

# Daily Dairy Report

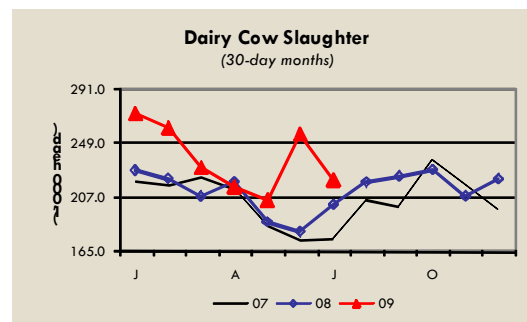
Daily market information provided by Alan Levitt

Vol. 13, No. 165/ August 28, 2009

## Dairy markets end week on soft note

The dairy markets stumbled into the end of the week with declines on cheese, no change on butter and a mixed close on milk futures. Blocks fell back to \$1.3675 (down 3.25¢ from the Aug. 19 peak) and barrels fell to \$1.34 (down 4¢ from Aug. 26). Class III futures for SEP-DEC09 lost 61¢ since last Friday. Whey futures were mostly lower for the fourth straight day.

Dairy cow slaughter rates spiked in June (due to CWT herd retirement) but backed off in July, according to USDA's latest monthly "Livestock Slaughter" report (see chart). In the first two weeks of August, culling ran about 3% below a year ago, according to weekly slaughter data. Numbers should begin picking up as CWT's next round of culling gets under way. An estimated 86,711 cows are expected to be removed through CWT over the next month – cutting the nation's herd by 0.9%. More than two-thirds of the cows will come out of the Southwest and West.



This week, manufacturers sold 2.0 million lbs. of NDM to the government under the support program. In addition, USDA gave DEIP bonuses this week on 11.0 million lbs. of NDM; 276,000 lbs. of butter; and 170,000 lbs. of cheese.

NASS dairy product prices for the week ending August 22: cheddar blocks \$1.2927 (+7.10¢ vs. the prior week); barrels \$1.3163 (+5.70¢); butter \$1.1931 (-1.50¢); nonfat dry milk 88.00¢ (+1.16¢); dry whey 28.82¢ (-1.00¢). **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 [61 Pit, 1508 Electronic]	1,569	26,400
Class IV	0	125
NDM (cash settle)	0	596
NDM (deliverable)	0	2
Dry whey	33	1,687
Butter (cash settle)	10	4,409

### Options Volume and Open Interest

	Volume	Open Interest
Class III	521	44,651
Class III midi	0	240
Dry whey	20	407
Butter (cash settle)	0	87
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 \$1.3675 (-1.75) • Barrel cheese \$1.3400 (-3.75) • AA Butter \$1.1700 (NC) • 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 28 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	11.22	+2	44	4089	11.25 @ 0.01	NC	11.00 @ 0.00	NC	29.500	NC	88.000	NC	121.000	+0.500
SEP	12.37	-8	192	3783	12.50 @ 0.15	-4	12.25 @ 0.15	+3	30.000	NC	92.000	NC	117.750	NC
OCT	12.62	-13	294	3846	12.75 @ 0.35	-6	12.50 @ 0.35	+5	29.050	-0.500	97.600	NC	122.250	NC
NOV	12.98	+1	339	3753	13.00 @ 0.55	NC	12.75 @ 0.45	-1	29.750	-0.275	97.600	NC	124.000	NC
DEC	13.12	+1	262	3526	13.25 @ 0.58	NC	13.00 @ 0.58	-1	29.550	-0.475	99.050	NC	126.500	+0.750
JAN 10	13.48	+2	58	1416	13.50 @ 0.74	+1	13.25 @ 0.63	-1	29.500	NC	103.900	NC	130.000	+1.000
FEB	13.70	+1	116	1006	13.75 @ 0.80	NC	13.50 @ 0.72	-1	28.500	NC	104.500	NC	131.000	+0.500
MAR	13.72	-3	118	982	13.75 @ 0.87	-1	13.50 @ 0.77	+1	27.800	+0.050	104.500	NC	132.000	NC
APR	14.23	NC	51	741	14.25 @ 0.96	NC	14.00 @ 0.85	NC	27.520	+0.025	103.000	NC	133.000	NC
MAY	14.35	NC	28	621	14.50 @ 0.98	NC	14.25 @ 0.99	NC	28.020	NC	103.000	NC	134.000	NC
JUN	14.74	-3	31	589	14.75 @ 1.12	-2	14.50 @ 1.00	+1	28.070	NC	104.000	NC	138.000	NC
JUL	15.14	-1	16	445	15.25 @ 1.16	NC	15.00 @ 1.13	NC	29.000	NC	110.000	NC	142.250	NC

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