

Daily Dairy Report

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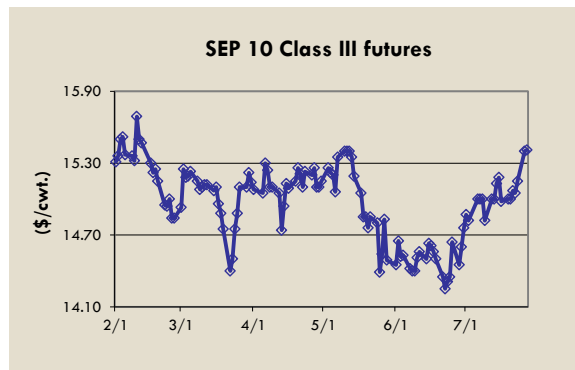
Spot prices steady

Spot markets held steady today after a trio of reports last week showed there is ample cheese in commercial warehouses and plenty of milk production capacity ready to come on. Cheese stocks at mid-year were 1.03 billion lbs., the most in 25 years; June milk production was up 2.4% from a year ago; and dairymen had 4.05 million replacement heifers in the pipeline on July 1, the most since 1994. Sellers were back again today with cheese to offer. Buyers took three loads of blocks and two loads of barrels.

Class III futures pressed higher. SEP closed at \$15.42, the highest since Feb. 11. In the last five weeks, the SEP contract has increased \$1.17 (see chart). OCT prices are at their highest since mid-April. Cheese futures were higher today as well, posting an average gain of 1.3¢ in the AUG10-APR11 contracts to send all nine months to new highs.

Two loads of butter sold on offers. Unlike cheese, butterfat stocks are worrisome, keeping the market tight. Cream for churning is scarce. Still, butter futures remain discounted to spot prices.

Thursday is the last day to trade JUL futures and options. July Class and Component prices come out Friday morning. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [0 Pit, 935 Electronic]	935	28,808
Class IV	2	253
NDM (cash settle)	61	1,617
Dry whey	2	1,754
Butter (cash settle)	43	3,810
Cheese	0	156

Options Volume and Open Interest

	Volume	Open Interest
Class III	435	39,530
Class III midi	3	461
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 27 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	NC	4 4246	13.75 @ 0.01	NC	13.50 @ 0.00	NC	36.500	NC	118.500	NC	173.500	NC
AUG	15.00	-1	163 5022	15.00 @ 0.14	NC	15.00 @ 0.14	NC	35.750	NC	117.500	+0.500	179.500	NC
SEP	15.42	+2	401 4900	15.50 @ 0.37	+1	15.25 @ 0.32	-1	34.830	NC	117.500	+0.450	180.000	NC
OCT	15.20	+14	201 4042	15.25 @ 0.58	+6	15.00 @ 0.51	-6	34.750	NC	116.750	+0.750	175.000	-1.000
NOV	14.93	+11	41 3728	15.00 @ 0.62	+5	14.75 @ 0.56	-5	33.500	-0.250	116.250	+0.500	175.100	-0.900
DEC	14.80	+6	40 3798	15.00 @ 0.62	+3	14.75 @ 0.69	-3	33.750	NC	116.000	+0.500	164.050	-0.450
JAN 11	14.55	+6	27 803	14.75 @ 0.68	+2	14.50 @ 0.75	-3	31.500	+1.000	114.000	NC	159.000	-0.500
FEB	14.40	+10	12 591	14.50 @ 0.77	+4	14.25 @ 0.74	-5	29.750	NC	114.000	NC	157.750	+0.500
MAR	14.50	+5	12 568	14.50 @ 0.88	+3	14.50 @ 0.88	-2	28.000	+2.000	114.000	NC	158.500	NC
APR	14.40	+5	4 267	14.75 @ 0.76	+2	14.25 @ 0.84	-2	28.000	+2.000	116.000	NC	158.000	+0.250
MAY	14.53	NC	6 233	14.75 @ 0.88	-1	14.25 @ 0.84	NC	29.000	NC	112.000	NC	158.000	NC
JUN	14.45	-4	6 177	14.50 @ 1.00	-2	14.25 @ 0.92	+2	30.000	NC	110.000	NC	159.000	NC

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