

Daily Dairy Report

Daily market information provided by Alan Levitt

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Cheese, powder hold below new support levels

Spot cheese and powder prices held today after Friday's support-price-increase-driven gains. No trades were completed and very little interest was shown. Milk futures backed off after the spot trading concluded, and OCT09 to JUN10 all settled in the red. The new support prices yield a Class III price of about \$11.50 to \$11.75, and futures remain quite a bit above that range.

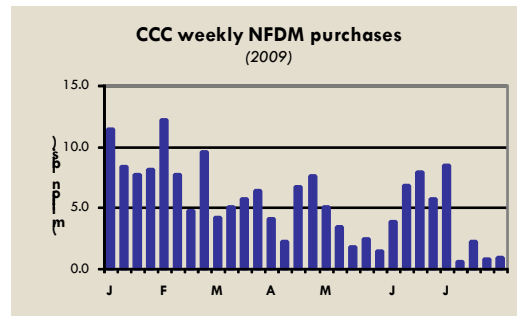
SEP and OCT NDM futures posted gains but the rest of the board was unchanged.

In the last four weeks manufacturers sold just 4.4 million lbs. of NDM to the government under the support program. For 2009, CCC purchases have totaled 162.2 million lbs. (*see chart*). USDA says it expects to purchase 150 million lbs. of NDM over the next three months under the new support level of 92¢.

The California 4b (cheese milk) price for July is \$9.39, down 13¢ from June. The 4a (butter/powder milk) price for July is \$10.02, down 4¢.

Lower feed costs means there is likely no feed-cost adjustor in the MILC payment for July. Updated corn, bean and alfalfa prices published in Friday's "Ag Prices" report put the June MILC payment at \$1.84/cwt. -- \$1.62 for the basic payment and another 22¢ for the feed adjustor. Based on preliminary feed costs for July, the July MILC payment will be \$1.54 with no feed adjustor.

USDA will release the June "Dairy Products" production report tomorrow afternoon. **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 [35 Pit, 1457 Electronic]	1,492	29,007
Class IV	0	139
NDM (cash settle)	8	713
NDM (deliverable)	0	2
Dry whey	36	1,636
Butter (cash settle)	11	4,847

Options Volume and Open Interest

	Volume	Open Interest
Class III	309	41,575
Class III midi	0	219
Dry whey	0	353
Butter (cash settle)	0	79
NDM (cash settle)	0	46

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.2850 (NC) • Barrel cheese \$1.2600 (NC) • AA Butter \$1.2450 (NC) • NDM Extra Grade \$0.9000 (NC) • NDM Grade A \$0.9100 (NC) **MILK PRICES** (with change, in dollars, from previous month): July Class III milk (USDA) \$9.97 (NC) • July Class IV milk (USDA) \$10.15 (-0.07)

August 3 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. (¢)
AUG 09	11.10	+5	183 4298	11.25 @ 0.05	+1	11.00 @ 0.06	-3	29.500	+0.250	88.000	NC	124.000	NC
SEP	12.61	+21	343 4197	12.75 @ 0.35	+8	12.50 @ 0.36	-11	30.000	NC	91.000	+1.950	130.000	NC
OCT	12.95	-1	360 3948	13.00 @ 0.55	-1	12.75 @ 0.47	-1	30.000	NC	92.000	+1.200	134.500	NC
NOV	13.27	-23	185 3624	13.50 @ 0.59	-12	13.25 @ 0.68	+9	30.000	NC	93.000	NC	135.500	NC
DEC	13.58	-22	207 3313	13.75 @ 0.70	-12	13.50 @ 0.74	+9	30.000	NC	95.000	NC	137.000	NC
JAN 10	13.96	-15	76 1035	14.00 @ 0.87	-9	13.75 @ 0.78	+5	27.500	NC	95.500	NC	140.000	NC
FEB	14.09	-15	35 740	14.25 @ 0.89	-8	14.00 @ 0.92	+6	27.500	NC	96.000	NC	141.000	NC
MAR	14.40	-19	51 706	14.50 @ 1.00	-11	14.25 @ 0.97	+8	27.500	-0.250	98.000	NC	141.000	NC
APR	14.80	-22	18 542	15.00 @ 1.04	-13	14.75 @ 1.11	+9	27.500	NC	98.000	NC	141.000	NC
MAY	14.84	-24	16 434	15.00 @ 1.14	-13	14.75 @ 1.16	+10	28.000	NC	99.000	NC	143.000	NC
JUN	15.55	-6	6 449	15.75 @ 1.23	-4	15.50 @ 1.29	+2	28.000	NC	101.000	NC	144.000	NC
JUL	15.85	+9	4 320	16.00 @ 1.33	+4	15.75 @ 1.35	-4	31.000	NC	107.000	NC	148.500	NC

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