

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## Milk futures rally to new '09 highs

Cheese prices fell for the fourth straight day, declining 2¢ on blocks and 1¢ on barrels in an active session that saw 22 loads traded. After the spot trade, however, milk futures rallied to new 2009 highs, settling 20-49¢ higher from MAY09 out to FEB10.

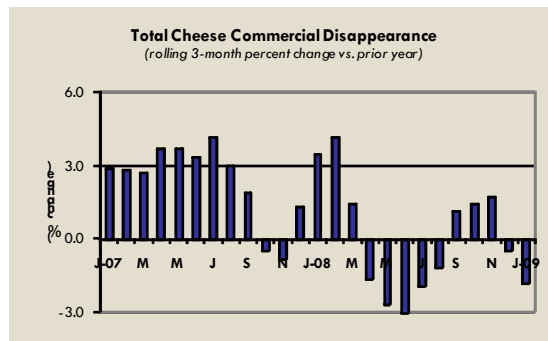
Cheese sales were sluggish in the November-January period, with continued declines in sales of non-American varieties, according to USDA "Commercial Disappearance" data released yesterday. In the three-month period, use of American was up 2.1% vs. prior year, but use of other varieties was down 4.4%. That left total cheese consumption down 1.8% compared with a year earlier (*see chart*).

Butter sales were down 0.6% in November-January. Domestic consumption was up 5.5%, but exports dropped 60.3% vs. prior-year levels.

Use of NDM/SMP was 8.5% lower. [Note: this figure differs from USDA's NDM use number because we include SMP in our calculation.] Domestic use for NDM/SMP was up 11.3%, but exports were down 30.5%.

Disappearance of dry whey is estimated at -2.0% for November-January. [Note: this figure is derived from USDA production, stocks, export and import data.] Domestic disappearance was up 4.3% while exports were down 11.5%.

Fluid milk sales during the three-month period were up 0.7%. **cme group**



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III	594	34,378
[*32 Pit, 562 Electronic]		
Class IV	0	233
NDM	7	1,037
Dry whey	5	1,512
Butter (cash settle)	26	4,626

### Options Volume and Open Interest

	Volume	Open Interest
Class III	434	47,928
Class III midi	0	159
Dry whey	0	162
Butter (cash settle)	5	50

Futures and options volume and open interest from previous trading day.

**SPOT PRICES** (with change, in cents, from previous day): Block cheese \$1.2500 (-2.00) • Barrel cheese \$1.2600 (-1.00) • AA Butter \$1.1875 (+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 25 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
MAR 09	10.45	-2	98	4895	10.50 @ 0.01	-1	10.25 @ 0.00	NC	15.250	NC	82.000	NC	113.025	+0.025
APR	11.31	+6	93	4464	11.50 @ 0.17	+2	11.25 @ 0.22	-3	19.000	NC	83.000	NC	120.500	+0.250
MAY	12.35	+45	29	4426	12.50 @ 0.44	+17	12.25 @ 0.46	-24	20.000	-0.250	86.000	NC	123.750	NC
JUN	13.25	+49	62	4121	13.25 @ 0.67	+22	13.25 @ 0.67	-27	23.750	-0.250	87.000	+0.500	125.250	NC
JUL	14.30	+45	71	2892	14.50 @ 0.76	+22	14.25 @ 0.78	-25	25.250	NC	88.750	NC	129.500	+0.500
AUG	15.30	+37	31	2812	15.50 @ 0.90	+17	15.25 @ 0.97	-18	27.500	NC	90.000	NC	134.250	+0.750
SEP	15.85	+35	31	2677	16.00 @ 1.05	+17	15.75 @ 1.06	-17	27.775	NC	92.000	NC	136.250	NC
OCT	16.22	+29	47	2431	16.25 @ 1.21	+15	16.00 @ 1.11	-13	28.250	+0.250	93.500	NC	138.500	NC
NOV	16.22	+22	66	2253	16.25 @ 1.30	+11	16.00 @ 1.20	-10	28.250	+0.250	94.750	NC	140.500	NC
DEC	16.30	+25	43	2300	16.50 @ 1.30	+15	16.25 @ 1.36	-12	29.000	NC	95.250	NC	140.000	NC
JAN 10	16.05	+20	4	257	16.25 @ 1.01	+9	16.00 @ 1.36	-10	27.500	+0.500	99.500	NC	140.500	+0.500
FEB	15.90	+31	3	200	16.00 @ 1.39	+16	14.00 @ 0.61	-8	27.250	NC	115.000	NC	140.000	+1.000

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