

Daily Dairy Report

Daily market information provided by Alan Levitt

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Butter falls to lowest in more than a month

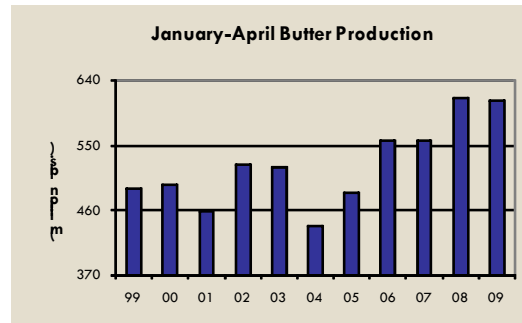
Sellers pushed butter back onto the market this morning, sending the spot price down 2.25¢ to \$1.23 after 9 trades. Butter futures in the front eight months tumbled in response. Since May 15 – the last day spot butter increased – butter futures covering the second half of the year have dropped 7.6¢.

Butter production was down in March for the second straight month, after posting increases in January and February. In the first four months of the year, butter production was 611.7 million lbs., slightly below a year ago (but slightly above when adjusted for leap day in 2008). However, output was still well-above previous years' levels (see chart).

Butter stocks have built faster than usual this year. Inventories increased 123.8 million lbs. in the first four months of 2009, compared with a 10-year average gain of 111.4 million lbs. for the January-April period.

Spot cheese prices were unchanged again today on no sales. Futures premiums continued to erode, with JUL, AUG and SEP matching or falling to new lows.

Last week the EU increased export subsidies for butter by 18%, SMP by 11% and WMP by 7%. Cheese subsidies were left unchanged. Common refunds (at today's exchange rate) are 41¢/lb. for butter, 13¢/lb. for SMP, 20¢/lb. for WMP and 14¢/lb. for cheese. In addition, slightly higher subsidy rates are awarded for limited quantities in bimonthly tenders. **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	1,666	31,314
[*190 Pit, 1476 Electronic]		
Class IV	0	242
NDM (cash settle)	5	904
NDM (deliverable)	0	2
Dry whey	15	1,581
Butter (cash settle)	24	5,205

Options Volume and Open Interest

	Volume	Open Interest
Class III	884	41,868
Class III midi	0	191
Dry whey	0	193
Butter (cash settle)	0	100
NDM (cash settle)	0	27

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.1475 (NC) • Barrel cheese \$1.1000 (NC) • AA Butter \$1.2300 (-2.25) • NDM Extra Grade \$0.8750 (NC) • NDM Grade A \$0.9025 (NC) **MILK PRICES** (with change, in cents, from previous month): May Class III milk (USDA) \$9.84 (-\$0.94) • May Class IV milk (USDA) \$10.14 (+\$0.32)

June 8 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. (¢)
JUN 09	9.92	+3	43	5098	10.00 @ 0.10	+1	9.75 @ 0.06	-2	26.000	NC	84.500	NC	123.750	-1.350
JUL	10.60	-5	211	4264	10.75 @ 0.31	-5	10.50 @ 0.33	NC	27.250	-0.175	85.500	NC	126.250	-1.750
AUG	11.57	NC	359	3559	11.75 @ 0.50	-3	11.50 @ 0.54	-3	28.750	NC	88.500	NC	128.000	-2.250
SEP	12.79	-6	231	3040	13.00 @ 0.64	-4	12.75 @ 0.71	+2	31.200	NC	92.500	NC	129.000	-3.000
OCT	13.44	-16	292	2839	13.50 @ 0.83	-9	13.25 @ 0.76	+6	29.750	NC	95.000	NC	130.000	-2.500
NOV	13.95	-21	177	2688	14.00 @ 0.97	-12	13.75 @ 0.88	+7	30.250	-0.750	95.500	NC	131.000	-3.000
DEC	14.27	-12	107	2674	14.50 @ 0.98	-7	14.25 @ 1.07	+4	30.750	NC	96.500	NC	135.000	-2.000
JAN 10	14.50	-5	76	522	14.50 @ 1.10	NC	14.50 @ 1.10	+2	31.500	NC	99.500	NC	139.000	-1.500
FEB	14.49	-11	28	427	14.50 @ 1.15	NC	14.25 @ 1.03	+4	31.250	NC	115.000	NC	143.000	NC
MAR	15.01	-4	37	407	15.25 @ 1.15	-3	14.50 @ 1.00	+1	31.500	+1.775	116.000	NC	150.000	NC
APR	15.08	+3	38	258	15.25 @ 1.25	+1	14.50 @ 1.03	-2	30.500	+2.000	117.000	NC	151.000	NC
MAY	15.22	+2	36	164	15.25 @ 1.39	NC	14.50 @ 1.04	-2	31.500	NC	118.000	NC	153.000	NC

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