

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, September 13, 2001

Corn

213	218 3/4	212 1/2	218	217 3/4	218	+36
219 1/2	226	219 1/2	225		225	+32
224 1/4	230 3/4	224 1/4	229 1/4	229 3/4	229 1/2	+30
			233 1/2 n		233 1/2	+26
236 1/4	242 1/4	236 1/4	240 3/4	241	241	+26
241 3/4	247 1/2	241 3/4	246	246 1/4	246 1/4	+26
247 1/4	251 1/4	246 3/4	250 1/4	250 1/2	250 1/2	+24
248	248 1/2	248	248 1/2		248 1/2	+22
251 1/2	255	251	254		254	+22
265	265	265	265		265	-10
			263 3/4 a		263 3/4	+22

Soybeans

462 1/2	481	462 1/2	480		480	+152
466 1/2	485	466 1/2	483	481	482	+120
472 1/2	491	472 1/2	488 1/2	487 1/2	488	+116
480	495	480	493 1/2	492 1/2	493	+102
482	496	482	495	494 1/2	494 3/4	+102
483 1/2	497 1/2	483 1/2	497	495 a	496	+92
489	497	487 1/2	495 1/2	494 1/2	495	+80
			487 n		487	+60
479	487	479	487	486 a	486 1/2	+64
			505 a		505	+20

Soybean Meal

166.8	176.5	166.6	176.0	176.5	176.3	+98
164.2	172.4	164.0	171.5	172.4	172.0	+75
162.3	171.0	162.3	169.5	170.5	170.0	+68
162.0	170.0	162.0	169.0	168.5	168.8	+60
160.8	167.0	160.8	165.8		165.8	+46
158.8	162.8	158.5	162.0	162.2	162.1	+33
157.8	160.5	157.3	160.5		160.5	+29
156.5	158.7	156.0	158.5		158.5	+25
156.0	157.5	155.0	156.0 b	156.1 a	156.1	+23
			154.5 b	154.6 a	154.6	+20
155.0	155.0	154.0	154.0		154.0	+19

Lean Hogs

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
09/13/01	Oct 01	6015	6115	5980	6110	+68	35 20684
09/13/01	Dec 01	5605	5645	5570	5627	-28	80 12952
09/13/01	Feb 02	5655	5705	5625	5700	-10	52 4746
09/13/01	Apr 02	5780	5815	5752	5797	-13	2 1840
09/13/01	May 02	6250	6290	6227	6270	-5	0 370
09/13/01	Jun 02	6470	6550	6470	6550	+5	0 369
09/13/01	Jul 02	6275	6295	6250	6295	unch	0 115
09/13/01	Aug 02	6040	6065	6015	6065	+8	0 69
09/13/01	Oct 02	5450	5450	5405	5450	unch	0 73

Composite Volume Open_Int

09/11/01 169 41218

Live Cattle

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
09/13/01	Oct 01	7200	7235	7180	7212	-18	17 39259
09/13/01	Dec 01	7380	7407	7345	7385	-42	19 29365
09/13/01	Feb 02	7555	7555	7515	7530	-42	2 23298
09/13/01	Apr 02	7737	7737	7687	7710	-45	0 9090
09/13/01	Jun 02	7370	7375	7335	7355	-27	0 10786
09/13/01	Aug 02	7420	7420	7390	7390	-40	0 938
09/13/01	Oct 02	7510	7520	7510	7520	-35	0 162

Composite Volume Open_Int

09/11/01 38 112898

Pork Bellies

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
09/13/01	Feb 02	8300	8515	8260	8467	+50	29 2807
09/13/01	Mar 02	8437	8500	8290	8452	+32	0 40
09/13/01	May 02	8547	8670	8545	8667	+37	0 26
09/13/01	Jul 02	8650	8650	8550	8650	+70	0 11
09/13/01	Aug 02	8650	8650	8550	8650	+70	0 1

Composite Volume Open_Int

09/11/01 29 2885

Oats

150	161	148 1/2	161	161	+174
152	155 3/4	150	153	153	+62
151	154	150	152 1/2	152 1/2	+42
150	153	150	152 1/2 a	152 1/2	+46
150	151 1/2	150	151 1/2 a	151 1/2	+44

Weekly Dairy Market Outlook

Ken Bailey
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Sept. 13, 2001

Terrorist Attack Creates Financial Uncertainty

- Attack could spark a global recession.
- Consumer confidence shaken.
- Impact on the dairy industry less certain.
- Dairy as "comfort food."

The simultaneous terrorist attacks on New York and Washington had two intended targets: the U.S. financial markets and the U.S. Defense Department. The loss of life on U.S. soil is unprecedented, and the ultimate impacts on the U.S. economy are unknown.

There is concern that the attack will result in pushing an already shaky U.S. economy into a full-blown recession. Consumer confidence and spending were already showing signs of weakness. American consumers

may react by postponing major expenses such as automobiles and houses.

Sectors of the economy most vulnerable would be travel — particularly the airlines, insurance and banking, large consumer items such as automobiles, and retail.

The financial markets were literally shut down because of the crisis. The New York Stock Exchange (NYSE), the Nasdaq Stock Market, the American Stock Market, and the Chicago Board of Trade and Chicago Mercantile Exchange were all shut down for three days. The Wall Street Journal reports that these exchanges haven't been shut down for this long since 1914, when the NYSE was closed for four months in response to the war in Europe.

Economists have little to go on when comparing this human tragedy to past events. We do know that the 1990 Gulf War drove up oil prices, depressed consumer confidence, and resulted in an economic slow-

down.

That event began on August 2, 1990 with the Iraqi invasion of Kuwait and continued until the military conflict ended on March 5, 1991. The conflict affected the U.S. economy during the last half of 1990, as well as the first quarter of 1991.

The impact of the Gulf War on the U.S. dairy industry was mixed. Demand for American cheese and pizza cheese was strong during the last two quarters of 1990. A lot of people stayed home, ate pizza, and watched CNN news. However, demand for butter fell significantly before and after the event, and demand for American cheese fell the first half of 1991.

Consumers today may react the same way. They may spend less money eating out, traveling, and going to celebrations over the next few months. However, dairy products are a staple as well as a comfort food. Consumers may spend more money eating dairy products within the confines of their homes. There is no doubt that U.S. policymakers will upgrade efforts to stave off an economic slowdown. Again,

the Wall Street Journal quoted a leading economist who cited possible antidotes to a recession as a quick move to cut taxes, more federal spending, and easier monetary policy. Spending for defense and intelligence will likely increase. The Bush Administration has sent a \$20 billion request to the Congress today for emergency spending measures.

The health of the U.S. economy is a very important factor in determining demand for U.S. dairy products. We do have a dairy price support program that is poised to purchase surplus dairy products in the event markets weaken. But that program only kicks into full gear once Class III milk prices fall to \$9.80 per CWT. (Class III prices are more than \$15 per CWT.) Thus, U.S. dairy farmers are very dependent on selling their products to eager consumers.

American consumers will likely remain positive about our country's future, and any economic slowdown will, we hope, be short lived. The problem is we don't yet understand the full human and economic implica-

tions of what has transpired. There is no precedent. Analysts I spoke with are citing the impact of these events on the dairy industry to be neutral to only slightly negative. It's very possible that consumers will look to dairy foods as a source of comfort in these trying times, and as a symbol of what is good and pure in America.

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 — 2.30 bu., 4.11 cwt.
- Wheat, No.2 — 2.50 bu., 4.18 cwt.
- Barley, No.3 — 1.38 bu., 2.95 cwt.
- Oats, No.2 — 1.39 bu., 4.34 cwt.
- Soybeans, No.1 — 4.41 bu., 7.36 cwt.
- Ear Corn — 62.34 ton, 3.12 cwt.
- Alfalfa Hay — 115.00 ton, 5.75 cwt.
- Mixed Hay — 113.75 ton, 5.69 cwt.
- Timothy Hay — 116.25 ton, 5.81 cwt.