

GRAIN, CATTLE, HOG, & MILK BFP

FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, May 4, 2000

Corn

Daily Prices As of :- Thursday, 4 May

Symbol : C

Date	Open	High	Low	Last	Chge
05/04/00 MAY 00	2412	2454	2390	2422	+4
05/04/00 JUL 00	2504	2544	2484	2502	-4
05/04/00 SEP 00	2580	2624	2560	2576	-6
05/04/00 NOV 00	2620	2634	2620	2622	-10
05/04/00 DEC 00	2670	2704	2644	2662	-10
05/04/00 JAN 01	2704	2710	2700	2700	-14
05/04/00 MAR 01	2742	2780	2714	2736	-16
05/04/00 MAY 01	2800	2800	2764	2780	-16
05/04/00 JUL 01	2840	2840	2794	2806	-20
05/04/00 SEP 01	2700	2700	2690	2692	-12
05/04/00 DEC 01	2710	2724	2710	2716	-12
05/04/00 DEC 02	2704	2704	2704	2704	-4

Total	Volume	Open_Int
05/03/00	170072	500820

Soybeans

Daily Prices As of :- Thursday, 4 May

Symbol : S

Date	Open	High	Low	Last	Chge
05/04/00 MAY 00	5550	5630	5550	5610	+2
05/04/00 JUL 00	5722	5780	5654	5722	+2
05/04/00 AUG 00	5754	5800	5690	5750	+2
05/04/00 SEP 00	5720	5800	5714	5772	-6
05/04/00 NOV 00	5840	5900	5774	5832	-6
05/04/00 JAN 01	5950	5950	5854	5876	-40
05/04/00 MAR 01	5924	5974	5920	5964	-14
05/04/00 MAY 01	5940	6000	5940	5964	-34
05/04/00 JUL 01	5964	6010	5964	6000	-14
05/04/00 NOV 01	5930	5950	5880	5880	-80

Total	Volume	Open_Int
05/03/00	81912	196164

Oats

Daily Prices As of :- Thursday, 4 May

Symbol : O

Date	Open	High	Low	Last	Chge
05/04/00 MAY 00	1320	1324	1314	1320	-2
05/04/00 JUL 00	1284	1290	1270	1272	-10
05/04/00 SEP 00	1304	1312	1300	1302	-6
05/04/00 DEC 00	1364	1364	1344	1350	-10
05/04/00 MAR 01	1410	1410	1410	1410	-4
05/04/00 MAY 01		1434	1434	1434	-2

Total	Volume	Open_Int
05/03/00	3419	18802

Weekly Dairy Market Outlook

By Ken Bailey
Penn State University
April 28, 2000

USDA Releases 2000 Forecast

- Milk supply up 2.9 percent from 99
- Consumption up 3.1 percent from 99
- Class III price down \$1.63 from 99

The dairy commodity markets were relatively stable this week at the Chicago Mercantile Exchange. Prices for barrels remained steady at \$1.10 per pound, a full three cents above the support price. Prices for 40-pound blocks declined, however, from \$1.11 per pound on Monday, April 24 to \$1.0975 by Friday, April 28. The support price for blocks is \$1.10 per pound. USDA reported strong demand for process cheese. People are firing up their grills and summer tourist areas are preparing for Memorial Day weekend.

Butter was a big surprise this week at the Chicago Mercantile Exchange. Grade AA butter rose

from \$1.06 per pound on Monday, to \$1.08 on Wednesday, and \$1.11 by Friday. USDA reports that many market watchers were surprised that butter would rebound so quickly after the Easter holiday period. Cream supplies are readily available and churning is seasonally active.

USDA's Economic Research Service (ERS) released a revised forecast for 2000 in the latest Livestock, Dairy and Poultry Situation and Outlook report. USDA used relatively conservative figures for the general economy, with Gross Domestic Product (GDP) growing at an annual rate of 3.8 percent. The Commerce Department's Bureau of Economic Analysis just released an advance annual estimate of GDP for the first quarter of 2000 at 5.4 percent. USDA may have to improve their forecast of the U.S. economy. USDA also forecasted an average inflation rate of 2.5 percent and an unemployment rate of 4.0.

USDA is predicting that milk production in 2000 will be 167.4 billion pounds, up 2.9 percent

Live Cattle

Daily Prices As of :- Thursday, 4 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/04/00 Jun 00	6900	6917	6865	6905	+15	8520	53970
05/04/00 Aug 00	6895	6950	6895	6922	+7	4116	30281
05/04/00 Oct 00	7187	7220	7172	7205	+8	1768	18968
05/04/00 Dec 00	7367	7375	7340	7352	-18	818	7522
05/04/00 Feb 01	7477	7490	7455	7490	+8	136	3547
05/04/00 Apr 01	7690	7697	7675	7687	-5	156	4075
05/04/00 Jun 01	7550	7555	7537	7547	-3	383	843

Composite	Volume	Open_Int
05/03/00	15958	119297

Lean Hogs

Daily Prices As of :- Thursday, 4 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/04/00 Jun 00	7340	7507	7322	7485	+58	5389	33513
05/04/00 Jul 00	7230	7340	7150	7332	+95	1620	11097
05/04/00 Aug 00	6820	6925	6785	6925	+63	1553	10131
05/04/00 Oct 00	6000	6070	5955	6065	+30	566	5534
05/04/00 Dec 00	5775	5850	5765	5817	+15	363	3936
05/04/00 Feb 01	5770	5830	5770	5827	+22	148	1039
05/04/00 Apr 01	5620	5660	5620	5660	+30	26	194
05/04/00 Jun 01	6390	6397	6375	6390	unch	1	24

Composite	Volume	Open_Int
05/03/00	9667	65468

Lumber

Daily Prices As of :- Thursday, 4 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/04/00 May 00	29200	29200	28400	28560	-390	672	1074
05/04/00 Jul 00	29770	29810	29420	29450	-390	822	1590
05/04/00 Sep 00	30100	30130	29700	29740	-340	156	325
05/04/00 Nov 00	29750	29880	29620	29620	-90	10	98
05/04/00 Jan 01	31500	31600	30900	30900	-100	0	4

Composite	Volume	Open_Int
05/03/00	1661	3091

Table 1. USDA Forecast of Milk Supply and Demand

	1998	1999	2000	Forecast Change from 99	% chng from 99
Milk cows (1000)	9,154	9,156	9,155	-1	0.0%
Milk per cow (lbs)	17,189	17,771	18,280	509	2.9%
Milk production (bil lbs)	157.3	162.7	167.4	5	2.9%

Commercial use (bil lbs)

milk fat basis	159.8	164.9	170.0	5	3.1%
skim solids basis	155.9	157.6	163.5	6	3.7%

Net removals (bil lbs)

milk fat basis	0.4	0.3	0.7	0.4	133.3%
skim solids basis	4.0	6.5	7.9	1.4	21.5%

Prices (\$/cwt)

All-milk	15.43	14.38	12.65	-1.73	-12.0%
BFP/Class III	14.20	12.43	10.80	-1.63	-13.1%

Macroeconomic information:

GDP (bil 1996 dol)	8,516	8,861	9,198	-1.63	3.8%
CPI-U (annual rate, %)	1.5	2.6	2.5	NA	NA
Unemployment (%)	4.5	4.2	4.0	NA	NA

1/ Used the average of the high and low for prices in 2000.

Source: Livestock, Dairy and Poultry Situation and Outlook, USDA, ERS, LDP-M-70, April 27, 2000.

from a year ago. The number of cows on farms is expected to remain unchanged. Cow numbers grew significantly the first quarter of 2000 compared to the 4th quarter of 1999. However, cow numbers are expected to decline significantly throughout the year. Milk production per cow is expected to grow at an annual rate of 2.9 percent in 2000 relative to a year ago.

Thus USDA is expecting a

major adjustment in the number of cows on farms beginning the second quarter of the year and continuing through the 4th quarter. Cow numbers are to drop from 9.186 million head the first quarter of 2000 to 9.120 by the 4th quarter.

Consumption of milk and dairy products on a milkfat basis is expected to increase 3.1 percent in 2000, slightly higher than the growth in the milk supply.

Clearly this will result in lower stocks by the end of 2000. And, net removals of dairy products on a skim solids basis is to increase 21.5 percent in 2000. Most of this will likely be in the form of nonfat dry milk.

So what impact is this likely to have on milk prices? USDA is forecasting an average Class III price of \$10.80 per cwt for 2000.

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