

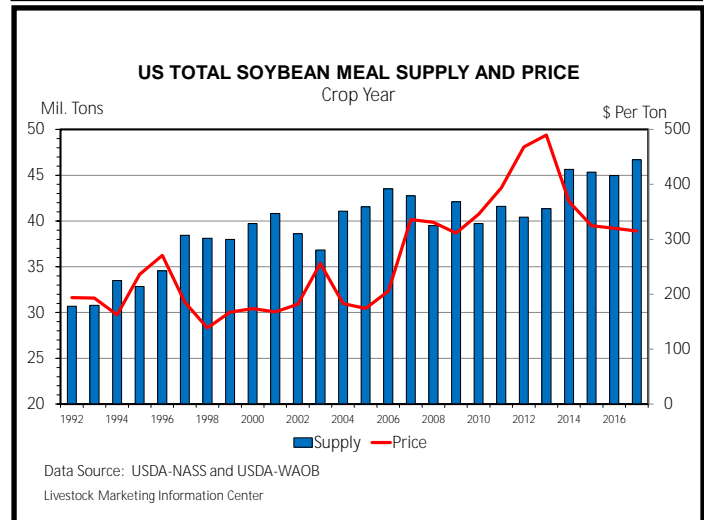
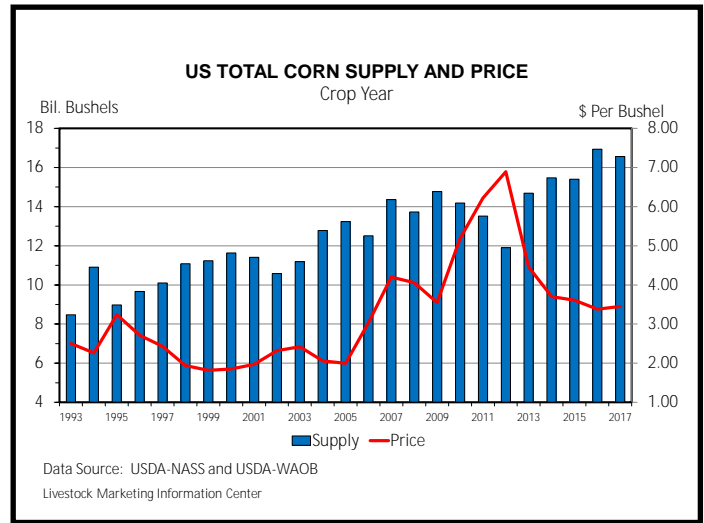
USDA's National Agricultural Statistics Service (NASS) released the August 1 Crop Production report yesterday (it is available [here](#)). In conjunction, the USDA World Agricultural Outlook Board updated the monthly WASDE forecasts on supplies, usage, and prices (that report is [here](#)).

On the crops, NASS put the national average U.S. corn yield above industry expectations at 169.5 bushels per acre (before the report, analysts expected a number closer to 166 bushels per acre). Still, that was less than USDA's forecast earlier this summer and below 2016's (174.6 bushels per acre). NASS projected that the U.S. soybean crop as of August 1st was above analyst expectations and above USDA's prior monthly forecast. As with corn, this year's estimated soybean yield at 49.4 bushels per acre was below 2016's (52.1 bushels per acre). Corn and soybean futures prices slipped following the USDA reports. The December corn contract closed at \$3.71 per bushel, down 15 cents for the day, the November soybean contract dropped 33 cents day-to-day, and the December soybean meal contract settled at \$300.20 per ton, down \$12.70.

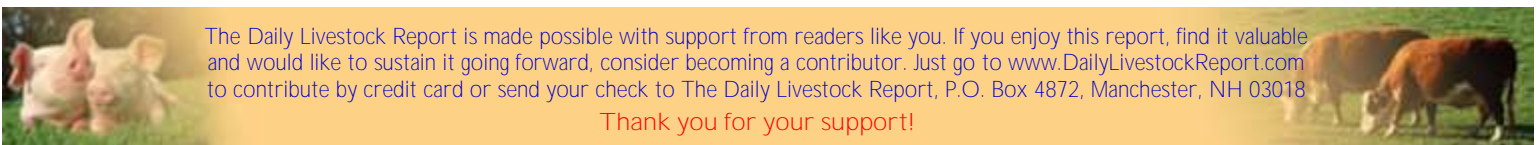
NASS pegged the U.S. corn production at 14.15 billion bushels, the third largest ever, but 7% below 2016's record output. The WASDE forecast that the national average corn price received by farmers for the 2017/18 marketing year will be \$2.90 to \$3.70 per bushel, averaging \$3.30. Pragmatically, that is unchanged from their projected 2016/17 price. U.S. soybean production is expected to eclipse the previous record crop produced in 2016 by 1% to 2%, according to NASS. WASDE forecast a 2017/18 soybean price range of \$8.45 to \$10.15 per bushel (average of \$9.30), down 20 cents per bushel year-over-year. They forecast that in 2017/18 the average soybean meal price at \$315.00 per ton, down \$5.00 from their 2016/17 projection. (In the graphs, the price shown for 2017 is the 2017/18 crop-year WASDE forecast.)

Regarding the livestock and poultry sectors, the WASDE report contained no surprises and changes were modest. Compared to the prior WASDE report (released July 12th), U.S. beef production for 2017 was raised less than 1%, and turkey output decreased by 1.3%. Their forecast for 2017's annual average live slaughter steer price was lowered by \$2.00 per cwt. and they raised the live hog slaughter price by \$2.00 per cwt. For 2018, WASDE adjusted their U.S. beef production number slightly up. WASDE lowered their 2018 slaughter steer price by \$1.75 per cwt. to \$116.25. Their slaughter hog price for next year was increased slightly (up by \$0.75 per cwt.).

Adjustments to meat and poultry international trade forecasts



were modest. Compared to the July WASDE, U.S. beef export tonnage for 2017 was reduced by 1.2%, and broiler volume dropped by 2.4%. U.S. beef import volume for 2017 was increased 1.5% above that given in July. For 2018, the only change compared to the July report was a reduction in forecast U.S. beef export tonnage by less than 1%. Importantly, WASDE has 2018 U.S. beef export volume at a new high in 2018. All-time highs in pork shipments are forecast in both 2017 and 2018. U.S. broiler exports, according to WASDE, will remain below 2013's record tonnage in 2017 and 2018.



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