

# Daily Dairy Report

Dairy market information provided by Alan Levitt

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## BARGAINS ATTRACT CHEESE BUYERS

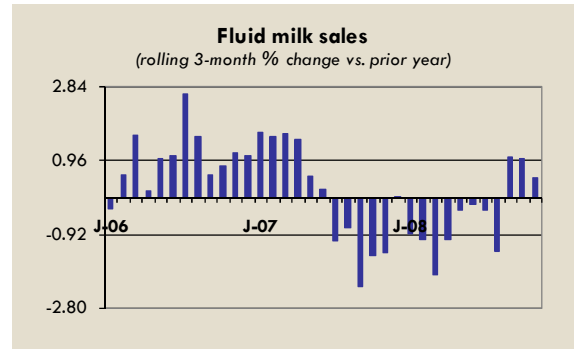
Buyers picked up bargain-priced cheese this week, bidding the market higher the last 2 days. Blocks gained 3.25¢ today and barrels gained 3¢. In the first week of the year, 39 loads of blocks and 11 loads of barrels were traded, the busiest week since early October.

Milk futures opened lower – nearby contracts were down 20¢ or more heading into the spot session – but reversed course after the gains on cheese. At least part of the buying was attributed to short-covering. APR-DEC09 futures settled 24¢ higher.

Fluid milk sales were sluggish in the final months of 2008, leaving more milk to be made into cheese and milk powder. In the September-November period, sales were 14.0 billion lbs., up just 0.5% from a year earlier, according to Federal Order and California data (see chart). Milk sales are on track to decline for the 2<sup>nd</sup> straight year, with the biggest drop-offs in the Florida and Arizona marketing orders. Through November, organic milk sales were up about 20% year-to-date, but sales of non-organics were down about 0.7%.

NASS dairy product prices for the week ending Jan. 3: cheddar blocks \$1.4784 (-17.39¢ vs. the prior week); barrels \$1.4373 (-19.56¢); butter \$1.1016 (-4.74¢); nonfat dry milk 82.95¢ (-0.40¢); dry whey 17.38¢ (+0.05¢).

CME Group will take down [www.cme.com](http://www.cme.com) and [www.cbot.com](http://www.cbot.com) at close of business today in favor of the newly integrated [www.cmegroup.com](http://www.cmegroup.com) site. **cme**



## JANUARY 9 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	10.88	-7	59 4393	11.00 @ 0.08	-8	10.75 @ 0.07	-3	16.750	+0.750	84.000	-1.900	112.000	-2.500
FEB	9.92	+11	166 4155	10.00 @ 0.30	+4	10.00 @ 0.38	-7	15.500	NC	85.750	-1.000	114.000	-2.250
MAR	10.18	+13	388 3706	10.25 @ 0.42	+5	10.00 @ 0.37	-6	15.750	NC	87.500	NC	118.000	+0.500
APR	10.70	+20	110 3128	10.75 @ 0.53	+9	10.50 @ 0.45	-10	14.750	+0.725	87.500	NC	118.720	+0.475
MAY	11.08	+27	175 3036	11.25 @ 0.58	+12	11.00 @ 0.61	-14	15.500	NC	91.750	NC	121.250	+0.250
JUN	11.91	+31	169 2765	12.00 @ 0.71	+14	11.75 @ 0.67	-15	16.000	NC	91.000	NC	123.250	NC
JUL	12.44	+39	179 2610	12.50 @ 0.82	+19	12.25 @ 0.75	-18	17.750	NC	91.800	+0.050	124.250	+0.250
AUG	13.21	+28	210 2643	13.25 @ 0.95	+14	13.00 @ 0.86	-13	19.000	+0.200	92.500	+0.500	128.000	+0.750
SEP	13.58	+21	156 2551	13.75 @ 0.98	+10	13.50 @ 1.01	-10	19.500	NC	94.500	-0.500	131.250	NC
OCT	13.65	+15	113 2166	13.75 @ 1.07	+8	13.50 @ 1.04	-6	22.000	-0.025	99.500	NC	134.000	+1.000
NOV	13.70	+13	89 2027	13.75 @ 1.16	+7	13.50 @ 1.08	-6	22.000	-0.025	99.500	NC	134.000	+1.000
DEC	13.69	+24	97 2029	13.75 @ 1.20	+12	13.50 @ 1.13	-11	21.750	NC	99.750	NC	135.000	+0.750

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

Block cheese .....	\$1.0725 (+3.25)
Barrel cheese .....	\$1.0700 (+3.00)
AA Butter .....	\$1.1100 (NC)
NDM Extra Grade .....	\$.8500 (NC)
NDM Grade A .....	\$.8300 (NC)

### ➤ 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.....	1,945.....	35,715
[*260 Pit, 1685 Electronic]		
Class IV.....	11.....	130
NDM .....	20.....	867
Dry whey.....	23.....	1,327
Butter (cash settle) .....	117.....	3,399

### ➤ Options Volume and Open Interest

	Volume	Open Interest
Class III.....	714.....	49,409
Class III Midi.....	0.....	126
Dry whey.....	0.....	150
Butter (cash settle).....	0.....	30

Futures and options volume and open interest from previous trading day

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