

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, August 16, 2001

Corn

Month	Opening	High	Low	Close	Settle	Change
01 Sep	220 3/4	220 3/4	216 1/4	217 1/4	216 3/4	-24
01 Nov	227 3/4	227 3/4	225	225	225	-26
01 Dec	233	233	228 1/4	229 3/4	229 1/4	-22
02 Jan	234 1/2	235 1/2	233 1/2	233 1/2	233 1/2	-20
02 Mar	243	243	238 1/2	240 1/4	239 1/2	-16
02 May	246	246 1/4	242 1/2	243 3/4	244 1/2	-10
02 Jul	250	250 1/2	246 3/4	248	248 3/4	-14
02 Sep	248 1/2	249 1/2	248	248	248	-10
02 Dec	253 1/4	255 1/4	252	253	253 1/4	+2
03 Jul	265	268	265	268	268	Unch
03 Dec	265	265	265	265	265	+2
Month	Opening	High	Low	Close	Settle	Change

Soybeans

515 1/2	516	498	502 1/2	503	502 3/4	-146
511	513	494 1/2	499	500 1/2	499 3/4	-132
515 1/2	516 1/2	499	504	503 1/2	503 3/4	-130
519	519 1/2	500	508	505 1/2	506 3/4	-132
515 1/2	515 1/2	500	505	506	505 1/2	-114
515	515	499 1/2	504 1/2	504 1/2	504 1/2	-114
			501 1/4 n	501 1/4	501 1/4	-96
500	500	500	500	500	500	Unch
502	502	492 1/2	492 1/2	494	493 1/4	-84
			500 n	500	500	-70
Month	Opening	High	Low	Close	Settle	Change

Soybean Meal

175.2	175.7	170.5	172.5	172.2	172.4	-28
170.5	171.5	166.1	167.7	167.5	167.6	-34
169.0	171.0	164.6	166.2	166.0	166.1	-34
169.0	170.2	164.5	165.5	165.3	165.4	-38
167.4	168.0	162.8	163.6	163.8	163.7	-37
163.0	164.0	158.0	159.0	159.3	159.2	-38
161.0	161.8	156.6	158.0	158.0	158.0	-38
159.0	159.0	155.5	156.2	156.2	156.2	-23
156.0	156.5	153.8	153.8	153.8	153.8	-26
155.0	155.0	153.0	152.5 b	153.0 a	153.0	-15
			153.0 b	153.5 a	153.3	-27
Month	Opening	High	Low	Close	Settle	Change

Weekly Dairy Market Outlook

Ken Bailey
Penn State

Aug. 10, 2001

Heat Wave Pressures
Milk Prices

- Temperatures for the nation in 90s and 100s.
- Heat and humidity are affecting milk output.
- Cheese and butter prices firmer.
- Class III futures *way up!*
- Dairy producers looking for a sign to lock in fall Class III futures prices found a clear one today. September through December 2001 futures shot up \$0.65-\$0.75 per CWT today. September Class III futures rose to \$15.75 per CWT, and December Class III futures rose to \$13.40 per CWT.
- Class IV prices are weaker, ranging from \$15 in August to \$13.25 by December.
- The market may be reacting to a heat wave that has raised

temperatures from coast to coast up into the 90s-100s. Sustained temperatures at these levels coupled with high humidity results in less feed consumption and lower milk output. It could also reduce milk output the rest of the year if cows are stressed enough.

For those looking to lock in milk prices, these are very good prices. There is still concern in the market that consumption may be soft this year because of a weaker national economy. While fuel prices are now lower and inflation under control, the economy is barely growing and many companies are laying people off. And besides, the heat wave is showing signs of subsiding.

USDA reports that week-to-week milk production declines of 10-percent are common. And, fat and protein tests are lower than normal. This has resulted in increased demand for condensed skim and nonfat dry milk to improve cheese vat

yields.

Block cheese prices at the Chicago Mercantile Exchange rose from \$1.67 per pound Aug. 6-9 to \$1.72 by Friday, Aug. 10. Barrel cheese prices weakened from \$1.6275 per pound Monday, Aug. 6 to \$1.5975 Aug. 8-9, and then rallied to \$1.65 Friday, Aug. 10.

There was only one carload of cheese that traded the entire week. Barrel and block prices rose Friday on bids only.

Grade AA butter prices at the Chicago Mercantile Exchange rose from \$2 per pound on Monday to \$2.01 per pound on Wednesday and Friday. Twenty-five carloads of butter traded hands this week. USDA reports that cream availability is low because of the heat wave gripping most of the country. Demand for butter, however, must be limited due to high retail butter prices. Inventories of butter are reported to be even with a year ago.

I had the opportunity to visit the Chicago Mercantile Exchange this week. Mike Downes, a commodity broker with Downes-O'Neill (<http://www.dairy.nu/>), took me on a personal tour of the Chicago Mercantile Exchange. Mike has been in the commodity futures business a number of years and introduced me to the floor traders, locals, and exchange staff. We watched Class III futures trade, as well as cash markets for butter and cheese. It was a fascinating process. I would highly recommend anyone with an interest in the dairy markets to visit the exchange the next time they are in Chicago.

Finally, this forecaster, like others in the dairy business, is both humbled and amazed at how high Class III cash and futures prices have climbed this year. This is especially interesting after such a poor showing most of last year. Like more forecasters, you hate to be off by \$3 per CWT! It shows how hard it is to forecast milk prices these days.

I'm not the only economist having trouble with forecasting, it turns out. I recently read an article in Investor's Business Daily with the following headline, "Is It A Recession? The 'Experts' Won't Know Until

We're Out From Under It." (pg. A20, Wednesday, Aug. 8, 2001). There are a lot more economists forecasting the health of the U.S. economy than there are forecasting dairy. It seems that not one of them can tell us whether or not we are experiencing a recession. That's enough to give "Experts" (that is, economists) a bad name!

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 — 2.28 bu., 4.08 cwt.
Wheat, No.2 — 2.45 bu., 4.10 cwt.
Barley, No.3 — 1.36 bu., 2.92 cwt.
Oats, No.2 — 1.36 bu., 4.25 cwt.
Soybeans, No.1 — 4.58 bu., 7.65 cwt.
Ear Corn — 61.78 ton, 3.09 cwt.
Alfalfa Hay — 117.00 ton, 5.5 cwt.
Mixed Hay — 112.50 ton, 5.63 cwt.
Timothy Hay — 101.25 ton, 5.06 cwt.

Lean Hogs

Daily Prices As of :- Thursday, 16 August

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int	
08/16/01	Oct 01	6140	6170	6077	6130	-5	2380	29800
08/16/01	Dec 01	5655	5670	5590	5632	-18	1001	10821
08/16/01	Feb 02	5710	5720	5655	5680	-32	143	3763
08/16/01	Apr 02	5702	5715	5692	5697	-8	51	1034
08/16/01	May 02	0	6202	6202	6202	+2	1	285
08/16/01	Jun 02	0	6495	6495	6495	-2	6	275
08/16/01	Jul 02	0	6267	6255	6255	-10	4	89
08/16/01	Aug 02	0	6000	6000	6000	+10	0	31

Composite Volume Open_Int

08/15/01 3671 50602

Live Cattle

Daily Prices As of :- Thursday, 16 August

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int	
08/16/01	Aug 01	7200	7242	7195	7222	+35	4052	5113
08/16/01	Oct 01	7455	7502	7455	7470	unch	8298	46242
08/16/01	Dec 01	7547	7570	7542	7557	+10	3316	23185
08/16/01	Feb 02	7682	7697	7675	7677	unch	813	15881
08/16/01	Apr 02	7817	7825	7800	7805	-15	321	6690
08/16/01	Jun 02	7425	7445	7425	7430	-5	217	5050
08/16/01	Aug 02	7470	7470	7465	7470	unch	24	49

Composite Volume Open_Int

08/15/01 17042 102210

Pork Bellies

Daily Prices As of :- Thursday, 16 August

Date	Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int	
08/16/01	Aug 01	9760	9770	9532	9705	-75	367	1059
08/16/01	Feb 02	7850	7875	7700	7735	-172	306	1620
08/16/01	Mar 02	7810	7810	7610	7610	-150	0	50
08/16/01	May 02	0	7900	7900	7900	-300	0	19
08/16/01	Jul 02	0	7900	7900	7900	-300	0	1
08/16/01	Aug 02	0	7910	7910	7910	unch	0	0

Composite Volume Open_Int

08/15/01 673 2750

Oats

132	133	130	131 3/4	132	131 3/4	Unch
133 1/4	134	131 1/2	133 1/4	133 1/2	133 1/4	+2
137 3/4	137 3/4	135 3/4	136 1/2 b	136 1/2	136 1/2	-6
			137 1/2 b	138 1/2 a	138	Unch
			139 1/2 a	139 1/2	139 1/2	Unch
Month	Opening	High	Low	Close	Settle	Change