

Daily Dairy Report

Daily market information provided by Alan Levitt

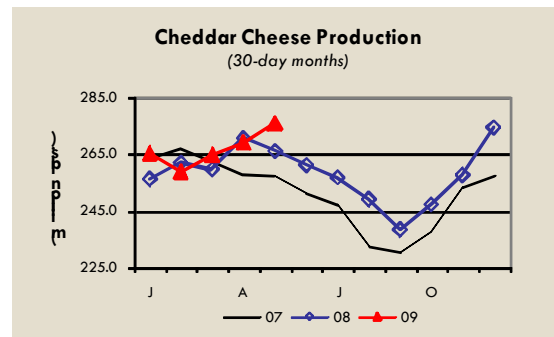
Vol. 13, No. 129/ July 9, 2009

Cheese prices slump

Barrels traded a penny lower and blocks were offered a half-cent lower this morning, sending JUL and AUG Class III futures to new lows. AUG-DEC09 declined 19¢. Spot butter, on the other hand, increased for the first time since June 10, gaining 1.5¢. Butter futures increased for the second straight day.

Whey markets continuing ratcheting higher, according to USDA's *Dairy Market News*. Dry whey from the Midwest is trading for mostly 28.25-29.25¢, while product from the West is trading for mostly 30.5-33.5¢. These are the highest prices since January 2008. *DMN* calls the market tone "steady to slightly firm, although more indications that the market is leveling off are apparent. Demand is less aggressive than before the holiday." Lower-priced resale product is available, limiting price increases on current production. Dry whey out of Europe is trading for 27-29¢, unchanged over the last two weeks, but still high enough to limit exports, *DMN* adds.

Western NDM prices are holding at mostly 80-86¢, though "the market tone is weaker," *DMN* says. "Sales activity has slowed as buyers shave purchases. Movement into cheese plants remains slow. Export shipments will trend higher in coming weeks as DEIP orders are filled, but the timing of the shipments is long and not expected to impact the market." NDM futures were slightly lower today, as traders take premium out of both nearby and deferred contracts. SMP from Oceania is trading for 84-98¢, down slightly on the low end of the range, says *DMN*. "Traders and handlers indicate that international buyer interest is slow," it reports. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III	661	26,486
[*8 Pit, 653 Electronic]		
Class IV	0	129
NDM (cash settle)	0	688
NDM (deliverable)	0	2
Dry whey	20	1,458
Butter (cash settle)	132	4,566

Options Volume and Open Interest

	Volume	Open Interest
Class III	223	43,500
Class III midi	2	197
Dry whey	0	218
Butter (cash settle)	0	94
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 \$1.1100 (-0.50) • Barrel cheese \$1.0900 (-1.00) • AA Butter \$1.2000 (+1.50) • NDM Extra Grade \$0.8750 (NC) • NDM Grade A \$0.8900 (NC) **MILK PRICES** (with change, in cents, from previous month): June Class III milk (USDA) \$9.97 (+0.13) • June Class IV milk (USDA) \$10.22 (+\$0.08)

July 9 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
JUL 09	9.98	-4	40	4504	10.00 @ 0.04	-3	10.00 @ 0.06	+1	29.000	NC	84.500	NC	118.750	+0.250
AUG	10.41	-21	93	4243	10.50 @ 0.24	-11	10.25 @ 0.20	+7	30.250	+0.250	85.750	-0.250	122.750	+0.750
SEP	11.22	-22	112	3970	11.25 @ 0.49	-17	11.00 @ 0.40	+4	31.000	-0.500	86.500	-0.500	127.000	+0.500
OCT	12.06	-18	148	3350	12.25 @ 0.59	-10	12.00 @ 0.65	+8	30.000	NC	88.250	-0.250	130.000	+1.000
NOV	13.00	-17	72	3194	13.00 @ 0.84	-9	13.00 @ 0.84	+8	31.000	NC	90.500	NC	131.000	+1.000
DEC	13.35	-18	81	3119	13.50 @ 0.87	-9	13.50 @ 0.88	+7	31.000	NC	93.750	NC	133.000	NC
JAN 10	13.73	-3	34	810	13.75 @ 0.96	-2	13.50 @ 0.85	+1	28.500	NC	93.750	NC	135.500	+0.500
FEB	13.97	-3	14	584	14.00 @ 0.99	-3	13.75 @ 0.94	+1	28.000	NC	96.000	-2.000	137.000	+1.000
MAR	14.48	-2	13	587	14.50 @ 1.14	-2	14.25 @ 1.03	NC	28.000	NC	98.000	NC	138.000	NC
APR	14.64	-8	7	394	14.75 @ 1.17	-5	14.50 @ 1.15	+3	27.600	NC	99.000	NC	140.000	NC
MAY	14.75	-8	9	325	14.75 @ 1.30	-5	14.75 @ 1.30	+3	28.500	NC	99.000	NC	142.000	NC
JUN	15.25	-10	9	313	15.25 @ 1.40	-6	15.25 @ 1.40	+4	29.000	NC	101.000	NC	144.000	NC

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