

Daily Dairy Report

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More milk comes from larger farms

Cheese prices tumbled further, sending Class III futures to another day of declines. Butter futures were lower as well, despite a half-cent increase in spot butter.

Nearly half of U.S. milk production came from herds of at least 1,000 cows last year, compared with one-third just five years ago. Last year, 31.2% of the nation's output came from farms with at least 2,000 cows and another 15.7% came from farms with 1,000-1,999, according to USDA's annual "Farms, Land in Farms and Livestock Operations" 2009 annual summary released Friday (*see chart*).

Meanwhile, herds of less than 100 cows supplied just 16.4% of U.S. production last year, down from 22.5% in 2004.

In the last five years, the number of farms milking less than 100 cows has fallen from 63,365 to 49,200. Meanwhile, the number of farms milking 500-999 has held at 1,700, farms with 1,000-1,999 head have increased from 815 to 910 and farms with at least 2,000 head have increased from 495 to 740. Even last year, with profitability at historically low levels, the number of farms milking at least 1,000 cows increased by 20, while the number of farms milking less than 100 decreased by 1,800. **cme group**

	2004	2009
1-99	22.5%	16.4%
100-499	30.5%	24.1%
500-999	14.0%	12.6%
1,000-1,999	13.1%	15.7%
2,000+	19.9%	31.2%

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 [51 Pit, 1,317 Electronic]	1,368	28,034
Class IV	5	210
NDM (cash settle)	15	784
NDM (deliverable)	0	3
Dry whey	41	2,142
Butter (cash settle)	49	3,204

Options Volume and Open Interest

	Volume	Open Interest
Class III	996	50,865
Class III midi	1	384
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 \$1.4450 (-3.50) • Barrel cheese \$1.4150 (-1.00) • AA Butter \$1.3350 (+0.50) • NDM Extra Grade \$1.2400 (NC) • NDM Grade A \$1.1200 (+1.50) **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 17 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	14.18	-2	31	3623	14.25 @ 0.01	-1	14.00 @ 0.00	NC	38.250	NC	108.500	NC	134.250	NC
MAR	13.31	-20	240	3666	13.50 @ 0.17	-13	13.25 @ 0.22	+4	33.250	-0.250	106.500	NC	141.500	-0.500
APR	13.05	-6	302	3523	13.25 @ 0.28	-6	13.00 @ 0.34	+2	29.000	NC	106.000	-2.000	144.000	-0.500
MAY	13.13	-9	242	2946	13.25 @ 0.41	-3	13.00 @ 0.40	+5	27.500	+0.500	105.500	-1.500	147.000	-1.500
JUN	13.47	-15	170	2591	13.50 @ 0.54	NC	13.25 @ 0.45	+6	26.500	+0.500	111.500	-0.500	149.000	-3.000
JUL	14.07	-12	178	2106	14.25 @ 0.55	-6	14.00 @ 0.60	+5	26.000	-0.750	115.500	NC	153.500	-1.500
AUG	14.74	-6	73	2027	14.75 @ 0.77	-5	14.50 @ 0.66	+1	29.000	-0.250	117.750	NC	154.000	-2.000
SEP	15.22	-8	50	2015	15.25 @ 0.79	-6	15.00 @ 0.70	+3	32.000	NC	119.000	NC	155.300	-1.700
OCT	15.32	-5	34	1851	15.50 @ 0.74	-3	15.25 @ 0.78	+2	32.000	NC	120.000	NC	157.000	-1.000
NOV	15.10	-7	24	1786	15.25 @ 0.78	-4	15.00 @ 0.80	+3	32.330	+0.025	117.000	NC	158.000	-1.000
DEC	15.09	-9	19	1712	15.25 @ 0.82	-4	15.00 @ 0.84	+4	32.000	NC	117.000	NC	158.500	-0.500
JAN11	14.98	+3	3	75	15.50 @ 0.83	+2	14.50 @ 0.81	-1	29.750	-0.775	111.000	NC	159.000	NC

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