

THE FRONT PAGE

November 19, 2010

DAIRY AND GRAIN REPORT

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THE NEWS

- (1) Cheese prices recovered some with blocks to \$1.4450/lb (+\$0.0350/lb) and barrels to \$1.4300/lb (+\$0.0600/lb). Butter lost ground to \$1.8900/lb (-\$0.1000/lb). CA NDM up to \$1.1697/lb (+\$0.0106/lb).
- (2) Nearby Class III futures rallied -December closing at \$13.92/cwt, up \$0.66/cwt. Q1 at \$13.95/cwt, up \$0.41/cwt and Q2 at \$14.17/cwt, up \$0.06/cwt.
- (3) Weekly slaughter highest since February 12 at 57,412 head, up 8.8% for the week.
- (4) October milk production +2.9%, flat cow numbers.
- (5) Grains lower on outside macro-news: December corn at \$5.21/bu (-\$0.13/bu) and January soybeans at \$12.87/bu (-\$0.68/bu).

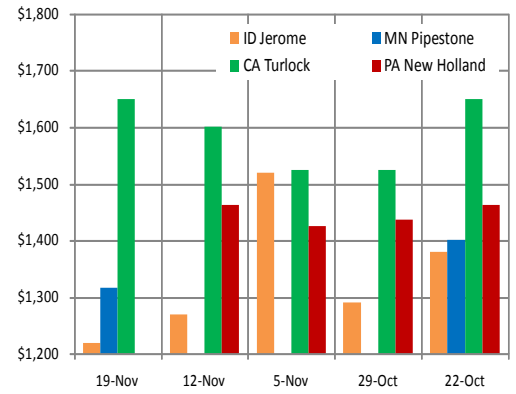
OUR THOUGHTS

- (1) Cheese bounced as a near-term bottom was found, prompting buyers to re-emerge. Some marketers note seasonal strength in orders. However, product availability is mixed - balanced in the Midwest but reportedly long in the West.
- (2) With fundamentals little changed (cheap cream) and Thanksgiving in the rearview mirror, butter prices seem likely to move lower yet.
- (3) Nonfat futures higher as end-users grow impatient on expected declines, seeking 2011 coverage.
- (4) Class III futures bounce and breaks in grain don't necessarily allow for locking in profits, but do provide opportunity for some defensive strategies.

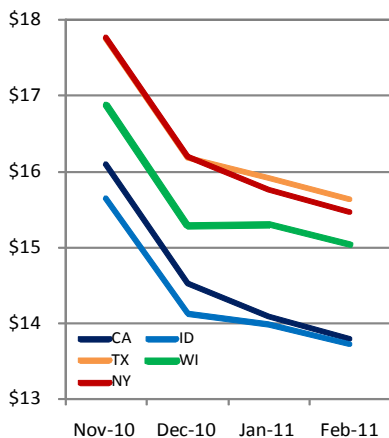
REGIONAL MARKETS

vs Last	Market	19-Nov	12-Nov	5-Nov	29-Oct	22-Oct
↑ 3%	CA Springing Heifers <i>Turlock</i>	\$ 1,650	\$ 1,600	\$ 1,525	\$ 1,525	\$ 1,650
↓ -4%	ID Springing Heifers <i>Jerome</i>	\$ 1,220	\$ 1,270	\$ 1,519	\$ 1,290	\$ 1,380
↓ -6%	MN Springing Heifers <i>Pipestone</i>	\$ 1,317				\$ 1,402
	PA Springing Heifers <i>New Holland</i>		\$ 1,463	\$ 1,425	\$ 1,438	\$ 1,463
	CA Hay Central, supreme delivered	\$ 190		\$ 208	\$ 210	\$ 223
	NM Hay <i>Southeast, premium delivered</i>			\$ 168	\$ 168	\$ 165
↓ -7%	ID Hay <i>supreme/premium, fob</i>	\$ 149	\$ 160	\$ 154	\$ 145	\$ 150
↑ 16%	IA Hay <i>Rock Valley, premium, fob</i>	\$ 125	\$ 108	\$ 125	\$ 118	\$ 124
↑ 19%	PA Hay <i>Lancaster, high end of good</i>	\$ 190	\$ 160	\$ 190	\$ 190	\$ 170
↓ -2%	CA Corn <i>\$/ton delivered HTV</i>	\$ 231	\$ 236	\$ 255	\$ 251	\$ 240
↓ -8%	ID Corn <i>\$/ton, delivered</i>	\$ 231	\$ 251	\$ 249	\$ 247	\$ 233
↓ -2%	NM Corn <i>\$/bu, fob elevator</i>	\$ 5.36	\$ 5.46	\$ 6.00	\$ 5.94	\$ 5.72
↓ -2%	MN Corn <i>\$/bu fob elevator</i>	\$ 4.72	\$ 4.81	\$ 5.33	\$ 5.20	\$ 4.93

HEIFER PRICES



ALL MILK PRICE FORECAST



PRICE FORECASTS

	CME Blocks	CME Butter	FMMO Class III	CA Overbase	CA All Milk	ID All Milk	TX All Milk	WI All Milk	NY All Milk
Nov-10	\$ 1.44	\$ 1.94	\$ 15.39	\$ 15.85	\$ 16.09	\$ 15.64	\$ 17.74	\$ 16.87	\$ 17.76
Dec-10	\$ 1.45	\$ 1.61	\$ 13.68	\$ 14.51	\$ 14.52	\$ 14.12	\$ 16.18	\$ 15.29	\$ 16.18
Jan-11	\$ 1.43	\$ 1.56	\$ 13.70	\$ 13.84	\$ 14.08	\$ 13.98	\$ 15.90	\$ 15.30	\$ 15.75
Feb-11	\$ 1.42	\$ 1.56	\$ 13.42	\$ 13.31	\$ 13.79	\$ 13.72	\$ 15.62	\$ 15.04	\$ 15.46
Mar-11	\$ 1.41	\$ 1.60	\$ 13.34	\$ 13.13	\$ 13.65	\$ 13.63	\$ 15.50	\$ 14.96	\$ 15.32
Apr-11	\$ 1.41	\$ 1.54	\$ 13.25	\$ 12.92	\$ 13.53	\$ 13.53	\$ 15.40	\$ 14.88	\$ 15.20
May-11	\$ 1.40	\$ 1.50	\$ 13.23	\$ 12.81	\$ 13.45	\$ 13.49	\$ 15.34	\$ 14.86	\$ 15.12
Jun-11	\$ 1.42	\$ 1.53	\$ 13.28	\$ 12.89	\$ 13.55	\$ 13.56	\$ 15.42	\$ 14.90	\$ 15.22
Jul-11	\$ 1.44	\$ 1.54	\$ 13.48	\$ 13.11	\$ 13.78	\$ 13.75	\$ 15.63	\$ 15.09	\$ 15.45
Aug-11	\$ 1.53	\$ 1.64	\$ 13.97	\$ 13.64	\$ 14.31	\$ 14.22	\$ 16.14	\$ 15.55	\$ 15.98
Sep-11	\$ 1.65	\$ 1.75	\$ 15.26	\$ 14.71	\$ 15.47	\$ 15.36	\$ 17.30	\$ 16.74	\$ 17.15
Oct-11	\$ 1.82	\$ 1.74	\$ 16.60	\$ 15.69	\$ 16.47	\$ 16.47	\$ 18.38	\$ 17.97	\$ 18.17
Avg	\$ 1.49	\$ 1.63	\$ 14.05	\$ 13.87	\$ 14.39	\$ 14.29	\$ 16.21	\$ 15.62	\$ 16.06

BLIMLING AND ASSOCIATES, INC