

Daily Dairy Report

Vol. 14, No. 34 / February 22, 2010

Blocks fall to 5-month low

Cheese prices continued to slump after Friday's "Milk Production" report revealed that cow numbers increased in January. Blocks fell below \$1.40 today for the first time since Sept. 24. Milk futures were lower across most of the board, with the largest declines in JUL-OCT09.

Spot butter moved back up but has been unable to escape the \$1.31-\$1.38 range it's been in for nearly four weeks.

The cheese price outlook won't be helped by record-high stock levels hanging over the market. On Jan. 31, commercial American cheese inventories were 595.3 million lbs., up 61.9 million lbs. (+11.6%) from a year ago, according to USDA's "Cold Storage" report released this afternoon (*see chart*). Total cheese stocks were 980.8 million lbs., up 98.4 million lbs. (+11.2%).

Butter stocks expanded seasonally in January, but have slipped below the levels of recent years. On Jan. 31, commercial butter inventories were 169.8 million lbs., down 6.7 million lbs. (-3.8%) vs. last year, USDA says. **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 [0 Pit, 890 Electronic]	890	28,724
Class IV	0	215
NDM (cash settle)	2	788
NDM (deliverable)	1	2
Dry whey	21	2,215
Butter (cash settle)	31	3,306

Options Volume and Open Interest

	Volume	Open Interest
Class III	630	52,092
Class III midi	10	398
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 \$1.3950 (-1.75) • Barrel cheese \$1.3700 (-0.75) • AA Butter \$1.3750 (+1.50) • 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 22 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. (¢)	Settle (¢)	chg. (¢)
FEB 10	14.24	+4	12	3570	14.25 @ 0.02	+1	14.00 @ 0.00	NC	39.000	NC	108.500	NC	134.500	NC		
MAR	13.31	-6	181	3598	13.50 @ 0.11	-3	13.25 @ 0.16	+2	35.000	NC	107.500	+1.000	142.500	NC		
APR	12.96	-8	293	3752	13.00 @ 0.33	-11	12.75 @ 0.26	-2	29.000	+1.000	108.000	+2.000	144.500	+0.250		
MAY	13.11	-6	222	3189	13.25 @ 0.38	-3	13.00 @ 0.39	+2	27.000	+1.000	108.000	+2.500	147.000	NC		
JUN	13.46	-4	83	2735	13.50 @ 0.59	-6	13.25 @ 0.50	-2	27.950	NC	111.000	+0.500	149.500	NC		
JUL	13.99	-16	31	2156	14.00 @ 0.69	-9	13.75 @ 0.58	+6	27.000	-0.500	114.000	NC	154.500	-0.425		
AUG	14.59	-21	19	2055	14.75 @ 0.73	-11	14.50 @ 0.75	+8	28.500	NC	117.750	NC	154.750	-0.250		
SEP	14.95	-20	16	2030	15.00 @ 0.85	-12	14.75 @ 0.77	+7	31.000	+1.100	119.000	NC	155.000	-0.100		
OCT	15.09	-16	10	1860	15.25 @ 0.78	-9	15.00 @ 0.80	+5	29.000	+3.000	120.000	NC	156.000	-1.000		
NOV	14.98	-2	7	1827	15.00 @ 0.88	-2	14.75 @ 0.77	NC	32.000	-0.350	117.000	NC	157.000	-1.000		
DEC	14.95	-7	14	1752	15.00 @ 0.91	-4	14.75 @ 0.83	+3	31.500	NC	117.000	NC	158.500	-0.500		
JAN11	14.96	-4	0	82	15.50 @ 0.81	-2	14.50 @ 0.81	+1	28.000	+1.750	111.000	NC	159.000	NC		

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