

# Daily Dairy Report

Vol. 14, No. 36 / February 24, 2010

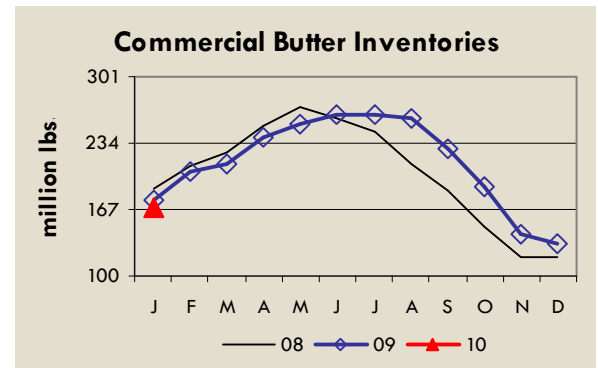
## Butter stocks down

Cheese prices have yet to find a bottom. After one day of blocks remaining steady, they resumed the downtrend losing 2.5¢ to \$1.37 while barrels lost 3.25¢ to stop at \$1.3275. Trading was active with 16 loads of blocks and 9 loads of barrels changing hands.

Commercial butter inventories grew 36.8 million lbs. in January according to USDA's "Cold Storage" report released earlier this week. Although stocks are increasing seasonally, they are 3.8% lower than a year ago and 10.8% lower than 2008 (see chart). Churning is active and meeting demand easily with excess production going into storage according to USDA's *Dairy Market News*.

After March 1, only butter produced after December 1, 2009 can be traded on the CME Group's spot market. This is referred to as the old-crop vs. new crop rule. This tends to tighten the supply of traded butter for a brief period of time and may be one reason for recent price strength. Over the past week, price has increased 7¢ to \$1.4050.

On Friday, USDA will release their monthly "Livestock Slaughter" and "Ag Prices" reports. [cmegroup](http://www.cmegroup.com)



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## FUTURES & OPTIONS VOLUME AND OPEN INTEREST →

### Futures Volume and Open Interest

	Volume	Open Interest
Class III [106 Pit, 878 Electronic]	984	29,219
Class IV	0	215
NDM (cash settle)	0	795
NDM (deliverable)	1	1
Dry whey	3	2,229
Butter (cash settle)	57	3,399

### Options Volume and Open Interest

	Volume	Open Interest
Class III	1,063	53,435
Class III midi	0	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 \$1.3700 (-2.50) • Barrel cheese \$1.3275 (-3.25) • AA Butter \$1.4050 (NC) • 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 24 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	14.22	-2	38	3572	14.25 @ 0.01	-1	14.00 @ 0.00	NC	39.000	NC	108.500	NC	134.500	NC
MAR	13.26	-14	123	3576	13.50 @ 0.09	-5	13.25 @ 0.18	+6	35.000	NC	107.500	NC	143.750	+1.250
APR	13.05	-1	254	3861	13.25 @ 0.23	-1	13.00 @ 0.29	NC	29.950	NC	108.000	-0.500	145.000	+0.250
MAY	13.16	+2	164	3309	13.25 @ 0.42	NC	13.00 @ 0.39	-1	27.000	NC	108.500	-0.500	149.000	NC
JUN	13.53	+3	98	2789	13.75 @ 0.51	NC	13.50 @ 0.59	-2	27.950	NC	111.000	NC	151.000	-1.000
JUL	14.06	+1	85	2216	14.25 @ 0.61	NC	14.00 @ 0.66	-1	27.000	NC	114.000	NC	154.750	-0.250
AUG	14.67	+8	43	2083	14.75 @ 0.76	+4	14.50 @ 0.71	-4	28.000	NC	117.750	NC	155.000	NC
SEP	15.00	+6	50	2048	15.00 @ 0.88	+3	15.00 @ 0.88	-3	31.000	NC	119.000	NC	157.500	+1.500
OCT	14.99	+5	49	1915	15.00 @ 0.84	+3	14.75 @ 0.72	-2	29.000	NC	120.000	NC	158.000	+1.000
NOV	14.88	+6	43	1863	15.00 @ 0.83	+3	14.75 @ 0.81	-3	32.000	NC	117.000	NC	161.000	+2.000
DEC	14.89	+5	36	1782	15.00 @ 0.87	+2	14.75 @ 0.85	-2	31.500	NC	117.000	NC	159.720	-1.280
JAN11	14.80	-3	1	87	15.50 @ 0.74	-1	14.50 @ 0.87	+1	28.000	NC	111.000	NC	159.000	NC

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