

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, January 24, 2002

Corn

Month	Opening	High	Low	Closing		Settle	Net Chg
02Mar	208 1/4	210 1/4	208 1/4	209 1/2	209 3/4	209 1/2	+6
02May	215 1/2	217 1/4	215 1/2	216 1/2	216 3/4	216 1/2	+6
02Jul	222 1/4	223 1/2	222	223	223 1/4	223	+10
02Sep	228 1/2	229 1/4	228 1/4	228 1/2	229	228 3/4	+10
02Dec	236	237 1/2	236	236 3/4	237	236 3/4	+2
03Mar	244 1/4	245 1/4	244 1/4	244 3/4		244 3/4	+4
03May	248 1/2	249 1/4	248 1/2	249 1/4		249 1/4	+2
03Jul	252	252 1/2	252	252 1/2		252 1/2	+4
03Dec	250 1/2	251 1/2	250 1/2	251 1/2		251 1/2	+6
04Jul				255 1/2 n		255 1/2	-10
04Dec				253 n		253	-10
Month	Opening	High	Low	Closing		Settle	Net Chg

Soybeans

Month	Opening	High	Low	Closing		Settle	Net Chg
02Mar	434 1/2	438	433	436 1/2	438	437 1/4	+36
02May	440	442 1/4	437 3/4	441 1/2	442 1/4	441 3/4	+34
02Jul	444	446 3/4	442 1/4	445 3/4	446 3/4	446 1/4	+34
02Aug	443 3/4	446	442 1/4	446		446	+40
02Sep	445	447	442 1/2	447		447	+34
02Nov	448	450 1/2	446	449 1/2	450 1/2	450	+26
03Jan	453	456	453	455	456	455 1/2	+20
03Mar				461 n		461	+20
03May				464 1/2 n		464 1/2	+20
03Jul				468 1/2 n		468 1/2	+20
03Nov	469	469	469	469		469	-14
Month	Opening	High	Low	Closing		Settle	Net Chg

Soybean Meal

Month	Opening	High	Low	Closing		Settle	Net Chg
02Mar	150.9	153.0	150.0	152.5	153.0	152.7	+18
02May	147.4	149.5	147.2	149.5	149.3	149.4	+21
02Jul	147.3	149.5	147.2	149.5	149.3	149.4	+23
02Aug	147.3	149.0	147.3	148.8	149.0	148.9	+16
02Sep	147.0	148.5	147.0	148.5		148.5	+20
02Oct	145.8	146.8	145.6	146.5 b	147.0 a	146.7	+17
02Dec	146.5	148.2	146.3	148.1	148.2	148.1	+17
03Jan	148.0	148.0	147.0	147.5		147.5	+10
03Mar	148.8	149.0	148.2	148.0 b	148.2 a	148.2	+14
03May	149.8	149.8	149.4	149.0 b	149.4 a	149.4	+14
03Jul				149.0 b	149.4 a	149.2	+12
Month	Opening	High	Low	Closing		Settle	Net Chg

Weekly Dairy Market Outlook

Ken Bailey
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January 18, 2002

Milk Production Growing

- December milk grows 1 percent.
- Butter stocks end year up 118 percent.
- Cheese stocks down 7 percent.
- Forecast for 2002.

The USDA Milk Production and Cold Storage reports were released this week. Let's first review the production numbers.

December milk production for 20 major states was 12 billion pounds, up 1 percent relative to a year ago. Both production per cow and cow numbers increased from November levels. Production per cow averaged 1,547 pounds, up 28 pounds over a year ago. This is the third straight month that production per cow increased.

Cow numbers were 7.74 million head in December, 10,000

head more than November 2001. This was the second month in a row that cow numbers grew.

Despite common wisdom, the nation's dairy herd is expanding very slowly despite high replacement costs. And production per cow appears to be improving modestly. This makes the forecast of a 1-2 percent growth rate for the U.S. milk supply in 2002 plausible. USDA is forecasting a milk production growth rate of 2.4 percent. This appears on the high side.

USDA's Cold Storage report indicates butter stocks ended the year well above year-ago levels, but cheese ended with lower stock levels. Butter stocks on Dec. 31, 2001 were 52.6 million pounds, up 118 percent relative to a year ago. Total stocks of cheese were 655.7 million, down 7 percent relative to a year ago.

The Chicago Mercantile Exchange is still predicting relatively strong milk prices for 2002. The market is assuming the milk supply will be much

tighter than what is predicted by USDA. That said, I am generally assuming the futures market prices are a bit too high. Oh, don't worry — I have been known to be wrong before. My estimates are in the table included here.

The biggest difference between my forecasts and the Chicago Mercantile Exchange futures markets is that my forecasts for cheese prices are weaker during the spring months. Also, I am assuming that USDA will lower the CCC purchase price for nonfat dry milk from \$0.90 per pound to \$0.80 per pound. Therefore I am forecasting the domestic price of nonfat dry milk will fall to \$0.85 per pound. My estimate of the Class IV price will therefore be lower than the Class IV futures estimate.

In comparing my 2002 numbers to USDA's, my estimate of a \$12.25 per CWT average for Class III is above USDA's range of \$11.25-\$12.05. However, my estimate of a Class IV price average of \$11.83 is within USDA's range of \$11.55-\$12.45 per CWT.

Lean Hogs

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int	
01/24/02	Feb 02	5540	5645	5535	5642	+115	3689	7403
01/24/02	Apr 02	5990	6115	5980	6097	+107	3628	14122
01/24/02	May 02	6510	6595	6497	6587	+77	79	1660
01/24/02	Jun 02	6570	6700	6560	6692	+120	421	3197
01/24/02	Jul 02	6210	6300	6210	6292	+67	81	1118
01/24/02	Aug 02	6035	6100	6010	6095	+55	66	767
01/24/02	Oct 02	5227	5270	5227	5265	+50	36	573
01/24/02	Dec 02	5060	5080	5060	5065	+15	34	318
01/24/02	Feb 03	5260	5260	5250	5260	unch	1	13

Composite Volume Open_Int
01/23/02 8035 29171

Live Cattle

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int	
01/24/02	Feb 02	7142	7190	7125	7175	+45	6614	31309
01/24/02	Apr 02	7405	7470	7395	7452	+52	5541	31965
01/24/02	Jun 02	7007	7055	7000	7045	+38	1501	15328
01/24/02	Aug 02	7005	7047	7000	7045	+43	1090	10513
01/24/02	Oct 02	7195	7245	7195	7232	+32	162	3497
01/24/02	Dec 02	7235	7270	7225	7240	+25	107	1084
01/24/02	Feb 03	7347	7350	7305	7340	+40	21	67

Composite Volume Open_Int
01/23/02 15036 93764

Pork Bellies

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int	
01/24/02	Feb 02	7440	7630	7345	7610	+88	608	1411
01/24/02	Mar 02	7450	7635	7370	7617	+87	304	586
01/24/02	May 02	7595	7735	7520	7720	+65	78	345
01/24/02	Jul 02	7650	7800	7650	7800	+33	35	84
01/24/02	Aug 02	7650	7660	7585	7660	-30	0	13

Composite Volume Open_Int
01/23/02 1025 2439

Oats

Month	Opening	High	Low	Closing		Settle	Net Chg
02Mar	198	199	195 1/2	198 1/2	198 1/2	198 1/2	+20
02May	182 3/4	184	180	183 1/2	183 1/2	183 1/2	+20
02Jul	162 1/2	163 1/2	161	162 3/4	162 3/4	162 3/4	+10
02Sep	143	144 1/4	143	144 1/4 b	144 1/4	144 1/4	+26
02Dec	141 1/2	143	141 1/2	143	143	143	+14
03Mar				142 3/4 b	142 3/4	142 3/4	Unch
Month	Opening	High	Low	Closing		Settle	Net Chg

For more information on dairy markets, see my website at <http://dairyoutlook.aers.psu.edu/>

Forecast of Blend Prices for Northeast Federal Order I

Month	Class IV		Class III		Class II		Class I		Boston	Boston	Order 1	Lancaster
	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt	\$/cwt
2001												
Jan	12.13	9.99	12.82	17.24	3.77	13.76	13.41					
Feb	12.70	10.27	13.43	15.19	3.35	13.62	13.27					
Mar	13.46	11.42	14.17	15.90	3.08	14.50	14.15					
Apr	14.41	12.06	15.10	16.69	3.18	15.24	14.89					
May	15.04	13.83	15.72	17.46	2.49	16.32	15.97					
Jun	15.33	15.02	16.05	18.24	2.06	17.08	16.73					
Jul	14.81	15.46	15.96	18.59	1.75	17.21	16.86					
Aug	15.06	15.55	15.98	18.65	1.98	17.53	17.18					
Sep	15.59	15.90	16.24	18.81	1.86	17.76	17.41					
Oct	12.77	14.60	13.53	19.18	1.44	16.04	15.69					
Nov	11.97	11.31	12.78	19.01	3.97	15.28	14.93					
Dec	11.79	11.80	12.61	15.23	1.92	13.72	13.37					
Annual avg	13.76	13.10	14.53	17.52	2.57	15.67	15.32					
2002												
Jan	11.99	11.90	12.75	15.21	1.92	13.83	13.48					
Feb	11.52	12.02	12.80	15.20	1.78	13.81	13.46					
Mar	11.22	11.68	11.92	15.23	1.89	13.57	13.22					
Apr	11.22	11.49	11.92	14.95	1.79	13.29	12.94					
May	11.54	11.47	12.24	14.74	1.85	13.32	12.97					
Jun	11.82	12.46	12.52	14.73	1.25	13.71	13.36					
Jul	12.29	12.73	12.99	15.73	1.57	14.30	13.95					
Aug	12.50	12.91	13.20	15.98	1.77	14.68	14.33					
Sep	12.72	13.40	13.42	16.16	1.63	15.03	14.68					
Oct	12.50	12.71	13.20	16.65	2.35	15.06	14.71					
Nov	11.86	12.46	12.56	15.96	2.05	14.51	14.16					
Dec	10.80	11.73	11.50	15.71	2.06	13.80	13.45					
Annual avg	11.83	12.25	12.59	15.52	1.83	14.07	13.72					

Note
Updated
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1/18/02