

Daily Dairy Report

Daily market information provided by Alan Levitt

Vol. 13, No. 150/ August 7, 2009

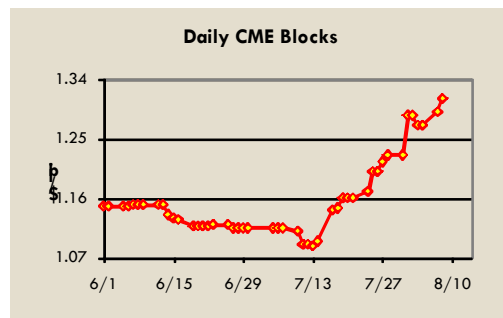
Milk futures pop higher today

Milk futures finished the week with strong gains across the board, bringing SEP and OCT into positive territory for the week, but leaving 2010 contracts in the red. SEP and OCT each gained 29¢ this week. However, contracts covering the first half of 2010 settled 48¢ lower than a week ago and 98¢ lower than two weeks ago, at \$14.30.

Futures were buoyed by further gains in cheese. Both blocks and barrels tacked on 2¢; for blocks it's the highest price since late February. Since July 14, blocks are up 22.25¢ (see chart).

Whey futures remain near 30¢ in the front months and taper off to 27-28¢ in the first half of 2010. Prices were slightly higher this week in *Dairy Market News'* weekly survey, with Midwestern dry whey at 29-31¢ and Western whey 31-33¢. However, suppliers in the West report whey demand as "weak," *DMN* says. The market for WPC-34 remains firm. Product is trading for mostly 62-64¢, up 8.5¢ in the last three months, and the highest price in just about a year, according to *DMN*. Lactose prices also continue to rise in the face of tight supplies. Food-grade lactose is priced at 21-27¢, nearly double the prices seen in early March.

NASS dairy product prices for the week ending August 1: cheddar blocks \$1.1318 (+1.18¢ vs. the prior week); barrels \$1.1602 (+3.48¢); butter \$1.2246 (-0.44¢); nonfat dry milk 84.13¢ (+0.86¢); dry whey 29.61¢ (+0.08¢). **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 [84 Pit, 1097 Electronic]	1,181	24,787
Class IV	0	125
NDM (cash settle)	1	576
NDM (deliverable)	0	2
Dry whey	28	1,476
Butter (cash settle)	142	4,340

Options Volume and Open Interest

	Volume	Open Interest
Class III	265	42,062
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 \$1.3100 (+2.00) • Barrel cheese \$1.2900 (+2.00) • AA Butter \$1.2300 (NC) • NDM Extra Grade \$0.9000 (NC) • NDM Grade A \$0.9800 (+2.00) **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 7 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
AUG 09	11.09	+10	229	4127	11.25 @ 0.02	+1	11.00 @ 0.04	-4	29.520	+0.025	88.000	NC	122.500	-0.500
SEP	12.69	+25	181	4186	12.75 @ 0.36	+11	12.50 @ 0.31	-10	30.250	+0.250	92.000	NC	127.000	NC
OCT	13.25	+35	187	3815	13.25 @ 0.57	+16	13.25 @ 0.57	-19	30.250	+0.250	95.000	NC	131.000	NC
NOV	13.49	+29	148	3575	13.50 @ 0.68	+13	13.25 @ 0.57	-13	30.250	+0.250	97.000	NC	133.750	+0.250
DEC	13.80	+44	59	3193	14.00 @ 0.69	+19	13.75 @ 0.75	-23	30.250	+0.250	97.000	NC	134.500	-0.500
JAN 10	13.90	+19	139	1108	14.00 @ 0.83	+9	13.75 @ 0.80	-9	27.750	NC	103.000	NC	138.000	NC
FEB	13.97	+31	68	789	14.00 @ 0.93	+15	13.75 @ 0.83	-15	27.650	NC	103.000	NC	140.000	NC
MAR	14.03	+15	46	730	14.25 @ 0.91	+7	14.00 @ 0.99	-12	27.250	NC	103.000	NC	140.000	NC
APR	14.32	+19	52	584	14.50 @ 1.01	+9	14.25 @ 1.05	-11	26.750	NC	103.000	NC	141.000	NC
MAY	14.40	+15	24	484	14.50 @ 1.12	+6	14.25 @ 1.08	-7	28.000	NC	103.000	NC	143.000	NC
JUN	15.15	+16	24	472	15.25 @ 1.23	+8	15.00 @ 1.20	-7	28.000	NC	103.000	NC	144.000	NC
JUL	15.55	+2	7	339	15.75 @ 1.28	+1	15.25 @ 1.21	-1	30.000	NC	107.000	NC	148.500	NC

Disclaimer: The *Daily Dairy Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance.