

Daily Dairy Report

Daily market information provided by Alan Levitt

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Profitability ticks lower

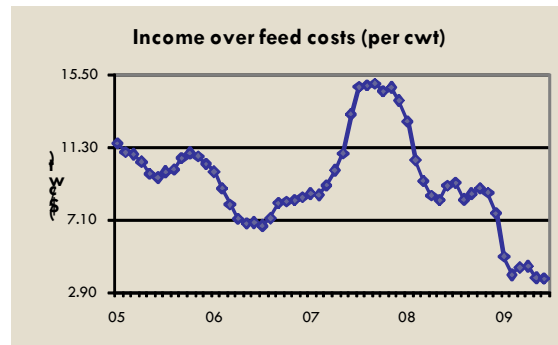
Mixed signals in the cheese market today: blocks were down half a cent and barrels were up half a cent. Milk futures were lower in the 2009 months, up slightly in the 2010 contracts.

On-farm profitability continued to wane in June, as the All-Milk price fell to a six-year low of \$11.40 while feed costs remain elevated, according to USDA's "Ag Prices" report released this afternoon. Corn dropped 4¢/bushel in June to \$3.93 and alfalfa hay fell \$10/ton to \$128.00, but this was mostly offset by a 90¢ increase in soybeans to \$11.60/bushel. Based on these figures, income over feed costs fell to \$3.64/cwt. in June, compared with a 2004-2008 average of \$10.11 (see chart).

Wednesday is the last day to trade JUN futures and options. Weekly NASS survey prices are released Thursday at noon CT, USDA's Class and Component prices for June come out Thursday at 1pm CT and the May "Dairy Products" report will be posted Thursday at 2pm CT.

Holiday schedule: CME Group will be closed Friday, July 3, in observance of Independence Day. Regular hours for both floor and electronic trading will be in effect Thursday, July 2. Globex electronic trading closes at 4pm on Thursday and reopens at 9:05am on Monday, July 6. Floor trading closes at 1:10pm on Thursday and reopens at 9:05am on Monday. For details, see <http://www.cmegroup.com/tools-information/holiday-calendar/files/2009-4th-of-july.pdf>.

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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III	1,315	30,303
[*57 Pit, 1258 Electronic]		
Class IV	0	198
NDM (cash settle)	0	790
NDM (deliverable)	0	2
Dry whey	59	1,632
Butter (cash settle)	9	4,861

Options Volume and Open Interest

	Volume	Open Interest
Class III	513	49,060
Class III midi	0	204
Dry whey	0	238
Butter (cash settle)	0	104
NDM (cash settle)	0	27

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.1150 (-0.50) • Barrel cheese \$1.0950 (+0.50) • AA Butter \$1.2050 (NC) • NDM Extra Grade \$0.8750 (NC) • NDM Grade A \$0.8900 (NC) **MILK PRICES** (with change, in cents, from previous month): May Class III milk (USDA) \$9.84 (-\$0.94) • May Class IV milk (USDA) \$10.14 (+\$0.32)

June 29 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. (¢)
JUN 09	9.93	-2	157 5355		10.00 @ 0.01	NC		9.75 @ 0.00	NC		27.100	+0.100	84.500	NC	120.750	-0.500
JUL	10.07	-6	140 4281		10.25 @ 0.06	-2		10.00 @ 0.09	+1		29.000	NC	85.250	NC	121.000	-0.500
AUG	10.78	-21	297 3970		11.00 @ 0.31	-11		10.75 @ 0.39	+8		30.500	NC	87.250	NC	123.000	-1.250
SEP	11.75	-19	256 3684		11.75 @ 0.61	-11		11.75 @ 0.61	+8		31.500	NC	89.750	NC	126.500	-0.750
OCT	12.58	-18	155 3207		12.75 @ 0.66	-10		12.50 @ 0.70	+7		30.000	NC	92.750	NC	128.800	-0.200
NOV	13.62	-10	120 3053		13.75 @ 0.85	-6		13.50 @ 0.84	+3		30.000	NC	94.000	NC	130.000	NC
DEC	14.00	-1	80 2955		14.00 @ 1.01	-1		14.00 @ 1.01	NC		30.000	NC	95.000	NC	132.800	-0.200
JAN 10	14.14	+2	13 728		14.25 @ 0.97	NC		14.00 @ 0.95	-2		28.000	NC	94.000	NC	135.000	NC
FEB	14.13	+3	8 559		14.25 @ 1.03	+1		14.00 @ 1.02	-2		27.750	NC	99.000	NC	137.000	NC
MAR	14.65	+2	11 558		14.75 @ 1.14	NC		14.50 @ 1.11	-1		28.250	NC	99.000	NC	140.000	NC
APR	14.90	+5	5 375		15.00 @ 1.22	+2		14.75 @ 1.19	-2		27.600	NC	99.000	NC	142.000	NC
MAY	14.94	+3	3 282		15.00 @ 1.31	+1		14.75 @ 1.24	-2		27.250	+0.250	105.000	NC	143.500	NC

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