

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## August milk production: -0.3%

The dairy markets ended the week on a strong note, with spot prices bid higher and milk futures posting hefty gains in the front months. Spot butter capped an active week with a 3¢ gain to \$1.27, the highest price of the year. Blocks climbed 2.5¢ to \$1.33 on an unfilled bid and no trades. Milk futures for OCT-DEC09 increased 34¢ and butter and whey futures moved higher as well.

Milk production numbers may finally be showing year-over-year declines, as strong output in the Midwest is offset by steep decreases in the West. The rapid drop in cow numbers continued in August while productivity nationwide remained above a year ago.

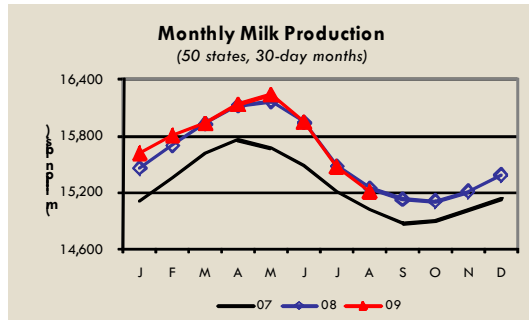
50-state milk production in August was estimated at 15.72 billion lbs., down 0.3% from a year ago, according to USDA's "Milk Production" report released this afternoon (see chart).

July production was revised down 16 million lbs., pushing it from up fractionally to down

0.1%. Cow numbers dropped 30,000 head last month, to 9.160 million head. Production per cow was 55.4 lbs. per day, up 0.9 lbs. (+1.6%) from a year ago, USDA says.

The Class I base price for October is \$12.35, up \$1.42 from September and the highest price since January. This price yields an MILC payment of 60¢.

NASS dairy product prices for the week ending September 12: cheddar blocks \$1.3721 (-0.09¢ vs. the prior week); barrels \$1.3395 (+4.03¢); butter \$1.1677 (+0.44¢); nonfat dry milk 97.19¢ (+2.95¢); dry whey 29.76¢ (+0.68¢). **cme group**



For more information about real-time quotes, visit [www.cmegroup.com/dairyquotes](http://www.cmegroup.com/dairyquotes)

## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

	Volume	Open Interest
Class III	534	23,818
[5 Pit, 529 Electronic]		
Class IV	0	56
NDM (cash settle)	0	513
NDM (deliverable)	0	2
Dry whey	18	1,653
Butter (cash settle)	111	3,894

### Options Volume and Open Interest

	Volume	Open Interest
Class III	420	41,441
Class III midi	0	231
Dry whey	0	475
Butter (cash settle)	2	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 \$1.3300 (+2.50) • Barrel cheese \$1.2900 (+1.00) • AA Butter \$1.2700 (+3.00) • NDM Extra Grade \$1.0000 (NC) • NDM Grade A \$1.0400 (+1.50) **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 18 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	12.08	+3	33	3620	12.25 @ 0.00	NC	12.00 @ 0.01	-1	30.130	+0.125	95.000	NC	118.500	+0.500
OCT	12.55	+39	136	3855	12.75 @ 0.17	+11	12.50 @ 0.23	-23	32.500	+1.000	98.000	NC	128.000	+3.000
NOV	13.37	+35	118	3806	13.50 @ 0.39	+14	13.25 @ 0.39	-18	32.750	+0.500	101.000	NC	128.000	+1.500
DEC	13.97	+27	79	3846	14.00 @ 0.58	+13	13.75 @ 0.49	-12	33.000	NC	102.000	NC	131.500	+1.000
JAN 10	14.03	+22	54	1601	14.25 @ 0.59	+9	14.00 @ 0.67	-12	32.050	+0.025	104.000	+0.250	133.500	+0.500
FEB	14.18	+12	44	1148	14.25 @ 0.73	+6	14.00 @ 0.67	-6	30.570	+0.075	104.500	+2.500	134.000	+0.500
MAR	14.22	+12	11	1163	14.25 @ 0.81	+6	14.00 @ 0.72	-5	31.000	+1.000	104.500	+2.500	134.000	NC
APR	14.45	+2	13	886	14.50 @ 0.87	NC	14.25 @ 0.80	-1	31.250	NC	103.000	NC	134.500	NC
MAY	14.47	+2	11	758	14.50 @ 0.95	+1	14.25 @ 0.85	-1	31.270	NC	103.000	NC	135.250	NC
JUN	14.68	+4	2	666	14.75 @ 1.00	+2	14.50 @ 0.94	-2	30.750	NC	104.000	NC	139.000	NC
JUL	15.03	+1	9	504	15.25 @ 1.01	+1	15.00 @ 1.09	NC	29.520	+0.025	110.000	NC	142.250	NC
AUG	15.38	+4	3	484	15.50 @ 1.14	+2	15.25 @ 1.12	-2	31.000	NC	112.000	NC	146.250	NC

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