

GRAIN, CATTLE, HOG, & MILK BFP

FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, January 20, 2000

Corn

Daily Prices As of :- Thursday, 20 January

Symbol: C

	Open	High	Low	Last	Chge
01/20/00 MAR 00	2202	2214	2186	2206	unch
01/20/00 MAY 00	2280	2294	2266	2286	unch
01/20/00 JUL 00	2354	2370	2342	2360	unch
01/20/00 SEP 00	2430	2432	2412	2426	-4
01/20/00 NOV 00	2480	2480	2480	2480	-4
01/20/00 DEC 00	2504	2514	2490	2506	-4
01/20/00 JAN 01	2534	2534	2534	2534	-4
01/20/00 MAR 01	2580	2584	2570	2582	-2
01/20/00 JUL 01	2640	2644	2634	2642	unch
01/20/00 DEC 01	2584	2594	2584	2594	-4
01/20/00 DEC 02	2600	2600	2600	2600	unch

Total	Volume	Open_Int
01/19/00	55826	465934

Soybeans

Daily Prices As of :- Thursday, 20 January

Symbol: S

	Open	High	Low	Last	Chge
01/20/00 MAR 00	5004	5066	4974	5054	+44
01/20/00 MAY 00	5090	5152	5062	5142	+50
01/20/00 JUL 00	5174	5240	5150	5226	+46
01/20/00 AUG 00	5200	5254	5174	5234	+44
01/20/00 SEP 00	5220	5270	5190	5254	+54
01/20/00 NOV 00	5286	5350	5262	5336	+50
01/20/00 JAN 01	5340	5410	5340	5400	+46
01/20/00 MAR 01	5400	5464	5400	5460	+60
01/20/00 JUL 01	5460	5530	5460	5490	+50
01/20/00 NOV 01	5524	5524	5480	5480	+40

Total	Volume	Open_Int
01/19/00	50506	148995

Lean Hogs

Daily Prices As of :- Thursday, 20 January

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
01/20/00 Feb 00	5615	5637	5577	5622	+22	5032	15817
01/20/00 Apr 00	5910	5930	5855	5925	+45	4310	18290
01/20/00 Jun 00	6650	6690	6622	6667	+22	1406	8573
01/20/00 Jul 00	6540	6575	6500	6572	+35	233	2562
01/20/00 Aug 00	6290	6317	6260	6307	+30	142	1792
01/20/00 Oct 00	5850	5887	5830	5887	+17	107	984
01/20/00 Dec 00	5637	5680	5635	5680	+30	31	292
01/20/00 Feb 01	5800	5805	5775	5805	+25	2	23
01/20/00 Apr 01	0	5690	5690	5690	+10	0	6

Composite	Volume	Open_Int
01/19/00	11263	48340

Live Cattle

Daily Prices As of :- Thursday, 20 January

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
01/20/00 Feb 00	6990	7010	6960	6980	-35	8685	43757
01/20/00 Apr 00	7190	7220	7170	7190	-17	7053	50192
01/20/00 Jun 00	6950	6970	6930	6957	-10	2726	20320
01/20/00 Aug 00	7020	7040	6995	7010	-20	989	11030
01/20/00 Oct 00	7237	7250	7207	7225	-12	244	4073
01/20/00 Dec 00	7342	7347	7317	7332	-3	131	3128
01/20/00 Feb 01	7435	7490	7417	7417	-8	58	2438

Composite	Volume	Open_Int
01/19/00	19887	134938

Oats

Daily Prices As of :- Thursday, 20 January

Symbol: O

	Open	High	Low	Last	Chge
01/20/00 MAR 00	1140	1142	1134	1140	+2
01/20/00 MAY 00	1200	1202	1194	1200	+2
01/20/00 JUL 00	1184	1186	1180	1180	unch
01/20/00 SEP 00	1224	1226	1220	1220	unch
01/20/00 DEC 00	1284	1284	1276	1280	-4
01/20/00 MAR 01		1340	1340		

Total	Volume	Open_Int
01/19/00	1989	16431

Weekly Dairy Market Outlook

By Ken Bailey
Penn State University

January 14, 2000

Cheese prices at the Chicago Mercantile Exchange remained relatively stable this week. Prices for 40-pound blocks were \$1.10 per pound on Monday, January 10, rose to \$1.1325 on Thursday, January 13, and fell to \$1.1250 the next day. Barrel cheese prices remained steady this week at \$1.1025 per pound.

USDA reports that cheese production remains seasonally heavy and that food service promotions are strong. Other than that, there hasn't been any new information for the markets to react to. Prices may move next week, however, when the milk production report (January 18) and the cold storage report (January 21) are released. The latter will reveal November and December butter and cheese stock numbers.

What was surprising this week was the strength in butter prices. Grade AA butter at the Chicago Mercantile Exchange rose from \$0.89 per pound on Monday to \$0.965 by Friday. According to USDA, "many butter producers and handlers are puzzled by the recent price firmness recorded at the CME." USDA further reported that churning activity is heavy, stocks of fresh butter are ample, and demand is just fair.

The markets for dry dairy products continues to languish. The government purchased 10.881 million pounds of nonfortified nonfat dry milk and 925,764 pounds of fortified

nonfat dry milk from Western and Midwestern sources. USDA reports that some producers are selling powder at \$1 per pound, below support price levels. In addition, prices for dry buttermilk are also depressed due to strong cheese production.

The good news is that demand for dairy products last year was strong. USDA reported in Dairy Market News that commercial disappearance of dairy products during the first 10 months of 1999 totaled 136.6 billion pounds, up 2.4 percent over the same period a year ago. I'm particularly interested in the level of cheese disappearance during the last quarter of 1999. We should know these numbers in a month or two.

My forecasts for the year are in Table 3 below. I started with a forecast of commodity prices. From there I projected component prices and class prices. If you have access to the internet, you can download this model from the following URL: <http://www.aers.psu.edu/dairyoutlook/excel.htm>.

I compared my Class III price forecast with the Chicago Mercantile Exchange BFP milk futures (also a Class III price) as of January 14, 2000. There are similarities for the first six months of 2000. But I expect market prices to strengthen the last six months of the year.

For dairy producers, there is little incentive to hedge or forward contract milk at this time as the futures markets have a bleak outlook. At this time there is greater upside potential for these numbers. A better strategy would be to wait. If in the weeks

Table 1. Chicago Mercantile Exchange Prices, Weekly Averages

	14-Jan-00	7-Jan-00	31-Dec-99	24-Dec-99	17-Dec-99
Cheese:					
500 lb. barrels	1.1025	1.1500	1.1563	1.1500	1.1780
40-lb. blocks	1.1150	1.1760	1.1675	1.1438	1.1810
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	0.9367	0.8750	0.8750	0.8925	0.9050

Source: Dairy Market News, AMS, USDA
(<http://www.ams.usda.gov/dairy/mncs/weekly.htm>).

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

	8-Jan-99	1-Jan-00	25-Dec-99	18-Dec-99	11-Dec-99
Cheese:					
500 lb. Barrels 1/	1.1415	1.1465	1.1498	1.1100	1.0913
40-lb. blocks	1.1675	1.1465	1.1612	1.1355	1.1142
Butter	0.8545	0.8639	0.8785	0.8879	0.9524
Nonfat dry milk	1.0112	1.0131	1.0067	1.0123	1.0127
Dry whey	0.1887	0.1917	0.1903	0.1898	0.1898

Source: Dairy Product Prices, NASS, USDA
(<http://usda.mannlib.cornell.edu/reports/nassr/price/dairy/1999/>).
1/ Adjusted to 39% moisture.

aheadon futures prices rise above the \$11 level for February through April contracts, one may want to hedge a small part of their milk supply (no more than 25 percent).

For more information on dairy outlook and federal order reform, see my web site at: <http://www.aers.psu.edu/dairyoutlook/>

Commodity Prices Mixed

Cheese prices at CME stable

Butter prices at CME up
Futures market prices remain depressed

Date	NASS Survey Prices			Class III Forecast 1/	CME BFP Futures 2/
	Cheese	NFDM	Butter		
Jan-00	1.1787	1.0128	0.8598	10.34	10.13
Feb-00	1.1800	1.0150	0.9600	10.31	10.10
Mar-00	1.1800	1.0150	0.9600	10.31	10.51
Apr-00	1.1700	1.0150	0.8600	10.25	10.81
May-00	1.1500	1.0150	0.9600	10.01	11.25
Jun-00	1.2654	1.0150	1.0500	11.16	11.64
Jul-00	1.3876	1.0150	1.0500	12.41	12.43
Aug-00	1.5324	1.0150	1.0500	13.90	12.75
Sep-00	1.5598	1.0150	1.0500	14.18	12.85
Oct-00	1.5520	1.0150	1.0500	14.09	12.81
Nov-00	1.5057	1.0150	0.9500	13.66	12.50
Dec-00	1.3968	1.0150	0.8500	12.58	12.30

Source: Ken Bailey, Penn State, Jan. 14, 2000.
1/ At 3.5 percent butterfat.
2/ As of January 14, 2000.