

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

Table with 7 columns: Symbol, Date, Open, High, Low, Last, Chge. Rows include various corn contracts (MAR 00, MAY 00, JUL 00, SEP 00, NOV 00, DEC 00, JAN 01, MAR 01, MAY 01, JUL 01, DEC 01, DEC 02) and a summary row for 02/02/00.

Oats

Daily Prices As of :- Thursday, 3 February

Table with 7 columns: Symbol, Date, Open, High, Low, Last, Chge. Rows include various oat contracts (MAR 00, MAY 00, JUL 00, SEP 00, DEC 00, MAR 01) and a summary row for 02/02/00.

Soybeans

Daily Prices As of :- Thursday, 3 February

Table with 7 columns: Symbol, Date, Open, High, Low, Last, Chge. Rows include various soybean contracts (MAR 00, MAY 00, JUL 00, AUG 00, SEP 00, NOV 00, JAN 01, MAR 01, JUL 01, NOV 01) and a summary row for 02/02/00.

Soybean Meal

Daily Prices As of :- Thursday, 3 February

Table with 7 columns: Symbol, Date, Open, High, Low, Last, Chge. Rows include various soybean meal contracts (MAR 00, MAY 00, JUL 00, AUG 00, SEP 00, OCT 00, DEC 00, JAN 01, MAR 01) and a summary row for 02/02/00.

(Some Markets Not Available At Press Time)

Weekly Dairy Market Outlook

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. Block cheese was \$1.11 per pound and barrel cheese was \$1.09 per pound. Both grades of nonfat dry milk (extra and Grade A) were flat at \$1.03 per pound. Butter prices, however rose slightly from \$0.8950 per pound on Monday, January 24 to \$0.91 per pound on Friday, January 28. The CME milk futures reflected this weakness. As of January 28, futures settlement 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 4.2 percent. Beginning 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 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

Table with 5 columns: Order Number, Class I Price (\$/cwt), Class I Skim Milk Price (\$/cwt), Class I Butterfat Price (\$/lb). Rows list various regions (Northeast, Appalachian, Southeast, Florida, Midwest, Central, Southwest, Arizona, Western, Pacific Northwest, All-Market Average) and their corresponding prices for February 2000.

Source: Dairy Markets News, USDA, Vol. 67, Report 04.

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

Table 1. Chicago Mercantile Exchange Prices, Weekly Averages

Table with 6 columns: Date, 28-Jan-00, 21-Jan-00, 14-Jan-00, 7-Jan-00, 31-Dec-99. Rows list various dairy products (Cheese: 500 lb. barrels, 40-lb. blocks; Nonfat dry milk: Extra Grade, Grade A; Butter: Grade AA) and their weekly average prices.

Source: Dairy Market News, AMS, USDA

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

Table with 6 columns: Date, 22-Jan-00, 15-Jan-00, 8-Jan-00, 1-Jan-00, 25-Dec-99. Rows list various dairy products (Cheese: 500 lb. Barrels 1/40-lb. blocks; Butter; Nonfat dry milk; Dry whey) and their weekly average prices.

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

Table 3. Federal Milk Order Advance Price Highlights, February 2000

Table with 2 columns: Product, Price (\$/lb.). Rows list various dairy products (Butter, Nonfat dry milk, Cheese, Dry whey) and their advance prices for February 2000.

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

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.