

Daily Dairy Report

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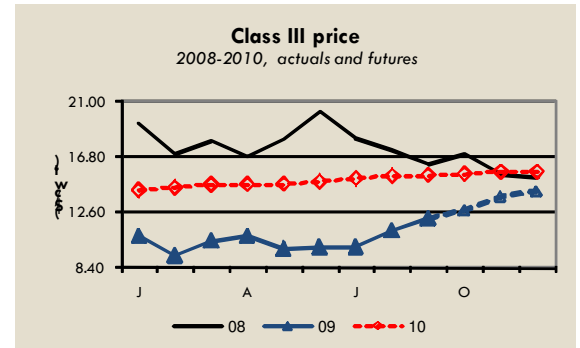
Offers push cheese lower

Milk futures plunged today after blocks and barrels fell to \$1.43. The declines of the last two days are attributed to buyer resistance as blocks topped \$1.50 late last week. Class III contracts covering NOV, DEC and JAN declined 56¢ this week vs. last.

In this morning's "Livestock, Dairy & Poultry Outlook," USDA projects cow numbers to continue to decline into 2010, falling below 9 million by first quarter next year. This will be partially offset by continued growth in production per cow, driven by cheaper feed. Milk production is forecast to decline 0.9% next year, to 187.2 billion lbs. As a result, prices are forecast to be 20-30% higher. USDA forecasts the Class III price to average \$13.85 to \$14.75. The Class IV price is expected to average \$12.00 to \$13.00. Class III futures for 2010 settled at \$15.04 today (see chart).

The September "Milk Production" report comes out Tuesday afternoon.

NASS dairy product prices for the week ending October 10: cheddar blocks \$1.3661 (+5.55¢ vs. the prior week); barrels \$1.3893 (+4.65¢); butter \$1.2310 (+2.45¢); nonfat dry milk \$1.0162 (+0.50¢); dry whey 31.74¢ (+1.56¢). **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 [29 Pit, 1115 Electronic]	1,144	23,705
Class IV	0	52
NDM (cash settle)	0	406
Dry whey	16	1,605
Butter (cash settle)	10	3,201

Options Volume and Open Interest

	Volume	Open Interest
Class III	875	40,943
Class III midi	2	223
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 \$1.4300 (-3.00) • Barrel cheese \$1.4300 (-2.75) • AA Butter \$1.2425 (NC) • NDM Extra Grade \$1.2600 (NC) • NDM Grade A \$1.3150 (NC) **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 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. (¢)
OCT 09	12.73	+2	38	3582	12.75 @ 0.04	+1	12.50 @ 0.00	NC	31.500	-0.500	104.000	-1.600	123.000	-0.250
NOV	13.80	-36	378	4070	14.00 @ 0.20	-20	13.75 @ 0.26	+11	35.000	NC	110.000	NC	127.750	-0.250
DEC	14.19	-28	257	4590	14.25 @ 0.47	-16	14.00 @ 0.41	+10	36.750	NC	115.600	NC	133.000	-0.250
JAN 10	14.29	-23	184	2163	14.50 @ 0.52	-12	14.25 @ 0.59	+9	37.000	NC	117.000	NC	137.000	NC
FEB	14.46	-11	71	1498	14.50 @ 0.68	-6	14.25 @ 0.59	+4	34.000	+1.000	117.000	NC	138.000	NC
MAR	14.70	-14	36	1364	14.75 @ 0.75	-8	14.50 @ 0.67	+5	36.020	+0.025	117.000	NC	139.750	NC
APR	14.73	-13	16	1081	14.75 @ 0.83	-7	14.50 @ 0.72	+1	37.250	NC	117.000	NC	140.750	NC
MAY	14.75	-18	16	997	14.75 @ 0.91	-10	14.75 @ 0.91	+8	36.750	NC	117.000	NC	142.000	NC
JUN	14.90	-9	34	855	15.00 @ 0.92	-5	14.75 @ 0.89	+4	35.250	NC	117.000	NC	143.000	NC
JUL	15.15	-5	19	707	15.25 @ 0.99	-3	15.00 @ 0.96	+2	35.000	NC	115.000	NC	144.000	NC
AUG	15.33	-5	26	676	15.50 @ 1.03	-3	15.25 @ 1.07	+2	35.500	NC	114.000	NC	146.250	NC
SEP	15.40	-5	23	607	15.50 @ 1.12	-2	15.25 @ 1.08	+2	35.500	NC	114.000	NC	151.000	NC

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