

Daily Dairy Report

Dairy market information provided by Alan Levitt

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CLASS III PLUNGES TO \$9.31

The February Class III price is \$9.31, down \$1.47 from January and off \$7.72 from a year earlier (see chart). This is the third-lowest Class III price over the last 30 years, besting only the \$9.11 posted in March 2003 and \$8.57 in November 2000.

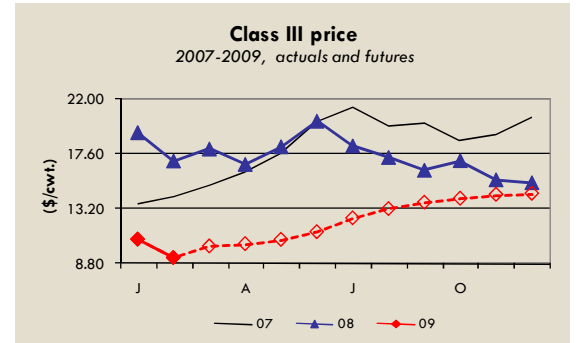
The Class IV is \$9.45, down 14¢ from January, and the lowest price since the Class IV was put in place to value butter/powder milk in January 2000.

19 loads of block and 7 loads of barrels traded today, closing out one of the most active weeks in the history of cheese trading. A total of 96 loads of cheese sold this week, the fifth-most ever, and the most since the week of June 18, 2004.

The All-Milk price hit a 5 1/2 year low of \$11.50 in February and, coupled with expensive feed, left dairy farm profitability at historically low levels. The Milk-Feed Price Ratio is an all-time low of 1.44, according to USDA's "Ag Prices" report released this afternoon. The cost of feed to produce 100 lbs. of milk was \$7.99, leaving income over feed costs of just \$3.51, also a new low.

Based on the preliminary feed costs in today's report, the February MILC payment would be \$1.63/cwt. The feed adjustor would add 29¢ to the payment.

NASS dairy product prices for the week ending Feb. 21: cheddar blocks \$1.1701 (+3.91¢ vs. the prior week); barrels \$1.1965 (+5.21¢); butter \$1.0845 (+0.52¢); nonfat dry milk 81.41¢ (-0.36¢); dry whey 15.91¢ (+0.36¢). **cme**



FEBRUARY 27 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. (¢)
MAR09	10.23	-4	157	4890	10.25 @ 0.15	-5	10.00 @ 0.07	-2	16.250	NC	82.000	NC	112.750	NC
APR	10.40	+3	218	4450	10.50 @ 0.36	+1	10.25 @ 0.33	-2	17.750	NC	83.000	NC	120.000	NC
MAY	10.75	+1	44	4103	10.75 @ 0.52	NC	10.75 @ 0.52	-1	18.000	NC	85.250	NC	123.750	-1.000
JUN	11.30	-3	78	3589	11.50 @ 0.52	-1	11.25 @ 0.58	+1	21.000	NC	87.500	+0.500	127.000	-0.750
JUL	12.44	+7	47	2821	12.50 @ 0.71	+3	12.25 @ 0.64	-3	22.000	NC	88.750	+0.250	129.750	-1.250
AUG	13.24	+7	14	2766	13.25 @ 0.86	+3	13.00 @ 0.75	-3	22.750	NC	89.500	NC	132.250	-0.250
SEP	13.71	-1	29	2696	13.75 @ 0.95	NC	13.50 @ 0.86	+1	23.250	NC	91.500	NC	134.750	-1.500
OCT	14.02	+2	21	2370	14.25 @ 0.94	NC	14.00 @ 1.04	-1	25.000	NC	93.000	NC	137.000	NC
NOV	14.33	-4	12	2208	14.50 @ 1.07	-2	14.25 @ 1.10	+2	26.000	NC	94.750	NC	137.500	+1.000
DEC	14.41	NC	13	2283	14.50 @ 1.16	NC	14.25 @ 1.12	NC	26.000	NC	95.000	NC	137.500	NC
JAN10	14.50	NC	3	221	15.50 @ 0.88	NC			25.000	NC	99.500	NC	138.000	-0.500
FEB10	14.50	NC	2	161	16.00 @ 0.78	NC			26.000	NC	115.000	NC	141.500	-2.500

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

Block cheese	\$1.1750 (-1.50)
Barrel cheese	\$1.1800 (NC)
AA Butter	\$1.1500 (+0.50)
NDM Extra Grade	\$.8500 (NC)
NDM Grade A	\$.8325 (NC)

➤ Milk Prices (with change from previous month):

Feb. Class III milk (USDA)	\$9.31 (-\$1.47)
Feb. Class IV milk (USDA)	\$9.45 (-\$0.14)

➤ Futures Volume and Open Interest

	Volume	Open Interest
Class III	725	37,857
[* 107 Pit, 618 Electronic]		
Class IV	0	168
NDM	0	1,071
Dry whey	0	1,501
Butter (cash settle)	82	4,638

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	331	51,989
Class III Midi	10	156
Dry whey	0	160
Butter (cash settle)	0	45

Futures and options volume and open interest from previous trading day

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