

Daily Dairy Report

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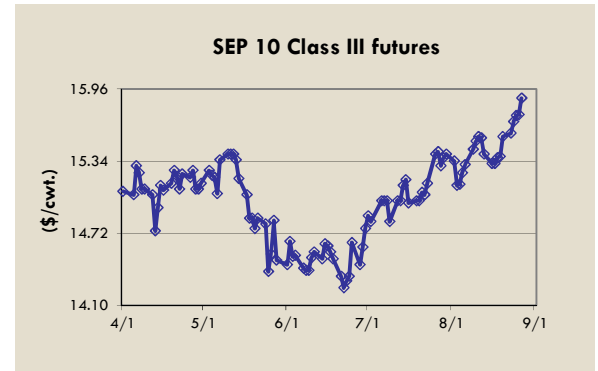
Continued strength in spot markets

Blocks were bid up 4.75¢ this week and barrels rose a nickel, settling at \$1.6950 and \$1.6650, respectively. Class III futures were higher in the front months – SEP-NOV increased 32¢ this week, with SEP posting its highest close since Jan. 27 (see chart). Contracts covering the first half of 2011 slipped 4¢ to an average of \$14.07.

Spot butter increased 14¢ this week after climbing 12.25¢ last week. The price advanced to \$2.18 today on unfilled bids and no sales. SEP and OCT butter futures increased 10.25¢ this week, NOV added a nickel, but the rest of the board was relatively steady. Class IV futures in the SEP10-JAN11 contracts increased 30¢ this week, with OCT settling at \$16.75 today.

Fundamentally, milk volumes remain at seasonally low levels and manufacturing milk supplies remain tight approaching the Labor Day holiday. Current cheese and butter are scarce, and manufacturers are drawing from inventory. Some relief could be coming in the next week or two, after school milk pipelines are refilled.

NASS dairy product prices for the week ending August 21: cheddar blocks \$1.6029 (+0.55¢ vs. the prior week); barrels \$1.6076 (+1.61¢); butter \$1.8940 (+4.32¢); nonfat dry milk \$1.1493 (+1.39¢); dry whey 35.53¢ (-0.30¢). **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [41 Pit, 719 Electronic]	760	27,341
Class IV	28	369
NDM (cash settle)	27	1,869
Dry whey	11	1,857
Butter (cash settle)	94	3,234
Cheese	23	364

Options Volume and Open Interest

	Volume	Open Interest
Class III	480	39,879
Class IV	0	20
Class III midi	0	400
Dry whey	0	105
Butter (cash settle)	0	90

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

SPOT PRICES (with change from previous day): Block cheese \$1.6950 (+1.50¢) • Barrel cheese \$1.6650 (-2.50¢) • AA Butter \$2.1800 (+0.75¢) • NDM Extra Grade \$1.2250 (NC) • NDM Grade A \$1.2000 (NC) **MILK PRICES** (with change from previous month): July Class III milk (USDA) \$13.74 (+\$0.12) • July Class IV milk (USDA) \$15.75 (+\$0.30)

August 27 Trading Activity

	Class III Futures			Class III Options Calls		Class III Options Puts		Dry Whey Futur27		NDM Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume & open interest from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
AUG 10	15.15	NC	11 4595	15.25 @ 0.00	NC	15.00 @ 0.00	NC	36.000	-0.400	116.000	NC	184.000	NC
SEP	15.88	+14	176 4655	16.00 @ 0.07	+2	15.75 @ 0.06	-8	36.950	-0.300	116.030	NC	210.000	+1.500
OCT	15.60	-1	224 4848	15.75 @ 0.33	NC	15.50 @ 0.35	+1	36.750	NC	120.000	NC	207.000	+1.030
NOV	15.01	-2	141 3901	15.25 @ 0.39	-1	15.00 @ 0.49	-1	35.500	NC	120.000	NC	191.000	+1.980
DEC	14.56	+2	89 4026	14.75 @ 0.49	+1	14.50 @ 0.55	-1	35.000	NC	120.000	NC	173.750	+0.750
JAN 11	14.17	+1	30 1224	14.25 @ 0.60	NC	14.00 @ 0.55	-1	34.500	NC	119.000	+1.000	162.750	-0.250
FEB	13.98	-7	27 938	14.00 @ 0.67	-4	13.75 @ 0.56	+2	33.250	NC	118.000	NC	159.000	NC
MAR	14.04	+2	33 943	14.25 @ 0.64	+1	14.00 @ 0.71	-1	29.500	+1.100	117.000	NC	157.500	NC
APR	14.00	-4	3 515	14.00 @ 0.82	NC	14.00 @ 0.82	+2	28.750	NC	114.000	NC	157.000	NC
MAY	14.10	-5	5 474	14.25 @ 0.81	-3	14.00 @ 0.83	+2	29.000	NC	112.000	NC	158.000	NC
JUN	14.12	-3	5 366	14.25 @ 0.86	-2	14.00 @ 0.86	+1	29.000	NC	110.000	NC	160.000	NC
JUL	14.40	-5	4 214	14.50 @ 0.95	-3	14.00 @ 0.79	+1	31.000	+1.000	111.000	NC	160.000	NC

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