

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/6):
BUTTER: Grade AA closed at \$1.0975. The weekly average for Grade AA is \$1.0983 (-.0030).

CHEESE: Barrels closed at \$1.1300 and blocks at \$1.1600. The weekly average for barrels is \$1.1135 (+.0110) and blocks, \$1.1435 (+.0110).

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

BUTTER: At the CME, the cash butter price continues to trade within a narrow range. The current cash price is basically at the level of last year at this time. Churning schedules across the country are seasonally strong, although surplus cream offerings are less available than in recent weeks. In many areas of the country ice cream production and other Class II cream based products are absorbing heavier volumes of cream. In most areas, butter production continues to outpace demand, thus additional butter stocks are clearing to inventory. Butter stocks are running well ahead of last year at this time. Overall butter demand is slow to fair. Some retail orders are being stimulated by scheduled feature activity with food service and restaurants in resort and vacation areas preparing for the summer vacation season.

CHEESE: The cheese market is firming. Current offerings are not as heavy as expected for this time of year, at least east of the Rockies. Process interest is building seasonally. Natural interest is mixed, mainly about steady. During the week ending June 6, CCC purchased Central process under the price support program and some previously offered Western blocks were cancelled. Estimated January - April 2003 cumulative cheddar cheese (variety traded on the CME) production totals 945.3 million pounds, down 35.8 million pounds (-3.6%) from the same period in 2002. Total cheese production for the same period in 2003 totals 2.829 million pounds, down 18.4 million pounds (-0.6%) from last year.

FLUID MILK: National milk production is unevenly steady. Notable declines are seen in the Southwest where warm weather is taking its toll. However, unseasonably cooler weather in other regions of the nation is encouraging steady to higher milk outflows. Milk movement is disrupted in areas as schools close for the summer. Consequently, milk volumes into bottled milk plants are lighter yet heavier into manufacturing facilities. Condensed skim interest is fair to good into cheese and ice cream facilities. Cream demand is improved compared to the week prior. Supplies of fluid cream are tighter, encouraging less churn activity. Cream prices are higher in response to increases in the CME AA butter average and higher multiples reported.

DRY PRODUCTS: Dry products markets are trending steady to weak. NDM sales to the CCC persist. Concerns regarding CCC-traded NDM undercutting current market prices are being expressed. Production is steady to lower in response to decreases in the milk supply. Buttermilk markets remain lackluster. Discounts are not stimulating any increased interest so producers are opting to store product until market conditions improve. A similar notion is suspected in the whey markets. Possible export trades may alleviate heavy whey stocks in the West. Traders are undercutting manufacturer prices in the Central region while activity is lackluster in the East. WPC prices continue to trend lower despite noted export interest. WPC production is steady and stocks are in balance to heavy. Lactose continues to trend firm. Some third quarter negotiations are commencing with offers noted at higher prices.

CCC: For the week of June 2 - 6, CCC received cancellations for 275,219 pounds of bulk butter and purchased 287,280 pounds of packaged butter from the West. Block cheese cancellations totaled 2,392,138 pounds from the West. Cheese purchases totaled 1,188,000 of process from the Central. CCC NDM purchases from the Central, West and East respectively were 132,276, 7,971,581, and 4,422,459 for a total of 12,325,316 pounds.

MAY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2003 declined 1 point to 127. Compared with May 2002, the index was up 4 points (3.3%). The index of prices received by farmers for dairy products advanced 1 point during the month of May 2003 to 85. Compared with May 2002, the index was down 8 points (8.6%). Prices received by farmers in May with changes from April were: for All Milk, \$11.10, up \$.10; Fluid Grade Milk, \$11.10, unchanged; and for Manufacturing Grade Milk, \$10.00, up \$.10.

APRIL DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 123.3 million pounds in April, 6.3% below April 2002 and 2.4% below March 2003. American type cheese production totaled 309.6 million pounds, 3.4% below April 2002 and 2.8% below March 2003. Total cheese output (excluding cottage cheese) was 722.3 million pounds, 0.4% above April 2002 but 1.8% below March 2003. Nonfat dry milk production, for human food, totaled 150.4 million pounds, 8.4% below April 2002 but 2.8% above March 2003. Dry whey production, for human food, was 89.7 million pounds, 1.2% above April 2002 but 6.4% below March 2003. Ice cream production totaled 79.4 million gallons, 1.2% below April 2002 but 7.9% above March 2003.

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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 JUNE 2	TUESDAY JUNE 3	WEDNESDAY JUNE 4	THURSDAY JUNE 5	FRIDAY JUNE 6	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1025 (N.C.)	\$1.1025 (N.C.)	\$1.1025 (N.C.)	\$1.1300 (+.0275)	\$1.1300 (N.C.)	+.0275	\$1.1135 (+.0110)
40# BLOCKS	\$1.1325 (N.C.)	\$1.1325 (N.C.)	\$1.1325 (N.C.)	\$1.1600 (+.0275)	\$1.1600 (N.C.)	+.0275	\$1.1435 (+.0110)
BUTTER							
GRADE AA	\$1.1000 (-.0050)	----	\$1.0975 (-.0025)	----	\$1.0975 (N.C.)	-.0075	\$1.0983 (-.0030)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.8400 and Grade A price is \$.8400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 2, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1325; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 9 CARS GRADE AA: 3 @ \$1.1075, 3 @ \$1.1050, 3 @ \$1.1000; BIDS UNFILLED: 3 CARS GRADE AA @ \$1.0900; OFFERS UNCOVERED: 6 CARS GRADE AA: 3 @ \$1.1400, 3 @ \$1.1500

TUESDAY, JUNE 3, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1325; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 4, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1025; 1 CAR 40# BLOCKS @ \$1.1325; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 6 CARS GRADE AA: 1 @ \$1.1025, 2 @ \$1.1000, 3 @ \$1.0975; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.0975, 3 @ \$1.0950; OFFERS UNCOVERED: 8 CARS GRADE AA: 2 @ \$1.1100, 3 @ \$1.1200, 3 @ \$1.1300

THURSDAY, JUNE 5, 2003

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.1400, 1 @ \$1.1450; BIDS UNFILLED: 2 CARS BARRELS @ \$1.1300; 2 CARS 40# BLOCKS: 1 @ \$1.1600, 1 @ \$1.1325; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 6, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1300; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 17 CARS GRADE AA: 2 @ \$1.1025, 4 @ \$1.1000, 11 @ \$1.0975; BIDS UNFILLED: 7 CARS GRADE AA: 2 @ \$1.0975, 2 @ \$1.0950, 3 @ \$1.0900; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.1000, 3 @ \$1.1200

BUTTER MARKETS

APRIL BUTTER PRODUCTION

During April 2003, butter production in the United States totaled 123.3 million pounds, 6.3% less than April 2002 and 2.4% less than March 2003. The following are April to April changes for various states: CA -0.5%, NY -30.9%, PA -13.6%, and WI -11.5%.

NORTHEAST

The butter market tone remains steady. At the CME, the price of butter broke through that so called \$1.10 ceiling on Friday (5/30), but fell back to \$1.1000 in Monday's trading. Some contacts suggest that last week's flurry of buying activity at the CME (most sales were based on bids) was mostly for speculative reasons; talk of a butter/powder tilt is still on peoples' minds and/or covering of futures positions may be a couple reasons for the price increase and active market. Also, contacts note that buying bulk butter at the CME is often less expensive than buying Western butter and shipping it east. In the Northeast, butter output is moderate to heavy and stocks are more than ample for the slow to fair demand. Food service orders have improved along the Eastern Shore. Retail sales are just fair. 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

At mid-week, the cash price at the CME declined to the level of last week at midweek. Producers and handlers have mixed opinions as to recent firmness and more recently weakness. Churning activity remains seasonally strong, although offerings of outside cream are lighter. Current churning schedules continue to outpace demand thus surplus butter volumes are clearing to inventory, but at a lighter pace than earlier this spring. Overall butter demand is fair at best. Most

orders are for short term or replacement needs. Many buyers indicate that they will probably continue to place lighter orders more often versus carry inventories. Retail orders are being stimulated by scattered feature activity as "June Dairy Month" promotions are appearing in some markets. Food service orders are also somewhat more activity as vacation and resort areas continue to prepare for the summer vacation season. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME increased for six trading sessions before declining on June 2. Sellers are finding seasonal demand from food service accounts. Retail sales are fair at best with very little feature activity noted. Production levels remain above expected levels at many churning operations. The call for cream from ice cream operations is lighter than anticipated for the beginning of the summer. This is surprising some contacts because of the extended hot weather noted over much of the West. The fat content on incoming milk receipts is declining due to the hot weather. The weekly CME warehouse stock number continues to increase and now stands at 195.3. Stocks have increased for 24 consecutive weeks. April butter production in the U.S. totaled 123.3 million pounds, 6.3% lower than last year. Western states production was 51.2 million pounds, up 1.2% from last April. California produced 34.8 million pounds, down 0.5% from last year, and accounted for 28.3% of the U.S. total. Current prices for bulk butter range from 5 1/4 cents under to 2 1/2 cents under 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			
MAY 31	1.1344	1.1208	0.8029	1.0642	0.1416
	8,144,889	10,421,292	31,401,109	5,903,015	11,940,814

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 unchanged on most natural items, fractionally higher on process. The market tone is steady. Eastern cheese production is steady. More milk is available to cheese makers, but some are limiting their intakes to avoid building too much inventory. Demand for cheese is lackluster and producers are showing more concern about building stocks. Mozzarella remains in a long position and demand is easing seasonally. June Dairy Month promotions are underway and some improved sales to retail chains are evident, but it seems these promotions are not the factor in consumption/sales that they once were. Food service orders are up slightly along "The Shore," but the weather has kept early-season tourists away.

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

Cheddar 10# Prints	:	1.1950-1.6900
Cheddar Single Daisies	:	1.1525-1.6175
Cheddar 40# Block	:	1.2750-1.5175
Process 5# Loaf	:	1.3125-1.5150
Process 5# Sliced	:	1.3325-1.5800
Muenster	:	1.3575-1.5625
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady, though a firmer undertone may be developing. Process slice interest is steady to slightly improved though weather problems may be slowing movement in some vacation areas. Some interest for processing solids was noted. Natural cut interest is steady to often slower and continues to lack aggressiveness. Shreds are about steady. A few buyers are experiencing some delays/difficulty in acquiring cheddar for aging programs from preferred suppliers. Others have received premium increases on their cheddar. Offerings of mozzarella seem to be accumulating from some plants. The recent disruption in the muenster market seems to be easing. Current cheese production is about steady to higher, reflecting milk availability. Cheese yields are slipping seasonally. Some process cheese remains in the pipeline for eventual clearance to CCC under the price support program.

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

Process American 5# Loaf	:	1.2825-1.4600
Brick And/Or Muenster 5#	:	1.4800-1.7925
Cheddar 40# Block	:	1.4400-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.8850-2.1900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4300-2.2150
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
		:	
06/02/03	100,227	:	135,894
05/01/03	86,740	:	134,874
CHANGE	13,487	:	1,020
% CHANGE	16	:	1

WEST

Cheese prices are somewhat mixed following trading at the CME last week. Process items increased fractionally and natural items declined fractionally. Cheese demand is spotty with buyers generally making purchases to replenish stocks. Most buyers are content to make purchases to cover current needs. They don't see the need to cover much ahead since they believe that prices are likely to continue trading in a narrow range with not much potential for a break out higher. Production is generally on the heavy side. April total cheese production in the U.S. totaled 722.3 million pounds, up 0.4% from April 2002. California was +6.4%, Idaho +4.9%, and Utah -5.0%. The Western region produced 282.4 million pounds of cheese during April, 4.4% more than last year and 39.1% of the U.S. total.

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

Process 5# Loaf	:	1.2525-1.5125
Cheddar 40# Block	:	1.2625-1.4025
Cheddar 10# Cuts	:	1.4425-1.6625
Monterey Jack 10#	:	1.4525-1.6125
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.3700

FOREIGN

Prices and the market tone are unchanged. Demand for foreign type and imported cheese is seasonally slow to fair. Supplies are adequate to meet current needs. The Euro remains very strong against the U.S. Dollar, which does impact orders by importers. Reports indicate that cheese output in parts of Europe is increasing availability while the strong Euro is a deterrent to sales.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:	:	:
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-3.5500	1.4900-2.9800
Gorgonzola	:	3.6900-5.9400	2.0075-2.4900
Parmesan (Italy)	:	TFEWR	2.9000-2.9900
Romano (Italy)	:	2.1000-3.1900	-0-
Provolone (Italy)	:	3.4400-5.5000	1.4975-1.7250
Romano (Cows Milk)	:	-0-	2.6875-4.8600
Sardo Romano (Argentine)	:	2.8500-3.2900	-0-
Reggianito (Argentine)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.7500-3.7900	-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

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	211	0	188	0	231
SOUTHEAST STATES	0	0	0	0	0	0

EDITOR'S NOTE: Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

The following are the May 2003 Class and component prices under the Federal Milk Order pricing system: Class II \$10.43 (down \$0.01 from April), Class III \$9.71 (up \$0.30); and Class IV \$9.74 (down \$0.01). The following are the product price averages used in computing Class prices: butter \$1.0743, NDM \$0.8040, cheese \$1.1394, and dry whey \$0.1450. The Class II butterfat price is \$1.1582 and the Class III/IV butterfat price is \$1.1512. Milk production continues to move higher in many areas of the East. Louisiana output is easing lower, but continued cool weather (particularly nighttime) in Florida and other Southern states is helping keep the milk flow at current levels. The flush may have been reached in the Middle Atlantic and New England, but the rainy, cool weather is helping keep milk output steady. Some pastures are too wet for use and fields are too wet for alfalfa cutting/chopping. In those areas where cows are "on grass," milk output is still moving slightly higher. Contacts reports that fat and protein tests are easing lower. This may be due to the high seasonal milk output or changes to feeding programs. The high costs of feed and low milk prices have some farmers easing back on rations. Fluid milk volumes remain ample for overall needs, but surplus volumes are not as heavy as they have been. Bottled milk sales are reported as flat. Schools in the Northeast are still in session. The last of South-Florida schools that were in session have now closed. This did push more milk into manufacturing channels and shipments out of state did increase this week. Surplus milk diversions are steady in the Northeast and handled without to many difficulties. The condensed skim market is mostly steady, but some producers would like to see improved demand to keep from drying as much as they are. Spot prices are unchanged. The fluid cream market is firmer this week. Contacts report increased inquiries for cream. It may be a matter of many suppliers looking to fill one order, but producers and traders, alike, have commented on the tighter supply and higher multiples. Spot prices are higher as both the multiples and CME averages increased. Ice cream production continues to lag expectations for this time of year. The dismal weather up and down the East Coast has hurt consumption of soft serve ice cream and sales at hand-dip stores. Bottled cream production is improving as berries come into season. Cream cheese output is about steady, but fewer spot loads of cream moved to this outlet this week. Churning activity is lighter, but still moderate on weekends.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3876-1.4978
DELIVERED EQUIVALENT ATLANTA	-	1.3987-1.5088 M 1.4097-1.4537
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4097-1.4647

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8500- .9300
NORTHEAST- CLASS III - SPOT PRICES	- .7400- .8200

MIDWEST

Fluid demand continues to be affected by the irregular pattern of school closings for the summer. Best movement is generally into areas with schools still in operation. The usually stronger first of the month sales and retail features on milk (and dips) were also aiding sales for some bottlers this week. Manufacturing milk demand is surprisingly good in the upper tier of states as the volume of surplus seems lighter than normally expected. Discounts on loads committed

into manufacturing plants are starting to dry up. Reported spot manufacturing milk prices range from flat class to \$1.00 over. Cream demand has improved from ice cream and soft serve accounts as well as for whipped cream for berry season. The closing of more schools and seasonal decline in fat content in the milk are helping to tighten cream supplies from recent heavy levels. Condensed skim interest was also generally good from ice cream and cheese accounts. Current milk intakes are at fairly steady, near, at, or just past the annual peak levels in the northern tier of states in the region. Receipts further south are showing more seasonal declines due to the warmer weather. Near ideal milk producing conditions, except for insect pests, has been occurring in the upper part of the region. Recent scattered nighttime frost and frequent below average temperatures have slowed plant growth. Scattered light showers have made dry hay baling difficult though chopping has only been slowed occasionally by wet fields.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 29 - JUNE 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.50- 50.50	\$ 41.00- 45.50
REPLACEMENT HEIFER CALVES	\$300.00-490.00	\$600.00-690.00

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

	MAY 29 - JUNE 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 52.00	\$ 39.00- 47.00

WEST

The May 4a price (butter/powder) in CALIFORNIA is \$9.54, down \$0.02 from April and \$0.69 lower than last year. This compares to the Federal Order Class IV price for May at \$9.74. The May 4b price (cheese) is \$9.28, up \$0.07 from April but \$0.95 lower than last year. This compares to the Federal Order Class III price for May at \$9.71. Milk production levels continue to retreat from the seasonal peak across most of the state with the exception of the far northern milkshed. Bottled milk sales are often lighter as school orders begin to wind down for the summer. In general, plants are running efficiently across the state with no areas under pressure to handle excess milk volumes. Hot weather conditions continue to dominate milk output in the Central Valley with high temperatures over 100 degrees. Cooling nights are helping mitigate the effects, but output levels are trending lower. Cooler, atypical weather invaded Southern California following several weeks of hot weather. Load weights were beginning to increase slightly. In ARIZONA, the onslaught of consecutive daytime high temperatures over 100 degrees continues. Nighttime temperatures are not cooling as much as in recent weeks. Heat abatement measures remain in place at the dairies. The impact of low milk prices and reduced cash flow continues to be a major hardship on dairy producers. The CME butter price rose above \$1.1000 last week but retreated to \$1.0975 on Wednesday. Heavy volumes of butter remain in storage centers. Demand for CREAM is steady to slightly improved. Offerings are trending lower as milk production and fat levels decline. There is some increased interest from ice cream accounts. Less cream volumes are entering butter churns. Western cream multiples moved slightly higher and trade in the range from 115 to 128, FOB, depending on class usage. Warmer weather is aiding the harvest of grass on the west side of WASHINGTON and OREGON. Crops look better as the temperature climbs into the 90's. Conditions are not warm enough to be impacting milk output all that much. Milk is being impacted more by the quality of the available feed supplies. Financial stress continues to be a factor for many producers. Conditions have actually cooled off somewhat in UTAH and IDAHO from the record setting conditions of the last two weeks. The weather has been conducive for harvesting good quality hay. Prices are being impacted by the low dairy economy limiting what producers are willing/able to pay for hay. They are stating a quality they need and a price they are able to pay and seeing what response they are getting from the hay growers. Heifer prices have declined a bit from the higher numbers seen recently.

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 market. Milk intakes are steady to slightly lower. However, with schools closing for the summer, more milk is expected in the short-term. Production is geared more toward low heat production, encouraging tight high heat supplies. Demand is mostly contractual. Spot loads are generally purchased from the West and East where supplies are more readily available and prices are more attractive. Offers of CCC NDM stocks from the NDM/cheese exchange continue to be discussed. Condensed skim interest remains good into ice cream and cheese facilities.

EAST: Eastern prices are steady to lower within the range. The market tone is steady. There are more reports of Extra Grade NDM being offered at discounted prices. Most often, this is powder that CCC has not accepted or producers know will not meet requirements for sale to CCC. In instances, other producers have had to move their price lower to meet this competition. Spot demand is slow. Buyers are looking for the best bargains and keeping purchases as low as possible. With the specters of a tilt, the NDM-for-cheese program, and no shortage of supply hanging over the market, spot buyers have little or no incentive to purchase beyond immediate needs. Contract sales are clearing normal volumes. Production levels are mostly steady and not as heavy as some had anticipated. Milk supplies are at or near their seasonal peak and manufacturing capacity is no problem. Clearances to CCC remain heavy, even growing from some plants.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during April 2003 totaled 150.4 million pounds, down 8.4% from April 2002 but 2.8% above March 2003. Month ending stocks, at 149.5 million pounds, are 8.9% below a year ago but 9.4% higher than last month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8600 MOSTLY: .8000 - .8400
 HIGHHEAT: .8600 - .9150

NONFAT DRY MILK - WEST

Prices for low/medium heat NDM are unchanged and the market tone remains weak. There are few new developments. Concerns remain over CCC-traded powder returning to the marketplace and undercutting current sales. Drying schedules are easing off. Declines in milk production over many areas of the southwest are noted. Stocks are available from most producers in the region. During the week of May 26 - 30, CCC net purchases totaled 11.0 million pounds of NDM from Western producers. High heat prices are generally steady in limited spot trading. The market tone remains generally weak. There are few buyers currently seeking additional loads. Producers have high heat for current and nearby orders. U.S. NDM production in April totaled 150.4 million pounds, down 8.4% from last year but 2.8% higher than March. Year through April cumulative U.S. production is 2.2% lower than last year. April production in the Western region totaled 109.7 million pounds, down 6.1% from last year. Western states' production levels with comparisons to last year are: California, 68.2 million pounds, -6.8%; and Idaho, 5.4 million pounds, -40.4%. U.S. manufacturers' stocks at the end of April were reported at 149.5 million pounds, down 8.9% from last year but up 9.4% from last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7900 - .8875 MOSTLY: .7950 - .8075
 HIGHHEAT: .8200 - .8400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 30	\$.8007	13,165,746	7,082,972
May 23	\$.8018	14,457,122	7,015,825

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady to weak market. Interest in dry buttermilk remains lackluster. Producers are not aggressive in marketing dry buttermilk, especially since lower prices are not encouraging any greater demand. Inventories are building at some locations as production is exceeding sales. Production is steady to lower in response to increased cream interest from Class II users. Condensed buttermilk movement is good into ice cream. Production of dry buttermilk during April 2003 totaled 5.8 million pounds, 1.4% more than April 2002 and 2.3% above March 2003. Month ending stocks, at 12.0 million pounds, are 2.9% below a year ago and 1.4% less than March 2003.

F.O.B. CENTRAL: .6750 - .6850

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower and the market tone is unchanged. Eastern prices are nominal. Producers are finding little spot interest and lowered prices to stimulate some interest. Buyer response to the lower prices has been lackluster, at best. Churning activity is a little lighter this week and drying schedules have eased. Dry buttermilk production during April 2003 totaled 5.8 million pounds, up 1.4% from last April and 2.3% more than March 2003. Month ending stocks, at 12.0 million pounds, are 2.9% less than last year and 1.4% less than a month ago.

F.O.B. NORTHEAST: .6800 - .7000
 DELVDSOUTHEAST: .7000 - .7550

DRY BUTTERMILK - WEST

Prices are slightly lower and the tone remains weak. Some producers are finding that lowering offering prices is not stimulating any additional interest. Buyers have alternate ingredients or enough supplies under contract to keep going. Production is backing off with some additional condensed moving. U.S. dry buttermilk production in April totaled 5.8 million pounds, up 1.4% from last year and 2.3% higher than March. Stocks at the end of April were reported at 12.0 million pounds, 2.9% less than last year.

F.O.B. WEST: .6500 - .7300 MOSTLY: .6700 - .6800

DRY WHOLE MILK - NATIONAL

Prices are steady and remain nominal. With the May Class IV milk prices virtually unchanged, dry whole milk prices held. Spot trading activity remains limited. Production levels are lighter. Plant stocks are light and closely balanced. Imported powder continues to be available at competitive prices. Dry whole milk production during April 2003 totaled 2.9 million pounds, up 22.2% from April 2002 but 13.4% less than March 2003. Month ending stocks are not reported for this product.

F.O.B. PRODUCING PLANT: 1.0325 - 1.1500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2002 THROUGH MAY 30, 2003
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	68,201	MT (150,355,592 LBS)
Program's NDM allocation is filled.			
CHEESE	-	3,029	MT (6,677,733 LBS)
BUTTERFAT	-	6,875	MT (15,156,625 LBS)
CHANGE	-	1,875	MT 4,133,625

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, 1,136 MT of cheese, and 5,000 MT of butterfat. This announcement fills the NDM and cheese allocations for this DEIP-year. On May, USDA issued

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 mixed on a steady to weak market. Trade activity is light. While offering prices to end-users are trending more evenly at the average, buying interest is lackluster. Product available from brokers remains more attractively priced than direct manufacture list prices. Multiple loads continue to be traded to brokers at a discount. However, some producers are opting to store whey rather than sell at a discount and consequential loss. Production is steady with most plants generally operating at capacity. Offerings of condensed whey are less prevalent than noted after the holiday last week. Production of human food, dry whey during April 2003 totaled 89.7 million pounds, 1.2% more than April 2002 but 6.4% below March 2003. Month ending stocks, at 45.8 million pounds, are 16.3% above a year ago and 1.8% more than March 2003.

F.O.B. CENTRAL: .1300 - .1450 MOSTLY: .1300 - .1400

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally lower and the market tone remains weak. Much conversation continues to center around how slow the market is. Spot demand remains lackluster. Some traders and buyers feel that prices can't get any lower and a few are showing more interest. They aren't necessarily purchasing, but they are looking. Most spot purchases that are noted are for immediate needs. Production levels are little changed from past weeks. Plant stocks are not too heavy, but most producers like their warehouse to be "on the empty side." Fewer instances of producers discounting prices are being noted. Production of human food, dry whey during April 2003 totaled 89.7 million pounds, 1.2% more than April 2002 but 6.4% below March 2003. Month ending stocks, at 45.8 million pounds, are 16.3% above last year and 1.8% more than a month ago. Production of animal feed, dry whey during April totaled 5.0 million pounds, 3.9% less than a year ago and 5.3% below March 2003.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1425 - .1700
DELVD SOUTHEAST: .1625 - .1800

DRY WHEY - WEST

No price changes are noted for Western whey powder. Some contacts believe that the steady prices are not fully indicative of what is going on with the market and there continues to be a weak undertone. The real issue for discussion this week is what will happen with the tender due in late next week. If the U.S. gets most of the volume it could clear up some of the heavy stocks, but it may take lower prices to get it done. If the U.S. doesn't get any of the tender it may mean that prices will have to go lower to clear out heavy supplies. There are too many unknowns at this time for the market to be able to pick up a true direction. In the U.S. during April, edible dry whey production totaled 89.7 million pounds, up 1.2% from last year. End of April stocks totaled 45.8 million pounds, up 16.3% from 2002. Western production was down 4.2% with California 8.1% lower.

NONHYGROSCOPIC: .1250 - .1550 MOSTLY: .1300 - .1400

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a weak market. Interest in milk replacer is fair and somewhat improved compared to the week prior. With Extra Grade manufacturers less inclined to discount on their sales, some feed buyers are diverting their interest toward the more attractively priced milk replacer market. Supplies are in balance to occasionally short of buyer interest. Early weaned pig prices are steady while the veal market undertone is firm. Production of animal feed dry whey during April 2003 totaled 5.0 million pounds, 3.9% lower than a year ago and 5.3% less than March 2003. Month ending stocks, at 1.4 million pounds, are 15.4% below a year ago and 15.8% lower than last month.

F.O.B. CENTRAL:
MILK REPLACER: .1200 - .1300

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Less discounting is noted compared to the week prior, yet demand remains lackluster. Reports that some WPC 80% prices are higher is encouraging some traders to speculate that the WPC 34% prices may be near the bottom. However, a direct correlation in price movement between 34% and 80% WPC is not known and broker bids are noted below the range. Production is steady. Some export interest is noted into Mexico and Asia. Offerings are heavy to domestic buyers. Imported WPC 80% and off grade product are available for the light interest at prices that vary with the quality. Production of HUMAN FOOD WPC during April 2003 totaled 28.1 million pounds, up 11.7% from April 2002 but 1.8% below March 2003. Manufacturers end-of-month stocks totaled 28.4 million pounds, 10.7% lower than a year ago but 10.7% above last month. Production of ANIMAL FEED WPC during April 2003 totaled 3.0 million pounds, down 1.9% from April 2002 but 0.7% above March 2003. Manufacturers end-of-month stocks totaled 1.7 million pounds, 8.6% above last year but 3.1% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .3700 - .4600 MOSTLY: .4000 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Lactose demand remains strong. Interest is noted from both domestic and foreign buyers. Some producers are offering at higher prices for third quarter. Buyers are skeptical of higher prices in light of depressed prices in all other dry product markets. However, since supplies are currently tight, higher offering prices are being considered. Production is steady for the mostly contractual demand. Permeate and whey are competitive substitutes into the feed industry. Lactose production during April 2003 totaled 55.6 million pounds, up 16.2% from April 2002 and 3.0% higher than March 2003. Month ending stocks, at 41.7 million pounds, are 11.3% lower than a year ago and 5.9% less last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1600 - .2350 MOSTLY: .1700 - .1900

CASEIN - NATIONAL

Casein prices are generally unchanged, although the market tone remains firm. Most domestic buyers report that they are getting their contracted volumes as scheduled. Negotiations are occurring for upcoming contract periods and in most instances, prices are higher. On June 4, the Kansas City Commodity office announced that no bids were received under invitation 008 for the sale of CCC owned nonfat dry milk for the manufacture of casein or caseinate. This was the second consecutive invitation that received no buyer interest. The last time powder was sold for this purpose was in December 2002 when 2.6 million pounds were sold at a price of \$0.22 per pound.

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: 1.9500 - 2.1500
ACID: 1.9500 - 2.0500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are easing slightly as surplus milk volumes start to ease from peak levels. Still, reports indicate that quite a bit of milk is available in some parts of the country. Producer inventories are building along seasonal patterns. Demand ranges from mostly slow to fair. The USDA has been requested to hold an emergency public hearing to consider a proposal to amend all 11 Federal orders to reclassify evaporated milk in consumer-type packages from a Class III product to a Class IV product. Canned evaporated milk production during April totaled 56.9 million pounds, 15.4% more than April 2002 and 10.1% more than March 2003. Month ending stocks, at 59.0 million pounds, are 20.8% more than a year ago and 11.9% above last month.

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	05/21	05/22	05/23	05/26	05/27	05/28	05/29	05/30	06/02	06/03
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
MAY 03	9.67 (3131) 4	9.62 (3137) 102	9.67 (3141) 11	NO TRADING	9.65 (3119) 20	9.67 (3125) 10	9.67 (2951) 0	9.71		
JUN 03	9.88 (4201) 6	9.81 (4201) 26	9.87 (4211) 46		9.90 (4184) 6	9.82 (4195) 35	9.82 (4233) 86	9.82 (4263) 135	9.81 (4265) 56	9.81 (4090) 105
JUL 03	10.70 (3816) 70	10.66 (3819) 9	10.72 (3822) 50		10.76 (3825) 25	10.76 (3832) 107	10.75 (3904) 244	10.62 (3910) 44	10.50 (3908) 63	10.50 (3913) 22
AUG 03	11.25 (3258) 49	11.20 (3265) 13	11.15 (3277) 20		11.18 (3278) 12	11.18 (3287) 29	11.27 (3287) 16	11.38 (3311) 32	11.33 (3315) 34	11.43 (3350) 122
SEP 03	11.89 (3265) 37	11.91 (3271) 8	11.91 (3282) 22		11.95 (3293) 26	11.90 (3294) 14	11.97 (3299) 18	12.05 (3302) 47	12.07 (3306) 35	12.07 (3306) 27
OCT 03	11.91 (2716) 36	11.91 (2716) 12	11.96 (2728) 29		12.00 (2728) 24	11.96 (2730) 15	12.00 (2758) 35	12.10 (2776) 25	12.10 (2780) 32	12.10 (2787) 32
NOV 03	12.05 (2083) 43	12.00 (2084) 1	11.99 (2096) 24		11.98 (2106) 18	11.94 (2106) 15	11.98 (2243) 144	12.24 (2268) 25	12.12 (2281) 22	12.12 (2290) 53
DEC 03	11.80 (1677) 32	11.80 (1679) 10	11.83 (1680) 19		11.88 (1687) 9	11.83 (1687) 2	11.83 (1765) 110	12.00 (1763) 11	11.90 (1772) 15	11.90 (1778) 40
JAN 04	11.70 (354) 4	11.70 (354) 0	11.70 (356) 8		11.74 (356) 0	11.74 (358) 2	11.74 (437) 101	11.90 (439) 16	11.75 (447) 10	11.75 (458) 52
FEB 04	11.65 (305) 1	11.65 (305) 0	11.65 (302) 5		11.65 (302) 0	11.65 (304) 2	11.65 (412) 130	11.85 (415) 11	11.70 (419) 6	11.70 (435) 50
MAR 04	11.45 (176) 0	11.45 (176) 0	11.45 (177) 5		11.45 (178) 3	11.45 (178) 0	11.45 (204) 42	11.70 (211) 9	11.60 (214) 6	11.59 (218) 31
APR 04	11.40 (137) 0	11.40 (137) 0	11.40 (137) 4		11.40 (137) 0	11.40 (137) 0	11.40 (139) 11	11.50 (144) 10	11.40 (147) 4	11.40 (157) 10
MAY 04	11.45 (130) 1	11.40 (130) 0	11.40 (131) 5		11.40 (131) 0	11.40 (131) 0	11.40 (133) 4	11.50 (139) 11	11.35 (142) 4	11.35 (145) 3
JUN 04	11.68 (127) 0	11.68 (127) 0	11.68 (127) 0		11.68 (127) 0	11.68 (127) 0	11.68 (131) 4	11.70 (133) 2	11.60 (136) 4	11.60 (137) 1
JUL 04	12.09 (126) 3	12.09 (126) 0	12.09 (128) 2		12.10 (128) 0	12.10 (128) 0	12.10 (142) 31	12.20 (145) 8	12.10 (148) 4	12.10 (152) 4
AUG 04	12.19 (100) 4	12.19 (100) 0	12.19 (107) 7		12.28 (107) 0	12.28 (112) 5	12.27 (129) 17	12.37 (140) 11	12.26 (143) 3	12.21 (145) 5
SEP 04	12.50 (96) 0	12.50 (96) 1	12.50 (99) 3		12.54 (103) 5	12.54 (109) 6	12.53 (138) 29	12.65 (140) 4	12.50 (143) 3	12.50 (154) 13
OCT 04	12.10 (37) 0	12.10 (37) 2	12.09 (41) 4		12.10 (47) 6	12.15 (47) 0	12.15 (62) 15	12.45 (63) 1	12.35 (63) 0	12.30 (63) 0

CME - (CLASS IV) MILK FUTURES - Dollars per cwt.

MAY 03	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	NO TRADING	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	9.74		
JUN 03	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0		10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0
JUL 03	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0		10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0
AUG 03	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0		10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0
SEP 03	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0		10.15 (20) 5	10.05 (20) 0	10.05 (20) 0	10.05 (20) 0	10.05 (20) 0	10.05 (20) 0
OCT 03	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0		10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0	10.15 (2) 0

CME - BUTTER FUTURES -- Cents per pound

JUL 03	112.60 (539) 8	113.00 (538) 6	113.00 (538) 0	NO TRADING	113.00 (538) 1	113.00 (538) 0	113.00 (538) 0	113.00 (543) 6	112.50 (547) 6	112.50 (460) 240
SEP 03	116.00 (415) 3	116.00 (415) 0	116.00 (415) 0		116.00 (415) 0	116.00 (415) 0	116.00 (417) 2	116.00 (417) 0	115.75 (417) 0	115.75 (606) 197
OCT 03	117.00 (282) 0	117.00 (282) 0	117.00 (282) 0		117.00 (282) 0	117.00 (282) 0	117.00 (285) 3	117.50 (285) 0	117.00 (285) 0	117.00 (285) 5
DEC 03	119.00 (84) 0	119.00 (84) 0	119.00 (84) 0		119.00 (84) 0	119.00 (84) 0	119.00 (84) 0	119.00 (84) 0	119.00 (84) 0	119.00 (114) 30
MAR 04	129.00 (52) 0	129.00 (52) 0	129.00 (52) 0		129.00 (54) 2	129.00 (54) 0	129.00 (54) 0	129.00 (54) 0	129.00 (54) 0	129.00 (56) 2

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

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 26 - June 6, 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 remain strong. Many milk handlers are reporting that milk volumes seem to be holding steady at a high level, thus indicating to them that the seasonal peak is at hand. Although some continue to report slight increases, others are reporting slight declines from recent weeks. Currently, temperatures in many milk producing regions of Europe have been reported as hot, thus this could reduce the peak of the milk production cycle quickly, but no indications of this is reported as of yet. Much conversation continues to center around the firm Euro. The recent export subsidy adjustment a few weeks ago for skim milk powder and last week's export subsidy increase for full cream powder are two factors some traders and handlers are attributing to resumed buyer interest. Although this buyer interest is not significant, suppliers are hopeful that this is the start of sales activity out of Europe. All in all, Europe is the only source for dairy products at this time. Milk production in the Oceania region has ended for the season and orders are being filled from inventoried stocks with no significant volumes available for spot buyer needs. This situation will maintain itself for the next few months until the start of their new milk production season in August/September. South American stocks are limited and U.S. prices are too high to attract buyer interest without DEIP, although U.S. stocks are available. European traders indicate that U.S. supplies may become available under the new DEIP program after July 1 or if industry conversations of a possible CCC support tilt for butter/powder occurs. European skim milk powder continue to clear to intervention. Many traders and handlers report that intervention offerings are heavier than anticipated, but are now not surprised at the volumes in light of limited international sales. As of May 28, intervention volumes total about 48,000 mt versus 75,000 mt last year at this time. Most feel that offerings will slow once international sales resume, which many feel is not too far away.

BUTTER/BUTTEROIL: European butter markets and prices are steady. A slight renewal of buyer interest is starting to develop for European dairy products. Butter production is reported to be lighter. Butter producers indicate that cream is less available for the churn. Increased demand of cream for other uses and lower butterfat tests are two reasons for light cream offerings. Active clearances to PSA and intervention have slowed.

82% BUTTERFAT: 1,250 - 1,300
99% BUTTERFAT: 1,550 - 1,650

SKIM MILK POWDER (SMP): European skim milk powder markets are unsettled with prices unchanged to slightly lower. Trader and handler opinions on the recent export subsidy increase of a few weeks ago and its' impact on prices/sales are still mixed. Some state that this is the start of better thing to follow, while others are not as optimistic. Some are indicating that sales activity, or at least buyer interest, is starting to occur. They have put together a few small lot, immediate shipment sales, with additional sales to hopefully follow. Traders report that Europe is basically the only source of skim milk powder (at world prices) at this time and indicate that European sources will be competing among themselves when buyer interest develops.

1.25% BUTTERFAT: 1,675 - 1,750

WHOLE MILK POWDER (WMP): European whole milk powder markets are generally steady, although prices are unchanged to lower. On May 28, the EU Management Committee increased the export refund for dry whole milk by 10%, from 930 Euros to 1,024 per mt. Many traders and handlers were lobbying the Commission for such a move due to the firm Euro against the U.S. dollar. Opinions were unclear at that time what this might do to encourage full cream powder sales, but by midweek this week, reports of buyer interest and small lot sales were being uncovered. Many feel that this may be the start of renewed buyer interest.

26% BUTTERFAT: 1,625 - 1,675

SWEET WHEY POWDER: Whey powder markets and prices are weak. Cheese production schedules have been very active during recent weeks which have generated heavy whey volumes. At this point, international sales activity has been limited for European whey, thus available volumes have had to clear into domestic or internal markets. These markets have not been able to fully absorb the heavy volumes, thus prices are weakening in hopes of encouraging buyer interest. Traders are wondering if any European stocks will clear as a result of the Japanese tender which is to be awarded soon. Many still feel that prices are too high for consideration.

NONHYGROSCOPIC: 350 - 400

OCEANIA

OCEANIA OVERVIEW: Milk production patterns in Oceania are at seasonal low levels. The winter season is at hand in all areas, but spring, and the start of the new milk production season, is not far off. Producers and milk handlers are already looking forward to the new season with optimism. Moisture during the fall/winter season has or is occurring in most milk producing areas, although additional volumes are needed. Yearend milk production reports out of New Zealand and Australia are much the same as have been released during the season. New Zealand is reporting a 2% gain over the 2001 - 2002 year, while Australia continues to project a 10% decline for the same period. Some projections for the new season are that New Zealand handlers anticipate gains in line with last season and the Australian outlook is 1 - 2% gains over the year just completed. Sales activity out of Oceania is limited as most activity is centering around shipments of previously placed orders. At this time, dairy product handlers still feel comfortable with their supplies in relationship to orders, with most indicating that they will have very minimal volumes, if any at all, to carry into the new year. Oceania handlers and traders are closely monitoring international political and monetary developments at this time and analyzing what impact these developments might or will have on new season product prices.

BUTTER: Oceania butter markets and prices are basically steady. No new buyer interest or sales activity is being reported from this part of the world. Traders and handlers report that shipments are leaving the Oceania region as scheduled and stocks are sufficient to maintain steady deliveries. Most traders and handlers report that inventory levels are sufficient to fill known orders with minimal volumes available for spot buyer interest. They indicate that if stocks are carried into the new production season, they will be quite minimal and not a major concern.

82% BUTTERFAT: 1,250 - 1,275

CHEDDAR CHEESE: Oceania cheese markets are steady at unchanged prices. Stocks are sufficient to maintain steady shipment schedules to regular and ongoing customers. New buyer interest is very limited as most of Oceania's cheese stocks have been previously committed.

39% MAXIMUM MOISTURE: 1,700 - 1,950

SKIM MILK POWDER (SMP): As in most Oceania dairy product markets, prices and the market tone are steady. The milk production season has now ended for the year and orders are being filled from inventoried stocks. Shipments are reported to be on schedule and most handlers are comfortable with their supply situation in relationship to known orders.

1.25% BUTTERFAT: 1,650 - 1,750

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady with prices adjusting to previous weeks'. Stocks are sufficient to maintain steady shipment schedules. Orders are being filled from inventoried stocks with handlers indicating that they are comfortable with their supply situation. Most handlers state that they will basically be cleaned out when the new production season resumes.

26% BUTTERFAT: 1,700 - 1,775

Exchange rates for selected foreign currencies: June 2, 2003

.7300 Canadian Dollar	.0212 Indian Rupee
.3512 Argentina Peso	.5811 New Zealand Dollar
.0976 Mexican Peso	.6574 Australian Dollar
.2642 Polish Zloty	.0084 Japanese Yen
	1.1751 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0976)= 10.2459. That is 1 US Dollar equals 10.2459 Mexican Pesos. Source: "Wall Street Journal"

OVERVIEW: EASTERN EUROPE: Milk production patterns in Eastern Europe continue to increase toward seasonal peak levels. Temperatures are also reported to be warming which may slow the growth if they persist. Milk volumes are sufficient to maintain active manufacturing schedules. Stocks of Eastern European dairy products are increasing as international sales activity continues to be reported as light. Although some buyer inquiries are starting to occur.

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

COMMODITY	REPORT NUMBER 18	REPORT NUMBER 19	REPORT NUMBER 20	REPORT NUMBER 21	REPORT NUMBER 22	2003	2002
	MAY 01 - 02	MAY 05 - 09	MAY 12 - 16	MAY 19 - 23	MAY 26 - 30	or Total	or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.2725 - 1.4600	:: 1.2975 - 1.4600	:: 1.3200 - 1.4600	:: 1.2975 - 1.4600	:: 1.2750 - 1.4600	:: 1.3781	:: 1.5072
-- Brick And/Or Muenster 5#	:: 1.4600 - 1.7800	:: 1.4800 - 1.8025	:: 1.4800 - 1.8150	:: 1.4800 - 1.7950	:: 1.4800 - 1.7925	:: 1.6389	:: 1.6619
-- Cheddar 40# Block	:: 1.4400 - 2.1150	:: 1.4400 - 2.1150	:: 1.4400 - 2.1150	:: 1.4400 - 2.1150	:: 1.4400 - 2.1150	:: 1.7775	:: 1.8125
-- Monterey Jack 10#	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.7000 - 2.1150	:: 1.9075	:: 1.9275
-- Blue 5#	:: 1.8725 - 2.1900	:: 1.8950 - 2.1900	:: 1.9075 - 2.1900	:: 1.8875 - 2.1900	:: 1.8850 - 2.1900	:: 2.0411	:: 2.1182
-- Mozzarella 1a 5 - 6#	:: 1.4250 - 2.2150	:: 1.4300 - 2.2150	:: 1.4300 - 2.2150	:: 1.4300 - 2.2150	:: 1.4300 - 2.2150	:: 1.8223	:: 1.8661
-- Grade A Swiss Cuts 6 - 9#	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 1.9500 - 2.6850	:: 2.3175	:: 2.3399

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 10# Pri nts	:: 1.1825 - 1.6775	:: 1.2050 - 1.7000	:: 1.2175 - 1.7125	:: 1.1975 - 1.6925	:: 1.1950 - 1.6900	:: 1.4496	:: 1.5089
-- Cheddar Single Dai sies	:: 1.1400 - 1.6050	:: 1.1625 - 1.6275	:: 1.1750 - 1.6400	:: 1.1550 - 1.6200	:: 1.1525 - 1.6175	:: 1.3921	:: 1.4639
-- Cheddar 40# Block	:: 1.2575 - 1.5050	:: 1.2800 - 1.5275	:: 1.2975 - 1.5400	:: 1.2775 - 1.5200	:: 1.2750 - 1.5175	:: 1.4026	:: 1.4581
-- Process 5# Loaf	:: 1.3025 - 1.5025	:: 1.3275 - 1.5275	:: 1.3500 - 1.5500	:: 1.3275 - 1.5275	:: 1.3050 - 1.5050	:: 1.4262	:: 1.4869
-- Process 5# Sliced	:: 1.3225 - 1.5700	:: 1.3475 - 1.5950	:: 1.3700 - 1.6175	:: 1.3475 - 1.5950	:: 1.3250 - 1.5725	:: 1.4699	:: 1.5532
-- Muenster	:: 1.3450 - 1.5500	:: 1.3675 - 1.5725	:: 1.3800 - 1.5850	:: 1.3600 - 1.5650	:: 1.3575 - 1.5625	:: 1.4671	:: 1.5401
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 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	:: 1.2400 - 1.5000	:: 1.2675 - 1.5275	:: 1.2900 - 1.5500	:: 1.2675 - 1.5275	:: 1.2450 - 1.5050	:: 1.3960	:: 1.4669
-- Cheddar 40# Block	:: 1.2500 - 1.3900	:: 1.2750 - 1.4150	:: 1.2875 - 1.4275	:: 1.2675 - 1.4075	:: 1.2675 - 1.4075	:: 1.3424	:: 1.4039
-- Cheddar 10# Cuts	:: 1.4300 - 1.6500	:: 1.4550 - 1.6750	:: 1.4675 - 1.6875	:: 1.4475 - 1.6675	:: 1.4475 - 1.6675	:: 1.5624	:: 1.6239
-- Monterey Jack 10#	:: 1.4400 - 1.6000	:: 1.4650 - 1.6250	:: 1.4775 - 1.6375	:: 1.4575 - 1.6175	:: 1.4575 - 1.6175	:: 1.5424	:: 1.6064
-- Grade A Swiss Cuts 6 - 9#	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2000 - 2.3700	:: 2.2850	:: 2.4395

FLUID PRODUCTS

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

-- Northeast - f.o.b	:: 1.3110 - 1.4640	:: 1.3010 - 1.4528	:: 1.3397 - 1.4813	:: 1.3376 - 1.4790	:: 1.3650 - 1.4881	:: 1.4028	:: 1.3697
-- Atlanta - dlvd. equiv.	:: 1.3329 - 1.4640	:: 1.3227 - 1.4528	:: 1.3506 - 1.4595	:: 1.3485 - 1.4790	:: 1.3541 - 1.4772	:: 1.4044	:: 1.3637
-- Upper Midwest - f.o.b	:: 1.3656 - 1.4421	:: 1.3444 - 1.4637	:: 1.3506 - 1.4377	:: 1.3485 - 1.4355	:: 1.3349 - 1.4553	:: 1.3971	:: 1.3548

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

-- Class II	:: 0.8500 - 0.9800	:: 0.8500 - 0.9800	:: 0.8500 - 0.9800	:: 0.8500 - 0.9800	:: 0.8500 - 0.9300	:: 0.9102	:: 0.9789
-- Class III	:: 0.7400 - 0.8000	:: 0.7400 - 0.8000	:: 0.7400 - 0.8000	:: 0.7400 - 0.8000	:: 0.7400 - 0.8200	:: 0.7719	:: 0.8550

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	:: 18.0000 - 30.0000	:: 24.0000	:: 26.0000

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

COMMODITY	REPORT NUMBER 18	REPORT NUMBER 19	REPORT NUMBER 20	REPORT NUMBER 21	REPORT NUMBER 22	2003	2002
	MAY 01 - 02	MAY 05 - 09	MAY 12 - 16	MAY 19 - 23	MAY 26 - 30	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8000 - 0.8750	:: 0.8000 - 0.8750	:: 0.8000 - 0.8750	:: 0.8000 - 0.8750	:: 0.8000 - 0.8750	:: 0.8375	:: 0.9174
-- Mostly	:: 0.8000 - 0.8450	:: 0.8000 - 0.8450	:: 0.8000 - 0.8450	:: 0.8000 - 0.8450	:: 0.8000 - 0.8450	:: 0.8225	:: 0.8911
-- High Heat	:: 0.8600 - 0.9150	:: 0.8600 - 0.9150	:: 0.8600 - 0.9150	:: 0.8600 - 0.9150	:: 0.8600 - 0.9150	:: 0.8875	:: 0.9605
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.7900 - 0.8875	:: 0.7900 - 0.8875	:: 0.7900 - 0.8875	:: 0.7900 - 0.8875	:: 0.7900 - 0.8875	:: 0.8388	:: 0.9149
-- Mostly	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.7950 - 0.8075	:: 0.8013	:: 0.8965
-- High Heat	:: 0.8225 - 0.8400	:: 0.8200 - 0.8400	:: 0.8200 - 0.8400	:: 0.8200 - 0.8450	:: 0.8200 - 0.8400	:: 0.8307	:: 0.9294
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.1400 - 0.1625	:: 0.1400 - 0.1550	:: 0.1250 - 0.1500	:: 0.1250 - 0.1500	:: 0.1250 - 0.1450	:: 0.1407	:: 0.1691
-- Mostly	:: 0.1475 - 0.1525	:: 0.1400 - 0.1475	:: 0.1400 - 0.1450	:: 0.1375 - 0.1425	:: 0.1325 - 0.1425	:: 0.1420	:: 0.1677
-- West (f.o.b.)	:: 0.1225 - 0.1650	:: 0.1250 - 0.1625	:: 0.1250 - 0.1600	:: 0.1250 - 0.1550	:: 0.1250 - 0.1550	:: 0.1418	:: 0.1715
-- Mostly	:: 0.1300 - 0.1450	:: 0.1300 - 0.1425	:: 0.1300 - 0.1400	:: 0.1300 - 0.1400	:: 0.1300 - 0.1400	:: 0.1355	:: 0.1706
-- Northeast (f.o.b.)	:: 0.1450 - 0.1725	:: 0.1450 - 0.1725	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1579	:: N.A.
-- Southeast (Delvd)	:: 0.1700 - 0.1850	:: 0.1700 - 0.1825	:: 0.1650 - 0.1800	:: 0.1650 - 0.1800	:: 0.1650 - 0.1800	:: 0.1739	:: 0.1984
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.4600 - 0.5200	:: 0.4400 - 0.5075	:: 0.4200 - 0.4900	:: 0.4100 - 0.4725	:: 0.3700 - 0.4625	:: 0.4521	:: 0.5241
-- Mostly	:: 0.4650 - 0.4900	:: 0.4500 - 0.4775	:: 0.4500 - 0.4650	:: 0.4375 - 0.4575	:: 0.4100 - 0.4475	:: 0.4530	:: 0.5186
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1275 - 0.1375	:: 0.1250 - 0.1375	:: 0.1250 - 0.1300	:: 0.1250 - 0.1300	:: 0.1250 - 0.1300	:: 0.1289	:: 0.1537
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.6800 - 0.7000	:: 0.6800 - 0.7000	:: 0.6800 - 0.7000	:: 0.6800 - 0.6900	:: 0.6750 - 0.6850	:: 0.6869	:: 0.8500
-- West (f.o.b.)	:: 0.6800 - 0.7400	:: 0.6600 - 0.7300	:: 0.6600 - 0.7300	:: 0.6500 - 0.7300	:: 0.6500 - 0.7300	:: 0.6943	:: 0.8464
-- Mostly	:: 0.7000 - 0.7200	:: 0.6900 - 0.7100	:: 0.6900 - 0.7100	:: 0.6800 - 0.7000	:: 0.6700 - 0.6900	:: 0.6948	:: 0.8518
-- Northeast (f.o.b.)	:: 0.7000 - 0.7175	:: 0.7000 - 0.7100	:: 0.7000 - 0.7100	:: 0.6800 - 0.7100	:: 0.6800 - 0.7100	:: 0.7011	:: 0.8379
-- Southeast (Delvd)	:: 0.7000 - 0.7550	:: 0.7000 - 0.7550	:: 0.7000 - 0.7550	:: 0.7000 - 0.7550	:: 0.7000 - 0.7550	:: 0.7275	:: 0.8400
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.0300 - 1.1600	:: 1.0325 - 1.1400	:: 1.0325 - 1.1500	:: 1.0325 - 1.1500	:: 1.0325 - 1.1500	:: 1.0904	:: 1.1832
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1600 - 0.2350	:: 0.1600 - 0.2350	:: 0.1600 - 0.2350	:: 0.1600 - 0.2350	:: 0.1600 - 0.2350	:: 0.1975	:: 0.2069
-- Mostly	:: 0.1650 - 0.1900	:: 0.1650 - 0.1900	:: 0.1650 - 0.1900	:: 0.1700 - 0.1900	:: 0.1700 - 0.1900	:: 0.1786	:: 0.1832
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 1.9500 - 2.1500	:: 2.0500	:: 2.2739
-- Nonrestricted - Acid	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 2.0000	:: 2.0830

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 Holiday days excluded. No monthly average is computed if one or more weekly prices are missing.

CHI CAGO MERCANTILE EXCHANGE AVERAGES FOR MAY 2003

COMMODITY	REPORT NUMBER 18: MAY 1 - 2	REPORT NUMBER 19: MAY 5 - 9	REPORT NUMBER 20: MAY 12 - 16	REPORT NUMBER 21: MAY 19 - 23	REPORT NUMBER 22: MAY 27 - 30	2003 * Average	2002 * Average
BUTTER*							
-- GRADE AA							
--Monday		1.0900	1.0900	1.0925	#		
--Tuesday							
--Wednesday		1.0900	1.0850	1.0950	1.0975		
--Thursday							
--Friday	1.0875	1.0875	1.0875	1.0950	1.1050	1.0919	1.0590
--Weekly Average**	1.0842	1.0892	1.0875	1.0942	1.1013		
CHEESE*							
-- BARRELS							
--Monday		1.1300	1.1550	1.0925	#		
--Tuesday		1.1300	1.1200	1.0925	1.1025		
--Wednesday		1.1300	1.1200	1.0950	1.1025		
--Thursday	1.1300	1.1550	1.1025	1.0975	1.1025		
--Friday	1.1300	1.1550	1.0950	1.0975	1.1025	1.1161	1.1688
--Weekly Average**	1.1170	1.1400	1.1185	1.0950	1.1025		
-- 40# BLOCKS							
--Monday		1.1575	1.1550	1.1350	#		
--Tuesday		1.1575	1.1425	1.1350	1.1325		
--Wednesday		1.1575	1.1225	1.1325	1.1325		
--Thursday	1.1575	1.1575	1.1325	1.1325	1.1325		
--Friday	1.1575	1.1575	1.1325	1.1325	1.1325	1.1421	1.2009
--Weekly Average**	1.1445	1.1575	1.1370	1.1335	1.1325		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		0.8400	0.8400	0.8400	#		
--Tuesday		0.8400	0.8400	0.8400	0.8400		
--Wednesday		0.8400	0.8400	0.8400	0.8400		
--Thursday	0.8400	0.8400	0.8400	0.8400	0.8400		
--Friday	0.8400	0.8400	0.8400	0.8400	0.8400	0.8400	0.9400
--Weekly Average**	0.8400	0.8400	0.8400	0.8400	0.8400		
-- GRADE A							
--Monday		0.8400	0.8400	0.8400	#		
--Tuesday		0.8400	0.8400	0.8400	0.8400		
--Wednesday		0.8400	0.8400	0.8400	0.8400		
--Thursday	0.8400	0.8400	0.8400	0.8400	0.8400		
--Friday	0.8400	0.8400	0.8400	0.8400	0.8400	0.8400	0.8782
--Weekly Average**	0.8400	0.8400	0.8400	0.8400	0.8400		

* 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 the observance of Memorial Day.

M A Y 2003 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 2002 – APRIL 2003		68,201		
MAY 1 - 31, 2003		<u>0</u>		
JULY 2002 – MAY 2003		<u>68,201</u>		
CHEESE				
JULY 2002 – APRIL 2003		3,029		
MAY 1 - 31, 2003		<u>0</u>		
JULY 2002 – MAY 2003		<u>3,029</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY 2002 – APRIL 2003		5,000		
05/28/03-A	CARIBBEAN, CENT & S. AM	625	MAY-DEC	\$1,975
05/29/03-A	CARIBBEAN, CENT & S. AM	1,250	JUN-NOV	\$1,975
MAY 1 -31, 2003		<u>1,875</u>		
JULY 2002 – MAY 2003		<u>6,875</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
				PROGRAM TO DATE
TOTAL MT				78,105
TOTAL BONUS VALUE				\$37,357,371

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 were 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. Shortly after the third stage announcement, USDA issued an invitation for 5,000 MT of the previously announced butterfat allocation of 13,186 MT. On May 19, 2003, another invitation for 5,000 MT of butterfat was announced.

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2003 declined 1 point to 127. Compared with May 2002, the index was up 4 points (3.3 percent). The index of prices received by farmers for dairy products advanced 1 point during the month of May 2003 to 85. Compared with May 2002, the index was down 8 points (8.6 percent).

Prices received by farmers in May with changes from April were: for All Milk, \$11.10 per hundredweight (cwt.), up \$.10; Fluid Grade Milk, \$11.10 per cwt., unchanged; and for Manufacturing Grade Milk, \$10.00 per cwt., up \$.10.

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

STATE	All-milk price ^{1/} ^{3/}				Milk cows ^{5/}		Cows ^{6/}		All hay baled ^{7/}	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	APRIL		MAY		MAY		MAY		MAY	
	2003 ^{2/}	2002 ^{2/}	2003 ^{4/}	2002 ^{2/}	2003	2002	2003 ^{7/}	2002 ^{8/}	2003	2002
CA	10.00	11.38	10.10	10.97			43.00	37.00	98.00	115.00
ID	10.20	11.60	10.40	11.20			41.90	37.80	87.00	106.00
MI	11.10	12.50	11.20	12.20		PRICES	40.00	41.50	99.00	73.00
MN	11.10	12.40	11.30	12.10		PUBLISHED	44.50	42.90	72.00	55.00
NM	10.70	11.90	10.70	11.60		JANUARY,	39.00	39.00	144.00	133.00
NY	11.80	13.20	11.80	12.90		APRIL,	---	---	110.00	119.00
PA	12.50	14.20	12.50	13.60		JULY AND	41.20	43.60	140.00	127.00
TX	11.80	13.00	11.90	12.60		OCTOBER	37.90	37.40	90.00	87.00
WA	11.00	12.40	11.00	12.00			---	---	117.00	126.00
WI	11.10	12.60	11.20	12.30			41.90	41.60	74.00	63.00
U.S.	11.00	12.50	11.10	12.10			41.10	39.80	99.20	102.00

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

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

ITEM	MAY 2002	APRIL 2003 ^{1/}	MAY 2003 ^{2/}
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	12.10	11.00	11.10
Fluid grade milk	12.10	11.10	11.10
Manufacturing grade milk	11.10	9.90	10.00
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	96	101	107
Prices received by farmers for dairy products	93	84	85
Prices paid by farmers for commodities and services, interest taxes, and wage rates	123	128	127
Prices paid by farmers for production items	118	123	123
Prices paid by farmers for feed	109	114	114
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk ^{3/}	2.64	2.25	2.16

^{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 (5/03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MAY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for May 2003 is \$1.1512 per pound. Thus, the Class II butterfat price is \$1.1582. The protein and other solids prices for May are \$1.9275 and \$-0.0144 per pound, respectively. These component prices set the Class III skim milk price at \$5.89 per cwt. The May Class IV skim milk price is \$5.92 which is derived from the nonfat solids price of 0.6574 per pound.
Product Price Averages: The product price averages for May are; butter \$1.0743, nonfat dry milk \$0.8040, cheese \$1.1394, and dry whey \$0.1450.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	MAY 2003				JUNE 2003
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	12.96	10.43	9.71	9.74	12.99
Appalachian (Charlotte) 5/	005	12.81	10.43	9.71	9.74	12.84
Southeast (Atlanta) 6/	007	12.81	10.43	9.71	9.74	12.84
Florida (Tampa) 7/	006	13.71	10.43	9.71	9.74	13.74
Mideast (Cleveland) 8/	033	11.71	10.43	9.71	9.74	11.74
Upper Midwest (Chicago) 9/	030	11.51	10.43	9.71	9.74	11.54
Central (Kansas City) 10/	032	11.71	10.43	9.71	9.74	11.74
Southwest (Dallas) 11/	126	12.71	10.43	9.71	9.74	12.74
Arizona-Las Vegas (Phoenix) 12/	131	12.06	10.43	9.71	9.74	12.09
Western (Salt Lake City) 13/	135	11.61	10.43	9.71	9.74	11.64
Pacific Northwest (Seattle) 14/	124	11.61	10.43	9.71	9.74	11.64
All-Market Average	---	12.29	10.43	9.71	9.74	12.32

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.

APRIL 2003 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 123.3 million pounds in April, 6.3 percent below April 2002 and 2.4 percent below March 2003. **AMERICAN TYPE CHEESE** production totaled 309.6 million pounds, 3.4 percent below April 2002 and 2.8 percent below March 2003. **TOTAL CHEESE** output (excluding cottage cheese) was 722.3 million pounds, 0.4 percent above April 2002 but 1.8 percent below March 2003. **NONFAT DRY MILK** production, for human food, totaled 150.4 million pounds, 8.4 percent below April 2002 but 2.8 percent above March 2003. **DRY WHEY** production, for human food, was 89.7 million pounds, 1.2 percent above April 2002 but 6.4 percent below March 2003. **ICE CREAM** (hard) production totaled 79.4 million gallons, 1.2 percent below April 2002 but 7.9 percent above March 2003.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	APR 2003	PERCENT CHANGE FROM:			PRODUCT	APR 2003	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 2002	MAR 2003	YEAR TO DATE 1/		1,000 LBS.	APR 2002	MAR 2003	YEAR TO DATE 1/
BUTTER	123,286	-6.3	-2.4	-0.8	SOUR CREAM	50,123	---	-2.4	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	182,798	1.3	-6.4	---
AMERICAN TYPES 2/	309,567	-3.4	-2.8	-1.6	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	236,481	-6.9	-2.4	-3.6	SWEET-TYPE, HUMAN FOOD	11,459	12.9	15.0	---
SWISS	19,865	-3.8	-7.0	---	SWEET-TYPE, ANIMAL FEED 7/				---
BRICK & MUENSTER	7,412	5.7	0.5	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	54,741	3.0	-0.3	---	DRY WHEY, HUMAN FOOD	89,702	1.2	-6.4	---
HISPANIC	10,843	4.8	-4.6	---	DRY WHEY, ANIMAL FEED	4,995	-3.9	-5.3	---
MOZZARELLA	242,271	4.7	-0.4	-0.2	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	60,601	3.4	-2.6	2.0	HUMAN FOOD	2,913	-67.4	46.2	---
TOTAL ITALIAN TYPES	302,872	4.5	-0.8	0.2	ANIMAL FEED	3,498	-0.7	1.5	---
ALL OTHER TYPES	17,012	-3.9	3.6	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	55,610	16.2	3.0	---
TOTAL	722,312	0.4	-1.8	-0.6	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	39,094	4.7	4.6	---	HUMAN FOOD	28,102	11.7	-1.8	---
COTTAGE CHEESE, CREAM 4/	33,580	6.8	5.0	3.3	ANIMAL FEED	2,979	-1.9	0.7	---
COTTAGE CHEESE, LOWFAT 5/	32,895	5.8	1.3	2.6					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	56,903	15.4	10.1	---	ICE CREAM (HARD)	79,382	-1.2	7.9	-1.4
DRY WHOLE MILK	2,928	22.2	-13.4	---	ICE CREAM, LOWFAT (HARD)	10,211	-0.8	-0.9	---
NONFAT DRY MILK, HUMAN FOOD	150,429	-8.4	2.8	-2.2	ICE CREAM, LOWFAT (SOFT)	27,263	12.3	8.6	---
DRY SKIM MILK, ANIMAL FEED	502	-1.2	31.8	---	ICE CREAM, LOWFAT (TOTAL)	37,474	8.4	5.8	8.7
DRY BUTTERMILK	5,820	1.4	2.3	---	SHERBET (HARD)	5,426	7.5	8.3	8.3
					YOGURT (TOTAL)	6,324	-11.6	9.1	-8.7

MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	APR 2003	PERCENT OF:		PRODUCT	APR 2003	PERCENT OF:	
	1,000 LBS.	APR 2002	MAR 2003		1,000 LBS.	APR 2002	MAR 2003
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	45,788	16.3	1.8	HUMAN FOOD	28,409	-10.7	10.7
DRY WHEY, ANIMAL FEED	1,411	-15.4	-15.8	ANIMAL FEED	1,712	8.6	-3.1
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	9,990	16.1	-4.9	CANNED EVAPORATED & CONDENSED WHOLE MILK	58,954	20.8	11.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	41,659	-11.3	-5.9	NONFAT DRY MILK FOR HUMAN FOOD	149,468	-8.9	9.4
DRY BUTTERMILK, TOTAL	12,025	-2.9	-1.4				

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 (6-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 2 - 6, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 05/30/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	592,150	867,369	-275,219	11,741,078	-0-	-0-	-0-
Packaged	287,280	-0-	287,280	1,600,560	-0-	-0-	-0-
TOTAL	879,430	867,369	12,061	13,341,638	-0-	-0-	-0-
CHEESE							
Block	-0-	2,392,138	-2,392,138	3,840,106	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	5,545,706	-0-	-0-	-0-
Process	1,386,000	198,000	1,188,000	29,066,400	-0-	-0-	-0-
TOTAL	1,386,000	2,590,138	-1,204,138	38,452,212	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	13,730,518	1,405,202	12,325,316	482,481,306	477,904,201	1,276,377,000	1,044,103,000
Fortified	-0-	-0-	-0-	125,332	-0-	46,391,000	46,391,000
TOTAL	13,730,518	1,405,202	12,325,316	482,606,638	477,904,201	1,322,768,000	1,090,494,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 2 - 6, 2003 =	-8.1	131.5	COMPARABLE PERIOD IN 2002 =	5.9	309.9
CUMULATIVE SINCE OCTOBER 1, 2002 =	751.9	5,999.8	CUMULATIVE SAME PERIOD LAST YEAR =	105.1	5,562.8
CUMULATIVE JANUARY 1 - JUNE 6, 2003 =	677.8	4,734.2	COMPARABLE CALENDAR YEAR 2002 =	88.2	4,666.9

* 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 JUNE 2 - 6, 2003 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,188,000	132,276	-0-	
WEST	-275,219	287,280	-0-	-2,392,138	-0-	-0-	7,971,581	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	4,221,459	-0-	

CCC ADJUSTED PURCHASES SINCE 10/1/02 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-	29,277,972	-0-	18,101,758	23,975,567	36.5	31.7
WEST	13,341,638	-0-	9,174,240	-0-	430,605,723	417,426,289	62.5	68.1
EAST	-0-	-0-	-0-	-0-	33,899,157	36,502,345	1.0	0.2
TOTAL	13,341,638	-0-	38,452,212	-0-	482,606,638	477,904,201	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 05/17/03 & 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	0.1	0.8	6.8	4.1	21.0	2.0	0.2	0.9	12.5	3.2	51.7	1,127.8	46.0	49.2
2002-Dairy	0.2	0.7	5.8	4.4	16.9	1.9	0.4	0.7	11.0	2.4	44.4	981.2	42.7	46.9
2003-All cows	0.2	1.0	9.2	13.8	31.1	16.8	14.8	3.3	15.2	6.9	112.3	2,293.4		
2002-All cows	0.2	0.9	7.9	12.9	26.2	15.5	16.2	3.9	14.0	6.3	103.9	2,091.5		

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	9.64	9.71	9.74						
II	11.29	10.66	10.54	10.44	10.43							
III	9.78	9.66	9.11	9.41	9.71							
IV	10.07	9.81	9.79	9.73	9.74							

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