

Daily Dairy Report

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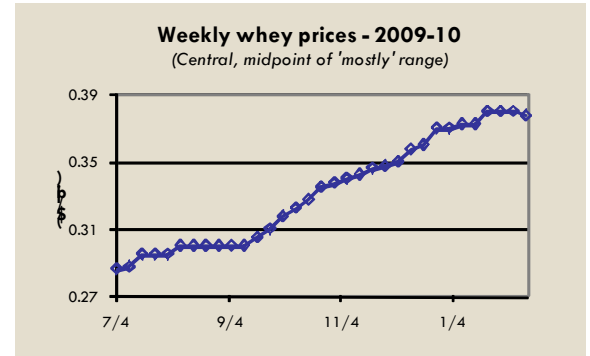
Whey prices break

Midwest dry whey prices slipped this week for the first time in more than a year, as current production builds, more re-sale product becomes available and feed users find better-priced alternatives. Product is selling for mostly 36.75-38.75¢, according to USDA's *Dairy Market News*, down a quarter cent from last week (see chart). At the mid-point of the "mostly" range, prices bottomed out at 15.5¢ in late January 2009, and steadily increased (more than doubling) since then. The January 2010 average of 37.6¢ is the highest month ever outside of the October 2006-December 2007 boom.

"Many potential buyers continue to sit on the sidelines, waiting to see how low prices will go, or waiting until their inventory levels dictate additional purchases," says *DMN*. "Recent export demand has slowed as the dollar has strengthened."

Whey futures are slightly higher this week, but remain significantly discounted to the cash price. APR-DEC10 contracts average 30.5¢.

Milk futures gave back more than half of what they gained yesterday, registering double-digit losses on much of the board. Contracts covering MAR-DEC10 dropped 23¢ today after Wednesday's 41¢ increase. **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 [74 Pit, 2,186 Electronic]	2,260	27,484
Class IV	0	210
NDM (cash settle)	0	783
NDM (deliverable)	0	3
Dry whey	48	2,095
Butter (cash settle)	29	3,047

Options Volume and Open Interest

	Volume	Open Interest
Class III	1,127	48,984
Class III midi	3	381
Dry whey	0	620
Butter (cash settle)	0	93

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.5050 (+0.50) • Barrel cheese \$1.4575 (-2.00) • AA Butter \$1.3500 (NC) • NDM Extra Grade \$1.2400 (NC) • NDM Grade A \$1.1050 (+0.50) **MILK PRICES** (with change, in dollars, from previous month): January Class III milk (USDA) \$14.50 (-\$0.48) • January Class IV milk (USDA) \$13.85 (-\$1.16)

February 11 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 from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
FEB 10	14.24	-6	421 3671	14.25 @ 0.04	-3	14.00 @ 0.00	NC	37.550	+0.300	108.500	NC	134.000	NC
MAR	13.96	-18	451 3696	14.00 @ 0.30	-10	13.75 @ 0.22	+6	33.500	NC	107.500	NC	144.500	-0.500
APR	13.60	-22	431 3504	13.75 @ 0.40	-4	13.50 @ 0.35	+5	29.550	-0.200	108.000	NC	147.250	+0.250
MAY	13.62	-28	220 2830	13.75 @ 0.56	-4	13.50 @ 0.42	+6	28.520	+0.275	107.000	NC	150.000	+1.000
JUN	13.95	-30	243 2416	14.00 @ 0.56	-17	13.75 @ 0.49	+12	29.000	-0.500	112.000	NC	152.500	+1.500
JUL	14.69	-32	105 1947	14.75 @ 0.65	-17	14.50 @ 0.58	+12	29.500	NC	115.500	NC	154.500	+3.000
AUG	15.19	-18	73 2012	15.25 @ 0.74	-10	15.00 @ 0.67	+7	29.000	NC	117.750	NC	153.500	+1.000
SEP	15.50	-19	101 1953	15.50 @ 0.78	-11	15.50 @ 0.78	+8	31.000	NC	119.000	NC	154.500	+1.250
OCT	15.43	-18	76 1801	15.50 @ 0.80	-10	15.25 @ 0.75	+8	32.770	NC	122.000	NC	157.500	+1.500
NOV	15.30	-19	60 1767	15.50 @ 0.78	-10	15.25 @ 0.85	+9	32.000	NC	117.000	NC	159.000	+5.000
DEC	15.30	-20	68 1695	15.50 @ 0.82	-10	15.25 @ 0.88	+3	33.020	NC	117.000	NC	159.500	+0.500
JAN11	15.07	-13	10 73	15.50 @ 0.88	-6	14.50 @ 0.78	+4	30.520	NC	111.000	NC	159.000	NC

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