

Daily Dairy Report

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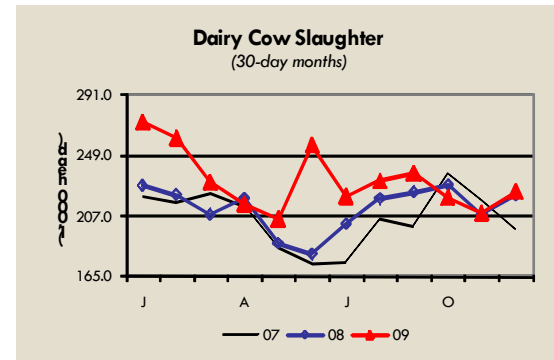
Dairy cattle slaughter jumps

Blocks moved above barrels today as prices diverged. Bocks continued moving higher increasing 1¢ to \$1.5150 on 1 trade while barrels decreased 1¢ to \$1.5050 on 3 trades. This ends 13 consecutive trading days of an inverted spread.

Butter has taken back more than half of what it gained since the beginning of the year after falling another 1.50¢ to \$1.42 on 3 trades. Extra Grade nonfat dry milk price fell 6¢ to \$1.24 while Grade A lost 3¢ closing at \$1.22. Slower demand has prompted the decline.

Dairy cattle slaughter in December totaled 231,200 head, an increase of 22,300 head over November according to the USDA's *Livestock Slaughter* report. After 2 months of trending lower, heavier culling resumed with much of the increase attributed to the latest round of the CWT herd retirement program (see chart).

Corn prices are still reeling from the release of the World Supply and Demand report released earlier this month showing record production. The MAR contract has fallen 60.25¢ per bushel to the lowest level since October 5. Weekly export sales of corn are 52.5% of the USDA estimate for this year, 4% behind the 5-year average. Soybeans have surprisingly kept pace falling 63¢ per bushel. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

| | Volume | Open Interest |
|--------------------------------------|--------|---------------|
| Class III [5 Pit, 948 Electronic] | 953 | 28,519 |
| Class IV | 20 | 110 |
| NDM (cash settle) | 57 | 752 |
| NDM (deliverable) | 0 | 3 |
| Dry whey | 22 | 1,842 |
| Butter (cash settle) | 145 | 2,770 |

Options Volume and Open Interest

| | Volume | Open Interest |
|----------------------|--------|---------------|
| Class III | 718 | 49,918 |
| Class III midi | 1 | 360 |
| Dry whey | 0 | 595 |
| 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 \$1.5150 (+1.00) • Barrel cheese \$1.5050 (-1.00) • AA Butter \$1.4200 (-1.50) • NDM Extra Grade \$1.2400 (-6.00) • NDM Grade A \$1.2200 (-3.00) **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 26 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 | 14.54 | +1 | 18 | 4224 | 14.75 @ 0.00 | NC | 14.50 @ 0.01 | -1 | 38.500 | NC | 124.000 | -1.000 | 136.000 | NC |
| FEB | 14.15 | -6 | 178 | 4040 | 14.25 @ 0.10 | -5 | 14.00 @ 0.08 | NC | 36.300 | NC | 115.000 | -2.000 | 142.500 | NC |
| MAR | 13.95 | -15 | 209 | 3647 | 14.00 @ 0.34 | -11 | 13.75 @ 0.27 | +3 | 36.500 | NC | 114.000 | -2.000 | 145.000 | -1.000 |
| APR | 14.05 | -11 | 133 | 2946 | 14.25 @ 0.38 | -8 | 14.00 @ 0.44 | +1 | 34.980 | -0.450 | 114.500 | -2.500 | 148.000 | -1.000 |
| MAY | 14.38 | -16 | 93 | 2261 | 14.50 @ 0.51 | -11 | 14.25 @ 0.50 | +2 | 33.500 | -0.500 | 115.250 | -1.750 | 151.000 | NC |
| JUN | 14.91 | -14 | 99 | 1983 | 15.00 @ 0.60 | -11 | 14.75 @ 0.56 | +2 | 35.500 | +1.200 | 118.000 | -2.000 | 152.500 | NC |
| JUL | 15.42 | -8 | 45 | 1617 | 15.50 @ 0.68 | -9 | 15.25 @ 0.63 | -1 | 34.980 | +1.500 | 120.000 | -2.000 | 155.000 | -0.500 |
| AUG | 15.65 | -6 | 33 | 1677 | 15.75 @ 0.75 | -8 | 15.50 @ 0.72 | -2 | 35.480 | NC | 122.000 | -1.000 | 155.500 | -0.500 |
| SEP | 15.97 | -3 | 52 | 1652 | 16.00 @ 0.85 | -7 | 15.75 @ 0.75 | -4 | 35.500 | -0.500 | 125.000 | NC | 156.000 | NC |
| OCT | 15.87 | -2 | 23 | 1502 | 16.00 @ 0.85 | -7 | 15.75 @ 0.85 | -5 | 34.750 | -0.450 | 125.000 | NC | 156.500 | NC |
| NOV | 15.71 | -4 | 24 | 1371 | 15.75 @ 0.93 | -8 | 15.50 @ 0.84 | -4 | 34.000 | NC | 117.000 | NC | 159.000 | NC |
| DEC | 15.66 | -6 | 35 | 1441 | 15.75 @ 0.94 | -9 | 15.50 @ 0.90 | -4 | 35.000 | +2.000 | 117.000 | NC | 161.000 | NC |

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