

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, January 10, 2002

Corn

Month	Opening	High	Low	Closing	Settle	Net Chg
02Jan				201 1/2 n	201 1/2	-10
02Mar	209	209 1/4	207 3/4	208 1/2	209	-12
02May	216	216 1/4	214 3/4	215 1/2	215 3/4	-12
02Jul	222 1/2	223	221 1/2	222	222 1/2	-14
02Sep	228 1/4	229	227 3/4	228 1/4	228 1/4	-10
02Dec	237	237 1/2	236 1/4	237	236 3/4	-10
03Mar	245 1/4	245 1/2	244 1/2	245	245	-10
03May				249 n	249	-10
03Jul	252 1/4	253	252	252 3/4	252 3/4	-4
03Dec	252	252 1/4	251 1/2	252 1/4	252 1/4	-4
04Jul				257 n	257	-4
04Dec				256 1/2 n	256 1/2	-4
Month	Opening	High	Low	Closing	Settle	Net Chg

Soybeans

Month	Opening	High	Low	Closing	Settle	Net Chg
02Jan	438	438	430 1/2	433 1/2	432 3/4	-66
02Mar	437	437	430 1/2	432 3/4	432	-70
02May	441	441	434 3/4	437	436	-72
02Jul	445 1/2	445 1/2	439 1/2	441 1/4	440 1/2	-82
02Aug	446	446	440 1/2	441	440 1/2	-80
02Sep	446	446	440 1/2	441	441	-64
02Nov	449 1/2	449 1/2	444	445	444	-70
03Jan				452 n	452	-56
03Mar				457 n	457	-60
03Jul				467 n	467	-50
03Nov				466 1/2 n	466 1/2	-64
Month	Opening	High	Low	Closing	Settle	Net Chg

Soybean Meal

Month	Opening	High	Low	Closing	Settle	Net Chg	
02Jan	152.8	153.2	151.5	153.0	153.2	153.1	-2
02Mar	147.8	147.9	146.4	147.4	147.1	147.3	-12
02May	144.8	144.8	143.5	143.8	144.0	143.9	-16
02Jul	145.3	145.5	144.0	144.2	144.3	144.3	-20
02Aug	145.0	145.5	144.2	144.3	144.3	144.3	-19
02Sep	145.2	145.4	144.3	144.5	144.7	144.6	-17
02Oct	145.5	145.5	144.1	144.1	144.1	144.1	-14
02Dec	146.3	146.3	145.2	145.6 b	145.7 a	145.7	-18
03Jan	146.5	146.5	145.6	145.5 b	145.6 a	145.6	-14
03Mar	148.0	148.0	147.0	147.0 b	147.5 a	147.3	-12
03May	147.0	147.0	147.0	147.0 b	147.5 a	147.0	-17
03Jul	150.0	150.0	148.0	148.0 b	148.5 a	148.3	-9
03Dec							Unch
Month	Opening	High	Low	Closing	Settle	Net Chg	

Lean Hogs

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int	
01/10/02	Feb 02	5540	5615	5530	5590	+143	4009	12787
01/10/02	Apr 02	5980	6085	5980	6080	+145	2390	7854
01/10/02	May 02	6430	6555	6430	6540	+115	45	1473
01/10/02	Jun 02	6480	6577	6480	6577	+110	152	2328
01/10/02	Jul 02	6197	6280	6190	6280	+105	39	971
01/10/02	Aug 02	5975	6085	5975	6082	+112	33	569
01/10/02	Oct 02	5240	5265	5240	5252	+45	12	507
01/10/02	Dec 02	5060	5075	5060	5065	+13	0	266
01/10/02	Feb 03	5290	5290	5290	5290	-2	0	1

Composite Volume Open_Int
01/09/02 6681 26756

Live Cattle

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int	
01/10/02	Feb 02	7092	7095	7035	7037	-38	9926	42318
01/10/02	Apr 02	7415	7425	7367	7382	-33	4465	24781
01/10/02	Jun 02	7065	7072	7020	7025	-40	1871	14580
01/10/02	Aug 02	7057	7070	7020	7037	-30	918	8768
01/10/02	Oct 02	7240	7240	7200	7220	-20	195	2551
01/10/02	Dec 02	7250	7260	7220	7252	+2	46	903
01/10/02	Feb 03	7250	7270	7250	7270	-20	1	6

Composite Volume Open_Int
01/09/02 17424 93907

Pork Bellies

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int	
01/10/02	Feb 02	7410	7610	7385	7520	+40	1140	2150
01/10/02	Mar 02	7480	7650	7450	7550	+33	104	383
01/10/02	May 02	7650	7740	7600	7650	-20	68	273
01/10/02	Jul 02	7600	7750	7600	7600	-115	7	49
01/10/02	Aug 02	7525	7525	7525	7525	-25	0	13

Composite Volume Open_Int
01/09/02 1319 2868

Oats

Month	Opening	High	Low	Closing	Settle	Net Chg	
02Mar	193 1/2	196 1/2	193 1/2	196	195 3/4	195 3/4	Unch
02May	180 1/4	181 3/4	180	181 3/4	181 3/4	181 3/4	+2
02Jul	161 1/2	164 1/4	161 1/2	164 1/4 b	164 1/4	164 1/4	+16
02Sep				138 b	138	138	-24
02Dec	141 1/4	141 1/2	141 1/4	141 1/2	141 1/2	141 1/2	-4
Month	Opening	High	Low	Closing	Settle	Net Chg	

Weekly Dairy Market Outlook

Ken Bailey
Penn State

Jan. 4, 2002

Second Year Of
Federal Order Reform
Prices Complete

- December numbers announced.
- 2001 average Class III was \$13.10/CWT.
- 2001 average Class IV was \$13.76/CWT.
- Outlook for 2002.

The final numbers for 2001 are in. USDA just released the federal order class prices for December. This wraps up year 2 of the new pricing formulas under federal order reform. 2001 represents a major change from 2000.

First, let's review the December 2001 numbers.

The Class I mover was already announced at \$11.98 per CWT. That represents a drop of \$3.78 per CWT from November 2001. The December Class III price was \$11.80 per CWT, up \$0.49 per CWT from the month before. This was because of a \$0.044/pound increase in cheese prices in December.

The Class IV price for December was \$11.79 per CWT. This was a decline of \$0.18 per CWT from the month before because of slight declines in both butter and nonfat dry milk prices. The December Class II price was \$12.61 per CWT, down \$0.17 from the month before because of the lower butter and nonfat dry milk prices.

So how did 2001 federal order prices compare to 2000? Without a doubt, 2001 prices were much better. The Class III price

averaged \$13.10 per CWT in 2001 compared to \$9.74 per CWT in 2000. This was because of higher cheese prices. The 2001 NASS cheese price averaged \$1.43 per pound in 2001 compared to \$1.13 per pound in 2000. The Class IV price averaged \$13.76 per CWT in 2001 compared to \$11.83 in 2000. The Class IV price was much higher in 2001 because of a strong butter price.

The NASS survey butter price averaged \$1.63 per pound in 2001 compared to \$1.14 per pound in 2000. On the negative side, prices for nonfat dry milk fell 3 cents per pound from the year before to \$0.98 in 2001. This was due in large part to a reduction in the support price for nonfat dry milk from \$1 per pound in 2000 to \$0.90 per pound in the spring of 2001. As a result, the Class IV price was only \$0.65 per CWT higher than the Class III price in 2001, compared to a difference of \$2.09 in

2000.

So what does 2002 outlook hold for the U.S. dairy industry?

Well, it depends on many factors. Let's start with the milk supply. We are seeing a gradual recovery in milk output per cow and cow numbers. Some estimates call for a 2.7 percent growth in the milk supply in 2002 over the year before. Other estimates, however, are as low as a 1 percent growth. The lower the growth rate, the higher milk prices will be.

The other factor is demand for dairy products. That depends in part on the health of the U.S. economy. It looks like the overall economy will continue to be a drain on growth in demand for dairy products.

As of Jan. 3, the futures market at the Chicago Mercantile Exchange is expecting stronger growth in milk prices the second half of 2002. The Class III futures are expected to grow from \$11.45 per CWT in

January to \$12.41 by June 2002. Then it will grow from \$13.15 per CWT in July to \$13.35 per CWT in September 2002. The 2002 annual average for the Class III price is \$12.31 per CWT, about \$0.79 per CWT below the 2001 average.

The Class IV futures are expected to grow from \$12.10 per CWT in January to \$12.55 by June 2002. It will then remain at about \$12.85 through November 2002. The 2002 average Class IV price is about \$12.52, or \$1.24 per CWT below the 2001 average. The reduction in the 2002 estimate for the Class IV price is probably because of a lower outlook for butter prices, and expectations for another reduction in the support price for nonfat dry milk.

The Senate version of the dairy title to the Farm Bill is still being debated. For information and analysis of the Daschle Substitute, see my Website at <http://dairyoutlook.aers.psu.edu/>