

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## Inventories rise in April

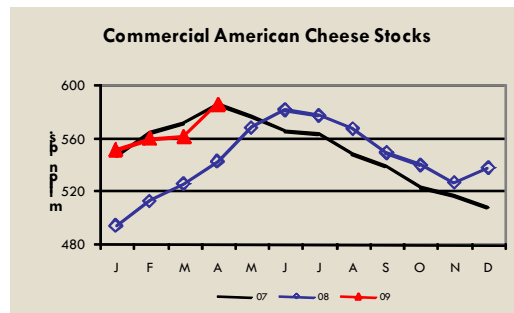
Coming back from the holiday break, barrels ticked a half-cent higher and blocks settled unchanged in an active trading session. Milk futures were mixed – mostly a few cents higher in the '09 contracts and a few cents lower in the '10 contracts. Spot butter was unchanged and spot NDM Grade A increased half a cent. Butter futures were mostly steady. NDM futures were unchanged.

Total cheese stocks expanded by nearly 20 million lbs. in April, rising to 914.1 million lbs., the most since August 1986, according to USDA's "Cold Storage" report released Friday afternoon. American cheese inventories increased 24.5 million lbs. (+7.9%), to 586.1 million lbs. Stocks remain above year-ago levels (see chart).

Likewise, commercial butter inventories expanded by 30.3 million lbs. (+14.2%), to 242.7 million lbs. However, stocks still slightly trail year-ago levels.

Culling slowed last month. Dairymen sent 215,100 cows to slaughter in April, the lowest figure in five months, according to USDA's latest "Livestock Slaughter" report. That figure is 4,000 head lower than April 2008.

On Friday afternoon, after allocating DEIP subsidies for the 2008/09 year, USDA issued Invitations for Offers for exporters to apply for those bonuses. Offers will be taken from June 1-29 for 150.4 million lbs. of NDM, 22.0 million lbs. of butterfat and 6.7 million lbs. of cheese. **cme group**



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [*16 Pit, 1402 Electronic]	1,418	29,861
Class IV	0	232
NDM (cash settle)	7	898
NDM (deliverable)	0	2
Dry whey	15	1,496
Butter (cash settle)	103	5,020

### Options Volume and Open Interest

	Volume	Open Interest
Class III	798	44,344
Class III midi	0	199
Dry whey	0	168
Butter (cash settle)	20	100
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 \$1.1400 (NC) • Barrel cheese \$1.0850 (+0.50) • AA Butter \$1.2650 (NC) • NDM Extra Grade \$0.8700 (NC) • NDM Grade A \$0.8950 (+0.50) **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 26 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	9.83	+1	20	4801	10.00 @ 0.00	NC	9.75 @ 0.01	NC	23.000	NC	83.500	NC	121.600	NC
JUN	10.18	+6	78	5132	10.25 @ 0.14	-1	10.00 @ 0.09	-6	25.750	NC	84.500	NC	126.050	+1.050
JUL	11.09	+7	441	3797	11.25 @ 0.40	+2	11.00 @ 0.42	-5	26.500	NC	86.750	NC	132.250	NC
AUG	12.40	+1	391	3404	12.50 @ 0.62	NC	12.25 @ 0.59	-1	29.000	NC	89.000	NC	134.000	NC
SEP	13.62	NC	239	2966	13.75 @ 0.76	-1	13.50 @ 0.76	-1	28.750	+1.000	92.500	NC	135.380	+0.375
OCT	14.26	+1	81	2703	14.50 @ 0.84	-1	14.25 @ 0.94	-2	27.250	+2.500	94.750	NC	137.000	NC
NOV	14.65	+4	66	2498	14.75 @ 1.03	+1	14.50 @ 1.00	-2	30.500	NC	95.250	NC	139.000	NC
DEC	14.78	+2	28	2547	15.00 @ 1.06	NC	14.75 @ 1.14	-2	30.750	NC	96.250	NC	141.000	NC
JAN 10	14.88	+3	17	419	15.00 @ 1.10	NC	14.50 @ 0.96	-2	31.500	+0.250	99.500	NC	143.000	NC
FEB	14.68	-1	14	340	15.25 @ 0.96	-2	14.50 @ 1.11	NC	31.250	NC	115.000	NC	144.500	NC
MAR	15.10	NC	7	317	15.25 @ 1.23	-1	14.50 @ 0.99	-1	32.000	NC	116.000	NC	152.000	NC
APR	15.39	-6	5	197	16.00 @ 1.12	-4	15.25 @ 1.30	+2	32.000	+0.250	117.000	NC	154.000	NC

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