

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## First half ends weakly

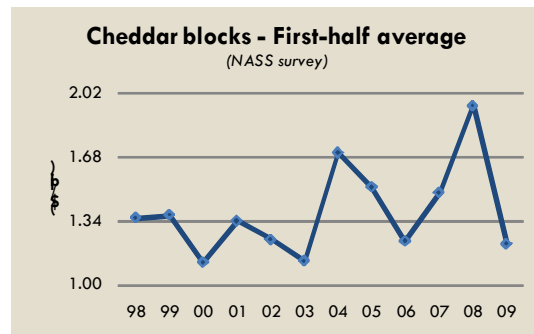
The first half of the year comes to a close with weakness across nearly all dairy markets. Blocks held at \$1.1150 today, the lowest price since Jan. 27. In the first six months of 2009, blocks averaged just \$1.21, down from \$1.95 in the first half of last year, and about 20¢ below the 10-year average (see chart).

Milk futures tumbled for the second straight day, erasing most of the last week's gains. AUG09-JUN10 declined by double-digits (13-23¢), with OCT09 dipping to a new low of \$12.35.

Butter fell below \$1.20 for the first time since April 7, settling at \$1.1925 on an unfilled bid after two sales took place at \$1.19. In the first half of the year, butter averaged \$1.15, down 17¢ from last year, and the lowest since 2003. Butter futures were lower in the front eight contracts today.

Eligibility for DEIP bonuses under the 2008/09 allocations ended today. Total bonuses awarded this month: NDM 44.1 million lbs., butterfat 4.1 million lbs. and cheese 335,000 lbs. Most of this product will be delivered in the third quarter, though some volumes can stretch into October and November.

Based on yesterday's "Ag Prices" report, the May MILC payment will be \$1.47 (down from the original estimate). Preliminary figures put the June MILC subsidy at \$1.81. **cme group**



For more information about real-time quotes, visit [www.cmegroup.com/dairyquotes](http://www.cmegroup.com/dairyquotes)

## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

|                           | Volume | Open Interest |
|---------------------------|--------|---------------|
| Class III                 | 582    | 30,357        |
| [*56 Pit, 526 Electronic] |        |               |
| Class IV                  | 0      | 198           |
| NDM (cash settle)         | 0      | 790           |
| NDM (deliverable)         | 0      | 2             |
| Dry whey                  | 8      | 1,639         |
| Butter (cash settle)      | 125    | 4,835         |

### Options Volume and Open Interest

|                      | Volume | Open Interest |
|----------------------|--------|---------------|
| Class III            | 768    | 49,285        |
| Class III midi       | 4      | 208           |
| 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 (NC) • Barrel cheese \$1.1000 (+0.50) • AA Butter \$1.1925 (-1.25) • 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 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. (¢) |
| JUN 09 | 9.93              | NC       | 24                                       | 5340 | 10.00 @ 0.00            | -1       | 9.75 @ 0.00            | NC       | 27.100           | NC       | 84.500      | NC       | 120.600                      | -0.150   |
| JUL    | 10.07             | NC       | 48                                       | 4285 | 10.25 @ 0.04            | -2       | 10.00 @ 0.07           | -2       | 29.000           | NC       | 85.250      | NC       | 120.630                      | -0.380   |
| AUG    | 10.62             | -16      | 136                                      | 3952 | 10.75 @ 0.34            | -8       | 10.50 @ 0.34           | +7       | 30.500           | NC       | 87.250      | NC       | 122.250                      | -0.750   |
| SEP    | 11.52             | -23      | 127                                      | 3730 | 11.75 @ 0.49            | -12      | 11.50 @ 0.58           | +10      | 31.500           | NC       | 89.750      | NC       | 126.000                      | -0.500   |
| OCT    | 12.35             | -23      | 144                                      | 3195 | 12.50 @ 0.66            | -12      | 12.25 @ 0.67           | +9       | 30.000           | NC       | 92.750      | NC       | 128.500                      | -0.300   |
| NOV    | 13.37             | -25      | 40                                       | 3078 | 13.50 @ 0.83            | -13      | 13.25 @ 0.83           | +11      | 30.000           | NC       | 94.000      | NC       | 129.750                      | -0.250   |
| DEC    | 13.76             | -24      | 25                                       | 2957 | 14.00 @ 0.88            | -13      | 13.75 @ 0.98           | +10      | 30.000           | NC       | 95.000      | NC       | 132.500                      | -0.300   |
| JAN 10 | 14.01             | -13      | 8  | 735  | 14.25 @ 0.91            | -6       | 14.00 @ 1.01           | +6       | 29.000           | +1.000   | 94.000      | NC       | 134.500                      | -0.500   |
| FEB    | 14.00             | -13      | 6  | 564  | 14.00 @ 1.07            | -8       | 14.00 @ 1.07           | +5       | 28.500           | +0.750   | 99.000      | NC       | 137.000                      | NC       |
| MAR    | 14.50             | -15      | 4  | 560  | 14.50 @ 1.17            | -9       | 14.50 @ 1.17           | +6       | 28.250           | NC       | 99.000      | NC       | 140.000                      | NC       |
| APR    | 14.74             | -16      | 2  | 377  | 14.75 @ 1.25            | -9       | 14.50 @ 1.12           | +6       | 27.600           | NC       | 99.000      | NC       | 142.000                      | NC       |
| MAY    | 14.80             | -14      | 3  | 285  | 15.00 @ 1.24            | -7       | 14.75 @ 1.30           | +6       | 28.500           | +1.250   | 103.000     | -2.000   | 143.500                      | NC       |

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