

Daily Dairy Report

Daily market information provided by Alan Levitt

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CWT to remove 87,000 cows

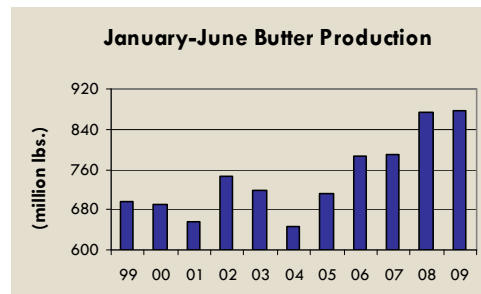
Cheese trading was non-existent with an uncovered offer in blocks being the only activity. Blocks and barrels remained unchanged at \$1.27 and \$1.26 respectively. Butter traders took a breather after days of heavy cash trading keeping price steady with an unfilled bid and an uncovered offer 6¢ apart.

Grade A nonfat dry milk showed the only price activity increasing 1¢ on a bid to \$0.96. Extra Grade remained steady at \$0.90.

Milk futures closed mixed with 2009 contracts slightly higher. Traders were unsure of a direction after the heavy selling yesterday and no direction from the underlying cash markets.

June butter production totaled 125.5 million lbs., an increase of 7.5% over a year earlier according to USDA's "Dairy Products" report. January-June cumulative production totaled 875.0 million lbs. Production during the first six months has increased 5 consecutive years (*see chart*).

CWT announced the tentative acceptance of 294 bids under the latest round of the herd retirement program. This will result in the removal of 86,710 cows and 1.8 million lbs. of milk. This is the second largest herd removal since the program began in 2003 with the largest just completed in July. Jerry Kozack, President and CEO of National Milk Producers Federation said, "The two summer 2009 herd retirements, combined with the USDA's recent price support increases, should result in very positive movement in dairy farmers' milk prices." **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [107 Pit, 1527 Electronic]	1,634	24,925
Class IV	0	125
NDM (cash settle)	0	561
NDM (deliverable)	0	2
Dry whey	25	1,452
Butter (cash settle)	70	4,289

Options Volume and Open Interest

	Volume	Open Interest
Class III	635	41,872
Class III midi	2	224
Dry whey	0	352
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 \$1.2700 (NC) • Barrel cheese \$1.2600 (NC) • AA Butter \$1.2425 (NC) • NDM Extra Grade \$0.9000 (NC) • NDM Grade A \$0.9600 (+1.00) **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 5 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	10.96	NC	177 4200	11.00 @ 0.06	NC	10.75 @ 0.01	NC	29.500	NC	88.000	NC	123.250	-0.750
SEP	12.19	+8	489 4307	12.25 @ 0.35	+2	12.00 @ 0.29	-5	30.000	NC	92.000	NC	127.000	-2.750
OCT	12.61	+10	218 3920	12.75 @ 0.48	+4	12.50 @ 0.49	-5	30.000	NC	95.000	2.000	131.500	-1.500
NOV	12.99	+9	196 3589	13.00 @ 0.66	+4	12.75 @ 0.55	-4	30.000	+0.250	95.000	1.000	134.000	-1.500
DEC	13.23	+10	110 3197	13.25 @ 0.74	+5	13.00 @ 0.64	-4	30.000	NC	97.000	2.000	136.250	-0.750
JAN 10	13.70	+15	83 1041	13.75 @ 0.85	+8	13.50 @ 0.77	-6	27.750	+0.250	98.000	2.500	139.500	-0.500
FEB	13.68	+1	97 771	13.75 @ 0.90	+1	13.50 @ 0.84	NC	27.650	+0.150	98.500	2.500	141.000	NC
MAR	13.97	+5	62 722	14.00 @ 1.00	+3	13.75 @ 0.90	-2	27.000	NC	100.000	2.000	141.000	NC
APR	14.22	NC	43 557	14.25 @ 1.07	NC	14.00 @ 0.97	NC	26.500	NC	100.000	2.000	141.250	NC
MAY	14.30	-5	50 463	14.50 @ 1.07	-3	14.25 @ 1.13	+2	28.000	NC	101.000	2.000	143.000	NC
JUN	15.05	NC	30 460	15.25 @ 1.19	NC	15.00 @ 1.25	NC	28.000	NC	103.000	2.000	144.000	NC
JUL	15.49	NC	18 330	15.75 @ 1.25	NC	15.25 @ 1.24	NC	30.000	+1.000	107.000	NC	148.500	NC

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