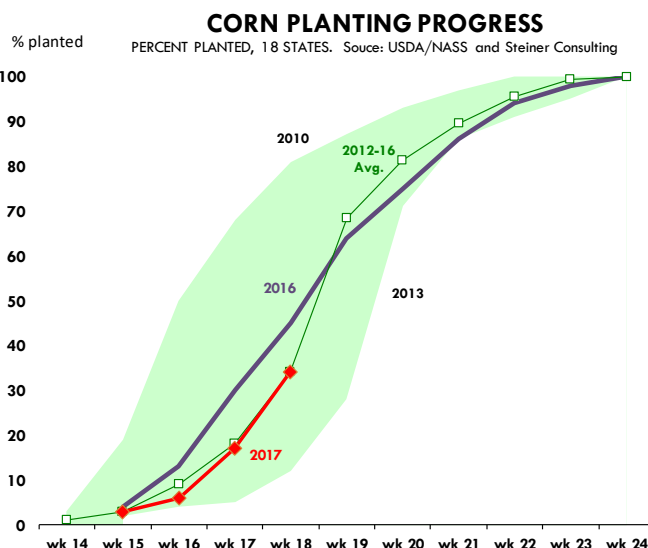


Corn progress has not kept pace with a year ago and there are concerns about flooding impact in a number of areas, particularly Illinois. The attached chart puts current planting progress in context. Last week USDA reported that, as of April 30, 34% of the corn crop was planted. This was in line with the five year average. The next update for week ending May 7 will be published this afternoon. Advances in technology now make it possible for corn farmers to quickly get the crop planted. The main concern is the amount of water currently in fields and the ability of farmers to even get their equipment in. On page 3 we have included a map from NOAA, showing the difference in precipitation from normal conditions. Some areas have received 8 inches or more than what they normally get for this two week stretch, leading to increased flooding risk. It is still a bit early to talk about prevent planting but the next two weeks will be critical, especially if these areas continue to receive more rainfall. December corn futures for the most part have traded sideways as market participants recognize a) the impact of large carryover stocks; b) the experience of previous years when delays in planting have not had a material impact on final output; and c) the effect of large global supplies.

The **first official USDA grain and livestock forecasts for 2017-18 marketing year will be released on Wednesday, May 10.** The attached table summarizes analyst expectations ahead of this report based on a survey conducted by Bloomberg. Corn production on average is expected to be down about 1 billion bushels from what it was a year ago. The production expectation is based on projections for near trend yields (see table) and plantings of around 90 million acres. The planting number comes from the USDA survey conducted back in March and a lot can change depending on the ability of farmers to plant the crop as well as the price of alternative crops, such as soybeans. The decline in production is significant but expectations are that USDA will keep ending stocks for 2017-18 above 2 billion bushels and stocks to use ratios in the 14.5– 15.5% area. In the past that type of pipeline availability has correlated with corn prices in the \$4.00 area and we could see USDA peg prices around those levels it its first balance sheet. It is important to recognize that the first USDA projection sets a baseline for assessing supply availability in the next marketing year. A lot can change between now and October and market participants will frequently review information as it becomes available (weather, plantings, floods, exports, etc) and adjust the baseline as necessary. One item that is worth noting below is the very large projected stocks for soybeans. Market participants expect soybean stocks at 584 million bushels and this number could get larger if yields once again beat the trend and if farmers move more corn acres into soybeans. Wheat production is expected to decline and recent weather damage has bolstered wheat values. But with half of US wheat going to export, supplies and demand around the world remain key.

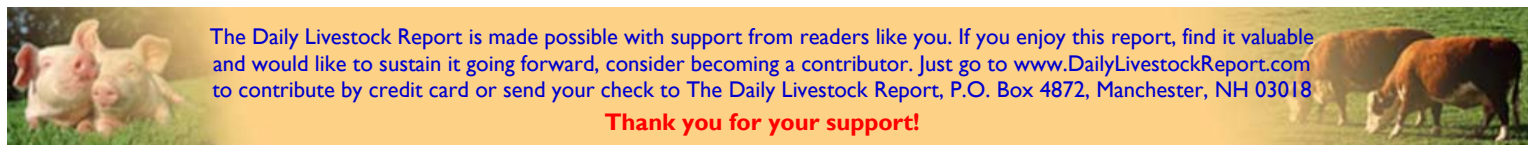


Pre-Report Estimates of USDA May WASDE Report

Survey of Market Analysts Conducted by Bloomberg

| | 2017-18 | | 2016-17 |
|----------------------|------------|-----------------|---------|
| | Trade Est. | Range | USDA |
| Production | | | |
| Corn | 14,068 | 13,098 - 14,688 | 15,148 |
| Soybean | 4,252 | 4,102 - 4,391 | 4,307 |
| Wheat | 1,858 | 1,775 - 2,022 | 2,310 |
| Yield | | | |
| Corn | 170.3 | 169.00 - 173.0 | 174.6 |
| Soybean | 48.1 | 46.5 - 49.5 | 52.1 |
| Ending Stocks | | | |
| Corn | 2,129 | 1811 - 2513 | 2,320 |
| Soybean | 584 | 420 - 759 | 445 |
| Wheat | 930 | 779 - 1160 | 1,159 |

Bottom line: US and global grain markets have been well supplied in the last couple of years and this has lowered input costs for US livestock and poultry producers and contributed to the surge in beef, pork, chicken and turkey output. **The first supply projections for 2017-18 point to still quite ample supplies.** As USDA starts to update these estimates, market participants will pay close attention not just to conditions in the US but also around the world.



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Daily Livestock Report

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Vol. 15, No. 89 / May 8, 2017

PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending **5/6/2017**

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary. Weekly Avg. Prices

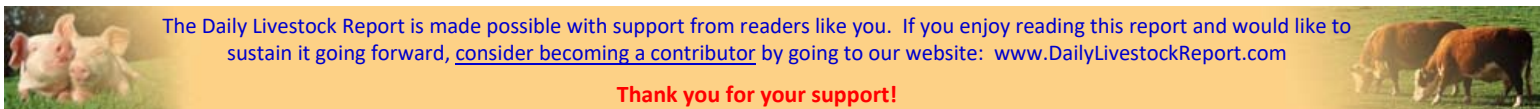
| Item | Units | Current Week | Last Week | Pct. Change | Last Year | Pct. Change | YTD | Y/Y % Change | |
|--|--------------------------------|---------------------|------------------|-------------|-----------------|-------------|---------------|--------------|-------|
| | | 6-May-17 | 29-Apr-17 | | 7-May-16 | | | | |
| Total Beef, Pork, Chicken, Turkey | mil lbs., cwe | 1,848 | 1,838 | 0.56% | 1,804 | 2.47% | 31,932 | 2.0% | |
| C | FI Slaughter | Thou. Head | 612 | 624 | -1.92% | 586 | 4.42% | 10,618 | 5.9% |
| | FI Cow Slaughter ** | Thou. Head | 110 | 103 | 7.71% | 100 | 10.78% | 1,776 | 0.1% |
| T | Avg. Dressed Weight | Lbs. | 802 | 805 | -0.37% | 813 | -1.35% | 814 | -1.4% |
| T | Beef Production | Million Lbs. | 489.6 | 501.2 | -2.31% | 475.7 | 2.92% | 8,642 | 4.5% |
| L | Live Fed Steer Price | \$ per cwt | 144.69 | 136.22 | 6.22% | 126.59 | 14.30% | | |
| E | Dressed Fed Steer Price | \$ per cwt | 229.86 | 216.45 | 6.20% | 198.66 | 15.71% | | |
| | Oklahoma Steer (600-700 lbs) | \$ per cwt | 161.39 | 157.92 | 2.20% | 163.24 | -1.14% | | |
| & | Choice Beef Cutout | \$ per cwt | 232.55 | 219.56 | 5.92% | 205.72 | 13.04% | | |
| | Hide/Offal | \$ per cwt, live wt | 11.83 | 11.90 | -0.59% | 11.15 | 6.10% | | |
| B | Rib Primal, Choice | \$ per cwt | 373.98 | 343.73 | 8.80% | 311.65 | 20.00% | | |
| E | Round Primal, Choice | \$ per cwt | 178.99 | 171.74 | 4.22% | 164.12 | 9.06% | | |
| E | Chuck Primal, Choice | \$ per cwt | 181.20 | 173.56 | 4.40% | 157.25 | 15.23% | | |
| F | Trimming, 50% | \$ per cwt | 135.76 | 110.40 | 22.97% | 48.97 | 177.23% | | |
| | Trimming, 90% | \$ per cwt | 220.25 | 218.37 | 0.86% | 219.69 | 0.25% | | |
| H | FI Slaughter | Thou. Head | 2,262 | 2,290 | -1.22% | 2,217 | 2.04% | 41,509 | 2.3% |
| | FI Sow Slaughter ** | Thou. Head | 59.0 | 55.8 | 5.76% | 55.6 | 6.09% | 923 | -2.1% |
| H | Avg. Dressed Weight | Lbs. | 213.0 | 213.0 | 0.00% | 214.0 | -0.47% | 213 | -0.3% |
| O | Pork Production | Million Lbs. | 481.9 | 487.4 | -1.13% | 473.4 | 1.80% | 8,829 | 2.1% |
| G | Iowa-S. Minn. Base | Wtd. Avg. | 62.36 | 55.27 | 12.83% | 72.05 | -13.45% | | |
| S | Natl. Base Carcass Price | Wtd. Avg. | 62.27 | 60.08 | 3.65% | 72.02 | -13.54% | | |
| | Natl. Net Carcass Price | Wtd. Avg. | 64.68 | 62.44 | 3.59% | 74.29 | -12.94% | | |
| | Pork Cutout | 205 Lbs. | 76.37 | 73.98 | 3.23% | 82.71 | -7.67% | | |
| | Ham Primal | \$ per cwt | 63.03 | 59.58 | 5.79% | 66.12 | -4.67% | | |
| | Loin Primal | \$ per cwt | 77.07 | 75.51 | 2.07% | 85.77 | -10.14% | | |
| | Belly Primal | \$ per cwt | 111.08 | 107.68 | 3.16% | 108.20 | 2.66% | | |
| | Trimming, 72%, Fresh | \$ per cwt | 79.27 | 70.65 | 12.20% | 78.04 | 1.58% | | |
| | Hog By-Product Value | \$ per cwt, live wt | 3.90 | 3.94 | -1.02% | 3.69 | 5.69% | | |
| C | Young Chicken Slaughter * | Million Head | 164.8 | 158.9 | 3.71% | 159.0 | 3.63% | 2,721 | 1.1% |
| H | Avg. Weight (RTC) | Lbs. | 4.68 | 4.64 | 0.82% | 4.67 | 0.33% | 6.13 | -0.6% |
| I | Young Chicken Production (RTC) | Million Lbs. | 771.6 | 738.0 | 4.56% | 742.2 | 3.97% | 12,677 | 0.5% |
| C | Eggs Set (19-state) | Million | 213.2 | 212.8 | 0.18% | 207.9 | 2.52% | 3,613 | 2.0% |
| K | Chicks Placed (19-state) | Million Head | 174.7 | 174.3 | 0.23% | 171.5 | 1.86% | 2,942 | 1.4% |
| E | National Composite Whole Bird | Composite | 99.12 | 97.26 | 1.91% | 89.65 | 10.56% | | |
| | Northeast Breast, B/S | \$/cwt | 138.37 | 134.14 | 3.15% | 124.58 | 11.07% | | |
| | Northeast Leg Quarters | \$/cwt | 41.13 | 38.29 | 7.42% | 36.42 | 12.93% | | |
| T | Total Turkey Slaughter * | Million Head | 4.182 | 4.044 | 3.41% | 4.439 | -5.79% | 69,432 | -2.1% |
| U | Avg. Weight (RTC) | Lbs. | 25.19 | 27.61 | -8.78% | 25.38 | -0.75% | 32.09 | 2.7% |
| R | Turkey Production (RTC) | Million Lbs. | 105.3 | 111.7 | -5.66% | 112.7 | -6.50% | 1,784 | 0.0% |
| K | National Hen (8-12 lb) | 8-16 Lbs. | 99.25 | 99.50 | -0.25% | 115.00 | -13.70% | | |
| G | Corn, Omaha | \$ per Bushel | 3.38 | 3.41 | -0.88% | 3.47 | -2.59% | | |
| R | Distillers Grain, Chicago | \$ per Ton | 96.50 | 99.00 | -2.53% | 130.00 | -25.77% | | |
| A | Wheat, Kansas City (deliv.) | \$ per Bushel | 4.02 | 3.92 | 2.55% | 4.32 | -6.94% | | |
| I | Soybeans, Cntrl IL | \$ per Bushel | 9.61 | 9.42 | 2.02% | 9.97 | -3.61% | | |
| N | Soybn Meal 48%, Cntrl IL | \$ per Ton | 315.10 | 310.30 | 1.55% | 343.30 | -8.21% | | |

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.

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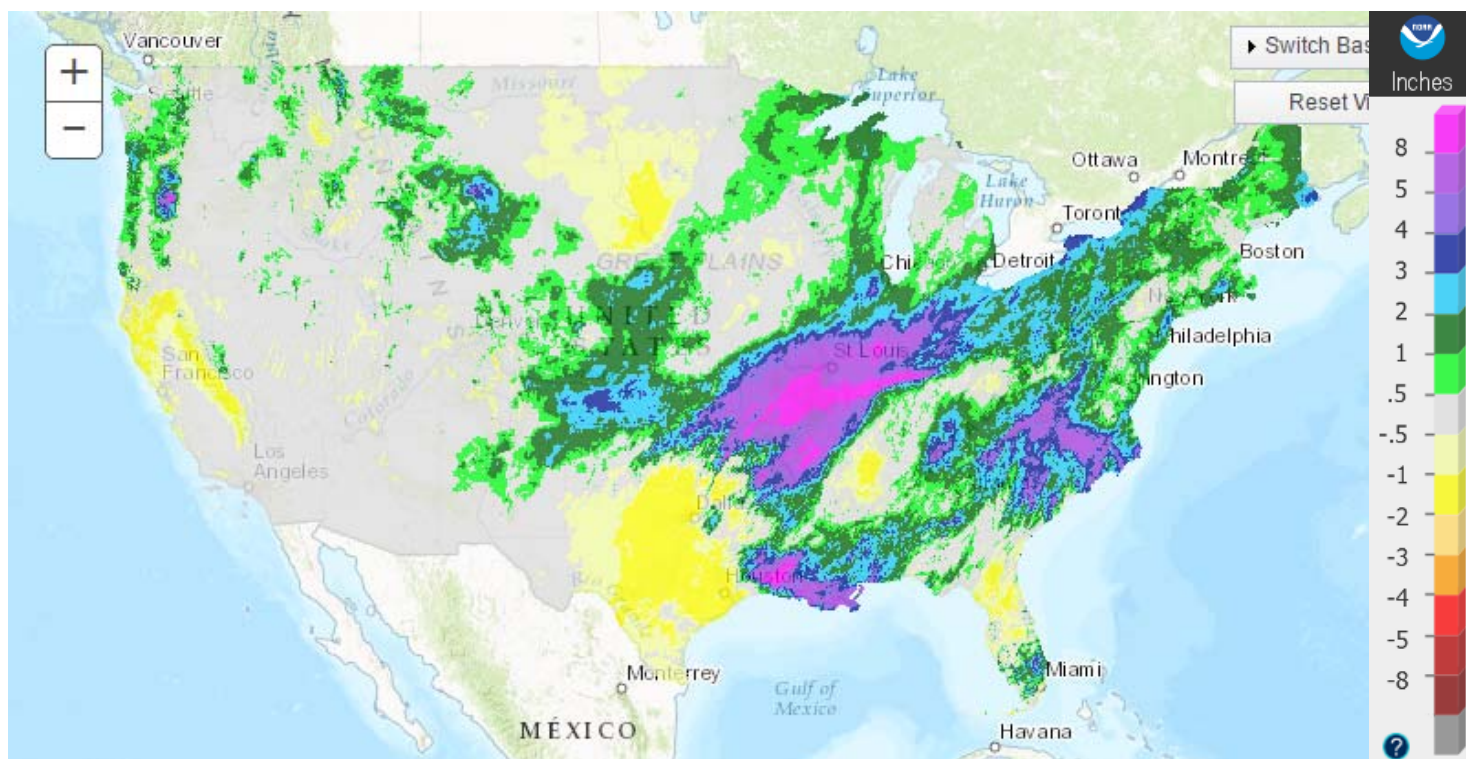
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Precipitation in the last 14 Days. Departure from Normal.

Source: NOAA



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