

# Daily Dairy Report

Daily market information provided by Alan Levitt

Vol. 13, No. 160/ August 21, 2009

## Cheese stocks grow in July

Cheese prices held today but it didn't stop milk futures from posting solid increases for the third straight day. Contracts covering the first half of 2010 increased 19¢ on the week.

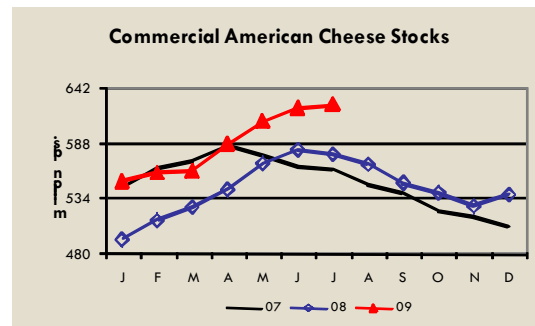
Commercial American cheese inventories continued to grow in July, increasing 3.4 million lbs. to 626.2 million lbs., according to USDA's "Cold Storage" report released this afternoon. Inventories were 8.4% (+48.6 million lbs.) more than the same month a year ago (see chart).

Commercial butter stocks increased slightly in July as well, expanding by 1.1 million lbs. to 264.0 million lbs., USDA says. This is the first time since 2004 that butter inventories have increased in July.

Dairymen sent 227,800 cows to slaughter in July, according to USDA's "Livestock Slaughter" report released this morning. This level is 19,300 head more than a year ago but down 28,200 head from June, when CWT's last herd retirement round resulted in a big surge in culling.

The September Class I base price in the Federal Orders is \$10.93, up 89¢ from August. The price yields an MILC payment of \$1.24/cwt., plus any feed adjustor. Based on preliminary figures there was no feed adjustor in July and corn prices haven't increased appreciably since then.

NASS dairy product prices for the week ending August 15: cheddar blocks \$1.2220 (+4.10¢ vs. the prior week); barrels \$1.2594 (+5.27¢); butter \$1.2081 (-1.46¢); nonfat dry milk 86.84¢ (-0.22¢); dry whey 29.78¢ (+0.89¢). **cme group**



For more information about real-time quotes, visit [www.cmegroup.com/dairyquotes](http://www.cmegroup.com/dairyquotes)

## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [16 Pit, 1519 Electronic]	1,535	25,739
Class IV	0	125
NDM (cash settle)	0	596
NDM (deliverable)	0	2
Dry whey	15	1,601
Butter (cash settle)	88	4,425

### Options Volume and Open Interest

	Volume	Open Interest
Class III	432	43,922
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 (NC) • Barrel cheese \$1.3700 (NC) • AA Butter \$1.1700 (+2.00) • 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	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
AUG 09	11.21	-3	45	4054	11.25 @ 0.02	-2	11.00 @ 0.00	NC	29.500	+0.750	88.000	NC	120.250	NC
SEP	13.00	+10	416	4063	13.00 @ 0.30	+5	13.00 @ 0.30	-5	30.000	NC	92.000	NC	119.000	+1.000
OCT	13.45	+20	379	3751	13.50 @ 0.43	+4	13.25 @ 0.36	-14	30.500	+0.975	97.600	NC	121.000	+1.000
NOV	13.44	+18	309	3649	13.50 @ 0.59	+9	13.25 @ 0.52	-9	30.500	+0.500	97.600	NC	124.000	NC
DEC	13.64	+24	157	3425	13.75 @ 0.65	+11	13.50 @ 0.63	-11	31.250	+1.250	99.050	NC	125.750	NC
JAN 10	13.79	+30	114	1245	14.00 @ 0.70	+13	13.75 @ 0.78	-15	30.500	+2.500	104.000	NC	129.500	NC
FEB	13.98	+40	22	904	14.00 @ 0.86	+19	13.75 @ 0.76	-18	28.500	+0.500	104.500	NC	131.000	NC
MAR	13.95	+37	23	878	14.00 @ 0.91	+18	13.75 @ 0.83	-17	28.750	+0.750	104.500	NC	133.000	NC
APR	14.28	+40	11	676	14.50 @ 0.91	+18	14.25 @ 0.99	-20	28.500	+0.500	103.000	NC	134.000	NC
MAY	14.42	+28	15	578	14.50 @ 1.05	+14	14.25 @ 1.00	-13	28.020	+0.025	103.000	NC	134.000	NC
JUN	14.88	+24	27	557	15.00 @ 1.12	+12	14.75 @ 1.11	-11	28.050	+0.025	103.000	NC	138.000	NC
JUL	15.14	+14	4	412	15.25 @ 1.20	+7	15.00 @ 1.17	-7	29.000	NC	107.000	NC	142.250	NC

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