

Daily Dairy Report

Dairy market information provided by Alan Levitt

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UPTICK ON BARRELS IGNITES MILK FUTURES RALLY

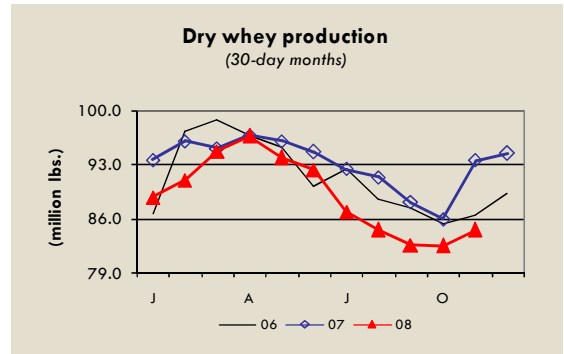
Barrels were bid a penny higher, the first increase of any sort on the cheese market in more than month. Blocks held unchanged on 6 trades, halting a 17-day streak of declines. The moves were enough to trigger a rare rally in milk futures. FEB-APR09 jumped 36¢ and OCT09-JAN10 increased 29¢. The gains follow 5 days of withering losses; from Dec. 29 to yesterday, 2009 contracts fell \$1.77 and FEB-MAY09 all declined by more than \$2.00.

Three loads of butter were sold to the government yesterday for \$1.05 under the support program. A total of 121,694 lbs. from the western region moved to CCC warehouses, the first support-program purchases since spring 2003. From February-June 2003, 11.3 million lbs. of butter was sold to CCC. Prior to that, the government last bought butter in 1995.

Spot butter dropped 2¢ today to \$1.11, matching the lowest price since June 2003.

Manufacturers have cut back on whey production since mid-2008. From July-November, whey production was down 6.7% from the prior year. In November alone, output was off 9.7%, according to USDA's latest "Dairy Products" report (see chart). However, production is now increasing seasonally, and whey prices continue to slide. USDA's Dairy Market News reports Midwestern whey at mostly 16-19¢ and Western whey about 3¢ cheaper.

CME Group will take down www.cme.com and www.cbtc.com at close of business tomorrow in favor of the newly integrated www.cmegroup.com site. **cme**



JANUARY 8 TRADING ACTIVITY

	Class III Futures			Class III Options Calls		Class III Options Puts		Dry Whey Futures		Nonfat Dry Milk Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume & open interest from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JAN 09	10.95	+12	168 4395	11.00 @ 0.16	+4	10.75 @ 0.10	-4	16.000	NC	85.900	NC	114.500	-0.500
FEB	9.81	+41	193 4153	10.00 @ 0.26	+14	10.00 @ 0.45	-27	15.500	NC	86.750	NC	116.250	NC
MAR	10.05	+35	361 3686	10.25 @ 0.37	+14	10.00 @ 0.43	-18	15.750	NC	87.500	+0.500	117.500	NC
APR	10.50	+33	231 3123	10.50 @ 0.55	+16	10.50 @ 0.55	-17	14.030	+0.025	87.500	+0.500	118.250	NC
MAY	10.81	+11	227 3011	11.00 @ 0.56	+5	10.75 @ 0.61	-5	15.500	NC	91.750	-0.250	121.000	NC
JUN	11.60	+11	301 2725	11.75 @ 0.67	+5	11.50 @ 0.68	-6	16.000	+0.500	91.000	-2.500	123.250	-0.250
JUL	12.05	+4	219 2520	12.25 @ 0.73	+2	12.00 @ 0.80	-2	17.750	+0.750	91.750	-2.500	124.000	NC
AUG	12.93	+11	207 2559	13.00 @ 0.92	+5	12.75 @ 0.86	-5	18.800	-0.200	92.000	-2.500	127.250	-0.250
SEP	13.37	+18	112 2495	13.50 @ 0.98	+9	13.25 @ 0.98	-8	19.500	NC	95.000	+0.250	131.250	-0.250
OCT	13.50	+26	69 2118	13.50 @ 1.10	+13	13.50 @ 1.10	-13	22.020	NC	99.500	NC	133.000	-1.000
NOV	13.57	+28	34 1999	13.75 @ 1.09	+13	13.50 @ 1.14	-13	22.020	NC	99.500	NC	133.000	NC
DEC	13.45	+30	16 2011	13.50 @ 1.19	+16	13.25 @ 1.10	-14	21.750	-0.375	99.750	NC	134.250	-0.750

➤ Spot Prices (with change, in cents, from previous day):

Block cheese	\$1.0400 (NC)
Barrel cheese	\$1.0400 (+1.00)
AA Butter	\$1.1100 (-2.00)
NDM Extra Grade	\$.8500 (NC)
NDM Grade A	\$.8300 (NC)

➤ Milk Prices (with change from previous month):

Dec. Class III milk (USDA)	\$15.28 (-\$0.23)
Dec. Class IV milk (USDA)	\$10.35 (-\$1.90)

➤ Futures Volume and Open Interest

	Volume	Open Interest
Class III	2,162	35,299
[*151 Pit, 2011 Electronic]		
Class IV	15	119
NDM	12	860
Dry whey	4	1,312
Butter (cash settle)	105	3,292

➤ Options Volume and Open Interest

	Volume	Open Interest
Class III	1,501	49,331
Class III Midi	14	126
Dry whey	0	150
Butter (cash settle)	0	30

Futures and options volume and open interest from previous trading day

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