

# Daily Dairy Report

Vol. 14, No. 51 / March 17, 2010

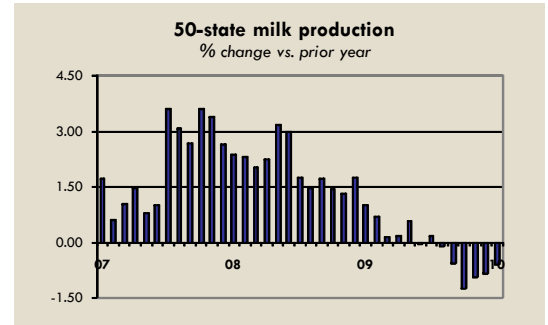
## Milk futures erosion continues

Class III contracts fell to new lows today, as a stagnant cheese market forces traders to take premium out of futures. APR-OCT10 lost 16¢. APR is now below \$12.50, MAY is below \$13.00 and JUL is below \$14.00. Cheese trading activity was heavier today, with 11 loads of barrels and 5 loads of block changing hands.

“The cheese market is unsettled,” says USDA’s *Dairy Market News*. “Most traders and manufacturers hope that recent price stability on the CME Group cash cheese market will lead to increased orders as buyers replenish depleted stocks.”

Traders also are waiting on the February “Milk Production” report, which comes out tomorrow afternoon. In the November-January period, total U.S. output was down 0.8% from the year before (*see chart*). Stronger productivity has offset some of the loss in cow numbers.

Production-per-cow in the November-January period was 56.8 lbs. per day, up 1.0 lbs. (+1.7%) vs. the prior year. The number of cows in February will be of particular interest in tomorrow’s report. After falling every month in 2009, the nation’s herd increased by 3,000 head in January. If expansion continues in the February report, it could signal greater supplies in the months ahead. **cme group**



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [8 Pit, 786 Electronic]	794	29,853
Class IV	0	195
NDM (cash settle)	5	929
NDM (deliverable)	0	1
Dry whey	19	1,981
Butter (cash settle)	25	3,367

### Options Volume and Open Interest

	Volume	Open Interest
Class III	514	49,081
Class III midi	12	415
Dry whey	0	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 (NC) • AA Butter \$1.4500 (NC) • NDM Extra Grade \$1.1200 (NC) • NDM Grade A \$1.1150 (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 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. (¢)	
MAR10	12.81	-3	66 3920	13.00 @ 0.01	-1	12.75 @ 0.04	+1	37.750	NC	106.000	NC	142.000	-0.500	
APR	12.44	-19	208 4722	12.50 @ 0.16	NC	12.25 @ 0.11	+5	34.250	+0.500	109.000	NC	144.500	-0.500	
MAY	12.92	-19	153 4263	13.00 @ 0.35	-10	12.75 @ 0.30	+7	33.250	+0.500	110.750	NC	147.250	NC	
JUN	13.65	-17	194 3320	13.75 @ 0.47	-9	13.50 @ 0.44	+7	32.500	NC	113.500	+1.000	149.000	NC	
JUL	13.97	-19	34 2528	14.00 @ 0.63	-10	13.75 @ 0.53	+7	32.000	-0.500	115.000	+1.000	152.750	NC	
AUG	14.49	-16	43 2418	14.50 @ 0.74	-9	14.25 @ 0.63	+7	31.500	+1.000	117.000	NC	154.500	NC	
SEP	14.96	-14	29 2269	15.00 @ 0.81	-8	14.75 @ 0.72	+5	32.500	-0.500	117.500	NC	156.250	-0.250	
OCT	15.01	-11	25 2126	15.25 @ 0.70	-6	15.00 @ 0.80	+5	32.500	-0.750	118.500	NC	157.250	+0.250	
NOV	14.93	-7	19 2056	15.00 @ 0.82	-4	14.75 @ 0.76	+3	32.500	+1.500	119.500	NC	159.000	NC	
DEC	14.80	-10	19 1979	15.00 @ 0.79	-6	14.75 @ 0.86	+4	32.500	NC	117.000	NC	160.470	-0.030	
JAN11	14.37	-3	4 107	14.50 @ 0.90	-2	14.00 @ 0.80	+3	30.500	NC	111.000	NC	159.000	NC	
FEB	14.20	NC	0 52	14.50 @ 0.86	NC	14.00 @ 0.89	NC	30.000	NC	111.000	NC	160.000	NC	

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