

Daily Dairy Report

Dairy market information provided by Alan Levitt

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MILK FUTURES END WEEK ON UP NOTE

Class III futures remained in positive territory all day, getting a boost by another uptick in cheese prices. Blocks have quietly climbed 11.75¢ since Jan. 15. MAR-JUN09 futures rallied by 27¢. For JUN and beyond, it was the first up day in more than a week.

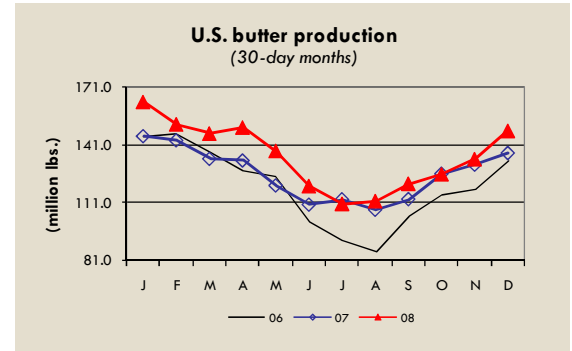
Cheese orders are “fairly good,” says USDA’s Dairy Market News. “Many buyers are taking advantage of current prices to build inventory, for both current and later use.”

Manufacturing milk availability was reduced this week, as plants ramped up production of fluid milk to take advantage of lower Class I prices.

Cream for churning is plentiful and commercial stocks are building seasonally. The loss of export markets – and a jump in butterfat imports – has added to the available supply. Butter production in December was 155.8 million lbs., up 8.4% from a year ago (see chart).

World export prices continue to trend lower following the reinstatement of EU export subsidies two weeks ago. “European traders and handlers welcomed the subsidies in hopes of spurring international sales, but as of yet this has not happened. Many traders indicate that the announced common or fixed refunds for some products are still not sufficient to compete internationally, especially for butter,” says DMN. “In Europe, current (butter) prices less the subsidy equals about \$2325 (per ton), which is well above some international offerings that are under \$2000.” For SMP, “traders speculate that prices will need to move lower before buyers return to the marketplace.”

NASS dairy product prices for the week ending Jan. 31: cheddar blocks \$1.0916 (-6.23¢ vs. the prior week); barrels \$1.1397 (-0.40¢); butter \$1.0721 (-0.18¢); nonfat dry milk 83.09¢ (-0.31¢); dry whey 15.86¢ (-0.72¢). **cme**



FEBRUARY 6 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. (¢)
FEB09	9.26	-3	31 5005	10.00 @ 0.00	NC	10.00 @ 0.74	+3	16.000	NC	83.450	NC	107.500	-1.250
MAR	10.20	+26	155 4818	10.25 @ 0.29	+10	10.00 @ 0.22	-13	16.000	-0.500	83.000	NC	113.000	-0.250
APR	10.90	+30	197 4098	11.00 @ 0.44	+13	10.75 @ 0.41	-15	17.000	NC	83.500	NC	115.500	-0.500
MAY	11.37	+28	188 3938	11.50 @ 0.55	+13	11.25 @ 0.55	-13	17.750	NC	85.750	+0.750	119.500	NC
JUN	12.07	+22	115 3281	12.25 @ 0.62	+10	12.00 @ 0.66	-11	19.000	NC	87.500	+0.500	123.000	NC
JUL	12.85	+14	62 2747	13.00 @ 0.74	+6	12.75 @ 0.76	-7	20.750	NC	90.250	NC	126.000	NC
AUG	13.52	+7	43 2722	13.75 @ 0.83	+3	13.50 @ 0.92	-4	21.000	NC	91.000	+0.500	129.000	-0.250
SEP	14.04	+11	45 2666	14.25 @ 0.94	+5	14.00 @ 1.01	-6	21.750	NC	91.250	NC	131.000	-0.500
OCT	14.14	+10	111 2256	14.25 @ 1.05	+5	14.00 @ 1.03	-4	24.000	NC	93.000	NC	133.000	-0.500
NOV	14.35	+9	30 2159	14.50 @ 1.12	+5	14.25 @ 1.13	-4	25.500	NC	94.000	NC	134.000	-0.500
DEC	14.39	+10	24 2158	14.50 @ 1.19	+5	14.25 @ 1.17	-4	25.000	NC	95.000	NC	135.000	-0.500
JAN10	14.51	+9	8 205	15.50 @ 0.92	+3			22.000	NC	99.500	NC	137.000	-0.500

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

Block cheese	\$1.1575 (+0.25)
Barrel cheese	\$1.1475 (+1.25)
AA Butter	\$1.1025 (+0.25)
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.....	1,018.....	36,549
[* 144 Pit, 874 Electronic]		
Class IV.....	0.....	168
NDM.....	24.....	977
Dry whey.....	4.....	1,408
Butter (cash settle).....	139.....	3,971

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III.....	138.....	47,172
Class III Midi.....	1.....	131
Dry whey.....	0.....	160
Butter (cash settle).....	0.....	25

Futures and options volume and open interest from previous trading day

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