

FUTURES MARKETS

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increasing to \$1.1750. The improvement in cheese prices by Friday should provide confidence that the market went too far, and corrected itself with higher prices by weeks end.

USDA reports that milk production is declining rapidly in the Southwest and Southeast due

to hot and humid conditions. Supplemental supplies of fluid milk are already moving into the Southeast. In addition, milk production levels are being reduced in the Southwest due to extremely high temperatures.

The Chicago Mercantile Exchange Class III futures

settlement prices as of August 4 indicate the market is expecting farm prices to improve. They are August: \$10.30; September: \$10.60; October: \$11.10; November: \$11.08; and December: \$11.05. The market expectation for higher prices in September and October (\$12.47 per cwt) has been eroded due to higher cow numbers and falling grain prices.

Lancaster Farming, Saturday, August 12, 2000-A29

USDA announced class prices under the federal order system for July 2000. They are Class II: \$12.58 per cwt, down \$0.50 from June, Class III \$10.66 per cwt, up \$1.20 from June, and Class IV \$11.87 per cwt, down \$0.51. The product price averages used in computing these prices are butter \$1.1547

per pound, nonfat dry milk \$1.0102 per pound, cheese \$1.2189 per pound, and dry whey \$0.1909 per pound.

For more information on dairy markets, see my website at <http://www.aers.psu.edu/dairyoutlook/>



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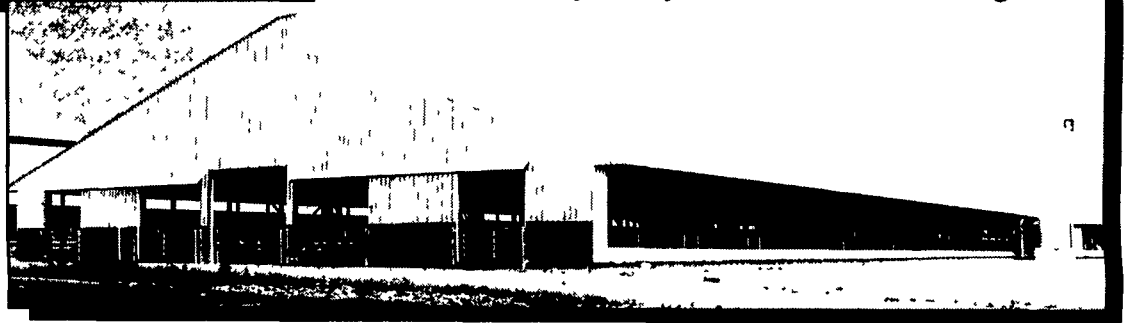


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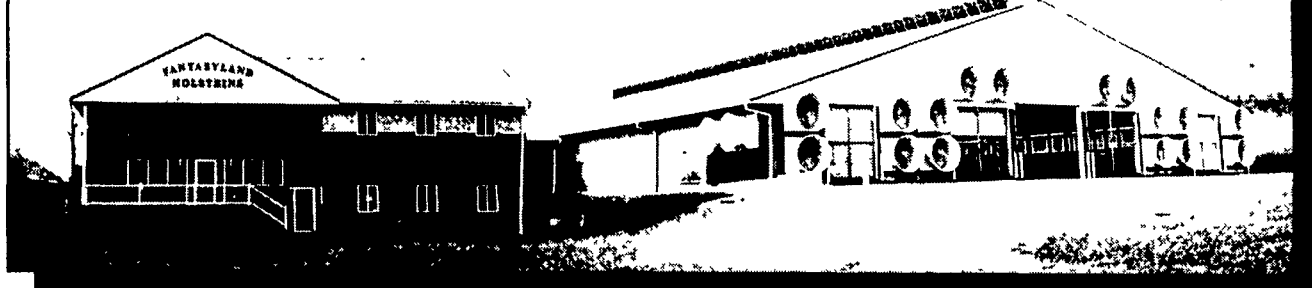
1100 Cow Freestall Barn with 14' High Side Walls

Frosty Hollow Farms, Woodbury, PA



112' x 360' x 14' 450-Cow Freestall Barn & Milking Center with 72' x 132' Special Needs Barn.

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