

Daily Dairy Report

Dairy market information provided by Alan Levitt

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CWT RENEWED THROUGH 2010

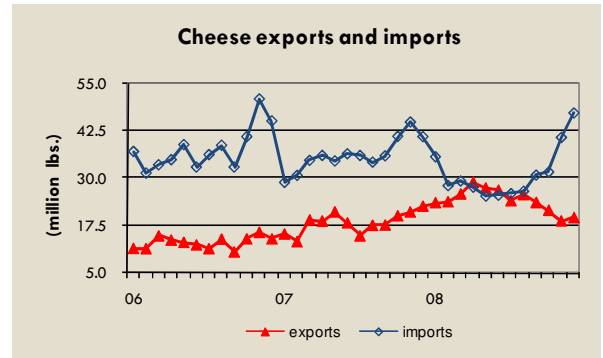
Cheese prices continue to march higher as buyers order more aggressively ahead of subsequent increases. End-user demand is reportedly good as well. Blocks have increased in 11 of the last 15 sessions, tacking on 15.75¢ since Jan. 22.

The price range for Western NDM dropped to mostly 78-81¢ this week, according to USDA's *Dairy Market News*. This is the lowest price range in more than 20 years.

On the other hand, whey prices are showing more life. *DMN's* Western price range moved higher for the second straight week, and the Midwestern price range increased for the first time since last May.

Cheese imports in December were 47.3 million lbs., the most since November 2006. The figure is nearly twice as much as was imported in May-July (see chart). Butterfat imports were 9.5 million lbs. The United States imported 21.6 million lbs. of butterfat in the last two months of the year, after bringing in just 9.8 million lbs. in the first 10 months combined.

Members of CWT agreed to fund the program through the end of 2010 at 10¢/cwt., contingent on getting participation from 67% of the nation's milk supply. That will give the organization about \$250 million over the next two years to help steer supply and demand back into balance. Members also approved two herd retirement policy changes: farmers whose bids are accepted in future rounds must stay out of dairying for a year; and past participants in the program will now be allowed to bid in subsequent rounds. Officials denied recent speculation that a large buy-out is pending. **cme**



FEBRUARY 12 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	9.33	+1	12	5088	10.00 @ 0.00	NC	10.00 @ 0.67	-1	16.000	NC	83.450	NC	108.000	+0.500
MAR	10.44	+9	102	4913	10.50 @ 0.22	+2	10.25 @ 0.18	-4	15.800	NC	83.000	NC	113.000	NC
APR	10.66	+4	135	4105	10.75 @ 0.42	+2	10.50 @ 0.38	-2	17.250	+0.250	83.500	NC	115.000	NC
MAY	11.21	+6	103	3922	11.25 @ 0.56	+2	11.00 @ 0.48	-3	17.750	NC	86.000	NC	119.500	NC
JUN	11.84	+2	80	3310	12.00 @ 0.60	+1	11.75 @ 0.63	-1	19.000	NC	88.000	+0.500	123.000	+0.250
JUL	12.80	+4	45	2745	13.00 @ 0.71	+2	12.75 @ 0.77	-2	20.750	NC	90.250	NC	126.000	NC
AUG	13.55	+5	31	2763	13.75 @ 0.83	+2	13.50 @ 0.90	-2	21.000	NC	91.250	NC	128.500	NC
SEP	14.09	+3	21	2665	14.25 @ 0.95	+1	14.00 @ 0.98	-1	21.750	NC	91.500	+0.250	131.000	NC
OCT	14.11	NC	26	2274	14.25 @ 1.02	NC	14.00 @ 1.03	NC	24.000	NC	93.000	NC	133.000	NC
NOV	14.52	-3	7	2161	14.75 @ 1.09	-1	14.50 @ 1.18	+1	25.500	NC	94.750	-0.500	135.000	+0.500
DEC	14.55	+4	7	2184	14.75 @ 1.15	+1	14.50 @ 1.22	-2	25.000	NC	95.000	NC	135.500	NC
JAN10	14.63	+1	4	209	15.50 @ 0.97	+1			25.000	+1.000	99.500	NC	137.000	NC

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

Block cheese	\$1.2275 (+2.00)
Barrel cheese	\$1.2150 (+1.75)
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.....	582.....	36,851
[*27 Pit, 555 Electronic]		
Class IV.....	0.....	168
NDM.....	4.....	990
Dry whey.....	3.....	1,444
Butter (cash settle).....	113.....	4,197

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III.....	110.....	47,643
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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