

Daily Dairy Report

Daily market information provided by Alan Levitt

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Cheese use up slightly in Q1

Bidding resumed in the cheese pits but sellers were able to counter all bids. Barrels settled a quarter-cent higher, blocks closed unchanged. Milk futures posted double-digit increases in SEP09-MAY10 contracts.

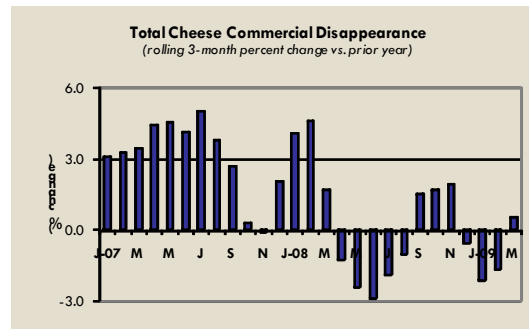
Total cheese use was up 0.5% in the first quarter (adjusted for last year's leap day), according to revised USDA figures. This follows three consecutive quarters of declines (*see chart*).

American cheese disappearance was up 4.2% while use of other varieties was down 2.0%.

Butter use was down 5.1% (again, adjusted for leap day), the first negative quarter since Q2-2007.

The Milk-Feed price ratio hit a new low in May, but profitability is likely to get worse before it gets better. Corn and soybean futures continue to rise. JUL corn settled at \$4.46 today, up nearly 90¢ since the first of March, and the highest price since early January. JUL soybeans broke \$12.00 for the first time since last September, settling at \$12.17. Beans are up about \$3.70 in three months. This will put even more strain on farmer profitability in the months ahead.

The California 4b (cheese-milk) price for May is \$9.54, down 87¢ from April. The California 4a (butter-powder milk) is \$10.03, up 24¢ and the highest price of the year. Federal Class prices will be announced Friday morning and Thursday is the last day to trade MAY futures and options. USDA will release the April "Dairy Products" report Thursday afternoon. **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	1,146	30,432
[*76 Pit, 1070 Electronic]		
Class IV	0	232
NDM (cash settle)	0	900
NDM (deliverable)	0	2
Dry whey	15	1,547
Butter (cash settle)	122	5,143

Options Volume and Open Interest

	Volume	Open Interest
Class III	408	45,086
Class III midi	0	202
Dry whey	9	216
Butter (cash settle)	0	110
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 \$1.1525 (NC) • Barrel cheese \$1.1025 (+0.25) • AA Butter \$1.2650 (NC) • NDM Extra Grade \$0.8750 (NC) • NDM Grade A \$0.9000 (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)

June 1 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	NC	67	4792	10.00 @ 0.00	NC	9.75 @ 0.00	NC	23.000	NC	83.500	NC	121.600	NC
JUN	10.23	+1	302	5094	10.25 @ 0.14	-1	10.00 @ 0.06	-1	25.770	+0.025	84.500	NC	126.000	NC
JUL	11.22	+6	304	3949	11.25 @ 0.44	+2	11.00 @ 0.35	-3	26.270	-0.300	86.750	NC	130.000	NC
AUG	12.60	+8	149	3417	12.75 @ 0.58	+2	12.50 @ 0.60	-5	29.000	NC	88.500	NC	132.500	NC
SEP	13.88	+10	99	3008	14.00 @ 0.76	+4	13.75 @ 0.75	-5	30.000	+0.500	92.500	NC	134.000	-0.500
OCT	14.50	+16	53	2796	14.50 @ 0.94	+7	14.50 @ 0.94	-9	29.000	NC	94.750	NC	135.000	-1.000
NOV	14.89	+12	60	2579	15.00 @ 1.03	+6	14.75 @ 1.00	-6	31.000	NC	95.500	NC	136.500	NC
DEC	15.10	+15	40	2633	15.25 @ 1.10	+7	15.00 @ 1.11	-8	30.750	-0.025	96.500	NC	139.500	-0.500
JAN 10	15.21	+24	24	442	15.25 @ 1.15	+12	15.00 @ 1.06	-11	31.500	NC	99.500	NC	143.000	NC
FEB	15.06	+11	14	359	15.25 @ 1.14	+5	15.00 @ 1.19	-5	31.250	NC	115.000	NC	144.500	NC
MAR	15.56	+24	7	334	16.00 @ 1.13	+10	15.50 @ 1.29	-12	32.250	NC	116.000	NC	152.000	NC
APR	15.81	+13	6	217	16.00 @ 1.32	+6	15.25 @ 1.12	-5	32.250	NC	117.000	NC	154.000	NC

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