

# Daily Dairy Report

Dairy market information provided by Alan Levitt

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## FUTURES GIVE BACK MORE OF LAST WEEK'S GAINS

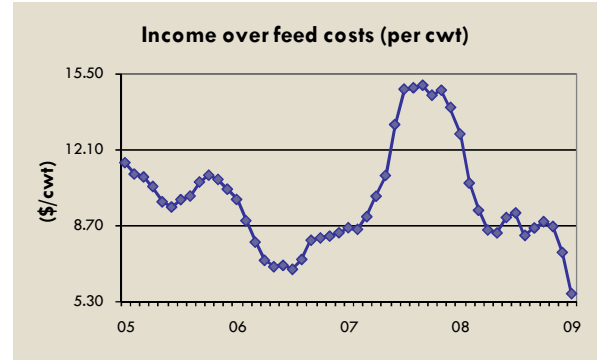
Blocks settled unchanged in a two-sided trading session. They were initially bid 1.5¢ higher before attracting a sale, then were offered back down to where they started. In all, four loads were traded. Barrels closed 1.5¢ higher on three sales.

The presence of selling pressure in the spot markets weighed on Class III futures again. The markets opened lower and continued south after the cash session. MAR09-APR10 declined 15-36¢, the third straight day of declines. Second-half contract remain at large premiums to where commodities are current trading.

Butter and NDM futures were mixed. Yesterday 1.4 million lbs. of butter and 6.2 million lbs. of NDM were sold to the government under the support program.

The Milk-Feed Ratio (1.69) and income over feed costs dropped to historic lows in January (see chart) – and lower milk prices mean a deeper squeeze on profitability in February. But dairy producers may get a small degree of relief if grain prices continue to fall. MAR corn futures dropped 9¢ today to \$3.62/bushel, the lowest price in nearly two months. Soybean futures have come off their recent highs as well. MAR bean futures are \$9.46, down from \$10.20 two weeks ago.

On the flip-side, heifer prices also continue to weaken, falling to 5 1/2 year lows. In the Western region, “market prices are down \$400-500 from early December,” says USDA’s Dairy Market News. **cme**



## FEBRUARY 3 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
FEB09	9.30	-4	89	4981	10.00 @ 0.00	NC	10.00 @ 0.70	+4	16.000	NC	83.500	-0.250	108.750	-0.250
MAR	9.85	-15	156	4670	10.00 @ 0.29	-7	10.00 @ 0.44	+8	16.500	NC	83.000	-1.000	113.000	NC
APR	10.50	-25	142	3848	10.50 @ 0.48	-14	10.50 @ 0.48	+11	17.000	NC	83.500	-0.500	116.500	-0.750
MAY	11.05	-24	75	3777	11.25 @ 0.51	-12	11.00 @ 0.57	+10	17.750	NC	85.000	-0.500	120.750	-0.250
JUN	11.90	-36	70	3196	12.00 @ 0.65	-20	11.75 @ 0.62	+14	19.000	NC	86.500	+0.500	124.000	NC
JUL	12.84	-21	97	2660	13.00 @ 0.75	-11	12.75 @ 0.77	+9	20.750	NC	89.500	+0.500	126.000	NC
AUG	13.60	-21	114	2648	13.75 @ 0.88	-11	13.50 @ 0.89	+8	21.000	NC	89.500	+0.250	130.250	+0.500
SEP	14.09	-15	83	2600	14.25 @ 0.97	-8	14.00 @ 1.00	+7	21.750	NC	90.750	+0.250	131.500	NC
OCT	14.15	-19	61	2126	14.25 @ 1.06	-10	14.00 @ 1.03	+8	24.000	-0.500	92.000	+1.000	134.000	+0.500
NOV	14.33	-17	55	2106	14.50 @ 1.11	-10	14.25 @ 1.15	+8	25.500	NC	93.250	+0.250	135.000	-0.500
DEC	14.39	-21	46	2104	14.50 @ 1.20	-11	14.25 @ 1.17	+9	25.000	NC	94.250	+0.250	136.000	-0.500
JAN10	14.46	-24	12	179	15.50 @ 0.91	-11	NA	NA	22.000	NC	99.500	NC	138.000	-0.500

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

Block cheese	\$1.1500 (NC)
Barrel cheese	\$1.1300 (+1.50)
AA Butter	\$1.1000 (+1.00)
NDM Extra Grade	\$.8500 (NC)
NDM Grade A	\$.8300 (NC)

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

Jan. Class III milk (USDA)	\$10.78 (-\$4.50)
Jan. Class IV milk (USDA)	\$9.59 (-\$0.76)

### ➤ Futures Volume and Open Interest

	Volume	Open Interest
Class III	1,024	35,354
[*91 Pit, 933 Electronic]		
Class IV	0	168
NDM	21	928
Dry whey	19	1,371
Butter (cash settle)	114	3,839

### ➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	537	46,477
Class III Midi	0	130
Dry whey	0	160
Butter (cash settle)	0	25

Futures and options volume and open interest from previous trading day

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