

Daily Dairy Report

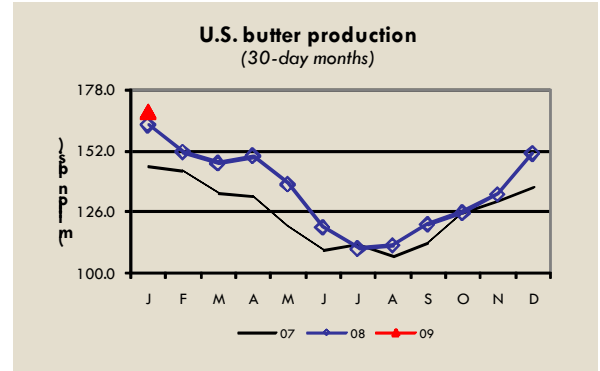
Dairy market information provided by Alan Levitt

Vol. 13, No. 42 / March 5, 2009

BUTTER OUTPUT AT 65-YEAR HIGH

In the Western region, "sales of current cheese have been excellent at the retail level and good to food service accounts," says USDA's *Dairy Market News*. "Milk supplies are beginning to increase seasonally in the region; therefore cheese production is also strong." In the Midwest, "many packagers and processors continue to operate on good seasonal schedules including some overtime on selected lines," says *DMN*.

Butter production in January was 174.7 million lbs., up 3.5% from a year ago, according to USDA's latest "Dairy Products" report (see chart). Manufacturers are producing one-third more butter than they did four years ago. The January total was the highest monthly production figure since June 1944.



Production of butter will now decrease seasonally through August. However, inventories will build through May or June.

In the West, "retail [butter] sales activity has been called good all spring," says *DMN*. "Foodservice orders are being called lighter than anticipated related to bad economic conditions. Cream remains readily available, but at higher multiples and lower volumes than a few weeks ago. Butter production remains heavy with ample supplies available for current orders and storage plans."

Production on NDM/SMP in January was 173.8 million lbs., up 5.5% from a year ago, according to USDA. NDM stocks on Jan. 31 were 203.5 million lbs., up 22.1% (+36.8 million lbs.) vs. prior year. **cme**

MARCH 5 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	10.21	+1	42	4839	10.25 @ 0.13	NC	10.00 @ 0.07	NC	16.000	NC	82.000	NC	113.500	NC
APR09	10.47	+12	216	4354	10.50 @ 0.37	+5	10.25 @ 0.28	-6	17.750	NC	83.000	NC	120.000	-1.750
MAY09	10.85	+10	40	4260	11.00 @ 0.44	+4	10.75 @ 0.46	-5	18.500	+0.500	86.250	+1.000	125.000	+0.500
JUN09	11.44	+9	45	3743	11.50 @ 0.58	+4	11.25 @ 0.52	-4	21.000	+0.250	87.500	NC	128.250	+1.250
JLY09	12.62	+12	80	2787	12.75 @ 0.67	+5	12.50 @ 0.67	-6	22.250	+0.225	89.000	+0.250	131.750	+1.750
AUG09	13.51	+16	43	2746	13.75 @ 0.77	+8	13.50 @ 0.87	-8	23.000	NC	89.750	NC	133.000	+0.750
SEP09	14.00	+15	34	2671	14.00 @ 0.97	+8	14.00 @ 0.97	-7	24.250	+0.750	91.000	-0.500	134.500	+0.500
OCT09	14.32	+17	23	2373	14.50 @ 0.98	+9	14.25 @ 1.02	-8	25.750	+0.250	92.500	-0.500	137.250	NC
NOV09	14.57	+8	25	2231	14.75 @ 1.07	+4	14.50 @ 1.11	-4	25.750	+0.250	94.750	-0.250	138.000	NC
DEC09	14.65	+14	29	2297	14.75 @ 1.16	+7	14.50 @ 1.13	-6	26.000	NC	95.000	NC	139.000	NC
JAN10	14.71	+16	6	223	15.50 @ 0.96	+6	13.00 @ 0.54	-5	25.000	NC	99.500	NC	138.000	NC
FEB10	14.67	+7	6	163	16.00 @ 0.83	+4	13.00 @ 0.60	-3	26.000	NC	115.000	NC	140.000	NC

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

Block cheese	\$1.1750 (+0.50)
Barrel cheese	\$1.2050 (+2.75)
AA Butter	\$1.1600 (-0.25)
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	591	33,088
[* 12 Pit, 579 Electronic]		
Class IV	0	218
NDM	1	936
Dry whey	6	1,402
Butter (cash settle)	55	4,248

➤ **Options Volume and Open Interest**

	Volume	Open Interest
Class III	211	46,979
Class III Midi	0	137
Dry whey	0	140
Butter (cash settle)	0	40

Futures and options volume and open interest from previous trading day

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