

Daily Dairy Report

Daily market information provided by Alan Levitt

Vol. 13, No. 119/ June 24, 2009

Cow numbers sliding slowly

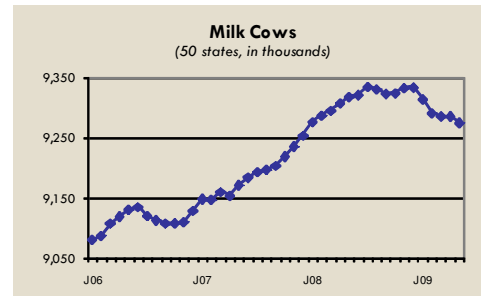
In the first five months of the year, U.S. cow numbers dropped 59,000 head, a significant figure but not nearly enough to bring supply back into balance. From February 2004 to December 2008, cow numbers had increased 338,000 head (*see chart*).

Most of the decrease in 2009 has come from California, where cow numbers shrunk by 24,000 head from December to May. Arizona's herd declined by 6,000 head and Kansas and New York each lost 4,000 animals. Growth also has stopped in the two most expansive states of 2008: Texas and Idaho. Last year, Texas added 31,000 head and Idaho added 24,000. In the first five months of 2009, Texas' cow numbers were unchanged and Idaho was down 3,000.

Cow number declines should accelerate in June and July, as CWT's culling program is implemented. Nearly 103,000 cows are slated for slaughter.

The first big heat-wave of the summer is making cows uncomfortable. In the Upper Midwest and Plains states, temperatures have been 8-13° above normal the last couple days, with heat indexes approaching 100°. In Florida, heat and humidity has knocked down milk production 10-15% this week vs. last week, according to USDA's *Dairy Market News*. Handlers in Florida shipped just 120 tankers out of the state this week, the smallest volume since late February, and about half the pace of the previous three weeks, *DMN* says.

NDM futures held unchanged today after dropping significantly in the last week, particularly for the 2010 contracts. In the previous five trading days, JAN10 declined 5.5¢, while FEB-APR10 plunged 11.7¢. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III	1,004	29,167
[*26Pit, 978 Electronic]		
Class IV	0	198
NDM (cash settle)	0	790
NDM (deliverable)	0	2
Dry whey	36	1,567
Butter (cash settle)	44	4,848

Options Volume and Open Interest

	Volume	Open Interest
Class III	1,494	48,243
Class III midi	0	193
Dry whey	0	238
Butter (cash settle)	4	104
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 \$1.1175 (NC) • Barrel cheese \$1.0700 (NC) • AA Butter \$1.2050 (NC) • NDM Extra Grade \$0.8750 (NC) • NDM Grade A \$0.8900 (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 24 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	9.91	-3	41	5211	10.00 @ 0.01	NC	9.75 @ 0.00	NC	26.600	NC	84.500	NC	121.250	NC
JUL	10.05	-5	134	4187	10.25 @ 0.10	-2	10.00 @ 0.16	+2	27.750	NC	85.250	NC	121.500	NC
AUG	10.75	+2	97	3805	10.75 @ 0.45	+1	10.75 @ 0.45	-1	30.000	NC	87.250	NC	124.250	NC
SEP	11.64	+7	172	3463	11.75 @ 0.57	+3	11.50 @ 0.55	-3	31.000	+0.500	89.750	NC	127.250	-0.250
OCT	12.40	-1	136	3090	12.50 @ 0.70	-1	12.25 @ 0.67	NC	29.750	-0.250	92.750	NC	129.750	+0.250
NOV	13.29	+6	68	2954	13.50 @ 0.81	+3	13.25 @ 0.88	-3	28.000	NC	94.000	NC	130.000	-0.500
DEC	13.60	+4	101	2857	13.75 @ 0.92	+1	13.50 @ 0.94	-2	28.000	NC	95.000	NC	133.000	-0.500
JAN 10	13.65	+5	82	714	13.75 @ 0.95	+2	13.25 @ 0.80	-2	28.000	NC	94.000	NC	135.000	NC
FEB	13.67	+7	34	544	13.75 @ 1.02	+3	13.25 @ 0.85	-3	28.350	-0.150	103.000	NC	136.000	NC
MAR	14.27	+10	24	559	14.50 @ 1.06	+4	14.25 @ 1.16	-4	27.880	NC	103.000	NC	140.000	-0.500
APR	14.52	+7	18	358	14.75 @ 1.14	+3	14.50 @ 1.23	-4	27.570	NC	103.000	NC	142.000	NC
MAY	14.63	+5	19	268	14.75 @ 1.27	+3	14.50 @ 1.25	-2	26.380	NC	109.000	NC	143.500	NC

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