

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MARCH 9, 2010 — except where noted



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Marketing Groups... Joe Dairyman wants to see heifers running in green pastures, look over dense green cornfields and feel warm summer sunshine. He also wants the milk price to improve. Everyone is tired of lean milk checks, wet fields, and frozen pipes. Summer will come and milk prices will improve, we just don't know exactly when. Three weathermen often have three different perspectives on what the weather will be next week, just as three sincere and intelligent economists often interpret the same data with three different price forecasts. This adds to the frustration on the farm but is unavoidable. Weather, markets and life all have cycles that we must consider as we make management decisions on the farm.

This spring, as you compare notes with friends after church, at a farm sale or at a lunch meeting, consider forming a group to learn dairy marketing skills. Many crop producers use these Marketing Clubs to evaluate supply and demand information, market outlooks, and their own life experience to create their own forecast and marketing plan. Brainstorming with friends before making key decisions is always a good idea. I am available to help set up and work with these groups. Call me.

Crop Revenue Coverage harvest prices are set at \$3.99 for corn and \$9.23 for soybeans. Actual Production History harvest prices are \$3.90 for corn and \$9.15 for soybeans. March 15 is the deadline to enroll and make crop insurance policy changes

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.

for spring crops. The Center for Dairy Excellence will host a Mastering the Dairy Business call on "How to Market with Strategy and Discipline" on Tuesday, March 23. Scott Stewart and Mike Hogan from Stewart-Peterson will lead the discussion. The call is free, but pre-registration is required. To register, call the Center at 717-346-0849 with the date of call, name, phone number and e-mail address. Once registered, you will receive the call-in information. The graph below shows December corn prices for the past year.



CME DAILY FUTURES & OPTIONS TRADING — MARCH 9, 2010 CLOSE

| | MAR-10 | APR-10 | MAY-10 | JUN-10 | JUL-10 | AUG-10 | SEP-10 | OCT-10 | NOV-10 | DEC-10 | JAN-11 | FEB-11 |
|---|------------|------------|------------|------------|------------|------------|-------------|------------|-------------|-------------|------------|------------|
| CLASS III MILK FUTURES (\$/CWT) | 12.76 | 12.55 | 12.92 | 13.62 | 14.24 | 14.83 | 15.08 | 15.08 | 14.90 | 14.88 | 14.44 | 14.15 |
| | 13.14 | 13.18 | 13.33 | 14.04 | 14.56 | 15.11 | 15.25 | 15.25 | 15.00 | 15.04 | 14.59 | 14.35 |
| WEEK AGO | | | | | | | | | | | | |
| HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED | | | | | | | | | | | | |
| | 19.75 6/08 | 19.60 6/08 | 19.50 6/08 | 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 |
| | 12.76 3/10 | 12.55 3/10 | 12.92 3/10 | 13.46 2/10 | 13.99 2/10 | 14.59 2/10 | 14.84 2/10 | 14.90 2/10 | 14.80 2/10 | 14.74 2/10 | 14.44 3/10 | 14.15 3/10 |
| MILK BASIS (\$/CWT) — SELECTED NORTHEAST & MID-ATLANTIC STATES (2008 Historical Reference) | | | | | | | | | | | | |
| PA | 3.32 | 1.94 | 2.23 | 2.63 | 2.61 | 2.38 | 2.37 | 2.87 | 3.19 | 3.01 | 3.40 | 3.19 |
| NY | 2.32 | 1.04 | 1.43 | 1.57 | 1.61 | 1.44 | 1.39 | 1.79 | 2.17 | 1.97 | 2.32 | 2.11 |
| VT | 2.42 | 1.10 | 1.39 | 1.69 | 1.71 | 1.44 | 1.53 | 1.99 | 2.27 | 1.99 | 2.38 | 2.15 |
| NJ | 2.12 | 0.74 | 1.03 | 1.43 | 1.41 | 1.18 | 1.17 | 1.67 | 1.99 | 1.81 | 2.20 | 1.99 |
| DE | 2.74 | 1.36 | 1.65 | 2.05 | 2.03 | 1.80 | 1.79 | 2.29 | 2.61 | 2.43 | 2.82 | 2.61 |
| MD | 2.70 | 1.32 | 1.61 | 2.01 | 1.99 | 1.76 | 1.75 | 2.25 | 2.57 | 2.39 | 2.78 | 2.57 |
| OH | 2.34 | 0.98 | 1.25 | 1.51 | 1.63 | 1.26 | 1.33 | 1.91 | 2.31 | 2.23 | 2.32 | 2.15 |
| WV | 2.14 | 0.76 | 1.05 | 1.45 | 1.43 | 1.20 | 1.19 | 1.69 | 2.01 | 1.83 | 2.22 | 2.01 |
| MILC PAYMENT (\$/CWT) FORECASTS Based on Futures as of Wed., March 3, 2010 | | | | | | | | | | | | |
| | 0.00 | 0.1988 | 0.2374 | 0.2137 | 0.0522 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CLASS III MILK (\$/CWT) OPTIONS — PUTS — Daily Strike Price / Premium | | | | | | | | | | | | |
| | 12.75 0.09 | 12.50 0.20 | 12.75 0.32 | 13.50 0.49 | 14.00 0.55 | 14.75 0.74 | 15.00 0.81 | 15.00 0.78 | 14.75 0.78 | 14.75 0.83 | 14.00 0.76 | 14.00 0.92 |

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



| | MAY-10 | JUL-10 | SEP-10 | DEC-10 |
|-------------------------------------|------------|------------|------------|------------|
| CORN (\$/BU) OPTIONS — CALLS | 2.70 1.051 | 2.80 1.070 | 2.90 1.083 | 3.10 1.017 |
| | 3.05 0.703 | 3.30 0.621 | 3.40 0.681 | 3.50 0.725 |
| | 3.35 0.425 | 3.80 0.296 | 3.90 0.391 | 4.00 0.456 |
| | 3.70 0.177 | 4.40 0.107 | 4.60 0.172 | 5.00 0.180 |

| | MAY-10 | JUL-10 | AUG-10 | SEP-10 |
|---|-----------|-----------|-----------|-----------|
| SOYMEAL (\$/TON) OPTIONS — CALLS | 220 39.15 | 230 33.30 | 230 34.70 | 230 33.90 |
| | 240 21.35 | 240 25.95 | 240 26.80 | 240 27.30 |
| | 260 8.50 | 260 14.40 | 260 15.75 | 260 16.85 |
| | 290 1.75 | 330 1.60 | 340 1.65 | 360 1.60 |

| | MAR-10 | MAY-10 | JUL-10 | SEP-10 | DEC-10 | MAR-11 | MAY-11 | JUL-11 | SEP-11 | DEC-11 | MAR-12 | MAY-12 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| CORN FUTURES (\$/BU) | 3.586 | 3.690 | 3.800 | 3.886 | 3.970 | 4.076 | 4.144 | 4.192 | 4.132 | 4.082 | 4.156 | 4.216 |
| | 3.704 | 3.814 | 3.922 | 4.000 | 4.070 | 4.172 | 4.240 | 4.292 | 4.230 | 4.190 | 4.264 | 4.324 |

| | MAR-10 | MAY-10 | JUL-10 | AUG-10 | SEP-10 | OCT-10 | DEC-10 | JAN-11 | MAR-11 | MAY-11 | JUL-11 | AUG-11 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| SOYMEAL FUTURES (\$/TON) | 259.0 | 258.7 | 259.2 | 257.9 | 255.2 | 248.3 | 248.0 | 249.2 | 251.9 | 252.9 | 253.9 | 253.9 |
| | 270.5 | 268.3 | 267.7 | 265.8 | 263.1 | 256.3 | 256.3 | 257.3 | 259.8 | 260.8 | 261.8 | 261.8 |

| *NEW | MILK MARGIN — LATEST PSU VALUES — JAN 2010 | | | | CME DAIRY CASH-SETTLED FUTURES (\$/LB) 03/09/10 | | | | | | | | SPOT CASH |
|--------|---|----------------|----------------|-------|--|-------|--------|-------|-------|-------|-------|----------|------------------|
| IOFC = | FEED COST | IOFC (\$/COW | PA MILK MARGIN | | MAR | APR | MAY | JUN | JUL | AUG | SEP | 03/09/10 | |
| Income | (Now based on \$/CWT milk) | @ 65 lbs milk) | (\$/CWT milk) | | NFDM | WHEY | BUTTER | | | | | | |
| Over | CURRENT | 5.98 | 8.01 | 12.32 | 1.065 | 0.377 | 1.450 | 1.100 | 1.120 | 1.130 | 1.140 | 1.167 | 1.175 |
| Feed | PREV MO | 6.03 | 7.65 | 11.77 | 0.330 | 0.330 | 1.480 | 1.500 | 1.517 | 1.537 | 1.550 | 1.572 | 1.4800 |
| Cost | YR AGO | 6.66 | 6.20 | 9.54 | 1.500 | 1.517 | 1.537 | 1.550 | 1.572 | 1.585 | 1.600 | 1.615 | 1.4800 |

| *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 FEB. 1-26, 2010 | | | | FEB. 2009 |
| | 14.34 (MAR) | *15.65 (FEB) | *14.28 (FEB) | 12.90 (FEB) | *15.90 (FEB) | *17.70 (FEB) | PRODUCT | VALUE | MAKEALLOW | NET | COMPONENTS |
| | | | MONTH AGO | 13.85 | 16.10 | 18.10 | CHEESE | 1.5110 | 2.0003 | 1.3107 | PROT 2.7066 |
| | 14.84 | 15.22 | 14.50 | 13.85 | 16.10 | 18.10 | BUTTER | 1.3609 | 0.1715 | 1.1894 | B.FAT 1.4404 |
| | | | YEAR AGO | 9.45 | 11.60 | 13.50 | NFDM | 1.0812 | 0.1678 | 0.9134 | N.FAT 0.9043 |
| | 9.43 | 10.25 | 9.31 | 9.45 | 11.60 | 13.50 | DRY WHEY | 0.3925 | 0.1991 | 0.1934 | OTHER 0.1992 |

| CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. USDA-Reported sales March 3, 2010 at New Holland, PA) | | | | |
|--|-------|------|-----------|---|
| COWS: | Fresh | Bred | Springing | HEIFERS: |
| | 1200 | 965 | 1100 | Bred Springing Open: 300-600 lbs 600-900 lbs 900-1200 lbs |
| | | | | BULLS (600-1200 lbs) |
| | | | | 1075 1265 585 675 900 725 |
| | | | | FOUR WEEK AVG |
| | 1365 | 965 | 1100 | 1070 1265 600 680 825 660 |

| CULL MARKET COWS (\$/CWT LIVELWEIGHT) | | | |
|--|----------|--------|-------|
| Premium White | Breakers | Boners | Lean |
| 55.10 | 51.50 | 49.00 | 45.60 |
| | WEEK AGO | | |
| 55.50 | 52.75 | 49.75 | 46.25 |
| | YEAR AGO | | |
| 50.75 | 48.00 | 45.50 | 42.50 |

brought to you by:

Average to high dressing