

Daily Livestock Subscriber,

We are writing to ask for your support ([today's report is on page 2](#)).

Back in about 2002 the CME came to Steve Meyer and me and requested that we invent a one page economic newsletter that would go out to the trade every day. The CME wanted a vehicle to deliver information to the trade as they evolved from an open outcry market to today's electronic market for livestock futures. At that time the CME paid for the whole service.

As electronic trading successfully replaced the open outcry markets, CME's interest in funding this daily newsletter declined. Today CME is only supporting a small percentage of the costs of producing and distributing the Daily Livestock Report (DLR). But interest from subscribers, like you, continues to be as strong as it has ever been.

Since 2012 we have asked subscribers for regular voluntary support payments to keep the DLR operating. That request system has not been working very well, partially because we have not been very diligent in asking for support.

Recently, we have started sending out invoices to subscribers. Organizations with multiple subscribers have received the first batch of invoices and we will send the rest shortly. **A number of companies and individuals have already responded and we greatly appreciate their generous support.**

We are at a crossroad. If we don't get adequate funding from our readers the DLR may disappear. We do recognize that some people, like students in an economics class at a University, do not have funds to pay for subscriptions. But they have an interest in this industry and we intend to make it available to them too.

We have tried to keep a voluntary, family-type, honor system in running the DLR and have approached various companies for support commensurate with the number of subscribers from that company. Our plan is to send an invoice based on the number of subscribers that we have in our list when the invoice goes out rather than try and keep track of when people join or leave. If someone already has sent a contribution and 10 people from that company join tomorrow, we will not send you an invoice until next year. We want to concentrate our efforts on writing great reports. We don't want to become experts on billing matters.

Bottom line, we need financial funding to keep the CME Daily Livestock Report operating. We are counting on YOU to provide that funding.

If you have not already done so please do your part today.

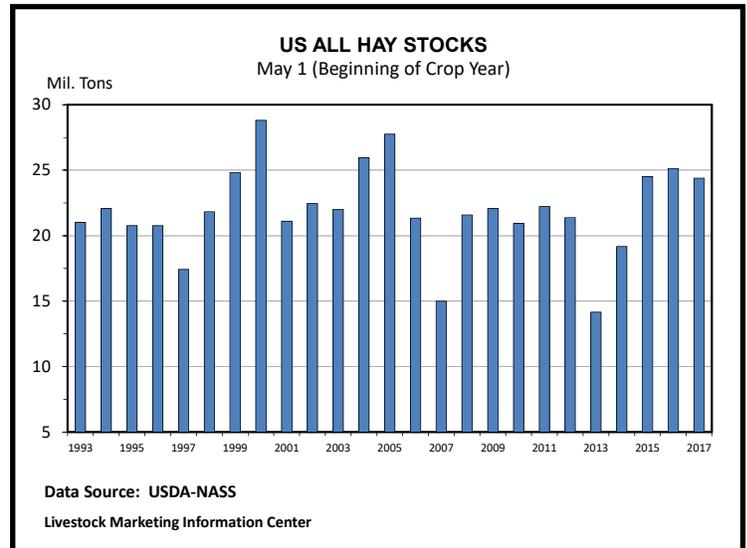
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USDA released the monthly Crop Production report by the National Agricultural Statistics Service (NASS) and the monthly World Agricultural Supply and Demand Estimates (WASDE) on Wednesday of this week. The crop report covered commodities mostly unrelated to the livestock sectors, but did contain one item we will discuss -- the May 1, 2017 hay stocks (a table on page 6 of that report). Importantly, the WASDE report, which is compiled by the World Agricultural Outlook Board, provided USDA's initial national and world crop assessments for the 2017/18 marketing-year and the calendar-year 2018 forecasts for U.S. livestock and poultry (the report is [here](#)).

U.S. hay stocks for May 1st give a carryover number as of that date which marks the national transition to a new hay crop-year. The major users of hay are the U.S. beef cowherd, feedlots, and dairies. Nationally, as of May 1, 2017, U.S. hay stocks based on NASS surveys were 24.4 million tons. Stocks were down 750,000 tons (3%) year-over-year. Even though stocks were the smallest since May 1, 2014 (19.1 million tons), they remained plentiful. The national average price for all hay in 2016/17 was the lowest since the 2010/11 crop-year. Based on current stock levels and very preliminary projection regarding 2017 production, hay prices may increase modestly year-over-year in 2017/18, but not enough to be a factor influencing producer management or marketing decisions.

Turning to the WASDE report regarding feedstuffs, in our assessment there were not any major surprises. Overall, U.S. feed grain output in 2017 is expected to decline year-over-year in line with reduced acres planted, while oilseed production increases. In terms of prices, for the 2017/18 crop-year WASDE put the midpoint of their corn forecast unchanged from 2016/17 (farmer received price at \$3.40 per bushel). Their 2017/18 soybean meal price forecast is currently down 4% year-over-year (at \$315 per ton basis Decatur 48% protein). After the report, the corn and soybean new-crop futures market prices gyrated as world carryover estimates were evaluated. Within one day, the futures prices were essentially unchanged from their pre-report levels.

One key WASDE adjustment for calendar year 2017 was that beef and pork export forecasts were raised from April's.



Note that the May report also reduced 2017's beef production compared to the April forecast by 190 million pounds (or nearly 1%), due mostly to lower than expected carcass weights.

For 2018, WASDE forecast that total U.S. red meat and poultry production will exceed 2017's. Both beef and pork production will continue to increase in 2018. WASDE put the initial 2018 U.S. forecast for both beef and pork at the same annual tonnage of 26.91 billion pounds on a carcass weight basis. In percentage terms, that would be an increase compared to their latest 2017 forecasts of 2.3% and 3.3% for beef and pork, respectively.

Compared to the April WASDE report, USDA raised their 2017 annual average slaughter live weight steer price forecast by \$4.00 to \$5.00 per cwt. (annual range now is \$120-\$125 per cwt.). WASDE uses a live hog price, which they increased by \$1.00 per cwt. for 2017. For calendar year 2018, the WASDE slaughter steer price range is \$113-\$123 per cwt. (down \$2-\$7 year-over-year) and for the hog price is forecast to slip about \$1.00 per cwt. from 2017's.



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