

# Daily Dairy Report

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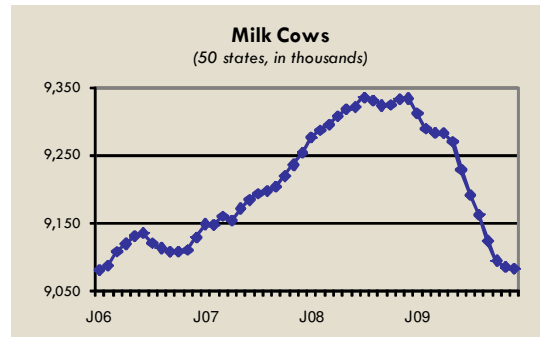
## U.S. lost 252,000 cows in 2009

Milk futures sold off today despite continued gains in spot cheese prices. Blocks and barrels were both bid a penny higher and no sales took place. Current spot prices equate to a Class III price of just under \$14.00, so futures are still pricing in a premium.

Class IIIs gave back most of what they had gained last Friday, falling 19¢ in the FEB-DEC10 contracts. NDM futures were lower in the front months; butter and whey futures were mixed.

Contraction in the U.S. dairy herd slowed in November and December, according to USDA's "Milk Production" report released yesterday. Cow numbers slipped 9,000 head in November and just 3,000 in December, after plunging 176,000 head in the previous five months (*see chart*).

Most of the declines in December milk production came from the Western region, with declines in California (-4.6%), New Mexico (-3.2%), Arizona (-10.9%) and Colorado (-11.1%). Among other key dairy states, output was up in Wisconsin (+4.3%), Minnesota (+3.2%) and Pennsylvania (+0.7%). Countering this trend, production was up slightly in Idaho (+0.4%) and down slightly in New York (-0.3%), USDA says. **cme group**



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [27 Pit, 1495 Electronic]	1,522	27,412
Class IV	25	55
NDM (cash settle)	22	558
NDM (deliverable)	0	3
Dry whey	39	1,774
Butter (cash settle)	86	2,628

### Options Volume and Open Interest

	Volume	Open Interest
Class III	1,062	47,290
Class III midi	14	357
Dry whey	11	507
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 \$1.4650 (+1.00) • Barrel cheese \$1.4900 (+1.00) • AA Butter \$1.4900 (-1.00) • NDM Extra Grade \$1.3000 (NC) • NDM Grade A \$1.3000 (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 20 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JAN 10	14.45	NC	71	4304	14.50 @ 0.02	NC	14.25 @ 0.00	-1	38.500	NC	126.000	NC	136.000	NC
FEB	14.20	-19	460	4110	14.25 @ 0.17	-12	14.00 @ 0.11	+4	36.020	+0.025	120.500	-2.250	148.500	-1.000
MAR	14.50	-26	316	3600	14.50 @ 0.42	-18	14.50 @ 0.42	+8	36.000	NC	120.000	-2.000	151.000	NC
APR	14.58	-24	181	2619	14.75 @ 0.45	-13	14.50 @ 0.49	+8	35.750	NC	120.000	-2.000	153.950	-0.050
MAY	14.98	-20	80	2133	15.00 @ 0.62	-11	14.75 @ 0.52	+7	34.000	+0.275	120.000	-1.000	154.780	+0.275
JUN	15.41	-23	61	1815	15.50 @ 0.67	-13	15.25 @ 0.64	+10	35.750	-0.975	120.000	-2.000	156.500	NC
JUL	15.75	-22	54	1530	15.75 @ 0.84	-12	15.75 @ 0.84	+10	35.950	+0.950	124.000	NC	158.180	-0.830
AUG	15.85	-22	102	1558	16.00 @ 0.82	-12	15.75 @ 0.84	+9	35.000	-0.725	125.000	NC	158.000	NC
SEP	16.00	-12	58	1518	16.00 @ 0.95	-7	16.00 @ 0.95	+5	36.000	-0.250	125.000	NC	158.000	NC
OCT	16.00	-16	43	1439	16.00 @ 1.01	-9	16.00 @ 1.01	+7	35.000	NC	125.000	NC	156.000	+1.500
NOV	15.80	-10	45	1292	16.00 @ 0.96	-5	15.75 @ 1.02	+4	34.500	-0.500	117.000	NC	158.000	NC
DEC	15.81	-12	51	1341	16.00 @ 1.01	-6	15.75 @ 1.06	+5	36.000	NC	117.000	NC	164.000	NC

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