

# GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy Of Chicago Board and Mercantile Exchange  
(Closing bids: Thursday, November 18, 1999)

## Corn

Daily Prices As of :- Thursday, 18 November

Symbol : C

	Open	High	Low	Last	Chge
11/18/99 DEC 99	1942	1950	1922	1924	-20
11/18/99 MAR 00	2050	2056	2030	2034	-16
11/18/99 MAY 00	2120	2126	2102	2106	-14
11/18/99 JUL 00	2184	2192	2170	2174	-10
11/18/99 SEP 00	2250	2254	2240	2242	-6
11/18/99 NOV 00	2312	2312	2312	2312	unch
11/18/99 DEC 00	2340	2346	2330	2334	-2
11/18/99 JAN 01	2364	2364	2364	2364	-4
11/18/99 MAR 01	2414	2414	2406	2410	-4
11/18/99 JUL 01		2494	2494	2494	-4
11/18/99 DEC 01	2544	2550	2540	2540	unch

Total	Volume	Open_Int
11/17/99	64320	469516

## Soybeans

Daily Prices As of :- Thursday, 18 November

Symbol : S

	Open	High	Low	Last	Chge
11/18/99 NOV 99	4580	4614	4550	4556	-22
11/18/99 JAN 00	4664	4690	4590	4596	-64
11/18/99 MAR 00	4740	4764	4660	4664	-76
11/18/99 MAY 00	4810	4824	4730	4732	-72
11/18/99 JUL 00	4860	4874	4784	4790	-72
11/18/99 AUG 00	4852	4852	4790	4794	-62
11/18/99 SEP 00	4870	4870	4784	4784	-70
11/18/99 NOV 00	4920	4934	4840	4844	-72
11/18/99 NOV 01	5150	5150	5150	5150	-60

Total	Volume	Open_Int
11/17/99	35962	164541

## Lean Hogs

Daily Prices As of :- Thursday, 18 November

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int	
11/18/99	Dec 99	5050	5110	5022	5102	+5	4054	22742
11/18/99	Feb 00	5365	5405	5320	5380	-40	2739	18633
11/18/99	Apr 00	5390	5465	5365	5460	+23	1314	7361
11/18/99	Jun 00	6080	6150	6055	6145	+28	361	3871
11/18/99	Jul 00	5975	5997	5950	5997	+2	61	1381
11/18/99	Aug 00	5745	5750	5710	5710	unch	27	586
11/18/99	Oct 00	5340	5372	5332	5372	+20	29	208
11/18/99	Dec 00	5237	5237	5210	5210	-30	14	34
11/18/99	Feb 01	0	5292	5290	5292	unch	0	3

Composite	Volume	Open_Int
11/17/99	8599	54819

## Live Cattle

Daily Prices As of :- Thursday, 18 November

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int	
11/18/99	Dec 99	7035	7047	6997	7042	+15	9841	43253
11/18/99	Feb 00	7090	7100	7042	7097	+35	5085	42771
11/18/99	Apr 00	7190	7215	7160	7212	+25	2061	25173
11/18/99	Jun 00	6945	6980	6920	6977	+32	748	9708
11/18/99	Aug 00	6915	6955	6902	6955	+43	269	4455
11/18/99	Oct 00	7030	7052	7025	7040	+15	74	2619
11/18/99	Dec 00	7247	7247	7200	7210	-10	1039	2421

Composite	Volume	Open_Int
11/17/99	19117	130400

## Oats

Daily Prices As of :- Thursday, 18 November

Symbol : O

	Open	High	Low	Last	Chge
11/18/99 DEC 99	1074	1080	1072	1074	-2
11/18/99 MAR 00	1170	1174	1166	1170	unch
11/18/99 MAY 00	1216	1216	1216	1216	-2
11/18/99 JUL 00	1194	1194	1194	1194	-2
11/18/99 SEP 00		1234	1234	1234	-10
11/18/99 DEC 00	1274	1274	1272	1272	-6

Total	Volume	Open_Int
11/17/99	1690	13119

## Weekly Dairy Market Outlook

KEN BAILEY

Penn State University  
November 12, 1999

### Cheese Prices Hit Support

Cheese prices at the Chicago Mercantile Exchange fell to support price levels. Prices for 40-pound blocks declined from \$1.1450 per pound on Monday, November 8 to \$1.10 on Wednesday and Thursday, November 10 and 11. Prices for 40-pound blocks then rebounded to \$1.1250 on Friday, November 12.

Barrel cheese prices at the Chicago Mercantile Exchange declined from \$1.1375 on Monday to \$1.0975 by Friday.

The support price level for block cheese, called the CCC purchase price, currently is \$1.10 per pound. It's \$1.07 per pound for barrel cheese. At those prices the government stands ready to purchase unlimited quantities. But according to USDA there were no sales of cheese into the Commodity Credit Corporation (CCC). The CCC has not purchased cheese under the dairy price support program since June 1997.

The market is clearly reacting to strong growth in milk production, high numbers of milk cows, and strong growth in cheese production. Last week

USDA announced American cheese production for September was up 15.8 percent above year-ago levels. And, cheese buyers understand that the milk supply won't decline immediately since farm-gate milk prices won't show the effects of lower cheese prices until December (farmers

will get these lower prices mid-January). That's because the Class I price under current federal orders will peak in November. The Class I mover is equal to the Basic Formula Price lagged two months. The November Class I mover is therefore going to be equal to \$16.26 per cwt. Local Class I prices will equal the Class I mover plus the Class I differential.

It is also possible that cheese prices will recover somewhat in the weeks ahead. Cheese inventory is declining rapidly and demand for the fourth quarter is expected to be good. The GDP (gross domestic product) and Christmas shopping should be very good despite initial estimates that October retail sales were flat. Strong economic growth and consumer spending could result in higher sales of dairy products, especially cheese. That could pull cheese prices higher into the \$1.20 range before the end of the month. The next cold storage report will be issued November 19. Stay tuned as this will be an important statistic for cheese prices!

My estimates of the BFP in Table 3 below are compared to CME BFP futures prices as of November 12, 1999. Outside of January 2000, my estimates are lower than the CME futures prices. Therefore my numbers should be considered worse case estimates. Clearly the market is

expecting higher cheese prices than I have forecast.

USDA also announced this week a comparison between actual federal order prices and prices under the final rule. A federal injunction has temporarily suspended implementation of the final rule. For October 1999 the Class III price was \$11.49 per cwt (the October BFP), but would have been \$12.48 per cwt under the final rule. The Class I mover for October was \$15.79 per cwt (August BFP), but would have been \$16.54 per cwt under the final rule. For November the announced Class I mover will be

\$16.26 per cwt (September BFP), but would have been \$12.90 per cwt under the final rule.

For more information on dairy outlook, see my website at: <http://www.aers.psu.edu/dairy-outlook/>

Table 3. Basic Formula Price Forecasts

	CME Block Cheese Prices \$/lb	My BFP Forecast \$/cwt	BFP Futures 1/ \$/cwt
Nov 99	1.1488	10.38	10.50
Dec 99	1.1800	10.23	10.85
Jan 00	1.2000	11.63	11.20
Feb 00	1.1800	11.03	11.35
Mar 00	1.1800	10.97	11.51
Apr 00	1.1700	10.87	11.65
May 00	1.1500	10.69	11.60

1/ CME BFP Milk Futures, Nov. 12, 1999.

Table 1. Chicago Mercantile Exchange Prices, Weekly Averages

	12-Nov-99	5-Nov-99	29-Oct-99	22-Oct-99	15-Oct-99
Cheese:					
500 lb. barrels	1.1085	1.1930	1.2380	1.2705	1.2310
40-lb. blocks	1.1170	1.2150	1.2635	1.2840	1.2565
Nonfat dry milk:					
Extra Grade	1.0300	1.0300	1.0300	1.0300	1.0300
Grade A	1.0300	1.0300	1.0300	1.0300	1.0300
Butter, Grade AA	1.0983	1.0933	1.0675	1.0233	1.0850

Source: Dairy Market News, AMS, USDA

(<http://www.ams.usda.gov/dairy/mncs/weekly.htm>).

Table 2. NASS Weekly U.S. Average Survey Prices

	6-Nov-99	30-Oct-99	23-Oct-99	16-Oct-99	09-Oct-99
Cheese					
40-lb blocks	1.2806	1.3126	1.3518	1.4462	1.5305
500 lb Barrels 1/	1.2299	1.2490	1.2530	1.3324	1.4340
Butter	1.0671	1.0534	1.0414	1.1121	1.1835
Nonfat dry milk	1.0173	1.0170	1.0201	1.0182	1.0193
Dry whey	0.1909	0.1932	0.1976	0.1942	0.1968

Source: Dairy Product Prices, NASS, USDA

(<http://usda.mannlib.cornell.edu/reports/nassr/price/dairy/1999/>)

1/ Adjusted to 39% moisture.