

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, May 11, 2000

Daily Prices As of :- Thursday, 11 May

Corn

	Open	High	Low	Last	Chge
05/11/00 MAY 00	2380	2384	2346	2376	+10
05/11/00 JUL 00	2440	2460	2420	2446	+4
05/11/00 SEP 00	2516	2536	2500	2526	+10
05/11/00 NOV 00	2580	2580	2550	2576	+12
05/11/00 DEC 00	2604	2626	2586	2616	+10
05/11/00 JAN 01	2656	2656	2656	2656	+12
05/11/00 MAR 01	2674	2700	2664	2692	+14
05/11/00 MAY 01	2736	2740	2706	2740	+10
05/11/00 JUL 01	2764	2770	2730	2762	+6
05/11/00 SEP 01	2680	2680	2680	2680	+10
05/11/00 DEC 01	2694	2710	2690	2704	+10
05/11/00 DEC 02	2700	2700	2690	2694	-4

Total	Volume	Open_Int
05/10/00	69127	489393

Daily Prices As of :- Thursday, 11 May

Soybeans

	Open	High	Low	Last	Chge
05/11/00 MAY 00	5594	5610	5536	5590	-10
05/11/00 JUL 00	5684	5714	5634	5684	-14
05/11/00 AUG 00	5714	5740	5670	5716	-12
05/11/00 SEP 00	5732	5760	5690	5742	-12
05/11/00 NOV 00	5810	5840	5760	5814	-6
05/11/00 JAN 01	5880	5900	5834	5886	-4
05/11/00 MAR 01	5950	5960	5890	5946	-2
05/11/00 MAY 01	5970	5980	5910	5964	+4
05/11/00 JUL 01	5950	6000	5940	5994	-4
05/11/00 NOV 01	5880	5880	5840	5870	-10

Total	Volume	Open_Int
05/10/00	63806	197709

Daily Prices As of :- Thursday, 11 May

Oats

	Open	High	Low	Last
05/11/00 MAY 00	1290	1290	1282	1284
05/11/00 JUL 00	1230	1236	1230	1232
05/11/00 SEP 00	1272	1274	1264	1270
05/11/00 DEC 00	1320	1320	1310	1314
05/11/00 MAR 01	1372	1376	1372	1376
05/11/00 MAY 01		1416	1416	1416

Total	Volume	Open_Int
05/10/00	1151	17904

Table 1. Chicago Mercantile Exchange, Weekly Averages
5-May-00 28-Apr-00 21-Apr-00 14-Apr-00

	5-May-00	28-Apr-00	21-Apr-00	14-Apr-00
Cheese:				
500 lb barrels	1.1000	1.1000	1.0688	1.0750
40-lb. blocks	1.0925	1.1005	1.0975	1.1030
Nonfat dry milk:				
Extra Grade	1.0300	1.0300	1.0300	1.0300
Grade A	1.0300	1.0300	1.0300	1.0300
Butter:				
Grade AA	1.1658	1.0833	1.0250	1.0525

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-Apr-00 22-Apr-00 15-Apr-00 8-Apr-00

	29-Apr-00	22-Apr-00	15-Apr-00	8-Apr-00
Cheese:				
500 lb. Barrels				
1/	1.0641	1.0672	1.0723	1.0809
40-lb. blocks	1.0977	1.0961	1.0985	1.0986
Butter	1.0332	1.0152	1.0529	1.0840
Nonfat dry milk	1.0062	1.0099	1.0102	1.0090
Dry whey	0.1779	0.1763	0.1766	0.1770

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

Lean Hogs

Daily Prices As of :- Thursday, 11 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/11/00 Jun 00	7230	7295	7212	7275	-7	6230	29343
05/11/00 Jul 00	7130	7210	7130	7200	unch	3140	15295
05/11/00 Aug 00	6815	6870	6805	6852	-8	1213	10620
05/11/00 Oct 00	5920	5945	5895	5937	-10	343	6012
05/11/00 Dec 00	5700	5730	5695	5707	-5	182	4193
05/11/00 Feb 01	5725	5750	5710	5735	+10	108	1156
05/11/00 Apr 01	5615	5620	5592	5597	+5	36	257
05/11/00 Jun 01	6300	6325	6300	6325	-15	1	25
05/11/00 Jul 01	0	6165	6140	6140	-15	1	1

Composite	Volume	Open_Int
05/10/00	11254	66902

Live Cattle

Daily Prices As of :- Thursday, 11 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/11/00 Jun 00	6842	6842	6800	6825	-17	8200	44054
05/11/00 Aug 00	6890	6907	6855	6895	-5	5006	35888
05/11/00 Oct 00	7140	7177	7120	7165	+20	1355	20208
05/11/00 Dec 00	7287	7320	7280	7302	+20	757	7698
05/11/00 Feb 01	7430	7457	7427	7445	+10	75	3606
05/11/00 Apr 01	7640	7665	7635	7650	+5	54	4197
05/11/00 Jun 01	7500	7510	7490	7490	-10	685	1239

Composite	Volume	Open_Int
05/10/00	16132	116890

By Ken Bailey
Penn State University
May 5, 2000

April Class and Component Prices Announced

-Class III price is \$9.41 per cwt
-April cheese price at support levels
-CME butter showing strength
-U.S. joblessness rate at 30-year low!

A number of interesting reports were released today. USDA announced the class and component prices for April 2000. And, the Bureau of Labor Statistics announced today that the U.S. unemployment rate fell in April to 3.9 percent.

The Class I mover for April was announced on March 17 at \$10.93 per cwt with a base skim milk price of \$7.70 per cwt. A local Class I differential is added to the Class I mover to determine the Class I price.

On May 5 USDA announced the rest of the class prices that are applicable to each of the 11 federal milk marketing orders. The Class II price for April is \$12.10 per cwt with a Class II butterfat price of \$1.1422 per pound.

The Class III price is \$9.41 per cwt with a Class III skim milk price of \$5.63 per cwt. And the Class IV price is \$11.38 per cwt with a Class IV skim milk price of \$7.68 per cwt.

These class prices along with the utilization rates in each federal order (i.e., how much milk is used for Class I purposes) will be used to compute the pool values and the Producer Price Differentials, or PPD. The PPD's are unique for each order and are equal to the pool value less the Class III price of \$9.41 per cwt.

Farmers shipping milk into orders that use multiple component pricing will also see component prices on their milk checks. The April component values are butterfat, \$1.1352 per pound; nonfat solids, \$0.8537 per pound, and protein, \$1.7399 per

pound. These component values are directly related to the following NASS April average commodity prices: butter, \$1.0449 per pound; nonfat dry milk, \$1.0078 per pound; cheese, \$1.1011 per pound; and dry whey, \$0.1765 per pound.

The most surprising number released was the April Class III price of \$9.41 per cwt. This was directly related to a NASS cheese price of \$1.1011 per pound. This raises some important questions. First, has use of a national NASS survey resulted in lower prices than if we had relied on the cash market at the Chicago Mercantile Exchange? Second, has use of the new Class III formula under federal order reform resulted in a lower price when compared to the old Basic Formula Price? The January through April data strongly suggest that is the case. USDA will be holding hearings on this question next week.

Cheese prices at the Chicago Mercantile Exchange were relatively stable this week. Barrel cheese prices were \$1.10 per pound. Block cheese prices fluctuated at \$1.09-\$1.10 per pound. Process and block cheese prices are stuck at support price levels. During the week of May 1-5, the Commodity Credit Corporation purchased a million pounds of Midwestern cheese under the dairy price support program (332,909 lbs of block cheese, and 673,200 lbs of process cheese).

The biggest surprise on the Chicago Mercantile Exchange was the butter market. Grade AA prices rose from \$1.13 per pound on Monday, May 1 to \$1.2375 on

Friday, May 5. USDA reports that ice cream production is seasonally increasing, which limits the availability of cream for churning purposes. In addition, USDA reports that buying interest is quite strong following the Easter Holiday.

And finally, some good news for struggling dairy farmers. The Bureau of Labor Statistics (BLS) reported today that the April unemployment rate edged down to 3.9 percent (<http://stats.bls.gov/news.release/pdf/empst.pdf>). According to the BLS, "this is the first time the rate has been below 4.0 percent since January 1970." The nonfarm payroll employment increased by 340,000. In addition, the average hourly earnings rose by 6 cents in April and by 3.8 percent over the year.

This report has some good implications for the U.S. dairy industry. First, the lower the unemployment rate, the more workers there are with paychecks that they can use to eat outside the home. That translates into greater sales of dairy products like cheese and butter. The only concern with this report, however, is that the unemployment rate is so low that it may trigger the Federal Reserve to raise interest rates a quarter to a half percentage point next week to fight potential inflation. But many analysts argue that that may happen anyway.

For more information on market and federal order data, see my Penn State Dairy Outlook website at: <http://www.aers.psu.edu/dairyoutlook/>.

Honey Producers To Meet

MILLERSVILLE (Lancaster Co.) — The Lancaster County Honey Producers will conduct their regular meeting on May 16 at the home of Alva Martin at 440A Stehman Church Rd., Millersville.

Hives will be opened at 6:30 p.m. and business meeting and

speaker will begin at 7:30 p.m. Bring lawn chairs.

Speaker will be Queen breeder Dennis Keeney from Bethel. Everyone is welcome — it is a free meeting. Call (717) 664-5130 or (717) 336-5860 for more information.