

Daily Dairy Report

Daily market information provided by Alan Levitt

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Barrels fall to 5-week low

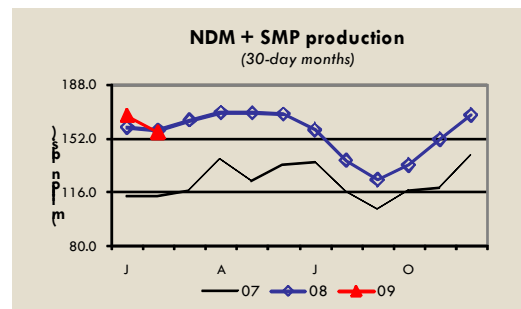
Heavy selling pressure pushed barrels 6¢ lower to \$1.20, the lowest price since March 4. Buyers came off the sidelines at \$1.20, buying 6 loads at that price (after buying 2 loads earlier at \$1.25 and \$1.24). Blocks fell 2.75¢ on an uncovered offer.

Milk futures fell for the sixth time in seven days. Prices were slightly lower in the opening hours, but fell more aggressively after the drop in the cheese market. MAY-JUL09 declined 35¢ while AUG09-MAR10 lost 20¢.

Powder production appears to be slowing with the pullback in milk output. Production of NDM and SMP in February was 145.7 million lbs., down 0.8% from the prior year (adjusted for leap day in 2008), according to USDA's "Dairy Products" report released last week. That ends a streak of 19 straight months of year-over-year growth (see chart).

Manufacturers' stocks of NDM shrunk in February, but remain above year-earlier levels. Feb. 28 inventories were 188.8 million lbs., down from 203.9 million lbs. at the end of January, but up from 159.3 million lbs. at the end of February 2008. Suppliers sold 1.0 million lbs. of powder to the government under the support program yesterday, bringing the total purchases since October to 210.4 million lbs.

Holiday hours: CME Group will be closed Friday for Good Friday. Trading will take place at the regular hours on Thursday, and will resume for Monday's trade date. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [*8 Pit, 663 Electronic]	671	29,411
Class IV	0	203
NDM	12	916
Dry whey	0	1,374
Butter (cash settle)	59	4,472

Options Volume and Open Interest

	Volume	Open Interest
Class III	377	44,392
Class III midi	14	178
Dry whey	0	142
Butter (cash settle)	10	80

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.2525 (-2.75) • Barrel cheese \$1.2000 (-6.00) • AA Butter \$1.1900 (+0.75) • NDM Extra Grade \$0.8500 (NC) • NDM Grade A \$0.8450 (NC) **MILK PRICES** (with change, in cents, from previous month): March Class III milk (USDA) \$10.44 (+\$1.13) • March Class IV milk (USDA) \$9.64 (+\$0.19)

April 7 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. (¢)
APR 09	10.81	-17	52 4446	11.00 @ 0.05	-6	10.75 @ 0.09	+5	18.750	NC	83.000	NC	118.250	NC
MAY	10.99	-31	224 4573	11.00 @ 0.38	-18	10.75 @ 0.27	+9	20.500	NC	85.000	-0.600	125.500	NC
JUN	11.61	-36	170 4019	11.75 @ 0.49	-19	11.50 @ 0.49	+14	22.500	NC	86.000	-1.000	127.000	-0.750
JUL	12.82	-38	91 2902	13.00 @ 0.62	-20	12.75 @ 0.66	+15	25.000	NC	90.000	NC	128.500	-0.250
AUG	14.12	-27	48 2746	14.25 @ 0.82	-15	14.00 @ 0.82	+11	27.750	+0.250	89.000	-1.250	130.000	-1.000
SEP	14.72	-22	23 2592	14.75 @ 1.00	-12	14.50 @ 0.89	+9	28.250	+0.250	92.500	NC	133.500	-0.500
OCT	14.98	-22	12 2393	15.00 @ 1.08	-13	14.75 @ 0.97	+8	28.750	+0.500	94.000	NC	136.250	-0.500
NOV	15.01	-19	16 2249	15.25 @ 1.08	-10	15.00 @ 1.18	+8	29.000	+0.250	95.000	NC	139.250	NC
DEC	15.01	-14	15 2263	15.25 @ 1.14	-8	15.00 @ 1.24	+6	29.000	NC	95.000	NC	139.250	NC
JAN 10	15.05	-13	6 284	15.50 @ 1.07	-7	15.00 @ 1.25	+6	29.000	NC	99.500	NC	140.000	-0.500
FEB	15.01	-19	3 214	15.50 @ 1.12	-10	14.00 @ 0.84	+6	29.000	NC	115.000	NC	140.500	NC
MAR	15.06	-25	5 219	15.50 @ 1.20	-13	14.00 @ 0.88	+8	29.000	NC	116.000	NC	150.000	NC

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