

2003 OFFICIAL MONTHLY AVERAGE RELEASE TIMES

<u>MONTH</u>	<u>RELEASE DAY AND TIME*</u>
JANUARY	MON, FEB 3 @ 9:00 AM
FEBRUARY	MON, MAR 3 @ 9:00 AM
MARCH	FRI, APR 4 @ 9:00 AM
APRIL	FRI, MAR 2 @ 9:00 AM
MAY	MON, JUN 2 @ 9:00 AM
JUNE	THU, JUL 3 @ 9:00 AM
JULY	FRI, AUG 1 @ 9:00 AM
AUGUST	TUE, SEP 2 @ 9:00 AM
SEPTEMBER	FRI, OCT 3 @ 9:00 AM
OCTOBER	MON, NOV 3 @ 9:00 AM
NOVEMBER	MON, DEC 1 @ 9:00 AM
DECEMBER	FRI, JAN 2, 2004 @ 9:00 AM

* Central time.

Listed below are the release dates for price data applicable to January through December 2003, for the Federal milk order pricing system. The advance pricing factors will be released on the Friday before the 23rd of the month unless this date is a Friday. Likewise, the price information to be released by the 5th of the month will be released on the Friday before this date unless this date is a Friday. Due to the 4th of July holiday, the release date is Thursday, July 3. The release time for all release dates, except July 3, is 10:00 a.m. EST/EDST. The release time for July 3, is 3:00 p.m. EDST.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices <u>1/</u>	Release Date	Time Period of NASS Prices <u>1/</u>
January	Dec. 20, 2002	12/7, 14	Jan. 31, 2003	1/4, 11, 18, 25
February	Jan. 17, 2003	1/4, 11	Feb. 28	2/1, 8, 15, 22
March	Feb. 21	2/8, 15	Apr. 4	3/1, 8, 15, 22, 29
April	Mar. 21	3/8, 15	May 2	4/5, 12, 19, 26
May	Apr. 18	4/5, 12	May 30	5/3, 10, 17, 24
June	May 23	5/10, 17	Jul. 3	5/31, 6/7, 14, 21, 28
July	Jun. 20	6/7, 14	Aug. 1	7/5, 12, 19, 26
August	Jul. 18	7/5, 12	Sept. 5	8/2, 9, 16, 23, 30
September	Aug. 22	8/9, 16	Oct. 3	9/6, 13, 20, 27
October	Sept. 19	9/6, 13	Oct. 31	10/4, 11, 18, 25
November	Oct. 17	10/4, 11	Dec. 5	11/1, 8, 15, 22, 29
December	Nov. 21	11/8, 15	Jan. 2, 2004	12/6, 13, 20, 27

1/ Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (11/1):
BUTTER: Grade AA closed at \$1.0200. The weekly average for Grade AA is \$1.0325 (-.0058).

CHEESE: Barrels closed at \$1.0450 and blocks at \$1.0700. The weekly average for barrels is \$1.0390 (-.0095) and blocks, \$1.0760 (-.0040).

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 cash butter price is lower in active trading during the week. Churning activity remains seasonally active, although cream supplies are less available for butter producers as production of other cream based holiday items is increasing. In many instances, fresh butter stocks are not sufficient to meet all needs, thus readily available inventoried butter stocks are being used to supplement orders. Retailers are preparing for Thanksgiving needs and getting packaged butter into the stores for any features that may be upcoming. Early indications are that some good features are planned that are expected to move good quantities of butter.

CHEESE: The cheese market continues unsettled to weak. For some buyers, the downside price risk has disappeared and reluctance to purchase has dissipated. Some specialty plant operators have again instituted a higher minimum price than the Chicago Mercantile Exchange. The lead time needed to package product to make store shelves before the rapidly approaching holiday season is dwindling rapidly. Process sales are generally slow to fair. Natural interest is irregular, but often less than expected. During the week ending November 1, CCC purchased 158,400 pounds of Midwest process under the price support program. Cheese production remains seasonally heavy.

FLUID MILK: Milk production is heavier in the Pacific Northwest and in the Southeast. All other regions of the nation report generally steady milk supplies. Class I sales are fair with some improved interest where retail features are in progress. Milk intakes into Class II facilities are increasing for production of holiday dips and spreads. Manufacturing interest in fluid milk is steady to lower as the industry prepares for expected lower milk

prices. The fluid cream market is firm in the East, steady to weaker in the Midwest and generally steady in the West. Cream movement is good into UHT bottles, cream cheese facilities and some churns out West. Prices are mostly steady as decreases in the CME butter prices are being offset by higher multiples.

DRY PRODUCTS: Whey prices are mixed while all other dry dairy product prices are trending steady. Supplies of NDM are generally short of buyer interest yet sales to the CCC continue to occur. NDM production is mostly steady to slightly higher due to additional milk volumes. Buttermilk demand is less than seasonally expected. Supplies are tight in the Central and East yet available in the West. Whey prices continue to firm in the West. In the Central, prices are trending lower in response to heavier inventories. Eastern whey prices remain unchanged and nominal. The WPC market is firm irrespective of available WPC 34% and 80% imports. Lactose prices are unchanged with some negotiations for 2003 commencing. The dock worker's strike is an expressed concern for dry product producer's shipping product after the cooling off period.

CCC: During the week of October 28 – November 1, CCC purchased 2,345,290 pounds of Western low heat NDM. They also purchased 158,400 pounds of process cheese under the price support program.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):
 The following are the 2002 October prices under the Federal Milk Order pricing system: Class II \$11.12 (+\$0.21), Class III \$10.72 (+\$0.80); and Class IV \$10.50 (+\$0.28). Product price averages used in computing Class prices are: butter \$0.9945, NDM \$0.9165, cheese \$1.2020, and dry whey \$0.2131. The Class II butterfat price is \$1.0796 and the Class III/IV butterfat price is \$1.0726. Further information may be found at: <http://www.ams.usda.gov/dyfmoms/mib/classprcacnmt.pdf>

ERRATA: In last week's report, "Federal Milk Order Advance Prices, November" contained incorrect data. The figures shown in the table were for November 2001. The corrected information is being carried this week. (See Page 11.)

****SPECIAL THIS ISSUE****

OCTOBER MONTHLY AVERAGES & SUMMARY (PAGES 7-9)

OCTOBER 2002 DEIP BID ACCEPTANCES (PAGE 10)

CORRECTED NOVEMBER FEDERAL MILK ORDER ADVANCE PRICES (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

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

PRODUCT	MONDAY OCTOBER 28	TUESDAY OCTOBER 29	WEDNESDAY OCTOBER 30	THURSDAY OCTOBER 31	FRIDAY NOVEMBER 1	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0375 (N.C.)	\$1.0375 (N.C.)	\$1.0375 (N.C.)	\$1.0375 (N.C.)	\$1.0450 (+.0075)	+.0075	\$1.0390 (-.0095)
40# BLOCKS	\$1.0800 (N.C.)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	\$1.0700 (-.0100)	\$1.0700 (N.C.)	-.0100	\$1.0760 (-.0040)
BUTTER							
GRADE AA	\$1.0400 (N.C.)	-----	\$1.0375 (-.0025)	-----	\$1.0200 (-.0175)	-.0200	\$1.0325 (-.0058)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$0.9150 and Grade A price is \$0.9300. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 28, 2002

CHEESE -- SALES: 6 CARS 40# BLOCKS: 1 @ \$1.1000, 1 @ \$1.0800, 1 @ \$1.0925, 1 @ \$1.0775, 1 @ \$1.0875, 1 @ \$1.0800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0900

BUTTER -- SALES: NONE; BIDS UNFILLED: 8 CARS: 2 @ \$1.0300, 2 @ \$1.0250, 2 @ \$1.0200, 2 @ \$1.0100; OFFERS UNCOVERED: 7 CARS: 1 @ \$1.0425, 2 @ \$1.0450, 3 @ \$1.0475, 1 @ \$1.0500

TUESDAY, OCTOBER 29, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 30, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 12 CARS: 2 @ \$1.0300, 1 @ \$1.0350, 1 @ \$1.0375, 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0450, 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0375; BIDS UNFILLED: 24 CARS: 4 @ \$1.0375, 2 @ \$1.0350, 1 @ \$1.0325, 7 @ \$1.0300, 4 @ \$1.0275, 2 @ \$1.0250, 2 @ \$1.0225, 2 @ \$1.0200; OFFERS UNCOVERED: 4 CARS: 1 @ \$1.0450, 3 @ \$1.0500

THURSDAY, OCTOBER 31, 2002

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.0450, 1 @ \$1.0400, 1 @ \$1.0375; 2 CARS 40# BLOCKS: 1 @ \$1.0600, 1 @ \$1.0700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, NOVEMBER 1, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0450; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0700

BUTTER -- SALES: 11 CARS: 2 @ \$1.0300, 2 @ \$1.0200, 1 @ \$1.0225, 1 @ \$1.0200, 1 @ \$1.0250, 4 @ \$1.0200; BIDS UNFILLED: 10 CARS: 3 @ \$1.0175, 5 @ \$1.0150, 2 @ \$1.0100; OFFERS UNCOVERED: 19 CARS: 1 @ \$1.0225, 2 @ \$1.0250, 1 @ \$1.0275, 2 @ \$1.0325, 1 @ \$1.0350, 1 @ \$1.0375, 5 @ \$1.0400, 2 @ \$1.0425, 2 @ \$1.0450, 2 @ \$1.0600

BUTTER MARKETS

NORTHEAST

The market tone is a little more settled and the price at the CME has held in a narrow range since October 11. Trading at the CME has been very active up until Monday's (10/28) trading when no loads were sold. Demand for bulk butter seems fairly brisk, but contacts feel that most Thanksgiving orders are nearly filled. Any spot demand for bulk is easily filled. Churning activity in the East is picking up at some operations, steady at others. Retailers are preparing for Thanksgiving needs and getting packaged butter into the stores for any features that may be upcoming. 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

In active trading, the cash price at the CME declined slightly at mid week. Many producers and handlers indicate that they do not anticipate price strength as they look at the calendar. Most are indicating that they feel needs have been voiced and orders are in place for Thanksgiving and year-end needs. Butter handlers state that stocks are readily available for this need. Often, fresh butter supplies are not sufficient to meet demand, thus inventoried stocks are supplementing shortages. Butter inventories are heavy to the point that some handlers are concerned that they will be carrying heavier than desired

inventories into the new year. Some are hopeful that lower retail prices and feature activity will clear heavier than anticipated volumes and re-orders during the holiday period will occur. Scattered retail promotional and in store feature activity is already occurring at some Central grocery stores at attractive prices. Food service orders are seasonally steady at fairly good levels. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

Prices weakened slightly last week at the cash CME market. Print orders for the upcoming holiday season are shaping up very well. Early indications are that some good features are planned that are expected to move good quantities of butter. Fresh butter is moving very well and the call for frozen stocks is also very good. Offerings of cream are not quite as heavy as was the case a few weeks ago. Milk production is declining seasonally and high fat product output is increasing for holiday type items. Weekly CME butter stocks declined by 7.4 million pounds last week. This is the largest weekly decline since November of 2000. This seems to tie into the good demand noted for butter for fall needs. 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			
	1.2491	1.1291	0.9152	1.0316	0.2199
OCT 26	7,321,605	8,617,143	17,655,225	3,554,621	11,507,276

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

CHEESE MARKETS

NORTHEAST

Prices are sharply lower on natural items, moderately lower on process, and unchanged on Swiss. The market tone is weak, but prices at the CME appear to have leveled off during the past week. In the East, cheese output is steady, but milk supplies are still spotty. Some plants continue to supplement their yields with NDM or condensed skim. Milk supplies in the Northeast are at or near the low point in their annual cycle. Demand for cheese is improving now that prices have dropped back to pre-run up levels. Distributors who have been buying hand-to-mouth, are now a little more willing to take on some inventory. However, overall demand for cheese is lighter than expected for this time of year. Mozzarella sales are surprisingly slow. Aged cheddar sales are improving as holiday gift pack demand is on the rise. Food service orders are steady.

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

Cheddar 10# Prints	:	1.1425-1.6375
Cheddar Single Daisies	:	1.1000-1.5600
Cheddar 40# Block	:	1.2200-1.4500
Process 5# Loaf	:	1.2575-1.4600
Process 5# Sliced	:	1.2775-1.5525
Muenster	:	1.3050-1.5100
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled. Recent declines in cash cheese prices at the Chicago Mercantile Exchange have resulted in values under CCC purchase prices. At least a few plant operators have announced that they will use \$1.13 (approximately the support price) or a similar number as the minimum base price before adding their product premium on new sales. Demand is often less than expected for fall although at least one cutting operation is on extended schedules running private label packages. Current demand is steady on short shelf life and/or specialty products such as muenster and pepper jack, current cheddar interest is fair at best. Lead times seem about steady on the made to order products. Process movement is slow to fair with some additional process cleared to CCC under the support program this week. A few processors are running CCC product to keep process lines near regular schedules as well as use bulk cheese supplies. Mozzarella interest seems to have slowed again and overall seems lighter than normal for fall. Aged cheddar remains light though inquiries are occasionally occurring. Current cheese production is generally about steady.

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

Process American 5# Loaf	:	1.2275-1.5500
Brick And/Or Muenster 5#	:	1.6400-1.6500
Cheddar 40# Block	:	1.4525-2.1150
Monterey Jack 10#	:	1.7050-2.1150
Blue 5#	:	1.8325-2.3200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3850-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9000-2.6850

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 28 - NOVEMBER 1, 2002
BARRELS*	:	\$1.0375 - 1.0625 (NOMINAL)
	:	(\$0.025) (-.0575)
40# BLOCKS	:	\$1.0800 - 1.1200 (NOMINAL)
	:	(\$0.250) (-.1400)

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

WEST

Cheese prices have moved sharply lower over the past two weeks and barrels and blocks at the CME cash market now both stand below the support price. Block prices are 22 cents lower than they were on October 8 at the CME. Demand for cheese has improved since buyers don't believe that there is much down side price risk and they have been working with minimal inventories. At these price levels, buyers are willing to have more stocks on hand. Western contacts note that inventories at some storage facilities have started to decline more rapidly. Interest in under grade cheese continues to lag and stocks are heavy at some locations. Demand for aged cheese is slow enough that some manufacturers are pulling some cheese out of aging programs early. Mozzarella interest is fair at best and contacts are wondering what the market will look like when a new, very large operation in California opens at the end of the year. Swiss manufacturers are generally happy with current levels of interest.

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

Process 5# Loaf	:	1.2000-1.4600
Cheddar 40# Block	:	1.2025-1.3425
Cheddar 10# Cuts	:	1.3825-1.6025
Monterey Jack 10#	:	1.3925-1.5525
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are unchanged on imported items, sharply lower on domestic styles. The market tone is improving along seasonal patterns, but the sharp drop on domestic cheese prices may restimulate some interest. Prices had been rising since late September. According to recent reports, cheese output in the EU is starting to expand and prices are starting to increase, but generally below year ago levels. Cheese output in the EU-15 during July increased 1.8% from July 2001. For the January to July period, cheese production in the EU-15 totaled 3.833 million MT, 1.0% more than same period last year. EU exporters report demand as good

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	: 1.4375-2.9225*
Gorgonzola	:	3.2400-5.9400	: 1.9550-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.8475-2.9375*
Romano (Italy)	:	2.1000-3.1900	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.4450-1.6725*
Romano (Cows Milk)	:	-0-	: 2.6350-4.8050*
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
10/28/02	57,368	:	137,728
10/01/02	63,773	:	134,914
CHANGE	-6,405	:	2,814
% CHANGE	-10	:	2

FLUID MILK AND CREAM

E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	134	0	187	0	100	0
SOUTHEAST STATES	0	0	0	0	49	0

Milk production is steady in most of the Middle Atlantic and Northeastern states. Colder weather is more of a factor in the Northeast. The threat of snow in parts of New England has some farmers starting to put their cows in for the winter and the adjustment period for the cows typically impacts milk output in a negative manner. This is relatively early for cows to "be barned." Contacts continue to comment on milk prices, poor quality hay and crops, and the possible/probable loss of producers during the winter. Florida's imports eased lower this week, but milk needs are about steady. Handlers normally carry milk into each week, but plant maintenance/renovations caused them to use their carry over volumes and this eased the need for outside milk. Also, milk production is starting to increase in the Southeast. Throughout the region, bottled milk sales range from steady to slightly improved where retail features are in effect. Surplus milk supplies are a little heavier this week and most manufacturing plants did have more milk to process. However, some operations were running only 3-4 days a week while most were at 4-5 days. There were reports that some cheese makers did cut back production to 2-3 days per week because of the falling cheese prices. The condensed skim market is little changed. Some contacts did comment on an increased number of Class II loads being offered out of a Southeastern operation. Class III sales are about steady. The fluid cream market is a little firmer this week as supplies are in better balance with the improved demand. Spot prices are mixed. The CME weekly average did decrease almost two cents last week and multiples are steady to occasionally higher. Cream cheese production is up at some plants, steady in others. Production of UHT bottled cream and aerosol whipped cream are "in high gear" to meet Thanksgiving needs. Output of these items is expected to remain high through November. The first run of egg nog has been reported by one producer. It does seem early, but the contact did state that their sales people are trying to push egg nog as a Halloween party drink. Ice cream production and sales are about steady. Producers continue to take advantage of the low cream/butterfat prices they are enjoying. Churning activity is light to moderate.

occasional flurries and/or rain. Fat and protein levels in incoming milk supplies are increasing seasonally. Somatic cell counts are also declining from elevated summer levels. Producers have started receiving MILC program checks, though the mailed notice reporting the processing of the payment have been arriving to producers a few days faster than the wired bank deposit have been made. The fall harvest and tillage season is continuing although wet conditions have stymied activity in some areas.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 36.00	\$ 35.00- 39.50
REPLACEMENT HEIFER CALVES	\$300.00-480.00	\$390.00-500.00

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

	OCT 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 39.00	\$ 40.00- 44.00

W E S T

September 2002 pool receipts of milk in CALIFORNIA total 2.84 billion pounds, 5.4% higher than a year prior. The September blend price, at a fat test of 3.62%, is \$10.53, \$0.15 higher than August but \$5.58 lower than September 2001. The percentage of receipts used in Class I products is 19.39%. The September quota price is \$11.58 and the over quota price is \$9.88. These prices are \$0.10 higher than August but \$5.37 lower than a year earlier. Cumulative 2002 pool receipts through September are 6.2% higher than a year ago. CALIFORNIA milk output is holding mostly steady from last week with few changes noted. Milk intakes are expected to be higher but limiting factors of low milk prices and higher feed costs may be tempering growth. Dairy producers are feeling the pinch of lower milk prices and are noting that the lack of capital is affecting feeding and expansion decisions. Weather conditions have been seasonally good for milk cows and not a factor. In the Central Valley, more fresh cows are entering the milking herds and boosting herd averages. Milk production in ARIZONA remains level and is not rebounding as expected. Milk supplies are flat when normally supplies are growing. Speculation abounds that feed rations are being adjusted and new heifers and cows are not being added as quickly as in the past. Plants are running well in the state and milk is moving normally. NEW MEXICO milk flow was holding mostly steady this past week at volumes higher than a year ago. There are also local concerns about the low milk prices at the farm level. Plants are running at normal schedules and are not changing milk orders based on current product prices. Colder weather has slowed down hay growth and the end of the haying season is near. The Western CREAM market is holding mostly steady. There is a good call for cream from many sources within and out of the region. The CME butter market has been steady for a couple weeks and closed at \$1.0400 on October 30. Demand is good from butter makers as print orders are being placed for holiday features. Other seasonal cream-based products are increasing in production and taking more cream. Western multiples varied from 109 to 128, FOB. Good conditions prevail in the PACIFIC NORTHWEST for continued strong milk production. Some manufacturing plants are beginning to notice that receipts are now slipping below year ago levels, but others report continued strong output. The fat and protein tests on the incoming milk receipts are rated as excellent. More contacts are discussing the increasing levels of financial stress found on the dairies in their areas. More "For Sale" signs are appearing, but there is little buying interest noted. Anecdotal reports of research into the bankruptcy laws are also becoming more common. Contacts are wondering how the market outlook will change after producers have received their MILC checks. Hay prices seem to be ranging from steady to slightly softer especially due to the dock strike limiting potential export sales. Snow and much colder temperatures are common over UTAH and IDAHO. Cropping issues are completed for the most part and cows are now prepared for the winter season. There seems to be more talk about potential bankruptcies in Idaho than other Western states. Milk pay prices are often close to the lowest in the nation in Idaho and this is leading to more stress. Heifer prices in the region have dropped below \$1350 and slaughter cow prices range from \$28-33.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3498-1.4536
DELIVERED EQUIVALENT ATLANTA	-	1.3706-1.4744 M 1.4017-1.4329
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4120-1.4744

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-.9500

M I D W E S T

Class I interest is about steady with the usual preparations for the traditional stronger first of the month pickup in sales. Production of sour cream, dips, eggnog, and cream cheese is seasonally active. Manufacturing milk interest is steady to lighter due to the industry expectation of sharply lower milk prices in November as well as slower cheese sales because of recent price declines. Manufacturing milk prices were mostly lower, particularly on the low end of the range where a producer lost a large cheese account and needed to get rid of some milk quickly. Manufacturing milk prices reported ranged from \$1.00 under class to \$2.00 over, though mostly around \$1.50 over class. Condensed skim prices are steady. Cream demand seems to be steady to slower. Supplies seem to be more readily available. Current plant milk intakes vary from slightly lower to slightly higher, generally steady to higher. Most cattle are being kept under shelter, at least at night, due to cold seasonal temperatures along with

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a firm market. NDM low heat production is generally higher. While some plants are diverting milk away from NDM facilities, others are taking in excess milk for drying. Supplies are tight and limited to the contractual trade interest. Some plants are buying product from the West to satisfy contracts. Spot interest is also being satisfied with West coast NDM. High heat spot movement and production are light. Inventories are in balance with stocks steadily clearing into contracts for holiday baking needs. Supplies of condensed skim are tight for the good cheese producer interest.

EAST: Prices and the market tone are unchanged. Production levels remain light. A few operations did have some extra milk this week and did dry some additional volumes. This new output is already committed for sale. Elsewhere, powder output is light. Few producers have powder on hand to meet spot demand. Demand is fairly good and supplies are often short. Some producers didn't have enough powder to supply their plant-specific customers and reportedly bought back CCC-owned NDM they produced to meet these needs. There are additional reports that some traders are trying to buy NDM from the CCC because they cannot get any spot loads from regular sources. Also, some contacts feel that prices may go up in the next week or two and want to buy back before that happens. Condensed skim sales are steady to occasionally slower, particularly into cheese plants.

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

Nonfat dry milk prices showed little change this week. The market tone is slightly firm with monthly price adjustment expected to be higher next week. Other sellers typically move prices to match. Current supplies range from in balance to short of trade needs and buyers continue to buy back NDM from the CCC. Drying schedules are mostly steady, reflecting mostly level milk supplies. Stocks are generally in check with some producers in tighter positions than others. During the week of October 21-25, CCC purchased 974,280 pounds of low heat NDM from the West. Trade sources report that sales from the CCC back to the trade continue, but volume numbers have not been released. Western high heat NDM prices are holding mostly steady in limited trading. Sales are noted as slower than expected, especially entering the end of the year when orders are often higher. Producers' inventories are generally light to moderate.

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 25	\$.9066	12,821,317	3,242,692
October 18	\$.9084	11,499,204	517,838

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

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady to firm market. Although production is increasing at some locations, supplies remain tight. Most spot buyers are purchasing product from the West coast as supplies are more readily available and prices are more attractive. Central region stocks are clearing steadily into contracts. Movement of condensed buttermilk into ice cream facilities continues to wane. Supplies of condensed buttermilk are expected to increase as the holiday season nears, encouraging the production of dry buttermilk.

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

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Eastern prices remain nominal. There is little spot market activity being reported. Production of dry buttermilk in the region is light. A large percentage of the buttermilk is clearing as condensed. Producer stocks of Extra Grade are light and closely balanced, but some down graded powder is available.

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

DRY BUTTERMILK - WEST

The dry buttermilk market and prices remain steady in the West. There is little new news that is affecting this market currently. Drying is seasonally active with butter production strong for nearby orders. Demand is sometimes higher with seasonal accounts buying, but not as aggressive as expected. Stocks are adequate for current needs.

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

DRY WHOLE MILK - NATIONAL

Prices and the market tone are little changed this week and prices remain nominal. Production levels are about steady at most plants that are making dry whole milk. Most plants that are making dry whole milk are doing so to fill contracts. Reports continue to indicate that imported whole milk powder is available at competitive prices. Spot demand is limited.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH OCTOBER 25, 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 are unchanged to lower on a steady to weak market. Production remains steady to higher as plants continue to divert milk away from the butter/powder mix and into cheese vats. Some plants report that inventories are in balance and are trading at standard premiums. However, at other locations, supplies are heavy and discounts are reported into brokerage facilities at the lower end of the range. Current prices are reportedly too high for some export markets. Some buyers in the Asian and Canadian markets are seeking product from the EU instead of the US as EU prices are more attractive. Off grade whey from the East is competitive with the Central Extra Grade market for the good feed interest. Condensed whey is available at some locations for the light to fair demand.

F.O.B. CENTRAL: .2200 - .2575 MOSTLY: .2375 - .2475

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady and Eastern prices remain nominal. Few spot sales are being reported, but some contacts do note that a few more loads are being offered at the producer level. Production levels are steady to lighter as some cheese makers are cutting back on output due to milk availability, the price of cheese, and growing inventory. Producers and traders report that it has been a relatively quiet week. Some sales from an Eastern plant have been noted below the bottom of the range, but this product apparently does not have the desired approvals that some buyers require. Spot buyers seem to have pulled back into a wait and see posture. Many feel that prices have peaked for this particular cycle.

F.O.B. NORTHEAST: EXTRA GRADE .2425 - .2525
USPH GRADE A .2450 - .2625
DELVD SOUTHEAST: .2700 - .2925

DRY WHEY - WEST

Western whey powder prices continue to increase. While the port shipping issues continue to disrupt shipping schedules, whey stocks are not building to any great extent. At least manufacturers are not concerned enough to offer the market lower to keep stocks in better balance. Production schedules are declining on a seasonal basis due to less milk and some shifting of production patterns. Some contacts are concerned about the possibility of the strike/lock out resuming at the end of the year. They consider the timing of that possibility to be a real concern.

NONHYGROSCOPIC: .1750 - .2500 MOSTLY: .1950 - .2100

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher. Milk replacer supplies are generally tight for the good interest. Some buyers are looking to the Eastern market for supplies that are more readily available. Increasing price resistance is deterring some price increases in the roller ground market. Roller ground production is steady and inventories are generally in balance. Delactose movement is good into the edible market for the holiday process cheese interest. Feed interest is fair and mostly contractual with nominal trading reported slightly higher. The September 2002 U.S. pig crop at 8.37 million head, was 1% below the previous year. Sows farrowing during this period totaled 943 thousand head, 2% below last year. September calf slaughter totaled 88,800 head, up 13% from September 2001.

NOTE: The delactose report will be discontinued in 2003 unless the industry requests continuation of the price series. This initiation is due to lackluster spot trading and reporting during the 2002 year and in an effort to affirm an interest in the current delactose report. Please send your comments to Dairy Market News by December 13, 2002.

F.O.B. CENTRAL:
MILK REPLACER: .2125 - .2375
ROLLER GROUND: .2375 - .2625
DELACTOSE (Min. 20% protein): .3125 - .3375

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies remain tight. Trading is light, which may deter price movement in future weeks. Production is steady. Demand is best from feed markets. Some feed buyers that were adverse to WPC 80% use, are now sampling the product as a substitute to WPC 34%. Canadian WPC 34% is competitive with US WPC 34% for domestic edible and feed markets. High protein product from New Zealand and the EU is also readily available as a substitute to WPC 34% for the light to fair feed interest. Brokers are reselling WPC 34% at prices above the range. Condensed WPC is clearing steadily into feed and WPC/lactose facilities with supplies sometimes short of buyer interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4600 - .5100 MOSTLY: .4750 - .4950

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. Some contract negotiations are commencing for 2003. Buyers are hesitant to commit, especially in Asian markets. Because some Asian buyers are currently being shorted loads due to shipping and production delays, an increased interest in securing supplies for 2003 is noted. However, because port strike issues are not guaranteed to be resolved in the new year, buyers are also seeking alternative sources if possible. New Zealand interest in US lactose is reportedly good. Production is mostly steady. Inventories are mixed. Some locations are short of supplies while others are carrying excess stocks to clear. Inquiries from domestic edible and feed markets are increasing. Feed buyers are seeking a low cost alternative to higher priced whey and permeate markets. Off grade supplies are more readily available than the week prior at prices below the range.

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 unsettled. Some contacts continue to report supplies to be tighter than desired for this time of the season while others indicate that stocks are in good balance. Prices are also reflective of these various market opinions. Many domestic buyers and importers are curious on what the results of the first round of production of casein/casinate from government owned powder will reveal. Most still feel that this program will not gain much momentum, especially with the uncertainty of a consistent supply of NDM at a favorable price and the disposition of the acid whey.

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. Production levels remain mixed. Some plants have a steady supply of milk. Others, however, have to buy milk on the spot market and often find asking prices/premiums prohibitive. Some producers see milk prices taking an "up tick" for October and may ease their output to see if prices will decline from October's projected price. Buyers continue to pull loads for Thanksgiving needs, but by now, most large chain operations have their volumes in their stores or distribution channels. Plant stocks continue to be drawn down along seasonal patterns.

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.

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

COMMODITY	::REPORT NUMBER 40		::REPORT NUMBER 41		::REPORT NUMBER 42		::REPORT NUMBER 43		::REPORT NUMBER 44		2002	2001
	::-----		::-----		::-----		::-----		::-----		Average	Average
	OCT 01 - 04		OCT 07 - 11		OCT 14 - 18		OCT 21 - 25		OCT 28 - 31		or Total	or Total

CHEESE

MIDWEST COMMODITY CHEDDAR

-- Cheddar Barrels	:: 1.1375 - 1.1800	:: 1.1500 - 1.1700	:: 1.1275 - 1.1500	:: 1.0350 - 1.1200	:: 1.0375 - 1.0625	:: 1.1172	: 1.3568
-- Cheddar 40# Blocks	:: 1.2900 - 1.3350	:: 1.2800 - 1.3400	:: 1.2350 - 1.3350	:: 1.0550 - 1.2600	:: 1.0800 - 1.1200	:: 1.2331	: 1.3969

WISCONSIN (WSP, Delivered, LIL)

-- Process American 5# Loaf	:: 1.3150 - 1.5500	:: 1.3350 - 1.5500	:: 1.3150 - 1.5500	:: 1.2900 - 1.5500	:: 1.2275 - 1.5500	:: 1.4240	: 1.8412
-- Brick And/Or Muenster 5#	:: 1.6100 - 1.8500	:: 1.6100 - 1.8600	:: 1.6400 - 1.8550	:: 1.6400 - 1.7800	:: 1.6400 - 1.6500	:: 1.7143	: 2.0399
-- Cheddar 40# Block	:: 1.5300 - 2.1150	:: 1.5300 - 2.1150	:: 1.5600 - 2.1150	:: 1.5600 - 2.1150	:: 1.4525 - 2.1150	:: 1.8216	: 1.9743
-- Monterey Jack 10#	:: 1.7900 - 2.1150	:: 1.7900 - 2.1150	:: 1.8200 - 2.1150	:: 1.8200 - 2.1150	:: 1.7050 - 2.1150	:: 1.9509	: 2.1249
-- Blue 5#	:: 2.0425 - 2.2900	:: 2.0525 - 2.2900	:: 2.0475 - 2.3200	:: 1.9725 - 2.3200	:: 1.8325 - 2.3200	:: 2.1497	: 2.4517
-- Mozzarella 5 - 6#	:: 1.5700 - 2.2150	:: 1.5700 - 2.2150	:: 1.6000 - 2.2150	:: 1.5250 - 2.2150	:: 1.3850 - 2.2150	:: 1.8733	: 2.0534
-- Grade A Swiss Cuts 6 - 9#	:: 1.8000 - 2.6850	:: 1.8000 - 2.6850	:: 1.8000 - 2.6850	:: 1.9000 - 2.6850	:: 1.9000 - 2.6850	:: 2.2630	: 2.5475

NORTHEAST (WSP, Delivered, LIL)

-- Cheddar 10# Prints	:: 1.3525 - 1.8475	:: 1.3625 - 1.8575	:: 1.3575 - 1.8525	:: 1.2825 - 1.7775	:: 1.1425 - 1.6375	:: 1.5491	: 1.7161
-- Cheddar Single Daisies	:: 1.3100 - 1.7700	:: 1.3200 - 1.7800	:: 1.3150 - 1.7750	:: 1.2400 - 1.7000	:: 1.1000 - 1.5600	:: 1.4891	: 1.6686
-- Cheddar 40# Block	:: 1.4275 - 1.6600	:: 1.4375 - 1.6700	:: 1.4325 - 1.6650	:: 1.3600 - 1.5900	:: 1.2200 - 1.4500	:: 1.4934	: 1.6668
-- Process 5# Loaf	:: 1.3350 - 1.5200	:: 1.3650 - 1.5475	:: 1.3450 - 1.5275	:: 1.3200 - 1.5050	:: 1.2575 - 1.4600	:: 1.4197	: 1.6895
-- Process 5# Sliced	:: 1.3550 - 1.6300	:: 1.3850 - 1.6575	:: 1.3650 - 1.6375	:: 1.3400 - 1.6150	:: 1.2775 - 1.5525	:: 1.4831	: 1.7582
-- Muenster	:: 1.5150 - 1.7200	:: 1.5250 - 1.7300	:: 1.5200 - 1.7250	:: 1.4450 - 1.6500	:: 1.3050 - 1.5100	:: 1.5666	: 1.7449
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	: 2.4500

WEST COAST (WSP, Delivered, LIL)

-- Process 5# Loaf	:: 1.2775 - 1.5375	:: 1.3050 - 1.5650	:: 1.2850 - 1.5450	:: 1.2625 - 1.5225	:: 1.2000 - 1.4600	:: 1.3976	: 1.6807
-- Cheddar 40# Block	:: 1.4125 - 1.5525	:: 1.4225 - 1.5625	:: 1.4175 - 1.5575	:: 1.3425 - 1.4825	:: 1.2025 - 1.3425	:: 1.4316	: 1.6368
-- Cheddar 10# Cuts	:: 1.5925 - 1.8125	:: 1.6025 - 1.8225	:: 1.5975 - 1.8175	:: 1.5225 - 1.7425	:: 1.3825 - 1.6025	:: 1.6516	: 1.8456
-- Monterey Jack 10#	:: 1.6025 - 1.7625	:: 1.6125 - 1.7725	:: 1.6075 - 1.7675	:: 1.5325 - 1.6925	:: 1.3925 - 1.5525	:: 1.6316	: 1.8295
-- Grade A Swiss Cuts 6 - 9#	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.3350	: 2.4700

FLUID AND DRY PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 1.2566 - 1.3744	:: 1.2848 - 1.4034	:: 1.3260 - 1.4280	:: 1.3748 - 1.4594	:: 1.3498 - 1.4536	:: 1.3719	: 1.8785
-- Atlanta - dlvd. equiv.	:: 1.2958 - 1.4038	:: 1.3046 - 1.4133	:: 1.3464 - 1.4484	:: 1.3959 - 1.5017	:: 1.3706 - 1.4744	:: 1.3963	: 1.8767
-- Upper Midwest - f.o.b	:: 1.2762 - 1.4333	:: 1.3144 - 1.4429	:: 1.3566 - 1.4892	:: 1.3642 - 1.5017	:: 1.4120 - 1.4744	:: 1.4064	: 1.9240

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 0.9750 - 1.0300	:: 0.9850 - 1.0300	:: 0.9850 - 1.0300	:: 0.9850 - 1.0300	:: 0.9850 - 1.0300	:: 1.0066	: 1.0845
-- Class III	:: 0.8600 - 0.9250	:: 0.8700 - 0.9250	:: 0.8700 - 0.9250	:: 0.8700 - 0.9500	:: 0.8700 - 0.9500	:: 0.9017	: 1.0900

NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)

-- Delivered Major U.S. Cities	:: 18.0000 - 30.0000	:: 18.0000 - 30.0000	:: 18.0000 - 30.0000	:: 18.0000 - 30.0000	:: 18.0000 - 30.0000	:: 24.0000	: 26.2159
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MONTHLY SUMMARY AND AVERAGES FOR OCTOBER 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 40		::REPORT NUMBER 41		::REPORT NUMBER 42		::REPORT NUMBER 43		::REPORT NUMBER 44		2002	2001
	::-----::		::-----::		::-----::		::-----::		::-----::		Average	Average
	OCT 01 - 04	OCT 07 - 11	OCT 14 - 18	OCT 21 - 25	OCT 28 - 31	or Total	or Total					
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 0.9325 - 0.9800	:: 0.9325 - 0.9800	:: 0.9325 - 0.9800	:: 0.9325 - 0.9800	:: 0.9325 - 0.9800	:: 0.9563	: N.A.					
-- Mostly	:: 0.9525 - 0.9575	:: 0.9525 - 0.9575	:: 0.9525 - 0.9575	:: 0.9525 - 0.9575	:: 0.9525 - 0.9575	:: 0.9550	: N.A.					
-- High Heat	:: 0.9650 - 1.0250	:: 0.9650 - 1.0250	:: 0.9650 - 1.0350	:: 0.9650 - 1.0350	:: 0.9650 - 1.0350	:: 0.9980	: N.A.					
-- West (f.o.b.)												
-- Low/Medium Heat	:: 0.8950 - 0.9575	:: 0.8950 - 0.9575	:: 0.8950 - 0.9575	:: 0.8950 - 0.9575	:: 0.8950 - 0.9575	:: 0.9263	: 0.9638					
-- Mostly	:: 0.9000 - 0.9125	:: 0.9000 - 0.9125	:: 0.9000 - 0.9125	:: 0.9000 - 0.9125	:: 0.9000 - 0.9125	:: 0.9063	: 0.9433					
-- High Heat	:: 0.9275 - 0.9700	:: 0.9275 - 0.9700	:: 0.9275 - 0.9700	:: 0.9275 - 0.9700	:: 0.9275 - 0.9700	:: 0.9488	: 1.0047					
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)	:: 0.2250 - 0.2400	:: 0.2350 - 0.2475	:: 0.2425 - 0.2550	:: 0.2425 - 0.2575	:: 0.2200 - 0.2575	:: 0.2426	: 0.2899					
-- Mostly	:: 0.2250 - 0.2350	:: 0.2350 - 0.2400	:: 0.2425 - 0.2450	:: 0.2450 - 0.2500	:: 0.2375 - 0.2475	:: 0.2405	: 0.2904					
-- West (f.o.b.)	:: 0.1600 - 0.2275	:: 0.1650 - 0.2350	:: 0.1700 - 0.2400	:: 0.1725 - 0.2475	:: 0.1750 - 0.2500	:: 0.2043	: 0.2784					
-- Mostly	:: 0.1750 - 0.1900	:: 0.1750 - 0.1975	:: 0.1850 - 0.2000	:: 0.1900 - 0.2000	:: 0.1950 - 0.2100	:: 0.1916	: 0.2738					
-- Northeast Extra Grade (f.o.b.)	:: 0.2275 - 0.2350	:: 0.2350 - 0.2400	:: 0.2375 - 0.2475	:: 0.2425 - 0.2525	:: 0.2425 - 0.2525	:: 0.2414	: 0.2957					
-- Northeast Usph Grade A(f.o.b.)	:: 0.2200 - 0.2400	:: 0.2300 - 0.2450	:: 0.2375 - 0.2525	:: 0.2450 - 0.2625	:: 0.2450 - 0.2625	:: 0.2441	: 0.3000					
-- Southeast Extra Grade (Delvd)	:: 0.2475 - 0.2750	:: 0.2525 - 0.2825	:: 0.2625 - 0.2900	:: 0.2700 - 0.2925	:: 0.2700 - 0.2925	:: 0.2736	: 0.3216					
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 0.4400 - 0.4800	:: 0.4400 - 0.4925	:: 0.4400 - 0.4925	:: 0.4400 - 0.5100	:: 0.4600 - 0.5100	:: 0.4705	: 0.7551					
-- Mostly	:: 0.4550 - 0.4600	:: 0.4550 - 0.4650	:: 0.4550 - 0.4650	:: 0.4600 - 0.4900	:: 0.4750 - 0.4950	:: 0.4675	: 0.7673					
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.1950 - 0.2100	:: 0.1950 - 0.2100	:: 0.2100 - 0.2250	:: 0.2100 - 0.2350	:: 0.2125 - 0.2375	:: 0.2139	: 0.2494					
-- Roller Ground	:: 0.2150 - 0.2400	:: 0.2200 - 0.2475	:: 0.2275 - 0.2550	:: 0.2325 - 0.2625	:: 0.2375 - 0.2625	:: 0.2401	: 0.2855					
-- Delactose	:: 0.3100 - 0.3375	:: 0.3100 - 0.3375	:: 0.3100 - 0.3375	:: 0.3100 - 0.3375	:: 0.3125 - 0.3375	:: 0.3240	: 0.4225					
BUTTERMILK (Min. 30% protein)												
-- Central (f.o.b.)	:: 0.7900 - 0.8600	:: 0.8250 - 0.8500	:: 0.8150 - 0.8600	:: 0.8150 - 0.8600	:: 0.8150 - 0.8600	:: 0.8352	: 1.0818					
-- West (f.o.b.)	:: 0.7200 - 0.7800	:: 0.7200 - 0.7800	:: 0.7400 - 0.7800	:: 0.7400 - 0.7800	:: 0.7400 - 0.7800	:: 0.7559	: 1.0525					
-- Mostly	:: 0.7300 - 0.7500	:: 0.7300 - 0.7600	:: 0.7500 - 0.7600	:: 0.7500 - 0.7600	:: 0.7500 - 0.7600	:: 0.7500	: 1.0450					
-- Northeast (f.o.b.)	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.8075	: 1.0466					
-- Southeast (Delvd)	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.8100 - 0.8550	:: 0.8100 - 0.8550	:: 0.8100 - 0.8550	:: 0.8264	: 1.0800					
WHOLE MILK POWDER												
-- National (f.o.b.)	:: 1.0950 - 1.1900	:: 1.0950 - 1.1900	:: 1.0950 - 1.1900	:: 1.0950 - 1.1900	:: 1.0950 - 1.1900	:: 1.1425	: 1.4641					
LACTOSE												
-- Central And West (f.o.b.)	:: 0.1450 - 0.2250	:: 0.1500 - 0.2250	:: 0.1500 - 0.2275	:: 0.1500 - 0.2275	:: 0.1500 - 0.2275	:: 0.1878	: 0.2313					
-- Mostly	:: 0.1500 - 0.1700	:: 0.1500 - 0.1700	:: 0.1550 - 0.1750	:: 0.1550 - 0.1750	:: 0.1550 - 0.1750	:: 0.1630	: 0.2175					
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet	:: 1.8500 - 2.1000	:: 1.8500 - 2.1000	:: 1.8500 - 2.1000	:: 1.8500 - 2.1000	:: 1.8500 - 2.1000	:: 1.9750	: 2.5764					
-- Nonrestricted - Acid	:: 1.6500 - 1.9500	:: 1.6500 - 1.9500	:: 1.6500 - 1.9500	:: 1.6500 - 1.9500	:: 1.6500 - 1.9500	:: 1.8000	: 2.5500					

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

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR OCTOBER 2002

COMMODITY	REPORT NUMBER 40	REPORT NUMBER 41	REPORT NUMBER 42	REPORT NUMBER 43	REPORT NUMBER 44	2002 * Average	2001 * Average
	OCT 1 - 4	OCT 7 - 11	OCT 14 - 18	OCT 21 - 25	OCT 28 - 31		
BUTTER*							
-- GRADE AA							
--Monday	::	:: 1.0025	:: 1.0575	:: 1.0400	:: 1.0400	::	::
--Tuesday	::	::	::	::	::	::	::
--Wednesday	:: 0.9825	:: 1.0075	:: 1.0575	:: 1.0350	:: 1.0375	::	::
--Thursday	::	::	::	::	::	::	::
--Friday	:: 1.0025	:: 1.0500	:: 1.0575	:: 1.0400	::	:: 1.0315	:: 1.4070
--Weekly Average**	:: 0.9883	:: 1.0200	:: 1.0575	:: 1.0383	::	::	::
CHEESE*							
-- BARRELS							
--Monday	::	:: 1.1400	:: 1.1200	:: 1.0925	:: 1.0375	::	::
--Tuesday	:: 1.1525	:: 1.1400	:: 1.1175	:: 1.0375	:: 1.0375	::	::
--Wednesday	:: 1.1500	:: 1.1400	:: 1.1175	:: 1.0375	:: 1.0375	::	::
--Thursday	:: 1.1550	:: 1.1250	:: 1.1000	:: 1.0375	:: 1.0375	::	::
--Friday	:: 1.1550	:: 1.1250	:: 1.1000	:: 1.0375	::	:: 1.0970	:: 1.3036
--Weekly Average**	:: 1.1540	:: 1.1340	:: 1.1110	:: 1.0485	::	::	::
-- 40# BLOCKS							
--Monday	::	:: 1.3000	:: 1.2775	:: 1.1100	:: 1.0800	::	::
--Tuesday	:: 1.3000	:: 1.3000	:: 1.2775	:: 1.0750	:: 1.0800	::	::
--Wednesday	:: 1.3000	:: 1.2950	:: 1.2350	:: 1.0675	:: 1.0800	::	::
--Thursday	:: 1.3000	:: 1.2900	:: 1.1600	:: 1.0675	:: 1.0700	::	::
--Friday	:: 1.3000	:: 1.2900	:: 1.1500	:: 1.0800	::	:: 1.1950	:: 1.3346
--Weekly Average**	:: 1.3000	:: 1.2950	:: 1.2200	:: 1.0800	::	::	::
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::	:: 0.9150	:: 0.9150	:: 0.9150	:: 0.9150	::	::
--Tuesday	:: 0.9050	:: 0.9150	:: 0.9150	:: 0.9150	:: 0.9150	::	::
--Wednesday	:: 0.9050	:: 0.9150	:: 0.9150	:: 0.9150	:: 0.9150	::	::
--Thursday	:: 0.9050	:: 0.9150	:: 0.9150	:: 0.9150	:: 0.9150	::	::
--Friday	:: 0.9150	:: 0.9150	:: 0.9150	:: 0.9150	::	:: 0.9137	:: 0.9900
--Weekly Average**	:: 0.9070	:: 0.9150	:: 0.9150	:: 0.9150	::	::	::
-- GRADE A							
--Monday	::	:: 0.9300	:: 0.9300	:: 0.9300	:: 0.9300	::	::
--Tuesday	:: 0.9200	:: 0.9300	:: 0.9300	:: 0.9300	:: 0.9300	::	::
--Wednesday	:: 0.9200	:: 0.9300	:: 0.9300	:: 0.9300	:: 0.9300	::	::
--Thursday	:: 0.9200	:: 0.9300	:: 0.9300	:: 0.9300	:: 0.9300	::	::
--Friday	:: 0.9300	:: 0.9300	:: 0.9300	:: 0.9300	::	:: 0.9287	:: 1.0000
--Weekly Average**	:: 0.9220	:: 0.9300	:: 0.9300	:: 0.9300	::	::	::

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

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

O C T O B E R 2002 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
JULY 2002 – SEPTEMBER 2002	NONFAT DRY MILK	17,050		
OCTOBER 1 - 31, 2002		0		
JULY 2002 – OCTOBER 2002		17,050		
JULY 2002 - SEPTEMBER 2002	CHEESE	757		
OCTOBER 1 - 31, 2002		0		
JULY 2002 – OCTOBER 2002		757		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
JULY 2002 –SEPTEMBER 2002	BUTTERFAT	N/A		
OCTOBER 1 - 31, 2002		0		
JULY 2002 – OCTOBER 2002		0		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				17,807
TOTAL BONUS VALUE				\$10,927,924

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture’s Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

Allocations for the DEIP year beginning July 1, 2002: Nonfat Dry Milk – 68,201 MT; Cheese – 3, 030 MT; Butterfat – 21, 097 MT

Allocations are being announced in stages. Stage one is for 17.050 MT of Nonfat Dry Milk, 5,274 MT of Butter and 757 MT of Cheese. Invitations were announced only for Cheese and Nonfat Dry Milk and volumes are already filled.

CORRECTED -- FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

Class I Base Price - Under the Federal milk order pricing system, the Class I base price for November 2002 is \$10.60 per cwt. 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. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$6.98. Thus, the Class II skim milk price for November is \$7.68 per cwt., and the Class II nonfat solids price is \$0.8533. **Product Price Averages** - The two-week product price averages for November are, butter \$0.9697, nonfat dry milk \$0.9159, cheese \$1.1921, and dry whey \$0.2081.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} ^{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	November 2002		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	13.85	10.45	1.0748
Appalachian (Charlotte) ^{5/}	005	13.70	10.30	1.0733
Southeast (Atlanta) ^{6/}	007	13.70	10.30	1.0733
Florida (Tampa) ^{7/}	006	14.60	11.20	1.0823
Midwest (Cleveland) ^{8/}	033	12.60	9.20	1.0623
Upper Midwest (Chicago) ^{9/}	030	12.40	9.00	1.0603
Central (Kansas City) ^{10/}	032	12.60	9.20	1.0623
Southwest (Dallas) ^{11/}	126	13.60	10.20	1.0723
Arizona-Las Vegas (Phoenix) ^{12/}	131	12.95	9.55	1.0658
Western (Salt Lake City) ^{13/}	135	12.50	9.10	1.0613
Pacific Northwest (Seattle) ^{14/}	124	12.50	9.10	1.0613
All-Market Average		13.18	9.78	1.0681

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{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 markets. ^{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.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 28 - NOVEMBER 1			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 10/25/02	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	158,400	-0-	158,400	277,200	-0-	-0-	-0-
TOTAL	158,400	-0-	158,400	277,200	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	2,345,290	-0-	2,345,290	23,805,572	5,168,395	1,098,868,000	605,125,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
TOTAL	2,345,290	-0-	2,345,290	23,805,572	5,168,395	1,145,259,000	643,352,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 28 - NOVEMBER 1, 2002 =	2.0	28.9	COMPARABLE PERIOD IN 2001 =	0.1	5.7
CUMULATIVE SINCE OCTOBER 1, 2002 =	7.8	279.8	CUMULATIVE SAME PERIOD LAST YEAR =	1.1	60.2
CUMULATIVE JANUARY 1 - NOVEMBER 1, 2002 =	202.4	7,059.5	COMPARABLE CALENDAR YEAR 2001 =	74.6	3,330.4

* 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 28 - NOVEMBER 1, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	158,400	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	2,345,290	-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-	277,200	-0-	-0-	-0-	32.8	-0-
WEST	-0-	-0-	-0-	-0-	23,805,572	5,168,395	67.2	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	277,200	-0-	23,805,572	5,168,395	100.0	100.0

SELLBACK TO THE TRADE	CENTRAL/EAST	WEST	TOTAL	CUMULATIVE SINCE 10/1/02
OCTOBER 21 - 25	-0-	-0-	-0-	11,316,057

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	0.1	0.8	6.7	4.9	20.4	2.6	0.7	0.9	13.7	2.5	53.3	2,002.4	46.2	46.1
2001-Dairy	0.2	0.7	5.8	5.1	18.6	2.3	0.5	0.9	12.4	2.3	48.8	2,015.7	43.5	46.0
2002-All cows	0.1	1.0	9.2	13.7	31.3	15.3	15.8	3.6	16.5	8.7	115.3	4,340.3		
2001-All cows	0.2	0.9	8.1	14.3	28.2	16.5	15.2	4.9	15.9	8.1	112.1	4,383.3		

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	10.60	
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/dyfm0s/mib/cls_prod_cmp_pr.htm