

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/11):**

**BUTTER:** Grade AA closed at \$1.0500. The weekly average for Grade AA is \$1.0200 (+.0317).

**CHEESE:** Barrels closed at \$1.1250 and blocks at \$1.2900. The weekly average for barrels is \$1.1340 (-.0200) and blocks, \$1.2950 (-.0050).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9150 and Grade A at \$0.9300. The weekly average for Extra Grade is \$0.9150 (+.0080) and Grade A, \$0.9300 (+.0080).

**BUTTER:** The CME cash butter price moved higher in very active trading (104 cars were sold this week). Buyers looking to acquire butter for the holidays have actively bid for butter at the CME this week and apparently are having little trouble getting desired loads. Current churning activity is fairly active across the country, although cream supplies are tightening. Often fresh production is not able to keep pace with demand, thus inventoried stocks are being used to fill needs. Overall, retail buying interest is fair, but expected to improve as the yearend holidays near.

**CHEESE:** The cheese market is unsettled. This week during CME trading, there have been a large number of sales with the majority resulting from offers. This may be an indication that cheese is readily available or that sellers are trying to clear cheese at this price. The wide spread between blocks and barrels remains and has not narrowed as most contacts/market analysts believe it must. The spread has been more than a dime since mid-September. Demand is seasonally fair. Some buyers are waiting to see if the prices will move from current levels. Current cheese offerings range from light to adequate with best interest on specialties. Cheese production is steady in most parts of the country.

**FLUID MILK:** Milk production volumes are generally above year ago marks in most areas. The impact of low milk prices is being assessed and the trade is noting that feed rations are being altered to decrease input costs. In the Southwest, milk volumes are basically steady with recent weeks in California, Arizona, and New Mexico. The low milk prices are impacting the construction and expansion decisions in the region. In the Northwest, milk output is surprisingly stronger than expected with producers feeding new crop silage and lower cost rations. In Utah and Idaho, milk production is mixed with a weaker tone noted. Central states production is holding steady as weather conditions have been favorable. In the Northeast, milk is not rebounding as expected with cooler weather and fat and solids are lagging behind schedule. Cream markets are steady to firmer. Additional, seasonal cream-based item production is developing with an increased call for cream. Cream prices are often slightly higher.

**DRY PRODUCTS:** Nonfat dry milk prices are fully steady. Despite seasonally tightening market supplies, offerings to the support program continue beyond contract export sales of medium heat. Drying schedules have

slowed as milk moves to cheese plants and the call for condensed skim is good. The dry buttermilk market is fully steady to firm. Supplies are more available in the West. Whey markets are firmer, yet uneven, and prices moved higher in all regions. Top prices are creating buyer resistance in the Midwest and East. There is concern over the dock strike from Western suppliers who have current production committed to export as to what will happen. Whey protein concentrate prices are slightly higher in a firm market. Some producers have product, others are sold out. Higher protein WPC is competitive. Lactose prices are mostly steady with spot activity light. Fourth quarter contract prices are still being worked out and exports are sitting idle in the West.

**CCC:** During the period of October 1 - 11, CCC net purchases totaled 12,440,218 pounds of NDM from the West.

**NOTICE TO THE DAIRY INDUSTRY (CCC):** On October 4, due to industry requests, CCC announced that it would make Extra Grade NDM available for sale to the industry. At the time of sale, USDA will set the sell-back price at the higher of the support price or the previous week Dairy Market News average quote for the regional location where stored. These sales will be made under the terms and conditions of Announcement KC-DS-2 through December 6, 2002. Inquiries regarding sales of NDM should be directed to Wayne Oliver, Contracting Officer, at 816-926-2503. NOTE: Sales back to the trade have already begun, but volumes and locations are not yet tallied for this week. Anecdotal information indicates that more than nine million pounds were sold back through October 10.

**AUGUST DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 88.5 million pounds in August, 17.2% above August 2001 but 5.8% below July 2002. American type cheese production totaled 304.5 million pounds, 8.2% above August 2001 and 1.1% above July 2002. Total cheese output (excluding cottage cheese) was 685.5 million pounds, 3.9% above August 2001 and 2.1% above August 2002. Nonfat dry milk production, for human food, totaled 113.7 million pounds, 18.3% above August 2001 but 8.1% below July 2002. Dry whey production, for human food, was 87.4 million pounds, 12.1% above August 2001 but 0.2% below July 2002. Ice cream (hard) production totaled 78.2 million gallons, 2.0% below August 2001 and 5.1% below July 2002.

**AUGUST FLUID MILK SALES, (AMS & CDEA):** During August, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9% higher than August 2001. After adjusting for calendar composition, sales in August 2002 were 0.3% higher than August 2001. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk and low fat (1%) milk would have likely increased from July 2001, while sales of whole milk, fat-free (skim) milk, and buttermilk would have likely decreased from a year earlier.

\*\*\*\*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 OCTOBER 7	TUESDAY OCTOBER 8	WEDNESDAY OCTOBER 9	THURSDAY OCTOBER 10	FRIDAY OCTOBER 11	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1400 (-.0150)	\$1.1400 (N.C.)	\$1.1400 (N.C.)	\$1.1250 (-.0150)	\$1.1250 (N.C.)	(-.0300)	\$1.1340 (-.0200)
40# BLOCKS	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.2950 (-.0050)	\$1.2900 (-.0050)	\$1.2900 (N.C.)	(-.0100)	\$1.2950 (-.0050)
NONFAT DRY MILK							
EXTRA GRADE	\$.9150 (N.C.)	\$.9150 (N.C.)	\$.9150 (N.C.)	\$.9150 (N.C.)	\$.9150 (N.C.)	(N.C.)	\$.9150 (+.0080)
GRADE A	\$.9300 (N.C.)	\$.9300 (N.C.)	\$.9300 (N.C.)	\$.9300 (N.C.)	\$.9300 (N.C.)	(N.C.)	\$.9300 (+.0080)
BUTTER							
GRADE AA	\$1.0025 (N.C.)	----	\$1.0075 (+.0050)	----	\$1.0500 (+.0425)	(+.0475)	\$1.0200 (+.0317)

\*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, OCTOBER 7, 2002

CHEESE — SALES: 5 CARS BARRELS: 1 @ \$1.1550, 1 @ \$1.1400, 1 @ \$1.1425, 1 @ \$1.1450, 1 @ \$1.1400; 26 CARS 40# BLOCKS: 1 @ \$1.3000, 3 @ \$1.2900, 1 @ \$1.2925, 6 @ \$1.2900, 5 @ \$1.2925, 2 @ \$1.2950, 1 @ \$1.2950, 1 @ \$1.3000, 2 @ \$1.2975, 1 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.3000, 1 @ \$1.2925, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS BARRELS: 1 @ \$1.1400, 1 @ \$1.1425, 1 @ \$1.1450, 2 @ \$1.1475, 1 @ \$1.1500; 1 CAR 40# BLOCKS @ \$1.3200  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.0000, 1 @ \$1.0050, 1 @ \$1.0000; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.0025, 2 @ \$0.9900, 1 @ \$0.9800; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.0250

TUESDAY, OCTOBER 8, 2002

CHEESE — SALES: 9 CARS 40# BLOCKS: 1 @ \$1.2875, 1 @ \$1.2850, 2 @ \$1.2875, 1 @ \$1.2800, 1 @ \$1.2900, 2 @ \$1.2950, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 2 @ \$1.1475, 1 @ \$1.1500; 2 CARS 40# BLOCKS: 1 @ \$1.3000, 1 @ \$1.3050  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 9, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.2950, 2 @ \$1.3000  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 39 CARS GRADE AA: 5 @ \$1.0075, 1 @ \$1.0050, 1 @ \$1.0075, 4 @ \$1.0050, 12 @ \$1.0100, 3 @ \$1.0075, 5 @ \$1.0100, 2 @ \$1.0075, 5 @ \$1.0150, 1 @ \$1.0075; BIDS UNFILLED: 19 CARS GRADE AA: 6 @ \$1.0075, 5 @ \$1.0050, 3 @ \$1.0025, 3 @ \$1.0000, 2 @ \$0.9700; OFFERS UNCOVERED: NONE

THURSDAY, OCTOBER 10, 2002

CHEESE — SALES: 5 CARS BARRELS: 1 @ \$1.1250, 1 @ \$1.1300, 1 @ \$1.1250, 1 @ \$1.1275, 1 @ \$1.1250; 18 CARS 40# BLOCKS: 1 @ \$1.2875, 1 @ \$1.2850, 1 @ \$1.2825, 1 @ \$1.2900, 2 @ \$1.2925, 2 @ \$1.2950, 1 @ \$1.2925, 1 @ \$1.2950, 2 @ \$1.2975, 1 @ \$1.2900, 2 @ \$1.2975, 1 @ \$1.2900, 1 @ \$1.2975, 1 @ \$1.2900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.2975, 2 @ \$1.3000  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 11, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.2900, 1 @ \$1.3000  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 62 CARS GRADE AA: 2 @ \$1.0100, 2 @ \$1.0125, 8 @ \$1.0150, 25 @ \$1.0200, 1 @ \$1.0250, 1 @ \$1.0200, 5 @ \$1.0225, 5 @ \$1.0250, 8 @ \$1.0300, 1 @ \$1.0400, 1 @ \$1.0375, 2 @ \$1.0400, 1 @ \$1.0425; BIDS UNFILLED: 77 CARS GRADE AA: 5 @ \$1.0500, 5 @ \$1.0475, 3 @ \$1.0450, 6 @ \$1.0425, 4 @ \$1.0400, 2 @ \$1.0375, 5 @ \$1.0350, 10 @ \$1.0300, 5 @ \$1.0250, 6 @ \$1.0200, 6 @ \$1.0175, 8 @ \$1.0150, 4 @ \$1.0100, 4 @ \$1.0075, 2 @ \$1.0050, 2 @ \$1.0025; OFFERS UNCOVERED: NONE

BUTTER MARKETS

AUGUST BUTTER PRODUCTION

During August 2002, butter production in the United States totaled 88.5 million pounds, 17.2% more than August 2001, but 5.8% lower than July 2002. The following are August to August changes for various states: CA +30.8%, NY +48.5%, PA -4.4%, WA -4.1%, and WI +7.9%.

NORTHEAST

The market tone remains unsettled. The CME cash butter price broke through the "\$1.00 barrier" on Friday, October 4 and held during the October 7 trading. Contacts are still uncertain where the CME price will go, but from a supply/demand standpoint, many feel that price increases may be small and/or short lived. Even with CME prices 50-70 cents below a year ago, retail sales and prices seem to be little changed from last October. Currently, churning activity is moderate as excess cream supplies increased slightly last week and some suppliers had extra loads to clear late in the week. Some packaged butter orders continue to be filled via microfixing. Retail sales range from slow to fair. 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

The CME cash butter price remains firm in comparison to recent weeks, but about \$0.50 lower than last year at this time. Many producers and handlers anticipate the cash price to remain firm as the year end holidays approach. Although most

feel that the price will firm slightly, they also indicate that any significant strength will curtail sales. At this point, most butter buyers have a pretty good picture of their butter needs during the final months of the year. At the retail level, promotions are being finalized for both the Thanksgiving and yearend holiday period. Some feature activity is already appearing in print ads at \$.99 per pound. Food service orders are seasonally active but generally steady for this time of the year. Butter stocks are readily available. Often current churning activity is not able to meet full needs, thus inventoried stocks are being used to fill orders. Bulk butter for spot sales is selling in a range of flat - 2 cents per pound over various pricing basis.

WEST

Contacts were somewhat surprised that the CME cash market climbed above \$1 for the first time in more than two months. Local production is beginning to tail off as cream supplies are slightly less available. Buying activity for the past few weeks has been about steady. Printers need fresh butter and are also taking frozen butter if they are not able to find fresh. Plans are being finalized for the upcoming holiday season. Weekly CME stocks declined by the largest weekly volume (5.51 million pounds) of 2002 ending at 118.9 million pounds. California August butter production increased by 30.8% from a year earlier and the Western region as a whole was up 20.5%. U.S. cumulative output for the first eight months of the year stands at 933.3 million pounds, an increase of 14.2% from last year. This is an actual increase in production of 116.3 million pounds or an average increase in weekly output of 3.32 million pounds. Current prices for bulk butter range from 4 cents under to 2 cents under market based on the CME with various time frames and averages.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
OCT 5	1.1954 7,871,420	1.1291 9,922,797	0.9140 23,345,569	0.9579 5,141,028	0.2025 9,953,362	1.2589 2,605,956	1.2341 5,969,209

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

**CHEESE MARKETS**

**NORTHEAST**

Prices range from steady on Swiss to higher on the balance. The market tone is firm, but unsettled. Contacts wonder how long the spread between 40# blocks and barrels at the CME will remain this large. Distributors, for the most part, are ordering regular or normal volumes as they feel that block prices will not go much higher in the near future. Cheese output in the Northeast is about steady. Orders for aged cheddar and gift pack items are starting to improve as holiday needs are anticipated. Retail sales are just fair and food service orders are steady. During August, cheddar cheese output in the Atlantic region totaled 11.7 million pounds, down 13.8% from a year ago and 11.2% below July 2002. Mozzarella production during August in the Atlantic region totaled 39.3 million pounds, 4.9% less than a year ago, but 0.5% more than July.

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

Cheddar 10# Prints	:	1.3625-1.8575
Cheddar Single Daisies	:	1.3200-1.7800
Cheddar 40# Block	:	1.4375-1.6700
Process 5# Loaf	:	1.3650-1.5475
Process 5# Sliced	:	1.3850-1.6575
Muenster	:	1.5250-1.7300
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is cautiously steady. The continued wide barrel/block spread on the Chicago Mercantile Exchange continues to add uneasiness to the market. Natural packaging/shredding activity has definitely improved for many operations but still not as robust as usual for fall. Holiday gift packers are active though customer shipments are still limited this far from the holidays. Some improvement is noted in aged cheddar interest but supplies are at least adequate for most months under a year. Mozzarella movement is steady at fair to good levels. Order lead times on specialty products are unchanged. Process interest is about steady. Current cheese production is steady to irregularly lower. Estimated August total cheese output in selected Midwestern states compared to August a year ago are: Wisconsin 181.3 million pounds, up 4.8 million pounds (2.7%); Minnesota 44.2 million pounds, up 858,000 pounds (2.0%); Iowa 22.2 million pounds, up 1.3 million pounds (6.1%); and South Dakota 13.7 million pounds, up 1.5 million pounds (12.1%).

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

Process American 5# Loaf	:	1.3350-1.5500
Brick And/Or Muenster 5#	:	1.6100-1.8600
Cheddar 40# Block	:	1.5300-2.1150
Monterey Jack 10#	:	1.7900-2.1150
Blue 5#	:	2.0525-2.2900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5700-2.2150
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	:	OCTOBER 7 - 11, 2002
BARRELS*	:	\$1.1500 - 1.1700 (NOMINAL)
	:	(\$0.125) (-.0100)
40# BLOCKS	:	\$1.2800 - 1.3400 (NOMINAL)
	:	(-\$0.0100) (.0050)

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

**WEST**

Demand for current block cheese is about steady with interest of the past few weeks. New additional interest seems to be slow in developing, but is picking up. Some buyers seem to want to see how the wide spread between barrels and blocks works out before they are willing to buy cheese ahead for future needs. Others have worked their stock levels low enough that they need to replenish working inventories. Offerings of cheese remain much more available in the West than the rest of the country. Milk production is falling seasonally so that cheese output is declining. A number of Western plants are buying outside milk supplies to keep their plants running at efficient levels. U.S. American type cheese production in August was up 8.2% from last year and 1.1% higher than July. This is the first time in more than 30 years that output has increased from July to August. A more normal scenario is a decline of 5%. Cumulative total cheese output for the first eight months of the year is 5.53 billion pounds, an increase of 2.3% or 122.5 million pounds. This increase averages out to 3.5 million extra pounds of cheese production every week. Total cheese output in the Western region is up 7.3 from one year ago in August. August Swiss cheese output for the U.S. is up 3.8% from a year earlier.

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

Process 5# Loaf	:	1.3050-1.5650
Cheddar 40# Block	:	1.4225-1.5625
Cheddar 10# Cuts	:	1.6025-1.8225
Monterey Jack 10#	:	1.6125-1.7725
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

**FOREIGN**

Prices are steady to higher and the market tone is unchanged. Demand for imported and domestic table cheeses is slowly improving along typical seasonal patterns. Stocks of most types of cheese are adequate to cover current needs. There seems to be some firmness in the EU cheese market with prices often moving higher. The *World Dairy Situation* was released at the recent International Dairy Federation meetings in Paris. According to the report, cheese sales are expected to grow, but "prospective growth of the cheese market is somewhat lower than projected in the past."

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
Roquefort	:	TFEWR	: -0-
Blue	:	2.6400-3.3900	: 1.6575-3.1475*
Gorgonzola	:	3.2400-5.9400	: 2.1750-2.4900*
Parmesan (Italy)	:	TFEWR	: 3.0675-3.1575*
Romano (Italy)	:	2.1000-3.1900	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.6650-1.8925*
Romano (Cows Milk)	:	-0-	: 2.8550-5.0250*
Sardo Romano (Argentina)	:	2.8500-3.2900	: -0-
Reggianito (Argentina)	:	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	:	2.1900-2.9900	: -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
10/07/02	62,835	:	134,948
10/01/02	63,773	:	134,914
CHANGE	-938	:	34
% CHANGE	-1	:	N.C.

## FLUID MILK AND CREAM

## E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	*	0	154	0	96	0
SOUTHEAST STATES	0	0	0	0	127	0

\* Data not available at report time.

The following are the September 2002 Class and component prices under the Federal Milk Order pricing system: Class II \$10.91 (down \$0.16 from August), Class III \$9.92 (up \$0.38); and Class IV \$10.22 (down \$0.19). The following are product price averages used in computing Class prices: butter \$0.9431, NDM \$0.9096, cheese \$1.1438, and dry whey \$0.1755. The Class II butterfat price is \$1.0169 and the Class III/IV butterfat price is \$1.0099. Milk production is not rebounding as many contacts had expected now that temperatures have cooled. In New England, some contacts feel that the low milk prices are having an impact on feeding and feed quality which is resulting in smaller increases in milk output. Fat and protein tests on incoming milk are also lagging typical levels. In the Southeast, cooler, fall temperatures usually mean an upturn in the milk flow, but reports indicate only slight gains. Milk supplies are reported as tight in much of the region. Bottled milk sales range from steady to improved. Some improved sales have been noted in the Southeast, in particular the hurricane affected areas that are now pretty much back to normal. Surplus milk supplies are increasing slightly in the Southeast, but manufacturing plant schedules are still limited to weekends or operations with contracts to fill. In the Middle Atlantic and Northeastern areas, surplus milk volumes are still tight and plant operations are light to moderate. The condensed skim market is unchanged. Demand is fairly brisk and prices are unchanged. However, some suppliers are looking to "bump up" prices as they anticipate higher Class II & III skim prices in coming months. Some suppliers are clearing all their solids as a liquid and not having to dry. The fluid cream market is holding at relatively firm levels. The reported tight surplus milk supply coupled with continued low fat tests are forcing some producers to purchase a few loads to supplement their own supply. Spot prices are steady to higher and demand is fairly good. However, reports do indicate that some cream cheese makers are taking fewer spot loads. This seems to indicate that their contracted volumes are sufficient to meet current, projected production levels. Ice cream production and sales are seasonal, but with fat/cream prices still very attractive as compared to a year ago, some operations are maintaining moderate output. Sour cream and bottled cream production are steady to slightly improved. Churning activity is moderate to heavy as some producers increase output to meet anticipated fall/holiday needs.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2848-1.4034
DELIVERED EQUIVALENT ATLANTA	-	1.3046-1.4133 M 1.3144-1.3936
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3144-1.4429

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9850-1.0300
NORTHEAST- CLASS III - SPOT PRICES	- .8700-.9250

## M I D W E S T

For the most part, milk production is holding steady with past weeks throughout the Central part of the country. Weather conditions have been quite favorable for early fall production patterns. Some milk handlers indicate that receipts are higher one day and lower the next, but overall, volumes are stable. Milk handlers report that dairy farmers continue to leave active production, although with milk volumes basically stable, it appears that milk cows are moving to other farms versus slaughter. This week, milk volumes are reported to be tighter than past weeks. Class I demand is stronger, stimulated by active feature activity in some markets. Some spot sales were reported around \$3.25 over class for bottling needs. Manufacturing milk was also quite limited. On a very light test, spot prices ranged

from \$2.30 – 2.50 over class. Fall harvest continues to occur in the Central part of the country and the yields are in a wide range. It appears that soybeans might have weathered the lack of moisture this past summer better than expected. Yield and quality are better than many farmers anticipated. Corn, on the other hand, is receiving mixed opinions. Depending on moisture availability during critical times during the growing season is what is basically dictating yield at harvest. Condensed skim sales remain good with prices basically steady. Cream markets are basically steady, although multiples and overall prices are higher. Cream volumes are becoming more competitive. Some Class II cream based product producers are starting to gear up for the upcoming holiday period, thus absorbing additional volumes of available cream. Cream handlers anticipate this demand to build as the holidays near. Butter operations remain active, although most continue to look for additional cream volumes to maintain plant capacities.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 03 - 09	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 37.50	\$ 35.00- 41.00
REPLACEMENT HEIFER CALVES	\$380.00-520.00	\$420.00-600.00

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

	OCT 03 - 09	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 38.50	\$ 40.00- 45.50

## W E S T

The trade continues to assess the impact of the work stoppage at shipping ports on the West coast. Although workers were ordered to return to work, there is general concern over the impact of shipping and receiving of dairy products in the near future. Milk production is holding mostly steady at seasonal low levels across CALIFORNIA. In the north, milk cows are doing as expected as pasture conditions are declining towards the end of the season. Milk volumes are slightly above last year. In the Central Valley, weather conditions were rather warm although cows were not affected much. Night time temperatures are more favorable and the length of daytime heat is shorter. Plants have capacity to handle current milk supplies and several balancing plants have room to help. In the southern producing areas milk output is holding steady at levels higher than last year. Weather conditions have improved, but the herds are not responding. With current higher cheese prices, block cheese producers want additional milk to process. Milk production in ARIZONA is steady to flat and not showing any movement despite cooler weather. The cows are not yet responding to the change in conditions. Production levels are a few percentage points higher than last year and slightly above September's output. Plant capacity is ample for current supplies. Milk production in NEW MEXICO is holding mostly steady with last and recent weeks. Weather conditions have cooled and are expected to allow milk output to improve. Milk prices are low and impacting buying decisions at the producer level, along with impacting expansion decisions. Plants are running as expected in the state and milk is moving to normal outlets. The CREAM market is showing some signals of firming. The CME butter price is moving slightly higher and has surpassed the \$1.00 mark for 3 sessions and stood at \$1.0075 at midweek. Butter buying has improved with seasonal buying interest very good. Cream is moving to the churns to fill butter orders and also to cream-based dairy items for upcoming holiday needs. Cream multiples are higher and vary depending on the class of dairy product. This week's Western multiples are 110 to 130, FOB. Some milk producers in the PACIFIC NORTHWEST are surprised that output is as strong as it is. They are pushing hard to save some money by going to lower cost rations and the change has not hurt milk production much. Producers are also contracting some more of their concentrate needs as grain prices falter around harvest time. Hay prices in the range are often moving a little lower. Some of the decline is being attributed to the dock strike and the rest is explained by the fact that there is not much money to buy hay so that producers are only buying hand-to-mouth, leaving hay growers with heavier stocks. The corn silage harvest is winding down with yields quite variable. Heifer prices are steady in the region. Milk output in UTAH and IDAHO is somewhat mixed. Generally, a weaker trend in milk production is noted. Feed costs are increasing, but hay prices continue to show a weaker undertone. Heifer prices have recovered a bit with many selling in the \$1450-1550 range. The corn silage harvest continues with many producers waiting for a killing frost before they accelerate the pace of harvest.

**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 generally unchanged on a firm market. After the CCC announcement, 10/4/02, regarding possible NDM sales to the industry, some plants attempted to clear stocks allotted for the latter part of the year. This effort was to ensure that manufacturer sales were not displaced by CCC NDM. Low heat interest from brokers and cheese plants is generally good. Production is light on both low and high heat as condensed skim is cleared readily and milk is diverted away from the butter/powder mix and into cheese and bottling. High heat trade remains mostly contractual with some LTL movement.

EAST: The market tone remains firm with prices in the East mostly steady. The big news this week was the announcement by CCC that they are making NDM available for sale back to the trade. This was the major topic of conversation this week. Some contacts feel that this may or may not be a big factor in the market. Currently, powder from producers is hard to find and buyers can purchase in the West and bring east at prices under the designated CCC sellback price. This could change as needs and supplies change. Production levels in the East are light to moderate, mostly light. Few producers have any uncommitted stocks in their warehouses. Demand is fair to good.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during August 2002 totaled 113.7 million pounds, up 18.3% from August 2001 but 8.1% below July 2002. Month ending stocks, at 106.6 million pounds, are 2.1% below a year ago and 22.6% lower than July 2002.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .9325 - .9800 MOSTLY: .9525 - .9575  
 HIGHHEAT: .9650 - 1.0250

**NONFAT DRY MILK - WEST**

Price are holding mostly steady for low/medium heat NDM. The market tone remains unsettled. Production and offerings are tighter seasonally. Buying interest is fair to good and helping keep supplies tighter. Cheese producers continue to take additional NDM and condensed skim to extend milk supplies and increase yields. The CCC announced on October 4, that they will make uncommitted NDM purchased under the support program available for sale back to the industry. These sales will be made under the terms and conditions of Announcement KC-DS-2 through December 6, 2002. On September 30, adjusted support program purchases totaled 1,191,484 pounds of NDM from the West. The high heat NDM prices are steady. Additional, seasonal interest is evident. Not all expected plants are making high heat and some buyers are not finding volumes they desire. U.S. NDM production in August totaled 113.7 million pounds, up 18.3% from last year but 8.1% lower than July. Cumulative production through 8 months of 2002 totals 1.09 billion pounds, 12.1% higher compared to the same period in 2001. August production in the West region totaled 95.3 million pounds, up 12.4% from last year. Western states' production levels with comparisons to last year are: California, 57.1 million pounds, up 4.2%; Idaho, 8.7 million pounds, +6.4%; and Washington, 16.6 million pounds, up 2.5%. U.S. manufacturers' stocks at the end of August were reported at 106.6 million pounds, down 2.1% from last year and down 22.6% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8950 - .9575 MOSTLY: .9000 - .9125  
 HIGHHEAT: .9275 - .9700

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 4	\$.9042	14,454,597	4,297,465
September 27	\$.9038	14,439,114	5,552,488

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 firm market. Most plants in the Central region are sold out or tight on supplies in contrast to heavy inventories reported by the USDA National Agricultural Statistics Service. Less butter is being churned as milk is instead diverted to cheese manufacturing or bottling facilities. Light butter production results in light condensed buttermilk output that is readily cleared into blending and ice cream plants. Demand for dry buttermilk is fair to good with some buyers seeking additional loads from the West Coast. Dry buttermilk production during August 2002 totaled 3.2 million pounds, up 44.1% from August 2001 but 0.4% lower than July 2002. Month ending stocks, at 10.2 million pounds, are 197.4% above last year but 18.4% lower than last month.

F.O.B. CENTRAL: .8250 - .8500

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Eastern prices remain nominal. Production levels are up slightly at some plants as butter makers are stepping up output to cover anticipated fall/holiday needs. There is little reported spot demand. Some off condition powder is being offered at discounted prices, but most manufacturers are moving most of their product via contracts or LTL volumes. Dry buttermilk production during August 2002 totaled 3.2 million pounds, up 44.1% from August 2001 but 0.4% less than July 2002. Month ending stocks, at 10.2 million pounds, nearly triple last year but 18.4% less than a month ago.

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

**DRY BUTTERMILK - WEST**

Prices are slightly higher on the top side of the mostly range, but are holding mostly steady. The market tone remains unsettled. Many in the trade have different perspectives on the trend of market price and most are indicative of their stock positions. Buttermilk is available from producers and the resale market. Production continues to be ongoing and often higher than anticipated for the season. U.S. dry buttermilk production in August totaled 3.2 million pounds, up 44.1% from last year but 0.4% lower than July. Stocks at the end of August were reported at 10.2 million pounds, nearly 3 times higher than last year.

F.O.B. WEST: .7200 - .7800 MOSTLY: .7300 - .7600

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged and the prices remain nominal. The September milk prices were little changed, which kept dry whole milk prices fairly steady. Spot demand is limited, but there were reports that candy makers were out looking for some extra powder this week. Contracts continue to represent most of the sales. Plant stocks are balanced and production levels are still geared to filling orders. Dry whole milk production during August 2002 totaled 3.3 million pounds, down 7.7% from August 2001 and 49.6% below July 2002. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT: 1.0950 - 1.1900

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH OCTOBER 5, 2002  
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	17,050 MT (37,588,430 LBS)
CHEESE	-	757 MT (1,668,882 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. However, for "stage one" of this year's program, only 17,050 MT of NDM, 5,274 MT of butterfat, and 757 MT of cheese are available.



**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	09/25	09/26	09/27	09/30	10/01	10/02	10/03	10/04	10/07	10/08
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
SEP 02	9.84 (3262) 0	9.84 (3262) 0	9.84 (3262) 0	9.84 (3262) 0	9.84 (3263) 5	9.85 (3263) 2	9.85 (3153) 0	9.92		
OCT 02	10.45 (3089) 59	10.52 (3173) 147	10.41 (3200) 43	10.45 (3201) 16	10.49 (3183) 46	10.50 (3182) 5	10.55 (3158) 44	10.67 (3163) 44	10.60 (3164) 13	10.62 (3148) 0
NOV 02	10.40 (2085) 78	10.46 (2171) 222	10.46 (2201) 43	10.29 (2235) 80	10.50 (2278) 157	10.49 (2280) 100	10.47 (2276) 28	10.56 (2328) 78	10.35 (2374) 63	10.34 (2370) 33
DEC 02	10.40 (1499) 110	10.43 (1544) 104	10.45 (1562) 28	10.28 (1543) 64	10.50 (1622) 85	10.50 (1632) 27	10.45 (1637) 5	10.45 (1694) 128	10.30 (1744) 68	10.27 (1724) 16
JAN 03	10.55 (923) 41	10.57 (923) 1	10.55 (934) 16	10.55 (976) 159	10.58 (1001) 38	10.60 (1021) 43	10.58 (1022) 12	10.60 (1073) 124	10.40 (1144) 86	10.35 (1146) 6
FEB 03	10.80 (818) 34	10.80 (814) 4	10.84 (816) 20	10.76 (830) 48	10.77 (832) 24	10.80 (868) 61	10.80 (870) 15	10.85 (880) 53	10.75 (893) 18	10.70 (876) 22
MAR 03	11.30 (732) 16	11.30 (736) 4	11.30 (755) 63	11.20 (781) 35	11.25 (801) 39	11.25 (807) 7	11.25 (816) 9	11.25 (819) 3	11.20 (822) 24	11.15 (825) 3
APR 03	11.40 (471) 17	11.40 (481) 10	11.42 (516) 62	11.35 (522) 17	11.40 (546) 32	11.40 (566) 20	11.40 (568) 5	11.40 (580) 17	11.35 (588) 10	11.30 (597) 26
MAY 03	11.61 (434) 22	11.61 (442) 14	11.66 (486) 69	11.63 (502) 20	11.68 (520) 41	11.67 (523) 5	11.66 (523) 3	11.66 (523) 15	11.52 (526) 10	11.51 (527) 7
JUN 03	11.95 (418) 25	11.97 (417) 8	12.00 (450) 57	11.97 (453) 13	12.05 (461) 33	12.00 (465) 7	12.00 (470) 6	12.00 (470) 2	11.95 (473) 11	11.93 (478) 13
JUL 03	12.55 (335) 12	12.55 (351) 20	12.60 (382) 64	12.60 (391) 25	12.57 (396) 10	12.57 (408) 20	12.57 (409) 1	12.57 (411) 13	12.55 (419) 20	12.55 (428) 10
AUG 03	12.65 (248) 8	12.65 (254) 6	12.70 (290) 55	12.70 (302) 23	12.70 (312) 16	12.70 (319) 18	12.70 (322) 3	12.70 (322) 4	12.65 (335) 19	12.65 (340) 10
SEP 03	12.85 (271) 7	12.85 (271) 5	12.86 (300) 54	12.81 (318) 31	12.81 (326) 13	12.85 (329) 10	12.85 (337) 9	12.85 (343) 8	12.75 (347) 6	12.75 (359) 15
OCT 03	12.50 (202) 4	12.53 (205) 5	12.50 (238) 56	12.45 (239) 7	12.44 (243) 15	12.44 (248) 7	12.44 (251) 3	12.45 (258) 7	12.35 (260) 6	12.35 (261) 3
NOV 03	12.36 (211) 1	12.36 (212) 3	12.36 (249) 44	12.30 (249) 1	12.28 (249) 4	12.28 (253) 5	12.25 (251) 4	12.23 (257) 7	12.14 (259) 6	12.12 (259) 1
DEC 03	12.05 (147) 1	12.05 (150) 3	12.05 (188) 46	12.05 (188) 0	12.05 (195) 11	12.00 (197) 3	11.99 (194) 0	11.99 (194) 0	11.96 (195) 5	11.94 (196) 1
JAN 04	11.80 (2) 0	11.80 (2) 0	11.80 (2) 0	11.80 (2) 0	11.80 (2) 0	11.75 (2) 0	11.75 (2) 0	11.75 (2) 0	11.75 (2) 0	11.75 (2) 0
FEB 04	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0	11.70 (2) 0

**CME - CLASS IV MILK FUTURES - Dollars per cwt.**

SEP 02	10.30 (417) 0	10.30 (417) 0	10.30 (417) 0	10.30 (417) 0	10.30 (417) 0	10.30 (417) 0	10.30 (432) 0	10.22		
OCT 02	10.45 (370) 0	10.45 (370) 0	10.45 (370) 1	10.30 (370) 0	10.30 (370) 0	10.30 (370) 0	10.30 (370) 0	10.30 (370) 0	10.30 (370) 0	10.30 (370) 0
NOV 02	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (268) 0	10.50 (268) 0
DEC 02	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0
JAN 03	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0
FEB 03	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0
MAY 03	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0
JUN 03	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0
JUL 03	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 1	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0

**CME - BUTTER FUTURES -- Cents per pound**

OCT 02	98.25 (266) 3	98.00 (260) 9	98.00 (261) 18	98.00 (203) 73	98.00 (206) 10	98.00 (208) 14	98.25 (204) 11	100.00 (200) 13	100.00 (87) 2	100.00 (75) 6
DEC 02	100.75 (151) 5	101.50 (149) 1	101.50 (158) 10	101.00 (210) 53	100.75 (210) 0	100.75 (216) 9	101.00 (221) 12	102.02 (223) 12	103.00 (221) 0	103.00 (222) 4
MAR 03	114.00 (142) 2	114.00 (144) 3	114.00 (144) 0	114.00 (144) 0	114.00 (144) 2	112.95 (149) 5	113.25 (149) 2	113.02 (149) 0	113.02 (158) 10	115.25 (160) 3
MAY 03	117.00 (108) 5	117.00 (108) 0	117.00 (108) 0	117.00 (109) 1	117.00 (109) 0	117.00 (109) 0	117.00 (109) 2	117.00 (109) 0	117.00 (112) 3	118.25 (115) 3
JUL 03	120.00 (23) 1	120.00 (23) 0	120.00 (23) 0	120.00 (24) 1	120.00 (24) 0	120.00 (24) 0	120.00 (24) 0	120.00 (24) 0	120.00 (31) 7	121.50 (34) 3

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 30 - October 11, 2002

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

WESTERN ANDEASTERNEUROPE

**OVERVIEW: WESTERN EUROPE:** During the past few weeks, prices for manufactured dairy products have increased, although recently additional strength has not occurred. Producers, handlers, and traders have mixed opinions on current price trends. Most feel that the recent strength will continue with many anticipating prices to hold while some anticipate slight declines. Most are indicating that if prices weaken, they will not drop to levels of this past summer. Many traders were anticipating buyer interest to resume as prices started to increase. Some buyers did inquire about various products, but no significant sales activity has been reported. Traders anticipate buyer interest to continue, especially if prices firm. Often stocks of manufactured dairy products are in short supply for immediate shipment, but appear to be more available for November/December shipment. Milk production in Europe continues to decline seasonally. Some reports indicate that milk volumes are not at levels of last year, thus milk at this time of the year is quite competitive. The EU Management Committee, within recent weeks, reduced the export refund for whole milk powder. Most traders were hoping that all refunds would hold for awhile, although with recent firmness in overall manufactured dairy product prices, the adjustment was not surprising. Traders and handlers are now questioning if whole milk powder refunds will continue to weaken and/or will others be adjusted. Traders are hopeful that with recent price stability and in instances declines, this will delay any further adjustments. International buyer interest remains slow. Some minimal volume, immediate shipment, sales are being reported before Ramadan begins in early November.

**BUTTER/BUTTEROIL:** Butter markets are generally steady with prices unchanged to slightly higher, although continued strength in prices is not as prevalent in recent days. International buyer interest remains light and unaggressive. Some last minute buyer interest is occurring for minimal volumes and immediate shipment before the start of the Ramadan holiday in early November. Stocks are available should buyer interest improve.

82% BUTTERFAT: 1,250 - 1,300  
 99% BUTTERFAT: 1,250 - 1,400

**SKIM MILK POWDER (SMP):** Skim milk powder prices have been firm during the past few weeks, although some slight declines are being reported in recent days. Milk production is declining seasonally, but end of season milk volumes are being directed toward butter/powder production when possible. Reports indicate that there are supplies available for buyer interest. Traders and handlers anticipated buyer interest to improve as prices firmed, but this trend did not develop. European producers and handlers continue to closely monitor the milk production situation in the Oceania region and what impact this might have on European demand.

1.25% BUTTERFAT: 1,250 - 1,325

**WHOLE MILK POWDER (WMP):** Whole milk powder markets remain firm with prices basically unchanged to slightly higher. On September 26, the EU Management Committee lowered the export refund for whole milk powder. Traders and handlers were hoping that refunds would remain unchanged for a while longer, but were not surprised at the adjustment in light of firming prices. The Management Committee will again be meeting on October 10 and whole milk powder handlers are wondering if they will further adjust the refund. Demand has improved somewhat, but not significantly. Stocks for immediate shipment are tight, but traders and handlers indicate that they appear to be more available for November/December needs.

26% BUTTERFAT: 1,350 - 1,450

**SWEET WHEY POWDER:** Whey powder markets are generally steady at unchanged prices. Stocks of whey are sufficient for buyer needs, although volumes are edging lower as milk production declines and cheese production decline proportionately. Often, milk is being diverted away from cheese production into other manufactured dairy products. Demand continues to center around internal or domestic needs. As in months past, European whey prices are higher than potential buyers are willing to pay.

NONHYGROSCOPIC: 350 - 450

**OVERVIEW: EASTERN EUROPE:** Milk production trends in Eastern Europe continue to edge lower seasonally. Basically, milk volumes have not been overly strong during the whole milk production season, thus manufactured dairy product stocks for international sale are not excessive. Sales earlier in the season absorbed a large portion of this season's output, thus additional stocks are lighter than past years at this time.

OCEANIA

**OVERVIEW:** Milk production in New Zealand continues to build seasonally. At this point, about 3 weeks before the seasonal peak, overall milk output for both islands is running 2% above last year at this time. Output on the South Island is reported to be running 12 - 15% ahead of a year ago. In Australia, lack of moisture continues to plague most of the main milk production areas of the country. With 60 - 70% of Australia's production in the Victoria region, northern parts of this region have been identified as areas for drought assistance to farmers. Many producers and handlers are questioning that even if moisture would come at this time, would it be of much help? In light of the lack of moisture, milk production projections are very mixed. Many handlers are revising their production estimates, but are not acknowledging to what extent. Early season sales earmarked a significant portion of projected production through the end of the calendar year. Some handlers and potential buyers are now questioning if these commitments will be able to be met as projected. In those facilities that are not getting the volumes of milk previously projected, milk is being directed toward butter/powder production where possible. In instances, cheese production is being shorted of milk volumes, but some handlers indicate that there appears to be some carryover of stocks from last season which are helping fill needs at this time.

**BUTTER:** Butter markets are firm with prices generally higher across the board. Recent firming of prices in Europe, along with unknown production trends in the Oceania region, are giving slight firmness to most all manufactured dairy product markets. In most instances, butter producers and handlers are indicating that shipments for the near term should be as previously scheduled. Often, milk volumes are being directed toward butter/powder production, thus butter stocks are currently in balance with needs.

82% BUTTERFAT: 1,050 - 1,100

**CHEDDAR CHEESE:** Cheese markets are generally steady, although prices are higher. Stocks of cheese are reported to be in close balance for current needs. Current production schedules are not as active as past years at this time due to milk volumes being directed toward other products. Cheese handlers indicate that orders are being filled from current and last season's production.

39% MAXIMUM MOISTURE: 1,500 - 1,650

**SKIM MILK POWDER (SMP):** Oceania skim milk powder markets are firm with prices generally higher. Stocks of Oceania produced skim milk powder vary. A significant portion of the first half of the seasonal production has been committed. As the milk production season unfolds, and especially in Australia, some of these early season projections are not developing as positively as projected. At this point, producers and handlers in both Australia and New Zealand are closely monitoring production trends and filling orders with available product.

1.25% BUTTERFAT: 1,325 - 1,400

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to firm with prices higher following trends in other parts of the world. Stocks of Oceania powder are in close balance as milk production is not as strong as previously anticipated. For the most part, early season sales have committed a good portion of whole milk powder production during the first half of the year with second half supplies unclear.

26% BUTTERFAT: 1,300 - 1,400

Exchange rates for selected foreign currencies: October 07, 2002

.6270 Canadian Dollar	.0207 Indian Rupee
.2663 Argentina Peso	.4833 New Zealand Dollar
.0979 Mexican Peso	.5499 Australian Dollar
.2400 Polish Zloty	.0080 Japanese Yen
	.9836 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0979)= 10.2145. That is 1 US Dollar equals 10.2145 Mexican Pesos.

Source: "Wall Street Journal"

**AUGUST 2002 DAIRY PRODUCTS HIGHLIGHTS**

**BUTTER** production was 88.5 million pounds in August, 17.2 percent above August 2001 but 5.8 percent below July 2002. **AMERICAN TYPE CHEESE** production totaled 304.5 million pounds, 8.2 percent above August 2001 and 1.1 percent above July 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 685.5 million pounds, 3.9 percent above August 2001 and 2.1 percent above August 2002. **NONFAT DRY MILK** production, for human food, totaled 113.7 million pounds, 18.3 percent above August 2001 but 8.1 percent below July 2002. **DRY WHEY** production, for human food, was 87.4 million pounds, 12.1 percent above August 2001 but 0.2 percent below July 2002. **ICE CREAM** (hard) production totaled 78.2 million gallons, 2.0 percent below August 2001 and 5.1 percent below July 2002.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	AUG 2002	PERCENT CHANGE FROM:			PRODUCT	AUG 2002	PERCENT CHANGE FROM:		
	1,000 LBS.	AUG 2001	JUL 2002	YEAR TO DATE 1/		1,000 LBS.	AUG 2001	JUL 2002	YEAR TO DATE 1/
BUTTER	88,518	17.2	-5.8	14.2	YOGURT (PLAIN AND FLAVORED)	180,156	6.0	-0.6	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	304,536	8.2	1.1	5.6	SWEET-TYPE, HUMAN FOOD	6,810	33.9	11.2	---
CHEDDAR	226,439	4.6	-0.8	4.3	SWEET-TYPE, ANIMAL FEED	867	-9.3	28.6	---
SWISS	20,891	3.8	0.5	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,420	-5.1	-2.9	---	DRY WHEY, HUMAN FOOD	87,446	12.1	-0.2	---
CREAM & NEUFCHATEL	57,348	-0.4	15.3	---	DRY WHEY, ANIMAL FEED	5,771	12.5	-3.0	---
HISPANIC	10,069	9.8	2.4	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	212,733	0.7	1.5	-1.0	HUMAN FOOD	7,358	-2.2	-16.8	---
OTHER ITALIAN TYPES	55,353	-0.4	1.7	0.6	ANIMAL FEED	3,374	14.1	-4.4	---
TOTAL ITALIAN TYPES	268,086	0.5	1.5	-0.7	LACTOSE, HUMAN FOOD & ANIMAL FEED	48,612	17.3	-0.8	---
ALL OTHER TYPES	17,190	0.5	-4.5	---	WHEY PROTEIN CONCENTRATE				
TOTAL	685,540	3.9	2.1	2.3	HUMAN FOOD	25,903	17.4	-4.2	---
COTTAGE CHEESE, CURD 3/	40,380	-3.1	2.7	---	ANIMAL FEED	3,468	-8.0	10.4	---
COTTAGE CHEESE, CREAM 4/	33,106	-1.4	3.1	-1.7					
COTTAGE CHEESE, LOWFAT 5/	34,802	-2.4	1.1	0.5					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS			
WHOLE MILK	41,760	1.2	-5.9	---	ICE CREAM (HARD)	78,207	-2.0	-5.1	-0.2
DRY WHOLE MILK	3,269	-7.7	-49.6	---	ICE CREAM, LOWFAT (HARD)	8,637	4.0	11.3	---
NONFAT DRY MILK, HUMAN FOOD	113,673	18.3	-8.1	12.1	ICE CREAM, LOWFAT (SOFT)	27,963	-11.7	-11.7	---
DRY SKIM MILK, ANIMAL FEED	607	2.5	-24.2	---	ICE CREAM, LOWFAT (TOTAL)	36,600	-8.4	-7.2	-8.2
DRY BUTTERMILK	3,213	44.1	-0.4	---	SHERBET (HARD)	5,093	9.4	-7.9	8.2
					YOGURT (TOTAL)	7,300	-9.5	-3.1	-4.4

MANUFACTURERS' STOCKS, END OF MONTH 7/							
PRODUCT	AUG 2002	PERCENT OF:		PRODUCT	AUG 2002	PERCENT OF:	
	1,000 LBS.	AUG 2001	JUL 2002		1,000 LBS.	AUG 2001	JUL 2002
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	28,762	4.2	-5.4	HUMAN FOOD	24,614	81.2	-16.8
DRY WHEY, ANIMAL FEED	2,704	-38.6	-2.5	ANIMAL FEED	1,281	-28.9	6.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	11,405	75.0	-3.0	CANNED EVAPORATED & CONDENSED WHOLE MILK	89,976	13.1	12.4
LACTOSE, HUMAN FOOD & ANIMAL FEED	38,709	87.4	-11.3	NONFAT DRY MILK FOR HUMAN FOOD	106,634	-2.1	-22.6
DRY BUTTERMILK, TOTAL	10,217	197.4	-18.4				

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 (10-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, SEPTEMBER

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for September 2002 is \$1.0099 per pound. Thus, the Class II butterfat price is \$1.0169. The protein and other solids prices for September are \$2.0646 and \$0.0367 per pound, respectively. These component prices set the Class III skim milk price at \$6.62 per cwt. The September Class IV skim milk price is \$6.93 which is derived from the nonfat solids price of \$0.7696 per pound. **Product Price Averages:** The product price averages for September are; butter \$0.9431, nonfat dry milk \$0.9096, cheese \$1.1438, and dry whey \$0.1755.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	SEPTEMBER 2002				OCTOBER 2002
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	13.71	10.91	9.92	10.22	13.40
Appalachian (Charlotte) 5/	005	13.56	10.91	9.92	10.22	13.25
Southeast (Atlanta) 6/	007	13.56	10.91	9.92	10.22	13.25
Florida (Tampa ) 7/	006	14.46	10.91	9.92	10.22	14.15
Mideast (Cleveland) 8/	033	12.46	10.91	9.92	10.22	12.15
Upper Midwest (Chicago) 9/	030	12.26	10.91	9.92	10.22	11.95
Central (Kansas City) 10/	032	12.46	10.91	9.92	10.22	12.15
Southwest (Dallas) 11/	126	13.46	10.91	9.92	10.22	13.15
Arizona-Las Vegas (Phoenix) 12/	131	12.81	10.91	9.92	10.22	12.50
Western (Salt Lake City) 13/	135	12.36	10.91	9.92	10.22	12.05
Pacific Northwest (Seattle) 14/	124	12.36	10.91	9.92	10.22	12.05
All-Market Average	---	13.04	10.91	9.92	10.22	12.73

- 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.

## AUGUST FLUID MILK SALES

During August, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9 percent higher than August 2001. After adjusting for calendar composition, sales in August 2002 were 0.3 percent higher than August 2001. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk and low fat (1%) milk would have likely increased from July 2001, while sales of whole milk, fat-free (skim) milk, and buttermilk would have likely decreased from a year earlier.

**Editor's Note:** Some of the data also can be found at [www.ams.usda.gov/dvfmoms/mib/in-areasales.htm](http://www.ams.usda.gov/dvfmoms/mib/in-areasales.htm)

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
AUGUST 2002, WITH COMPARISONS <sup>1/</sup>

Product Name	Sales		Change from: <sup>3/</sup>	
	August	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk <sup>3/</sup>	1,682	12,924	0.6	-0.2
Reduced Fat Milk (2%)	1,522	11,622	1.6	0.1
Low Fat Milk (1%) <sup>4/</sup>	717	5,930	2.1	1.9
Fat-Free Milk (Skim)	702	5,519	0.0	-0.3
Buttermilk	49	388	-5.6	-3.5
Total Fluid Milk Products <sup>5/</sup>	4,677	36,427	0.9	0.1
Total Fluid Milk Products Adjusted <sup>5/ 6/</sup>	4,610	36,353	0.3	0.2

<sup>1/</sup> These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the year-to-date figures here may differ from the annual figures published by ERS. <sup>2/</sup> Previously, this data series showed all percent changes adjusted for calendar composition. Percent changes, as well as sales volumes, unless otherwise noted, are not shown on a calendar composition basis. See <sup>6/</sup>. <sup>3/</sup> Includes flavored whole milk. <sup>4/</sup> Includes flavored fat-reduced milk. <sup>5/</sup> Total fluid milk products include the products listed plus miscellaneous products and eggnog. <sup>6/</sup> Sales volumes and percent changes have been adjusted for calendar composition.

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, AUGUST 2002, WITH COMPARISONS <sup>1/</sup>

Area (Order Number) <sup>2/</sup>	Sales		Change from: <sup>3/</sup>	
	August	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	799	6,418	0.4	-0.2
Appalachian (005)	303	2,279	-0.9	-1.0
Southeast (007)	428	3,233	-0.6	-1.2
Florida (006)	242	1,909	1.4	1.6
Mideast (033)	538	4,211	2.5	0.3
Upper Midwest (030)	368	2,883	1.1	0.4
Central (032)	394	3,050	0.2	-0.2
Southwest (126)	361	2,763	0.5	0.8
Arizona-Las Vegas (131)	108	840	0.0	2.9
Western (135)	77	591	-2.4	0.5
Pacific Northwest (124)	182	1,428	0.8	-0.8
California (---)	549	4,272	3.5	0.8

<sup>1/</sup> These figures are representative of the consumption of total fluid milk products. <sup>2/</sup> Individual area data are for total fluid milk products. See <sup>5/</sup> above. <sup>3/</sup> Percent changes, as well as sales volumes, are no longer shown on a calendar composition basis.

**SOURCE:** Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

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

	FOR THE PERIOD OF OCTOBER 1 - 11, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 10/04/02	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-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	13,258,325	818,107	12,440,218	12,440,218	2,826,220	1,137,820,000	600,531,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
<b>TOTAL</b>	13,258,325	818,107	12,440,218	12,440,218	2,826,220	1,184,211,000	638,758,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF OCTOBER 1 - 11, 2002 =	2.7	144.8	COMPARABLE PERIOD IN 2001 =	0.6	32.9
CUMULATIVE SINCE OCTOBER 1, 2002 =	2.7	144.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.6	32.9
CUMULATIVE JANUARY 1 - OCTOBER 11, 2002 =	197.4	6,924.5	COMPARABLE CALENDAR YEAR 2001 =	74.1	3,303.2

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

**CCC ADJUSTED PURCHASES FOR THE PERIOD OF OCTOBER 1 - 11, 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-	-0-	-0-	12,440,218	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-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 (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	12,440,218	2,826,220	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	12,440,218	2,826,220	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 09/21/02 & 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	6.9	5.0	20.4	2.5	0.5	1.0	13.9	2.7	53.7	1,842.0	47.9	46.1
2001-Dairy	0.2	0.8	5.0	5.1	17.0	2.8	0.7	1.0	12.0	2.7	47.3	1,867.3	43.8	46.1
2002-All cows	0.2	1.0	9.4	12.7	30.6	15.0	15.2	3.6	16.4	8.0	112.2	3,995.3		
2001-All cows	0.2	0.9	6.9	14.5	26.3	15.7	15.8	4.9	14.7	8.1	108.0	4,047.1		

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	10.15		
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07	10.91			
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92			
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41	10.22			

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)