

Daily Dairy Report

Daily market information provided by Alan Levitt

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Milk futures sink to new lows

The sell-off of milk futures continued today, sending prices to, or close to, new lows on much of the board. Contracts covering the fourth quarter fell 29¢ to \$12.99. Contracts covering the first half of 2010 fell 28¢ to \$13.75.

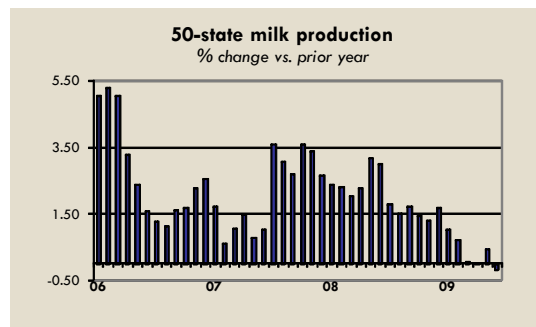
Spot cheese prices held steady today on light activity and little buying pressure.

Spot butter was offered a half-cent lower, sending butter futures lower for the sixth straight day. Futures for SEP09 to JUN10 declined 1.8¢.

USDA will release the July "Milk Production" report tomorrow. Weekly slaughter data suggests culling slowed in July. Hot weather in California and the Southwest had a negative impact on productivity. However some of this was offset by mild weather in the Midwest and Northeast. Year-over-year production numbers have been declining since spring 2008. In the first quarter 2009 U.S. milk production was up 0.6% (adjusted for leap day) and in the second quarter production was up just 0.1% (see chart). In the first half, output in California was down 3.1% (again, adjusted for leap day) and output in Wisconsin was up 1.3%.

Among other key releases this week: USDA will release the July "Livestock Slaughter" Friday morning and the July 31 "Cold Storage" report Friday afternoon.

Today USDA accepted DEIP bids for exports of 375,000 lbs. of NDM, 661,000 lbs. of anhydrous milkfat and 220,000 lbs. of cheese. Product will ship over the next three-four months. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [12 Pit, 676 Electronic]	688	25,329
Class IV	0	125
NDM (cash settle)	0	576
NDM (deliverable)	0	2
Dry whey	2	1,511
Butter (cash settle)	107	4,409

Options Volume and Open Interest

	Volume	Open Interest
Class III	843	43,175
Class III midi	0	237
Dry whey	0	361
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 \$1.3625 (NC) • Barrel cheese \$1.3400 (NC) • AA Butter \$1.2150 (-0.50) • NDM Extra Grade \$0.9500 (NC) • NDM Grade A \$0.9950 (-0.25) **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 17 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	11.20	+5	45	3986	11.25 @ 0.03	NC	11.00 @ 0.00	-1	29.500	NC	88.000	NC	121.780	NC
SEP	12.41	-22	115	4127	12.50 @ 0.28	-13	12.25 @ 0.25	+7	30.550	NC	92.000	NC	122.000	-1.500
OCT	13.00	-25	110	3747	13.00 @ 0.50	-15	13.00 @ 0.50	+10	30.000	-0.250	97.600	NC	124.000	-0.500
NOV	12.80	-27	89	3625	13.00 @ 0.51	-14	12.75 @ 0.57	+11	30.000	-0.250	97.600	NC	126.000	-2.000
DEC	13.16	-36	54	3286	13.25 @ 0.64	-21	13.00 @ 0.61	+14	30.000	-0.250	99.050	NC	129.000	-2.000
JAN 10	13.45	-22	50	1179	13.50 @ 0.78	-4	13.25 @ 0.70	+8	28.000	NC	103.000	NC	132.000	-2.000
FEB	13.49	-27	15	877	13.50 @ 0.87	NC	13.25 @ 0.75	+10	28.020	NC	103.000	NC	135.000	-1.500
MAR	13.46	-14	64	838	13.50 @ 0.91	NC	13.25 @ 0.82	+5	28.000	NC	103.000	NC	136.000	-2.000
APR	13.58	-37	16	662	13.75 @ 0.91	NC	13.50 @ 0.95	+15	27.750	NC	103.000	NC	137.000	-1.250
MAY	13.89	-41	33	576	14.00 @ 1.03	NC	13.75 @ 1.01	+17	28.000	NC	103.000	NC	138.000	-3.250
JUN	14.61	-29	12	544	14.75 @ 1.13	-16	14.50 @ 1.13	+12	28.250	NC	103.000	NC	142.000	-2.000
JUL	14.98	-27	29	392	15.00 @ 1.26	NC	14.25 @ 0.91	+9	29.000	NC	107.000	NC	148.500	NC

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