

Daily Dairy Report

Dairy market information provided by Alan Levitt

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CHEESE DROPS 6¢

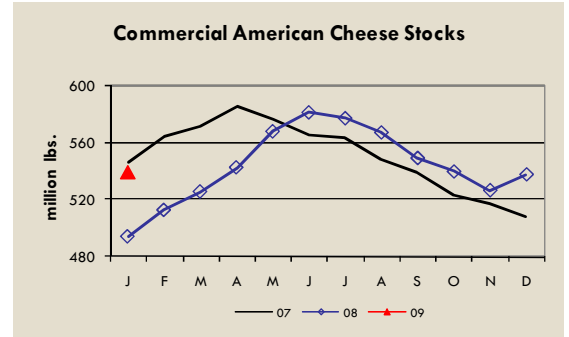
After a heavy dose of government reports at the end of last week – Milk Production, Cold Storage, Livestock Slaughter, CPI – the cheese price tumbled in this morning’s session. Blocks and barrels each dropped 6¢ against very strong selling pressure. The session closed with offers to sell 20 loads of block and 10 loads of barrels left uncovered on the board. Milk futures showed some resilience, settling 15¢ lower in MAR and APR and just 5¢ lower in the MAY-DEC09 contracts.

Spot butter was bid 1.25¢ higher today after 10 straight days at \$1.1025. Butter futures posted increases in the second half 2009 contracts, which still show premiums of more than 20¢ compared with the current level.

On Jan. 31, commercial American cheese stocks were 539.5 million lbs., up 45.2 million lbs. (+9.1%) vs. a year ago, according to USDA’s “Cold Storage” report released Friday afternoon (see chart).

Privately held butter inventories expanded by 58.8 million lbs. (+49.5%) in January to 177.8 million lbs., USDA says. That’s a larger-than-average increase, but stocks remain 10.3 million lbs. (-5.5%) below a year earlier.

Thursday is the last day to trade FEB futures and options. USDA will announce February Class and Component prices Friday morning. The FEB Class III price will be the lowest since March 2003. The February Ag Prices report comes out Friday afternoon as well. **cme**



FEBRUARY 23 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	NC	65 4966	10.00 @ 0.00	NC	10.00 @ 0.72	NC	15.800	-0.050	82.750	NC	107.500	NC
MAR	10.23	-17	260 4864	10.25 @ 0.19	-12	10.00 @ 0.10	+2	16.250	NC	82.000	NC	112.000	-0.750
APR	10.35	-13	137 4320	10.50 @ 0.35	-7	10.25 @ 0.36	+4	17.750	NC	83.500	NC	116.000	NC
MAY	10.86	-8	94 3966	11.00 @ 0.47	-5	10.75 @ 0.48	+3	18.000	NC	85.000	NC	120.500	NC
JUN	11.49	-9	109 3449	11.50 @ 0.62	-6	11.25 @ 0.51	+3	19.250	NC	87.000	NC	123.500	NC
JUL	12.61	-2	99 2738	12.75 @ 0.69	-2	12.50 @ 0.70	NC	21.000	NC	88.500	NC	127.250	+0.750
AUG	13.37	-3	63 2761	13.50 @ 0.83	-2	13.25 @ 0.82	NC	22.250	NC	89.500	NC	129.250	+0.500
SEP	13.89	-7	43 2691	14.00 @ 0.94	-4	13.75 @ 0.91	+2	23.000	NC	91.500	NC	132.250	+0.750
OCT	14.05	-5	22 2307	14.25 @ 0.97	-3	14.00 @ 1.03	+2	24.500	-0.500	93.000	NC	134.750	+1.000
NOV	14.47	-3	29 2198	14.50 @ 1.15	-2	14.25 @ 1.05	+1	25.750	NC	94.750	NC	136.250	NC
DEC	14.47	+1	26 2257	14.50 @ 1.20	NC	14.25 @ 1.10	-1	25.500	NC	95.000	NC	136.000	+0.500
JAN10	14.61	-2	6 237	15.50 @ 0.94	-1			25.000	NC	99.500	NC	137.000	NC

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

Block cheese	\$1.2500 (-6.00)
Barrel cheese	\$1.2100 (-6.00)
AA Butter	\$1.1150 (+1.25)
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.....	987	37,293
[* 12 Pit, 975 Electronic]		
Class IV.....	0	168
NDM.....	20	1,055
Dry whey.....	15	1,481
Butter (cash settle).....	18	4,518

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III.....	2,157	51,397
Class III Midi.....	1	143
Dry whey.....	0	160
Butter (cash settle).....	0	45

Futures and options volume and open interest from previous trading day

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