

Daily Dairy Report

Vol. 14, No. 173 / September 8, 2010

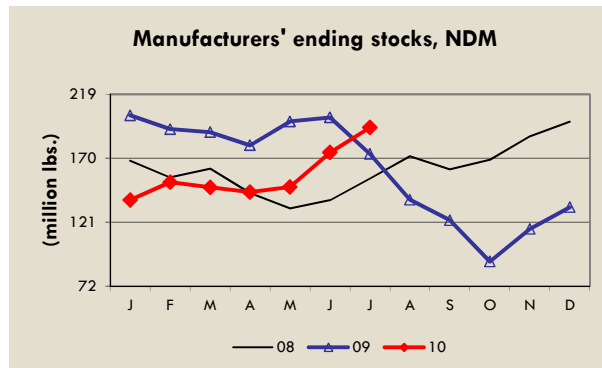
NDM market firming despite rising stocks

Traders appear to still be on their holiday weekend. Spot cheese and butter prices held again and there were no bids or offers. There was one offer for Grade A NDM but it went unfilled. Milk futures were mixed, ranging from -5¢ to +6¢, on very light volume.

Manufacturers built stocks of NDM in June and July in the face of weak domestic sales. Inventories increased by 45.5 million lbs. (+31%) in the two-month period, closing July at 193.6 million lbs. (see chart). Stocks were the most for that date since 2000.

Still, powder prices moved higher last week in *Dairy Market News'* weekly survey, the first increase since late June. "The [price] changes reflect sellers increasing prices after recent lower-priced sales transactions cleared product to domestic and export accounts," *DMN* said. Tight international markets are lending support to U.S. prices as well.

NDM futures are steady the last couple weeks since inching higher in mid-August. Futures covering the fourth quarter average \$1.20, up 3.6¢ from a month ago. Contracts covering the first half of 2011 average \$1.15, up 1.9¢. **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [0 Pit, 468 Electronic]	468	24,871
Class IV	0	298
NDM (cash settle)	2	1,634
Dry whey	70	1,671
Butter (cash settle)	11	2,582
Cheese	0	415

Options Volume and Open Interest

	Volume	Open Interest
Class III	479	34,742
Class IV	0	15
Class III midi	2	316
Dry whey	0	84
Butter (cash settle)	0	65

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 (NC) • 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 8 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	16.19	NC	55 4896	16.25 @ 0.03	-1	16.00 @ 0.01	NC	36.250	NC	116.250	NC	212.000	-0.500
OCT	15.68	+4	156 5069	15.75 @ 0.28	-2	15.50 @ 0.23	-5	37.000	NC	120.000	NC	206.750	-0.250
NOV	14.95	-2	70 4143	15.00 @ 0.44	-1	14.75 @ 0.37	+1	36.000	NC	120.000	NC	187.500	-0.500
DEC	14.50	-5	27 4168	14.50 @ 0.51	-3	14.50 @ 0.51	+2	33.000	NC	119.970	NC	172.750	NC
JAN 11	13.98	-2	43 1534	14.00 @ 0.58	-1	13.75 @ 0.47	NC	35.000	+0.500	117.000	-1.500	161.500	NC
FEB	13.75	-5	14 1179	13.75 @ 0.63	-3	13.75 @ 0.63	+2	33.250	+0.250	117.600	-0.150	157.500	NC
MAR	13.83	-5	54 1176	14.00 @ 0.60	-3	13.75 @ 0.64	+2	31.000	+0.200	116.500	NC	157.500	NC
APR	13.74	-3	8 635	13.75 @ 0.74	-1	13.50 @ 0.62	+1	30.000	NC	115.000	NC	157.000	NC
MAY	13.81	-4	8 548	14.00 @ 0.71	-2	13.75 @ 0.77	+2	30.000	NC	115.000	NC	157.000	NC
JUN	13.90	-5	8 446	14.00 @ 0.80	-2	13.75 @ 0.77	+3	30.000	+0.500	110.000	NC	158.000	NC
JUL	14.20	NC	4 269	14.25 @ 0.91	NC	14.00 @ 0.83	NC	30.250	NC	111.000	NC	157.500	NC
AUG	14.56	+6	4 186	14.75 @ 0.91	+2	14.50 @ 0.97	-3	32.000	NC	112.500	NC	160.000	NC

The Daily Dairy Report is published by **Alan Levitt**. Please forward to others that may benefit from this information. To subscribe visit www.dailydairyreport.com.

Disclaimer: The *Daily Dairy Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2010 CME Group. All rights reserved.