

Daily Dairy Report

Daily market information provided by Alan Levitt

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No relief in farm losses

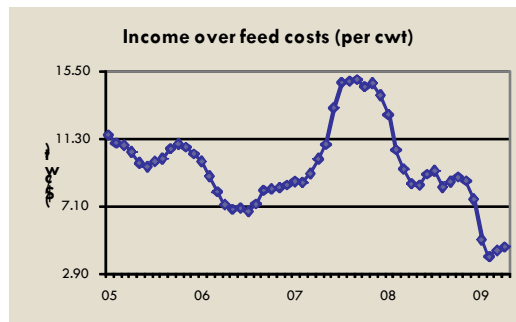
The erosion of milk futures resumed today, shedding premium in the front months when barrels failed to build on yesterday's small increase. Barrels dropped back a quarter-cent to \$1.09 on five trades. Blocks settled unchanged at \$1.1525 on one trade. JUN-SEP09 Class III futures all suffered double-digit losses. JUN09 hit a new low of \$10.77 – down \$2.33 from a month earlier.

Milk prices and feed costs were about the same in April as they were in March, leaving profitability near historic lows, according to USDA's "Ag Prices" report released this afternoon. The Milk-feed price ratio is 1.59, up from a revised 1.57 in March, USDA says.

The All-Milk price for April was estimated at \$12.00, up 20¢ from the month before. Corn prices were up a penny to \$3.87/bushel. Soybeans were up 77¢ to \$9.89/bushel but that was offset by a \$4/ton drop in alfalfa hay (to \$133.00). The price of milk over the cost of feed to generate that milk was \$4.49/cwt., well below typical levels, according to numbers derived from the "Ag Prices" report (see chart).

March feed costs were revised slightly lower, which reduces the adjustor on March MILC payments. Based on the updated figures, the feed-cost adjustor for March is 9¢, bringing the total MILC payment to \$2.01.

The MILC payment will be lower in April because the Class I milk price was nearly a dollar higher. On the milk price alone, the MILC payment would be \$1.50. Based on preliminary April grain prices, the feed cost adjustor will be 10¢, bringing the total MILC payment to \$1.60. **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	813	31,508
[*16 Pit, 797 Electronic]		
Class IV	0	218
NDM (cash settle)	0	962
NDM (deliverable)	0	2
Dry whey	4	1,455
Butter (cash settle)	27	5,007

Options Volume and Open Interest

	Volume	Open Interest
Class III	359	46,316
Class III midi	0	190
Dry whey	0	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 (NC) • Barrel cheese \$1.0900 (-0.25) • AA Butter \$1.2300 (NC) • NDM Extra Grade \$0.8550 (NC) • NDM Grade A \$0.8700 (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 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. (¢)
APR 09	10.77	NC	3 4478	11.00 @ 0.00	NC	10.75 @ 0.00	-1	19.250	NC	82.450	NC	117.550	NC
MAY	10.08	-2	172 4782	10.25 @ 0.11	-4	10.00 @ 0.15	-2	21.250	+0.750	83.000	NC	122.000	NC
JUN	10.77	-14	237 4751	11.00 @ 0.30	-5	10.75 @ 0.39	+5	24.000	+0.500	86.250	NC	127.000	NC
JUL	12.30	-12	120 3177	12.50 @ 0.54	-6	12.25 @ 0.60	+5	26.500	NC	86.500	NC	130.000	-0.500
AUG	13.52	-10	80 2950	13.75 @ 0.71	-5	13.50 @ 0.80	+4	28.500	NC	88.500	+0.750	132.000	-1.000
SEP	14.22	-11	63 2761	14.25 @ 0.92	-7	14.00 @ 0.83	+5	29.000	+0.500	92.250	NC	135.750	-1.250
OCT	14.82	-6	49 2552	15.00 @ 0.98	-3	14.75 @ 1.02	+2	31.000	+1.000	95.000	+0.250	137.000	-1.000
NOV	14.90	-5	43 2313	15.00 @ 1.12	-3	14.75 @ 1.08	+1	31.000	+1.000	95.000	NC	139.000	-1.000
DEC	14.95	-3	18 2346	15.00 @ 1.21	-2	14.75 @ 1.13	+1	31.000	+0.500	95.000	NC	140.500	-1.000
JAN 10	15.04	NC	6 334	15.50 @ 1.03	NC	15.00 @ 1.21	NC	31.000	NC	99.500	NC	143.000	NC
FEB	15.06	-3	5 259	15.50 @ 1.10	-2	14.50 @ 1.00	+1	31.000	NC	115.000	NC	144.000	+1.000
MAR	15.25	-1	5 226	15.50 @ 1.25	-1	14.50 @ 0.99	NC	31.000	NC	116.000	NC	150.000	NC

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