

Daily Dairy Report

Daily market information provided by Alan Levitt

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Blocks up for eighth straight day

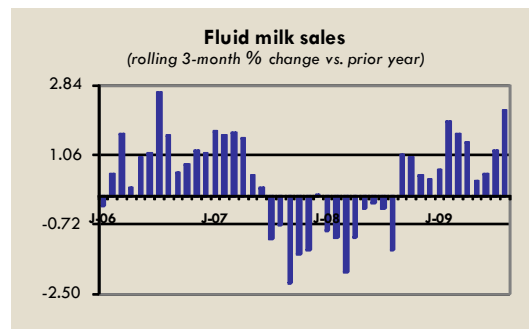
Picking up where they left off last week, spot prices moved higher on bids. Cheese sellers were willing to come off the sidelines and trade 8 loads of block and 2 loads of barrel at the higher levels. Grade A NDM was bid higher for the sixth straight day. Butter continues to trade in a narrow range.

Milk futures settled higher across the board. The fourth-quarter average is back above \$14.00, all the months after MAY10 on are above \$15.00 and a couple \$16.00s show up on the board for 2011. Butter, powder and whey futures were mixed/steady.

Fluid milk sales have come back strong this year after a poor showing in 2008. In the June-August period, packaged milk sales were 13.28 billion lbs., up 2.2% from last year, according to Federal Order and California data. Sales this summer were up 0.8% from 2007 and about same as 2006 (see chart).

“Manufacturing milk supplies have tightened in the East and Midwest due to the combined effect of increased Class I demand and decreased milk production. Manufacturers are concerned with future milk supplies as they look ahead to production schedules for holiday specialties,” says

USDA's *Dairy Market News*. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [120 Pit, 1192 Electronic]	1,312	23,319
Class IV	0	52
NDM (cash settle)	0	406
Dry whey	25	1,559
Butter (cash settle)	86	3,211

Options Volume and Open Interest

	Volume	Open Interest
Class III	1,087	38,840
Class III midi	1	212
Dry whey	0	519
Butter (cash settle)	0	151
NDM (cash settle)	0	27

Futures and options volume and open interest from previous trading day.

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.5050 (+0.25) • Barrel cheese \$1.4575 (+2.75) • AA Butter \$1.2425 (+0.50) • NDM Extra Grade \$1.2200 (NC) • NDM Grade A \$1.2900 (+1.00) **MILK PRICES** (with change, in dollars, from previous month): September Class III milk (USDA) \$12.11 (+\$0.91) • Sept. Class IV milk (USDA) \$11.15 (+\$0.77)

October 12 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. (¢)
OCT 09	12.75	NC	84 3724	12.75 @ 0.08	-1	12.75 @ 0.08	-1	32.000	NC	105.600	+0.550	123.500	NC
NOV	14.63	+13	477 4311	14.75 @ 0.33	+2	14.50 @ 0.33	-9	36.000	+0.500	106.000	NC	128.000	NC
DEC	14.79	+9	384 4492	15.00 @ 0.48	+3	14.75 @ 0.56	-5	37.000	-0.500	110.600	+0.050	132.250	NC
JAN 10	14.79	+4	156 2087	15.00 @ 0.60	+1	14.75 @ 0.68	-2	37.500	-0.250	117.000	NC	136.500	NC
FEB	14.69	+7	50 1422	14.75 @ 0.74	+3	14.50 @ 0.67	-4	37.000	-0.500	117.000	NC	137.000	NC
MAR	14.94	+7	46 1338	15.00 @ 0.83	+3	14.75 @ 0.76	-4	36.500	NC	117.000	NC	139.500	NC
APR	14.84	+7	20 1027	15.00 @ 0.84	+3	14.75 @ 0.87	-4	37.500	NC	117.000	NC	139.500	+0.250
MAY	14.93	+12	17 939	15.00 @ 0.96	+5	14.75 @ 0.90	-6	37.500	NC	117.000	NC	139.500	+0.250
JUN	15.02	+12	22 819	15.25 @ 0.96	+6	15.00 @ 1.05	-6	36.000	NC	117.000	NC	141.500	NC
JUL	15.13	+8	7 659	15.25 @ 1.07	+4	15.00 @ 1.05	-5	35.000	NC	115.000	NC	142.250	NC
AUG	15.38	+8	15 609	15.50 @ 1.15	+3	15.25 @ 1.14	-4	36.000	NC	114.000	NC	146.250	NC
SEP	15.48	+5	9 545	15.50 @ 1.26	+3	15.25 @ 1.14	-3	35.500	NC	114.000	NC	151.000	NC

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