

NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (11/8):**  
**BUTTER:** Grade AA closed at \$1.0000. The weekly average for Grade AA is \$1.0033 (-.0292).

**CHEESE:** Barrels closed at \$1.0500 and blocks at \$1.0750. The weekly average for barrels is \$1.0460 (+.0070) and blocks, \$1.0750 (-.0010).

**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:** In active trading at the CME, the cash butter price remains unsettled. Many producers and handlers are questioning where prices will level out. Churning activity ranges from light to moderate across the country. Cream offerings are mixed and churning operations are less aggressive in looking for added cream supplies this late in the year. Overall stocks of butter are readily available. Fresh butter production is being supplemented with inventoried stocks. For the most part, Thanksgiving orders have been placed and shipped, with year end orders being finalized.

**CHEESE:** The cheese market is better balanced though still unsettled. Orders have increased in order to fill anticipated holiday demand. While some mainly Western buyers are asking for discounts, other sellers are flooring prices around the support price of \$1.13. Tight milk supplies are limiting production in the Midwest and Northeast, but production remains seasonally strong in the West. Cumulative total cheese output during the first 9 months of 2002 is 6.19 billion pounds, up 2.3% (140.6 million pounds) from the same period in 2001.

**FLUID MILK:** Output is at seasonal low levels with some areas indicating that the milk flow is increasing slightly. In the Northeast and Midwest, milk output is at or very near the seasonal low level while in the Southeast, reports indicate that the need for outside milk is not as strong due to production recovery. Arizona milk production is holding steady with some indications that volumes are inching up seasonally. Milk volumes in California are in balance with needs from North to South. In the Pacific Northwest, milk output is strong for this time of the year. Conditions have been good for milk production this fall. Milk output in Utah and Idaho also ranges from steady to good. Across the country, manufacturing schedules range from light to moderate for this time of the year. Cream markets are generally unchanged. Demand for cream has increased for holiday type items, although additional cream volumes remain available to churns to maintain steady production schedules.

**DRY PRODUCTS:** Nonfat dry milk markets are basically steady although some prices are slightly higher. Production across the country is steady to slightly higher, but often not able to keep pace with demand. Sales of CCC owned NDM continue to occur to supplement shortages. Conversations and rumors about a support price tilt have resurfaced now that the elections are over and some buying decisions are being affected. Buttermilk powder markets are generally steady with prices unchanged to slightly higher in the West. Production schedules vary across the country ranging from lower to higher, depending on churning activity in the region. Powder demand is fair to good with condensed demand fairly active, limiting liquid volumes to the dryer. Whey markets are mixed as prices hold steady to slightly lower in Central and Eastern

areas, while steady to fractionally higher in the West. Whey production remains generally unchanged, although some Midwestern cheese plants are reporting higher cheese output despite lower cheese prices. Stocks of whey powder are available for the fair to good domestic demand, although some buyers are reportedly more resistant to the market after recent price declines.

**CCC:** During the week of November 4 - 8, CCC purchased 4,862,771 pounds of low heat NDM and 1,513,871 pounds of medium heat NDM from the West. They received cancellations for 1,399,280 pounds of previously offered low heat. They also purchased 316,800 pounds of process cheese under the price support program. During the week of October 25 - November 1, CCC sold back 4,969,960 pounds of NDM, 974,434 pounds from Central and/or Eastern warehouses with the balance from Western sites.

**USDA ANNOUNCES REVISED CLASS III AND IV PRICE FORMULAS FOR ALL FEDERAL MILK ORDERS (DAIRY PROGRAMS):** The USDA on November 6 announced the final decision to amend the pricing formulas for milk marketed for manufacturing use under all federal milk marketing orders. The amended formulas use market prices of dairy products to establish minimum prices for milk used in the production of Class III products (cheese) and Class IV products (butter, dry milk products). This final decision differs from the recommended decision by modifying the Class III and Class IV formulas to recognize the loss of milk during delivery from farm to plant. As proposed in the recommended decision, the make allowance for dry whey is increased from \$0.140 to \$0.159 per pound. All other make allowances remain unchanged. The final decision will be published in the November 7 Federal Register. The final decision would amend all federal milk orders.

**OCTOBER AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2002 was unchanged at 125. Compared with October 2001, the index was up 2 points (1.6%). The index of prices received by farmers for dairy products advanced 2 points during the month of October 2002 to 91. Compared with October 2001, the index was down 28 points (23.5%). Prices received by farmers in October with changes from September were: for All Milk, \$11.90, up \$.30; for Fluid Grade Milk, \$11.90, up \$.30; and for Manufacturing Grade Milk, \$10.70, up \$.40.

**SEPTEMBER DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 92.2 million pounds during September, 6.3% higher than September 2001 and 4.1% heavier than last month. American type cheese production totaled 286.8 million pounds, 3.5% above last September, but 6.2% below August 2002. Total cheese output (excluding cottage cheese) was 658.0 million pounds, 2.5% above September 2001, but 4.3% below last month. Current monthly dry dairy product output and the comparison to September 2001 are as follows: Human food NDM, 93.8 million pounds, down 0.6%; dry whole milk 4.8 million pounds, up 47.6%; dry buttermilk 3.0 million pounds, up 9.3%; and human food quality dry whey 84.0 million pounds, up 16.9%.

\*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

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

PRODUCT	MONDAY NOVEMBER 4	TUESDAY NOVEMBER 5	WEDNESDAY NOVEMBER 6	THURSDAY NOVEMBER 7	FRIDAY NOVEMBER 8	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.0450 (N.C.)	\$1.0450 (N.C.)	\$1.0450 (N.C.)	\$1.0450 (N.C.)	\$1.0500 (+.0050)	+.0050	\$1.0460 (+.0070)
40# BLOCKS	\$1.0750 (+.0050)	\$1.0750 (N.C.)	\$1.0750 (N.C.)	\$1.0750 (N.C.)	\$1.0750 (N.C.)	+.0050	\$1.0750 (-.0010)
<b>BUTTER</b>							
GRADE AA	\$1.0050 (-.0150)	----	\$1.0050 (N.C.)	----	\$1.0000 (-.0050)	-.0200	\$1.0033 (-.0292)

\*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 \$9.150 and Grade A price is \$9.300. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, NOVEMBER 4, 2002

CHEESE — SALES: 7 CARS BARRELS: 1 @ \$1.0450, 1 @ \$1.0400, 1 @ \$1.0450, 1 @ \$1.0425, 1 @ \$1.0475, 1 @ \$1.0425, 1 @ \$1.0450; 5 CARS 40# BLOCKS: 1 @ \$1.0600, 1 @ \$1.0700, 1 @ \$1.0650, 1 @ \$1.0700, 1 @ \$1.0750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 17 CARS: 1 @ \$0.9975, 10 @ \$1.0000, 1 @ \$1.0025, 1 @ \$1.0050, 2 @ \$1.0025, 2 @ \$1.0050; BIDS UNFILLED: 13 CARS: 2 @ \$1.0025, 6 @ \$1.0000, 2 @ \$0.9975, 1 @ \$0.9950, 1 @ \$0.9925, 1 @ \$0.9900; OFFERS UNCOVERED: 7 CARS: 1 @ \$1.0100, 3 @ \$1.0150, 1 @ \$1.0175, 2 @ \$1.0200

TUESDAY, NOVEMBER 5, 2002

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

WEDNESDAY, NOVEMBER 6, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0750  
 BUTTER — SALES: 20 CARS: 1 @ \$1.0000, 1 @ \$0.9975, 1 @ \$0.9950, 2 @ \$0.9975, 2 @ \$1.0000, 2 @ \$0.9975, 6 @ \$1.0000, 1 @ \$1.0025, 1 @ \$1.0000, 2 @ \$1.0025, 1 @ \$1.0050; BIDS UNFILLED: 23 CARS GRADE AA: 4 @ \$1.0025, 4 @ \$1.0000, 4 @ \$0.9975, 6 @ \$0.9950, 2 @ \$0.9925, 2 @ \$0.9900, 1 @ \$0.9800; OFFERS UNCOVERED: NONE

THURSDAY, NOVEMBER 7, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0750

FRIDAY, NOVEMBER 8, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0500; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 14 CARS: 1 @ \$1.0075, 2 @ \$1.0050, 1 @ \$1.0025, 1 @ \$1.0075, 1 @ \$1.0025, 1 @ \$1.0000, 1 @ \$1.0050, 1 @ \$1.0000, 3 @ \$1.0025, 1 @ \$1.0050, 1 @ \$1.0000; BIDS UNFILLED: 7 CARS: 3 @ \$1.0000, 2 @ \$0.9975, 2 @ \$0.9950; OFFERS UNCOVERED: 3 CARS: 2 @ \$1.0150, 1 @ \$1.0200

BUTTER MARKETS

SEPTEMBER BUTTER PRODUCTION

During September 2002, butter production in the United States totaled 92.2 million pounds, 6.3% more than September 2001 and 4.1% more than August 2002. The following are September to September changes for various states: CA +23.3%, NY +1.0%, PA +5.5%, WA -0.9%, and WI -0.4%.

NORTHEAST

The market tone is a little unsettled as the CME price (through 11/4) has decreased in each of the last three trading sessions and trading activity remains fairly active. Contacts wonder where prices will level out and the talk of a support price tilt change has resurfaced now that the fall elections are nearly history. Some had noted that the long anticipated (since last October) tilt change would wait until after the elections and, should it occur, what would the "new" butter price be. Churning activity is light to moderate in the East. Packagers are busy filling anticipated holiday needs, but most retailers already have Thanksgiving needs in their distribution channels. Demand for bulk butter seems fairly brisk and any spot demand is easily filled. Food service orders are starting to pick up as restaurants prepare for Thanksgiving. 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 cash butter price has weakened during the past week, but is holding steady at slightly above \$1.00 at midweek. For this time of the season, churning activity is quite active. Cream offerings above and beyond regular sources vary, but are available to most plants. Producers and handlers indicate that most butter orders

are now in place for the balance of the year. With this knowledge, some butter operations are reluctant to take advantage of the additional cream volumes in light of their inventory situation in relationship to orders. In most instances, butter stocks are readily available for needs. Retail orders and scheduled deliveries are heavy for the next few weeks as grocery stores prepare for the upcoming holidays. Retail promotions are scheduled at many grocery stores which suppliers feel will clear good volumes of print butter. Food service orders are also stronger as restaurant and eating establishments prepare for the holiday shopping and party season. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

The butter price situation is relatively steady. Very good interest is noted for fresh butter for immediate shipment. Stocks are also being brought out of the warehouse to make up any shortfalls. Much of the butter has been shipped for the Thanksgiving holiday period and orders are being finalized for the year end holidays. Cream offerings are mixed and churning operations are less aggressive in looking for added cream supplies this late in the year. The weekly CME stock decline totaled 14.9 million pounds this past week. That is the largest weekly decline ever recorded, but stocks still total 89.1 million pounds. This level remains 2 1/2 times heavier than last year at this time. Butter production in the Western region during September was almost 16% ahead of last year. Cumulative output for the first nine months of the year totals 1.03 billion pounds, an increase of 13.5% from last year (+121.7 million pounds). Current prices for bulk butter range from 5 cents under to 1 cent under the market based on the CME with various time frames and averages.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
NOV 2	1.1745 7,582,428	1.1059 10,351,412	0.9169 16,557,801	1.0168 4,432,126	0.2158 11,049,243	1.3739 2,005,304	1.3364 3,651,144

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 again lower on natural and process items, unchanged on Swiss. The market tone is unsettled as prices at the CME remain below the CCC support purchase prices for barrels and 40# blocks. Producers note that while cheese prices are back down, milk prices did jump during October and some are cutting back on cheese output. Cheddar stocks are fully adequate for the fair demand. Producers do note that mozzarella sales are lagging normal patterns for this time of year. Retail sales are just fair as prices remain high in comparison to producer/CME prices. Food service orders are starting to improve as restaurants prepare for Thanksgiving.

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

Cheddar 10# Prints	:	1.1375-1.6325
Cheddar Single Daisies	:	1.0950-1.5550
Cheddar 40# Block	:	1.2150-1.4450
Process 5# Loaf	:	1.2475-1.4500
Process 5# Sliced	:	1.2675-1.5425
Muenster	:	1.3000-1.5050
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is unsettled after recent price declines at the Chicago Mercantile Exchange. A number of specialty cheese producers are flooring their base price for cheese sales near the support price of \$1.1314 per pound. Demand is generally improved as stores refill the pipeline before the holidays. Food service accounts are usually moderate. At least a few stores are using promotional activity on cheese to generate additional sale interest. Buyers that had been delaying purchases waiting for prices to hit bottom are again reordering. Process movement remains typically slow to fair. Mozzarella orders are stronger this week. Swiss and muenster demand is improved seasonally. Shipments of specialty holiday items are being made to stores and mail order activity starting to pick up seasonally. Many cheese producers are struggling to fill orders with current milk supplies though many are switching production away from cheddar/American type varieties. Cheese production is about steady though milk supplies are tight and keeping plant operating schedules light. Cheese yields are improving seasonally due to higher fat and protein levels in incoming milk supplies.

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

Process American 5# Loaf	:	1.2200-1.5500
Brick And/Or Muenster 5#	:	1.6350-1.6400
Cheddar 40# Block	:	1.4475-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.8275-2.3200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3800-2.2150
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 : NOVEMBER 4 - 8, 2002

BARRELS*	:	\$1.0500 - 1.0550 (NOMINAL)
	:	(\$0.125) (-.0075)
40# BLOCKS	:	\$1.0700 - 1.1250 (NOMINAL)
	:	(-\$0.100) (.0050)

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

**WEST**

Prices have declined for the last four weeks, but may be reaching equilibrium. Demand for cheese has improved and sales activity is quite good. Buyers, however, are very price conscious and are really asking for discounts and are often getting them. End product sales seem to be improving which is spurring the search for additional cheese supplies. Buyers do not seem to be willing to buy much cheese ahead, even with cheese prices likely on the bottom price wise, and are acquiring loads only to cover immediate needs. Cheese inventories are declining, but under grade offerings are readily available. For the first time ever in September, cheddar cheese production in California has surpassed output in Wisconsin. American type cheese output in the Western region was almost 12% ahead of last year. Cumulative total cheese output for the U.S. for the first nine months of the year totals 6.19 billion pounds, up 2.3% (+140.6 million pounds) from last year. This averages out to more than 3.6 million additional pounds produced every week for 2002. U.S. Swiss output totals 21.1 million pounds, up 6.7% from September 2001.

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

Process 5# Loaf	:	1.1900-1.4500
Cheddar 40# Block	:	1.1975-1.3375
Cheddar 10# Cuts	:	1.3775-1.5975
Monterey Jack 10#	:	1.3875-1.5475
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

**FOREIGN**

Prices are steady to lower and the market tone is starting to improve along seasonal patterns. Cheese stocks are adequate to fully adequate to cover current, steady to fair needs. According to recent reports by USDA, FAS, licensed cheese imports during the first nine months of 2002 totaled 189.7 million pounds, up 5 million pounds (0.3%) from the same period last year. High-tier cheese imports during the same period was 50.9 million pounds, 27.7 million pounds (54.4%) above a year ago.

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	1.4325-2.9225*
Gorgonzola	:	3.2400-5.9400	1.9500-2.4900*
Parmesan (Italy)	:	TFEWR	2.8425-2.9325*
Romano (Italy)	:	2.1000-3.1900	-0-
Provolone (Italy)	:	3.4400-5.5000	1.4400-1.6675*
Romano (Cows Milk)	:	-0-	2.6300-4.8000*
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
11/04/02	54,713	:	131,050
11/01/02	55,244	:	132,386
CHANGE	-531	:	-1,336
% CHANGE	-1	:	-1

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	95	0	134	0	66	0
SOUTHEAST STATES	0	0	0	0	35	0

The following are the October 2002 Class and component prices under the Federal Milk Order pricing system: Class II \$11.12 (up \$0.21 from September), Class III \$10.72 (up \$0.80); and Class IV \$10.50 (up \$0.28). The following are product price averages used in computing Class prices: 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. Snow and/or rain fell over much of the region this week. Cooler temperatures and rain in the Southeast helped milk output start to show more signs of increasing. Contacts feel that after the rains stop, the milk flow will increase more rapidly. In the more northern areas, milk production is at or near bottom of the annual cycle. Fluid milk supplies are fully adequate to cover this week's slow to fair bottled milk demand. Florida's need for milk eased as their own milk production increased and sales slowed. Bottlers in the Middle Atlantic and Northeast report lackluster Class I sales this week. Manufacturing schedules range from light in the Southeast to moderate in the Northeast. Most plant contacts see little change in their milk receipts except for the holiday weeks. Arrangements have already been made for milk processing during the upcoming Thanksgiving and year end holiday periods. The condensed skim markets are little changed and prices are steady to slightly lower, based on projected skim milk prices. The fluid cream market is mixed. Suppliers report a relatively firm market early in the week, but "kind of sloppy" later. Demand is fair to good, but many suppliers and producers did report a quiet week on the spot side of the market. UHT bottling and aerosol whipped cream operations are in full swing and making occasional spot cream purchases. Egg nog output is increasing at most locations and product is getting out to retail stores. Cream cheese production is steady at heavy levels, but producers are not overly active in the spot market. Apparently, contracted volumes are satisfying most of their needs. Ice cream production is seasonally moderate to heavy. Some plants expect to be down the week of Thanksgiving and are building inventories for that down time. Churning activity is moderate.

milk volumes were limited. On a light test, spot prices ranged from \$1.50 – 2.50 over class. Condensed skim interest is steady to occasionally improved. Manufacturing plants continue to operate on light seasonal schedules. Ice cream demand is spotty though trending lower seasonally. Fat and protein tests on milk receipts are steady to higher. Low milk prices have caused an increase in producer sellouts as well as stress. A large Wisconsin heifer (about 1250 head) dispersal is scheduled for the upcoming weekend. Current plant milk intakes are generally steady to lower, although more plant operators are commenting on the increase in producer sellouts/auction listings. Progress continues on the fall harvest and tillage season. Some areas have dried out sufficiently to allow progress to resume.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 31 - NOV 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 35.00	\$ 34.00- 38.50
REPLACEMENT HEIFER CALVES	NOT AVAILABLE	\$350.00-500.00

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

	OCT 31 - NOV 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 38.00	\$ 39.00- 42.75

WEST

The October 4a price (butter/powder) in CALIFORNIA is \$10.10, up \$0.31 from September but \$2.42 lower than last year. This compares to the Federal Order Class IV price for October at \$10.50. The October 4b price (cheese) is \$10.42, up \$0.49 from September but \$1.88 lower than last year. This compares to the Federal Order Class III price for October at \$10.72. Milk production in CALIFORNIA is reported to not be changing very much from last and recent weeks. There were expectations that increases should be happening, but most contacts are expressing that decisions based on low milk prices are factoring into current milk supplies. The levelness of milk supplies seems to be the case from north to south. Wet weather is forecast for much of the state late in the week. Any moisture beyond excessive is welcomed for crop growth and water needs. Bottled milk orders are mostly steady to slightly higher. Milk supplies are ample in the state and handled normally. ARIZONA milk production is also holding steady with some indications that volumes are inching up seasonally. Good weather and fresh cows coming into herds are contributing factors. There is a good call for bottling milk as features are moving more milk at the store level. Manufacturing plants are running normally. Western CREAM markets are not changing very much from recent weeks. Demand is still good from butter churners and seasonal cream-based item producers as holiday orders have been good. The CME butter price has declined with Grade AA at \$1.0050 on November 6. Western multiples run in a range from 112 to 131, FOB. Milk production in the PACIFIC NORTHWEST continues to be called strong for this time of year. Conditions have been good for milk output this fall. A storm moving into the region late this week is supposed to begin helping with the low moisture situation. Hay prices range from steady to firm for good quality alfalfa. Some producers are reporting excellent component levels on their current milk. They are somewhat surprised at this result considering they are working hard to cut costs anywhere that they can and are finding excellent test results anyway. Heifer prices are turning lower, but demand is increasing seasonally. Buyers are coming in from outside the region in search of good quality heifers. Milk output in UTAH and IDAHO ranges from steady to good. Conditions have been cool, but are expected to warm up at the end of this week. Feed quality and availability are both good. Some registered consignment sales this fall are recording prices that are down about 1/3 from last year. Heifer prices remain low with varied interest noted. Financial stress continues to be the main topic of conversation.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3423-1.4455
DELIVERED EQUIVALENT ATLANTA	-	1.3629-1.4662 M 1.3939-1.4249
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3216-1.4455

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- .9400

MIDWEST

Class I demand remains strong, even the week after the usually good first week of the month. Production of eggnog and other holiday items including dips and sour cream were again heavier as the holiday season nears. Cottage cheese production was also good. Overall milk supplies remain tight in the region. The announcement concerning the long anticipated change in the Federal Order Class III/IV formulas was welcome, subject to analysis. Manufacturing milk interest is improved, aided by an increased demand for holiday products and the anticipated decline in November manufacturing milk prices. Spot manufacturing

**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. Production is unchanged to slightly higher. Milk intakes into NDM facilities are expected to increase as the Thanksgiving holiday nears. Supplies of low heat NDM in the Central region remain tight with some producers purchasing additional product from the West to satisfy contractual commitments. Demand from cheese plants is lighter than the week prior yet still generally good. Brokers also express good interest in NDM. High heat sales are nominal and limited to current contracts for holiday baking demands.

EAST: Prices are generally higher and the market tone is little changed. Prices are largely nominal as few spot sales are being reported at the producer level. Most sales are to fill contracts. More Eastern traders and producers bought CCC-owned NDM to supplement their current, tight supplies. Demand for resale low heat powder is fairly good and often selling above a dollar. Current production levels are light to moderate. Some dryers are operating a few days a week, but others barely have enough milk coming into their plants to meet cream and condensed skim orders. Conversations and rumors about the support price tilt have resurfaced now that the elections are over and some buying decisions are being affected.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during September 2002 totaled 93.8 million pounds, down 0.6% from September 2001 and 18.0% below August 2002. Month ending stocks, at 86.8 million pounds, are 14.8% below a year ago and 20.7% lower than August 2002.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A	
LOW/MEDIUM HEAT:	.9400 - .9800 MOSTLY: .9550 - .9650
HIGH HEAT:	.9725 - 1.0350

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are moving slightly higher in light spot trading. The market tone is mostly steady. NDM supplies are becoming more available, but often not to the volume or source buyers needs. Supplies of 50 pound bags are especially tight. Additional sellbacks from CCC stocks have occurred again this week. Production is seasonally steady. Demand is fair with prior contracts helping to clear current production. High heat prices are slightly higher. Production and demand are both higher, often attributed to seasonal interest. Stocks are in balance. During the week of October 28 – November 1, CCC purchased 2,345,290 pounds of low heat NDM, all from the West. There are reports that the CCC has made available all prior uncommitted NDM stocks to export donation programs, domestic drought relief programs, and to the casein conversion program. The trade is trying to determine why this was done and what effect this action will have when assessing the potential for a support price tilt. U.S. NDM production in September totaled 93.8 million pounds, down 0.6% from last year and 18.0% lower than August. Cumulative production through 9 months of 2002 total 1.19 billion pounds, 11.1% higher compared to the same period in 2001. September production in the West region totaled 82.2 million pounds, up 1.2% from last year. Western states' production levels with comparisons to last year are: California, 51.6 million pounds, -2.6%; Idaho, 6.3 million pounds, -11.6%; and Washington, 14.6 million pounds, -5.0%. U.S. manufacturers' stocks at the end of September were reported at 86.8 million pounds, down 14.8% from last year and down 20.7% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A	
LOW/MEDIUM HEAT:	.8950 - .9575 MOSTLY: .9000 - .9200
HIGH HEAT:	.9300 - .9700

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 1	\$ .9081	11,129,423	1,457,500
October 25	\$ .9066	12,821,317	3,242,692

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 on a steady market. Trade activity is light yet improved compared the week prior. Production is steady to higher as condensed buttermilk intakes at ice cream facilities continue to decrease. Churning activity is mostly steady. Increased churn activity is expected within the next 2 weeks, encouraging greater buttermilk production. For some buyers, product from the West remains more price attractive. Dry buttermilk production during September 2002 totaled 3.0 million pounds, up 9.3% from September 2001 but 6.9% lower than August 2002. Month ending stocks, at 7.4 million pounds, are 83.1% above last year but 24.5% lower than last month.

F.O.B. CENTRAL:	.8150 - .8600
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**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone remain unchanged. Eastern prices are nominal. Production levels are light and producer inventories are typical for this time of year. There continues to be a good demand for liquid buttermilk which helps keep drying schedules light. Spot demand is limited and most powder is cleared via contracts. Dry buttermilk production during September 2002 totaled 3.0 million pounds, up 9.3% from September 2001 but 6.9% less than August 2002. Month ending stocks, at 7.4 million pounds, are 83.1% more than last year but 24.5% less than a month ago.

F.O.B. NORTHEAST:	.7800 - .8350
DELVD SOUTHEAST:	.8100 - .8550

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are higher on the top end of the range and the market tone is steady to slightly firmer. Drying schedules are active seasonally as butter production remains strong in the region. Demand is fair to good and sales levels have been along projections. There are ample supplies of producers' stocks to fill current and future orders, although not all producers have spot loads available. U.S. dry buttermilk production in September totaled 3.0 million pounds, up 9.3% from last year but 6.9% lower than August. Stocks at the end of September were reported at 7.4 million pounds, 83.1% higher than last year.

F.O.B. WEST:	.7400 - .7900 MOSTLY: .7500 - .7600
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**DRY WHOLE MILK - NATIONAL**

Prices are mixed as the October Class IV milk price increased twenty-eight cents and the CME butter price moved lower. The market tone is unchanged and prices remain nominal. Production levels are about steady and geared to meeting contracts. Dry whole milk production during September totaled 4.8 million pounds, up 47.6% from September 2001 and 47.5% above August 2002. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT:	1.1025 - 1.1800
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**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH NOVEMBER 1, 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 generally unchanged on a steady to weak market. Production continues unchanged to higher as some plants continue to produce cheese despite lower cheese prices. The milk solid content is also increasing, encouraging greater whey output. Buyers are reportedly more resistant to the market after last week's decline in prices. Some sellers are holding list prices to end-users. However, brokers are receiving offers from a number of suppliers at the lower end of the range. Some brokers are forward contracting at lower prices without having secured supplies. Condensed whey supplies are available at some locations with purchases reported into WPC/lactose facilities. Production of human food, dry whey during September 2002 totaled 84.0 million pounds, 16.9% more than September 2001 but 4.7% below August 2002. Month ending stocks, at 30.2 million pounds, are 12.8% above a year ago and 4.5% more than August 2002.

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

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to fractionally lower 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. Last week's price decline in the Midwest seemed to make buyers pause to see if the trend will continue this week. Some producers think that prices will not move much lower at this time. They think that output isn't heavy enough to get them into that "have to move inventory" position. Eastern producers remain fairly well balanced, but a few more spot loads are being reported. Some cheese makers are now making traditional holiday cheeses, which impacts their output of sweet, Extra Grade whey. Demand is fair, but spot sales activity is light. Some traders are not seeing the discounts from Midwestern producers that were noted last week. This also tended to slow interest. Production of human food, dry whey during September totaled 84.0 million pounds, 16.9% more than September 2001 but 4.7% below September 2002. Month ending stocks, at 30.2 million pounds, are 12.8% above last year and 4.5% more than a month ago. Production of animal feed, dry whey during September totaled 5.1 million pounds, 14.5% more than a year ago but 10.6% below August 2002.

F.O.B. NORTHEAST: EXTRA GRADE .2425 - .2500  
USPH GRADE A .2450 - .2575  
DELVD SOUTHEAST: .2675 - .2925

**DRY WHEY - WEST**

Western whey prices range from steady to fractionally higher. Current stocks remain in good balance. Offerings are about steady with the past few weeks. Domestic demand is good; export interest remains strong with the transportation issue still the main concern. Some progress seems to be occurring to avert a continuation of the strike/lockout at the end of December. U.S. whey production in September for human food totals 84.0 million pounds, up 16.9% from last year. Stocks at the end of the month total 30.2 million pounds, up 12.8% from last year. West region production in September was up 36.0% from last year. Total U.S. dry whey production for the first nine months of 2002 has reached 835.3 million pounds, up 5.3% from last year.

NONHYGROSCOPIC: .1750 - .2500 MOSTLY: .1950 - .2150

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower. Milk replacer and roller ground prices are lower in response to decreases in the Extra Grade whey market. Supplies of milk replacer remain tight for the good interest. Roller ground supplies are slightly higher in light of price resistance. Production is generally unchanged. Delactose prices are unchanged. Demand is good and inventories are mostly in balance. Negotiations for 2003 are commencing with pricing mechanisms heavily sought for sales into the food industry given that the current feed market has been used as a benchmark. Commentary thus far on the continued reporting of a delactose feed market in 2003 is mixed yet mostly indifferent. Production of animal feed dry whey during September 2002 totaled 5.1 million pounds, 14.5% higher than a year ago but 10.6% less than August 2002. Month ending stocks, at 2.1 million pounds, are 51.0% below a year ago and 21.7% lower than last month.

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 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: .2125 - .2350  
MILK REPLACER: .2325 - .2600  
ROLLER GROUND: .3125 - .3375  
DELACTOSE (Min. 20% protein): .3125 - .3375

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher on a steady to firm market. Supplies continue mixed and trading remains light. Some feed buyers are concerned over the higher WPC 34% prices that are reflected in the WPC 80% market. While supplies of WPC 34% may be tight, WPC 80% supplies from domestic and foreign sources are readily available and often benchmarked on a per unit of protein basis of the WPC 34% market. This is encouraging some talk that WPC 80% should be a separately reported market. Domestically, some shipment delays are being reported in response to an inadequate supply of containers. On the export market, some buyers are being asked to make a bid on US WPC 34% supplies, encouraging some buyer speculation of the firm market. Due to low milk prices, WPC 80% is becoming more cost advantageous to some calf milk replacer operations that have never previously formulated with WPC 80%. Resellers are reportedly trading stocks from March. Production of HUMAN FOOD WPC during September 2002 totaled 25.7 million pounds, up 19.7% from September 2001 but 0.7% below August 2002. Manufacturers end-of-month stocks totaled 22.6 million pounds, 53.4% higher than a year ago but 8.4% below last month. Production of ANIMAL FEED WPC during September 2002 totaled 3.0 million pounds, down 15.0% from September 2001 and 12.2% below August 2002. Manufacturers end-of-month stocks totaled 1.2 million pounds, 30.6% below last year and 2.5% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .4800 - .5150 MOSTLY: .4850 - .5050

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a mostly steady market. While some plants are reportedly tight on supplies, others are mostly in balance to somewhat long. Export movement is slow due in part to a lack of available containers. Although shipping has resumed since the dock worker's strike in late October, a backlog of cargo is causing shipment delays of as much as 6 weeks into Asia. To satisfy customers, some sellers are seeking costly alternatives in the airways. Possible surcharges to be introduced in December may also deter shipments. Movement is best on the higher mesh sizes and into the Mexican market. Extra Grade interest from feed buyers is lower compared to the week prior. This may be in response to lower whey markets reported. As lactose is often used as a substitute to whey, some buyers are awaiting better market indicators before committing to prices. Off grade supplies remain limited for the good feed interest. Lactose production during September 2002 totaled 46.5 million pounds, up 12.6% from September 2001 but 4.2% below August 2002. Month ending stocks, at 39.3 million pounds, are 80.3% higher than a year ago and 0.3% above below last month.

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 prices are unchanged, although the market tone remains unsettled. Producers and handlers have varying opinions on the direction of the market and what the supply outlook will be for next year. Some feel that supplies should be available with prices holding steady, while others indicate tighter supplies and firmer prices. Reports indicate that CCC has allocated all of the uncommitted nonfat dry milk that they have on hand. The over 1 billion pounds was reportedly distributed among three programs of which 300 million pounds (136,000 MT) was committed, during the next several years, for the conversion to casein/caseinates. Recently, CCC did sell back slightly more than 1 million pounds for this conversion purpose at a price range of \$0.26 - .30 per pound. This specific allocation addresses one of the concerns potential producers were voicing about how much the government would commit to this program.

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 are unchanged. The market tone remains highly competitive as producers vie for market share. Surplus milk volumes are tighter and evaporated milk output is slowing slightly. Plant stocks are being drawn down along seasonal patterns to meet the improving retail demand. Canned evaporated milk production during September 2002 totaled 35.5 million pounds, 15.7% less than September 2001 and 14.9% less than August 2002. Month ending stocks, at 81.1 million pounds, are 1.7% less than a year ago and 9.8% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	10/23	10/24	10/25	10/28	10/29	10/30	10/31	11/01	11/04	11/05
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
OCT 02	10.65 (3073) 8	10.65 (3090) 36	10.65 (3089) 1	10.65 (3089) 0	10.65 (3077) 21	10.70 (3076) 0	10.70 (2988) 0	10.72		
NOV 02	9.60 (2637) 5	9.60 (2641) 16	9.60 (2640) 7	9.60 (2637) 32	9.60 (2640) 69	9.60 (2639) 5	9.60 (2605) 9	9.70 (2643) 40	9.71 (2640) 45	9.72 (2716) 83
DEC 02	9.75 (1947) 41	9.80 (1987) 47	9.80 (1988) 16	9.77 (2048) 82	9.74 (2179) 138	9.69 (2185) 136	9.65 (2174) 17	9.67 (2192) 25	9.66 (2190) 1	9.70 (2191) 8
JAN 03	10.11 (1300) 101	10.21 (1329) 98	10.19 (1326) 4	10.16 (1328) 7	10.10 (1372) 69	10.17 (1390) 28	10.18 (1417) 40	10.20 (1426) 34	10.15 (1426) 0	10.17 (1443) 32
FEB 03	10.42 (989) 7	10.50 (1013) 60	10.48 (1012) 3	10.44 (1016) 5	10.41 (1043) 32	10.47 (1075) 48	10.45 (1112) 152	10.37 (1120) 31	10.36 (1120) 6	10.38 (1120) 7
MAR 03	10.70 (1044) 71	10.85 (1046) 43	10.76 (1044) 2	10.76 (1059) 39	10.70 (1063) 31	10.77 (1082) 34	10.75 (1169) 95	10.70 (1192) 30	10.65 (1201) 9	10.67 (1194) 7
APR 03	10.86 (751) 28	10.96 (764) 46	10.91 (766) 5	10.91 (767) 3	10.91 (771) 20	10.98 (790) 30	11.00 (849) 65	11.02 (861) 30	11.02 (861) 18	11.04 (863) 2
MAY 03	11.25 (720) 14	11.36 (724) 42	11.33 (722) 5	11.33 (732) 13	11.33 (748) 21	11.38 (765) 33	11.38 (785) 72	11.38 (802) 54	11.36 (802) 5	11.39 (784) 24
JUN 03	11.61 (631) 15	11.70 (644) 30	11.65 (643) 1	11.65 (643) 12	11.66 (644) 1	11.70 (669) 33	11.80 (691) 63	11.85 (706) 30	11.86 (691) 33	11.90 (706) 19
JUL 03	12.34 (549) 30	12.43 (553) 24	12.40 (553) 1	12.40 (554) 3	12.39 (554) 2	12.38 (583) 46	12.40 (594) 41	12.44 (612) 30	12.43 (607) 13	12.47 (594) 51
AUG 03	12.51 (467) 34	12.61 (479) 24	12.58 (478) 2	12.58 (483) 8	12.56 (483) 2	12.58 (502) 28	12.60 (517) 28	12.65 (536) 62	12.65 (537) 8	12.70 (556) 30
SEP 03	12.75 (499) 27	12.85 (499) 36	12.80 (501) 4	12.76 (502) 5	12.75 (502) 2	12.76 (522) 25	12.80 (539) 37	12.85 (551) 44	12.85 (551) 0	12.86 (570) 28
OCT 03	12.29 (423) 20	12.39 (444) 27	12.38 (444) 0	12.38 (442) 5	12.35 (442) 1	12.33 (462) 23	12.43 (469) 23	12.48 (485) 47	12.46 (491) 10	12.50 (503) 17
NOV 03	12.00 (356) 5	12.10 (374) 36	12.12 (374) 0	12.12 (374) 1	12.12 (374) 0	12.12 (393) 22	12.18 (393) 7	12.23 (405) 25	12.23 (403) 6	12.30 (402) 1
DEC 03	11.55 (280) 5	11.58 (299) 20	11.63 (299) 0	11.63 (299) 0	11.63 (299) 0	11.63 (318) 23	11.70 (312) 9	11.75 (312) 2	11.75 (310) 1	11.78 (310) 0
JAN 04	11.48 (6) 4	11.50 (6) 0	11.50 (6) 0	11.50 (6) 0	11.50 (6) 0	11.50 (6) 0	11.50 (6) 0	11.50 (6) 0	11.50 (6) 0	11.50 (6) 0
FEB 04	11.55 (3) 1	11.56 (3) 0	11.56 (3) 0	11.56 (3) 0	11.56 (3) 0	11.56 (3) 0	11.56 (3) 0	11.56 (3) 0	11.56 (3) 0	11.56 (5) 2
<b>CME - CLASS IV MILK FUTURES - Dollars per cwt.</b>										
OCT 02	10.30 (363) 0	10.30 (363) 0	10.30 (363) 0	10.30 (363) 0	10.30 (373) 0	10.30 (373) 0	10.30 (370) 0	10.50		
NOV 02	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0
DEC 02	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0	10.55 (132) 0
JAN 03	10.55 (51) 3	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0	10.65 (51) 0
FEB 03	10.70 (38) 0	10.70 (38) 2	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0	10.80 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0
MAY 03	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0
JUN 03	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0
JUL 03	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0
<b>CME - BUTTER FUTURES -- Cents per pound</b>										
DEC 02	103.75 (228) 3	103.75 (229) 1	103.00 (229) 0	103.00 (229) 0	103.00 (235) 8	103.00 (244) 0	103.00 (232) 9	101.00 (235) 19	99.25 (237) 2	99.50 (237) 1
MAR 03	116.50 (206) 7	117.00 (209) 3	117.00 (219) 10	116.50 (219) 0	116.50 (219) 0	116.50 (223) 4	117.00 (231) 8	116.50 (235) 4	115.50 (240) 5	115.00 (254) 18
MAY 03	119.50 (117) 2	119.50 (119) 2	120.00 (121) 4	120.25 (121) 0	120.25 (121) 0	120.25 (122) 1	120.00 (126) 4	119.50 (135) 9	118.50 (140) 7	118.00 (144) 4
JUL 03	123.00 (34) 0	123.00 (34) 0	123.00 (36) 2	123.50 (36) 0	123.50 (36) 0	123.50 (37) 1	123.00 (41) 4	121.50 (47) 6	121.50 (52) 5	121.50 (57) 5
SEP 03	125.50 (2) 0	125.50 (2) 0	125.50 (2) 0	125.50 (2) 0	125.50 (2) 0	125.50 (3) 1	126.00 (5) 2	125.50 (10) 5	124.50 (10) 0	124.50 (14) 4

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

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered October 28 - November 1, 2002

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

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production continues to edge lower in some Western European countries, but for the most part, milk output is at seasonal low levels in most countries. Milk volumes are reported to be basically in line with last year at this time, although quota volumes for specific countries, in comparison to overall milk output for that country, vary. Some countries did not realize as positive a production season as others, thus they have space to produce once milk output increases before the end of the quota year. Within recent weeks, the EU Management Committee reduced the export subsidy for whole and skim milk powder. At this point, these adjustments have not had a significant impact on European markets other than firm offering prices. International buyer interest has improved, but no substantial sales have been reported. Many European traders and handlers indicate that this should open the door of opportunity for them to fill this buyer interest. Many attribute this opportunity to the fact that the Oceania region reports being fully committed for near term buyer interest and there is limited product availability elsewhere in the world. Traders are also reporting that Russia is once again back in the market for butter/butterfat for delivery early in the new year. At this point, they are not forecasting how active this buyer interest will develop into, but are taking advantage of the current situation.

**BUTTER/BUTTEROIL:** Butter prices and the market tone are firm. Stocks of butter are reported to be in close balance although some recent sales activity is being reported. A sale to Japan out of Western Europe was reported at a price higher than current world or European prices, although the specs on the tender were quite specific. Russia is also reported to be back in the market. It has been a few years since demand of this level has occurred. Producers and handlers do not know to what extent this will develop, but for the time being, they are willing to acknowledge the interest. Shipments will begin in 2003.

82% BUTTERFAT: 1,250 - 1,300  
99% BUTTERFAT: 1,300 - 1,450

**SKIM MILK POWDER (SMP):** European skim milk powder markets and prices are firm. On October 24, the EU Management Committee reduced the export subsidy for skim milk powder from 850 euros to 760 per ton. With the euro at parity with the U.S. dollar, this translates to about \$90 U.S. Although stocks of European powder are not excessive, traders and handlers indicate that supplies are available for potential buyer interest. Traders feel that buyer interest could be filled from European sources in light of reported fully committed volumes in the Oceania region and limited competitive volumes elsewhere in the world.

1.25% BUTTERFAT: 1,300 - 1,350

**WHOLE MILK POWDER (WMP):** Whole milk powder markets and prices are firm. Milk production is declining throughout Europe and in most instances is at seasonal low levels. With milk supplies very competitive at this time of the season, whole milk powder production is limited. Stocks of powder are not excessive, although producers and handlers indicate that they would be able to acknowledge some buyer interest if it would develop.

26% BUTTERFAT: 1,400 - 1,600

**SWEET WHEY POWDER:** Whey markets are generally steady, although the market tone is weak. The European whey market continues to center around an internal animal feed need. Cheese production is seasonally active, thus whey volumes are readily available for current needs.

NONHYGROSCOPIC: 375 - 425

**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe is much the same as in Western Europe and is at or very near seasonal low levels. Milk production patterns throughout the past season have varied from country to country due to excess moisture versus drought conditions. These factors have contributed to spotty supply situations within the region. For the most part, stocks are reported to be in close balance, with minimal volumes being reported available for international buyer interest.

## OCEANIA

**OVERVIEW:** Milk production trends in the Oceania region are much the same as in past weeks. For the most part, reports indicate that seasonal output is now on the downside of the cycle. In Australia, the annual milk production projection is for output to be down 1 - 2%. In New Zealand, output on the North Island is reported to be about 2% lower with output on the South Island running 16% stronger. With the majority of production on the North Island, the overall annual projection is for New Zealand's output to be 1 - 2% stronger. These lower predictions, in comparison to recent years, are often causing manufactured dairy product availability to be reported as fully committed. Granted, some minimal volumes are available, but for the most part, stocks for immediate shipment are limited. Many producers and handlers are indicating that it will be after the new year before product might become available. International buyer interest is somewhat active, although no significant sales are being reported. The recent announcement of export subsidy refund reductions in the EU for skim and whole milk powder are giving prices a boost in the Oceania region. Producer, handlers, and traders are looking toward the yearend holidays and are starting to arrange production and shipment schedules for that time.

**BUTTER:** Butter markets and prices are generally firm. The milk production season in the Oceania region varies from New Zealand to Australia, but overall volumes are sufficient to maintain steady butter churning schedules. At this time, stocks of butter are reported to be in a comfortable balance with demand. Many producers and handlers are cautious to speculate about their supply situation during the second half of the milk production season.

82% BUTTERFAT: 1,050 - 1,150

**CHEDDAR CHEESE:** Cheese markets and prices are holding basically steady in comparison to other manufactured dairy product markets. Cheese production in the Oceania region is seasonally active, although very dependent on milk availability. In most instances, cheese stocks are reported to be in a comfortable position in relationship to demand. Most sales continue to center around regular and ongoing buyer needs.

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

**SKIM MILK POWDER (SMP):** Skim milk powder prices and the market tone are firm. The recent decision by the EU Management Committee to reduce the skim milk powder export subsidy is adding strength to the price outlook in the Oceania region. At this point, the milk production season in the Oceania region continues to build, although reports indicate that milk volumes in Australia are projected to be lighter than last season, while heavier in New Zealand. These varying production patterns are also dictating what manufactured dairy product production will be in each country. At this point, stocks of skim milk powder are reported to be fully committed with some availability predicted during the first quarter of the new year.

1.25% BUTTERFAT: 1,450 - 1,550

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder prices are higher and the market tone is firm. The recent export subsidy reduction in Europe is giving price strength to Oceania prices. Stocks of powder are reported to be in close balance and for the most part, fully committed for near term or immediate shipment. Producers and handlers have a more optimistic outlook for January/February availability.

26% BUTTERFAT: 1,425 - 1,550

Exchange rates for selected foreign currencies: November 4, 2002

.6433 Canadian Dollar	.0207 Indian Rupee
.2805 Argentina Peso	.4963 New Zealand Dollar
.0981 Mexican Peso	.5618 Australian Dollar
.2505 Polish Zloty	.0082 Japanese Yen
.9976 Euro	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0981)= 10.1937.  
That is 1 US Dollar equals 10.1937 Mexican Pesos.  
Source: "Wall Street Journal"

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, OCTOBER

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for October 2002 is \$1.0726 per pound. Thus, the Class II butterfat price is \$1.0796. The protein and other solids prices for October are \$2.1839 and \$0.0755 per pound, respectively. These component prices set the Class III skim milk price at \$7.22 per cwt. The October Class IV skim milk price is \$6.99 which is derived from the nonfat solids price of \$0.7765 per pound.  
**Product Price Averages:** The product price averages for October are; butter \$0.9945, nonfat dry milk \$0.9165, cheese \$1.2020, and dry whey \$0.2131.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/</u> <u>2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	OCTOBER 2002				NOVEMBER 2002
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <u>4/</u>	001	13.40	11.12	10.72	10.50	13.85
Appalachian (Charlotte) <u>5/</u>	005	13.25	11.12	10.72	10.50	13.70
Southeast (Atlanta) <u>6/</u>	007	13.25	11.12	10.72	10.50	13.70
Florida (Tampa) <u>7/</u>	006	14.15	11.12	10.72	10.50	14.60
Midwest (Cleveland) <u>8/</u>	033	12.15	11.12	10.72	10.50	12.60
Upper Midwest (Chicago) <u>9/</u>	030	11.95	11.12	10.72	10.50	12.40
Central (Kansas City) <u>10/</u>	032	12.15	11.12	10.72	10.50	12.60
Southwest (Dallas) <u>11/</u>	126	13.15	11.12	10.72	10.50	13.60
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	12.50	11.12	10.72	10.50	12.95
Western (Salt Lake City) <u>13/</u>	135	12.05	11.12	10.72	10.50	12.50
Pacific Northwest (Seattle) <u>14/</u>	124	12.05	11.12	10.72	10.50	12.50
All-Market Average	---	12.73	11.12	10.72	10.50	13.18

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

## OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2002 was unchanged at 125. Compared with October 2001, the index was up 2 points (1.6 percent). The index of prices received by farmers for dairy products advanced 2 points during the month of October 2002 to 91. Compared with October 2001, the index was down 28 points (23.5 percent).

Prices received by farmers in October with changes from September were: for All Milk, \$11.90 per hundredweight (cwt.), up \$.30; for Fluid Grade Milk, \$11.90 per cwt., up \$.30; and for Manufacturing Grade Milk, \$10.70 per cwt., up \$.40.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., OCTOBER 2002 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	SEPTEMBER		OCTOBER		OCTOBER		OCTOBER		OCTOBER	
	2002	2001 <u>2/</u>	2002 <u>4/</u>	2001 <u>2/</u>	2002 <u>4/</u>	2001 <u>2/</u>	2002 <u>7/</u>	2001 <u>8/</u>	2002	2001
CA	10.40	16.07	10.80	13.84	1,450	1,850	32.00	37.00	89.00	117.00
ID	10.80	15.70	11.20	13.50	1,550	1,790	30.60	36.40	101.00	123.00
MI	11.60	17.20	12.00	16.60	1,500	1,650	36.00	40.00	89.00	74.00
MN	11.90	17.30	12.30	15.80	1,280	1,590	36.50	39.60	63.00	52.00
NM	11.30	16.80	11.30	15.50	1,550	1,810	36.20	41.90	140.00	125.00
NY	12.30	17.90	12.40	16.60	1,400	1,600	---	---	103.00	100.00
PA	13.20	18.50	13.60	17.30	1,420	1,680	35.00	39.20	126.00	116.00
TX	12.40	18.20	12.50	16.80	1,500	1,750	33.20	36.20	80.00	68.00
WA	11.50	17.10	11.70	16.00	1,450	1,760	---	---	109.00	114.00
WI	11.70	17.10	12.30	15.80	1,320	1,630	35.00	38.20	64.00	54.00
U.S.	11.60	17.10	11.90	15.60	1,420	1,700	33.70	37.60	94.50	98.00

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., OCTOBER 2002 WITH COMPARISONS

ITEM	OCTOBER 2001	SEPTEMBER 2002 <u>2/</u>	OCTOBER 2002 <u>3/</u>
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test:			
All milk	15.60	11.60	11.90
Fluid grade milk	15.60	11.60	11.90
Manufacturing grade milk	14.30	10.30	10.70
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	94	99	95
Prices received by farmers for dairy products	119	89	91
Prices paid by farmers for commodities and services, interest taxes, and wage rates	123	125	125
Prices paid by farmers for production items	119	121	122
Prices paid by farmers for feed	109	120	122
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	3.55	2.29	2.42

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

**SOURCE:** "Agricultural Prices," Pr 1 (10-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**SEPTEMBER 2002 DAIRY PRODUCTS HIGHLIGHTS**

**BUTTER** production was 92.2 million pounds in September, 6.3 percent above September 2001 and 4.1 percent above August 2002. **AMERICAN TYPE CHEESE** production totaled 286.8 million pounds, 3.5 percent above September 2001 but 6.2 percent below August 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 658.0 million pounds, 2.5 percent above September 2001 but 4.3 percent below August 2002. **NONFAT DRY MILK** production, for human food, totaled 93.8 million pounds, 0.6 percent below September 2001 and 18.0 percent below August 2002. **DRY WHEY** production, for human food, was 84.0 million pounds, 16.9 percent above September 2001 but 4.7 percent below August 2002. **ICE CREAM** (hard) production totaled 70.3 million gallons, 0.2 percent above September 2001 but 9.9 percent below August 2002.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	SEP 2002	PERCENT CHANGE FROM:			PRODUCT	SEP 2002	PERCENT CHANGE FROM:		
	1,000 LBS.	SEP 2001	AUG 2002	YEAR TO DATE 1/		1,000 LBS.	SEP 2001	AUG 2002	YEAR TO DATE 1/
BUTTER	92,166	6.3	4.1	13.5	YOGURT (PLAIN AND FLAVORED)	189,268	2.7	4.5	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	286,822	3.5	-6.2	5.5	SWEET-TYPE, HUMAN FOOD	6,953	32.5	2.1	---
CHEDDAR	214,067	-1.0	-6.0	3.8	SWEET-TYPE, ANIMAL FEED	741	-16.3	-14.5	---
SWISS	21,135	6.7	0.9	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,556	6.4	1.8	---	DRY WHEY, HUMAN FOOD	83,954	16.9	-4.7	---
CREAM & NEUFCHATEL	56,064	11.7	-1.9	---	DRY WHEY, ANIMAL FEED	5,130	14.5	-10.6	---
HISPANIC	10,050	18.2	-0.2	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	207,573	-2.4	-2.5	-1.1	HUMAN FOOD	4,269	-46.0	-37.8	---
OTHER ITALIAN TYPES	51,612	3.3	-7.4	0.9	ANIMAL FEED	3,214	11.2	-4.7	---
TOTAL ITALIAN TYPES	259,185	-1.3	-3.5	-0.7	LACTOSE, HUMAN FOOD & ANIMAL FEED	46,540	12.6	-4.2	---
ALL OTHER TYPES	17,173	3.9	-1.3	---	WHEY PROTEIN CONCENTRATE				
TOTAL	657,985	2.5	-4.3	2.3	HUMAN FOOD	25,727	19.7	-0.7	---
COTTAGE CHEESE, CURD 3/	38,625	4.7	-4.7	---	ANIMAL FEED	3,046	-15.0	-12.2	---
COTTAGE CHEESE, CREAM 4/	31,702	6.3	-4.4	-0.9					
COTTAGE CHEESE, LOWFAT 5/	31,972	7.4	-8.4	1.2					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	35,533	-15.7	-14.9	---	ICE CREAM (HARD)	70,323	0.2	-9.9	-0.2
DRY WHOLE MILK	4,823	47.6	47.5	---	ICE CREAM, LOWFAT (HARD)	7,462	3.7	-12.6	---
NONFAT DRY MILK, HUMAN FOOD	93,824	-0.6	-18.0	11.1	ICE CREAM, LOWFAT (SOFT)	24,025	-1.2	-15.0	---
DRY SKIM MILK, ANIMAL FEED	478	9.4	-21.4	---	ICE CREAM, LOWFAT (TOTAL)	31,487	-0.1	-14.5	-7.3
DRY BUTTERMILK	2,990	9.3	-6.9	---	SHERBET (HARD)	4,085	9.5	-19.8	8.4
					YOGURT (TOTAL)	6,620	12.3	-5.8	-3.2

MANUFACTURERS' STOCKS, END OF MONTH 7/							
PRODUCT	SEP 2002	PERCENT OF:		PRODUCT	SEP 2002	PERCENT OF:	
	1,000 LBS.	SEP 2001	AUG 2002		1,000 LBS.	SEP 2001	AUG 2002
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	30,226	12.8	4.5	HUMAN FOOD	22,550	53.4	-8.4
DRY WHEY, ANIMAL FEED	2,116	-51.0	-21.7	ANIMAL FEED	1,249	-30.6	-2.5
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	10,437	32.8	-8.5	CANNED EVAPORATED & CONDENSED WHOLE MILK	81,084	-1.7	-9.8
LACTOSE, HUMAN FOOD & ANIMAL FEED	39,282	80.3	0.3	NONFAT DRY MILK FOR HUMAN FOOD	86,796	-14.8	-20.7
DRY BUTTERMILK, TOTAL	7,425	83.1	-24.5				

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

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

	FOR THE WEEK OF NOVEMBER 4 - 8, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 11/01/02	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	316,800	-0-	316,800	594,000	-0-	-0-	-0-
<b>TOTAL</b>	316,800	-0-	316,800	594,000	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	6,376,642	1,399,280	4,977,362	28,782,934	12,729,854	1,067,244,000	605,613,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
<b>TOTAL</b>	6,376,642	1,399,280	4,977,362	28,782,934	12,729,854	1,113,635,000	643,840,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF NOVEMBER 4 - 8, 2002 =	4.0	61.1	COMPARABLE PERIOD IN 2001 =	1.7	88.0
CUMULATIVE SINCE OCTOBER 1, 2002 =	11.8	340.9	CUMULATIVE SAME PERIOD LAST YEAR =	2.8	148.2
CUMULATIVE JANUARY 1 - NOVEMBER 8, 2002 =	206.5	7,120.6	COMPARABLE CALENDAR YEAR 2001 =	76.2	3,418.4

\* 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 NOVEMBER 4 - 8, 2002 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	316,800	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	4,977,362	-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-	594,000	-0-	-0-	-0-	46.4	-0-
WEST	-0-	-0-	-0-	-0-	28,782,934	12,729,854	53.6	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	594,000	-0-	28,782,934	12,729,854	100.0	100.0

SELLBACK TO THE TRADE	CENTRAL/EAST	WEST	TOTAL	CUMULATIVE SINCE 10/1/02
OCT. 25 - NOV. 1	974,434	3,995,526	4,969,960	16,286,017

**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	7.0	5.2	19.5	2.3	0.5	0.8	13.3	2.2	51.8	2,054.2	44.4	46.1
2001-Dairy	0.2	0.7	6.1	5.1	19.5	2.7	0.5	1.0	12.3	2.2	50.3	2,066.0	43.1	45.9
2002-All cows	0.2	1.0	9.6	13.4	31.2	15.5	16.2	4.4	16.3	8.9	116.7	4,457.0		
2001-All cows	0.2	0.9	8.3	14.3	29.5	17.5	18.1	4.8	15.4	7.7	116.8	4,500.1		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

**CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

**FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48	10.46	10.15	10.60	
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07	10.91	11.12		
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72		
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41	10.22	10.50		

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](http://www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm)