

GRAIN, CATTLE, HOG, & MILK BFP

FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, February 8, 2001

Corn

Month	Opening	High	Low	Closing	Settle	Net Chg
0208	209 1/4	211 1/2	209 1/4	209 3/4	210 1/4	210 -22
0209	217 1/2	219 1/2	217 1/2	218 1/4	218	218 1/4 -22
0210	225 1/2	227 3/4	225 1/2	226	226 1/4	226 1/4 -22
0211	234 1/4	235 1/2	234	234	234	234 -24
0212	245	246 3/4	245	245	245 1/2	245 1/4 -22
0201	254 3/4	255 3/4	254	254 1/4	254 1/4	254 1/4 -22
0202	260 1/2	261 1/2	260	261	261	261 -26
0203	266	266 1/2	265	265 1/4	265 1/2	265 1/2 -26
0204	262 1/2	263	261 3/4	262	262	262 -20
0205	262 1/2	263	261 3/4	262	262	262 -20

Soybeans

Month	Opening	High	Low	Closing	Settle	Net Chg
01Mar	457	459	452	452 1/2	452	452 1/4 -112
01May	463	465 1/4	457 1/4	458 1/2	457 1/4	458 -124
01Jul	470	471 3/4	463 1/2	463 1/2	464 1/2	464 -134
01Aug	470	471	462 1/2	463	462 1/2	462 3/4 -134
01Sep	467	468	461 1/2	462	462	462 -114
01Nov	470	473	465	465 1/2	465	465 1/4 -120
02Jan	481	482 1/4	475	475	475	475 -124
02Mar	492	492 1/2	485 1/2	485 1/2	485 1/2	485 1/2 -114
02May				494 n	494	494 -110
02Jul	505	505	502	502	502	502 -110
02Nov	515	515	508	507 b	508 a	508 -84
02Dec						

Oats

Month	Opening	High	Low	Closing	Settle	Net Chg
01Mar	102 3/4	103 3/4	102 1/4	102 1/2	102 1/2	102 1/2 -12
01May	108 3/4	109 3/4	108 1/4	108 3/4	108 3/4	108 3/4 -10
01Jul	114 1/4	115	113 1/2	114	114	114 -10
01Sep	118	119 1/4	118	118	118	118 -10
01Dec	124 1/2	125 1/4	124 1/2	125	125	125 -10
02Mar				130 3/4 b	131 3/4 a	131 1/4 -10

Weekly Dairy Market Outlook

By Ken Bailey
Penn State University
February 2, 2001

USDA Issued an Injunction

-Cannot issue separate butterfat prices

-January 2001 prices announced

-General price trend is higher

USDA was issued an injunction on January 31, 2001 regarding the implementation of the new class formula prices contained in an interim final amendment. U.S. District Court Judge Royce C. Lamberth enjoined USDA from implementing portions of the interim final amendments to Federal milk orders that became effective Jan. 1, 2001.

USDA's plans to implement changes in federal order prices created quite a stir in the dairy industry. There was little support from dairy producers and their cooperatives and from processors. In short, the injunction prevents USDA from implementing their new plan to have separate butterfat prices for Class III and IV milk. This would have resulted in separate market prices for cream depending on use. And, it would have resulted in a significant reduction in protein prices for dairy producers.

At this stage the only thing we do know is that USDA will only be able to implement a few minor changes in their pricing formulas

These include the switch from 39 to 38 percent moisture in NASS reporting of barrel prices, and minor changes in the economic formulas (so called "make allowances")

A complete analysis of the impact of the USDA's final rule on the Northeast was issued by Penn State University last week along with a comment letter to USDA (see my webwrite:

<http://www.aers.psu.edu/dairyoutlook/FedOrderData/MilkPriceModel.htm>)

USDA announced January 2001 class prices under federal milk marketing orders. These prices were computed using the formulas in the U.S. District Court's preliminary injunction order dated January 31, 2001. The formula prices are driven by dairy commodity prices. Butter prices fell sharply from \$1.4698 per pound in December 2000 to \$1.1725 in January 2001. Cheese prices rose from \$1.0898 per pound in December 2000 to \$1.1180 in January 2001.

Due to these changes in commodity prices, Class III prices rose in January and Class II and IV prices fell. The Class II price at 3.5 percent butterfat fell sharply from \$13.97 per cwt in December 2000 to \$12.82 in January 2001. Likewise, Class IV prices fell from \$13.27 per cwt in

December 2000 to \$12.13 in January 2001. Class II and IV prices are sensitive to changes in butter prices. The Class III price rose from \$9.37 per cwt in December 2000 to \$9.99 in January 2001. The Class III price is sensitive to changes in cheese prices.

The dairy futures markets at the Chicago Mercantile Exchange are still showing price strength. As of February 1, 2001, the market is expecting Class III prices to peak at \$12.05 per cwt by August. And, the market is expecting Class IV prices to peak at \$13.10 per cwt by September. As I stated last week, I can't exactly predict what milk prices will be the rest of the year. In reality they will either be higher or lower than these prices. However, that said, the current

futures prices for March through December are pretty good prices and some producers may want to lock in a portion of their milk supply.

And finally, on a more humorous note, I spoke at the annual meeting of the Mt. Joy Farmers Cooperative in Southeast Pennsylvania. When the general manager Dale Hershey gave his report, he was kind enough to read a quote from my column. In front of 240 dairy producers he said, "according to Ken Bailey, and folks this is a direct quote, 'milk prices in 2001 will be either higher or lower.'" End of quote.

Let's just say he got quite a laugh from that one!

For more information regarding milk markets, see my website at: www.aers.psu.edu/dairyoutlook/

Table 1. Chicago Mercantile Exchange Prices, Weekly Averages

	2-Feb-01	26-Jan-01	19-Jan-01	12-Jan-01	5-Jan-01
Cheese:					
500 lb. barrels	1.1300	1.0920	1.0800	1.0650	1.0850
40-lb. blocks	1.1010	1.1110	1.0869	1.0705	1.0900
Nonfat dry milk:					
Extra Grade					1.0300
Grade A					1.0300
Butter:					
Grade AA	1.3308	1.2958	1.2413	1.2367	1.1338

Lean Hogs

Daily Prices As of :- Thursday, 8 February

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int	
02/08/01	Feb 01	5440	5480	5415	5427	-15	2293	5605
02/08/01	Apr 01	5700	5790	5640	5662	-58	3650	18765
2/08/01	Jun 01	6390	6445	6350	6365	-35	862	8158
2/08/01	Jul 01	6180	6225	6150	6197	-3	89	1751
2/08/01	Aug 01	5965	6010	5930	5945	-27	282	2551
2/08/01	Oct 01	5287	5320	5272	5272	-23	117	2741
2/08/01	Dec 01	5055	5095	5050	5085	+10	8	1550
2/08/01	Feb 02	0	5170	5130	5170	+35	10	132
2/08/01	Apr 02	0	5085	5085	5085	+5	0	6

Composite Volume Open_Int
2/07/01 7313 41260

Live Cattle

Daily Prices As of :- Thursday, 8 February

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int	
02/08/01	Feb 01	8047	8060	7972	7987	-5	5497	20518
02/08/01	Apr 01	7910	7945	7850	7872	-8	6510	63637
02/08/01	Jun 01	7265	7280	7200	7230	-15	2871	21860
02/08/01	Aug 01	7200	7220	7165	7172	-13	1049	17671
02/08/01	Oct 01	7400	7407	7355	7357	-23	482	9393
02/08/01	Dec 01	7495	7515	7467	7467	-25	65	3480
02/08/01	Feb 02	7590	7595	7570	7570	-15	2	714

Composite Volume Open_Int
02/07/01 16476 137273

Pork Bellies

Daily Prices As of :- Thursday, 8 February

Date	Open	High	Low	Last	Chge	Prev. Volume	
02/08/01	Feb 01	6720	6960	6720	6850	+183	177
02/08/01	Mar 01	6770	7047	6770	6927	+180	349
02/08/01	May 01	6925	7185	6925	7095	+195	62
02/08/01	Jul 01	7050	7215	7050	7120	+145	4
02/08/01	Aug 01	6900	7100	6900	7095	+160	1
02/08/01	Feb 02	0	6110	6110	6110	+30	0
02/08/01	Mar 02	0	6090	6090	6090	+50	0

Average Farm Feed Costs for Handy Reference

To help farmers across the state to have handy reference of commodity input costs in their feeding operations for DHIA record sheets or to develop livestock feed cost data, here's last week's average costs of various ingredients as compiled from regional reports across the state of Pennsylvania.

Remember, these are averages, so you will need to adjust your figures up or down according to your location and the quality of your crop.

- Corn, No.2y — 2.20 bu., 3.93 cwt.
- Wheat, No.2 — 2.43 bu., 4.05 cwt.
- Barley, No.3 — 1.54 bu., 3.30 cwt.
- Oats, No.2 — 1.36 bu., 4.25 cwt.
- Soybeans, No.1 — 4.29 bu., 7.17 cwt.
- Ear Corn — 59.21 ton, 2.96 cwt.
- Alfalfa Hay — 96.25 ton, 4.81 cwt.
- Mixed Hay — 93.75 ton, 4.69 cwt.
- Timothy Hay — 80.00 ton, 4.0 cwt.