

Daily Dairy Report

Daily market information provided by Alan Levitt

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Cheese production +4.3% in March

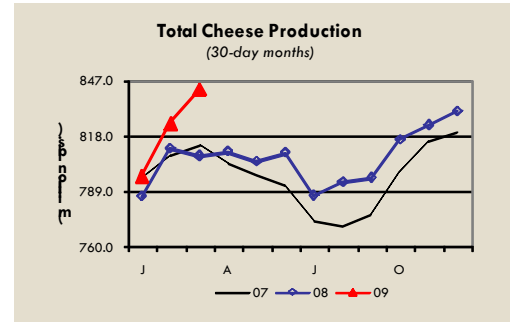
The week kicked off with another day of losses in milk futures and declining cheese prices. MAY-OCT09 Class III futures fell by double digits, with JUL leading the way at -18¢. Both blocks and barrels were offered a quarter-cent lower, but buyers remained on the sidelines.

Spot NDM prices increased on unfilled bids, hitting their highest levels since December. However, NDM futures were steady/lower. Butter futures were lower as well, as spot butter held at \$1.23.

Though milk production was down in March, more milk flowed into cheese plants and less into butter/powder operations. Total cheese production in March was a record-high 870.7 million lbs., up 4.3% from a year ago, according to USDA's "Dairy Products" report released this afternoon (*see chart*). Production of cheddar was up 3.1%, mozzarella was down 1.5% and all other varieties were up 11.3%.

Meanwhile, butter output fell below year-earlier levels for just the third time in the last 22 months. March output was 145.3 million lbs., down 4.4%. Production of NDM/SMP registered its second straight negative reading: 160.0 million lbs., down 5.7%.

The California 4b (cheese milk) price for April is \$10.41, down 4¢ from March. The California 4a (butter-powder milk) price for April is \$9.79, up 12¢. **cme group**



For more information about real-time quotes, visit www.cmegroup.com/dairyquotes

FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [*8 Pit, 865 Electronic]	873	31,310
Class IV	0	218
NDM (cash settle)	7	961
NDM (deliverable)	0	2
Dry whey	4	1,465
Butter (cash settle)	71	5,082

Options Volume and Open Interest

	Volume	Open Interest
Class III	225	41,233
Class III midi	1	179
Dry whey	30	138
Butter (cash settle)	0	80

Futures and options volume and open interest from previous trading day.

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.1500 (-0.25) • Barrel cheese \$1.0850 (-0.25) • AA Butter \$1.2300 (NC) • NDM Extra Grade \$0.8600 (+0.50) • NDM Grade A \$0.8800 (+1.00) **MILK PRICES** (with change, in cents, from previous month): April Class III milk (USDA) \$10.78 (+\$0.34) • April Class IV milk (USDA) \$9.82 (+\$0.18)

May 4 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
MAY 09	9.83	-11	165	4737	10.00 @ 0.07	-6	9.75 @ 0.10	+2	21.500	NC	83.000	NC	121.500	-0.750
JUN	10.54	-11	213	4756	10.75 @ 0.25	-10	10.50 @ 0.33	+1	24.250	+0.250	85.500	-0.500	126.750	NC
JUL	11.97	-18	221	3206	12.00 @ 0.58	-11	11.75 @ 0.49	+6	27.000	+1.000	86.500	-0.250	129.750	NC
AUG	13.15	-15	122	2965	13.25 @ 0.73	-9	13.00 @ 0.70	+6	28.500	NC	87.750	-0.750	131.500	-0.500
SEP	13.90	-15	47	2762	14.00 @ 0.86	-9	13.75 @ 0.83	+6	30.000	NC	91.000	-1.500	134.750	-0.250
OCT	14.58	-10	27	2549	14.75 @ 0.96	-6	14.50 @ 0.99	+4	30.000	+1.000	95.000	NC	136.500	-0.500
NOV	14.72	-7	36	2323	14.75 @ 1.13	-4	14.50 @ 1.02	+2	31.000	NC	95.000	NC	138.750	-0.250
DEC	14.80	-2	26	2340	15.00 @ 1.13	-1	14.75 @ 1.19	NC	30.500	-0.750	95.000	NC	140.000	NC
JAN 10	14.92	-8	8	340	15.00 @ 1.17	NC	14.50 @ 0.99	+2	31.000	NC	99.500	NC	142.000	-1.000
FEB	14.92	-7	4	264	15.50 @ 1.02	-4	14.50 @ 1.05	+2	31.000	NC	115.000	NC	143.000	-1.000
MAR	15.15	-3	3	232	15.50 @ 1.19	-2	14.50 @ 1.02	+1	31.000	NC	116.000	NC	150.000	NC
APR	15.35	-10	1	140	17.00 @ 0.81	-5	14.50 @ 1.00	+3	30.000	NC	117.000	NC	152.000	NC

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