

Daily Dairy Report

Dairy market information provided by Alan Levitt

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IMPORTS LOWER IN JANUARY

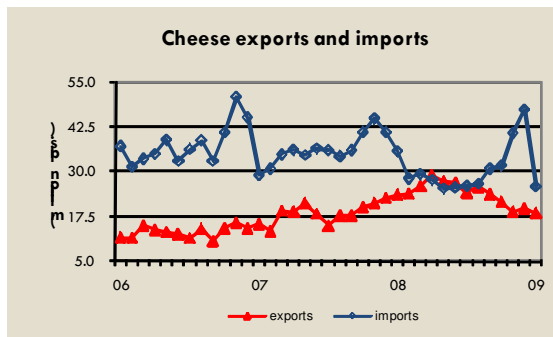
In this morning's spot cheese trading session, buyers bid blocks and barrels 1.5¢ higher before sellers reclaimed the upper hand and offered prices back down. At the end of trading, barrels settled 0.75¢ higher on four sales and blocks settled 0.50¢ higher on five sales.

The buying spree continued on milk futures, which gained 26¢ in the MAY-DEC09 contracts. Prices rose further in after-hours Globex trading. OCT and NOV are back above \$15.00 – a level that would require cheese prices to rebound above \$1.65-1.70.

Cheese exports have fallen in seven of the last nine months after peaking at 29.0 million lbs. in April 2008. In January, exports were just 18.3 million lbs. Cheese imports, which rose dramatically in the last four months of 2008, fell back in January. Imports for the month were 25.9 million lbs., barely half of what was brought in in December, according to USDA/FAS trade data released this morning (see chart).

Butterfat imports were minimal in January -- just 0.9 million lbs., one-tenth of the volume that was brought in in December. MPC imports in January were 13.8 million lbs., up 1.1% vs. a year ago. Imports of casein/caseinates were 14.5 million lbs., down 24.0%.

Traders will watch for several major reports this week. The February "Milk Production" report comes out Wednesday afternoon, as does the monthly "Livestock, Dairy & Poultry Outlook." On Friday, USDA will release the Feb. 28 cheese and butter inventory report, the February "Livestock Slaughter" report and the April Class I mover. **cme**



MARCH 16 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	10.37	+6	45 4827	10.50 @ 0.02	+1	10.25 @ 0.02	-2	15.750	NC	82.000	NC	113.000	NC	
APR	11.04	+17	432 4534	11.25 @ 0.24	+5	11.00 @ 0.32	-9	18.750	+0.250	83.000	NC	120.000	NC	
MAY	11.30	+23	228 4333	11.50 @ 0.41	+9	11.25 @ 0.47	-13	20.000	+0.250	85.900	-0.050	126.250	+0.250	
JUN	12.11	+25	320 4042	12.25 @ 0.55	+10	12.00 @ 0.56	-13	22.000	NC	87.500	NC	130.250	+0.750	
JUL	13.30	+31	190 2853	13.50 @ 0.65	+13	13.25 @ 0.72	-16	24.250	+0.250	89.250	+0.250	133.750	-0.250	
AUG	14.23	+27	111 2768	14.25 @ 0.88	+13	14.00 @ 0.77	-13	26.500	+0.500	91.000	+0.500	134.250	NC	
SEP	14.74	+27	39 2679	14.75 @ 0.99	+13	14.50 @ 0.87	-13	27.250	+0.250	92.000	+1.000	136.750	NC	
OCT	15.10	+30	20 2396	15.25 @ 1.02	+14	15.00 @ 1.03	-15	27.750	+0.250	93.000	+0.500	138.500	-0.200	
NOV	15.24	+26	20 2244	15.25 @ 1.17	+12	15.00 @ 1.05	-12	27.500	NC	94.750	NC	140.000	-0.250	
DEC	15.26	+21	14 2317	15.50 @ 1.13	+10	15.25 @ 1.23	-11	27.500	NC	95.000	NC	140.000	-0.250	
JAN10	15.25	+16	11 245	15.50 @ 1.20	+7	14.00 @ 0.73	NC	26.000	NC	99.500	NC	141.000	NC	
FEB	15.20	+11	8 196	16.00 @ 1.03	+4	14.00 @ 0.80	NC	26.000	NC	115.000	NC	141.000	NC	

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

Block cheese	\$1.2550 (+0.50)
Barrel cheese	\$1.3250 (+0.75)
AA Butter	\$1.1850 (NC)
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.....	1,480	33,925
[*55 Pit, 1 425 Electronic]		
Class IV.....	15	233
NDM.....	9	1,007
Dry whey.....	12	1,476
Butter (cash settle).....	33	4,467

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III.....	90	47,188
Class III Midi.....	4	153
Dry whey.....	0	162
Butter (cash settle).....	0	45

Futures and options volume and open interest from previous trading day

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