

Daily Dairy Report

Dairy market information provided by Alan Levitt

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CWT FINISHES FARM AUDITS

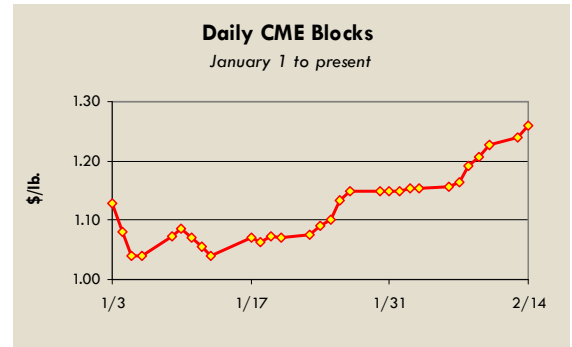
Blocks gained 2¢ pushing price up to \$1.26. Trading activity was brisk with 12 loads traded in the price range of \$1.2400-\$1.2850. Barrels gained 3¢ with only 1 load traded moving price to \$1.26. Block price since the beginning of the year bottomed twice at \$1.04 in January before buying interest pushed price 22 cents higher in slightly over a month (see chart).

The butter price remained steady at \$1.1025 for the seventh consecutive trading day. There is little expectation of significant price movement on the CME through March 1 when the rules controlling the permissible date of manufacture for delivery shift forward, says USDA's Dairy Market News.

CWT has finished the farm audits for the sixth herd retirement round. This round removed 186 herds in 33 states totaling 50,630 cows producing 976 million lbs. of milk. There were also 1,240 bred heifers removed under this round.

Further contraction of the dairy herd is expected this year due to low milk prices as farmers cull lower producing cows. Culling is expected to increase sharply in the second half of the year. Output per cow is expected to rise, but by less than 1% as the higher producing cows will remain in the herd according to the USDA's *Livestock, Dairy, and Poultry Outlook*.

USDA will release the January Milk Production report on Thursday. [cme](#)



FEBRUARY 17 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	NC	77 5079	10.00 @ 0.00	NC	10.00 @ 0.73	NC	15.850	NC	83.000	NC	107.500	NC
MAR	10.33	-11	123 4984	10.50 @ 0.18	-2	10.25 @ 0.21	+3	15.750	NC	83.000	NC	112.000	-2.000
APR	10.50	-15	89 4164	10.50 @ 0.44	-9	10.50 @ 0.44	+6	17.250	NC	83.500	NC	115.500	NC
MAY	11.07	-18	87 3905	11.25 @ 0.48	-10	11.00 @ 0.53	+7	17.750	NC	85.000	NC	119.750	NC
JUN	11.66	-19	93 3359	11.75 @ 0.61	-11	11.50 @ 0.57	+7	19.000	NC	87.500	NC	123.000	-1.000
JUL	12.75	-6	34 2755	12.75 @ 0.78	-4	12.75 @ 0.78	+2	20.000	NC	90.000	NC	126.000	NC
AUG	13.48	-10	32 2751	13.50 @ 0.90	-6	13.25 @ 0.79	+3	21.000	NC	91.250	-0.025	128.750	NC
SEP	14.09	-4	54 2672	14.25 @ 0.94	-3	14.00 @ 0.97	+1	21.750	-0.250	91.500	NC	131.000	NC
OCT	14.17	+1	27 2283	14.25 @ 1.04	-1	14.00 @ 0.99	-1	23.000	NC	93.000	NC	133.500	NC
NOV	14.55	+1	33 2140	14.75 @ 1.09	NC	14.50 @ 1.15	-2	25.250	-0.250	94.750	NC	136.000	NC
DEC	14.61	NC	3 2188	14.75 @ 1.18	NC	14.50 @ 1.18	-1	25.000	NC	95.000	NC	135.500	NC
JAN10	14.65	+3	5 216	15.50 @ 0.97	+1			25.000	NC	99.500	NC	137.000	NC

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

Block cheese	\$1.2600 (+2.00)
Barrel cheese	\$1.2600 (+3.00)
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	659	37,011
[*15 Pit, 644 Electronic]		
Class IV	0	168
NDM	17	1,014
Dry whey	17	1,462
Butter (cash settle)	20	4,394

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	584	48,153
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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