

CDE DAIRY MARKETS & MANAGEMENT UPDATE

All prices — MON., AUGUST 2, 2010 — except where noted



ALAN ZEPP
Risk Management
Program Coordinator
717-420-7448
azepp@centerfordairyexcellence.org

Crop Insurance Notes—Crop conditions this summer are as different as the farms those crops support. Some areas have had excellent growing conditions; some may have complete crop failures. The shaded areas on the map (below, right) are drier than normal.

If there are any discrepancies with your acreage report when your summary of insurance arrives or you think there could be insurance claims on crops this fall contact your agent at once. **Don't destroy evidence of damage until a loss adjuster evaluates it.**

The insurance policies require that written notice be given to your crop insurance agent **by crop by unit (farm)**:

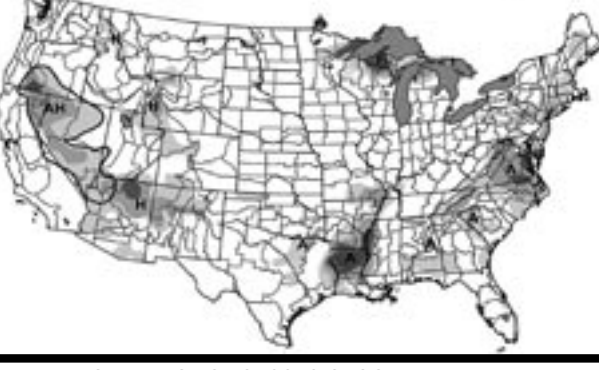
- Within 72 hours of discovery of a sudden damage or loss like hail.
- 15 days before silage harvest begins, and **prior authorization is required to leave sample rows for yield determination.**
- Within 15 days after harvesting is completed but not later than 10/20 for corn harvested as silage; 12/10 for grain corn and soybeans.

September 30, 2010 is the deadline to enroll or make any policy changes to fall-seeded wheat and barley (DE, NJ, NY, MD & PA only) and alfalfa based forage production (NJ, NY, MD & PA only) for 2011.

Pasture, Hay and Forage insurance policies are now available in all of Pennsylvania. This Rainfall Index policy uses National Oceanic Atmospheric Administration (NOAA) Climate Prediction Center data to base insurance indemnities on the deviation below normal precipitation within a 12 mile x 12 mile area for a specific time period selected by the producer. Enroll by September 30, 2010 for coverage in 2011.

I'm available to discuss the various ways you can manage your risks and welcome any suggestions or comments. Learn more at www.centerfordairyexcellence.org.

Drought Monitor — July 27, 2010 — <http://drought.unl.edu/dm>



CME DAILY FUTURES & OPTIONS TRADING — AUGUST 2, 2010 CLOSE

	AUG-10	SEP-10	OCT-10	NOV-10	DEC-10	JAN-11	FEB-11	MAR-11	APR-11	MAY-11	JUN-11	JUL-11
CLASS III MILK FUTURES (\$/CWT)	14.97	15.34	15.09	14.87	14.74	14.44	14.35	14.38	14.45	14.56	14.50	14.62
	----- WEEK AGO -----											
	15.00	15.42	15.20	14.93	14.80	14.55	14.40	14.50	14.40	14.53	14.45	14.57
	----- HIGHEST & LOWEST DAILY SETTLE PRICE OVER LIFE OF CONTRACT AND MONTH/YEAR IT OCCURRED -----											
	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	15.80 8/09	15.99 12/09
	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	14.30 6/10	14.27 6/10	14.40 6/10
MILK BASIS (\$/CWT) — SELECTED NORTHEAST & MID-ATLANTIC STATES (2008 Historical Reference)												
PA	2.38	2.37	2.87	3.19	3.01	3.40	3.19	3.32	1.94	2.23	2.63	2.61
NY	1.44	1.39	1.79	2.17	1.97	2.32	2.11	2.32	1.04	1.43	1.57	1.61
VT	1.44	1.53	1.99	2.27	1.99	2.38	2.15	2.42	1.10	1.39	1.69	1.71
NJ	1.18	1.17	1.67	1.99	1.81	2.20	1.99	2.12	0.74	1.03	1.43	1.41
DE	1.80	1.79	2.29	2.61	2.43	2.82	2.61	2.74	1.36	1.65	2.05	2.03
MD	1.76	1.75	2.25	2.57	2.39	2.78	2.57	2.70	1.32	1.61	2.01	1.99
OH	1.26	1.33	1.91	2.31	2.23	2.32	2.15	2.34	0.98	1.25	1.51	1.63
WV	1.20	1.19	1.69	2.01	1.83	2.22	2.01	2.14	0.76	1.05	1.45	1.43
MILC PAYMENT (\$/CWT) FORECASTS Based on Futures as of Mon., July 26, 2010; *July & August* 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												
	14.75 0.02	15.25 0.33	15.00 0.51	14.75 0.57	14.50 0.58	14.25 0.66	14.25 0.75	14.25 0.79	14.25 0.81	14.50 0.97	14.50 1.02	14.50 1.05

MILC =
Milk
Income
Loss
Contract
JULY
MILC
is estimated
at \$0.00

CORN (\$/BU) OPTIONS — CALLS

	SEP-10	DEC-10	MAR-11	MAY-11
2.90	1.026	3.00 1.076	3.20 1.025	3.30 1.006
3.20	0.730	3.50 0.641	3.70 0.642	3.70 0.715
3.50	0.444	4.00 0.321	4.20 0.377	4.20 0.444
3.90	0.152	4.50 0.154	5.10 0.144	5.40 0.145

Example
Daily Strike
Price / Premium

SOYMEAL (\$/TON) OPTIONS — CALLS

	SEP-10	OCT-10	DEC-10	JAN-11
260	38.30	260 32.45	260 34.15	260 33.80
280	19.80	270 23.95	270 26.70	270 27.35
300	7.25	290 11.50	290 15.75	290 16.35
330	1.25	340 1.50	370 1.80	360 1.80

CORN FUTURES (\$/BU)

	SEP-10	DEC-10	MAR-11	MAY-11	JUL-11	SEP-11	DEC-11	MAR-12	MAY-12	JUL-12	SEP-12	DEC-12
	3.904	4.044	4.164	4.240	4.304	4.306	4.306	4.420	4.482	4.534	4.422	4.306
	----- WEEK AGO -----											
	3.626	3.770	3.904	3.986	4.062	4.090	4.130	4.240	4.304	4.356	4.264	4.170

SOYMEAL FUTURES (\$/TON)

	AUG-10	SEP-10	OCT-10	DEC-10	JAN-11	MAR-11	MAY-11	JUL-11	AUG-11	SEP-11	OCT-11	DEC-11
	310.9	297.8	290.0	289.3	288.0	287.1	285.3	286.1	284.1	281.1	275.6	276.1
	----- WEEK AGO -----											
	294.5	284.3	278.6	278.3	277.7	278.5	279.0	281.1	279.7	277.5	273.5	273.5

*NEW MILK MARGIN — LATEST PSU VALUES — JUNE 2010

	FEED COST	IOFC (\$/COW)	PA MILK MARGIN
	(Now based on \$/CWT milk)	@ 65 lbs milk	(\$/CWT milk)
CURRENT	5.69	7.94	12.21
PREV MO	5.44	7.45	11.46
YR AGO	6.54	4.13	6.36

USDA REPORTS FINAL MAILBOX *APRIL 2010*

	ALL-MILK	MAILBOX
U.S.	\$14.60	\$14.51
PA	\$16.30	\$15.10
NY	\$15.50	\$14.52
N.ENGL	\$15.80	\$15.61
OH	\$16.00	\$15.20
APPAL.	\$17.00	\$15.71

*NEW ANNOUNCED FEDERAL ORDER PRICES (\$/CWT)

	CL I ADV	*CL II	*CL III	*CL IV	*ALL-MILK U.S.	*ALL-MILK PA
	15.77 (AUG)	*17.10 (JUL)	*13.74 (JUL)	*15.75 (JUL)	*16.00 (JUL)	*17.80 (JUL)
	----- MONTH AGO -----					
	15.66	16.01	13.62	15.45	15.50	17.50
	----- YEAR AGO -----					
	10.04	10.87	9.97	10.15	11.30	13.00

CME DAIRY CASH-SETTLED FUTURES (\$/LB) 08/02/10 SPOT CASH

	AUG	SEP	OCT	NOV	DEC	JAN	FEB	08/02/10
NFDM	1.160	1.172	1.170	1.165	1.160	1.140	1.140	1.2100
WHEY	0.360	0.352	0.347	0.337	0.345	0.330	0.310	N/A
BUTTER	1.810	1.820	1.822	1.760	1.660	1.605	1.592	1.8400
CME SPOT CHEESE:	40 LB BLOCKS 1.6025 / BARRELS 1.5600							

CURRENT FEDERAL ORDER VALUES (\$/LB)

	WEIGHTED AVERAGE - JUL 1-23, 2010	JULY 2010		
PRODUCT	VALUE	MAKEALLOW	NET	COMPONENTS
CHEESE	1.4567	0.2003	1.2564	PROT 2.0515
BUTTER	1.7375	0.1715	1.5660	B.FAT 1.8964
NFDM	1.2277	0.1678	1.0599	N.FAT 1.0493
DRY WHEY	0.3641	0.1991	0.1650	OTHER 0.1700

CATTLE - DAIRY PURPOSES (\$/HD) NORTHEAST (Avg. USDA-Reported sales July 28, 2010 at New Holland, PA)

	COWS: Fresh	Bred	Springing	HEIFERS: Bred	Springing	Open: 300-600 lbs	600-900 lbs	900-1200 lbs	BULLS (600-1200 lb)
	1125	N/A	1040	1015	1125	N/A	510	N/A	N/A
	----- FOUR WEEK AVG -----								
	1240	1200	1080	1060	1145	505	615	900	640

Avg. of prices reported by USDA Market News for PA Auction Markets July 29-Aug. 2, 2010

CULL MARKET COWS (\$/CWT LIVELWEIGHT)

	Premium White	Breakers	Boners	Lean
	61.75	57.85	55.10	51.25
	----- WEEK AGO -----			
	60.00	58.10	55.50	51.50
	----- YEAR AGO -----			
	57.00	52.35	49.50	45.60

FED HOLSTEIN STEERS (\$/CWT LIVELWEIGHT) CURRENT WK AGO YR AGO

Choice & Prime 1250-1550 lbs	80.60	82.25	72.35
BULL CALVES: No. 1 & 2, 90-130 lbs	100.00	112.00	78.00
80- 90 lbs	40.00	73.00	52.00

Average to high dressing

brought to you by:

