

Daily Dairy Report

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World markets more balanced, Fonterra says

Spot prices were generally steady on very light activity. Blocks are at their lowest since Sept. 24. Milk futures eroded further and NDM futures declined as well.

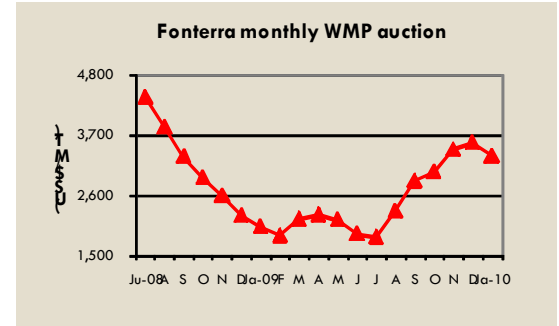
Whole milk powder prices in Fonterra's closely watched monthly auction declined in January after rising 95% over the last five months of 2009 (see chart). The weighted average price slipped to \$3,309/ton (\$1.50/lb.), down 7% from the December average. Fonterra officials describe the move as a "correction" following recent price gains.

"A lot of supply chain filling has been completed and we're getting into more of a market balance now," said Paul Grave, manager of Fonterra's GlobalDairyTrade platform.

In its third month on the auction, the weighted average anhydrous milkfat price increased to \$4,539/ton (\$2.06/lb.), up 4% from December.

Skim milk powder will be added to the auction in March.

Holiday schedule: CME Group will be closed Monday, Jan. 18, in observance of Martin Luther King Jr. Day. Regular trading hours will be held on Friday, Jan. 15. **cme group**



For more information about real-time quotes, visit www.cmegroup.com/dairyquotes

FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [36 Pit, 1307 Electronic]	1,343	25,688
NDM (cash settle)	0	416
NDM (deliverable)	0	2
Dry whey	33	1,635
Butter (cash settle)	48	2,568

Options Volume and Open Interest

	Volume	Open Interest
Class III	715	45,569
Class III midi	9	267
Dry whey	0	416
Butter (cash settle)	0	122

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.4100 (NC) • Barrel cheese \$1.4350 (+0.25) • AA Butter \$1.3450 (NC) • NDM Extra Grade \$1.3850 (NC) • NDM Grade A \$1.3700 (NC) **MILK PRICES** (with change, in dollars, from previous month): December Class III milk (USDA) \$14.98 (+\$0.90) • Dec. Class IV milk (USDA) \$15.01 (+\$1.76)

January 11 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 10	14.32	-1	306 3785	14.50 @ 0.03	-1	14.25 @ 0.06	NC	38.500	NC	128.000	NC	133.500	+0.500
FEB	13.75	-8	279 4560	13.75 @ 0.29	-5	13.75 @ 0.29	+3	38.750	NC	126.000	-1.000	138.000	-1.000
MAR	14.14	-4	163 3420	14.25 @ 0.45	-4	14.00 @ 0.43	NC	38.000	NC	125.000	-1.000	144.500	NC
APR	14.33	-5	120 2509	14.50 @ 0.51	-4	14.25 @ 0.55	+1	37.730	NC	125.000	NC	145.000	-1.000
MAY	14.80	-3	166 2047	15.00 @ 0.61	-2	14.75 @ 0.68	+1	36.250	NC	124.500	NC	147.750	NC
JUN	15.33	-3	78 1693	15.50 @ 0.72	-2	15.25 @ 0.75	NC	38.000	+0.275	125.000	-0.750	149.000	NC
JUL	15.70	-1	64 1387	15.75 @ 0.88	-1	15.50 @ 0.80	NC	38.250	NC	125.000	-1.750	153.000	NC
AUG	15.82	NC	40 1362	16.00 @ 0.90	-1	15.75 @ 0.94	-1	38.250	NC	127.000	NC	154.450	NC
SEP	16.04	-1	19 1389	16.50 @ 0.85	-1	16.00 @ 1.03	NC	37.250	NC	128.000	NC	156.000	NC
OCT	16.00	-1	24 1219	16.00 @ 1.12	-1	16.00 @ 1.12	NC	36.230	NC	125.000	NC	157.000	NC
NOV	15.79	-3	27 1125	16.00 @ 1.06	-2	15.75 @ 1.13	+1	35.730	NC	117.000	NC	161.000	NC
DEC	15.78	-5	45 1066	16.00 @ 1.10	-3	15.75 @ 1.18	+2	35.480	NC	117.000	NC	165.000	NC

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