

Daily Dairy Report

Daily market information provided by Alan Levitt

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Futures erode further

Cheese buyers were less aggressive today, putting out bids but unwilling to raise them to acquire product. Prices settled unchanged on no trades. Milk futures slumped in the front months, with AUG09 falling 25¢ to a new low of \$12.35.

Though futures have been in steady decline since late March (see chart), they still are priced at a premium to current spot prices, which are equivalent to a Class III price of about \$9.60.

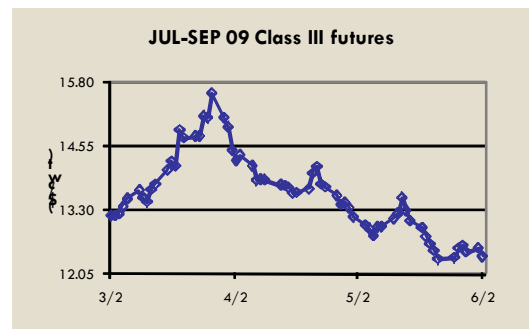
Traders are comfortable with a butter price of \$1.2650, where the price has held since May 15. Butter futures have held mostly steady over the last month as well. Futures for the second half of the year average \$1.3433, down three-quarters of a cent since May 5.

Grade A NDM was bid a quarter-cent higher today to 90.25¢.

In the first quarter, commercial use of NDM/SMP was down 18.0% from a year ago, according to figures derived from USDA production, inventory, import and export numbers. Domestic use was up about 11% while exports were down 52%.

Sorrento Lactalis broke ground on an expansion of its whey drying operation at its Nampa, Idaho, cheese plant. The \$50-million project is expected to be complete by summer 2010.

Swiss Valley Farms exited the milk bottling business with the sale of its Dubuque, Iowa, plant to Prairie Farms. Swiss Valley will continue to supply raw milk to the Dubuque facility. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III	910	30,761
[*133 Pit, 777 Electronic]		
Class IV	0	232
NDM (cash settle)	0	900
NDM (deliverable)	0	2
Dry whey	10	1,557
Butter (cash settle)	27	5,138

Options Volume and Open Interest

	Volume	Open Interest
Class III	213	45,213
Class III midi	0	201
Dry whey	0	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 (NC) • AA Butter \$1.2650 (NC) • NDM Extra Grade \$0.8750 (NC) • NDM Grade A \$0.9025 (+0.25) **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 2 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	9.84	+1	27 4785	10.00 @ 0.00	NC	9.75 @ 0.00	NC	23.250	+0.250	83.500	NC	121.500	-0.100
JUN	10.12	-11	162 5132	10.25 @ 0.10	-4	10.00 @ 0.10	+4	25.500	-0.275	84.500	NC	126.000	NC
JUL	11.10	-12	126 4011	11.25 @ 0.35	-9	11.00 @ 0.37	+2	26.270	NC	86.750	NC	129.000	-1.000
AUG	12.35	-25	142 3451	12.50 @ 0.57	-13	12.25 @ 0.58	+10	29.000	NC	88.500	NC	132.000	-0.500
SEP	13.73	-15	93 3041	13.75 @ 0.79	-9	13.50 @ 0.69	+6	30.000	NC	92.500	NC	134.000	NC
OCT	14.40	-10	48 2807	14.50 @ 0.89	-5	14.25 @ 0.86	+4	29.000	NC	95.000	+0.250	135.000	NC
NOV	14.83	-6	42 2597	15.00 @ 1.00	-3	14.75 @ 1.03	+3	31.000	NC	95.500	NC	136.500	NC
DEC	15.05	-5	74 2671	15.25 @ 1.07	-3	15.00 @ 1.13	+2	30.750	NC	96.500	NC	139.500	NC
JAN 10	15.16	-5	38 456	15.25 @ 1.12	-3	15.00 @ 1.08	+2	31.500	NC	99.500	NC	143.000	NC
FEB	15.04	-2	37 375	15.25 @ 1.12	-2	15.00 @ 1.19	NC	31.250	NC	115.000	NC	144.500	NC
MAR	15.55	-1	47 359	16.00 @ 1.13	NC	15.50 @ 1.29	NC	32.500	+0.250	116.000	NC	152.000	NC
APR	15.79	-2	23 231	16.00 @ 1.31	-1	15.25 @ 1.12	NC	32.250	NC	117.000	NC	154.000	NC

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