

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## USDA projects price rebound in 2010

Milk futures moved higher again, with AUG-NOV09 posting double-digit gains. Cheese prices held steady on heavy trading activity. Seven loads of barrels and 11 loads of blocks traded this morning.

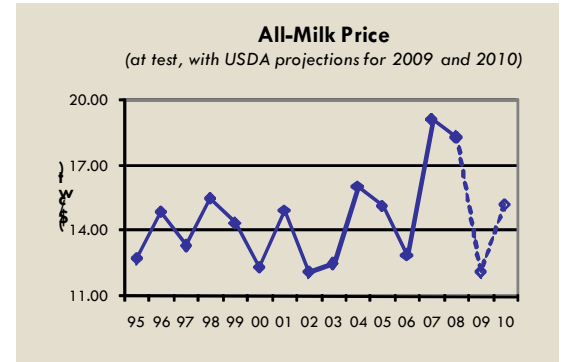
USDA issued its first projections for 2010, forecasting continued declines in milk production and higher prices. The department projects milk production to drop 0.5% next year, to 186.6 billion lbs. This year's output is projected at 187.7 billion lbs., down 0.9% (adjusted for leap day) from last year's record level.

The All-Milk Price is projected to increase about \$3/cwt. next year, to \$14.70-\$15.70. This year's range is estimated at \$11.85-\$12.35 (see chart). Class III prices are projected to average \$13.80-\$14.80, up from \$10.55-\$11.05 this year. "Product prices are forecast higher as demand improves and supplies tighten."

On a total-solids basis, commercial exports are projected to increase 13% in 2010 after tumbling 33% in 2009.

USDA projects net removals of NDM will total 194 million lbs. this year. No purchases are forecast for next year.

In March, U.S. suppliers exported 34.7 million lbs. of NDM/SMP, down 55% from a year ago, according to USDA/FAS trade data released this afternoon. **cme group**



For more information about real-time quotes, visit [www.cmegroup.com/dairyquotes](http://www.cmegroup.com/dairyquotes)

## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [*64 Pit, 686 Electronic]	750	27,940
Class IV	0	212
NDM (cash settle)	0	851
NDM (deliverable)	0	2
Dry whey	13	1,313
Butter (cash settle)	39	4,810

### Options Volume and Open Interest

	Volume	Open Interest
Class III	157	41,938
Class III midi	2	199
Dry whey	0	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 \$1.1300 (NC) • Barrel cheese \$1.0550 (NC) • AA Butter \$1.2425 (NC) • NDM Extra Grade \$0.8600 (NC) • NDM Grade A \$0.8800 (NC) **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 12 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. (¢)
MAY 09	9.78	NC	49 4761	10.00 @ 0.02	-2	9.75 @ 0.08	-2	21.880	NC	83.000	NC	122.000	NC
JUN	10.55	-10	164 4893	10.75 @ 0.23	-5	10.50 @ 0.32	+6	25.000	+0.500	84.500	NC	126.500	NC
JUL	12.04	+6	171 3399	12.25 @ 0.49	+2	12.00 @ 0.55	-3	26.000	NC	86.500	NC	131.250	NC
AUG	13.37	+14	99 3098	13.50 @ 0.70	+6	13.25 @ 0.70	-7	27.770	NC	88.500	+0.250	132.250	NC
SEP	14.30	+11	67 2790	14.50 @ 0.82	+5	14.25 @ 0.88	-6	28.500	NC	91.750	+0.500	134.500	NC
OCT	14.83	+11	35 2606	15.00 @ 0.95	+5	14.75 @ 0.98	-6	30.000	NC	93.500	+0.250	136.500	NC
NOV	14.95	+12	43 2443	15.00 @ 1.11	+6	14.75 @ 1.03	-6	30.000	+1.000	95.030	NC	139.250	+0.230
DEC	15.00	+8	37 2414	15.00 @ 1.21	+4	15.00 @ 1.21	-4	30.500	NC	95.000	NC	140.030	NC
JAN 10	15.10	+5	17 363	15.25 @ 1.14	+3	15.00 @ 1.15	-3	31.250	NC	99.500	NC	141.500	NC
FEB	15.10	+5	17 293	15.25 @ 1.20	+2	14.50 @ 0.97	-2	31.500	NC	115.000	NC	142.500	NC
MAR	15.25	+1	13 255	15.25 @ 1.34	+1	14.50 @ 0.96	-1	31.500	NC	116.000	NC	150.000	NC
APR	15.55	+5	5 149	17.00 @ 0.87	+1	14.50 @ 0.91	-2	30.500	NC	117.000	NC	152.000	NC

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