

## Our Quarterly Subscription Reminder

Daily Livestock Subscriber,

Last quarter we introduced an **annual invoicing system** with the goal of making the contribution process for our readers **easier and more transparent**. We received a solid response from our readers and thank each and every one of them. Without their help, this effort would not be possible.

However **many have yet to respond**.

Moving forward, we will be reaching out to our readers by email on a quarterly basis to support the newsletter. We will also include a reminder for the next few days. If you read the DLR from the website and would like to contribute, please follow this [link](#) to donate directly or send me an email to request an invoice. We will only be contacting you by email if you have not contributed before, or have not contributed for at least a year.

If you and/or your company have already contributed this year, then there is nothing else to do, please accept our thanks for your support. And if you receive an email from us but you have already contributed, then our records may have gotten mixed up and would appreciate if you could let us know.

Asking for contributions is a time consuming process. Yet, it is one that has become essential for us to continue publishing the DLR. **A sliver of your time and money each year will ensure that the DLR can keep writing and informing the livestock industry for years to come.**

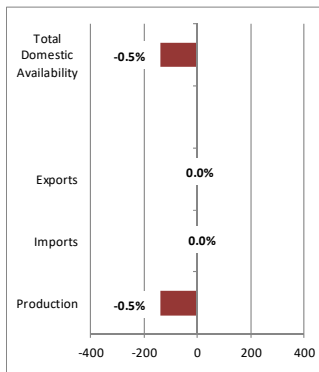
Len Steiner  
Owner  
Steiner Consulting Group, DLR Division, Inc.  
CME Daily Livestock Report  
Email: [len@dailylivestockreport.com](mailto:len@dailylivestockreport.com)

Yesterday USDA updated its projections for 2017 and 2018 grain, livestock and dairy production. There were a number of surprises, particularly on the grain side. Coming into the report most **grain analysts expected USDA to modestly lower its projected yields for corn and soybeans**. The average of analyst yield estimates was 168.2 bu./acre compared to the August USDA estimate of 169.5 bu. In the September WASDE report, however, USDA went the other way and raised its projected yield estimated to 169.9 bu/acre. Current projection is for US corn production to be 14.184 billion bushels. This level of production is still about 6.4% less than a year ago but that may not mean much when we are carrying over such a large supply of corn from the previous year. USDA indicated those carryover stocks are expected to be 2.350 billion bushels. One of the critical numbers in the USDA balance table is the level of exports for 2017/18, which is expected to decline 16.9%. It is largely due to the decline in export volume that USDA expects ending stocks for the new marketing year to be about the same as it was for the old one. The projected stocks/use ratio for corn currently stands at 16.4%, leading USDA to peg its average farm price in a range of \$2.80 - \$3.60, price levels that should continue to underpin expansion in red meat and poultry production.

**There were only modest adjustments to US red meat and poultry projections for this year and next.** The charts to the right show the revisions made to the 2017 forecasts as well as the expected change in production, trade and domestic availability for next year. We have circled the domestic availability increase for the three main species because, to us, that is one of the more critical numbers to watch as we contemplate the outlook for prices next year. What stands out is that available supplies are expected to increase for all three major species. However, **the rate of increase will differ and it is this difference in supply growth that may impact relative pricing for red meat and chicken.** In the case of beef, output is expected to continue to expand but at a more modest pace. Beef production in 2017 is expected to be up 1.338 billion pounds (+5.3%). In 2018, beef production is forecast to increase 716 million pounds (+2.7%). Per capita beef consumption/availability is forecast up 3.6% this year and 1.6% next year. USDA now expects steer prices next year to be around 2.9% lower than in 2017 and 4.4% lower than in 2016. At this point futures have a slightly more bearish outlook than the USDA fundamental supply/demand forecast. Based on the latest USDA closing prices, futures are expecting fed cattle prices in 2018 to be down 4.6% vs. the 2017 average. Pork supplies are expected to increase further next year and, more importantly, per capita availability is expected to be larger. Total pork production this year is forecast at 25.857 billion pounds, some 900 million pounds (+3.6%) higher than a year ago. Very strong pork exports in the first half of the year helped absorb a good portion of this supply increase. US pork exports in 2017 are forecast at 5.753 billion pounds, 514 million pounds (+9.8%) higher. Next year, pork supplies are expected to increase by a similar amount. Total output is projected to be 26.731 billion pounds, 874 million pounds higher than in 2017. However, exports are forecast to increase by just 212 million and imports are forecast to decline by 160 million. Why lower imports when Canada is expanding? Why lower pork exports considering very competitive US prices? Topics for debate in the coming months. Because of a less bullish outlook for US pork trade, per capita domestic pork consumption in 2018 is expected to increase 1.4% vs. just 0.4% in 2017

**BEEF: Sept. Revisions to 2017 Estimates**

Million lbs. Source: USDA WASDE



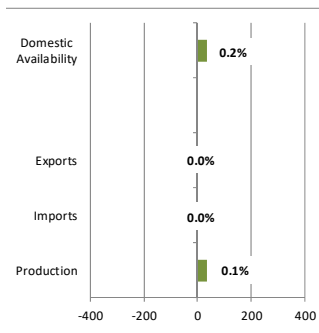
**BEEF: Y/Y % Ch. (2018F vs. 2017F)**

Million lbs. Source: USDA WASDE



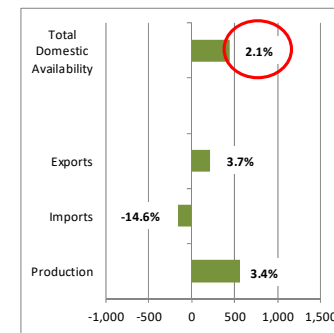
**PORK: Sept. Revisions to 2017 Estimates**

Million lbs. Source: USDA WASDE



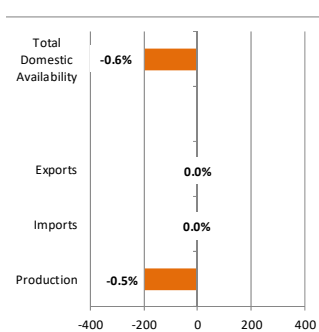
**PORK: Y/Y % Ch. (2018F vs. 2017F)**

Million lbs. Source: USDA WASDE



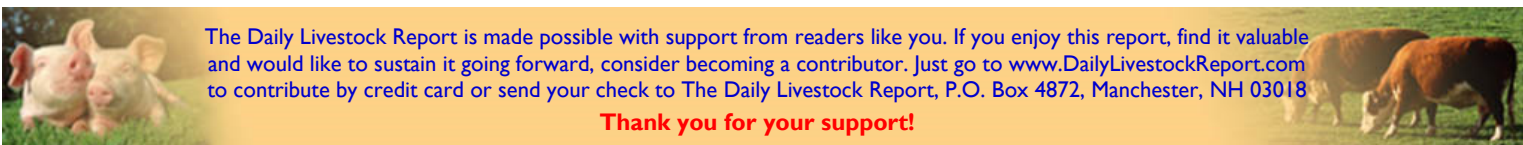
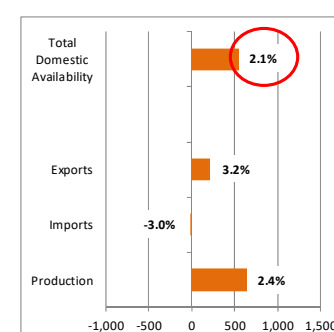
**BROILERS: Sept. Revisions to 2017 Est.**

Million lbs. Source: USDA WASDE



**BROILER: Y/Y % Ch. (2018F vs. 2017F)**

Million lbs. Source: USDA WASDE



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to [www.DailyLivestockReport.com](http://www.DailyLivestockReport.com) to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

**Thank you for your support!**

The Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit [www.dailylivestockreport.com](http://www.dailylivestockreport.com).

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group, CME and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.