

Daily Dairy Report

Daily market information provided by Alan Levitt

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Retail milk, cheese prices lower

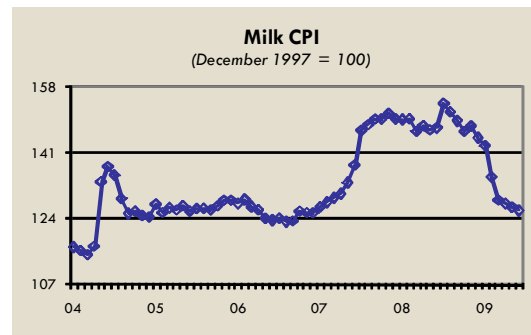
Blocks jumped three-quarters of a cent and butter gained 2¢. That and the prospect of tighter milk supplies next year helped spark a significant gain in 2010 milk futures. Contracts for next year jumped 21¢ (to \$15.26), led by a 33¢ increase in APR10. Futures for the second half of 2009 were mixed. Butter futures were higher for the fifth time in the last six days.

Retail milk prices fell for the seventh straight month in June, dropping to their lowest level since December 2006. The Milk CPI was 126.0, down 18% from the peak last summer, according to data released this morning by the Bureau of Labor Statistics (see chart).

The nationwide average retail price of a gallon of whole milk was \$3.01 in June, BLS says. This figure is down 76¢ from a year earlier. This decline follows the drop in farmgate milk prices over the last year; the All-Milk price received by producers declined 68¢ a gallon from June '08 to June '09.

Cheese prices dropped for the tenth straight month in June. The Cheese CPI last month was 200.4, down 10% from the peak last August. Retail butter prices moved higher in June, with the CPI rising to 165.8, up 6% in two months.

This morning, USDA/FAS accepted a bid for a DEIP bonus of 8¢/lb. on exports of 309,000 lbs. of NDM for delivery through Sept. 30. **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 [*0 Pit, 964 Electronic]	964	26,710
Class IV	0	129
NDM (cash settle)	0	690
NDM (deliverable)	0	2
Dry whey	1	1,479
Butter (cash settle)	45	4,630

Options Volume and Open Interest

	Volume	Open Interest
Class III	323	43,785
Class III midi	12	209
Dry whey	0	263
Butter (cash settle)	0	94
NDM (cash settle)	0	48

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.0950 (+0.75) • Barrel cheese \$1.0750 (-0.50) • AA Butter \$1.2600 (+2.00) • 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 15 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	9.95	+6	86 4605	10.00 @ 0.02	+1	9.75 @ 0.00	-1	29.000	NC	84.500	NC	119.000	NC
AUG	10.27	-2	521 4087	10.50 @ 0.09	-4	10.25 @ 0.17	-3	30.250	NC	85.500	NC	125.030	+1.025
SEP	11.20	+6	126 4000	11.25 @ 0.42	+2	11.00 @ 0.35	-3	31.000	NC	86.500	NC	130.500	+1.000
OCT	12.09	+7	33 3394	12.25 @ 0.57	+4	12.00 @ 0.59	-4	30.000	NC	88.000	NC	133.750	+1.000
NOV	12.98	-4	38 3210	13.00 @ 0.78	-2	12.75 @ 0.67	+1	31.000	NC	90.000	NC	134.700	+1.000
DEC	13.38	+3	52 3160	13.50 @ 0.83	+1	13.25 @ 0.82	-1	30.750	NC	93.000	NC	135.500	+0.800
JAN 10	13.94	+8	14 844	14.00 @ 0.95	+4	13.75 @ 0.88	-3	27.500	NC	93.750	NC	138.000	+1.000
FEB	14.28	+26	11 596	14.50 @ 0.96	+12	14.25 @ 1.05	-12	27.250	NC	96.000	NC	139.000	+1.000
MAR	14.70	+18	8 602	14.75 @ 1.13	+9	14.50 @ 1.05	-8	27.500	NC	98.000	NC	139.000	+1.000
APR	15.10	+33	8 409	15.25 @ 1.18	+16	15.00 @ 1.20	-15	27.600	NC	98.000	NC	140.000	NC
MAY	15.09	+17	1 339	15.25 @ 1.25	+9	15.00 @ 1.27	-8	28.230	NC	99.000	NC	142.000	NC
JUN	15.70	+25	8 328	15.75 @ 1.41	+13	15.25 @ 1.20	-10	29.000	NC	101.000	NC	144.000	NC

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