

## Sauk County Marketing Club 2006 Milk Marketing Plan

Herd size is 100 cows and milk sold per cow, per year is 20,000 pounds. Total annual farm production is 2 million pounds; monthly production is 166,667 pounds.

Month	Lbs of Milk	Using Method	Date Filled
April	200,000	Options on April futures	Mar 14—bought an in-the-money put, \$11.25 @.33. April futures price was \$11.05 on March 14. Announced price was announced at \$10.93.
May			
June	200,000	Options on June futures	Mar 14—established a fence—bought an \$11 put @ .33 and sold a \$12 call @ .13 for a net of 20 cents. June futures price on Mar 14 was \$11.15. April 11 it was \$10.82. May 9 it was \$10.82.
July			
August	200,000	Options on August futures	Mar 14—established a bear-put spread. Bought a \$12 put @ .53, sold an \$11 put @ .18, sold a \$13 call @ .26, for a net cost of 9 cents. Protect or gain a \$1/cwt. August futures price was \$12.10 on March 14. April 11 it was \$11.60. May 9 it was \$11.38.
Sept			May 9—established a bull call spread. Bought a \$12 call for 40 cents, sold a \$13 call for 13 cents. September futures on May 9 was \$11.76.
October	50,000	Forward contract	June 13—sold 50,000 lbs for October delivery at \$12.60/cwt.
Nov			
Dec			

Last updated: July 11, 2006