

GRAIN, CATTLE, HOG, & MILK BFP

FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, February 10, 2000

Soybeans

Daily Prices As of :- Thursday, 10 February

Symbol : S	Open	High	Low	Last	Chge
02/10/00 MAR 00	5032	5140	5024	5130	+92
02/10/00 MAY 00	5130	5230	5120	5220	+86
02/10/00 JUL 00	5224	5314	5210	5304	+84
02/10/00 AUG 00	5244	5320	5230	5316	+86
02/10/00 SEP 00	5272	5340	5250	5336	+84
02/10/00 NOV 00	5320	5410	5310	5402	+82
02/10/00 JAN 01	5450	5470	5450	5470	+80
02/10/00 MAR 01	5460	5534	5460	5534	+74
02/10/00 JUL 01	5544	5600	5534	5600	+84
02/10/00 NOV 01	5454	5530	5454	5530	+70

Total	Volume	Open_Int
02/09/00	40366	175991

Oats

Daily Prices As of :- Thursday, 10 February

Symbol : O	Open	High	Low	Last	Chge
02/10/00 MAR 00	1092	1102	1090	1102	+16
02/10/00 MAY 00	1152	1170	1152	1166	+16
02/10/00 JUL 00	1142	1154	1140	1152	+16
02/10/00 SEP 00	1174	1190	1174	1190	+20
02/10/00 DEC 00	1254	1270	1252	1266	+22
02/10/00 MAR 01		1326	1326	1326	+14

Total	Volume	Open_Int
02/09/00	2234	17315

Weekly Dairy Market Outlook

By Ken Bailey
Penn State University
February 4, 2000
USDA Announces
January Class Prices

- Class II Price \$11.43/cwt=20
- Class III Price \$10.05/cwt
- Class IV Price \$10.73/cwt
- Barrel prices weaken

USDA announced the remaining class prices for January 2000. These prices are derived from the following NASS averages for January: butter: \$0.8820 per pound nonfat dry milk: \$1.0115 per pound, cheese: \$1.1517 per pound; and dry whey: \$0.1857 per pound. An important reference is that NASS cheese prices (an average of block and barrel prices) last January 1999 averaged \$1.7225 per pound and butter averaged \$1.4154.

These commodity prices were used to determine component values. These are important prices since three of the four (butterfat, protein, and other solids) will appear on milk checks for those farmers that ship milk to component pricing orders (8 of 11). For January 2000 the component values were: butterfat: \$0.9366 per pound, nonfat solids: \$0.8574 per pound, protein: \$2.1677 per pound; and other solids: \$0.0503 per pound.

The Class I base price (to which the differential is added) and part of the Class II price have already been announced earlier. The January Class I base price at 3.5 percent butterfat is \$10.90 per cwt. That compares with the Class I mover from a year ago of \$16.84 (see Table 3). The January Class II skim milk price was announced at \$8.42 per cwt.

The rest of the class prices were announced by USDA on

February 4, 2000. Most of these prices are on a skim and butterfat basis. For comparison purposes only, USDA computed class prices on a hundredweight basis adjusted to 3.5 percent butterfat. They were: Class II: \$11.43, Class III \$10.05, and Class IV \$10.73.

So, what do these prices mean? First, the Class III price still has a lot of meaning to dairy farmers. That's because it is a major part of their milk check. Farmers paid on a component basis will see butterfat, protein, and other solids prices on their milk check. Combined in a formula, these prices are similar to a farm-level Class III price. If a farmer has standard component levels, their Class III value will be similar to the announced Class III price. However, if their component levels are above average, their Class III value will exceed the announced Class III price.

The other class prices (I, II, and IV) are used by the Market Administrator in each order to compute a pool value. This is similar to the old blend price. It is from the pool value that a market-wide producer price differential, or PPD, is computed. It is simply the pool price less the Class III price.

Table 3 provides a forecast of Class prices for the rest of the year and compares this forecast to similar prices for 1999. Milk prices will be depressed the first six months of 2000. Thereafter, prices will likely increase.

These prices should be considered "rock bottom." Actual prices may be higher. The Chicago Mercantile Exchange announce their 2000 Class III settlement prices as of February 4 as follows: February: \$9.65, March: \$10.05; April: \$10.27; May: \$10.80; June: \$11.55; July:

Lean Hogs

Daily Prices As of :- Thursday, 10 February

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
02/10/00 Feb 00	5570	5585	5515	5530	-32	2661	5873
02/10/00 Apr 00	5900	5970	5870	5910	+15	6862	29003
02/10/00 Jun 00	6795	6835	6755	6805	+15	2781	14205
02/10/00 Jul 00	6672	6700	6610	6685	unch	481	3928
02/10/00 Aug 00	6430	6475	6390	6465	+23	364	3046
02/10/00 Oct 00	5925	5940	5855	5930	-17	120	1700
02/10/00 Dec 00	5730	5735	5685	5720	-20	43	579
02/10/00 Feb 01	5750	5750	5730	5730	-50	5	79
02/10/00 Apr 01	5700	5702	5670	5680	-20	6	25

Composite	Volume	Open_Int
02/09/00	13324	58438

Live Cattle

Daily Prices As of :- Thursday, 10 February

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
02/10/00 Feb 00	7055	7060	7015	7027	-35	3968	17605
02/10/00 Apr 00	7167	7172	7122	7130	-37	7918	57900
02/10/00 Jun 00	6960	6960	6922	6940	-22	2032	27660
02/10/00 Aug 00	7035	7040	7010	7012	-28	978	14038
02/10/00 Oct 00	7255	7255	7225	7232	-23	501	6444
02/10/00 Dec 00	7345	7352	7330	7350	-5	140	3405
02/10/00 Feb 01	7425	7440	7410	7420	-10	48	2538

Composite	Volume	Open_Int
02/09/00	15586	129591

Table 1. Chicago Mercantile Exchange Prices, Weekly Averages

	4-Feb-00	28-Jan-00	21-Jan-00	14-Jan-00	7-Jan-00
Cheese:					
500 lb. barrels	1.0855	1.0900	1.1000	1.1025	1.1500
40-lb. blocks	1.1100	1.1100	1.1138	1.1150	1.1760
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	0.9575	0.9000	0.9163	0.9367	0.8750

Source: Dairy Market News, AMS, USDA

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

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

	29-Jan-00	22-Jan-00	15-Jan-00	8-Jan-00	1-Jan-00
Cheese:					
500 lb. Barrels 1/	1.0989	1.1156	1.1425	1.1415	1.1465
40-lb. blocks	1.1140	1.1363	1.1627	1.1675	1.1465
Butter	0.8799	0.9054	0.9045	0.8555	0.8639
Nonfat dry milk	1.0084	1.0125	1.0116	1.0112	1.0131
Dry whey	0.1836	0.1802	0.1853	0.1883	0.1917

Source: Dairy Product Prices, NASS, USDA

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

1/ Adjusted to 39% moisture.

\$12.40, August: \$12.70; September: \$12.85; October: \$12.85; November: \$12.36; and December: \$12.04. Clearly the market is more optimistic than my forecast.

Commodity prices were relatively stable at the Chicago Mercantile Exchange this week. Block cheese prices were steady at \$1.11 per pound, whereas

barrel prices declined from \$1.09 per pound on Monday, January 31 to \$1.0825 by Friday, February 4. Nonfat dry milk was stuck at \$1.03 per pound (both grades). Grade AA butter rose from \$0.94 per pound on Monday, January 31 to \$0.97 per pound on Wednesday, February 2, and then declined to \$0.9625 on Friday, February 4.

I developed a federal order page on my website for forecasting and reporting federal order data. The Penn State Dairy Outlook website is: <http://www.aers.psu.edu/dairyoutlook/>. Click on "Federal Order Data and Forecasts."

Table 3. Forecast of Federal Order Milk Prices, 2000

	Class I Base Price		Class II		Class III		Class IIIa/IV	
	1999	2000 1/	1999	2000 1/	1999	2000 1/	1999	2000 1/
Jan	16.84	10.90	17.14	11.43	16.27	10.05	13.12	10.73
Feb 1/	17.34	10.71	17.64	11.46	10.27	9.63	12.78	10.73
Mar 1/	16.27	10.73	16.57	11.43	11.62	9.63	12.36	10.73
Apr 1/	10.27	10.73	10.57	11.43	11.81	9.63	11.06	10.73
May 1/	11.62	10.73	11.92	11.90	11.26	9.54	11.62	11.20
Jun 1/	11.81	11.20	12.11	12.12	11.42	10.44	13.29	11.43
Jul 1/	11.26	11.43	11.56	12.13	13.59	11.47	12.37	11.43
Aug 1/	11.42	11.47	11.72	12.13	15.79	12.54	12.62	11.47
Sep 1/	13.59	12.54	13.89	12.17	16.26	13.05	12.37	11.47
Oct 1/	15.79	13.05	16.09	12.17	11.49	13.56	11.78	11.47
Nov 1/	16.26	13.56	16.56	11.75	9.79	13.60	11.57	11.05
Dec 1/	11.49	13.60	11.79	11.32	9.63	12.10	10.69	10.62

1/ Actual prices for January 2000, forecasts thereafter.

Forecasts provided by Ken Bailey, Penn State University, Feb. 4, 2000.