

Daily Dairy Report

Vol. 13, No. 201 / October 20, 2009

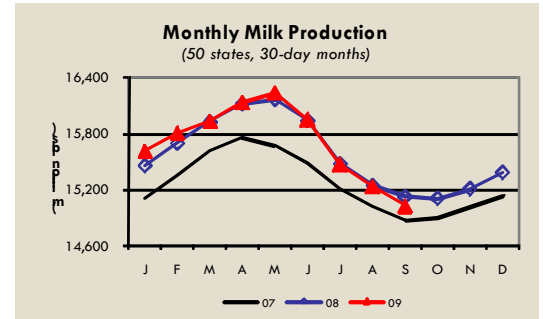
September milk production: -0.7%

Milk futures shot higher today after buyers came back to the cheese market and bid blocks to \$1.43 and barrels to \$1.4225. The move was supported by a rally in butter, which was bid to a new 2009 high of \$1.30. Class III futures for NOV09-MAY10 increased 40¢, with MAR, APR and MAY10 settling at or above \$15.00 for the first time since late July. Butter futures increased today as well.

Milk production continued to fall in September. Production nationwide was estimated at 15.03 billion lbs., down 0.7% from a year ago, according to USDA's "Milk Production" report released this afternoon. This follows a decline of 0.1% in August (see chart).

Cow numbers in September dropped another 36,000 head, to 9.126 million head. Some of the culling was from the last CWT herd retirement round. Cow numbers are now 208,000 head lower than at the end of 2008. Meanwhile, production per cow was 54.9 lbs. per day, up 0.8 lbs. (+1.5%) from a year ago, USDA says.

Continuing the trend from prior months, output was significantly lower in the West, higher in the Midwest and flat in the Northeast. Output was down 6.4% in California and 2.3% in Idaho. It was up 5.2% in Wisconsin and 3.9% in Minnesota. **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 [71 Pit, 1043 Electronic]	1,114	24,010
Class IV	0	52
NDM (cash settle)	1	405
Dry whey	10	1,621
Butter (cash settle)	18	3,191

Options Volume and Open Interest

	Volume	Open Interest
Class III	457	41,256
Class III midi	6	229
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 (+1.50) • Barrel cheese \$1.4225 (+0.75) • AA Butter \$1.3000 (+4.75) • 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 19 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	12.76	+3	54	3649	13.00 @ 0.00	NC	12.75 @ 0.04	-1	31.500	NC	105.000	+1.000	122.500	+0.500
NOV	13.88	+36	362	3962	14.00 @ 0.22	+12	13.75 @ 0.21	-19	33.500	NC	110.000	NC	129.500	+2.000
DEC	14.65	+59	205	4644	14.75 @ 0.46	+23	14.50 @ 0.45	-30	36.500	NC	115.700	+0.050	135.000	+2.000
JAN 10	14.70	+54	205	2323	14.75 @ 0.63	+24	14.50 @ 0.55	-27	36.050	NC	117.000	NC	140.000	+3.000
FEB	14.75	+36	97	1531	14.75 @ 0.70	+17	14.75 @ 0.70	-19	34.000	NC	117.000	NC	140.000	+2.000
MAR	15.01	+33	77	1394	15.25 @ 0.67	+14	15.00 @ 0.77	-17	36.020	NC	117.000	NC	141.000	+1.250
APR	15.00	+35	17	1081	15.00 @ 0.84	+17	15.00 @ 0.84	-18	35.770	+1.475	117.000	NC	140.750	NC
MAY	15.05	+30	19	1005	15.25 @ 0.83	+14	15.00 @ 0.89	-15	36.000	-0.750	117.000	NC	142.000	NC
JUN	15.10	+22	12	878	15.25 @ 0.91	+11	15.00 @ 0.92	-11	35.250	NC	117.000	NC	145.000	+2.000
JUL	15.35	+20	17	708	15.50 @ 0.98	+10	15.25 @ 0.99	-10	35.000	NC	115.000	NC	145.000	+1.000
AUG	15.53	+17	8	685	15.75 @ 1.02	+8	15.50 @ 1.10	-8	35.500	NC	114.000	NC	146.250	NC
SEP	15.68	+18	7	613	15.75 @ 1.14	+9	15.50 @ 1.08	-8	35.520	+0.025	114.000	NC	151.000	NC

The Daily Dairy Report is published by **Alan Levitt**. Please forward to others that may benefit from this information. To subscribe visit www.dailydairyreport.com.

Disclaimer: The *Daily Dairy Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2009 CME Group. All rights reserved.