

Daily Dairy Report

Daily market information provided by Alan Levitt

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Cheese lower, futures steady

The dairy markets were relatively calm today. Blocks and barrels both fell to \$1.27, but futures were mixed, ranging from -5¢ to +6¢. Sellers had cheese to offer, but buying support was evident. Seven loads of blocks and four loads of barrels traded. It's the first time in nearly a month that barrels didn't settle at a premium to blocks. Spot butter traded a quarter-cent higher to \$1.1850, matching its high for the year.

World dairy markets are showing more signs of firming. EU programs to remove excess from the market have helped; in the first three weeks of March, more than 80 million lbs. of butter and 120 million lbs. of SMP were sold into intervention. In addition, manufacturers have sold more than 120 million lbs. of butter into Private Storage Aid (PSA) stocks since the first of the year.

In New Zealand, Fonterra says the large inventories it built up during the latter stages of 2008 are clearing. 2008/09 milk production, once projected to finish 8% higher than last year, is now forecast to be about 5% higher. Output continues to decline seasonally.

Oceania export prices, as reported by USDA's *Dairy Market News*: butter 73-95¢, SMP 73-93¢, cheddar cheese \$1.04-\$1.32.

CME Group will launch deliverable NDM futures and options on April 20. Specifications on the new contract will mirror the existing cash-settled NDM futures and options, except settlement will be made through physical delivery. For more information, see the attached sheet, or go to <http://cmegroup.mediaroom.com/index.php?s=43&item=2826&pagetemplate=article>. **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	732	34,458
[*113 Pit, 619 Electronic]		
Class IV	0	233
NDM	7	1,032
Dry whey	4	1,511
Butter (cash settle)	62	4,605

Options Volume and Open Interest

	Volume	Open Interest
Class III	508	47,632
Class III midi	7	159
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 \$1.2700 (-1.00) • Barrel cheese \$1.2700 (-1.50) • AA Butter \$1.1850 (+0.25) • NDM Extra Grade \$0.8500 (NC) • NDM Grade A \$0.8450 (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 24 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	10.47	-1	83 4879	10.50 @ 0.02	NC	10.25 @ 0.00	NC	15.250	NC	82.000	NC	113.000	NC
APR	11.25	NC	96 4492	11.25 @ 0.25	-1	11.25 @ 0.25	-1	19.000	NC	83.000	NC	120.250	NC
MAY	11.90	-1	117 4427	12.00 @ 0.45	-3	11.75 @ 0.42	-2	20.250	NC	86.000	+0.100	123.750	-0.750
JUN	12.76	+6	101 4150	13.00 @ 0.54	+2	12.75 @ 0.65	-3	24.000	NC	86.500	NC	125.250	NC
JUL	13.85	+1	87 2890	14.00 @ 0.73	NC	13.75 @ 0.75	-1	25.250	NC	88.750	-0.250	129.000	-1.250
AUG	14.93	NC	53 2809	15.00 @ 0.94	NC	14.75 @ 0.88	NC	27.500	NC	90.000	-0.250	133.500	NC
SEP	15.50	NC	47 2696	15.50 @ 1.10	NC	15.50 @ 1.09	-1	27.775	NC	92.000	-0.500	136.250	-0.250
OCT	15.93	-2	31 2447	16.00 @ 1.17	-1	15.75 @ 1.11	+1	28.000	NC	93.500	NC	138.500	NC
NOV	16.00	-5	47 2265	16.00 @ 1.30	-3	16.00 @ 1.30	+2	28.000	NC	94.750	NC	140.500	NC
DEC	16.05	-1	62 2312	16.25 @ 1.28	-1	16.00 @ 1.34	NC	29.000	NC	95.250	NC	140.000	-0.500
JAN 10	15.85	-5	2 258	16.00 @ 1.31	-3	15.50 @ 1.19	+2	27.000	NC	99.500	NC	140.000	-0.500
FEB	15.59	+6	1 199	16.00 @ 1.23	+2	14.00 @ 0.69	+2	27.250	+0.250	115.000	NC	140.000	-0.500

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