

Daily Dairy Report

Dairy market information provided by Alan Levitt

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EXPORTS LOWER IN DECEMBER

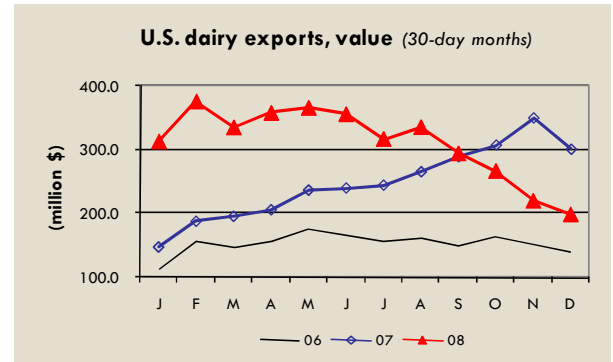
In the face of weaker global demand and lower commodity prices, U.S. dairy exports fell for the fourth straight month in December. Export sales were valued at \$205 million, down 34% from a year earlier, and the smallest figure since March 2007, according to USDA/FAS data released this morning (see chart).

Declines vs. a year ago were evident in almost all product categories. Exports of SMP/NDM were 44.6 million lbs., down 11% from December 2007. Cheese exports were 19.6 million lbs., down 13%. Butterfat exports were just 4.3 million lbs., down 68%. Shipments of whey proteins were 52.2 million lbs., down 25%.

Oceania butter is trading for just 73-95¢ and cheddar cheese is trading for \$1.00-1.22, according to last week's USDA Dairy Market News. Even with export subsidies, EU prices are a bit more – generally above current U.S. prices – but trending lower to align with other offerings on the international market. Lower-priced supply from overseas is discouraging U.S. exports and encouraging imports.

Milk futures fell for the second day in a row, posting 15¢ losses in the APR-DEC09 contracts, despite continued gains in the cheese market. Blocks and barrels each increased 1.5¢, pushing blocks above \$1.20 for the first time since Dec. 29.

The California Class I price for March is \$11.13 in the north (-14¢ from February) and \$11.40 in the south (-15¢). Federal Order Class I prices will be announced Friday, February 20. **cme**



FEBRUARY 11 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	9.32	+2	34 5060	10.00 @ 0.00	NC	10.00 @ 0.68	-2	16.000	NC	83.450	NC	107.500	NC
MAR	10.35	NC	112 4891	10.50 @ 0.20	-4	10.25 @ 0.22	-3	15.800	+0.300	83.000	NC	113.000	NC
APR	10.62	-23	128 4098	10.75 @ 0.40	-12	10.50 @ 0.40	+9	17.000	NC	83.500	NC	115.000	NC
MAY	11.15	-20	130 3923	11.25 @ 0.54	-10	11.00 @ 0.51	+8	17.750	NC	86.000	NC	119.500	NC
JUN	11.82	-28	156 3297	12.00 @ 0.59	-15	11.75 @ 0.64	+12	19.000	NC	87.500	NC	122.750	NC
JUL	12.76	-19	38 2745	13.00 @ 0.69	-10	12.75 @ 0.79	+8	20.750	NC	90.250	NC	126.000	NC
AUG	13.50	-8	49 2759	13.50 @ 0.92	-5	13.50 @ 0.92	+3	21.000	NC	91.250	NC	128.500	NC
SEP	14.06	-2	78 2665	14.25 @ 0.94	-1	14.00 @ 0.99	+1	21.750	NC	91.250	NC	131.000	NC
OCT	14.11	-14	32 2272	14.25 @ 1.02	-8	14.00 @ 1.03	+6	24.000	NC	93.000	NC	133.000	NC
NOV	14.55	-8	23 2160	14.75 @ 1.10	-5	14.50 @ 1.17	+4	25.500	NC	95.250	+1.250	134.500	NC
DEC	14.51	-14	54 2184	14.75 @ 1.14	-7	14.50 @ 1.24	+7	25.000	NC	95.000	NC	135.500	NC
JAN10	14.62	-8	4 208	15.50 @ 0.96	-4			24.000	+2.000	99.500	NC	137.000	NC

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

Block cheese	\$1.2075 (+1.50)
Barrel cheese	\$1.1975 (+1.50)
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	850	36,772
[*42 Pit, 808 Electronic]		
Class IV	0	168
NDM	10	990
Dry whey	11	1,442
Butter (cash settle)	71	4,134

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	235	47,592
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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