

Daily Dairy Report

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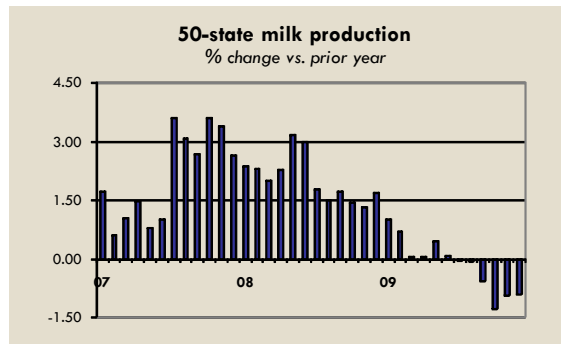
Butter jumps on heavy activity

Spot butter advanced 4.5¢ today in a very active session that included 18 trades and changed direction five times. Butter futures were mostly steady, and remain at a premium to today's spot price of \$1.38.

Blocks fell for the third straight day (and barrels the fifth), but milk futures reversed course and settled higher. APR-AUG09 gained 11¢ after four days of losses.

Western NDM prices are steady this week at mostly \$1.04-\$1.10, says USDA's *Dairy Market News*. "The market tone remains weak and untested," *DMN* says. "NDM demand remains weak with buyers exploring options. Most buyers are attempting to keep stock levels low. Current export interest remains slow with some potential considerations."

The January "Milk Production" report comes out tomorrow afternoon, providing the first look at 2010 output. Production in the fourth quarter 2009 was down 1.0% vs. the prior year (see chart). Cow numbers have declined for 12 straight months, and in December were 252,000 head below December 2008. **cme group**



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FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

Futures Volume and Open Interest

	Volume	Open Interest
Class III [74 Pit, 1,448 Electronic]	1,522	28,299
Class IV	35	215
NDM (cash settle)	8	788
NDM (deliverable)	0	3
Dry whey	64	2,183
Butter (cash settle)	156	3,276

Options Volume and Open Interest

	Volume	Open Interest
Class III	943	51,383
Class III midi	0	384
Dry whey	0	620
Butter (cash settle)	0	93

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

SPOT PRICES (with change, in cents, from previous day): Block cheese \$1.4275 (-1.75) • Barrel cheese \$1.3875 (-2.75) • AA Butter \$1.3800 (+4.50) • NDM Extra Grade \$1.2400 (NC) • NDM Grade A \$1.1200 (NC) **MILK PRICES** (with change, in dollars, from previous month): January Class III milk (USDA) \$14.50 (-\$0.48) • January Class IV milk (USDA) \$13.85 (-\$1.16)

February 18 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. (¢)
FEB 10	14.18	NC	26	3586	14.25 @ 0.01	NC	14.00 @ 0.00	NC	38.250	NC	108.500	NC	134.250	NC
MAR	13.36	+5	279	3590	13.50 @ 0.16	-1	13.25 @ 0.17	-5	34.500	+1.250	106.500	NC	141.500	NC
APR	13.19	+14	447	3630	13.25 @ NA	NA	13.00 @ NA	+6	30.000	+1.000	106.000	NC	144.250	+0.250
MAY	13.24	+11	270	3040	13.25 @ NA	NA	13.00 @ NA	NA	27.750	+0.250	105.500	NC	147.000	NC
JUN	13.55	+8	166	2683	13.75 @ NA	NA	13.50 @ NA	NA	27.500	+1.000	111.000	-0.500	149.500	+0.500
JUL	14.18	+11	166	2138	14.25 @ NA	NA	14.00 @ NA	NA	27.000	+1.000	115.500	NC	153.500	NC
AUG	14.85	+11	85	2036	15.00 @ NA	NA	14.75 @ NA	NA	29.000	NC	117.750	NC	154.000	NC
SEP	15.25	+3	27	2024	15.25 @ NA	NA	15.25 @ NA	NA	32.100	+0.100	119.000	NC	155.000	-0.300
OCT	15.35	+3	15	1857	15.50 @ NA	NA	15.25 @ NA	NA	32.000	NC	120.000	NC	157.000	NC
NOV	15.10	NC	13	1797	15.25 @ NA	NA	15.00 @ NA	NA	32.350	+0.025	117.000	NC	158.000	NC
DEC	15.10	+1	16	1723	15.25 @ NA	NA	15.00 @ NA	NA	31.500	-0.500	117.000	NC	158.500	NC
JAN11	15.09	+11	7	79	15.50 @ NA	NA	14.50 @ NA	NA	29.750	NC	111.000	NC	159.000	NC

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