

Daily Dairy Report

Vol. 16, No. 13 / January 20, 2012

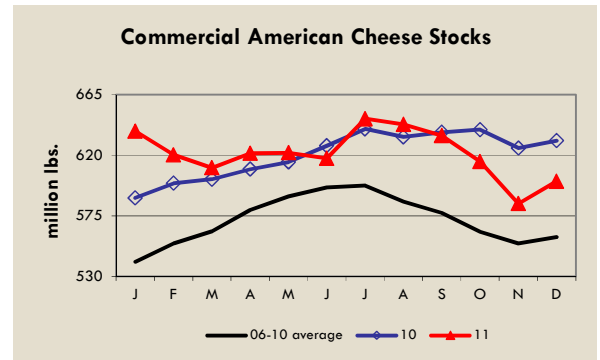
Cheese stocks built in December

Blocks and barrels traded below \$1.51 for the first time in exactly a year. Blocks were off 9¢ this week, barrels off 4.75¢. Milk futures were mixed today, but still finished the week in the red. The FEB-MAY contracts were off 63¢ from last Friday. Cheese futures were down 5.4¢ in FEB-MAY. Whey futures were higher today, but still finished negative for the week. Butter futures were off 3.7¢ this week in the FEB-SEP contracts. NDM futures for 2012 were down 0.8¢ for the week.

The Class I base price for February is \$17.03, down \$1.77 from January and the lowest since February 2011.

American cheese stocks expanded by 16.7 million lbs. in December (the most in six years), suggesting slower consumption during the month. On Dec. 31, inventories were 600.7 million lbs., up 7.4% from the five-year average (see chart). Butter inventories ended the year at 105.2 million lbs., down 12.0% from the five-year average, according to USDA's "Cold Storage" report released this afternoon.

NASS dairy product prices for the week ending Jan. 14: cheddar blocks \$1.5724 (-0.86¢ vs. the prior week); barrels \$1.6081 (+0.45¢); butter \$1.5828 (-1.87¢); nonfat dry milk \$1.4151 (-0.11¢); dry whey 70.20¢ (+2.29¢). **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [33 Pit, 2346 Electronic]	2,379	32,653
Cheese	221	7,163
Dry whey	140	3,233
Class IV	39	1,984
Butter (cash settle)	286	4,151
NDM (cash settle)	16	650

Options Volume and Open Interest

	Volume	Open Interest
Class III	986	78,652
Class III midi	0	1,335
Butter (cash settle)	0	1,352
Cheese	70	927
Class IV	0	2,278
Dry whey	2	454

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

SPOT PRICES (with change from previous day): Block cheese \$1.5050 (-4.00¢) • Barrel cheese \$1.5025 (-1.25¢) • AA Butter \$1.5700 (-0.75¢) • 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 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 12	17.10	+3	66	4224	17.25 @ 0.01	NC	17.00 @ 0.01	NC	68.750	+0.700	140.500	NC	160.000	-1.000
FEB	16.41	-8	792	5268	16.50 @ 0.19	-4	16.25 @ 0.16	+2	70.750	+1.250	140.000	NC	155.500	NC
MAR	16.69	-8	879	5095	16.75 @ 0.52	-5	16.50 @ 0.46	+3	68.750	+1.350	140.000	NC	159.000	-0.500
APR	16.71	+8	288	3177	16.75 @ 0.73	+4	16.50 @ 0.64	-4	63.700	+1.650	138.000	NC	164.000	-1.100
MAY	16.78	-8	86	2926	17.00 @ 0.77	-4	16.75 @ 0.85	+3	59.500	+2.000	139.000	NC	166.000	NC
JUN	17.15	+4	102	2467	17.25 @ 0.95	+2	17.00 @ 0.92	-2	55.500	+1.575	139.000	NC	168.000	NC
JUL	17.24	+4	52	1787	17.25 @ 1.08	NC	17.00 @ 0.96	-4	51.500	+2.750	139.000	NC	169.000	NC
AUG	17.26	+6	54	1764	17.50 @ 1.04	-1	17.25 @ 1.14	-6	50.500	+2.000	139.250	NC	170.500	NC
SEP	17.23	+3	24	1667	17.25 @ 1.24	NC	17.00 @ 1.13	-3	49.000	+0.500	139.500	NC	171.500	NC
OCT	17.14	+6	14	1403	17.25 @ 1.27	+2	17.00 @ 1.25	-3	48.000	NC	140.000	NC	173.000	-1.000
NOV	17.12	+2	8	1331	17.25 @ 1.32	NC	17.00 @ 1.32	-1	48.000	+0.050	140.000	NC	173.000	NC
DEC	17.15	+4	5	1344	17.25 @ 1.42	+2	17.00 @ 1.38	-2	48.000	-0.250	140.000	NC	174.000	-1.000

The Daily Dairy Report is published by **Alan Levitt**. To subscribe visit www.dailydairyreport.com.

Disclaimer: The *Daily Dairy Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2012 CME Group. All rights reserved.