

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## Milk sales strong this year

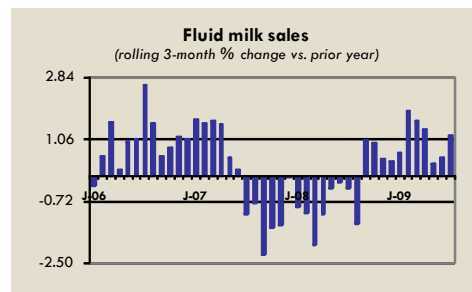
Spot prices closed the week mostly steady, with small increases in butter and NDM. Milk, butter and powder futures were mostly higher.

USDA raised its milk production forecast for 2010 and lowered its Class IV price estimates in this morning's "World Agricultural Supply and Demand Estimates" report. Milk production for next year is projected at 186.7 billion lbs., down 0.9% from 2009. Class III prices are forecast to average \$13.75 to \$14.75 next year, while Class IV prices average \$11.95 to \$13.05, USDA says.

Fluid milk sales have been fairly strong this year. In the May-July period, packaged fluid milk sales were estimated at 13.3 billion lbs., up 1.2% from a year ago, according to Federal Order and California data (see chart). Total sales in the first seven months of the year were 31.9 billion lbs., up 1.3% (adjusted for leap day), and the most since 2000. Sales of whole milk and skim milk were down, while sales of reduced-fat and low-fat were up. Sales of organic milk were down across all fat levels.

For the fourth time in the last six weeks, no powder was sold to the government under the support program. Instead, suppliers cancelled prior offers of 1.2 million lbs. Over the last six weeks, net powder sales to CCC have been just 674,000 lbs.

NASS dairy product prices for the week ending September 5: cheddar blocks \$1.3730 (+4.04¢ vs. the prior week); barrels \$1.3798 (+2.15¢); butter \$1.1633 (-0.30¢); nonfat dry milk 94.57¢ (+1.68¢); dry whey 29.06¢ (-0.08¢). **cme group**



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [83 Pit, 1135 Electronic]	1,218	23,106
Class IV	0	56
NDM (cash settle)	0	513
NDM (deliverable)	0	2
Dry whey	38	1,537
Butter (cash settle)	142	3,853

### Options Volume and Open Interest

	Volume	Open Interest
Class III	405	40,405
Class III midi	0	214
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 \$1.2500 (NC) • AA Butter \$1.1800 (+1.00) • NDM Extra Grade \$0.9500 (NC) • NDM Grade A \$1.0050 (+0.50) **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 11 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. (¢)
SEP 09	12.04	+2	73 3698	12.25 @ 0.00	-1	12.00 @ 0.03	-4	30.000	+0.250	95.000	+2.000	117.250	+0.250
OCT	12.17	-16	341 3943	12.25 @ 0.26	-8	12.00 @ 0.21	+5	30.000	NC	98.000	NC	124.000	+1.500
NOV	13.13	-5	239 3710	13.25 @ 0.41	-6	13.00 @ 0.40	-2	30.520	+0.025	101.000	+1.000	124.500	+0.500
DEC	13.45	+3	157 3704	13.50 @ 0.57	+2	13.25 @ 0.49	-2	30.770	+0.025	102.000	+1.000	128.500	+2.000
JAN 10	13.72	+2	73 1443	13.75 @ 0.68	+1	13.50 @ 0.58	-1	31.230	-0.025	103.750	NC	131.000	+1.500
FEB	13.84	+12	66 1075	14.00 @ 0.69	+6	13.75 @ 0.71	-6	29.550	NC	102.000	NC	132.000	+0.500
MAR	13.84	+5	71 1121	14.00 @ 0.75	+3	13.75 @ 0.77	-3	29.000	NC	102.000	NC	133.000	+0.500
APR	14.13	+10	42 824	14.25 @ 0.84	+5	14.00 @ 0.82	-5	29.050	NC	103.000	NC	134.000	+0.500
MAY	14.26	+5	43 691	14.50 @ 0.86	+3	14.25 @ 0.96	-2	30.500	NC	103.000	NC	134.750	NC
JUN	14.75	+3	41 620	14.75 @ 1.05	+2	14.75 @ 1.05	-1	30.000	NC	104.000	NC	138.000	NC
JUL	14.90	+6	24 474	15.00 @ 1.06	+3	14.25 @ 0.79	-2	29.000	NC	110.000	NC	142.250	NC
AUG	15.20	+8	13 461	15.25 @ 1.16	+4	15.00 @ 1.08	-4	30.520	NC	112.000	NC	146.250	NC

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