

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS (09/06):
BUTTER: Grade AA closed at \$0.9250. The weekly average for Grade AA is \$0.9388 (-.0162).

CHEESE: Barrels closed at \$1.0800 and blocks at \$1.1300. The weekly average for barrels is \$1.0988 (-.0227) and blocks, \$1.1419 (-.0146).

NONFAT DRY MILK: Extra Grade closed at \$0.9050 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.9050 (N.C.) and Grade A, \$0.9200 (N.C.).

BUTTER: The cash butter price remains under \$1.00 compared to \$2.22 last year at this time. During the past holiday weekend, churning activity was more active across most of the country as surplus cream was available. Early in the week, these additional offerings quickly disappeared as Class II product production resumed. Some printers indicated that the holiday weekend cream offerings were not as plentiful as in years past. Stocks of butter remain heavier than last year at this time. Producers and handlers indicate that with current inventories and projected production for the next few months, butter supplies should be fully sufficient for year end needs without a significant run up in price. Overall butter demand is fair. Most buyers continue to place orders for near term needs with many not overly concerned about supply availability. Some retailers are looking ahead to the yearend holidays and planning promotions and butter needs for that time period. Food service orders are lighter as many buyers assess their inventories following the unofficial end of the summer vacation season.

CHEESE: The cheese market is mixed. Current cheese demand is improved on specialty items and, in some areas, mozzarella. The market still seems to lack much of the usual fall strength. Central and Eastern plant operators are unable to fill orders for specialties and have problems understanding why cash CME cheese and milk prices are so low. The reopening of schools after the holiday reduced milk supplies available for cheese production. Cumulative 7 month U.S. cheddar cheese output totals 1.696 billion pounds, up 70.7 million pounds (4.4%) from the same period in 2001. Total cheese output for January - July totals 4.847 billion pounds, up 96.2 million pounds (2.0%) from last year.

FLUID MILK: The holiday weekend caused minimal problems with handling any surplus milk supplies. Bottling stayed active due to the reopening of any remaining schools after the holiday. Manufacturing schedules were occasionally heavier over the holiday weekend but extra volumes were easily absorbed. Current milk receipts were about steady in the East and Midwest. Intakes were lower in Florida and milk imports were correspondingly higher. Milk receipts are steady to lower in New Mexico and Arizona due to high temperatures. In California, high temperatures were

also reducing receipts in most areas, though the weather has since moderated. Near ideal conditions for milk production have helped milk receipts rebound in the Pacific Northwest, though as elsewhere, producers are redoing rations to reduce expenses to cope with current low milk prices. Drought reduced crops and feed availability are also factors in many producers' plans. Plant operators are seeing increased fat and protein levels on milk receipts in Utah and Idaho as temperatures cool.

DRY PRODUCTS: The whey markets are firm and prices are generally higher. Tight supplies in the Central and East may have some buyers looking to the West for additional product. Some producers are also delaying deliveries. Prices of WPC are steady to higher as supplies tighten and spot edible interest has improved. The NDM market is mixed with prices higher in the Central and East and occasionally higher in the West. CCC continues to purchase Western NDM, including the first medium heat purchases. The buttermilk market is unsettled to weak. Additional churning generated some extra buttermilk over the holiday weekend. Demand is generally fair though not clearing all current offerings.

CCC: During the holiday abbreviated week of September 2 - 6, CCC net purchases totaled 3,923,943 pounds of NDM. A total of 4,166,153 net pounds was purchased from the West and 242,210 pounds were cancelled from the East. The NDM included the first medium heat NDM (3,254,531 pounds) for committed program (export) use. Net cheese purchases during the week totaled 414,451 pounds of Western barrels.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2002 was unchanged at 124. Compared with August 2001, the index was unchanged. The index of prices received by farmers for dairy products was unchanged during the month of August 2002 at 86. Compared with August 2001, the index was down 40 points (31.7%). Prices received by farmers in August with changes from July were: for all milk, \$11.20, unchanged; fluid grade milk, \$11.30, up \$.10; and for manufacturing grade milk, \$9.80, up \$.30.

JULY DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 93.9 million pounds in July, 11.5% above July 2001, but 3.1% below June 2002. American type cheese production totaled 302.3 million pounds, 3.0% above last July but 2.6% below last month. Total cheese output (excluding cottage cheese) was 670.5 million pounds, 0.8% below July, and 2.7% below a year ago. Nonfat dry milk production, for human food, totaled 124.4 million pounds, 5.9% above July 2001 but 15.8% below June 2002. Dry whey production, for human food, was 85.0 million pounds, 0.4% above July 2001 but 4.1% below June 2002.

*****SPECIALS THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY SEPTEMBER 2	TUESDAY SEPTEMBER 3	WEDNESDAY SEPTEMBER 4	THURSDAY SEPTEMBER 5	FRIDAY SEPTEMBER 6	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	LABOR	\$1.1050 (+.0250)	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.0800 (-.0250)	N.C.	\$1.0988 (-.0227)
40# BLOCKS	DAY	\$1.1575 (N.C.)	\$1.1450 (-.0125)	\$1.1350 (-.0100)	\$1.1300 (-.0050)	-.0275	\$1.1419 (-.0146)
BUTTER GRADE AA	CME CLOSED	----	\$.9525 (-.0025)	----	\$.9250 (-.0275)	-.0300	\$.9388 (-.0162)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$0.9050 and Grade A price is \$0.9200. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, SEPTEMBER 2, 2002 -- NO TRADING, CME CLOSED FOR THE OBSERVANCE OF LABOR DAY

TUESDAY, SEPTEMBER 3, 2002

CHEESE -- SALES: 1 CAR BARRELS @ \$1.1050; 2 CARS 40# BLOCKS @ \$1.1600; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0850; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ \$1.1575, 4 @ \$1.1600

WEDNESDAY, SEPTEMBER 4, 2002

CHEESE -- SALES: 7 CARS 40# BLOCKS: 1 @ \$1.1400, 2 @ \$1.1425, 1 @ \$1.1450, 1 @ \$1.1325, 1 @ \$1.1500, 1 @ \$1.1475; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 17 CARS 40# BLOCKS: 1 @ \$1.1450, 1 @ \$1.1475, 5 @ \$1.1500, 2 @ \$1.1525, 3 @ \$1.1550, 1 @ \$1.1575, 4 @ \$1.1600

BUTTER -- SALES: 4 CARS: 1 @ \$0.9450, 1 @ \$0.9550, 1 @ \$0.9575, 1 @ \$0.9550; BIDS UNFILLED: 4 CARS: 1 @ \$0.9400, 1 @ \$0.9350, 1 @ \$0.9325, 1 @ \$0.9300; OFFERS UNCOVERED: 4 CARS: 1 @ \$0.9525, 2 @ \$0.9600, 1 @ \$0.9650

THURSDAY, SEPTEMBER 5, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ \$1.1350, 1 @ \$1.1550, 1 @ \$1.1600, 1 @ \$1.1650, 1 @ \$1.1700

FRIDAY, SEPTEMBER 6, 2002

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.0875, 1 @ \$1.0800; 7 CARS 40# BLOCKS: 1 @ \$1.1300, 1 @ \$1.1275, 1 @ \$1.1250, 1 @ \$1.1300, 1 @ \$1.1350, 1 @ \$1.1275, 1 @ \$1.1300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ \$1.1350, 2 @ \$1.1400, 1 @ \$1.1500, 1 @ \$1.1550

BUTTER -- SALES: 40 CARS: 1 @ \$0.9475, 1 @ \$0.9450, 2 @ \$0.9500, 1 @ \$0.9525, 1 @ \$0.9500, 1 @ \$0.9525, 1 @ \$0.9500, 1 @ \$0.9450, 1 @ \$0.9500, 1 @ \$0.9450, 2 @ \$0.9500, 1 @ \$0.9525, 1 @ \$0.9475, 1 @ \$0.9425, 1 @ \$0.9450, 1 @ \$0.9425, 1 @ \$0.9475, 1 @ \$0.9425, 1 @ \$0.9500, 1 @ \$0.9525, 1 @ \$0.9425, 1 @ \$0.9450, 1 @ \$0.9475, 1 @ \$0.9425, 1 @ \$0.9450, 6 @ \$0.9425, 2 @ \$0.9400, 1 @ \$0.9425, 2 @ \$0.9350, 1 @ \$0.9300, 1 @ \$0.9250; BIDS UNFILLED: 2 CARS: 1 @ \$0.9225, 1 @ \$0.9200; OFFERS UNCOVERED: 7 CARS: 2 @ \$0.9525, 1 @ \$0.9550, 1 @ \$0.9575, 1 @ \$0.9600, 1 @ \$0.9625, 1 @ \$0.9650

BUTTER MARKETS

JULY BUTTER PRODUCTION

During July 2002, butter production in the United States totaled 93.9 million pounds, 11.5% more than July 2001, but 3.1% lower than June 2002. The following are June to June changes for various states: CA +18.5%, NY -47.5%, PA +14.0%, WA +1.8%, and WI +7.7%.

NORTHEAST

The market tone is steady. The CME cash price held at \$.9550 all last week with offerors and bidders not pushing the price too far in either direction. Demand seems to be improving as shopping habits return to more typical school-year patterns. However, high retail prices continued to hamper sales. Fresh butter continued to be occasionally tight and some packaged butter orders are being filled from stored butter. Churning activity is lighter as milk and cream supplies are tight. Food service orders have slowed now that Labor Day is past and more resort area restaurants close or slow to "off season" levels of business. 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

Through mid week, the cash butter price continued to hold under \$1.00 for the twelfth consecutive butter trading session. The current price of \$.9525 compares to \$2.2200 last year at this time which was declining from the annual high of \$2.2250. Current churning schedules are seasonally quite active. Some producers indicated that surplus cream volumes were available to them over the past holiday weekend although these additional offerings have diminished as Class II demand resumed following the holiday. Stocks of butter continue to run heavier than last year at this time. Many printers feel that with stocks at current levels and churning

activity as strong as it is, supplies should be sufficient for the balance of the year. Some producers and handlers indicate that sales will need to be quite active to clear the anticipated volumes of butter that should be available during the final months of the calendar year. Overall butter demand is fair. Many buyers remain hesitant to place large orders in light of current prices and inventory reports. Some retail buyers are looking ahead to the yearend holidays and planning promotions and butter needs for that time period. Food service orders are slower now that the unofficial end to the summer vacation season is past and many families center their eating habits around school year patterns. Bulk butter for spot sales is selling in a range of flat - 2 cents per pound over various pricing basis.

WEST

Orders for bulk butter are being rated as fair. Inventory levels at some operations seem to be in reasonably close balance. Churning activity is declining seasonally as less cream is available to the churns. Print orders have slowed somewhat. Most contacts report that summer demand for butter was fair, but certainly not robust. Most don't see much chance for price strength in the near term or really, into the fall. CME weekly butter stocks declined by 4.4 million pounds this past week, the largest weekly decline since last November. July butter production in the Western region was 14.6% above a year earlier. U.S. cumulative butter output for the first seven months of the year totals 844.7 million pounds, up 13.9% from the same period in 2001. The increase from last year amounts to more than 103 million pounds. That would mean weekly additional production this year of 3.4 million pounds through the first seven months of the 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

WEEKENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
AUG 31	1,1404 6,644,446	1,1292 12,783,930	0.9073 23,720,741	0.9424 4,404,233	0.1649 10,319,072

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 on natural and process items, unchanged on Swiss. The market tone is little changed. For many distributors, market activity is switching from typical summer levels to school-year levels. Cheese orders are about steady, but are now with a higher percentage coming from urban areas and slowing in resort/vacation areas. Mozzarella sales are improving as expected for this time of year. Food service orders are steady. Cheese output is slower in the Northeast as surplus milk supplies tighten now that more milk is moving into Class I channels.

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

Cheddar 10# Prints	:	1.2200-1.7150
Cheddar Single Daisies	:	1.1775-1.6375
Cheddar 40# Block	:	1.2950-1.5175
Process 5# Loaf	:	1.3375-1.5150
Process 5# Sliced	:	1.3575-1.6250
Muenster	:	1.3825-1.5875
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is about steady. The holiday weekend reduced processors' and packagers' operating schedules and bulk cheese needs. Best interest continues to center on specialty varieties. Mozzarella movement has improved seasonally with the reopening of schools and colleges. Process movement is generally steady at best. Production of holiday gift pack items is increasing seasonally. Natural cheddar interest is generally fair at best and centers on filling commitments of regular accounts. Current cheese production is uneven, lower where the school milk needs pull extra supplies away from cheese, steady to slightly higher where milk intakes and yields are steady to slightly higher. Locally, some producers are unable to secure extra spot milk supplies to help with orders.

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

Process American 5# Loaf	:	1.3000-1.5300
Brick And/Or Muenster 5#	:	1.5100-1.7175
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6900-2.1150
Blue 5#	:	1.9100-2.1900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4625-2.2150
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	:	SEPTEMBER 2 - 06, 2002
BARRELS*	:	\$1.1150 - 1.1325
	:	(-\$.0200) (-.0350)
40# BLOCKS	:	\$1.1325 - 1.1925
	:	(-\$.0200) (.0050)

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

WEST

A number of contacts have stated this week that there is certainly more confusion in the cheese market than is normal for this time of year. Most believe that cheese stocks are too heavy to allow much run up in prices in the short run. Buyers are content to either work off stocks or buy only for replacement needs. Some firms are commenting that they are seeing normal fall interest start to build, but others see things no better than during the middle of summer. Quantities of under grade cheese are beginning to build as demand for that type of product is slow. Through the summer, under grades cleared very easily. Swiss cheese is readily available and clearing fairly well. Interest in mozzarella cheese is very slow in developing this fall. Contacts are surprised at this with most schools starting their fall term. Total cheese production for the U.S. in July was down 0.8% from last year and total Italian cheese production was off 5.0%. Swiss cheese output was down 2.1% from last year.

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

Process 5# Loaf	:	1.2725-1.5325
Cheddar 40# Block	:	1.2800-1.4200
Cheddar 10# Cuts	:	1.4600-1.6800
Monterey Jack 10#	:	1.4700-1.6300
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are unchanged to fractionally higher on domestic styles. The market tone is seasonal. Distributors are a little more active as retailers prepare for the slightly improved demand now that shopping habits are getting back to the more normal, school-year levels. Stocks are generally adequate to meet current needs. With the U.S. price of cheese as low as it is (about 50-55 cents lower than a year ago), the call for imported styles for processing is quite a bit lower than it was this time last year. Reports indicate that the EU cheese market/prices are more stable and stocks are more in balance.

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	: 1.5175-3.0075*
Gorgonzola	:	3.2400-5.9400	: 2.0375-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.9375-3.0175*
Romano (Italy)	:	2.1000-3.1900	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.5275-1.7500*
Romano (Cows Milk)	:	-0-	: 2.7150-4.8950*
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
09/02/02	70,248	:	137,252
08/01/02	71,854	:	141,769
CHANGE	-1,606	:	-4,517
% CHANGE	-2	:	-3

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	123	0	94	0	97	0
SOUTHEAST STATES	0	0	0	0	141	0

The following are the August 2002 Class and component prices under the Federal Milk Order pricing system: Class II \$11.07 (down \$0.07 from July), Class III \$9.54 (up \$0.21), and Class IV \$10.41 (down \$0.04). The following are product price averages used in computing Class prices: butter \$0.9925, NDM \$0.9074, cheese \$1.1189, and dry whey \$0.1571. The Class II butterfat price is \$1.0771 and the Class III/IV butterfat price is \$1.0701. Milk production is mostly steady in the East. Fluid milk supplies were a little heavier during the holiday weekend, but tightened back up early this week. Bottlers in the Northeast are busy filling school lunch pipelines. However, in the Southeast where many schools have been in session for a couple weeks, bottling for schools is pretty much routine now with few "ups or downs" in orders. Retail sales of bottled milk range steady to slightly improved. Florida's need for milk increased this week as their milk output slowed and demand improved. One contact there did comment on the fact that trucking was becoming a problem in some instances. Milk needs in the other Southeastern states are about steady and cooler weather did help production rebound slightly. Some intra-company milk was shipped into the region to supplement local supplies. Surplus milk volumes were a little heavier over the weekend and some butter/power plants took advantage of this extra milk to make more NDM. In the Southeast, manufacturing plants are mostly idle and only a few are operating on weekends. The condensed skim market and prices are little changed. Offerings are light to moderate and clearing satisfactorily. Some weekend volumes did move to dryers. The fluid cream market is steady. Some extra loads were available over the weekend, but most easily found a home. Some ice cream and cream cheese makers did close an extra day for the holiday, but are now back to normal levels of operation. Some ice cream makers did order additional loads of cream to make up for the down time. Most are eager to do so since August/September cream/fat prices haven't been this low in many years. Sales of ice cream are about steady and settling into a typical school-year pattern. Frozen novelty sales are slowing from summer and hot weather levels. Cream cheese output is moderate to heavy as producers take advantage of the low fat prices to make product for anticipated fall and holiday needs. Churning activity was up slightly over the weekend, but remains light.

many ice cream accounts, aided by continued summer like weather. However, some extra volumes were discounted at lower multiples over the holiday weekend for churning. The increase in bottling is also generating more standardized cream. Condensed skim interest is good with prices ranging from \$.94-1.02. Current milk intakes are still generally on a plateau with minimal fluctuations one way or another on a week to week basis. Crops continue to move toward fall harvest and some alfalfa is still being cut. Some corn is being chopped but stalks are often too wet yet for ensiling. Recent rains allowed some tillage to occur.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 29 - SEP 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 40.00- 45.50
REPLACEMENT HEIFER CALVES	\$375.00-475.00	\$300.00-540.00

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

	AUG 29 - SEP 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 41.75	\$ 41.50- 44.50

W E S T

The August 4a price (butter/powder) in CALIFORNIA is \$9.95, down \$0.10 from July and \$4.87 lower than last year. This is the lowest 4a price since February 1995. This compares to the Federal Order Class IV price for August at \$10.41. The August 4b price (cheese) is \$9.69, up \$0.79 from July but \$5.57 lower than last year. This compares to the Federal Order Class III price for August at \$9.54. Hot weather was common over the holiday weekend across California. In the southern milk producing areas, the heat was affecting milk cows with reports of declines of 2 to 7% reported. The heat was breaking mid to late week with the tail end effects of a hurricane bringing moisture and cooler temperatures. Hot conditions in the central part of the state were common for several days before cooling. Milk volumes were down slightly. Some seasonal declines were noted in the northern production areas. Plants in the state were running well over the holiday and milk was handled efficiently. Milk output continues to decline across NEW MEXICO. Weather conditions are seeing some reprieve from recent heat, but the effects still linger in the milking herds. Plants are generally running as expected with only minor problems noted over the holiday. ARIZONA milk production is steady to slightly lower. Weather conditions continue to be hot during the day and are not allowing for milk cows to recover. Wet weather is expected to hit the state in coming days and could impact milk. Processors in the state continue to bring in outside milk. Western cream remains highly unsettled. Cream supplies are moderate to heavy and multiples and overages are being pressured lower. Lighter demand from seasonal accounts is sending some more cream to the churns. The price of Grade AA butter at the CME remains depressed at \$.9525 at midweek. Western cream multiples are slightly higher and trade in the range of 108 to 126, FOB. Production conditions remain close to ideal in the PACIFIC NORTHWEST. Most herds have rebounded from recent heat induced stress. Many producers are scrambling to redo rations to make them less costly even though that will probably negatively impact production. With milk prices this bad, most are more worried about the cost side of the equation than maximum production. Hay prices in the region range from steady to slightly lower. Some believe that this is only a short run phenomenon. Financial stress in the Western region is increasing with banks taking a more active role in some management decisions. Culling rates are very low and there is not much interest in buying heifers. Production conditions are seasonal in UTAH and IDAHO. Cooler nights are allowing tests on incoming milk receipts to rebound. Dry conditions continue to plague the region. More water systems are being shut down as reservoirs are depleted. Crops have been impacted this year, but the real concern is now for next year if heavy snow is not in the forecast for the upcoming winter.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2893-1.3848
DELIVERED EQUIVALENT ATLANTA	-	1.2988-1.3848 M 1.3179-1.3561
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2511-1.3943

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9750-1.0200
NORTHEAST- CLASS III - SPOT PRICES	- .8600-.9200

M I D W E S T

The holiday weekend was generally handled as a non-event with the exception of some schedule changes around the holiday. Almost all remaining schools have reopened for the new year after the holiday and Class I orders are higher. Any milk available over the holiday weekend was easily absorbed by manufacturers. Reported spot manufacturing milk premiums are in the \$2.00 -2.50 area on a limited test. Many plant operators are unable to secure desired additional spot loads due to tight milk supplies. Some milk volumes continue to move south for bottling but more reportedly seems to be heading more easterly than to the South. Cream interest is holding up surprisingly well from

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 to higher on a firm market. Plants adequately handled excess milk available during the holiday weekend. However, heavier milk volumes encouraged some plants to produce more low heat versus the more time consuming high heat product. Pre-holiday production schedules of high heat are expected to resume next week. Demand is unchanged from the week prior with inquiries noted predominantly from brokerage firms. Offerings are light with some plants unable to offer supplies on a spot basis and no offers to the CCC are reported. Inquiries are heavy on the potential DEIP program and whether a tilt change would occur prior to an announcement or if the program will be delayed until after elections.

EAST: The market tone is firm and Eastern prices are unchanged to higher. Production levels continue to ease lower. Surplus milk supplies are even tighter now that bottlers are filling the school lunch pipelines. Some butter/powder plants did receive more surplus milk during the holiday weekend, but others had very little, if any, to process. Condensed skim sales are holding up at fairly good levels. Demand for NDM ranges from fair to good. Spot needs are most often being filled via the resale market or from producers in the West. Spot buyers are still looking for good deals, but there are few discounted prices to be found in the marketplace.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during July 2002 totaled 124.4 million pounds, up 5.9% from July 2001 but 15.8% below June 2002. Month ending stocks, at 137.5 million pounds, are 6.6% below a year ago and 20.8% lower than June 2002.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9300 - .9600 MOSTLY: .9400 - .9500
 HIGHHEAT: .9625 - 1.0200

NONFAT DRY MILK - WEST

Prices are trending slightly higher within the range and reflect producers' adjustments. The market tone remains mixed. Drying remains active to process available milk in the region and was often higher over the holiday weekend to handle surplus milk. Producers continue to clear excess NDM by offering to the CCC under the support program. Additionally, medium heat NDM is being offered to CCC for export programs and these sales appear in weekly totals. Regular account buyers are somewhat guarded in making additional purchases now. They are concerned that prices have trended slightly upwards in recent weeks, but are cautious on buying with the potential for NDM to be tilted lower. During the week of August 26 - 30, adjusted support program purchases totaled 9,644,741 pounds of NDM with 9,159,729 pounds from the West. Prices for high heat powder in the West are adjusted marginally higher. Trading levels are light to moderate with some additional, seasonal interest apparent. Trade needs are met with adequate supplies. U.S. NDM production in July totaled 124.4 million pounds, up 5.9% from last year but 15.8% lower than June. July production in the West region totaled 98.1 million pounds, up 11.0% from last year. Western states' production levels with comparisons to last year are: California, 59.3 million pounds, up 4.0%; Idaho, 8.1 million pounds, +14.5%; and Washington, 17.2 million pounds, up 7.6%. U.S. manufacturers' stocks at the end of July were reported at 137.5 million pounds, down 6.6% from last year and down 20.8% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8900 - .9575 MOSTLY: .9000 - .9100
 HIGHHEAT: .9250 - .9525

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 30	\$.9020	15,037,084	6,235,177
August 23	\$.8999	19,105,355	9,345,675

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

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a weak market. Production of buttermilk condensed increased over the holiday weekend in response to excess milk supplies available. Most condensed buttermilk supplies are readily cleared into ice cream facilities that report good end-product demand. Interest in dry buttermilk is substantially less than condensed with some producers pondering over inventories that will likely grow as milk production seasonally rebounds. Sellers are generally resistant to bids reported below the range. Dry buttermilk production during July 2002 totaled 3.3 million pounds, up 17.9% from July 2001 but 19.1% lower than June 2002. Month ending stocks, at 12.4 million pounds, are 178.7% above last year but 8.0% lower than last month.

F.O.B. CENTRAL: .7500 - .7700

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Eastern prices remain nominal. Production levels are light. Churning activity did increase for a day or two during the holiday weekend, but slowed at midweek. Producer inventories are often heavier than desired, particularly for powder that is off grade. Demand remains fair. Dry buttermilk production during July 2002 totaled 3.3 million pounds, up 17.9% from July 2001 but 19.1% less than June 2002. Month ending stocks, at 12.4 million pounds, nearly triple last year but 8.0% less than a month ago.

F.O.B. NORTHEAST: .7800 - .8350
 DELVDSOUTHEAST: .7800 - .8550

DRY BUTTERMILK - WEST

Buttermilk prices are slightly lower with the market tone steady to unsettled. There is little new news to affect the marketplace. Production levels are active with additional churning occurring around the holiday. Dry buttermilk is available from most producers and resellers. Demand is fair, but not clearing all current and older stocks. U.S. dry buttermilk production in July totaled 3.3 million pounds, up 17.9% from last year but 19.1% lower than June. Stocks at the end of July were reported at 12.4 million pounds, 2.8 times higher than a year earlier.

F.O.B. WEST: .7200 - .7650 MOSTLY: .7300 - .7400

DRY WHOLE MILK - NATIONAL

Prices are mixed, mostly lower to occasionally higher and nominal. Production levels are generally just to meet contracts. However, July's output is quite a bit heavier than year ago figures. Plant stocks are closely balanced and spot demand is limited. Dry whole milk production during July 2002 totaled 6.5 million pounds, up 111.4% from July 2001 and 40.4% above June 2002. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT: 1.1100 - 1.1725

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 higher on a firm market. Supplies continue to tighten in the Central region. A lack of supplies may encourage some buyers to seek additional product from the West. Production is unchanged as excess milk supplies available over the holiday weekend were more readily diverted to NDM or fluid facilities. Inventories are in balance to short of buyer interest. Trading activity is best into the feed industry and light into edible and export markets. Resale activity is less aggressive than when the market initially began to rise yet sales are reported above the current range. Production of human food, dry whey during July 2002 totaled 85.0 million pounds, 0.4% more than July 2001 but 4.1% below June 2002. Month ending stocks, at 31.3 million pounds, are 2.3% below a year ago and 14.9% less than June 2002.

F.O.B. CENTRAL: .1725 - .1875 MOSTLY: .1775 - .1875

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher and the market tone continues to firm. Eastern prices remain nominal as few spot sales were reported at the producer level. Producer stocks are tight and some are delaying contract shipping dates due to lighter output. Any spot sales are usually found on the resale side of the market and commanding higher premiums. The tighter milk supply is often cited as the reason for the lack of dry whey production. Demand is improving at most levels of the market. Production of human food, dry whey during July 2002 totaled 85.0 million pounds, 0.4% more than July 2001 but 4.1% below June 2002. Month ending stocks, at 31.3 million pounds, are 2.3% below last year and 14.9% less than a month ago. Production of animal feed, dry whey during July totaled 6.0 million pounds, 19.6% less than a year ago but 14.2% above June 2002.

F.O.B. NORTHEAST:	EXTRA GRADE	.1750 - .1850
	USPH GRADE A	.1875 - .1975
DELVDSOUTHEAST:		.2000 - .2225

DRY WHEY - WEST

Western whey prices moved fractionally higher in light trading. A number of buyers and sellers are stating that deliveries on current orders are often being delayed from a few days to a few weeks. Some sellers are booking powder for October delivery at this time. The July USDA production and stock reports seem to support the current trend in the market. July U.S. whey output was 85.0 million pounds, up 0.4% from last year and actually down from last month by 4.1%. Stocks at the end of July totaled 31.3 million pounds, 2.3% less than last year and 14.9% less than last month.

NONHYGROSCOPIC: .1450 - .1800 MOSTLY: .1500 - .1575

ANIMAL FEED WHEY - CENTRAL

Prices are mixed on animal feed items. Along with price increases in the Extra Grade market, milk replacer and roller ground prices are also increasing. Roller ground production is steady and supplies are generally in balance with demand. Some buyers are making inquiries as to the possibility of securing popcorn whey instead of roller ground. Delactose inventories are in balance to somewhat long at locations. Producers are generally opting to sell excess supplies to the food industry before offering stocks to feed buyers. The July pig crop is up 2%. Production of animal feed dry whey during July 2002 totaled 6.0 million pounds, 19.6% lower than a year ago but 14.2% more than June 2002. Month ending stocks, at 2.9 million pounds, are 45.2% below a year ago but 22.7% higher than last month.

F.O.B. CENTRAL:		
MILK REPLACER:		.1600 - .1675
ROLLER GROUND:		.1625 - .1875
DELACTOSE (Min. 20% protein):		.3200 - .3575

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Supplies of WPC 34% are reportedly tighter yet buyers and sellers are not aggressive in trade activity. Interest in condensed WPC is generally good. While edible demand is predominantly contractual, some spot loads are noted into domestic markets. Feed demand is mixed as competitive high protein supplies remain available. Production is generally steady. Inventories are mixed with stocks reportedly heavier in the West. Off grade product is readily available for the light to fair interest. Production of HUMAN FOOD WPC during July 2002 totaled 26.6 million pounds, up 15.8% from July 2001 and 0.2% above June 2002. Manufacturers end-of-month stocks totaled 30.0 million pounds, 99.2% higher than a year ago but 8.9% below last month. Production of ANIMAL FEED WPC during July 2002 totaled 3.1 million pounds, down 13.7% from July 2001 but 26.9% below June 2002. Manufacturers end-of-month stocks totaled 1.2 million pounds, 42.3% below last year and 38.0% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .4100 - .4475 MOSTLY: .4225 - .4475

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. In light of recent price increases in the Extra Grade whey market, some producers are reporting increased sales activity. However, supplies in the lactose market are not comparable to the whey market with most traders reporting activity as very slow. Production is generally steady. Negotiations for the fourth quarter are expected to commence next week. Off grade lactose demand is good at prices below the range. Lactose production during July 2002 totaled 49.2 million pounds, up 15.2% from July 2001 and 0.3% above June 2002. Month ending stocks, at 47.4 million pounds, are 78.1% higher than a year ago and 3.7% above last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1400 - .2250 MOSTLY: .1450 - .1700

EVAPORATED MILK - NATIONAL

Prices and the market tone are little changed. Surplus milk volumes are tighter and evaporated milk output is off accordingly. Demand is steady. Canned evaporated milk production during July 2002, totaled 44.8 million pounds, 18.9% more than July 2001 but 4.6% less than June 2002. Month ending stocks, at 70.8 million pounds, are 9.5% less than a year ago but 3.0% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices remain weak. Domestic buyers are negotiating their needs for the balance of the calendar year. In most instances, buyers feel that supplies will be adequate for their needs with no significant price variations from current levels. Acid stocks are readily available with rennet in closer balance to tight. Potential casein producers and domestic casein buyers are very curious about what will be the outcome of the third round of government owned skim milk powder sales for the production of casein/caseinate. Many still have mixed opinions on the success of this program. Also within the third announcement, was the re-opening of field tests for new potential producers. Interested producers can purchase around 120,000 pounds of powder at \$.10 per pound and provide USDA with production results within a specified period of time. All interested companies must respond within 30 days of August 21 to participate in this field test.

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:	1.9500 - 2.1000
ACID:	1.7500 - 1.9500

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 31 ::REPORT NUMBER 32 ::REPORT NUMBER 33 ::REPORT NUMBER 34 ::REPORT NUMBER 35 ::					2002	2001
	::-----::-----::-----::-----::-----::					Average	Average
	AUG 01 - 02	AUG 05 - 09	AUG 12 - 16	AUG 19 - 23	AUG 26 - 30	or Total	or Total
CHEESE							
MIDWEST COMMODITY CHEDDAR							
-- Cheddar Barrels	:: 1.0500 - 1.1350	:: 1.1275 - 1.1375	:: 1.1325 - 1.1450	:: 1.1300 - 1.1425	:: 1.1350 - 1.1675	:: 1.1354	: 1.6404
-- Cheddar 40# Blocks	:: 1.0875 - 1.1700	:: 1.1600 - 1.1925	:: 1.1525 - 1.1975	:: 1.1300 - 1.1800	:: 1.1525 - 1.1875	:: 1.1654	: 1.7179
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.2200 - 1.5400	:: 1.2975 - 1.5400	:: 1.3100 - 1.5400	:: 1.3050 - 1.5300	:: 1.3025 - 1.5300	:: 1.4158	: 1.9536
-- Brick And/Or Muenster 5#	:: 1.5100 - 1.6200	:: 1.5100 - 1.7250	:: 1.5100 - 1.7300	:: 1.5100 - 1.7125	:: 1.5100 - 1.7150	:: 1.6107	: 2.1506
-- Cheddar 40# Block	:: 1.4325 - 2.1150	:: 1.4600 - 2.1150	:: 1.4600 - 2.1150	:: 1.4300 - 2.1150	:: 1.4300 - 2.1150	:: 1.7794	: 2.0608
-- Monterey Jack 10#	:: 1.6850 - 2.1150	:: 1.6900 - 2.1150	:: 1.6900 - 2.1150	:: 1.6900 - 2.1150	:: 1.6900 - 2.1150	:: 1.9023	: 2.2296
-- Blue 5#	:: 1.8125 - 2.2100	:: 1.9175 - 2.2100	:: 1.9225 - 2.2100	:: 1.9050 - 2.1900	:: 1.9075 - 2.1900	:: 2.0524	: 2.5464
-- Mozzarella 5 - 6#	:: 1.3650 - 2.2150	:: 1.4700 - 2.2150	:: 1.4750 - 2.2150	:: 1.4575 - 2.2150	:: 1.4600 - 2.2150	:: 1.8357	: 2.1284
-- Grade A Swiss Cuts 6 - 9#	:: 1.8000 - 2.6850	:: 1.8000 - 2.6850	:: 1.8000 - 2.6850	:: 1.8000 - 2.6850	:: 1.8000 - 2.6850	:: 2.2425	: 2.5629
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.1225 - 1.6175	:: 1.2275 - 1.7225	:: 1.2325 - 1.7275	:: 1.2150 - 1.7100	:: 1.2175 - 1.7125	:: 1.4615	: 1.9766
-- Cheddar Single Daisies	:: 1.0800 - 1.5400	:: 1.1850 - 1.6450	:: 1.1900 - 1.6500	:: 1.1725 - 1.6325	:: 1.1750 - 1.6350	:: 1.4015	: 1.9291
-- Cheddar 40# Block	:: 1.1975 - 1.4200	:: 1.3025 - 1.5250	:: 1.3075 - 1.5300	:: 1.2900 - 1.5125	:: 1.2925 - 1.5150	:: 1.4002	: 1.9279
-- Process 5# Loaf	:: 1.2500 - 1.4300	:: 1.3275 - 1.5075	:: 1.3400 - 1.5200	:: 1.3375 - 1.5150	:: 1.3400 - 1.5175	:: 1.4178	: 1.9232
-- Process 5# Sliced	:: 1.2700 - 1.5425	:: 1.3475 - 1.6175	:: 1.3600 - 1.6300	:: 1.3575 - 1.6250	:: 1.3600 - 1.6275	:: 1.4830	: 1.9920
-- Muenster	:: 1.2825 - 1.4900	:: 1.3875 - 1.5950	:: 1.3950 - 1.6000	:: 1.3775 - 1.5825	:: 1.3800 - 1.5850	:: 1.4786	: 2.0054
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	: 2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.1925 - 1.4525	:: 1.2700 - 1.5300	:: 1.2825 - 1.5425	:: 1.2775 - 1.5375	:: 1.2775 - 1.5375	:: 1.3992	: 1.9120
-- Cheddar 40# Block	:: 1.1800 - 1.3200	:: 1.2850 - 1.4250	:: 1.2900 - 1.4300	:: 1.2725 - 1.4125	:: 1.2725 - 1.4125	:: 1.3409	: 1.8979
-- Cheddar 10# Cuts	:: 1.3600 - 1.5800	:: 1.4650 - 1.6850	:: 1.4700 - 1.6900	:: 1.4525 - 1.6725	:: 1.4525 - 1.6725	:: 1.5609	: 2.1066
-- Monterey Jack 10#	:: 1.3700 - 1.5350	:: 1.4750 - 1.6400	:: 1.4800 - 1.6450	:: 1.4625 - 1.6275	:: 1.4625 - 1.6275	:: 1.5434	: 2.0866
-- Grade A Swiss Cuts 6 - 9#	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.3350	: 2.4504
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.3940 - 1.4899	:: 1.4260 - 1.5112	:: 1.3552 - 1.4244	:: 1.3169 - 1.4040	:: 1.3045 - 1.3908	:: 1.3962	: 2.7339
-- Atlanta - dlvd. equiv.	:: 1.4059 - 1.5213	:: 1.4260 - 1.5431	:: 1.3552 - 1.4343	:: 1.3266 - 1.4137	:: 1.3141 - 1.3908	:: 1.4062	: 2.7389
-- Upper Midwest - f.o.b	:: 1.3745 - 1.4899	:: 1.4047 - 1.5218	:: 1.2959 - 1.4244	:: 1.3169 - 1.4137	:: 1.2566 - 1.4004	:: 1.3841	: 2.7560
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 0.9200 - 1.0300	:: 0.9200 - 1.0300	:: 0.9750 - 1.0200	:: 0.9750 - 1.0200	:: 0.9750 - 1.0200	:: 0.9903	: 1.0852
-- Class III	:: 0.8000 - 0.9300	:: 0.8000 - 0.9300	:: 0.8700 - 0.9200	:: 0.8700 - 0.9200	:: 0.8700 - 0.9200	:: 0.8855	: 1.0252
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::18.5000 -31.0000	::18.5000 -31.0000	::18.0000 -30.0000	::18.0000 -30.0000	::18.0000 -30.0000	:: 24.2386	: 27.5000

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 31		::REPORT NUMBER 32		::REPORT NUMBER 33		::REPORT NUMBER 34		::REPORT NUMBER 35		2002	2001
	::-----		::-----		::-----		::-----		::-----		Average	Average
	:: AUG 01 - 02		:: AUG 05 - 09		:: AUG 12 - 16		:: AUG 19 - 23		:: AUG 26 - 30		or Total	or Total
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 0.9000 - 0.9600	:: 0.9200 - 0.9600	:: 0.9000 - 0.9600	:: 0.9000 - 0.9600	:: 0.9000 - 0.9600	:: 0.9323	:	N.A.				
-- Mostly	:: 0.9200 - 0.9400	:: 0.9200 - 0.9400	:: 0.9200 - 0.9400	:: 0.9200 - 0.9400	:: 0.9300 - 0.9400	:: 0.9311	:	N.A.				
-- High Heat	:: 0.9575 - 1.0100	:: 0.9575 - 1.0100	:: 0.9575 - 1.0100	:: 0.9575 - 1.0100	:: 0.9575 - 1.0100	:: 0.9838	:	N.A.				
-- West (f.o.b.)												
-- Low/Medium Heat	:: 0.8800 - 0.9575	:: 0.8800 - 0.9575	:: 0.8800 - 0.9575	:: 0.8900 - 0.9575	:: 0.8900 - 0.9575	:: 0.9210	:	0.9616				
-- Mostly	:: 0.9000 - 0.9050	:: 0.9000 - 0.9050	:: 0.9000 - 0.9050	:: 0.9000 - 0.9050	:: 0.9000 - 0.9050	:: 0.9025	:	0.9422				
-- High Heat	:: 0.9250 - 0.9400	:: 0.9250 - 0.9500	:: 0.9250 - 0.9500	:: 0.9250 - 0.9500	:: 0.9225 - 0.9475	:: 0.9225 - 0.9525	:: 0.9365	:	0.9950			
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)	:: 0.1525 - 0.1650	:: 0.1550 - 0.1700	:: 0.1600 - 0.1700	:: 0.1625 - 0.1775	:: 0.1675 - 0.1825	:: 0.1673	:	0.2786				
-- Mostly	:: 0.1525 - 0.1575	:: 0.1550 - 0.1650	:: 0.1600 - 0.1650	:: 0.1625 - 0.1725	:: 0.1675 - 0.1775	:: 0.1647	:	0.2939				
-- West (f.o.b.)	:: 0.1350 - 0.1600	:: 0.1350 - 0.1650	:: 0.1400 - 0.1700	:: 0.1400 - 0.1725	:: 0.1450 - 0.1750	:: 0.1546	:	0.2717				
-- Mostly	:: 0.1400 - 0.1500	:: 0.1450 - 0.1500	:: 0.1400 - 0.1525	:: 0.1450 - 0.1525	:: 0.1475 - 0.1550	:: 0.1481	:	0.2727				
-- Northeast Extra Grade (f.o.b.)	:: 0.1550 - 0.1650	:: 0.1575 - 0.1650	:: 0.1600 - 0.1650	:: 0.1625 - 0.1725	:: 0.1725 - 0.1800	:: 0.1663	:	0.2975				
-- Northeast Usph Grade A(f.o.b.)	:: 0.1750 - 0.1875	:: 0.1750 - 0.1875	:: 0.1750 - 0.1875	:: 0.1775 - 0.1875	:: 0.1825 - 0.1875	:: 0.1824	:	0.3000				
-- Southeast Extra Grade (Delvd)	:: 0.1800 - 0.1950	:: 0.1800 - 0.1950	:: 0.1800 - 0.1950	:: 0.1925 - 0.2075	:: 0.2000 - 0.2150	:: 0.1949	:	0.3275				
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 0.4000 - 0.4600	:: 0.4000 - 0.4500	:: 0.4075 - 0.4400	:: 0.4000 - 0.4425	:: 0.4050 - 0.4425	:: 0.4240	:	0.7805				
-- Mostly	:: 0.4250 - 0.4300	:: 0.4175 - 0.4275	:: 0.4175 - 0.4275	:: 0.4225 - 0.4325	:: 0.4225 - 0.4325	:: 0.4252	:	0.7807				
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.1450 - 0.1500	:: 0.1450 - 0.1500	:: 0.1500 - 0.1550	:: 0.1500 - 0.1550	:: 0.1500 - 0.1625	:: 0.1518	:	0.2418				
-- Roller Ground	:: 0.1450 - 0.1850	:: 0.1450 - 0.1850	:: 0.1500 - 0.1850	:: 0.1525 - 0.1850	:: 0.1575 - 0.1850	:: 0.1678	:	0.2900				
-- Delactose	:: 0.3500 - 0.3650	:: 0.3500 - 0.3650	:: 0.3500 - 0.3650	:: 0.3500 - 0.3650	:: 0.3200 - 0.3650	:: 0.3541	:	0.4225				
BUTTERMILK (Min. 30% protein)												
-- Central (f.o.b.)	:: 0.7900 - 0.8700	:: 0.8100 - 0.8300	:: 0.8100 - 0.8300	:: 0.7500 - 0.7900	:: 0.7500 - 0.7900	:: 0.7982	:	1.0641				
-- West (f.o.b.)	:: 0.7200 - 0.7800	:: 0.7200 - 0.7700	:: 0.7200 - 0.7700	:: 0.7300 - 0.7650	:: 0.7300 - 0.7650	:: 0.7466	:	1.0339				
-- Mostly	:: 0.7250 - 0.7500	:: 0.7250 - 0.7400	:: 0.7250 - 0.7400	:: 0.7300 - 0.7400	:: 0.7300 - 0.7400	:: 0.7341	:	1.0363				
-- Northeast (f.o.b.)	:: 0.7600 - 0.8350	:: 0.7600 - 0.8350	:: 0.7600 - 0.8350	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.8020	:	1.0525				
-- Southeast (Delvd)	:: 0.7800 - 0.8650	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.8180	:	1.0874				
WHOLE MILK POWDER												
-- National (f.o.b.)	:: 1.1150 - 1.2000	:: 1.1100 - 1.2000	:: 1.1100 - 1.2000	:: 1.1100 - 1.2000	:: 1.1100 - 1.1700	:: 1.1518	:	1.5053				
LACTOSE												
-- Central And West (f.o.b.)	:: 0.1350 - 0.2250	:: 0.1400 - 0.2250	:: 0.1400 - 0.2250	:: 0.1400 - 0.2250	:: 0.1400 - 0.2250	:: 0.1823	:	0.2247				
-- Mostly	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1575	:	0.2075				
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 2.0636	:	2.6150				
-- Nonrestricted - Acid	:: 1.8000 - 2.0000	:: 1.8000 - 2.0000	:: 1.8000 - 2.0000	:: 1.7500 - 2.0000	:: 1.7500 - 2.0000	:: 1.8886	:	2.6000				

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR AUGUST 2002

COMMODITY	::REPORT NUMBER 31::		::REPORT NUMBER 32::		::REPORT NUMBER 33::		::REPORT NUMBER 34::		::REPORT NUMBER 35::		2002 *	2001 *
	AUG 1 - 2		AUG 5 - 9		AUG 12 - 16		AUG 19 - 23		AUG 26 - 30		Monthly	Monthly
											Average	Average
BUTTER*												
-- GRADE AA												
--Monday			1.0225		0.9850		0.9525		0.9550			
--Tuesday												
--Wednesday			0.9650		0.9650		0.9625		0.9550			
--Thursday												
--Friday	1.0625		0.9800		0.9550		0.9625		0.9550	0.9752	2.0880	
--Weekly Average**	1.0642		0.9892		0.9683		0.9592		0.9550			
CHEESE*												
-- BARRELS												
--Monday			1.1275		1.1350		1.1200		1.1275			
--Tuesday			1.1275		1.1350		1.1250		1.1350			
--Wednesday			1.1275		1.1225		1.1250		1.1575			
--Thursday	1.1100		1.1350		1.1200		1.1275		1.1075			
--Friday	1.1275		1.1350		1.1200		1.1275		1.0800	1.1252	1.6415	
--Weekly Average**	1.1175		1.1305		1.1265		1.1250		1.1215			
-- 40# BLOCKS												
--Monday			1.1600		1.1625		1.1300		1.1550			
--Tuesday			1.1700		1.1625		1.1600		1.1550			
--Wednesday			1.1700		1.1525		1.1700		1.1575			
--Thursday	1.1700		1.1700		1.1425		1.1500		1.1575			
--Friday	1.1600		1.1675		1.1300		1.1550		1.1575	1.1575	1.7126	
--Weekly Average**	1.1620		1.1675		1.1500		1.1530		1.1565			
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday			0.9050		0.9050		0.9050		0.9050			
--Tuesday			0.9050		0.9050		0.9050		0.9050			
--Wednesday			0.9050		0.9050		0.9050		0.9050			
--Thursday	0.9050		0.9050		0.9050		0.9050		0.9050			
--Friday	0.9050		0.9050		0.9050		0.9050		0.9050	0.9050	0.9900	
--Weekly Average**	0.9050		0.9050		0.9050		0.9050		0.9050			
-- GRADE A												
--Monday			0.9200		0.9200		0.9200		0.9200			
--Tuesday			0.9200		0.9200		0.9200		0.9200			
--Wednesday			0.9200		0.9200		0.9200		0.9200			
--Thursday	0.9200		0.9200		0.9200		0.9200		0.9200			
--Friday	0.9200		0.9200		0.9200		0.9200		0.9200	0.9200	1.0000	
--Weekly Average**	0.9200		0.9200		0.9200		0.9200		0.9200			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2002 was unchanged at 124. Compared with August 2001, the index was unchanged. The index of prices received by farmers for dairy products was unchanged during the month of August 2002 at 86. Compared with August 2001, the index was down 40 points (31.7 percent).

Prices received by farmers in August with changes from July were: for All Milk, \$11.20 per hundredweight (cwt.), unchanged; Fluid Grade Milk, \$11.30 per cwt., up \$.10; and for Manufacturing Grade Milk, \$9.80 per cwt., up \$.30.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., AUGUST 2002 WITH COMPARISONS*

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JULY		AUGUST		AUGUST		AUGUST		AUGUST	
	2002 <u>2/</u>	2001 <u>2/</u>	2002 <u>4/</u>	2001 <u>2/</u>	2002	2001	2002 <u>7/</u>	2001 <u>8/</u>	2002	2001
CA	10.20	15.26	10.50	15.67			34.50	42.00	90.00	110.00
ID	10.30	14.80	10.40	15.10			33.00	40.30	98.00	123.00
MI	11.10	16.40	11.00	16.60			39.50	44.00	85.00	75.00
MN	10.90	16.20	10.80	16.40			39.00	45.40	68.00	56.00
NM	11.00	15.80	11.00	16.10			36.80	47.00	140.00	123.00
NY	12.10	17.00	12.10	17.30			---	---	101.00	104.00
PA	12.80	17.60	12.70	17.80			38.00	44.20	114.00	105.00
TX	12.10	17.10	12.40	17.60			35.70	41.70	79.00	84.00
WA	11.30	16.50	11.40	16.70			---	---	109.00	117.00
WI	10.70	16.00	10.90	16.30			37.30	43.80	61.00	62.00
U.S.	11.20	16.20	11.20	16.50			36.10	43.10	93.70	97.40

*Please note that the States shown have been revised--New Mexico has been added, Ohio has been dropped. The intent is to show information for the 10 States with the largest volumes of milk production. 1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., AUGUST 2002 WITH COMPARISON

ITEM	AUGUST 2001	JULY 2002 <u>1/</u>	AUGUST 2002 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	16.50	11.20	11.20
Fluid grade milk	16.50	11.20	11.30
Manufacturing grade milk	15.20	9.50	9.80
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	110	100	101
Prices received by farmers for dairy products	126	86	86
Prices paid by farmers for commodities and services, interest taxes, and wage rates	124	124	124
Prices paid by farmers for production items	120	119	120
Prices paid by farmers for feed	111	115	121
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	3.62	2.36	2.20

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (8/02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JULY 2002 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 93.9 million pounds in July, 11.5 percent above July 2001 but 3.1 percent below June 2002. **AMERICAN TYPE CHEESE** production totaled 302.3 million pounds, 3.0 percent above July 2001 but 2.6 percent below June 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 670.5 million pounds, 0.8 percent below July 2001 and 2.7 percent below June 2002. **NONFAT DRY MILK** production, for human food, totaled 124.4 million pounds, 5.9 percent above July 2001 but 15.8 percent below June 2002. **DRY WHEY** production, for human food, was 85.0 million pounds, 0.4 percent above July 2001 but 4.1 percent below June 2002. **ICE CREAM** (hard) production totaled 82.6 million gallons, 0.6 percent above July 2001 and 1.8 percent above June 2002.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUL 2002	PERCENT CHANGE FROM:			PRODUCT	JUL 2002	PERCENT CHANGE FROM:		
	1,000 LBS.	JUL 2001	JUN 2002	YEAR TO DATE 1/		1,000 LBS.	JUL 2001	JUN 2002	YEAR TO DATE 1/
BUTTER	93,867	11.5	-3.1	13.9	YOGURT (PLAIN AND FLAVORED)	181,357	11.0	4.3	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	302,264	3.0	-2.6	5.3	SWEET-TYPE, HUMAN FOOD	8,355	14.9	7.1	---
CHEDDAR	229,666	-0.4	-4.5	4.4	SWEET-TYPE, ANIMAL FEED	674	-24.1	-20.5	---
SWISS	20,787	-2.1	0.2	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,637	-0.8	4.1	---	DRY WHEY, HUMAN FOOD	84,980	0.4	-4.1	---
CREAM & NEUFCHATEL	49,756	-5.6	-10.8	---	DRY WHEY, ANIMAL FEED	5,982	-19.6	14.2	---
HISPANIC	9,659	10.8	6.5	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	209,550	-6.8	-3.8	-1.2	HUMAN FOOD	8,946	18.3	10.1	---
OTHER ITALIAN TYPES	52,477	3.1	2.0	0.2	ANIMAL FEED	3,529	1.9	3.5	---
TOTAL ITALIAN TYPES	262,027	-5.0	-2.7	-0.9	LACTOSE, HUMAN FOOD & ANIMAL FEED	49,222	15.2	0.3	---
ALL OTHER TYPES	18,337	11.7	12.1	---	WHEY PROTEIN CONCENTRATE				
TOTAL	670,467	-0.8	-2.7	2.0	HUMAN FOOD	26,567	15.8	0.2	---
COTTAGE CHEESE, CURD 3/	39,012	1.6	9.4	---	ANIMAL FEED	3,142	-13.7	26.9	---
COTTAGE CHEESE, CREAM 4/	31,889	-1.9	4.9	-1.9					
COTTAGE CHEESE, LOWFAT 5/	33,977	8.3	14.9	0.7					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS			
WHOLE MILK	44,798	18.9	-4.6	---	ICE CREAM (HARD)	82,557	0.6	1.8	0.1
DRY WHOLE MILK	6,480	111.4	40.4	---	ICE CREAM, LOWFAT (HARD)	8,099	-0.3	-13.4	---
NONFAT DRY MILK, HUMAN FOOD	124,366	5.9	-15.8	11.5	ICE CREAM, LOWFAT (SOFT)	31,323	-6.1	3.0	---
DRY SKIM MILK, ANIMAL FEED	801	84.1	35.1	---	ICE CREAM, LOWFAT (TOTAL)	39,422	-5.0	-0.9	-8.1
DRY BUTTERMILK	3,302	17.9	-19.1	---	SHERBET (HARD)	5,523	9.6	0.9	8.0
					YOGURT (TOTAL)	7,388	0.2	5.8	-3.8

MANUFACTURERS' STOCKS, END OF MONTH 7/							
PRODUCT	JUL 2002	PERCENT OF:		PRODUCT	JUL 2002	PERCENT OF:	
	1,000 LBS.	JUL 2001	JUN 2002		1,000 LBS.	JUL 2001	JUN 2002
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	31,344	-2.3	-14.9	HUMAN FOOD	29,669	99.2	-8.9
DRY WHEY, ANIMAL FEED	2,876	-45.2	22.7	ANIMAL FEED	1,209	-42.3	-38.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	11,780	56.4	19.4	CANNED EVAPORATED & CONDENSED WHOLE MILK	70,762	-9.5	3.0
LACTOSE, HUMAN FOOD & ANIMAL FEED	47,374	78.1	3.7	NONFAT DRY MILK FOR HUMAN FOOD	137,520	-6.6	-20.8
DRY BUTTERMILK, TOTAL	12,392	178.7	-8.0				

1/ 2002 cumulative as percent change of 2001 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. 9/ Information for these products was not shown in current report.

SOURCE: "Dairy Products," Da 2-6 (9-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

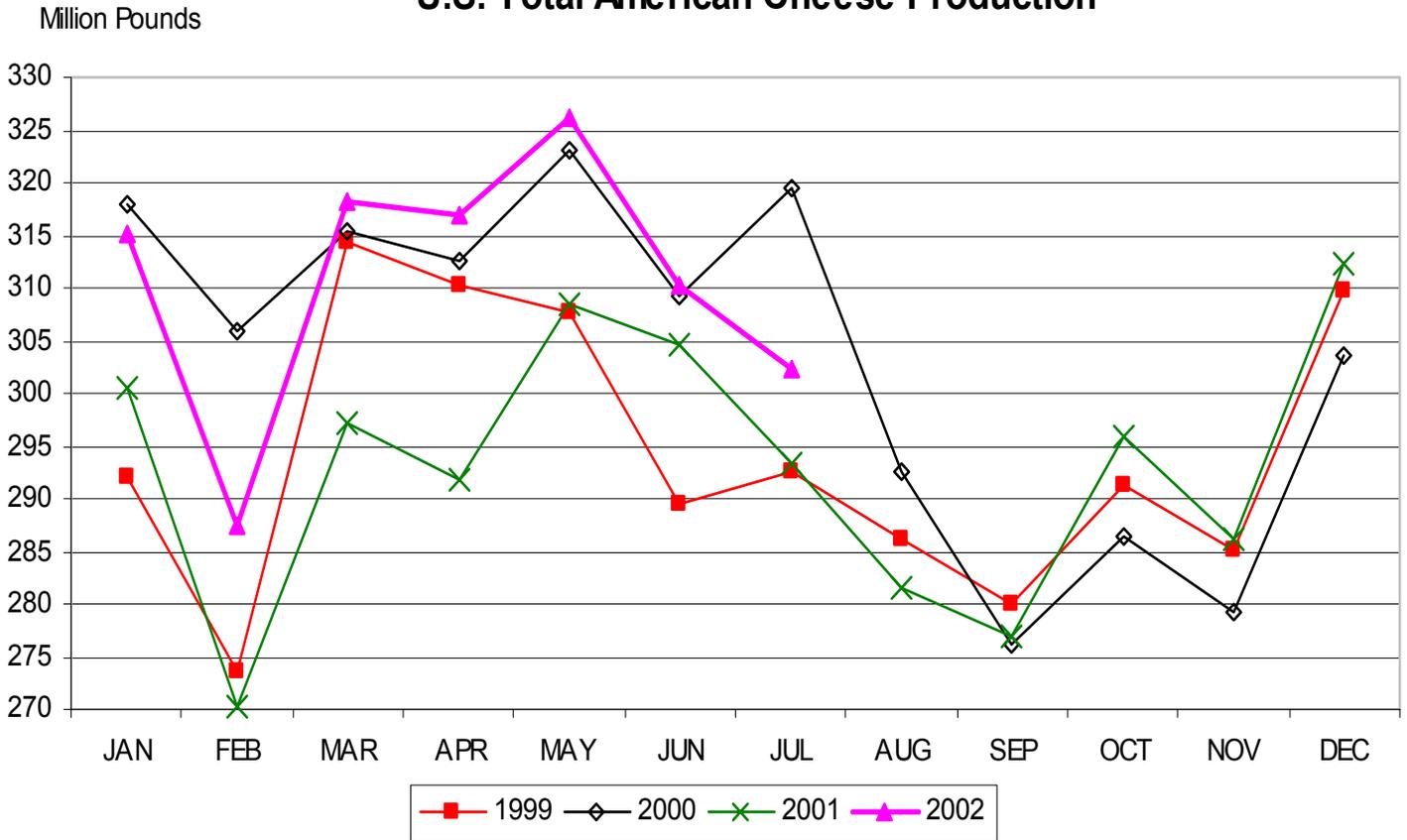
FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, AUGUST

Component Price Information: Under the Federal milk order pricing system, the butterfat price for August 2002 is \$1.0701 per pound. Thus, the Class II butterfat price is \$1.0771. The protein and other solids prices for August are \$1.9021 and \$0.0177 per pound, respectively. These component prices set the Class III skim milk price at \$6.00 per cwt. The August Class IV skim milk price is \$6.91 which is derived from the nonfat solids price of \$0.7674 per pound.
Product Price Averages: The product price averages for August are; butter \$0.9925, nonfat dry milk \$0.9074, cheese \$1.1189, and dry whey \$0.1571.

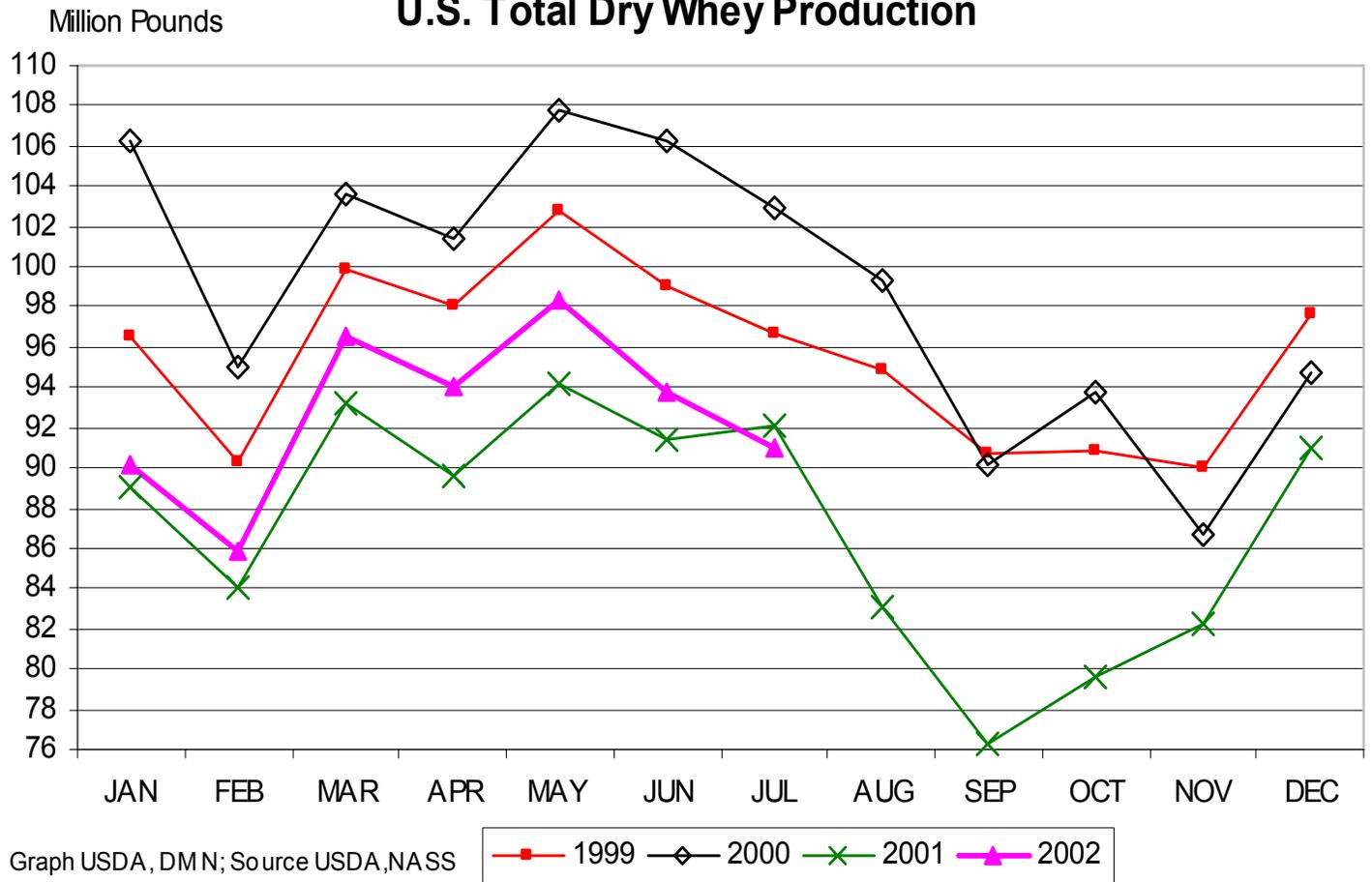
FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/ 2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	AUGUST 2002				SEPTEMBER 2002
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <u>4/</u>	001	13.73	11.07	9.54	10.41	13.71
Appalachian (Charlotte) <u>5/</u>	005	13.58	11.07	9.54	10.41	13.56
Southeast (Atlanta) <u>6/</u>	007	13.58	11.07	9.54	10.41	13.56
Florida (Tampa) <u>7/</u>	006	14.48	11.07	9.54	10.41	14.46
Midwest (Cleveland) <u>8/</u>	033	12.48	11.07	9.54	10.41	12.46
Upper Midwest (Chicago) <u>9/</u>	030	12.28	11.07	9.54	10.41	12.26
Central (Kansas City) <u>10/</u>	032	12.48	11.07	9.54	10.41	12.46
Southwest (Dallas) <u>11/</u>	126	13.48	11.07	9.54	10.41	13.46
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	12.83	11.07	9.54	10.41	12.81
Western (Salt Lake City) <u>13/</u>	135	12.38	11.07	9.54	10.41	12.36
Pacific Northwest (Seattle) <u>14/</u>	124	12.38	11.07	9.54	10.41	12.36
All-Market Average	---	13.06	11.07	9.54	10.41	13.04

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

U.S. Total American Cheese Production



U.S. Total Dry Whey Production



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF SEPTEMBER 2 - 6, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 08/30/02	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-	2,672,521	3,050,083	-0-	-0-
Barrel	454,822	40,371	414,451	2,011,953	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	2,138,400	3,999,600	-0-	-0-
TOTAL	454,822	40,371	414,451	6,822,874	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	7,681,067	3,757,124	3,923,943	638,394,118	371,227,779	1,168,059,000	601,417,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	7,681,067	3,757,124	3,923,943	638,394,118	399,378,870	1,214,450,000	639,644,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 2 - 6, 2002 =	4.7	49.8	COMPARABLE PERIOD IN 2001 =	0.0	1.5
CUMULATIVE SINCE OCTOBER 1, 2001 =	203.4	7,498.5	CUMULATIVE SAME PERIOD LAST YEAR =	190.1	4,758.4
CUMULATIVE JANUARY 1 - SEPTEMBER 6, 2002 =	186.5	6,602.6	COMPARABLE CALENDAR YEAR 2001 =	73.5	3,275.8

* 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 WEEK OF SEPTEMBER 2 - 6, 2002 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
WEST	-0-	-0-	-0-	-0-	414,451	-0-	4,166,153	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-242,210	-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-	2,138,400	5,995,440	35,590,570	6,677,037	13.6	29.9
WEST	-0-	-0-	4,684,474	5,039,919	565,683,357	392,701,833	82.4	69.9
EAST	-0-	-0-	-0-	39,600	37,120,191	-0-	4.0	0.2
TOTAL	-0-	-0-	6,822,874	11,074,959	638,394,118	399,378,870	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 08/17/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2002-Dairy	0.2	0.8	6.2	5.2	18.3	2.1	0.4	0.8	12.3	2.5	48.7	1,584.7	45.8	46.0
2001-Dairy	0.2	0.8	5.2	4.9	18.7	2.9	0.5	0.9	10.3	2.3	46.7	1,633.0	43.9	46.3
2002-All cows	0.2	0.9	8.4	13.9	28.3	13.9	16.3	3.3	14.9	6.2	106.4	3,448.7		
2001-All cows	0.2	0.9	7.0	14.0	28.0	16.2	15.9	4.8	13.4	6.2	106.4	3,524.2		

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	10.46			
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07				
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54				
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41				

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