

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/28):**

**BUTTER:** Grade AA closed at \$1.0275. The weekly average for Grade AA is \$1.0292 (+.0142).

**CHEESE:** Barrels closed at \$1.0250 and blocks at \$0.9925. The weekly average for barrels is \$1.0310 (-.0103) and blocks, \$1.0080 (-.0483).

**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:** Butter markets remain weak with the CME cash price remaining under support at the close of the trading for five consecutive trading sessions. Although the current price is below support, the cash price of \$1.0275 is not as low as prices dipped last fall prior to the support adjustment. Some producers and handlers anticipate that a price under support will be short lived as butter that was produced prior to December 1 can no longer be offered on the cash market. Churning schedules across the country remain seasonally strong. In the Eastern part of the country, cream offerings to local and out of area churns edged lower this week as Class II operations absorb additional supplies. Elsewhere in the country, cream supplies are heavy and production is surpassing demand. Butter demand is fair at best. Some scattered retail feature activity is occurring which does clear good volumes, but inventories are more than double what they were last year at this time.

**CHEESE:** The cheese market remains weak. Current offerings easily exceed the light demand. Recent sharp price declines signal buyers the opportunity to wait to see if prices will decline further. A few retailers using promotions are moving extra cheese. A few producers, mainly smaller specialty types, have floored their price at \$1.13 or so. With prices this far under support, more plants are packaging for possible CCC sales, despite the time lag from production through grading and lab results to final payment. Cheese production remains seasonally active.

**FLUID MILK:** Milk production is trending higher in most areas of the United States. Winter weather revisited much of the East which made milk pickups and transportation difficult. Bottled milk sales increased as storm buying patterns prevailed. Florida's milk production is increasing slowly and milk has to be moved out of state for processing. Other Southern states are seeing volumes increase. In the Midwest, milk supplies are seasonally heavy and processors are assessing future plant capacities this spring. Spot milk prices are being sold around class prices at best. In the Northwest, conditions are near ideal and milk production is responding higher. Low milk prices are affecting buying decisions at the farm level. Manufacturing plants are running on extended schedules in Utah and Idaho as milk intakes grow. In the Southwestern states, milk production continues to outpace last year's levels. In Central California, milk is noted to be 4 to 8% higher. Some of these same rates are

noted in Arizona and New Mexico. Cream prices are often lower and reflect the lower butter price on the CME last week. Multiples were either steady to lower. Buying interest for cream is often weak beyond contracted amounts with surpluses continuing to churns.

**DRY PRODUCTS:** Nonfat dry milk prices are slightly lower in the West as several producers changed prices to attract or keep business. Spot sales are light in a weak market and heavy offerings to the CCC price support program continue to be used to balance stocks. The remaining NDM (25,575 MT) of the DEIP year allocations was made available this week. Trade sentiment is neutral on this affecting the market. Dry buttermilk prices are steady to slightly lower in a weak market. Trading is often light. Drying schedules are active as butter churning continues to be heavy. Sales levels are light to moderate. The dry whey markets remain weak in the West, where more offerings and discounts are available, but steady in the Central and East. Whey protein concentrate prices are holding as supplies remain mixed. Positions vary often on stock levels. Lactose prices are unchanged with some firmer tones noted as buying interest for upcoming needs strengthen.

**CCC:** For the week of February 24 - 28, CCC purchased 380,742 pounds of Western butter, 514,800 pounds of Central process cheese, and 18,361,751 net pounds of NDM. Of the NDM total, 722,780 pounds were from the Central region, 16,669,903 pounds from the West, and 969,068 pounds from the East.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the February 2003 prices under the Federal Milk Order pricing system: Class II \$10.66 (-\$0.63), Class III \$9.66 (-\$0.12); and Class IV \$9.81 (-\$0.26). Product price averages used in computing Class prices are: butter \$1.0476, NDM \$0.8111, cheese \$1.1299, and dry whey \$0.1632. The Class II butterfat price is \$1.1443 and the Class III/IV butterfat price is \$1.1373. Further information may be found at: <http://www.ams.usda.gov/dyfmoms/mib/classprcacnmt.pdf>

**COLD STORAGE (NASS):** On January 31, U.S. cold storage holdings of butter totaled 202.6 million pounds, 28.4% more than a month ago and 104.3% more than last year. Natural American cheese holdings totaled 511.3 million pounds, 3.6% more than a month ago and 11.2% more than a year ago.

**CONSUMER PRICE INDEX (BLS):** The January CPI for all food is 177.5, up 1.0% from January 2002. The dairy products index at 166.4 is down 2.1% from a year ago. The following are the January to January changes for selected products: fresh whole milk -3.2%, cheese -3.8%, and butter -17.5%.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during the calendar year 2002 totals 170.5 billion pounds, 0.5% higher than during 2001. Comparing 2002 disappearance levels with a year earlier: butter is +0.9%; American cheese, +0.9%; other cheese, +3.7%; NDM, -22.4%; and fluid milk products, +0.3%.

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

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

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

PRODUCT	MONDAY FEBRUARY 24	TUESDAY FEBRUARY 25	WEDNESDAY FEBRUARY 26	THURSDAY FEBRUARY 27	FRIDAY FEBRUARY 28	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0350 (N.C.)	\$1.0350 (N.C.)	\$1.0350 (N.C.)	\$1.0250 (-.0100)	\$1.0250 (N.C.)	-.0100	\$1.0310 (-.0103)
40# BLOCKS	\$1.0125 (-.0075)	\$1.0200 (+.0075)	\$1.0125 (-.0075)	\$1.0025 (-.0100)	\$.9925 (-.0100)	-.0275	\$1.0080 (-.0483)
BUTTER GRADE AA	\$1.0200 (+.0200)	----	\$1.0400 (+.0200)	----	\$1.0275 (-.0125)	+.0275	\$1.0292 (+.0142)

\*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](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM) (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$ .8900 and Grade A price is \$ .8900. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 24, 2003

CHEESE — SALES: 7 CARS 40# BLOCKS: 1 @ \$1.0225, 1 @ \$1.0275, 2 @ \$1.0200, 1 @ \$1.0150, 1 @ \$1.0100, 1 @ \$1.0300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.0125, 1 @ \$1.0200

BUTTER — SALES: 7 CARS GRADE AA: 3 @ \$1.0100, 1 @ \$0.9925, 1 @ \$1.0000, 1 @ \$1.0125, 1 @ \$1.0200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.0250

TUESDAY, FEBRUARY 25, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.0200; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 26, 2003

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.0125; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ \$1.0400, 1 @ \$1.0250, 1 @ \$1.0200, 1 @ \$1.0100, 1 @ \$1.0000; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.0500, 1 @ \$1.0600, 1 @ \$1.0700

THURSDAY, FEBRUARY 27, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$0.9900; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0250; 1 CAR 40# BLOCKS @ \$1.0025

FRIDAY, FEBRUARY 28, 2003

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.0025; BIDS UNFILLED: 1 CAR 40#BLOCKS @ \$0.9800; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$0.9925

BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.0250, 1 @ \$1.0275; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0475, 1 @ \$1.0500

BUTTER MARKETS

JANUARY COLD STORAGE

According to NASS, January month-ending cold storage figures for butter total 202.6 million pounds, more than double the amount held last January and 28.4% heavier than December 2002 holdings.

NORTHEAST

The market tone remains weak. The CME price rebounded slightly during Monday's (2/24) trading, but is still below the CCC purchase price. The most recent cold storage figures show that January butter stocks are more than double last year's holdings. That coupled with continued heavy output and slow demand does not bode well for the butter market in the months to come. Churning activity in the East remains heavy and excess cream volumes continue to fill local plants with shipments to the Midwest still reported as heavy. Butter makers are more often paying lower multiples for the increasing volumes of cream being offered to them. Demand for butter is lackluster at best. A few sales of bulk have been noted, but most buyers are waiting to see where prices will settle out before making long term purchases. Some contacts feel that sales to CCC will pick up in all areas of the country particularly if the CME price holds at current levels. Retail sales of packaged butter are slow as prices have not reflected the drop in price at the CME and/or the wholesale levels of the market. 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

Butter markets are weak with the CME cash price remaining under support at the close of the trading for four consecutive trading sessions. Although the current price is below support, the cash price of \$1.0400 is not as low as prices dipped last fall prior to the support adjustment. Some producers and handlers anticipate that a price under support will be short lived as butter that was produced prior to December 1 can no longer be offered on the cash market after March 1. Churning

activity continues to be reported as seasonally active, although cream offerings, especially from Eastern sources, are lighter than in recent weeks. Central buyers speculate that cream demand for other cream based products in the Eastern part of the country is limiting Central offerings. Although cream supplies are less available than recent weeks, churning continues to surpass demand thus inventories are increasing. Buying interest for both food service and retail needs is fair at best. Most buyers continue to place orders for short term needs only. Bulk butter for spot sale would be available in a range of flat to 2 cents per pound over various pricing basis, but these sales are very light.

WEST

As butter prices have fallen on the cash CME market contacts have noted an increase in interest to own bulk butter. Buyers seem to feel that at these low prices there is little down side risk and the potential to make some money by holding the stocks might be there. Other buyers are not so sure about this strategy. Demand for current prints is fair from both food service and retail accounts. Little talk is noted concerning Easter marketing programs yet. Retail feature activity is not a regular occurrence at this time. When a feature program is implemented, good volumes of butter are being sold at retail. Cream supplies remain very heavy and most of the surplus is ending up in the churn. This pattern is not expected to change much in the short run. The milk flow is heavy and the normal spring flush is a ways off. U.S. cold storage holdings of butter increased by 44.8 million pounds (+28.4%) during January to 202.6 million pounds. Last year, holdings did not reach this level until April and for the three years before that, stocks never reached this level. Weekly CME butter stocks increased by 4.31 million pounds this past week and now stand at 144.6 million pounds. Current prices for bulk butter range from 3 1/2 cents under to 3 1/2 cents over the market based on the CME with various time frames and averages (includes CCC sales when applicable).

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
FEB 22	1.1452	1.0623	0.8097	1.0389	0.1614
	9,079,629	10,638,444	24,053,414	3,680,067	11,867,746

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

**CHEESE MARKETS**

**NORTHEAST**

Prices are sharply lower on natural items, fractionally lower on process items, and unchanged on Swiss. The market tone is weak. Cheese production in the Northeast is steady at moderate to heavy levels due to surplus milk supplies being higher than some contacts expected. Demand for most cheese types is seldom better than fair. The sharply lower prices for cheddar will help producers of aged cheddar who are putting most of their current output into aging programs. Demand for mozzarella remains lackluster and stocks are growing. Retail sales are fair at best as prices are not reflective of the current, CME prices. Food service orders are steady.

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

Cheddar 10# Prints	:	1.1200-1.6150
Cheddar Single Daisies	:	1.0775-1.5425
Cheddar 40# Block	:	1.1950-1.4425
Process 5# Loaf	:	1.2525-1.4500
Process 5# Sliced	:	1.2725-1.5175
Muenster	:	1.2825-1.4875
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is weak. Overall demand is slow to occasionally fair at best. Current offerings exceed demand and discounts are being used by some firms to stimulate interest. Specialty cheese offerings also struggle with the sluggish demand for many varieties. Current cash prices remain several cents below the support prices. A number of mainly smaller, specialty cheese producers again have floored their prices at \$1.13 or so. A few plants are reporting slightly better sales of mozzarella and/or muenster. For producers looking to clear some inventory to CCC, scheduling a grader requires additional planning. Reports indicate additional volumes of product are being packaged for CCC sale despite the multi-week time lag from grading to receiving payment. Cheese production remains seasonally active and some producers are worried about having adequate plant capacity come spring. Milk intakes are little changed from recent weeks.

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

Process American 5# Loaf	:	1.2200-1.4900
Brick And/Or Muenster 5#	:	1.5300-1.6175
Cheddar 40# Block	:	1.4225-2.1150
Monterey Jack 10#	:	1.6750-2.1150
Blue 5#	:	1.8100-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3625-2.2150
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
02/24/03	77,922	:	142,901
02/01/03	72,484	:	140,792
CHANGE	5,438	:	2,109
% CHANGE	8	:	1

**WEST**

Process and Swiss cheese prices fell slightly while natural items were down substantially. Both barrel and block prices at the CME are substantially below the current support price. Trade contacts indicate a hesitancy to offer barrels or blocks to the support program because of the problems that occur if the venture is not successful. Offerings of most styles and varieties of cheese are heavy. Demand is light and centered only on replacement purchases. Buyers see no reason to buy any cheese ahead at these prices. Good quality cheese is moving slowly, but cheese with defects is having trouble generating any interest even at large discounts. Producers and warehousemen throughout the West are looking at their calendars and inventory levels and wondering when they will run out of room. Natural American cheese stocks at the end of January total 511.3 million pounds, an increase of 3.6% or about 18 million pounds from last month. This increase is at a normal level. Stocks are up 11.2% from last year, but they are about even with 2001. Swiss stocks at the end of January total 25.1 million pounds, up 15.1% from December and more than double last year at this time. In fact, the average January stocks for the last four years is about 13 million pounds.

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

Process 5# Loaf	:	1.1900-1.4500
Cheddar 40# Block	:	1.1875-1.3275
Cheddar 10# Cuts	:	1.3675-1.5875
Monterey Jack 10#	:	1.3775-1.5375
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.3900

**FOREIGN**

Prices are mostly steady on imported varieties, but sharply lower on domestic-made types. The market tone is seasonally weak. Last week's storm severely disrupted delivery schedules and most distributors are getting back to normal this week. However, flooding and new storms are disrupting incoming and outgoing loads. Reports indicate that January 2003 cheese imports subject licensing totaled 6.45 million kg, 3.3% more than January 2002. Imports of high tier cheese during January totaled 1.34 million kg, 71.0% more than a year ago.

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

		NEW YORK
VARIETY	:	IMPORTED : DOMESTIC
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.3900 : 1.4150-2.9050*
Gorgonzola	:	3.2400-5.9400 : 1.9325-2.4900*
Parmesan (Italy)	:	TFEWR : 2.8250-2.9150*
Romano (Italy)	:	2.1000-3.1900 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.4225-1.6500*
Romano (Cows Milk)	:	-0- : 2.6125-4.7850*
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	:	2.5900-2.8500 : -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

## 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	0	38	0	16	0	33
SOUTHEAST STATES	0	0	0	0	0	0

The base price for Class I milk for March 2003 is \$9.81 per cwt., down \$0.42 from February. 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 March is \$6.74, down \$0.16 from February. Yet again, weather is the major story this week. Rain, sleet, and snow are covering a large portion of the mid-South and Middle Atlantic areas. School and business closings are common in the urban areas, but travel in outlying areas is hampered by ice and snow covered roads. Though not as bad as last week's storms, plant receipts and farm pick-ups were delayed in a large portion of the East. Bottled milk sales were good in most areas where forecasts of snow did cause some retail panic buying. Milk production is steady to slightly higher in the southern-most areas. Florida's output is increasing slowly and handlers did have to move milk out of state for processing. Some handlers in the Mid-South were busy with the logistics of milk movement in the storm-affected areas. Surplus milk volumes are reported in the range of lighter to heavier this week. Reports of a cheese plant shutting down two or three days this week because of the depressed price and demand for cheese pushed increased surplus milk volumes back to supplying plants. Other plants have little or no receipts on some days and only moderate amounts on others. Milk from the parts of the Northeast has been and is clearing to Canadian cheese makers. This need for milk began to develop after the recent WTO ruling against Canada and its dairy product exporting programs. This milk moving north is helping ease processing schedules at some plants. Reports indicate that Canada's need or desire for U.S. milk will be ongoing. The condensed skim market is steady, but some plants did have more than desired. Demand was steady to slower. Reports of some distressed loads clearing to the Midwest were noted. The fluid cream market is mixed, mostly weak. Offerings are heavy and spot demand is lackluster. A few spot loads were reported, but most deliveries were contractual. Excess volumes continue to move to local and Midwestern butter makers, but the actual number of loads shipped seem to be lighter than a few weeks ago. Cream prices are often lower. The multiples used to determine price are little changed this week, but the CME butter average decreased nearly five cents. Ice cream production is back to more normal levels after being disrupted by last week's storm. Cream cheese output is steady and also getting back to regular schedules. With the current, low price for butterfat, some users are building, as best they can, inventories of finished products. Churning activity remains heavy at those plants that are producing.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2180-1.3195
DELIVERED EQUIVALENT ATLANTA	-	1.2180-1.3398 M 1.2383-1.2688
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2180-1.3398

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9000- .9800
NORTHEAST- CLASS III - SPOT PRICES	- .7200- .8400

## M I D W E S T

Class I interest remains sluggish. Overall milk supplies remain seasonally heavy and some manufacturing plant operators already are concerned with having adequate plant capacity to handle their anticipated milk intakes in spring. Reports indicate that a small number of producers in different parts of Wisconsin have been told to locate a new milk buyer since their former milk buyers are trying to better balance their milk supplies with actual needs. This contrasts with the normal situation where field staff are, seemingly, always out trying to solicit new patrons. Sluggish cheese sales are causing plant operators to cut back on outside milk purchases in order to keep inventories from accumulating further. Reported spot milk prices range from -\$0.50 to +\$0.50 with unconfirmed reports of even lower

prices. Cream supplies are also heavy with ice cream interest good but not great. Condensed skim interest is uneven from fair to good, depending on class. Milk intakes are little changed from recent weeks. Snow cover is mixed with many traditional non-snow belt sections of the upper tier of states such as Minnesota and Wisconsin having received less snow than states further south. Many of these same areas are currently in dry/drought sections due to lack of precipitation since fall. Farm auction numbers listed in farm papers in the upper tier of states are increasing, though more of the current increase seems to be just farm equipment rather than those with dairy cattle thus far.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.75	\$ 40.00- 45.00
REPLACEMENT HEIFER CALVES	\$360.00-480.00	\$550.00-650.00

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

	FEB 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 45.50	\$ 37.00- 45.00

## W E S T

January 2003 pool receipts of milk in CALIFORNIA total 2.99 billion pounds, 5.4% higher than a year prior. The January blend price, at a fat test of 3.77%, is \$10.56, \$0.08 lower than December and \$1.99 lower than January 2002. The percentage of receipts used in Class I products is 18.23%. The January quota price is \$11.40 and the over quota price is \$9.70. These prices are \$0.08 lower than December and \$1.76 lower than a year earlier. Milk production patterns remain strong across the state of CALIFORNIA. Wet weather and cooler temperatures in the southern producing areas are minimally affecting milk output and, if any, only to the extent of keeping volumes steady with last week. The forecast for more moisture could extend the temporary plateau in milk for some producers. The precipitation is actually quite welcome from a water supply standpoint for agricultural and residential usages later in the year. Weather conditions have had little impact on milk production in the Central Valley. Plant intakes are heavy and reported at levels 4 to 8% higher than last year. Buying interest for any surplus milk offerings is limited and milk often has to move at in plant prices, delivered to generate sales. Milk is being moved around to find processing homes, especially with recent shutdowns and slowdowns of smaller plants and sometimes sporadic intakes at new plants. Milk supplies in the north are also heavy and being supplemented with surplus milk purchases. ARIZONA milk production levels are trending along at recent levels of around 4% over last year. Storms have generated moderate rainfall for localized areas, but impacts on milk supplies are not currently evident. Temperatures are conducive to cow comfort and to help dry feed lots. NEW MEXICO milk output is steady to slightly higher. Rainy and icy conditions in the northeastern milk producing areas have caused production and transportation problems. There are reports that some milk was dumped because roads to processors were closed. The damage extent of a plant dryer fire in the state is unclear. Cream markets remain very weak. Despite the low butter price at the CME and subsequent lower cream prices, buyer interest beyond contracted volumes is light. Cream continues to end up at Western churns. Western cream multiples range from 105 to 120, FOB, depending on class usage. Dryer conditions are more common in the PACIFIC NORTHWEST this week. Temperatures are also cooler. Conditions remain close to ideal for milk production in the short run. Problems may develop as summer approaches and water supplies deteriorate. Carry over hay stocks will be higher than anticipated which will help early in the summer, but conditions are expected to worsen by the end of the summer. Heifer prices have shown some weakness for the last three weeks. Contacts speculate that the low milk prices are just not allowing buyers to pay as much for replacements as they had. Culling rates seem to be increasing. Contacts noted the further depressed prices in the Class III futures market and are beginning to wonder if they will survive economically. Winter has finally hit in parts of UTAH and IDAHO. The moisture is very welcome and the cold hasn't been too bad. Some irrigation districts are telling their members not to plant crops that will need water in August. This recommendation would hit corn for silage the hardest. Manufacturing plants in the region are generally running on extended production schedules. Field representatives are aggressively looking for additional producers. Hay movement within the region, especially to the south, has been picking up over the last few weeks. Some activity may be related to the expected higher carry over stocks.

**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 weak market. Condensed skim movement is improved compared to the week prior yet milk intakes at some plants are higher, encouraging NDM production. Demand for NDM is mostly contractual with some spot ice cream and bakery interest for low heat and high heat respectively. Offers are increasing, especially from the West. Inventories are in balance to heavy at some locations. No sales to the CCC are currently reported from the Central region. Standard Grade interest is good for the limited supplies.

**EAST:** Prices are mostly steady in the East and the market tone remains relatively weak. "Things" are getting back to normal after last week's snow storm disrupted all aspects of market transportation. This week, drying schedules are moderate to heavy, but a few plants have had their natural gas supply cut so that home heating needs could be met. In these cases, the plants generally chose to clear their skim as condensed. Plant stocks are fairly well balanced. Clearances to CCC continue and another plant has packaged NDM in "G" bags for future offering. Domestic demand is fair. Buyers/users are taking contracted volumes, but spot purchases are slow. With current supply and price, many spot buyers see little or no reason to buy too far ahead.

**NOTICE:** February 25, 2003, the USDA, Foreign Agriculture Service announced the third stage of this program-year's allocations. This stage makes available 25,575 MT of NDM and 1,136 MT of cheese. This announcement fills the NDM and cheese allocations for this DEIP-year. Also, the USDA stated that they will issue invitations for 5,000 MT of the previously announced butterfat allocation of 13,186 MT.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8000 - .8800 MOSTLY: .8150 - .8300  
 HIGHHEAT: .8600 - .9150

**NONFAT DRY MILK - WEST**

Western low/medium heat NDM prices are trending slightly lower within the range and are reflected in a lower mostly range. Several producers are lowering prices to remain competitive with each other and to keep product moving. Heavy weekly volumes of NDM continue to be offered to the price support program and are expected to continue as milk production increases seasonally towards the seasonal peak. Demand is fair at best and buyers are not aggressive with upside price risk seemingly negligible in the near term. Energy costs are more of a concern as natural gas prices increase and transportation costs are limiting options of milk and condensed skim sales. With low milk and cheese prices, cheese manufacturers are less active in standardizing and fortifying cheese vats with NDM or condensed skim. During the week of February 17-21, Western producers offered 15.0 million pounds of powder to the CCC. The high heat prices retreated on the top end. Buying interest is seasonally light. Production levels remain at light levels, reflecting both light demand and plant throughput needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .7950 - .8925 MOSTLY: .8000 - .8100  
 HIGHHEAT: .8275 - .8450

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEKENDING	PRICE	TOTAL SALES	SALES TO CCC
February 21	\$.8018	11,932,182	8,454,211
February 14	\$.8019	13,498,937	9,111,370

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 lower on a steady to weak market. Offerings are increasing. Some producers report that buttermilk is difficult to move. Demand is best into brokerage facilities. Production is steady to somewhat higher as heavy cream supplies continue to flow into some churns. Ice cream interest in condensed buttermilk is mostly steady. Inventories are in balance to long at some locations. Prices for Report 9 in 2002 were 0.8200 - 0.9500.

F.O.B. CENTRAL: .6800 - .7075

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are mostly steady and the market tone remains weak. Eastern prices are nominal. Production of dry buttermilk is unchanged from previous weeks. Churning activity is little changed in this region. However, after last week's storm and the resulting disruption to deliveries, buttermilk processing and shipping is getting back to more normal levels. Demand for liquid and dry buttermilk is fair at best. Some low priced, off grade powder is clearing and seems to be attracting more attention than Extra Grade powder.

F.O.B. NORTHEAST: .7000 - .7300  
 DELVDSOUTHEAST: .7400 - .7650

**DRY BUTTERMILK - WEST**

Prices are unchanged in light trading for Western buttermilk. The general market tone remains weak. Production schedules remain active to process the continued stream of condensed buttermilk resulting from heavy butter production in the region. Buying interest is fair at best from spot accounts and buyers look hard for local bargains and from other regions and resellers. Inventory levels are moderate to heavy and outpace current demand.

F.O.B. WEST: .7000 - .7500 MOSTLY: .7200 - .7400

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are generally steady. Prices remain nominal. Production levels have been moderate to occasionally heavier. This stepped up output has helped some plants clear more butterfat since the fluid cream market is so weak. Plant stocks are still closely balanced, but some accumulations have been noted. Demand is mostly contractual with some LTL spot sales noted.

F.O.B. PRODUCING PLANT: 1.1000 - 1.1500

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2002 THROUGH FEBRUARY 21, 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. This program-year's allocations have been announced in stages. The third stage was announced on February 25, 2003, and makes available 25,575 MT of NDM and 1,136 MT of cheese. This announcement fills the NDM and cheese allocations for this DEIP-year. Also, the USDA will issue invitations for 5,000 MT of the previously announced butterfat allocation of 13,186 MT.

**WHEY, CASEIN & EVAPORATED MILK**

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

**DRY WHEY - CENTRAL**

Prices are generally unchanged on a steady market. Production is steady and inventories are in balance. Some plants are not able to offer product on a spot basis and are clearing whey only into contractual accounts. At other locations, plants are trading near the average with some offerings noted at higher prices. Buyers are not receptive to higher prices and producers are not aggressively pushing market prices higher. Traders continue to divert their interest to the West where product is more readily available. Condensed whey is abundant at some locations as plants attempt to avoid higher drying costs from increased natural gas prices. Mostly prices for Report 9 in 2003 were 0.2000 - .2050.

F.O.B. CENTRAL: .1550 - .1650 MOSTLY: .1550 - .1600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices and the market tone are steady. Northeastern producers report steady output, but some cheese plants are trying to ease back on output due to the weak market for cheese. Dry whey stocks range from sold out to fully adequate. A plant that had some problems a few weeks ago is trying to catch up on orders and have nothing to offer for current sale. Also, producers shipped a little more product this week since last week's storm disrupted transportation schedules. Traders report little or no spot interest and many comment on how long this relatively inactive market has lasted. It seems like the market has been quiet since the holidays.

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

**DRY WHEY - WEST**

Prices are somewhat mixed for Western whey powder, but the market tone remains weak. Producers' inventories and offerings are heavier than a few weeks ago. Production remains heavier than anticipated and is expected to remain that way for the near future. Demand from domestic buyers is steady, but centered around purchases for replacement needs. Export sales are spotty. Buyers say prices are competitive, but a number of them are covered for the near term and don't see the need to buy additional powder at this time.

NONHYGROSCOPIC: .1375 - .1850 MOSTLY: .1450 - .1625

**ANIMAL FEED WHEY - CENTRAL**

Prices remain unchanged on milk replacer and unchanged on roller ground. Plants with supplies of milk replacer are not aggressively marketing the product. Demand is mostly fair. Roller ground production is unchanged to lower as some plants reduce schedules due to increased natural gas prices. Inventories are in balance for the mostly contractual interest. Veal production totaled 17.9 million pounds, 6% above January a year ago. Calf slaughter totaled 93,800 head, up 7% from January 2002. Pork production totaled 1.75 billion pounds, up 2% from the previous year and a monthly record high. Hog kill totaled 8.79 million head, 1% above January 2002. Prices for Report 9 on milk replacer and roller ground in 2002 were 0.1700 - 0.1900 and 0.1900 - 0.2225 respectively.

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

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a mostly steady market. Supplies remain mixed. While some plants are sold out, others are clearing stocks at a discount into brokerage facilities. Movement is mostly contractual with some light interest into export markets. Production is steady to higher as some plants opt to produce WPC 34% instead of WPC 80%. Plenty of low protein and WPC 80% of varying quality are available as a substitute to WPC 34% into feed facilities. Some WPC 80% producers are diluting stocks with whey to produce WPC 34% for the light to fair demand. Mostly prices for Report 9 in 2002 were 0.6300 - 0.6475.

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

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Continued inquiries from domestic and foreign buyers encourage producers to speculate that prices will trend higher as the second quarter nears. While many producers are not negotiating second quarter contracts until the end of March, some producers are finalizing contracts at higher prices. A few contracts are also being renegotiated in response to higher freight charges and natural gas prices. Some contractual buyers are not able to receive extra loads from their suppliers and shipments are being delayed into some food facilities. Production is mixed. While some plants are seeing additional loads of lactose due to increased production of WPC 80%, others are reducing their output as production lines are re-directed to WPC 34%. Feed grade lactose supplies are limited and trading at the lower end of the range. Mostly prices for Report 9 in 2002 were 0.2075 - 0.2375.

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

F.O.B. EDIBLE: .1550 - .2350 MOSTLY: .1600 - .1800

**CASEIN - NATIONAL**

Casein markets are firm with prices unchanged to higher. Domestic buyers are basically getting their needs filled. In instances, some buyers are requesting earlier than scheduled deliveries and are willing to hold the additional stocks for future use. Buyers and sellers anticipate that prices will be higher during upcoming months and question what the supply situation will be. Milk production is on the down side in the Oceania region and recent reports indicate that lack of moisture is now also impacting New Zealand dairy regions. This could quickly reduce milk volumes to casein production, thus curtailing seasonal output earlier than anticipated.

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 - 2.0000

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are mostly steady. The market remains highly competitive. Demand is mostly for replacement needs, but a little improvement for Easter is noted. Production levels are steady.

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

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	02/12	02/13	02/14	02/17	02/18	02/19	02/20	02/21	02/24	02/25
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
FEB 03	9.69 (1843) 2	9.71 (1843) 3	9.69 (1834) 1	NO TRADING	9.69 (1834) 1	9.69 (1834) 0	9.69 (1839) 5	9.65 (1840) 2	9.65 (1833) 0	9.65 (1836) 3
MAR 03	9.71 (2419) 3	9.71 (2417) 22	9.25 (2443) 142		9.50 (2563) 143	9.40 (2569) 22	9.42 (2592) 183	9.28 (2651) 98	9.25 (2658) 56	9.20 (2841) 207
APR 03	9.95 (2552) 86	9.96 (2919) 450	9.86 (2956) 180		9.84 (3155) 339	9.74 (3350) 251	9.75 (3364) 58	9.56 (3422) 69	9.46 (3452) 40	9.42 (3557) 107
MAY 03	10.25 (2103) 78	10.25 (2285) 254	10.20 (2498) 352		10.16 (2643) 175	10.05 (2718) 90	10.09 (2928) 243	10.04 (2973) 115	9.95 (3201) 293	9.90 (3437) 268
JUN 03	10.52 (2359) 85	10.57 (2460) 212	10.52 (2557) 222		10.40 (2674) 216	10.33 (2735) 109	10.38 (2905) 271	10.35 (3048) 88	10.32 (3087) 95	10.29 (3210) 229
JUL 03	11.10 (2210) 93	11.07 (2284) 143	10.95 (2344) 143		10.76 (2628) 423	10.74 (2678) 150	10.67 (2674) 37	10.67 (2672) 51	10.65 (2671) 58	10.60 (2720) 173
AUG 03	11.85 (2174) 52	11.85 (2163) 121	11.83 (2280) 241		11.60 (2306) 281	11.41 (2383) 158	11.33 (2370) 63	11.25 (2376) 18	11.20 (2376) 25	10.90 (2376) 51
SEP 03	12.36 (2252) 52	12.35 (2325) 153	12.30 (2410) 176		12.06 (2435) 212	11.90 (2505) 138	11.85 (2484) 90	11.72 (2490) 39	11.60 (2510) 61	11.16 (2549) 93
OCT 03	12.15 (1811) 52	12.14 (1848) 88	12.14 (1945) 184		12.00 (2058) 248	11.94 (2098) 130	11.90 (2086) 43	11.77 (2092) 45	11.68 (2107) 34	11.13 (2094) 28
NOV 03	12.15 (1393) 42	12.12 (1420) 38	12.05 (1470) 82		11.85 (1484) 98	11.65 (1490) 26	11.60 (1485) 21	11.50 (1497) 25	11.41 (1507) 52	11.21 (1499) 21
DEC 03	12.02 (1217) 37	11.99 (1235) 44	11.95 (1254) 61		11.76 (1258) 62	11.50 (1260) 33	11.49 (1264) 18	11.37 (1263) 27	11.28 (1263) 33	11.00 (1266) 9
JAN 04	11.70 (105) 0	11.70 (107) 2	11.60 (120) 14		11.50 (127) 8	11.40 (132) 5	11.38 (134) 5	11.30 (136) 23	11.30 (142) 8	11.00 (144) 4
FEB 04	11.59 (64) 2	11.54 (64) 0	11.54 (69) 7		11.40 (74) 6	11.30 (74) 0	11.28 (84) 23	11.23 (84) 0	11.20 (83) 1	11.00 (87) 4
MAR 04	11.55 (47) 0	11.55 (47) 0	11.55 (47) 0		11.50 (50) 3	11.40 (50) 0	11.40 (50) 1	11.30 (50) 0	11.30 (51) 23	11.10 (57) 6
APR 04	11.55 (45) 5	11.55 (45) 0	11.55 (45) 0		11.55 (48) 3	11.40 (48) 2	11.36 (48) 1	11.34 (48) 0	11.34 (51) 22	11.14 (52) 3
MAY 04	11.50 (35) 5	11.50 (35) 0	11.50 (35) 0		11.50 (37) 2	11.50 (37) 0	11.50 (41) 4	11.40 (41) 0	11.40 (53) 29	11.25 (54) 1
JUN 04	11.55 (37) 5	11.60 (37) 0	11.60 (37) 0		11.60 (39) 2	11.60 (40) 1	11.60 (43) 3	11.50 (43) 1	11.50 (47) 4	11.43 (47) 0

**CME - CLASS IV MILK FUTURES - Dollars per cwt.**

FEB 03	10.05 (37) 0	10.05 (37) 0	10.00 (37) 0	NO TRADING	10.00 (37) 0	10.00 (37) 0	10.00 (37) 0	10.00 (37) 0	10.00 (37) 0	10.00 (37) 0
MAR 03	10.30 (25) 0	10.25 (25) 0	10.17 (25) 0		10.15 (25) 0	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0
APR 03	10.40 (14) 0	10.35 (14) 0	10.28 (14) 0		10.25 (14) 0	10.25 (14) 0	10.25 (14) 0	10.25 (14) 0	10.25 (14) 0	10.25 (14) 0
MAY 03	10.45 (8) 0	10.40 (8) 0	10.33 (8) 0		10.33 (8) 0	10.33 (8) 0	10.33 (8) 0	10.33 (8) 0	10.33 (8) 0	10.33 (8) 0
JUN 03	10.49 (5) 0	10.47 (5) 0	10.40 (5) 0		10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0	10.40 (5) 0
JUL 03	10.50 (6) 0	10.50 (11) 5	10.45 (11) 0		10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0	10.45 (11) 0

**CME - BUTTER FUTURES -- Cents per pound**

MAR 03	113.00 (484) 1	112.50 (484) 5	112.50 (474) 15	NO TRADING	112.50 (484) 52	109.00 (484) 12	109.00 (479) 40	109.00 (479) 3	109.50 (472) 22	108.50 (472) 17
MAY 03	116.75 (303) 1	116.25 (303) 5	115.75 (303) 5		115.00 (287) 38	112.00 (290) 18	112.00 (289) 3	112.02 (293) 10	112.47 (302) 29	112.00 (304) 13
JUL 03	119.75 (284) 1	119.47 (286) 2	119.00 (286) 0		119.00 (287) 13	116.75 (300) 13	116.00 (300) 0	116.00 (300) 0	116.00 (302) 2	115.75 (302) 6
SEP 03	122.50 (312) 1	122.25 (312) 0	122.25 (312) 0		122.25 (313) 1	119.75 (314) 1	119.00 (314) 3	119.02 (314) 0	119.02 (315) 4	118.75 (320) 5
OCT 03	124.00 (208) 0	124.00 (209) 1	123.50 (209) 0		123.50 (209) 0	121.50 (209) 0	121.50 (211) 5	121.00 (211) 0	121.00 (212) 2	120.50 (215) 3
DEC 03	127.00 (34) 0	127.00 (34) 0	127.00 (34) 0		126.50 (34) 0	125.50 (34) 0	125.50 (35) 1	125.00 (35) 0	125.00 (35) 1	124.00 (35) 0

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

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 17 - 28, 2003

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

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production trends in most European countries are seasonally increasing. As the beginning of the spring flush builds, producers in various countries monitor their output as the milk production quota yearend nears. In many countries, milk volumes are reported to be in line with quota volumes, but some adjustments may be needed during the final few weeks of March in some countries. During February, production of skim milk powder for intervention offering March 1 could be generated. Traders and handlers indicate that some powder is being readied for offering, but the extent of these offerings is unknown. Within the past few weeks, the EU Management Committee met and increased the skim milk powder export refund from 440 per ton to 510, a 16% increase. Traders and handlers attribute this adjustment to various factors: a firm euro against the dollar, slow international sales, and available stocks that are not moving before the start of a new production season. European traders acknowledged the final DEIP allocations in the U.S. but then state that they will be very interested who the buyers will be and what the bonuses will be at this slow sales time. European traders did indicate that an Algerian tender for 12,500 mt of both skim and whole milk powder, along with 3000 mt of butter oil for March/April delivery is currently being considered. Outside of this buyer, traders report small lot volumes, but nothing significant. Political unrest in the world along with the ramifications of potential war are causing potential buyers to be cautious.

**BUTTER/BUTTEROIL:** European butter markets are generally steady with prices unchanged to slightly lower. Stocks of butter are available for both domestic and international buyer interest. Some shipments of European butter continue to clear to Russia, but outside of this activity, most butter market activity is centered around an internal or domestic market.

82% BUTTERFAT: 1,150 - 1,250  
99% BUTTERFAT: 1,350 - 1,450

**SKIM MILK POWDER (SMP):** Skim milk powder prices are weaker, but the market is much the same as recent weeks. The recent 16% increase in export subsidies by the EU Management Committee is having very little impact on sales activity out of Europe. Granted, this did open the door a little wider for potential sales activity from Europe, but international buyers are not overly aggressive at this time. Reports indicate that Algeria is looking for 12,500 mt of skim milk powder for March/April delivery. Traders and handlers feel that Europe has stocks to meet this need, but with the tighter delivery time line, are questioning if the buyer and seller will be able to reach an acceptable price. Some traders indicate that if a source has good refunds to use, an agreement may be arranged.

1.25% BUTTERFAT: 1,675 - 1,700

**WHOLE MILK POWDER (WMP):** Whole milk powder markets remain much the same as in past weeks, although prices have weakened. International sales activity continues to be reported as light, although a recent tender out of Algeria is looking for 12,500 mt of powder for March/April delivery. European traders have mixed opinions on this transaction and will be closely monitoring the developments, especially with the tight delivery time that is being requested. Traders feel that there is powder available but are questioning what prices will be extended and what will the buyers be willing to accept.

26% BUTTERFAT: 1,650 - 1,700

**SWEET WHEY POWDER:** Whey powder markets are generally unchanged, although firmness in prices at the lower end of the range was reported. Stocks of powder continue to be available for buyer needs with most sales activity continuing to center around an internal market. International buyer interest is slow for European sourced product at current price levels.

NONHYGROSCOPIC: 390 - 400

**OVERVIEW: EASTERN EUROPE:** As the winter season continues to blanket most of Eastern Europe, milk production is not showing significant signs of increases. For the most part, stocks of manufactured dairy products are low, but some, small volume sales, are being reported. At this point, Eastern European milk producers are optimistic about the upcoming production season and are hopeful that they will be able to replenish depleted stocks and once again become more active in international sales activity.

## OCEANIA

**OVERVIEW:** As the milk production season winds down in the Oceania region, the lack of moisture in Australia continues and now in New Zealand, a lack of moisture is also appearing to be developing which may negatively impact final production trends. Production trends in Australia continue to indicate that milk output is trailing last season by about 10% with output in New Zealand running 1-1.5% ahead of last year. In Australia, some recent rainfall has occurred in drought stricken areas, enough to green pastures, although still short of needed volumes to replenish depleted water levels. In New Zealand, early on, milk handlers were optimistic with the start of the down side of the milk production season. Now with dryer conditions developing, many are hopeful that milk volumes, on an annual basis, will break even with last year. Some milk handlers and corresponding manufacturing facilities are beginning to adjust production schedules, reflecting the declining volume of milk. Although early, some milk producers are already reducing their daily milking schedules from twice to once a day. For the most part, stocks of Oceania produced dairy products are reported to be in close balance with demand. With much of their seasons' output pre-sold, most Oceania producers and handlers are making ends meet with very little, if any, available for spot buyer needs. At this time, most international trading activity is centered around delivery of previous sales from Oceania and elsewhere in the world, with minimal new buyer interest being reported. Prices are holding basically steady with past weeks and are very competitive with other international prices.

**BUTTER:** Butter markets are generally steady at unchanged prices. Current production trends are seasonally active, although in instances, milk is being diverted away from butter/powder toward other manufactured dairy products of more need. Although butter production is edging lower seasonally, handlers indicate that known needs are being filled with minimal volumes of additional butter available for spot buyer interest. Most current market activity is centering around deliveries of previously placed orders.

82% BUTTERFAT: 1,250 - 1,350

**CHEDDAR CHEESE:** Oceania cheese markets are generally unchanged, with slight fluctuations in prices occurring. Cheese production is seasonally active as milk is often being directed toward this need and away from other dairy products. Demand is active and centers around regular and ongoing customer needs. For the most part, Oceania producers indicate that shipments are occurring as scheduled.

39% MAXIMUM MOISTURE: 1,700 - 1,900

**SKIM MILK POWDER (SMP):** Skim milk powder markets in both Australia and New Zealand are generally steady. For the most part, prices are holding unchanged. Producers and handlers indicate that stocks of skim milk powder are sufficient to meet current needs. As the milk production season edges lower, some powder producers are indicating that milk receipts for powder production are declining faster than anticipated due to milk volumes being directed towards production of other dairy products. No new sales are being reported from the Oceania region at this time as current stocks and production are just keeping pace with known demand.

1.25% BUTTERFAT: 1,700 - 1,800

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady, although prices did weaken somewhat on the top end of the reported range. Stocks of whole milk powder are reported to be in close balance for known needs, although very limited for spot buyers. In many instances, producers and handlers indicate that they do not foresee much additional powder available for the balance of the milk production season. International sales activity is light with most trading activity centered around contractual commitments.

26% BUTTERFAT: 1,750 - 1,825

Exchange rates for selected foreign currencies: February 24, 2003

.6704 Canadian Dollar	.0210 Indian Rupee
.3155 Argentina Peso	.5658 New Zealand Dollar
.0910 Mexican Peso	.6053 Australian Dollar
.2574 Polish Zloty	.0085 Japanese Yen
	1.0796 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0910)= 10.9890.  
That is 1 US Dollar equals 10.9890 Mexican Pesos.

Source: "Wall Street Journal"

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.

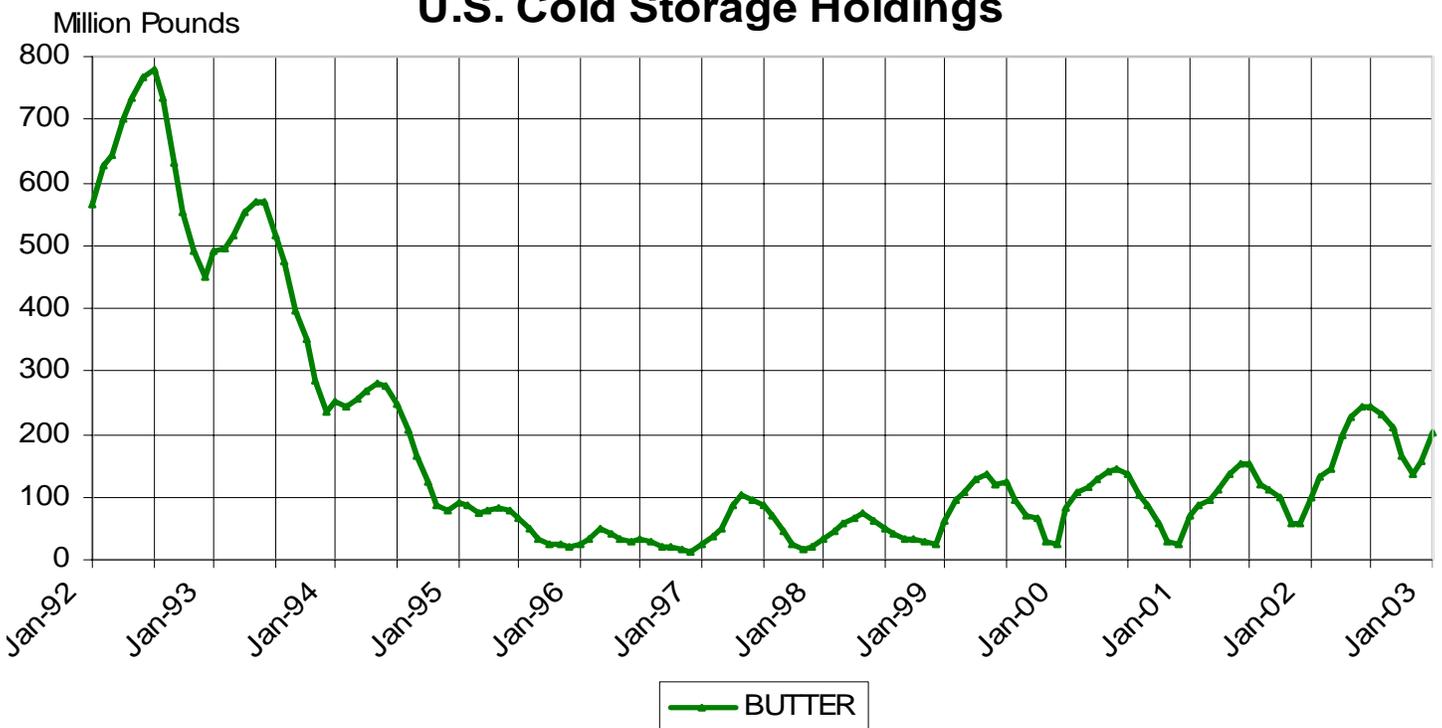
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	DEC 31, 2000	DEC 31, 2001	REVISED DEC 31, 2002	JAN 31, 2001	JAN 31, 2002	JAN 31, 2003
Butter	24,115	55,915	157,820	68,405	99,200	202,624
Cheese, Natural American	522,625	449,105	493,262	507,000	459,707	511,255
Cheese, Swiss	14,186	12,051	21,784	13,968	12,388	25,073
Cheese, Other Natural	171,000	198,885	215,015	188,937	221,541	218,687
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	142	436	555	338	260	349
Natural American Cheese	1,494	817	197	2,270	794	280

JANUARY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
New England	20,021	19,615	19,157	---	---	---	437	573	247
Middle Atlantic	48,666	59,493	57,436	---	---	---	9,701	37,705	31,562
East North Central	248,022	173,150	207,891	---	---	---	97,487	103,241	118,112
West North Central	83,107	102,790	118,835	---	---	---	60,756	67,154	55,578
South Atlantic	6,772	169	402	---	---	---	323	185	2,493
East South Central	0	42	546	---	---	---	169	172	267
West South Central	401	2,772	1,722	---	---	---	521	223	232
Mountain	11,448	8,803	13,342	---	---	---	6,895	2,838	832
Pacific	88,563	92,873	91,924	---	---	---	12,648	9,450	9,364
<b>TOTAL</b>	<b>507,000</b>	<b>459,707</b>	<b>511,255</b>	<b>68,405</b>	<b>99,200</b>	<b>202,624</b>	<b>188,937</b>	<b>221,541</b>	<b>218,687</b>

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

U.S. Cold Storage Holdings



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/</u> <u>2/</u>		Commercial		Government <u>2/</u>	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Million Pounds						Million Pounds						Million Pounds					
January	203	99	202	99	<u>3/</u>	<u>3/</u>	511	460	511	459	<u>3/</u>	1	NA	900	NA	120	NA	780
February		130		129		1		491		490		1		966		142		823
March		145		144		1		498		498		1		1,028		158		871
April		197		195		2		514		513		1		1,093		161		933
May		227		225		2		536		535		1		1,146		166		981
June		243		241		2		549		548		1		1,235		174		1,062
July		245		243		2		573		573		1		1,254		138		1,116
August		229		227		2		565		565		<u>3/</u>		1,327		109		1,218
September		209		207		2		513		512		1		1,308		85		1,223
October		165		163		2		501		500		1		1,279		79		1,200
November		136		135		1		474		474		<u>3/</u>		1,238		87		1,151
December		158		157		1		493		493		<u>3/</u>		1,145		99		1,047

NA – Not Available.

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	Dec 31, 2000	Dec 31, 2001	Dec 31, 2002	Jan 31, 2001	Jan 31, 2002	Jan 31, 2003
	Thousand Pounds					
Butter	23,973	55,479	157,265	68,067	98,940	202,275
Natural American Cheese	521,131	448,288	493,065	504,730	458,913	510,975

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (2-03) and "Dairy Products," Da 2-6 (2-03), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, MARCH

**Class I Base Price:** Under the Federal milk order pricing system, the Class I base price for March 2003 is \$9.81 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$6.04 and the advanced butterfat pricing factor of \$1.1374. 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 \$6.04. Thus, the Class II skim milk price for March is \$6.74 per cwt., and the Class II nonfat solids price is \$0.7489. **Product Price Averages:** The two-week product price averages for March are, butter \$1.0477, nonfat dry milk \$0.8108, cheese \$1.1304, and dry whey \$0.1641.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/</sup> <sub>2/</sub>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	March 2003		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	13.06	9.29	1.1699
Appalachian (Charlotte) <sup>5/</sup>	005	12.91	9.14	1.1684
Southeast (Atlanta) <sup>6/</sup>	007	12.91	9.14	1.1684
Florida (Tampa) <sup>7/</sup>	006	13.81	10.04	1.1774
Midwest (Cleveland) <sup>8/</sup>	033	11.81	8.04	1.1574
Upper Midwest (Chicago) <sup>9/</sup>	030	11.61	7.84	1.1554
Central (Kansas City) <sup>10/</sup>	032	11.81	8.04	1.1574
Southwest (Dallas) <sup>11/</sup>	126	12.81	9.04	1.1674
Arizona-Las Vegas (Phoenix) <sup>12/</sup>	131	12.16	8.39	1.1609
Western (Salt Lake City) <sup>13/</sup>	135	11.71	7.94	1.1564
Pacific Northwest (Seattle) <sup>14/</sup>	124	11.71	7.94	1.1564
All-Market Average		12.39	8.62	1.1632

<sup>1/</sup> 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. <sup>2/</sup> 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. <sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets. <sup>4/</sup> 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. <sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. <sup>6/</sup> 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. <sup>7/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. <sup>8/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. <sup>9/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. <sup>10/</sup> 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. <sup>11/</sup> 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. <sup>12/</sup> Class I price at Las Vegas is minus \$0.35. <sup>13/</sup> Class I price at Boise is minus \$0.30. <sup>14/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

**PERCENT OF OPERATIONS WITH MILK COWS AND PERCENT OF MILK PRODUCTION, BY SIZE GROUP OF OPERATION, SELECTED STATES, AND U.S., 2002 1/**

State	Size group of operation:												Total Operations
	1-29 Head		30-49 Head		50-99 Head		100-199 Head		200-499 Head		500+ Head		
	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	
PERCENT													
AZ	46.0	0.1	2/	2/	4.0	0.2	4.0	0.5	8.0	3.2	38.0	96.0	250
CA	11.2	0.1	2.8	0.1	3.6	0.3	10.4	2.5	28.0	17.0	44.0	80.0	2,500
CO	73.7	1.0	1.3	0.5	3.9	2.0	5.1	4.5	9.6	25.0	6.4	67.0	780
FL	58.0	0.2	1.0	0.1	4.0	0.5	6.0	1.7	11.0	12.5	20.0	85.0	500
GA	43.9	0.5	1.5	0.5	13.6	6.0	24.3	27.0	12.1	26.0	4.6	40.0	660
ID	22.1	0.2	8.4	0.6	20.0	2.7	14.7	4.0	15.8	11.0	19.0	81.5	950
IL	26.7	2.5	19.4	9.0	34.5	32.0	15.0	30.5	3.6	17.0	0.8	9.0	1,800
IN	46.2	6.0	18.8	9.0	22.3	23.0	9.6	21.0	2.1	11.0	1.0	30.0	2,600
IA	22.4	3.0	25.0	10.0	32.8	31.0	15.9	31.0	3.1	14.0	0.8	11.0	3,200
KY	40.0	5.0	18.8	13.0	28.0	38.0	10.8	29.0	2.2	12.0	0.2	3.0	2,500
MD	17.8	1.0	16.7	6.0	34.4	23.0	23.3	35.0	6.7	20.0	1.1	15.0	900
MI	32.9	2.5	15.6	4.5	23.4	15.0	18.4	25.0	7.5	25.0	2.2	28.0	3,200
MN	12.5	2.7	33.3	17.0	40.3	38.0	9.7	17.0	3.5	16.0	0.7	9.3	7,200
MO	45.7	2.0	17.1	15.0	22.9	30.0	12.9	38.0	1.1	7.0	0.3	8.0	3,500
NM	65.0	0.1	2/	2/	1.0	0.1	1.0	0.4	3.0	1.4	30.0	98.0	500
NY	16.9	1.5	17.6	5.5	39.4	25.0	16.9	25.0	7.2	22.0	2.0	21.0	7,100
NC	52.9	0.5	3.4	1.5	16.1	15.0	17.8	32.0	8.1	30.0	1.7	21.0	870
OH	45.1	5.5	17.6	11.5	23.5	30.0	10.6	28.0	2.8	17.0	0.4	8.0	5,100
OK	62.5	2.0	7.5	4.0	14.4	15.0	11.9	25.0	3.1	17.0	0.6	37.0	1,600
OR	46.2	0.5	3.8	1.0	10.6	5.5	21.3	18.0	12.5	28.0	5.6	47.0	800
PA	16.2	2.0	35.3	21.0	36.4	38.0	9.1	21.0	2.6	12.0	0.4	6.0	9,900
SD	30.8	3.0	20.8	9.0	28.7	23.0	14.2	24.0	3.8	16.0	1.7	25.0	1,200
TN	39.3	1.5	9.3	4.0	27.8	28.0	17.9	37.0	5.0	22.0	0.7	7.5	1,400
TX	47.4	0.3	4.7	0.7	10.5	4.0	15.3	12.0	13.7	25.0	8.4	58.0	1,900
UT	34.3	0.7	5.7	1.3	15.7	7.0	22.9	21.0	15.7	32.0	5.7	38.0	700
VT	7.3	0.5	18.0	5.5	47.3	27.0	17.4	22.0	8.0	25.0	2.0	20.0	1,500
VA	33.3	2.0	10.0	4.0	26.7	23.0	23.3	41.0	6.0	23.0	0.7	7.0	1,500
WA	30.5	0.2	3.2	0.3	11.6	2.5	18.9	9.0	21.1	26.0	14.7	62.0	950
WI	14.6	2.5	27.0	12.0	42.1	35.0	11.3	19.0	3.9	17.5	1.1	14.0	17,800
OTHER STS	46.3	1.5	11.6	5.0	22.0	21.0	13.3	25.0	5.5	23.5	1.3	24.0	8,630
U.S.	27.9	1.5	20.1	6.1	30.3	17.4	12.9	15.6	5.6	17.5	3.2	41.9	91,990

1/ An operation is any place having one or more head of milk cows, excluding cows used to nurse calves, on hand at any time during the year. Percent of operations was computed by the Agricultural Marketing Service; in some cases, percents have been adjusted to sum to 100. Information reflects average distributions of various probability surveys conducted during the year but are based primarily on beginning-of-year and mid-year surveys. 2/ Data combined with other size groups.

SOURCE: "Milk Production," Da 1-1 (2-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

EDITOR'S NOTE: This table can be interpreted as follows: Farms with 1-29 milk cows in California account for 11.2 percent of all operations with milk cows in California and 0.1 percent of total milk production in California. Also, for most states, the 1-29 Head size group likely contains many operations that are not commercial dairy farms.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
NOV 2002	176.8	1.3	167.1	-2.4	160.6	-5.1	168.6	-2.3	139.4	-18.5	162.1	-0.4
DEC 2002	177.3	1.5	167.3	-2.0	160.2	-4.2	168.3	-2.5	141.0	-19.4	162.4	0.2
JAN 2003	177.5	1.0	166.4	-2.1	159.6	-3.2	166.2	-3.8	144.8	-17.5	161.6	-0.3
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Lowfat Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Dollars												
NOVEMBER	2.719	2.890	NA	2.649	2.608	3.162	3.941	3.971	4.140	4.241	3.816	3.463
DECEMBER	2.682	2.895	NA	2.646	2.842	3.310	3.842	3.994	4.107	4.165	3.757	3.836
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
JANUARY	2.686	2.812	NA	2.581	2.944	3.419	3.713	3.937	4.101	4.229	3.752	3.425

NA Data not adequate for publication.

<sup>1/</sup> "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. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—OCTOBER-DECEMBER AND YEAR-TO-DATE 2001-02 <sup>1/</sup>

Item	Oct.-Dec. 2001	Percent change <sup>2/</sup>	Oct.-Dec. 2002	Percent change <sup>2/</sup>	Jan.-Dec. 2001	Percent change <sup>2/</sup>	Jan.-Dec. 2002	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	40,948	0.7	41,555	1.5	165,497	-1.0	169,758	2.6
Marketings	40,630	0.8	41,246	1.5	164,233	-0.9	168,533	2.6
Beginning Commercial Stocks <sup>3/</sup>	8,755	-1.9	11,243	28.4	6,839	11.3	7,041	3.0
Imports <sup>3/</sup>	1,432	30.9	1,329	-7.2	5,717	28.6	5,104	-10.7
Total Supply <sup>4/</sup>	50,817	1.0	53,818	5.9	176,789	0.2	180,678	2.2
Ending Commercial Stocks <sup>3/</sup>	7,041	2.5	9,888	40.4	7,041	2.5	9,888	40.4
Net Removals <sup>3/</sup>	20	-88.0	90	350.0	145	-82.8	329	126.9
Commercial Disappearance <sup>4/</sup>	43,756	1.1	43,840	0.2	169,603	0.5	170,461	0.5
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	397	4.5	393	-1.1	1,280	0.3	1,292	0.9
American Cheese	954	3.9	927	-2.9	3,656	2.0	3,689	0.9
Other Cheese	1,312	-0.2	1,381	5.2	4,952	0.1	5,137	3.7
Nonfat Dry Milk	214	12.0	189	-12.0	946	23.0	735	-22.4
Fluid Milk Products <sup>6/</sup>	14,228	0.1	14,277	0.3	55,105	-0.5	55,262	0.3

<sup>1/</sup> 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. <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds.

<sup>6/</sup> 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 WEEK OF FEBRUARY 24 - 28, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 02/14/03\$	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	380,742	-0-	380,742	1,776,977	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>380,742</b>	<b>-0-</b>	<b>380,742</b>	<b>1,776,977</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CHEESE</b>							
Block	-0-	-0-	-0-	343,714	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	381,082	-0-	-0-	-0-
Process	514,800	-0-	514,800	8,197,200	-0-	-0-	-0-
<b>TOTAL</b>	<b>514,800</b>	<b>-0-</b>	<b>514,800</b>	<b>8,921,996</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>NONFAT DRY MILK</b>							
Nonfortified	18,361,751	-0-	18,361,751	242,536,309	198,291,606	1,039,379,000	768,610,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
<b>TOTAL</b>	<b>18,361,751</b>	<b>-0-</b>	<b>18,361,751</b>	<b>242,536,309</b>	<b>198,291,606</b>	<b>1,085,770,000\$</b>	<b>806,837,000</b>

\$DATA FOR 2/21/03 NOT AVAILABLE

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 24 - 28, 2003 =	17.1	218.9	COMPARABLE PERIOD IN 2002 =	5.0	262.0
CUMULATIVE SINCE OCTOBER 1, 2002 =	174.4	2,911.7	CUMULATIVE SAME PERIOD LAST YEAR =	43.6	2,308.1
CUMULATIVE JANUARY 1 - FEBRUARY 28, 2003 =	100.3	1,646.1	COMPARABLE CALENDAR YEAR 2002 =	26.7	1,412.2

\* 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 FEBRUARY 24 - 28, 2003 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	514,800	722,780	-0-
WEST	380,742	-0-	-0-	-0-	-0-	-0-	16,669,903	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	969,068	-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
CENTRAL	-0-	-0-	8,197,200	-0-	5,707,792	5,373,350	44.1	2.7
WEST	1,776,977	-0-	724,796	-0-	231,163,278	187,699,447	55.2	94.7
EAST	-0-	-0-	-0-	-0-	5,665,239	5,218,809	0.7	2.6
<b>TOTAL</b>	<b>1,776,977</b>	<b>-0-</b>	<b>8,921,996</b>	<b>-0-</b>	<b>242,536,309</b>	<b>198,291,606</b>	<b>100.0</b>	<b>100.0</b>

**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 02/08/03 & 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	0.8	8.2	2.7	23.1	2.9	0.4	0.9	14.1	2.6	55.9	345.8	48.0	48.7
2002-Dairy	0.2	0.6	5.7	4.7	18.3	2.7	0.5	0.9	13.3	2.8	49.7	314.3	48.6	47.4
2003-All cows	0.2	1.0	11.0	11.8	36.6	15.3	14.7	3.4	15.7	6.7	116.4	710.2		
2002-All cows	0.2	0.8	7.7	12.4	30.0	12.0	15.1	3.4	15.0	5.6	102.3	663.7		

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 MILK PRICES, (3.5% BF)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

**FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81									
II	11.29											
III	9.78											
IV	10.07											

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