

Daily Dairy Report

Dairy market information provided by Alan Levitt

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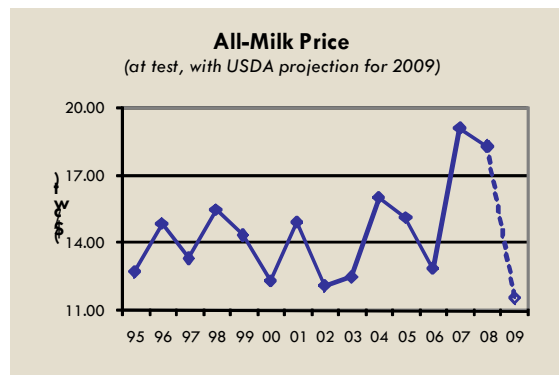
CHEESE RESUMES UPWARD CLIMB

Cheese prices resumed their upward climb today, advancing 2.25¢ on barrels and 1.75¢ on blocks. Milk futures opened lower, jumped during the cheese trading, but faded after. Class III futures from MAY-OCT09 settled 10¢ down. As cheese prices move towards \$1.30, traders are watching to see if buyer resistance sets in. In the last run-up a month ago, blocks topped out at \$1.33 and barrels peaked at \$1.30 before buyers stepped aside.

USDA increased milk price forecasts in its monthly "World Agricultural Supply & Demand Estimates" report released this morning. The Class III price is expected to average \$10.05-\$10.65, up about 30¢ from its February forecast. Milk production is expected to drop 0.5% in 2009 vs. 2008 (adjusting for leap day). This would be the first decline since 2001.

Exports (on a total-solids basis) are predicted to fall 31% from last year's record levels. The department also lowered its forecast for government purchases for this year: NDM 415 million lbs. (down from a forecast of 575 million lbs. in February), butter 10 million lbs. (down from 55 million lbs.) and cheese zero (down from 20 million lbs.).

Corn futures declined today despite USDA's increase in its estimate of use of ethanol and decrease in closing stocks. USDA boosted its projection of ethanol use to 3.7 billion bushels, 22% more than a year ago. The department expects 31% of this year's corn harvest to go to ethanol. [cme](#)



MARCH 11 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. (¢)	Settle (¢)	chg. (¢)		
MAR09	10.22	NC	65	4825	10.25 @ 0.05	-4	10.00 @ 0.01	-2	15.750	NC	82.000	NC	113.000	NC				
APR	10.57	-2	199	4543	10.75 @ 0.29	-1	10.50 @ 0.33	NC	17.750	NC	83.000	NC	120.000	NC				
MAY	10.88	-12	177	4273	11.00 @ 0.44	-6	10.75 @ 0.43	+5	18.750	+0.250	86.000	-0.250	125.500	NC				
JUN	11.56	-13	175	3807	11.75 @ 0.52	-7	11.50 @ 0.57	+5	22.000	NC	87.500	NC	129.000	NC				
JUL	12.67	-8	88	2790	12.75 @ 0.69	-4	12.50 @ 0.64	+4	23.500	NC	89.000	NC	134.000	-0.500				
AUG	13.59	-8	47	2734	13.75 @ 0.79	-4	13.50 @ 0.82	+4	25.250	-0.500	90.500	NC	133.525	-0.480				
SEP	14.12	-9	20	2680	14.25 @ 0.91	-9	14.00 @ 0.90	+3	26.000	NC	91.000	NC	136.250	-0.250				
OCT	14.48	-9	21	2393	14.50 @ 1.04	-6	14.25 @ 0.94	+4	27.000	NC	92.500	NC	138.000	-0.500				
NOV	14.75	-2	31	2228	14.75 @ 1.15	-1	14.75 @ 1.15	+1	27.000	NC	94.750	NC	140.000	+0.500				
DEC	14.84	-1	19	2313	15.00 @ 1.14	-1	14.75 @ 1.17	+1	27.000	NC	95.000	NC	140.000	NC				
JAN10	14.90	-5	10	239	15.50 @ 1.04	-2			26.000	+1.00	99.500	NC	140.000	NC				
FEB	14.91	+3	17	190	16.00 @ 0.92	+1			26.000	NC	115.000	NC	140.000	NC				

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

Block cheese	\$1.2475 (+1.75)
Barrel cheese	\$1.2725 (+2.25)
AA Butter	\$1.1800 (+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	876	33,477
[*30 Pit, 846 Electronic]		
Class IV	0	218
NDM	8	972
Dry whey	20	1,432
Butter (cash settle)	63	4,411

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	465	46,863
Class III Midi	1	150
Dry whey	0	140
Butter (cash settle)	0	45

Futures and options volume and open interest from previous trading day

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