

Daily Dairy Report

Daily market information provided by Alan Levitt

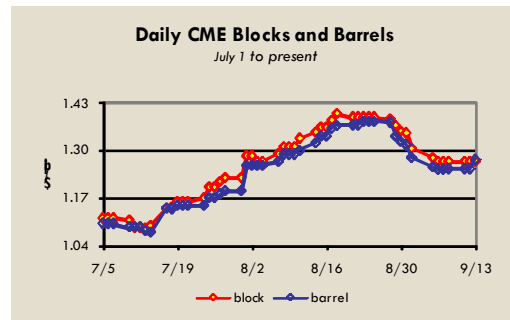
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Slight price improvement

Barrels were bid 2.5¢ higher this morning, while blocks traded unchanged, leaving barrels at a half-cent premium to blocks. Butter prices were bid 1.25¢ higher as well. It was the first time since July 16 that the butter price and at least one of the cheese prices increased on the same day. Milk futures posted double-digit increases from OCT09-SEP10. The DEC09 contract gained 30¢ to \$13.75, its highest level in more than a month. Butter, NDM and whey futures were mostly steady.

NZ co-op Fonterra is trying to temper expectations for continued increases in world dairy prices after WMP prices on its monthly auction gained 56% in the last two months. "Everyone is out there trying to test those higher price points, but to go much beyond where we are today, the fundamentals don't support it yet," Kelvin Wickham, managing director of Fonterra Global Trade, told *Bloomberg News* last week.

SEP09 corn futures went off the board at \$3.05 today, down 9¢, and all the 2010 contracts dropped 2¢. On Friday USDA increased its forecast for the 2009/10 harvest by 193 million bushels, to 12.95 billion bushels, the second-largest ever, with higher expected yields throughout most of the Corn Belt. However, the ending stock estimate was raised just 14 million bushels due to an expected increase in feed use and exports. Corn prices are forecast to average \$3.05-\$3.65 next year, USDA says. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [38 Pit, 1188 Electronic]	1,226	23,384
Class IV	0	56
NDM (cash settle)	10	513
NDM (deliverable)	0	2
Dry whey	79	1,601
Butter (cash settle)	84	3,853

Options Volume and Open Interest

	Volume	Open Interest
Class III	571	40,812
Class III midi	9	224
Dry whey	72	475
Butter (cash settle)	0	72
NDM (cash settle)	0	29

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 \$1.2750 (+2.50) • AA Butter \$1.1925 (+1.25) • NDM Extra Grade \$0.9500 (NC) • NDM Grade A \$1.0050 (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 14 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	NC	78 3711	12.25 @ 0.00	NC	12.00 @ 0.03	NC	30.000	NC	95.000	NC	117.500	+0.250	
OCT	12.29	+12	386 3953	12.50 @ 0.20	+4	12.25 @ 0.27	-7	30.000	NC	98.000	NC	124.000	NC	
NOV	13.23	+10	101 3757	13.25 @ 0.45	+4	13.00 @ 0.35	-5	30.750	+0.225	101.000	NC	124.500	NC	
DEC	13.75	+30	129 3735	13.75 @ 0.59	+13	13.75 @ 0.59	-17	30.770	NC	102.000	NC	128.500	NC	
JAN 10	13.82	+10	170 1520	14.00 @ 0.61	+4	13.75 @ 0.65	-6	30.750	-0.475	103.750	NC	131.000	NC	
FEB	14.00	+16	58 1085	14.00 @ 0.76	+7	14.00 @ 0.76	-9	29.550	NC	102.000	NC	132.000	NC	
MAR	14.02	+18	36 1122	14.25 @ 0.72	+8	14.00 @ 0.81	-10	29.000	NC	102.000	NC	133.000	NC	
APR	14.40	+27	56 839	14.50 @ 0.86	+13	14.25 @ 0.82	-14	29.050	NC	103.000	NC	134.000	NC	
MAY	14.45	+19	38 707	14.50 @ 0.95	+9	14.25 @ 0.87	-9	30.500	NC	103.000	NC	134.750	NC	
JUN	14.88	+13	58 645	15.00 @ 1.00	+6	14.75 @ 0.98	-7	30.000	NC	104.000	NC	138.000	NC	
JUL	15.08	+18	30 491	15.25 @ 1.04	+9	15.00 @ 1.07	-9	29.000	NC	110.000	NC	142.250	NC	
AUG	15.37	+17	11 466	15.50 @ 1.14	+8	15.25 @ 1.13	-8	30.520	NC	112.000	NC	146.250	NC	

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