

# Daily Dairy Report

Daily market information provided by Alan Levitt

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## Milk/feed ratio improves

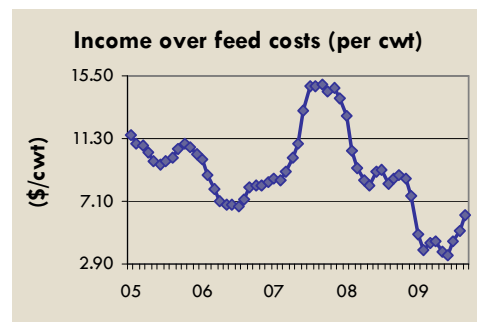
Income over feed costs in September (the All-Milk price minus the cost of feed to produce 100 lbs. of milk) was \$6.12/cwt, the highest since December according to USDA's "Ag Prices" report released this afternoon (*see chart*).

Feed costs in September continued to decline with corn down 1¢ to \$3.32/ bushel, soybean price fell 95¢ to \$9.85/bushel, and alfalfa hay dropped a \$1/ton to \$110.00. The All-Milk price moved in the opposite direction increasing 70¢ from August to \$12.70, the highest price since January.

Barrel cheese slipped 1.75¢ to \$1.36 after posting 16 consecutive trading days of steady or higher prices. Price fell on an uncovered offer and no buyer interest. Bocks remained steady at \$1.4125 with buyers and sellers remaining on the sideline. Butter price fell a penny to \$1.25 as an uncovered offer pushed it lower. Surprisingly, milk futures were slightly higher in most contracts with the first half of 2010 increasing an average of 7 cents.

Buyers were aggressive during the nonfat dry milk spot market. Grade A increased 4¢ to \$1.12, the highest price this year and the highest since September 18, 2008. Price finally reached a level at which 2 loads were traded. Extra Grade jumped 9¢ with a unfilled bid setting the closing price.

Thursday is the last day to trade SEP futures and options with the September Class and Component prices to be released Friday. **cme group**



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [12 Pit, 977Electronic]	989	24,729
Class IV	0	56
NDM (cash settle)	0	522
NDM (deliverable)	0	2
Dry whey	27	1,663
Butter (cash settle)	41	3,927

### Options Volume and Open Interest

	Volume	Open Interest
Class III	306	43,661
Class III midi	0	240
Dry whey	0	499
Butter (cash settle)	0	68
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 \$1.4125 (NC) • Barrel cheese \$1.3775 (-1.75) • AA Butter \$1.2500 (-1.00) • NDM Extra Grade \$1.1000 (+9.0) • NDM Grade A \$1.1200 (+4.00) **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 29 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	+1	12 3641	12.25 @ 0.00	NC	12.00 @ 0.00	NC	29.950	-0.025	96.000	NC	117.750	NC
OCT	12.66	+4	122 3830	12.75 @ 0.10	+1	12.50 @ 0.07	-2	33.000	NC	102.100	+3.600	125.250	-0.750
NOV	13.56	+6	233 3929	13.75 @ 0.34	+2	13.50 @ 0.39	-4	35.000	NC	103.000	+2.000	127.500	-1.000
DEC	14.05	+7	201 3976	14.25 @ 0.47	+2	14.00 @ 0.54	-3	35.270	+0.025	104.000	+1.500	131.250	+0.250
JAN 10	14.09	+7	144 1817	14.25 @ 0.59	+3	14.00 @ 0.62	-3	36.000	+1.000	105.000	+1.000	134.000	-0.500
FEB	14.26	+2	67 1252	14.50 @ 0.64	+1	14.25 @ 0.74	-1	35.000	+2.000	106.000	+0.500	135.500	+1.000
MAR	14.33	+6	75 1182	14.50 @ 0.73	+2	14.25 @ 0.77	-3	35.000	+2.000	107.000	+1.000	137.000	+0.500
APR	14.24	+8	51 935	14.25 @ 0.86	+4	14.00 @ 0.74	-4	35.000	+3.000	108.000	+2.250	138.000	+1.000
MAY	14.48	+13	55 846	14.50 @ 0.94	+7	14.25 @ 0.83	-6	34.500	+3.000	109.000	+3.250	137.000	+1.750
JUN	14.70	+5	20 696	14.75 @ 0.99	+3	14.50 @ 0.91	-2	34.000	NC	110.000	+3.500	139.000	NC
JUL	14.90	NC	2 561	15.00 @ 1.03	NC	14.25 @ 0.76	NC	32.000	NC	111.000	+2.000	142.250	NC
AUG	15.21	+1	3 518	15.25 @ 1.14	NC	15.00 @ 1.05	-1	32.000	+0.500	113.000	+1.000	146.250	NC

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