

Daily Dairy Report

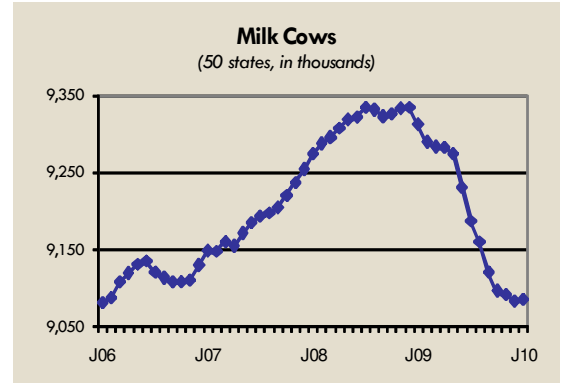
Vol. 14, No. 37 / February 25, 2010

U.S. dairy herds decline

Cheese prices fell again as sellers remain aggressive. Blocks lost 2.5¢ with 5 loads traded. Barrels fell 3¢ to \$1.2975 on 1 trade and the first time price has been below \$1.30 since September 18. Some buyers are sitting on the sidelines and are waiting to place orders as long as prices continue to decline according to USDA's *Dairy Market News*.

U.S. cow numbers in January showed the first month-over-month increase since December 2008 (see chart). The improving outlook for milk prices at the beginning of the year resulted in farmers holding onto cows. The number of licensed dairy herds in the U.S. in 2009 declined to 54,942, a decrease of 2,185 herds. Increases only took place in two states. Indiana gained 10 herds and South Carolina gained 15 herds.

Central dry whey price for the week was steady with the midpoint of the "mostly" price remaining at 37.75¢. Sales are being made to clear inventory with buyers being cautious over purchasing additional supplies above and beyond immediate needs indicates *Dairy Market News*. Traders are not so optimistic with whey future prices in the summer months averaging around 28¢. **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 [11 Pit, 886 Electronic]	897	29,504
Class IV	0	215
NDM (cash settle)	44	826
NDM (deliverable)	0	1
Dry whey	3	2,228
Butter (cash settle)	26	3,414

Options Volume and Open Interest

	Volume	Open Interest
Class III	413	53,668
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 \$1.3450 (-2.50) • Barrel cheese \$1.2975 (-3.00) • 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 25 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. (¢)
FEB 10	14.22	NC	10 3574	14.25 @ 0.01	NC	14.00 @ 0.00	NC	39.000	NC	108.500	NC	134.500	NC
MAR	13.00	-26	275 3608	13.00 @ 0.16	-18	13.00 @ 0.16	+8	36.000	+1.000	106.750	-0.750	143.500	-0.250
APR	12.89	-16	183 3948	13.00 @ 0.26	-8	12.75 @ 0.25	+6	30.500	+0.550	106.750	-1.250	146.030	+1.025
MAY	13.09	-7	99 3354	13.25 @ 0.39	-3	13.00 @ 0.42	+3	27.270	+0.275	108.000	-0.500	149.000	NC
JUN	13.52	-1	97 2818	13.75 @ 0.51	NC	13.50 @ 0.59	NC	28.520	+0.575	110.500	-0.500	150.500	-0.500
JUL	14.04	-2	48 2238	14.25 @ 0.60	-1	14.00 @ 0.67	+1	27.750	+0.750	112.750	-1.250	155.000	+0.250
AUG	14.65	-2	52 2108	14.75 @ 0.75	-1	14.50 @ 0.72	+1	28.000	NC	116.000	-1.750	155.000	NC
SEP	14.84	-16	32 2058	15.00 @ 0.79	-9	14.75 @ 0.82	+7	31.000	NC	117.500	-1.500	157.030	-0.480
OCT	14.90	-9	30 1924	15.00 @ 0.79	-5	14.75 @ 0.76	+4	29.000	NC	120.000	NC	159.000	+1.000
NOV	14.80	-8	42 1876	15.00 @ 0.78	-5	14.75 @ 0.85	+4	32.230	+0.225	118.500	+1.500	161.000	NC
DEC	14.74	-15	28 1792	15.00 @ 0.80	-7	14.50 @ 0.79	+6	31.500	NC	117.000	NC	159.720	NC
JAN11	14.70	-10	1 88	15.50 @ 0.69	-5	14.50 @ 0.91	+4	28.000	NC	111.000	NC	159.000	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 © 2010 CME Group. All rights reserved.