

Daily Dairy Report

Dairy market information provided by Alan Levitt

Vol. 13, No. 32 / February 19, 2009

JANUARY MILK PRODUCTION: +0.8%

January milk production in the 23 selected states totaled 14.86 billion lbs., up 1.0% from a year ago, according to the USDA's "Milk Production" report released today. Extrapolated 50-state production was 16.10 billion lbs., up 0.8% (see chart). Milk production for 2008 increased an average of 2.1% over 2007 (adjusted for leap day).

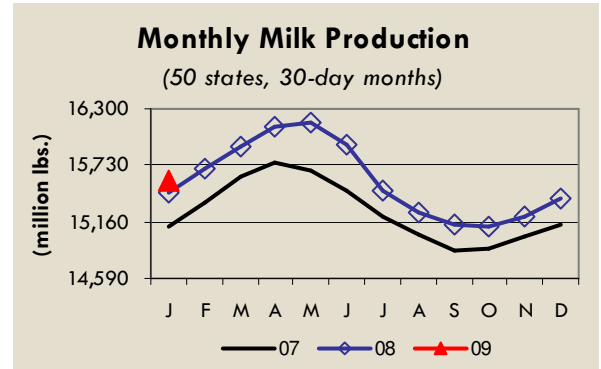
Cow numbers in the 50 states decreased by 14,000 head to 9,320,000. This is the first decrease since September. Production per cow was 55.7 lbs. /day, up 0.2 lbs. (+0.3%) vs. a year ago.

Among key states, production in California -1.4%, Wisconsin +1.0%, New York +0.3%, Idaho +0.9%, Pennsylvania -0.3%, Texas +13.0%, Minnesota +2.4%, and New Mexico +5.5%.

Cheese prices dropped for the first time since January 22. Blocks lost 0.50¢ closing at \$1.3250 with 7 loads traded. Barrel dropped 2.50¢ to \$1.2750 with 11 loads traded and the most in one day since September 29. Barrels supplies seem plentiful as there were offers left to sell 20 loads.

Butter buyers and sellers remained absent from the spot market leaving price unchanged. Butter production remains heavy keeping product readily available.

Milk futures fell in response to the decreasing cheese prices nearly taking away the gains of yesterday. Futures contracts for 2009 lost an average of 12¢. **cme**



FEBRUARY 19 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	9.28	+1	193 5033	10.00 @ 0.00	NC	10.00 @ 0.72	-1	15.850	NC	83.000	NC	107.500	NC
MAR	10.42	-30	383 4966	10.50 @ 0.21	-17	10.25 @ 0.17	+8	15.800	+0.050	83.000	NC	112.750	+0.750
APR	10.52	-21	139 4231	10.75 @ 0.33	-11	10.50 @ 0.42	+8	17.750	+0.500	83.500	NC	115.500	NC
MAY	11.01	-28	152 3902	11.25 @ 0.45	-14	11.00 @ 0.55	+12	18.000	+0.250	85.000	NC	120.000	+0.250
JUN	11.61	-15	56 3386	11.75 @ 0.58	-8	11.50 @ 0.59	+7	19.000	NC	88.000	+0.500	123.250	+0.250
JUL	12.67	-11	77 2747	12.75 @ 0.73	-6	12.50 @ 0.68	+4	20.750	+0.750	89.500	+0.500	126.500	+0.500
AUG	13.48	-3	80 2722	13.50 @ 0.89	-2	13.25 @ 0.79	+1	21.250	+0.250	90.000	NC	128.750	NC
SEP	14.02	-12	59 2688	14.25 @ 0.90	-6	14.00 @ 0.99	+5	22.250	+0.500	91.500	NC	131.000	NC
OCT	14.16	-5	43 2303	14.25 @ 1.03	-3	14.00 @ 0.99	+2	23.500	+0.500	93.000	NC	133.500	NC
NOV	14.56	-1	36 2152	14.75 @ 1.09	-1	14.50 @ 1.14	NC	25.750	+0.500	94.750	NC	136.000	NC
DEC	14.56	-11	42 2219	14.75 @ 1.15	-5	14.50 @ 1.20	+5	25.250	+0.250	95.000	NC	135.500	NC
JAN10	14.71	-2	6 219	15.50 @ 0.99	-1			25.000	NC	99.500	NC	137.000	NC

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

Block cheese	\$1.3250 (-0.50)
Barrel cheese	\$1.2750 (-2.50)
AA Butter	\$1.1025 (NC)
NDM Extra Grade	\$.8500 (NC)
NDM Grade A	\$.8325 (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	1272	37,082
[*23 Pit, 1249 Electronic]		
Class IV	0	168
NDM	3	1,019
Dry whey	1	1,469
Butter (cash settle)	73	4,466

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	480	48,787
Class III Midi	12	143
Dry whey	0	160
Butter (cash settle)	15	45

Futures and options volume and open interest from previous trading day

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