

Daily Dairy Report

Daily market information provided by Alan Levitt

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Butter production falls

The aggressive selling of cheese last week did not carry over the extended holiday weekend. Buyers and sellers were comfortable leaving cheese prices unchanged. The only activity was the trading of one load of barrels with an unfilled bid remaining for each at the end of the trading period.

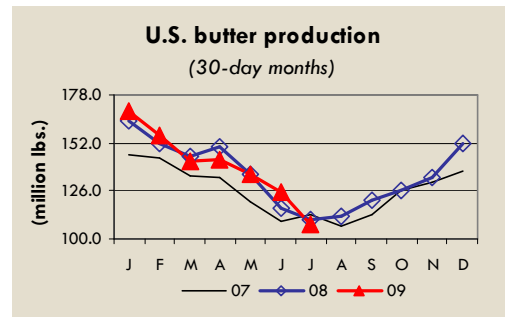
Butter trading mirrored cheese with price remaining unchange and an unfilled bid 0.50¢ lower the only interest during the trading period.

Milk futures lost some of the strength exhibited early in the day to post a mixed close with contracts ranging from 5¢ lower to 11¢ higher through the end of next year. The inactivity of the cash markets to provide any price direction left traders cautious.

Butter production fell in July according to the USDA's "Dairy Products" report released on Friday. Production of 111.6 million pounds was down 2.2% from a year earlier. This was the lowest July production over the past 2 years and the largest one-month decline so far this year. (see chart).

Current butter production is lower as cream supply has tightened according to the USDA's *Dairy Market News*. Production should be at or near the seasonal low with cream supplies becoming more available for churning the rest of the year.

The USDA's "World Agricultural Supply and Demand" report for September will be released Friday morning. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [63 Pit, 1145 Electronic]	1208	26,686
Class IV	0	125
NDM (cash settle)	11	614
NDM (deliverable)	0	2
Dry whey	5	1,741
Butter (cash settle)	89	4,457

Options Volume and Open Interest

	Volume	Open Interest
Class III	613	39,921
Class III midi	0	207
Dry whey	0	403
Butter (cash settle)	0	72
NDM (cash settle)	0	44

Futures and options volume and open interest from previous trading day.

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.2700 (NC) • Barrel cheese \$1.2475 (NC) • 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): August Class III milk (USDA) \$11.20 (+\$1.23) • August Class IV milk (USDA) \$10.38 (+\$0.23)

September 8 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. (¢)	Settle (¢)	chg. (¢)
SEP 09	12.08	-5	94	3773	12.25 @ 0.04	-3	12.00 @ 0.06	-1	29.500	-0.250	92.050	NC	117.000	NC		
OCT	12.11	-2	283	3940	12.25 @ 0.27	-3	12.00 @ 0.28	-1	29.100	NC	98.000	NC	122.000	-1.250		
NOV	12.95	+11	239	3783	13.00 @ 0.48	+4	12.75 @ 0.41	-5	29.600	+0.050	100.000	NC	124.000	NC		
DEC	13.15	NC	161	3679	13.25 @ 0.54	-1	13.00 @ 0.51	-1	30.500	+0.475	101.000	NC	127.000	NC		
JAN 10	13.47	+4	28	1434	13.50 @ 0.67	+1	13.25 @ 0.58	-2	30.020	+0.025	103.900	NC	129.500	NC		
FEB	13.50	-2	89	1063	13.50 @ 0.75	-2	13.50 @ 0.75	NC	28.520	NC	102.000	NC	131.500	NC		
MAR	13.56	+2	176	1080	13.75 @ 0.72	NC	13.50 @ 0.78	-1	28.000	+0.150	102.000	NC	132.500	NC		
APR	13.85	-5	55	801	14.00 @ 0.81	-3	13.75 @ 0.83	+2	27.550	NC	103.000	NC	133.000	NC		
MAY	14.07	-2	40	675	14.25 @ 0.88	-1	14.00 @ 0.93	+1	29.500	+0.750	103.000	NC	134.000	NC		
JUN	14.52	-5	15	599	14.75 @ 0.93	-4	14.50 @ 1.03	+2	28.130	NC	104.000	NC	138.000	NC		
JUL	14.82	+4	4	462	15.00 @ 1.03	+2	14.25 @ 0.82	-3	29.000	NC	110.000	NC	142.250	NC		
AUG	15.00	NC	7	451	15.00 @ 1.18	NC	15.00 @ 1.18	NC	30.520	NC	112.000	NC	146.250	NC		

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