

GRAIN, CATTLE, HOG, & MILK BFP

FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, February 22, 2001

Corn

Month	Opening	High	Low	Closing	Settle	Net Chg
01Mar	210	212 3/4	209 1/2	209 1/2	210	209 3/4 -6
01May	217	220 3/4	217 1/2	217 1/2	218	217 3/4 -4
01Jul	225	228 1/4	225 1/2	225 1/2	225 3/4	225 3/4 -4
01Sep	233	236 1/4	233 1/2	233 1/2	233 3/4	233 3/4 -4
01Dec	244	247 1/2	244 1/4	244 1/2	244 3/4	244 3/4 -4
02Mar	253	256 1/4	253 1/2	253 3/4	253 3/4	253 3/4 -4
02May	259	262	259	260	260	260 -10
02Jul	265	266	264	264	264 1/2	264 1/4 -10
02Dec	262	264	262	262 1/2	262 1/2	262 1/2 -6
Month	Opening	High	Low	Closing	Settle	Net Chg

Soybeans

Month	Opening	High	Low	Closing
01Mar	459	462	454 3/4	455 1/4 454 3/4
01May	458	461 1/2	454 1/2	455 1/4 454 1/2
01Jul	464	466 3/4	460 1/2	460 1/2 461
01Aug	465	466 1/2	460	461 460
01Sep	463	464	457 1/2	457 1/2
01Nov	466	469	462 1/2	463 1/2 462 1/2
02Jan				472 1/2 473 1/2 b a
02Mar				482 1/2 483 1/2 b a
02May				491 b 492 a
02Jul				497 b 499 a
02Nov	507	507	505	504 b 505 a
Month	Opening	High	Low	Closing

Weekly Dairy Market Outlook

By Ken Bailey
Penn State University
February 19, 2001
January Milk Production
Down 1.5 Percent

-Anticipated milk supply to tighten

-Cheese production expected to be reduced

-Current cheese prices react

On February 16 USDA released the January milk production report. December revised milk production for 2000 for 20 select states was 11.9 billion pounds, down 0.7 percent from December 1999. January 2001 milk production for 20 select states was 12.1 billion pounds, down 1.5 percent from January 2000.

The perceived reduction in the milk supply, coupled with firm demand for process cheese, strengthened cheese prices at the Chicago Mercantile Exchange. Prices for 40-pound blocks rose from \$1.16 per pound on Monday, February 12 to \$1.28 by Friday, February 16. Barrel prices rose from \$1.20 per pound on Monday to \$1.25 by Friday.

USDA reported last week that demand for process cheese was strong due to buyers storing for later use and fast food promotions. Recent price increases also stimulated natural cheese sales and reduced spot load availability.

What is driving this market is a perception that the milk supply is tightening. Recent

electrical problems in California, profit problems in the West, and the recent milk production report are cited as reasons for this strong reaction.

January milk production for 20 select states did fall 1.5 percent relative to January 2000. And, the number of cows on farms in January did fall 12,000 head relative to December 2000 (this is only the second month in a few years that cow numbers fell). But milk production last January (2000) was up whopping 5 percent relative to January 1999. So the base year we are comparing January 2001 to is relatively high. Stated another way, January 2001 milk production for 20 select states was up 3.4 percent relative to January 1999, an average increase of 1.7 percent per year.

The big news of course is that California milk production was up only 1.5 percent in January. Cow numbers rose from 1.492 million head in January 2000 to 1.562 million head in January 2001. Production per cow fell. Will this negative trend last a few more months for the number one dairy state? Arizona production fell 4.9 percent, again due to lower production per cow. There were big production losses in other states as well. Missouri down 12.8 percent, Texas down 12.1 percent, and Virginia down 5.8 percent.

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Lean Hogs

Daily Prices As of :- Thursday, 22 February

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
02/22/01	Apr 01	6150	6207	6115	6197	+35	6522 21477
02/22/01	Jun 01	6640	6690	6635	6687	+15	2748 9740
02/22/01	Jul 01	6375	6405	6357	6400	+18	510 2377
02/22/01	Aug 01	6097	6100	6050	6090	-5	581 2977
02/22/01	Oct 01	5325	5330	5290	5315	-7	171 2786
02/22/01	Dec 01	5060	5085	5040	5085	+23	71 1710
02/22/01	Feb 02	5145	5150	5100	5150	unch	14 156
02/22/01	Apr 02	5080	5095	5080	5080	+5	2 10

Composite Volume Open_Int

02/21/01 10619 41233

Live Cattle

Daily Prices As of :- Thursday, 22 February

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
02/22/01	Feb 01	8105	8177	8080	8175	+80	3261 8567
02/22/01	Apr 01	7975	8035	7950	8032	+75	10417 64290
02/22/01	Jun 01	7335	7355	7285	7352	+20	3934 22760
02/22/01	Aug 01	7267	7295	7240	7285	+13	2092 19223
02/22/01	Oct 01	7467	7495	7440	7482	+15	1041 11432
02/22/01	Dec 01	7575	7600	7555	7590	+8	395 4131
02/22/01	Feb 02	7672	7690	7655	7682	+2	102 924

Composite Volume Open_Int

02/21/01 21242 131328

Pork Bellies

Daily Prices As of :- Thursday, 22 February

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
02/22/01	Feb 01	7160	7420	7130	7330	+150	12 52
02/22/01	Mar 01	7150	7435	7090	7320	+135	291 1684
02/22/01	May 01	7370	7610	7295	7495	+120	154 809
02/22/01	Jul 01	7400	7575	7380	7570	+125	25 202
02/22/01	Aug 01	7400	7475	7400	7450	+80	10 57
02/22/01	Feb 02	0	6330	6330	6330	+80	0 1
02/22/01	Mar 02	0	6300	6300	6300	+210	0 1

Table 1. Chicago Mercantile Exchange Prices, Weekly Averages

	16-Feb-01	9-Feb-01	2-Feb-01	26-Jan-01	19-Jan-01
Cheese:					
500 lb. barrels	1 2220	1 1880	1 1300	1.0920	1 0800
40-lb. blocks	1 2190	1.1480	1 1010	1.1110	1.0869
Butter:					
Grade AA	1 3533	1.3142	1.3308	1.2958	1.2413

Source: Dairy Market News, AMS, USDA
(<http://www.ams.usda.gov/dairy/mncs/weekly.htm>).

Table 2. NASS Weekly US Average Survey Prices

	10-Feb-01	3-Feb-01	27-Jan-01	20-Jan-01	13-Jan-01
Cheese					
500 lb Barrels 1/	1 1200	1 0943	1 0852	1 0889	1 1079
40-lb blocks	1 0850	1.0898	1 0802	1 0906	1 1077
Butter	1 2972	1 2874	1.2371	1 2177	1 1589
Nonfat Dry Milk	1 0141	1 0160	1.0150	1 0172	1 0156
Dry whey	0 2637	0 2516	0 2525	0 2498	0 2476

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

Table 3. Penn State Forecast of Federal Order Prices for 2001

	Class I Mover		Class II		Class III		Class IV	
	2000	2001	2000	2001	2000	2001	2000	2001
Jan	10 90	13.99	11.43	12 82	10.05	9.99	10.73	12.13
Feb	10 71	11 94	11.51	13.36	9.54	10.04	10.80	12.61
Mar	10 84	12 61	11 71	13.53	9.54	10.13	11.00	12.83
Apr	10 93	12 83	12 10	13.46	9.41	10.09	11.38	12.76
May	11 48	12.74	12.63	13 48	9.37	10.05	11.91	12.78
Jun	11 70	12 78	13.08	13 57	9 46	10 89	12.38	12.87
Jul	12 46	12.87	12 58	13.70	10.66	11.93	11.87	13.00
Aug	11 95	13 00	12.56	13 83	10.13	12.14	11.87	13.13
Sep	11 84	13 13	12 58	13 91	10.76	12.13	11.94	13.21
Oct	11 89	13.21	12.54	13 91	10.02	12.13	11.81	13.21
Nov	11 82	13 21	13 68	13.91	8 57	11.73	13.00	13 21
Dec	12 13	13 21	13 97	13 31	9 37	10 95	13 27	12.61
Annual Avg	11 55	12 96	12 53	13 57	9 74	11 02	11 83	12.86

Forecast as of February 19, 2001.