

Daily Dairy Report

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Cheese production +4.7% in July

Barrels bounced back ahead of the extended Labor Day weekend. However, blocks were unchanged and milk futures were mostly lower across the board. The FEB-JUL11 contracts all fell to new lows.

The growing milk supply continues to move to the cheese vat. Total cheese production in July was up 4.7% from a year ago, according to USDA's "Dairy Products" report released yesterday (*see chart*). NDM/SMP production was up 4.9%, while butter output was down 2.9%. NDM stocks increased for the third straight month; on July 31 holdings were 20.3 million lbs. (+12%) above year-earlier levels.

Last month's increases in the cheese market sent the Class III price to a 20-month high. The August Class III price is \$15.18, up \$1.44 from July and the highest since December 2008. The August Class IV price is \$15.61, down 14¢ from July.

NASS dairy product prices for the week ending August 28: cheddar blocks \$1.6245 (+2.16¢ vs. the prior week); barrels \$1.6166 (+0.88¢); butter \$1.9659 (+7.19¢); nonfat dry milk \$1.1413 (-0.80¢); dry whey 35.84¢ (+0.31¢).

CME Group will be closed Monday in observance of Labor Day. Regular trading hours resume for Tuesday's trade date. **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [0 Pit, 743 Electronic]	743	28,936
Class IV	0	375
NDM (cash settle)	14	1,900
Dry whey	59	1,914
Butter (cash settle)	42	3,235
Cheese	12	427

Options Volume and Open Interest

	Volume	Open Interest
Class III	311	41,128
Class IV	0	20
Class III midi	0	411
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 \$1.7200 (NC) • Barrel cheese \$1.6850 (+1.50¢) • AA Butter \$2.2250 (NC) • NDM Extra Grade \$1.2250 (NC) • NDM Grade A \$1.2300 (NC) **MILK PRICES** (with change from previous month): August Class III milk (USDA) \$15.18 (+\$1.44) • August Class IV milk (USDA) \$15.61 (-\$0.14)

September 3 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. (¢)
SEP 10	16.16	+3	42 4888	16.25 @ 0.06	NC	16.00 @ 0.04	-2	36.250	NC	116.250	NC	212.500	NC
OCT	15.63	-2	253 4910	15.75 @ 0.32	-1	15.50 @ 0.31	NC	37.000	NC	120.000	NC	207.000	-1.500
NOV	14.94	-4	191 4057	15.00 @ 0.45	-2	14.75 @ 0.38	+1	35.500	NC	120.000	NC	188.000	NC
DEC	14.50	-10	77 4128	14.50 @ 0.52	-9	14.50 @ 0.52	+1	35.000	NC	119.970	-0.030	172.750	+0.250
JAN 11	14.04	-11	8 1455	14.25 @ 0.50	-6	14.00 @ 0.58	+5	34.500	NC	118.500	-0.500	163.000	+1.500
FEB	13.80	-10	16 1141	14.00 @ 0.55	-5	13.75 @ 0.61	+4	32.500	NC	117.750	NC	157.500	NC
MAR	13.90	-2	15 1172	14.00 @ 0.64	-2	13.75 @ 0.61	NC	30.800	+0.050	116.500	-0.250	157.500	NC
APR	13.84	-7	22 618	14.00 @ 0.68	-8	13.75 @ 0.71	-1	30.000	+0.500	115.000	+1.000	157.000	NC
MAY	13.90	-5	34 523	14.00 @ 0.76	-8	13.75 @ 0.73	-3	30.000	+0.500	114.500	+2.500	157.000	NC
JUN	13.95	-9	30 432	14.00 @ 0.83	-10	13.75 @ 0.75	-1	30.000	+0.500	110.000	NC	158.000	NC
JUL	14.20	-8	17 243	14.25 @ 0.92	-7	14.00 @ 0.84	+1	30.750	NC	111.000	NC	157.500	NC
AUG	14.50	NC	9 176	14.50 @ 1.00	-3	14.50 @ 1.00	-3	31.750	NC	112.500	NC	160.000	NC

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