

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — JUNE 22, 2010 — except where noted



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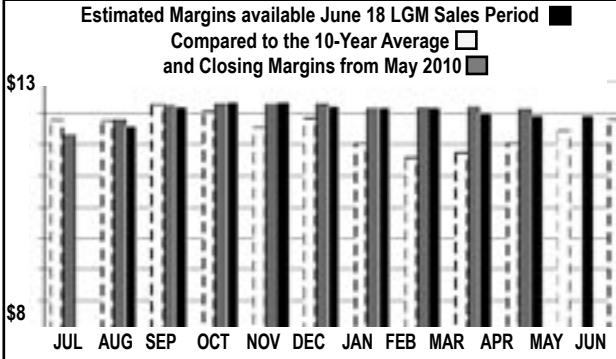
Outlook

The June 18 USDA Economic Research Service "Livestock, Dairy and Poultry Outlook" report states: "Feed prices are expected to remain moderate in both 2010 and 2011. Corn prices are projected to be \$3.45 to \$3.65 per bushel for the 2009/10 crop year and to rise to average \$3.30 to \$3.90 per bushel in 2010/11. Likewise, soybean meal prices are expected to average \$295 per ton this year and average \$230 to \$270 per ton in 2010/2011. The May *Livestock Slaughter* report showed dairy cow slaughter in April above the corresponding month in 2009. The U.S. herd is expected to average 9,075 thousand cows in 2010 and contract fractionally to average 9,040 in 2011. This represents a small year-over-year contraction compared with the 1.2% and 1.4% year-over-year declines observed in 2009 and 2010. Milk production per cow is expected to increase nearly 2% in 2010 over 2009 to about 20,980 pounds per cow. In 2011, production per cow is forecast to rise another 1.8 percent to 21,355 pounds."

Joe Dairyman does not base his marketing plan on outlook. His first priority is always to protect a profit whenever the market provides a pricing opportunity above his cost of production. Joe's experience is that world and national events constantly change. For that reason he uses outlook to allocate his sales between LGM, option contracts and fixed price contracts. He wants to

protect a profit, not to speculate on whether or not the latest prediction will come true.

The graph shows current margins available for the June 25 & 26 Dairy Gross Margin sales period and the closing margins from the May 2010 sales period compared to the 10 year average margin. Report your acreage for spring planted crops to your crop insurance agent before the July 15, 2010 deadline. I welcome any suggestions or comments, and there is more information at www.centerfordairyexcellence.org.



Prices change daily. This market information is an example for educational purposes. The market data below are compiled weekly by Farmshine, using CME and USDA reports and the CDE Scorecard.

CME DAILY FUTURES & OPTIONS TRADING — JUNE 22, 2010 CLOSE

	JUN-10	JUL-10	AUG-10	SEP-10	OCT-10	NOV-10	DEC-10	JAN-11	FEB-11	MAR-11	APR-11	MAY-11
CLASS III MILK FUTURES (\$/CWT)	13.56	13.18	13.57	14.25	14.52	14.53	14.45	14.45	14.47	14.45	14.50	14.50
	13.60	13.58	14.05	14.63	14.75	14.70	14.62	14.60	14.60	14.59	14.45	14.45
WEEK AGO												
HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED												
	19.20 7/08	19.20 7/08	18.00 9/08	17.20 10/08	16.26 1/10	16.03 12/09	16.05 12/09	16.33 7/09	16.25 7/09	16.00 7/09	16.24 7/09	16.24 7/09
	13.12 4/10	13.18 6/10	13.57 6/10	14.25 6/10	14.36 3/10	14.40 3/10	14.30 3/10	13.90 3/10	13.93 3/10	14.14 3/10	14.06 3/10	14.35 6/10
MILK BASIS (\$/CWT) — SELECTED NORTHEAST & MID-ATLANTIC STATES (2008 Historical Reference)												
PA	2.63	2.61	2.38	2.37	2.87	3.19	3.01	3.40	3.19	3.32	1.94	2.23
NY	1.57	1.61	1.44	1.39	1.79	2.17	1.97	2.32	2.11	2.32	1.04	1.43
VT	1.69	1.71	1.44	1.53	1.99	2.27	1.99	2.38	2.15	2.42	1.10	1.39
NJ	1.43	1.41	1.18	1.17	1.67	1.99	1.81	2.20	1.99	2.12	0.74	1.03
DE	2.05	2.03	1.80	1.79	2.29	2.61	2.43	2.82	2.61	2.74	1.36	1.65
MD	2.01	1.99	1.76	1.75	2.25	2.57	2.39	2.78	2.57	2.70	1.32	1.61
OH	1.51	1.63	1.26	1.33	1.91	2.31	2.23	2.32	2.15	2.34	0.98	1.25
WV	1.45	1.43	1.20	1.19	1.69	2.01	1.83	2.22	2.01	2.14	0.76	1.05
MILC PAYMENT (\$/CWT) FORECASTS Based on Futures as of Wed., June 16, 2010; *June & July* based on CI IV as CI I "mover"												
	0.00	*0.00*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium												
	13.50 0.01	13.00 0.12	13.50 0.36	14.25 0.60	14.50 0.69	14.50 0.70	14.25 0.67	14.25 0.71	14.25 0.75	14.25 0.80	14.50 0.97	14.50 1.03

MILC = Milk Income Loss Contract MAY MILC (not shown) is estimated at \$0.00



JUL-10	SEP-10	DEC-10	MAR-11
2.50 1.051	2.60 1.044	2.70 1.052	2.90 1.005
2.90 0.651	3.00 0.654	3.20 0.616	3.40 0.615
3.20 0.351	3.60 0.217	3.70 0.321	3.90 0.352
3.50 0.084	3.90 0.114	4.50 0.106	5.00 0.104

Example Daily Strike Price / Premium

JUL-10	AUG-10	SEP-10	OCT-10
250 38.95	250 33.55	240 37.25	240 31.95
260 28.95	260 24.80	260 21.65	250 24.85
270 19.10	280 10.65	280 11.35	270 14.10
290 2.35	320 1.75	340 1.50	340 1.90

CORN FUTURES (\$/BU)

JUL-10	SEP-10	DEC-10	MAR-11	MAY-11	JUL-11	SEP-11	DEC-11	MAR-12	MAY-12	JUL-12	SEP-12
3.514	3.610	3.720	3.850	3.936	4.016	4.024	4.034	4.136	4.206	4.264	4.190
3.536	3.630	3.750	3.880	3.970	4.050	4.074	4.092	4.200	4.270	4.332	4.254

SOYMEAL FUTURES (\$/TON)

JUL-10	AUG-10	SEP-10	OCT-10	DEC-10	JAN-11	MAR-11	MAY-11	JUL-11	AUG-11	SEP-11	OCT-11
290.7	283.9	276.1	267.9	266.9	267.5	267.7	266.3	267.8	266.5	264.0	260.0
285.7	274.9	265.7	256.7	255.2	255.8	256.5	256.0	257.7	257.5	256.0	253.0

* = NEW IOFC = Income Over Feed Cost	MILK MARGIN — LATEST PSU VALUES — MAY 2010			CME DAIRY CASH-SETTLED FUTURES (\$/LB) 06/22/10										SPOT CASH
	*FEED COST (\$/CWT milk)	*IOFC (\$/COW @ 65 lbs milk)	*PA MILK MARGIN (\$/CWT milk)	JUN	JUL	AUG	SEP	OCT	NOV	DEC	06/22/10	06/22/10		
CURRENT	\$5.40	\$7.28	\$11.20	NFDM	1.270	1.225	1.195	1.190	1.190	1.190	1.190	1.2500		
PREV MO	\$5.46	\$7.05	\$10.84	WHEY	0.367	0.357	0.350	0.355	0.355	0.345	0.355	N/A		
YR AGO	6.70	4.36	6.70	BUTTER	1.590	1.682	1.712	1.720	1.720	1.715	1.680	1.7100		
				CME SPOT CHEESE: 40 LB BLOCKS 1.3975 / BARRELS 1.3800										

First ever CME Cheese Futures: 40 contracts sold 6/22 SEP-DEC Cheese contracts settled at avg. of \$1.5438/lb. Cheese stocks up Butter stocks lowest in 5 years.	* = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)						CURRENT FEDERAL ORDER VALUES (\$/LB)					
	*CL I ADV	CL II	CL III	CL IV	ALL-MILK U.S.	ALL-MILK PA	WEIGHTED AVERAGE	PRODUCT	VALUE	MAKE ALLOW	NET	MAY 2010 COMPONENTS
	\$15.66 (JUL)	14.90 (MAY)	13.38 (MAY)	15.29 (MAY)	15.00 (MAY)	16.60 (MAY)	JUNE 1-11, 2010	CHEESE	1.4726	0.2003	1.2723	PROT 2.1523
	15.28	13.78	12.92	13.73	14.60	16.20	BUTTER	1.5620	0.1715	1.3905	B.FAT 1.7058	
	10.26	10.71	9.84	10.14	11.60	13.40	NFDM	1.3037	0.1678	1.1359	N.FAT 1.0734	
							DRY WHEY	0.3698	0.1991	0.1707	OTHER 0.1704	

Price averages do not include lower-end common cows and heifers. Average to high dressing	CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. USDA-Reported sales June 16, 2010 at New Holland, PA)									
	COWS: Fresh			Bred			Springing			HEIFERS: Bred
	1290	N/A	N/A	1215	1300	525	725	950	750	
	1370	1100	1110	1140	1300	575	785	880	845	
	Avg. of prices reported by USDA Market News for PA Auction Markets June 17-21, 2010									
	CULL MARKET COWS (\$/CWT LIVELWEIGHT)									
	Premium White	Breakers	Boners	Lean						
	64.25	60.10	57.10	54.10						
	WEEK AGO									
	63.25	60.25	56.10	51.75						
	YEAR AGO									
	56.50	54.00	50.75	47.10						