

Daily Dairy Report

Daily market information provided by Alan Levitt

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Shipments to Southeast will start

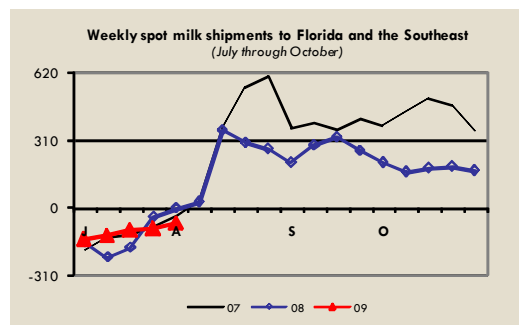
Milk futures settled mixed today following an absence of activity on the spot cheese market. JAN-MAY10 increased 13¢, while JUL-NOV10 decreased 8¢. JAN's settling price of \$14.00 is equivalent to a cheese price of \$1.55 - \$1.60.

Spot butter slipped a penny, sending butter futures lower in the front months.

Spot NDM was bid a nickel higher on Extra Grade (to 95¢) and a penny higher on Grade A (to 99¢). NDM futures were mostly unchanged.

Surplus milk shipments out of the Southeast region are about done for the year, and handlers are expected to begin looking to the surrounding regions to supplement local deficits. Last week, 68 tankers were shipped out of Florida (*see chart*), the lowest figure of the year, according to USDA's *Dairy Market News*. Now, "bottlers will try to hold back as much milk as possible" in anticipation of school start-ups, *DMN* says. Over the last five years, handlers in the Southeast and Florida have imported an average of 262 loads of milk per week (more than 12 million lbs.) during the August-October period.

USDA/FAS accepted its first DEIP bid for cheese under the 2009/2010 allocation today. About 44,000 lbs. of cheddar will be exported to the Middle East/Africa region between now and the end of October, with a bonus of 11.8¢/lb. The remaining balance on the cheese allocation is 6.3 million lbs. Last week, USDA/FAS awarded bonuses of 12.7¢/lb. for NDM and 40.8¢/lb. for butter. **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 [95 Pit, 1049 Electronic] | 1,144 | 24,920 |
| Class IV | 0 | 125 |
| NDM (cash settle) | 0 | 576 |
| NDM (deliverable) | 0 | 2 |
| Dry whey | 26 | 1,482 |
| Butter (cash settle) | 35 | 4,350 |

Options Volume and Open Interest

| | Volume | Open Interest |
|----------------------|--------|---------------|
| Class III | 313 | 42,157 |
| 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 (NC) • Barrel cheese \$1.2900 (NC) • AA Butter \$1.2200 (-1.00) • NDM Extra Grade \$0.9500 (+5.00) • NDM Grade A \$0.9900 (+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 10 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 | 11.05 | -4 | 106 | 4044 | 11.25 @ 0.01 | -1 | 11.00 @ 0.05 | +1 | 29.520 | NC | 88.000 | NC | 122.500 | NC |
| SEP | 12.74 | +5 | 250 | 4177 | 12.75 @ 0.37 | +1 | 12.50 @ 0.27 | -4 | 30.250 | NC | 92.000 | NC | 126.000 | -1.000 |
| OCT | 13.25 | NC | 184 | 3855 | 13.25 @ 0.56 | -1 | 13.25 @ 0.56 | -1 | 30.250 | NC | 95.000 | NC | 129.000 | -2.000 |
| NOV | 13.40 | -9 | 136 | 3604 | 13.50 @ 0.63 | -5 | 13.25 @ 0.60 | +3 | 30.250 | NC | 97.000 | NC | 132.000 | -1.750 |
| DEC | 13.85 | +5 | 62 | 3184 | 14.00 @ 0.71 | +2 | 13.75 @ 0.72 | -3 | 30.250 | NC | 99.000 | +2.000 | 134.500 | NC |
| JAN 10 | 14.00 | +10 | 84 | 1127 | 14.00 @ 0.88 | +5 | 14.00 @ 0.88 | -5 | 27.750 | NC | 103.000 | NC | 138.000 | NC |
| FEB | 14.10 | +13 | 67 | 802 | 14.25 @ 0.88 | +6 | 14.00 @ 0.89 | -7 | 27.750 | +0.100 | 103.000 | NC | 140.000 | NC |
| MAR | 14.15 | +12 | 74 | 780 | 14.25 @ 0.97 | +6 | 14.00 @ 0.93 | -6 | 27.250 | NC | 103.000 | NC | 140.000 | NC |
| APR | 14.43 | +11 | 49 | 602 | 14.50 @ 1.06 | +5 | 14.25 @ 1.00 | -5 | 26.750 | NC | 103.000 | NC | 141.000 | NC |
| MAY | 14.58 | +18 | 52 | 507 | 14.75 @ 1.10 | +9 | 14.50 @ 1.13 | -9 | 28.000 | NC | 103.000 | NC | 143.000 | NC |
| JUN | 15.19 | +4 | 36 | 494 | 15.25 @ 1.25 | +2 | 15.00 @ 1.18 | -2 | 28.000 | NC | 103.000 | NC | 144.000 | NC |
| JUL | 15.50 | -5 | 15 | 343 | 15.75 @ 1.25 | -3 | 15.25 @ 1.22 | +1 | 30.000 | NC | 107.000 | NC | 148.500 | NC |

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