



**Beef-** Beef output last week fell 10.1% from the prior holiday shortened week but was 3.5% larger than the same week a year ago. Recent cattle on feed data hints that strong year-over-year gains in beef output should last into the summer. Per the USDA, the May 1<sup>st</sup> U.S. cattle on feed inventory was 5.1% larger than last year, but cattle placements into feedlots during April were down 8.3%, the second consecutive month of lower placements. This could result in a cattle supply gap this fall. Beef demand is strong. For the four-week period ending last Friday, forward beef sales were a whopping 34.5% better than the previous year. Still, history suggests that many beef items can soften now through July.

**Grains-** The U.S. 2018-19 winter wheat harvest is underway with 5% in the bin as of June 3<sup>rd</sup>. The crop has been challenged by adverse weather for just about the entire growing season, and crop ratings are some of the worst for this time of the year in the last two decades. This could underpin wheat prices this month.

**Dairy-** During April, U.S. cheese output was just .9% better than the prior year. This is due in part to a bigger share of milk output going to California during the month. U.S. milk production in the largest cheese producing state, Wisconsin, during April was down .6% from 2017. Mexico this week announced import tariffs that will rise during the next month on cheese imports from the U.S. The country in 2017 accounted for 28.3% of our cheese exports. This could weigh heavy on the cheese markets in the near term. U.S. butter output in April was 8.3% bigger than the prior year.

**Pork-** Pork production last week was 11.7% smaller than the prior holiday shortened week but was up 4% from the same week in 2017. Pork output is likely to seasonally wane in the near term but remain above year ago levels. In Q3, production is forecasted by the USDA to rise from Q2 by 140 million pounds. This should temper any notable upward price pressure on pork this summer. Mexico said it is implementing a 20% tariff on U.S. hams. Since 2013, the average move for the ham (23-27 lb.) market over the next five weeks was up 20.4%.

**Poultry-** For the week ending May 26<sup>th</sup>, chicken output fell .6% from the previous week and was .9% smaller than the same week a year ago. For the six weeks ending May 26<sup>th</sup>, chicken production was tracking just .5% above 2017. Chicken producers have seen feed costs rise this year while chicken prices have faded. If this trend persists, then only modest year over year output gains may occur due to smaller margins. This could support the chicken markets this summer. April 30<sup>th</sup> chicken stocks were 9% more than last year but breasts were down 3%, and leg quarters were smaller by 3%. This week Mexico failed to announce any tariffs on U.S. chicken, but it is a big buyer of boneless skinless thigh meat. Chicken thigh meat prices are usually choppy in June.

**Seafood-** Most seafood consumed in the U.S. is imported and is subject to currency change valuations. The value of the U.S. dollar has risen rather sharply this spring with the official index climbing to a two-year high. This makes the U.S. an even more attractive destination for the world's seafood which should encourage exports and temper the various seafood markets.