

Daily Dairy Report

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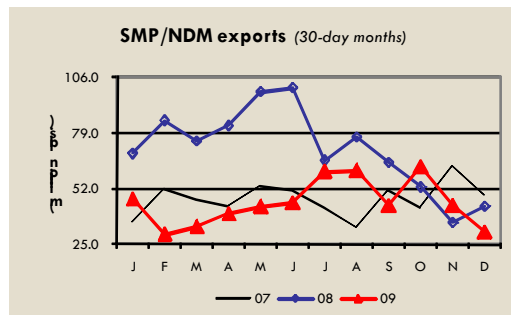
Drops in cheese send Class IIIs lower

Cheese and butter prices slumped after the extended weekend, sending Class III futures lower. Barrels fell to \$1.4250, the lowest since Oct. 20. Milk futures for MAR-SEP09 declined 30¢, with MAY thru SEP making new lows.

Whey futures were higher, butter futures were lower, NDM futures were steady.

One reason for declining NDM prices in the last two months is a drop-off in exports. In December, NDM/SMP exports were just 31.9 million lbs., down 29% from a year ago, and the smallest figure since February, according to USDA/FAS trade data released Friday (*see chart*). This volume represented just 22% of U.S. NDM/SMP production in December. For the year, NDMSMP exports were 548.6 million lbs., down from 862.4 million lbs. (-36.4%) from 2008's level.

Shipments of most other key products were significantly higher in December vs. year-earlier levels. Cheese exports were 27.1 million lbs., up 38% from December 2008, and the highest figure since May 2008. Shipments of whey proteins were 72.5 million lbs., up 39%. Butterfat exports were 9.4 million lbs., up 124%. Lactose exports were 39.6 million lbs., up 27%, says USDA/FAS. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [76 Pit, 936 Electronic]	1,012	27,653
Class IV	0	210
NDM (cash settle)	0	784
NDM (deliverable)	0	3
Dry whey	32	2,114
Butter (cash settle)	118	3,170

Options Volume and Open Interest

	Volume	Open Interest
Class III	576	49,943
Class III midi	0	383
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 \$1.4800 (-2.50) • Barrel cheese \$1.4250 (-2.00) • AA Butter \$1.3300 (-1.00) • NDM Extra Grade \$1.2400 (NC) • NDM Grade A \$1.1050 (NC) **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 16 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
FEB 10	14.20	-5	113	3622	14.25 @ 0.02	-2	14.00 @ 0.00	NC	38.250	NC	108.500	NC	134.250	NC
MAR	13.51	-26	225	3639	13.75 @ 0.19	-13	13.50 @ 0.29	+10	33.500	NC	106.500	-1.000	142.000	-0.975
APR	13.11	-39	294	3486	13.25 @ 0.34	-19	13.00 @ 0.32	+13	29.000	-0.500	108.000	NC	144.500	-1.750
MAY	13.22	-27	116	2876	13.25 @ 0.44	NC	13.00 @ 0.35	+9	27.000	+1.750	107.000	NC	148.500	-0.475
JUN	13.62	-26	86	2515	13.75 @ 0.50	NC	13.50 @ 0.50	+10	26.000	+2.000	112.000	NC	152.000	NC
JUL	14.19	-37	60	2019	14.25 @ 0.61	NC	14.00 @ 0.55	+14	26.750	+2.750	115.500	NC	155.000	NC
AUG	14.80	-35	28	2013	15.00 @ 0.69	-15	14.75 @ 0.77	+20	29.250	-0.250	117.750	NC	156.000	NC
SEP	15.30	-17	36	1986	15.50 @ 0.73	-4	15.25 @ 0.80	+12	32.000	NC	119.000	NC	157.000	NC
OCT	15.37	-8	51	1840	15.50 @ 0.77	-4	15.25 @ 0.76	+3	32.000	+1.325	120.000	NC	158.000	NC
NOV	15.17	-11	2	1774	15.25 @ 0.82	-6	15.00 @ 0.77	+4	32.300	+0.275	117.000	NC	159.000	NC
DEC	15.18	-8	1	1697	15.25 @ 0.86	-5	15.00 @ 0.80	+2	32.000	+1.025	117.000	NC	159.000	-0.500
JAN11	14.95	-23	0	73	15.50 @ 0.81	-12	14.50 @ 0.82	+8	30.520	NC	111.000	NC	159.000	NC

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