

Daily Dairy Report

Vol. 14, No. 142 / July 26, 2010

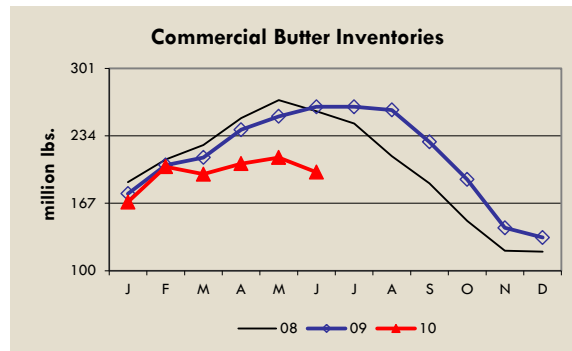
Butter inventories at five-year low

Spot cheese and butter prices held today on offer-based sales of barrels and butter. Milk futures were mostly higher, including a 25¢ gain in SEP. Butter futures increased in the SEP-DEC contracts, with SEP settling at a new high of \$1.80.

Manufacturers and marketers headed into the second half of the year with just 197.9 million lbs. of butter in storage, the lowest figure since 2005, according to USDA. It's unusual for commercial butter stocks to decline during the March-June period. Over the last decade, manufacturers have added an average of 66 million lbs. to their holdings over the four spring months. However, this year inventories shrunk by 5 million lbs. (see chart). June 30 stocks were equivalent to about 46 days of use, two weeks less than usual for mid-year.

CWT added butter and AMF to its list of eligible products for CWT export assistance. Last week the organization accepted seven bids to provide bonuses on exports of 3.8 million lbs. of butterfat. It also accepted two bids for 214,000 lbs. of cheddar.

Last week, the EU rejected all bids to sell SMP out of intervention. Bids were \$1.15-\$1.16/lb. It was the fourth time in the last two months the EU deemed bids too low. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [0 Pit, 406 Electronic]	406	28,624
Class IV	0	251
NDM (cash settle)	44	1,556
Dry whey	1	1,752
Butter (cash settle)	27	3,788
Cheese	1	156

Options Volume and Open Interest

	Volume	Open Interest
Class III	197	39,271
Class III midi	5	459
Dry whey	0	136
Butter (cash settle)	0	60

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

SPOT PRICES (with change from previous day): Block cheese \$1.6025 (NC) • Barrel cheese \$1.5600 (NC) • AA Butter \$1.8000 (NC) • NDM Extra Grade \$1.2250 (NC) • NDM Grade A \$1.2100 (NC) **MILK PRICES** (with change from previous month): June Class III milk (USDA) \$13.62 (+\$0.24) • June Class IV milk (USDA) \$15.45 (+\$0.16)

July 26 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. (¢)
JUL 10	13.74	+1	25 4245	13.75 @ 0.01	NC	13.50 @ 0.00	NC	36.500	NC	118.500	NC	173.500	NC
AUG	15.01	+10	87 5070	15.25 @ 0.05	+2	15.00 @ 0.13	-6	35.750	NC	117.000	NC	179.500	NC
SEP	15.40	+25	188 4881	15.50 @ 0.36	+10	15.25 @ 0.33	-13	34.830	NC	117.050	+0.050	180.000	+1.500
OCT	15.06	+13	24 3918	15.25 @ 0.52	+5	15.00 @ 0.57	-7	34.750	NC	116.000	NC	176.000	+1.000
NOV	14.82	+12	15 3725	15.00 @ 0.57	+5	14.75 @ 0.61	-7	33.750	NC	115.750	-0.250	176.000	+2.500
DEC	14.74	+9	18 3771	14.75 @ 0.71	+4	14.50 @ 0.60	-4	33.750	NC	115.500	-0.250	164.500	+0.480
JAN 11	14.49	+15	3 790	14.50 @ 0.77	+7	14.25 @ 0.65	-8	32.500	NC	114.000	NC	159.500	NC
FEB	14.30	+3	8 582	14.50 @ 0.73	+1	14.25 @ 0.79	-2	29.750	NC	114.000	NC	157.250	-0.250
MAR	14.45	+8	7 561	14.50 @ 0.85	+3	14.25 @ 0.77	-4	30.000	NC	114.000	NC	158.500	NC
APR	14.35	+1	7 263	14.75 @ 0.74	NC	14.25 @ 0.86	-1	30.000	NC	116.000	NC	157.750	-0.250
MAY	14.53	+5	3 229	14.75 @ 0.89	+2	14.25 @ 0.84	-3	29.000	+1.000	112.000	NC	158.000	NC
JUN	14.49	+6	3 174	14.50 @ 1.02	+3	14.25 @ 0.90	-3	30.000	NC	110.000	NC	159.000	NC

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