

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Wednesday, February 20, 2002

Corn

Month	Opening	High	Low	Closing	Settle	Net Chg
02Mar	206 1/2	207 3/4	205 3/4	206 3/4	207	Unch
02May	214	214 3/4	212 3/4	213 3/4	214	Unch
02Jul	220	221 1/4	219 1/4	220 1/2	220	+2
02Sep	226 3/4	227 1/2	226	226 1/4	226 1/2	Unch
02Dec	235	235 3/4	234	234 3/4	234 1/2	Unch
03Mar	243	243 1/2	242 1/4	242 1/2	243	Unch
03May	247 1/2	248	247 1/2	247 3/4	247 3/4	Unch
03Jul	250 1/2	251 1/4	250	250 3/4	250 3/4	Unch
03Dec	249 1/2	249 3/4	248 3/4	249	249 1/2	-4
04Jul				257 n	257	+10
04Dec	254	254 1/4	254	254	254	+2
Month	Opening	High	Low	Closing	Settle	Net Chg

Soybeans

Month	Opening	High	Low	Closing	Settle	Net Chg	
02Mar	444 1/2	445	440 1/2	443 1/2	444 1/4	-10	
02May	449 1/2	449 1/2	444	447 1/2	448 1/2	-6	
02Jul	453 1/4	453 1/4	448 3/4	452	453 452 1/2	-6	
02Aug	453	453 1/2	450	453	453	Unch	
02Sep	453	454 1/4	450 1/2	454 1/4	454 1/4	+2	
02Nov	459	460	454 1/4	460	458 1/2	459 1/4	+12
03Jan	464	465 1/2	461 1/2	465 1/2 b	466 1/2 a	465 1/2	Unch
03Mar	470	470	470	470	470	Unch	
03May	474	474	474	474	474	-4	
03Jul				476 n	476	Unch	
03Nov				478 n	478	+10	
Month	Opening	High	Low	Closing	Settle	Net Chg	

Soybean Meal

Month	Opening	High	Low	Closing	Settle	Net Chg	
02Mar	150.8	152.5	149.8	152.2	151.8	152.0	+6
02May	149.8	151.0	148.5	150.8	150.7	150.7	+7
02Jul	149.6	150.7	148.7	150.5	150.7	150.6	+5
02Aug	149.7	150.5	148.8	150.2	150.1	150.1	+4
02Sep	149.5	150.0	148.3	150.0	150.0	150.0	+5
02Oct	148.7	149.0	147.7	149.0	149.0	149.0	+3
02Dec	149.6	150.0	148.2	149.8 b	150.0 a	149.9	+2
03Jan	150.2	150.2	149.0	149.7	149.9	149.8	+3
03Mar				149.5 b	150.5 a	150.0	+8
03May				149.0 b	150.0 a	149.5	Unch
03Jul				149.0 b	149.5 a	149.2	+2
03Oct				152.0 b	154.0 a	153.0	Unch
03Dec				152.0 b	154.0 a	153.0	Unch
Month	Opening	High	Low	Closing	Settle	Net Chg	

Lean Hogs

Date	Open	High	Low	Last Chg	Previous Volume	Previous Open_Int		
02/19/02	*CASH*	0	5236	5236	5236	-66	0	0
02/20/02	Apr 02	5972	6015	5960	6007	+40	3243	18241
02/20/02	May 02	6645	6665	6625	6660	+20	262	2301
02/20/02	Jun 02	6655	6675	6635	6665	+10	770	4552
02/20/02	Jul 02	6325	6340	6300	6340	+28	280	1766
02/20/02	Aug 02	6050	6080	6050	6080	+13	117	897
02/20/02	Oct 02	5170	5190	5155	5190	+5	58	933
02/20/02	Dec 02	4955	4955	4945	4945	-7	29	540
02/20/02	Feb 03	5087	5087	5087	5087	-13	3	35

Composite Volume Open_Int
02/19/02 4764 30593

Live Cattle

Date	Open	High	Low	Last Chg	Previous Volume	Previous Open_Int		
02/19/02	*CASH*	0	7200	7200	7200	unch	0	0
02/20/02	Feb 02	7320	7352	7292	7347	+35	3532	4125
02/20/02	Apr 02	7527	7567	7507	7565	+28	8668	44266
02/20/02	Jun 02	7037	7082	7027	7080	+23	3505	20708
02/20/02	Aug 02	7025	7057	7010	7055	+15	797	12920
02/20/02	Oct 02	7205	7217	7177	7215	+13	642	6661
02/20/02	Dec 02	7240	7252	7230	7245	+3	160	2256
02/20/02	Feb 03	7337	7350	7310	7350	+13	58	715

Composite Volume Open_Int
02/19/02 17363 91651

Pork Bellies

Date	Open	High	Low	Last Chg	Previous Volume	Previous Open_Int		
02/19/02	*CASH*	0	6888	6888	6888	unch	0	0
02/20/02	Feb 02	7690	7845	7675	7830	+130	16	134
02/20/02	Mar 02	7680	7860	7635	7752	+67	1219	1252
02/20/02	May 02	7875	8065	7850	7945	+58	363	1109
02/20/02	Jul 02	7972	8100	7972	7980	+55	3	199
02/20/02	Aug 02	7700	7700	7700	7700	unch	0	26
02/20/02	Feb 03	6800	6850	6800	6850		0	0
02/20/02	Mar 03	6800	6850	6800	6850		0	0

Composite Volume Open_Int
02/19/02 1601 2720

Oats

Month	Opening	High	Low	Closing	Settle	Net Chg
02Mar	216 1/2	230	216	225 1/4	225	+86
02May	196 1/4	206 1/2	195	202	202	+60
02Jul	169	176	168	174	174	+50
02Sep	146	146	145	145	145	+4
02Dec	145	145	144	145	145	+10
03Mar				146 b	146	Unch
Month	Opening	High	Low	Closing	Settle	Net Chg

Weekly Dairy Market Outlook

Ken Bailey
Penn State

Feb. 11, 2002

Senate Passes Farm
Bill With Dairy Title

- Uses countercyclical payments.
- Extends price supports.
- Extends DEIP.
- New Johne's program.

The National Milk Producers Federation (NMPF), a trade group that represents dairy cooperatives, announced the U.S. Senate passed a Farm Bill recently (www.nmpf.org). The bill contains a dairy title that is very different from the House version. The actual language of the Senate bill, which would reflect all of the various amendments, is not yet available. According to NMPF, the dairy title includes:

- Extending the dairy price support program at the current \$9.90/CWT level.
- Authorizing a new national Johne's Disease control program
- Extending the Dairy Export Incentive Program (DEIP).
- Increasing Market Access Program (MAP) funds.
- Fixing the statutory mandatory inventory and price reporting language by the USDA.
- Requiring dairy importers to pay into the National Dairy Board for promotion and research projects.

The bill is unique in that it contains a countercyclical program that would provide direct payments to dairy producers whenever the price of milk falls below a certain level. The payments, made on a hundredweight basis, are capped on

the first 8 million pounds of milk a farm produces in a single year.

How many cows does 8 million pounds represent? That's equivalent to a farm with 400 cows producing 20,000 pounds of milk per cow per year. Farms that ship more than 8 million pounds of milk a year would receive the same payment as the 400-cow farm.

According to NMPF, there are actually two countercyclical payment programs, depending on where a producer lives. One program is for producers located in the 12 northeast states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia. This program provides a federal payment each month equal to 45 percent of the positive difference between \$16.94 and the Boston Class I price. Thus the federal order Class I

price — which rises and falls with market forces — is unaffected by this new program.

For example, suppose the Class I price of milk in Boston in a given month is \$15.94 per CWT. The program payment would be equal to \$0.45 ((\$16.94 - \$15.94) X 0.45). No program payments are made if the monthly Class I price for milk in Boston exceeds \$16.94 per CWT. Producers under this program face the same annual production caps outlined above (8 million pounds per farm per year). The program also has a budget ceiling of \$500 million over a 4-year period.

The other program is for the rest of the U.S. It provides countercyclical payments to producers whenever the all-milk price in any given quarter falls below a rolling 5-year average price. The payment rate is equal to 40 percent of the amount by which

the average price of milk in a given quarter falls below the average price of milk for the same quarter during the previous 5 years. So, if the all-milk price in the current quarter is \$13 per hundredweight (CWT) and the 5-year average all-milk price for the same quarter was \$15 per CWT, the payment rate would be \$0.80 per CWT ((\$15 - \$13) * 0.4).

The Senate version, since it is so different than the House version, is scheduled to go to conference where the differences will be worked out. Thus at this stage, it is unclear how the final bill will turn out.

An economic analysis of this dairy title (previously called the "Daschle Compromise") is available on my Website, <http://dairyoutlook.aers.psu.edu/reports/SenateDairyBill.pdf>.