

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, May 3, 2001

Corn

Month	Opening	High	Low	Closing	Settle	Net Chg
01May	202	202 3/4	200 1/4	200 1/4	200 3/4	-2
01Jul	209	209 3/4	210 1/2	207 1/2	208	-6
01Sep	218	218 1/2	215 3/4	215 3/4	216	-4
01Nov				223 3/4 n	223 3/4	-4
01Dec	229	229 1/2	230	226 3/4	227	-6
02Jan				230 1/4 n	230 1/4	-6
02Mar	240	240 1/4	237 1/4	237 1/4	237 1/2	-4
02May	246	246 3/4	247	244 1/2	244 1/2	-4
02Jul	253	253 1/2	253 1/2	250 3/4	251	-2
02Sep				256 n	256	-4
02Dec	260	260 1/2	260 3/4	258	258 1/4	-12
03Dec				264 3/4 n	264 3/4	-2
Month	Opening	High	Low	Closing	Settle	Net Chg

Soybeans

Month	Opening	High	Low	Closing	Settle	Net Chg
01May	443	446	440	442 1/2	443	+12
01Jul	441	441 1/2	443 1/4	436 1/2	437 1/4	-24
01Aug	440	440 1/2	433 1/2	433 1/2	434	-42
01Sep	433	433 1/2	434	426 1/2	426 3/4	-46
01Nov	435	435 1/2	428 1/2	428 1/2	429	-56
02Jan	445	445	440	440	440	-50
02Mar	451	452	449	449	449	-50
02May	456	456	453	451 b	453 a	-50
02Jul	467	467	461 1/2	461 1/2	461 1/2	-54
02Nov	475	475	472 1/2	473	472 1/2	-52
Month	Opening	High	Low	Closing	Settle	Net Chg

Soybean Meal

Month	Opening	High	Low	Closing	Settle	Net Chg
01May	158.0	158.9	157.0	158.8	158.7	+1.1
01Jul	156.1	156.5	154.2	155.5	155.6	+0.1
01Aug	153.4	153.8	151.5	152.3	152.3	-5
01Sep	150.4	150.4	148.3	149.0	149.0	-5
01Oct	148.5	148.5	146.8	146.8	147.0	-8
01Dec	149.0	149.2	147.0	147.5	147.5	-9
02Jan	148.3	149.2	148.0	148.0	148.0	-11
02Mar	149.4	150.8	149.1	149.0 b	149.1 a	-10
02May	149.0	149.0	148.0	148.0	148.0	-9
02Jul	149.0	149.0	148.0	148.0	148.0	-10
Month	Opening	High	Low	Closing	Settle	Net Chg

Lean Hogs

Daily Prices As of :- Thursday, 3 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/03/01	Jun 01	6700	6740	6665	6707	+22	5070
05/03/01	Jul 01	6540	6590	6515	6565	+45	2213
05/03/01	Aug 01	6250	6300	6225	6277	+42	1017
05/03/01	Oct 01	5390	5435	5375	5425	+35	266
05/03/01	Dec 01	5122	5180	5122	5160	+38	125
05/03/01	Feb 02	5250	5255	5200	5237	+45	4
05/03/01	Apr 02	5250	5270	5175	5270	+40	1
Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/02/01	8696	40661					

Live Cattle

Daily Prices As of :- Thursday, 3 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/03/01	Jun 01	7147	7170	7070	7085	-72	6840
05/03/01	Aug 01	7180	7202	7120	7130	-65	2839
05/03/01	Oct 01	7340	7360	7290	7292	-60	1294
05/03/01	Dec 01	7420	7427	7380	7382	-43	369
05/03/01	Feb 02	7475	7480	7455	7460	-25	129
05/03/01	Apr 02	7620	7620	7605	7607	-10	11
05/03/01	Jun 02	0	7280	7280	7280	-95	2
Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/02/01	11485	113245					

Pork Bellies

Daily Prices As of :- Thursday, 3 May

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/03/01	May 01	8330	8350	8207	8245	-85	276
05/03/01	Jul 01	8430	8475	8280	8322	-88	851
05/03/01	Aug 01	8235	8260	8100	8120	-90	73
05/03/01	Feb 02	7200	7200	7150	7150	-60	6
05/03/01	Mar 02	0	7210	7210	7210	unch	0
05/03/01	May 02	0	7400	7400	7400	-100	0
Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
05/02/01	1206	3145					

Oats

Month	Opening	High	Low	Closing	Settle	Net Chg
01May	109 1/2	110	108 1/2	110	110	+2
01Jul	112 3/4	114	112	113	113 1/4	+4
01Sep	113 3/4	113 3/4	112 1/4	112 1/2 a	112 1/2	-4
01Dec	118 3/4	119	118 1/4	118 3/4	118 3/4	-4
02Mar				124 a	124	-14
Month	Opening	High	Low	Closing	Settle	Net Chg

Weekly Dairy Market Outlook

Ken Bailey
Penn State
April 27, 2001

Milk Price Outlook Uncertain

- Cash market stronger.
- Futures markets volatile.
- GDP for first quarter up 2 percent.

I am stunned to see the recent increase in butter and cheese prices, and hence the Class III and IV futures prices. Like most analysts, this caught many by surprise. Let's review the markets.

The cash market for cheese and butter experienced a lot of volatility this week. At the Chicago Mercantile Exchange, barrel prices rose from \$1.4325 per pound on Monday, April 23, to \$1.52 per pound by Friday, April 27. Likewise, block cheese prices rose from \$1.45 per pound on Monday to \$1.54 by Friday.

USDA reports these prices are the highest cash cheese prices since the fall of 1999. Many buyers are building inventories in anticipation of tighter milk supplies later in the year.

The butter market at the Chicago Mercantile Exchange

reached \$2 per pound this week. Grade AA butter rose from \$1.95 per pound Monday, peaked at \$2.0125 per pound Wednesday, then fell to \$1.9275 by Friday. USDA reports that while butter demand is only "fair at best," people are holding butter stocks in anticipation of a short milk supply.

The futures markets at the Chicago Mercantile Exchange reflected the tightness in the cash markets. As of April 27, Class III settlement prices were \$12.02 for April, \$13.54 for May, \$13.94 for June, \$13.97 for July, \$13.95 for August, \$14.03 for September, and \$13.56 for October.

Class IV prices at the Chicago Mercantile Exchange as of April 27 were \$14.45 for April, \$15.10 for May-July, \$15.40 for August and September, and \$14.95 for October. The peak Class IV price was down from \$16 earlier in the week.

So, which way are prices headed in the next few months? Let's review the options.

One school of thought is "you ain't seen nothing yet." These folks think the milk supply will

be crippled through the fall months. Buyers of cheese and butter fall into this camp and are buying now in order to avoid paying much more later in the year. Many remember when butter prices hit \$2.81 per pound in September, 1998. These folks are bolstered in part by the latest GDP report that indicates that the real Gross Domestic Product for the first quarter of this year grew at an astonishing 2 percent! Many had expected a weak 1 percent growth rate. While the economy may be slowing, we are nowhere near a recession. That means continued moderate to strong growth in demand for dairy products.

The other school of thought is, "if it's too good to be true, it's probably not." This group thinks that the reduction in the milk supply is only temporary and that cows will recover. Given the large number of cows out west, the milk supply could respond very quickly. I'm partial to this group. I think the reduction in production per cow is due in part to poor forage and a hard winter, but also because of reduced use of inputs.

When farmers are cash-starved, they have to make cuts somewhere. This means making undesirable decisions (i.e. using less feed, selling cows, etc). The milk supply situation could turn around very quickly with spring forages, high milk prices, and cheap grains. Also, we could see a limit on how high butter prices get because of imports.

Anytime butter gets above \$1.85, it pays to import butter outside the quota. A final negative for the Class IV price is an expected reduction in the support price for nonfat dry milk. USDA will not continue to buy 47 percent of all the powder produced in the U.S. They are likely waiting for market prices to recover before announcing a re-

duction. Guess what, market prices have recovered! That could result in a slight drop in the price of nonfat dry milk, and hence the Class IV price.

USDA reported this week that international prices for skim milk powder were \$0.93 per pound in Western and Eastern Europe, and \$0.97 in Oceania. Thus a reduction in the support price of nonfat dry milk at this time would not result in much of a drop in domestic nonfat dry milk prices, but it would reduce surplus stocks. Class IV prices would drop more substantially when international prices weaken.

Which school of thought do you belong to?

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 — 2.32 bu., 3.87 cwt
- Barley, No.3 — 1.54 bu., 3.30 cwt.
- Oats, No.2 — 1.42 bu., 4.44 cwt.
- Soybeans, No 1 — 4.02 bu., 6.71 cwt
- Ear Corn — 59.38 ton, 2.97 cwt.
- Alfalfa Hay — 102.50 ton, 5.13 cwt
- Mixed Hay — 95.00 ton, 4.75 cwt.
- Timothy Hay — 88.75 ton, 4.44 cwt