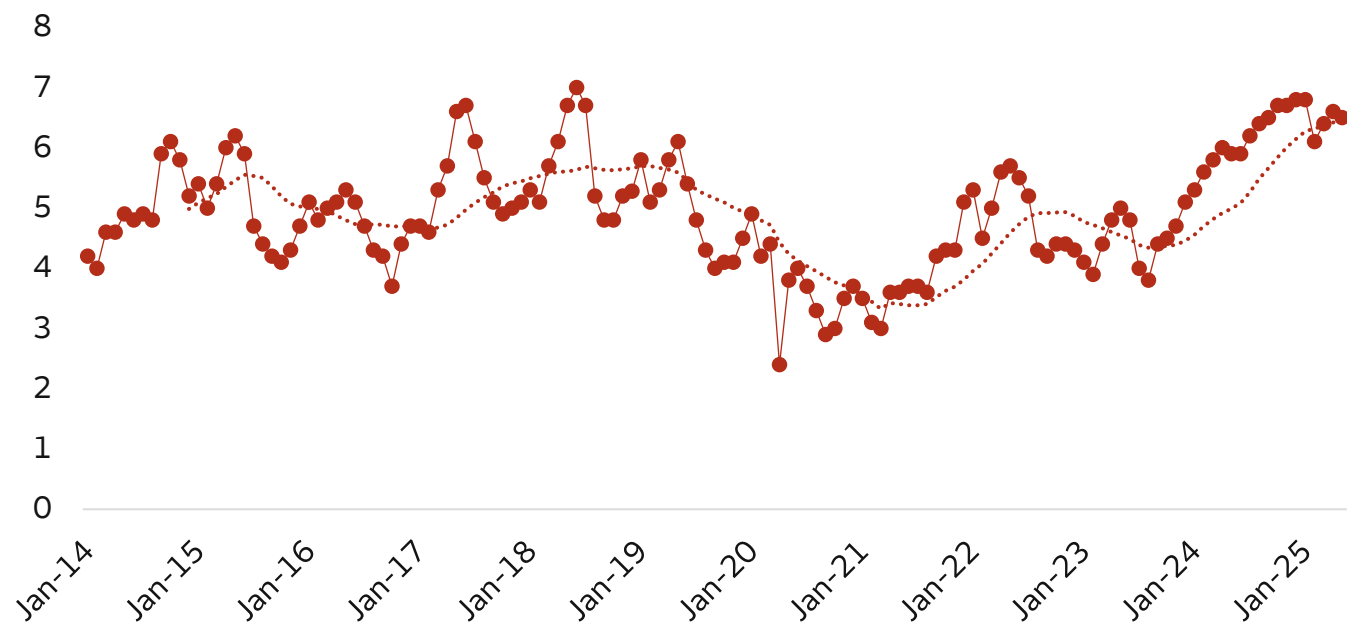
Source: USDA NASS through June 2025 plus CME futures as of August 8th 2025 with non-contract interpolated

With low corn and soybean prices on tap from this record production, it will be the broiler price that is under pressure to decline. The affordability of broiler meat which is already at all-time highs will get even more affordable. This is also true for the pork industry with its onset of competitive players. In fact, the pork industry can add pounds to the existing herd thanks to the cheap feed. The processors have a limit to how heavy they want the hogs for processing, and the bigger expansion will come through a bigger herd over time.



Lastly, the cattle industry will also take advantage of the cheaper feed to pack on the pounds to the limited supply of cattle that is available at the moment. All three of the big proteins will benefit from this record crop and low prices. It is just a matter of the difference in the timing of the response.

Broiler Feed Ratio: Higher implies improved profitability



Source: USDA ERS Feed Grains Database August 2025

So where does this leave the United States’ agricultural system looking into 2026 and beyond? It is never a bad thing for the consumer and the economy to start the crop year with big stocks in case next year’s weather is a bad. The biggest driver for the market is the asymmetrical fear factor. Bad weather causes prices to spike more than great weather causes them to slump. Going into the year with higher stocks to usage than normal tamps down that

fear factor. The crop producers with their high fixed costs of land and machinery are the ones who will struggle with that lack of risk premium. They will plant as many acres next year as this year, and they will hope that someone other than themselves has a poor crop to help raise prices. In the meantime, the consumer will be the biggest beneficiary for the “largest crop evah.”

Economic developments



Federal funds rate

- Wells Fargo Economists still expect the Federal Open Market Commission (FOMC) to lower the federal funds rate by 25 bps at each of the remaining meetings this year in September, October, and December. The target federal funds rate would finish this year at 3.50-3.75%.¹

↓ Federal funds rate
3.50%-3.75%

Consumer spending

- Consumer resilience is beginning to show signs of strain this year, with the first half marking the slowest pace of consumption since the height of the pandemic. Beneath the surface, there has been a noticeable pullback in discretionary spending, particularly in services, which have turned negative compared to the same period last year—a rare occurrence outside of recessionary conditions. This suggests a more cautious consumer mindset.¹

Consumer Spending !

High mortgage rates

- High mortgage rates continue to dampen residential investment. Real residential fixed investment declined at a 4.6% quarterly annualized rate in Q2, the second consecutive contraction. High mortgage rates continue to suppress buyer demand for both new constructions as new home inventory remains elevated. This supply overhang is especially acute in the south, where inventory is sitting at its highest level on record dating back to 1973.¹

Industry news

- The Make America Healthy Again (MAHA) report casts light on seed oils and sugar within the broader discussion of ultra-processed foods (UPFs).²
- The Food and Drug Administration (FDA) is working with the U.S. Department of Agriculture (USDA) as part of a joint effort to develop a uniform definition of UPFs.³
- Researchers have found links between the consumption of highly processed foods and multiple health concerns including cardiovascular disease, obesity, and certain cancers.³
- Many UPFs contain additives such as preservatives designed to extend shelf life and enhance flavor, texture, and appearance. Additives including artificial sweeteners and food dyes, have been linked to potential health risks in specific studies.³



Food highlights

- Fast food restaurants are responding to rising competition by introducing healthier, lower-calorie menu options. Consumer demand is increasingly favoring unique, high-quality offerings.
- Fast food giants with solid branding and loyal customer bases are outperforming competitors, benefiting from greater consumer willingness to pay for premium dining. This shift toward quality is enabling price increases and margin expansion.⁴
- Health-focused snacking is driving product innovation as consumers seek nutrient-dense options with functional ingredients such as probiotics and superfoods.

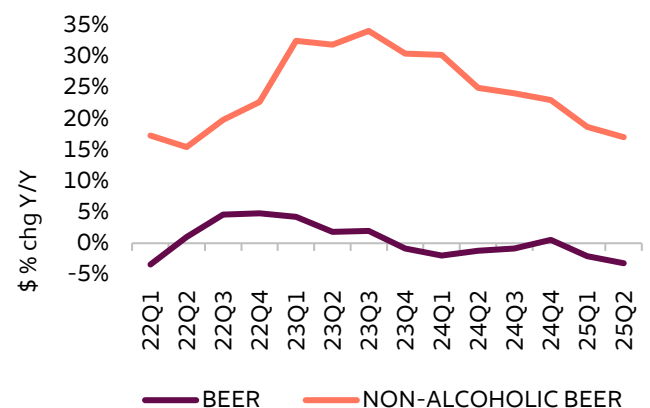
- Growing awareness of health impacts is reshaping consumer purchasing patterns, with nuts and seeds emerging as a leading category—accounting for an estimated 30.1% of snack food revenue.⁴



Beverage highlights

- Consumer demand is shifting towards health-conscious beer options, with non-alcoholic beers and low-ABV varieties gaining traction. Premiumization continues to drive interest in super-premium, craft, and flavored beers, supported by innovation in packaging. Low-alcohol and alcohol-free beverages continue to gain traction with health-conscious consumers.
- Wholesalers are actively updating portfolios to align with evolving preferences.⁴
- The wine industry is feeling the effects of growing price sensitivity and trends towards consumption moderation. Competition from spirits and ready-to-drink (RTD) options continue to draw market share from wine.⁵

Nielsen Beer and Non-Alcoholic Beer Retail Trends



Source: Data reported by Nielsen ("NIQ") through its Discover for Beer and Non-alcoholic beer for 14-months, ending 06/30/2025

Crop inputs

MAHA Report Targets Popular Herbicides

- A recent survey of corn growers revealed concern over the future availability of key herbicides. The MAHA report identified glyphosate, atrazine, and chlorpyrifos as products potentially linked to chronic disease in children. Industry estimates atrazine is used on 60% of U.S. corn acres, while glyphosate is applied to nearly all herbicide-treated corn acres – covering 90.4% in total.²
- The National Corn Growers Association (NCGA) maintains these crop protection tools have been thoroughly tested by the U.S. EPA and other regulatory agencies and shown to be safe for their intended use. NCGA warns that eliminating these chemistries could reduce crop yields by more than 70% due to increased pressure from pests, weeds, and disease.⁶

Seed Impact on Yields

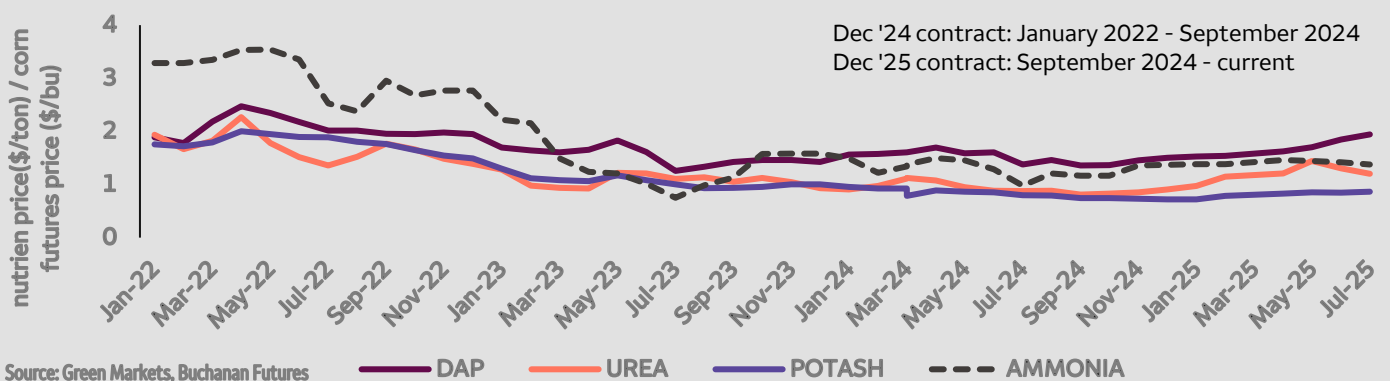
- The USDA projects record-high corn acreage and yields for the 2025-26 season, driven in part by advances in seed genetics and agronomic practices. New corn seed lines debuting in 2026 are showing yield gains of roughly 9.5 bushels per acre in trials, reflecting rapid genetic improvements.⁷
- Seed breeders are increasingly leveraging large-scale genomic data and –advanced computational tools to predict hybrid performance prior to field testing, accelerating breeding cycles.⁸



Fertilizer Outlook for 2026

- Fertilizer prices in 2026 are projected to stabilize or decline from the highs in 2024-2025 but remain above the 2015-2019 averages due to elevated input costs and ongoing export restrictions.⁹
- Global demand is forecasted to have a modest recovery by 2026, though affordability for growers will remain a challenge amid low grain prices and high nutrient costs, particularly phosphates.⁹
- Phosphate prices are nearing record high relative to corn values, making them as unaffordable as ever. At these levels, there is an expectation of demand destruction going into 2026.¹⁰

Cornbelt Fertilizer to Corn Price Ratio



Sugar

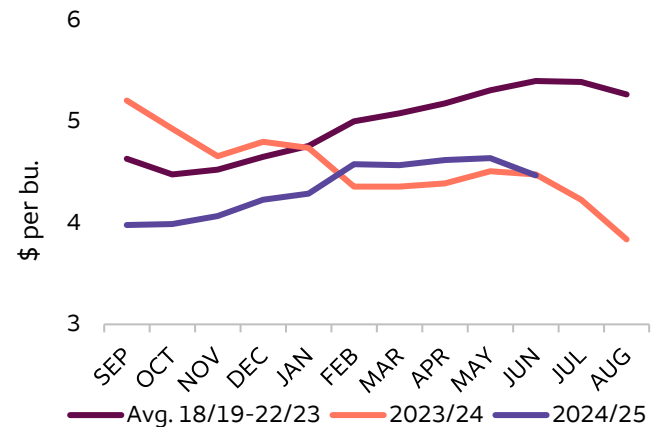
- World sugar production is forecast to fall by 6.5 million metric tons raw value ("MTRV") to 174.8 million MTRV while Consumption for 2024/25 is projected at a record high of 180.3 million MTRV.¹¹
- With projected lower production and increased worldwide consumption, the International Sugar Organization forecasts a global sugar deficit of 5.5 million MTRV for the 2024/25 marketing year, the largest deficit in nine years, compared to a surplus of 2.0 million MTRV in 2023/24.¹¹
- Despite the large projected deficit, global raw sugar prices have declined 36% since November 2023 driven by stock drawdowns, speculative market behaviour, shifts in ethanol production and broader economic factors contributing to the weaker sugar markets despite the constructive fundamentals of a market deficit.¹²
- The U.S. sugar market is currently working through a significant supply overhang as weaker-than-expected domestic sales have slowed the pace due to declining demand.¹²



Grain and oilseeds

- The 2025 growing season has been extremely conducive for grain production, with conditions supporting large yields. The current corn crop is rated 73% good to excellent - well above the five-year average of 63%.¹³
- Strong yields and expanded planted acreage could result in one of the largest crops on record, pressuring prices for both corn and soybeans. Basis levels, are considerable, with buyers showing little immediate interest in soybeans due to abundant supply and lower price expectations.¹³
- A weak basis and sizable carry in futures prices should create opportunities for grain merchants to buy at harvest and simultaneously sell for a delivery date next year at favorable margins.

Monthly Average Corn Price, Received by Farmers, U.S.



Source: USDA-NASS



- The large 2025 crops will require outlets for sale, including strong export demand, to absorb supply. Exports have been above average for the year, with tariffs looming as an issue for soybeans bound for China.
- On a positive note, the USDA has finalized the 45Z program, which incentivizes the use of soybean oil and corn ethanol in renewable diesel fuel production. The program is in effect for the 2025 tax year through 2029, with tax credits tied to the carbon score of the crop, graded by farming practices. Imported used cooking oil is not eligible for the tax credits.¹⁴
- The U.S. wheat flour milling sector performed well in 2025, a result of the relatively low price of wheat. Filings from three major U.S. flour millers suggest milling profits remain elevated.¹⁵
- Potential tariffs would have negligible impact on flour milling as only 1% of wheat flour was exported last year.¹⁶ The corn milling sector operates entirely on domestically grown corn and milled products consumed within the U.S.

Dairy

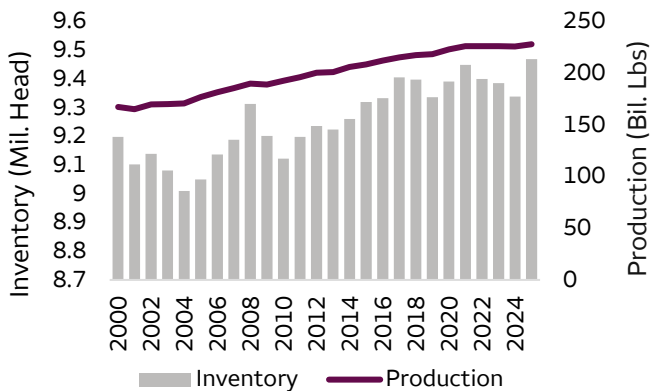
- Dairy farm margins remain strong in 2025, with a positive outlook supported by moderate feed costs and solid milk prices. Elevated beef prices are boosting overall farm revenue, while dairy calves continue to be sold for historically high values.¹⁷ Feed costs account for roughly 50% of a dairy operation's total cost, making the Milk Price/Feed Price ratio a good indicator of profitability. This ratio has stayed above average for over a year.¹⁸
- June milk production was up 3.3% over the previous year, the largest percentage increase since May 2021. Cow numbers are up 146,000 head this year to 9.47 million, the highest-level July 2022.¹⁷ This increase supports the surge in dairy manufacturing capacity, with \$8 billion in expansions across all types of dairy products.

Prices Increase

U.S. cheese production has increased every year since 1992, when output was 6 billion pounds. Production reached 14 billion pounds in 2024 and is expected to set new records in both 2025 and 2026.¹⁹



U.S. Milk Production vs. Milk Cow Inventory



Source: USDA-NASS

- Rising milk production continues to boost output of most dairy products. In June, butter production jumped 10.4% from the prior year, while cheddar production rose 8.3% and cheese overall increased 4.2%.
- Strong export demand has helped absorb the additional supply, with shipments up across nearly all product categories.
- Cheese exports boasted another record-setting month, up 34% year over year, led by strong demand from Mexico, South Korea, and Japan. Butter and anhydrous milkfat exports climbed 100% and 34%, respectively.²⁰



BUTTER PRODUCTION

10.4%

Fresh produce

Tomato Suspension Agreement

- On July 14, 2025, the U.S. Department of Commerce officially terminated the 2019 Tomato Suspension Agreement, a longstanding trade arrangement that had paused an antidumping investigation into fresh tomato imports from Mexico. This decision marks a significant shift in U.S.-Mexico agricultural trade policy and has immediate implications for both U.S. growers and Mexican exporters.
- Originally established in 1996, the agreement was a response to a U.S. antidumping complaint alleging that Mexican producers were selling fresh tomatoes below fair market value. To avoid steep tariffs, Mexican exporters agreed to comply with strict conditions, including minimum pricing, labeling requirements, and sales monitoring—all overseen by the U.S. Department of Commerce and the USDA Agricultural Marketing Service. The agreement was renegotiated several times, most recently in 2019, but tensions between domestic growers and importers persisted.²¹
- On July 14, 2025, the agreement officially expired. In its place, the Commerce Department imposed a retroactive 17.09% tariff on all fresh tomato imports from Mexico. This is a major development, as Mexico supplies 93% of all U.S. tomato imports²², making it the backbone of the American fresh tomato supply chain.²¹

The imposition of tariffs is expected to have wide-reaching effects:

- Supply chain disruptions due to reduced import volumes
- Higher retail prices for consumers
- Limited availability of popular tomato varieties, such as grape and cherry tomatoes
- While the full scope of the impact remains uncertain, there is anticipation of a decline in supply, reduced variety, and price volatility in the coming months.
- Importers must also reassess their credit lines, as antidumping duties, now set at 17.09%, are payable at the time of importation, requiring immediate liquidity.²¹ The responsibility for recovering these duty costs will fall to individual companies, who must determine how to adjust pricing and collection strategies with their customers to offset the financial impact.



Processing Tomato Market

- Unlike the fresh tomato market, the processing tomato market has relatively zero impact from the expiration of the Tomato Suspension Agreement. California produces 95% (or more) of the processing tomatoes used for canned and paste products in the U.S. The industry is normalizing after record years of profitability, with rising inventories placing downward pressure on contracted acreage and pricing. China, typically a volatile producer, harvested more than 10 million tons last year – on-par with California’s production.²³ The increase in global supply, combined with competition for lower cost tomato products has softened market conditions. Nevertheless, California remains the benchmark for quality, consistently delivering premium products for consumers.²⁴
- Processors are managing headwinds as follows:
- Contracted volume down 7–10%, now ~10.2M tons.²⁵
- Planted acreage reduced 12% to ~200,000 acres.²⁵
- CTGA base price set at \$109/ton for 2025, down from \$138/ton in 2023.²⁶
- Harvest is underway; processors will be building inventory through early October

While the industry faces some headwinds, California tomato processors have responded with disciplined management. To mitigate financial pressure, particularly from elevated interest rates, processors are taking a more conservative approach to contracted acreage and grower pricing. They are also actively working to prevent inventory buildup and are managing their operating lines with greater strategic intent.

Tree nuts

Almonds

- The 2025 California almond crop forecast of 3 billion pounds, a 10% increase over last year, has had a significant impact on market pricing.²⁶ Following the USDA's July Objective Measurement Report, almond prices dropped nearly 20%, reversing gains made earlier in the year when the 2024 crop came in below expectations and inventories were largely sold through. This sharp price decline reflects market concerns about oversupply, especially given that actual production has consistently fallen short of USDA forecasts in recent years.
- While the forecast signals a strong production year, it has introduced downward pressure on prices, potentially squeezing grower margins unless demand increases, or the final harvest comes in below projections.



Pistachios

- The California pistachio industry is poised to deliver its largest harvest ever in the 2025–26 marketing year fueled by the maturation of previously non-bearing acreage and continued investment in resilient orchards.²⁷ Despite initial price pressures due to a record crop in 2023–24, strong shipments have helped stabilize prices.²⁸
- Pistachios continue to be a reliable and profitable crop for both growers and processors, supported by stable pricing, efficient inventory management, and strong global demand.

Walnuts

- The U.S. walnut market is showing signs of recovery in 2025, driven by tighter inventories, improved crop quality, and strong global demand. A smaller than expected 2024 harvest, coupled with reduced carry-in inventory, has led to a supply-constrained environment. This has pushed prices upward for in-shell walnuts. Kernel prices have shown mixed movement, with premium grades maintaining strength while lower grades are soft as the older inventory clears. Overall, the reduced inventory and strong demand are expected to keep walnut prices up as we head into the new crop year.²⁹



Citrus

- The final 2025 U.S. citrus forecast has been issued with California dominating production for the country with forecasts of oranges at 49 million boxes, Tangerines and Mandarins at 28 million and 26 million boxes, and lemons at 27 million boxes.³⁰
- The July 2025 forecast for the Florida orange crop is estimated at 12.15 million boxes, up 150,000 boxes from the June forecast but still down 33% from 2023/24 production.
- Florida continues to work through production challenges that include citrus greening and hurricanes.³¹
- Effective August 7, 2025, a 30% tariff was imposed on South African citrus exports to the United States, adding approximately \$4.25 per carton. South African citrus plays a critical role in bridging seasonal supply gaps when U.S. domestic production is off-season. In response, the fresh citrus industry is actively exploring diversified foreign sourcing strategies to mitigate costs and maintain a consistent, year-round supply for consumers.

50%

Newly imposed tariffs on Brazil of 50% will not impact the Orange Juice market. Orange juice is exempt from the tariff.³²

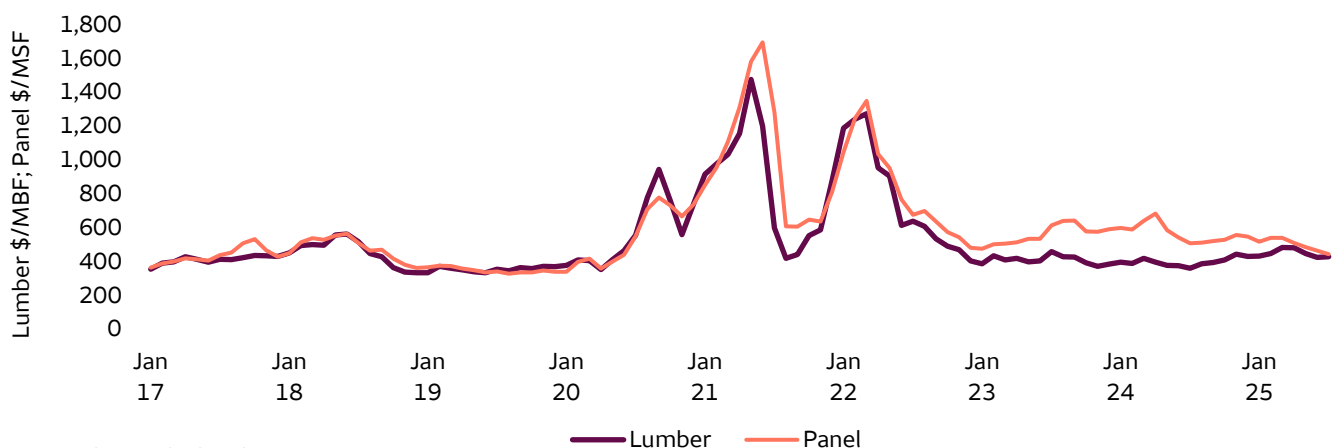


Forest products

- Softwood framing lumber prices softened in 2Q25 after reaching a YTD peak in March. Where lumber producers were seeing net profitable months in early 2025, recent numbers are less encouraging. The lumber futures market is still pricing in a 10-12% gain through 4Q25, but the beginning reference value remains low. Structural panel prices have been decidedly weaker in 2Q25, dropping 14% off the 1Q price.³³
- Although additional threatened tariffs on all Canadian goods are pending, existing softwood lumber antidumping/countervailing Canadian duties are scheduled to rise in 3Q25 from 14.4% to 34.45%.³⁴ This could have a significant impact on imports of lumber from Canada, a source that currently represents roughly 22% of the total volume of softwood lumber used in the U.S. The volume of Canadian lumber exports to the U.S. is already trailing the prior year with a decline of 8.0% YOY through April 2025.³⁵
- In its August 6, 2025, forecast update, the Wells Fargo Economics Group maintained its U.S. housing starts forecasts at a lower figure of 1,330,000 total starts in 2025 but forecasted a 3.8% year-over-year rebound in housing to 1,380,000 total starts in 2026.³⁶ Over the course of 2025, these figures have been varying month-to-month within a narrow range, pointing to the lack of any market stimulus to alter the outlook.
- Headwinds to any market appreciation are the inflated cost of housing and persisting mortgage rates that are pricing out the low-end marginal buyer. The Wells Fargo Economics Group is forecasting a lower mortgage rate of 6.55% in 2H25 and only dropping to 6.50% in 1H26.³⁶
- There may be a positive psychological impact on housing demand if mortgage rates drop to 6.0%, but that doesn't appear to be in the cards right now .



U.S. Framing Lumber and Structural Panel Monthly Composite Prices



Source: Random Lengths, thru July 2025

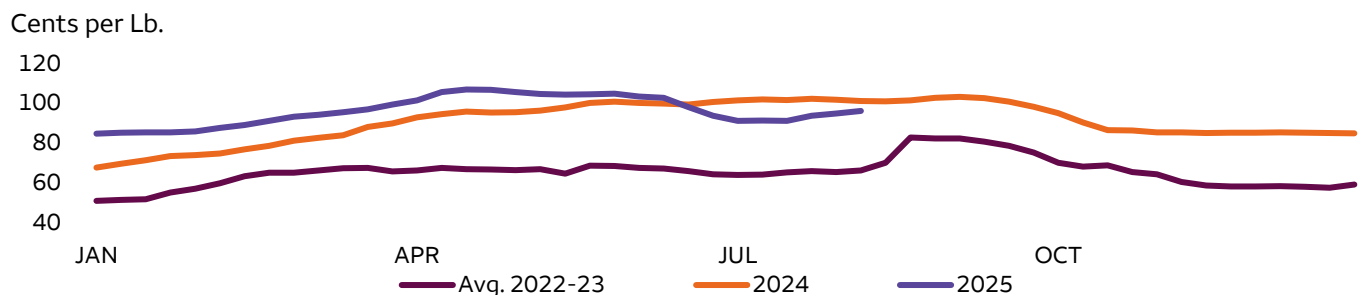
Protein

Broiler

- After a strong first half in 2025, the broiler cutout value slipped lower in July, driven by weaker breast prices.³⁷ Wing prices experienced seasonal improvement in July, helping offset lower breast prices. USDA increased their broiler production forecast for the third quarter on higher hatchery data and increased bird weights. Broiler production in 2025 is now forecasted up 1.5% YoY.³⁸
- McDonald's, Taco Bell, Popeyes, and Sonic have each announced new chicken menu items in 2025, as beef faces supply tightness and chicken provides a stable and cost-effective option for quick-service restaurants.
- Exports remain a challenge for the broiler industry as it faces strong global competition from countries such as Brazil. USDA is forecasting broiler exports down 3.1% YoY in 2025.³⁸



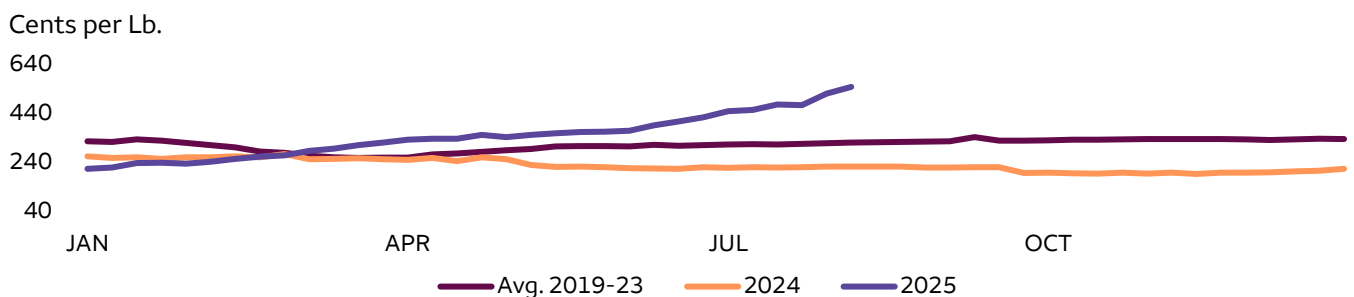
Broiler Cutout Value National, FOB, Weekly



Turkey

- Both whole turkeys and turkey breast pricing has risen since the beginning of the year on tightening turkey supplies. The USDA is forecasting turkey production 6% lower YoY in 2025.³⁹ Reduced supplies are the result of plant closures and disease issues impacting bird health.

Wholesale Turkey Breast Prices, National, Skinless/Boneless, Tom, Weekly



Protein

Table Eggs

- Despite no new cases of Highly Pathogenic Avian Influenza (HPAI) in commercial table-egg laying flocks since May 30, the flock has not yet witnessed a recovery.³⁸ With a slow recovery in the U.S. table-egg flock, table-egg production in 2025 is forecasted down 4% YoY.³⁹

Pork / Hogs

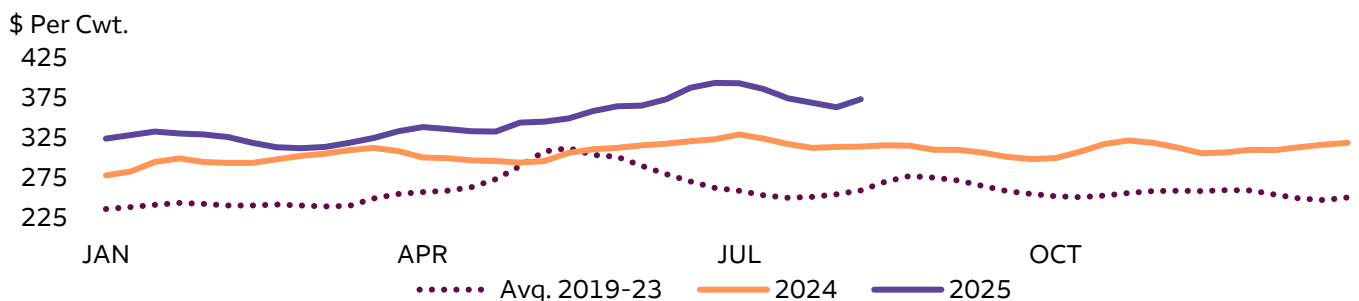
- The USDA-National Agricultural Statistics Service (NASS) June 1st Quarterly Hog & Pig Inventory Report was released at the end of June. The report confirmed the continued declining size of the U.S. breeding herd.³⁸ Pork production has offset the smaller hog herd with a higher pigs per litter rate and heavier hog dressed weights.³⁸
- Stronger domestic demand for pork contributed to higher pork cutout values in the second quarter. Elevated retail prices for alternative animal proteins, particularly beef, likely played a role in shifting consumer preference toward pork.³⁸ Export pork demand has been sluggish in 2025 on slower exports to various Asian countries and Canada.³⁸



Beef/Cattle

- U.S. beef cutout prices appear to have peaked in early July, according to USDA-Agricultural Marketing Service (AMS), driven by tight supplies and strong seasonal demand. While this peak suggests that prices may follow typical seasonal declines through the second half of 2025, they are expected to remain above 2024 levels. This is largely due to reduced beef production forecasts for late 2025, on slower finished cattle marketings and improved pasture conditions that are expected to limit cattle placements.³⁸
- The implications of a new 50% U.S. tariff on Brazilian beef are expected to effectively halt beef shipments from Brazil. U.S. year-to-date beef imports through May 2025 showed Brazil as the top importer followed by Australia.⁴⁰ With the tariff in place, trade flows are likely to shift towards Australia and other South American countries.
- The USDA July Cattle Inventory report showed total cattle inventory at 94.2 million head, down 1.3% from the 2023 report (no July report was published in 2024).²⁵ Total cow inventory was up 2.4% from the January 2025 report on larger inventories of both beef and dairy cows.²⁵ While higher cow inventories are positive, there is still little indication of heifer retention and significant herd rebuilding by cattle producers.

Boxed Beef Cutout Value Choice 600-900 Lbs., Carcass, Negotiated, Weekly



Source: USDA-AMS, compiled by Livestock Marketing Information Center

Protein

New World Screwworm

- A once eradicated parasite, New World Screwworm (NSW) is posing a return to the U.S. The parasite was discovered in Mexico in the late fall of 2024, prompting a shutdown of live cattle imports from Mexico. With the most recent case reported about 370 miles from the U.S., livestock producers have started sounding the alarm and working on defense strategies to prepare and protect U.S. livestock herds.⁴¹

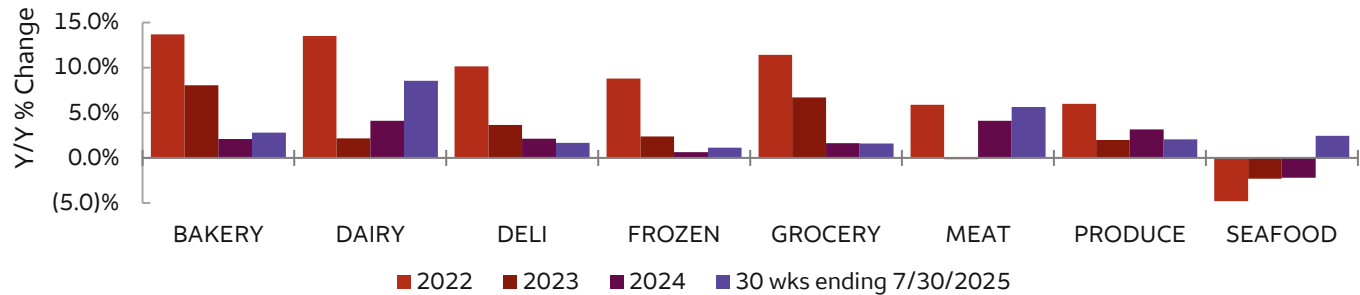
If the parasite were to return to the U.S. potential impacts on the livestock industry include:

- Higher animal death loss
- Increased costs for prevention and treatment
- Restricted transportation of live animals
- Higher beef prices on a continuation of tight supplies. NWS lowering Mexican cattle imports and potentially increasing animal deaths.



Seafood

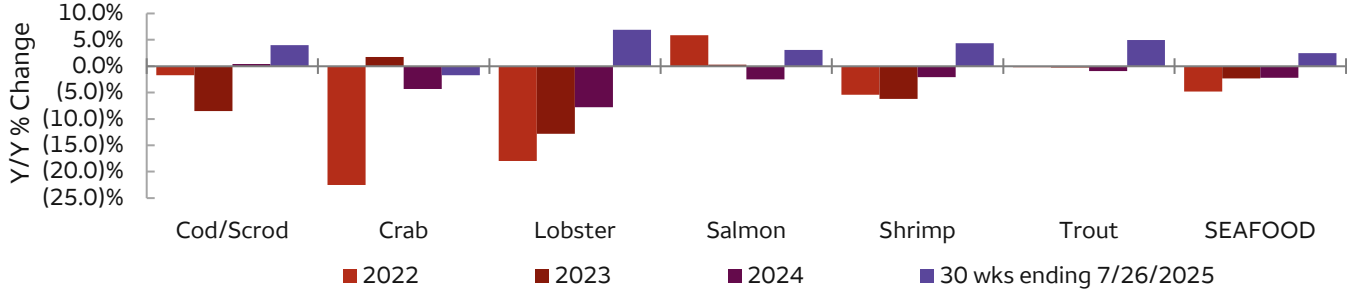
Percent change in Sales - \$'s



Source: Data reported by Nielsen (“NIQ”) through its Discover for Retail Departments for 2022, 2023, 2024, and 30 weeks ending 7/26, 2025

Based on the latest retail data from Nielsen, seafood sales appear to be turning the corner. An analysis of the year over year change in annual dollar sales for both fresh and frozen seafood reflects positive trends for the seafood category versus other grocery departments for the period 2022 through the 30 weeks ending 7/26/2025.⁴²

Percent change in Sales - \$'s



Source: Data reported by Nielsen (“NIQ”) through its Discover for Seafood Department for 2022, 2023, 2024, and 30 weeks ending 7/26, 2025

A deeper dive into the seafood retail data showed growth in sales dollars across multiple product lines for the same time period as well with some variation for the different products due to relative price variances, as unit volumes for higher priced products like crab and lobster appear to be more sensitive to price than do shrimp and salmon. But in general, it appears that retail sales for the seafood industry continue to maintain a growth trend.⁴³

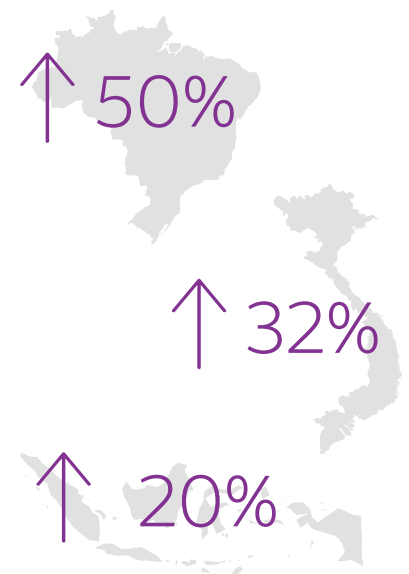


Specialty crops

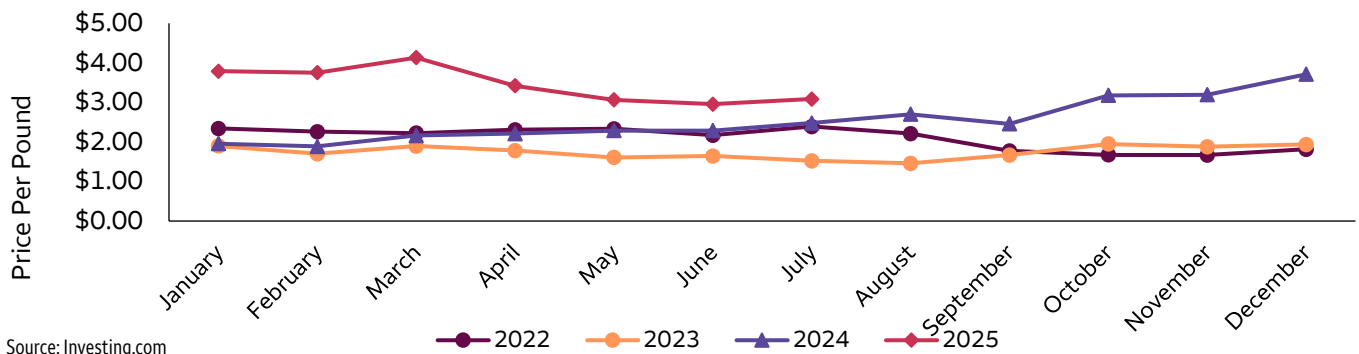
Coffee

- The coffee industry is navigating a volatile landscape shaped by sharp tariff increases and shifting global trade dynamics. The U.S. has imposed steep tariffs on coffee imports from key coffee producing countries.
- Brazil, the world's leading coffee producing country, now faces a 50% tariff, while Indonesia and Vietnam are subject to 32% and 20% respectively.
- The Indonesian tariff rate should reduce to 19% but is not yet legally binding under Executive Order 14257.⁴⁴ These tariff changes went into effect on August 7, 2025, for Brazil and August 1, 2025, for other countries.
- The U.S. industry for importers must now navigate sourcing strategies and identify ways to pass costs onto roasters and processors. Coffee importers need to now weigh the long-term effects on supply chain and consumer prices.
- While the short-term price dips have spurred some buying, the broader trend points to increased volatility and potential upward pressure on prices as sourcing adjusts to policy changes in trade.⁴⁵

Tariff Changes



Coffee "C" Price Trends



Cocoa

- Cocoa futures prices remain elevated as a result of the production challenges in West Africa, the main cocoa bean producing region, from weather and other climate related issues, but are down slightly from previous highs. Cocoa prices in June of 2024 averaged \$9,300 per metric ton due to tight supply conditions. Average prices have since declined, averaging \$8,341 per metric ton for June 2025.⁴⁶
- While current prices are down from a year ago, the elevated prices have resulted in higher chocolate prices which continues to have a negative impact on overall demand for the confection.
- In July, chocolate maker Lindt & Spruengli AG lowered its margin guidance due to a higher decline in chocolate sales for the first half of the year than initially projected. In addition, Barry Callebaut AG reduced its sales volume guidance for a second time in three months citing persistently high cocoa prices and reported a 9.5% drop in sales for the March-May period, the largest in a decade.⁴⁷

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Four financial strategies for food and agribusiness companies to mitigate risk.



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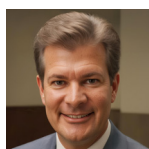
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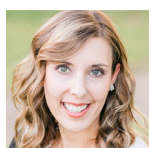
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