

# Daily Dairy Report

Dairy market information provided by Alan Levitt

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## CHEESE USE LOWER IN 2008 FOR FIRST TIME IN 35 YEARS

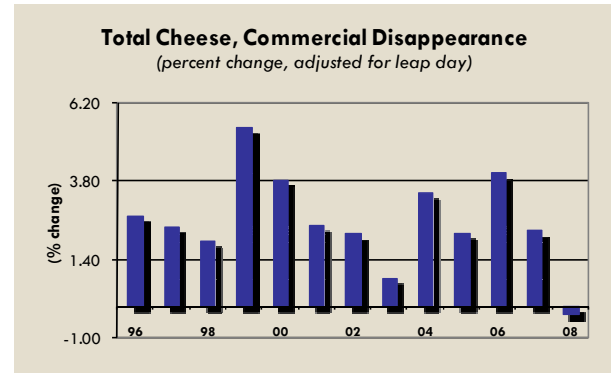
Cheese sellers signaled that they do, indeed, have plenty of supply for offer, despite yesterday's wait on the sidelines. Traders pushed blocks down 3.5¢ on 14 sales before putting another 28 loads up on the board. That's the second-most ever left uncovered, just shy of the 30 loads offered on Dec. 5, 2001. Barrel supplies appear adequate as well; 5 trades sent the price down to \$1.2225, and then an offer to sell 10 more loads at \$1.21 attracted no buyers.

JUN09 milk futures have fallen 33¢ this week to a new low of \$11.25. AUG09 briefly traded below \$13.00 but rebounded to close down 7¢ to \$13.10. MAY09 to MAR10 declined 2-10¢.

Spot butter increased a penny to its highest price of the year, sending butter futures higher.

Total cheese commercial disappearance in 2008 was 10.14 billion lbs., down 0.3% vs. 2007 levels (adjusted for leap day), according to USDA. This is the first decline in cheese use since 1975. In the previous decade, cheese disappearance increased 2.9% per year (see chart). American cheese use was up 2.5% last year but disappearance of other types was down 2.0%. Domestic consumption was down 1.0% while export sales were up 31.7% (adjusted for leap day).

Disappearance of butter was 1.71 billion lbs., up 12.5% vs. the prior year (adjusted for leap day). Domestic use was up 5.7% while export sales were up 124.2%. **cme**



## FEBRUARY 25 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	9.29	+1	56 4908	10.00 @ 0.00	NC	10.00 @ 0.71	-1	15.800	NC	82.750	NC	107.500	-0.025
MAR	10.19	-5	216 4817	10.25 @ 0.17	-2	10.00 @ 0.11	+1	16.250	NC	82.000	NC	112.000	NC
APR	10.27	NC	356 4419	10.50 @ 0.31	NC	10.25 @ 0.40	NC	17.750	NC	83.000	-0.500	117.000	+0.500
MAY	10.65	-2	337 4081	10.75 @ 0.48	-1	10.50 @ 0.45	+1	18.000	NC	85.000	NC	122.250	+1.000
JUN	11.25	-8	434 3499	11.25 @ 0.61	-4	11.25 @ 0.61	+4	21.000	NC	87.000	NC	125.250	+1.000
JUL	12.35	-5	212 2775	12.50 @ 0.67	-3	12.25 @ 0.69	+2	22.000	NC	88.500	NC	128.750	+0.500
AUG	13.10	-7	110 2772	13.25 @ 0.80	-3	13.00 @ 0.81	+3	22.750	NC	89.500	NC	131.000	+1.000
SEP	13.68	-4	104 2714	13.75 @ 0.93	-3	13.50 @ 0.87	+1	23.000	NC	91.500	NC	134.000	+1.000
OCT	13.95	-3	129 2367	14.00 @ 1.02	-2	13.75 @ 0.94	+1	25.000	-0.500	93.000	NC	135.000	NC
NOV	14.33	-7	89 2215	14.50 @ 1.07	-4	14.25 @ 1.10	+3	26.000	NC	94.750	NC	136.000	NC
DEC	14.34	-4	81 2281	14.50 @ 1.13	-2	14.25 @ 1.15	+1	26.000	NC	95.000	NC	136.500	NC
JAN10	14.45	-5	9 242	15.50 @ 0.87	-2			25.000	NC	99.500	NC	137.000	NC

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

Block cheese	\$1.2250 (-3.50)
Barrel cheese	\$1.2100 (-3.25)
AA Butter	\$1.1350 (+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	2,155	37,659
[*276 Pit, 1879 Electronic]		
Class IV	0	168
NDM	7	1,060
Dry whey	16	1,497
Butter (cash settle)	47	4,596

### ➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	1,140	51,571
Class III Midi	2	146
Dry whey	0	160
Butter (cash settle)	0	45

Futures and options volume and open interest from previous trading day

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