

Daily Dairy Report

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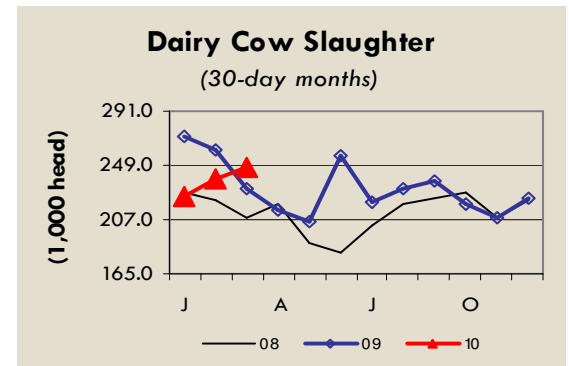
Fonterra increases price forecast

Cheese prices were pushed higher on unfilled bids for the second day. Blocks increased 1.50¢ to \$1.3850 with barrels up 0.25¢ to \$1.3525. Sellers have been absent showing no interest in moving product. Butter increased a penny to \$1.58 on unfilled bids after remaining steady for 5 consecutive trading days.

MAY-JUL milk futures made new highs for the recent trend as optimism exists for higher cheese prices. Later contracts were mixed with prices remaining in a sideways trend.

Dairymen sent the highest amount of cattle to slaughter during the month of March on a year-over-year comparison since 2000. It was also the largest monthly slaughter since June 2009 on a 30-day comparison (*see chart*). Increasing cull cow prices have been a factor in higher culling rates.

Fonterra announced a 7% increase in its 2009/10 milk price forecast. The co-op expects to pay its farmer/suppliers \$6.10 per kilogram of milk solids in the year ending May 31, an increase of \$0.40 per kg from the previous estimate. They indicate rising global prices and demand are beginning to outstrip supply. **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	648	30,687
[1 Pit, 648 Electronic]		
Class IV	3	196
NDM (cash settle)	0	906
Dry whey	26	1,989
Butter (cash settle)	5	3,634

Options Volume and Open Interest

	Volume	Open Interest
Class III	464	48,783
Class III midi	1	490
Dry whey	0	484
Butter (cash settle)	0	55

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.3850 (+1.50) • Barrel cheese \$1.3525 (+0.25) • AA Butter \$1.5800 (+1.00) • NDM Extra Grade \$1.2500 (NC) • NDM Grade A \$1.2975 (+0.50) **MILK PRICES** (with change, in dollars, from previous month): March Class III milk (USDA) \$12.78 (-\$1.50) • March Class IV milk (USDA) \$12.92 (+\$0.02)

April 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
APR10	12.93	-2	112	4318	13.00 @ 0.00	NC	12.75 @ 0.00	NC	36.650	NC	111.000	NC	148.000	NC
MAY	13.49	+9	122	4795	13.50 @ 0.14	+4	13.25 @ 0.06	-3	35.750	NC	116.750	NC	158.000	NC
JUN	14.00	+19	213	4502	14.00 @ 0.46	+9	14.00 @ 0.46	-10	34.500	NC	123.000	+0.750	161.000	NC
JUL	14.65	+20	76	3254	14.75 @ 0.55	+10	14.50 @ 0.52	-9	34.500	NC	125.000	NC	163.000	+1.500
AUG	15.15	+7	51	3005	15.25 @ 0.74	+3	15.00 @ 0.71	-4	35.000	NC	125.000	NC	163.000	+1.980
SEP	15.26	+6	22	2851	15.50 @ 0.78	+8	15.25 @ 0.89	+2	35.500	+0.500	127.000	NC	162.000	+1.000
OCT	15.10	NC	16	2660	15.25 @ 0.80	NC	15.00 @ 0.82	NC	35.500	+0.350	127.250	NC	162.500	+0.500
NOV	14.97	+2	17	2545	15.00 @ 0.84	+1	14.75 @ 0.74	-1	36.500	-0.500	126.000	NC	163.000	+1.000
DEC	14.77	-3	10	2376	15.00 @ 0.79	-1	14.75 @ 0.88	+1	37.000	NC	121.000	NC	163.000	+1.000
JAN11	14.58	-2	4	149	15.00 @ 0.73	-1	14.50 @ 0.87	NC	33.500	-0.500	113.000	NC	164.000	NC
FEB	14.50	+2	1	83	14.50 @ 0.95	+1	14.50 @ 0.95	-1	33.000	-0.500	112.000	NC	160.000	NC
MAR	14.63	NC	4	45	15.00 @ 0.84	NC	14.50 @ 0.94	NC	29.500	NC	112.500	NC	162.000	NC

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