

NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (07/26):**  
**BUTTER:** Grade AA closed at \$1.0600. The weekly average for Grade AA is \$1.0492 (+.0359).

**CHEESE:** Barrels closed at \$1.0700 and blocks at \$1.1150. The weekly average for barrels is \$1.0410 (-.0335) and blocks, \$1.0580 (-.0285).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9050 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.8970 (+.0020) and Grade A, \$0.9200 (+.0110).

**BUTTER:** The market tone is mixed. Producers indicate that cream supplies have tightened as milk production and butterfat tests decline and demand for cream for other cream based products is strong. Stocks of butter are heavier than last year at this time, although current churning activity is not keeping up with demand, thus inventoried butter is being used to fill needs. Butter imports for the first six months of the year are lighter than last year for the comparable period. Quota butter imports for the period of January - June 2002 total nearly 6.8 million pounds versus nearly 11.7 million pounds for 2001. High tier imports are sharply lower. For the first six months of 2002, 849,000 pounds of butter were imported compared to nearly 8.1 million pounds in 2001. Overall butter demand is seasonally active.

**CHEESE:** The cheese market is unsettled. Some in the industry, mainly from east of the Rockies, have been surprised by recent price declines with tightening milk and cheese supplies in their part of the country. Demand remains lackluster, in part due to recent weakness in prices. CCC purchased 198,000 pounds of Midwestern process cheese under the price support program as well as 121,481 pounds of Western barrels on July 22. These are the first purchases since February 2001. Reports indicate additional volumes of cheese are currently in the pipeline to clear to CCC under the price support program.

**FLUID MILK:** Milk production is steady to lighter in most regions of the country. Fluid milk supplies have tightened as a result of the most recent heat wave. Cooler temperatures and isolated rain showers did cause some rebounding of milk production. Florida is now in need of milk and did import nearly fifty loads this week which was sourced in the Middle Atlantic area. Bottled milk sales were reported as slightly better this week. The fluid cream market is firm and many Eastern suppliers were barely able to cover their contract needs and had little available for the spot market. Prices were often higher as both the CME butter average and multiples were up slightly this week.

**DRY PRODUCTS:** The NDM market is showing a few signs of firming. Production is lighter in many areas of the country, plant stocks east of the

Rockies are in better balance, and commercial buying interest appears to have "perked up." Exporters and producers are waiting for the new DEIP program/allocations to be announced. The new program-year starts July 1, but there has yet to be an announcement. The dry whey market is also a bit firmer, but generally from the supply side of the market. Spot demand, although slightly improved, is still seldom better than fair. Production is lighter as cheese output is easing as the milk supply tightens. The WPC market remains weak, prices are lower, and spot trading activity is light. The recent CCC sellback of NDM for other than human food has drawn the attention of WPC animal feed makers and users. The lactose market is unchanged and weak. Export sales continue, but not up to anticipated levels for this time of year. Domestic demand is fair and price sensitive.

**CCC:** During the week of July 22 - 26, CCC purchased 11,784,072 pounds of NDM. A total of 374,490 pounds originated in the East, 288,533 pounds from the Midwest, and 11,121,049 from the West. This week's purchases also include 121,481 pounds of barrel cheese from the West and 198,000 pounds of process cheese from the Midwest. These are the first purchases of cheese, under the price support program since February 2001. The Kansas City Commodity Office announced the sale of 216,356 pounds of NDM for use other than human consumption. The contracts were awarded under invitation 020 to announcement RSC1. Prices ranged from \$.4011 - .4111 per pound.

**COLD STORAGE (NASS):** During June, U.S. cold storage holdings of butter total 244.4 million pounds, 7.7% more than a month ago and 59.2% higher than last June. Natural American cheese holdings total 537.6 million pounds, 1.2% heavier than a month ago, and 3.1% more than a year ago. Nonfat dry milk holdings at the end of May total 1.14 billion pounds, 43 million pounds more than April and 254 million pounds more than May 2001. The government holds 86.4% of the total nonfat holdings.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during the first five months of 2002 totals 68.53 billion pounds, 0.6% lower than the same period in 2001. Comparing disappearance levels with year earlier levels: butter is +4.1%; American cheese, -1.0%; other cheese, +0.5%; NDM, -31.9%; and fluid milk products, +0.2%

**CONSUMER PRICE INDEX (BLS):** The June CPI for all food is 175.8, 1.6% more than June 2001. The dairy products index at 168.0 is up 0.7% from a year ago. The following are the June-to-June changes for selected products: fresh whole milk -2.6%, cheese +1.7%, and butter -14.0%.

\*\*\*\*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 22	TUESDAY JULY 23	WEDNESDAY JULY 24	THURSDAY JULY 25	FRIDAY JULY 26	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0450 (N.C.)	\$1.0300 (-.0150)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0700 (+.0400)	+.0250	\$1.0410 (-.0335)
40# BLOCKS	\$1.0675 (N.C.)	\$1.0500 (-.0175)	\$1.0400 (-.0100)	\$1.0175 (-.0225)	\$1.1150 (+.0975)	+.0475	\$1.0580 (-.0285)
NONFAT DRY MILK EXTRA GRADE	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.9050 (+.0100)	+.0100	\$.8970 (+.0020)
GRADE A	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	N.C.	\$.9200 (+.0110)
BUTTER GRADE AA	\$1.0350 (-.0100)	----	\$1.0525 (+.0175)	----	\$1.0600 (+.0075)	+.0150	\$1.0492 (+.0359)

\*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 22, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0550  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 2 CARS GRADE AA @ \$1.0350; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.0300; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0500

TUESDAY, JULY 23, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.0675; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0300; 3 CARS 40# BLOCKS: 1 @ \$1.0500, 2 @ \$1.0525  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 24, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ \$1.0400, 1 @ \$1.0500, 1 @ \$1.0550, 2 @ \$1.0600  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 18 CARS GRADE AA: 2 @ \$1.0250, 2 @ \$1.0350, 1 @ \$1.0300, 1 @ \$1.0350, 2 @ \$1.0500, 1 @ \$1.0425, 1 @ \$1.0450, 3 @ \$1.0500, 1 @ \$1.0525, 1 @ \$1.0500, 2 @ \$1.0550, 1 @ \$1.0525; BIDS UNFILLED: 12 CARS GRADE AA: 2 @ \$1.0500, 1 @ \$1.0475, 2 @ \$1.0450, 1 @ \$1.0425, 2 @ \$1.0325, 1 @ \$1.0300, 1 @ \$1.0250, 2 @ \$1.0150; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.0700, 1 @ \$1.0800, 1 @ \$1.0900, 1 @ \$1.1000

THURSDAY, JULY 25, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.0175; BIDS UNFILLED: 1 CAR BARRELS @ \$0.9900; OFFERS UNCOVERED: 9 CARS 40# BLOCKS: 1 @ \$1.0175, 1 @ \$1.0200, 1 @ \$1.0225, 1 @ \$1.0250, 1 @ \$1.0300, 2 @ \$1.0350, 1 @ \$1.0400, 1 @ \$1.0500  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JULY 26, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.0600; 29 CARS 40# BLOCKS: 2 @ \$1.0275, 2 @ \$1.0375, 2 @ \$1.0475, 2 @ \$1.0575, 4 @ \$1.0675, 2 @ \$1.0775, 2 @ \$1.0875, 1 @ \$1.0925, 2 @ \$1.0950, 1 @ \$1.0975, 1 @ \$1.0925, 1 @ \$1.1150, 2 @ \$1.1075, 1 @ \$1.1000, 1 @ \$1.0975, 2 @ \$1.0900, 1 @ \$1.1200; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.0700, 2 @ \$1.0600; 1 CAR 40# BLOCKS @ \$1.0000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1150  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 2 CARS EXTRA GRADE @ \$0.9050; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 9 CARS GRADE AA: 1 @ \$1.0400, 1 @ \$1.0475, 1 @ \$1.0575, 2 @ \$1.0600, 1 @ \$1.0625, 3 @ \$1.0650; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.0550, 2 @ \$1.0300; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.0600, 2 @ \$1.0650, 1 @ \$1.0700

BUTTER MARKETS

JUNE COLD STORAGE

According to NASS, June month-ending cold storage figures for butter total 244.4 million pounds, 59% higher than the amount held last June and 8% more than May 2002 holdings.

NORTHEAST

The market tone is unsettled as the cash price at the CME tries to find "its level." Of course, the CME cash butter price has been volatile for quite some time. Historically, the butter price does start to move higher during July when milk and cream supplies tighten. However, this year the tightening milk supplies are being offset by cold storage figures that show U.S. inventories exceeding last year's figure by roughly one month's consumption. Contacts feel that prices will move higher as we progress through the summer and hot weather impacts cream availability. Eastern churning activity is slow as the recent heat wave has caused milk output to slow and ice cream production/consumption to increase. Printers continue to meet orders via microfixing. Food service orders are about steady. 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

Butter prices have been mixed during the past week, although the overall market tone remains weak. For the most part, butter producers are receiving adequate cream supplies from regular sources to maintain steady production schedules, although spot offerings are limited. Stocks of butter are heavier than last year at this time, but current demand is often stronger than current production is generating and inventoried butter is being used to meet full needs. Overall butter demand is seasonally active. Some scattered feature activity at retail, coupled with

seasonal sweet corn sales, are two factors contributing to active print butter sales. Food service orders are strong as the summer vacation season continues and away from home eating patterns are reported to be strong. Butter imports for the first six months of the year are lighter than last year for the comparable period. Quota butter imports for the period of January – June 2002 total nearly 6.8 million pounds versus nearly 11.7 million pounds for the comparable period in 2001. High tier imports are sharply lower. For the first six months of 2002, 849,000 pounds of butter were imported compared to nearly 8.1 million pounds for the same months in 2001. 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

Demand for print butter going into retail accounts is good. Producers are noting that fresh butter stocks are tightening up in the short run. Food service orders range from fair to good. Sellers seem to think that overall, sales for the summer season will be good. Cream demand from ice cream plants seems to be a little spotty. Some report good movement, but others think that things are a little slow. Butter production is fading seasonally, but is still relatively strong. Producers are happy to see that imports of butter, both quota and high tier, are down substantially from last year at this time. They are concerned about the rising U.S. stock number. At the end of June, stocks stand at 244.4 million pounds, and increase of 1 1/2 times last year or 90.9 million pounds. Stocks have not been this large since the summer of 1994. CME weekly butter stocks continue to decline seasonally. Last week they dropped for the third consecutive week to 147.8 million pounds. This weekly decline, 2.17 million pounds, is the largest since December last year. 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. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JULY 20	1.0846 6,976,334	1.0661 12,542,333	0.9044 25,093,405	0.9877 4,045,717	0.1535 13,801,138

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 fractionally higher and lower and the market tone is unchanged. Eastern cheese output is lighter. As milk supplies tighten, most cheese makers have cut back operations at least one day a week. Cheese stocks, despite less milk, are more than adequate to cover current needs. Prices at the CME fell most of last week, but have been steady Friday (7/19) and Monday (7/22). Demand for cheese is just fair at retail, fair to good at the food service levels.

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

Cheddar 10# Prints	: 1.1500-1.6350
Cheddar Single Daisies	: 1.1075-1.5675
Cheddar 40# Block	: 1.2275-1.4475
Process 5# Loaf	: 1.2825-1.4625
Process 5# Sliced	: 1.3025-1.5750
Muenster	: 1.3100-1.5175
Grade A Swiss Cuts 10 - 14#	: 2.3500-2.5500

**MIDWEST**

The cheese market is unsettled. The Midwest market is not as weak as current cash cheese prices at the Chicago Mercantile Exchange would project. The current cheese situation for Midwest cheese is fairly close to in balance with producers expecting milk supplies to tighten further as soon as schools reopen and having an extra load or two in inventory is not a major concern. Keeping product rotated to keep down the age is more of an issue. However, ample supplies of cheddar are still available from the West. Most processors are operating on good schedules, aided by runs of product for government purchase, either under the price support program or for annual contracts intended for school lunch and other feeding programs. Natural cheese interest remains unaggressive for many operations though a few firms have seen some improvement. Current cheese production is lighter as milk intakes decline seasonally. Cheese yields are at low summer levels. CCC purchased Midwestern process cheese under the price support program as well as Western barrels on July 22. These are the first purchases since the week ending March 2, 2001, with the last price support activity (cancellation) during the week ending March 23.

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

Process American 5# Loaf	: 1.2550-1.5400
Brick And/Or Muenster 5#	: 1.5100-1.6475
Cheddar 40# Block	: 1.4600-2.1150
Monterey Jack 10#	: 1.6900-2.1150
Blue 5#	: 1.8400-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 1.3925-2.2150
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 22 - 26, 2002
BARRELS*	: \$1.0450 - 1.0900 (NOMINAL)
	: (-\$.0350) (-.0300)
40# BLOCKS	: \$1.0675 - 1.1175 (NOMINAL)
	: (-\$.0225) (-.0025)

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

**WEST**

Cheese prices are somewhat mixed with a weak undertone. Demand remains lackluster from most portions of the market. Food service orders are fair. Production is trending lower, but is generally above expectations. Cheese was offered to the CCC price support program this week from the West and Central portions of the U.S. and included both process and natural barrel cheese. This is the first clearance this fiscal year. Firms are noting that it is taking them a little bit of time to "get it right" to be able to offer it to the government. American cheese stocks at the end of June total 537.6 million pounds, an increase of 3% or 16.1 million pounds. The other natural cheese category is up 14% to 234.2 million pounds, and increase of 28.6 million pounds. Swiss cheese stocks stand at 14.6 million pounds, up 22% from June 2001.

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

Process 5# Loaf	: 1.2250-1.4850
Cheddar 40# Block	: 1.2075-1.3475
Cheddar 10# Cuts	: 1.3875-1.6075
Monterey Jack 10#	: 1.3975-1.5625
Grade A Swiss Cuts 6 - 9#	: 2.2600-2.4100

**FOREIGN**

The market tone and prices are little changed. Supplies of imported and domestically made cheese are adequate for the slow to fair demand. Recent reports indicate that cheese imports, subject to licensing, for the first six months of 2002 total 56,491,463 KG, 6.3% more than the same period last year. These imports represent approximately 41.7% of the annual tariff-rate quota. During that same period, imports of high-tier (over quota) cheese totaled 10,129,295 KG, 71.5% more than the same period in 2001. For high-tier cheese imports the single largest commodity gain was in American-type which jumped nearly 90% to 8,348,916 KG. The gain in American-type imports accounted for nearly all the total year-to-year increase.

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	: 1.4475-2.9375*
Gorgonzola	: 3.2400-5.9400	: 1.9475-2.4900*
Parmesan (Italy)	: TFEWR	: 2.8675-2.9475*
Romano (Italy)	: 2.1000-3.1900*	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4550-1.6800*
Romano (Cows Milk)	: -0-	: 2.6450-4.8250*
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	: TFEWR	: -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
07/22/02	72,391	: 143,355
07/01/02	70,355	: 140,061
CHANGE	2,036	: 3,294
% CHANGE	3	: 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	48	0	0	2	0	0
SOUTHEAST STATES	0	0	0	0	42	0

During June, milk production in the 20 major states totaled 12.29 billion pounds, up 2.0% from June 2001. The following are the June-to-June changes for selected states: New York +4.4%, Texas +2.8%, Vermont +2.7%, Virginia +2.0%, Florida -2.0%, Pennsylvania -2.1%, and Kentucky -3.6%. The base price for Class I milk for August 2002 is \$10.48 per cwt., down \$0.14 from July. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for August is \$7.56, down one cent from July. Milk production is seasonally low in most areas of the East. However, some cooler weather early this week has some contacts thinking that milk output will rebound a little this week. In fact, Florida's production is up slightly after a period of extreme heat; this also true in other parts of the Southeast. Florida's need for milk has improved enough that handlers have shipped in nearly 50 loads of milk this week. Contacts state that retail sales have improved at a time when milk supplies were shrinking. Bottlers in other parts of the region also report that bottled milk sales have improved from early July levels. Manufacturing plant schedules are often lighter, particularly in the Southeast where most balancing plants are now idle. Northeastern plants, particularly cheese operations, are often operating a day less each week. Condensed skim sales are steady at unchanged prices. Demand is fair to good and often to contracted customers. The fluid cream market is firm as demand is improving at a time when supplies are shrinking. Producers report that cream is moving as quickly as they make it and there is some difficulty meeting commitments. Demand from ice cream and cream cheese makers is seasonally good. Ice cream sales are very good. Soft serve and frozen novelty sales during the recent heat wave were improved. Bottled cream output is steady to lighter. Churning activity is limited as most producers are selling cream and filling butter orders from inventories.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3680-1.4693
DELIVERED EQUIVALENT ATLANTA	-	1.3680-1.4794 M 1.3984-1.4389
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3274-1.4389

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

A hot and humid weekend through much of the upper Midwest was followed by cooler temperatures (as low as 70's for highs) and lower humidity. The return of challenging summer weather caused milk receipts to decline further. With the cool down, most plant operators did not have sufficient time to determine whether patron milk receipts had at least partially rebounded from the heat stressed levels. Milk protein and fat tests remain low seasonally, affecting manufactured product yields. Class I demand is little changed from the usually sluggish, if not featured summer levels. Milk supplies have generally tightened further in the Midwest. Spot manufacturing milk prices range from \$1.25 to \$2.00 over class on a light test. Some current demand for manufacturing milk is going unsatisfied at current premiums. Manufacturing schedules are generally lighter seasonally. While a few deals to ship milk to the South have been made, no reports of shipments have yet been reported. Cream demand is generally good though at least one operation is trying to work down inventory by operating less than a full 40 hour week. Other ice cream operations are mostly on 5-6 day schedules. Cream multiples are unchanged

to just occasionally higher. Condensed skim interest has improved though price information was limited. The hot weather has hurt ice cream sales for some operations because customers are loath to leave the comfort of air conditioning in order to make purchases. Scattered showers leading into the cool down aided in crop conditions but many areas received insufficient volumes to make more than temporary improvement. Pasture conditions reflect the dry conditions in many areas.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.50- 40.00	\$ 42.00- 50.00
REPLACEMENT HEIFER CALVES	\$400.00-560.00	\$450.00-570.00

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

	JULY 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 44.50	\$ 41.00- 53.00

## W E S T

Second quarter milk production in the U.S. totals 44.0 billion pounds, up 3.0% from the same period in 2001. This compares to output in the first quarter of 42.3 billion pounds, which was up 2.4% from a year earlier. Six month production is up 2.7% from the comparable period in 2001. Output for selected Western states for the first six months compared to last year is as follows: Arizona +7.3%, California +5.1%, Colorado +9.8%, Idaho +6.2%, New Mexico +15.7%, Oregon +26.8%, Utah +1.5%, and Washington +2.6%. California milk production is steady to higher this week, following more moderate weather conditions across the state. Temperatures are forecast to return above 100 degrees, which will again affect milk cows. There are two concerns: the repeated cycles of hot weather will curtail rebounds and the effects the weather will have on the freshening cows. Milk output is holding steady with slight seasonal declines in the northern areas of the state. Increased plant intakes were noted in the Central Valley associated with better weather conditions and more milk is going into balancing plants that were running on limited schedules the last two weeks. Seasonal weather conditions continue to affect milk production in both ARIZONA and NEW MEXICO. Temperatures continue over 100 degrees over most of the milk producing areas of Arizona and milk output is being affected. The humidity and sporadic rains are creating production responses. Rains in New Mexico are also impacting haying, along with some problems with cow lots. Western CREAM prices are steady to slightly higher. Demand is slightly improved from ice cream accounts for some suppliers, but not clearing the volumes expected. Cream continues to clear to the churns. Other usages are holding steady. The CME butter price moved higher and stood at \$1.0525 at midweek. Western multiples are in the 113 to 129 range, F.O.B. Milk supplies continue to decline seasonally in the PACIFIC NORTHWEST. Warmer temperatures are returning and moisture is becoming more of an issue at more locations. Cream demand from ice cream operations is not up to expectations at most locations in the Western region. Sellers are unsure as to why sales levels are not up to anticipated expectations. The financial stress on dairy producers is increasing. More are falling behind on payments to suppliers on feed and other inputs. Grain and protein prices are increasing and hay quality is not up to expectations. Prices noted at most heifer auctions in the West have declined at least \$200 over the past six weeks. Dairy producers don't seem to be willing or able to pay the previous high prices at heifer sales. Heat stress in IDAHO and UTAH is bringing down milk production. There was a slight break, but temperatures are heading back up. The cool spring seems to have allowed water districts to stretch available supplies far enough so that most operations will have almost full season supplies this year. Plans are currently being put into place to deal with next year's problems which are expected to be much worse if there is not an abundant snow pack. Hay quality is reasonably good and prices are generally stable.

**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 unchanged on a steady to firm market. Significant trading activity has occurred over the last few weeks, reducing inventories and movement in the current week. Demand is good from traders, cheese plants, ice cream facilities and blenders. Low heat production is mixed. Some plants are seeing decreased production in response to reduced milk volumes in the hot and humid weather. However, at other locations, milk intakes are higher than expected at this time of year. NDM imports are decreasing yet remain competitive with domestic supplies. High heat trading and production are light. CCC purchases are noted for the current week from the Central region.

**EAST:** The market tone is firming. Prices are mostly steady in the East. However, more producers are asking higher prices for August sales. The tighter milk supply is resulting in less drying and plant inventories are not the concern they were in May and June. Offerings to CCC are expected to slow to a halt as producers are not making enough to meet commitments. They are using inventories to make up the difference. Demand is improving. Spot sales are a little more common and contract shipments are steady. Buyers are still looking for bargains, but there seems to be fewer of them. Some CCC "kick outs" are occasionally available at slightly discounted prices.

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**

Low/medium heat NDM prices are unchanged in generally light trading. Activity remains very heavy to the support program and medium heat NDM is being made and shipped under the prior DEIP program. Contacts await the current DEIP allocation announcement stating there are time sensitive opportunities that they could miss if the program is not announced soon. The Commodity Credit Corporation (CCC) requests proposals, subject to the terms and conditions of Announcement Dairy-5 and this request, to offer up to 28,000 metric tons of medium heat NDM in 25-kg bags for use in an export donation program. The medium heat NDM shall be offered to CCC under the Milk Price Support Program, Announcement Dairy-5. The offers are due by July 30th and the delivery period runs from September to December. Production levels in the region have rebounded from recent weeks with more milk appearing at balancing plants. During the week of July 15 - 19, adjusted support program purchases totaled 21,781,139 pounds of NDM with 18,914,938 pounds from the West. High heat prices are steady in light trading. Producer offerings are limited in the region and some plants have none to offer currently. There is dryer time available to make high heat if orders occur. Buying interest is light seasonally.

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 19	\$.8999	13,914,343	7,831,326
July 12	\$.8982	19,934,187	13,188,269

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 mixed on a mostly steady market. Trading activity is increasing into ice cream and blending facilities. However, inventories remain heavy at some locations. Production of condensed buttermilk is lower in response to reduced cream supplies and churn activity. Most condensed buttermilk produced is being readily cleared to end-users, reducing intakes into dryers and overall dry buttermilk production. Western product continues to be more attractively priced than Central product, hampering some sales in the Central region.

F.O.B. CENTRAL: .7900 - .8700

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Eastern prices remain nominal. Production levels are lighter, reflecting the East's rather sharp drop in churning activity. Producer stocks range from adequate to ample. Demand remains just fair, but with lighter output, stocks are being whittled down. Sales of condensed buttermilk are also lighter due to lack of churning.

F.O.B. NORTHEAST: .7600 - .8350

DELVD SOUTHEAST: .7800 - .8650

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are slightly lower in light to moderate trading. Lower prices are being used to clear inventories and help some producers get in better shape. Buyers continue to offer lower prices for product, but are having no reported success at "way below the market" offers. Drying schedules have been reduced with less milk production and less cream being made into butter. Stock levels vary from light to heavy.

F.O.B. WEST: .7200 - .7950 MOSTLY: .7300 - .7500

**DRY WHOLE MILK - NATIONAL**

Prices are nominal and unchanged. The market tone is steady. Production levels are light and still geared to filling contracts. Producer stocks are light and spot demand remains 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**

Prices are unchanged to higher on a steady to firm market. Spot trading activity is light. Contractual buyers are resuming normal shipping schedules and asking for additional loads. Inventories are mixed. Some plants are shorting customers while others hold stocks to clear. Production is steady to lower in response to lower milk output. Demand is good into Mexico with some inquiries noted from Asian markets. Condensed whey supplies vary depending upon location. Some feed operations are buying more condensed in anticipation of needed supplies this fall whereas some lactose/WPC plants are having difficulty in finding desired additional whey solids. Neither buyer nor seller is confident of the market direction in the next few months.

F.O.B. CENTRAL: .1500 - .1650 MOSTLY: .1525 - .1575

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are little changed, occasionally fractionally higher. The market tone seems slightly firmer. Eastern producers report lighter output and tighter supplies. Some do have spot loads to move, but for the most part, they are committed for the next few weeks. This is more a result of lighter output rather than improved demand. However, some buyers/traders have been looking to purchase extra loads. They expect little down-side price risk and improved need as we enter fall. The heat wave has broken in much of the Northeast and dryer efficiencies have improved. Surplus milk volumes are such that cheese makers have had to cut production schedules. Overall demand remains steady.

F.O.B. NORTHEAST: EXTRA GRADE .1550 - .1650  
USPH GRADE A .1750 - .1875  
DELVD SOUTHEAST: .1800 - .1950

**DRY WHEY - WEST**

Prices are mixed for Western whey powder, but the market undertone remains weak. The problem continues to be stock levels that are higher than desired for this time of the year. Current production is declining, but not fast enough to allow much reduction in inventory levels. Domestic demand is seasonally fair. Sellers often need to be very aggressive on pricing to make any new volume export sales. There has not been a lot of change in the market situation for the last month or so.

NONHYGROSCOPIC: .1350 - .1550 MOSTLY: .1400 - .1500

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a mostly steady market. Inquiries for milk replacer product are increasing yet trading activity is generally light. Roller ground supplies are mostly in balance with demand on steady production schedules. Hot summer temperatures are discouraging the trade and production of delactose. In addition, many feed buyers are opting to purchase more attractively priced MPC and WPC as a substitute to delactose. Spot trading of delactose is consequently light. Early weaned pig prices are trending steady while North Central veal prices move lower.

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 unchanged to lower on a weak market. Spot trade activity is light. As a substitute to WPC 34%, the NDM sell back prices of .4011, .4050 and .4111 are suggested to be representative of the WPC market. However, the cost to "denature" NDM is not clear and may vary depending on the location, suggesting that the price of the NDM could calculate above or below the current WPC 34% market. Many feed buyers were not aware of the recent sell back opportunity and producers are alarmed by the sales, especially in the current depressed market. Imported MPC and WPC are competitive with domestic WPC 34% product yet the supplies and quality of these products are lower. WPC 34% movement appears best into contracts with some inquiries noted from export markets. Production of WPC 34% is steady to lower in response to reduced available milk volumes and whey solids. Off grade supplies are available for the light interest. Both buyers and sellers are uncertain of market trends for WPC 34% in either the short or long term.

F.O.B. EXTRA GRADE 34% PROTEIN: .4100 - .4600 MOSTLY: .4250 - .4400

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to lower on a steady to weak market. Product is clearing at both discount and premium prices for the fair interest. Inquiries are increasing from export markets, yet overall movement into exports is less than anticipated for this time of year. Some contracts for third quarter remain incomplete, encouraging greater supplies on the spot market. Concern for the fourth quarter is being expressed, especially with new plants expected online, fickle demand and varied inventory reports. Some buyers are taking their cues from the whey market. As whey prices stabilize, buyers are expressing interest in contracting supplies for the remainder of the year. However, some buyers also continue to perceive weakness in the market and are bidding below the range without success. Off grade supplies are available and readily clearing into the feed industry. Permeate is a competitive substitute to lactose into some export and feed markets.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1350 - .2250 MOSTLY: .1450 - .1700

**CASEIN - NATIONAL**

Casein markets remain weak although prices are unchanged. Most domestic buyers are looking at a fairly steady market for the balance of the quarter with some further weakness possible in the fourth. Stocks of acid and rennet are reported to be fully sufficient for buyer needs. Casein buyers and potential U.S. producers are very interested in what the outcome will be for the second round of bidding for an undetermined quantity of government owned skim milk powder for the production of casein/caseinates. Bids are due August 5. Bidders are inquisitive about where prices will be, especially when the most recent government owned skim powder sale for animal feed was around \$.40 a pound, which was about 20 cents a pound lower than previous animal feed use sales.

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, but reported as fairly good for this time of year. With milk prices as low as they currently are, evaporated milk producers are running as much as they can. However, surplus milk supplies have tightened significantly since late June and some plants are seeing lighter output.

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

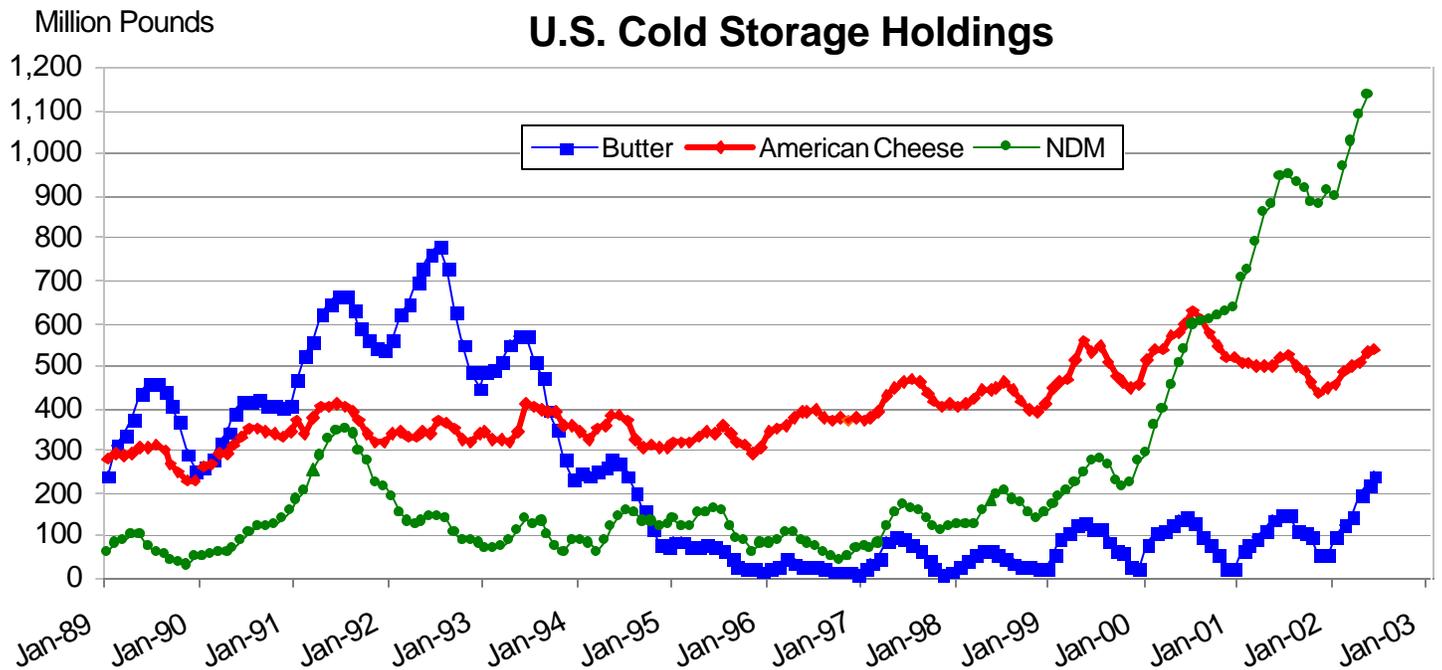
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under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

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAY 31, 2000	MAY 31, 2001	REVISED MAY 31, 2002	JUNE 30, 2000	JUNE 30, 2001	JUNE 30, 2002
Butter	138,187	138,022	226,849	145,786	153,486	244,364
Cheese, Natural American	578,379	497,400	531,212	596,616	521,543	537,643
Cheese, Swiss	15,538	12,404	15,943	15,105	11,990	14,632
Cheese, Other Natural	217,532	202,304	236,173	216,387	205,619	234,228
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	489	653	2,258	420	829	2,025
Natural American Cheese	52	1,741	692	46	1,734	786

JUNE COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
New England	22,529	24,965	20,652	---	---	---	777	610	390
Middle Atlantic	48,882	51,904	61,904	---	---	---	15,118	25,231	41,116
East North Central	294,960	232,654	211,346	---	---	---	103,083	99,100	109,842
West North Central	119,306	103,922	127,963	---	---	---	73,495	58,625	65,763
South Atlantic	4,505	3,995	3,885	---	---	---	444	222	2,025
East South Central	0	0	328	---	---	---	201	164	188
West South Central	489	1,185	3,010	---	---	---	482	253	172
Mountain	14,571	12,715	10,072	---	---	---	6,163	7,298	2,434
Pacific	91,374	90,203	98,483	---	---	---	16,624	14,116	12,298
<b>TOTAL</b>	<b>596,616</b>	<b>521,543</b>	<b>537,643</b>	<b>145,786</b>	<b>153,486</b>	<b>244,364</b>	<b>216,387</b>	<b>205,619</b>	<b>234,228</b>

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



Graph by DMN, Source: USDA, NASS

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	1,093	858	161	127	933	731
May	227	138	225	137	2	1	531	497	531	496	1	2	1,136	882	155	134	981	747
June	244	153	242	153	2	1	538	522	537	520	1	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.

COMMERCIALY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	May 31, 2000	May 31, 2001	May 31, 2002	Jun 30, 2000	Jun 30, 2001	Jun 30, 2002
	Thousand Pounds					
Butter	137,698	137,369	224,591	145,366	152,657	242,339
Natural American Cheese	578,327	495,659	530,520	596,570	519,809	536,857

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

SOURCE: "Cold Storage," Co St 1 (7-02) and "Dairy Products," Da 2-6 (7-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, AUGUST

**Class I Base Price** -- Under the Federal milk order pricing system, the Class I base price for August 2002 is \$10.48 per cwt. 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. 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 \$6.86. Thus, the Class II skim milk price for August is \$7.56 per cwt., and the Class II nonfat solids price is \$0.8400. **Product Price Averages** -- The two-week product price averages for August are, butter \$1.0188, nonfat dry milk \$0.9025, cheese \$1.1098, and dry whey \$0.1552.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/ 2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	August 2002		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	13.73	10.11	1.1347
Appalachian (Charlotte) <sup>5/</sup>	005	13.58	9.96	1.1332
Southeast (Atlanta) <sup>6/</sup>	007	13.58	9.96	1.1332
Florida (Tampa) <sup>7/</sup>	006	14.48	10.86	1.1422
Mideast (Cleveland) <sup>8/</sup>	033	12.48	8.86	1.1222
Upper Midwest (Chicago) <sup>9/</sup>	030	12.28	8.66	1.1202
Central (Kansas City) <sup>10/</sup>	032	12.48	8.86	1.1222
Southwest (Dallas) <sup>11/</sup>	126	13.48	9.86	1.1322
Arizona-Las Vegas (Phoenix) <sup>12/</sup>	131	12.83	9.21	1.1257
Western (Salt Lake City) <sup>13/</sup>	135	12.38	8.76	1.1212
Pacific Northwest (Seattle) <sup>14/</sup>	124	12.38	8.76	1.1212
All-Market Average		13.06	9.44	1.1280

<sup>1/</sup> 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. <sup>2/</sup> 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. <sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets. <sup>4/</sup> 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. <sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. <sup>6/</sup> 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. <sup>7/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. <sup>8/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. <sup>9/</sup> Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. <sup>10/</sup> 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. <sup>11/</sup> 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. <sup>12/</sup> Class I price at Las Vegas is minus \$0.35. <sup>13/</sup> Class I price at Boise is minus \$0.30. <sup>14/</sup> 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 <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
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
JUNE 2002	175.8	1.6	168.0	0.7	162.6	-2.6	169.6	1.7	153.7	-14.0	161.9	0.1
<b>U.S. City Average Retail Prices</b>												
Month	Whole Milk <sup>4/</sup>		Lowfat Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Dollars												
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
JUNE	2.768	2.911	NA	2.874	3.084	2.385	3.856	3.949	4.311	3.968	3.752	3.703

NA Data not adequate for publication.

<sup>1/</sup> "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. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—MARCH-MAY AND YEAR-TO-DATE 2001-02 <sup>1/</sup>

Item	Mar.-May 2001	Percent change <sup>2/</sup>	Mar.-May 2002	Percent change <sup>2/</sup>	Jan.-May 2001	Percent change <sup>2/</sup>	Jan.-May 2002	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	43,099	-1.9	44,510	3.3	69,996	-1.9	71,948	2.8
Marketings	42,781	-1.9	44,202	3.3	69,473	-1.9	71,442	2.8
Beginning Commercial Stocks <sup>3/</sup>	8,280	-9.4	9,148	10.5	6,839	11.3	7,041	3.0
Imports <sup>3/</sup>	1,267	11.0	1,222	-3.6	2,037	18.3	1,998	-1.9
Total Supply <sup>4/</sup>	52,328	-2.9	54,572	4.3	78,349	-0.4	80,481	2.7
Ending Commercial Stocks <sup>3/</sup>	9,346	-9.8	11,835	26.6	9,346	-9.8	11,835	26.6
Net Removals <sup>3/</sup>	36	-86.7	67	86.1	89	-80.5	116	30.3
Commercial Disappearance <sup>4/</sup>	42,946	-0.8	42,670	-0.6	68,914	1.5	68,530	-0.6
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	297.4	-4.1	301.2	1.3	480.0	-1.7	499.7	4.1
American Cheese	918.6	0.1	928.6	1.1	1,515.7	4.1	1,500.3	-1.0
Other Cheese	1,279.9	1.4	1,259.5	-1.6	2,020.6	3.2	2,031.1	0.5
Nonfat Dry Milk	231.1	41.4	155.3	-32.8	359.5	39.4	244.7	-31.9
Fluid Milk Products <sup>6/</sup>	13,930.0	-0.2	13,969.5	0.3	23,051.0	0.0	23,102.9	0.2

<sup>1/</sup> 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. <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds.

<sup>6/</sup> 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, AUGUST 2002, WITH COMPARISONS <sup>1/</sup>												
CITY	AUG 2000			AUG 2001			JUL 2002			AUG 2002		
	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference
Dollars Per Hundredweight												
Atlanta, GA	16.38	15.05	1.33	19.28	18.50	0.78	15.65	13.72	1.93	15.51	13.58	1.93
Baltimore, MD	16.30	14.95	1.35	19.85	18.40	1.45	15.37	13.62	1.75	15.23	13.48	1.75
Boston, MA	15.68	15.20	0.48	20.25	18.65	1.60	15.47	13.87	1.60	15.13	13.73	1.40
Carbondale, IL	15.86	14.15	1.71	19.31	17.60	1.71	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Charlotte, NC	16.38	15.05	1.33	19.28	18.50	0.78	15.65	13.72	1.93	15.51	13.58	1.93
Chicago, IL	15.53	13.75	1.78	19.01	17.20	1.81	14.44	12.42	2.02	14.37	12.28	2.09
Cincinnati, OH	16.02	14.15	1.87	19.43	17.60	1.83	14.43	12.82	1.61	14.29	12.68	1.61
Cleveland, OH	15.72	13.95	1.77	19.23	17.40	1.83	14.23	12.62	1.61	14.09	12.48	1.61
Dallas, TX	15.75	14.95	0.80	18.77	18.40	0.37	15.02	13.62	1.40	14.88	13.48	1.40
Denver, CO	15.15	14.50	0.65	18.65	17.95	0.70	14.02	13.17	0.85	13.88	13.03	0.85
Des Moines, IA	15.04	13.75	1.29	18.41	17.20	1.21	13.79	12.42	1.37	13.65	12.28	1.37
Detroit, MI	15.00	13.75	1.25	18.14	17.20	0.94	13.67	12.42	1.25	13.53	12.28	1.25
Hartford, CT	15.58	15.10	0.48	20.15	18.55	1.60	15.37	13.77	1.60	15.03	13.63	1.40
Houston, TX	16.35	15.55	0.80	19.37	19.00	0.37	15.62	14.22	1.40	15.48	14.08	1.40
Indianapolis, IN	15.82	13.95	1.87	19.23	17.40	1.83	14.23	12.62	1.61	14.09	12.48	1.61
Kansas City, MO	15.24	13.95	1.29	18.61	17.40	1.21	14.38	12.62	1.76	14.24	12.48	1.76
Louisville, KY	15.30	14.15	1.15	18.60	17.60	1.00	13.92	12.82	1.10	13.78	12.68	1.10
Memphis, TN	15.83	14.75	1.08	18.78	18.20	0.58	15.15	13.42	1.73	15.01	13.28	1.73
Miami, FL	18.89	16.25	2.64	21.79	19.70	2.09	18.16	14.92	3.24	18.02	14.78	3.24
Milwaukee, WI	15.48	13.70	1.78	19.11	17.15	1.96	14.54	12.37	2.17	14.47	12.23	2.24
Minneapolis, MN	14.94	13.65	1.29	18.47	17.10	1.37	13.89	12.32	1.57	13.82	12.18	1.64
New Orleans, LA	16.53	15.55	0.98	19.43	19.00	0.43	15.80	14.22	1.58	15.66	14.08	1.58
Oklahoma City, OK	15.60	14.55	1.05	18.80	18.00	0.80	14.87	13.22	1.65	14.73	13.08	1.65
Omaha, NE	15.09	13.80	1.29	18.46	17.25	1.21	13.84	12.47	1.37	13.70	12.33	1.37
Philadelphia, PA	16.47	15.00	1.47	20.02	18.45	1.57	15.54	13.67	1.87	15.40	13.53	1.87
Phoenix, AZ	14.45	14.30	0.15	17.90	17.75	0.15	13.12	12.97	0.15	12.98	12.83	0.15
Pittsburgh, PA	15.25	14.05	1.20	19.40	17.50	1.90	14.72	12.72	2.00	14.58	12.58	2.00
St. Louis, MO	15.66	13.95	1.71	19.11	17.40	1.71	13.87	12.62	1.25	13.73	12.48	1.25
Salt Lake City, UT	14.10	13.85	0.25	17.55	17.30	0.25	12.82	12.52	0.30	12.68	12.38	0.30
Seattle, WA	14.33	13.85	0.48	17.72	17.30	0.42	12.94	12.52	0.42	12.80	12.38	0.42
Spokane, WA	14.33	13.85	0.48	17.72	17.30	0.42	12.94	12.52	0.42	12.80	12.38	0.42
Springfield, MO	15.20	14.15	1.05	18.40	17.60	0.80	14.47	12.82	1.65	14.33	12.68	1.65
Washington, DC	16.30	14.95	1.35	19.85	18.40	1.45	15.37	13.62	1.75	15.23	13.48	1.75
Simple Average	15.62	14.43	1.19	19.03	17.88	1.15	14.60	13.11	1.49	14.46	12.97	1.49

<sup>1/</sup> 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. <sup>2/</sup> The price series for this city has been discontinued.

**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF JULY 22 - 26, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 7/19/02	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	121,481	-0-	121,481	121,481	4,025,276	-0-	-0-
Process	198,000	-0-	198,000	198,000	3,999,600	-0-	-0-
<b>TOTAL</b>	319,481	-0-	319,481	319,481	11,074,959	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	14,376,396	2,592,324	11,784,072	594,056,796	361,412,453	1,172,506,000	591,772,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
<b>TOTAL</b>	14,376,396	2,592,324	11,784,072	594,056,796	389,563,544	1,218,897,000	629,999,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 22 - 26, 2002 =	5.5	140.3	COMPARABLE PERIOD IN 2001 =	0.7	36.8
CUMULATIVE SINCE OCTOBER 1, 2001 =	133.6	6,918.0	CUMULATIVE SAME PERIOD LAST YEAR =	187.9	4,644.2
CUMULATIVE JANUARY 1 - JULY 26, 2002 =	116.7	5,022.1	COMPARABLE CALENDAR YEAR 2001 =	71.4	3,161.6

\* 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 JULY 22 - 26, 2002 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	198,000	288,533	-0-
WEST	-0-	-0-	-0-	-0-	121,481	-0-	11,121,049	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	374,490	-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-	198,000	5,995,440	33,728,775	6,544,761	6.9	30.2
WEST	-0-	-0-	121,481	5,039,919	517,920,265	383,018,783	86.1	69.6
EAST	-0-	-0-	-0-	39,600	42,407,756	-0-	7.0	0.2
<b>TOTAL</b>	-0-	-0-	319,481	11,074,959	594,056,796	389,563,544	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 07/06/02 & 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	0.1	0.7	5.2	4.4	15.9	1.5	0.2	0.5	8.8	1.8	39.1	1,294.0	44.5	46.0
2001-Dairy	0.2	0.6	5.3	3.7	15.4	1.5	1.0	0.6	7.5	1.7	37.5	1,365.7	42.3	47.0
2002-All cows	0.2	0.7	7.0	10.0	24.7	11.7	13.5	3.0	12.0	5.2	87.9	2,812.8		
2001-All cows	0.2	0.8	7.2	12.7	22.5	11.6	14.5	4.1	9.8	5.4	88.6	2,908.4		

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](http://www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm)