

# Daily Dairy Report

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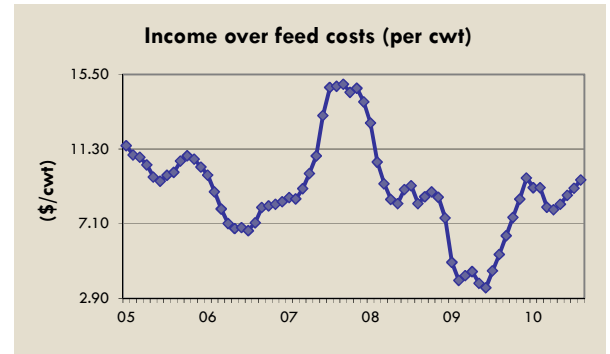
## Farm profitability improves in August

The dairy markets ended the month on a high note. Buyers were back in the cheese and butter pits today, pushing prices higher. Blocks were bid to \$1.71 without eliciting a sale. Butter traded as high as \$2.2150 and bids to buy two more loads at that price went unfilled. Even spot NDM got in the act, with an unfilled bid taking Grade A up 1.5¢. Milk futures responded with gains of 12-26¢ in the SEP-DEC contracts.

New bids to buy SMP futures appeared on the board in the OCT, NOV and DEC contracts. The bids were \$10-\$30/ton higher than the previous bids, but remain \$250-\$435 below the best offer.

Dairy profitability improved for the fourth straight month in August, as stronger milk prices offset slightly higher feed costs, according to USDA's "Ag Prices" report released this afternoon.

The All-Milk price for August is estimated at \$16.60, up 60¢ from July and the highest since November 2008. Meanwhile, feed costs increased about 2% from the prior month. Corn prices were estimated at \$3.65/bushel, up 16¢ from July. Beans were \$10.10, up 31¢. Alfalfa hay was \$116/ton, down \$1. The cost of feed to produce 100 lbs. of milk was estimated at \$7.03, leaving "income over feed costs" at \$9.57/cwt., up from \$9.10 in July, according to calculations derived from USDA numbers (see chart). **cme group**



## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [48 Pit, 563 Electronic]	611	28,017
Class IV	0	375
NDM (cash settle)	13	1,889
Dry whey	10	1,867
Butter (cash settle)	33	3,239
Cheese	33	396

### Options Volume and Open Interest

	Volume	Open Interest
Class III	533	40,464
Class IV	0	20
Class III midi	3	404
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 \$1.71000 (+1.50¢) • Barrel cheese \$1.6650 (NC) • AA Butter \$2.2150 (+3.50¢) • NDM Extra Grade \$1.2250 (NC) • NDM Grade A \$1.2150 (+1.50¢) **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 31 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. (¢)
AUG 10	15.15	NC	21 4584	15.25 @ 0.00	NC	15.00 @ 0.00	NC	36.000	NC	116.000	NC	184.000	NC
SEP	16.07	+21	56 4733	16.25 @ 0.04	+3	16.00 @ 0.08	-12	36.250	-0.500	116.250	+0.230	211.000	+1.000
OCT	15.75	+26	103 4828	15.75 @ 0.39	+12	15.75 @ 0.39	-14	37.000	NC	120.000	-0.250	206.500	NC
NOV	15.07	+19	64 3948	15.25 @ 0.41	+8	15.00 @ 0.45	-10	35.500	NC	120.000	NC	188.250	-1.250
DEC	14.65	+12	62 4072	14.75 @ 0.52	+5	14.50 @ 0.50	-5	35.000	NC	120.000	-0.500	173.000	-0.750
JAN 11	14.17	+2	60 1338	14.25 @ 0.57	+1	14.00 @ 0.52	-2	34.500	NC	119.000	NC	162.000	-0.750
FEB	14.00	NC	90 1097	14.00 @ 0.65	NC	14.00 @ 0.65	NC	32.500	-0.250	118.000	NC	158.500	-0.500
MAR	14.00	NC	72 1079	14.25 @ 0.59	NC	14.00 @ 0.70	NC	30.000	+0.500	117.000	NC	157.500	NC
APR	13.98	+1	29 549	14.00 @ 0.80	NC	13.75 @ 0.69	-1	28.750	NC	114.000	NC	157.000	NC
MAY	14.10	+3	12 487	14.25 @ 0.81	+2	14.00 @ 0.82	-2	29.000	NC	112.000	NC	158.000	NC
JUN	14.10	+2	7 387	14.25 @ 0.85	+1	14.00 @ 0.86	-1	29.000	NC	110.000	NC	158.500	-1.500
JUL	14.40	+2	5 217	14.50 @ 0.94	+1	14.00 @ 0.79	-1	31.000	NC	111.000	NC	158.500	-1.500

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