

**FARM SERVICE AGENCY FARM AND RANCH 2012 PLANNING GUIDE**

The prices included in this Exhibit are to be used in completing 2012 Cash Flows. These prices are established for term loans. If you are making an annual loan only, it is allowable to use contracted prices, but only on the amount of grain under contract and the file needs to contain documentation to support prices. These prices were obtained by consultation with other agriculture lenders, agricultural agencies and other FSA State Offices.

Cash Flows should include FSA program payments, if the operator is participating in government programs. The payments need to be described by the type of government program (i.e. CRP, DCP). If the payment amounts are available from the FSA Program Division staff, then obtain the payment documents and place the information in the file. If the payment information is not available from FP staff, then we need to work with the customer to obtain projections on the payment amounts. **NOTE:** The planning prices in this notice have been established based on the counter-cyclical payment and loan deficiency payment being included in the planning price.

2012 Crop and Livestock Prices:

Wheat-bu. ....	\$ 6.75	Cotton-lb.....	\$ 1.00
Milo-bu.....	\$ 5.20	Cows-cwt.....	\$ 57.00
Corn-bu.....	\$ 5.50	450# Calves-cwt. (Blended Price) ..	\$135.00
Soybeans-bu. ....	\$ 10.75	750# Calves-cwt. (Blended Price) ..	\$124.00
Oats-bu. ....	\$ 2.80	Fat Cattle-cwt.....	\$ 108.00
Pinto Beans-cwt.....	\$ 29.00	Sows-cwt.....	\$ 40.00
Sunflowers (oil)-cwt.....	\$ 24.00	Feeder Pigs(50-60 lbs.).....	\$ 50.00/hd
Sunflowers (confection)-cwt. ....	\$ 26.00	Market Hogs-cwt. (live).....	\$ 65.00
Alfalfa-ton.....	\$115.00	Cull Ewes & Rams.-lb .....	\$ 0.35
Other Hay-ton.....	\$ 70.00	Market Lambs-lb.....	\$ 1.00
Corn Silage-ton.....	\$ 50.00	Grade A Milk-cwt. ....	\$ 16.50
Other Silage-ton.....	\$44.00		

The prices listed above for livestock are projected for cow/calf and farrowing operations. For example, since a cow/calf operation would normally include steers and heifers to be sold, the price of \$1.35 per pound for 450# calves is blended to cover all calves to be sold at that weight. These prices are not to be used when calves or pigs have been purchased or are being purchased for resale at heavier weights. In those cases, the actual or projected purchase price should be used for the livestock to be bought. When the livestock are sold, the projected price will be based on the appropriate futures market (less basis), contract prices, adjusting current cash prices, etc. The justification for price variance must be documented in the case file. With livestock, as with other commodities, if the individual can provide reliable evidence that a premium price will be received, the higher prices will be allowed in the plan.

In regard to a commodity that notoriously is of less quality, the price will be lower than the prices stated above, and needs to be adjusted (i.e., premium alfalfa v. grinding alfalfa).

Typical price spreads for steers and heifers will be used. The price difference between steers and heifers is generally greater at lighter weights with the gap narrowing as the cattle reach the fat cattle weight. When steers and heifers are to be purchased and sold, the cash flow is to list steers and heifers separately.

Prices for Specialty Commodities (i.e Elk, Deer, Etc.) will be determined by contracts the applicants have with the buyers of the products.

**All lenders must use price forecasts that are reasonable and defensible.** PLP Lenders will follow their CMS Agreement of price projections. Use of these prices set by FSA is optional; however, sources must be documented by the lender and acceptable to the Agency. The lender may use price forecasts from land grant universities, other published prices, forward contracted prices, futures, or price histories of specialty crops on other commodities. The lender should use price forecasts that provide an accurate projection of commodity prices that the borrower will receive.