

Daily Dairy Report

Daily market information provided by Alan Levitt

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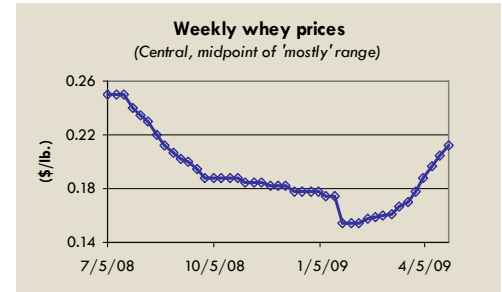
Why prices strengthen

Milk futures continued to decline suffering double-digit losses in the JUN 2009 though MAY 2010 contracts. JUN posted the largest loss declining 21¢ to \$10.82. This contract has dropped 83¢ in the past 4 trading days.

Cheese prices weakened further with blocks dropping to \$1.1525, a loss of 2.25¢ on 2 loads traded. This is the lowest block price since February 3. Barrels declined 1¢ to \$1.09 on 3 loads traded pushing price down below support. Buyers seem confident supplies will remain readily available. Butter remained unchanged with no trading and bids for 2 loads at the steady price.

Dry whey prices have increased steadily since mid-February moving the Central weekly average whey price to the highest level since August 2008 (see chart). Demand has improved with buyers willing to purchase extra loads when available. Manufacturers inventories are described as tight to short with some juggling of orders and shipping dates being done, according to USDA's *Dairy Market News*. Exporters are taking good volumes of dry whey with production steady and few plants able to increase output said *DMN*.

The deadline for submitting bids for the seventh round of the CWT herd retirement program is Friday, May 1. Once bids are accepted by the CWT committee, farm audits will begin May 27 and all bidders will receive notification by June 19. The CWT indicates interest is high for this current round of the program. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [*26 Pit, 473 Electronic]	499	31,066
Class IV	0	218
NDM (cash settle)	0	960
NDM (deliverable)	0	2
Dry whey	0	1,442
Butter (cash settle)	6	4,976

Options Volume and Open Interest

	Volume	Open Interest
Class III	196	45,918
Class III midi	1	190
Dry whey	5	128
Butter (cash settle)	0	85

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.1525 (-2.25) • Barrel cheese \$1.0900 (-1.00) • AA Butter \$1.2225 (NC) • NDM Extra Grade \$0.8500 (NC) • NDM Grade A \$0.8650 (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 28 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	10.76	NC	6	4518	11.00 @ 0.00	NC	10.75 @ 0.02	-1	19,250	NC	82,450	NC	117,500	NC
MAY	10.04	-9	121	4707	10.25 @ 0.13	-4	10.00 @ 0.20	+4	20,500	-0.500	83,000	NC	122,000	NC
JUN	10.82	-21	156	4605	11.00 @ 0.33	-13	10.75 @ 0.37	+5	23,500	NC	86,250	+0.250	127,000	NC
JUL	12.30	-20	135	3161	12.50 @ 0.54	-11	12.25 @ 0.61	+9	26,500	NC	86,500	+0.250	130,000	-0.500
AUG	13.60	-17	25	2919	13.75 @ 0.75	-9	13.50 @ 0.77	+7	28,500	-0.025	88,250	+0.250	133,000	-0.500
SEP	14.35	-15	9	2697	14.50 @ 0.88	-9	14.25 @ 0.90	+6	27,520	+1.475	92,250	+0.250	137,000	-0.500
OCT	14.90	-12	12	2499	15.00 @ 1.03	-6	14.75 @ 0.99	+4	30,000	NC	94,750	NC	138,000	-2,000
NOV	14.91	-15	10	2282	15.00 @ 1.13	-8	14.75 @ 1.09	+7	30,000	NC	95,000	NC	140,000	-1,500
DEC	14.91	-19	11	2323	15.00 @ 1.20	-10	14.75 @ 1.15	+7	30,500	NC	95,000	NC	142,220	-0,280
JAN 10	15.02	-18	3	320	15.50 @ 1.02	-10	15.00 @ 1.22	+8	31,000	NC	99,500	NC	143,000	NC
FEB	15.07	-14	7	253	15.50 @ 1.11	-7	14.50 @ 1.00	+5	31,000	NC	115,000	NC	143,000	NC
MAR	15.24	-11	2	216	15.50 @ 1.25	-6	14.50 @ 0.99	+3	31,000	NC	116,000	NC	150,000	NC

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