

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — APRIL 13, 2010 — except where noted



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What is your cost of production... This time of year, Joe Dairyman enjoys going to sales just to see his neighbors. They compare notes on the kids, a little local gossip, and feed, fertilizer or seed prices. Joe and his neighbors seldom go to the next step and ask "What is your cost of production?" Several groups of successful dairymen meet specifically to compare business tactics and costs. They ask each other this question right after the family update.

New Holland knows what it costs to make a baler. Every business needs to know this answer to survive. Historically dairymen milked the cows and assumed the milk price would cover their costs. How can you tell whether new management changes create profit if you do not track costs? Before you can protect a profitable price, you need to know what it is.

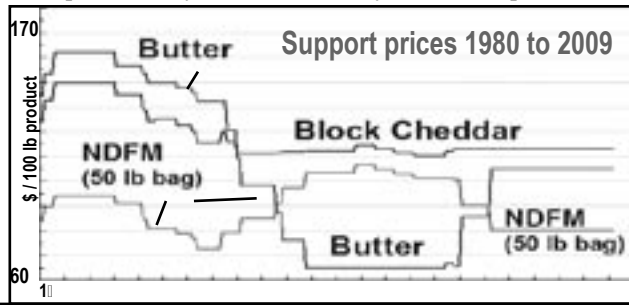
I have seen 2009 costs of production from under \$14.00/cwt to well over \$18.00/cwt of milk. Low production cost herds include all herd sizes and management styles. The only way to know what it costs to produce 100 lbs of milk on your farm is to calculate it with your information. The Center for Dairy Excellence website offers two tools to help with this. The Penn State Dairy Alliance dairy COP spreadsheet creates a more detailed cost of production. The MSC Business Services Dairy Cash Flow Cost of Production Spreadsheet quickly estimates the cost of milk production using

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.

three years of tax data. This is available in a longhand version for those without computers. Call the Center for Dairy Excellence at 717-346-0849 for more information. This week's graph shows block cheddar, butter and non fat dry milk support prices since 1980.

April 29, 2010 is the deadline to report your actual production for spring 2009 crops to your crop insurance agent. A record system that meets RMA/USDA standards is available at cropins.aers.psu.edu. Report any winterkill damage to crops immediately to your agent.

April 30 - May 1 is the next Dairy LGM sales period.



CME DAILY FUTURES & OPTIONS TRADING — APRIL 13, 2010 CLOSE

	APR-10	MAY-10	JUN-10	JUL-10	AUG-10	SEP-10	OCT-10	NOV-10	DEC-10	JAN-11	FEB-11	MAR-11
CLASS III MILK FUTURES (\$/CWT)	12.81	13.00	13.12	13.65	14.32	14.74	14.74	14.51	14.50	14.50	14.50	14.50
	----- WEEK AGO -----											
	12.85	13.90	14.40	14.91	15.15	15.30	15.18	14.95	14.68	14.55	14.52	14.50
	----- HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED -----											
	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	16.00 7/09
	12.35 3/10	12.75 3/10	13.12 4/10	13.64 3/10	14.00 3/10	14.40 3/10	14.36 3/10	14.40 3/10	14.30 3/10	13.90 3/10	13.93 3/10	14.14 3/10
	MILK BASIS (\$/CWT) — SELECTED NORTHEAST & MID-ATLANTIC STATES (2008 Historical Reference)											
PA	1.94	2.23	2.63	2.61	2.38	2.37	2.87	3.19	3.01	3.40	3.19	3.32
NY	1.04	1.43	1.57	1.61	1.44	1.39	1.79	2.17	1.97	2.32	2.11	2.32
VT	1.10	1.39	1.69	1.71	1.44	1.53	1.99	2.27	1.99	2.38	2.15	2.42
NJ	0.74	1.03	1.43	1.41	1.18	1.17	1.67	1.99	1.81	2.20	1.99	2.12
DE	1.36	1.65	2.05	2.03	1.80	1.79	2.29	2.61	2.43	2.82	2.61	2.74
MD	1.32	1.61	2.01	1.99	1.76	1.75	2.25	2.57	2.39	2.78	2.57	2.70
OH	0.98	1.25	1.51	1.63	1.26	1.33	1.91	2.31	2.23	2.32	2.15	2.34
WV	0.76	1.05	1.45	1.43	1.20	1.19	1.69	2.01	1.83	2.22	2.01	2.14
	MILC PAYMENT (\$/CWT) FORECASTS Based on Futures as of Fri., April 9, 2010											
	0.2115	0.1080	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											
	12.75 0.05	13.00 0.29	13.00 0.43	13.50 0.52	14.25 0.75	14.50 0.72	14.50 0.76	14.50 0.85	14.50 0.90	14.50 0.93	14.50 0.97	14.00 0.77

MILC =
Milk
Income
Loss
Contract
MAR.
MILC
(not
shown)
is esti-
mated
at \$0.00

	MAY-10	JUL-10	SEP-10	DEC-10		MAY-10	JUL-10	AUG-10	SEP-10
CORN (\$/BU) OPTIONS — CALLS					Example	SOYMEAL (\$/TON) OPTIONS — CALLS			
	2.40 1.083	2.50 1.095	2.70 1.012	2.80 1.024	Daily Strike	240 31.55	240 32.40	240 31.00	230 36.35
	2.80 0.683	3.00 0.601	3.10 0.644	3.20 0.692	Price / Premium	250 21.75	250 24.05	250 23.45	250 21.80
	3.10 0.383	3.60 0.170	3.70 0.271	3.80 0.346		260 12.75	270 11.40	270 12.25	270 12.30
	3.50 0.050	4.00 0.061	4.30 0.106	4.50 0.152		280 2.00	310 2.05	310 2.80	330 2.00

	MAY-10	JUL-10	SEP-10	DEC-10	MAR-11	MAY-11	JUL-11	SEP-11	DEC-11	MAR-12	MAY-12	JUL-12
CORN FUTURES (\$/BU)	3.524	3.632	3.734	3.842	3.964	4.044	4.104	4.096	4.096	4.186	4.256	4.326
	----- WEEK AGO -----											
	3.464	3.580	3.684	3.796	3.920	4.000	4.060	4.056	4.056	4.146	4.214	4.276

	MAY-10	JUL-10	AUG-10	SEP-10	OCT-10	DEC-10	JAN-11	MAR-11	MAY-11	JUL-11	AUG-11	SEP-11
SOYMEAL FUTURES (\$/TON)	275.2	275.1	272.2	267.3	259.1	257.8	258.8	261.3	262.8	264.3	265.1	264.8
	----- WEEK AGO -----											
	263.1	262.3	260.2	256.4	250.5	249.9	250.9	253.7	255.2	256.7	257.4	257.4

*=NEW	MILK MARGIN — LATEST PSU VALUES — FEB 2010				CME DAIRY CASH-SETTLED FUTURES (\$/LB) 04/13/10								SPOT CASH
IOFC =	FEED COST	IOFC (\$/COW	PA MILK MARGIN		APR	MAY	JUN	JUL	AUG	SEP	OCT	04/13/10	
Income	(Now based on \$/CWT milk)	@ 65 lbs milk)	(\$/CWT milk)		NFDM	WHEY	BUTTER	CME SPOT CHEESE:	40 LB BLOCKS	1.4350	/ BARRELS	1.3875	
Over	CURRENT	5.82	7.72	11.88	1.090	0.370	1.480						
Feed	PREV MO	6.09	7.74	11.91	1.110	0.350	1.530						
Cost	YR AGO	6.69	4.43	6.81	1.200	0.330	1.562						

USDA REPORTS: FINAL DECEMBER 2009	* = NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)						CURRENT FEDERAL ORDER VALUES (\$/LB)					
ALL-MILK MAILBOX	CL I ADV	CL II	CL III	CL IV	ALL-MILK U.S.	ALL-MILK PA	WEIGHTED AVERAGE MAR. 1-26, 2010			MAR. 2009		
U.S. \$16.50 \$16.37	13.22 (APR)	14.46 (MAR)	12.78 (MAR)	12.92 (MAR)	15.10 (MAR)	17.30 (MAR)	PRODUCT	VALUE	MAKE ALLOW	NET	COMPONENTS	
PA \$17.90 \$16.65							CHEESE	1.3632	0.2003	1.1629	PROT 2.1311	
NY \$16.70 \$16.01	14.34	15.65	14.28	12.90	15.90	18.10	BUTTER	1.4388	0.1715	1.2673	B.FAT 1.5347	
N.ENGL \$17.50 \$17.06							NFDM	1.0454	0.1678	0.8776	N.FAT 0.8688	
OH \$17.70 \$16.84							DRY WHEY	0.3761	0.1991	0.1770	OTHER 0.1823	
APPAL \$18.60 \$17.38	10.36	10.36	10.44	9.64	11.80	13.00						

Price averages do not include lower-end common cows and heifers.	CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. USDA-Reported sales April 7, 2010 at New Holland, PA)							
	COWS: Fresh		Bred		Springing		HEIFERS: Bred	
	1190	N/A	1025	1000	1225	500	700	825
	----- FOUR WEEK AVG -----							
	1240	995	1120	985	1190	485	750	790

Avg. of prices reported by USDA Market News for PA Auction Markets April 8-13, 2010	FED HOLSTEIN STEERS (\$/CWT LIVEWEIGHT)			BULL CALVES: No. 1 & 2, 85-130 lbs		
	Choice & Prime 1250-1550 lbs	CURRENT	WK AGO	YR AGO		
		84.50	84.60	74.50		
		86.00	89.60	75.00		

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