GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange Closing Bids: Thursday, February 3, 2000

Corn

Daily Prices As of :- Thursday, 3 February

Symbol:C

| | | | Open | High | Low | Last | Chge | |
|----------|-----|----|------|------|------|------|------|--|
| 02/03/00 | MAR | 00 | 2204 | 2204 | 2172 | 2180 | -26 | |
| 02/03/00 | MAY | 00 | 2284 | 2284 | 2252 | 2260 | -26 | |
| 02/03/00 | JUL | 00 | 2356 | 2356 | 2326 | 2336 | -22 | |
| 02/03/00 | SEP | 00 | 2412 | 2424 | 2400 | 2402 | -24 | |
| 02/03/00 | NOV | 00 | 2456 | 2456 | 2456 | 2456 | -22 | |
| 02/03/00 | DEC | 00 | 2500 | 2506 | 2476 | 2486 | -16 | |
| 02/03/00 | JAN | 01 | 2510 | 2510 | 2510 | 2510 | -14 | |
| 02/03/00 | MAR | 01 | 2556 | 2580 | 2554 | 2564 | -16 | |
| 02/03/00 | MAY | 01 | 2590 | 2590 | 2590 | 2590 | -20 | |
| 02/03/00 | JUL | 01 | 2632 | 2640 | 2620 | 2626 | -14 | |
| 02/03/00 | DEC | 01 | 2604 | 2620 | 2604 | 2612 | -4 | |
| 02/03/00 | DEC | 02 | 2644 | 2644 | 2644 | 2644 | unch | |
| | | | | | | | | |

| Total | Volume | Open_Int |
|----------|--------|----------|
| 02/02/00 | 41579 | 484785 |

Oats

Daily Prices As of :- Thursday, 3 February

Symbol:0

| | | Open | High | Low | Last | Chge |
|-------------|-------|------|------|------|------|------|
| 02/03/00 MA | AR 00 | 1112 | 1112 | 1096 | 1100 | -12 |
| 02/03/00 MA | AY 00 | 1164 | 1170 | 1156 | 1160 | -12 |
| 02/03/00 JU | JL 00 | 1146 | 1152 | 1140 | 1140 | -10 |
| 02/03/C0 SH | EP 00 | 1180 | 1180 | 1180 | 1180 | -6 |
| 02/03/00 DH | EC 00 | 1252 | 1252 | 1244 | 1250 | -4 |
| 02/03/00 MA | AR 01 | | 1320 | 1320 | 1320 | -2 |

| Total | Volume | Open_Int |
|----------|--------|----------|
| 02/02/00 | 972 | 16785 |

By Ken Bailey Penn State University January 29, 2000

Cheese Stuck at Support

· Cheese prices steady

No cheese enters CCC

Sales of dairy products strong!

February advanced prices out

For all practical purposes, cheese prices at the Chicago Mercantile Exchange (CME) are sitting on the CCC purchase prices, or support price levels. The CCC purchase price for block cheese is \$1.10 per pound and for barrel cheese is \$1.07. Since Western cheese prices are normally 2-5 cents per pound cheaper than Central prices, one could argue that cheese is at support.

The good news is that cheese has yet to be sold to the government (Commodity Credit Corporation). A buildup of cheese stocks could delay future prices increases.

Cheese prices at the CME were unchanged this week. RIOCI cheese was \$1.11 per pound and barrel cheese was \$1.09 pe pound. Both grades of nonfat dr milk (extra and Grade A) were flat at \$1.03 per pound. Butte prices, however rose slightly from \$0.8950 per pound on Monday January 24 to \$0.91 per pound of Friday, January 28. The CME milk futures reflected this weakness. As or January 28, futures settlemen prices for 2000 were: January \$10.10; February: \$9.98 March: \$10.30; April: \$10.50 May: \$11.00; June: \$11.56 July: \$12.43; August: \$12.75; September: \$12.85; October: \$12.80; November: \$12.33; and December: \$12.03. The market expects the average Class III price for 2000 to be just \$11.55 per

cwt. That compares with a BFP of \$12.43 in 1999, \$14.20 in 1998, and \$12.05 in 1997.

The Economic Research Service announced commercial disappearance for dairy products for the three months September through November. During this time period milk production grew percent. Beginning 4.2 commercial stocks were up 35.3 percent, but imports were down 4.8 percent. So, total supply was up 8.2 percent. That's a lot. But commercial disappearance during Table 2 NASS Weekly U.S. Average Survey Prices this period was up 6.9 percent (on a butterfat basis). That's very strong! Consumption for specific dairy products were: butter up 18.0 percent; American cheese up 13.7 percent; Other cheese up 7.2 percent; nonfat dry milk down 6.7 percent; and fluid milk products up 0.1 percent.

Even though milk production is up, sales have been very good.

Table 4. Federal Milk Order Class I Price Information

Soybeans

Daily Prices As of :- Thursday, 3 February

Symbol:S

| LOW I | Last Chge |
|---------------|--|
| 1980 5 | 5010 -64 |
| 5070 5 | 5100 -64 |
| 5154 5 | 5180 -72 |
| 5174 5 | 5202 -56 |
| 5180 5 | 5204 -70 |
| 5240 5 | 5266 -72 |
| 5330 5 | 5330 -80 |
| 5390 5 | 5394 -70 |
| 5460 5 | 5460 -80 |
| 5400 5 | 6414 -64 |
| | 4980 5 5070 5 5154 5 5174 5 5180 5 5240 5 5330 5 5390 5 5460 5 |

| Total | Volume | Open_Int |
|----------|--------|-----------------|
| 02/02/00 | 35341 | 170888 |

Soybean Meal

Daily Prices As of :- Thursday, 3 February

Symbol:SM

| | | | Open | High | Low | Last | Chge |
|----------|-----|----|------|------|------|------|------|
| 02/03/00 | MAR | 00 | 1615 | 1618 | 1590 | 1597 | -24 |
| 02/03/00 | MAY | 00 | 1638 | 1640 | 1614 | 1623 | -23 |
| 02/03/00 | JUL | 00 | 1655 | 1659 | 1634 | 1643 | -23 |
| 02/03/00 | AUG | 00 | 1655 | 1661 | 1637 | 1648 | -20 |
| 02/03/00 | SEP | 00 | 1670 | 1670 | 1643 | 1653 | -19 |
| 02/03/00 | OCT | 00 | 1665 | 1667 | 1640 | 1648 | -24 |
| 02/03/00 | DEC | 00 | 1687 | 1688 | 1665 | 1675 | -21 |
| 02/03/00 | JAN | 01 | 1690 | 1692 | 1680 | 1688 | -18 |
| 02/03/00 | MAR | 01 | | 1710 | 1710 | 1710 | -15 |
| | | | | | | | |

| Total | Volume | Open_Int |
|----------|--------|-----------------|
| 02/02/00 | 13950 | 130700 |

(Some Markets Not Available At Press Time)

Weekly Dairy Market Outlook

| 1.1563 | | | | | |
|--------|--------|--------|--------|-----------------|-------------------------|
| 1.1563 | | | | | Cheese: |
| | 1.1500 | 1.1025 | 1.1000 | 1 0900 | 500 lb. barrels |
| 1.1675 | 1.1760 | 1.1150 | 1.1138 | 1.1100 | 40-lb. blocks |
| | | | | | Nonfat dry milk: |
| 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | Extra Grade |
| 1.0300 | 1.0300 | 1.0300 | 1.0300 | 1.0300 | Grade A |
| | | | | | Butter: |
| 0.8750 | 0.8750 | 0.9367 | 0.9163 | 0.9000 | Grade AA |
| | | | | lews, AMS, USDA | Source: Dairy Market N |
| | | | | ews, AMD, ODDA | Source. Duity Marker IV |
| | | | | 0.9000 | Butter: |

| Table 2. NASS wee | Table 2. NASS weekly U.S. Average Survey Prices | | | | | |
|--------------------|---|-----------|----------|----------|-----------|--|
| | 22-Jan-00 | 15-Jan-00 | 8-Jan-00 | 1-Jan-00 | 25-Dec-99 | |
| Cheese: | | | | | | |
| 500 lb. Barrels 1/ | 1.1178 | 1.1425 | 1.1415 | 1.1465 | 1.1498 | |
| 40-lb. blocks | 1.1432 | 1.1627 | 1.1675 | 1.1465 | 1.1612 | |
| Butter | 0.9008 | 0.9045 | 0.8555 | 0.8639 | 0.8785 | |
| Nonfat dry milk | 1.0123 | 1.0116 | 1.0112 | 1.0131 | 1.0067 | |
| Dry whey | 0.1798 | 0.1853 | 0.1883 | 0.1917 | 0.1903 | |
| | | | | | | |

Source: Dairy Product Prices, NASS, USDA

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

Price

\$/lb

0.9627

0.9612

0.9612

0.9702

0.9502

0.9482

0.9502

0.9602

0.9537

0.9492

0.9492

0.9560

1/ Adjusted to 39% moisture.

Table 3. Federal Milk Order Advance Price

Highlights, February 2000

| February 2000 | | | | |
|---------------|-----------|-----------|--|--|
| Class I | Class I | Class I | | |
| Price | Skim Milk | Butterfat | | |

10.97

10.82

10.82

11.72

9.72

9.52

9.72

10.72

10.07

9.62

9.62

10.30

Two-week NASS Product Price Averages (\$/lb.):

| - K | Orde | r | Price | Skim Mi |
|---------------------|---|-------------------|----------------------------------|-----------------------|
| nd | Numb | er | (3.5% bf) | Price |
| er | | | \$/cwt | \$/cwt |
| ry re er m | Northeast (Boston) Appalachian (Charlotte) Southeast (Atlanta) Florida (Tampa) | 1 5 7 6 | 13.96 13.81 13.81 14.71 | 1 1 1 1 1 |
| y, on | Mideast (Cleveland) Upper Midwest (Chicago) | 33 30 | 12.71 12.51 | |
| es of | Central (Kansas City) Southwest (Dallas) | 32 126 131 | 12.71 13.71 13.06 | 1 |
| nt y: 8; | Arizona-Las Vegas (Phoenix) Western (Salt Lake City) Pacific Northwest (Seattle) | 131 135 124 | 12.61 12.61 13.29 | - |
| 0; 6; 5: | All-Market Average Source: Dairy Markets News | USL | | eport 04. |

According to these numbers, we sold more than we produced on a butterfat basis during this threemonth period, resulting in lower stocks by the end of November 1999.

The problem, however, is that these ending stocks were 17.2 percent higher than November 1998. So, despite great sales, the perception in the market is that dairy stocks are building.

| Butter: | \$0.8768 | |
|---|---|--|
| Nonfat dry milk: | \$1.0114 | |
| Cheese: | \$1.1696 | |
| Dry whey: | \$0.1859 | |
| Class I Base Price: Advanced Class IV Skim Milk Pri Advanced Butterfat Pricing Factor Class I Base Price: Class II Price: | | \$7.72 (\$/cwt) \$0.9302 (\$/lb.) \$10.71 (\$/cwt) |
| Advanced Class IV Skim Milk Pri Class II Skim Milk Price Class II Nonfat Solids Price | - | \$7.72 (\$/cwt) \$8.42 (\$/cwt) \$0.9356 (\$/lb.) |
| Source: Dairy Markets News, USL USDA announced advanced milk prices for February 2000 (see Tables 3 and 4). These advanced prices are for Class I milk (skim and butterfat) and Class II milk (skim only). The Base Class I milk price (to which a local differential is added) at 3.5 percent butterfat for February 2000 will be 10.71 per cwt. | This compares to the old Class I mover for February 1999 of \$17.94. This was the Basic Formula Price (BFP) lagged two months. The Class II Skim Milk Price for February (just part of the Class II price) will be \$8.42 per cwt. USDA has yet to announce the actual class prices or the butterfat, protein | |