

Daily Dairy Report

Daily market information provided by Alan Levitt

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Low profitability in March

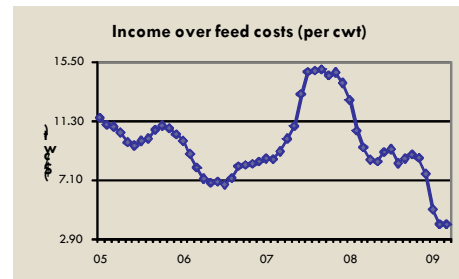
Traders felt Friday's rally on Class III futures was overdone and came into today's session ready to sell. Milk futures plunged, giving back Friday's gains. MAY-JUL09 dropped 64¢ and AUG-DEC09 settled 46¢ lower. Prices fell further in after-hours trading, taking \$16 milk off the board.

In the spot session, blocks traded as high as \$1.30, but settled unchanged at \$1.29 on 6 sales. There was no activity on barrels.

Butter traded 4 times, settling three-quarters of a cent lower at \$1.18, the lowest price in nearly three weeks. Butter futures were slightly lower but still retain premiums for the second half of the year, which averages \$1.36.

Milk prices and feed costs both declined slightly in March, leaving profitability at historically poor levels, according to USDA's "Ag Prices" report released this afternoon. The Milk-Feed price ratio for March is 1.51, up from a revised 1.50 in February. The All-Milk price was estimated at \$11.50, down from \$11.60 last month. The cost of feed rations dropped about 1.3%; soybeans were down 42¢/bushel to \$9.13, alfalfa hay was down \$6/ton to \$1.37, but corn, the main component in the mix, was up 9¢/bushel to \$3.96. Income over feed costs, derived from these USDA prices, was unchanged from February at \$3.87/cwt. (see chart).

Based on the revised feed prices in today's "Ag Prices" report, the MILC payment for February should be \$1.51/cwt. (down from earlier estimates). Using the preliminary March numbers in today's report, the March MILC payment should be \$2.02. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III	1,161	34,093
[*188 Pit, 973 Electronic]		
Class IV	0	233
NDM	4	1,041
Dry whey	0	1,518
Butter (cash settle)	54	4,692

Options Volume and Open Interest

	Volume	Open Interest
Class III	810	48,653
Class III midi	0	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 (NC) • Barrel cheese \$1.2975 (NC) • AA Butter \$1.1800 (-0.75) • 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 30 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	NC	0 4873	10.50 @ 0.00	-1	10.25 @ 0.00	NC	15.250	NC	82.000	NC	113.750	-0.250
APR	11.30	-42	119 4460	11.50 @ 0.12	-26	11.25 @ 0.18	+10	19.000	NC	83.000	NC	118.500	-1.500
MAY	12.10	-64	222 4344	12.25 @ 0.42	-37	12.00 @ 0.43	+21	20.000	NC	86.000	NC	124.500	+0.250
JUN	13.10	-67	178 3999	13.25 @ 0.58	-39	13.00 @ 0.60	+24	23.750	NC	87.000	NC	125.750	NC
JUL	14.25	-60	133 2884	14.25 @ 0.81	-36	14.25 @ 0.81	+24	25.250	NC	89.000	NC	129.250	-0.250
AUG	15.28	-47	128 2803	15.50 @ 0.88	-26	15.25 @ 0.96	+19	27.500	NC	90.250	+0.250	133.500	-0.500
SEP	15.80	-40	128 2636	16.00 @ 1.01	-22	15.75 @ 1.07	+16	27.775	NC	92.500	NC	135.250	-0.750
OCT	16.03	-42	86 2405	16.25 @ 1.09	-24	16.00 @ 1.18	+18	28.250	NC	94.000	NC	137.750	-0.250
NOV	15.90	-50	56 2237	16.00 @ 1.23	-29	15.75 @ 1.19	+19	28.250	NC	95.000	NC	140.250	-0.250
DEC	15.88	-49	95 2297	16.00 @ 1.28	-29	15.75 @ 1.27	+20	29.000	NC	95.250	NC	141.000	NC
JAN 10	15.80	-35	11 269	16.00 @ 1.27	-19	15.50 @ 1.20	+13	27.500	NC	99.500	NC	142.000	NC
FEB	15.87	-12	3 209	16.00 @ 1.36	-7	14.00 @ 0.61	+3	27.250	NC	115.000	NC	141.500	NC

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