

Daily Dairy Report

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Cheese markets getting support

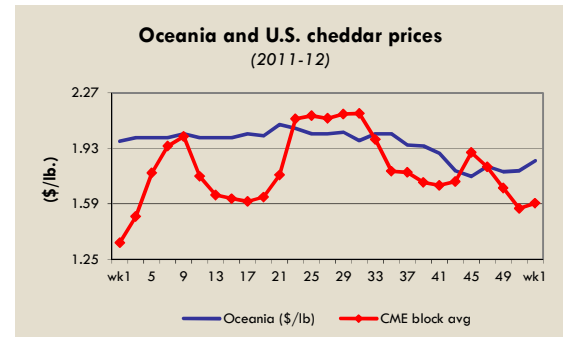
Buyers are returning to the spot market. Blocks gained 3¢ today, sending milk futures higher. FEB (+29¢) and MAR (+32¢) Class III futures posted large gains, and APR-JUN also logged double-digit increases. Spot butter traded a half-cent higher as well.

Oceania cheese prices are firm, according to *Dairy Market News*' biweekly survey. Export prices for cheddar are \$1.67-\$2.04, up about 6¢ from the previous report, and the highest since mid-October (see chart).

"Stocks of cheese [in Oceania] are adequate for commitments, with suppliers and handlers comfortable with their supply/demand situations," says *DMN*. "Many manufacturers and handlers are indicating that cheese order books are in good shape and within budget."

Weekly whey survey prices jumped this week: Central dry whey is mostly 68.5¢-70¢, says *DMN*, up 3.75¢ from last week at the midpoint of the range. "Many manufacturers indicate their contracted quantities for this production year are closely aligned with total dry whey production projections," the report explains. "Because of that, manufacturers forecast offers of spot market loads throughout the year will be intermittent, at best."

Nonfat dry milk prices, on the other hand, continue to slump. "Buying interest is generally light and ... spot interest is limited for some fill-in needs," *DMN* says. "Additional export potential is in the marketplace as buyers look to secure 2012 needs. U.S. offering prices are often being reduced to be competitive with international pricing." **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [76 Pct, 956 Electronic]	1,032	30,312
Cheese	121	6,749
Dry whey	77	2,931
Class IV	0	1,947
Butter (cash settle)	35	3,445
NDM (cash settle)	4	472

Options Volume and Open Interest

	Volume	Open Interest
Class III	879	72,476
Class III midi	0	1,195
Butter (cash settle)	20	833
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 \$1.6100 (+3.00¢) • Barrel cheese \$1.5850 (+0.75¢) • AA Butter \$1.6050 (+0.50¢) • 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 5 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 from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JAN 12	17.19	+10	222 4681	17.50 @ NA	NA	17.25 @ NA	NA	68.470	+1.025	140.000	NC	161.000	NC
FEB	17.69	+29	321 4894	17.50 @ NA	NA	17.25 @ NA	NA	70.000	+1.800	140.000	NC	166.000	+1.000
MAR	17.76	+32	134 3948	17.50 @ NA	NA	17.25 @ NA	NA	69.100	+0.350	140.500	NC	166.000	+0.225
APR	17.57	+18	73 2884	17.50 @ NA	NA	17.25 @ NA	NA	67.000	+0.500	140.500	NC	169.500	NC
MAY	17.40	+14	46 2703	17.25 @ NA	NA	17.25 @ NA	NA	63.750	-0.250	140.500	NC	171.500	NC
JUN	17.35	+15	46 2318	17.25 @ NA	NA	17.25 @ NA	NA	60.920	-0.075	140.000	NC	173.000	NC
JUL	17.36	+4	31 1684	17.25 @ NA	NA	17.00 @ NA	NA	55.980	-0.025	139.000	NC	175.000	NC
AUG	17.36	+4	28 1608	17.50 @ NA	NA	17.25 @ NA	NA	54.000	-1.000	139.500	+1.000	176.970	-0.025
SEP	17.37	NC	32 1566	17.50 @ NA	NA	17.25 @ NA	NA	52.250	NC	140.000	NC	178.000	NC
OCT	17.10	+4	25 1334	17.25 @ NA	NA	17.00 @ NA	NA	51.000	-1.000	138.000	+1.000	177.000	NC
NOV	17.10	+2	32 1273	17.00 @ NA	NA	16.75 @ NA	NA	51.450	NC	138.000	+1.000	177.250	NC
DEC	17.10	+2	25 1272	17.25 @ NA	NA	17.00 @ NA	NA	51.250	-0.700	138.000	+1.000	176.250	NC

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