

# Daily Dairy Report

Daily market information provided by Alan Levitt

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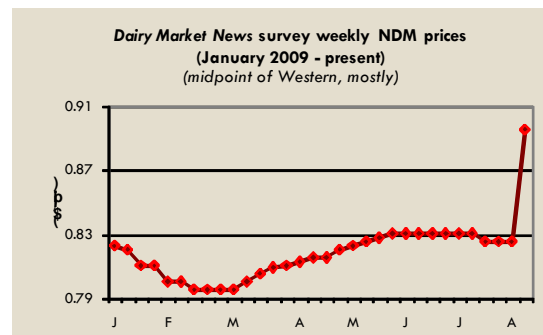
## NDM prices up sharply

Western nonfat dry milk prices jumped this week in response to last Friday's support-price increase. Western powder is trading for 87-92¢, up 7¢ from last week (*see chart*), according to USDA's *Dairy Market News*. The increase is causing some uncertainty: "There are concerns about buying in the current market, especially if the support price reverts to 80¢ in November," says *DMN*. "During the three-month window of increase support pricing, producers are expecting to clear any noncommitted NDM to the CCC support program."

So far this week, 743,000 lbs. of NDM has been sold to the government at the new higher support price.

Milk powder production is tracking close to last year's level, which was the highest in more than 30 years. In the first half of the year, production of NDM and SMP was 979.2 million lbs., down just 1.9% from a year ago (adjusted for leap day). Without strong export markets to absorb this production, inventories have swelled. Manufacturers' stocks of NDM on June 30 were 194.2 million lbs., up 56.4 million lbs. (+40.9%) from last year and nearly double the stocks of June 30, 2007, according to USDA's latest "Dairy Products" report.

NDM futures rallied again today. Contracts covering the fourth quarter average 96.3¢, up 5.1¢ in the last five days. Futures covering the first half of 2010 average \$1.03, up 5.3¢ from a week ago, led by a 9¢-gain in JAN10. **cme group**



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [12 Pit, 1028 Electronic]	1,040	24,670
Class IV	0	125
NDM (cash settle)	15	576
NDM (deliverable)	0	2
Dry whey	9	1,458
Butter (cash settle)	115	4,332

### Options Volume and Open Interest

	Volume	Open Interest
Class III	364	41,877
Class III midi	0	224
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 \$1.2900 (+2.00) • Barrel cheese \$1.2700 (+1.00) • AA Butter \$1.2300 (-1.25) • NDM Extra Grade \$0.9000 (NC) • NDM Grade A \$0.9600 (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 6 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	10.99	+3	101 4128	11.00 @ 0.07	+1	10.75 @ 0.01	NC	29.500	NC	88.000	NC	123.000	-0.250	
SEP	12.44	+25	205 4190	12.50 @ 0.35	+10	12.25 @ 0.29	-12	30.000	NC	92.000	NC	127.000	NC	
OCT	12.90	+29	208 3861	13.00 @ 0.51	+13	12.75 @ 0.48	-14	30.000	NC	95.000	NC	131.000	-0.500	
NOV	13.20	+21	115 3549	13.25 @ 0.65	+10	13.00 @ 0.58	-9	30.000	NC	97.000	+2.000	133.500	-0.500	
DEC	13.36	+13	107 3195	13.50 @ 0.69	+6	13.25 @ 0.70	-6	30.000	NC	97.000	NC	135.000	-1.250	
JAN 10	13.71	+1	29 1049	13.75 @ 0.85	NC	13.50 @ 0.76	-1	27.750	NC	103.000	+5.000	138.000	-1.500	
FEB	13.66	-2	66 784	13.75 @ 0.89	-1	13.50 @ 0.84	NC	27.650	NC	103.000	+4.500	140.000	-1.000	
MAR	13.88	-9	37 716	14.00 @ 0.99	-1	13.75 @ 0.93	+3	27.250	+0.250	103.000	+3.000	140.000	-1.000	
APR	14.13	-9	36 560	14.25 @ 1.04	-3	14.00 @ 1.01	+4	26.750	+0.250	103.000	+3.000	141.000	-0.250	
MAY	14.25	-5	25 465	14.25 @ 1.15	NC	14.25 @ 1.15	+2	28.000	NC	103.000	+2.000	143.000	NC	
JUN	14.99	-6	30 455	15.00 @ 1.26	-4	14.75 @ 1.14	+2	28.000	NC	103.000	NC	144.000	NC	
JUL	15.53	+4	27 335	15.75 @ 1.27	+2	15.25 @ 1.22	-2	30.000	NC	107.000	NC	148.500	NC	

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