

Daily Dairy Report

Dairy market information provided by Alan Levitt

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HEAVY ACTIVITY IN CHEESE PITS

Front-month milk futures got a boost from another buying spree on blocks that pushed the spot price back above the government purchase price for the first time of the year. Blocks initially were offered lower but buyers had the upper hand today, absorbing the first 7 loads offered and then bidding the price up to acquire more. Blocks settled 3.25¢ higher following 17 trades. Barrels fell a quarter cent to restore the historical premium of blocks over barrels.

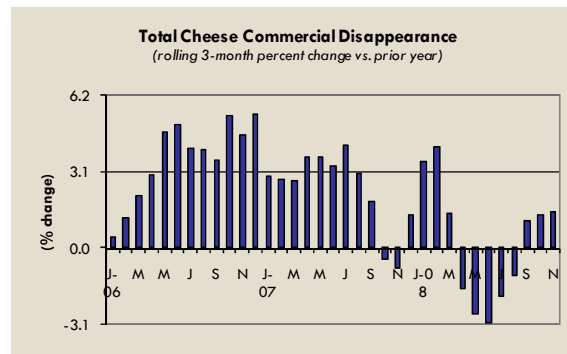
Class III futures for MAR-JUN09 increased 23-33¢. Contracts covering AUG09-FEB10 ranged from +7¢ to -2¢.

Butter futures were steady/lower, whey futures were steady/higher, and NDM and Class IV futures were mostly unchanged.

Fluid milk orders are lower this week as retailers wait for Class I prices to drop on Feb. 1. The Class I base price will decline 32% in February vs. January.

In the Southeastern corner of the country, weaker milk sales, coupled with widespread and disruptive winter storms, forced handlers to move significant volumes of milk out of the region. Handlers reported 263 loads moving out of the Southeast and Florida this week, nearly double the volume shipped out last week, according to USDA's Dairy Market News.

Commercial disappearance of cheese in the September-November period was up 1.4% vs. a year ago, according to USDA data (see chart). American cheese use was up 6.4%, while use of other-than-American varieties was down 1.0%. Butter disappearance over the 3 months was down 1.5%, NDM/SMP was down 6.5% and dry whey was down 7.2%. Fluid milk sales were up 0.5% compared with a year earlier. **cme**



JANUARY 28 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	10.83	+4	76 4435	11.00 @ 0.00	NC	10.75 @ 0.00	-2	17.000	NC	83.500	-0.250	109.750	NC
FEB	9.47	+14	67 4905	10.00 @ 0.03	+1	10.00 @ 0.56	-13	16.000	NC	83.750	-0.250	110.750	NC
MAR	10.23	+28	146 4458	10.25 @ 0.38	+13	10.00 @ 0.28	-13	16.500	NC	84.750	NC	116.000	-0.250
APR	10.99	+33	171 3669	11.00 @ 0.51	+15	10.75 @ 0.40	-15	17.250	NC	85.000	NC	119.250	NC
MAY	11.40	+25	66 3652	11.50 @ 0.58	+11	11.25 @ 0.55	-12	17.500	+0.500	85.500	NC	122.500	NC
JUN	12.25	+23	72 3082	12.25 @ 0.73	+11	12.25 @ 0.73	-12	19.000	+1.750	87.000	NC	125.000	NC
JUL	13.19	+14	94 2667	13.25 @ 0.83	+7	13.00 @ 0.76	-6	21.000	+2.000	88.000	NC	127.000	-1.750
AUG	14.07	+7	134 2622	14.25 @ 0.91	+3	14.00 @ 0.96	-3	21.000	+0.225	88.250	+0.250	131.750	NC
SEP	14.48	+5	115 2642	14.50 @ 1.08	+3	14.25 @ 0.97	-2	21.750	+0.225	90.000	NC	132.000	-0.750
OCT	14.50	+3	106 2144	14.50 @ 1.15	+2	14.50 @ 1.15	-1	24.520	NC	90.750	NC	134.000	-0.250
NOV	14.68	+4	73 2084	14.75 @ 1.20	+2	14.50 @ 1.14	-1	24.750	NC	92.500	NC	137.000	-0.500
DEC	14.75	+4	82 2105	14.75 @ 1.29	+2	14.75 @ 1.29	-2	24.500	NC	93.500	NC	137.250	NC

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

Block cheese	\$1.1325 (+3.25)
Barrel cheese	\$1.0975 (-0.25)
AA Butter	\$1.1025 (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	1,271	39,057
[* 101 Pit, 1170 Electronic]		
Class IV	0	205
NDM	18	1,001
Dry whey	3	1,501
Butter (cash settle)	110	3,987

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	578	51,068
Class III Midi	0	150
Dry whey	0	180
Butter (cash settle)	0	30

Futures and options volume and open interest from previous trading day

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