

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (1/24):
BUTTER: Grade AA closed at \$1.0675. The weekly average for Grade AA is \$1.0700 (-.0042).

CHEESE: Barrels closed at \$1.0600 and blocks at \$1.1700. The weekly average for barrels is \$1.0800 (-.0320) and blocks, \$1.1713 (+.0138).

NONFAT DRY MILK: Extra Grade closed at \$0.8900 and Grade A at \$0.8900. The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A, \$0.8900 (N.C.).

BUTTER: The cash butter market tone is weak. During the week, two offerings, totaling 380,835 pounds, of Western produced bulk butter cleared to the CCC. These offerings were the first butter clearances since 1995. Producers and handlers report that cream volumes are heavy and churning activity is strong. In most instances, current churning activity is surpassing demand, thus surplus volumes are clearing to inventory. At the end of December, cold storage figures for butter were nearly three times heavier than a year earlier. Heavy inventories, active churning, clearances to CCC, and slow commercial sales are factors that many butter handlers are voicing that will keep butter markets weak and prices low.

CHEESE: The cheese market is mixed, weak on barrels, and steady, though with a weak undertone, on blocks. Current demand is mostly fair at best. The cheese content reduction in some new non-standardized process products appears to be reducing barrel cheese demand for many producers. Natural interest is generally better than process. Extra volumes produced during the yearend holidays are still available as current product. Extra cheddar is also entering aging programs. Current cheese production remains seasonally active. Some cheese continues to be packaged for sale to CCC.

FLUID MILK: Milk production remains seasonally heavy and manufacturing schedules are above year ago levels through most of the country. Class I sales are strong in the Northeast and mid-South, aided by winter weather sales stimuli. Farm milk pick-up delays due to heavy snow are occurring in snow belt areas of the Northeast. Florida exported a couple loads of fluid due to slower sales. Class I sales were also lighter in the Central region and California. Many processors, particularly in the West, are not interested in acquiring additional fluid supplies. A large new cheese plant is scheduled to startup in California next week and will increase the milk manufacturing capacity.

DRY PRODUCTS: Overall powder drying schedules remain seasonally active in order to clear supplies. The nonfat dry milk market is weak with clearances to CCC heavy. Commercial interest is light. The buttermilk market remains mixed. Continued heavy churning continues to produce ample supplies. Increased condensed buttermilk shipments for ice cream production are slowing inventory growth for some producers. The whey market remains

weak with prices often lower. Current production is seasonally heavy with supplies from most sources increasing. Demand is generally light though some buyers are trying to contract for the rest of the year based on current conditions. The WPC market is mostly steady. Demand for 34% continues better than 80%. Inventory is building at some locations and unchanged in others despite steady to heavier production.

CCC: For the week of January 20 - 24, CCC purchased 380,835 pounds of Western butter, the first butter purchased under the price support program since 1995. CCC also purchased 158,400 pounds of Central process cheese, and 18,255,059 net pounds of NDM. Of the NDM, 348,189 pounds was from the East, 343,753 pounds of Central, and 17,563,117 pounds from the West.

DECEMBER MILK PRODUCTION (NASS): Milk production in the 20 major states during December totaled 12.2 billion pounds, up 1.8% from December 2001. November revised production, at 11.7 billion pounds, was up 1.4% from November 2001. The November revision represented a decrease of 0.4% or 43 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,567 pounds for December, 18 pounds (1.2%) above December 2001. The number of cows on farms in the 20 major states was 7.80 million head, 47,000 head (0.6%) more than December 2001, and 6,000 head more than November 2002. The October-December quarterly production of milk for the U.S. was 41.5 billion pounds, 693 million pounds (1.7%) above the Oct-Dec period last year.

COLD STORAGE (NASS): During December 2002, U.S. cold storage holdings of butter totaled 157.5 million pounds, 16% more than a month ago and nearly triple last December. Natural American cheese holdings total 495.8 million pounds, 5% more than a month ago, 10% above a year ago. Nonfat dry milk holdings at the end of November total 1,237 million pounds, 42 million pounds less than last month, and 355 million pounds more than last November.

DECEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During December, about 10.5 billion pounds of milk were received from producers. This volume of milk is 0.9% below December 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +1.1%.) About 3.9 billion pounds of producer milk were used in Class I products, 1.4% above the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 37%, Class II = 9%, Class III = 46%, and Class IV = 8%. The weighted average statistical uniform price was \$11.41 per cwt., \$0.08 lower than last month, and \$1.60 lower than last year.

****SPECIAL THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 20	TUESDAY JANUARY 21	WEDNESDAY JANUARY 22	THURSDAY JANUARY 23	FRIDAY JANUARY 24	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE							
BARRELS	N O	\$1.1100 (N.C.)	\$1.0800 (-.0300)	\$1.0700 (-.0100)	\$1.0600 (-.0100)	-.0500	\$1.0800 (-.0320)
40# BLOCKS		\$1.1700 (N.C.)	\$1.1700 (N.C.)	\$1.1750 (+.0050)	\$1.1700 (-.0050)	N.C.	\$1.1713 (+.0138)
NONFAT DRY MILK							
EXTRA GRADE	T R A	\$.8900 (N.C.)	\$.8900 (N.C.)	\$.8900 (N.C.)	\$.8900 (N.C.)	N.C.	\$.8900 (N.C.)
GRADE A	D I	\$.8900 (N.C.)	\$.8900 (N.C.)	\$.8900 (N.C.)	\$.8900 (N.C.)	N.C.	\$.8900 (N.C.)
BUTTER							
GRADE AA	N G	---	\$1.0725 (N.C.)	---	\$1.0675 (-.0050)	-.0050	\$1.0700 (-.0042)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 20, 2003

HOLIDAY, NO TRADING

TUESDAY, JANUARY 21, 2003

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.1725; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1700, 1 @ \$1.1800
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 22, 2003

CHEESE — SALES: 3 CARS BARRELS: 1 @ \$1.0900, 1 @ \$1.0825, 1 @ \$1.0800; 8 CARS 40# BLOCKS: 2 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.1675, 2 @ \$1.1700, 2 @ \$1.1725; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0800; 5 CARS 40# BLOCKS: 2 @ \$1.1700, 2 @ \$1.1750, 1 @ \$1.1800
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 5 CARS GRADE AA: 4 @ \$1.0700, 1 @ \$1.0725; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 23, 2003

CHEESE — SALES: 15 CARS 40# BLOCKS: 1 @ \$1.1700, 12 @ \$1.1725, 2 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0700; 2 CARS 40# BLOCKS: 1 @ \$1.1750, 1 @ \$1.1775
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 24, 2003

CHEESE — SALES: 1 CAR BARRELS @ \$1.0700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0600; 4 CARS 40# BLOCKS: 1 @ \$1.1700, 2 @ \$1.1750, 1 @ \$1.1800
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 10 CARS GRADE AA: 6 @ \$1.0700, 3 @ \$1.0650, 1 @ \$1.0675; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.0650, 1 @ \$1.0625, 1 @ \$1.0600; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.0825

BUTTER MARKETS

DECEMBER COLD STORAGE

According to NASS, December month-ending cold storage figures for butter total 157.5 million pounds, nearly three times heavier than the amount held last December and 16% more than November 2002 holdings.

NORTHEAST

The market tone is steady to weaker. At the CME, the butter price, bounced higher and lower in a relatively narrow range last week. Churning activity in the East remains heavy and cream suppliers report continued shipments of excess cream to Midwestern butter makers. The heavy output and slow demand is causing producer stocks to grow. Retail demand is slow as few features are in place. Food service orders are mostly steady. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The market tone remains weak. Many producers and handlers anticipate the cash price at the CME to decline further as production remains strong, sales lag, inventories become heavier, and butter began to clear too CCC from the West. Although as of midweek, no Midwestern butter has been offered to CCC, some producers and handlers speculate that it will not be too long before some butter is offered. Cold storage figures for December were released this week and indicated that butter stocks are nearly 3 times heavier than a year earlier. Current churning activity is reported to be quite active as cream volumes are readily available from local and out of area sources. In most instances, current sales activity is not keeping pace with production, thus surplus is clearing to storage program. In the past,

some Midwestern buyers were reaching to Western sources to fill needs, but now report that there are readily available local stocks. Bulk butter for spot sales is selling in a range of flat to 2 cents per pound over various pricing basis, but these sales are very limited.

WEST

Butter prices continue to trade in a narrow range at the CME, but there seems to be a weaker undertone developing. Butter was offered to the CCC price support program from the West this week. This is the first offering since early in 1995. Most Western contacts were not surprised at this development. Butter production was very heavy over the holiday period and has not declined much from that level since. Cream offerings continue to be very heavy and other cream users are only taking very light volumes which mean most is ending up in the churn. Milk production finished up 2002 2.6% ahead of a year earlier which is part of the problem with the very heavy butter stocks. Many industry contacts are surprised that ice cream operations are not taking heavier volumes since the downside price risk is minimal. Cold Storage holdings of butter at the end of December total 157.5 million pounds, an increase of 16.1% or 21.8 million pounds from a month earlier. This inventory level is higher than at any time since the early 90's. Stocks have increased more than 100 million pounds during 2002, an average increase of almost 2 million pounds per week. Weekly CME butter stocks increased another 8.8 million pounds this past week and stand at 111.9 million pounds. Stocks have never approached this level this early in the year. Stocks have increased 27.6 million pounds over the past five weeks. Current prices for bulk butter range from 3 1/2 cents under to 1 cent under the market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JAN 18	1.1246 6,995,710	1.1144 12,674,009	0.8155 29,624,191	1.0854 4,618,863	0.1705 13,122,102

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 higher on process and natural items, unchanged on Swiss. The market tone is weak. Friday's *Milk Production* report indicates a continued growth in milk production which does not lend strength to the cheese market. However, several industry observers have reported that some companies or buyers are pushing cheese prices higher in an effort to influence milk prices. If similar historic efforts are any indication, this may work short term. However, typically the cheese buyer in this scenario ends up with a good-sized inventory of cheese when supply/demand tenets take over and the market falls. Cheese output in the Northeast is mostly steady. Some operations are only making 4 days per week, while others continue normal operating schedules. Demand for cheese is fair, but food service and retail orders should slow later this week when Super Bowl needs are delivered. Super Bowl Sunday is typically the biggest snack food day of the year.

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

Cheddar 10# Prints	:	1.2200-1.7150
Cheddar Single Daisies	:	1.1775-1.6425
Cheddar 40# Block	:	1.2975-1.5425
Process 5# Loaf	:	1.3200-1.5200
Process 5# Sliced	:	1.3400-1.5875
Muenster	:	1.3825-1.5875
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market continues to struggle with cheese supplies that often exceed the lackluster demand. Current cash cheese prices at the Chicago Mercantile Exchange are well below comparable 2002 levels, though within 3-7 cents of levels of two years ago. Current interest is mostly fair at best. Current production of barrels and, to a lesser extent, cheddar blocks exceed regular sales at many plants. In part due to the extra volume produced over year end holidays, some cheddar continues to enter aging programs, whether entirely planned or not. Barrels are still being discounted to stimulate spot sales. A few processors are active in producing new products, often requiring less cheese than standardized items. Otherwise, additional process cheese continues to clear to CCC from the Midwest. Mozzarella interest is fair to occasionally good, bolstered by recent orders from pizza accounts for post Super Bowl needs. For a few producers, buyers that had held back on orders again need product. Current cheese production is often above year ago levels. Fat and protein levels in current milk supplies seem to be holding fairly steady.

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

Process American 5# Loaf	:	1.2925-1.4900
Brick And/Or Muenster 5#	:	1.5300-1.7175
Cheddar 40# Block	:	1.4500-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.9100-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4625-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9500-2.6850

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

	BUTTER	:	CHEESE
01/20/03	66,686	:	140,040
01/01/03	52,308	:	136,430
CHANGE	14,378	:	3,610
% CHANGE	27	:	3

Note: The 2003 numbers are increased by the addition of 4 butter warehouses and 5 cheese warehouses to increase the sample. The January 1, 2003 number has also been adjusted. In 2002, these warehouses would have increased reported totals by 1 - 5 million pounds each, depending on week.

WEST

Cheese prices, especially natural items, firmed up sharply following trading at the CME market last week, somewhat to the surprise of many Western contacts. Cheese production remains heavy and demand is only fair at best. Inventories continue to grow at many plant locations. This week, for the first time in more than seven years, all the major commodities were offered to the CCC price support program. The barrel/process market appears to be weaker than the market for current natural cheese. Sales activity is slow and centered on finding bargain processing solids. A good portion of current block production is going into storage programs. The market for Swiss seems to be slowing a bit and output is generally increasing along with the ample milk supplies. American cheese stocks totaled 495.8 million pounds at the end of December. This total is 10.4% higher (46.7 million pounds) than last year. Stocks grew by 21.8 million pounds (4.6%) during the month of December. This is the largest increase in the last five years. Stocks of Swiss cheese stand at 23.8 million pounds on December 31. This total is only 7.2% higher than last month, but it is almost double the volume recorded last year.

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

Process 5# Loaf	:	1.2600-1.5200
Cheddar 40# Block	:	1.2875-1.4275
Cheddar 10# Cuts	:	1.4675-1.6875
Monterey Jack 10#	:	1.4775-1.6375
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are steady to higher and market tone is falling into typical January levels. Demand for foreign type or imported cheese is slow to fair. Some influence in demand for Super Bowl parties is expected to help maintain demand through this week. Supplies in the U.S. are adequate for current needs. Reports indicate that the EU cheese market for 2003 will be relatively steady with levels seen during the last half of 2002. Small, steady gains in production and sales are expected for the coming 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	1.5150-3.0050*
Gorgonzola	:	3.2400-5.9400	2.0325-2.4900*
Parmesan (Italy)	:	TFEWR	2.9250-3.0150*
Romano (Italy)	:	2.1000-3.1900	-0-
Provolone (Italy)	:	3.4400-5.5000	1.5225-1.7500*
Romano (Cows Milk)	:	-0-	2.7125-4.8850*
Sardo Romano (Argentine)	:	2.8500-3.2900	-0-
Reggianito (Argentine)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.7500-3.6900	-0-
Swiss Cuts Switzerland	:	-0-	2.3500-2.5500
Swiss Cuts Finnish	:	2.6000-2.8500	-0-
Swiss Cuts Austrian	:	TFEWR	-0-
Edam	:	:	:
2 Pound	:	TFEWR	-0-
4 Pound	:	2.1900-2.9900	-0-
Gouda, Large	:	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	2	10	0	0	0
SOUTHEAST STATES	0	0	0	0	0	0

The base price for Class I milk for February 2003 is \$10.23 per cwt., down \$0.33 from January. 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 January is \$6.90, down \$0.47 from January. During December, milk production in the 20 major states totaled 12.22 billion pounds, up 1.8% from December 2001. The following are the December-to-December changes for selected states: Texas +6.3%, New York +1.3%, Vermont -1.7%, Virginia -1.9%, Pennsylvania -2.0%, Florida -4.0%, and Kentucky -6.4%. For the above-mentioned states, the combined milk cow numbers are down 1,200 head from last December. Milk cows in the twenty major states total 7,750,000 head, up 47,000 from a year earlier. Milk production ranges from steady to slightly higher in most of the region. Some heavy snow falls in the Northeast, particularly lake effect snow in New York, are causing scattered farm pick-up delays. Cold weather in the Southeast is having an impact on the milk flow in much of the area. Freezing temperatures in Florida and other Gulf Coast states are slowing the milk flow. Florida's need for milk eased this week and handlers actually shipped a few loads out of state for processing. Slightly higher milk production and flat demand caused handlers to carry more milk into this week. Farther north, another snow storm and cold temperatures are expected in the Mid-South and bottled milk sales are good. Some Southeastern handlers are pulling intra-company milk greater distances to meet this good demand. Class I milk needs are also good in the Northeast, which is surprising to some contacts. However, the good Class I milk demand results in more standardization and, therefore, more cream to be cleared. Surplus milk volumes range from light to heavy. The condensed skim is weak and reports of some distressed loads clearing the region were noted. Demand is slow and prices are unchanged on Class II, lower for Class III. The fluid cream market is weak. Offerings are more than ample for the slow demand. Class II spot prices are generally lower as the CME butter average was down nearly three cents last week and multiples are generally in the low to mid 120's, f.o.b. Ice cream producers are taking normal volumes, but a few plants are taking advantage of the low-cost cream that is being offered. Production of dips, sour cream, and bottled cream is lower as demand is slowing along seasonal patterns. Cream cheese output is mostly steady with most producers taking contracted volumes. Churning activity is heavy and some Eastern butter makers are churning only their own cream or the cream from long-time suppliers. Excess cream volumes heading to the Midwest are heavy. Some Eastern handlers report that nearly all (90+%) of their spot cream is clearing to Midwestern butter plants.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2890-1.4072
DELIVERED EQUIVALENT ATLANTA	-	1.2890-1.4179 M 1.3105-1.3400
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2783-1.4179

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9500-1.0000
NORTHEAST- CLASS III - SPOT PRICES	- .7200- .8500

MIDWEST

After recent storm related fluid sale improvement through parts of the mid-section of the region and promotional activity in others, Class I sales were lighter and generally well below average for many bottlers. Late orders for dips and other "party items" for the Super Bowl were keeping some manufacturing lines busy, mainly early in the week. Manufacturing milk interest was quieter and reported prices are lower. Reported spot prices range from MCP delivered to \$1.00 over class on a light test. Manufacturing schedules remain seasonally active in order to handle the available volumes. Most plants are not at full capacity like during the recent holiday period. A few multi-product operations prefer to use milk in butter/skim/NDM/condensed over cheese/whey due to projected better returns. Current cheese sales are far from robust. CCC purchased butter (Western) this week under the price support program for the first time since 1995. Ice cream interest in cream was often lighter this week. Cream sales remained heavy to churns.

Current milk intakes are steady to mostly higher. The initial December 2002 estimated milk production in selected Midwestern states compared with December 2001 is: Wisconsin 1.829 billion pounds, down 8 million pounds (-0.4%); Minnesota 703 million pounds, off 27 million pounds (-3.7%); Michigan 504 million pounds, up 17 million pounds (3.5%), and Iowa 322 million pounds, an increase of 3 million pounds (0.9%). Cold temperatures (some below zero before wind chills) returned to the region and may impact production from cattle more exposed to the environment. Dry conditions continue in many northern tier states as the snow pattern seems to be flowing further south than usual. The combination of cold temperatures and lack of snow can produce increased winterkill in alfalfa and winter wheat as well as drought concerns.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 42.50	\$ 37.00- 42.00
REPLACEMENT HEIFER CALVES	\$350.00-450.00	\$480.00-650.00

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

	JAN 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 43.50	\$ 35.00- 44.50

WEST

Preliminary numbers for 2002 indicate that U.S. milk production totals 169.6 billion pounds, an increase of 2.6% from 2001. The increase in output is 4.23 billion pounds or an average daily increase of 232 loads of milk for every day in 2002. Cow numbers, on average were up 24,000 head and production per cow was up 415 pounds to 18,554, an increase of 2.3%. Output changes for 2002 in selected Western states compared to 2001 are as follows: Arizona +11.6%, California +5.0%, Colorado +9.6%, Idaho +4.9%, New Mexico +13.6%, Oregon +21.1%, Utah +2.1%, and Washington +1.9%. December milk production in the 20 surveyed states totaled 12.22 billion pounds, 1.8% higher than December 2001. December 2002 output for selected Western states compared to last year is as follows: Arizona +18.6%, California +4.2%, Idaho +2.9%, New Mexico +7.8%, and Washington +2.4%. Preliminary 2002 milk production figures for these five Western states are higher than a year ago for all months. CALIFORNIA milk output continues to outpace year ago levels across most areas. Weather conditions have been conducive for cow comfort and cows are responding with higher milk flow. Fluid milk sales and orders are flat. There is a lot of milk in the state for all needs. Processors with surplus milk have to work very hard to find another plant to take the milk. A new plant is expected on line next week. There are ample supplies for this plant and other processors' growth. There were reports in a state newspaper reporting that it was imminent that California's TB-free (bovine tuberculosis) status would be revoked. ARIZONA milk production is trending higher with conditions better for milk cow comfort. Limited rainfall has not impacted output. There are indications that growth in supplies are from better management and even to help cash flow with low milk prices. Plants are running efficiently in the state. NEW MEXICO milk supplies are growing seasonally. Volumes are being handled efficiently through local and contracted sources. Conditions are good for milk output growth. Milk cows continue to be added to herds in the state. The Western CREAM market remains on the weak side as buying interest for higher class items is lacking. Most noticeably absent in the current market is the lack of demand from ice cream manufacturers. The price of fat for ice cream is not expected to move lower with butter prices being stable at \$1.0725, which is very near the support price of \$1.05. Cream is mainly moving on a contractual basis and surplus cream is entering the churns for processing. Cream multiples in the West range from 102 to 122, FOB, depending on class usage and are negotiable. Conditions remain good for milk production in the PACIFIC NORTHWEST. Temperatures are mild and moisture patterns are spotty. Some much needed rain/snow did fall at midweek, but not enough to cause any problems. Moisture remains in short supply for future needs. Dairies continue to go out of business in the region, but cows are generally going into other herds and not to slaughter. Heifer prices remain steady with no pattern noted. Producers are beginning to look at making additional grain purchases to cover future needs at prices that look reasonable. Hay quality continues to deteriorate at a faster pace than last year. Milk supplies remain heavy in UTAH and IDAHO. Conditions are warm and have been for the last three weeks. Temperatures are way above normal and some early gardening is taking place. Some early season water meetings are being held, but no decisions will be made on cutbacks for sixty days. Milk supplies are readily available for any plant that desires additional milk supplies. Some manufacturers are commenting that demand for finished product is much slower than anticipated. Warehouse stocks for a number of products in the region are growing.

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 lower on a weak market. Sales to the CCC are again noted in the Central region at the 80 cent support level. Inquiries are heavy yet spot sales are light. To clear product some suppliers are offering product at a discount. However, prices in the West are often more attractive to Central buyers. Producers anticipate increased movement as prices settle near the support level. Production of high and low heat is steady to lower as some plants opt to instead clear skim in the condensed form. Inventories are in balance to long on both high and low heat NDM.

EAST: Prices are steady to lower and the market tone is unchanged to weaker. Production levels are heavy. Surplus milk volumes are often lighter, but demand for condensed skim is poor. This is pushing more skim through area dryers and powder stocks are increasing at more plants. In fact, an Eastern producer offered NDM to CCC this week. This is the first Eastern NDM to be offered to CCC since July. Commercial demand is just fair as spot buyers still seem to be waiting for better prices.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8900 MOSTLY: .8300 - .8500
 HIGHHEAT: .8675 - .9300

NONFAT DRY MILK - WEST

Prices have stabilized within the Western low/medium heat nonfat dry milk range as producers have adjusted prices downward over the last two months towards the support price of 80 cents. The market tone remains rather on the weak side. Supplies continue to outpace demand and heavy surplus volumes clear to the support program. There are blocks of NDM available for spot sale and there is some backlog of CCC destined NDM produced over the year end. Drying schedules are active as milk supplies are heavy. Spot interest is light to fair as buyers feel little pressure to make additional purchases beyond immediate needs. Stock levels remain heavier than desired and producers without the CCC as an outlet can feel the pinch a little more than others. During the week of 13-17, CCC purchased 13,379,406 pounds of nonfortified NDM, all from the West. High heat NDM prices are being adjusted slightly lower in a sympathetically weaker market tone with the low/medium heat NDM. Buyer interest is lighter than seasonal projections and history would indicate. Drying is often heavier. Stocks are adequate to long.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .9025 MOSTLY: .8000 - .8200
 HIGHHEAT: .8300 - .8900

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 17	\$.8096	14,021,019	8,713,646
January 10	\$.8159	13,875,118	7,928,194

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 to higher on a cautiously steady market. Buttermilk is mostly being traded contractually at the average with some offers noted above the range. Supplies are mixed. Some plants cannot satisfy spot interest while others have product readily available. Although some producers were surprised by last week's price change, traders were less impressed as heavy offers within the range were readily available during the week. Production is steady to lower as condensed buttermilk clears into ice cream facilities, reducing drying schedules. Inventories are reportedly in better balance in response to heavier sales activity during the week prior.

F.O.B. CENTRAL: .6900 - .7450

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are generally lower and the market tone remains weak. Northeastern prices remain nominal. Heavy churning activity is leading to increased buttermilk output. Demand for liquid buttermilk is lackluster and drying schedules are often being increased. Inventories of dry buttermilk are increasing at some plants and prices are often lowered to stimulate the lackluster demand.

F.O.B. NORTHEAST: .7000 - .7650
 DELVDSOUTHEAST: .7400 - .8250

DRY BUTTERMILK - WEST

Dry buttermilk prices are lower on the top ends of both the range and mostly along with some changes within the range noted. The market tone is unsettled as more offerings appear on the market and competition from Central powder and resale product is present. Continued, heavy churning levels are creating more buttermilk on the market and demand is lackluster. Buyers are not very aggressive and being more strategic with purchases. Stocks are steady to higher and often building.

F.O.B. WEST: .7000 - .7700 MOSTLY: .7300 - .7400

DRY WHOLE MILK - NATIONAL

Prices and the market tone are steady. Prices remain nominal. Production levels are little change from past weeks. Little spot demand is being reported. Some traders continue to report that imported whole milk powder is readily available below the bottom of the price range. Producer stocks are light.

F.O.B. PRODUCING PLANT: 1.1075 - 1.1700

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2002 THROUGH JANUARY 17, 2003
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	42,626 MT (93,973,279 LBS)*
CHEESE	--	1,894 MT (4,175,512 LBS)*

* The second stage of the DEIP allocations is filled.

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 unchanged to lower on a steady to weak market. Multiple load shipments continue to clear into export markets at the lower end of the range. As a result, producer inventories are in better balance. Production is steady to higher due to increased cheese production at some locations. Domestic spot trade activity is light. Traders and buyers suspect that the market has bottomed. Some buyers, that opted not to contract for 2003, are now attempting to negotiate terms for the remainder of the year. Interest in Central product from the West is decreasing as Western prices trade at prices nearly equivalent to the Central market.

F.O.B. CENTRAL: .1500 - .1625 MOSTLY: .1550 - .1600

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally lower. The market tone is leveling, but still weak. Production levels range from moderate to heavy and demand is slow. However, some production problems at a plant were noted and temporary tightness of product resulted at that plant. Buyers and traders report relatively little spot activity in the dry whey market. Eastern producers, with the exception noted above, have product on hand for immediate sales and shipment. Demand is slow to fair. Some producers report getting more calls about price and availability. Most of the calls are just "tire kicking."

F.O.B. NORTHEAST: EXTRA GRADE & GRADE A .1575 - .1875
 DELVD SOUTHEAST: .1800 - .1950

DRY WHEY - WEST

Sharply lower prices are noted for Western whey powder. The market remains weak with offerings increasing and inventories building. Sellers continue to reduce offering prices in order to keep some powder moving. They are having limited success. Prices are now low enough to generate some export interest, but the upcoming Chinese New Year and other buyers with sufficient stocks are limiting actual new sales. Domestic orders are only to replace loads that are being used on a current basis. Production remains much heavier than anticipated. Milk supplies are very heavy. The current price relationship is such that competition from Central States powder is much less prevalent.

NONHYGROSCOPIC: .1500 - .2000 MOSTLY: .1600 - .1825

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on roller ground and milk replacer on a steady to weak market. Milk replacer supplies are in balance to short of buyer interest. Offerings on milk replacer are reported below the range at some locations. Roller ground production and inventories are steady to higher. Early weaned pig demand is light and veal markets are steady to weak.

F.O.B. CENTRAL:
 MILK REPLACER: .1400 - .1500
 ROLLERGROUND: .1475 - .1825

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a mostly steady market. Supplies are mixed with some plants building inventories while others are readily clearing loads into contracts. Production is steady to higher. Producers that converted facilities to 80%, continue to produce some 34% WPC to satisfy the increased interest for 34% WPC compared to 80% WPC. Low and high protein WPC are readily available as a substitute to WPC 34%. Offerings into broker facilities are increasing for the light interest. Spot loads of condensed WPC are available at some locations. Off grade product is readily available for the light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4900 - .5425 MOSTLY: .5100 - .5150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Supplies are mixed. Stocks are heaviest in reseller warehouses. Some plants remain sold out and therefore cannot satisfy spot demand. Heavy inquiries are noted from Asia with requests for second quarter contract negotiations. Some suppliers are demanding premiums on current non-contractual shipments to Asia. While buyer resistance is noted, a few producers are willing to forgo sales to some locations in order to more effectively handle limited supplies. Production is steady. Interest remains best on the higher mesh sizes. Domestic inquiry is noted from candy and feed companies. Supplies of off grade lactose are limited for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 F.O.B. EDIBLE: .1550 - .2350 MOSTLY: .1550 - .1800

CASEIN - NATIONAL

Casein markets are firm with prices generally unchanged. Stocks of both acid and rennet casein are in close balance for needs. In instances, some buyers are asking for delivery on their contracted volumes earlier than previously scheduled. Supplies in many sourcing areas of the world are a concern for importers and domestic buyers. Stocks are entering the U.S. on a regular basis, although in most instances, overall volumes are in close balance and generally tight.

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: 1.9000 - 2.1000
 ACID: 1.8000 - 1.9500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production is light to moderate. Surplus milk volumes are not as plentiful as they have been, but sufficient milk is available in some parts of the country. Producer stocks continue to be replenished. Demand is seasonally slow. Producers are actively trying to pick up new accounts or add to their existing market share.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00
 Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

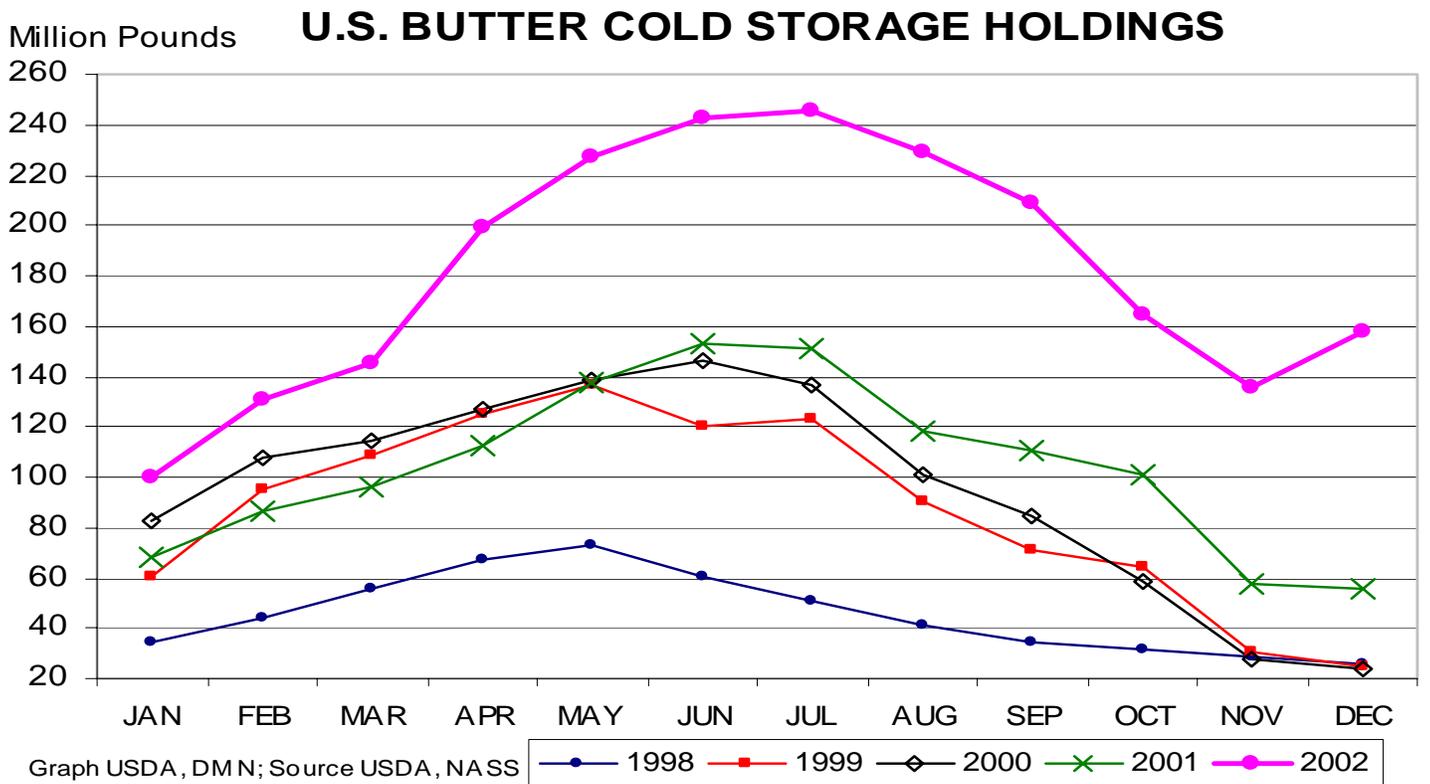
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	NOV 30, 2000	NOV 30, 2001	REVISED NOV 30, 2002	DEC 31, 2000	DEC 31, 2001	DEC 31, 2002
Butter	27,280	57,916	135,632	24,115	55,915	157,460
Cheese, Natural American	522,534	438,140	474,055	522,625	449,105	495,806
Cheese, Swiss	14,080	11,335	22,251	14,186	12,051	23,842
Cheese, Other Natural	159,365	181,818	200,757	171,000	198,885	213,781
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	188	341	1,021	142	436	555
Natural American Cheese	706	207	463	1,494	817	197

DECEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
New England	19,562	19,803	18,656	---	---	---	485	588	364
Middle Atlantic	45,944	54,753	58,212	---	---	---	11,212	35,123	29,294
East North Central	263,053	176,187	202,092	---	---	---	82,117	94,424	111,040
West North Central	91,008	93,860	112,218	---	---	---	54,544	57,070	58,765
South Atlantic	6,351	5,532	398	---	---	---	465	176	2,392
East South Central	0	0	630	---	---	---	153	156	260
West South Central	2,054	2,613	1,678	---	---	---	355	223	346
Mountain	13,506	9,155	6,900	---	---	---	7,233	3,110	718
Pacific	81,147	87,202	95,022	---	---	---	14,436	8,015	10,602
TOTAL	522,625	449,105	495,806	24,115	55,915	157,460	171,000	198,885	213,781

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2001 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Million Pounds						Million Pounds						Million Pounds					
January	100	68	100	68	<u>3/</u>	<u>3/</u>	454	507	453	505	1	2	900	708	120	145	780	563
February	131	86	129	86	1	<u>3/</u>	485	506	484	504	1	2	966	726	142	138	823	589
March	146	96	144	95	1	1	498	500	497	498	1	2	1,028	791	158	123	871	668
April	199	112	197	112	2	1	508	503	508	501	1	2	1,093	858	161	127	933	731
May	227	138	225	137	2	1	531	497	531	496	1	2	1,146	882	166	134	981	747
June	243	153	241	153	2	1	546	522	545	520	1	2	1,235	945	174	166	1,062	779
July	245	151	243	150	2	1	571	528	571	526	1	2	1,254	950	138	147	1,116	803
August	229	118	227	117	2	1	564	499	563	497	<u>3/</u>	2	1,327	930	109	109	1,218	821
September	209	111	207	111	2	<u>3/</u>	517	488	516	486	1	1	1,308	918	85	103	1,223	815
October	165	101	163	100	2	<u>3/</u>	501	463	500	462	1	1	1,279	885	79	100	1,200	785
November	136	58	135	58	1	<u>3/</u>	474	438	474	438	<u>3/</u>	<u>3/</u>	1,237	882	86	113	1,151	769
December	157	56	157	55	1	<u>3/</u>	496	449	496	448	<u>3/</u>	1	912			136		776

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Nov 30, 2000	Nov 30, 2001	Nov 30, 2002	Dec 31, 2000	Dec 31, 2001	Dec 31, 2002
	Thousand Pounds					
Butter	27,092	57,575	134,611	23,973	55,479	156,905
Natural American Cheese	521,828	437,933	473,592	521,131	448,288	495,609

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (1-02) and "Dairy Products," Da 2-6 (1-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

DECEMBER MILK PRODUCTION

Milk production in the 20 major states during December totaled 12.2 billion pounds, up 1.8 percent from December 2001. November revised production, at 11.7 billion pounds, was up 1.4 percent from November 2001. The November revision represented a decrease of 0.4 percent or 43 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,567 pounds for December, 18 pounds above December 2001. The number of cows on farms in the 20 major states was 7.80 million head, 47,000 head more than December 2001, and 6,000 head more than November 2002. The October-December quarterly production of milk for the U.S. was 41.5 billion pounds, 1.7 percent above the October-December period last year. The average number of milk cows in the U.S. during the October-December quarter was 9.15 million head, 43,000 head more than the same period last year.

STATE	MILK COWS ^{1/ 2/}				MILK PRODUCTION ^{1/ 3/}			
	DECEMBER		OCTOBER-DECEMBER		DECEMBER		OCTOBER-DECEMBER	
	2001	2002	2001	2002	2002	% CHANGE FROM 2001	2002	% CHANGE FROM 2001
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	21	19	--	--	63	-10.0
AK	--	--	1.2	1.3	--	--	4.36	17.2
AZ ^{4/}	140	150	140	150	287	18.6	818	15.5
AR	--	--	33	31	--	--	87	-9.4
CA	1,618	1,676	1,614	1,670	2,933	4.2	8,676	4.0
CO	--	--	92	99	--	--	540	7.8
CT	--	--	24	23	--	--	107	-2.7
DE	--	--	9.0	9.0	--	--	36.0	-2.7
FL	152	147	152	147	193	-4.0	526	-4.2
GA	--	--	86	85	--	--	346	1.2
HI	--	--	7.4	6.6	--	--	22.7	-2.2
ID	377	390	373	390	679	2.9	2,026	2.5
IL	115	115	115	115	173	1.2	500	2.7
IN	155	146	155	148	215	-0.5	634	-0.5
IA	206	208	206	208	322	0.9	936	0.6
KS	--	--	94	105	--	--	520	22.4
KY	125	120	125	120	132	-6.4	377	-6.2
LA	--	--	54	49	--	--	128	-11.7
ME	--	--	38	36	--	--	157	-3.1
MD	--	--	81	80	--	--	334	4.4
MA	--	--	21	20	--	--	87	-1.1
MI	298	301	300	301	504	3.5	1,484	2.8
MN	500	480	500	480	703	-3.7	2,023	-4.2
MS	--	--	34	33	--	--	107	-5.3
MO	141	134	141	135	158	-1.9	460	-1.3
MT	--	--	19	18	--	--	85	-2.3
NE	--	--	69	66	--	--	290	6.2
NV	--	--	25	25	--	--	125	4.2
NH	--	--	18	17	--	--	78	-2.5
NJ	--	--	14	13	--	--	55	-1.8
NM	288	309	280	307	528	7.8	1,565	9.1
NY	675	675	674	675	992	1.3	2,958	0.9
NC	--	--	66	63	--	--	267	-6.3
ND	--	--	44	38	--	--	140	-9.1
OH	258	260	257	261	374	--	1,093	1.2
OK	--	--	88	88	--	--	316	--
OR	--	--	105	117	--	--	520	12.3
PA	592	590	595	591	894	-2.0	2,641	-1.3
RI	--	--	1.4	1.4	--	--	5.4	-1.8
SC	--	--	20	20	--	--	83	-5.7
SD	--	--	98	95	--	--	336	-14.5
TN	--	--	89	84	--	--	305	-4.7
TX	310	311	312	310	456	6.3	1,290	5.9
UT	--	--	93	92	--	--	416	2.0
VT	154	153	154	153	225	-1.7	654	-1.9
VA	119	119	119	119	156	-1.9	453	-2.4
WA	247	247	247	247	467	2.4	1,374	1.4
WV	--	--	16	15	--	--	57	-6.6
WI	1,280	1,266	1,280	1,267	1,829	-0.4	5,390	0.2
WY	--	--	4.5	4.4	--	--	15.4	-4.9
20 STATE TOTAL	7,750	7,797	--	--	12,220	1.8	--	--
U.S. ^{5/ 6/}	--	--	9,105	9,148	--	--	41,511	1.7

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{4/} Preliminary revisions for Arizona indicate milk production at 267 and 768 million pounds for Dec. and Oct.-Dec. 2001 quarter respectively. This preliminary revision is not included in the 20-State total. Annual revisions will be published in February 2003. ^{5/} Includes states for which individual monthly estimates are not available. ^{6/} Milk cows will not add due to rounding. SOURCE: "Milk Production," Da 1-1 (1-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER ADVANCE PRICES, FEBRUARY

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for February 2003 is \$10.23 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$6.20 and the advanced butterfat pricing factor of \$1.2133. 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 \$6.20. Thus, the Class II skim milk price for February is \$6.90 per cwt., and the Class II nonfat solids price is \$0.7667. **Product Price Averages** -- The two-week product price averages for February are, butter \$1.1099, nonfat dry milk \$0.8287, cheese \$1.1358, and dry whey \$0.1787.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/				
Federal Milk Order Marketing Area ^{3/}	Order Number	February 2003		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) 4/	001	13.48	9.45	1.2458
Appalachian (Charlotte) 5/	005	13.33	9.30	1.2443
Southeast (Atlanta) 6/	007	13.33	9.30	1.2443
Florida (Tampa) 7/	006	14.23	10.20	1.2533
Mideast (Cleveland) 8/	033	12.23	8.20	1.2333
Upper Midwest (Chicago) 9/	030	12.03	8.00	1.2313
Central (Kansas City) 10/	032	12.23	8.20	1.2333
Southwest (Dallas) 11/	126	13.23	9.20	1.2433
Arizona-Las Vegas (Phoenix) 12/	131	12.58	8.55	1.2368
Western (Salt Lake City) 13/	135	12.13	8.10	1.2323
Pacific Northwest (Seattle) 14/	124	12.13	8.10	1.2323
All-Market Average		12.81	8.78	1.2391

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.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, DECEMBER

HIGHLIGHTS: Handler reports of receipts and utilization under the Federal milk order system for December have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During December, about 10.5 billion pounds of milk were received from producers. This volume of milk is 0.9 percent below December 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +1.1 percent.) About 3.9 billion pounds of producer milk were used in Class I products, 1.4 percent above the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 37%, Class II = 9%, Class III = 46%, and Class IV = 8%. The weighted average statistical uniform price was \$11.41 per cwt., \$0.08 lower than last month, and \$1.60 lower than last year.

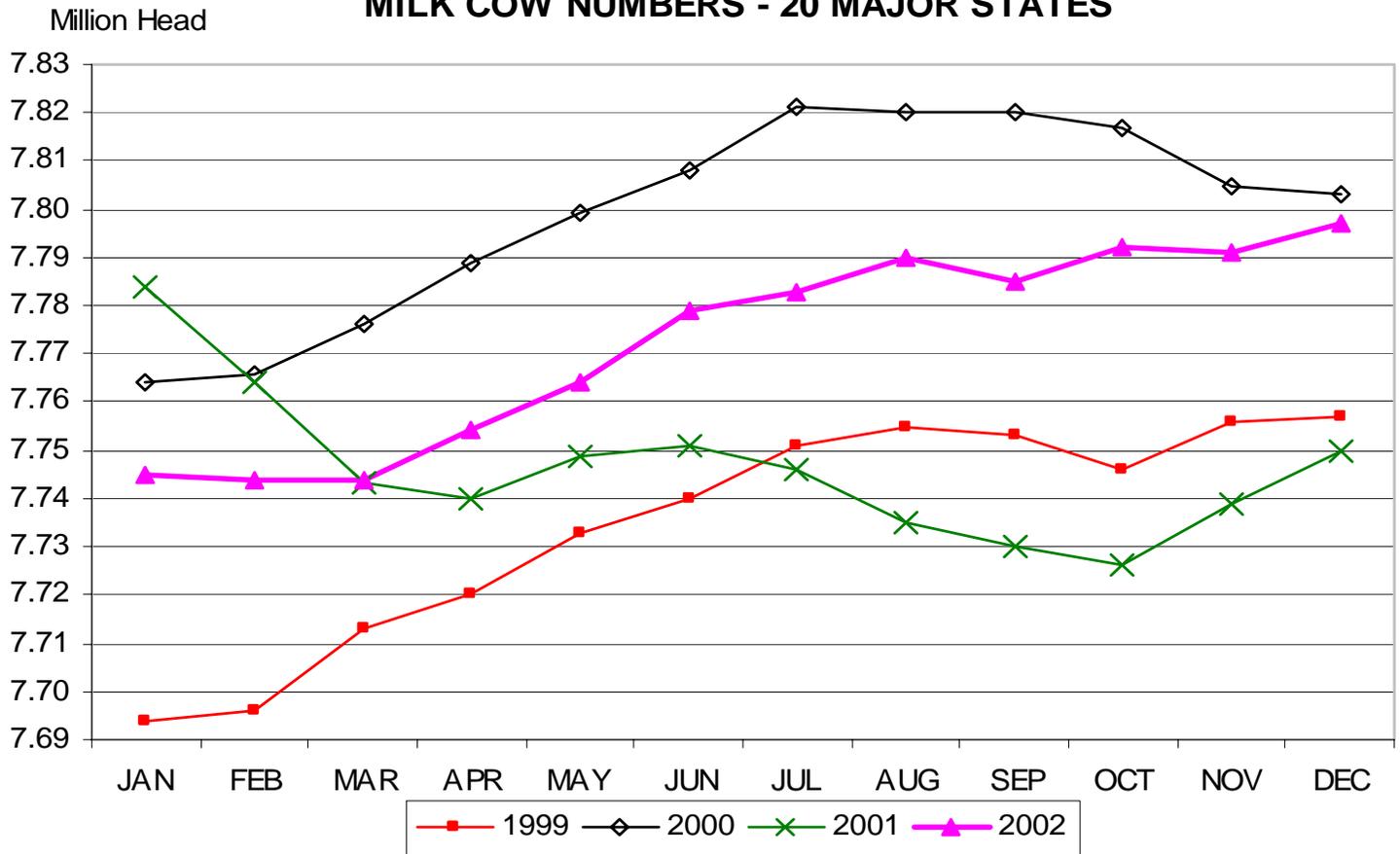
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF DECEMBER 2002										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	2,091.7	0.7	933.1	2.5	45	16	30	9	12.24
Appalachian (Charlotte)	005	558.0	0.0	375.0	2.6	67	11	10	12	12.96
Southeast (Atlanta)	007	605.4	-13.4	393.3	-1.8	65	7	21	7	12.76
Florida (Tampa)	006	244.7	6.4	207.1	1.4	85	8	4	3	14.15
Mideast (Cleveland)	033 <u>3/</u>	1,363.7	-12.5	550.7	-2.0	40	10	44	6	11.12
Upper Midwest (Chicago)	030 <u>3/</u>	1,824.9	-0.5	342.9	0.7	19	2	78	1	10.33
Central (Kansas City)	032 <u>3/</u>	1,636.6	7.5	414.5	1.8	25	5	67	3	10.67
Southwest (Dallas)	126	794.4	3.6	335.7	1.1	42	13	31	14	11.92
Arizona-Las Vegas (Phoenix)	131	257.3	5.2	83.7	2.9	33	3	41	23	11.07
Western (Salt Lake City)	135 <u>3/</u>	448.3	-2.9	102.9	21.2	23	6	70	1	10.50
Pacific Northwest (Seattle)	124	654.0	5.4	179.5	2.3	28	5	36	31	10.81
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,478.9	-0.9	3,918.6	1.4	37	9	46	8	11.41

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

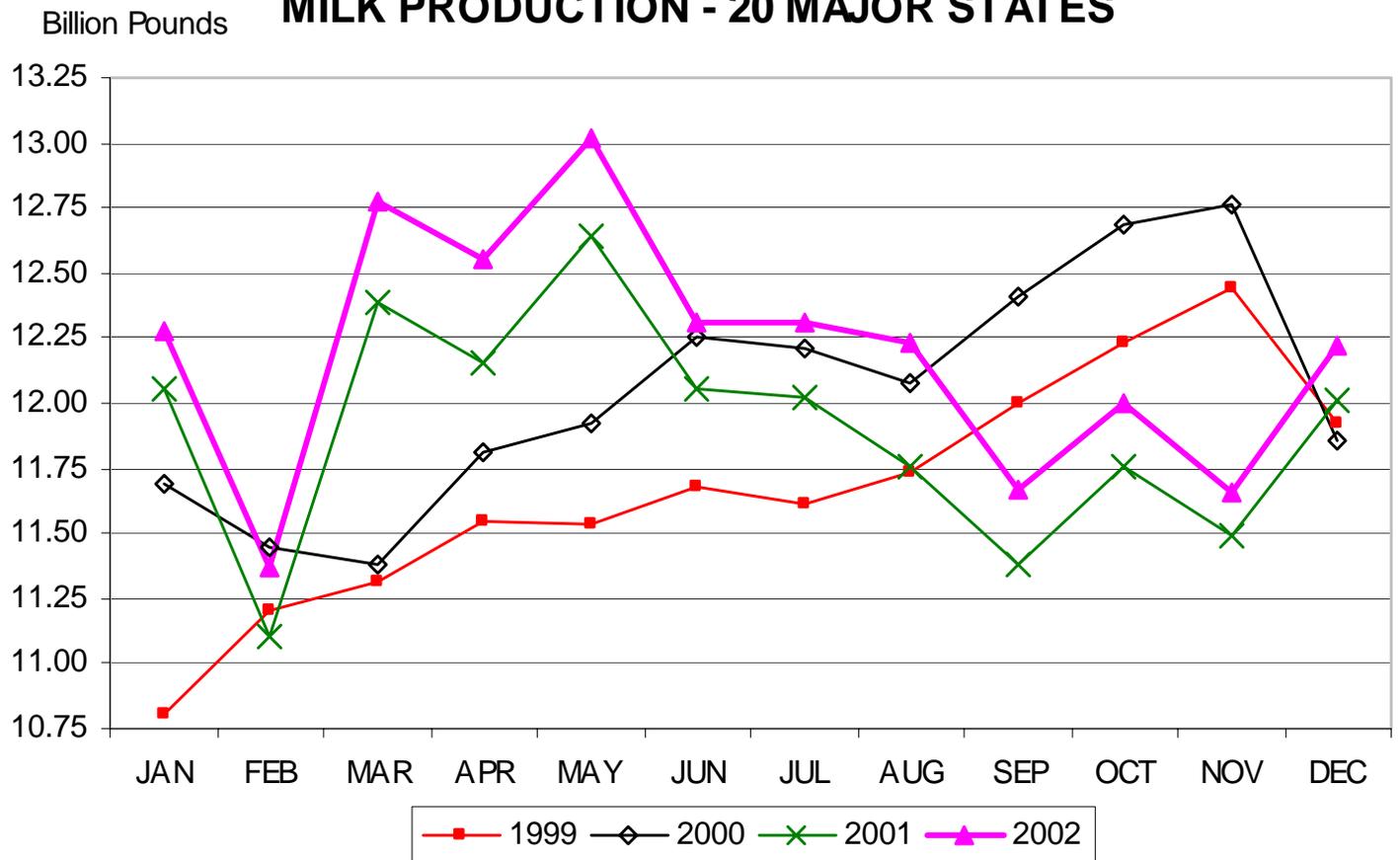
2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 230 million pounds of milk that normally would have been associated with these markets. In December 2001, the estimated not-pooled volume of milk was 95 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +1.1.

MILK COW NUMBERS - 20 MAJOR STATES



MILK PRODUCTION - 20 MAJOR STATES



ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, FEBRUARY 2003, WITH COMPARISONS ^{1/}												
CITY	February 2001			February 2002			January 2003			February 2003		
	Announced Coop.	Federal Order	Difference									
Dollars Per Hundredweight, 3.5% Butterfat												
Atlanta, GA	16.37	15.04	1.33	16.25	15.05	1.20	15.59	13.66	1.93	15.59	13.33	2.26
Baltimore, MD 2/	16.69	14.94	1.75	16.70	14.95	1.75	15.26	13.56	1.70	14.83	13.23	1.60
Boise, ID 3/	13.79	13.54	0.25	13.55	13.55	0.00	12.46	12.16	0.30	12.13	11.83	0.30
Boston, MA	15.67	15.19	0.48	16.80	15.20	1.60	15.21	13.81	1.40	14.88	13.48	1.40
Charlotte, NC	16.37	15.04	1.33	16.25	15.05	1.20	15.59	13.66	1.93	15.59	13.33	2.26
Chicago, IL	15.24	13.74	1.50	15.55	13.75	1.80	14.59	12.36	2.23	14.04	12.03	2.01
Cincinnati, OH	15.92	14.14	1.78	15.75	14.15	1.60	14.33	12.76	1.57	14.33	12.43	1.90
Cleveland, OH	15.72	13.94	1.78	15.55	13.95	1.60	14.13	12.56	1.57	14.13	12.23	1.90
Dallas, TX 2/	15.74	14.94	0.80	15.82	14.95	0.87	14.96	13.56	1.40	14.63	13.23	1.40
Denver, CO	15.19	14.49	0.70	15.35	14.50	0.85	13.96	13.11	0.85	13.63	12.78	0.85
Des Moines, IA	14.95	13.74	1.21	14.90	13.75	1.15	13.74	12.36	1.38	13.42	12.03	1.39
Detroit, MI	14.99	13.74	1.25	15.03	13.75	1.28	13.50	12.36	1.14	13.50	12.03	1.47
Hartford, CT	15.57	15.09	0.48	16.70	15.10	1.60	15.11	13.71	1.40	14.78	13.38	1.40
Houston, TX 2/	16.34	15.54	0.80	16.42	15.55	0.87	15.56	14.16	1.40	15.23	13.83	1.40
Indianapolis, IN	15.72	13.94	1.78	15.55	13.95	1.60	14.13	12.56	1.57	14.13	12.23	1.90
Kansas City, MO	15.15	13.94	1.21	15.10	13.95	1.15	14.33	12.56	1.77	14.01	12.23	1.78
Louisville, KY	15.39	14.14	1.25	15.15	14.15	1.00	13.86	12.76	1.10	13.86	12.43	1.43
Memphis, TN	15.82	14.74	1.08	15.75	14.75	1.00	15.09	13.36	1.73	15.09	13.03	2.06
Miami, FL	18.88	16.24	2.64	18.76	16.25	2.51	18.00	14.86	3.14	17.67	14.53	3.14
Milwaukee, WI	15.34	13.69	1.65	15.65	13.70	1.95	14.69	12.31	2.38	14.14	11.98	2.16
Minneapolis, MN	14.70	13.64	1.06	15.16	13.65	1.51	14.04	12.26	1.78	13.49	11.93	1.56
New Orleans, LA	16.52	15.54	0.98	16.40	15.55	0.85	15.74	14.16	1.58	15.74	13.83	1.91
Oklahoma City, OK	15.59	14.54	1.05	15.60	14.55	1.05	14.81	13.16	1.65	14.48	12.83	1.65
Omaha, NE	15.00	13.79	1.21	14.95	13.80	1.15	13.79	12.41	1.38	13.47	12.08	1.39
Philadelphia, PA 2/	16.86	14.99	1.87	16.87	15.00	1.87	15.40	13.61	1.79	14.88	13.28	1.60
Phoenix, AZ	14.44	14.29	0.15	14.45	14.30	0.15	13.06	12.91	0.15	12.73	12.58	0.15
Pittsburgh, PA	16.24	14.04	2.20	16.05	14.05	2.00	14.47	12.66	1.81	14.04	12.33	1.71
St. Louis, MO	15.65	13.94	1.71	15.20	13.95	1.25	13.81	12.56	1.25	13.48	12.23	1.25
Salt Lake City, UT	14.09	13.84	0.25	14.15	13.85	0.30	12.76	12.46	0.30	12.43	12.13	0.30
Seattle, WA	14.51	13.84	0.67	15.42	13.85	1.57	12.88	12.46	0.42	12.55	12.13	0.42
Springfield, MO	15.19	14.14	1.05	14.95	14.15	0.80	14.41	12.76	1.65	14.08	12.43	1.65
Washington, DC 2/	16.69	14.94	1.75	16.70	14.95	1.75	15.26	13.56	1.70	14.83	13.23	1.60
Simple Average 2/	15.66	14.42	1.24	15.76	14.44	1.32	14.52	13.04	1.48	14.24	12.71	1.53

1/ This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

2/ The cooperative Class I price for January 2003 has been revised.

3/ The information for this city is being reported now; the information for Spokane, WA has been discontinued.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 20 - 24, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 01/17/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	380,835	-0-	380,835	380,835	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	380,835	-0-	380,835	380,835	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	343,714	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	337,555	-0-	-0-	-0-
Process	158,400	-0-	158,400	5,781,600	-0-	-0-	-0-
TOTAL	158,400	-0-	158,400	6,462,869	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	19,618,346	1,363,287	18,255,059	156,449,078	126,296,472	983,377,000	699,913,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
TOTAL	19,618,346	1,363,287	18,255,059	156,449,078	126,296,472	1,029,768,000	738,140,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 20 - 24, 2003 =	13.8	214.1	COMPARABLE PERIOD IN 2001 =	2.9	153.9
CUMULATIVE SINCE OCTOBER 1, 2002 =	102.4	1,885.1	CUMULATIVE SAME PERIOD LAST YEAR =	27.8	1,470.1
CUMULATIVE JANUARY 1 - JANUARY 24, 2003 =	28.3	619.5	COMPARABLE CALENDAR YEAR 2001 =	10.9	574.2

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

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 20 - 24, 2003 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
CENTRAL\$	-0-	-0-	-0-	-0-	-0-	158,400	343,753	-0-	
WEST	380,835	-0-	-0-	-0-	-0-	-0-	17,563,117	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	348,189	-0-	

Note: Central\$ covers the same states formerly reported in the Midwest region. The change was made to correlate with the regions reported elsewhere in Dairy Market News. The states included are listed in Dairy Market Statistics.

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
CENTRAL\$	-0-	-0-	5,781,600	-0-	3,093,118	2,066,443	52.8	1.6
WEST	380,835	-0-	681,269	-0-	153,007,771	123,129,435	47.1	97.5
EAST	-0-	-0-	-0-	-0-	348,189	1,100,594	0.1	0.9
TOTAL	380,835	-0-	6,462,869	-0-	156,449,078	126,296,472	100.0	100.0

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 01/04/03 & Comparable Week 2002

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		
2003-Dairy	0.2	0.7	6.6	4.7	19.0	1.9	0.3	0.6	12.4	1.8	48.1	48.1	49.3	49.3
2002-Dairy	0.2	0.7	5.1	4.4	18.9	1.8	0.4	0.8	12.7	2.3	47.4	47.4	46.8	46.8
2003-All cows	0.2	0.8	8.9	11.4	29.7	10.7	13.5	3.5	13.1	5.8	97.6	97.6		
2002-All cows	0.2	0.8	7.7	11.4	28.5	10.2	16.9	5.1	14.3	6.1	101.2	101.2		

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 - 2003 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2003	FEB 2003
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	10.56	10.23
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07	10.91	11.12	11.26	11.62		
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74		
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41	10.22	10.50	10.58	10.49		

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm