

Daily Dairy Report

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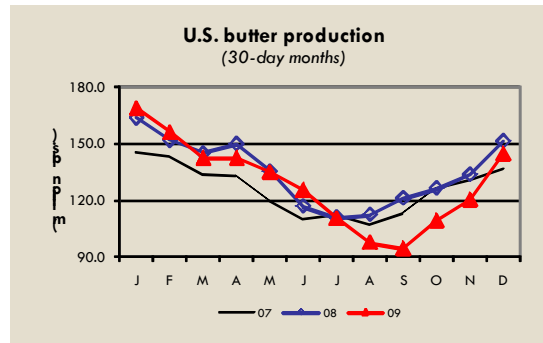
Butter production down in 2009

Milk futures rebounded today, posting double-digit gains on most of the 2010 contracts, led by increases of at least 20¢ in APR, MAY, JUN and JUL. The rally took place despite another half-cent drop in blocks, which have fallen for three straight days on uncovered offers and no sales.

USDA's latest "Dairy Products" report could be construed as bullish for cheese: total cheese production was down for the first time in 21 months and cheddar cheese production was off a whopping 8.3% from the year before. Production was curtailed in all four of the major cheddar cheese supply states: Wisconsin, Idaho, Minnesota and California.

Spot butter was bid 3.5¢ higher today, following a streak of 10 losses in 11 trading days. Butter futures were bid higher as well.

In December, butter production was 149.6 million lbs., down 4.3% from the year before, according to USDA. For the year, output was 1.568 billion lbs., down 4.3% (adjusted for last year's leap day) from 2008 levels (see chart). Butter production had increased in each of the previous four years. **cme group**



For more information about real-time quotes, visit www.cmegroup.com/dairyquotes

FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [76 Pit, 1,396 Electronic]	1,472	31,130
Class IV	1	235
NDM (cash settle)	1	904
NDM (deliverable)	0	3
Dry whey	39	2,347
Butter (cash settle)	288	3,389

Options Volume and Open Interest

	Volume	Open Interest
Class III	950	55,327
Class III midi	5	367
Dry whey	0	687
Butter (cash settle)	0	127

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.4975 (-0.50) • Barrel cheese \$1.4725 (NC) • AA Butter \$1.3450 (+3.50) • NDM Extra Grade \$1.2400 (NC) • NDM Grade A \$1.1900 (NC) **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)

February 3 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. (¢)	Settle (¢)	chg. (¢)
JAN 10	14.50	+3	23	4217	14.50 @ 0.01	NC	14.50 @ 0.01	-3	38.250	NC	118.900	NC	136.000	NC		
FEB	13.96	+10	198	4005	14.00 @ 0.09	+3	13.75 @ 0.04	-3	34.750	+0.500	108.500	NC	135.000	+1.000		
MAR	13.56	+13	303	3776	13.75 @ 0.25	+5	13.50 @ 0.30	-7	31.000	+2.975	107.500	NC	143.000	+1.500		
APR	13.36	+25	343	3518	13.50 @ 0.39	+14	13.25 @ 0.36	-8	28.000	+1.675	109.000	NC	146.030	+2.025		
MAY	13.60	+22	119	2774	13.75 @ 0.43	+9	13.50 @ 0.45	-12	27.770	+1.275	108.500	NC	146.030	+2.025		
JUN	14.30	+25	124	2289	14.50 @ 0.49	+11	14.25 @ 0.56	-14	27.500	+0.500	113.000	NC	146.030	+1.025		
JUL	15.01	+21	120	1865	15.25 @ 0.62	+7	15.00 @ 0.72	-13	28.020	+0.025	113.000	NC	148.000	+1.780		
AUG	15.23	+13	87	1879	15.25 @ 0.77	+3	15.00 @ 0.67	-8	28.020	+0.025	115.750	NC	148.530	+0.525		
SEP	15.50	+14	61	1785	15.50 @ 0.80	+7	15.50 @ 0.80	-7	32.000	NC	118.500	NC	150.000	NC		
OCT	15.46	+12	36	1666	15.50 @ 0.83	+6	15.25 @ 0.79	-1	32.000	NC	123.000	NC	151.000	NC		
NOV	15.40	+11	32	1570	15.50 @ NA	NA	15.25 @ NA	NA	33.000	NC	117.000	NC	154.000	NC		
DEC	15.35	+5	23	1612	15.50 @ NA	NA	15.25 @ NA	NA	33.000	NC	117.000	NC	158.000	NC		

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