

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, August 23, 2001

Corn

214 1/4	219 1/2	212	219 1/2	218 1/2	219	+34
222 1/4	228	220 1/4	226 1/2	228	227 1/4	+36
226 1/2	233	224 3/4	231	232 1/2	231 3/4	+36
231	235 3/4	229 3/4	235 3/4		235 3/4	+36
238	244 1/2	235 3/4	244 1/2	242	243 1/4	+40
243	249	241	249	248	248 1/2	+46
247 1/4	253 1/2	245 1/2	253	253 1/2	253 1/4	+46
247 1/2	249 1/2	245 1/2	249 1/2		249 1/2	+20
251 3/4	254	250	254		254	+16
268	269	268	268 3/4	269	268 3/4	+12
			264 a		264	Unch

Soybeans

482	484	473	483	480 1/2	481 3/4	-56
481 1/2	484	473 1/2	483 1/2	482	482 3/4	-42
487	489 1/2	479 1/2	489	487 1/2	488 1/4	-42
492	493 1/2	485	493 1/2	493	493 1/4	-40
491	494 1/2	485	494	494 1/2	494 1/4	-32
492	494	485 1/2	494		494	-44
492	492	486	490		490	-50
			492 n		492	+40
483 1/2	487	480 1/4	485	487	486	-20
			492 n		492	-10

Soybean Meal

166.8	166.8	164.0	166.3	166.0	166.2	-12
163.5	163.5	160.7	163.3	163.4	163.4	-11
162.8	163.3	160.1	163.0	162.8	162.9	-15
162.7	163.0	160.2	163.0		163.0	-13
163.0	163.0	160.5	162.7	162.6	162.7	-13
159.8	160.0	157.6	160.0		160.0	-10
160.0	160.0	158.0	159.5	159.2	159.4	-10
158.0	159.5	156.8	158.1		158.1	+2
157.0	158.0	155.6	157.0 b	157.2 a	157.1	+9
155.5	155.5	155.5	155.5		155.5	+3
155.5	156.5	155.5	155.7		155.7	+6

Lean Hogs

Daily Prices As of :- Thursday, 23 August

Date		Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
08/23/01	Oct 01	5862	5900	5825	5875	-2	4612	26254
08/23/01	Dec 01	5430	5492	5412	5485	+30	2918	11450
08/23/01	Feb 02	5605	5650	5585	5620	+3	255	3898
08/23/01	Apr 02	5710	5780	5680	5770	+43	384	1304
08/23/01	May 02	6245	6290	6225	6290	+43	1	308
08/23/01	Jun 02	6550	6572	6525	6572	+22	33	309
08/23/01	Jul 02	6280	6315	6230	6315	+60	8	94
08/23/01	Aug 02	6000	6050	6000	6050	+35	6	39
08/23/01	Oct 02	5500	5520	5500	5510	-70	5	12

Composite Volume Open_Int
08/22/01 8222 43668

Live Cattle

Daily Prices As of :- Thursday, 23 August

Date		Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
08/23/01	Aug 01	7152	7180	7102	7117	-18	2058	2981
08/23/01	Oct 01	7365	7375	7297	7312	-43	6747	46465
08/23/01	Dec 01	7470	7485	7415	7455	-5	3024	24020
08/23/01	Feb 02	7615	7637	7590	7610	+10	897	16990
08/23/01	Apr 02	7777	7797	7760	7790	+3	346	7148
08/23/01	Jun 02	7400	7435	7397	7420	+23	227	5349
08/23/01	Aug 02	7480	7495	7470	7485	+5	125	187

Composite Volume Open_Int
08/22/01 13425 103140

Pork Bellies

Daily Prices As of :- Thursday, 23 August

Date		Open	High	Low	Last	Chge	Prev. Volume	Prev. Open_Int
08/23/01	Aug 01	9525	9540	9367	9367	-300	348	292
08/23/01	Feb 02	7775	7800	7700	7792	+2	504	1787
08/23/01	Mar 02	7750	7820	7730	7820	+25	48	25
08/23/01	May 02	7900	7950	7900	7950	+60	3	21
08/23/01	Jul 02	7950	7950	7950	7950	+45	1	2
08/23/01	Aug 02	7875	7875	7875	7875	-15	0	0

Composite Volume Open_Int
08/22/01 904 2127

Oats

128 1/2	130	127	130		130	+2
129 3/4	132 3/4	129 3/4	132 1/2	132 3/4	132 1/2	+16
133 1/2	136 3/4	133 1/2	136 3/4		136 3/4	+26
			139 1/4 b		139 1/4	+26
			141 1/2 b		141 1/2	+30

Weekly Dairy Market Outlook

Ken Bailey
Penn State

Aug. 17, 2001

Butter Prices
Keep Rising

• Grade AA butter reaches

Office Closed Labor Day

On Labor Day, Monday, Sept. 3, Lancaster Farming office is closed. The office will reopen Tuesday, Sept. 4.

For the Sept. 8 issue, there are some deadline changes:

Public Sale and Mailbox ads, 5 p.m., Friday, Aug. 31.

Classified, Section D ads — 5 p.m., Wednesday, Sept. 5.

Classified, Section C, Farm Equipment ads, 9 a.m., Wednesday, Sept. 5.

General News — noon, Thursday, Sept. 6.

\$2.09.

- Cheese prices steady.
- July milk production down 1.2 percent.
- Dairy stocks a surprise!

It was a busy week for reporting! The milk production and cold storage reports were released. The results are mixed and paint a picture of a market searching for direction. At the moment, that direction is for higher prices. However, the data also had a few surprises.

First, let's review the Chicago Mercantile Exchange. Block cheese prices remained steady at \$1.72 per pound. Barrels, however, declined from \$1.65 per pound on Monday, Aug. 13, to \$1.63 by Friday, Aug. 17. One shouldn't read too much into that. It could be that the market was a bit long on barrels this week.

Butter prices at the Chicago Mercantile Exchange offered a surprise. Grade AA butter rose from \$2.05 per pound on Monday to \$2.09 by Friday. The

cheese and butter prices are odd when one compares them to USDA's Cold Storage report released last week. Butter stocks at the end of July were 145.4 million pounds, up 6.2 percent over a year ago. Butter production through June of this year was down over 8 percent relative to a year ago.

What's going on here? Well, the combination of fewer cows, reduced production per cow, and summer heat has made butterfat scarce. That has raised both wholesale and retail butter prices. That in turn has lowered the consumption of butter, thus raising stocks.

The bigger question is whether butter stocks are going to continue to grow because of reduced retail consumption. If they do, and milk production rebounds just a bit, look for butter prices to take a nose-dive sometime this fall.

USDA's Cold Storage report had just the opposite message for cheese. Stocks of American cheese at the end of July were down 19.7 percent. Total cheese stocks were down 16.9 percent.

Through the month of June, production of American and Total cheese was down 4.8 percent and 1.6 percent, respectively. Unlike butter, cheese consumption must be holding up fairly well give these low stocks numbers. That explains why cheese prices are so firm.

USDA released the milk production report. Milk production in July for 20 major dairy states was down 1.2 percent over a year ago. Production totaled 12.1 billion pounds. Production per cow averaged 1,555 pounds in July, down 6 pounds over a year ago. And cow numbers for 20 major states in July was 7.75 million head, even with June 2001.

The futures markets at the Chicago Mercantile Exchange attempted to digest all of this market information. As of Aug. 17, the Class III futures rose from \$15.55 per CWT for August 2001 to \$15.60 for September 2001. Thereafter it fell to \$13 per CWT by December 2001. Class IV futures on August 17 rose from \$14.95 per CWT for August 2001 to \$15.50

for September 2001, falling to \$13.60 by December 2001.

The market is anticipating that there will be some milk supply response by the end of the year. Clearly the milk supply has been tight in August because of the heat and humidity. September milk will continue to be tight as children return back to school. But what if we assume that cow numbers remain level through year-end, and that milk per cow rebounds 2 percent over a year ago starting in October? Milk production for 20 major states will be 1.5 percent ahead of a year ago by December. What do you think this will do to the milk price?

