

Daily Dairy Report

Daily market information provided by Alan Levitt

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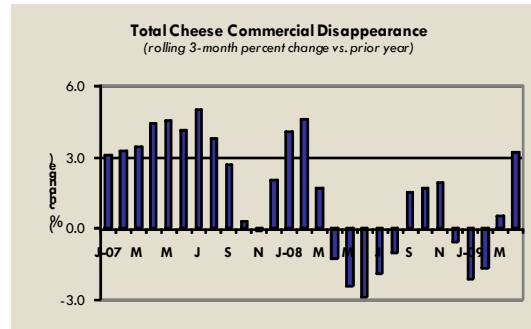
Cheese use up in 2009

Low cheese prices have helped fuel demand, but not enough to prevent inventories from building or to pull prices off support. Commercial use of all cheese was up 3.2% in the February-April period, according to data released yesterday by USDA (*see chart*). This is the strongest gain in the three-month rolling average in more than a year. Use of American cheese was up 5.8% in the three-month period, while use of other types was up 1.6%.

Gains in cheese use came despite wavering consumer sentiment. The June Consumer Confidence Index dropped back 5.5 points last month, to 49.3, according to the Conference Board's monthly survey. Consumers believe that "economic conditions, while not as weak as earlier this year, are nonetheless weak," said Lynn Franco, director of the Conference Board Consumer Research Center.

Commercial butter use was down slightly in the February-April period (-0.4%). Use of NDM/SMP was down 21.0%, according to USDA figures. Use of dry whey was down 7.1%, with gains in exports offset by declines in domestic use.

Corn futures plunged following yesterday's "Acreage" report. JUL corn fell below \$3.50 yesterday for the first time since early December. Trading was calmer today, settling 4¢ higher at \$3.52. On the other hand, soybeans are mounting another rally. JUL beans increased for the seventh straight day, jumping 32¢ today to \$12.58. **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	1,089	30,494
[*101 Pit, 988 Electronic]		
Class IV	0	198
NDM (cash settle)	0	790
NDM (deliverable)	0	2
Dry whey	31	1,669
Butter (cash settle)	28	4,833

Options Volume and Open Interest

	Volume	Open Interest
Class III	551	49,138
Class III midi	4	212
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 (NC) • AA Butter \$1.1925 (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)

July 1 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. (¢)		
JUN 09	9.92	-1	44	5323	10.00 @ 0.00	NC	9.75 @ 0.00	NC	27.100	NC	84.500	NC	120.600	NC		
JUL	10.08	+1	245	4296	10.25 @ 0.04	NC	10.00 @ 0.06	-1	29.000	NC	84.500	-0.750	120.250	-0.375		
AUG	10.59	-3	229	3989	10.75 @ 0.32	-2	10.50 @ 0.35	+1	30.700	+0.200	87.250	NC	121.500	-0.750		
SEP	11.42	-10	215	3748	11.50 @ 0.55	-5	11.25 @ 0.50	+4	31.500	NC	89.750	NC	125.000	-1.000		
OCT	12.29	-6	75	3206	12.50 @ 0.62	-4	12.25 @ 0.70	+3	30.000	NC	92.750	NC	128.500	NC		
NOV	13.30	-7	111	3106	13.50 @ 0.79	-4	13.25 @ 0.85	+2	30.000	NC	94.000	NC	128.500	-1.250		
DEC	13.72	-4	110	2978	13.75 @ 0.97	-2	13.50 @ 0.87	+2	30.000	NC	95.000	NC	131.500	-1.000		
JAN 10	13.93	-8	23	747	14.00 @ 0.97	-5	13.75 @ 0.91	+3	29.000	NC	94.000	NC	135.500	+1.000		
FEB	14.00	NC	7	565	14.00 @ 1.07	NC	14.00 @ 1.07	NC	28.500	NC	99.000	NC	137.000	NC		
MAR	14.49	-1	5	563	14.50 @ 1.16	-1	14.25 @ 1.04	NC	28.250	NC	99.000	NC	138.000	-2.000		
APR	14.70	-4	4	379	14.75 @ 1.22	-3	14.50 @ 1.14	+2	27.600	NC	99.000	NC	140.000	-2.000		
MAY	14.75	-5	2	286	14.75 @ 1.32	-3	14.75 @ 1.32	+2	28.500	NC	101.000	-2.000	142.000	-1.500		

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