

# GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange  
Closing Bids: Thursday, Oct. 25, 2001

## Corn

| Month | Opening | High    | Low     | Closing | Settle  | Net Chg |
|-------|---------|---------|---------|---------|---------|---------|
| 01Nov | 201 1/2 | 202 1/2 | 201 1/2 | 202     | 202     | +4      |
| 02Jan | 206     | 207 1/2 | 205 1/2 | 206 3/4 | 206 1/2 | Unch    |
| 02Mar | 210 1/2 | 212 1/4 | 210 1/2 | 211     | 211     | Unch    |
| 02May | 218 1/4 | 220 1/4 | 218 1/4 | 219 1/4 | 219     | Unch    |
| 02Jul | 226 3/4 | 227 3/4 | 226 1/4 | 226 3/4 | 227     | Unch    |
| 02Sep | 232     | 233 1/2 | 232     | 232 3/4 | 233     | +2      |
| 02Nov | 237 3/4 | 238 1/2 | 237 1/2 | 237 3/4 | 237 3/4 | Unch    |
| 02Dec | 246 1/2 | 247 3/4 | 246 1/4 | 246 1/2 | 247     | Unch    |
| 03Mar | 254 3/4 | 254 3/4 | 254 3/4 | 254 3/4 | 254 3/4 | Unch    |
| 03Jul |         |         |         | 260 n   | 260     | -4      |
| 03Dec | 261     | 261 1/4 | 260     | 260 a   | 260     | -20     |
| Month | Opening | High    | Low     | Closing | Settle  | Net Chg |

## Soybeans

| Month | Opening | High    | Low     | Closing | Settle  | Net Chg     |
|-------|---------|---------|---------|---------|---------|-------------|
| 01Nov | 425     | 430     | 423 1/2 | 428 1/2 | 428     | 428 1/4 +36 |
| 02Jan | 432     | 437 1/2 | 431 1/2 | 436 1/4 | 435 1/2 | 435 3/4 +40 |
| 02Mar | 438 1/2 | 443 1/4 | 437 3/4 | 441 3/4 | 441     | 441 1/4 +34 |
| 02May | 443 1/2 | 447 1/2 | 443     | 447     | 446 1/2 | 446 3/4 +32 |
| 02Jul | 448 1/2 | 452     | 448 1/4 | 450 1/2 | 450 3/4 | 450 1/2 +22 |
| 02Aug | 450 1/2 | 451 1/2 | 449     | 450 b   | 451 a   | 450 1/2 +24 |
| 02Sep | 450     | 452     | 448 1/2 | 450 b   | 451 a   | 450 1/2 +14 |
| 02Nov | 452 1/2 | 455     | 452 1/4 | 453 3/4 | 453 3/4 | +24         |
| 03Dec |         |         |         | 489 n   | 489     | Unch        |
| Month | Opening | High    | Low     | Closing | Settle  | Net Chg     |

## Soybean Meal

| Month | Opening | High  | Low   | Closing | Settle  | Net Chg   |
|-------|---------|-------|-------|---------|---------|-----------|
| 01Dec | 158.3   | 161.8 | 157.6 | 161.2   | 161.4   | 161.3 +31 |
| 02Jan | 156.2   | 159.2 | 156.0 | 158.6   | 158.7   | 158.6 +26 |
| 02Mar | 153.3   | 156.2 | 153.1 | 155.4   | 155.7   | 155.5 +23 |
| 02May | 151.3   | 153.7 | 151.1 | 153.5   | 153.3   | 153.4 +22 |
| 02Jul | 151.2   | 153.5 | 151.1 | 153.2   | 153.2   | +22       |
| 02Aug | 151.0   | 152.5 | 150.7 | 152.3   | 152.1   | 152.2 +21 |
| 02Sep | 150.7   | 152.4 | 150.5 | 152.0 b | 152.1 a | 152.0 +18 |
| 02Oct | 150.2   | 151.0 | 150.0 | 150.5 b | 150.8 a | 150.6 +15 |
| 02Dec | 150.3   | 151.3 | 150.0 | 150.5 b | 151.0 a | 150.7 +14 |
| 03Jan |         |       |       | 150.7 b | 151.2 a | 150.9 +14 |
| Month | Opening | High  | Low   | Closing | Settle  | Net Chg   |

## Lean Hogs

| Date            | Open | High | Low  | Last Chge | Previous Volume | Previous Open_Int |
|-----------------|------|------|------|-----------|-----------------|-------------------|
| 10/25/01 Dec 01 | 4720 | 4785 | 4670 | 4757 -13  | 6021            | 20641             |
| 10/25/01 Feb 02 | 5060 | 5060 | 4977 | 5037 -23  | 1651            | 6435              |
| 10/25/01 Apr 02 | 5270 | 5295 | 5227 | 5265 -7   | 446             | 3275              |
| 10/25/01 May 02 | 5955 | 6020 | 5955 | 5985 +8   | 34              | 789               |
| 10/25/01 Jun 02 | 6165 | 6207 | 6140 | 6180 +15  | 176             | 1008              |
| 10/25/01 Jul 02 | 6000 | 6040 | 5990 | 6032 +27  | 36              | 316               |
| 10/25/01 Aug 02 | 5940 | 5940 | 5895 | 5940 +28  | 12              | 175               |
| 10/25/01 Oct 02 | 5310 | 5335 | 5310 | 5317 +7   | 8               | 227               |

## Composite Volume Open\_Int

10/24/01 8385 32867

## Live Cattle

| Date            | Open | High | Low  | Last Chge | Previous Volume | Previous Open_Int |
|-----------------|------|------|------|-----------|-----------------|-------------------|
| 10/25/01 Oct 01 | 6530 | 6560 | 6472 | 6505 -35  | 1044            | 1098              |
| 10/25/01 Dec 01 | 6650 | 6775 | 6622 | 6735 +45  | 9281            | 44215             |
| 10/25/01 Feb 02 | 7035 | 7140 | 7005 | 7102 +35  | 3199            | 29606             |
| 10/25/01 Apr 02 | 7250 | 7300 | 7210 | 7297 +30  | 1885            | 15131             |
| 10/25/01 Jun 02 | 6810 | 6855 | 6785 | 6852 +17  | 1131            | 13083             |
| 10/25/01 Aug 02 | 6810 | 6855 | 6780 | 6847 +7   | 444             | 2912              |
| 10/25/01 Oct 02 | 6870 | 6900 | 6870 | 6870 unch | 35              | 437               |

## Composite Volume Open\_Int

10/24/01 17019 106482

## Pork Bellies

| Date            | Open | High | Low  | Last Chge | Previous Volume | Previous Open_Int |
|-----------------|------|------|------|-----------|-----------------|-------------------|
| 10/25/01 Feb 02 | 6585 | 6747 | 6580 | 6682 +75  | 693             | 1944              |
| 10/25/01 Mar 02 | 6550 | 6720 | 6540 | 6600 +50  | 44              | 188               |
| 10/25/01 May 02 | 6770 | 6860 | 6750 | 6820 +190 | 31              | 65                |
| 10/25/01 Jul 02 | 6775 | 6805 | 6750 | 6750 +75  | 1               | 27                |
| 10/25/01 Aug 02 | 6800 | 6800 | 6750 | 6800 -170 | 0               | 4                 |

## Composite Volume Open\_Int

10/24/01 769 2228

## Oats

| Month | Opening | High    | Low     | Closing   | Settle  | Net Chg |
|-------|---------|---------|---------|-----------|---------|---------|
| 01Dec | 183     | 186     | 181 3/4 | 182 3/4   | 182 3/4 | -12     |
| 02Jan | 171 1/2 | 174     | 171     | 171       | 171     | -12     |
| 02Mar | 163 1/2 | 165     | 162 1/4 | 162 1/4   | 162 1/4 | -12     |
| 02May | 155     | 155 1/2 | 152 3/4 | 152 3/4 a | 152 3/4 | -6      |
| 02Jul |         |         |         | 141 a     | 141     | -2      |
| 02Sep |         |         |         | 136 a     | 136     | Unch    |
| Month | Opening | High    | Low     | Closing   | Settle  | Net Chg |

## Weekly Dairy Market Outlook

Ken Bailey  
Penn State  
Oct. 19, 2001

### Markets Overreact To Demand Slowdown

- Blocks fall to within 6.6 cents per pound of support prices.
- Butter falls 20 cents to \$1.25 per pound.
- September milk production down 0.7 percent.
- Futures markets reflect lower prices.

The dairy commodity markets appeared to be holding through Wednesday this week, but took a sharp drop on Friday, Oct. 19. Block and cheese prices at the Chicago Mercantile Exchange are now within 7 cents per pound of support price levels.

Grade AA butter prices at the Chicago Mercantile Exchange, which were holding at \$1.50 per pound by Friday. Western nonfat dry milk, however, is holding steady at about a nickel per pound above support price levels.

Part of the reason for such sharp drops in commodity

prices may be due to market psychology. Market prices were at near-record high levels a month or two ago. The market then overreacted at the first sign that there was a little too much inventory and demand weakness. Buyers held off purchases in anticipation of even lower prices. This led to still lower prices.

The market does not appear to be reacting to any change in the milk supply. USDA announced September milk production in 20 major dairy states was down 0.7 percent relative to a year ago. Cow numbers continued to decline, although at a slower rate than earlier in the year. And production per cow rebounded just 7 pounds per head from a year ago. This indicates more of the same news, that cow numbers have not rebounded and production per cow is still about what it was a year ago.

Demand picture, however, has changed. USDA reports that demand for butter and cheese for retail and fast food service is steady, but demand from travel and upscale restaurants has slowed. This has swelled the

pipeline and has caused traders in Chicago to hold off on further purchases. It is likely that this problem will persist through the holiday season. Anyone who has been to the airports since Sept. 11 (I traveled twice) knows that there are fewer people traveling, eating out, and staying in hotels.

Low cheese and butter prices are just now showing up in the weekly NASS survey reports. The NASS report released today for the week ending Oct. 13 shows block cheese prices fell about a nickel per pound from the week before to \$1.6597. Thus, it appears that this reflects the drop in cheese prices at the Chicago Mercantile Exchange for the week of Oct. 1-5. (There is a two-week lag between announced prices in Chicago and announced NASS survey prices). That means some of the lower cheese prices experienced in the last two weeks will show up in the Class III price for October.

The Class III futures price for October is about \$14.45 per CWT as of Oct. 19, 2001. This is a significant drop from around \$15.40 per CWT for an October futures contract a month ago. Most of this is because of the lower cheese prices from the NASS survey. Thereafter, the

futures market expects the Class III prices to fall to \$10.75 per CWT for November and \$10.90 for December. This reflects a NASS cheese price of about \$1.20 per pound from now to the end of the year.

It's worth noting that producers who participated in USDA's Dairy Options Pilot Program, or who used forward contracts or hedged milk for October through December, likely locked in significant gains. The November 2002 futures contract fell from a high of \$14.50 per CWT during the second and third weeks of September to \$10.75 as of Oct. 19, 2001. November, December, and January futures have been under considerable downward price pressure because of lower cash market prices. On the other hand, producers who used the futures markets for March through September of this year likely locked in prices \$2-3 per CWT below cash market prices. This shows how volatile the cash market is.

The futures prices still look attractive for dairy producers for the months of January through June. Class III is trading \$11.40-\$12.20 per CWT and Class IV is trading \$12.40-\$12.70. A conservative strategy would involve locking in just 10-

30 percent of your milk marketings for select months during February-May using the Class III futures. That way, if Class III prices fall to \$9-\$10 this spring, you will have some price protection. On the other hand, if Class III prices rebound from expected levels, you would receive that higher price on 70-90 percent of your milk marketings. The same strategy could work for Class IV as well, although there may be greater opportunities for higher prices beyond the spring months.

### 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 — 2.19 bu., 3.92 cwt.
- Wheat, No.2 — 2.49 bu., 4.15 cwt.
- Barley, No.3 — 1.43 bu., 3.06 cwt.
- Oats, No.2 — 1.42 bu., 4.43 cwt.
- Soybeans, No.1 — 4.03 bu., 6.73 cwt.
- Ear Corn — 55.31 ton, 2.77 cwt.
- Alfalfa Hay — 120.00 ton, 6.0 cwt.