

Daily Dairy Report

Daily market information provided by Alan Levitt

Vol. 13, No. 52/ March 19, 2009

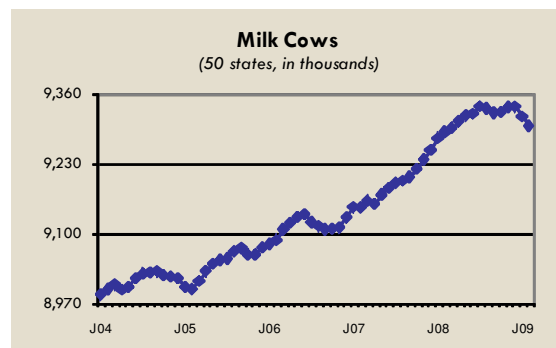
Futures limit-up

Milk futures settled limit-up (+75¢) or nearly so in APR-DEC09 contracts in a frenzy of buying following another gain in cheese prices. \$16.00 showed up on the board (in OCT09-JAN10) for the first time since last fall. Since the end of February, Class III futures covering the second half of the year have increased \$1.80. Blocks climbed 3.75¢ on 7 sales and an unfilled bid and barrels increased 3.00¢ on an unfilled bid.

Declining cow numbers may be fueling some of the bullish sentiment: 50-state numbers shrunk by 36,000 head in the first two months of the year (see chart) and are now just 11,000 head above a year ago. The last time cow numbers were below a year ago was October 2004. Reports of a CWT herd retirement round in the coming months also have supported speculation that markets will tighten in the second half of the year.

Milk powder and whey markets continue to strengthen as well. Dry whey is trading for mostly 16.75-17.25¢ in the Midwest and 18-20¢ in the West, according to USDA's *Dairy Market News*. Whey demand has picked up and inventories are shrinking. "Both domestic and export buyers are looking for additional volumes of [whey] powder," says *DMN*. "No [whey] powder is really being discounted any longer and more is being sold at premiums at this time. Any stocks at the producer levels are being held with confidence."

Western NDM is priced at mostly 80-81¢, up slightly for the second straight week. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [*179 Pit, 1394 Electronic]	1,573	34,299
Class IV	0	233
NDM	13	1,027
Dry whey	3	1,500
Butter (cash settle)	111	4,569

Options Volume and Open Interest

	Volume	Open Interest
Class III	827	47,454
Class III midi	1	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 \$1.3050 (+3.75) • Barrel cheese \$1.3700 (+3.00) • AA Butter \$1.1825 (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 19 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	10.55	+15	67	4839	10.75 @ 0.00	NC	10.50 @ 0.03	-9	15.250	NC	82.000	NC	113.025	+0.025		
APR	11.63	+75	283	4494	11.75 @ 0.26	+22	11.50 @ 0.25	-45	18.750	NC	83.000	NC	120.000	NC		
MAY	12.13	+75	172	4438	12.25 @ 0.50	+31	12.00 @ 0.48	-40	20.250	+0.250	85.900	NC	124.500	-0.500		
JUN	12.79	+75	354	4151	13.00 @ 0.58	+31	12.75 @ 0.65	-40	23.000	+1.000	86.500	NC	125.500	NC		
JUL	13.95	+68	213	2892	14.00 @ 0.80	+35	13.75 @ 0.72	-30	24.500	+0.250	89.500	NC	131.000	NC		
AUG	15.12	+75	104	2783	15.25 @ 0.94	+39	15.00 @ 0.94	-33	27.500	+1.000	90.250	+0.250	134.250	NC		
SEP	15.57	+70	90	2699	15.75 @ 1.03	+38	15.50 @ 1.08	-29	27.775	+0.275	92.250	+0.250	136.750	NC		
OCT	16.00	+75	83	2430	16.00 @ 1.22	+43	16.00 @ 1.22	-32	28.000	+0.250	93.250	+0.250	138.500	NC		
NOV	16.19	+74	78	2272	16.25 @ 1.30	+44	16.00 @ 1.23	-28	28.000	+0.500	94.750	NC	140.500	NC		
DEC	16.09	+66	87	2316	16.25 @ 1.31	+40	16.00 @ 1.34	-24	29.000	+1.500	95.000	NC	140.500	NC		
JAN 10	16.02	+58	10	249	16.00 @ 1.41	+32	15.50 @ 1.14	NC	27.000	NC	99.500	NC	141.000	NC		
FEB	15.55	+20	11	193	16.00 @ 1.22	+12	14.00 @ 0.71	-4	27.000	NC	115.000	NC	141.000	NC		

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