

Daily Dairy Report

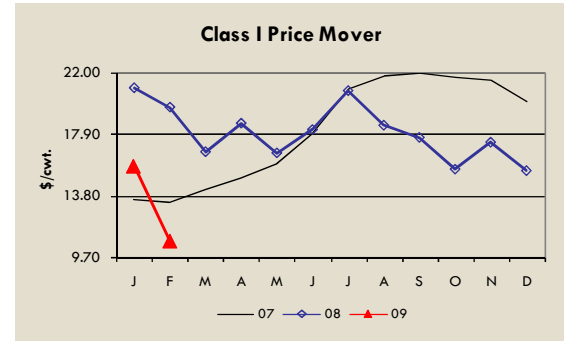
Dairy market information provided by Alan Levitt

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CLASS I PRICE PLUNGES IN FEBRUARY

The Class I base price for February is \$10.72, down \$5.02 from January, and down \$8.96 from a year ago (see chart). This is the lowest Class I price since June 2003, and will trigger the first MILC payments since February 2007. Actual MILC payment levels won't be known until the feed-cost adjuster for the month is calculated, but USDA has not confirmed when those calculations will be made. Without the feed-cost adjuster, the MILC payment would be \$1.34/cwt. Once a starting month is selected, payments are made on the first 2.985 million lbs. of milk.

Class III futures increased for the fifth straight day, posting large increases out through MAR10. Contracts covering the second half of 2008 rallied 35¢ today, 73¢ on the week, to reach an average of \$14.00 for the first time this year.



This week, manufacturers sold 7.7 million lbs. of NDM and 1.1 million lbs. of butter to the government under the support program.

Dairy producers started to cull more heavily in December, in part due to the CWT latest herd retirement round. Farmers sent 228,900 cows to slaughter last month, up 24,200 head (+11.8%) from a year ago and up 20,700 head (9.9%) from November, according to USDA's "Livestock Slaughter" report released this morning.

NASS dairy product prices for the week ending Jan. 17: cheddar blocks \$1.2230 (-12.41¢ vs. the prior week); barrels \$1.2630 (-1.74¢); butter \$1.0772 (-4.15¢); nonfat dry milk 83.12¢ (-0.44¢); dry whey 16.92¢ (-0.18¢). **cme**

JANUARY 23 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	10.78	+15	33	4454	11.00 @ 0.00	NC	10.75 @ 0.03	-10	17.000	+0.250	83.750	NC	109.500	-0.500
FEB	9.38	+9	121	4774	10.00 @ 0.05	+1	10.00 @ 0.67	-8	16.000	NC	84.000	NC	111.750	-0.025
MAR	10.03	+17	109	4323	10.25 @ 0.30	+5	10.00 @ 0.38	-10	16.500	NC	84.750	NC	115.500	NC
APR	10.57	+18	88	3639	10.75 @ 0.43	+8	10.50 @ 0.48	-9	17.250	NC	85.000	NC	117.500	+0.250
MAY	11.00	+25	68	3628	11.00 @ 0.62	+12	11.00 @ 0.62	-13	17.000	NC	85.500	NC	121.250	+0.250
JUN	11.98	+27	45	3048	12.00 @ 0.72	+13	11.75 @ 0.61	-12	17.000	NC	86.000	-0.250	125.000	NC
JUL	12.90	+37	193	2656	13.00 @ 0.80	+17	12.75 @ 0.77	-18	18.750	+0.250	87.500	NC	128.000	+1.500
AUG	13.77	+31	197	2705	14.00 @ 0.88	+18	13.75 @ 0.97	-16	20.750	+0.250	88.000	NC	129.250	+0.500
SEP	14.25	+35	157	2642	14.25 @ 1.08	+18	14.25 @ 1.08	-17	21.500	NC	88.750	NC	132.500	+0.500
OCT	14.28	+39	140	2257	14.50 @ 1.04	+18	14.25 @ 1.12	-19	24.500	+0.500	90.750	NC	134.000	NC
NOV	14.38	+38	144	2115	14.50 @ 1.16	+19	14.25 @ 1.15	-17	24.750	NC	92.500	NC	135.250	+1.000
DEC	14.40	+31	151	2105	14.50 @ 1.22	+15	14.25 @ 1.19	-14	24.500	+0.500	93.500	NC	136.000	+1.250

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

Block cheese	\$1.0750 (+0.50)
Barrel cheese	\$1.1000 (NC)
AA Butter	\$1.1025 (+0.25)
NDM Extra Grade	\$.8500 (NC)
NDM Grade A	\$.8300 (NC)

➤ **Milk Prices** (with change from previous month):

Dec. Class III milk (USDA)	\$15.28 (-\$.023)
Dec. Class IV milk (USDA)	\$10.35 (-\$.190)

➤ **Futures Volume and Open Interest**

	Volume	Open Interest
Class III	1,460	38,869
[*54 Pit, 1406 Electronic]		
Class IV	60	195
NDM	44	997
Dry whey	54	1,497
Butter (cash settle)	114	3,854

➤ **Options Volume and Open Interest**

	Volume	Open Interest
Class III	175	50,762
Class III Midi	10	138
Dry whey	0	180
Butter (cash settle)	0	30

Futures and options volume and open interest from previous trading day

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