

Daily Dairy Report

Daily market information provided by Alan Levitt

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Retail dairy prices keep dropping

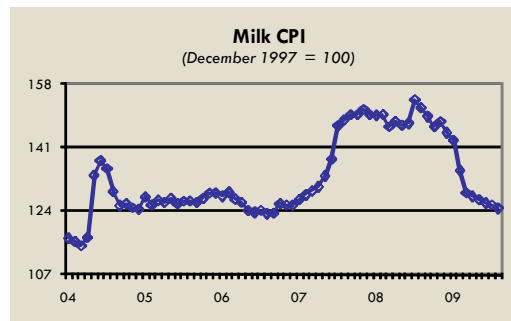
Spot cheese prices moved higher on another day of heavy trading activity. 15 loads of blocks sold at \$1.2825 and 2 loads of barrels sold at \$1.28. Nothing was left on the board. The butter market came under selling pressure but buyers responded and kept the price at \$1.24 after 10 loads sold.

Milk futures were mostly lower after generally rising over the previous five days. NOV09 dropped 21¢ today. Butter and whey futures continued to climb.

Retail dairy prices dropped to their lowest level in more than two years in August, according to Consumer Price Index data released this morning by the Bureau of Labor Statistics. The Milk CPI dropped for the ninth straight month – to 124.7, down 18% from a year ago (*see chart*). The city-average retail price of whole milk in August was \$2.98/gallon, down 91¢ from the prior year. This follows the decline of the wholesale Class I milk price, which in August was down 73¢/gallon from the year before.

The Cheese CPI in August was 197.9, down 11% from a year ago, and down for the 12th straight month. The Butter CPI was 166.8, down 9%, ending a three-month string of increases.

The volume of supplemental tankers heading for the Southeast region this summer is the lowest in years, leaving more milk to be manufactured. In the last six weeks, just 382 loads have been shipped into the region. In the previous four years, an average of 1,921 loads have been imported during the same timeframe. **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 [33 Pit, 989 Electronic]	1,022	23,809
Class IV	0	56
NDM (cash settle)	0	513
NDM (deliverable)	0	2
Dry whey	112	1,639
Butter (cash settle)	78	3,876

Options Volume and Open Interest

	Volume	Open Interest
Class III	340	41,093
Class III midi	8	231
Dry whey	0	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 \$1.2825 (+1.25) • Barrel cheese \$1.2800 (+0.50) • AA Butter \$1.2400 (NC) • NDM Extra Grade \$1.0000 (NC) • NDM Grade A \$1.0200 (+0.75) **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 16 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. (¢)
SEP 09	12.05	+1	162	3731	12.25 @ 0.00	NC	12.00 @ 0.02	-1	30.000	NC	95.000	NC	118.000	NC
OCT	12.11	-8	140	3907	12.25 @ 0.19	-6	12.00 @ 0.20	+1	31.000	+1.000	98.000	NC	124.750	+0.750
NOV	12.97	-21	109	3798	13.00 @ 0.43	-12	12.75 @ 0.34	+8	32.250	+0.975	101.000	NC	126.500	+1.500
DEC	13.67	-9	96	3778	13.75 @ 0.58	-2	13.50 @ 0.50	NC	32.250	+0.750	102.000	NC	130.500	+0.500
JAN 10	13.76	-11	106	1596	14.00 @ 0.57	-6	13.75 @ 0.68	+5	32.000	+1.000	103.750	NC	133.000	+1.000
FEB	13.97	-15	89	1121	14.00 @ 0.74	-9	13.75 @ 0.65	+6	30.500	+0.750	102.000	NC	133.500	+0.500
MAR	14.08	-17	94	1149	14.25 @ 0.75	-8	14.00 @ 0.78	+7	29.750	+0.500	102.000	NC	134.000	NC
APR	14.43	-1	63	875	14.50 @ 0.87	-1	14.25 @ 0.81	NC	31.000	+1.500	103.000	NC	134.500	NC
MAY	14.42	-5	51	755	14.50 @ 0.93	-3	14.25 @ 0.88	+2	31.250	+0.750	103.000	NC	135.250	NC
JUN	14.64	-13	19	662	14.75 @ 0.98	-7	14.50 @ 0.96	+6	30.750	NC	104.000	NC	139.000	+1.000
JUL	15.02	-6	14	498	15.25 @ 1.00	-4	15.00 @ 1.10	+3	29.000	NC	110.000	NC	142.250	NC
AUG	15.33	-4	11	478	15.50 @ 1.11	-3	15.25 @ 1.15	+2	31.000	NC	112.000	NC	146.250	NC

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