

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/07):**

BUTTER: Grade AA closed at \$1.0875. The weekly average for Grade AA is \$1.0875 (+.0583).

CHEESE: Barrels closed at \$1.0300 and blocks at \$1.0800. The weekly average for barrels is \$1.0260 (-.0050) and blocks, \$1.0800 (+.0720).

NONFAT DRY MILK: Extra Grade closed at \$0.8400 and Grade A at \$0.8400. The weekly average for Extra Grade is \$0.8440 (-.0460) and Grade A, \$0.8440 (-.0460).

BUTTER: Butter markets remain weak although the cash price increased above support early in the week. Churning activity across the country continues seasonally heavy, but demand for cream from ice cream producers and other Class II products is increasing. Some Eastern butter producers are looking for additional cream volumes to maintain full production schedules. Current production continues to outpace demand, thus heavy inventories continue to build. Although inventories are heavier than most desire for this time of the year, many are holding stocks with some confidence for use later this summer and fall. DEIP butterfat activity is once again occurring. Since the announcement on February 25, bonuses of \$1310/MT for butter and \$1900-1950/MT for anhydrous milkfat were awarded. The majority of the anhydrous is destined for the Caribbean, Central and South America, with the butter headed for Africa and the Middle East. All of the invitation for offer has been filled. Commercial butter demand is fair at best. Conversations are occurring about upcoming Easter needs, but no significant demand is being reported.

CHEESE: The cheese market is unsettled. Block prices rebounded this week and ended the inverted (barrels higher than blocks) spread. The block price rebound stimulated a few buyers to cover short term needs. A few retailers are promoting cheese at current low prices and/or for Lent. Overall demand is slow to occasionally moderate. Current cheese production remains seasonally heavy, reflecting milk supplies. Growing cheese inventory remains a problem for many producers. CCC cheese purchases continue from the Central and West. Additional volumes are in the pipeline due to the several cents spread between the cash market and support.

FLUID MILK: Weather patterns continue to influence milk output and production schedules, although disruptions are quickly remedied as adverse weather conditions pass. In the Northeast, milk movement and processing schedules are basically back to where they were prior to the snow storm of two weeks ago. Last weekend, snow fell again in some of the areas but no where the magnitude of the previous storm. Often, bottlers were increasing schedules to accommodate retail demand prior to negative weather forecasts. In the Southeast, especially Florida and the Gulf Coastal states, milk receipts are indicating that milk production is on the increase. Milk volumes were more than sufficient in Florida to meet their Class I demand, thus surplus milk was being shipped out of state to manufacturing facilities in the Southeast. In the Central part of the country, a midweek snow storm blanketed much of the area with the season's first significant snow fall. Moisture conditions are low thus far this winter in many areas, thus any moisture at this time is welcomed. In New Mexico, Arizona, and California, milk output is increasing seasonally. Weather conditions have been quite conducive to good production trends. In the Pacific Northwest, lack of moisture is also a concern, but is having little impact on milk production at this time.

Milk output is very strong and plants are operating on heavy production schedules. In the Mountain states, the milk flow continues to be reported as heavy.

DRY PRODUCTS: Most of the dry dairy product markets are unchanged from past weeks. Prices are basically holding steady with minimal price fluctuation occurring. The nonfat dry milk market is basically unchanged with heavy volumes of surplus powder clearing to the CCC from producers across the country. Most trading activity for powder is occurring on a contractual basis with minimal spot buyer interest reported. The buttermilk powder markets are holding steady, although the market tone is weak. Supplies of condensed skim are increasing in response to increased churning activity at some locations. Demand for condensed buttermilk for ice cream production is increasing as producers gear up production schedules seasonally. Whey markets are weak with sales activity reported as slow. Often, producers and handlers are calling potential buyers to try and move some powder with little success. Production is mixed. Some plants report reduced cheese production in response to lower cheese prices, encouraging lower whey output, while others continue to report strong production schedules.

CCC: For the week of March 3-7, CCC purchased 761,945 pounds of Western butter, 1,069,200 pounds of Central process cheese, 102,144 pounds of Western barrel cheese, and 14,296,586 net pounds of NDM. Of the NDM total, 1,657,722 pounds were from the Central region, 12,173,775 pounds from the West, and 465,089 pounds from the East.

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2003 was unchanged at 127. Compared with February 2002, the index was up 4 points (3.3%). The index of prices received by farmers for dairy products declined 2 points during the month of February 2003 to 88. Compared with February 2002, the index was down 12 points (12.0%). Prices received by farmers in February with changes from January were: for All Milk, \$11.50 per hundredweight, down \$.20; Fluid Grade Milk, \$11.50, down \$.30; and for Manufacturing Grade Milk, \$10.30, down \$.20.

JANUARY 2003 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 142.4 million pounds during January, 1.3% more than January 2002 and 11.7% more than December 2002. American type cheese production totaled 319.2 million pounds, 1.3% above last January and 1.0% heavier than December 2002. Total cheese output (excluding cottage cheese) was 724.3 million pounds, 2.7% more than January 2002 but 1.7% below December 2002. Current monthly dry dairy product output and the comparison to January 2002 are as follows: human food NDM, 133.9 million pounds, up 12.7%; dry whole milk, 3.6 million pounds, off 5.7%; dry buttermilk, 7.0 million pounds, up 25.4%; human food quality dry whey, 89.8 million pounds, up 6.2%.

DEIP ACTIVITY: All of the current year DEIP allocations for Nonfat dry milk (68,201 MT), 3,029 MT of the 3,030 MT of cheese, and 5,000 MT of butterfat have been awarded bonuses under the 2002-2003 program. Since the February 25 announcement by FAS of the third stage of allocations, bonuses ranging \$129.08 - 150.00/MT were awarded for 25,576 MT of nonfat dry milk, bonuses ranging \$480.61 - 595.00/MT were awarded for 1135 MT of various cheeses, and bonuses of \$1900.00 - 1950.00/MT for 4820 MT of anhydrous and \$1310/MT for butter were awarded.

****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 MARCH 3	TUESDAY MARCH 4	WEDNESDAY MARCH 5	THURSDAY MARCH 6	FRIDAY MARCH 7	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE BARRELS	\$1.0250 (N.C.)	\$1.0250 (N.C.)	\$1.0250 (N.C.)	\$1.0250 (N.C.)	\$1.0300 (+.0050)	+.0050	\$1.0260 (-.0050)
40# BLOCKS	\$1.0800 (+.0875)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	+.0875	\$1.0800 (+.0720)
NONFAT DRY MILK EXTRA GRADE	\$.8500 (-.0400)	\$.8500 (N.C.)	\$.8400 (-.0100)	\$.8400 (N.C.)	\$.8400 (N.C.)	-.0500	\$.8440 (-.0460)
GRADE A	\$.8500 (-.0400)	\$.8500 (N.C.)	\$.8400 (-.0100)	\$.8400 (N.C.)	\$.8400 (N.C.)	-.0500	\$.8440 (-.0460)
BUTTER GRADE AA	\$1.0850 (+.0575)	-----	\$1.0900 (+.0050)	-----	\$1.0875 (-.0025)	+.0600	\$1.0875 (+.0583)

*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, MARCH 3, 2003

CHEESE — SALES: 2 CARS BARRELS @ \$1.0250; BIDS UNFILLED: 8 CARS 40# BLOCKS: 1 @ \$1.0800, 1 @ \$1.0675, 1 @ \$1.0475, 1 @ \$1.0325, 1 @ \$1.0175, 1 @ \$1.0025, 1 @ \$0.9975, 1 @ \$0.9925; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$0.8500; 1 CAR GRADE A @ \$0.8500
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.0800, 1 @ \$1.0850; BIDS UNFILLED: 20 CARS GRADE AA: 1 @ \$1.0800, 2 @ \$1.0775, 4 @ \$1.0750, 2 @ \$1.0700, 1 @ \$1.0650, 1 @ \$1.0550, 1 @ \$1.0500, 1 @ \$1.0450, 1 @ \$1.0350, 2 @ \$1.0300, 4 @ \$1.0275; OFFERS UNCOVERED: NONE

TUESDAY, MARCH 4, 2003

CHEESE — SALES: 1 CAR BARRELS @ \$1.0250; 7 CARS 40# BLOCKS: 1 @ \$1.0775, 1 @ \$1.0800, 2 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0775, 1 @ \$1.0800; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0200; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0250; 4 CARS 40# BLOCKS: 1 @ \$1.0800, 1 @ \$1.0850, 1 @ \$1.0900, 1 @ \$1.1000
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 5, 2003

CHEESE — SALES: 8 CARS 40# BLOCKS: 1 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0775, 1 @ \$1.0800; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0250; OFFERS UNCOVERED: 4 CARS 40# BLOCKS: 1 @ \$1.0800, 2 @ \$1.0900, 1 @ \$1.1000
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$0.8400; 1 CAR GRADE A @ \$0.8400
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.0875; BIDS UNFILLED: 13 CARS GRADE AA: 1 @ \$1.0900, 2 @ \$1.0875, 2 @ \$1.0850, 1 @ \$1.0825, 1 @ \$1.0775, 2 @ \$1.0750, 2 @ \$1.0725, 2 @ \$1.0700; OFFERS UNCOVERED: NONE

THURSDAY, MARCH 6, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.1000
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 7, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0300; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1000
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.0900, 1 @ \$1.0850; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.0875, 1 @ \$1.0850, 2 @ \$1.0750, 2 @ \$1.0700; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1000

BUTTER MARKETS

JANUARY BUTTER PRODUCTION

During January 2003, butter production in the United States totaled 142.4 million pounds, 1.3% more than January 2001 and 11.7% more than December 2002. The following are January to January changes for various states: CA +11.4%, NY +45.6%, PA -42.0.7%, and WI -5.3%.

NORTHEAST

The butter market tone remains weak, although the cash price at the CME did firm over the support price early in the week. Producers and handlers speculate that the recent firmness in the cash price has more to do with age of stocks offered on the exchange versus supply/demand influences. Churning activity in the East remains heavy. Cream supplies are readily available to local butter operations although additional cream does continue to move to other areas of the country. Demand from Class II cream buyers is on the increase, thus lower volumes of cream are leaving the region. Butter stocks continue to run more than double last year at this time. Under the DEIP program, butterfat is moving to the Caribbean, Central and South America, Asia, and the Former Soviet Union. No butterfat has moved under the DEIP program since May 2000. Thus far, bonuses ranging \$1,930 – 1,950 per mt were awarded for a total of 1500 mt. Commercial butter demand is fair at best. As in recent weeks, most buyers continue to place orders for short term needs. 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 remain weak, although the cash price increased above support early in the week. A cash price above \$1.05 was not a surprise to many producers and handlers. Churning schedules in the Central part of the country remain seasonally strong. Butter producers indicate that additional cream offerings from outside

sources are not as plentiful as in recent weeks, although churning activity continues to surpass demand. Inventories are more than double the level of last year at this time and demand is fair at best. Retail and food service buyers continue to purchase for short term needs. The upcoming Easter holiday is 6 weeks away, but no significant buyer interest is being reported as of yet. There are ongoing conversations about possible feature activity during the Lenten season, but no significant orders are occurring yet. 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

Western contacts were surprised at the major increase in butter prices (+ 5 3/4 cents) on March 3. Country stocks, offerings, and production remain heavy. Print orders are about steady with no additional interest noted at this time. Bulk sales are often rated as slow. Current production is above expectations at most plants because of the heavy cream offerings. January U.S. butter production was only slightly above one year ago at 142.4 million pounds. Production did increase almost 15 million pounds from December. The Western region produces about 40% of total production and output in January was up 12.7% from last year. CME weekly butter stocks grew by 6.3 million pounds this past week to reach 150.8 million pounds. This is an all time record for the storage program at Chicago. Since December 1, stocks have grown more than 70 million pounds over these three months. Current prices for bulk butter range from 4 cents under to 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			
MAR 1	1.0991	1.0568	0.8080	1.0163	0.1629
	7,207,494	10,887,630	28,339,521	4,147,776	12,715,588

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

CHEESE MARKETS

NORTHEAST

Wholesale cheese prices are unchanged on Swiss and lower on other natural varieties and process. The cheese market is unsettled to weak. Recent weekly declines were followed by Monday's (3/3) large, 8.75 cents increase to \$1.08 at the Chicago Mercantile Exchange cash cheese market, still well below the CCC purchase price of \$1.1314. The change may have some buyers looking to cover short term needs. Demand remains fair at best. Eastern cheese production remains seasonally active.

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

Cheddar 10# Prints	:	1.0725-1.5675
Cheddar Single Daisies	:	1.0300-1.4950
Cheddar 40# Block	:	1.1475-1.3950
Process 5# Loaf	:	1.2425-1.4400
Process 5# Sliced	:	1.2625-1.5075
Muenster	:	1.2350-1.4400
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Some plant operators are reluctant to make spot sales, as natural prices are expected to rebound from current lows next week. With cash prices still below support prices, more plant operators may package product for CCC clearance. Reports indicate that USDA grader availability is very limited. Some plants have product already in the pipeline for eventual clearance to CCC. At least a few cutters are reporting an improvement in natural orders, in anticipation of Lenten or other promotions. Barrel demand is steady to occasionally improved where processors are packaging for CCC sale or for storage for later use. The wide spread between the cash barrel price and support (over 7 cents) has producers at least considering packaging barrels for eventual CCC sale. Process interest remains spotty, with the normal early spring pickup not really evident yet. Interest in voluntarily aging cheddar is light since the increased supplies in recent years have caused the market to be highly competitive with limited profitability. Swiss movement is generally moderate. Higher Swiss production and inventory is being aided by lower prices. Current cheese production remains seasonally active and above year ago levels.

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

Process American 5# Loaf	:	1.2100-1.4900
Brick And/Or Muenster 5#	:	1.5200-1.6700
Cheddar 40# Block	:	1.3750-2.1150
Monterey Jack 10#	:	1.6275-2.1150
Blue 5#	:	1.7625-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3150-2.2150
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
		:	
03/03/03	78,939	:	145,186
02/01/03	72,484	:	140,792
CHANGE	6,455	:	4,394
% CHANGE	9	:	3

WEST

Process cheese prices are slightly lower while natural items are sharply lower following trading at the CME last week. Block cheese prices surged (+ 8 3/4 cents) early this week. Block interest did increase as buyers tried to cover some additional business. Not nearly as much interest was noted for process cheese items. Most warehouse stocks in the Western region continue to grow. Prices for blocks at the CME are currently around \$1.08. This may be about the net price if blocks were offered to the CCC price support program. Total cheese production in January reached 724.3 million pounds, up 2.7% (19.1 million pounds) from last year. Output was actually down 12.6 million pounds from last month. The Western region produced about 40% of U.S. total cheese production in January and this volume was 7.8% heavier than last year. This was an increase of 20.9 million pounds from 2002. Swiss output in January totaled 22.7 million pounds, slightly below the month prior but almost 11% above one year ago. Output has been substantially above a year earlier since last fall.

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

Process 5# Loaf	:	1.1800-1.4400
Cheddar 40# Block	:	1.1400-1.2800
Cheddar 10# Cuts	:	1.3200-1.5400
Monterey Jack 10#	:	1.3300-1.4900
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.3900

FOREIGN

Prices are unchanged on imported varieties though mostly lower on domestically produced varieties. Current offerings are adequate for the often lighter than normal interest. Weather related problems have hindered distribution and demand in parts of the country. Domestic offerings are more than adequate for current needs.

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	:	1.3675-2.8575*
Gorgonzola	:	3.2400-5.9400	:	1.8850-2.4900*
Parmesan (Italy)	:	TFEWR	:	2.7775-2.8675*
Romano (Italy)	:	2.1000-3.1900	:	-0-
Provolone (Italy)	:	3.4400-5.5000	:	1.3750-1.6025*
Romano (Cows Milk)	:	-0-	:	2.5650-4.7375*
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	52	0	38	0	25
SOUTHEAST STATES	0	0	0	0	0	0

For the most part, milk production in the Eastern part of the country is holding steady, although some handlers are reporting slight increases in receipts at the plant. In the Mid-Atlantic and New England areas, adverse weather conditions continue to impact milk logistics. Although snow has fallen during the past week, conditions were no where close to conditions of a few weeks ago. Bottlers indicated that typical runs on milk, due to poor weather predictions, at the retail store did clear heavy volumes of milk which caused some bottling operations to realign bottling schedules. With the increased demand for Class I milk, in instances, milk was not as available as some users required, thus they were out looking for additional milk to maintain their production schedules. In the Southeast, especially Florida and Gulf Coastal states, milk production is reported to be showing signs of seasonal increases. Bottling plants in Florida were full to the point that 52 loads of milk did move out of state into manufacturing plants within the Southeast. Not only in the Southeast, but throughout the Eastern part of the country, bottlers will be aligning schedules during the next 4-8 weeks to accommodate spring breaks for schools. Bottlers anticipate that conditions might not be as hectic in the Northeast as in past years due to many schools having to use spring break days in recent weeks due to adverse weather conditions. Cream markets are generally steady, although prices did firm slightly due to a slightly stronger base price. Pricing multiples held basically unchanged. Cream supplies were reported to be in good demand as Class II operations, especially ice cream producers, were gearing up production schedules. Seasonal Passover and Lenten cream based product production is also increasing. Some butter producers were also looking for additional cream volumes to maintain full production schedules. Condensed skim markets are generally steady at unchanged prices, although prices did firm within the reported ranges. Demand is steady at slow levels.

continue despite the more widespread cover of snow in the region. Increased winterkill remains a concern from the generally open, limited snow cover, on the alfalfa and winter wheat crops this winter.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 27 - MAR 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 44.00	\$ 39.00- 48.00
REPLACEMENT HEIFER CALVES	\$300.00-450.00	\$400.00-650.00

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

	FEB 27 - MAR 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 49.75	\$ 38.25- 52.00

W E S T

The February 4a price (butter/powder) in CALIFORNIA is \$9.31, down \$0.29 from January and \$1.73 lower than last year. This compares to the Federal Order Class IV price for February at \$9.81. The February 4b price (cheese) is \$9.36, down \$0.22 from January and \$1.04 lower than last year. This compares to the Federal Order Class III price for February at \$9.66. The milk situation in CALIFORNIA has not changed much as supplies continue to increase at moderate levels across the state. Conditions remain favorable for the milking herds and milk output is responding higher. All regions of the state are seeing milk levels increase at levels well above a year ago. Fat and protein contents of incoming milk are trending higher. Processors, who had been taking surplus milk of others, are taking fewer loads as their own producers' supplies grow. Currently, there is milk that is leaving the state to find processing homes. Concerns are being expressed about handling the growing milk supplies at the peak of the spring flush. Despite the two new plants in the state, there still could be problems handling the milk supply. Producers are concerned about the current, low milk prices but they continue to strive to maximize returns or minimized losses as efficiently as they can. Milk production in ARIZONA continues to trend higher. Conditions have been mixed with some precipitation in recent week, but the moisture was generally welcomed and effects on cows minimal. NEW MEXICO milk supplies are moving higher on a weekly basis. More cows and better production per cow are contributing to increased volumes in the state. Conditions are warmer and milk is being moved to normal channels. After several down days, the plant that had a dryer fire came back on line. The Western cream market continues to be weak. Supplies of cream in the region continue to outpace demand. Surplus volumes are generally ending up in the butter plants. Additional volumes are available as milk supplies and fat content rise seasonally. Prices are generally flat even with butter prices rising slightly on the CME this week. Demand for cream from the ice cream industry is increasing slightly, but below anticipated levels. Western cream multiples range from 105 to 120, FOB, depending on class usage. Rainy conditions are common over coastal areas of the PACIFIC NORTHWEST. The moisture continues to be needed and it is not impacting the cows all that much. The milk flow in the region remains very strong. Plants are operating on heavy production schedules. Some contacts wonder if there will be much of a spring flush or if they are there now. Reports from producers that are going in to renew operating loans for the upcoming season are not good. Banks seem to be pulling back on how much they are willing to support dairy producers at this stage of a weak market. The problem, as producers see it, is that if their facilities are not completely full there is no way they can cash flow and service their debt. Hay producers are offering heavier volumes of hay at lower prices to clean up some stocks that are ending up heavier than anticipated because of the mild, open winter. Some growers are concerned that things are so warm, so early that there may be some damage to stands if temperatures drop below freezing for extended periods of time. Heifer demand is slower and culling rates are increasing. Some snow and colder temperatures are noted over parts of UTAH and IDAHO. Any moisture is welcome and conditions are not bad enough to slow the heavy milk flow. Plants are hesitant to look at outside milk for cheese production with prices as low as they are. Heifer prices in the region are now having trouble reaching \$1350 on average. Through the early part of the winter these prices were closer to \$1450-1550. Plants are expecting to be offered milk from outside the region for processing this spring and are wondering if they will take it or not.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2350-1.3380
DELIVERED EQUIVALENT ATLANTA	-	1.2350-1.3585 M 1.2556-1.2865
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2968-1.3688

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

In general, the new month provided only a small spurt in fluid sales. Bottlers in the Chicago area added a number of loads after a midweek snowstorm stimulated some extra sales. A few other retailers ran some type of feature last weekend or have one planned for this weekend. Milk supplies remain seasonally heavy. Reported spot manufacturing milk prices ranged from -\$1.00 to +\$1.35 with more of the activity under class rather than above. Many plant operators remain reluctant to buy additional milk just to build inventory. A few operations in Wisconsin have even been trying to balance finished product supplies and demand by culling a few producers. The thought being, milk supplies are unlikely to tighten until at least summer and a smaller committed milk supply would be easier to manage with sluggish cheese sales. Manufacturing schedules at most plants remain seasonally active and well above year ago levels. Condensed skim prices also changed in the new month with prices ranging from \$.80 to .93, depending on class and order. Condensed skim interest is generally good and improving from some ice cream accounts as production picks up speed. Milk intakes continue to increase seasonally and remain above year ago levels through much of the upper tier of states. Fat and protein levels are slipping slightly. Concerns over generally dry fields

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 steady to weak market. Sales to the CCC are reducing supply availability and encouraging higher offering prices at some locations. Spot sales are light into cheese and broker operations with some resale transactions noted at the lower end of the range. Most movement is occurring on a contractual basis, especially for high heat product. Some buyers are opting to purchase from the West instead of the Central region. Higher milk volumes are encouraging condensed skim production. Ice cream facilities are increasing their intakes of condensed skim, deterring condensed skim movement into dryers. Inventories are mostly in balance. Standard grade demand is good for the limited supplies.

EAST: Prices are unchanged to higher. The undertone is mixed yet predominantly weak. While some producers are able to secure sales at a premium, sales to the CCC at the 80 cent level persist. Producers anticipate that NDM offerings to the government will be increasing as the spring milk flush develops. Current drying schedules are heavy as milk receipts trend seasonally higher. Commercial demand is basically centered around contracted volumes with minimal spot sales transactions reported.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during January 2002 totaled 133.9 million pounds, up 12.7% from January 2002 and 4.9% above December 2002. Month ending stocks, at 109.8 million pounds, are 8.5% below a year ago but 8.6% higher than December 2002.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8800 MOSTLY: .8150 - .8475
 HIGHHEAT: .8600 - .9150

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are trending slightly lower within the range and reflected in a mixed mostly series. The market tone remains weak. Heavy weekly offerings of NDM to the price support program continue to be used by manufacturers in the region to help keep stocks manageable. Spot prices are being moved lower by processors to keep business from going elsewhere and to keep product moving. During the past week, bid acceptances totaling 25,575 MT of NDM were completed. Bonuses range from \$130 - \$150 per MT and delivery periods range between March and November 2003. The trade sentiment is that no market effect will be noted because of the DEIP commitments. Production schedules remain active to handle the growing supplies of milk. Spot demand is seldom better than fair. Buyer interest is limited. Stocks remain long of trade needs. During the week of February 24 - 28, Western producers offered 16.7 million pounds of powder to the CCC. High heat prices are lower on the bottom end of the range in light market trading. Production remains light due to limited orders and the need for throughput at the plants to handle increasing milk supplies. Stocks of high heat are adequate to long for trade needs. U.S. NDM production in January totaled 133.9 million pounds, up 12.7% from last year and 4.9% higher than December. January production in the Western region totaled 101.2 million pounds, up 20.9% from last year. Western states' production levels with comparisons to last year are: California, 61.7 million pounds, +11.7%; and Idaho, 6.3 million pounds, -24.1%. U.S. manufacturers' stocks at the end of January were reported at 109.8 million pounds, down 8.5% from last year but up 8.6% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .8925 MOSTLY: .7950 - .8125
 HIGHHEAT: .8250 - .8450

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 28	\$.8008	15,230,245	11,694,184
February 21	\$.8018	11,932,182	8,454,211

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

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a steady market. Supplies of condensed buttermilk are increasing in response to increased churn activity at some locations. Ice cream interest in condensed buttermilk is improved, deterring dry production and reducing costs at some locations. Inventories are mixed. Some plants report that stocks are in balance while others are noting heavier production and building supplies. Demand for dry buttermilk is very light. Offers are predominantly noted at the lower end of the range. Dry buttermilk production during January 2002 totaled 7.0 million pounds, up 25.4% from January 2002 and 39.5% higher than December 2002. Month ending stocks, at 10.2 million pounds, are 17.3% above last year and 24.0% higher than last month.

F.O.B. CENTRAL: .6800 - .7200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Buttermilk powder markets are generally steady, although the market tone remains weak. Butter production is seasonally active, although slightly lower this week as cream demand improves for other cream based products. Stocks of buttermilk are reported to be more than adequate for the slow, fair best demand. U.S. dry buttermilk production in January totaled 7.0 million pounds, up 25.4% from last year and 39.5% higher than December. Stocks at the end of January were reported at 10.2 million pounds, 17.3% more than last year.

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

DRY BUTTERMILK - WEST

Western dry buttermilk prices are unchanged and the market tone remains weak. Demand is fair for contracted volumes but light for spot trades. Often, spot offerings are not finding buyers even with producers lowering prices. Drying continue to be active on higher than projected schedules. Stocks are adequate to long of current market interest. U.S. dry buttermilk production in January totaled 7.0 million pounds, up 25.4% from last year and 39.5% higher than December. Stocks at the end of January were reported at 10.2 million pounds, 17.3% more than last year.

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

DRY WHOLE MILK - NATIONAL

Prices are generally steady. Production levels are up as milk volumes increase. Producer stocks range from light to adequate for basically contractual needs. Some minimal spot buyer interest is being reported. Dry whole milk production during January totaled 3.6 million pounds, down 5.7% from January 2002 and 6.5% lower than December 2002. Month ending stocks are not reported for this product.

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 mixed. Some plants report reduced cheese production in response to lower cheese prices, encouraging lower whey output. Others report continued strong production for the light food and feed interest. Most movement is occurring on a contractual basis. While some plants are sold out, others can readily move additional loads on contracts. Traders report the market as "flat." Condensed whey is readily available for the light interest. Production of human food, dry whey during January 2002 totaled 89.8 million pounds, 6.2% more than January 2002 but 2.5% below December 2002. Month ending stocks, at 41.8 million pounds, are 17.0% above a year ago but 11.1% less than December 2002.

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

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are steady. Spot buyer interest is slow. Heavier powder shipments last week due to the storm of the previous week have now been completed. Stocks of powder range from sold out to adequate. In instances, producers with stocks are having difficulty moving powder even at a discount. Production of human food, dry whey during January totaled 89.8 million pounds, 6.2% more than January 2002 but 2.5% below December 2002. Month ending stocks, at 41.8 million pounds, are 17.0% above last year but 11.1% less than a month ago. Production of animal feed, dry whey during January totaled 5.9 million pounds, 5.6% more than a year ago but 4.3% below December 2002.

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

DRY WHEY - WEST

The Western whey price range is steady, but the mostly series declined another fraction. The market undertone continues to be weak with manufacturers calling buyers to see if they want some additional product. An international tender is due in shortly and some contacts feel that the U.S. has a good shot at getting most of the volumes. Production remains very heavy. U.S. human food whey production in January totaled 89.8 million pounds, up 6.2% from last year. The Western region produces about 28% of the total and output in the region was up 14.5%. Stocks at the end of January total 41.8 million pounds, an increase of 17.0% (6.1 million pounds) from January 2002.

NONHYGROSCOPIC: .1375 - .1850 MOSTLY: .1450 - .1600

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a steady market. At some locations, additional supplies of milk replacer product are available, encouraging lower prices reported. Demand is fair to good. Roller ground supplies are mostly in balance for the contractual interest. Spot movement is nominal. The January 2003 U.S. pig crop at 8.13 million head, was 2% below the previous year. Sows farrowing during this period totaled 930 thousand head, 2% below last year. Production of animal feed dry whey during January 2002 totaled 5.9 million pounds, 5.6% higher than a year ago but 4.3% less than December 2002. Month ending stocks, at 3.4 million pounds, are 58.8% above a year ago and 42.1% higher than last month.

F.O.B. CENTRAL: .1375 - .1500
MILK REPLACER: .1475 - .1825
ROLLER GROUND:

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a mostly steady market. Some producers of brand specific product are garnering sales at the higher end of the range. However, some plants continue to discount to clear supplies. Most movement is contractual at prices near the average. Supplies of domestic and foreign high protein product are plentiful, deterring feed interest in WPC 34%. Production is steady to higher as some plants increase their intakes of condensed whey. Inventories are in balance to long at some locations. Production of HUMAN FOOD WPC during January 2002 totaled 29.0 million pounds, up 20.1% from January 2002 and 1.0% above December 2002. Manufacturers end-of-month stocks totaled 22.2 million pounds, 14.8% higher than a year ago and 3.8% above last month. Production of ANIMAL FEED WPC during January 2002 totaled 3.2 million pounds, down 18.3% from January 2002 and 2.9% below December 2002. Manufacturers end-of-month stocks totaled 1.4 million pounds, 24.3% below last year and 0.1% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .4900 - .5625 MOSTLY: .5100 - .5150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. Some buyers are being shorted on their contracts and are unable to secure additional supplies from alternative sources. Inquiries persist from export markets, especially for the higher mesh product. Heavier supplies of condensed whey and permeate at some locations is encouraging lactose production. Inventories are reportedly in balance to tight. Contracts for second quarter are not being negotiated according to most producers. Some Asian buyers question the firmness of the market given that that January ending stock numbers are significantly higher. Off grade supplies are limited for the good feed interest. Lactose production during January 2002 totaled 50.2 million pounds, up 2.9% from January 2002 and unchanged from December 2002. Month ending stocks, at 42.7 million pounds, are 49.8% higher than a year ago but 7.2% below last month.

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 and prices are firm. Stocks continue to be reported in close balance, although most domestic buyers are getting what they need. Future availability and prices are the big questions in most buyers' minds. At this point, buyers are receiving their contractual commitments, although end of the season production in the Oceania region is questionable and Europe is still working from last season's output.

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 is gaining momentum as milk volumes are plentiful and competitively priced. Stocks of evaporated milk are low, although producers are building stocks for upcoming Easter and future needs. Evaporated milk production during January 2003 totaled 41.7 million pounds, 32.2% more than January 2002 and 13.8% more than December 2002. Month ending stocks, at 49.0 million pounds, are 16.3% more than a year ago but 9.1% below last month.

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

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

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2003 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 6	REPORT NUMBER 7	REPORT NUMBER 8	REPORT NUMBER 9	2003	2002
	FEB 03 - 07	FEB 10 - 14	FEB 17 - 21	FEB 24 - 28	Average	Average

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.2450 - 1.4900	:: 1.2325 - 1.4900	:: 1.2275 - 1.4900	:: 1.2200 - 1.4900	:: 1.3607	: 1.5391
-- Brick And/Or Muenster 5#	:: 1.5300 - 1.7300	:: 1.5300 - 1.7200	:: 1.5300 - 1.7000	:: 1.5300 - 1.6175	:: 1.6107	: 1.7218
-- Cheddar 40# Block	:: 1.4500 - 2.1150	:: 1.4500 - 2.1150	:: 1.4500 - 2.1150	:: 1.4225 - 2.1150	:: 1.7789	: 1.8516
-- Monterey Jack 10#	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.6750 - 2.1150	:: 1.9042	: 1.9659
-- Blue 5#	:: 1.9225 - 2.2100	:: 1.9125 - 2.2100	:: 1.8925 - 2.2100	:: 1.8100 - 2.2100	:: 2.0470	: 2.1668
-- Mozzarella 5 - 6#	:: 1.4750 - 2.2150	:: 1.4650 - 2.2150	:: 1.4450 - 2.2150	:: 1.3625 - 2.2150	:: 1.8257	: 1.8959
-- Grade A Swiss Cuts 6 - 9#	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 2.3175	: 2.3763

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 10# Prints	:: 1.2325 - 1.7275	:: 1.2225 - 1.7175	:: 1.2025 - 1.6975	:: 1.1200 - 1.6150	:: 1.4414	: 1.5350
-- Cheddar Single Daisies	:: 1.1900 - 1.6550	:: 1.1800 - 1.6450	:: 1.1600 - 1.6250	:: 1.0775 - 1.5425	:: 1.3839	: 1.4886
-- Cheddar 40# Block	:: 1.3075 - 1.5550	:: 1.2975 - 1.5450	:: 1.2775 - 1.5250	:: 1.1950 - 1.4425	:: 1.3927	: 1.4841
-- Process 5# Loaf	:: 1.2750 - 1.4725	:: 1.2625 - 1.4600	:: 1.2600 - 1.4575	:: 1.2525 - 1.4500	:: 1.3614	: 1.5109
-- Process 5# Sliced	:: 1.2950 - 1.5400	:: 1.2825 - 1.5275	:: 1.2800 - 1.5250	:: 1.2725 - 1.5175	:: 1.4051	: 1.5772
-- Muenster	:: 1.3950 - 1.6000	:: 1.3850 - 1.5900	:: 1.3650 - 1.5700	:: 1.2825 - 1.4875	:: 1.4589	: 1.5648
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	: 2.4500

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.2125 - 1.4725	:: 1.2000 - 1.4600	:: 1.2000 - 1.4600	:: 1.1900 - 1.4500	:: 1.3307	: 1.4932
-- Cheddar 40# Block	:: 1.3000 - 1.4400	:: 1.2900 - 1.4300	:: 1.2700 - 1.4100	:: 1.1875 - 1.3275	:: 1.3314	: 1.4286
-- Cheddar 10# Cuts	:: 1.4800 - 1.7000	:: 1.4700 - 1.6900	:: 1.4500 - 1.6700	:: 1.3675 - 1.5875	:: 1.5514	: 1.6486
-- Monterey Jack 10#	:: 1.4900 - 1.6500	:: 1.4800 - 1.6400	:: 1.4600 - 1.6200	:: 1.3775 - 1.5375	:: 1.5314	: 1.6286
-- Grade A Swiss Cuts 6 - 9#	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2600 - 2.4100	:: 2.2400 - 2.3900	:: 2.3297	: 2.4450

FLUID PRODUCTS

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

-- Northeast - f.o.b.	:: 1.2219 - 1.3600	:: 1.2027 - 1.3386	:: 1.2228 - 1.3606	:: 1.2180 - 1.3195	:: 1.2799	: 1.5453
-- Atlanta - dlvd. equiv.	:: 1.2538 - 1.3600	:: 1.2340 - 1.3386	:: 1.2441 - 1.3610	:: 1.2180 - 1.3398	:: 1.2932	: 1.5592
-- Upper Midwest - f.o.b.	:: 1.3919 - 1.4450	:: 1.3699 - 1.4327	:: 1.2760 - 1.4036	:: 1.2180 - 1.3398	:: 1.3607	: 1.5395

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

-- Class II	:: 0.9200 - 0.9800	:: 0.9200 - 0.9800	:: 0.9000 - 0.9800	:: 0.9000 - 0.9800	:: 0.9453	: 1.0100
-- Class III	:: 0.7200 - 0.8600	:: 0.7200 - 0.8400	:: 0.7200 - 0.8400	:: 0.7200 - 0.8400	:: 0.7826	: 0.9508

NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)						
-- Delivered Major U.S. Cities	:: 18.0000 - 30.0000	:: 18.0000 - 30.0000	:: 18.0000 - 30.0000	:: 18.0000 - 30.0000	:: 24.0000	: 26.0000

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2003 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 6	REPORT NUMBER 7	REPORT NUMBER 8	REPORT NUMBER 9	2003	2002
	FEB 03 - 07	FEB 10 - 14	FEB 17 - 21	FEB 24 - 28	Average or Total	Average or Total
DRY PRODUCTS						
NONFAT DRY MILK						
-- Central And East (f.o.b.)						
-- Low/Medium Heat	:: 0.8000 - 0.8600	:: 0.8000 - 0.8600	:: 0.8000 - 0.8800	:: 0.8000 - 0.8800	:: 0.8347	:: 0.9357
-- Mostly	:: 0.8300 - 0.8400	:: 0.8150 - 0.8300	:: 0.8150 - 0.8300	:: 0.8150 - 0.8300	:: 0.8258	:: 0.9421
-- High Heat	:: 0.8675 - 0.9150	:: 0.8675 - 0.9150	:: 0.8600 - 0.9150	:: 0.8600 - 0.9150	:: 0.8895	:: 0.9928
-- West (f.o.b.)						
-- Low/Medium Heat	:: 0.7950 - 0.8950	:: 0.7950 - 0.8950	:: 0.7950 - 0.8925	:: 0.7950 - 0.8925	:: 0.8444	:: 0.9434
-- Mostly	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8100	:: 0.8068	:: 0.9105
-- High Heat	:: 0.8250 - 0.8500	:: 0.8275 - 0.8500	:: 0.8275 - 0.8700	:: 0.8275 - 0.8450	:: 0.8399	:: 0.9600
WHEY POWDER (Nonhygroscopic)						
-- Central (f.o.b.)	:: 0.1500 - 0.1650	:: 0.1500 - 0.1650	:: 0.1550 - 0.1650	:: 0.1550 - 0.1650	:: 0.1587	:: 0.2135
-- Mostly	:: 0.1550 - 0.1600	:: 0.1550 - 0.1600	:: 0.1550 - 0.1600	:: 0.1550 - 0.1600	:: 0.1575	:: 0.2157
-- West (f.o.b.)	:: 0.1500 - 0.1900	:: 0.1400 - 0.1900	:: 0.1350 - 0.1900	:: 0.1375 - 0.1850	:: 0.1648	:: 0.2257
-- Mostly	:: 0.1575 - 0.1700	:: 0.1500 - 0.1700	:: 0.1450 - 0.1675	:: 0.1450 - 0.1625	:: 0.1586	:: 0.2216
-- Northeast (f.o.b.)	:: 0.1575 - 0.1800	:: 0.1575 - 0.1800	:: 0.1575 - 0.1800	:: 0.1575 - 0.1800	:: 0.1688	:: N.A.
-- Southeast (Delvd)	:: 0.1800 - 0.1950	:: 0.1800 - 0.1925	:: 0.1800 - 0.1925	:: 0.1800 - 0.1950	:: 0.1869	:: 0.2471
WHEY PROTEIN CONCENTRATE						
-- Central And West (f.o.b.)						
-- Extra Grade 34% Protein	:: 0.4900 - 0.5425	:: 0.4900 - 0.5425	:: 0.4900 - 0.5425	:: 0.4900 - 0.5425	:: 0.5163	:: 0.6286
-- Mostly	:: 0.5100 - 0.5150	:: 0.5100 - 0.5150	:: 0.5100 - 0.5150	:: 0.5100 - 0.5150	:: 0.5125	:: 0.6512
ANIMAL FEED - WHEY						
-- Central (f.o.b.)						
-- Milk Replacer	:: 0.1375 - 0.1500	:: 0.1375 - 0.1500	:: 0.1400 - 0.1500	:: 0.1400 - 0.1500	:: 0.1443	:: 0.1941
-- Roller Ground	:: 0.1475 - 0.1825	:: 0.1475 - 0.1825	:: 0.1475 - 0.1825	:: 0.1475 - 0.1825	:: 0.1650	:: 0.2211
BUTTERMILK (Min. 30% protein)						
-- Central (f.o.b.)	:: 0.6900 - 0.7200	:: 0.6900 - 0.7200	:: 0.6950 - 0.7200	:: 0.6800 - 0.7075	:: 0.7026	:: 0.8986
-- West (f.o.b.)	:: 0.7000 - 0.7600	:: 0.7000 - 0.7500	:: 0.7000 - 0.7500	:: 0.7000 - 0.7500	:: 0.7263	:: 0.9612
-- Mostly	:: 0.7200 - 0.7400	:: 0.7200 - 0.7400	:: 0.7200 - 0.7400	:: 0.7200 - 0.7400	:: 0.7300	:: 0.9616
-- Northeast (f.o.b.)	:: 0.7175 - 0.7300	:: 0.7175 - 0.7300	:: 0.7000 - 0.7300	:: 0.7000 - 0.7300	:: 0.7196	:: 0.9529
-- Southeast (Delvd)	:: 0.7400 - 0.7750	:: 0.7400 - 0.7650	:: 0.7400 - 0.7650	:: 0.7400 - 0.7650	:: 0.7538	:: 0.9458
WHOLE MILK POWDER						
-- National (f.o.b.)	:: 1.1000 - 1.1500	:: 1.1000 - 1.1500	:: 1.1000 - 1.1500	:: 1.1000 - 1.1500	:: 1.1250	:: 1.2463
LACTOSE						
-- Central And West (f.o.b.)	:: 0.1550 - 0.2350	:: 0.1550 - 0.2350	:: 0.1550 - 0.2350	:: 0.1550 - 0.2350	:: 0.1950	:: 0.2400
-- Mostly	:: 0.1600 - 0.1800	:: 0.1600 - 0.1800	:: 0.1600 - 0.1800	:: 0.1600 - 0.1800	:: 0.1700	:: 0.2225
CASEIN - Edible - National (f.o.b.)						
-- Nonrestricted - Rennet	:: 1.9000 - 2.1000	:: 1.9000 - 2.1000	:: 1.9000 - 2.1000	:: 1.9000 - 2.1000	:: 2.0000	:: 2.4145
-- Nonrestricted - Acid	:: 1.8000 - 1.9500	:: 1.8000 - 1.9500	:: 1.8000 - 1.9500	:: 1.8000 - 2.0000	:: 1.8816	:: 2.2587

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

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR FEBRUARY 2003

COMMODITY	:REPORT NUMBER 6 :REPORT NUMBER 7 :REPORT NUMBER 8 :REPORT NUMBER 9 :				: 2003 * : 2002 *	
	:-----:-----:-----:-----:				: Monthly : Monthly	
	FEB 3 - 7	FEB 10 - 14	FEB 18 - 21	FEB 24 - 28	Average	Average
BUTTER*						
-- GRADE AA						
--Monday	:: 1.0375	:: 1.0650	:: #	:: 1.0200	::	::
--Tuesday	::	::	::	::	::	::
--Wednesday	:: 1.0475	:: 1.0650	:: 1.0300	:: 1.0400	::	::
--Thursday	::	::	::	::	::	::
--Friday	:: 1.0525	:: 1.0600	:: 1.0000	:: 1.0275	:: 1.0405	:: 1.2427
--Weekly Average**	:: 1.0458	:: 1.0633	:: 1.0150	:: 1.0292	::	::
CHEESE*						
-- BARRELS						
--Monday	:: 1.0500	:: 1.0500	:: #	:: 1.0350	::	::
--Tuesday	:: 1.0475	:: 1.0500	:: 1.0450	:: 1.0350	::	::
--Wednesday	:: 1.0600	:: 1.0500	:: 1.0450	:: 1.0350	::	::
--Thursday	:: 1.0500	:: 1.0450	:: 1.0400	:: 1.0250	::	::
--Friday	:: 1.0500	:: 1.0450	:: 1.0350	:: 1.0250	:: 1.0430	:: 1.1797
--Weekly Average**	:: 1.0515	:: 1.0480	:: 1.0413	:: 1.0310	::	::
-- 40# BLOCKS						
--Monday	:: 1.1675	:: 1.1575	:: #	:: 1.0125	::	::
--Tuesday	:: 1.1650	:: 1.1575	:: 1.0800	:: 1.0200	::	::
--Wednesday	:: 1.1400	:: 1.1525	:: 1.0500	:: 1.0125	::	::
--Thursday	:: 1.1625	:: 1.1450	:: 1.0750	:: 1.0025	::	::
--Friday	:: 1.1575	:: 1.0775	:: 1.0200	:: 0.9925	:: 1.0920	:: 1.2076
--Weekly Average**	:: 1.1585	:: 1.1380	:: 1.0563	:: 1.0080	::	::
NONFAT DRY MILK*						
-- EXTRA GRADE						
--Monday	:: 0.8900	:: 0.8900	:: #	:: 0.8900	::	::
--Tuesday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::
--Wednesday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::
--Thursday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::
--Friday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.9900
--Weekly Average**	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::
-- GRADE A						
--Monday	:: 0.8900	:: 0.8900	:: #	:: 0.8900	::	::
--Tuesday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::
--Wednesday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::
--Thursday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::
--Friday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	:: 1.0000
--Weekly Average**	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::

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

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

CME closed for observance of Presidents' Day.

FEBRUARY 2003 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
JULY 2002 – JANUARY 2003	NONFAT DRY MILK	42,626		
FEBRUARY 1 - 28, 2003		<u>0</u>		
JULY 2002 – FEBRUARY 2003		<u>42,626</u>		
JULY 2002 – JANUARY 2003	CHEESE	1,894		
FEBRUARY 1 – 28, 2003		<u>0</u>		
JULY 2002 – FEBRUARY 2003		<u>1,894</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
JULY 2002 – JANUARY 2003	BUTTERFAT	N/A		
FEBRUARY 1 - 28, 2003		<u>0</u>		
JULY 2002 – FEBRUARY 2003		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				44,520
TOTAL BONUS VALUE				\$19,984,946
PROGRAM TO DATE				

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

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

Allocations are being announced in stages. Stage one was for 17,050 MT of Nonfat Dry Milk, 5,274 MT of Butter and 757 MT of Cheese. Stage two was for 25,576 MT of Nonfat Dry Milk, 7,912 MT of Butter and 1,137 MT of Cheese. Stage three was for 25,575 MT of Nonfat Dry Milk and 1,136 MT of cheese. This announcement fills the NDM and cheese allocations for this DEIP year. USDA will issue invitations for 5,000 MT of the previously announced butterfat allocation of 13,186 MT.

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2003 was unchanged at 127. Compared with February 2002, the index was up 4 points (3.3 percent). The index of prices received by farmers for dairy products declined 2 points during the month of February 2003 to 88. Compared with February 2002, the index was down 12 points (12.0 percent).

Prices received by farmers in February with changes from January were: for All Milk, \$11.50 per hundredweight (cwt.), down \$.20; Fluid Grade Milk, \$11.50 per cwt., down \$.30; and for Manufacturing Grade Milk, \$10.30 per cwt., down \$.20.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., FEBRUARY 2003 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JANUARY		FEBRUARY		FEBRUARY		FEBRUARY		FEBRUARY	
	2003 <u>2/</u>	2002 <u>2/</u>	2003 <u>4/</u>	2002 <u>2/</u>	2003	2002	2003 <u>7/</u>	2002 <u>8/</u>	2003	2002
CA	10.70	12.01	10.20	11.50			36.50	39.00	96.00	114.00
ID	10.60	12.70	10.50	12.20			38.30	39.20	84.00	112.00
MI	11.80	13.70	11.70	13.30			37.50	42.50	98.00	76.00
MN	11.70	13.80	11.60	13.30			39.50	42.70	71.00	56.00
NM	11.70	13.50	11.50	13.00			39.40	43.10	142.00	134.00
NY	12.50	14.10	12.00	13.80			---	---	111.00	109.00
PA	13.70	15.00	13.30	14.90			38.70	41.80	140.00	125.00
TX	12.80	14.50	12.30	14.00			36.70	40.50	74.00	69.00
WA	11.60	13.50	11.40	13.10			---	---	106.00	125.00
WI	11.70	13.60	11.50	13.40			38.50	42.00	75.00	54.00
U.S.	11.70	13.40	11.50	13.10			38.10	40.60	91.80	90.40

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

MILK AND OTHER GENERAL PRICE MEASURES, U.S., FEBRUARY 2003 WITH COMPARISON

ITEM	FEBRUARY 2002	JANUARY 2003 <u>1/</u>	FEBRUARY 2003 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	13.10	11.70	11.50
Fluid grade milk	13.10	11.80	11.50
Manufacturing grade milk	12.00	10.50	10.30
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	99	99	99
Prices received by farmers for dairy products	100	90	88
Prices paid by farmers for commodities and services, interest taxes, and wage rates	123	127	127
Prices paid by farmers for production items	117	122	123
Prices paid by farmers for feed	107	118	118
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	3.00	2.41	2.37

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

SOURCE: "Agricultural Prices," Pr 1 (2/03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, FEBRUARY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for February 2003 is \$1.1373 per pound. Thus, the Class II butterfat price is \$1.1443. The protein and other solids prices for February are \$1.8538 and \$0.0240 per pound, respectively. These component prices set the Class III skim milk price at \$5.89 per cwt. The February Class IV skim milk price is \$6.04 which is derived from the nonfat solids price of 0.6711 per pound.
Product Price Averages: The product price averages for February are; butter \$1.0476, nonfat dry milk \$0.8111, cheese \$1.1299, and dry whey \$0.1632.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	FEBRUARY 2003				MARCH 2003
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	13.48	10.66	9.66	9.81	13.06
Appalachian (Charlotte) 5/	005	13.33	10.66	9.66	9.81	12.91
Southeast (Atlanta) 6/	007	13.33	10.66	9.66	9.81	12.91
Florida (Tampa) 7/	006	14.23	10.66	9.66	9.81	13.81
Midwest (Cleveland) 8/	033	12.23	10.66	9.66	9.81	11.81
Upper Midwest (Chicago) 9/	030	12.03	10.66	9.66	9.81	11.61
Central (Kansas City) 10/	032	12.23	10.66	9.66	9.81	11.81
Southwest (Dallas) 11/	126	13.23	10.66	9.66	9.81	12.81
Arizona-Las Vegas (Phoenix) 12/	131	12.58	10.66	9.66	9.81	12.16
Western (Salt Lake City) 13/	135	12.13	10.66	9.66	9.81	11.71
Pacific Northwest (Seattle) 14/	124	12.13	10.66	9.66	9.81	11.71
All-Market Average	---	12.81	10.66	9.66	9.81	12.39

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

JANUARY 2003 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 142.4 million pounds in January, 1.3 percent above January 2002 and 11.7 percent above December 2002. **AMERICAN TYPE CHEESE** production totaled 319.2 million pounds, 1.3 percent above January 2002 and 1.0 percent above December 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 724.3 million pounds, 2.7 percent above January 2002 but 1.7 percent below December 2002. **NONFAT DRY MILK** production, for human food, totaled 133.9 million pounds, 12.7 percent above January 2002 and 4.9 percent above December 2002. **DRY WHEY** production, for human food, was 89.8 million pounds, 6.2 percent above January 2002 but 2.5 percent below December 2002. **ICE CREAM** (hard) production totaled 67.2 million gallons, 4.1 percent below January 2002 but 15.2 percent above December 2002.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JAN 2003	PERCENT CHANGE FROM:			PRODUCT	JAN 2003	PERCENT CHANGE FROM:		
	1,000 LBS.	JAN 2002	DEC 2002	YEAR TO DATE 1/		1,000 LBS.	JAN 2002	DEC 2002	YEAR TO DATE 1/
BUTTER	142,446	1.3	11.7	1.3	YOGURT (PLAIN AND FLAVORED)	160,620	4.9	5.6	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	319,186	1.3	1.0	1.3	SWEET-TYPE, HUMAN FOOD	10,244	53.3	40.1	---
CHEDDAR	247,713	0.6	3.9	0.6	SWEET-TYPE, ANIMAL FEED 7/				---
SWISS	22,666	10.9	-0.2	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	6,873	-16.5	-9.1	---	DRY WHEY, HUMAN FOOD	89,818	6.2	-2.5	---
CREAM & NEUFCHATEL	49,024	9.5	-13.0	---	DRY WHEY, ANIMAL FEED	5,948	5.6	-4.3	---
HISPANIC	10,245	1.4	3.3	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	238,287	2.8	-2.7	2.8	HUMAN FOOD	4,457	-47.9	12.0	---
OTHER ITALIAN TYPES	61,664	5.6	-1.8	5.6	ANIMAL FEED	3,946	7.1	11.1	---
TOTAL ITALIAN TYPES	299,951	3.4	-2.5	3.4	LACTOSE, HUMAN FOOD & ANIMAL FEED	50,247	2.9	---	---
ALL OTHER TYPES	16,380	0.2	-1.5	---	WHEY PROTEIN CONCENTRATE				
TOTAL	724,325	2.7	-1.7	2.7	HUMAN FOOD	28,989	20.1	1.0	---
COTTAGE CHEESE, CURD 3/	35,091	-0.7	6.0	---	ANIMAL FEED	3,169	-18.3	-2.9	---
COTTAGE CHEESE, CREAM 4/	30,873	3.7	12.0	3.7					
COTTAGE CHEESE, LOWFAT 5/	29,791	0.6	8.1	0.6					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS			
WHOLE MILK	41,663	32.2	13.8	---	ICE CREAM (HARD)	67,156	-4.1	15.2	-4.1
DRY WHOLE MILK	3,625	-5.7	-6.5	---	ICE CREAM, LOWFAT (HARD)	8,081	---	20.6	---
NONFAT DRY MILK, HUMAN FOOD	133,942	12.7	4.9	12.7	ICE CREAM, LOWFAT (SOFT)	16,218	15.6	-4.7	---
DRY SKIM MILK, ANIMAL FEED	473	-30.9	23.8	---	ICE CREAM, LOWFAT (TOTAL)	24,299	9.9	2.4	9.9
DRY BUTTERMILK	6,973	25.4	39.5	---	SHERBET (HARD)	4,065	7.1	20.0	7.1
					YOGURT (TOTAL)	5,668	-5.2	10.5	-5.2
MANUFACTURERS' STOCKS, END OF MONTH 8/									
PRODUCT	JAN 2003	PERCENT OF:		PRODUCT	JAN 2003	PERCENT OF:			
	1,000 LBS.	JAN 2002	DEC 2002		1,000 LBS.	JAN 2002	DEC 2002		
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE					
DRY WHEY, HUMAN FOOD	41,802	17.0	-11.1	HUMAN FOOD	22,232	14.8	3.8		
DRY WHEY, ANIMAL FEED	3,381	58.8	42.1	ANIMAL FEED	1,411	-24.3	-0.1		
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	10,294	25.5	2.1	CANNED EVAPORATED & CONDENSED WHOLE MILK	48,955	16.3	-9.1		
LACTOSE, HUMAN FOOD & ANIMAL FEED	42,661	49.8	-7.2	NONFAT DRY MILK FOR HUMAN FOOD	109,811	-8.5	8.6		
DRY BUTTERMILK, TOTAL	10,210	17.3	24.0						

1/ 2003 cumulative as percent change of 2002 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Not shown when fewer than three plants reported or individual plant operations could be disclosed. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (3-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, MARCH 2003, WITH COMPARISONS ^{1/}												
City	March 2001			March 2002			February 2003			March 2003		
	Announced Coop.	Federal Order	Difference	Announced Coop.	Federal Order	Difference	Announced Coop.	Federal Order	Difference	Announced Coop.	Federal Order	Difference
	Dollars per Hundredweight, 3.5% Butterfat											
Atlanta, GA	16.83	15.75	1.08	16.25	14.72	1.53	15.59	13.33	2.26	15.17	12.91	2.26
Baltimore, MD	17.40	15.65	1.75	16.37	14.62	1.75	14.83	13.23	1.60	14.41	12.81	1.60
Boise, ID 2/	14.50	14.25	0.25	13.52	13.22	0.30	12.13	11.83	0.30	11.71	11.41	0.30
Boston, MA	16.38	15.90	0.48	16.47	14.87	1.60	14.88	13.48	1.40	14.46	13.06	1.40
Charlotte, NC	16.83	15.75	1.08	16.25	14.72	1.53	15.59	13.33	2.26	15.17	12.91	2.26
Chicago, IL	15.99	14.45	1.54	15.25	13.42	1.83	14.04	12.03	2.01	13.62	11.61	2.01
Cincinnati, OH	16.58	14.85	1.73	15.42	13.82	1.60	14.33	12.43	1.90	13.91	12.01	1.90
Cleveland, OH	16.38	14.65	1.73	15.22	13.62	1.60	14.13	12.23	1.90	13.71	11.81	1.90
Dallas, TX	16.20	15.65	0.55	15.90	14.62	1.28	14.63	13.23	1.40	14.21	12.81	1.40
Denver, CO	15.90	15.20	0.70	15.02	14.17	0.85	13.63	12.78	0.85	13.21	12.36	0.85
Des Moines, IA	15.66	14.45	1.21	14.57	13.42	1.15	13.42	12.03	1.39	13.00	11.61	1.39
Detroit, MI	15.45	14.45	1.00	14.67	13.42	1.25	13.50	12.03	1.47	13.08	11.61	1.47
Hartford, CT	16.28	15.80	0.48	16.37	14.77	1.60	14.78	13.38	1.40	14.36	12.96	1.40
Houston, TX	16.80	16.25	0.55	16.50	15.22	1.28	15.23	13.83	1.40	14.81	13.41	1.40
Indianapolis, IN	16.38	14.65	1.73	15.22	13.62	1.60	14.13	12.23	1.90	13.71	11.81	1.90
Kansas City, MO	15.86	14.65	1.21	15.00	13.62	1.38	14.01	12.23	1.78	13.59	11.81	1.78
Louisville, KY	15.85	14.85	1.00	14.82	13.82	1.00	13.86	12.43	1.43	13.44	12.01	1.43
Memphis, TN	16.28	15.45	0.83	15.75	14.42	1.33	15.09	13.03	2.06	14.67	12.61	2.06
Miami, FL	19.26	16.95	2.31	18.76	15.92	2.84	17.67	14.53	3.14	17.33	14.11	3.22
Milwaukee, WI	16.09	14.40	1.69	15.35	13.37	1.98	14.14	11.98	2.16	13.72	11.56	2.16
Minneapolis, MN	15.45	14.35	1.10	14.86	13.32	1.54	13.49	11.93	1.56	13.07	11.51	1.56
New Orleans, LA	16.98	16.25	0.73	16.40	15.22	1.18	15.74	13.83	1.91	15.32	13.41	1.91
Oklahoma City, OK	16.05	15.25	0.80	15.50	14.22	1.28	14.48	12.83	1.65	14.06	12.41	1.65
Omaha, NE	15.71	14.50	1.21	14.62	13.47	1.15	13.47	12.08	1.39	13.05	11.66	1.39
Philadelphia, PA	17.57	15.70	1.87	16.54	14.67	1.87	14.88	13.28	1.60	14.46	12.86	1.60
Phoenix, AZ	15.15	15.00	0.15	14.12	13.97	0.15	12.73	12.58	0.15	12.31	12.16	0.15
Pittsburgh, PA	16.95	14.75	2.20	15.72	13.72	2.00	14.04	12.33	1.71	13.66	11.91	1.75
St. Louis, MO	16.36	14.65	1.71	14.87	13.62	1.25	13.48	12.23	1.25	13.06	11.81	1.25
Salt Lake City, UT	14.80	14.55	0.25	13.82	13.52	0.30	12.43	12.13	0.30	12.01	11.71	0.30
Seattle, WA	14.97	14.55	0.42	13.94	13.52	0.42	12.55	12.13	0.42	12.13	11.71	0.42
Springfield, MO	15.65	14.85	0.80	15.10	13.82	1.28	14.08	12.43	1.65	13.66	12.01	1.65
Washington, DC	17.40	15.65	1.75	16.37	14.62	1.75	14.83	13.23	1.60	14.41	12.81	1.60
Simple Average	16.25	15.13	1.12	15.45	14.10	1.35	14.24	12.71	1.53	13.83	12.29	1.54

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

SUMMARY OF ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, BY MONTHS, 2002 1/

Month	Fluid milk sales by marketing area												
	Northeast	Appalachian	Southeast	Florida	Mideast	Upper Midwest	Central	Southwest	Arizona-Las Vegas	Western	Pacific Northwest	California	Estimated Total U.S. <u>2/</u>
Million pounds													
Jan	841	308	434	255	555	385	411	375	111	78	191	539	4,820
Feb	753	269	382	233	512	344	361	325	101	69	166	497	4,314
Mar	836	285	416	250	555	375	395	350	109	75	184	552	4,711
Apr	803	281	407	242	530	367	390	347	105	74	179	534	4,579
May	838	288	411	239	539	374	385	352	107	76	187	554	4,679
Jun	763	258	365	218	475	324	342	316	97	68	163	519	4,201
Jul	784	287	391	230	507	346	373	337	103	73	177	528	4,446
Aug	799	303	428	242	538	368	394	361	108	77	182	549	4,677
Sep	796	282	404	226	528	363	386	348	102	74	179	550	4,558
Oct	845	299	431	244	567	390	406	373	110	80	195	571	4,849
Nov	838	290	417	246	554	384	402	357	111	76	189	546	4,741
Dec	841	288	409	242	543	374	395	346	111	75	184	549	4,687
Total <u>3/</u>	9,738	3,438	4,895	2,868	6,402	4,393	4,640	4,186	1,275	896	2,175	6,487	55,262

1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the annual figures here may differ from the annual figures published by ERS. Fluid milk products include: plain and flavored whole milk, plain and flavored fat-reduced milk, buttermilk, eggnog, and miscellaneous fluid milk products. 2/ Estimated total includes the remaining 7 percent outside of Federal milk orders and California. 3/ May not add due to rounding.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 3 - 7, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 02/28/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	761,945	-0-	761,945	2,538,922	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	761,945	-0-	761,945	2,538,922	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	343,714	-0-	-0-	-0-
Barrel	102,144	-0-	102,144	483,226	-0-	-0-	-0-
Process	1,069,200	-0-	1,069,200	9,266,400	-0-	-0-	-0-
TOTAL	1,171,344	-0-	1,171,344	10,093,340	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	16,356,844	2,060,258	14,296,586	256,832,895	215,070,507	877,462,000	791,118,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
TOTAL	16,356,844	2,060,258	14,296,586	256,832,895	215,070,507	923,853,000	829,345,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 3 - 7, 2003 =	30.6	178.1	COMPARABLE PERIOD IN 2002 =	3.7	195.3
CUMULATIVE SINCE OCTOBER 1, 2002 =	205.0	3,089.8	CUMULATIVE SAME PERIOD LAST YEAR =	47.3	2,503.4
CUMULATIVE JANUARY 1 - MARCH 7, 2003 =	130.9	1,824.2	COMPARABLE CALENDAR YEAR 2002 =	30.4	1,607.5

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

CCC ADJUSTED PURCHASES FOR THE WEEK OF MARCH 3 - 7, 2003 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,069,200	1,657,722	-0-	
WEST	761,945	-0-	-0-	-0-	102,144	-0-	12,173,775	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	465,089	-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-	9,266,400	-0-	7,365,514	6,348,059	42.5	3.0
WEST	2,538,922	-0-	826,940	-0-	243,337,053	201,981,116	56.8	93.9
EAST	-0-	-0-	-0-	-0-	6,130,328	6,741,332	0.7	3.1
TOTAL	2,538,922	-0-	10,093,340	-0-	256,832,895	215,070,507	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 02/15/03 & 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	7.3	5.1	22.3	2.8	0.4	0.9	15.0	3.0	57.8	403.6	51.2	49.0
2002-Dairy	0.2	0.7	5.4	4.9	20.5	2.8	0.4	1.1	12.9	2.7	51.4	365.7	49.0	47.6
2003-All cows	0.2	0.9	9.9	13.4	35.0	12.5	14.9	3.4	16.6	5.9	112.8	823.0		
2002-All cows	0.2	0.8	7.3	13.0	31.7	14.1	14.5	3.5	14.7	5.1	104.9	768.6		

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

CLASS III 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	10.66										
III	9.78	9.66										
IV	10.07	9.81										

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