

Daily Dairy Report

Daily market information provided by Alan Levitt

Vol. 13, No. 168/ September 2, 2009

Blocks fall below support

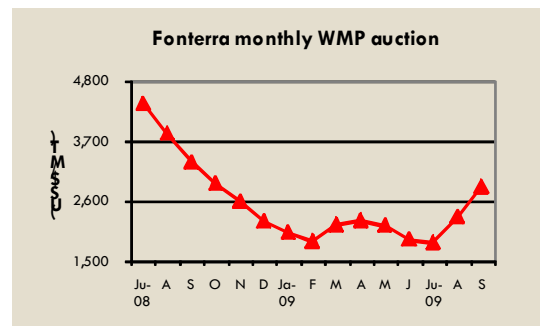
Blocks fell below support on a persistent stream of offers today. Nine sales took place and offers to sell 10 more loads at \$1.3050 were left on the board. Barrels fell to support on four sales and an uncovered offer. However, milk futures increased today after a week of declines.

Traders may be encouraged by indications of strengthening international markets. In New Zealand yesterday, Fonterra's monthly whole milk powder auction netted significant price gains for the second straight month; the weighted average price for sales out to next May was US\$2,858/ton (\$1.30/lb.), up 56% from the July 1 auction and the highest in nearly a year (see chart).

"We anticipated whole milk powder prices would lead the recovery because of low global inventories and firming demand," said Kelvin Wickham, managing director of Fonterra Global Trade. "With demand returning, our customers have more confidence in refilling their supply chains. But it remains to be seen whether demand has returned to sustainable growth."

As New Zealand's milk production season gets under way, Fonterra is "utilizing every available drop of milk to meet our orders for next quarter," Wickham adds.

So far this week, no NDM has been sold to the government under the support program. USDA has awarded new DEIP bonuses this week to export 5.0 million lbs. of NDM; 1.1 million lbs. of butterfat; and 44,100 lbs. of cheese. **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	971	26,563
[2 Pit, 969 Electronic]		
Class IV	0	125
NDM (cash settle)	0	607
NDM (deliverable)	0	2
Dry whey	8	1,728
Butter (cash settle)	43	4,435

Options Volume and Open Interest

	Volume	Open Interest
Class III	830	46,001
Class III midi	0	246
Dry whey	0	413
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 \$1.3050 (-4.25) • Barrel cheese \$1.2800 (-3.50) • 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)

September 2 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	27	4087	11.25 @ 0.00	NC	11.00 @ 0.00	NC	28.750	-0.750	87.500	NC	120.530	NC
SEP	12.19	-6	105	3740	12.25 @ 0.12	-4	12.00 @ 0.07	NC	29.750	-0.250	92.050	+0.050	117.750	-0.250
OCT	12.35	+3	148	3861	12.50 @ 0.29	+1	12.25 @ 0.31	-2	29.100	+0.050	98.000	+0.400	123.500	+0.500
NOV	13.00	+17	117	3685	13.00 @ 0.52	+8	13.00 @ 0.52	-9	30.020	NC	99.000	+1.400	124.000	NC
DEC	13.15	+15	79	3634	13.25 @ 0.55	+7	13.00 @ 0.52	-8	30.000	+0.450	99.050	NC	126.500	+0.500
JAN 10	13.55	+20	67	1413	13.75 @ 0.61	+9	13.50 @ 0.68	-10	29.500	NC	103.900	NC	129.500	NC
FEB	13.48	+3	53	1021	13.50 @ 0.75	+1	13.25 @ 0.64	-2	28.500	NC	102.000	NC	131.500	+0.500
MAR	13.51	+5	59	1022	13.75 @ 0.71	+2	13.50 @ 0.81	-3	27.820	NC	102.000	NC	132.000	NC
APR	14.08	+10	60	763	14.25 @ 0.83	+5	14.00 @ 0.86	-5	27.520	NC	103.000	NC	133.000	NC
MAY	14.20	+9	35	639	14.25 @ 0.95	+4	14.00 @ 0.87	-4	28.020	NC	103.000	NC	134.000	NC
JUN	14.58	+5	36	592	14.75 @ 0.97	+2	14.50 @ 1.01	-2	28.070	NC	104.000	NC	138.000	NC
JUL	14.92	+17	60	453	15.00 @ 1.09	+9	14.25 @ 0.80	-6	29.000	NC	110.000	NC	142.250	NC

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.