

Daily Dairy Report

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Less replacements in the pipeline

Cheese buyers were more aggressive today, acquiring 20 loads of barrels and 6 loads of blocks, pushing prices higher for the first time in three weeks. Butter continued to slide. Milk futures were mixed today and generally ended the week where they started. Contracts covering 2012 average \$17.00, unchanged from last Friday. First-half contracts increased 4¢, second-half contracts dropped 4¢.

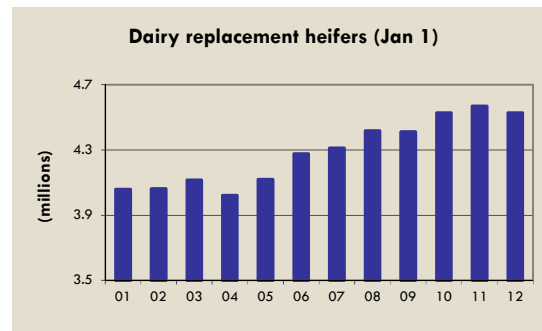
Butter, whey and NDM futures sold off this week. Butter dropped 4.9¢ in the 2012 contracts. The first half averages \$1.5780, the second half averages \$1.6625.

Whey futures were hit the most in contracts for the second quarter. APR-JUN futures average 54.6¢, down 4.9¢ from a week ago. NDM futures for FEB-MAY average \$1.36, down 3.3¢ from last week.

The biannual "Cattle" inventory report shows fewer replacement heifers in the pipeline.

On Jan. 1, there were 4.53 million replacements, down from 4.57 million heifers a year ago, according to USDA's report released this afternoon (see chart). There were 49.0 replacements for every 100 cows, down from 49.9 at the start of 2010.

NASS dairy product prices for the week ending Jan. 21: cheddar blocks \$1.5899 (+1.75¢ vs. the prior week); barrels \$1.6053 (-0.28¢); butter \$1.5923 (+0.95¢); nonfat dry milk \$1.3654 (-4.95¢); dry whey 71.13¢ (+0.92¢). **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [6 Pit, 714 Electronic]	720	33,572
Cheese	36	7,540
Dry whey	137	3,039
Class IV	0	1,973
Butter (cash settle)	89	4,591
NDM (cash settle)	79	916

Options Volume and Open Interest

	Volume	Open Interest
Class III	720	80,688
Class III midi	0	1,374
Butter (cash settle)	0	2,035
Cheese	30	1,029
Class IV	0	2,770
Dry whey	4	485

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

SPOT PRICES (with change from previous day): Block cheese \$1.5100 (+0.50¢) • Barrel cheese \$1.4950 (+1.00¢) • AA Butter \$1.5500 (-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 (USD) \$18.77 (-\$0.30) • December Class IV milk (USD) \$16.87 (-\$1.00)

January 27 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 from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JAN 12	17.10	+1	38 4247	17.25 @ 0.00	NC	17.00 @ 0.00	NC	69.330	+0.575	139.750	-1.000	158.000	+0.250
FEB	16.64	+6	102 5333	16.75 @ 0.11	-4	16.50 @ 0.10	-8	70.500	+0.500	136.500	-1.000	152.750	-1.250
MAR	16.72	-9	245 5414	16.75 @ 0.48	-8	16.50 @ 0.39	NC	65.500	-1.500	136.250	-0.750	157.000	-0.750
APR	16.79	-1	103 3246	17.00 @ 0.63	-1	16.75 @ 0.71	NC	58.000	-1.150	135.500	NC	159.250	-1.250
MAY	16.86	-5	41 2935	17.00 @ 0.78	-3	16.75 @ 0.79	+2	53.880	-1.125	135.750	-0.250	159.750	-1.250
JUN	17.00	-4	15 2478	17.00 @ 0.94	-3	17.00 @ 0.94	+1	52.000	-0.250	137.500	NC	160.030	-2.975
JUL	17.14	-1	19 1816	17.25 @ 1.03	+2	17.00 @ 1.00	+2	48.500	-0.775	138.000	NC	162.000	-2.750
AUG	17.25	+4	56 1855	17.25 @ 1.16	+4	17.25 @ 1.16	NC	48.500	-2.000	138.000	NC	164.000	-2.000
SEP	17.24	+4	26 1752	17.25 @ 1.24	+5	17.00 @ 1.12	+1	48.000	-1.000	139.000	NC	166.500	-0.500
OCT	17.10	+2	27 1486	17.25 @ 1.24	+1	17.00 @ 1.25	-1	48.000	-1.000	139.000	NC	168.000	-0.975
NOV	17.10	+5	42 1400	17.25 @ 1.30	+2	17.00 @ 1.31	-3	47.500	-0.500	139.000	NC	169.000	NC
DEC	17.05	NC	3 1386	17.25 @ 1.35	NC	17.00 @ 1.41	NC	47.500	-0.500	136.000	-1.500	168.000	-1.500

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