

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, August 1, 2002

Corn

	Open	High	Low	Last	Chge
07/31/02 *CASH*		2492	2492	2492	+122
08/01/02 SEP 02	2524	2556	2450	2492	+20
08/01/02 DEC 02	2614	2654	2540	2586	+22
08/01/02 MAR 03	2670	2700	2590	2632	+14
08/01/02 MAY 03	2694	2724	2630	2670	+10
08/01/02 JUL 03	2714	2734	2670	2690	+6
08/01/02 SEP 03	2590	2590	2540	2550	-4
08/01/02 DEC 03	2484	2494	2450	2470	+2
08/01/02 MAR 04	2540	2540	2514	2524	-4
08/01/02 JUL 04	2580	2580	2554	2570	unch
08/01/02 DEC 04	2446	2446	2340	2360	-70

Total	Volume	Open_Int
07/31/02	105731	483924

Soybeans

	Open	High	Low	Last	Chge
07/31/02 *CASH*		5575	5575	5575	+160
08/01/02 AUG 02	5780	5870	5580	5684	+10
08/01/02 SEP 02	5650	5754	5500	5586	+46
08/01/02 NOV 02	5450	5564	5320	5414	+50
08/01/02 JAN 03	5450	5554	5320	5410	+30
08/01/02 MAR 03	5440	5530	5300	5412	+36
08/01/02 MAY 03	5404	5480	5270	5364	+16
08/01/02 JUL 03	5404	5470	5260	5340	+20
08/01/02 AUG 03	5310	5310	5310	5310	+20
08/01/02 SEP 03	5200	5200	5150	5150	-20
08/01/02 NOV 03	5160	5170	5070	5070	-14

Total	Volume	Open_Int
07/31/02	88282	203580

Soybean Meal

	Open	High	Low	Last	Chge
07/31/02 *CASH*		18600	18600	18600	+750
08/01/02 AUG 02	1860	1905	1800	1829	+6
08/01/02 SEP 02	1805	1855	1764	1786	+22
08/01/02 OCT 02	1735	1783	1693	1717	+22
08/01/02 DEC 02	1700	1755	1667	1690	+23
08/01/02 JAN 03	1695	1740	1667	1684	+16
08/01/02 MAR 03	1695	1722	1650	1673	+7
08/01/02 MAY 03	1680	1698	1630	1649	+9
08/01/02 JUL 03	1675	1695	1630	1650	+8
08/01/02 AUG 03	1675	1685	1615	1630	unch
08/01/02 SEP 03	1655	1670	1610	1615	-5
08/01/02 OCT 03	1650	1650	1630	1630	+15
08/01/02 DEC 03	1640	1640	1630	1630	+20

Total	Volume	Open_Int
07/31/02	48594	129310

Lean Hogs

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
07/31/02 *CASH*	0	5235	5235	5235	-23	0	0
08/01/02 Aug 02	5150	5150	4995	5015	-162	2457	7325
08/01/02 Oct 02	4085	4120	3970	3977	-193	2684	13892
08/01/02 Dec 02	3950	3975	3885	3907	-98	586	7506
08/01/02 Feb 03	4400	4422	4355	4390	-57	104	1271
08/01/02 Apr 03	4870	4910	4840	4875	-45	26	247
08/01/02 May 03	5590	5615	5580	5615	-25	3	58
08/01/02 Jun 03	5750	5770	5740	5770	-10	7	132
08/01/02 Jul 03	5720	5755	5720	5755	-5	4	55
08/01/02 Aug 03	5570	5595	5515	5515	+20	0	7

Composite Volume	Open_Int
07/31/02	5872 30494

Live Cattle

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
07/31/02 *CASH*	0	6239	6239	6239	unch	0	0
08/01/02 Aug 02	6490	6490	6425	6445	-55	6482	15475
08/01/02 Oct 02	6750	6760	6682	6707	-68	5729	40591
08/01/02 Dec 02	6877	6880	6830	6852	-30	1699	21673
08/01/02 Feb 03	6950	6955	6920	6947	-3	780	9780
08/01/02 Apr 03	7005	7007	6982	7005	-5	390	4414
08/01/02 Jun 03	6600	6605	6580	6597	-5	30	1304
08/01/02 Aug 03	6630	6640	6630	6640	unch	1	23

Composite Volume	Open_Int
07/31/02	15111 93260

Pork Bellies

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
07/31/02 *CASH*	0	7500	7500	7500	-1000	0	0
08/01/02 Aug 02	6240	6240	6015	6015	-300	392	780
08/01/02 Feb 03	6340	6350	6092	6092	-300	211	435
08/01/02 Mar 03	6030	6030	6030	6030	-300	1	6
08/01/02 May 03	6160	6160	6160	6160	-300	0	2
08/01/02 Jul 03	6137	6137	6137	6137	-300	1	1

Composite Volume	Open_Int
07/31/02	606 1224

Oats

	Open	High	Low	Last	Chge
07/31/02 *CASH*		1866	1866	1866	+44
08/01/02 SEP 02	1826	1860	1750	1780	-4
08/01/02 DEC 02	1754	1780	1684	1700	-6
08/01/02 MAR 03	1734	1734	1660	1684	-6
08/01/02 MAY 03	1710	1710	1670	1670	-34
08/01/02 JUL 03	1690	1690	1660	1660	

Total	Volume	Open_Int
07/31/02	2384	10897

Weekly Dairy Market Outlook

Ken Bailey
Penn State
July 25, 2002
Dairy Futures Take
A Nose Dive

- Milk prices get worse.
- Fall highs evaporate.
- Weather and demand main drivers.

The dairy futures at the Chicago Mercantile Exchange took a nosedive this past week. September Class III futures, which were trading at \$13.50 per CWT in the spring, fell to new lows of \$10.10 per CWT. Near-term contract months for July and August are below \$10 per CWT. My interpretation of this is that farm gate milk prices will continue to deteriorate through August, and that a fall recovery will be limited.

There are four main factors that are working to depress milk prices. The first is the weak U.S. economy or changes in consumer tastes.

1. Growing cow numbers in the West, and a recovery in milk production per cow
2. Weak U.S. economy, which is depressing cheese sales
3. Steady imports of butterfat and nonfat solids
4. A return to cooler weather across much of the U.S.

Yum! Brands, a company that owns a number of fast-food chains, including Pizza Hut, reported that same-store sales for Pizza Hut in the U.S. declined 3 percent in the second quarter of this year. That reflects less use for pizza cheese. This was likely related to the weakness in the U.S. economy. That said, same-store sales at Taco Bell and KFC, which are also owned by Yum! Brands, were higher relative to a year ago. Thus it is unclear whether depressed cheese use in the U.S. is related to the weak

U.S. economy or changes in consumer tastes.

The break in the weather may have sparked the decline in dairy futures. Hot, humid weather was replaced in recent days with much cooler temperatures. In fact, daily highs in the Northeast and Northwest are in the 70s and in the 80s in the Upper Midwest, California, and the West.

Cheese prices at the Chicago Mercantile Exchange are relatively weak. Block cheese was trading at \$1.04-\$1.05 per pound this week, which is below the support price of \$1.1314 per pound. Cheese processors have been reluctant to sell to the government under the dairy price support program since there are costs associated with doing so (about \$0.05 per pound). That said, there are rumors that cheese will begin to enter the dairy price

support program as early as this week. If that occurs, then assume that the cheese industry thinks prices will be depressed for the next few months.

Butter prices at the Chicago Mercantile Exchange are surprisingly above support levels, trading at \$1.03-\$1.05 per pound this week despite significant inventories in cold storage.

Opportunities for dairy producers to forward contact or hedge milk for the fall months have all but evaporated. Producers should hold off for now. It is still possible prices could strengthen for the fall months. There is talk that low grain carryover stocks and drought in the Western Cornbelt states could tighten up grain prices. That would possibly drive milk prices

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 — 2.51 bu., 4.49 cwt.
- Wheat, No.2 — 2.94 bu., 4.91 cwt.
- Barley, No.3 — 1.63 bu., 3.49 cwt.
- Oats, No.2 — 1.71 bu., 5.33 cwt.
- Soybeans, No.1 — 5.58 bu., 9.32 cwt.
- Ear Corn — 69.82 ton, 3.49 cwt.
- Alfalfa Hay — 106.25 ton, 5.31 cwt.
- Mixed Hay — 111.00 ton, 5.55 cwt.
- Timothy Hay — 93.75 ton, 4.69 cwt.