

Daily Dairy Report

Dairy market information provided by Alan Levitt

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FLUID MILK SALES SLIGHTLY LOWER IN 2008

Blocks and barrels gained 8.25¢ this week, the strongest push since mid-September. Sellers are content to sit back and allow buyers to bid the price up. Milk futures, however, are not responding in kind because so much premium has already exists in the contracts. Class III futures for second quarter declined 20¢ this week, while futures for the second half settled just 9¢ higher.

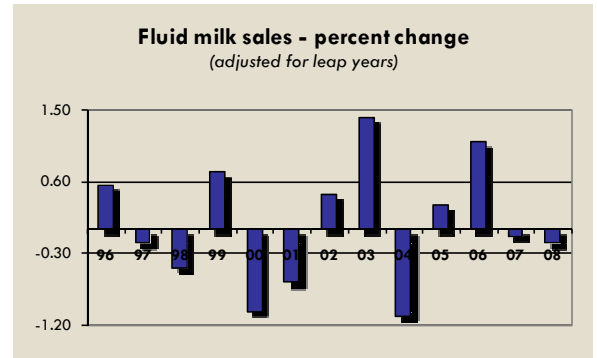
Butter futures increased today, though spot butter has held below \$1.11 for four weeks.

This week manufacturers sold 7.7 million lbs. of NDM and 455,000 lbs. of butter to the government under the support program. CCC purchases since October total 170.0 million lbs. of NDM and 4.1 million lbs. of butter.

Fluid milk sales in 2008 were 55.1 billion lbs., down 0.18% from the prior year (adjusted for leap day), according to Federal Order and California data. Sales dropped for the second straight year after increasing in 2005 and 2006 (see chart). In the fourth quarter sales were up 0.4% after a very strong December, USDA says.

NASS dairy product prices for the week ending Feb. 7: cheddar blocks \$1.1041 (+1.25¢ vs. the prior week); barrels \$1.1198 (-1.99¢); butter \$1.0707 (-0.14¢); nonfat dry milk 82.07¢ (-1.02¢); dry whey 15.33¢ (-0.53¢).

Holiday schedule: CME Group is closed Monday for Presidents' Day. Regular trading hours resume for Tuesday's trading date. [cme](#)



FEBRUARY 13 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	9.27	-6	85 5080	10.00 @ 0.00	NC	10.00 @ 0.73	+6	15.850	-0.150	83.000	-0.450	107.500	-0.500
MAR	10.44	NC	132 4959	10.50 @ 0.20	-2	10.25 @ 0.18	NC	15.750	-0.050	83.000	NC	114.000	+1.000
APR	10.65	-1	149 4141	10.75 @ 0.41	-1	10.50 @ 0.38	NC	17.250	NC	83.500	NC	115.500	+0.500
MAY	11.25	+4	106 3905	11.25 @ 0.58	+2	11.25 @ 0.58	-2	17.750	NC	85.000	-1.000	119.750	+0.250
JUN	11.85	+1	102 3334	12.00 @ 0.60	NC	11.75 @ 0.62	-1	19.000	NC	87.500	-0.500	124.000	+1.000
JUL	12.81	+1	46 2748	13.00 @ 0.71	NC	12.75 @ 0.76	-1	20.000	-0.750	90.000	-0.250	126.000	NC
AUG	13.58	+3	32 2753	13.75 @ 0.85	+2	13.50 @ 0.88	-2	21.000	NC	91.250	NC	128.750	+0.250
SEP	14.13	+4	39 2655	14.25 @ 0.97	+2	14.00 @ 0.96	-2	22.000	+0.250	91.500	NC	131.000	NC
OCT	14.16	+5	32 2275	14.25 @ 1.05	+3	14.00 @ 1.00	-3	23.000	+1.000	93.000	NC	133.500	+0.500
NOV	14.54	+2	24 2153	14.75 @ 1.09	NC	14.50 @ 1.17	-1	25.500	NC	94.750	NC	136.000	+1.000
DEC	14.61	+6	27 2188	14.75 @ 1.18	+3	14.50 @ 1.19	-3	25.000	NC	95.000	NC	135.500	NC
JAN10	14.62	-1	7 212	15.50 @ 0.96	-1			25.000	NC	99.500	NC	137.000	NC

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

Block cheese	\$1.2400 (+1.25)
Barrel cheese	\$1.2300 (+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.....	785.....	36,918
[*21 Pit, 764 Electronic]		
Class IV.....	0.....	168
NDM.....	16.....	1,007
Dry whey.....	10.....	1,448
Butter (cash settle).....	197.....	4,383

➤ **Options Volume and Open Interest**

	Volume	Open Interest
Class III.....	232.....	47,746
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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