

# Daily Dairy

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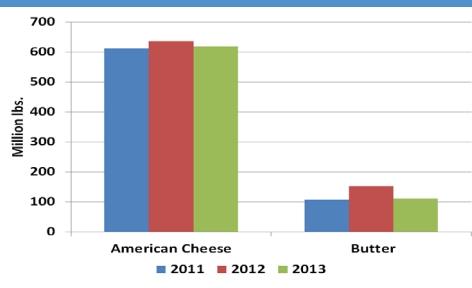
REPORT

## Butter Stocks Fall on Firm Demand

Butter stocks totaled 111 million pounds on Dec. 31. This was 27% lower than at the end of 2012 and 8.4% lower than November 2013. Butter inventories typically increase in December, but stocks declined to two-year lows despite manufacturers' efforts to increase churn rates to meet strong domestic and export demand.

Total cheese stocks rose to 1.009 billion pounds, up 1.4% from November 2013. Inventories were 1.2% lower than in December 2012, posting the first year-over-year decline

### Year-End Cheese & Butter Stocks



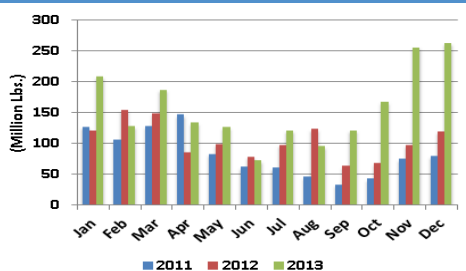
since October 2012. American cheese stocks of 619 million pounds were 2.6% lower than last year and slightly higher than November.

China imported a record-breaking 35,096 metric tons (MT) or 77.4 million pounds of skim milk powder (SMP) in December. Chinese imports of whole milk powder (WMP) totaled 84,120 MT or 185.5 million pounds, shy of the 205.4 million pounds of WMP China imported in November but the second highest monthly import volume on record. Combined WMP/SMP imports were the largest ever. They were 2.5% greater than November 2013 and more

than twice as large as December 2012. China's 2013 WMP/SMP imports were 50% larger than in 2012.

China's appetite for milk powders, which is growing more quickly than global supplies, is fostering a sustained price rally. For the week ending Jan. 17, the California Weighted Average Price for nonfat dry milk (NDM) reached \$2.0044/lb., marking the first time it exceeded \$2/lb. since November 2007. CME spot butter closed 7¢ higher after 18 trades and a handful of unfilled bids. Class III and IV futures, however, settled lower.

### Chinese WMP/SMP Imports



### CME Spot Prices

CME Spot Prices (\$/lb.)	Close	Chg. ¢	Trades
Butter	\$1.9400	+7.00	18
Cheddar Block	\$2.2700	+2.75	0
Cheddar Barrel	\$2.2425	+2.75	0
NDM Grade A	\$2.0850	-1.75	1
NDM Extra Grade	\$2.0900	NC	3
Corn Futures (MAR)	\$4.2625	+1.25	NA
Soybean Meal Futures (MAR)	\$419.400	+2.90	NA
Live Cattle Futures (FEB)	\$143.675	+212.50	NA

### January 22 Trading Activity

	Class III Futures	chg. ¢	Class III Call Options	chg. ¢	Class III Put Options	chg. ¢	Class IV Futures	chg. ¢	Butter Futures	chg. ¢	NDM Futures	chg. ¢	Cheese Futures	chg. ¢	Whey Futures	chg. ¢
JAN 14	20.93	-1	21.00 @ 0.03	NC	20.75 @ 0.03	+1	22.19	NC	163.600	+0.550	202.725	NC	206.000	NC	60.375	NC
FEB	22.07	-33	22.25 @ 0.38	-22	22.00 @ 0.43	+9	23.33	-23	189.025	-3.975	203.000	-0.500	214.500	-3.300	63.000	NC
MAR	20.60	-45	20.75 @ 0.69	-23	20.50 @ 0.70	+17	23.35	-8	189.000	-2.975	202.950	-1.050	200.900	-3.200	63.700	NC
APR	19.73	-32	19.75 @ 0.82	-20	19.50 @ 0.73	+11	22.63	-17	187.000	-0.250	195.950	-1.450	192.300	-2.000	63.000	-0.450
MAY	19.34	-20	19.50 @ 0.88	-8	19.25 @ 0.90	+9	21.98	NC	182.500	+0.500	189.900	-1.600	187.800	-0.600	63.000	-0.450
JUN	19.01	-11	19.25 @ 0.87	-6	19.00 @ 0.97	+5	21.30	-7	180.250	+0.650	183.975	-1.225	184.700	-0.300	62.975	NC
JUL	18.65	+1	18.75 @ 0.91	NC	18.50 @ 0.89	-1	20.70	-5	181.000	+0.925	177.500	-0.550	182.000	NC	61.000	-1.000
AUG	18.45	NC	18.50 @ 0.95	-1	18.25 @ 0.88	-1	20.22	NC	181.000	+1.750	173.000	+0.500	180.500	+0.500	60.000	-0.550
SEP	18.30	NC	18.50 @ 0.90	-1	18.25 @ 0.97	NC	20.20	+20	180.000	+0.700	172.000	+1.350	181.000	+1.000	58.500	NC
OCT	18.12	-3	18.25 @ 0.93	-1	18.00 @ 0.92	NC	19.65	NC	178.800	NC	167.000	NC	179.000	+0.800	58.500	NC
NOV	17.90	-7	18.00 @ 0.56	-4	17.75 @ 0.90	NC	19.20	NC	174.000	NC	163.500	+0.500	177.000	NC	57.500	NC
DEC	17.68	-9	17.75 @ 0.95	-5	17.50 @ 0.89	+3	18.98	+8	172.000	NC	160.900	-0.100	175.400	NC	57.125	NC

Dec. Milk Prices (with chg. vs. prior month): Class III \$18.95 (+\$0.12); Class IV \$21.54 (+\$1.02); California 4a \$21.16 (+\$0.53); 4b \$18.03 (+\$0.73)

The Daily Dairy Report is written by Mary Ledman, Sara Dorland, Sarina Sharp and Karen Endres. To subscribe visit [www.dailydairyreport.com](http://www.dailydairyreport.com).

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