

# Daily Dairy Report

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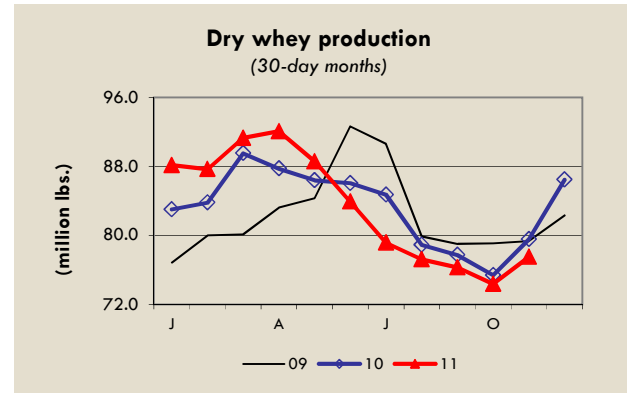
## Dry whey production down 2.5% in November

Traders emerged from their holiday hibernation with two-sided activity in the cheese session. Blocks gained 1.75¢ on four sales, while barrels slipped 0.25¢ on one sale. Unfilled bids for each were left on the board. Butter held unchanged. Milk futures were lower in the front months, mostly steady in the back. Futures are still priced at a premium over today's spot prices, which equate to a Class III price of about \$16.60.

U.S. dry whey production in November was 77.5 million lbs., down 2.5% from a year ago, according to USDA's "Dairy Products" report released yesterday (see chart). However, whey futures were mostly lower today.

The California 4b (cheese milk) price for December is \$15.14, down \$2.05 from November. This price is \$3.63 below the Federal Order Class III price, the largest gap in at least nine years. From 2003-09, the California price averaged 45¢ less than the Federal Order price. From January 2010 to June 2011, the spread stretched to \$1.29. In the last six months, the difference has grown to \$2.60 as soaring whey values boost Federal Order Class III prices while having relatively little effect in California.

The California 4a (butter-powder) price for December is \$16.59, down \$1.11 from November and the lowest since January 2011. **cme group**



## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [12 Ptt, 828 Electronic]	840	30,186
Cheese	2	6,657
Dry whey	21	2,895
Class IV	0	1,947
Butter (cash settle)	173	3,438
NDM (cash settle)	6	468

### Options Volume and Open Interest

	Volume	Open Interest
Class III	992	72,198
Class III midi	28	1,195
Butter (cash settle)	0	813
Cheese	0	635
Class IV	0	1,971
Dry whey	0	449

Futures and options volume and open interest from previous trading day.

**SPOT PRICES** (with change from previous day): Block cheese \$1.5800 (+1.75¢) • Barrel cheese \$1.5775 (-0.25¢) • AA Butter \$1.6000 (NC) • NDM Extra Grade \$1.4800 (NC) • NDM Grade A \$1.4500 (NC) **MILK PRICES** (with change from previous month): December Class III milk (USDA) \$18.77 (-\$0.30) • December Class IV milk (USDA) \$16.87 (-\$1.00)

## January 4 Trading Activity

	Class III Futures				Class III Options Calls		Class III Options Puts		Dry Whey Futures		NDM Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume	open interest	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JAN 12	17.09	-5	232	4726	17.50 @ NA	NA	17.25 @ NA	NA	67.450	+0.425	140.000	NC	161.000	-0.500
FEB	17.40	-19	356	4873	17.50 @ NA	NA	17.25 @ NA	NA	68.200	-0.800	140.000	NC	165.000	NC
MAR	17.44	-11	98	3926	17.50 @ NA	NA	17.25 @ NA	NA	68.750	-0.650	140.500	+0.250	165.780	+0.025
APR	17.39	NC	32	2841	17.50 @ NA	NA	17.25 @ NA	NA	66.500	-0.475	140.500	+1.400	169.500	NC
MAY	17.26	+1	14	2687	17.25 @ NA	NA	17.25 @ NA	NA	64.000	-0.500	140.500	+0.250	171.500	NC
JUN	17.20	+1	42	2292	17.25 @ NA	NA	17.00 @ NA	NA	61.000	NC	140.000	NC	173.000	NC
JUL	17.32	-2	27	1680	17.25 @ NA	NA	17.00 @ NA	NA	56.000	-1.000	139.000	NC	175.000	NC
AUG	17.32	NC	10	1592	17.50 @ NA	NA	17.25 @ NA	NA	55.000	NC	138.500	+0.500	177.000	NC
SEP	17.37	-1	5	1555	17.50 @ NA	NA	17.25 @ NA	NA	52.250	NC	140.000	NC	178.000	NC
OCT	17.06	-1	6	1324	17.25 @ NA	NA	17.00 @ NA	NA	52.000	NC	137.000	+0.500	177.000	NC
NOV	17.08	+3	13	1279	17.00 @ NA	NA	16.75 @ NA	NA	51.450	-0.800	137.000	+0.500	177.250	NC
DEC	17.08	NC	5	1269	17.25 @ NA	NA	17.00 @ NA	NA	51.950	-0.300	137.000	+0.500	176.250	NC

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