

Daily Dairy Report

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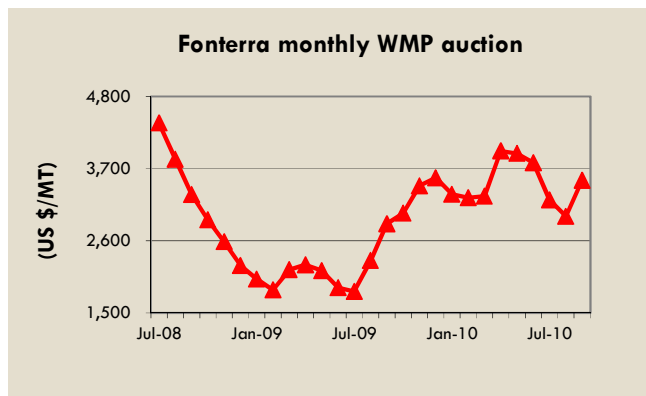
Prices higher on Fonterra auction

Barrels and butter were bid a penny higher but no sales took place. There was no activity on blocks. Milk futures were higher in the front months (+10-16¢ in SEP-DEC) but lower in the 2011 contracts. Likewise butter futures were higher in SEP and OCT but lower in the back months.

Prices on the Fonterra auction rebounded after four months of declines. In 10 rounds of bidding, the trade-weighted index price increased 16.9% from the prior month – a large gain reflecting buyers concerns about spot supply availability over the next 6-9 months.

Volume-weighted winning bids for WMP averaged \$3,522/ton (\$1.60/lb.), up 18.8% from the August event (*see chart*). Winning bids for SMP averaged \$3,197/ton (\$1.45/lb.), up 15.8%. Winning bids for anhydrous milkfat averaged \$4,681/ton (\$2.12/lb.), up 9.5%. Beginning this month, the auction will be held twice a month. The next auction will be held Sept. 15.

The California 4b (cheese milk) price for August is \$14.39, up \$1.14 from July and the highest price of the year. The 4a (butter/powder milk) price for August is \$15.69, up 7¢ from July and the highest since August 2008. **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [6 Pit, 1189 Electronic]	1,195	28,337
Class IV	0	375
NDM (cash settle)	11	1,895
Dry whey	11	1,874
Butter (cash settle)	29	3,237
Cheese	21	415

Options Volume and Open Interest

	Volume	Open Interest
Class III	348	40,673
Class IV	0	20
Class III midi	3	407
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 (NC) • Barrel cheese \$1.6750 (+1.00¢) • AA Butter \$2.2250 (+1.00¢) • 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)

September 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 from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
AUG 10	15.15	NC	2 4582	15.25 @ 0.00	NC	15.00 @ 0.00	NC	36.000	NC	115.750	-0.250	184.000	NC
SEP	16.19	+12	244 4835	16.25 @ 0.08	+4	16.00 @ 0.04	-4	36.250	NC	116.250	NC	212.000	+1.000
OCT	15.88	+13	340 4842	16.00 @ 0.33	+5	15.75 @ 0.32	-7	37.000	NC	120.000	NC	207.000	+0.500
NOV	15.23	+16	203 3960	15.25 @ 0.48	+7	15.00 @ 0.38	-7	35.500	NC	120.000	NC	188.000	-0.250
DEC	14.75	+10	112 4070	14.75 @ 0.57	+5	14.75 @ 0.57	-5	35.000	NC	120.000	NC	172.750	-0.250
JAN 11	14.23	+6	65 1367	14.25 @ 0.60	+3	14.00 @ 0.50	-2	34.500	NC	119.000	NC	162.000	NC
FEB	14.00	NC	34 1120	14.00 @ 0.65	NC	14.00 @ 0.65	NC	32.500	NC	118.000	NC	157.500	-1.000
MAR	13.98	-2	72 1141	14.00 @ 0.69	-1	13.75 @ 0.58	NC	30.250	+0.250	117.500	+0.500	157.500	NC
APR	13.97	-1	60 599	14.00 @ 0.79	-1	13.75 @ 0.70	+1	28.750	NC	114.000	NC	157.000	NC
MAY	14.05	-5	22 489	14.25 @ 0.78	-3	14.00 @ 0.84	+2	29.000	NC	112.000	NC	157.000	-1.000
JUN	14.05	-5	21 399	14.25 @ 0.82	-3	14.00 @ 0.89	+3	29.000	NC	110.000	NC	158.000	-0.500
JUL	14.28	-12	6 223	14.50 @ 0.88	-6	14.25 @ 0.96	+5	31.000	NC	111.000	NC	157.500	-1.000

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