

Daily Dairy Report

Daily market information provided by Alan Levitt

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Milk futures rally continues

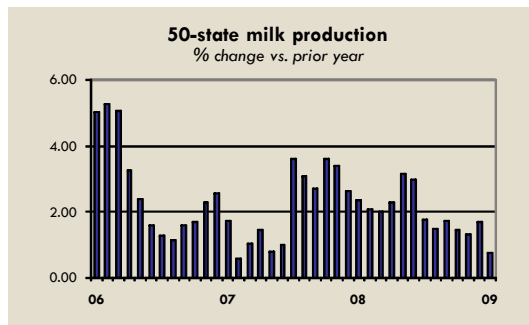
Cheese prices were bid higher but not high enough to attract any trades. Blocks gained 1.25¢ and barrels gained 1.5¢. Sellers seem content to let the price ride up as long as there are willing buyers. Milk futures traded higher overnight and continued to climb this morning, but backed off slightly after the spot trade. Double-digit increases filled the board. The second half average of \$14.82 is at its highest since early December.

Spot butter closed at \$1.1850 for the third straight day. Orders have been good heading into the final four weeks before Easter. In addition, cream is being diverted into production of Class II products for the holiday. Butter futures continue to price in a premium for the months ahead. Futures for the second half of the year average \$1.3716, up 2.4¢ from the end of February.

Whey futures for the second half of the year average 26.83¢, up 2.7¢ from the end of February.

Most of the country is enjoying mild weather. In the Midwest and Plains states, temperatures are 20-30° warmer than normal. Temps in California are typical for mid-March, but little to no rain has fallen in the San Joaquin Valley over the last month, escalating concerns of water shortages this summer.

The February "Milk Production" report comes out tomorrow afternoon. 50-state production was up just 0.8% in January, after running +1.6% in the second half of 2008 (see chart). Cow numbers declined 14,000 head in January and are expected to fall further in the February report as farmers cut back in the face of historically low profitability. **cme group**



For more information about real-time quotes, visit www.cmegroup.com/dairyquotes

FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III <small>[*1 Pit, 1133 Electronic]</small>	1,134	34,047
Class IV	0	233
NDM	5	1,010
Dry whey	15	1,490
Butter (cash settle)	63	4,504

Options Volume and Open Interest

	Volume	Open Interest
Class III	467	47,206
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.

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.2675 (+1.25) • Barrel cheese \$1.3400 (+1.50) • AA Butter \$1.1850 (NC) • NDM Extra Grade \$0.8500 (NC) • NDM Grade A \$0.8325 (NC) **MILK PRICES** (with change, in cents, from previous month): Feb. Class III milk (USDA) \$9.31 (-\$1.47) • Feb. Class IV milk (USDA) \$9.45 (-\$0.14)

March 17 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 from previous day		Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
MAR 09	10.42	+5	48	4818	10.50 @ 0.03	+1	10.25 @ 0.01	-1	15.750	NC	82.000	NC	113.000	NC
APR	11.22	+18	212	4576	11.25 @ 0.25	+1	11.00 @ 0.19	-13	18.750	NC	83.000	NC	120.000	NC
MAY	11.59	+29	100	4363	11.75 @ 0.44	+13	11.50 @ 0.46	-15	20.000	NC	85.900	NC	125.000	-1.250
JUN	12.33	+22	175	4028	12.50 @ 0.55	+10	12.25 @ 0.59	-10	22.000	NC	87.500	NC	128.000	-2.250
JUL	13.45	+15	127	2865	13.50 @ 0.73	+8	13.25 @ 0.65	-7	24.250	NC	89.250	NC	133.000	-0.750
AUG	14.43	+20	111	2769	14.50 @ 0.87	+10	14.25 @ 0.81	-9	26.500	NC	91.000	NC	134.250	NC
SEP	14.91	+17	66	2672	15.00 @ 0.96	+8	14.75 @ 0.92	-8	27.500	+0.250	92.000	NC	136.750	NC
OCT	15.25	+15	80	2414	15.25 @ 1.10	+8	15.25 @ 1.10	-7	27.750	NC	93.000	NC	138.470	-0.030
NOV	15.45	+21	58	2253	15.50 @ 1.17	+11	15.25 @ 1.09	-9	27.500	NC	94.750	NC	140.500	+0.500
DEC	15.45	+19	73	2333	15.50 @ 1.23	+10	15.25 @ 1.15	-8	27.500	NC	95.000	NC	140.000	NC
JAN 10	15.49	+24	13	243	15.50 @ 1.32	+12	14.00 @ 0.66	-7	26.750	+0.750	99.500	NC	141.000	NC
FEB	15.30	+10	15	191	16.00 @ 1.08	+5	14.00 @ 0.76	-4	26.000	NC	115.000	NC	141.000	NC

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