

GRAIN, CATTLE, HOG, & MILK BFP FUTURES MARKETS

Markets Courtesy of Chicago Board and Mercantile Exchange
Closing Bids: Thursday, May 22, 2003

Corn

	Open	High	Low	Last	Chge
05/21/03 *CASH*		2554	2554	2554	-12
05/22/03 JUL 03	2444	2470	2430	2436	-16
05/22/03 SEP 03	2430	2446	2414	2422	-14
05/22/03 DEC 03	2440	2450	2424	2430	-20
05/22/03 MAR 04	2496	2506	2480	2484	-22
05/22/03 MAY 04	2524	2534	2520	2522	-12
05/22/03 JUL 04	2554	2564	2536	2542	-16
05/22/03 SEP 04	2460	2460	2460	2460	unch
05/22/03 DEC 04	2454	2470	2454	2466	unch
05/22/03 DEC 05	2380	2380	2380	2380	unch

Total	Volume	Open_Int
05/21/03	56771	415257

Soybeans

	Open	High	Low	Last	Chge
05/20/03 *CASH*		6300	6300	6300	unch
05/21/03 JUL 03	6420	6464	6374	6400	-26
05/21/03 AUG 03	6380	6434	6350	6382	-14
05/21/03 SEP 03	6050	6124	6040	6074	+14
05/21/03 NOV 03	5700	5794	5696	5750	+32
05/21/03 JAN 04	5724	5820	5724	5786	+40
05/21/03 MAR 04	5764	5844	5764	5824	+46
05/21/03 MAY 04	5774	5790	5714	5790	+52
05/21/03 JUL 04	5780	5800	5730	5800	+50
05/21/03 NOV 04	5450	5480	5420	5422	+22

Total	Volume	Open_Int
05/20/03	81256	234615

Soybean Meal

	Open	High	Low	Last	Chge
05/20/03 *CASH*		19750	19750	19750	+350
05/21/03 JUL 03	1965	1981	1940	1952	-11
05/21/03 AUG 03	1933	1954	1921	1936	-1
05/21/03 SEP 03	1868	1895	1858	1871	+1
05/21/03 OCT 03	1738	1765	1733	1749	+14
05/21/03 DEC 03	1715	1746	1711	1730	+12
05/21/03 JAN 04	1718	1748	1716	1732	+16
05/21/03 MAR 04	1742	1765	1735	1752	+15
05/21/03 MAY 04	1747	1770	1745	1761	+11
05/21/03 JUL 04	1775	1775	1755	1774	+19
05/21/03 AUG 04	1745	1745	1745	1745	+25
05/21/03 SEP 04	1745	1745	1740	1740	+30
05/21/03 OCT 04	1655	1655	1655	1655	+30
05/21/03 DEC 04	1660	1660	1660	1660	+30

Total	Volume	Open_Int
05/20/03	34973	161625

Lean Hogs

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
05/21/03 *CASH*	0	6122	6122	6122	-199	0	0
05/22/03 Jun 03	6452	6495	6425	6440	-72	4363	17549
05/22/03 Jul 03	6505	6550	6470	6515	-45	2754	13642
05/22/03 Aug 03	6487	6540	6470	6517	-38	668	7167
05/22/03 Oct 03	5490	5520	5450	5485	-35	316	4311
05/22/03 Dec 03	5357	5370	5330	5340	-40	128	3139
05/22/03 Feb 04	5720	5735	5685	5700	-50	13	596
05/22/03 Apr 04	5950	5960	5885	5897	-83	0	390
05/22/03 May 04	6155	6160	6140	6155	-40	0	17
05/22/03 Jun 04	6400	6400	6380	6397	-90	0	78

Composite Volume Open_Int

05/21/03	8242	46889
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Live Cattle

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
05/21/03 *CASH*	0	7987	7987	7987	+86	0	0
05/22/03 May 03	7600	7650	7595	7630	+50	706	658
05/22/03 Jun 03	7300	7340	7287	7315	+25	16527	35805
05/22/03 Jul 03	7000	7020	6965	6972	-8	39	346
05/22/03 Aug 03	6880	6905	6837	6850	-32	9197	34867
05/22/03 Oct 03	6970	6985	6942	6972	-3	2926	19110
05/22/03 Dec 03	7260	7275	7230	7260	+10	3278	10930
05/22/03 Feb 04	7400	7432	7380	7405	+5	1065	3864
05/22/03 Apr 04	7505	7512	7480	7512	-3	140	1307
05/22/03 Jun 04	6950	6965	6950	6950	-20	25	92

Composite Volume Open_Int

05/21/03	33903	106979
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Pork Bellies

Date	Open	High	Low	Last	Chge	Previous Volume	Previous Open_Int
05/21/03 *CASH*	0	9600	9600	9600	unch	0	0
05/22/03 May 03	9825	9830	9770	9830	+50	16	110
05/22/03 Jul 03	9310	9387	9280	9365	+65	409	2949
05/22/03 Aug 03	8950	9050	8950	9010	+63	116	307
05/22/03 Feb 04	7850	7850	7850	7850	unch	0	62
05/22/03 Mar 04	7780	7780	7780	7780	unch	0	1

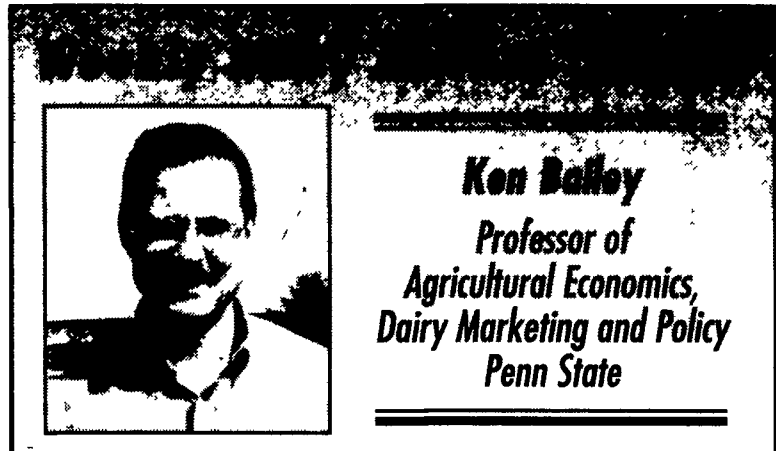
Composite Volume Open_Int

05/21/03	542	3429
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Oats

	Open	High	Low	Last	Chge
05/21/03 *CASH*		1760	1760	1760	-20
05/22/03 JUL 03	1554	1554	1470	1484	-74
05/22/03 SEP 03	1486	1486	1422	1450	-40
05/22/03 DEC 03	1464	1464	1410	1410	-62
05/22/03 MAR 04	1500	1500	1480	1480	-40
05/22/03 MAY 04	1510	1510	1510	1510	-40

Total	Volume	Open_Int
05/21/03	404	5913



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**USDA RELEASES
UPDATED 2003 OUTLOOK**
• Milk production to increase 1 percent.
• Consumption up 2 percent.
• Class III and IV to average \$10/CWT.

USDA just released their updated market outlook for the balance of 2003, as well as for 2004. Since no one at this point cares about 2004, let's instead focus on what

lies ahead for this year.

Basically, USDA is expecting milk prices to remain fairly low for the remainder of the year, despite market expectations (Chicago Mercantile Exchange futures) that prices will improve more robustly by the fall.

The latest forecast is provided in the Livestock, Dairy, and Poultry Outlook report produced by the Economic Research Service. These reports have been traditionally very

pessimistic on market price outlook and always predict more milk production than actually occurs. This time it is different.

USDA economists are forecasting that the milk supply will grow just under one percent in 2003 from year-ago levels. This forecast simply reflects existing data that show milk producers have been slow to adjust to very low milk prices. Most producers that have expanded in 2002 have already populated their barns by now. So USDA economists expect a gradual reduction in the rate of growth in the U.S. milk supply. I would concur that a forecast of one percent growth in the milk supply for this year is reasonable.

Next, USDA expects consumption of milk and dairy products (on a milkfat and solids-not-fat basis) to grow about two percent this year. They report that "dairy demand fails to catch fire." Still, a two percent growth rate is fairly decent, especially considering demand grew just 0.5 percent last year to 170.5 billion pounds on a milk-equivalent, milkfat basis. My guess is that the USDA economists were

in 2003 will translate into low retail prices. Those lower retail prices for milk, butter, cheese, etc., should translate into stronger sales.

The problem with this expectation, however, is that retail prices for milk and dairy products have not dropped as much as farm gate milk prices have, and high U.S. unemployment will continue to curtail dairy consumption. My expectation is that consumption of dairy products will grow less than one percent this year. Thus stocks will likely be higher than what USDA is expecting.

That brings us to USDA's outlook for Class III and IV prices. The bottom line is they are expecting both prices to be in the range of \$9.70-\$10.30 per CWT for a mean of about \$10. This of course is very pessimistic. It suggests that when it's all said and done, milk prices this year will have been worse than last year!

Unfortunately, I would have to concur with USDA on this forecast. I expect Class III prices will be a little higher than USDA's forecast, rising closer to \$11 per CWT for Class III by the fall. Class IV

USDA is hinting that there may be another "tilt" in the butter/powder price.

Generally speaking, unless the milk supply adjusts and demand picks up, milk prices will remain at fairly low levels, increasing by only \$1-\$2 per CWT between now and the fall.

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 — 3.0 bu., 5.27 cwt.
- Wheat, No.2 — 3.11 bu., 5.19 cwt.
- Barley, No.3 — 2.13 bu., 4.55 cwt.
- Oats, No.2 — 2.09 bu., 6.52 cwt.
- Soybeans, No.1 — 6.03 bu., 10.07 cwt.
- Ear Corn — 90.53 ton, 4.53 cwt.
- Alfalfa Hay — 156.75 ton, 7.84 cwt.
- Mixed Hay — 145.00 ton, 7.25 cwt.