

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## Butter moves higher

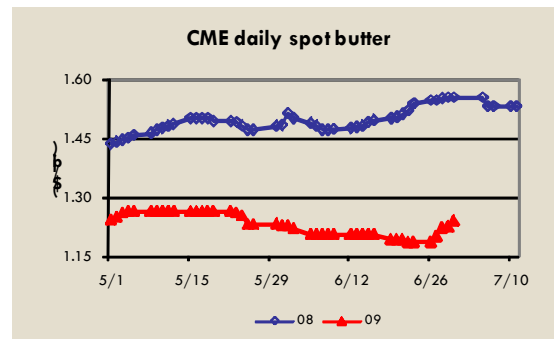
Blocks and barrels fell further today, but milk futures showed slight gains. Class III contracts covering the fourth quarter increased 3¢ and futures covering the first half of 2010 increased a nickel. Spot butter continued its upward trek (+5.5¢ in four days), which provided a boost to nearby butter futures. Whey and NDM futures were unchanged.

This morning, USDA/FAS accepted a bid for a DEIP bonus on exports of 1.1 million lbs. of NDM for delivery through Sept. 30. The bonus was 6¢/lb. This is the first award under the 2009/2010 allocation.

The Livestock, Dairy & Poultry Subcommittee of the House Ag Committee listened to testimony this morning on the "Economic Conditions in the Dairy Industry." Two Congressmen, representatives from USDA, IDFA and NMPF and two farmer organizations testified, identifying the dire straits in which producers currently find themselves, but failing to come to a consensus on solutions. Supply management and increased government safety nets were recommended by some speakers, rejected by others.

USDA will release the June "Milk Production" report on Friday. 50-state output in the March-May period was up 0.1% vs. a year ago. Production was down 2.6% (-3.1 million lbs. per day) in California and up 1.7% (+1.2 million lbs. per day) in Wisconsin in the three-month period. **cme**

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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

|                                       | Volume | Open Interest |
|---------------------------------------|--------|---------------|
| Class III<br>[*0 Pit, 426 Electronic] | 426    | 26,696        |
| Class IV                              | 0      | 129           |
| NDM (cash settle)                     | 1      | 690           |
| NDM (deliverable)                     | 0      | 2             |
| Dry whey                              | 0      | 1,478         |
| Butter (cash settle)                  | 39     | 4,630         |

### Options Volume and Open Interest

|                      | Volume | Open Interest |
|----------------------|--------|---------------|
| Class III            | 252    | 43,847        |
| Class III midi       | 0      | 197           |
| Dry whey             | 0      | 263           |
| Butter (cash settle) | 0      | 94            |
| NDM (cash settle)    | 0      | 42            |

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

**SPOT PRICES** (with change, in cents, from previous day): Block cheese \$1.0875 (-0.25) • Barrel cheese \$1.0800 (-1.00) • AA Butter \$1.2400 (+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 14 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. (¢) |
| JUL 09 | 9.89              | NC       | 30 4580                                  | 10.00 @ 0.01            | NC       | 9.75 @ 0.01            | NC       | 29.000           | NC       | 84.500      | NC       | 119.000                      | +0.750   |
| AUG    | 10.29             | -8       | 126 4251                                 | 10.50 @ 0.13            | -8       | 10.25 @ 0.20           | -1       | 30.250           | NC       | 85.500      | NC       | 124.000                      | +1.000   |
| SEP    | 11.14             | -1       | 51 3998                                  | 11.25 @ 0.40            | -2       | 11.00 @ 0.38           | -2       | 31.000           | NC       | 86.500      | NC       | 129.500                      | +0.950   |
| OCT    | 12.02             | +1       | 41 3385                                  | 12.25 @ 0.53            | NC       | 12.00 @ 0.63           | NC       | 30.000           | NC       | 88.000      | NC       | 132.750                      | +0.750   |
| NOV    | 13.02             | +4       | 29 3199                                  | 13.25 @ 0.69            | +2       | 13.00 @ 0.78           | -2       | 31.000           | NC       | 90.000      | NC       | 133.700                      | +1.000   |
| DEC    | 13.35             | +4       | 38 3152                                  | 13.50 @ 0.82            | +2       | 13.25 @ 0.83           | -2       | 30.750           | NC       | 93.000      | NC       | 134.700                      | NC       |
| JAN 10 | 13.86             | +2       | 32 837                                   | 14.00 @ 0.91            | +1       | 13.75 @ 0.91           | -1       | 27.500           | NC       | 93.750      | NC       | 137.000                      | NC       |
| FEB    | 14.02             | +5       | 7 585                                    | 14.25 @ 0.94            | +2       | 14.00 @ 1.02           | NC       | 27.250           | NC       | 96.000      | NC       | 138.000                      | NC       |
| MAR    | 14.52             | +5       | 8 597                                    | 14.75 @ 1.04            | +2       | 14.50 @ 1.13           | -3       | 27.500           | NC       | 98.000      | NC       | 138.000                      | NC       |
| APR    | 14.77             | +6       | 11 403                                   | 15.00 @ 1.12            | +3       | 14.75 @ 1.21           | -3       | 27.600           | NC       | 98.000      | NC       | 140.000                      | NC       |
| MAY    | 14.92             | +8       | 8 338                                    | 15.00 @ 1.27            | +4       | 14.75 @ 1.22           | -3       | 28.230           | NC       | 99.000      | NC       | 142.000                      | NC       |
| JUN    | 15.45             | +5       | 7 327                                    | 15.75 @ 1.28            | +2       | 15.25 @ 1.30           | -3       | 29.000           | NC       | 101.000     | NC       | 144.000                      | NC       |

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