

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (07/19):
BUTTER: Grade AA closed at \$1.0450. The weekly average for Grade AA is \$1.0133 (+.0183).

CHEESE: Barrels closed at \$1.0450 and blocks at \$1.0675. The weekly average for barrels is \$1.0745 (+.0055) and blocks, \$1.0865 (-.0035).

NONFAT DRY MILK: Extra Grade closed at \$0.8950 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.8950 (N.C.) and Grade A, \$0.9090 (+.0090).

BUTTER: The market tone is slightly firmer. Until Friday's trading, the cash price at the CME had been at or just below a dollar for two weeks. That was the longest period of stable pricing at the CME this year. Churning activity in most areas of the country has declined rather significantly since late June. Stocks of butter are ample and any additional bulk spot needs are being filled from inventories. Spot demand for bulk butter is fair. Retail movement is slower than desired and often attributed to prices holding above \$3.00 a pound at retail in many parts of the country.

CHEESE: The cheese market is unsettled. Cheese and milk production have declined due to recent heat and humidity through much of the country. Cheese yields have also declined. Ample quantities of current cheddar still eligible for sale on the Chicago Mercantile Exchange are available. Demand for specialty varieties is improving for some producers while still sluggish for others. Some in the industry expect CCC to purchase cheese offered under the price support program any day though none has yet occurred. The Kansas City (KCCO) Commodity Office announced the sale of 1,329,147 pounds of aged blocks at \$.7000 - 1.1000 per pound under Invitation #5 to announcement DSC1. KCCO also sold 926,189 pounds of aged barrels at \$0.5550 - .08669. About 634,000 pounds of cheese offered for sale in this invitation were not sold.

FLUID MILK: Milk production is being impacted by hot, summertime weather conditions across much of the United States. Solid's and milkfat levels are also declining. In California, milk output levels are noted to be 2-10% lower than week ago levels following numerous record high temperatures. The "monsoon season" started in Arizona and the humid conditions and rains caused milk levels to drop. Declines are also noted in the Northwestern states and the culprit is hot and humid conditions. In the Midwest, processors are seeing milk volumes staying lower with occasional rebounds from recent declines. Eastern milk supplies have tightened and component levels have declined to expected summer levels. Florida is generally balanced this week and is expecting to begin importing milk in the next few weeks. Cream markets remain weak and demand has not responded. Supplies are trending lower.

DRY PRODUCTS: Market conditions are holding mostly steady for dry dairy products. Declining milk supplies often translate into less finished dairy products, but the change often means that less surplus products are available. Nonfat dry milk prices are mostly steady with some price increases noted. The market tone remains weak with heavy weekly offerings continuing to the support program. The CCC announced they are requesting dairy suppliers to offer up to 25,000 MT of medium heat NDM under the price support program to meet export program needs. (See: www.fsa.usda.gov/daco/procure.htm) Dry buttermilk prices are mostly unchanged in light trading. Market conditions are stagnant with buying interest light. Dry whey prices are lower in the West, reflecting lower export prices. Supplies are overall adequate for trade needs, but sometime not available at specific plants. Lactose

markets are unsettled with prices holding steady. Offerings are ample to heavy. WPC prices are unchanged, but the tone of the market is weak. Supplies of other domestic and imported protein sources are lower and affecting demand for 34% WPC.

CCC: During the week of July 15 - 19, CCC purchased 21,781,139 pounds of NDM. A total of 947,922 pounds originated in the East, 1,918,279 pounds from the Midwest, and 18,914,938 from the West.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for August 2002 is \$10.48. This price is derived from the advanced Class IV skim milk pricing factor of \$6.86 and the advanced butterfat pricing factor of \$1.1022 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for August is \$7.56 and the Class II nonfat solids price is \$0.8400 per pound. The following are the two-week product price averages: butter \$1.0188, nonfat dry milk \$0.9025, cheese \$1.1098, and dry whey \$0.1552.

JULY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Dairy production is adjusted fractionally higher. Demand for fat-basis products remains relatively weak and commercial stocks have been growing. Cheese and butter prices are expected to decline through the end of 2001/02 and sales to CCC of cheese and nonfat dry milk are expected to increase. The forecast for Class III milk is reduced to \$11.00-\$11.10 per cwt. and the forecast for Class IV is lowered to \$11.15-\$11.35. The all milk price is projected lower than last month. Price weakness is expected to continue into 2002/03 as large commercial stocks of dairy products will burden the market through much of the year. Projected CCC net removals of nonfat dry milk are raised from last month. Class III milk prices are projected at \$9.85-\$10.75, and Class IV prices are also lowered to \$10.50-\$11.60. The all milk price is forecast at \$11.60-\$12.50.

JUNE MILK PRODUCTION (NASS): Milk production in the 20 major states during June totaled 12.3 billion pounds, up 2.0% from June 2001. May revised production, at 13.0 billion pounds, was up 3.0% from May 2001. The May revision represented a decrease of 0.2% or 25 million pounds from last month's preliminary production estimate. Production per cow averaged 1,579 pounds for June, 24 pounds (2.7%) above June 2001. The number of cows on farms was 7.78 million head, 29,000 head (0.4%) more than June 2001, and 16,000 head more than May 2002. The April-June quarterly production of milk for the U.S. was 44.0 billion pounds, 3.0% above the April-June period last year. The average number of milk cows in the U.S. during the April-June quarter was 9.15 million head, 33,000 head more than the same period last year.

JUNE FEDERAL MILK ORDER PRICE AND POOL SUMMARY (AMS): During June, about 10.6 billion pounds of milk were received from producers. This volume of milk is 3.4% higher than the June 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.3%.) About 3.4 billion pounds of producer milk were used in Class I products, 4.7% below the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization were; Class I = 32%, Class II = 10%, Class III = 46%, and Class IV = 12%. The weighted average statistical uniform price was \$11.63, \$0.39 lower than last month, and \$4.73 lower than last year.

****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 JULY 15	TUESDAY JULY 16	WEDNESDAY JULY 17	THURSDAY JULY 18	FRIDAY JULY 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1025 (-.0025)	\$1.1000 (-.0025)	\$1.0800 (-.0200)	\$1.0450 (-.0350)	\$1.0450 (N.C.)	-.0600	\$1.0745 (+.0055)
40# BLOCKS	\$1.1050 (-.0150)	\$1.1000 (-.0050)	\$1.0925 (-.0075)	\$1.0675 (-.0250)	\$1.0675 (N.C.)	-.0525	\$1.0865 (-.0035)
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.)	\$.9050 (+.0050)	\$.9200 (+.0150)	\$.9200 (N.C.)	+.0200	\$.9090 (+.0090)
BUTTER							
GRADE AA	\$.9950 (N.C.)	----	\$1.0000 (+.0050)	----	\$1.0450 (+.0450)	+.0500	\$1.0133 (+.0183)

*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

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 15, 2002

CHEESE — SALES: 3 CARS 40# BLOCKS: 2 @ \$1.1300, 1 @ \$1.1100; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0700; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1025; 2 CAR 40# BLOCKS: 1 @ \$1.1050, 1 @ \$1.1300
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$0.9900; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.0000

TUESDAY, JULY 16, 2002

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1150, 1 @ \$1.1300, 1 @ \$1.1000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0700; 1 CAR 40# BLOCKS @ \$1.1000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1000
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 17, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.0925; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.0800, 1 @ \$1.0975, 1 @ \$1.1000, 1 @ \$1.1100, 1 @ \$1.1200; 1 CAR 40# BLOCKS @ \$1.0925
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 5 CARS GRADE A @ \$0.9050; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 2 CARS GRADE AA @ \$1.0000; BIDS UNFILLED: 5 CARS GRADE AA: 3 @ \$1.0000, 1 @ \$0.9950, 1 @ \$0.9900; OFFERS UNCOVERED: NONE

THURSDAY, JULY 18, 2002

CHEESE — SALES: 3 CARS BARRELS: 2 @ \$1.0775, 1 @ \$1.0550; 2 CARS 40#BLOCKS: 1 @ \$1.0925, 1 @ \$1.0800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 14 CARS BARRELS: 1 @ \$1.0450, 1 @ \$1.0500, 1 @ \$1.0525, 4 @ \$1.0600, 2 @ \$1.0650, 2 @ \$1.0700, 1 @ \$1.0750, 2 @ \$1.0800; 4 CARS 40# BLOCKS: 1 @ \$1.0675, 1 @ \$1.0700, 1 @ \$1.0725, 1 @ \$1.0925
 NONFAT DRY MILK — SALES: 5 CARS GRADE A @ \$0.9200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 8 CARS GRADE A @ \$0.9200

FRIDAY, JULY 19, 2002

CHEESE — SALES: 10 CARS 40# BLOCKS: 4 @ \$1.0700, 1 @ \$1.0750, 1 @ \$1.0800, 1 @ \$1.0825, 3 @ \$1.0675; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.0450, 1 @ \$1.1000; 6 CARS 40# BLOCKS: 2 @ \$1.0700, 1 @ \$1.0750, 1 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0850
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 10 CARS GRADE AA: 1 @ \$1.0100, 1 @ \$1.0075, 1 @ \$1.0500, 1 @ \$1.0550, 1 @ \$1.0575, 1 @ \$1.0400, 2 @ \$1.0450, 1 @ \$1.0550, 1 @ \$1.0450; BIDS UNFILLED: 10 CARS GRADE AA: 3 @ \$1.0450, 3 @ \$1.0400, 2 @ \$1.0300, 1 @ \$1.0250, 1 @ \$1.0100; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The market tone is steady and weak. At the CME, the price of butter has held for four consecutive sessions at \$.9950 (through 7/15). Some contacts now wonder if this price will hold "for awhile." Although churning activity is slipping as milk and cream supplies tighten, inventoried stocks of butter remain very heavy. Demand for bulk and packaged butter is seldom better than fair, but it is hoped that some buyers will start to show more interest if prices do hold at current levels. Some printers continue to meet orders via microfixing. Unlike years past, Eastern producers are not purchasing any Western butter as a supplement to their own stocks. Food service orders are about steady and retail sales are just fair. 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 market tone and price held steady for most of the past week, but firmed slightly at midweek. The current price is \$.80 lower than last at this time. Although the cash price at the CME firmed 1/2 cent to \$1.00, many producers and handlers were not overly surprised. Cream offerings have tightened. Increased Class II demand, especially for ice cream and lower butterfat tests on incoming milk are two of the factors for lighter cream supplies for churning. In most instances, butter producers are still getting the cream volumes from their regular sources, but the additional spot offerings have disappeared. Churning activity is seasonally active, although lighter than current demand is dictating. Often

inventoried stocks are being used to fill all needs. Overall demand is fair at best. More buyers are returning to the marketplace for replacement needs following the 4th of July holiday. Scattered retail feature activity continues to be reported which is clearing good volumes of print butter. Food service orders are good. The summer vacations season in the Midwestern part of the country is reported as strong, thus attracting good sales at restaurants and vacation area food establishments. 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

Hot weather is beginning to curtail churning activity in the region as surplus milk volumes disappear. Demand for cream from ice cream operations is rated as fair, but not aggressive at all. Retail sales are improving with more competitive pricing noted. Food service orders, especially to vacation areas, are rated as good. Some producers are more comfortable holding on to their stocks of butter as the summer progresses. End users are not showing much concern about butter stocks for later in the year. They seem to believe that inventories are large enough to cover most future needs. Some are drawing down frozen stocks at this time instead of using fresh butter. Weekly CME butter stocks declined for the second week in a row to 149.9 million pounds. Current prices for bulk butter range from 5 cents under to flat market based on the CME with various time frames and averages.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
JUL 13	1.0933 7,833,458	1.0739 11,296,523	0.9025 32,263,792	1.0102 2,939,511	0.1539 13,520,009	1.3866 2,572,775	1.3714 4,048,162

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 up on process and natural cheddar items, unchanged on Swiss. The market tone remains weak, but is more unsettled. After being below the support purchase price since mid-June, the CME cash cheddar cheese prices bounced up to the support level on July 11. Since then (through 7/15) suppliers have been easily filling any bids that may be placed. In the Northeast, cheese output is easing as the surplus milk supplies are drying up. Supplies of most cheeses are more than adequate to meet the current, slow to fair demand. Best interest seems to be for process cheese at fast food and resort-area outlets. Retail sales are just fair, but improved in the traditional vacationing spots.

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

Cheddar 10# Prints	:	1.1525-1.6375
Cheddar Single Daisies	:	1.1100-1.5700
Cheddar 40# Block	:	1.2300-1.4400
Process 5# Loaf	:	1.2800-1.4600
Process 5# Sliced	:	1.3000-1.5725
Muenster	:	1.3125-1.5200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled, though the undertone is firmer. According to traders, ample volumes of "pre-hot spell" cheese are still in the pipeline and available for sale as current cheese at the Chicago Mercantile Exchange. As this volume disappears, prices could increase soon. Industry watchers are expecting cheese sales to CCC to occur any day under the price support program. Current demand is steady to occasionally improved on natural. A few plant operators have flooded their cheese base price at the support price rather than follow the market. Process production is steady to heavier with some product prepared for sale to CCC, either under the price support program or under the yearly contracts. Swiss sales have been sluggish in recent weeks so inventories have built at some plants. Mozzarella movement is steady to just occasionally improved. The Kansas City (KCCO) Commodity Office announced the sale of 1,329,147 pounds of aged blocks at \$.7000-1.1000 per pound under Invitation #5 to announcement DSC1. KCCO also sold 926,189 pounds of barrels at \$.5000 - .08669. About 634,000 pounds offered for sale in this invitation was not sold.

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

Process American 5# Loaf	:	1.2500-1.5400
Brick And/Or Muenster 5#	:	1.5100-1.6500
Cheddar 40# Block	:	1.4600-2.1150
Monterey Jack 10#	:	1.6900-2.1150
Blue 5#	:	1.8425-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3950-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.8000-2.6850

MIDWEST COMMODITY CHEDDAR

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

CHEDDAR STYLES	:	JULY 15 - 19, 2002
BARRELS*	:	\$1.0800 - 1.1200 (NOMINAL)
	:	(\$.0450) (.0525)
40# BLOCKS	:	\$1.0900 - 1.1200 (NOMINAL)
	:	(\$.0400) (.0175)

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

WEST

Natural and process cheese prices increased for the first time in seven weeks. Indications are that traders believe that milk production is disappearing fast enough because of the hot weather to impact cheese offerings to the trade. Other contacts are not sure if a real bottom has been put in. Some cheese end users are stocking up because they see no downside price risk. Other firms don't see that as a good strategy and they are still going hand to mouth. Demand for barrels and blocks seems to have evened out at this point in time. Under grade supplies of cheese are fairly current. Demand for mozzarella is only fair at best. Swiss cheese is in pretty good shape for this point in time. Production of cheese at most plants in the Western region has declined seasonally due to the warm weather.

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

Process 5# Loaf	:	1.2200-1.4800
Cheddar 40# Block	:	1.2100-1.3500
Cheddar 10# Cuts	:	1.3900-1.6100
Monterey Jack 10#	:	1.4000-1.5650
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are steady to higher, particularly on domestic styles. The market tone is unchanged. Demand for foreign type and/or imported cheese ranges from slow to fair at best. Supplies of most styles and types are adequate to meet current needs. Reports indicate the EU cheese prices are leveling off at the low end of this particular price cycle. This would generally interest importers, but with the Euro reaching parity with the U.S. dollar, the exchange rate is not as attractive as it has been for U.S. importers.

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	: 1.4500-2.9400*
Gorgonzola	:	3.2400-5.9400	: 1.9500-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.8700-2.9400*
Romano (Italy)	:	2.1000-3.1500	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.4575-1.6825*
Romano (Cows Milk)	:	-0-	: 2.6475-4.8275*
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
07/15/02	71,763	:	143,281
07/01/02	70,355	:	140,061
CHANGE	1,408	:	3,220
% CHANGE	2	:	2

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	2	0	45	27	0
SOUTHEAST STATES	0	0	0	0	42	0

Regional Milk Market Administrators announced the following, June 2002 uniform prices: Northeast \$12.38, Mideast \$11.24, Southeast \$12.69, Florida \$14.44, and Western New York (a state order) \$11.82 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk supplies have tightened in most areas of the East. Declines in milk output were significant early in July, but seem to be level now that temperatures have moderated slightly. Plant contacts report fewer incoming loads now that haulers have consolidated their routes. This is typical for this time of year. Also, fat and protein test have fallen to summer-time levels. Florida handlers report being nicely balanced this week and expect to start importing milk in the next week or two. A slow Class I milk demand in Florida is keeping the need for milk lower than expected. Class I milk sales are reported as slow throughout the region. Bottlers have been "filling in" operating schedules with fruit drinks and water, which are good sellers during hot weather. Surplus milk volumes are tighter and manufacturing schedules have been reduced accordingly. Most Eastern cheese and butter/powder plants have cut back operations by at least one day a week. The condensed skim market seems firmer and prices are steady to lower on Class III spot sales; steady on Class II. Demand for wet solids is steady to slightly improved. The fluid cream market is firm. Supplies are tighter and many producers have had to purchase supplemental loads to meet their commitments. Demand is good and improving. Spot prices are lower, but multiples have increased noticeably from late-June levels. The CME average butter price was off five cents from the previous week. Most Eastern butter makers are selling cream into Class II channels and doing very little or no churning. Ice cream consumption is seasonally high, particularly soft serve. The hot weather has greatly affected frozen dairy product sales and producers are running at or near capacity levels to keep pace. Cream cheese production is about steady.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3532-1.4129
DELIVERED EQUIVALENT ATLANTA	-	1.3532-1.4328 M 1.3731-1.4129
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3333-1.4129

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9200- 1.0300
NORTHEAST- CLASS III - SPOT PRICES	- .8000- .9300

M I D W E S T

Warm summer weather accompanied by frequent elevated humidity continue to blanket much of the region. While temperatures cooled off for a few days, temperatures in the mid to upper 80's and even low 90's have returned. The impact on already stressed cows is continuing with plant intakes steady to lower though a couple plants had seen slight rebounds. Many areas in the region remain very dry, affecting crop condition as well as reducing yields of alfalfa and affecting grass supplies for grazers. Mormon cricket and grasshopper infestations in states like Nebraska are not helping with crops. Class I demand was steady to often slower, particularly in markets with recent retail promotional activity. Manufacturing milk demand is improving, aided by some limited firmness in product prices as well as reduced intakes from regular patrons. Reported spot prices paid range from \$1.00 to about \$2.00 over class fob. A few plant operators with extra milk to sell over the weekend are after higher prices though no sales were reported. Orders on specialty products are picking up, especially with the tighter milk supplies expected when schools reopen in a few weeks. Cream interest is good early in the week and as usually slower after midweek. Condensed skim sales are steady to improved. Manufactured

product yields are at low, summer levels as fat and protein tests on incoming milk supplies have also been affected by the heat. The June estimated milk production in selected Midwestern states compared with June 2001 is: Wisconsin 1.842 billion pounds, down 41 million pounds (-2.2%); Minnesota 708 million pounds, off 39 million pounds (-5.2%); Michigan 500 million pounds, down 5 million pounds (-1.0%), and Iowa 317 million pounds, up 3 million pounds (1.0%).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.50- 40.00	\$ 40.00- 46.00
REPLACEMENT HEIFER CALVES	\$450.00-590.00	\$380.00-570.00

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

	JULY 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 42.50	\$ 40.00- 50.00

W E S T

June 20-states milk production totaled 12.3 billion pounds, 2.0% higher than June 2001. June 2002 output for selected Western states compared to last year is as follows: Arizona +7.0%, California +5.1%, Idaho +5.0%, New Mexico +14.4%, and Washington +1.7%. Milk cows increased 118,000 head over year ago numbers in these five states. The August 2002 Class 1 prices in CALIFORNIA range from \$12.32 in the north to \$12.60 in the south. The statewide average Class 1 price based on production is \$12.38, \$0.19 lower than July 2002 and \$4.72 lower than August 2001. Temperature levels declined from record highs last week, but remain hot enough in California. Milk intakes at plants were noted to be lower within the state from 2 to 10%. The affects were expected to remain. Lower intakes were doubly hard on processors with supply contracts to others. They had to take additional milk out of their plants to fill in for the ordered milk. With low prices for finished dairy products, this was sometimes welcomed. The milk flow remained better in the more temperate milk producing areas of northern California. The Central Valley and far southern California continued to have problems with the heat. There are concerns about the number of cows that are currently freshening and the impact the heat will have on these cows initially and throughout their lactation cycles. The often overlooked story with the heat is the incredible management at the farm level to keep the cows producing milk at the volumes they are. The monsoon season return to ARIZONA early this week and brought high humidity, high winds, and spotty heavy rainfalls. The impact on the milking herds was noticeable at the plant level, where less milk was being processed. Hot and wet conditions have been common over much of the milk producing areas of NEW MEXICO during the past few weeks. Milk production levels are trending down from the seasonal peak. Milk is being handled efficiently through normal marketing channels. Western CREAM markets are not doing anything spectacular this week. The decline in milk production and fat levels was expected to help balance the whole cream scene, but that has not happened. Cream is slow to move beyond contracts and movements to ice cream plants are slower than expected. The CME butter price is holding mostly steady and was standing at \$1.00 even on 7/17. Western multiples are often lower and in the 112 to 128 range, F.O.B. Hot weather conditions are continuing to take a toll on milk production in the PACIFIC NORTHWEST. The warm conditions are moderating this week so that stress levels are being reduced on the milking herd. Hay quality levels are not up to expectations in some parts of the region. Milk producers are watching grain prices firm and wondering if they should book grain for future needs. Heifer prices are down about \$150-250 from last month. Demand for heifers is lighter because of the declining milk pay prices. Some record setting heat along with higher than normal humidity in IDAHO and UTAH are causing a more rapid decline in milk production. The wind storm over the past weekend did not disrupt milk production to any great extent. Producers expect some slight rebound as temperatures cool somewhat, but it is late enough in the lactation period that much relief is not expected. Heifer prices in the region are down about \$200 from last month. Lower milk prices seem to be impacting the short run outlook for dairy producers. Much of the second cutting of hay is down and some has been baled. Quality appears to be good and yields are about at expected levels.

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: Low/medium heat NDM prices are holding mostly steady while higher on the top end of the range. The declining milk supplies in the region are affecting drying schedules and less current NDM is available. Demand is often better from cheese producers standardizing and fortifying incoming milk. Producers are trying to capture better returns as supplies tighten locally. However, NDM is available from the West and from resellers in the Midwest. Imported NDM is also being shown. Additionally, alternative protein products are readily offered at prices more competitive on a price per unit of protein basis. High heat prices are higher in generally light, seasonal trading. Production is occasionally higher where drying time is available. CCC purchases are noted from the Central region for the current week.

EAST: Prices are mostly steady in the East. The market tone is firming slightly as schedules are lighter at most Eastern plants. The combination of tighter milk volumes and improved condensed skim sales has allowed some dryers to reduce dryer operations. Producer inventories are in slightly better balance, but Eastern NDM was offered to CCC this week. Demand for NDM remains lackluster, but interest for high heat is still quite good. On July 15, CCC issued an announcement requesting suppliers to offer, under the Milk Price Support Program, 25,000 MT of medium heat NDM to meet export program needs. For more information see the following website: www.fsa.usda.gov/daco/procure.htm

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .9000 - .9600 MOSTLY: .9000 - .9200
 HIGH HEAT: .9500 - 1.0100

NONFAT DRY MILK - WEST

Prices are unchanged for Western low/medium heat NDM. The weakness in the marketplace continues. Milk production is lower as hot, summertime conditions impacted the region. Drying schedules are lower as less milk is available for drying. This is mostly welcomed and should decrease the surpluses. However, sales of surplus NDM to the CCC are expected to continue. Past DEIP contract orders are being filled and production of medium heat NDM is higher. During the week of July 8 - 12, adjusted support program purchases totaled 15,732,630 pounds of NDM with 15,336,401 pounds from the West. High heat prices are unchanged with little product trading currently on a spot basis. Production is steady to lower. Demand is fair and generally moving under contracts.

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
July 12	\$.8982	19,934,187	13,188,269
July 5	\$.8997	10,872,341	6,934,852

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

Dry buttermilk prices are holding steady. There continues to be limited trading activity within the region. Producers with stocks would like to move some stocks, but are not currently willing to lower prices to make this happen. Production is trending lower and reflects less milk and cream locally, along with some improvements in condensed buttermilk usage. Offering levels remain adequate to long for the current light demand.

F.O.B. CENTRAL: .8000 - .8500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Eastern prices remain nominal. Production levels are lighter as churning activity in the East has eased and sales of condensed clears a larger percentage of the available buttermilk. Producers and traders alike report a relatively lackluster demand for dry buttermilk. Producers stocks are in fairly good balance.

F.O.B. NORTHEAST: .7600 - .8350
 DELVD SOUTHEAST: .7800 - .8650

DRY BUTTERMILK - WEST

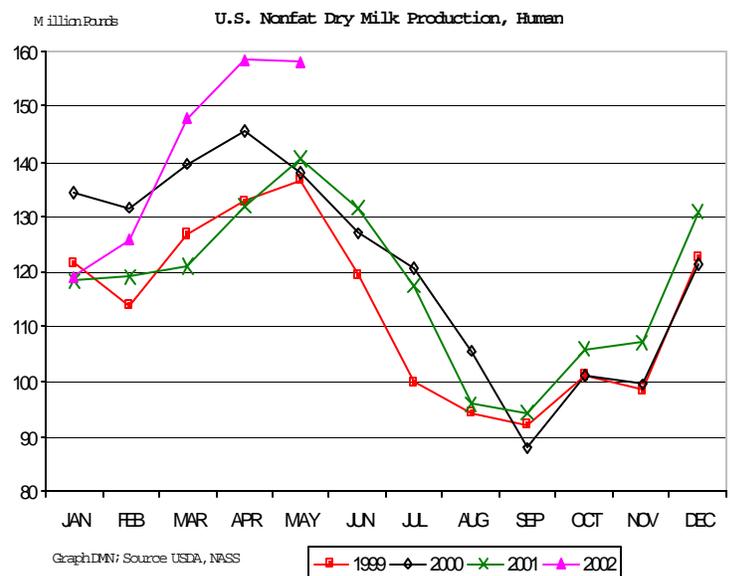
Prices are mostly steady, but higher on the bottom end of the range. The market tone remains weak as offerings at current prices are failing to clear. Drying is lighter this week as churning is lower with less milk and cream supplies. Buyers are reluctant to take buttermilk at current pricing levels. Lower bids are being rejected by producers. Substitute products remain available for current and future needs at prices well below the bottom of the range. Stocks remain heavy at the plants.

F.O.B. WEST: .7300 - .7950 MOSTLY: .7400 - .7600

DRY WHOLE MILK - NATIONAL

Prices are nominal and unchanged. Some adjustments higher and lower were noted within the range. The market tone is steady. Production levels remain light and geared toward filling contracts. Producers are keeping their stocks light, a typical move during the hot, summer months. Spot demand is slow.

F.O.B. PRODUCING PLANT: 1.1150 - 1.2000



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

Dry whey price are holding mostly steady this week. The market tone is slightly unsettled. The decline in milk intakes has helped producers by not having to make as much dry whey in the process. Whey supplies are most often adequate for buyers, but not always at every plant. Demand is going well for contract sales, but often sporadic from spot accounts. Stocks vary from light to moderately heavy.

F.O.B. CENTRAL: .1500 - .1625 MOSTLY: .1525 - .1575

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are little changed and the market tone is steady. The hot weather has helped tighten the surplus milk supply and most Northeastern cheese makers have reduced operating schedules by at least a day a week. The heat also impacts dryer efficiencies, but this has not been a major factor in dry whey output so far this summer. Dry whey output is lighter and producer stocks appear to be in better balance. However, spot loads are available and buyers do not seem to have any difficulty finding desired volumes. Overall demand remains lackluster. Producers are clearing most of their output via contracts. However, traders and producers continue to report a continued slow, quiet spot market. Buyers seem to come back into the market as needed, for replacement volumes.

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

DRY WHEY - WEST

Prices moved lower again on a weak market. Plants continue to try to keep inventories under control. Often this means reducing prices to hold on to accounts or to grab new accounts. Some additional sales activity, coupled with declining production, is helping to tighten the supply/demand situation. Only time will tell if it is successful in the short run. Protein markets, overall, are very competitive from many different sources.

NONHYGROSCOPIC: .1225 - .1575 MOSTLY: .1375 - .1500

ANIMAL FEED WHEY - CENTRAL

Milk replacer prices are slightly lower. Whey producers are having a harder time drying whey with the hot and humid conditions in the region. More offgrade whey is being produced, but not at levels above expectations. Product is moving fairly well. Roller ground prices are steady. Drying schedules are declining with less condensed whey available. Demand is fair to good. Delactose prices are unchanged. Weather conditions make drying delactose more difficult and slow production schedules. Buying interest is good and accounts are clearing commitments.

F.O.B. CENTRAL:
MILK REPLACER: .1350 - .1475
ROLLER GROUND: .1450 - .1850
DELACTOSE (Min. 20% protein): .3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices are holding mostly steady. The market undertone is unsettled to weak. The overall availability of protein products in the U.S. provides buyers with many alternatives to 34% WPC. Low-priced 80% WPC from domestic and import sources is prevalent. The CCC also announced a limited invitation for competitive offers of 216,356 pounds of NDM for uses other than human consumption. Production levels are trending seasonally lower. Stocks remain overall heavy.

F.O.B. EXTRA GRADE 34% PROTEIN: .4175 - .4650 MOSTLY: .4300 - .4475

LACTOSE - CENTRAL AND WEST

Lactose prices are reported as unchanged, although there were some price declines within the range. Negotiations continue on third quarter contract prices and volumes, although many producers have contracts locked up. Generally, pricing levels have declined from the second quarter. Domestic and export accounts are active. Drying schedules are trending seasonally lower, especially with hot weather limiting milk output. Lactose stocks tend to vary, but are adequate for current needs. Some brands are in tighter positions.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1400 - .2250 MOSTLY: .1500 - .1700

CASEIN - NATIONAL

Casein markets remain weak as prices generally hold steady. Stocks of both rennet and acid are reported to be readily available for domestic buyer needs. In most instances, buyers are purchasing for short term needs and they are not carrying much inventory. Buyers indicate that they feel the market will remain weak and stocks are fully sufficient that they do not have to purchase too far into the future. Potential domestic producers continue to question when the second round of government offerings of skim milk powder will be announced, and the subsequent bid outcome.

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 - 2.1500
ACID: 1.8000 - 2.0000

EVAPORATED MILK - NATIONAL

Prices are unchanged on a steady market. Sales are seasonally slow and mostly for replacement and/or contractual volumes. Milk supplies are tighter and some operating schedules have been adjusted lower.

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.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/02	07/03	07/04	07/05	07/08	07/09	07/10	07/11	07/12	07/15	07/16
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.											
JUN 02	10.10 (2629) 0	10.10 (2544) 0	NO TRADING	10.09							
JUL 02	9.43 (3102) 47	9.30 (3102) 2		9.25 (3110) 9	9.30 (3110) 9	9.35 (3109) 9	9.35 (3112) 67	9.35 (3117) 3	9.35 (3115) 1	9.35 (3116) 0	9.35 (3112) 1
AUG 02	10.43 (2762) 100	10.27 (2770) 14		10.25 (2775) 51	10.30 (2810) 54	10.42 (2831) 87	10.49 (2828) 116	10.53 (2836) 82	10.40 (2869) 50	10.38 (2842) 135	10.35 (2901) 143
SEP 02	11.85 (3125) 106	11.70 (3121) 12		11.70 (3136) 41	11.75 (3153) 45	11.90 (3149) 85	12.04 (3146) 184	12.10 (3160) 76	11.95 (3181) 51	11.90 (3207) 67	11.88 (3217) 142
OCT 02	11.88 (2127) 25	11.75 (2127) 4		11.70 (2127) 30	11.75 (2131) 26	11.95 (2135) 14	12.05 (2137) 55	12.06 (2159) 41	11.97 (2176) 31	11.90 (2213) 65	11.84 (2284) 112
NOV 02	11.76 (1151) 8	11.70 (1152) 3		11.68 (1163) 20	11.68 (1165) 5	11.75 (1178) 21	11.99 (1201) 82	12.04 (1210) 43	11.95 (1223) 17	11.87 (1256) 33	11.84 (1261) 15
DEC 02	11.65 (902) 7	11.61 (902) 2		11.58 (910) 20	11.58 (914) 5	11.63 (916) 4	11.70 (956) 83	11.77 (955) 29	11.77 (954) 8	11.70 (973) 39	11.70 (987) 17
JAN 03	11.50 (226) 2	11.48 (226) 0		11.48 (226) 5	11.48 (219) 9	11.50 (219) 5	11.50 (220) 23	11.57 (219) 4	11.57 (219) 18	11.56 (218) 2	11.56 (220) 9
FEB 03	11.50 (197) 3	11.48 (197) 0		11.48 (197) 5	11.48 (192) 10	11.48 (193) 3	11.50 (206) 25	11.60 (206) 1	11.60 (206) 0	11.59 (206) 0	11.58 (208) 6
MAR 03	11.50 (107) 2	11.50 (107) 0		11.50 (111) 6	11.50 (111) 3	11.51 (111) 21	11.52 (122) 16	11.60 (122) 1	11.60 (132) 10	11.60 (133) 1	11.55 (136) 6
APR 03	11.45 (92) 2	11.45 (92) 0		11.43 (95) 5	11.43 (93) 2	11.44 (93) 0	11.44 (100) 9	11.50 (100) 0	11.50 (100) 0	11.50 (100) 0	11.50 (105) 7
MAY 03	11.59 (78) 1	11.56 (78) 0		11.55 (78) 6	11.55 (78) 0	11.55 (78) 0	11.55 (84) 9	11.60 (83) 1	11.60 (83) 0	11.60 (83) 0	11.60 (84) 4
JUN 03	11.89 (46) 1	11.89 (46) 0		11.89 (47) 1	11.88 (48) 1	11.87 (48) 0	11.87 (51) 3	11.90 (51) 0	11.90 (51) 0	11.90 (56) 10	11.87 (57) 2
JUL 03	12.20 (28) 0	12.25 (28) 0		12.25 (28) 0	12.25 (28) 0	12.25 (28) 0	12.25 (29) 1	12.25 (29) 0	12.25 (29) 0	12.25 (30) 1	12.15 (31) 1
AUG 03	12.06 (2) 0	12.10 (2) 0		12.10 (2) 0	12.10 (2) 0	12.10 (2) 0	12.10 (3) 1	12.10 (3) 0	12.10 (3) 0	12.10 (4) 1	12.10 (5) 2

CME - CLASS IV MILK FUTURES - Dollars per cwt.

JUN 02	10.48 (335) 0	10.48 (333) 0	NO TRADING	10.52							
JUL 02	10.51 (513) 0	10.51 (513) 0		10.51 (513) 20	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0
AUG 02	10.50 (471) 0	10.50 (471) 0		10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0
SEP 02	10.70 (425) 0	10.70 (425) 0		10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0
OCT 02	10.70 (383) 0	10.70 (383) 0		10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0
NOV 02	10.70 (283) 0	10.70 (283) 0		10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0
DEC 02	10.70 (130) 0	10.70 (130) 0		10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0
JAN 03	10.75 (51) 0	10.75 (51) 0		10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0
FEB 03	10.90 (38) 0	10.90 (38) 0		10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0		10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.25 (2) 0	11.25 (2) 0		11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0

CME - BUTTER FUTURES -- Cents per pound

JUL 02	101.00 (281) 11	100.02 (268) 11	NO TRADING	100.00 (267) 18	97.00 (90) 4	96.50 (89) 10	100.00 (89) 9	100.00 (62) 20	101.00 (28) 8	101.00 (21) 3	102.00 (19) 0
SEP 02	107.25 (349) 17	105.00 (348) 0		105.00 (348) 8	102.00 (350) 3	101.75 (354) 11	104.50 (354) 6	104.50 (365) 12	105.50 (374) 11	105.00 (380) 10	105.50 (380) 6
OCT 02	109.00 (306) 3	107.00 (306) 1		107.00 (306) 0	104.00 (306) 0	104.00 (311) 5	104.00 (311) 0	104.10 (312) 1	106.50 (314) 3	107.00 (314) 0	107.00 (315) 1
DEC 02	111.00 (61) 0	110.00 (63) 2		109.00 (66) 9	105.50 (66) 0	105.50 (66) 0	105.50 (66) 0	107.00 (66) 0	109.25 (66) 2	109.75 (66) 0	109.75 (66) 0
MAR 03	124.00 (4) 2	123.00 (6) 2		123.00 (6) 0	123.00 (10) 6	122.00 (24) 14	124.00 (24) 3	123.75 (24) 0	123.75 (24) 0	123.75 (24) 0	123.75 (24) 0
MAY 03	126.00 (7) 3	125.00 (7) 0		125.00 (7) 0	125.00 (11) 6	124.00 (16) 5	126.00 (16) 0	126.00 (16) 0	126.00 (16) 0	126.00 (16) 0	126.00 (16) 0

CME - NONFAT DRY MILK FUTURES -- Cents per pound

JUL 02	89.85 (8) 0	89.85 (8) 0	NO TRADING	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0	89.90 (8) 0	89.90 (8) 0	89.95 (8) 0	89.95 (8) 0	90.00 (8) 0
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1/At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 8 - 19, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production continues to seasonally decline throughout most European countries. Recent hot temperatures have taken a toll on milk output, and in most instances, the milking herd has not been able to recover what it has lost. Manufacturing schedules are also being reduced, reflecting the lower milk receipts. Stocks of manufactured dairy products are sufficient to meet most buyer needs, although international buyer interest remains slow and unaggressive. Two developments have occurred during recent days which most traders and handlers anticipate may impact future sales. First is the strength in the Euro against the U.S. dollar. Early in the week the Euro surpassed the dollar, the first time since early 2000. The Euro has steadily climbed by about 17% since February of this year. Another development was the announcement late last week on subsidy (export refund) increases for most European manufactured dairy products. For skim milk powder, the most recent increase was the eighth since November. The skim milk powder refund was increased to 850 euros, nearly 19% higher; whole milk powder to 1200 (+11%), butter to 1850 (+6%); cheese to countries other than the U.S. by +7% and for cheese with a U.S. destination +11%. These two developments are giving European prices some strength, although no significant new sales are being reported as of yet. Skim milk powder continues to clear to intervention under the tendering system. The second round of offerings were finalized at 97.5% of the full intervention value, 1% lower than the first round value. Reports indicate that 8000 MT were offered with 6000 MT being accepted. The tendering system remains open until the end of August. Producers and handlers anticipate future offerings to become less as milk production seasonally declines.

BUTTER/BUTTEROIL: European butter markets are generally steady although some traders are reporting butter sales activity at slightly higher prices. Sales of immediate or near term shipment are being reported to the Middle East. These sales are occurring from now through the end of August when Oceania offerings of their new milk production season become available.

82% BUTTERFAT: 1,000 - 1,200
99% BUTTERFAT: 1,250 - 1,350

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are generally unchanged, although a firmer undertone is developing. Strength in the Euro and higher export refund values are contributing to the firm tone. Surplus powder continues to clear to intervention under the current tendering system. The second round of offerings totaling 8000 MT had 6000 MT tons being accepted at 97.5% of the intervention value which was 1% less than the first round. European milk production is declining, thus producers and handlers anticipate future offerings to become lighter in the upcoming weeks.

1.25% BUTTERFAT: 1,200 - 1,300

WHOLE MILK POWDER (WMP): Whole milk powder markets are unsettled with a firm undertone. European stocks are readily available, although offering prices are slightly higher. Some traders are indicating that some suppliers are seeing the next 4-6 weeks as an opportunity to clear some stocks before Oceania stocks become available. At this time, a significant portion, if not all, of Oceania's stocks are committed and Europe would be a source for short term or immediate shipment needs.

26% BUTTERFAT: 1,250 - 1,350

SWEET WHEY POWDER: The market and prices are holding generally steady. Whey stocks remain fully sufficient for buyer needs, with most activity centering around internal or domestic sales. International buyer interest continues to be filled from other areas of the world as European prices remain higher than potential buyers are willing to pay.

NONHYGROSCOPIC: 375 - 470

OVERVIEW: EASTERN EUROPE: Eastern European milk production continues to decline seasonally, although overall milk volumes are heavier than past years at this time. In light of additional milk volumes, stocks of manufactured dairy products are more available within some Eastern European countries than in past years. Due to this situation, some traders outside of this region, indicate that producers and handlers within these countries might be more self sufficient than past years and supplemental needs from outside the region might be lower during the upcoming winter months.

OCEANIA

OVERVIEW: The winter season is winding down as milk producers and handlers look forward to the upcoming new production season which will be getting underway in about 4 weeks in New Zealand and 6 in Australia. For the most part, the winter season has been typical for both countries, although moisture conditions vary. In New Zealand, moisture has been plentiful while limited in Australia. Milk producers are concerned about early pasture conditions in both countries. Too much moisture in New Zealand may cause a soggy base for grazing and could limit early growth, with dryer conditions in Australia also limiting overall growth. It is still too early to project what overall milk production patterns will be in the Oceania region during the upcoming season. Some producers and handlers are questioning what impact the announcement of lower opening season milk prices will have on production and management decisions. Although these prices are lower than last season, they are comparable with opening season prices of past years. Stocks of Oceania produced dairy products continue to decline as orders and shipments are filled from inventoried supplies. Handlers and traders indicate that supplies are in balance with needs and most are comfortable with their supplies in relation to the start of the new milk production season in a month or so. Reports indicate that a significant portion of early season milk production and subsequent manufactured dairy products have been spoken for. The recent subsidy adjustment in Europe is not having a significant impact on current prices, although new season production values are the concern. Handlers and traders are not overly optimistic about early season prices and many do not foresee much strength in the market place for quite some time. Traders also state that although the DEIP program in the U.S. has not been announced as of yet, when announced, this too will add a weak tone to Oceania markets, at least until the allocations have been filled.

BUTTER: Oceania butter markets and prices are generally holding steady, although the market undertone remains weak. Orders continue to be filled from inventoried stocks. Most handlers are comfortable with their supply situation as the new milk production season approaches.

82% BUTTERFAT: 925 - 1,000

CHEDDAR CHEESE: Cheese markets are generally steady at unchanged prices, although the market undertone is weak. Cheese stocks are reported to be fully sufficient for ongoing buyer interest. At this time, orders are being filled from inventoried stocks with handlers and traders comfortable with the supply situation as the new milk production season nears. Most activity continues to center around regular and ongoing buyer needs.

39% MAXIMUM MOISTURE: 1,500 - 1,700

SKIM MILK POWDER (SMP): Oceania skim powder markets are weak at unchanged prices. In light of the most recent subsidy adjustment announced last week in Europe, this is having little impact on current pricing, although new season's prices will be a concern. Stocks of powder are sufficient to meet yearend sales and deliveries with minimal volumes being carried into the new milk production year. Oceania handlers are questioning when will the U.S. announce and activate the new DEIP allocations and what impact this will have on Oceania markets.

1.25% BUTTERFAT: 1,150 - 1,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Prices on current stocks are little affected by the recent subsidy adjustment in Europe, although the influence on prices for new production, beginning in a month or so, are still unknown. In most instances, handlers are comfortable with their supply situation as final orders are shipped and the new production season nears.

26% BUTTERFAT: 1,200 - 1,275

Exchange rates for selected foreign currencies: JULY 15, 2002

.6501 Canadian Dollar	.0205 Indian Rupee
.2770 Argentina Peso	.4855 New Zealand Dollar
.1026 Mexican Peso	.5593 Australian Dollar
1.5704 British Pound	.0086 Japanese Yen
.2392 Polish Zloty	1.0037 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1026)= 9.7466.
That is 1 US Dollar equals 9.7466 Mexican Pesos. Source: "Wall Street Journal"

JULY MILK SUPPLY AND DEMAND ESTIMATES*

Dairy production is adjusted fractionally. Demand for fat-basis products remains relatively weak and commercial stocks have been growing. Cheese and butter prices are expected to decline through the end of 2001/02 and sales to CCC of cheese and nonfat dry milk are expected to increase. The forecast for Class III milk is reduced to \$11.00-\$11.10 per cwt. and the forecast for Class IV is lowered to \$11.15-\$11.35 per cwt. The all milk price is projected lower than last month. Price weakness is expected to continue into 2002/03 as large commercial stocks of dairy products will burden the market through much of the year. Projected CCC net removals of nonfat dry milk are raised from last month. Class III milk prices are projected at \$9.85-\$10.75 per cwt. and Class IV prices are also lowered to \$10.50-\$11.60. The all milk price is forecast at \$11.60-\$12.50 per cwt.

Item	2000/01 1/	2001/02 Projection 1/		2002/03 Projection 1/	
		June	July	June	July
BILLION POUNDS					
SUPPLY					
BEGINNING COMMERCIAL STOCKS 2/	8.9	8.8	8.8	9.0	10.0
PRODUCTION	165.2	168.7	168.7	171.9	172.0
FARM USE	1.3	1.2	1.2	1.2	1.2
MARKETINGS	163.9	167.5	167.5	170.7	170.8
IMPORTS 2/	5.4	5.3	5.3	4.8	4.8
TOTAL COMMERCIAL SUPPLY 2/	178.2	181.5	181.5	184.5	185.6
USE					
COMMERCIAL USE 2/ 3/	169.1	172.3	171.0	175.7	176.6
ENDING COMMERCIAL STOCKS 2/	8.8	9.0	10.0	8.3	8.5
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.2	0.5	0.5	0.5
SKIM SOLIDS BASIS 4/	6.3	8.9	9.5	6.5	8.2
DOLLARS PER CWT.					
MILK PRICES 5/					
CLASS III 6/	12.29	11.20-11.40	11.00-11.10	10.60-11.60	9.85-10.75
CLASS IV 7/	13.88	11.25-11.55	11.15-11.35	10.80-12.00	10.50-11.60
ALL MILK 8/	14.51	12.80-13.00	12.70-12.80	12.15-13.15	11.60-12.50
MILLION POUNDS					
CCC PRODUCT NET REMOVALS 4/					
BUTTER	0	0	0	15	15
CHEESE	17	4	40	6	6
NONFAT DRY MILK	521	765	780	555	695
DRY WHOLE MILK	3	0	0	0	0
	QUARTERLY 9/			ANNUAL 9/	
	2002 III	2002 IV	2003 I	2002	2003
BILLION POUNDS					
MILK PRODUCTION	41.7	41.9	43.2	169.8	172.5
DOLLARS PER CWT.					
ALL MILK PRICE 5/ 8/	11.05-11.45	11.90-12.60	11.35-12.35	12.05-12.35	11.75-12.75
CLASS III PRICE 5/ 6/	9.40-9.80	10.10-10.80	9.65-10.65	10.35-10.65	10.10-11.10
CLASS IV PRICE 5/ 7/	10.25-10.75	10.50-11.30	10.00-11.10	10.75-11.15	10.65-11.85

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order Class III price. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-388, World Agricultural Outlook Board, USDA, July 11, 2002.

JULY MILK PRODUCTION

Milk production in the 20 major states during June totaled 12.3 billion pounds, up 2.0 percent from June 2001. May revised production, at 13.0 billion pounds, was up 3.0 percent from May 2001. The May revision represented a decrease of 0.2 percent or 25 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,579 pounds for June, 24 pounds above June 2001. The number of cows on farms in the 20 major states was 7.78 million head, 29,000 head more than June 2001, and 16,000 head more than May 2002. The April-June quarterly production of milk for the U.S. was 44.0 billion pounds, 3.0 percent above the April-June period last year. The average number of milk cows in the U.S. during the April-June quarter was 9.15 million head, 33,000 head more than the same period last year.

STATE	MILK COWS ^{1/ 2/}				MILK PRODUCTION ^{1/ 3/}			
	JUNE		APRIL-JUNE		JUNE		APRIL-JUNE	
	2001	2002	2001	2002	2002	% CHANGE FROM 2001	2002	% CHANGE FROM 2001
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	21	20	--	--	76	-6.2
AK	--	--	1.1	1.2	--	--	4.36	20.4
AZ	140	143	140	141	259	7.0	829	8.9
AR	--	--	35	33	--	--	111	-10.5
CA	1,587	1,645	1,582	1,640	2,928	5.1	8,940	5.6
CO	--	--	91	102	--	--	555	11.7
CT	--	--	25	24	--	--	117	-0.8
DE	--	--	9.0	9.5	--	--	41.0	7.9
FL	154	150	154	151	201	-2.0	641	-3.6
GA	--	--	86	85	--	--	401	3.9
HI	--	--	7.5	6.8	--	--	25.9	-10.4
ID	369	390	364	386	690	5.0	2,059	5.6
IL	115	115	116	115	169	-0.6	541	0.4
IN	154	151	153	152	219	--	681	2.7
IA	210	210	211	209	317	1.0	989	0.7
KS	--	--	91	104	--	--	520	26.8
KY	130	125	129	124	135	-3.6	439	-1.6
LA	--	--	54	51	--	--	158	-8.1
ME	--	--	38	38	--	--	171	2.4
MD	--	--	82	81	--	--	343	3.9
MA	--	--	21	21	--	--	94	2.2
MI	305	300	304	298	500	-1.0	1,516	0.1
MN	510	490	513	490	708	-5.2	2,215	-3.8
MS	--	--	36	34	--	--	133	-2.9
MO	148	137	148	137	160	-5.3	523	-3.5
MT	--	--	19	18	--	--	85	-2.3
NE	--	--	73	67	--	--	284	-6.0
NV	--	--	25	25	--	--	123	-0.8
NH	--	--	18	18	--	--	84	--
NJ	--	--	14	13	--	--	61	1.7
NM	263	298	262	296	539	14.4	1,639	15.6
NY	673	680	672	680	1,047	4.4	3,176	5.5
NC	--	--	68	65	--	--	302	1.0
ND	--	--	46	40	--	--	152	-9.5
OH	260	264	261	262	378	6.2	1,165	5.6
OK	--	--	90	88	--	--	334	-0.6
OR	--	--	90	115	--	--	559	30.6
PA	600	582	599	581	893	-2.1	2,780	-0.4
RI	--	--	1.4	1.4	--	--	6.2	1.6
SC	--	--	21	20	--	--	99	1.0
SD	--	--	99	97	--	--	383	-4.5
TN	--	--	93	90	--	--	355	--
TX	326	308	329	309	439	2.8	1,414	2.5
UT	--	--	93	94	--	--	428	3.4
VT	152	154	152	154	231	2.7	702	3.1
VA	118	120	118	120	156	2.0	496	2.7
WA	247	248	246	247	477	1.7	1,444	2.6
WV	--	--	16	16	--	--	64	--
WI	1,290	1,270	1,293	1,272	1,842	-2.2	5,675	-1.4
WY	--	--	4.4	4.6	--	--	17.0	10.4
20 STATE TOTAL	7,751	7,780	--	--	12,288	2.0	--	--
U.S. ^{4/ 5/}	--	--	9,114	9,147	--	--	43,950	3.0

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{4/} Includes states for which individual monthly estimates are not available. ^{5/} Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (7-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

THE DAIRY SITUATION AND OUTLOOK

Commercial Dairy Stocks a Heavy Burden

Heavy commercial stocks of dairy products continue to be a dominant factor in dairy price prospects. With sizable increases in milk production, sluggish commercial use of dairy products pushed stocks to large levels this spring. These large holdings will overhang dairy markets for some time to come.

Commercial holdings of butter reached 228 million pounds on June 1, up about two-thirds from either of the preceding 2 years. Increases earlier in the year were tolerated because traders were caught with insufficient stocks in several of the recent years. However, inventories mounted rapidly as buyers began to refuse additional amounts and sales remained mediocre. The June 1 holdings could be characterized as quite excessive, as evidenced by the price weakness going into the relatively tight summer season.

June 1 commercial cheese stocks appeared rather moderate, above last year's tight level but below the heavy level of 2000. However, such comparisons are somewhat deceptive. The June 1 holdings probably were more than desired in the face of the very large butter stocks and the continuing surplus of nonfat dry milk. There would be relatively little risk in allowing stocks to drop to levels that were inadequate a year ago.

June 1 manufacturers' stocks of nonfat dry milk were slightly above a year earlier but much smaller than in 2000. Powder holdings were ample but probably not uncomfortable, since the industry has been selling off large quantities to the Government.

Significant price increases will be difficult to sustain until these large holdings are reduced to more comfortable levels. Some relief could be obtained by sales of cheese to the Government under the price support program, but the industry has been quite reluctant to make such sales in recent years—even when Exchange prices were below support purchase prices. Substantial cuts in butter stocks probably will be necessary to re-balance dairy markets. Such reductions most likely would come as a result of substantial price specials in retail outlets. Retailers have been enthusiastic about price specials for butter when prices have been low, but such activity is much more likely in autumn than in summer.

DAIRY FORECASTS

	2001	2002					2003		
	ANNUAL	I	II	III	IV	ANNUAL	I	II	ANNUAL
Milk cows (thous.)	9,115	9,105	9,115	9,105	9,090	9,105	9,050	9,030	9,020
Milk per cow (pounds)	18,139	4,642	4,810	4,585	4,610	18,645	4,775	4,940	19,130
Milk production (bil. pounds)	165.3	42.3	43.8	41.7	41.9	169.8	43.2	44.6	172.5
Commercial use (bil. pounds)									
milkfat basis	169.4	40.5	42.4	44.4	45.1	172.5	42.3	43.9	176.3
skim solids basis	163.7	39.2	40.4	41.9	41.7	163.1	40.8	41.8	168.4
Net removals (bil. pounds)									
milkfat basis	0.2	0.1	0.1	0.4	0.1	0.6	0.2	0.2	0.7
skim solids basis	5.8	2.7	3.6	1.8	1.4	9.6	2.8	2.8	7.6

Source: "Livestock, Dairy, and Poultry Outlook", LDP-M-97, July 16, 2002, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 694-5184.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JUNE

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for June have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During June, about 10.6 billion pounds of milk were received from producers. This volume of milk is 3.4 percent higher than the June 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.3 percent.) About 3.4 billion pounds of producer milk were used in Class I products, 4.7 percent below the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 32%, Class II = 10%, Class III = 46%, and Class IV = 12%. The weighted average statistical uniform price was \$11.63 per cwt., \$0.39 lower than last month, and \$4.73 lower than last year.

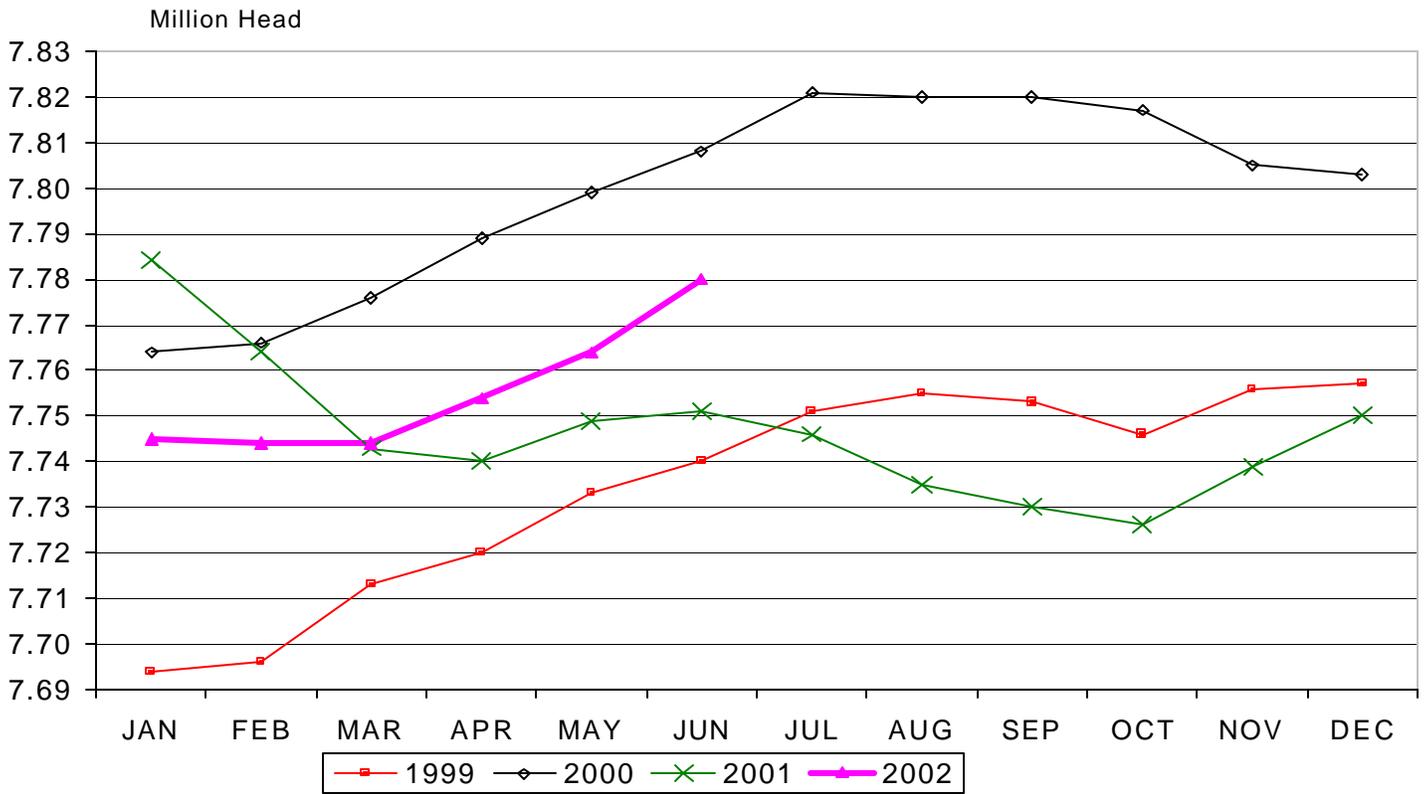
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 2002										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,134.6	3.3	813.2	-3.3	38	18	32	12	12.38
Appalachian (Charlotte)	005	574.4	-1.3	328.9	-2.9	57	17	9	17	12.83
Southeast (Atlanta)	007	650.9	3.2	352.0	-7.4	54	12	22	12	12.69
Florida (Tampa)	006	215.8	-2.8	186.0	-8.3	86	9	3	2	14.44
Mideast (Cleveland)	033 <u>3/</u>	1,629.2	2.7	476.3	-6.5	29	13	52	6	11.24
Upper Midwest (Chicago)	030 <u>3/</u>	1,545.7	2.1	294.4	-1.9	19	3	77	1	10.72
Central (Kansas City)	032 <u>3/</u>	1,587.3	1.0	351.3	-6.5	22	7	63	8	11.00
Southwest (Dallas)	126	839.1	11.4	302.1	-2.4	36	11	36	17	12.11
Arizona-Las Vegas (Phoenix)	131	256.4	2.3	71.8	-1.3	28	5	32	35	11.22
Western (Salt Lake City)	135	510.0	11.0	81.4	2.3	16	6	57	21	10.87
Pacific Northwest (Seattle)	124	668.3	7.3	149.5	-9.8	22	6	37	35	11.00
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,611.8	3.4	3,407.1	-4.7	32	10	46	12	11.63

1/ Names in parentheses are the major city in the principal pricing point of the market.

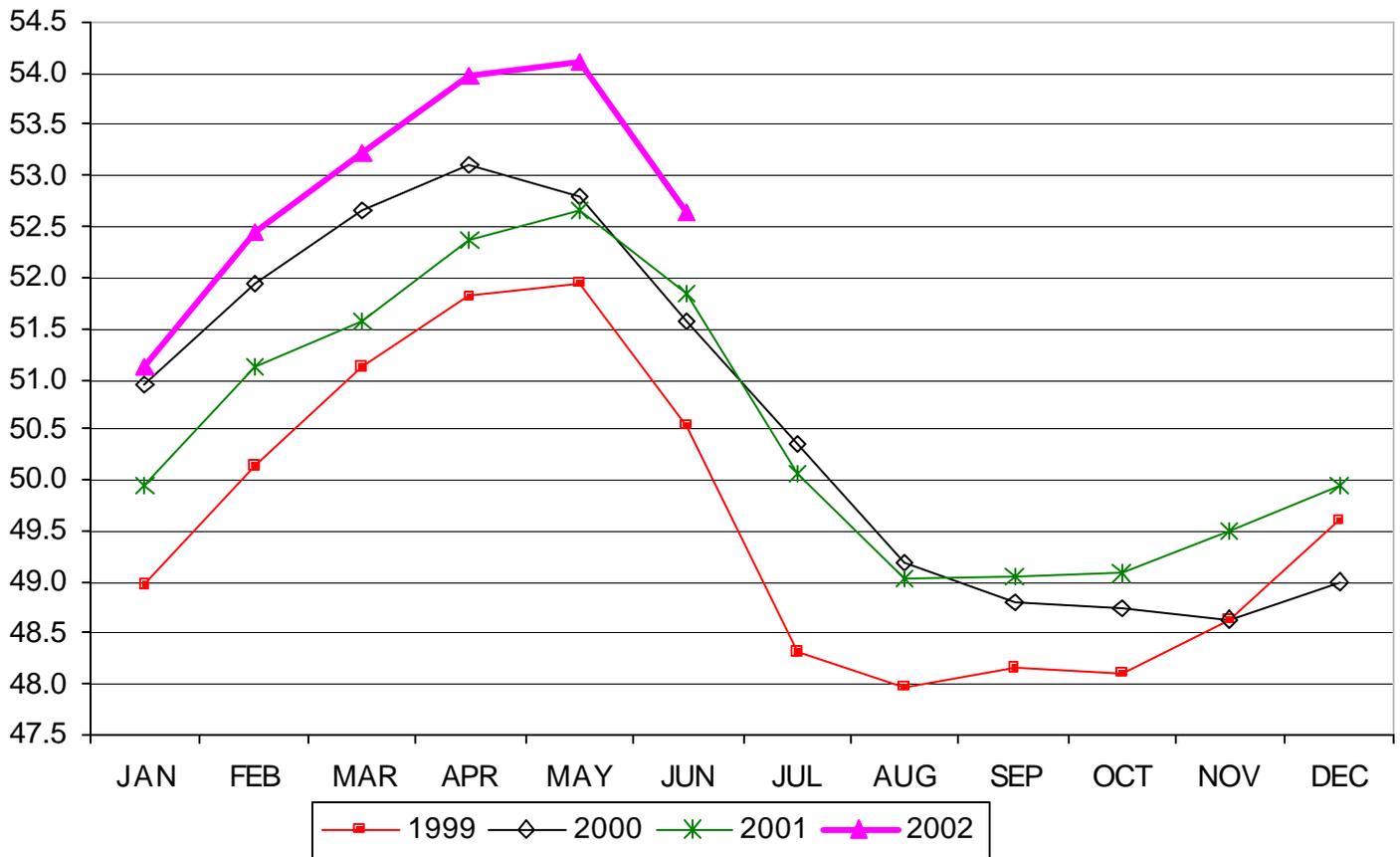
2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 120 million pounds of milk that normally would have been associated with these markets. In June 2001, the estimated not-pooled volume of milk was 240 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +2.3.

MILK COW NUMBERS - 20 MAJOR STATES



20 STATES DAILY AVERAGE MILK OUTPUT PER COW



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF JULY 11 - 19, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 7/12/02	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							
Nonfortified	21,781,139	-0-	21,781,139	582,272,724	358,251,683	1,156,158,000	591,772,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	21,781,139	-0-	21,781,139	582,272,724	386,402,774	1,202,549,000	629,999,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF JULY 11 - 19, 2002 =	4.8	253.5	COMPARABLE PERIOD IN 2001 =	1.4	72.7
CUMULATIVE SINCE OCTOBER 1, 2001 =	128.1	6,777.7	CUMULATIVE SAME PERIOD LAST YEAR =	187.2	4,607.4
CUMULATIVE JANUARY 1 - JULY 19, 2002 =	111.2	5,881.8	COMPARABLE CALENDAR YEAR 2001 =	70.7	3,124.8

* 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 PERIOD OF JULY 11 - 19, 2002 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,918,279	-0-	
WEST	-0-	-0-	-0-	-0-	-0-	-0-	18,914,938	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	947,922	-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	33,440,242	6,544,761	5.7	30.3
WEST	-0-	-0-	-0-	5,039,919	506,799,216	379,858,013	87.1	69.5
EAST	-0-	-0-	-0-	39,600	42,033,266	-0-	7.2	0.2
TOTAL	-0-	-0-	-0-	11,074,959	582,272,724	386,402,774	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 06/29/02 & 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			
2002-Dairy	0.2	0.8	6.0	4.9	19.5	2.0	0.4	0.6	11.1	2.5	48.0	1,254.9	43.4	46.1
2001-Dairy	0.2	0.6	5.8	4.9	18.4	2.3	1.7	0.6	9.1	2.2	45.8	1,328.2	41.8	47.1
2002-All cows	0.2	0.9	8.2	14.1	29.9	16.8	15.7	3.5	14.6	6.7	110.5	2,724.9		
2001-All cows	0.2	0.8	7.9	15.2	27.4	15.6	18.4	4.5	12.6	7.0	109.7	2,819.8		

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	10.48				
II	12.69	12.28	12.19	11.88	11.29	11.19						
III	11.87	11.63	10.65	10.85	10.82	10.09						
IV	11.93	11.54	11.42	11.09	10.57	10.52						

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