

Daily Dairy Report

Dairy market information provided by Alan Levitt

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ALL-MILK PRICE DROPS

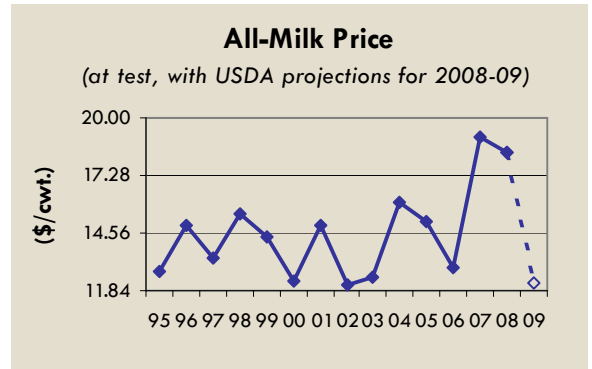
Cheese price attempted to rally again, but initial higher sales were pushed lower as cheese readily came to the spot market. Blocks lost 1.50¢ to close at \$1.07 with 4 loads traded. Barrels closed 0.25¢ lower at \$1.0675 with 4 loads traded. Cheese has not yet been offered to the CCC, but some manufacturers plan to offer some soon according to USDA's *Dairy Market News*. Butter traded 3 loads at the steady price of \$1.11.

Milk futures erased their initial strength to close lower. Only the JUL and AUG contracts exhibited a higher close gaining 1¢ each.

The USDA lowered their estimate of the 2008-09 all-milk price on their monthly World Supply and Demand report yesterday. The average price is estimated at \$12.20, a decrease of \$6.14 per cwt. This would be the lowest all-milk price since 2002 (see chart). The average Class III milk price was lowered \$3.90 per cwt. from last month to \$11.00, a decrease of \$6.40 from 2008. Class IV was lowered 75¢ to the average of \$10.45.

The USDA estimates milk production for the year at 190.5 billion lbs., a decrease of 900 million lbs. from last month. This would result in the smallest year-over-year production increase since 2004.

The December "Milk Production" report will be released Friday afternoon. **cme**



JANUARY 13 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	10.76	-8	46 4602	11.00 @ 0.02	-3	10.75 @ 0.10	+3	16.750	NC	84.000	NC	111.000	-1.000
FEB	9.71	-14	207 4402	10.00 @ 0.20	-6	10.00 @ 0.49	+8	15.500	NC	84.000	-1.750	113.500	-0.500
MAR	10.11	-12	191 3965	10.25 @ 0.38	-6	10.00 @ 0.39	+5	15.750	NC	87.500	NC	116.500	-0.500
APR	10.74	-8	158 3206	10.75 @ 0.54	-5	10.50 @ 0.43	+3	14.750	NC	87.500	NC	118.000	NC
MAY	11.25	-5	126 3127	11.25 @ 0.66	-3	11.25 @ 0.66	+2	15.500	NC	91.750	NC	120.750	NC
JUN	12.11	-5	110 2784	12.25 @ 0.69	-4	12.00 @ 0.70	+3	16.000	NC	91.000	NC	124.000	NC
JUL	12.74	+1	48 2606	12.75 @ 0.85	NC	12.50 @ 0.74	NC	17.750	NC	91.800	NC	125.500	+0.500
AUG	13.50	+1	46 2654	13.50 @ 0.98	-1	13.50 @ 0.98	-2	19.000	NC	92.500	NC	128.000	NC
SEP	13.81	-5	79 2586	14.00 @ 0.98	-4	13.75 @ 1.03	+3	19.500	NC	94.250	-0.250	132.000	+0.500
OCT	13.90	-7	47 2201	14.00 @ 1.08	-4	13.75 @ 1.05	+3	22.180	+0.175	97.500	-2.000	135.000	NC
NOV	13.92	-5	20 2065	14.00 @ 1.16	-3	13.75 @ 1.10	+2	22.180	+0.175	98.500	-1.000	135.000	+1.000
DEC	13.94	-1	24 2059	14.00 @ 1.22	-1	13.75 @ 1.14	NC	21.750	NC	99.750	NC	135.000	NC

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

Block cheese	\$1.0700 (-1.50)
Barrel cheese	\$1.0675 (-0.25)
AA Butter	\$1.1100 (NC)
NDM Extra Grade	\$0.8500 (NC)
NDM Grade A	\$0.8300 (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	1,068	36,776
[*61 Pit, 1068 Electronic]		
Class IV	0	130
NDM	0	875
Dry whey	6	1,843
Butter (cash settle)	89	3,543

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	178	49,757
Class III Midi	2	128
Dry whey	0	150
Butter (cash settle)	0	30

Futures and options volume and open interest from previous trading day

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