

Daily Dairy Report

Dairy market information provided by Alan Levitt

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CHEESE STOCKS RISE IN DECEMBER

Front-month milk futures declined today, while contracts for JUN09-MAY10 increased again. Spot prices continue to trade in a narrow range near support levels.

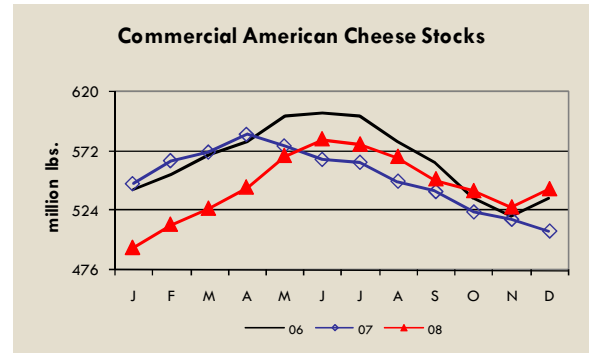
The NDM market is weak with prices at support. Demand for whey remains soft. NDM from the West is trading for mostly 80-82¢, says USDA's *Dairy Market News*. Yesterday another 3.1 million lbs. of powder was sold to the government. Whey is trading for mostly 14-17¢ in the Midwest, half-a-cent to a cent lower in the West, *DMN* says.

American cheese stocks increased in December, while butter inventories declined slightly. Both shifts are in line with normal seasonal averages.

On Dec. 31, commercial American cheese inventories were 541.7 million lbs., up 14.8 million lbs. from the end of November, according to USDA's "Cold Storage" report released this afternoon (see chart). The increase is normal for December, but puts year-end stocks at their highest level ever.

Privately held butter stocks dropped back to 118.9 million lbs. on Dec. 31, down 1.0 million from the prior month, says USDA. The decrease suggests very strong domestic butter sales last month.

The EU accepted bids to provide export subsidies on 12.4 million lbs. of SMP and 5.1 million lbs. of butter today, its first export subsidies in 21 months. The Commission set subsidy levels at 450 euros/ton for butter (about 26¢/lb.), 170 euros for SMP (10¢/lb.), 220 euros for cheddar cheese (13¢/lb.) and 260 euros for WMP (15¢/lb.). **cme**



JANUARY 22 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	10.63	-2	62	4499	10.75 @ 0.01	-1	10.50 @ 0.01	NC	16.750	NC	83.750	NC	110.000	NC
FEB	9.29	-9	81	4693	10.00 @ 0.04	-1	10.00 @ 0.75	+8	16.000	NC	84.000	NC	111.780	-0.230
MAR	9.86	-6	162	4307	10.00 @ 0.34	-4	10.00 @ 0.48	+2	16.500	NC	84.750	NC	115.500	-0.250
APR	10.39	-12	163	3626	10.50 @ 0.46	-6	10.25 @ 0.44	+5	17.250	NC	85.000	NC	117.250	NC
MAY	10.75	-8	44	3614	10.75 @ 0.61	-4	10.75 @ 0.61	+4	17.000	-0.500	85.500	NC	121.000	NC
JUN	11.71	+1	63	3051	11.75 @ 0.69	NC	11.50 @ 0.61	NC	17.000	+1.000	86.250	+0.250	125.000	NC
JUL	12.53	+4	132	2691	12.75 @ 0.73	+2	12.50 @ 0.81	-2	18.500	-0.500	87.500	+0.500	126.500	-0.500
AUG	13.46	+11	75	2704	13.50 @ 0.94	+5	13.25 @ 0.85	-5	20.500	-0.500	88.000	+0.500	128.750	NC
SEP	13.90	+16	50	2668	14.00 @ 1.01	+8	13.75 @ 0.98	-7	21.500	NC	88.750	+0.500	132.000	NC
OCT	13.89	+12	54	2269	14.00 @ 1.06	+6	13.75 @ 1.04	-5	24.000	NC	90.750	+0.750	134.000	NC
NOV	14.00	+10	27	2126	14.00 @ 1.18	+5	14.00 @ 1.18	-5	24.750	+0.250	92.500	+1.500	134.250	-0.250
DEC	14.09	+16	34	2116	14.25 @ 1.17	+8	14.00 @ 1.19	-8	24.000	NC	93.500	+1.000	134.750	-0.250

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

Block cheese	\$1.0700 (-0.25)
Barrel cheese	\$1.1000 (NC)
AA Butter	\$1.1000 (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.....	949	38,887
[*23 Pit, 926 Electronic]		
Class IV.....	41	155
NDM.....	77	965
Dry whey.....	36	1,482
Butter (cash settle).....	41	3,771

➤ **Options Volume and Open Interest**

	Volume	Open Interest
Class III.....	508	50,732
Class III Midi.....	0	140
Dry whey.....	60	180
Butter (cash settle).....	0	30

Futures and options volume and open interest from previous trading day

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