

Daily Dairy Report

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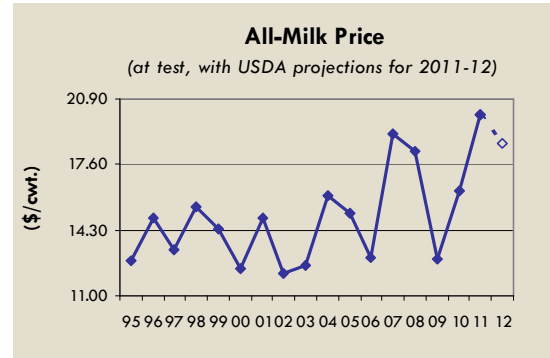
Milk futures fall

Milk futures came under significant selling pressure today as cash markets continued to decline. Contracts through JAN 2013 suffered double-digit losses. MAR and APR posted the greatest losses down 60¢ and 63¢ respectively. APR through JUN fell below \$17.00 today resulting in futures for the first half of the year falling an average of 45¢ eliminating all of the gains since early December.

Block cheese fell 4¢ to \$1.5550 and the lowest price since January 21, 2011. Barrels lost 1.25¢ to \$1.5250 and the lowest price since April 7, 2011. There were 3 loads traded in blocks and 1 for barrels with offers remaining on the table. Butter lost 1.75¢ to end at \$1.5775 and the lowest price since December 1, 2010.

USDA estimates the all-milk price for this year to average \$18.70 according to the World Agricultural Supply and Demand report released last week. If realized, this would be similar to the pattern of 2004-2005 and 2007-2008 (see chart). Also on the report, the estimate for butter price was left unchanged at \$1.66/lb., cheese price was lowered 2¢ to average \$1.6950/lb. while dry whey price increased 7¢ to 62¢/lb. Total milk production remained unchanged at 198.5 billion lbs., up 2.5 billion lbs. from 2011.

USDA will release the December "Cold Storage" and "Livestock Slaughter" reports on Friday. [cmegroup](http://cmegroup.com)



FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [13 Pit, 1471 Electronic]	1,484	32,690
Cheese	129	6,893
Dry whey	89	3,150
Class IV	19	1,962
Butter (cash settle)	275	3,851
NDM (cash settle)	17	527

Options Volume and Open Interest

	Volume	Open Interest
Class III	875	78,157
Class III midi	0	1,327
Butter (cash settle)	40	1,350
Cheese	40	857
Class IV	15	2,278
Dry whey	0	452

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

SPOT PRICES (with change from previous day): Block cheese \$1.5550 (-4.00¢) • Barrel cheese \$1.5250 (-1.25¢) • AA Butter \$1.5775 (-1.75) • 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 18 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	17.07	-1	146 4322	17.25 @ 0.01	NC	17.00 @ 0.01	NC	68.050	-0.450	140.500	NC	161.000	NC
FEB	16.48	-49	633 5688	16.50 @ 0.26	-34	16.25 @ 0.17	+10	68.500	-2.000	140.000	NC	156.200	-3.800
MAR	16.68	-60	384 4947	16.75 @ 0.53	-35	16.50 @ 0.47	+20	66.000	-3.000	140.000	-0.500	162.280	-1.975
APR	16.58	-63	142 3180	16.75 @ 0.67	-36	16.50 @ 0.71	+24	61.250	-4.000	138.750	-1.750	166.500	-1.250
MAY	16.72	-54	39 2873	16.75 @ 0.85	-32	16.50 @ 0.76	+20	56.730	-4.000	139.000	-2.000	167.250	-2.525
JUN	16.95	-40	33 2426	17.00 @ 0.97	-22	16.75 @ 0.89	+16	52.750	-4.000	139.000	-1.000	168.000	-3.025
JUL	17.18	-22	19 1752	17.25 @ 1.07	-12	17.00 @ 1.01	+9	48.500	-3.225	139.000	-0.250	170.000	-1.500
AUG	17.20	-28	10 1685	17.25 @ 1.16	-15	17.00 @ 1.08	+12	48.500	-4.000	139.250	-0.250	172.000	-1.000
SEP	17.18	-27	14 1625	17.25 @ 1.23	-15	17.00 @ 1.17	+11	48.500	-1.500	139.500	-0.500	172.500	-1.500
OCT	17.08	-12	19 1377	17.25 @ 1.25	-6	17.00 @ 1.29	+6	48.200	-0.300	140.000	NC	173.000	-1.000
NOV	17.08	-12	18 1314	17.25 @ 1.33	-4	17.00 @ 1.36	+7	47.950	+0.700	140.000	NC	172.030	-1.975
DEC	17.07	-13	15 1320	17.25 @ 1.38	-7	17.00 @ 1.42	+5	48.250	-0.950	140.000	NC	175.000	NC

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