

# Daily Dairy Report

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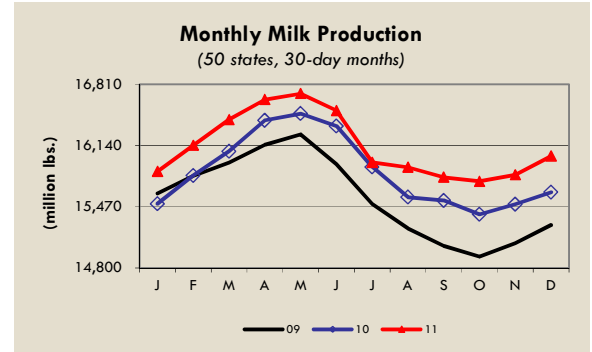
## December milk production +2.5%

Milk futures continued to erode, with FEB-SEP dropping 11¢. Butter futures were off as well.

Dairymen expanded in December. Milk production in the 50 states was estimated at 16.559 billion lbs. last month, up 2.5% from the prior year, according to USDA's "Milk Production" report released this afternoon (see chart). Cow numbers were 9.221 million lbs., up 12,000 head from November. Production per cow was 57.9 lbs. per day, up 0.9 lbs. (+1.6%) from a year earlier. For the year, U.S. milk production was a record high 196.2 billion lbs., up 1.8% from 2010's total.

Fonterra reported record-high exports of 246,000 tons in December, about 17% more than a year earlier. Favorable weather in the 2011/12 season "helped create a wave of milk up about 10% on a daily basis during the peak flow in late September through to November," said Gary Romano, Fonterra's trade and operations managing director. Southeast Asia, China, the Middle East and North Africa continue to drive export growth, the company said.

CWT accepted bids to provide export assistance on sales of 4.0 million lbs. of cheese for delivery through June. CWT-assisted exports have averaged about 3.3 million lbs./month since May 2010. **cme group**



## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [11 Pit, 1121 Electronic]	1,132	32,770
Cheese	139	7,263
Dry whey	199	3,290
Class IV	4	1,988
Butter (cash settle)	293	4,349
NDM (cash settle)	0	650

### Options Volume and Open Interest

	Volume	Open Interest
Class III	940	79,175
Class III midi	0	1,335
Butter (cash settle)	682	2,026
Cheese	0	927
Class IV	0	2,278
Dry whey	12	466

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

**SPOT PRICES** (with change from previous day): Block cheese \$1.5050 (NC) • Barrel cheese \$1.4850 (-1.75¢) • AA Butter \$1.5650 (-0.50¢) • 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 23 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	17.09	-1	79	4212	17.50 @ NA	NA	17.25 @ NA	NA	68.750	NC	140.500	NC	159.000	-1.000
FEB	16.28	-13	411	5306	17.50 @ NA	NA	17.25 @ NA	NA	70.720	-0.025	140.000	NC	155.000	-0.500
MAR	16.54	-15	355	5128	17.50 @ NA	NA	17.25 @ NA	NA	68.950	+0.200	140.000	NC	158.750	-0.250
APR	16.56	-15	102	3201	17.50 @ NA	NA	17.25 @ NA	NA	62.230	-1.475	138.000	NC	162.750	-1.250
MAY	16.74	-4	58	2928	17.25 @ NA	NA	17.25 @ NA	NA	58.000	-1.500	139.000	NC	166.000	NC
JUN	17.00	-15	46	2474	17.25 @ NA	NA	17.25 @ NA	NA	54.500	-1.000	139.000	NC	166.500	-1.500
JUL	17.15	-9	22	1785	17.25 @ NA	NA	17.00 @ NA	NA	50.950	-0.550	139.030	+0.025	168.000	-1.000
AUG	17.20	-6	12	1773	17.50 @ NA	NA	17.25 @ NA	NA	50.000	-0.500	139.250	NC	168.500	-2.000
SEP	17.16	-7	13	1669	17.50 @ NA	NA	17.25 @ NA	NA	49.000	NC	139.500	NC	170.000	-1.500
OCT	17.12	-2	12	1413	17.25 @ NA	NA	17.00 @ NA	NA	48.500	+0.500	140.000	NC	171.970	-1.025
NOV	17.05	-7	10	1337	17.00 @ NA	NA	16.75 @ NA	NA	48.000	NC	140.000	NC	171.000	-2.000
DEC	17.09	-6	12	1344	17.25 @ NA	NA	17.00 @ NA	NA	48.000	NC	140.000	NC	171.500	-2.500

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