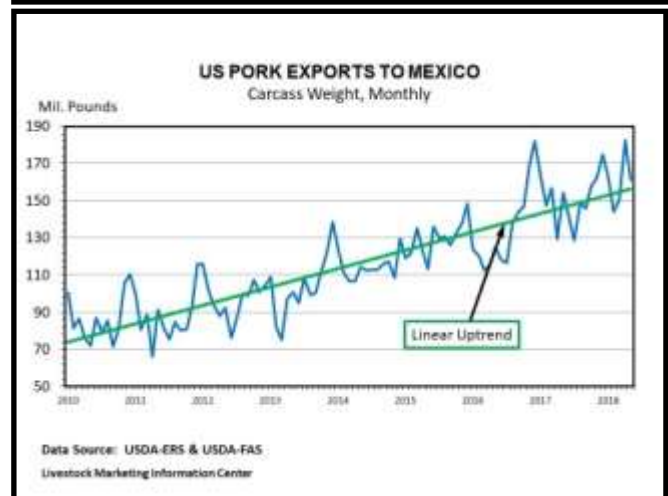
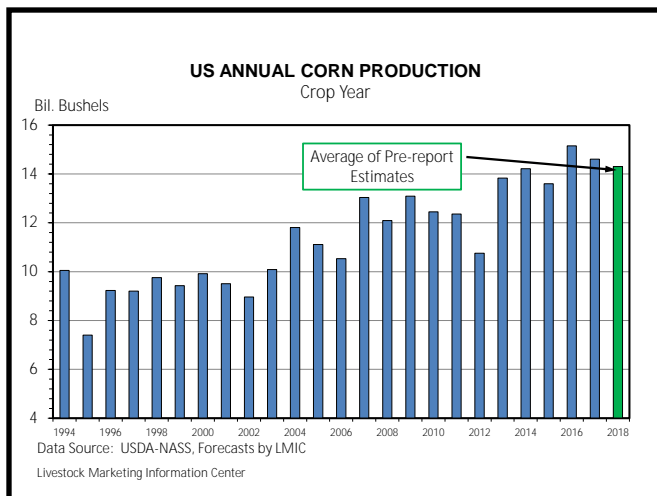
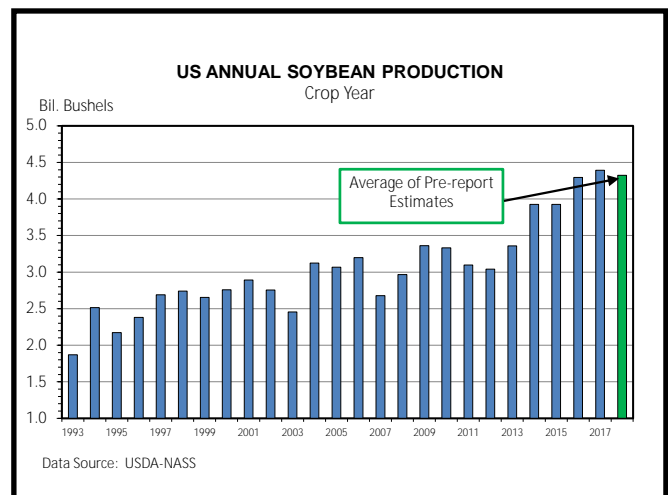


This Thursday, the monthly World Agricultural Supply and Demand Estimates (WASDE) will be released, which are developed under the authority of the USDA's Office of the Chief Economist using expertise across the agency and experts in that office. Typically, for this particular monthly report, much of the attention is directed to U.S. wheat, which will incorporate new USDA-NASS wheat production data, and to a lesser extent corn and soybeans. But more than the usual amount of interest will be directed to corn and soybeans, along with livestock and poultry. The additional attention is merited because of the international trade environment. Regarding domestic and foreign policy impacts on agricultural commodities, the WASDE analysis uses "the existing situation" and not what might happen in the future. In a wire story by Reuters, on June 29th, the USDA's Chief Economist is quoted as saying if retaliatory tariffs against U.S. agricultural products are instituted by Mexico, China, Canada, etc., WASDE will assume they "are going to hold for the rest of the year." Those retaliatory tariffs are now fact.

The WASDE report will incorporate 2018 U.S. crop planting numbers from the USDA-NASS annual Acreage report, which was released on June 30th. Will USDA make an unusual early season boost to Midwest corn yields, given the excellent growing season so far? The national average pre-report corn estimate is about 175 bushels per acre, slightly below 2017's record of 176.6. For soybeans, the average estimate is 49 bushels per acre compared to 48.5 last year. It's still early in the growing season, but on Monday the USDA-NASS weekly corn condition report had 21% of the U.S. crop rated as excellent, compared to 13% last year. For soybeans, 16% of the crop was rated excellent, up 6% from a year ago.

Regarding international trade of crops, because of new Chinese retaliatory tariffs, analysts may first look at adjustments to U.S. soybean exports for both this crop-year and next year. What changes will be made to U.S. beef, pork, and chicken forecasts? WASDE reports do not provide details on export destinations in the estimates, only totals, but two key countries are China and Mexico. Since 2010, the growth rate in U.S. pork to Mexico has been stellar compared to all other major destinations. Besides the new tariff situation, the EU and Mexico agreed to a significant new trade agreement on April 21 of this year. That agreement removes tariffs on 99% of all the goods traded between the EU and Mexico, including pork from the EU. What are the implications for U.S. pork exports to Mexico?



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