

Daily Dairy Report

Daily market information provided by Alan Levitt

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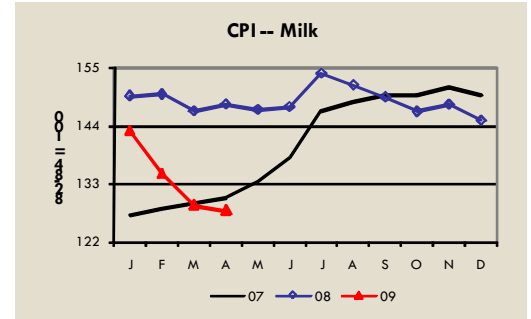
Retail milk prices continue to fall

Milk futures closed out the week with another sell-off. Contracts covering the third quarter dropped 20¢ while fourth quarter '09 fell 15¢. JUN09 hit a new low. Spot cheese prices settled unchanged after one of the most active trading days ever. A total of 34 loads of cheese were exchanged (21 blocks, 13 barrels). Buyers bid aggressively but sellers were quick to respond, keeping prices in check.

Retail milk prices fell for the fifth straight month in April, according to the Bureau of Labor Statistics. The Milk CPI was 127.9 last month, down 17% from last July's peak, and the lowest since January 2007 (see chart). The Cheese CPI was 204.5, down for the eighth straight month. The Butter CPI was 156.6, a big drop (-7.1%) from March and the lowest since February 2004, BLS says.

The April "Milk Production" report comes out Monday afternoon. In the first quarter, U.S. milk production was 47.3 billion lbs., up 0.5% from a year ago (adjusted for leap day). Cow numbers dropped significantly in January and February (-43,000 head), but the decline slowed in March (-4,000 head).

NASS dairy product prices for the week ending May 9: cheddar blocks \$1.1792 (-3.31¢ vs. the prior week); barrels \$1.1121 (-3.04¢); butter \$1.1980 (+0.60¢); nonfat dry milk 82.75¢ (+0.42¢); dry whey 23.01¢ (+1.71¢). **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	970	28,518
[*20 Pit, 950 Electronic]		
Class IV	0	212
NDM (cash settle)	6	864
NDM (deliverable)	0	2
Dry whey	6	1,362
Butter (cash settle)	47	4,849

Options Volume and Open Interest

	Volume	Open Interest
Class III	350	42,616
Class III midi	0	199
Dry whey	0	138
Butter (cash settle)	0	80
NDM (cash settle)	0	18

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.1325 (NC) • Barrel cheese \$1.0800 (NC) • AA Butter \$1.2650 (+0.50) • 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 15 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	+1	167	4783	NA	NA	NA	NA	22.150	+0.275	83.000	NC	122.150	-0.100
JUN	10.32	-9	177	5058	NA	NA	NA	NA	25.500	+0.500	84.500	NC	128.000	NC
JUL	11.85	-21	228	3502	NA	NA	NA	NA	26.250	+0.225	87.000	-0.500	133.500	+0.500
AUG	13.29	-18	100	3196	NA	NA	NA	NA	28.250	+0.250	89.000	NC	134.250	+0.750
SEP	14.15	-21	51	2781	NA	NA	NA	NA	29.000	+0.500	92.500	NC	136.000	+1.500
OCT	14.72	-18	40	2595	NA	NA	NA	NA	30.250	+0.250	94.250	+0.500	138.500	+0.630
NOV	14.91	-16	46	2374	NA	NA	NA	NA	30.000	NC	95.030	NC	140.000	NC
DEC	14.99	-11	35	2444	NA	NA	NA	NA	30.250	+0.250	95.500	NC	142.500	+0.630
JAN 10	15.11	-1	27	385	NA	NA	NA	NA	30.750	-0.500	99.500	NC	143.500	+1.000
FEB	15.05	-10	18	305	NA	NA	NA	NA	31.500	+0.250	115.000	NC	144.500	+1.000
MAR	15.36	+3	23	292	NA	NA	NA	NA	31.500	NC	116.000	NC	152.000	NC
APR	15.57	-8	18	171	NA	NA	NA	NA	30.500	NC	117.000	NC	154.000	NC

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