

# Daily Dairy Report

Dairy market information provided by Alan Levitt

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## CHEESE PRODUCTION AT RECORD LEVELS

Coming out of the extended New Year's weekend, the cheese market slumped further and milk futures continued to fall.

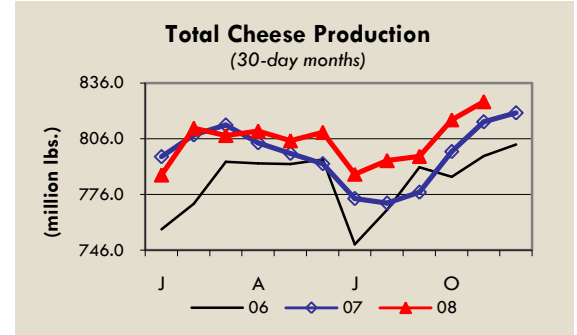
The December Class III price is \$15.28, down 23¢ from November. The price will be significantly lower in the upcoming months; JAN09 Class III futures closed at \$10.97 this afternoon and FEB09 fell to \$10.19. The December Class IV price dropped another \$1.90 in December to \$10.35.

Manufacturers made cheese at a record pace in November. Total cheese production was 826.0 million lbs., up 1.3% from a year ago, according to USDA's "Dairy Products" report released this afternoon (see chart). Cheddar output was up 2.3%, mozzarella was down 4.9% and production of other varieties was up 6.4%, USDA says.

Butter production in November was 133.6 million lbs., up 2.2%. NDM/SMP production was 151.3 million lbs., up 26.4%. Dry whey production was just 84.6 million lbs., down 9.7% from last year, says USDA.

NASS dairy product prices for the week ending Dec. 27: cheddar blocks \$1.6523 (-10.32¢ vs. the prior week); barrels \$1.6317 (-7.46¢); butter \$1.1498 (-2.43¢); nonfat dry milk 83.23¢ (-0.92¢); dry whey 17.33¢ (-0.32¢).

CME Group will take down [www.cme.com](http://www.cme.com) and [www.cbtc.com](http://www.cbtc.com) at close of business Jan. 9 in favor of the newly integrated [www.cmegroup.com](http://www.cmegroup.com) site. Users are encouraged to start using the new site to become familiar with its layout and functionality. **cme**



## JANUARY 5 TRADING ACTIVITY

	Class III Futures			Class III Options Calls		Class III Options Puts		Dry Whey Futures		Nonfat Dry Milk Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume & open interest from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JAN 09	10.97	+17	148 4340	11.00 @ 0.21	+4	10.75 @ 0.13	-10	15.980	+0.225	85.000	-0.750	113.000	NC
FEB	10.19	-9	265 4106	10.25 @ 0.34	NC	10.00 @ 0.27	+2	15.500	NC	86.000	NC	116.000	NC
MAR	10.74	-3	180 3573	10.75 @ 0.49	NC	10.50 @ 0.38	NC	16.000	NC	87.000	NC	117.500	NC
APR	11.14	-3	84 2999	11.25 @ 0.54	-2	11.00 @ 0.52	NC	14.000	-0.500	87.000	NC	118.000	NC
MAY	11.66	-8	166 2766	11.75 @ 0.66	-5	11.50 @ 0.62	+2	15.250	+0.250	92.000	NC	121.000	-1.000
JUN	12.34	-8	132 2622	12.50 @ 0.72	-5	12.25 @ 0.74	+2	15.500	NC	94.000	NC	122.000	+0.500
JUL	12.87	-14	186 2371	13.00 @ 0.83	-8	12.75 @ 0.82	+5	17.000	-0.750	95.000	NC	123.000	NC
AUG	13.70	-15	144 2289	13.75 @ 0.99	-9	13.50 @ 0.91	+5	19.250	-0.550	96.500	NC	127.030	-0.230
SEP	14.04	-11	124 2309	14.25 @ 1.01	-7	14.00 @ 1.08	+5	19.500	NC	95.750	-0.250	131.030	NC
OCT	14.05	-12	74 1961	14.25 @ 1.07	-7	14.00 @ 1.13	+5	22.020	NC	99.500	NC	134.000	NC
NOV	14.05	-11	69 1891	14.25 @ 1.13	-7	14.00 @ 1.19	+4	22.020	NC	99.750	NC	132.500	-3.750
DEC	13.95	-12	132 1903	14.00 @ 1.24	-7	13.75 @ 1.15	+4	22.000	NC	99.750	NC	134.500	-1.250

### ➤ Spot Prices (with change, in cents, from previous day):

Block cheese	\$1.1275 (-0.50)
Barrel cheese	\$1.0975 (-3.25)
AA Butter	\$1.1300 (NC)
NDM Extra Grade	\$0.8500 (NC)
NDM Grade A	\$0.8300 (-2.00)

### ➤ Milk Prices (with change from previous month):

Dec. Class III milk (USDA)	\$15.28 (-\$0.23)
Dec. Class IV milk (USDA)	\$10.35 (-\$1.90)

### ➤ Futures Volume and Open Interest

	Volume	Open Interest
Class III	1,835	38,767
[* 133 Pit, 1702 Electronic]		
Class IV	0	132
NDM	8	949
Dry whey	29	1,466
Butter (cash settle)	151	3,511

### ➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	1,008	56,155
Class III Midi	0	143
Dry whey	0	240
Butter (cash settle)	0	60

Futures and options volume and open interest from previous trading day

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