

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy Of Chicago Board and Mercantile Exchange
(Closing bids: Wednesday, December 22, 1999)

Corn

Daily Prices As of :- Monday, 20 December

Symbol:C	Open	High	Low	Last	Chge
12/20/99 DEC 99	1944	1950	1800	1856	-60
12/20/99 MAR 00	2022	2042	2020	2032	+16
12/20/99 MAY 00	2084	2110	2084	2104	+20
12/20/99 JUL 00	2150	2174	2150	2172	+22
12/20/99 SEP 00	2210	2240	2210	2234	+22
12/20/99 NOV 00	2296	2296	2296	2296	+26
12/20/99 DEC 00	2300	2324	2300	2322	+22
12/20/99 JAN 01	2344	2344	2344	2344	+20
12/20/99 MAR 01	2400	2402	2392	2402	+22
12/20/99 JUL 01	2470	2490	2470	2490	+32
12/20/99 DEC 01	2514	2524	2500	2524	+20

Total	Volume	Open_Int
12/17/99	39899	387621

Soybeans

Daily Prices As of - Monday, 20 December

Symbol:S	Open	High	Low	Last	Chge
12/20/99 JAN 00	4560	4612	4560	4584	+62
12/20/99 MAR 00	4610	4670	4610	4654	+70
12/20/99 MAY 00	4654	4726	4654	4716	+72
12/20/99 JUL 00	4712	4790	4712	4774	+74
12/20/99 AUG 00	4804	4804	4770	4774	+74
12/20/99 SEP 00	4780	4800	4770	4782	+82
12/20/99 NOV 00	4840	4850	4824	4840	+74
12/20/99 NOV 01		5040	5040	5040	+34

Total	Volume	Open_Int
12/17/99	27322	152062

Oats

	Open	High	Low	Last	Chge
DEC 99		1024	1024	1024	+20
MAR 00	1096	1100	1084	1084	unch
MAY 00	1142	1150	1134	1134	unch
JUL 00	1122	1126	1114	1114	unch
SEP 00	1164	1164	1160	1160	+4
DEC 00	1244	1244	1242	1242	+6

Volume	Open_Int
2373	12612

Weekly Dairy Market Outlook

By Ken Bailey
Penn State University
December 17, 1999

USDA Announces Milk Production Report

- November milk production up 4.4 percent
- Cheese prices weaken
- USDA announces 2000 support prices
- Federal order reform to be implemented

USDA announced this week that milk production in 20 major states during November was 11.3 billion pounds, up 4.4 percent over a year ago.

Production per cow averaged 1,458 pounds, 51 pounds or 3.6 percent more than November 1998. And cow numbers continued to increase month over month. Cow numbers in November were 7.76 million head, up 58,000 head from November 1998 and up 7,000 from the month before.

Most of the milk production increases were from the West

Idaho was up 14.9 percent, California up 12.1 percent, and New Mexico up 11.7 percent. Milk production was also up in other states, although at much lower rates.

In my state of Pennsylvania, milk production grew 2.6 percent. Milk production was down in Florida (-2.8 percent), Illinois (-5.3 percent), Indiana (-3.4 percent), Iowa (-2.2 percent), Missouri (-2.7 percent), and Wisconsin (-0.3 percent).

This was disappointing but expected news to the market. Cow numbers and milk production continue to increase in the range of 3-5 percent each month relative to a year ago. Normally milk production rises 1-3 percent. The November growth was expected since dairy farmers have not yet received any price signals to slow down. The October milk check was still fairly high and farmers received this around November 20th. The November milk check contains a near record high Class I price. Farmers will receive this check next week.

So the pain of lower commodity and Class III prices will continue until milk

production slows down. But that won't occur until it fully shows up in the mailbox. Farmers will receive their lowest milk check around January 20th. Milk production should start to slow thereafter.

Cheese prices noticeably weakened after the milk production report was released. Cheese prices at the Chicago Mercantile Exchange fell on Thursday. Prices for 40-pound blocks rose from \$1.21 per pound on Monday, December 13 to \$1.22 the next day. Prices fell to \$1.1475 per pound by Friday, December 17. Likewise, barrel prices rose from \$1.19 per pound on Monday to \$1.21 on Tuesday, only to fall to \$1.15 by Friday. This price inversion (barrels higher than blocks) is very unusual in the cheese business.

Butter prices were relatively weak at the Chicago Mercantile Exchange. Grade AA butter prices remained steady at \$0.9050 per pound. Despite relatively brisk demand, there are ample supplies of fresh and frozen butter available.

The market will be looking to the November stocks report for new market information. That should be released next week (Monday, December 20th). It will allow us to estimate commercial disappearance, or market demand. Commodity prices for cheese and butter will either remain the same or strengthen.

Lean Hogs

Daily Prices As of - Tuesday, 21 December

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
12/21/99 Feb 00	5585	5625	5575	5595	+30	1316	25829
12/21/99 Apr 00	5675	5750	5670	5735	+60	419	9164
12/21/99 Jun 00	6435	6485	6420	6482	+57	423	5700
12/21/99 Jul 00	6295	6335	6272	6325	+70	72	1849
12/21/99 Aug 00	6125	6147	6105	6147	+25	13	1144
12/21/99 Oct 00	5687	5692	5675	5690	-2	27	678
12/21/99 Dec 00	5490	5515	5477	5495	-2	18	186
12/21/99 Feb 01	5580	5650	5580	5650	+85	0	5
12/21/99 Apr 01	0	5520	5520	5520	+10	0	1

Composite	Volume	Open_Int
12/20/99	2289	44556

Live Cattle

Daily Prices As of - Tuesday, 21 December

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
12/21/99 Dec 99	6880	6912	6867	6902	+25	1184	8860
12/21/99 Feb 00	6870	6922	6870	6915	+35	3537	52724
12/21/99 Apr 00	7075	7112	7072	7105	+33	1166	28807
12/21/99 Jun 00	6902	6917	6890	6905	+8	554	13167
12/21/99 Aug 00	6922	6935	6910	6927	+10	512	6619
12/21/99 Oct 00	7082	7085	7070	7080	+15	78	3055
12/21/99 Dec 00	7200	7215	7195	7215	+30	21	2797

Composite	Volume	Open_Int
12/20/99	7052	116030

Lumber

Daily Prices As of - Tuesday, 21 December

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
12/21/99 Jan 00	33400	33730	33240	33270	-310	138	1551
12/21/99 Mar 00	33680	34000	33610	33650	-50	34	816
12/21/99 May 00	33070	33170	32880	32930	-180	8	332
12/21/99 Jul 00	32760	32800	32620	32690	-100	0	85
12/21/99 Sep 00	0	32700	32620	32620	-70	0	43
12/21/99 Nov 00	0	32150	32150	32150	unch	0	1
12/21/99 Jan 01	0	32150	32150	32150	unch	0	1

Composite	Volume	Open_Int
12/20/99	180	2829

USDA also announced the 2000 dairy price support levels (CCC purchase prices). They are: \$0.65 per pound for butter, \$1.10 for block cheese, \$1.07 for barrel cheese, and 1.01 for nonfortified nonfat dry milk. The Secretary of Agriculture has the authority to change the balance between butter and nonfat dry milk prices twice during the year 2000. Thus it is possible that the butter support price could be raised and the nonfat dry milk price lowered in an attempt to reduce USDA purchases and budget outlays for nonfat dry milk. That would

immediately reduce market prices for powder and thus lower most class prices under order reform. The new class price formulas are very sensitive to nonfat dry milk prices.

Speaking of order reform, the green light is on. The Secretary of Agriculture's final rule has been amended by the omnibus spending bill recently signed by the President. USDA announced this week that order reform will begin January 1 of 2000 (see my website for details).

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Table 3. November 1999 Milk Production for 20 Select States

State	Milk Cows		Milk Per Cow *		Milk Production		
	1998	1999	1998	1999	1998	1999	from 1998 *
	1,000 Head		----Pounds----		----Million Pounds----		
AZ	132	135	1,674	1,756	221	237	7.2%
CA	1,436	1,484	1,590	1,725	2,283	2,560	12.1%
FL	158	156	1,114	1,096	176	171	-2.8%
ID	299	329	1,599	1,669	478	549	14.9%
IL	126	121	1,349	1,331	170	161	-5.3%
IN	138	136	1,297	1,272	179	173	-3.4%
IA	221	215	1,412	1,419	312	305	-2.2%
KY	136	131	963	1,000	131	131	0.0%
MI	298	294	1,460	1,497	435	440	1.1%
MN	545	545	1,354	1,380	738	752	1.9%
MO	166	160	1,127	1,138	187	182	-2.7%
NM	218	235	1,610	1,668	351	392	11.7%
NY	702	700	1,321	1,360	927	952	2.7%
OH	262	259	1,309	1,378	343	357	4.1%
PA	620	618	1,381	1,421	856	878	2.6%
TX	341	348	1,284	1,290	438	449	2.5%
VT	161	160	1,335	1,344	215	215	0.0%
VA	123	121	1,187	1,289	146	156	6.8%
WA	247	244	1,741	1,799	430	439	2.1%
WI	368	1,364	1,325	1,325	1,813	1,807	-0.3%
20-sta.	697	7,755	1,407	1,458	10,829	11,306	4.4%
total							