

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (11/27):**

BUTTER: Grade AA closed at \$1.1050. The weekly average for Grade AA is \$1.1075 (+.0233).

CHEESE: Barrels closed at \$1.1000 and blocks at \$1.1250. The weekly average for barrels is \$1.0967 (+.0102) and blocks, \$1.1233 (+.0203).

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: Trading at the CME was much less active this holiday week and the price eased lower. The market tone remains firm. However, churning activity is increasing dramatically this week as excess cream volumes are up sharply. More loads of cream are moving greater distances to be processed. Bulk and packaged butter inventories are more than ample to cover current needs. Occasionally, fresh butter has been tight, but the jump in output this week should, at least temporarily, relieve that situation. Demand for packaged butter is slower at wholesale, but very brisk in stores that are actively featuring butter.

CHEESE: The cheese market is firm. Interest in cheese for holiday orders has improved with some packagers struggling to fill and ship orders prior to the holidays. Specialty item supplies are tight and even current cheddar has tightened. Process movement is steady to occasionally improved. Some extra milk volumes are expected by cheese plant operators over the extended holiday weekend. During the period of November 25 - 26, CCC purchased 237,600 pounds of Midwest process under the price support program.

FLUID MILK: Class I demand remained strong seasonally as orders are being filled for Thanksgiving needs. Production of holiday items such as eggnog, dips, and sour cream were also good. On Tuesday, extra milk was already starting to back up into manufacturing channels as schools were closing for the long holiday weekend. Retail feature activity on bottled milk starting Friday, is expected to reduce surplus milk volumes in some areas of the country as bottling plants close for only a one day holiday. Heavier surplus milk volumes are expected at other manufacturing facilities over the long holiday weekend. Milk production is about steady near annual low levels in the upper Midwest and Northeast. Receipts are higher in the Southeast and Florida though supplemental loads are still occasionally needed. Milk production is mostly steady in California and Arizona. Milk declines are noted in Utah and Idaho as well as the Pacific Northwest.

DRY PRODUCTS: The NDM market is unsettled. The recent tilt change and active DEIP NDM sales are major market factors. Buyers have backed away from the spot market under the expectation that prices will decline to around the new lower support price. On November 26, CCC announced the sale of 333,188 pounds of NDM for the manufacture of casein/caseinate at \$0.22 per pound. Drying schedules are expected to increase over the long

holiday weekend on all dry products as surplus milk backs up from bottlers. The buttermilk market is steady to weak in the Central area because of increased competition from NDM and fully steady in the West. Some buyers are resisting current prices. Whey prices are weak in the Northeast and Central and mixed in the West where supplies are generally balanced. Offerings are heavy and accumulating in the Central and Northeast. Buyers have also slowed pickups. The WPC market is firm and prices are higher. Supplies remain tight. Some contracts for 2003 are being finalized, especially with feed companies.

CCC: During the holiday abbreviated period of November 25 - 26, CCC purchased 5,127,096 pounds of Western NDM and 237,600 pounds of Midwestern process cheese. Some of the NDM purchases were made at the new, lower support price. On November 22, CCC announced that the purchase prices for print butter, instant NDM, and process cheese were adjusted by an additional \$0.0050 cent to reflect unitization requirements for pallets and stretch wrapping prior to shipment for domestic food distribution programs. The new price for print butter produced on or after November 15 is \$1.0850; 5 pound process cheese, \$1.1889; 2 pound process, \$1.2289; and instant NDM, \$0.9625.

DAIRY SITUATION AND OUTLOOK (ERS): Dairy product sales apparently have begun to grow again after about a year of sluggishness. Commercial disappearance during July-September rose about 2% from a year earlier on a milkfat basis and almost as much on a skim solids basis, mostly because of large increases in September. However, these increases do not mean that demand is back from its extended weakness. Summer prices were much below those of a year earlier, stimulating sales. Also, September 2001 sales were very weak as buyers had enough in the pipeline to slash purchases and let prices drop. Despite the lack of a pronounced rebound, demand appears to have resumed slow growth. Summer sales were larger than 2 years ago and increases were fairly broad. Rises in commercial use are expected to continue, favored by both dairy prices and some growth in the economy. Dairy demand is projected to continue to recover during the rest of 2002 and 2003, but rapid growth is not likely.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first 9 months of 2002 totals 126.5 billion pounds, 637 million pounds (+0.5%) above the same period in 2001. Comparing disappearance levels with year earlier levels: butter is +1.8%, American cheese, +2.1%, other cheese, +0.7%, NDM, -25.7%, and fluid milk products, +0.3%

CONSUMER PRICE INDEX (BLS): The October CPI for all food is 176.5, 0.9% higher than October 2001. The dairy products index at 166.5, is down 2.5% from a year ago. The following are the October to October changes for selected products: fresh whole milk -5.3%, cheese -2.4%, and butter -20.6%.

****SPECIAL THIS ISSUE****

DAIRY SITUATION AND OUTLOOK (PAGE 7)
DECEMBER FEDERAL MILK ORDER ADVANCE PRICES (PAGE 8)
OCTOBER CONSUMER PRICE INDEX (PAGE 9)
COMMERCIAL DISAPPEARANCE (PAGE 9)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

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

PRODUCT	MONDAY NOVEMBER 25	TUESDAY NOVEMBER 26	WEDNESDAY NOVEMBER 27	THURSDAY NOVEMBER 28	FRIDAY NOVEMBER 29	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0950 (N.C.)	\$1.0950 (N.C.)	\$1.1000 (+.0050)	CME	CME	+.0050	\$1.0967 (+.0102)
40# BLOCKS	\$1.1200 (N.C.)	\$1.1250 (+.0050)	\$1.1250 (N.C.)	CLOSED	CLOSED	+.0050	\$1.1233 (+.0203)
BUTTER							
GRADE AA	\$1.1100 (-.0075)	----	\$1.1050 (-.0050)	NO TRADING	NO TRADING	-.0125	\$1.1075 (+.0233)

*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, NOVEMBER 25, 2002

CHEESE -- SALES: 1 CAR 40#BLOCKS @ \$1.1200; BIDS UNFILLED: 1 CAR 40#BLOCKS @ \$1.1200; OFFERS UNCOVERED: 1 CAR 40#BLOCKS @ \$1.1300
 BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$1.1175, 4 @ \$1.1100, 1 @ \$1.1050, 1 @ \$1.1150; BIDS UNFILLED: 5 CARS GRADE AA @ \$1.0900; OFFERS UNCOVERED: 12 CARS GRADE AA: 1 @ \$1.1100, 1 @ \$1.1125, 2 @ \$1.1150, 1 @ \$1.1175, 3 @ \$1.1200, 2 @ \$1.1250, 2 @ \$1.1300

TUESDAY, NOVEMBER 26, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40#BLOCKS @ \$1.1250; OFFERS UNCOVERED: NONE

WEDNESDAY, NOVEMBER 27, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1000; 3 CARS 40#BLOCKS @ \$1.1250; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 23 CARS GRADE AA: 3 @ \$1.1050, 10 @ \$1.1025, 1 @ \$1.1050, 1 @ \$1.1025, 1 @ \$1.1050, 1 @ \$1.1025, 1 @ \$1.1050, 1 @ \$1.1025, 1 @ \$1.1050, 2 @ \$1.1025, 1 @ \$1.1050; BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$1.1025, 2 @ \$1.1000, 2 @ \$1.0975, 3 @ \$1.0950; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.1050, 2 @ \$1.1075, 2 @ \$1.1100

THURSDAY, NOVEMBER 28, 2002 - NO TRADING

FRIDAY, NOVEMBER 29, 2002 - NO TRADING

BUTTER MARKETS**NORTHEAST**

The market tone is firmer and the price at the CME increased more than eleven cents during last week's trading. Activity at the CME was very heavy with 108 cars changing hands during the three trading days. The sharp run-up in price does, for the time being, negate the possibility of sales to CCC at its new support price level. Churning activity has been light, but most butter/powder plant contacts expect quite a bit more milk this week and this could lead to increased churning. Thanksgiving needs have been delivered and distributors are fairly active making last minute deliveries. Retail features are common and butter clearances are good. 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

Following a week of very active trading, cash butter at the CME lost three-quarters of cent on Monday (11/25). The market tone is firmer, but somewhat unsettled as seasonal demand for bulk and packaged butter is fair to good, but most contacts feel that most holiday needs have been packaged and are waiting shipment. Retail feature activity in Chicago and other areas is very heavy and prices below a dollar are common. Typically, this will clear a lot of butter, but may tend to hurt sales in January and February when consumers work off "their own little inventory." Fresh butter is reported as tight, but churning

activity is expected to be noticeably higher this week and weekend when more milk and cream are available. Reports indicate that imports of butter subject to licensing during the first ten months of 2002 total 4.77 million KG, 25.9% less than the same period a year ago. During the same period, imports of high-tier butter total 388,214 KG, 96.7% less than a year ago. Bulk butter for spot sales is selling in a range of flat - 2 cents per pound over various pricing basis.

WEST

Since the butter/powder tilt announcement on November 15, butter prices have firmed more than a dime. Some of the strength may be related to the announcement, but other reasons are also put forth including: short fresh butter supplies and cash-futures price relationships. Good feature activity seems to be moving very good volumes of print butter at the retail level. This has been the case for the past few months. Butter production has been heavy and stocks were very large going into the fall. Cream supplies are expected to be heavy over the long holiday weekend with much of it entering churning facilities. Imports of butter, both quota and high tier, are lagging last year by wide margins. Stocks are beginning to fall at a much faster rate. U.S. stocks at the end of October total 164.6 million pounds, down 21.3% or 44.5 million less than one month earlier. This is reported to be the largest monthly decline ever recorded. However, stocks are still 63.3% ahead of last year at this time. 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

DATA WAS NOT AVAILABLE AT THE TIME THIS REPORT WAS PUBLISHED.

CHEESE MARKETS

NORTHEAST

Prices are higher on natural items and process, unchanged on Swiss. The market tone is mixed. Thanksgiving needs have, for the most part, been delivered and wholesalers and/or distributors are going to be closed two days this week. Restaurants, particularly in the urban areas, are stocking up as best they can as they prepare for the Christmas shopping season. Cheese production in the Northeast has been light due to tight supplies of surplus milk. However, more milk will be available to manufacturers this week and cheese makers may take in more milk, if the price is attractive enough.

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

Cheddar 10# Prints	:	1.1650-1.6600
Cheddar Single Daisies	:	1.1225-1.5825
Cheddar 40# Block	:	1.2425-1.4725
Process 5# Loaf	:	1.2975-1.4975
Process 5# Sliced	:	1.3175-1.5650
Muenster	:	1.3275-1.5325
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firm, at least for the short term. Natural demand for consumer cuts is excellent after languishing much of the fall. Many cutters plan to only be closed for the Thanksgiving holiday observance and resume operation again on Friday. Overtime is common on natural cut lines. Getting trucks to get bulk pickups and finished good deliveries is the usual problem around the holiday. Process interest is slow to moderate. Cutters are finding that they must get their orders in ahead of time for specialty items. Aged cheddar is improved but still lacks usual strength. Current cheddar supplies within the region have also tightened. Bottling demand is seasonally good for milk prior to the holiday, but some surplus milk is already booked into manufacturing plants over the long holiday weekend. Current cheese production is little changed from recent weeks. On November 22, CCC announced that the price support price on process cheese is \$0.0050 higher for product produced on or after November 15 to \$1.1889 per pound for 5# loaves and \$1.2289 for 2# loaves despite no change in bulk cheese prices.

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

Process American 5# Loaf	:	1.2675-1.5200
Brick And/Or Muenster 5#	:	1.5900-1.6625
Cheddar 40# Block	:	1.4750-2.1150
Monterey Jack 10#	:	1.7275-2.1150
Blue 5#	:	1.8550-2.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4075-2.2150
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 25 - 29, 2002
BARRELS*	:	\$1.0925 - 1.1100 (NOMINAL)
	:	(\$0.0200) (.0275)
40# BLOCKS	:	\$1.1325 - 1.1525 (NOMINAL)
	:	(\$0.0300) (.0400)

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

CORRECTION FOR LAST WEEK

CHEDDAR STYLES	:	NOVEMBER 18 - 22, 2002
BARRELS*	:	\$1.0725 - 1.0825 (NOMINAL)
	:	(\$0.0175) (.0175)
40# BLOCKS	:	\$1.1025 - 1.1125 (NOMINAL)
	:	(\$0.0475) (-.0025)

WEST

Prices for both process and natural cheese moved higher while Swiss held steady. Activity at the cash CME market is beginning to pick up. Orders for current cheese are improving. Buyers are looking for additional cheese to fill current needs. Most buyers are operating on minimal stock levels. Therefore, if demand does pick up in the short run, there will be some scrambling to pick up needed stocks. Production remains somewhat heavier than anticipated for the season. Output is expected to increase over the upcoming holiday weekend as milk supplies back into manufacturing facilities from bottling plants. U.S. natural American cheese stocks at the end of October were 505.5 million pounds, up 9.1% from last year or 42.1 million pounds higher. Stocks did decline 11.3 million pounds from September. Swiss stocks at the end of October were 19.0 million pounds, up 78.0% from a year earlier.

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

Process 5# Loaf	:	1.2375-1.4975
Cheddar 40# Block	:	1.2300-1.3700
Cheddar 10# Cuts	:	1.4100-1.6300
Monterey Jack 10#	:	1.4200-1.5800
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are unchanged to higher and the market tone is steady. Most Thanksgiving week needs have been filled and distributors are busy making last minute deliveries and most expect to be closed Thursday and Friday this week. According to recent reports, cheese imports during the first ten months of 2002 total 24.59 million KG of High-Tier cheese. This is an increase of 58.4%. Cheese imports subject to licensing during the same period totaled 98.56 million KG, up 3.1% from the same period last year.

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	1.4600-2.9500*
Gorgonzola	:	3.2400-5.9400	1.9775-2.4900*
Parmesan (Italy)	:	TFEWR	2.8700-2.9600*
Romano (Italy)	:	2.1000-3.1900	-0-
Provolone (Italy)	:	3.4400-5.5000	1.4675-1.6950*
Romano (Cows Milk)	:	-0-	2.6575-4.8275*
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
			:	
	11/25/02	49,502	:	128,964
	11/01/02	55,244	:	132,386
	CHANGE	-5,742	:	-3,422
	% CHANGE	-10	:	-3

FLUID MILK AND CREAM

E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	55	0	132	0	0	52
SOUTHEAST STATES	0	0	0	0	14	0

The base price for Class I milk for December 2002 is \$10.52 per cwt., down \$0.08 from November. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for December is \$7.69, up one cent from November. Milk production is fairly steady in most of the northern areas, but starting to show increases in parts of the Southeast and most of Florida. Fluid milk supplies are more than ample and more milk is being diverted to manufacturing this week. Not only is Thanksgiving giving a boost to milk sales, but the threat of snow in some urban areas is causing a little bout of panic buying. Bottled milk sales at retail outlets have been very strong since late last week, but school lunch needs came to a halt after Tuesday. Most bottlers will be down on Thursday, but should be back up on Friday. Florida handlers continue to bring in a little milk, but the need for outside milk is easing rather quickly. Surplus milk volumes are heavy and manufacturing plants are gearing up for heavy operations over the coming weekend. Balancing plants in the Southeast are open and easily handling the extra milk. In the Northeast, some ice cream plants are down this week and a few cheese plants are on reduced schedules. This is pushing more milk and cream into butter/powder plants. The condensed skim market is little changed, but some plants are clearing their solids as condensed rather than start up their dryers. The fluid cream market is weak and offerings are increasing in most all areas of the region. Spot prices are generally higher since the CME price increased rather sharply last week. However, with increasing volumes to be cleared, lower multiples are offsetting some of the gain in the butter price. Demand for Class II cream is very slow now that production of holiday related items has slowed. Volumes of excess cream are heavy and quite a few loads did clear to Midwestern butter producers at multiples below 120, f.o.b. Ice cream output is slow as many operations are closed for the whole week. Cream cheese output is about steady as some producers take advantage of the heavier supply and lower multiples. Churning activity is increasing as producers are being inundated with cream offers and butter output is expected to be heavy through early next week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3255-1.4260
DELIVERED EQUIVALENT ATLANTA	-	1.3456-1.4561 M 1.3657-1.4059
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3553-1.5179

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

M I D W E S T

Class I demand remained strong over the weekend and generally into the first couple days prior to the Thanksgiving holiday. Some milk was starting to back up into manufacturing channels already on Tuesday with larger volumes expected through the holiday weekend. Production has been seasonally strong on the usual holiday product mix as well as eggnog. Several loads of milk continue to move into the Southeast from an upper Midwest state to supplement local offerings. At least a couple bottlers in the upper tier of states plan to only shut down on the actual holiday due to retail promotions right after the holiday. However, with schools and colleges closed for the long holiday weekend, institutional movement is lighter. Reported surplus milk prices range

from around \$0.50 under to \$1.30 over class for surplus during the week with some reports of lower prices offered for holiday weekend surplus. Some manufacturing plants are scheduled to shut down for the holiday while others will work right through it. At least one plant operator was selling milk to allow for vacations during deer hunting season as well as Thanksgiving. Current milk intakes vary slightly up and down from recent weeks. A more consistent increase pattern has not yet developed, as usual not until after deer hunting season is over. Cows are being kept under shelter due to seasonal and cooler than seasonal temperatures. Milk quality has improved from summer and fat and protein levels are about steady with recent weeks. Progress continues with the fall harvest and tillage operations, especially in areas that have been delayed by wet conditions.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 21 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 37.50	\$ 34.00- 39.00
REPLACEMENT HEIFER CALVES	\$310.00-380.00	\$350.00-480.00

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

	NOV 21 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 43.50	\$ 34.00- 44.00

W E S T

October 2002 pool receipts of milk in CALIFORNIA total 2.91 billion pounds, 4.3% higher than a year prior. The October blend price, at a fat test of 3.69%, is \$10.89, \$0.36 higher than September but \$3.01 lower than October 2001. The percentage of receipts used in Class 1 products is 19.74%. The October quota price is \$11.84 and the over quota price is \$10.14. These prices are \$0.26 higher than September but \$2.87 lower than a year earlier. Cumulative 2002 pool receipts through October are 6.0% higher than a year ago. CALIFORNIA milk production is holding mostly steady with last week over most of the milk producing regions. Weather conditions remain very good. In the south, milk intakes are about steady with load weights matching last week's. Milk is moving to buyers and expected to be handled with minimal problems over the holiday weekend. Central Valley production levels are slow to move higher despite decent producing conditions. Plants are expecting increased processing schedules over the weekend with limited problems. In the north, milk is also holding steady at levels slightly above a year ago. Processors have room for extra milk. Statewide, fluid milk orders have been good from bottlers for retail placements and features. ARIZONA milk production remains fairly flat with only minor changes in receipts noted at receiving plants. Scattered showers are occurring over some areas of the state, but not expected to impact the milking herds. Milk is expected to move to normal channels over the weekend. The Western CREAM market is nondirectional due to the holiday week. Demand was fair early in the week, but heavier offerings were being made for later in the week. Butter churners were expecting to be actively making butter while other makers of cream based items were expected to have down days. The butter price closed on Monday (11/25) at \$1.11, a level not reached for several months. Cream multiples are holding mostly steady this week and range from 111 to 132, FOB. Conditions remain cool and dry in the PACIFIC NORTHWEST. Output is not being impacted by these current weather conditions. Production is trending lower seasonally. Low milk prices are impacting ration balancing and, therefore, milk output. Hay prices and offerings are about steady with quality available edging a bit lower each week. Heifer prices, at a major regional sale, have increased about \$200 over the past four weeks. Part of the reason given for some of the strength is the impact of the MILC checks. Conditions are cooler in UTAH and IDAHO. Temperatures are back below normal. Milk supplies are declining seasonally in the region. Heavier supplies of surplus milk will be available at the end of the week due to the holiday. No problems are expected in handling the offerings.

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. Heavy preponderance is placed on when CCC purchases at the 80 cent level will affect market NDM prices. Higher NDM low heat production is expected over the holiday weekend. Most movement is occurring on a contractual basis. Spot interest is slowing as buyers expect lower prices in light of changes in the tilt. High heat supplies are tight with some locations attempting to increase high heat production prior to the seasonal milk influx over the holiday. Condensed skim supplies are increasing for the light to fair interest.

EAST: Prices are steady to fractionally higher on low heat, steady on high heat with both nominal. The market tone has changed little following the "tilt" announcement. Buyers have backed away from the spot market and seem to be using up their inventories before reentering the market. Buyers under contract are taking normal volumes. Although the CCC sell back program is officially closed, there are some traders that still have some of that powder to clear and are not finding it easy to recoup costs. Drying activity is starting to increase as more surplus milk is now available. Eastern producers continue to report very light inventories. Most of this week's output is already committed. Reports indicate that Western producers have already offered NDM to CCC at the new, \$.80 level.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9400 - .9900 MOSTLY: .9550 - .9650
 HIGHHEAT: .9725 - 1.0400

NONFAT DRY MILK - WEST

The first offerings of nonfat dry milk at 80 cents to the CCC support program occurred this week. The support price was lowered on November 15 from 90 to 80 cents. There are also some offerings being made at the old support price, which is in effect for NDM produced before the 15th and offered by the 29th of November. There was also sizable DEIP activity over the past week that accepted bids for the entire 25,576 MT (56.4 million pounds) of NDM that was allocated on November 15. Industry contacts and bonus amounts indicate that NDM prices would have to be in the low 80 cents range to work. Production plants are prepared for heavier milk intakes and drying schedules over the Thanksgiving holiday period. There should be adequate capacity to handle expected volumes. Spot demand has taken a "holiday" as buyers sense the weakness to the market and await lower future prices. The concerns are that buyers will not get the volumes they need if they don't commit and wait for lower prices. During the week of November 18 - 22, CCC net purchases totaled 1,237,078 pounds of low heat NDM, 1,100,748 pounds from the West. High heat prices are unchanged but the market tone is unsettled as prices are lower for low heat NDM. Demand has declined seasonally and is especially slow this week.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .9500 MOSTLY: .9000 - .9200
 HIGHHEAT: .9300 - .9700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 22	Not available at press time.		
November 15	\$.9093	11,502,430	4,572,281

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 lower on a steady to weak market. In light of recent changes in the tilt, some producers are offering and selling dry buttermilk at a discount. Production is unchanged to higher and anticipated to increase over the holiday weekend. Interest is light to fair with some buyer resistance noted as prices are expected to trend lower. Inventories are generally in balance. Condensed buttermilk movement is slow. Prices for report 48 in 2001 were 1.0100 - 1.1150.

F.O.B. CENTRAL: .8000 - .8500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are little changed. Eastern prices remain nominal. Production levels are expected to be heavier this week as churning activity is picking up under pressure of growing cream volumes. However, the increasing supplies of surplus milk may limit dryer time for buttermilk. Plant stocks are light, but adequate for the generally slow to fair demand.

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

DRY BUTTERMILK - WEST

Dry buttermilk prices are higher on the bottom end of the range. The market is fully steady. Spot trading is limited this week due to the holiday and shipping slowdowns. The trade is assessing what effects, if any, lower NDM prices will have on the buttermilk market. Drying activity remains seasonally good and expected to be slightly higher with more condensed buttermilk available. Stock levels are adequate to slightly higher for current needs.

F.O.B. WEST: .7500 - .7900 MOSTLY: .7500 - .7700

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged and prices remain nominal. Production levels are about steady, but some producers have more skim to dry this week, which could decrease dryer time for whole milk. Output continues to be mostly for contract sales. Spot demand is limited.

F.O.B. PRODUCING PLANT: 1.1025 - 1.1800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH NOVEMBER 22, 2002
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	39,026 MT (86,036,719 LBS)
CHANGE	-	21,976 MT (48,448,289 LBS)
CHEESE	-	1,894 MT (4,175,512 LBS)
CHANGE	-	1,137 MT (2,506,630 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, the second stage of this year's program was announced on November 15 and makes available, as part of the total allocation, an additional 25,576 MT of NDM, 7,912 MT of butterfat, and 1,137 MT of cheese.

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 lower on a weak market. Trading activity is very light due in part to the short work week. Buyer resistance is noted, encouraging some producers to offer at a discount. Inventories are in balance to heavy and building. Some buyers are slow to pick up their orders. Production is mostly steady with some increases expected over the holiday weekend. Central region whey is reportedly competitive with West coast supplies in the Western region. Condensed whey offers continue to increase for the light to fair interest. Mostly prices for report 48 in 2001 were .2950 - .3000.

F.O.B. CENTRAL: .1850 - .2250 MOSTLY: .2000 - .2150

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly lower and Eastern prices remain nominal. The market tone is weaker. Offerings from producers are increasing quicker than desired. There are reports that multi-load deals, for both Extra Grade and Grade A, are being completed and/or offered at prices considerably below last week's market. Some buyers are interested, but others are still waiting a little longer to see if prices will continue to edge lower. Production levels are about steady. Milk supplies in the Northeast have been tight, but are expected to loosen considerably during the Thanksgiving week and during weeks to come. Traders continue to report limited market activity, which is typical for a Thanksgiving week.

F.O.B. NORTHEAST: EXTRA GRADE .2000 - .2375
 USPH GRADE A .2000 - .2500
 DELVDSOUTHEAST: .2325 - .2525

DRY WHEY - WEST

Prices are somewhat mixed in the Western region for whey, but few discounts are apparent. Stocks remain in a generally balanced position. Most contacts are more concerned with the possible ratification of a new port shipping contract than with lower Central whey prices. As time goes on, the situation will probably change. Western whey production is about in line with seasonal expectations. Some added output is expected over the holiday weekend, but should not cause any marketing problems.

NONHYGROSCOPIC: .1900 - .2400 MOSTLY: .2100 - .2300

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower. Trading is light on all animal feed items. Most movement is occurring steadily on a contractual basis. Production is slightly higher on delactose as more condensed whey filters into plants. Milk replacer offers are being met with resistance as some Extra Grade loads are trading at comparable prices. Roller ground prices adjusted with the Extra Grade market. Prices for report 48 on milk replacer, roller ground and delactose in 2001 were respectively .2400 - .2650, .2800 - .2950 and .4150 - .4300. October calf slaughter totaled 100,800 head, up 7% from October 2001. Hog kill in October totaled 9.40 million head, 1% above last year. 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:
 MILK REPLACER: .1800 - .1900
 ROLLERGROUND: .2150 - .2450
 DELACTOSE (Min. 20% protein): .3200 - .3400

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Demand is light yet spot trading is generally occurring at higher prices. Although production of WPC 34% is growing, supplies remain tight. Some contract negotiations for 2003 are being finalized, especially with feed companies. The undertone is uncertain for 2003. With lower whey prices, some traders expect more condensed whey to flow into WPC/lactose facilities. However, with drought conditions in Australia, less protein imports are expected to compete with the domestic market. Heavier offers are noted at premiums 2-3 cents over the average with noted price resistance. Off grade product remains available for the fair interest. Mostly prices for report 48 in 2001 were .7300 - .7650.

F.O.B. EXTRA GRADE 34% PROTEIN: .5050 - .5250 MOSTLY: .5050 - .5150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a mostly steady market. Spot trade activity is very light. Some producers state that contract negotiations are more difficult with decreasing whey markets. Others continue to report offering prices and some contractual negotiations at higher prices for 2003. Production is steady to slightly higher as excess whey, from holiday plant closures, filters into WPC/lactose facilities. Supplies are tight on higher mesh supplies and in balance to long on low mesh product. Demand is best from Asia with some shipments delays due to backlog problems from the strike and container availability. Off grade movement is slow as some feed buyers forgo purchases until whey prices settle. Mostly prices for report 48 in 2001 were .2050 - .2300.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 F.O.B. EDIBLE: .1500 - .2275 MOSTLY: .1550 - .1750

CASEIN - NATIONAL

The casein market is firm on acid casein and steadier on rennet. Demand remains good for acid and seems to be improving on rennet. Traders continue to watch for results of the CCC NDM sales for conversion into casein/caseinate this week. A few traders project somewhat higher prices early next year. Concerns remain over casein spot availability next year, especially with the drought in Oceania.

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 unchanged. Production levels are quite brisk as surplus milk volumes are increasing in many parts of the country. Producer shipments are slowing as most holiday needs have been filled, but some buyers will continue to pull contracted volumes into early December. Also, some last minute needs are being shipped, but trucking is a problem during any holiday week.

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.

THE DAIRY SITUATION AND OUTLOOK

Dairy Use Recovers—a Bit

Dairy product sales apparently have begun to grow again after about a year of sluggishness. Commercial disappearance during July-September rose about 2 percent from a year earlier on a milkfat basis and almost as much on a skim solids basis, mostly because of large increases in September. However, these increases do not mean that demand is back from its extended weakness. Summer prices were much below those of a year earlier, stimulating sales. Also, September 2001 sales were very weak as buyers had enough in the pipeline to slash purchases and let prices drop.

Despite the lack of a pronounced rebound, demand appears to have resumed slow growth. Summer sales were larger than 2 years ago and increases were fairly broad. Rises in commercial use are expected to continue, favored by both dairy prices and some growth in the economy. Dairy demand is projected to continue to recover during the rest of 2002 and 2003, but rapid growth is not likely.

Sales of American cheese jumped 6 percent in July-September, following a 3-percent rise the preceding quarter. Restaurant use of these cheeses seems to have rebounded, as have retail sales. However, use of other varieties was just barely above a year earlier, similar to the pattern earlier in the year. Sales of Mozzarella were lower than a year earlier, reflecting continuing doldrums in the pizza market. Consumers reportedly have not shifted to pizza instead of more expensive restaurant meals, an atypical pattern during a period of economic weakness.

Butter sales were just slightly below a year earlier this summer, although September disappearance was much larger than last year's depressed level. Retail sales reportedly were larger. However, restaurant use was down, and retailers had not begun widespread, aggressive specialling. Disappearance of nonfat dry milk was still down sharply this summer, the combination of sluggish ingredient use and increased competition from imported concentrated milk proteins. Even so, the drop of just less than a fifth was much smaller than the 30-percent drop during the first half of the year.

Fluid milk sales continued to run about the same to slightly larger than a year earlier. However, use of most perishable manufactured products still slipped. Ice cream has not been able to benefit thus far from much more moderate milkfat prices and consumers seeking inexpensive treats.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-101, November 15, 2002, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

FEDERAL MILK ORDER ADVANCE PRICES, DECEMBER

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for December 2002 is \$10.52 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$6.99 and the advanced butterfat pricing factor of \$1.0782. 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 \$6.99. Thus, the Class II skim milk price for December is \$7.69 per cwt., and the Class II nonfat solids price is \$0.8544. **Product Price Averages** -- The two-week product price averages for December are, butter \$0.9991, nonfat dry milk \$0.9172, cheese \$1.0985, and dry whey \$0.2234.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} ^{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	December 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	13.77	10.24	1.1107
Appalachian (Charlotte) ^{5/}	005	13.62	10.09	1.1092
Southeast (Atlanta) ^{6/}	007	13.62	10.09	1.1092
Florida (Tampa) ^{7/}	006	14.52	10.99	1.1182
Midwest (Cleveland) ^{8/}	033	12.52	8.99	1.0982
Upper Midwest (Chicago) ^{9/}	030	12.32	8.79	1.0962
Central (Kansas City) ^{10/}	032	12.52	8.99	1.0982
Southwest (Dallas) ^{11/}	126	13.52	9.99	1.1082
Arizona-Las Vegas (Phoenix) ^{12/}	131	12.87	9.34	1.1017
Western (Salt Lake City) ^{13/}	135	12.42	8.89	1.0972
Pacific Northwest (Seattle) ^{14/}	124	12.42	8.89	1.0972
All-Market Average		13.10	9.57	1.1040

^{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.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
AUG 2002	176.0	1.2	167.2	-1.0	159.6	-4.8	169.8	0.2	146.5	-21.0	162.2	-0.1
SEP 2002	176.4	1.3	166.3	-1.8	160.4	-4.0	168.4	-1.9	149.7	-20.3	161.8	-0.4
OCT 2002	176.5	0.9	166.5	-2.5	161.1	-5.3	167.8	-2.4	147.7	-20.6	161.3	-1.3
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Dollars												
AUGUST	2.720	2.890	NA	2.691	2.938	3.616	3.895	3.918	4.345	4.100	3.783	3.841
SEPTEMBER	2.728	2.941	NA	2.653	3.101	3.697	3.841	3.984	4.381	4.143	3.896	3.815
OCTOBER	2.727	2.954	NA	2.675	3.032	3.688	3.920	4.023	4.160	4.216	3.336	3.824

NA Data not adequate for publication.

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—JULY–SEPTEMBER AND YEAR-TO-DATE 2001–02 ^{1/}

Item	Jul.-Sep. 2001	Percent change ^{2/}	Jul.-Sep. 2002	Percent change ^{2/}	Jan.-Sep. 2001	Percent change ^{2/}	Jan.-Sep. 2002	Percent change ^{2/}
	Million Pounds							
MILK								
Production	40,570	-1.3	41,874	3.2	124,518	-1.5	128,084	2.9
Marketings	40,251	-1.3	41,565	3.3	123,572	-1.5	127,168	2.9
Beginning Commercial Stocks ^{3/}	9,954	-6.9	12,317	23.7	6,839	11.3	7,041	3.0
Imports ^{3/}	1,521	27.7	1,329	-12.6	4,285	27.8	3,781	-11.8
Total Supply ^{4/}	51,726	-1.8	55,211	6.7	134,696	-0.2	137,990	2.4
Ending Commercial Stocks ^{3/}	8,755	-1.9	11,298	29.0	8,755	-1.9	11,298	29.0
Net Removals ^{3/}	27	-80.6	109	303.7	125	-81.5	239	91.2
Commercial Disappearance ^{4/}	42,944	-1.5	43,804	2.0	125,816	0.3	126,453	0.5
SELECTED PRODUCTS ^{5/}								
Butter	316.1	-2.4	316.0	0.0	883.4	-1.5	899.3	1.8
American Cheese	897.1	-2.2	948.0	5.7	2,701.7	1.3	2,759.5	2.1
Other Cheese	1,215.0	-3.2	1,223.3	0.7	3,640.2	0.2	3,666.9	0.7
Nonfat Dry Milk	312.0	34.0	253.0	-18.9	732.3	26.6	543.9	-25.7
Fluid Milk Products ^{6/}	13,450.5	-1.9	13,680.9	1.7	40,876.3	-0.7	40,985.0	0.3

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds.

^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF NOVEMBER 25 - 26			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 11/22/02	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	237,600	-0-	237,600	1,069,200	-0-	-0-	-0-
TOTAL	237,600	-0-	237,600	1,069,200	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	5,127,096	-0-	5,127,096	55,505,310	42,804,393	1,067,516,000	616,844,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
TOTAL	5,127,096	-0-	5,127,096	55,505,310	42,804,393	1,113,907,000	655,071,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF NOVEMBER 25 - 26, 2002 =	3.3	62.0	COMPARABLE PERIOD IN 2001 =	4.5	237.0
CUMULATIVE SINCE OCTOBER 1, 2002 =	22.1	656.7	CUMULATIVE SAME PERIOD LAST YEAR =	9.4	498.2
CUMULATIVE JANUARY 1 - NOVEMBER 26, 2002 =	216.7	7,436.3	COMPARABLE CALENDAR YEAR 2001 =	82.9	3,768.5

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

CCC ADJUSTED PURCHASES FOR THE PERIOD OF NOVEMBER 25 - 26, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	237,600	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	5,127,096	-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-	1,069,200	-0-	398,658	-0-	45.1	-0-
WEST	-0-	-0-	-0-	-0-	55,106,652	42,804,393	54.9	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	1,069,200	-0-	55,505,310	42,804,393	100.0	100.0

SELLBACK TO THE TRADE@ CUMULATIVE SINCE 10/1/02
 @EFFECTIVE NOVEMBER 15, 2002, CCC ANNOUNCED THAT NDM SELLBACK HAS BEEN DISCONTINUED 17,789,273

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850
 CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289
 NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 11/09/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2002-Dairy	0.2	0.8	7.5	5.2	20.1	2.6	0.6	1.7	16.1	2.3	57.1	2,221.6	46.9	46.0
2001-Dairy	0.2	0.8	5.6	6.0	22.2	2.2	0.7	0.8	12.8	2.5	53.7	2,223.4	42.5	45.6
2002-All cows	0.2	1.0	10.2	13.3	31.6	14.9	17.8	3.9	18.9	9.9	121.7	4,827.7		
2001-All cows	0.2	1.0	7.8	15.4	33.2	17.9	19.1	6.0	17.2	8.7	126.5	4,877.6		

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	10.52
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