

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/18):**

BUTTER: Grade AA closed at \$1.0575. The weekly average for Grade AA is \$1.0575 (+.0375).

CHEESE: Barrels closed at \$1.1000 and blocks at \$1.1500. The weekly average for barrels is \$1.1000 (-.0230) and blocks, \$1.2200 (-.0750).

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

BUTTER: The CME cash butter price moved higher in active trading during the week. Most producers and handlers anticipated the price to firm prior to the upcoming holidays, but they also question how high the price will go before leveling. Churning activity is somewhat heavier this week as cream supplies were more available. Fresh butter supplies are not keeping pace with demand thus inventoried stocks continue to make up the difference. Buying interest ranges from fair to good as buyers prepare for the year end holidays.

CHEESE: The cheese market is weak. Recent declines in cash cheese prices have returned current prices to levels similar to a month ago. The cash barrel price is again below the CCC purchase price of \$1.1014 per pound. Cheese demand remains below usual fall expectations for many operations. Cheddar output appears to exceed current commercial needs. Aged cheddar demand remains light seasonally. Mozzarella movement also seems below seasonal norms for many producers. Current production is about steady and often slightly above year ago levels.

FLUID MILK: Milk production is reported as steady in most parts of the country. Some slight increases have been noted in parts of California and sections of the Mountain States. The milk flow in New England and parts of New York are close to their low point in the annual cycle, but many parts of this area are experiencing poor crops and poor quality hay and silage. Poor crops in this region and others plus the low prices for milk are taking their toll on milking operations. There are more reports of dairy farmers leaving the business, both voluntarily and involuntarily. Overall, fluid milk supplies are reported as tight in the Eastern two-thirds of the country. Bottled milk sales are mostly steady and surplus milk volumes are tight to moderate. The fluid cream market is mixed. Demand is fair to good and supplies range from tight early in the week to long after mid-week.

DRY PRODUCTS: The NDM market is little changed. However, CCC did sellback nearly eleven million pounds last week and there are reports of continued sales this week. It has been quite some time since CCC sold back NDM, but it is rare that they purchase powder at the same time they are selling it. Historically, CCC sellbacks have occurred only when powder wasn't available in the commercial market. The dry whey market remains firm with prices continuing to increase. However, resellers are reporting a more difficult time moving spot loads at a premium. Most producers are clearing all their output via contracts. The West Coast port situation is causing Western producers/exporters to accumulate stocks while containers and ships wait to sail. The WPC market is little changed and firm. Stocks are mixed, mostly light.

CCC: During the week of October 14-18, CCC purchased 793,656 pounds of low heat NDM and 7,716,155 pounds of medium heat NDM from the West. They also received cancellations for 464,027 pounds of previously offered low heat. The medium heat NDM is contracted for export, but treated by CCC as a support program purchase. During the week of October 7-11, CCC sold back 10,999,151 pounds of NDM, 1,149,588 from an Eastern warehouse and the balance from Western sites.

JULY MAILBOX MILK PRICES (DAIRY PROGRAMS): In July 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.95, \$0.38 less than the figure for the previous month. On an individual reporting area basis, mailbox prices increased or were unchanged in 4 reporting areas and decreased in 13 reporting areas; and, ranged from \$15.28 in Florida to \$9.48 in Utah. In July 2001, the Federal milk order all-area average mailbox price was \$16.00, \$5.05 higher.

SEPTEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During September, about 9.9 billion pounds of milk were received from producers. This volume of milk is 2.1% above the September 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.9%.) About 3.8 billion pounds of producer milk were used in Class I products, 1.6% above the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilizations were; Class I = 38%, Class II = 11%, Class III = 44%, and Class IV = 7%. The weighted average statistical uniform price was \$11.38, \$0.04 higher than last month, and \$5.70 lower than last year.

SEPTEMBER MILK PRODUCTION (NASS): Milk production in the 20 major states during September totaled 11.8 billion pounds, up 3.3% from September 2001. August revised production, at 12.2 billion pounds, was up 4.1% from August 2001. Production per cow averaged 1,510 pounds for September, 38 pounds (2.6%) above September 2001. The number of cows on farms was 7.79 million head, 56,000 head (0.7%) more than September 2001, but 4,000 head less than August 2002. The July-September quarterly production of milk for the U.S. was 42.0 billion pounds, 3.4% above the July-September period last year. The average number of milk cows in the U.S. during the July-September quarter was 9.16 million head, 61,000 head more than the same period last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for November 2002 is \$10.60. This price is derived from the advanced Class III skim milk pricing factor of \$7.20 and the advanced butterfat pricing factor of \$1.0423 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for November is \$7.68 and the Class II nonfat solids price is \$0.8533 per pound. The following are the two-week product price averages: butter \$0.9697, nonfat dry milk \$0.9159, cheese \$1.1921, and dry whey \$0.2081.

****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 14	TUESDAY OCTOBER 15	WEDNESDAY OCTOBER 16	THURSDAY OCTOBER 17	FRIDAY OCTOBER 18	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1200 (-.0050)	\$1.1175 (-.0025)	\$1.1175 (N.C.)	\$1.1000 (-.0175)	\$1.1000 (N.C.)	(-.0250)	\$1.1110 (-.0230)
40# BLOCKS	\$1.2775 (-.0125)	\$1.2775 (N.C.)	\$1.2350 (-.0425)	\$1.1600 (-.0750)	\$1.1500 (-.0100)	(-.1400)	\$1.2200 (-.0750)
NONFAT DRY MILK							
EXTRA GRADE	\$.9150 (N.C.)	\$.9150 (N.C.)	\$.9150 (N.C.)	\$.9150 (N.C.)	\$.9150 (N.C.)	(N.C.)	\$.9150 (N.C.)
GRADE A	\$.9300 (N.C.)	\$.9300 (N.C.)	\$.9300 (N.C.)	\$.9300 (N.C.)	\$.9300 (N.C.)	(N.C.)	\$.9300 (N.C.)
BUTTER							
GRADE AA	\$1.0575 (+.0075)	----	\$1.0575 (N.C.)	----	\$1.0575 (N.C.)	(+.0075)	\$1.0575 (+.0375)

*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 14, 2002

CHEESE — SALES: 12 CARS 40# BLOCKS: 1 @ \$1.2800, 1 @ \$1.2775, 1 @ \$1.2750, 1 @ \$1.2800, 1 @ \$1.2750, 1 @ \$1.2775, 1 @ \$1.2750, 1 @ \$1.2800, 1 @ \$1.2750, 1 @ \$1.2800, 1 @ \$1.2775, 1 @ \$1.2800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1200; 3 CARS 40# BLOCKS: 1 @ \$1.2775, 2 @ \$1.2800

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 11 CARS GRADE AA: 2 @ \$1.0600, 8 @ \$1.0550, 1 @ \$1.0575; BIDS UNFILLED: 31 CARS GRADE AA: 7 @ \$1.0575, 8 @ \$1.0550, 3 @ \$1.0525, 3 @ \$1.0500, 2 @ \$1.0475, 2 @ \$1.0450, 2 @ \$1.0425, 2 @ \$1.0400, 2 @ \$1.0300; OFFERS UNCOVERED: NONE

TUESDAY, OCTOBER 15, 2002

CHEESE — SALES: 10 CARS 40# BLOCKS: 8 @ \$1.2775, 1 @ \$1.2750, 1 @ \$1.2775; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1175, 1 @ \$1.1200; 4 CARS 40# BLOCKS: 2 @ \$1.2775, 1 @ \$1.2800, 1 @ \$1.2850

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 16, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.1125; 4 CARS 40# BLOCKS: 1 @ \$1.2475, 1 @ \$1.2500, 1 @ \$1.2400, 1 @ \$1.2350; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1175; OFFERS UNCOVERED: 15 CARS 40# BLOCKS: 1 @ \$1.2350, 1 @ \$1.2400, 1 @ \$1.2500, 3 @ \$1.2600, 3 @ \$1.2700, 2 @ \$1.2775, 4 @ \$1.2800

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 29 CARS GRADE AA: 1 @ \$1.0575, 2 @ \$1.0500, 10 @ \$1.0575, 1 @ \$1.0550, 3 @ \$1.0575, 2 @ \$1.0600, 2 @ \$1.0575, 1 @ \$1.0600, 2 @ \$1.0575, 1 @ \$1.0600, 4 @ \$1.0575; BIDS UNFILLED: 25 CARS GRADE AA: 11 @ \$1.0575, 6 @ \$1.0550, 2 @ \$1.0525, 2 @ \$1.0500, 2 @ \$1.0400, 2 @ \$1.0300; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.0950

THURSDAY, OCTOBER 17, 2002

CHEESE — SALES: 4 CARS BARRELS: 2 @ \$1.1125, 1 @ \$1.1050, 1 @ \$1.1025; 9 CARS 40# BLOCKS: 8 @ \$1.2275, 1 @ \$1.2000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 11 CARS BARRELS: 1 @ \$1.1000, 2 @ \$1.1075, 2 @ \$1.1100, 2 @ \$1.1125, 2 @ \$1.1150, 2 @ \$1.1175; 7 CARS 40# BLOCKS: 1 @ \$1.1600, 1 @ \$1.1775, 1 @ \$1.1875, 1 @ \$1.2000, 1 @ \$1.2200, 1 @ \$1.2275, 1 @ \$1.2300

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 18, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1500, 1 @ \$1.1550, 1 @ \$1.1700

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 17 CARS GRADE AA: 2 @ \$1.0575, 4 @ \$1.0600, 1 @ \$1.0575, 1 @ \$1.0600, 6 @ \$1.0575, 1 @ \$1.0600, 2 @ \$1.0575; BIDS UNFILLED: 22 CARS GRADE AA: 7 @ \$1.0575, 6 @ \$1.0550, 4 @ \$1.0525, 3 @ \$1.0500, 2 @ \$1.0475; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.0650, 1 @ \$1.1000, 1 @ \$1.1500

BUTTER MARKETS

NORTHEAST

The market tone remains unsettled but is firming if price increases are an indication of market firmness. Trading at the CME has been very heavy with about 115 loads being sold in the last four trading sessions ending October 14. Also, many bids at or below the market went unfilled during those same sessions. Contacts feel that the market run-up is for butter for holiday needs or buyers/speculators wanting to acquire some inexpensive butter. There is still some uncertainty about where this market is going. Churning activity was a little heavier in the East last week. Some print orders are still being filled with storage butter. Retail sales continue in the slow to fair range as high retail prices appear to hamper buying. 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 increased to \$1.0575 early in the week and held steady at midweek. Producers and handlers are now questioning if this price will hold. Many anticipated that the price would increase above the \$1.00 level during the fall, but also indicated that a significant increase would have the potential to severely limit buyer interest. At this point, buying interest is quite good. Producers and handlers have mixed opinions on overall buying patterns. Some indicate that most buyers are preparing for the upcoming holidays while

others feel that some buyers are purchasing earlier than they anticipated, taking advantage of the current price, before possible further increases. Stocks of butter continue to be reported as well balanced. Current churning activity, coupled with inventoried stocks, is fully sufficient to meet needs. Retailers anticipate that butter sales during the upcoming holidays will be quite active, stimulated by overall lower prices than last year and scheduled feature activity. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

Calls for both print and bulk butter are improving seasonally. More current feature activity is noted at retail stores and plans are being put in place for additional promotions as the yearend holidays approach. Available supplies of fresh butter are not large enough to fill all of the interest; therefore more storage butter is being used. Weekly CME storage stocks of butter declined by 4.2 million pounds last week to 114.7 million pounds. Stocks have declined by 17.7 million pounds over the last four weeks compared to 8.3 million pounds over the same period last year. Cream offerings remain heavier than anticipated for this time of the year. Demand from ice cream plants is slowing and production of high fat holiday items has not increased seasonally yet. Current prices for bulk butter range from 4 cents under to flat market based on the CME with various time frames and averages.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
OCT 12	1,2517 8,085,224	1,1441 9,926,586	0.9182 20,238,773	0.9830 3,137,861	0.2139 9,835,443

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

CHEESE MARKETS

NORTHEAST

Prices, for the first time in four weeks, moved slightly lower and the market is still mixed. Cheese output in the Northeast is steady as surplus milk volumes are tighter than some contacts anticipated. Some cheese makers continue to fortify their milk with either condensed skim or NDM to maintain yields. Cheese stocks are adequate to meet most needs and any local shortages are easily filled with Midwestern cheese. Buying interest is starting to show some improvement, particularly for aged cheddar and gift pack items. Retail sales are just fair and food service orders are steady

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

Cheddar 10# Prints	:	1.3575-1.8525
Cheddar Single Daisies	:	1.3150-1.7750
Cheddar 40# Block	:	1.4325-1.6650
Process 5# Loaf	:	1.3450-1.5275
Process 5# Sliced	:	1.3650-1.6375
Muenster	:	1.5200-1.7250
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. The wide barrel/block spread and somewhat better cheese/whey returns compared to butter/powder have concentrated production into blocks and 640's from barrels. Mozzarella interest has again picked up for many producers. Cutting activity is generally steady at moderate to occasionally good levels but still seems to lack the usual fall intensity. Aged cheddar interest is generally light with the exception of some white demand. Process interest is steady to slower seasonally. Holiday gift pack products are being produced and inventoried for the anticipated sales closer to the holidays. Current cheese production is steady to occasionally lower, reflecting typically lower milk receipts. Cheese yields have improved to good seasonal levels.

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

Process American 5# Loaf	:	1.3150-1.5500
Brick And/Or Muenster 5#	:	1.6400-1.8550
Cheddar 40# Block	:	1.5600-2.1150
Monterey Jack 10#	:	1.8200-2.1150
Blue 5#	:	2.0475-2.3200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6000-2.2150
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 14 - 18, 2002
BARRELS*	:	\$1.1275 - 1.1500 (NOMINAL)
	:	(-\$0.0225) (-0.200)
40# BLOCKS	:	\$1.2350 - 1.3350 (NOMINAL)
	:	(-\$0.0450) (-0.0050)

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

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

	BUTTER	:	CHEESE
10/14/02	62,560	:	133,367
10/01/02	63,773	:	134,914
CHANGE	-1,213	:	-1,547
% CHANGE	-2	:	-1

WEST

Weekly average cheese prices generally declined following three weeks of higher prices. Buyers seem to be using the same strategy that they have employed for the past few weeks in making purchasing decisions. More seasonal promotions are noted and this is generating some additional sales opportunities. Demand is more aggressive for current block cheese than for barrels or under grade cheese. Even with that said, some producers are willing to discount prices on date of sale to keep the cheese moving. Process cheese sales activity is often rated as slow for this season and price discounts are not helping to move additional cheese. Stocks of under grade cheese or cheese with defects are growing after having been in very good shape at the first part of August. Swiss sales activity seems to be good for late fall. Mozzarella demand, as has been the case for the last few months, is slower than anticipated. However, interest is beginning to improve as schools and colleges are all back in session.

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

Process 5# Loaf	:	1.2850-1.5450
Cheddar 40# Block	:	1.4175-1.5575
Cheddar 10# Cuts	:	1.5975-1.8175
Monterey Jack 10#	:	1.6075-1.7675
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are steady to fractionally lower on domestic types and the market tone is steady. Demand for imported and domestically made types is slowly starting to improve, particularly for table cheeses. Stocks are adequate to meet current needs. Seasonally, import license holders can, and do surrender unused portions of their licenses to avoid a penalty (reduced license) for the following year. The surrendered volumes are reallocated to interested licensees who may be able to use them. Reallocations typically follow a three-stage sequence with each stage broadening the limitations on type or country of origin. The final attempt to allocate these unused volumes usually comes in mid-November.

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	: 1.6525-3.1425*
Gorgonzola	:	3.2400-5.9400	: 2.1700-2.4900*
Parmesan (Italy)	:	TFEWR	: 3.0625-3.1525*
Romano (Italy)	:	2.1000-3.1900	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.6600-1.8875*
Romano (Cows Milk)	:	-0-	: 2.8500-5.0200*
Sardo Romano (Argentina)	:	2.8500-3.2900	: -0-
Reggiano (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.

FLUID MILK AND CREAM

EAST

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	200	0	166	0	67	0
SOUTHEAST STATES	0	0	0	0	127	0

Regional Milk Market Administrators announced the following, September 2002 uniform prices: Northeast \$12.20, Mideast \$11.09, Southeast \$12.56, Florida \$13.97, and Western New York (a state order) \$11.71 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk production is about steady in most sections of the region. Some New England contacts feel that their milk output may be at the low point of their annual cycle. Historically, milk production reaches its low point in November or late October in the "north country." Some much needed rain has fallen in the Middle Atlantic area during the past few days and milk output is steady to slightly lower. This drought stricken area welcomes any and all rain they may get. In the Southeast, the milk flow is mostly steady. Fluid milk supplies are still being reported as tight. There is enough milk to meet Class I needs in most of the region and manufacturing plants are often running on reduced schedules. This is particularly evident in the Middle Atlantic area and farther south. Florida's need for Grade A milk is increasing as winter residents start to show up. This week, milk is being shipped into Florida from Pennsylvania, Michigan, and Minnesota and volumes are up nearly 25% from the past several weeks. The condensed skim market is generally steady. Supplies may be a little tighter as some producers made NDM rather than sell wet solids. Prices are unchanged, but more producers feel that Class III prices may increase in the near future. The fluid cream market is mixed. Several contacts note the cream volumes are tight early in the week, readily available after Wednesday. The spot prices are higher as last week's CME average price for butter jumped more than three cents. Spot demand for Class II cream is spotty. It's up one day, down the next, but generally fair to good. There seems to be growing interest from some cream cheese makers. Production of sour cream and dips is starting to improve as makers prepare for the "holiday push." Ice cream production is holding up fairly well with many producers still looking for spot cream. Soft serve sales are slowing as the weather cools. Churning activity ranges from moderate to heavy. Some producers are churning all their cream to meet print butter orders. However, reports from some cream suppliers indicate that some butter makers are not paying "too large" a premium at this time. Others, however, are remaining competitive.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3260-1.4280
DELIVERED EQUIVALENT ATLANTA	-	1.3464-1.4484 M 1.3668-1.4280
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3566-1.4892

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

MIDWEST

Class I demand is about steady with the usual on and just finished retail feature activity. Eggnog production has increased seasonally with dip output steady. Milk supplies remain tight in most parts of the region although the usual occasional problem or planned maintenance shutdown has added some milk supplies to the offering. Manufacturing plant schedules remain seasonally light. Spot manufacturing milk prices vary by part of the region with reported spot premiums ranging from \$1.50 to \$2.75 over class, mostly in the \$2.25-2.50 area. A few plant operators have declined recent offered milk prices, in part due to weakness in cheese prices, while others have been unaffected.

Condensed skim prices are steady, ranging from \$.94 to \$1.02, depending on class. In one Midwest state with a drought affected section, plant operators have been alerted to increase their aflatoxin testing due to elevated levels in some feed samples. Cream demand is steady to slower from ice cream and steady to occasionally improved from cream cheese. Current milk intakes are irregularly steady with the usual small increases and declines week to week in various locations. Many operations have milk intake levels above a year ago, in part due to a higher August starting point. Fat and protein levels are at good seasonal levels. Low milk prices and higher purchased feed prices have caused increased financial pressure on producers with seemingly an increased number considering leaving, whether voluntary or involuntary. Good progress has been made on fall harvest and tillage operations where fields and crop conditions permit. Crop yields vary widely by area with summer rainfall, or lack thereof, the major factor.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 38.00	\$ 37.00- 42.00
REPLACEMENT HEIFER CALVES	\$400.00-540.00	\$500.00-605.00

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

	OCT 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.75	\$ 41.25- 45.50

WEST

The November Class 1 price in CALIFORNIA ranges from \$13.20 in the north to \$13.47 in the south. The statewide average Class 1 price based on production is \$13.25. The average is \$1.23 higher than October but \$2.95 less than November 2001. Issues caused by the port strike and the ongoing back to work order have not been as much of a problem as was anticipated. Shipments of products are certainly being delayed, but the problems are not expected to last as long as first anticipated. Contacts are stating that weather conditions are close to ideal for good fall milk production in CALIFORNIA. Output has rebounded from the heat stress induced downturn of a few weeks ago. Fat and protein levels on incoming milk receipts are improving. The last cutting of hay in the region turned out to be of generally high quality and volumes were better than anticipated. Daytime temperatures in ARIZONA remain quite warm, but nighttime temperatures are cooling off very well. Milk output is soon expected to begin increasing seasonally. Plants have plenty of capacity to handle milk in a very efficient manner. Overall milk production in NEW MEXICO is holding quite steady as the fall output season begins. Cooler temperatures should lead to additional milk production in short order. Contacts are wondering if the relatively tight hay supplies will have much impact on the winter production season. The CREAM market continues to firm. Butter prices at the CME have increased 5.5 cents since last week. Prices have been above a \$1 for the last two weeks. Cream multiples are increasing. Demand for cream in the West and from the Midwest are both increasing. Butter demand is improving seasonally. Therefore interest in fresh butter is picking up. Manufacturing operations are also increasing production of high fat items in anticipation of improving holiday related orders. Temperatures are above normal in the PACIFIC NORTHWEST. Some producers are even getting a late harvest of grass silage that they had not anticipated. Milk is holding up quite well in the region. Producers continue to reformulate rations to save money in response to the low milk prices. Hay prices range from steady to weaker. Heifer prices, on average, seem to be holding between \$1450-1550. More financial stress is noted in the region because of the low milk prices. Milk output in UTAH and IDAHO ranges from a little higher to a little lower. Fat and protein tests are increasing seasonally. Some operations are buying some additional loads of outside milk to bolster their own supplies. A number of farms have filed for bankruptcy in the region. Auctions are being held at a number of farms to disperse the animals. Most are going to other farms in the region. Most contacts expect this trend to continue through the winter.

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. NDM production is very light with no anticipated increases in output for at least 1 month. Supplies of totes and 50# bags are very tight. Some plants are attempting to purchase CCC stocks that they previously sold in order to satisfy current commitments and prevent shipment delays. Low heat interest is best from cheese and instant NDM operations. Traders are cautiously observing the market as the implications of CCC sales to the industry are uncertain. While the talk of a tilt change after the election has subsided, some traders are hesitant to speculate on trade activity during this period. Condensed skim is clearing readily into cheese facilities. High heat demand is good for the seasonal baking interest.

EAST: The market tone remains firm with prices in the East mostly steady. Traders in the East did buy back CCC-owned NDM last week. Midwest and Western traders/suppliers also purchased from CCC stocks. For the week ending October 11, nearly eleven million pounds were sold by CCC. So far this week, anecdotal reports show continued sales are occurring. Although it has been some time since CCC has sold back significant volumes of NDM, it is most unusual that they are selling and buying in the same week. Historically, when CCC sells powder, no one is offering powder to them. Eastern producers are making a little more NDM this week, but output is generally able to meet contracts. Most producers in the East have little or no uncommitted NDM in their warehouses. Demand for wet solids is holding up quite well. Demand for NDM is fair to good.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9325 - .9800 MOSTLY: .9525 - .9575
 HIGHHEAT: .9650 - 1.0350

NONFAT DRY MILK - WEST

Prices are unchanged for low/medium heat NDM in the Western region. The newly announced CCC sellback program for NDM has not had an impact on prices in the region. The powder that has been sold back was evidently used to fill commitments that were in place that were being delayed because of a lack of available supplies of powder. Market supplies have tightened due to the medium heat export program, the opening of DEIP sales, and the general seasonal decline in powder production. 11.0 million pounds of powder were sold back during the first week of the new program. Some contacts believe that there will not be much additional powder sold, but others are not so sure. For the almost two week period of October 1-11, Western operations cleared 12.4 million pounds of NDM into the price support program. Western high heat NDM prices are steady. Buying interest is improving slowly seasonally. Many producers continue to make high heat powder only to order.

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 11	\$.9067	12,828,356	621,678
October 4	\$.9042	14,454,597	4,297,465

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 remain mixed on a steady to firm market. Trading activity is light. Ice cream interest in condensed buttermilk is beginning to wane, encouraging increased movement of condensed buttermilk into dryers. Current dry buttermilk supplies are mostly tight yet some plants still continue to clear product at lower prices or at the average. For some buyers, product from the West remains more price attractive. Churning activity remains light with limited increases in butter or buttermilk production expected in the next few weeks. Prices for Report 42 in 2001 were 1.0500 - 1.1150.

F.O.B. CENTRAL: .8150 - .8600

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is unchanged. Eastern prices remain nominal. Reports from other regions of the country show some improved demand for dry buttermilk, but Eastern producers indicate only steady, mostly contractual demand in their region. Production levels are up slightly as churning activity is increasing in the East. Producer stocks are fairly well balanced, but some off condition powder continues to be available at discounted prices.

F.O.B. NORTHEAST: .7800 - .8350
 DELVDSOUTHEAST: .8100 - .8550

DRY BUTTERMILK - WEST

Offerings of buttermilk powder from Western sources are declining. More reports of being in a sold out position are noted. Prices are firming for any powder available. Production levels are about steady as declines in churning rates are offset by more limited sales of condensed buttermilk. Buying interest is improving. Much of the additional interest is coming from the baking industry.

F.O.B. WEST: .7400 - .7800 MOSTLY: .7500 - .7600

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged and prices remain nominal. Production levels are moderate and generally geared to meeting contracts. Spot demand is slow, but contract shipping schedules are easily clearing output.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH OCTOBER 11, 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.

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 continue higher on an unevenly firm market. Premium prices are reduced compared to the week prior. Current supplies are generally tight yet more inventoried stocks are reportedly being traded. A few producers are offering supplies to brokerage facilities. Resale premiums are also lower compared to the week prior. Some end-users continue to offer aged stocks of whey. Brokers are not interested in aged end-user stocks yet some producers are willing to purchase their aged production at a discount to the market. Interest is light to fair. Whey production is steady to higher in response to increases in cheese output. Mostly prices for Report 42 in 2001 were .2875 - .2925.

F.O.B. CENTRAL: .2425 - .2550 MOSTLY: .2425 - .2450

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue their upward trend and the market tone remains firm. However, some increased price resistance has been noted. Eastern prices remain nominal. Eastern producers continue to report being sold out for various periods of time, but traders are easily meeting any spot demand from inventories. From a stocks-on-hand point of view, the market seems firm at the producer level, but traders have a slightly different point of view. Most traders are working down inventories as best they can. Both traders and producers report fewer inquiries this week. Cheese and whey output in the East are mostly steady. Spot demand is a little slower as buyers appear to be waiting to see where the market is headed before making additional purchases.

F.O.B. NORTHEAST: EXTRA GRADE .2375 - .2475
USPH GRADE A .2375 - .2525
DELVD SOUTHEAST: .2625 - .2900

DRY WHEY - WEST

Prices continue to firm for Western whey powder. Concerns about the port strike and its fallout have not proven to be a deterrent to the Western whey market. Powder is easier to find domestically, but producers are not concerned about any increasing stocks at this time. In fact, some buyers, hoping to pick up some additional loads of powder, have not had any success up to this point. Importers overseas are concerned about delivery times, but don't seem to have gone to alternative suppliers. Production levels range from steady to slightly lower.

NONHYGROSCOPIC: .1700 - .2400 MOSTLY: .1850 - .2000

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher. Interest in milk replacer whey appears greater than demand for Extra Grade whey. Supplies are tight and trading is limited. Roller ground prices are trending higher with the Extra Grade whey market. Production is steady and demand is good. Delactose prices are unchanged. Demand is good into the food market and steady into feed channels. Production is higher in response to increases in cheese output. Inventories are generally in balance. Prices for Report 42 in 2001 on milk replacer, roller ground and delactose respectively were .2300 - .2675, .2750 - .3000 and .4150 - .4300.

F.O.B. CENTRAL:
MILK REPLACER: .2100 - .2250
ROLLER GROUND: .2275 - .2550
DELACTOSE (Min. 20% protein): .3100 - .3375

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. Supplies remain mixed. While some brokers are having a difficult time in securing additional loads for interested buyers, others are holding heavier supplies from producer contracts that are difficult to clear. Resale product is reportedly being traded at the higher end of the range. WPC 80% continues to trade at competitive prices with WPC 34%. Some feed operations report that WPC 80% is not a direct substitute for WPC 34% because of lower growth development seen with WPC 80%. However, other feed facilities continue to purchase WPC 80% instead of WPC 34% and are seeking lower priced lactose instead of whey to dilute WPC. Food demand is generally good and mostly contractual. Mostly prices for Report 42 in 2001 were .7650 - .7775.

F.O.B. EXTRA GRADE 34% PROTEIN: .4400 - .4925 MOSTLY: .4550 - .4650

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Spot trade activity is light yet improved compared to the week prior. More fourth quarter contracts have been finalized. However, some plants continue to negotiate with buyers in Japan. Movement into Asia is increasing as more ships leave West coast ports in response to court orders following the dock strike. Some export buyers are seeking to secure additional loads before the 80 day cooling off period is complete in late December. However, with tariffs expected to be reduced in China in 2003, some export buyers are holding off on their purchases. Plants that ship lactose into Asia report that shipments are delayed by 2-4 weeks. Domestically, lactose is clearing well into feed and candy facilities. Some feed users are seeking lactose supplies to replace higher priced whey in their formulas. Off grade supplies are limited for the good feed interest. Mostly prices for Report 42 in 2001 were .2050 - .2300.

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

F.O.B. EDIBLE: .1500 - .2275 MOSTLY: .1550 - .1750

CASEIN - NATIONAL

Casein markets and prices are generally steady, although a firm undertone is developing. Domestic buyers and suppliers are indicating that supplies are tightening and prices are firming for final quarter and early next year needs. For the most part, the European casein production season is now over, thus future shipments will be filled from inventoried stocks. New Zealand's production season continues to build. Producers indicate that the peak of the production season is still a few weeks away. At this point, New Zealand producers and handlers are comfortable with their current production season. The domestic market is awaiting the results of the fourth round of bidding for CCC owned skim milk powder for the production of casein/caseinates. Letter offers are due on Monday, October 21. Successful offerors will be notified on Tuesday with public notification on Wednesday.

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: 1.8500 - 2.1000
ACID: 1.6500 - 1.9500

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Surplus milk volumes are relatively tight east of the Rockies, but manufacturers are operating at desired levels. Some are running fairly full, while others are operating 4-5 days a week. Plant stocks are being drawn down along seasonal patterns. Retailers, per their contracts, are pulling increased volumes as they prepare for Thanksgiving features. Producers report a continued competitive, but typical market for this time of year. Spot demand is steady.

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.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2002

In July 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.95 per cwt., \$0.38 less than the figure for the previous month. On an individual reporting area basis, mailbox prices increased or were unchanged in 4 reporting areas and decreased in 13 reporting areas; and, ranged from \$15.28 in Florida to \$9.48 in Utah. In July 2001, the Federal milk order all-area average mailbox price was \$16.00, \$5.05 higher.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	May 2002	June 2002	July 2002
	Dollars per hundredweight		
Northeast Federal Milk Order	11.74	11.49	11.14
Appalachian States <u>3/</u>	12.31	12.08	12.18
Southeast States <u>4/</u>	12.69	12.83	12.98
Florida	14.75	14.68	15.28
Ohio	11.85	11.19	10.63
Michigan	11.68	11.06	10.48
Wisconsin	12.16	11.42	10.61
Minnesota	11.88	11.08	10.49
Illinois	12.02	11.31	10.83
Northern Missouri <u>5/</u>	12.56	12.21	11.42
Southern Missouri <u>6/</u>	11.76	11.66	11.61
Corn Belt States <u>7/</u>	11.68	10.96	10.45
Western Texas <u>8/</u>	11.66	11.14	11.11
New Mexico	10.80	10.21	10.21
Idaho	10.88	10.30	9.87
Utah	10.72	10.13	9.48
Northwest States <u>9/</u>	11.52	11.12	10.78
All Federal Order Areas <u>10/</u>	11.83	11.33	10.95
California <u>11/</u>	10.98	10.44	NA

NA= Not available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, SEPTEMBER

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for September have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During September, about 9.9 billion pounds of milk were received from producers. This volume of milk is 2.1 percent above September 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.9 percent.) About 3.8 billion pounds of producer milk were used in Class I products, 1.6 percent above the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 38%, Class II = 11%, Class III = 44%, and Class IV = 7%. The weighted average statistical uniform price was \$11.38 per cwt., \$0.04 higher than last month, and \$5.70 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2002										
FEDERAL MILK ORDER MARKETING AREA ^{1/}	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE ^{2/}
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,926.1	-2.5	891.8	1.2	46	20	29	5	12.20
Appalachian (Charlotte)	005	507.1	-0.3	361.1	3.0	71	13	9	7	12.76
Southeast (Atlanta)	007	598.4	1.7	392.5	3.4	66	10	20	4	12.56
Florida (Tampa)	006	193.4	-3.3	172.5	-3.5	89	7	2	2	13.97
Mideast (Cleveland)	033	1,398.7	5.7	541.1	-0.2	39	15	42	4	11.09
Upper Midwest (Chicago)	030 ^{4/}	1,650.7	-7.6	340.0	1.6	21	3	75	1	10.46
Central (Kansas City)	032 ^{4/}	1,523.3	8.2	401.1	0.9	26	6	63	5	10.74
Southwest (Dallas)	126	747.6	10.9	338.3	1.6	45	12	33	10	11.92
Arizona-Las Vegas (Phoenix)	131	215.6	-3.4	77.7	0.6	36	4	41	19	11.03
Western (Salt Lake City)	135	540.0	20.7	93.4	14.1	17	6	55	22	10.55
Pacific Northwest (Seattle)	124	644.2	5.6	175.5	4.9	27	5	37	31	10.66
ALL MARKET AVERAGE OR TOTAL	^{4/}	9,945.2	2.1	3,785.1	1.6	38	11	44	7	11.38

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

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

^{3/} Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 130 million pounds of milk that normally would have been associated with these markets. In September 2001, the estimated not-pooled volume of milk was 50 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +2.9.

SEPTEMBER MILK PRODUCTION

Milk production in the 20 major states during September totaled 11.8 billion pounds, up 3.3 percent from September 2001. August revised production, at 12.2 billion pounds, was up 4.1 percent from August 2001. The August revision represented an increase of 0.2 percent or 27 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,510 pounds for September, 38 pounds above September 2001. The number of cows on farms in the 20 major states was 7.79 million head, 56,000 head more than September 2001, but 4,000 head less than August 2002. The July-September quarterly production of milk for the U.S. was 42.0 billion pounds, 3.4 percent above the July-September period last year. The average number of milk cows in the U.S. during the July-September quarter was 9.16 million head, 61,000 head more than the same period last year.

STATE	MILK COWS ^{1/} _{2/}				MILK PRODUCTION ^{1/} _{3/}			
	SEPTEMBER		JULY-SEPTEMBER		SEPTEMBER		JULY-SEPTEMBER	
	2001	2002	2001	2002	2002	% CHANGE FROM 2001	2002	% CHANGE FROM 2001
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	21	20	--	--	59	-6.3
AK	--	--	1.1	1.3	--	--	4.94	36.8
AZ	140	150	140	149	250	15.7	789	17.2
AR	--	--	34	32	--	--	90	-5.3
CA	1,604	1,655	1,598	1,651	2,871	5.9	8,842	5.9
CO	--	--	92	103	--	--	558	14.1
CT	--	--	24	24	--	--	108	--
DE	--	--	9.0	9.0	--	--	38.1	3.0
FL	152	148	153	149	157	--	521	0.8
GA	--	--	86	84	--	--	330	4.8
HI	--	--	7.4	6.5	--	--	24.1	-7.3
ID	369	396	370	394	693	6.1	2,126	5.5
IL	115	115	115	115	157	1.3	480	1.1
IN	154	149	154	150	204	1.0	633	1.4
IA	206	209	207	210	298	1.0	923	1.7
KS	--	--	91	104	--	--	500	33.3
KY	127	120	128	122	120	-3.2	372	-3.9
LA	--	--	54	50	--	--	125	-4.6
ME	--	--	38	37	--	--	164	-1.2
MD	--	--	82	80	--	--	324	2.2
MA	--	--	21	20	--	--	89	--
MI	303	300	303	301	482	1.3	1,489	1.8
MN	505	480	507	483	638	-5.1	2,003	-4.3
MS	--	--	35	34	--	--	101	-1.0
MO	142	136	144	136	143	2.1	444	2.3
MT	--	--	19	18	--	--	88	--
NE	--	--	70	67	--	--	283	2.9
NV	--	--	25	25	--	--	123	0.8
NH	--	--	18	17	--	--	79	--
NJ	--	--	14	13	--	--	56	-1.8
NM	270	305	268	304	519	13.1	1,605	14.1
NY	673	676	673	677	994	3.3	3,068	2.9
NC	--	--	67	64	--	--	270	-3.9
ND	--	--	46	39	--	--	145	-12.7
OH	257	264	258	264	356	3.5	1,101	3.3
OK	--	--	89	88	--	--	316	0.3
OR	--	--	93	120	--	--	553	27.7
PA	596	587	598	585	857	-0.8	2,634	-0.8
RI	--	--	1.4	1.4	--	--	5.6	-1.8
SC	--	--	20	20	--	--	80	--
SD	--	--	99	96	--	--	346	-12.0
TN	--	--	90	88	--	--	305	--
TX	318	309	321	308	389	9.3	1,202	8.0
UT	--	--	93	93	--	--	432	3.1
VT	152	153	152	154	214	-0.9	665	-0.3
VA	118	119	118	119	147	1.4	449	0.4
WA	247	247	247	248	458	1.1	1,432	1.1
WV	--	--	16	15	--	--	60	-4.8
WI	1,282	1,268	1,284	1,266	1,807	1.7	5,514	0.9
WY	--	--	4.5	4.5	--	--	16.7	3.1
20 STATE TOTAL	7,730	7,786	--	--	11,754	3.3	--	--
U.S. ^{4/} _{5/}	--	--	9,098	9,159	--	--	41,965	3.4

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

SOURCE: "Milk Production," Da 1-1 (10-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 14 - 18, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 10/11/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	8,509,811	464,027	8,045,784	20,486,002	4,591,019	1,100,742,000	603,357,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
TOTAL	8,509,811	464,027	8,045,784	20,486,002	4,591,019	1,147,133,000	641,584,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 14 - 18, 2002 =	1.8	93.7	COMPARABLE PERIOD IN 2001 =	0.4	20.5
CUMULATIVE SINCE OCTOBER 1, 2002 =	4.5	238.5	CUMULATIVE SAME PERIOD LAST YEAR =	1.0	53.4
CUMULATIVE JANUARY 1 - OCTOBER 18, 2002 =	199.2	7,018.2	COMPARABLE CALENDAR YEAR 2001 =	74.5	3,323.7

* 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 OCTOBER 14 - 18, 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-	8,045,784	-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-	20,486,002	4,591,019	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	20,486,002	4,591,019	100.0	100.0

SELLBACK TO THE TRADE	CENTRAL/EAST	WEST	TOTAL	CUMULATIVE SINCE 10/1/02
OCTOBER 7 - 11	1,149,588	9,849,563	10,999,151	10,999,151

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

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	7.1	5.1	20.9	2.8	0.7	0.8	13.6	2.5	54.6	1,896.6	47.4	46.1
2001-Dairy	0.2	0.9	5.6	5.1	19.2	3.0	0.6	1.0	12.3	2.5	50.3	1,917.6	44.8	46.1
2002-All cows	0.2	1.0	9.6	12.9	31.4	16.2	15.8	3.7	16.4	7.7	115.1	4,110.4		
2001-All cows	0.2	0.9	7.7	14.8	29.3	16.6	16.3	4.7	15.1	6.8	112.4	4,159.5		

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