

Daily Dairy Report

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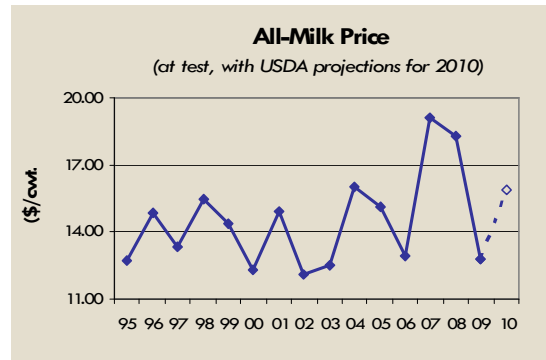
USDA revises forecast lower

Both blocks and barrels traded higher today, though both retreated under subsequent offers. Barrels settled a quarter cent higher and blocks closed unchanged.

Recent declines in spot cheese and NDM prices prompted USDA to revise its 2010 price forecast lower. The Class III price is projected to average \$14.20-\$14.80, down 75¢ from its February forecast, and the Class IV is projected to average \$13.65-\$14.35, down 35¢ from last month, according to the latest "World Agricultural Supply & Demand Estimates" report released this week.

"Cheese prices are reduced as higher stocks are expected to pressure prices," the department says. Milk production is projected to reach 189.5 billion lbs., up 0.1% from 2009. "Cow slaughter is relatively low and January milk cow numbers were higher than expected," the USDA explains. "The pace of herd reduction is slowed from last month."

NASS dairy product prices for the week ending March 6: cheddar blocks \$1.4378 (-5.43¢ vs. the prior week); barrels \$1.3976 (-6.85¢); butter \$1.4076 (+5.20¢); nonfat dry milk \$1.0419 (-0.28¢); dry whey 38.39¢ (-0.55¢). **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [29 Pit, 944 Electronic]	973	29,062
Class IV	0	195
NDM (cash settle)	0	879
NDM (deliverable)	0	1
Dry whey	73	1,951
Butter (cash settle)	59	3,272

Options Volume and Open Interest

	Volume	Open Interest
Class III	431	48,114
Class III midi	0	402
Dry whey	5	588
Butter (cash settle)	0	94

Futures and options volume and open interest from previous trading day.

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.2675 (NC) • Barrel cheese \$1.2625 (+0.25) • AA Butter \$1.4550 (-1.00) • NDM Extra Grade \$1.1200 (NC) • NDM Grade A \$1.1100 (NC) **MILK PRICES** (with change, in dollars, from previous month): February Class III milk (USDA) \$14.28 (-\$0.22) • February Class IV milk (USDA) \$12.90 (-\$0.95)

March 12 Trading Activity

	Class III Futures				Class III Options Calls		Class III Options Puts		Dry Whey Futures		NDM Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume	open interest	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
MAR10	12.84	-5	78	3908	13.00 @ 0.03	-1	12.75 @ 0.05	+1	37.750	-0.250	106.000	NC	142.500	-0.750
APR	12.78	-1	215	4602	13.00 @ 0.13	-1	12.75 @ 0.21	NC	33.750	-0.500	110.000	-1.750	146.000	NC
MAY	13.26	+7	306	4043	13.50 @ 0.30	+3	13.25 @ 0.44	NC	32.750	-0.750	112.000	NC	148.000	NC
JUN	13.90	+3	132	3171	14.00 @ 0.50	+1	13.75 @ 0.48	-1	32.500	NC	113.000	NC	150.000	NC
JUL	14.24	-1	80	2503	14.25 @ 0.66	-1	14.00 @ 0.55	NC	32.500	NC	114.000	NC	152.500	-0.250
AUG	14.74	-10	80	2371	14.75 @ 0.77	-5	14.50 @ 0.65	+4	32.000	NC	116.750	NC	155.000	NC
SEP	15.12	NC	26	2203	15.25 @ 0.79	NC	15.00 @ 0.79	NC	33.000	+0.500	117.500	NC	156.500	NC
OCT	15.12	+2	20	2078	15.25 @ 0.76	+1	15.00 @ 0.76	-1	33.250	+1.250	118.500	NC	157.380	-0.380
NOV	15.00	+5	13	1998	15.00 @ 0.86	+2	15.00 @ 0.86	-3	34.000	NC	119.500	NC	160.000	-0.500
DEC	14.90	+3	17	1933	15.00 @ 0.85	+1	14.75 @ 0.82	-2	32.500	NC	117.000	NC	160.500	NC
JAN11	14.47	NC	0	107	14.50 @ 0.96	-1	14.00 @ 0.75	NC	30.500	NC	111.000	NC	159.000	NC
FEB	14.20	NC	1	52	14.50 @ 0.87	NC	14.00 @ 0.90	NC	30.000	+0.500	111.000	NC	160.000	NC

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