

Daily Dairy Report

Dairy market information provided by Alan Levitt

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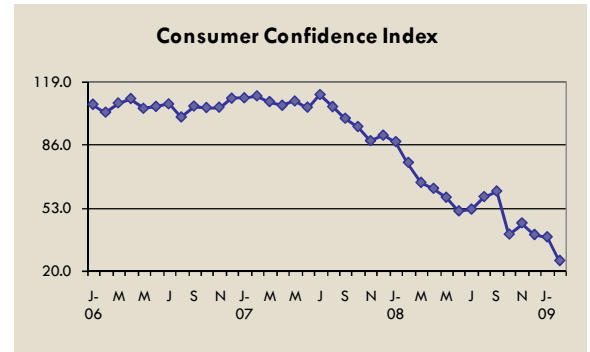
CHEESE REBOUNDS

Milk futures traded lower overnight and continued to sink this morning as sellers offered cheese lower at the start of spot trading. However, midway through the session, offers dried up and buyers bid the price back up, lifting milk futures off their lows. Blocks traded as low as \$1.23 but closed at \$1.26. Barrels were bid to \$1.2425. Unlike the last three sessions, no offers were left on the board. Milk futures for MAY-SEP09 still settled 16-21¢ lower.

Spot butter was bid higher for the second straight day. Beginning Monday, only butter produced after Dec. 1 can be traded at the CME Group, leaving less inventory available for offer. Butter futures were mostly higher.

Consumers are expressing heightened anxiety about general economic conditions and job security this month, sending the Conference Board's Consumer Confidence Index to an all-time low of 25.0 (see chart). The January Index was 37.4. The Index started in 1967. "All in all, not only do consumers feel overall economic conditions have grown more dire, but just as disconcerting, they anticipate no improvement in conditions over the next six months," says Lynn Franco, director of the Conference Board's Consumer Research Center.

Retail milk prices continued to fall in January. The Consumer Price Index for Milk was 142.9 last month, down 1.3% from December, and the lowest it's been since June 2007. The Cheese CPI fell for the fifth straight month, to 217.8. The Butter CPI has been mostly steady since last summer; in January it ticked up fractionally to 181.8. Retail prices should be lower in February following declining wholesale prices. **cme**



FEBRUARY 24 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	29 4951	10.00 @ 0.00	NC	10.00 @ 0.72	NC	15.800	NC	82.750	NC	107.530	+0.025
MAR	10.24	+1	234 4853	10.25 @ 0.19	NC	10.00 @ 0.10	NC	16.250	NC	82.000	NC	112.000	NC
APR	10.27	-8	227 4377	10.50 @ 0.31	-4	10.25 @ 0.40	+4	17.750	NC	83.500	NC	116.500	+0.500
MAY	10.67	-19	269 4030	10.75 @ 0.49	-10	10.50 @ 0.44	+7	18.000	NC	85.000	NC	121.250	+0.750
JUN	11.33	-16	168 3477	11.50 @ 0.54	-8	11.25 @ 0.57	+6	21.000	+1.750	87.000	NC	124.250	+0.750
JUL	12.40	-21	45 2734	12.50 @ 0.70	-11	12.25 @ 0.67	+9	22.000	+1.000	88.500	NC	128.250	+1.000
AUG	13.17	-20	25 2755	13.25 @ 0.83	-11	13.00 @ 0.78	+8	22.750	+0.500	89.500	NC	130.000	+0.750
SEP	13.72	-17	19 2681	13.75 @ 0.96	-9	13.50 @ 0.86	+7	23.000	NC	91.500	NC	133.000	+0.750
OCT	13.98	-7	22 2299	14.00 @ 1.04	-4	13.75 @ 0.93	+3	25.500	+1.000	93.000	NC	135.000	+0.250
NOV	14.40	-7	30 2179	14.50 @ 1.11	-4	14.25 @ 1.07	+2	26.000	+0.250	94.750	NC	136.000	-0.250
DEC	14.38	-9	8 2253	14.50 @ 1.15	-5	14.25 @ 1.14	+4	26.000	+0.500	95.000	NC	136.500	+0.500
JAN10	14.50	-11	3 237	15.50 @ 0.89	-5			25.000	NC	99.500	NC	137.000	NC

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

Block cheese	\$1.2600 (+1.00)
Barrel cheese	\$1.2425 (+3.25)
AA Butter	\$1.1250 (+1.00)
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	1,097	37,381
[*29 Pit, 1068 Electronic]		
Class IV	0	168
NDM	0	1,055
Dry whey	10	1,485
Butter (cash settle)	90	4,577

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	1,227	51,545
Class III Midi	2	144
Dry whey	5	160
Butter (cash settle)	0	45

Futures and options volume and open interest from previous trading day

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