

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Wednesday, May 22, 2002

Oats

Date	Settle	Net Chg	Opening	High	Low	Close	Prev Settle	High Limits	Low Limits
02Jul	1576	+22	1570	1580 1 14 pm	1536 10 20 am	1576 1580 1 19 pm	1554	1776	1376
02Sep	1322	+26	1294	1324 1 09 pm	1292 10 05 am	1322 1 19 pm	1294	1522	1122
02Dec	1334	+14	1322	1336 1 19 pm	1310 10 03 am	1334 1336 1 19 pm	1320	1534	1134
03Mar	1390	+20				1380 1400 1:20 pm	1370	1590	1190
03May	1390	+20				1370 1410 1:20 pm	1370	1590	1190

Corn

Date	Settle	Net Chg	Opening	High	Low	Close	Prev Settle	High Limits	Low Limits
02Jul	2076	+2	2076	2084 11 54 am	2046 10 04 am	2074 2080 1 17 pm	2074	2276	1876
02Sep	2142	Unch	2146	2150 9 30 am	2116 10 02 am	2140 2144 1 17 pm	2142	2342	1942
02Dec	2236	Unch	2234	2240 9 31 am	2212 10 04 am	2234 2240 1 17 pm	2236	2436	2036
03Mar	2314	+2	2314	2322 12 41 pm	2292 10 10 am	2314 2316 1 18 pm	2312	2514	2114
03May	2360	+6	2356	2360 9 31 am	2332 10 03 am	2360 2360 1 18 pm	2352	2560	2160
03Jul	2386	+2	2376	2390 11 14 pm	2366 10 08 am	2384 2390 1 18 pm	2384	2586	2186
03Sep	2350	Unch				2350 2350 1 18 pm	2350	2550	2150
03Dec	2392	Unch	2382	2394 11 55 am	2374 10 04 am	2390 2394 1 18 pm	2392	2592	2192
04Mar	2460	+2				2460 2460 1 18 pm	2456	2660	2260
04Jul	2490	-4				2490 2490 1 18 pm	2494	2690	2290
04Dec	2394	-4	2392	2394 12 55 pm	2392 11 56 am	2394 2394 1 18 pm	2400	2594	2194

Soybeans

Date	Settle	Net Chg	Opening	High	Low	Close	Prev Settle	High Limits	Low Limits
02Jul	4914	-14	4920	4926 12 42 pm	4870 10 02 am	4910 4920 1 17 pm	4930	5414	4414
02Aug	4860	-20	4870	4880 12 41 pm	4820 10 10 am	4854 4864 1 17 pm	4880	5360	4360
02Sep	4764	-24	4780	4790 12 42 pm	4736 10 03 am	4764 1 17 pm	4790	5264	4264
02Nov	4712	-12	4704	4720 9 31 am	4676 10 10 am	4706 4714 1 18 pm	4724	5212	4212
03Jan	4740	-10	4750	4754 12 41 pm	4724 9 44 am	4740 1 19 pm	4750	5240	4240
03Mar	4764	-6	4750	4764 12 30 pm	4734 10 57 am	4764 1 18 pm	4772	5264	4264
03May	4770	-4	4754	4770 1 14 pm	4734 9 54 am	4770 1 18 pm	4774	5270	4270
03Jul	4784	-4	4760	4784 1 19 pm	4760 10 06 am	4784 1 19 pm	4790	5284	4284
03Sep	4740	Unch				4740 1 19 pm	4740	5240	4240
03Nov	4784	Unch	4770	4784 1 14 pm	4760 10 03 am	4784 1 18 pm	4784	5284	4284

Soybean Meal

Date	Settle	Net Chg	Opening	High	Low	Close	Prev Settle	High Limits	Low Limits
02Jul	1625	-17	1638	1638 9 31 am	1617 10 02 am	1624 1626 1 19 pm	1642	1825	1425
02Aug	1597	-15	1606	1606 9 31 am	1589 10 03 am	1596 1597 1 19 pm	1612	1797	1397
02Sep	1567	-13	1575	1578 11 36 am	1563 10 11 am	1567 1 20 pm	1580	1767	1367
02Oct	1536	-8	1538	1545 10 44 am	1530 10 03 am	1536 1 20 pm	1544	1736	1336
02Dec	1522	-10	1528	1531 11 37 am	1515 10 03 am	1523 1521 1 21 pm	1532	1722	1322
03Jan	1515	-12	1520	1525 11 37 am	1512 10 10 am	1515 1 20 pm	1527	1715	1315
03Mar	1499	-11	1508	1508 9 35 am	1495 10 05 am	1498 1500 1 20 pm	1510	1699	1299
03May	1477	-8	1480	1485 10 37 am	1475 1 20 pm	1478 1475 1 20 pm	1485	1677	1277
03Jul	1470	-19	1490	1492 11 01 am	1470 1 20 pm	1470 1 20 pm	1489	1670	1270
03Aug	1482	-9	1490	1492 11 02 am	1482 1 20 pm	1481 1482 1 20 pm	1491	1682	1282
03Sep	1482	-8	1490	1492 11 02 am	1482 1 20 pm	1481 1482 1 20 pm	1490	1682	1282
03Oct	1475	-5	1485	1485 12 54 pm	1475 1 20 pm	1470 1475 1 20 pm	1480	1675	1275
03Dec	1490	Unch	1495	1495 11 22 am	1490 1 20 pm	1485 1490 1 20 pm	1490	1690	1290

Lean Hogs

Date	Open	High	Low	Last Chge	Previous Volume	Previous Open_Int
05/21/02	*CASH*	0 5038	5038	5038	-79	0
05/22/02	Jun 02	4840	4900	4717	4787	-130
05/22/02	Jul 02	4930	5010	4825	4937	-40
05/22/02	Aug 02	4860	4900	4730	4847	+5
05/22/02	Oct 02	3860	3990	3840	3950	+65
05/22/02	Dec 02	3630	3745	3630	3712	+65
05/22/02	Feb 03	3852	3995	3850	3995	+105

Composite Volume Open_Int
05/21/02 4209 34918

Live Cattle

Date	Open	High	Low	Last Chge	Previous Volume	Previous Open_Int
05/21/02	*CASH*	0 6500	6500	6500	-116	0
05/22/02	Jun 02	5965	6035	5960	6012	+72
05/22/02	Aug 02	6065	6135	6052	6095	+38
05/22/02	Oct 02	6435	6490	6430	6465	+40
05/22/02	Dec 02	6612	6665	6605	6645	+35
05/22/02	Feb 03	6695	6745	6690	6705	+5
05/22/02	Apr 03	6850	6870	6835	6847	-8

Composite Volume Open_Int
05/21/02 16971 101947

Pork Bellies

Date	Open	High	Low	Last Chge	Previous Volume	Previous Open_Int
05/21/02	*CASH*	0 5850	5850	5850	unch	0
05/22/02	May 02	5880	5900	5610	5900	+20
05/22/02	Jul 02	5850	6020	5740	6000	+170
05/22/02	Aug 02	5780	5930	5715	5920	+150
05/22/02	Feb 03	6110	6170	6090	6137	+62
05/22/02	Mar 03	6060	6060	6060	6060	+10
05/22/02	May 03	6100	6100	6100	6100	+25

Composite Volume Open_Int
05/21/02 553 3224

Weekly Dairy Market Outlook

Ken Bailey
Penn State
May 17, 2002

President Signs Farm Bill

- Countercyclical payments.
- Extension of the support program.
- 2.4 million pound annual cap per operation.

President Bush signed the 2002 Farm Bill into law on Monday, May 13. The new law, called the "Farm Security and Rural Investment Act of 2002," contains many dairy provisions including an extension of the dairy price support program at \$9.90 per CWT (3.67 percent milkfat) through Dec. 31, 2007, extension of the Dairy Export Incentive Program through 2007, a requirement that dairy importers to pay an assessment for dairy promotion that is equivalent to domestic producers, and creation of a new National Dairy Market Loss Payments Program that will contain countercyclical payments for dairy producers when-

er milk prices fall below a certain level.

It is the latter provision, the National Dairy Market Loss Payments Program, that is getting a lot of attention from dairy producers. The program (let's call it the "countercyclical payment program") will work as follows.

First, a monthly payment will be made to a producer whenever the announced Class I price of milk in Boston is below \$16.94 per CWT. The payment rate will be equal to 45 percent of this difference.

Let's take May 2002 as an example. The announced Class I price for fluid milk in Boston was \$14.51 per CWT. The difference between this and \$16.94 per CWT is \$2.43 (\$16.94-\$14.51). The payment rate will then be 45 percent of this difference, or \$1.09 per CWT.

Where did the \$16.94 come from? That was the limit under the Northeast Interstate Dairy Compact. Where did the 45 percent come from? That is the Class I uti-

lization rate for the Northeast. Remember, these were the parameters agreed to by the House-Senate Conference Committee.

The payments are limited to 2.4 million pounds of milk per farm operation for a given fiscal year. This is equivalent to the output of a farm with 133 cows producing 18,000 pounds of milk per cow. The current government fiscal year will end Sept. 30.

The next question is, what is a dairy farm operation? Is an operation a place of business with cows, housing, a bulk tank, and milking equipment? Or is it Mom, Dad, and a working son or daughter on a farm location? Or is it an owner with three different operations in three different sites each qualifying for the 2.4 million pound cap? Also, will the 2.4 million pounds of milk be prorated to 2 million pounds during the first fiscal year (Dec. 1, 2001 to Sept. 30, 2002)? Maybe not.

There are still more questions to ask. How will things be managed the first fiscal year? Will a large operation that exceeds the 2.4 mil-

lion pound cap be able to pick and choose the months that they wish to apply their cap? That would allow them to avoid low-price months.

But here's the problem with that. Let's say USDA decides that a total of 2 million pounds of milk is the cap for the months Dec. 1, 2001-Sept. 30, 2002. And let's assume the average payment rate is \$0.88 per CWT. That will mean a farm with 133 cows will get a total of \$17,600. However, if a large farm that produces 2 million pounds of milk per month could choose a month, they may elect May 2002, when the payment rate was \$1.09. In that case, the large farm would get a check for \$21,800. That would be a larger check than the farm with 133 cows. But then again, on a hundred-weight basis, the larger farm would get much less than the farm with 133 cows.

Not to confuse things even more, the law intends to make a transition payment that would cover the

(Turn to Page A24)

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.2 — 2.33 bu., 4.16 cwt.
- Wheat, No.2 — 2.56 bu., 4.28 cwt.
- Barley, No.3 — 1.77 bu., 3.79 cwt.
- Oats, No.2 — 1.91 bu., 5.95 cwt.
- Soybeans, No.1 — 4.38 bu., 7.31 cwt.
- Ear Corn — 66.13 ton, 3.31 cwt.
- Alfalfa Hay — 125.00 ton, 6.25 cwt.
- Mixed Hay — 116.25 ton, 5.81 cwt.
- Timothy Hay — 118.00 ton, 5.9 cwt.