

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## Milk futures rally on cheese increases

Milk futures closed out the week with huge gains following another increase in cheese prices. Today it was blocks leading the rally; 7 offers were snapped up, then 6 more loads sold on bids. Blocks traded as high as \$1.2975 but settled at \$1.29. Barrels increased to \$1.2975 on an unfilled bid and no trades. For the week, 73 loads of cheese were traded, one of the most active weeks ever.

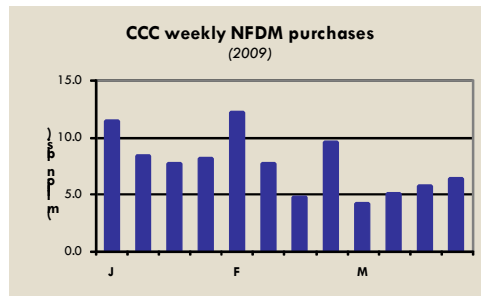
Futures took off after the cheese trading. Class III futures for APR-SEP09 increased 50¢. Contracts covering the last six months of the year average \$16.00, up \$2.31 from a month ago.

All the attention now is on the milk market. Butter, whey and NDM futures are mostly steady. Butter orders for Easter week have mostly been placed, but shipments continue. Butter stocks continue to build seasonally.

“Milk production in many areas of the country is showing signs of the spring flush, pushing milk production higher,” says USDA’s *Dairy Market News*. “However, balancing plant intakes are varied as milk production in some locations is flat or below year-ago levels. Fat and protein levels in some areas also are running below last year’s levels. Handlers relate both issues directly to dairy farmers’ changing to lower-cost feed rations.”

This week, USDA bought 6.3 million lbs. of NDM under the support program (see chart), bringing the six-month total to 205.4 million lbs.

NASS dairy product prices for the week ending March 21: cheddar blocks \$1.2226 (-0.07¢ vs. the prior week); barrels \$1.2768 (+4.60¢); butter \$1.1603 (+2.36¢); nonfat dry milk 81.83¢ (+0.27¢); dry whey 17.38¢ (+0.89¢). **cme group**



For more information about real-time quotes, visit [www.cmegroup.com/dairyquotes](http://www.cmegroup.com/dairyquotes)

## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [*435 Pit, 1322 Electronic]	1,757	34,220
Class IV	0	233
NDM	10	1,041
Dry whey	3	1,518
Butter (cash settle)	86	4,658

### Options Volume and Open Interest

	Volume	Open Interest
Class III	686	48,272
Class III midi	1	163
Dry whey	0	162
Butter (cash settle)	0	65

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

**SPOT PRICES** (with change, in cents, from previous day): Block cheese \$1.2900 (+3.75) • Barrel cheese \$1.2975 (+3.50) • AA Butter \$1.1875 (NC) • 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 27 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	10.46	+1	27	4873	10.50 @ 0.01	NC	10.25 @ 0.00	NC	15.250	NC	82.000	NC	114.000	+0.500
APR	11.72	+48	213	4424	11.75 @ 0.24	+17	11.50 @ 0.16	-24	19.000	NC	83.000	NC	120.000	-0.500
MAY	12.74	+47	231	4374	12.75 @ 0.52	+21	12.50 @ 0.41	-22	20.000	NC	86.000	NC	124.250	NC
JUN	13.77	+59	236	4074	14.00 @ 0.59	+24	13.75 @ 0.68	-32	23.750	NC	87.000	NC	125.750	NC
JUL	14.85	+61	217	2896	15.00 @ 0.78	+27	14.75 @ 0.80	-31	25.250	NC	89.000	NC	129.500	NC
AUG	15.75	+48	200	2819	15.75 @ 1.02	+24	15.75 @ 1.02	-24	27.500	NC	90.250	+0.250	134.000	NC
SEP	16.20	+37	173	2639	16.25 @ 1.11	+18	16.00 @ 1.03	-17	27.775	NC	92.500	NC	136.000	NC
OCT	16.45	+25	136	2423	16.50 @ 1.21	+13	16.25 @ 1.13	-11	28.250	NC	94.000	NC	138.000	NC
NOV	16.40	+30	100	2245	16.50 @ 1.28	+15	16.25 @ 1.24	-14	28.250	NC	95.000	NC	140.500	+0.250
DEC	16.37	+17	133	2302	16.50 @ 1.33	+9	16.25 @ 1.32	-8	29.000	NC	95.250	NC	141.000	+1.000
JAN 10	16.15	+15	24	267	17.00 @ 1.05	+7	16.00 @ 1.31	-7	27.500	NC	99.500	NC	142.000	+1.500
FEB	15.99	+11	14	207	16.00 @ 1.43	+5	14.00 @ 0.58	-3	27.250	NC	115.000	NC	141.500	+0.500

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