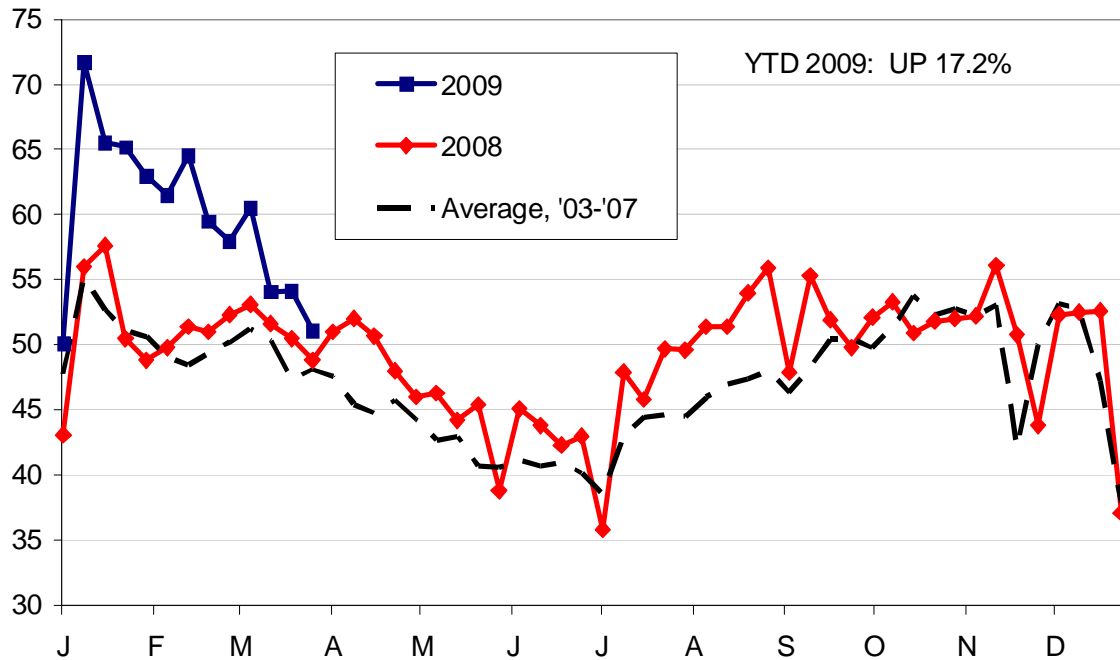


Daily Livestock Report

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E-Livestock Volume	4/15/09	4/14/09	4/8/09
LE (E-Live Cattle):	13,968	10,107	9,660
GF (E-Feeder Cattle):	2,446	1,927	2,059
HE (E-Lean Hogs):	10,721	13,056	12,015

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USDA's monthly Cattle On Feed report will be released Friday afternoon. The results of DowJones' pre-report survey of analysts appear in the table below. Friday's DLR will contain report highlights..

It appears that U.S. dairy producers are waiting to see what Cooperative Working Together (CWT) will pay for milk production reductions in its upcoming dairy herd reduction program. The chart at left shows the sharp drop in dairy cow slaughter in recent weeks as the new retirement round was confirmed and the bid deadline was established for May 1. We have heard two questions above all others: "How is this legal?" and "How many cows will come to market and when?"

The answer to the first question is that this program is legal because CWT is a cooperative of cooperatives. Therefore, CWT enjoys, under the Capper Volstead Act of 1922, limited immunity from antitrust laws in its effort to reduce supplies and increase prices. There are several limitations but the pertinent ones in this case are that they deal only with cooperative members and that they cannot "unduly enhance" prices. The Act does not define how much constitutes an undue enhancement. Any other agricultural cooperative could do the same thing as long as it adheres to the requirements of the Capper Volstead Act. But you must be organized as a cooperative. For a good summary of the Capper Volstead Act and its implications, see <http://www.rurdev.usda.gov/rbs/pub/cir35.pdf>.

The second question is more difficult. CWT has commitments from members to pay 10 cents/cwt into the retirement fund on 67% of the milk they produce for the next 2 years. But no one yet knows just how many dollars that is in total. In addition, producers have not submitted bids for how much they will accept to remove cows from production. Past bids have been in the \$700/cow range and similar bid processes (CRP comes to mind) have seen subsequent bids remain close to previously-paid amounts. Total dollars divided by average bid will determine how many cows will be removed and we know neither of those numbers yet. Analysts think a reduction of 200,000 is needed to get milk supplies back in balance with demand. CWT moved about 50,000 head in January with no major damage to 90% cow beef prices. Doing that 4 months in a row, though, would be risky. We believe CWT is very aware of the need to be careful so it does not harm cow beef and cow prices to badly in the process of helping milk producers. The retirement program involves no government funds.

Pre-Report Estimates -- USDA Cattle On Feed

April 17, 2009

	Range of Estimates	Average of Estimates
On Feed, April 1	95.0 - 97.5	95.6
Placed in March	95.6 - 112.3	103.8
Marketed in March	97.0 - 100.4	99.2

Source: DowJones