

Daily Dairy Report

Dairy market information provided by Alan Levitt

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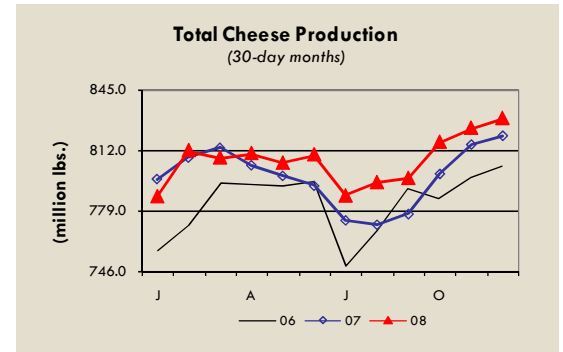
STRONG DAY FOR MILK FUTURES

Class III futures picked up where they left off last week, rallying higher again today. Low prices have helped bring cheese buyers back off the sidelines. Manufacturing milk supplies were pinched last week as fluid milk processors took advantage of a big drop in Class I prices. However, milk supplies remain generally long for current market needs. Milk production is increasing seasonally, despite significant financial stress on the farm and an increase in culling. Weather in California has been favorable for milk production. With plants at capacity, supply-management programs in the state remain in place.

Cheese prices continue to march higher. In a very active session, blocks climbed to \$1.17, then traded back and forth between \$1.17 and \$1.1650 the rest of the way. Blocks settled at \$1.1650 after 14 trades while barrels closed at \$1.17. Class III futures for MAR09-MAR10 increased 19-40¢, recovering nearly all they lost last week.

Spot butter was unchanged on no activity. The price has closed between \$1.09-1.13 every day this year. Butter futures were mixed: lower in the front months but higher in two of the back months.

Holiday schedule: CME Group will be closed next Monday, Feb. 16, in observance of President's Day. Regular trading hours will be in effect for dairy on Friday, Feb. 13. **cme**



FEBRUARY 9 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	9.30	+4	70	5015	10.00 @ 0.00	NC	10.00 @ 0.70	-4	16.000	NC	83.450	NC	107.500	NC
MAR	10.39	+19	143	4844	10.50 @ 0.25	+6	10.25 @ 0.24	-10	16.000	NC	83.000	NC	112.900	-0.100
APR	11.14	+24	213	4109	11.25 @ 0.44	+10	11.00 @ 0.42	-12	17.000	NC	83.500	NC	115.000	-0.500
MAY	11.68	+31	180	3937	11.75 @ 0.58	+13	11.50 @ 0.52	-16	17.750	NC	85.750	NC	119.500	NC
JUN	12.47	+40	115	3286	12.50 @ 0.70	+18	12.25 @ 0.60	-20	19.000	NC	87.500	NC	122.750	-0.250
JUL	13.17	+32	67	2763	13.25 @ 0.79	+15	13.00 @ 0.74	-15	20.750	NC	90.250	NC	125.500	-0.500
AUG	13.84	+32	68	2755	14.00 @ 0.88	+15	13.75 @ 0.90	-16	21.000	NC	91.000	NC	128.500	-0.500
SEP	14.31	+27	51	2673	14.50 @ 0.96	+12	14.25 @ 1.01	-14	21.750	NC	91.250	NC	131.000	NC
OCT	14.44	+30	37	2271	14.50 @ 1.09	+15	14.25 @ 1.02	-14	24.000	NC	93.000	NC	133.000	NC
NOV	14.74	+39	17	2168	14.75 @ 1.21	+20	14.50 @ 1.09	-18	25.500	NC	94.000	NC	134.500	+0.500
DEC	14.75	+36	27	2172	14.75 @ 1.26	+18	14.75 @ 1.26	-18	25.000	NC	95.000	NC	135.500	+0.500
JAN10	14.77	+26	1	205	15.50 @ 1.03	+11			22.000	NC	99.500	NC	137.000	NC

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

Block cheese	\$1.1650 (+0.75)
Barrel cheese	\$1.1700 (+2.25)
AA Butter	\$1.1025 (NC)
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.....	994	36,696
[*55 Pit, 939 Electronic]		
Class IV.....	0	168
NDM.....	17	983
Dry whey.....	33	1,436
Butter (cash settle).....	198	4,123

Options Volume and Open Interest

	Volume	Open Interest
Class III.....	242	47,378
Class III Midi.....	0	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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