

Daily Dairy Report

Daily market information provided by Alan Levitt

Vol. 13, No. 159/ August 20, 2009

Cow numbers down 1.5% so far in 2009

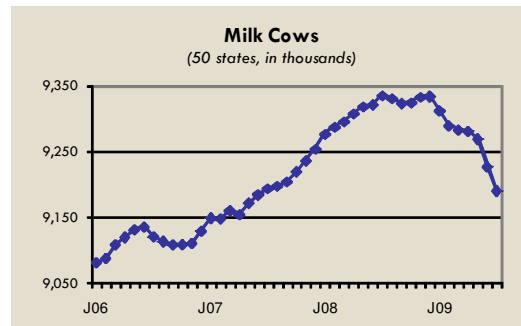
Western NDM prices were up slightly this week in *Dairy Market News'* weekly survey, as buyers begin ordering again after a brief lull while they adjusted to the new support price. Western powder is trading for mostly 92-96¢, *DMN* says.

Whey prices were unchanged from last week – 29-31¢ in the Midwest, 31-33¢ in the West – according to *DMN*.

USDA expects overall commercial dairy exports (milk equivalent) to increase 5% next year, following a 30% drop in 2009 vs. 2008 levels. “For the rest of the year exports will be reduced in light of higher domestic prices and increased dairy product availability in world markets, which reduces the competitiveness of U.S. products,” the department said in its monthly “Livestock, Dairy & Poultry Outlook” report released yesterday. “Continued accumulation of milk powder in the European Union will likely pressure world prices, further reducing U.S. export prospects.”

The department also assumes CCC will sell back some of its inventory in 2010 as commodity prices rise. Class III milk prices are projected to rise 32% next year, while Class IVs increase 23%.

U.S. cow numbers declined by 144,000 head in the first seven months of the year, a drop of 1.5%, according to USDA’s “Milk Production” report released Tuesday (*see chart*). More than half of the reduction came from California (-47,000 head), Arizona (-20,000) and New Mexico (-14,000). Five other Western/Plains states saw declines of 5,000 head or more: Texas, Kansas, Colorado, Idaho and Washington. Meanwhile, five Midwestern states added cows this year: Michigan (+4,000), Wisconsin (+2,000), Minnesota (+2,000), Ohio (+2,000) and Indiana (+1,000). **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 [39 Pit, 678 Electronic]	717	25,599
Class IV	0	125
NDM (cash settle)	21	596
NDM (deliverable)	0	2
Dry whey	32	1,587
Butter (cash settle)	62	4,414

Options Volume and Open Interest

	Volume	Open Interest
Class III	156	43,773
Class III midi	0	236
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 \$1.3900 (-1.00) • Barrel cheese \$1.3700 (+0.25) • AA Butter \$1.1500 (-2.25) • NDM Extra Grade \$0.9500 (NC) • NDM Grade A \$0.9950 (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 20 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	11.24	+3	52	4058	11.25 @ 0.04	+1	11.00 @ 0.00	NC	28.750	-0.750	88.000	NC	120.250	-0.500
SEP	12.90	+9	179	4139	13.00 @ 0.25	+3	12.75 @ 0.23	-4	30.000	NC	92.000	NC	118.000	-2.000
OCT	13.25	+20	61	3766	13.25 @ 0.50	+14	13.25 @ 0.50	-6	29.520	NC	97.600	NC	120.000	-1.000
NOV	13.26	+26	48	3606	13.50 @ 0.50	+10	13.25 @ 0.61	-13	30.000	NC	97.600	NC	124.000	-0.500
DEC	13.40	+15	63	3331	13.50 @ 0.64	+7	13.25 @ 0.61	-8	30.000	NC	99.050	NC	125.750	-1.250
JAN 10	13.49	+17	33	1178	13.50 @ 0.78	+9	13.50 @ 0.66	-8	28.000	NC	104.000	-0.500	129.500	-0.500
FEB	13.58	+18	87	898	13.75 @ 0.77	+8	13.50 @ 0.81	-9	28.000	+0.750	104.500	NC	131.000	-1.000
MAR	13.58	+13	45	866	13.75 @ 0.83	+6	13.50 @ 0.87	-6	28.000	+0.500	104.500	NC	133.000	NC
APR	13.88	+18	20	673	14.00 @ 0.93	+9	13.75 @ 0.92	-8	28.000	+0.250	103.000	NC	134.000	-2.000
MAY	14.14	+19	15	572	14.25 @ 1.02	+10	14.00 @ 0.99	-9	28.000	NC	103.000	NC	134.000	-2.000
JUN	14.64	+9	14	556	14.75 @ 1.11	+5	14.50 @ 1.08	-5	28.020	-0.225	103.000	NC	138.000	-2.000
JUL	15.00	+1	16	412	15.00 @ 1.24	+1	15.00 @ 1.24	NC	29.000	NC	107.000	NC	142.250	-1.750

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.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2009 CME Group. All rights reserved.