

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/28):**

BUTTER: Grade AA closed at \$1.0575. The weekly average for Grade AA is \$1.0475 (+.0333).

CHEESE: Barrels closed at \$1.0750 and blocks at \$1.0850. The weekly average for barrels is \$1.0735 (-.0190) and blocks, \$1.0880 (-.0380).

NONFAT DRY MILK: Extra Grade closed at \$0.8950 and Grade A at \$0.9000. The weekly average for Extra Grade is \$0.8950 (N.C.) and Grade A, \$0.9000 (N.C.).

BUTTER: The butter market tone remains mixed as the cash price continues to increase. Churning activity across the country remains active, although lower than past weeks as cream supplies tighten. Many butter producers anticipate cream to become more available to them by midweek next week due to the holiday and reduced production schedules for many Class II products. Stocks of butter continue to run over 50% heavier than last year at this time. Imports of quota and non-quota butter into the U.S. for the first five months of the year are lower than the comparable period last year. Quota imports for January – May total 6.0 million pounds, 31% behind last year while non-quota (high tier) butter, at 825,444 pounds, trails last year by nearly 67%. Butter demand is seasonally fair. Retail orders are somewhat stronger, stimulated by scattered feature activity with food service orders heavier as buyers prepare for the upcoming holiday period.

CHEESE: The cheese market remains weak. Current cheese offerings continue to exceed demand. Some interest is noted in good processing solids with some age or in specialty varieties. Bulk cheese needs are lower as cutters and processors are scheduled to close at least one extra day due to the holiday next week. Current cheese production is generally lighter as recent milk intakes are showing the affect of recent summer temperatures and humidity. The Kansas City Commodity office announced that CCC is inviting offers to buy from CCC inventory 1,314,982 pounds of barrels and 1,574,339 pounds of blocks. Offers are due July 9 with the public release of awards July 12 at 4:00 p.m. CDT.

FLUID MILK: Nationally, milk production is trending unevenly steady. Hot summer temperatures are encouraging lower milk production levels in regions of the Northeast, Central and Southwest. In Florida and the Pacific Northwest, milk production is strong. Class I sales are generally lackluster, encouraging heavier than expected movement of milk out of Florida and into manufacturing plants north of the state. Condensed skim movement is steady. Fluid cream supplies are tighter than the week prior yet the upcoming holiday and consequent closures at some ice cream facilities may encourage greater supply availability. Variant weather conditions are affecting crop production throughout the nation with heavy rains damaging crops in parts of the Midwest.

DRY PRODUCTS: Dry product markets are generally trending steady to weak. Summer temperatures are beginning to deter milk output, suggesting that production of dry products may decrease and enhance market stability. NDM markets are steady and highly reliant on the CCC program. The upcoming holiday may encourage production for the lackluster interest. Buttermilk production is lower and movement is less than expected due to delayed intakes from ice cream facilities. Whey buyers are more apt to purchase at the lower price levels yet the market tone remains weak throughout the nation. WPC 34% is difficult to clear and a market bottom is not yet foreseen. Lactose prices for third quarter are slow to develop with some buyers expecting to contract lower volumes than the quarter prior.

CCC: For the week of June 24 - 28, CCC purchased 16,809,411 pounds of NDM. A total of 1,909,569 pounds originated from the East, 611,832 pounds from the Midwest, and 14,288,010 from the West.

COLD STORAGE (NASS): During May, U.S. cold storage holdings of butter total 230.0 million pounds, 15.5% more than a month ago and 66.6% higher than last April. Natural American cheese holdings total 529.0 million pounds, 4.1% heavier than a month ago, and 6.4% more than a year ago. Nonfat dry milk holdings at the end of April total 1,088.0 million pounds, 5.8% higher than last month and 26.8% more than last March. The government holds 85.8% of the total nonfat holdings.

CONSUMER PRICE INDEX (BLS): The May 2002 CPI index for all food is 175.8, up 1.9% from May 2001. The dairy products index, at 169.0, is up 2.6% from a year ago. The following are the May to May changes for selected products: fresh whole milk -1.8%, cheese +4.2%, and butter -3.9%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during January-April 2002 totals 54.1 billion pounds, unchanged from the same period in 2001. Comparing disappearance levels with year earlier levels: butter +3.4%, American cheese N.C., other cheese +1.3%, NDM -27.3%, and fluid milk products -0.2%.

DISCONTINUATION OF COP ESTIMATES (ERS): ERS will be discontinuing estimates of monthly milk cost of production (COP) effective with the data provided on 5/31/02. ERS has recently developed a new approach for computing milk COP estimates using data from the 2000 Agricultural Resource Management Study of dairy farmers. As a result, the procedure for calculating the monthly estimates no longer is usable and is not being updated. Therefore, Dairy Programs will not be providing monthly milk COP estimates with the 5th of the month Class price announcement, beginning on July 5. The new milk COP information can be found at

www.ers.usda.gov/data/costsandreturns/testpick.htm

****SPECIAL THIS ISSUE****

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CHICAGO MERCANTILE EXCHANGE

CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 24	TUESDAY JUNE 25	WEDNESDAY JUNE 26	THURSDAY JUNE 27	FRIDAY JUNE 28	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0725 (N.C.)	\$1.0750 (+.0025)	\$1.0725 (-.0025)	\$1.0725 (N.C.)	\$1.0750 (+.0025)	+.0025	\$1.0735 (-.0190)
40# BLOCKS	\$1.1000 (N.C.)	\$1.0850 (-.0150)	\$1.0850 (N.C.)	\$1.0850 (N.C.)	\$1.0850 (N.C.)	-.0150	\$1.0880 (-.0380)
NONFAT DRY MILK							
EXTRA GRADE	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	N.C.	\$.8950 (N.C.)
GRADE A	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	N.C.	\$.9000 (N.C.)
BUTTER							
GRADE AA	\$1.0325 (+.0150)	---	\$1.0525 (+.0200)	---	\$1.0575 (+.0050)	+.0400	\$1.0475 (+.0333)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM {NOTE: THE CME WILL BE CLOSED JULY 4TH AND 5TH}

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 24, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$0.8975; 5 CARS GRADE A @ \$0.9025
 BUTTER — SALES: 6 CARS GRADE AA: 2 @ \$1.0200, 1 @ \$1.0275, 1 @ \$1.0300, 1 @ \$1.0200, 1 @ \$1.0325; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.0200, 2 @ \$1.0150, 1 @ \$1.0100; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0400, 1 @ \$1.0500

TUESDAY, JUNE 25, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.0850; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.0750, 2 @ \$1.0725; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS EXTRA GRADE @ \$0.8975; 5 CARS GRADE A @ \$0.9025

WEDNESDAY, JUNE 26, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.0725; 7 CARS 40# BLOCKS: 1 @ \$1.0950, 1 @ \$1.0975, 2 @ \$1.0850, 1 @ \$1.0900, 1 @ \$1.0850, 1 @ \$1.0900; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0725; OFFERS UNCOVERED: 4 CARS 40# BLOCKS: 1 @ \$1.0850, 1 @ \$1.0875, 1 @ \$1.0900, 1 @ \$1.0950
 NONFAT DRY MILK — SALES: 5 CARS GRADE A @ \$0.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS EXTRA GRADE: 5 @ \$0.8950, 5 @ \$0.8975; 5 CARS GRADE A @ \$0.9025
 BUTTER — SALES: 12 CARS GRADE AA: 2 @ \$1.0500, 1 @ \$1.0525, 1 @ \$1.0550, 1 @ \$1.0500, 1 @ \$1.0575, 1 @ \$1.0550, 1 @ \$1.0525, 1 @ \$1.0575, 1 @ \$1.0525, 1 @ \$1.0600, 1 @ \$1.0525; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.0500, 1 @ \$1.0475, 1 @ \$1.0350, 1 @ \$1.0325; OFFERS UNCOVERED: NONE

THURSDAY, JUNE 27, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.0850; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS GRADE A: 5 @ \$0.9000, 5 @ \$0.9025

FRIDAY, JUNE 28, 2002

CHEESE — SALES: 6 CARS 40# BLOCKS: 1 @ \$1.0875, 1 @ \$1.0850, 2 @ \$1.0875, 1 @ \$1.0900, 1 @ \$1.0875; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0750; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0850
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS GRADE A: 5 @ \$0.9000, 5 @ \$0.9025
 BUTTER — SALES: 7 CARS GRADE AA: 1 @ \$1.0500, 1 @ \$1.0475, 2 @ \$1.0500, 2 @ \$1.0525, 1 @ \$1.0575; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.0600

BUTTER MARKETS

MAY COLD STORAGE

According to NASS, May month-ending cold storage figures for butter total 230.0 million pounds, 67.0% higher than the amount held last May and 15.0% more than April 2002 holdings.

NORTHEAST

The market tone remains weak despite recent price increases. Cream volumes have tightened for churning needs and most Eastern butter makers have seen their output slow. Declining milk production, lower butterfat tests, improved demand for fluid cream are all contributing to the lower output. However, inventories of bulk are still more than ample to meet current needs. Demand for butter is slightly improved as some users and/or speculators feel that now is the time to add to their inventories. Competition from imported butterfat continues to be a major concern for domestic producers. Retail prices are still high in relation to the wholesale prices and sales are fair at best. Food service orders are seasonally active, particularly in resort areas as the summer vacation season is in full swing. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The butter markets tone remains unsettled, although the cash price continues to firm. Within the past week to 10 days, surplus cream supplies have tightened. In many instances, butter producers are able to maintain fairly active churning schedules, although the additional volumes of cream that have been available to maintain full schedules are not around. Increased Class II product production

(especially ice cream), declining milk volumes, and lower butterfat tests are some of the factors limiting cream volumes at this time. Some butter producers anticipate cream offerings to become more available by midweek next week due to the Thursday holiday and subsequent down time for many Class II production facilities. Stocks of butter continue to run over 50% heavier than last year at this time. Import figures for the first 5 months (January – May) of 2002 indicate that quota imports are trailing last year by 31.1%, while high tier or nonquota volumes are lagging by 66.9%. Current butter demand is seasonally fair. Some retail feature activity is clearing good volumes of print butter while food service orders are steady. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis and often these prices are negotiable, especially if multiple loads are involved.

WEST

In general, butter production is slowing down seasonally and demand has improved slightly. Milk production is declining more rapidly because of added weather stress on the milking herd. Cream demand from ice cream plants is also increasing. Fat tests on incoming milk receipts are declining seasonally. Retail butter demand is improving at least partially due to lower store prices. High tier butter imports have now fallen 67% below a year ago through May and quota imports are down 31%. U.S. cold storage holdings of butter at the end of May total 230.0 million pounds, up 67% from a year earlier. These stocks are the highest since July 1994, a period of almost eight years. Stocks grew by about a million pounds per day during the month of May. CME weekly butter stocks grew by only 730,000 pounds this past week to stand at 150.1 million pounds. Stock growth has been declining for about the last six weeks. Current prices for bulk butter range from 4 1/2 to 2 1/2 cents under market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JUN 22	1.1488 6,711,458	1.1280 13,460,537	0.9015 27,595,340	0.9986 3,012,820	0.1605 13,221,414

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally lower on all items except Swiss. The market tone is unchanged and weak. Cheese production is slowing now that milk output is declining from peak levels. Cheese stocks are more than ample for the current, slow demand. Orders for most types of cheese have been slower than expected for June and this slow demand is being reflected in the cash prices at the CME. Contacts do note that June Dairy Month promotions, though still giving dairy product sales a boost, just aren't as "big a thing" as they were years ago. Also, high retail prices, even when featured, are not helping cheese sales. Food service orders are improved along the Eastern shore now that hot weather and the vacation season have pushed more people to shore resort areas.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1900-1.6550
Cheddar Single Daisies	:	1.1475-1.6075
Cheddar 40# Block	:	1.2675-1.4775
Process 5# Loaf	:	1.3000-1.4850
Process 5# Sliced	:	1.3200-1.5975
Muenster	:	1.3500-1.5575
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market continues weak. Current cash prices on blocks and barrels at the Chicago Mercantile Exchange remain under the comparable CCC purchase prices. Current cheese prices continue to be pressured by the available offerings. Next week, bulk cheese use will be down sharply as many cutters and processors will close for an extra day, generally two, for the holiday. This has caused overtime at some operations in recent weeks, to have extra finished product inventory built ahead of the holiday week. Specialties and/or varieties normally made to order are still moving fairly good but cheddar blocks and many mozzarella packages are ample to burdensome. These offerings remain heavy, as the recent bout of heat and humidity has not yet lasted long enough to impact bulk cheese offerings already in the pipeline. However, current milk intakes are trending lower as well as lower cheese yields caused by the reduction in milk fat and protein levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2725-1.5700
Brick And/Or Muenster 5#	:	1.5300-1.6875
Cheddar 40# Block	:	1.4900-2.1150
Monterey Jack 10#	:	1.7100-2.1150
Blue 5#	:	1.8700-2.2400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4325-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9175-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JUNE 24 - 28, 2002
BARRELS*	:	\$1.0825 - 1.1075 (NOMINAL)
	:	(-\$0.0200) (-.0325)
40# BLOCKS	:	\$1.0950 - 1.1600 (NOMINAL)
	:	(-\$0.0375)

() Change from previous week. * If steel, barrel returned.

WEST

Cheese prices have declined eight of the last nine weeks. Averages for the major cheeses traded at the cash CME market are now both below the current support price. A number of firms are investigating the possibility of offering cheese to the government price support program if prices remain this low for an extended period of time. Demand for barrels from processors and for current blocks for storing have both improved. Evidently, buyers don't see much additional downside price risk and they are noting that the heat is taking down milk supplies. Sales of mozzarella cheese remain slower than anticipated. Swiss cheese is moving reasonably well for this season. American cheese stocks at the end of May total 529.0 million pounds, an increase of 6% from last year (32 million pounds). Stocks are ahead of 2000, but lag 1999. Swiss stocks are up 28% from last year and stand at 15.9 million pounds.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2450-1.5050
Cheddar 40# Block	:	1.2475-1.3875
Cheddar 10# Cuts	:	1.4275-1.6475
Monterey Jack 10#	:	1.4375-1.6025
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.4700

FOREIGN

Prices are steady to lower and the market tone is seasonally weak. Sales of table cheese typically slow during the summer months and the recent hot weather does seem to have had an additional impact on consumption. Also, as the U.S. market for cheese is currently below the support purchase price, interest in imported cheeses slows. Imports of cheese subject to licensing requirements during the first five months of 2002 total 46.6 million kilograms (about 102.7 million pounds), 14.8% more than the same period last year. However, during that same period, imports of high tier cheese totaled 4.6 million kilograms (approximately 10.1 million pounds), down 7.2% from a year ago. The most significant drops, by weight, were seen in the American-type and Italian-type categories.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY		IMPORTED	DOMESTIC
Roquefort	: TFEWR	:	-0-
Blue	:	2.6400-3.1400	: 1.4925-2.9825*
Gorgonzola	:	3.2400-5.9400	: 1.9925-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.9075-2.9625*
Romano (Italy)	:	2.1000-3.1500	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.4950-1.7200*
Romano (Cows Milk)	:	-0-	: 2.6850-4.8650*
Sardo Romano (Argentine)	:	2.8500-3.2900	: -0-
Reggianito (Argentine)	:	2.6900-3.2900	: -0-
Jarlsberg-(Brand)	:	2.7500-3.6900	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.3500-2.5500
Swiss Cuts Finnish	:	2.6000-2.8500	: -0-
Swiss Cuts Austrian	:	TFEWR	: -0-
Edam	:	:	:
2 Pound	:	TFEWR	: -0-
4 Pound	:	2.1900-2.8900	: -0-
Gouda, Large	:	2.3900-2.6500	: -0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	: -0-

* = Price change.

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
06/24/02	70,244	:	138,195
06/01/02	67,412	:	138,335
CHANGE	2,832	:	-140
% CHANGE	4	:	N/C

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	96	0	32	0	75
SOUTHEAST STATES	0	0	0	0	0	0

Weather continues to play a major role in milk output in the East. Continued rains in the far north are making first cutting alfalfa difficult to harvest and some fields have been left fallow because they are too wet to plant. Much of the region from the Northeast to Florida is experiencing very hot weather and the milk flow is being adversely affected. However, Florida's milk output is reported to have rebounded as the state is getting some much needed rain and the evenings are not as hot as they have been. This, along with much slower Class I demand, has forced nearly 100 loads of milk out of state for processing. This is a significantly higher number than a week ago and surprised many contacts. As is normal, the effects of the hot weather are seen in lower fat and protein levels. Class I sales are steady at low levels in nearly all areas of the East. Surplus milk supplies are heavier in the Southeast; steady to slightly lower in the more northern areas. Contacts are making arrangements for next week when some manufacturing plants will be down for various periods of time. The condensed skim market is basically steady. Some prices for July Class III sales are expected to be up slightly based on estimates of the July Class III skim milk price. The fluid cream market started the week on the weak side, but firmed up by midweek. Supplies were long, but did tighten significantly as users try to step up output before they shut down during the holiday weekend. Reports indicate that several cream cheese operations will not take cream most of next week which will impact availability. Also, several ice cream plants have notified suppliers that they will be down from the fourth to the seventh. This week, spot prices are virtually unchanged from last week. Multiples were occasionally lower, but mostly in the mid to upper 130's. Demand is reported as mixed. Ice cream output is at normal summer levels and the hot weather is helping consumption of soft serve and frozen novelties. Bottled cream sale are starting to slow as most of the strawberry season is past. Cream cheese output is moderate to heavy this week. Churning activity is lighter.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2982-1.3996
DELIVERED EQUIVALENT ATLANTA	-	1.2982-1.4199 M 1.3185-1.3793
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3185-1.4199

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9200-1.0250
NORTHEAST- CLASS III - SPOT PRICES	-	.7500- .9600

M I D W E S T

Class I demand is steady to slower from recent weeks. Production and distribution of dips, whipped cream, and sour cream was active in anticipation of the upcoming holiday. Ice cream production and sales were generally good. Some operations are scheduled to be closed for only 1 extra day next week while others are planning a 4-day weekend. Other dairy operations such as bottlers and some cheese plants are also adjusting schedules somewhat around the holiday. Manufacturing milk interest is mixed; some cheese operations are seeking fill-in loads while others are trying to minimize production levels. On a light test, reported spot premiums vary from just under class up to \$.75 over class. Heavy precipitation, including flooding and/or hail caused additional crop damage in localized areas of the northern tier of states. Some roads/culverts washed out and at least one herd was moved to another location due to flooding. Crop damage is expected to be severe in some areas. Temperatures

turned more seasonal for summer with a number of days' temperatures reaching well into the 80's and lower 90's. Humidity levels were also elevated and insect pests are becoming more pronounced. Depending on location and "mix" of herds with/without warm weather aids like fans and misters, milk intakes started showing signs of decline already late in the weekend, more so by midweek. Fat and protein tests were also declining more appreciably in instances. With spring crops often running a week or two behind in maturity due to cooler than average spring temperatures, the higher temperatures were appreciated and pushed lagging corn closer to "knee high" by the 4th of July standard.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.50- 47.00	\$ 44.00- 51.00
REPLACEMENT HEIFER CALVES	\$400.00-587.50	\$380.00-505.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.50- 46.00	\$ 50.00- 54.50

W E S T

Pool receipts of milk in California for May total 3.09 billion pounds, up 7.3% from last year. That is the largest year to year increase since early in 2000. Cumulative output for the first five months of the year totals 14.5 billion pounds, up 5.9% from the same period in 2001. The May blend price is \$11.01 at a fat test of 3.62%. The percentage of milk receipts used in Class 1 products is 18.26%. The quota price is \$12.06 and the base/overbase price is \$10.36. These prices are 34 cents less than last month and \$3.64 less than May 2001. This is the lowest over quota price since April 2000. A statement in last week's report concerning production per cow comparisons was confusing. The correct comment is as follows: Only Arizona, of the Western states has production per cow percent change higher than the U.S. average change compared to last year. (AZ +10.8%, CA +1.9%, ID -0.4%, NM +2.1%, WA +2.6%, and the U.S. +3.0 %) The most recent pasture and range conditions report according to NASS indicates conditions in the West are deteriorating. Selected Western states conditions combining the very poor and poor categories are as follows: Arizona 88%, California 50%, Colorado 77%, Idaho 7%, New Mexico 91%, Oregon 36%, Utah 53%, and Washington 8%. The comparable figure for the U.S. is 32%. Milk production conditions in CALIFORNIA remain positive for strong milk output. Daytime temperatures are approaching 100 degrees, but nights continue to cool off reducing the stress on the milking herds. Less milk is being offered into California from other states in the region as their milk flow diminishes. Manufacturing plants continue to operate on heavy production schedules. Most contacts are commenting that hay being harvested at this time is in the "summer hay" category and is not going to the dairy herds, but is finding good interest from exporters. Weather conditions in ARIZONA and NEW MEXICO are taking the milk flow down at a faster pace. High temperatures are above 110 degrees and nights are only cooling into the mid-80's. That is not enough spread to give much relief. Hay growers are struggling to get enough water to keep their hay crops growing efficiently. Strong milk production continues to be noted in the PACIFIC NORTHWEST. Temperatures are moderate and water conditions are good. Manufacturing plants are operating at peak output and will remain that way through the holiday weekend. Hay without rain damage in the region is trading at a premium. Stress on the dairy herds in UTAH and IDAHO is increasing as summer temperatures arrive. Some of the corn that froze a few weeks ago is coming back better than anticipated. Some small grain farmers are out of water and are grazing cattle on their fields to salvage something. Hay for the second cutting is coming back very well with some early cutting starting this weekend.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are mixed on a mostly steady market. While hot and humid temperatures are beginning to reduce available milk volumes and deter output, some plants are discounting NDM to ensure that product is readily cleared. However, at plants that utilize CCC as a mechanism to clear excess stocks, producers are offering at higher prices. NDM and condensed skim demand are increasing into Class II and III facilities. High heat movement is mostly contractual on steady production schedules. Imported NDM remains competitive with the domestic market. Production of instant NDM is increasing for the good demand.

EAST: Prices are mostly steady in the East. The market tone is unchanged. Production levels are mixed. Output is lighter in the northern areas, but slightly heavier in the Southeast where more surplus milk was available this week. Most Eastern producers report being in better supply/demand balance and some are taking this opportunity to "inch up" prices for July sales. This is particularly true where drying schedules are easing. Demand for NDM remains lackluster, but interest for high heat is reported as good. Sales to CCC continue to balance regional supplies.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - .9475 MOSTLY: .8975 - .9025

HIGH HEAT: .9300 - 1.0000

NONFAT DRY MILK - WEST

Prices for Western low/medium heat powder are centering on the price support price of 90 cents per pound. Demand is light and unaggressive as buyers make only necessary purchases for short term needs. Condensed sales are light and powder offerings remain heavy. Milk supplies are heavy and expected to remain so through the holiday weekend. Most contacts feel the seasonal peak is past, but output is holding up very strong. The heat seems to be just starting, but nights are generally cool enough to give the milking herds enough relief to maintain output near peak levels. Clearances to CCC continue to balance the Western NDM market. For the week of June 17-21, net clearances to CCC totaled 17,738,260 pounds. Of this total, 13,440,371 pounds originated from the West. This is the lightest weekly clearance in eight weeks. Increasing interest in high heat powder is noted from the industry. The problem at this time is that many operations don't have plant time available to slow the drying process by making high heat powder.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8700 - .9575 MOSTLY: .8950 - .9025

HIGH HEAT: .9200 - .9400

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 21	\$.8995	17,636,805	11,696,984
June 14	\$.9003	16,277,717	11,153,801

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady market. Trading is nominal. Inventories are mixed with some plants in balance and others running long. Production is beginning to slow, especially as summer heat deters milk output and condensed buttermilk is diverted to ice cream. Production of ice cream continues to lag behind seasonal expectations. Hot summer weather is hoped to increase ice cream demand and movement of dry buttermilk into ice cream facilities. Movement into bakeries and blending facilities is light and mostly contractual.

F.O.B. CENTRAL:

.8000 - .9000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Some improved interest was noted for liquid/condensed buttermilk now that ice cream production is in full swing. However, some ice cream makers will be down for an extra day or two next week and drying will likely increase. Plant stocks are fully adequate for the slow to fair demand. Drying schedules are not as heavy as they were now that churning has eased seasonally.

F.O.B. NORTHEAST:

.7800 - .8350

DELVD SOUTHEAST:

.8000 - .8650

DRY BUTTERMILK - WEST

Prices for Western buttermilk powder continue to weaken. Demand remains very light and lackluster. Buyers, especially ice cream firms, are showing very little interest in buttermilk powder at this time. Manufacturers are confused as to why the interest is this light. Production of powder is heavy and stocks are growing. Some condensed sales are taking place, but overall activity is also light for this form of buttermilk. Some bids are noted from exporters at prices at and below international NDM prices.

F.O.B. WEST:

.7600 - .8000 MOSTLY: .7700 - .7900

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. The prices remain nominal. Production levels are light and geared toward filling contracts. Producer stocks are light. Spot demand is slow to fair.

F.O.B. PRODUCING PLANT:

1.1150 - 1.1850

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH JUNE 21, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)
This program-year's allocation is filled.

CHEESE -- 3,495 MT (7,705,077 LBS)#
This program-year's allocation is filled.
Includes reallocated volumes.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged on a steady to weak market. While movement is considerably better than the week prior, inventories are generally heavy. Some buyers are taking the opinion that prices are low enough to build up stocks for future use, encouraging trade. Export movement is best into Mexico and light elsewhere. Offerings are noted below the range to the West coast. However, to be competitive, Midwest producers need to sell below or near the bottom of the Western price series. Most producers are resistant to selling at this level and prefer to store whey. Production schedules are steady as warmer temperatures reduce milk output into NDM and not cheese. Condensed whey supplies are readily available and difficult to clear at some locations.

F.O.B. CENTRAL: .1500 - .1600 MOSTLY: .1500 - .1600

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally lower and there is little change in the market tone. Nationally, the market tone seems weaker than Eastern producers are portraying it to be. Most producers are clearing output satisfactorily, but a few do have spot loads to clear. At this time, Eastern producers are not too willing to discount prices any further. Some report that milk supplies are starting to tighten seasonally and cheese output is slowing. However, the hot, humid weather is a factor in drying speed and efficiency for some plants and a few did sell several loads of condensed whey this week. Spot demand remains sluggish, but buyers are starting to show a little more interest at current price levels.

F.O.B. NORTHEAST: EXTRA GRADE .1550 - .1650
 USPH GRADE A .1700 - .1875
 DELVD SOUTHEAST: .1800 - .1900

DRY WHEY - WEST

Whey prices in the West are somewhat mixed, but the undertone remains weak. More sellers responded this week to the numbers established by the export tender sale last week. Another tender will be due very soon. Many contacts are noting that sales activity at prices at the low end of the range has improved. The comments from buyers center on the fact that prices are approaching historical low prices of recent history (actually, almost a decade) and that they feel much more comfortable making larger volume purchases at these price levels. Production remains very heavy and has actually increased at some locations. Stocks at many operations are larger than desired and producers are anxious to move additional product.

NONHYGROSCOPIC: .1400 - .1700 MOSTLY: .1400 - .1500

ANIMAL FEED WHEY - CENTRAL

Prices are generally unchanged to lower on steady to weak markets. Trading activity on milk replacer is light due to limited supply availability. Roller ground prices are adjusting lower with the Extra Grade market. Production is steady and supplies are in balance for the mostly contractual interest. Delactose prices are unchanged. Some feed buyers are resisting current prices in light of lower WPC 34% prices. However, since production is lower in response to summer heat and food interest remains good, producers are unfettered by buyer malcontent. Early weaned pig prices are trending lower while the veal trade is steady.

F.O.B. CENTRAL: MILK REPLACER: .1400 - .1500
 ROLLER GROUND: .1450 - .1850
 DELACTOSE (Min. 20% protein): .3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Producers continue to adjust prices lower in an attempt to alleviate heavy stocks. Domestic WPC 80% off grade product is directly competitive with WPC 34% Extra Grade into some feed facilities. Movement is slow into export markets, especially with lackluster NDM markets. Edible interest domestically is improving yet still behind normal seasonal trends. Some producers are opting to sell to resellers instead of end users in order to guarantee payment. Brokers and resellers are finding WPC 34% difficult to clear. Both buyers and sellers are hesitant to speculate where the market will bottom. Production is generally steady. Off grade supplies are readily available for the light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4250 - .4775 MOSTLY: .4300 - .4650

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. More spot activity is noted compared to the week prior. Contract negotiations for third quarter are proceeding very slowly. The 4th of July holiday may hinder negotiations next week, encouraging delays in contract commitments. Some buyers may also commit to lower volumes or contract monthly instead of quarterly in an effort to gain more product on a spot basis at lower prices. Production is mostly steady and inventories are in better balance than the month prior. Some inquiries are noted by candy companies, seeking to secure supplies for holiday demands expected this fall. Export inquiries are heavy from Asia. Excess supplies of Extra Grade lactose are being readily marketed to the feed industry at the lower end of the range. Off grade supplies are available at prices within and below the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 F.O.B. EDIBLE: .1400 - .2625 MOSTLY: .1500 - .2000

CASEIN - NATIONAL

Casein markets remain weak with prices unchanged to lower within the range. Domestic buyers continue to purchase for short term needs with very few concerned about limited availability or firmer prices for the near future. Stocks of both rennet and acid from major sources are readily available and buyers feel that offerings will continue to be fully sufficient for quite some time. Conversations continue on USDA's rejection of all bids pertaining to the sellback of government owned skim milk powder for the production of casein/caseinates. This announcement was not a surprise to most in the industry. The recent increase in manufacturing aids in the EU and the overall perception of readily available stocks in major supplying countries are two factors that potential producers are reviewing in their consideration whether to get involved with domestic production. Many feel that they would need to make a 3 - 5 year commitment to this program with some guaranties on supplies and prices from various vendors before entering into a venture such as this.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.0500 - 2.2500
 ACID: 1.8000 - 2.1000

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are easing now that surplus milk supplies are starting to decline along seasonal patterns. However, a little more milk was available in the Southeast this week. Demand for canned evaporated milk is just fair. Producer stocks are growing which is typical for this time of year.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.50 - 31.00
 Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

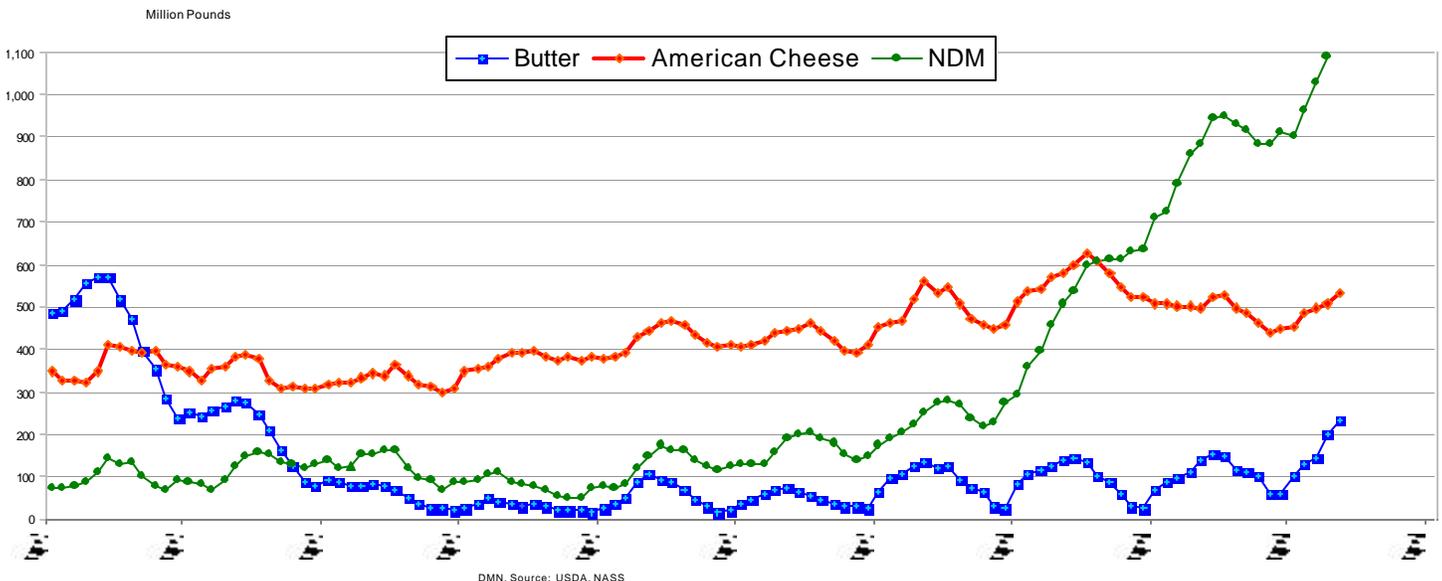
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	APR 30, 2000	APR 30, 2001	REVISED APR 30, 2002	MAY 31, 2000	MAY 31, 2001	MAY 31, 2002
Butter	126,865	112,318	199,157	138,187	138,022	229,950
Cheese, Natural American	569,699	502,951	508,216	578,379	497,400	529,045
Cheese, Swiss	15,041	12,340	15,571	15,538	12,404	15,934
Cheese, Other Natural	209,287	196,474	230,854	217,532	202,304	231,944
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	229	623	2,063	489	653	2,260
Natural American Cheese	24	1,986	626	52	1,741	692

MAY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
New England	21,338	24,343	20,646	---	---	---	798	558	405
Middle Atlantic	45,929	51,349	61,000	---	---	---	14,724	23,315	40,440
East North Central	279,968	220,128	205,705	---	---	---	103,192	101,395	111,911
West North Central	118,759	96,731	130,189	---	---	---	76,159	58,295	65,329
South Atlantic	6,162	5,323	3,843	---	---	---	427	221	112
East South Central	0	0	66	---	---	---	194	170	188
West South Central	458	537	2,938	---	---	---	518	603	279
Mountain	13,118	11,896	9,886	---	---	---	5,281	6,130	2,270
Pacific	92,647	87,093	94,772	---	---	---	16,239	11,617	11,010
TOTAL	578,379	497,400	529,045	138,187	138,022	229,950	217,532	202,304	231,944

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

U.S. Cold Storage Holdings



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2001 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Million Pounds						Million Pounds						Million Pounds					
January	100	68	100	68	<u>3/</u>	<u>3/</u>	454	507	453	505	1	2	900	708	120	145	780	563
February	131	86	129	86	1	<u>3/</u>	485	506	484	504	1	2	966	726	142	138	823	589
March	146	96	144	95	1	1	498	500	497	498	1	2	1,028	791	158	123	871	668
April	199	112	197	112	2	1	508	503	508	501	1	2	1,088	858	155	127	933	731
May	230	138	228	137	2	1	529	497	528	496	1	2		882		134		747
June		153		153		1		522		520		2		945		166		779
July		151		150		1		528		526		2		950		147		803
August		118		117		1		499		497		2		930		109		821
September		111		111		<u>3/</u>		488		486		1		918		103		815
October		101		100		<u>3/</u>		463		462		1		885		100		785
November		58		58		<u>3/</u>		438		438		<u>3/</u>		882		113		769
December		56		55		<u>3/</u>		449		448		1		912		136		776

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Apr 30, 2000	Apr 30, 2001	Apr 30, 2002	May 31, 2000	May 31, 2001	May 31, 2002
	Thousand Pounds					
Butter	126,636	111,695	197,094	137,698	137,369	227,690
Natural American Cheese	569,675	500,965	507,590	578,327	495,659	528,353

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (6-02) and "Dairy Products," Da 2-6 (6-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, JULY

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for July 2002 is \$10.62 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$6.85 and the advanced butterfat pricing factor of \$1.1443. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$6.85. Thus, the Class II skim milk price for June is \$7.55 per cwt., and the Class II nonfat solids price is \$0.8389. **Product Price Averages.** The two-week product price averages for July are, butter \$1.0533, nonfat dry milk \$0.9006, cheese \$1.1792, and dry whey \$0.1663.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	July 2002		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	13.87	10.10	1.1768
Appalachian (Charlotte) ^{5/}	005	13.72	9.95	1.1753
Southeast (Atlanta) ^{6/}	007	13.72	9.95	1.1753
Florida (Tampa) ^{7/}	006	14.62	10.85	1.1843
Mideast (Cleveland) ^{8/}	033	12.62	8.85	1.1643
Upper Midwest (Chicago) ^{9/}	030	12.42	8.65	1.1623
Central (Kansas City) ^{10/}	032	12.62	8.85	1.1643
Southwest (Dallas) ^{11/}	126	13.62	9.85	1.1743
Arizona-Las Vegas (Phoenix) ^{12/}	131	12.97	9.20	1.1678
Western (Salt Lake City) ^{13/}	135	12.52	8.75	1.1633
Pacific Northwest (Seattle) ^{14/}	124	12.52	8.75	1.1633
All-Market Average		13.20	9.43	1.1701

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. ^{6/} Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. ^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. ^{8/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{9/} Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. ^{10/} Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. ^{11/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{12/} Class I price at Las Vegas is minus \$0.35. ^{13/} Class I price at Boise is minus \$0.30. ^{14/} Class I prices at other cities are: Portland, same; and Spokane, same.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAR 2002	176.1	2.6	169.4	3.8	165.1	3.3	170.2	3.8	163.4	7.3	162.8	1.7
APR 2002	176.2	2.5	168.7	3.2	163.1	0.5	171.3	5.5	166.2	7.4	162.5	1.1
MAY 2002	175.8	1.9	169.0	2.6	162.2	-1.8	172.2	4.2	164.2	-3.9	162.4	1.0
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Dollars												
MARCH	2.816	2.760	2.585	2.677	3.060	2.970	3.885	3.723	4.162	3.846	3.819	3.660
APRIL	2.779	2.845	2.590	2.652	3.196	3.009	3.930	3.738	4.107	3.883	3.723	3.651
MAY	2.782	2.893	2.616	2.564	3.215	3.262	3.868	3.862	4.203	3.964	3.800	3.633

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—FEBRUARY-APRIL AND YEAR-TO-DATE 2001-02 ^{1/}

Item	Feb.-Apr. 2001	Percent change ^{2/}	Feb.-Apr. 2002	Percent change ^{2/}	Jan.-Apr. 2001	Percent change ^{2/}	Jan.-Apr. 2002	Percent change ^{2/}
	Million Pounds							
MILK								
Production	41,347	-3.3	42,631	3.1	55,350	-3.7	56,949	3.8
Marketings	41,038	-3.3	42,332	3.2	54,934	-3.7	56,546	3.8
Beginning Commercial Stocks ^{3/}	7,768	-6.5	8,229	5.9	6,839	11.3	7,041	3.0
Imports ^{3/}	1,184	13.3	1,171	-1.1	1,617	23.4	1,586	-1.9
Total Supply ^{4/}	49,990	-3.5	51,732	3.5	63,390	-1.7	65,173	3.6
Ending Commercial Stocks ^{3/}	8,778	-11.6	10,971	25.0	8,778	-11.6	10,971	25.0
Net Removals ^{3/}	47	-82.1	67	42.6	78	-77.8	90	15.4
Commercial Disappearance ^{4/}	41,165	-1.1	40,694	-1.1	54,534	0.6	54,112	0.0
SELECTED PRODUCTS ^{5/}								
Butter	303.6	-2.9	300.2	-1.1	388.9	-1.9	398.7	3.4
American Cheese	874.5	-1.0	873.9	-0.1	1,198.3	3.4	1,188.1	0.0
Other Cheese	1,221.4	1.9	1,230.3	0.7	1,601.2	3.0	1,610.0	1.3
Nonfat Dry Milk	229.0	55.7	132.2	-42.3	276.7	39.5	199.9	-27.3
Fluid Milk Products ^{6/}	13,653.8	0.0	13,604.9	-0.4	18,461.3	0.3	18,424.4	-0.2

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds.

^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, JULY 2002, WITH COMPARISONS ^{1/}												
CITY	JUL 2000			JUL 2001			JUN 2002			JUL 2002		
	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference
Dollars Per Hundredweight												
Atlanta, GA	16.64	15.56	1.08	19.22	18.44	0.78	16.06	14.13	1.93	15.65	13.72	1.93
Baltimore, MD	16.81	15.46	1.35	19.79	18.34	1.45	15.78	14.03	1.75	15.37	13.62	1.75
Boston, MA	16.19	15.71	0.48	19.49	18.59	0.90	15.88	14.28	1.60	15.47	13.87	1.60
Carbondale, IL	16.37	14.66	1.71	19.25	17.54	1.71	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Charlotte, NC	16.64	15.56	1.08	19.22	18.44	0.78	16.06	14.13	1.93	15.65	13.72	1.93
Chicago, IL	16.11	14.26	1.85	18.91	17.14	1.77	14.89	12.83	2.06	14.44	12.42	2.02
Cincinnati, OH	16.38	14.66	1.72	19.32	17.54	1.78	14.84	13.23	1.61	14.43	12.82	1.61
Cleveland, OH	16.08	14.46	1.62	19.12	17.34	1.78	14.64	13.03	1.61	14.23	12.62	1.61
Dallas, TX	16.01	15.46	0.55	18.71	18.34	0.37	15.86	14.03	1.83	15.02	13.62	1.40
Denver, CO	15.66	15.01	0.65	18.59	17.89	0.70	14.43	13.58	0.85	14.02	13.17	0.85
Des Moines, IA	15.30	14.26	1.04	18.35	17.14	1.21	14.20	12.83	1.37	13.79	12.42	1.37
Detroit, MI	15.26	14.26	1.00	18.14	17.14	1.00	14.08	12.83	1.25	13.67	12.42	1.25
Hartford, CT	16.09	15.61	0.48	19.39	18.49	0.90	15.78	14.18	1.60	15.37	13.77	1.60
Houston, TX	16.61	16.06	0.55	19.31	18.94	0.37	16.46	14.63	1.83	15.62	14.22	1.40
Indianapolis, IN	16.18	14.46	1.72	19.12	17.34	1.78	14.64	13.03	1.61	14.23	12.62	1.61
Kansas City, MO	15.40	14.46	0.94	18.55	17.34	1.21	14.79	13.03	1.76	14.38	12.62	1.76
Louisville, KY	15.56	14.66	0.90	18.54	17.54	1.00	14.33	13.23	1.10	13.92	12.82	1.10
Memphis, TN	16.09	15.26	0.83	18.72	18.14	0.58	15.56	13.83	1.73	15.15	13.42	1.73
Miami, FL	19.15	16.76	2.39	21.73	19.64	2.09	18.57	15.33	3.24	18.16	14.92	3.24
Milwaukee, WI	16.06	14.21	1.85	19.01	17.09	1.92	14.99	12.78	2.21	14.54	12.37	2.17
Minneapolis, MN	15.37	14.16	1.21	18.37	17.04	1.33	14.34	12.73	1.61	13.89	12.32	1.57
New Orleans, LA	16.79	16.06	0.73	19.37	18.94	0.43	16.21	14.63	1.58	15.80	14.22	1.58
Oklahoma City, OK	15.86	15.06	0.80	18.74	17.94	0.80	15.28	13.63	1.65	14.87	13.22	1.65
Omaha, NE	15.35	14.31	1.04	18.40	17.19	1.21	14.25	12.88	1.37	13.84	12.47	1.37
Philadelphia, PA	16.98	15.51	1.47	19.96	18.39	1.57	15.95	14.08	1.87	15.54	13.67	1.87
Phoenix, AZ	15.41	14.81	0.60	17.84	17.69	0.15	13.53	13.38	0.15	13.12	12.97	0.15
Pittsburgh, PA	15.86	14.56	1.30	19.34	17.44	1.90	15.13	13.13	2.00	14.72	12.72	2.00
St. Louis, MO	16.17	14.46	1.71	19.05	17.34	1.71	14.28	13.03	1.25	13.87	12.62	1.25
Salt Lake City, UT	14.61	14.36	0.25	17.49	17.24	0.25	13.23	12.93	0.30	12.82	12.52	0.30
Seattle, WA	14.84	14.36	0.48	17.66	17.24	0.42	13.35	12.93	0.42	12.94	12.52	0.42
Spokane, WA	14.84	14.36	0.48	17.66	17.24	0.42	13.35	12.93	0.42	12.94	12.52	0.42
Springfield, MO	15.46	14.66	0.80	18.34	17.54	0.80	14.88	13.23	1.65	14.47	12.82	1.65
Washington, DC	16.81	15.46	1.35	19.79	18.34	1.45	15.78	14.03	1.75	15.37	13.62	1.75
Simple Average	16.03	14.94	1.09	18.92	17.82	1.10	15.04	13.52	1.52	14.60	13.11	1.49

^{1/} Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers. ^{2/} The price series for this city has been discontinued.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 24 - 28, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 6/21/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,999,600	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfort	16,809,411	-0-	16,809,411	531,818,120	334,587,702	1,107,835,000	558,070,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	16,809,411	-0-	16,809,411	531,818,120	362,738,793	1,154,226,000	596,297,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 24 - 28, 2002 =	3.7	195.7	COMPARABLE PERIOD IN 2001 =	3.6	189.5
CUMULATIVE SINCE OCTOBER 1, 2001 =	117.0	6,190.4	CUMULATIVE SAME PERIOD LAST YEAR =	182.0	4,331.9
CUMULATIVE JANUARY 1 - JUNE 28, 2002 =	100.1	5,294.5	COMPARABLE CALENDAR YEAR 2001 =	66.5	2,849.3

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 24 - 28, 2002 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	611,832	-0-	
WEST	-0-	-0-	-0-	-0-	-0-	-0-	14,288,010	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	1,909,569	-0-	

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,995,440	29,989,453	5,535,879	5.6	48.6
WEST	-0-	-0-	-0-	5,039,919	460,822,689	357,202,914	86.7	50.6
EAST	-0-	-0-	-0-	39,600	41,005,978	-0-	7.7	0.8
TOTAL	-0-	-0-	-0-	11,074,959	531,818,120	362,738,793	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848
CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239
NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/01/02 & Comparable Week 2001

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2002-Dairy	0.2	0.7	5.6	4.5	18.7	1.6	0.3	0.6	11.8	2.2	46.1	1,114.2	42.6	46.4
2001-Dairy	0.2	0.7	5.2	4.6	20.0	2.2	1.5	0.8	8.9	1.9	46.1	1,198.9	43.0	47.7
2002-All cows	0.2	0.9	7.6	12.5	29.3	16.3	15.7	3.4	16.4	5.8	108.1	2,400.5		
2001-All cows	0.2	0.9	6.9	14.2	28.6	14.8	17.5	5.0	12.6	6.4	107.1	2,513.7		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62					
II	12.69	12.28	12.19	11.88	11.29							
III	11.87	11.63	10.65	10.85	10.82							
IV	11.93	11.54	11.42	11.09	10.57							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm