

# Daily Dairy Report

Dairy market information provided by Alan Levitt

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## CALIFORNIA CLASS I PRICE LOWEST IN 30 YEARS

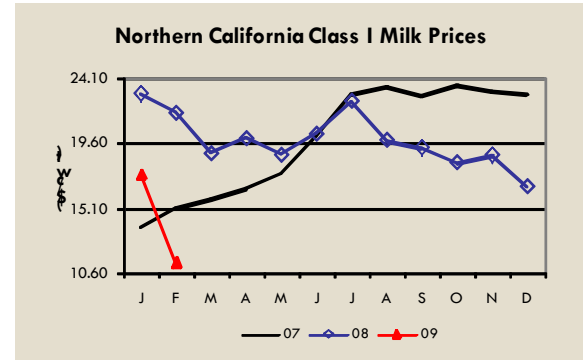
Cheese prices rose early on aggressive buying, but could not hold the gains. Blocks traded up to \$1.09 and barrels traded to \$1.10 before falling back. Blocks closed 1.25¢ higher at \$1.0850 while barrels remained unchanged at \$1.07. There were 4 loads of blocks and 5 loads of barrels traded. Butter showed no trading activity with only a bid at the steady price of \$1.11.

Milk futures posted double-digit gains in APR-DEC 2009 contracts increasing an average of 25¢. Futures have increased for 3 consecutive trading periods in response to higher cheese prices.

California Class 1 prices will plunge next month in response to the recent crash in cheese and butter prices and lingering weakness in milk powder (see chart). The February price is \$11.27 in the north (-\$6.15 from January) and \$11.55 in the south (-\$6.14 from January). These are the lowest prices since March 1979. Federal Order Class I prices will be announced Jan. 23. A base price of near \$10 is expected, which will trigger the first MILC payment since February 2007.

The USDA released their World Supply and Demand report and Crop Production report. Production and supply was raised resulting in corn, soybean and wheat trading limit down.

Holiday hours: dairy trading at CME Group will follow regular trading hours on Friday, but trading will be closed on Monday (Jan. 19) in observance of Martin Luther King Jr. Day. Regular trading hours resume for next Tuesday's trade date. **Cme**



## JANUARY 12 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	10.84	-4	214 4450	11.00 @ 0.05	-3	10.75 @ 0.07	NC	16.750	NC	84.000	NC	112.000	NC
FEB	9.85	-7	211 4237	10.00 @ 0.26	-4	10.00 @ 0.41	+3	15.500	NC	85.750	NC	114.000	NC
MAR	10.23	+5	268 3874	10.25 @ 0.44	+2	10.00 @ 0.34	-3	15.750	NC	87.500	NC	117.000	-1.000
APR	10.82	+12	173 3181	11.00 @ 0.47	+5	10.75 @ 0.52	-6	14.750	NC	87.500	NC	118.000	-0.725
MAY	11.30	+22	113 3105	11.50 @ 0.57	+9	11.25 @ 0.64	-11	15.500	NC	91.750	NC	120.750	-0.500
JUN	12.16	+25	92 2761	12.25 @ 0.73	+12	12.00 @ 0.67	-13	16.000	NC	91.000	NC	124.000	+0.750
JUL	12.73	+29	83 2597	12.75 @ 0.85	+14	12.50 @ 0.74	-14	17.750	NC	91.800	NC	125.000	+0.750
AUG	13.49	+28	109 2660	13.50 @ 0.99	+15	13.25 @ 0.86	-13	19.000	NC	92.500	NC	128.000	NC
SEP	13.86	+28	123 2573	14.00 @ 1.02	+14	13.75 @ 1.00	-15	19.500	NC	94.500	NC	131.500	+0.250
OCT	13.97	+32	83 2198	14.00 @ 1.12	+16	13.75 @ 1.02	-15	22.000	NC	99.500	NC	135.000	+1.000
NOV	13.97	+27	75 2061	14.00 @ 1.19	+14	13.75 @ 1.08	-13	22.000	NC	99.500	NC	134.000	NC
DEC	13.95	+26	54 2050	14.00 @ 1.23	+13	13.75 @ 1.14	-12	21.750	NC	99.750	NC	135.000	NC

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

Block cheese	\$1.0850 (+1.25)
Barrel cheese	\$1.0700 (NC)
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	1,620	36,260
[*118 Pit, 1502 Electronic]		
Class IV	0	130
NDM	12	875
Dry whey	15	1,337
Butter (cash settle)	96	3,478

### ➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	591	49,722
Class III Midi	0	127
Dry whey	0	150
Butter (cash settle)	0	30

Futures and options volume and open interest from previous trading day

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