

Daily Dairy Report

Daily market information provided by Alan Levitt

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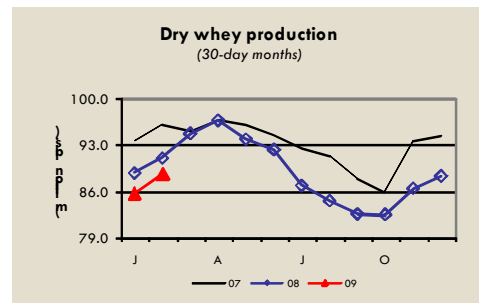
Markets unsettled today

Dairy markets traded with a lack of clear direction today. Milk futures opened lower, traded more than 30¢ higher in some months during the morning, but gave almost all of it back by the time the markets settled. MAY-DEC09 closed 3¢ higher. Unlike yesterday, the spot cheese session was characterized by both bids and offers in the pit, and prices moving both up and down. Blocks closed a quarter-cent higher and barrels declined half a cent, widening the spread to 6¢. In February and March, orders picked up once cheese prices dropped below \$1.20, but manufacturers report slow sales so far in April.

Spot butter traded 14 times, the most active session in 10 months. The closing price was \$1.2050, up 3.5¢ in three days. Butter futures were mixed, with the MAY09 contract increasing half a cent to \$1.26.

Whey futures average 28.9¢ for the fourth quarter, 11.5¢ more than last week's NASS survey whey price. Production of dry whey continues to lag year-ago levels. Output in February was 82.7 million lbs., down 2.7% from a year ago (adjusting for leap day in 2008), according to USDA's "Dairy Products" report released last week. Whey production has been below a year earlier for 14 straight months (see chart). Production of WPC in February was down 3.3% (again, adjusting for leap day), the first decline in 13 months.

Manufacturers' stocks of whey on Feb. 28 were 56.7 million lbs., about the same as a month ago and a year ago, USDA says. **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 [*58 Pit, 1405 Electronic] | 1,463 | 29,672 |
| Class IV | 15 | 218 |
| NDM | 25 | 941 |
| Dry whey | 5 | 1,375 |
| Butter (cash settle) | 121 | 4,531 |

Options Volume and Open Interest

| | Volume | Open Interest |
|----------------------|--------|---------------|
| Class III | 561 | 44,558 |
| Class III midi | 0 | 178 |
| Dry whey | 0 | 142 |
| Butter (cash settle) | 5 | 85 |

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.2550 (+0.25) • Barrel cheese \$1.1950 (-0.50) • AA Butter \$1.2050 (+1.50) • 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 8 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. (¢) |
| APR 09 | 10.81 | NC | 160 | 4498 | 11.00 @ 0.04 | -1 | 10.75 @ 0.09 | NC | 18.750 | NC | 83.000 | NC | 118.250 | NC |
| MAY | 11.01 | +2 | 311 | 4620 | 11.25 @ 0.28 | NC | 11.00 @ 0.38 | -1 | 20.500 | NC | 85.750 | +0.750 | 126.000 | +0.500 |
| JUN | 11.66 | +5 | 380 | 4086 | 11.75 @ 0.51 | +2 | 11.50 @ 0.47 | -2 | 22.750 | +0.250 | 86.000 | NC | 127.500 | +0.500 |
| JUL | 12.81 | -1 | 259 | 2963 | 13.00 @ 0.61 | -1 | 12.75 @ 0.67 | +1 | 25.000 | NC | 88.000 | -2.000 | 128.500 | NC |
| AUG | 14.14 | +2 | 100 | 2767 | 14.25 @ 0.83 | +1 | 14.00 @ 0.81 | -1 | 27.750 | NC | 88.000 | -1.000 | 129.550 | -0.450 |
| SEP | 14.77 | +5 | 47 | 2599 | 15.00 @ 0.90 | +2 | 14.75 @ 0.99 | -4 | 28.250 | NC | 92.500 | NC | 133.550 | +0.050 |
| OCT | 15.02 | +4 | 31 | 2392 | 15.25 @ 0.99 | +2 | 15.00 @ 1.08 | -2 | 28.750 | NC | 94.000 | NC | 136.250 | NC |
| NOV | 15.03 | +2 | 45 | 2242 | 15.25 @ 1.08 | NC | 15.00 @ 1.17 | -1 | 29.000 | NC | 95.000 | NC | 139.500 | +0.250 |
| DEC | 15.03 | +2 | 31 | 2263 | 15.25 @ 1.15 | +1 | 15.00 @ 1.23 | -1 | 29.000 | NC | 95.000 | NC | 139.000 | -0.250 |
| JAN 10 | 15.15 | +10 | 20 | 287 | 15.50 @ 1.13 | +5 | 15.00 @ 1.20 | -5 | 29.500 | +0.500 | 99.500 | NC | 140.000 | NC |
| FEB | 15.15 | +14 | 10 | 216 | 15.50 @ 1.19 | +7 | 14.00 @ 0.80 | -4 | 29.500 | +0.500 | 115.000 | NC | 140.500 | NC |
| MAR | 15.02 | -4 | 36 | 220 | 15.50 @ 1.18 | -2 | 14.00 @ 0.89 | +1 | 29.500 | +0.500 | 116.000 | NC | 150.000 | NC |

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