

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/27):**

BUTTER: Grade AA closed at \$1.1250. The weekly average for Grade AA is \$1.1258 (+.0058).

CHEESE: Barrels closed at \$1.2500 and blocks at \$1.2625. The weekly average for barrels is \$1.2160 (+.0550) and blocks, \$1.2415 (+.0520).

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: The cash price at the CME remained basically steady in a narrow range during trading sessions of the past week. Churning activity across the country is lighter as cream supplies tighten from both local and out of area sources. Although cream supplies are less available, many producers still point to inventory figures for the end of May which are 10.8% heavier than April and 30.1% heavier than May 2002. Quota butter imports continue to enter the U.S. very comparable to last year with above quota volumes much lighter. Quota butter imports for the first five months of the year total nearly 5.7 million pounds compared to nearly 5.9 million pounds for the same period last year. For January – May 2003, above quota or high tier volumes totaled 74,000 pounds compared 825,000 pounds for the comparable period in 2002. Overall butter demand is fair. Most retail orders are for fill-in needs unless featured. Food service orders are somewhat improved, especially in resort or vacation areas of the country.

CHEESE: The cheese market is firm. The recent increase in cash cheese prices has sparked a spurt in orders, particularly where price protection policies are in place. Other buyers are trying to build stocks for expected late year needs. Current offerings of most varieties are tight with mozzarella and lower grade Swiss more available. Recent bouts of heat and humidity have caused milk intakes to decline and yields to slip, reducing cheese output.

FLUID MILK: Milk production patterns in more parts of the country are being impacted by summer weather conditions as temperatures and humidity levels rise. Ninety degree and higher temperatures and humidity levels to match were recorded in many parts of the country this week. For many milk producing areas, this was the first time this season that hot/humid conditions prevailed and milk production was adversely affected. Late in the week, temperatures moderated in many parts, thus encouraging production recovery or at least a slowing of seasonal declines. Overall milk volumes are declining seasonally. Surplus milk volumes are lighter and many plants have adjusted operating schedules accordingly. Bottled milk sales are now at summer levels across the country as schools are closed for the summer months. Cream markets are firm from coast to coast. Many cream handlers commented on how quickly cream supplies have tightened and how high multiples have climbed in the past week or so. Outside of the Western part of the country, local cream supplies are short of needs and loads are being secured from Western sources to supplement local supplies.

DRY PRODUCTS: Nonfat dry milk prices are generally unchanged on a mostly steady market. Powder production is declining seasonally from coast to coast as milk production edges lower. Conversations continue to occur around what impact the powder for cheese program may have on the market in the near term. The feeling is that it may lead to some market weakness, but is currently not impacting sales interest. Clearances of surplus NDM powder continue to the CCC from all three regions of the country, although the total offerings are lighter. Whey powder markets are steady to firm with prices unchanged to higher. Many feel that the firmness in the market is more from the supply side versus the demand side. As prices firm, some producers and handlers report getting more calls looking for dry whey, but demand is still reported as fair. Buttermilk powder markets are steady to firm. Butter production is down across the country as milk supplies decline and more cream is sold away from the churn. Production of dry buttermilk is decreasing as condensed buttermilk is readily diverted into blending and ice cream facilities.

CCC: For the week of June 23 - 27, CCC purchased 435,600 pounds of process cheese from the Central region and 12,243,405 pounds of NDM from all regions. The following are the NDM regional purchases: 1,086,442 pounds from the Central region, 9,904,871 from the West, and 1,119,924 pounds from the East. CCC also received cancellations of 253,858 pounds of bulk butter.

COLD STORAGE (NASS): During May, U.S. cold storage holdings of butter totaled 295.2 million pounds, 10.8% more than a month ago and 30.1% heavier than last May. Natural American cheese holdings total 536.5 million pounds, 1.0% more than a month ago, but basically steady with last May. Nonfat dry milk holdings at the end of April total 1.3 billion pounds, 56 million pounds than last month and 266 million pounds heavier than May 2002. The government holds 88.6% of the total nonfat holdings.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first four months of 2003 totals 55.5 billion pounds, 2.5% higher than the same period in 2002. Comparing disappearance levels with year earlier levels: butter is +3.3%, American cheese, -0.3%, other cheese, +1.8%, NDM, -12.5%, and fluid milk products, +0.5%.

CONSUMER PRICE INDEX (BLS): The May CPI for all food is 178.8, 1.7% above May 2002. The dairy products index at 165.4, is 2.1% lower than last May. The following are the May to May changes for selected products: fresh whole milk -2.1%, cheese -3.1%, and butter -10.6%.

ERRATA: In last week's At a Glance, the May Federal Milk Order Price and Pool Summary contained incorrect data. The total volume of milk for May 2003 should have read as 1.0% lower than the May 2002 volume. After taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change should have read -0.7%. Additionally, in the Price and Pool table itself, the change in total receipts of producer milk from the previous year for the Mideast marketing area should have read -11.6%.

****SPECIAL THIS ISSUE****

MAY COLD STORAGE (PAGES 7-8)
JULY ANNOUNCED COOPERATIVE CLASS I PRICES (PAGE 9)
JULY FEDERAL ORDER ADVANCE PRICES (PAGE 10)

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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 23	TUESDAY JUNE 24	WEDNESDAY JUNE 25	THURSDAY JUNE 26	FRIDAY JUNE 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.2075 (N.C.)	\$1.2075 (N.C.)	\$1.2075 (N.C.)	\$1.2075 (N.C.)	\$1.2500 (+.0425)	+.0425	\$1.2160 (+.0550)
40# BLOCKS	\$1.2350 (N.C.)	\$1.2350 (N.C.)	\$1.2375 (+.0025)	\$1.2375 (N.C.)	\$1.2625 (+.0250)	+.0275	\$1.2415 (+.0520)
BUTTER							
GRADE AA	\$1.1250 (N.C.)	-----	\$1.1275 (+.0025)	-----	\$1.1250 (-.0025)	N.C.	\$1.1258 (+.0058)

*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.) NOTE: The CME will be closed on Friday, July 4, 2003.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 23, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.2350, 1 @ \$1.2450
 BUTTER -- SALES: 28 CARS GRADE AA: 1 @ \$1.1275, 1 @ \$1.1250, 13 @ \$1.1275, 1 @ \$1.1250, 1 @ \$1.1275, 1 @ \$1.1250, 3 @ \$1.1275, 4 @ \$1.1250, 1 @ \$1.1275, 2 @ \$1.1250; BIDS UNFILLED: 8 CARS GRADE AA: 3 @ \$1.1250, 2 @ \$1.1225, 3 @ \$1.1200; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1300

TUESDAY, JUNE 24, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2550

WEDNESDAY, JUNE 25, 2003

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.2325, 1 @ \$1.2350; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2375; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 8 CARS GRADE AA: 4 @ \$1.1275, 1 @ \$1.1300, 1 @ \$1.1275, 1 @ \$1.1300, 1 @ \$1.1275; BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$1.1275, 3 @ \$1.1250, 1 @ \$1.1225, 3 @ \$1.1150; OFFERS UNCOVERED: NONE

THURSDAY, JUNE 26, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2500

FRIDAY, JUNE 27, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS: 2 @ \$1.2500, 1 @ \$1.2450; 1 CAR 40# BLOCKS @ \$1.2625; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2700
 BUTTER -- SALES: 18 CARS GRADE AA: 1 @ \$1.1250, 1 @ \$1.1225, 2 @ \$1.1250, 1 @ \$1.1275, 2 @ \$1.1250, 1 @ \$1.1225, 1 @ \$1.1275, 1 @ \$1.1250, 1 @ \$1.1225, 2 @ \$1.1250, 1 @ \$1.1225, 1 @ \$1.1275, 1 @ \$1.1225, 1 @ \$1.1250, 1 @ \$1.1225; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.1250, 1 @ \$1.1225, 3 @ \$1.1200, 1 @ \$1.1000; OFFERS UNCOVERED: NONE

BUTTER MARKETS

MAY COLD STORAGE

According to NASS, May month-ending cold storage figures for butter total 295.2 million pounds, 30.1% more than last May and 10.8% heavier than April 2003 holdings.

NORTHEAST

Some firmness in the market continues, but the price at the CME has held relatively steady despite the active trading seen in the past two weeks. Since June 9, (through 6/23) there have been 89 sales at the CME and all but two have been based on bids. During that same period, the CME price from butter increased 2.5 cents. This indicates a good demand for bulk butter. However, some contacts wonder if this demand is based on actual needs (consumption), speculative, or to cover July futures positions. The most recent Cold Storage report continues to show more than ample stocks in freezers across the country. Production levels in the East are easing as Class II cream demand is starting to improve and excess cream volumes are dwindling. Demand for packaged butter is just fair, unless featured. Interest in bulk, other than at the CME, is unaggressive. Food service orders continue to improve in resort areas. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The overall tone to butter prices remains firm with the cash price at the CME adjusting slightly higher to \$1.1275 at midweek. Producers and handlers have mixed opinions on a market tone. Some feel that the time of the year and tightening cream volumes are giving strength to the market, while others look at inventory figures and question why the cash price remains so firm. Churning activity in the Central part of the country is lighter as cream supplies tighten from both local and out of area sources. Although cream supplies are less available, many producers still point to the fact that inventory figures for the end of May are 10.8% heavier

than April and 30.1% heavier than May 2002. Quota butter imports continue to enter the U.S. very comparable to last year with above quota volumes much lighter. Quota butter imports for the first five months of the year total nearly 5.7 million pounds compared to nearly 5.9 million pounds for the same period last year. For January – May 2003, above quota or high tier volumes totaled 74,000 pounds compared 825,000 pounds for the comparable period in 2002. Butter demand is fair at best. Many buyers continue to place orders for near term needs with most buyers still comfortable with this buying pattern even though prices have firmed within the past few weeks. Many buyers still do not foresee butter prices firming too much during the balance of the year or supplies tightening enough for them to pre-buy and incur inventory costs. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

The Cold Storage report released last week has raised the level of concern among some contacts about the possibility of not much of an increase in butter prices this summer. The report indicated that stocks at the end of May stand at 295.2 million pounds, an increase of 11% from last month and 30% more than last year. The increase from last year is more than 68 million pounds. This level of stocks is heavier than at any time since 1994. Current butter demand from retail accounts is steady at unaggressive numbers. Food service orders are improving in vacation related parts of the region. Demand for cream from other areas of the country and from ice cream plants in the region is limiting churning activity. Fresh butter is in tighter supply, but stored butter is relatively available. For the first time since January, no butter was offered to the government price support program and some previously offered volumes were cancelled. Government purchases since last October total 13.2 million pounds compared to none a year earlier. Weekly CME warehouse grew by 460,000 pounds this past week and stand at 194.9 million pounds. Current prices for bulk butter range from 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			
JUNE 21	1.1371 8,760,323	1.1255 10,616,654	0.8035 28,745,265	1.0894 2,876,493	0.1395 15,235,598

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 generally higher as prices at the CME jumped significantly (nine cents) after the 6/17 May *Milk Production* report came out. The market tone is firm, but retail and food service demand is little changed. However, improved weather along the Eastern Shore is expected to attract more tourists to "The Shore" and boost the need for cheese at fast food and other restaurants. Cheese production is steady, but starting to show signs of easing now that milk supplies are tightening. A few reports show that a few mozzarella plants increased production a shift or two this week. This may be because of improved demand at these plants, but overall demand for mozzarella has been reported as fair. Demand for other cheeses is basically steady. The most recent *Cold Storage* reports indicate that Swiss cheese stocks are unusually heavy in comparison to previous years.

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

Cheddar 10# Prints	:	1.2525-1.7475
Cheddar Single Daisies	:	1.2100-1.6750
Cheddar 40# Block	:	1.3325-1.5750
Process 5# Loaf	:	1.3700-1.5725
Process 5# Sliced	:	1.3900-1.6375
Muenster	:	1.4150-1.6200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady to cautiously firm. Cash cheese prices broke out of the trading range they have been in for months. Some buyers are trying to use price protection policies to their advantage. Other buyers, having seen the pattern of increases and declines, are less convinced that prices will hold. Current cheddar, particularly for aging programs, is tight. Barrel offerings are limited as process sales have improved seasonally. Most cheese makers are content to hold on to inventory to wait for the higher prices or are spot selling based on the current daily price. Many producers have passed along premium (or base price) increases on muenster in recent weeks. Mozzarella interest remains sluggish seasonally except where buyers try to load up to beat price increases. May Swiss inventories are reported to be 65% higher than a year ago, though supplies of top grades are reported to be tight. Cheese production is trending lower as milk intakes decline. Cheese yields are also lower seasonally.

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

Process American 5# Loaf	:	1.3400-1.4600
Brick And/Or Muenster 5#	:	1.5100-1.8500
Cheddar 40# Block	:	1.4000-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.9425-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4925-2.2150
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
06/23/03	101,375	:	138,198
06/01/03	99,421	:	135,729
CHANGE	1,954	:	2,469
% CHANGE	2	:	2

WEST

Natural and process cheese prices are sharply higher following trading at the CME cash cheese exchange last week. Milk Production and Cold Storage reports are both judged to be supportive of the market. Most buyers believe that the market strength is probably "for real" and are making purchases with that fact in mind. Many sellers seem content to keep product moving and don't seem to be holding stocks waiting for higher prices in the future. More under grade cheese is clearing to buyers as number one cheese increases in price. Even those buyers that have some stocks on hand are scaling up their purchase strategy. Other buyers are beginning to replenish aging programs that have not had much input recently. Production, at most locations in the region, is declining seasonally, especially in those areas that have had record setting heat. American cheese stocks at the end of May total 536.5 million pounds, actually below last year for the first time in more than one year. Stocks gained a bit more than 5 million pounds since last month, but this is much lighter than the average increase of more than 14 million pounds normally recorded. General price strength has increased interest in Swiss purchases in the short run. Stocks do stand at 26.5 million pounds, an increase of 65% from last year. The level of stocks is a concern for Western producers. Surplus mozzarella production is a concern with fresh and frozen offerings both being heavy.

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

Process 5# Loaf	:	1.3100-1.5700
Cheddar 40# Block	:	1.3175-1.4575
Cheddar 10# Cuts	:	1.4975-1.7175
Monterey Jack 10#	:	1.5075-1.6675
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.3700

FOREIGN

Prices are unchanged on imported styles, moderately higher for domestically made types. The market tone is falling into summer patterns of slower demand for table cheeses. Stocks are generally adequate to cover current needs. Imports from the EU continue to be affected by the strength of the Euro against the Dollar. Reports indicate that cheese output in the EU is increasing as milk volumes are more often moving into cheese plants rather than butter/powder operations. Production of cow's milk cheese in the EU-15 during the first quarter of 2003 is estimate to be 1,619,000 tons, up 1.7% from the same period a year ago. Only France, Italy, and the UK show year-to-year declines.

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

	:	NEW YORK
VARIETY	:	IMPORTED : DOMESTIC
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-3.7200 : 1.5475-3.0375*
Gorgonzola	:	3.6900-5.9400 : 2.0650-2.4900*
Parmesan (Italy)	:	TFEWR : 2.9575-3.0475*
Romano (Italy)	:	2.1000-3.1500 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 1.5550-1.7825*
Romano (Cows Milk)	:	-0- : 2.7450-4.9175*
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggianito (Argentina)	:	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

E A S T

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

STATES	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	96	0	131	0	96
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 base price for Class I milk for July 2003 is \$9.77 per cwt., up \$0.03 from June. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for July is \$6.62, unchanged from June. After a spring of cool wet weather, most of the East started the week with temperatures in the nineties and humidity to match. It has been hot in most of the Southeast for a week or two. Both of these areas are seeing milk production fall at a more rapid pace. Contacts comment on the declining weights on off-farm trucks coming into plants. Fat and protein tests are also relatively low. Bottled milk sales are now at summer levels as schools are closed. Demand for Class I milk is holding up quite well in the Southeast, but lackluster in much of the Northeast. Surplus milk volumes are lighter and some plants have adjusted operating schedules accordingly. The condensed skim market is firming slightly, but prices are unchanged. Supplies are easing and demand is holding about steady, which is easing the need for drying. The fluid cream market is very firm. All contacts comment on how tight supplies are and how high multiples have gotten in the past two weeks. Somewhat surprising to some contacts is the fact that the butter price has held relatively steady, but the more than ample supply of bulk butter may be tempering any price increase at the CME cash butter market. Local cream supplies are short of needs and loads from California and other Western states are being purchased to supplement local supplies. Spot prices are higher as both multiples and the CME butter average increased last week. Multiples in the 140's are more common and there have been reports of the internet-based marketing system with sellers asking multiples of 160. (There were no reported sales at that level.) Ice cream demand has improved, particularly for soft serve, which typically reacts quickly to weather stimuli. Most ice cream producers are operating on normal summer schedules. Bottled cream demand is improving and producers are looking for additional loads to process. Churning activity is lighter as many producers are selling their cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4560-1.6352
DELIVERED EQUIVALENT ATLANTA	-	1.4784-1.6576 M 1.5904-1.6240
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5008-1.6128

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

M I D W E S T

Class I sales are relatively steady around usual light summer levels, except where feature activity is occurring. Some conversations have occurred concerning summer and fall milk shipments to other states, including the South, to supplement local supplies. Manufacturing milk interest is good though offerings are well short of current interest. Reported spot manufacturing grade milk prices range from \$1.00 to \$1.50 over class on a light test. Many milk buyers are trying to make extra purchases this month, expecting the Class III price to show a more sizeable increase in July. In addition, at current price levels, extra cheese may generate income for plant operators relative to the price of milk and often-stronger cheese demand. Many bottlers, ice cream, and other manufacturers plan to take a long holiday weekend and handlers are setting up

plans to handle any extra holiday supplies. Cream demand is strong and multiples continue to work higher. Supplies are tight and loads continue to be hauled sizeable distances from source to user. Also, whipped cream interest and dips are good for berry season and holiday events. Condensed skim interest is also good with Class II prices ranging from \$.89 - \$.95. Milk intakes are showing additional declines though the heat and humidity have declined where the front has moved through. Fat and protein levels also seemed to slip. The recent heat was good for corn and other summer crops and pushed more cornfields toward and some past, the old "knee high by the Fourth of July" standard.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.00- 49.00	\$ 41.50- 47.00
REPLACEMENT HEIFER CALVES	\$300.00-450.00	\$400.00-587.50

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

	JUNE 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 51.50	\$ 39.50- 46.00

W E S T

May 2003 pool receipts of milk in CALIFORNIA total 3.093 billion pounds, 0.2% higher than a year prior. Year to date pool receipts are running 3.2% higher than 2002. The May blend price, at a fat test of 3.63%, is \$9.99, \$0.02 lower than April and \$1.02 lower than May 2002. The percentage of receipts used in Class 1 products is 17.79%. The May quota price is \$11.05 and the over quota price is \$9.35. These prices are \$0.03 higher than April but \$1.01 lower than a year earlier. Temperatures early this week in CALIFORNIA were very moderate allowing milk to rebound back part way again. Late in the week temperatures will again register into the triple digits and this will likely reduce output again. Tests on incoming milk receipts are declining seasonally as is normal when temperatures warm. The declining cream supplies are finding improving interest from within the state and from other regions. Multiples are continuing to increase and generally range from 121-135 FOB, depending on class usage. Most hay being harvested now in all but northern California is being called summer hay because of the heat stress reducing feed quality. Dairy hay buyers seem to be only taking enough to cover current needs to conserve cash in the short run. Milk output in ARIZONA is continuing to fluctuate with the daily temperatures, but it is on a general declining pattern. Temperatures in the 105-110 range are common, but conditions are cooling off very well at night into the 70's. Cream is leaving the region and heading east on a daily basis. Most is for ice cream or cream cheese manufacturing. Heat is also a major topic for conversation in NEW MEXICO with daily highs often ranging from 95-105 degrees. Cool nights are allowing the milk to hold up reasonably well. Manufacturing plants are generally staying as full as they want to. Pasture and range conditions in these two states are rated as the worst in the West; 48% of Arizona and 58% of New Mexico are rated in the poor or very poor categories. Milk supplies are holding quite well at steady levels in the PACIFIC NORTHWEST. Temperatures are moderate and hay supplies are generally of the best quality noted over the past few years. Prices are declining for good quality dairy hay. The decline seems to be caused by a combination of both heavy carry over stocks of hay and the depressed dairy economy. Culling rates are increasing and little interest is noted in replacement heifers. Heifer prices at a couple of livestock markets in IDAHO and UTAH continue to trade in the mid \$1300 range with interest noted as lighter. Milk supplies are relatively steady in the region. A frost warning was common over much of the region early in the week. Little damage was noted and the cooler temperatures were preceded by some good rain showers. The rain may mean that much of the small grain crop will not need additional supplemental watering and the water can be switched to other crops. This will ease the stress on some corn growers who are very concerned about getting water late enough in the year to get a mature crop.

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 mostly steady market. Supplies are generally in balance for the mostly contractual interest. Low heat spot purchases are predominantly from the West at the lower end of the Western range, FOB. Demand for high heat is strong from bakery operations. Production of NDM is geared mostly toward low heat with high heat trade based on inventoried product. Production is lower in response to reduced milk supplies and increased demand of condensed skim. Demand for condensed skim is good into Class II and III facilities. Potential resale of NDM from the NDM/cheese exchange during July is lightly discussed with prices reported in the mid to lower 70's.

EAST: Eastern prices and the market tone are unchanged. Production levels are lighter. This week's hot weather has slowed milk production in most areas of the East. Contacts reports that milk receipts at powder plants have dropped significantly in the past week or two. Demand for condensed skim is about steady. Drying schedules are often lighter than the previous week. Producer stocks are well balanced. Offerings to CCC continue to be used as a tool to balance producer stocks. Commercial demand is steady, but not overly aggressive. Some producers note that current-week sales were often for small lots or single loads. It seems that buyers are just replacing supplies and waiting to see what develops from CCC. All the conversation about "NDM for Cheese" and possible tilt has many buyers waiting. There is no shortage of NDM on the market, so buyers see no reason to purchase too far ahead. However, more and more contacts are starting to think that another tilt is unlikely. There is also conversation about the new DEIP-year set to begin July 1. Contacts hope that the announcement, and subsequent invitations, for the program-year are made shortly.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8700 MOSTLY: .8000 - .8400
 HIGHHEAT: .8600 - .9250

NONFAT DRY MILK - WEST

Low/medium heat NDM powder prices range from steady to fractionally higher. Some contacts are discussing what impact the powder for cheese program may have on the market in the near term. The feeling is that it may lead to some market weakness, but that is not impacting current sales interest. Powder production levels are declining seasonally at most locations. This trend will likely accelerate as temperatures warm again this week. Clearances to the CCC price support program have been declining for the past few weeks with only 7,888,392 pounds offered last week. High heat NDM prices are also showing some signs of strength. Most of the powder currently being produced is to cover contract needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .8875 MOSTLY: .7950 - .8075
 HIGHHEAT: .8300 - .8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 20	\$.8034	14,680,771	4,096,750
June 13	\$.8033	12,762,959	3,371,900

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 higher on a steady to firm market. Production of dry buttermilk is decreasing as condensed buttermilk is readily diverted into blending and ice cream facilities. Supplies of condensed buttermilk are generally reduced in response to lower milk supplies. However, at some locations, production is unchanged due to increased mozzarella production which encourages more cream into churns. Pricing differentials between dry and condensed buttermilk are reduced. Inventories are mixed with some plants selling at a discount to reduce stocks while others are offering premium prices due to limited availability.

F.O.B. CENTRAL: .6700 - .7200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Eastern prices are nominal. With regional churning activity decreasing, producers are clearing stocks rather than build them. Most producers are now reporting a comfortable supply position and some are nearly sold out. Demand has improved for both condensed and dry buttermilk. With cream/butterfat prices starting to increase seasonally, buttermilk powder is a relatively inexpensive source of butterfat. Some past users are not eager to jump back into the dry buttermilk market because of the lack of consistent availability. Summer is often a period of good demand, but limited churning. Therefore, buttermilk supplies are tightest during the time of highest demand.

F.O.B. NORTHEAST: .6800 - .7000
 DELVDSOUTHEAST: .7000 - .7300

DRY BUTTERMILK - WEST

There is a firming undertone to the Western buttermilk powder market. Sales activity over the last three weeks is better than at any time earlier this year. Buyers are aggressively looking for powder and stocks are clearing up at many producer locations. Butter production is down dramatically at many locations as milk supplies decline and more cream is sold away from the churns. All of these factors coming together at the same time are causing prices to firm. The market improvement seems to be the rule over most of the country.

F.O.B. WEST: .6700 - .7200 MOSTLY: .6800 - .6900

DRY WHOLE MILK - NATIONAL

Prices and the market tone are steady. Prices remain nominal. Production levels are mostly steady and often just to fill orders. The hot weather in much of the country is not good for dry whole milk storage, unless the powder is in controlled atmosphere warehouses. Plant stocks are balanced and spot demand is light.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2002 THROUGH JUNE 20, 2003
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	68,201	MT (150,355,592 LBS)
CHEESE	-	3,029	MT (6,677,733 LBS)
BUTTERFAT	-	10,000	MT (22,046,000 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. 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 19, 2003, USDA issued invitation for another 5,000 MT of butterfat.

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 higher on a steady to firm market. Increased interest from export markets is reducing supplies domestically. Stocks are mixed with some plants well balanced while others have loads to clear. Some buyers are not convinced that higher prices are warranted and are therefore making bids for multiple loads at a discount. Feed interest is improved due to the limited availability of off grade product. In addition, some buyers and brokers see that the market has bottomed and are opting to purchase additional supplies before further price increases are noted. Production is steady to lower due to reduced milk volumes and equipment problems at some locations.

F.O.B. CENTRAL: .1425 - .1525 MOSTLY: .1425 - .1475

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher and the market tone is showing more signs of firmness. The firmness is more from the supply side of the market rather than the demand side. Eastern dry whey producers comment that their output is steady to lighter and they are in much better supply positions. In fact, some are limiting new spot orders to assure themselves of enough dry whey to meet late summer and fall contract deliveries. Few, if any, discounts are being offered at the producer level. With prices moving upward, contacts report getting a lot more calls looking for dry whey, but demand is still reported as fair. Traders report that some users have significant stocks on hand and want to use them before reordering. Others continue to buy and are holding the less expensive inventory for later use. Contacts report that demand is not aggressive enough at this time to push prices. They seem to feel that there are mixed signals in the market place. While producers report tighter stocks, many are not pushing prices much higher, which seems to run counter to traditional market patterns.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1450 - .1675
DELVD SOUTHEAST: .1675 - .1800

DRY WHEY - WEST

The mostly price continues to increase fractionally while the range series is holding steady. The market seems to have more support from buyers than a few weeks ago. Demand is improving and some buyers are putting away stocks for future needs. Some producers are willing to hold onto additional loads of powder because they feel that prices will increase enough to cover storage costs. Powder production is down slightly. Inventories are generally in closer balance at the producer level than a month ago. More contacts are indicating that a good portion of the recent whey tender to the Far East will likely come from the U.S. at prices generally thought to fall inside the current price range.

NONHYGROSCOPIC: .1250 - .1550 MOSTLY: .1350 - .1450

ANIMAL FEED WHEY - CENTRAL

Prices are higher on a steady to firm market. As Extra Grade prices move higher, interest in milk replacer product is increasing. Supplies of milk replacer are short of buyer interest, encouraging feed users to divert their interest to the Extra Grade market. However, due to the recent burst of hot weather in the Central region, traders suspect that increased production of milk replacer product is likely.

F.O.B. CENTRAL:
MILK REPLACER: .1325 - .1400

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. While brand specific product is traded at a premium, most plants are selling near the average or at a discount for the light to fair interest. Some buyers are attempting to contract supplies at a discount into 2004 in light of the depressed market and in response to some producer resistance to lower prices. Some feed buyers are diverting their interest away from WPC 80% and toward the more price attractive WPC 34% market. Supplies of WPC 80% from domestic and foreign sources are ample. Increased interest in high protein products from nutraceutical companies and soy users seeking a low cost alternative may improve high protein markets thereby indirectly enhancing WPC 34% market conditions. Production is generally steady. Off grade product is readily available for the light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .3725 - .4400 MOSTLY: .3850 - .4050

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Contracts continue to be negotiated for the third quarter with confirmations of about 1 cent over the average. Unlike quarterly price changes in the past when supplies were heavy and negotiations delayed, most plants anticipate contracts to be finalized by next week. Some producers feel that they contracted too low during second quarter and are therefore compensating for their losses by offering prices significantly higher. Production is generally steady with some increased output anticipated next week due to the holiday. Interest is best on the 100 and 200 mesh sizes and predominantly from Asia and New Zealand. Movement of lower mesh sizes is fair at best. Off grade supplies are short of buyer interest, increasing interest in the Extra Grade product.

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 markets remain firm with prices basically unchanged. As a new quarter begins July 1, suppliers and buyers indicate that prices appear to be holding basically steady. For the most part, stocks are reported to be available for regular buyer needs, although many suppliers indicate that spot availability is a concern. Production schedules in Europe range from much lighter than last year to as projected. Oceania production has ended for the season and orders are being filled from inventoried stocks. Oceania suppliers indicate that stock levels will be minimal by the time the new production season resumes in 2 - 3 months.

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 a little faster as surplus milk supplies are disappearing seasonally. In some parts of the country, drops in milk receipts have been rather dramatic during the past two weeks. The market remains highly competitive. Demand is often for replacement needs.

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

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

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

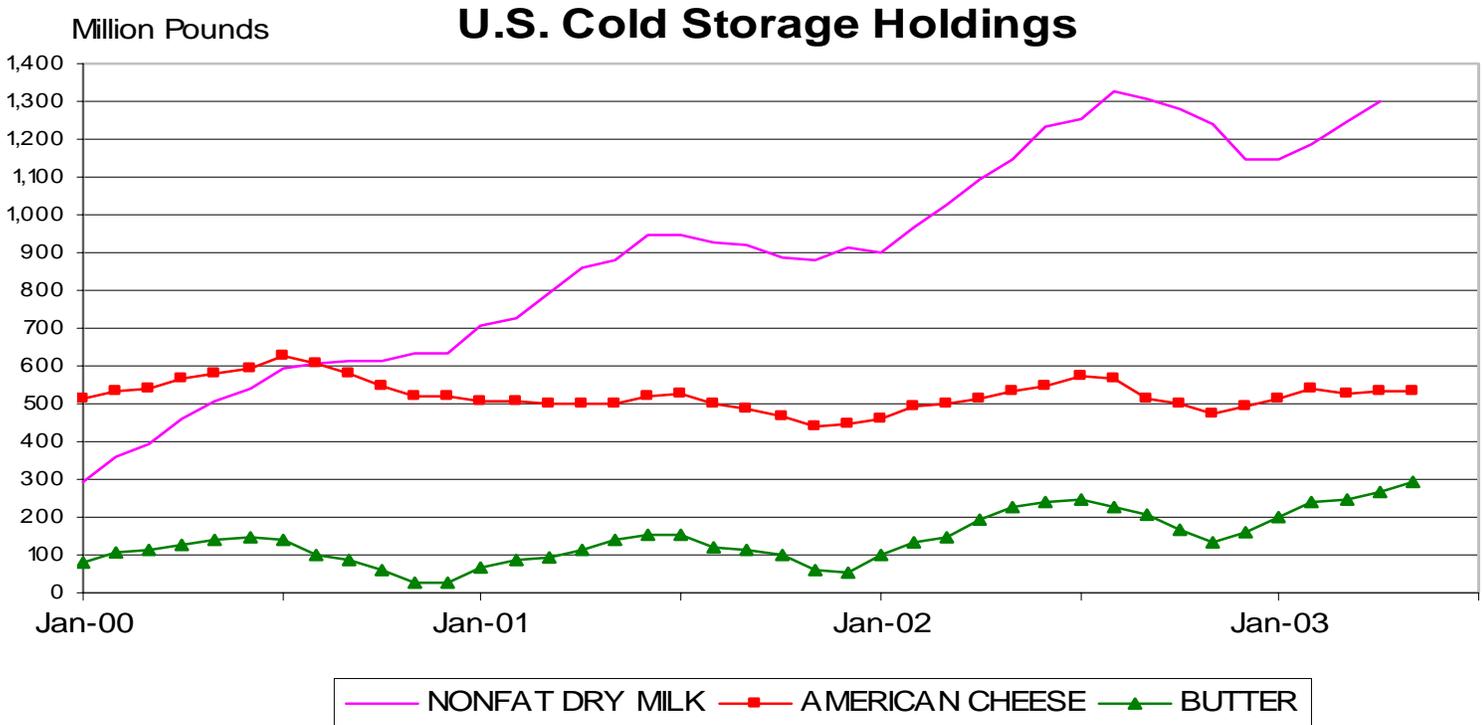
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under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

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	APR 30, 2001	APR 30, 2002	REVISED APR 30, 2003	MAY 31, 2001	MAY 31, 2002	MAY 31, 2003
Butter	112,318	196,614	266,356	138,022	226,849	295,197
Cheese, Natural American	502,951	513,576	531,100	497,400	536,080	536,475
Cheese, Swiss	12,340	15,729	25,801	12,404	16,122	26,540
Cheese, Other Natural	196,474	236,327	220,536	202,304	236,787	224,846
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	623	2,063	837	1,741	2,258	849
Natural American Cheese	1,986	626	2,974	653	692	2,543

MAY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
New England	24,343	20,646	22,271	---	---	---	558	405	213
Middle Atlantic	51,349	64,247	60,021	---	---	---	23,315	41,975	14,040
East North Central	220,128	210,960	210,377	---	---	---	101,395	111,617	131,796
West North Central	96,731	129,843	125,900	---	---	---	58,295	65,558	59,240
South Atlantic	5,323	186	549	---	---	---	221	1,847	2,109
East South Central	0	66	375	---	---	---	170	188	1,846
West South Central	537	2,938	1,731	---	---	---	603	278	165
Mountain	11,896	11,081	15,242	---	---	---	6,130	2,501	2,036
Pacific	87,093	96,113	100,009	---	---	---	11,617	12,418	13,401
TOTAL	497,400	536,080	536,475	138,022	226,849	295,197	202,304	236,787	224,846

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



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2002 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Million Pounds						Million Pounds						Million Pounds					
January	203	99	202	99	<u>3/</u>	<u>3/</u>	512	460	512	459	<u>3/</u>	1	1,147	900	112	120	1,036	780
February	238	130	237	129	1	1	538	491	538	490	<u>3/</u>	1	1,187	966	116	142	1,071	823
March	249	145	248	144	1	1	530	498	528	498	2	1	1,247	1,028	137	158	1,111	871
April	266	197	266	195	1	2	531	514	528	513	3	1	1,303	1,093	149	161	1,154	933
May	295	227	294	225	1	2	536	536	534	535	3	1		1,146		166		981
June		243		241		2		549		548		1		1,235		174		1,062
July		245		243		2		573		573		1		1,254		138		1,116
August		229		227		2		565		565		<u>3/</u>		1,327		109		1,218
September		209		207		2		513		512		1		1,308		85		1,223
October		165		163		2		501		500		1		1,279		79		1,200
November		136		135		1		474		474		<u>3/</u>		1,238		87		1,151
December		158		157		1		493		493		<u>3/</u>		1,148		101		1,047

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

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Apr 30, 2001	Apr 30, 2002	Apr 30, 2003	May 31, 2001	May 31, 2002	May 31, 2003
	Thousand Pounds					
Butter	111,695	194,551	265,519	137,369	224,591	294,348
Natural American Cheese	500,965	512,950	528,126	495,659	535,388	533,932

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

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

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, JULY 2003, WITH COMPARISONS ^{1/}												
CITY	July 2001			July 2002			June 2003			July 2003		
	Announced Coop.	Federal Order	Difference									
Dollars Per Hundredweight, 3.5% Butterfat												
Atlanta, GA	19.22	18.44	0.78	15.65	13.72	1.93	15.10	12.84	2.26	15.13	12.87	2.26
Baltimore, MD	19.79	18.34	1.45	15.37	13.62	1.75	14.51	12.74	1.77	14.64	12.77	1.87
Boise, ID ^{2/}	17.19	16.94	0.25	12.52	12.22	0.30	11.64	11.34	0.30	11.67	11.37	0.30
Boston, MA	19.49	18.59	0.90	15.47	13.87	1.60	14.39	12.99	1.40	14.72	13.02	1.70
Charlotte, NC	19.22	18.44	0.78	15.65	13.72	1.93	15.10	12.84	2.26	15.13	12.87	2.26
Chicago, IL	18.91	17.14	1.77	14.44	12.42	2.02	13.61	11.54	2.07	13.64	11.57	2.07
Cincinnati, OH	19.32	17.54	1.78	14.43	12.82	1.61	13.89	11.94	1.95	13.92	11.97	1.95
Cleveland, OH	19.12	17.34	1.78	14.23	12.62	1.61	13.69	11.74	1.95	13.72	11.77	1.95
Dallas, TX	18.71	18.34	0.37	15.02	13.62	1.40	14.14	12.74	1.40	14.17	12.77	1.40
Denver, CO	18.59	17.89	0.70	14.02	13.17	0.85	13.14	12.29	0.85	13.17	12.32	0.85
Des Moines, IA	18.35	17.14	1.21	13.79	12.42	1.37	12.92	11.54	1.38	12.95	11.57	1.38
Detroit, MI	18.14	17.14	1.00	13.67	12.42	1.25	13.08	11.54	1.54	13.11	11.57	1.54
Hartford, CT	19.39	18.49	0.90	15.37	13.77	1.60	14.29	12.89	1.40	14.62	12.92	1.70
Houston, TX	19.31	18.94	0.37	15.62	14.22	1.40	14.74	13.34	1.40	14.77	13.37	1.40
Indianapolis, IN	19.12	17.34	1.78	14.23	12.62	1.61	13.69	11.74	1.95	13.72	11.77	1.95
Kansas City, MO	18.55	17.34	1.21	14.38	12.62	1.76	13.51	11.74	1.77	13.54	11.77	1.77
Louisville, KY *	18.54	17.54	1.00	13.92	12.82	1.10	13.74	11.94	1.80	13.77	11.97	1.80
Memphis, TN	18.72	18.14	0.58	15.15	13.42	1.73	14.60	12.54	2.06	14.63	12.57	2.06
Miami, FL	21.73	19.64	2.09	18.16	14.92	3.24	17.26	14.04	3.22	17.29	14.07	3.22
Milwaukee, WI	19.01	17.09	1.92	14.54	12.37	2.17	13.71	11.49	2.22	13.74	11.52	2.22
Minneapolis, MN	18.37	17.04	1.33	13.89	12.32	1.57	13.06	11.44	1.62	13.09	11.47	1.62
New Orleans, LA	19.37	18.94	0.43	15.80	14.22	1.58	15.25	13.34	1.91	15.28	13.37	1.91
Oklahoma City, OK	18.74	17.94	0.80	14.87	13.22	1.65	13.99	12.34	1.65	14.02	12.37	1.65
Omaha, NE	18.40	17.19	1.21	13.84	12.47	1.37	12.97	11.59	1.38	13.00	11.62	1.38
Philadelphia, PA	19.96	18.39	1.57	15.54	13.67	1.87	14.56	12.79	1.77	14.69	12.82	1.87
Phoenix, AZ	17.84	17.69	0.15	13.12	12.97	0.15	12.24	12.09	0.15	12.27	12.12	0.15
Pittsburgh, PA	19.34	17.44	1.90	14.72	12.72	2.00	13.74	11.84	1.90	13.87	11.87	2.00
St. Louis, MO	19.05	17.34	1.71	13.87	12.62	1.25	12.99	11.74	1.25	13.02	11.77	1.25
Salt Lake City, UT	17.49	17.24	0.25	12.82	12.52	0.30	11.94	11.64	0.30	11.97	11.67	0.30
Seattle, WA	17.66	17.24	0.42	12.94	12.52	0.42	12.06	11.64	0.42	12.09	11.67	0.42
Springfield, MO	18.34	17.54	0.80	14.47	12.82	1.65	13.59	11.94	1.65	13.62	11.97	1.65
Washington, DC	19.79	18.34	1.45	15.37	13.62	1.75	14.51	12.74	1.77	14.64	12.77	1.87
Simple Average **	18.90	17.82	1.08	14.59	13.10	1.49	13.80	12.22	1.58	13.86	12.25	1.61

* Announced cooperative prices for Jan.-Mar., 2003 have been revised as follows: 13.64, 13.71, and 13.74, respectively.

** Announced cooperative prices for Apr.-Jun., 2003, have been revised as follows: 13.71, 13.77, and 13.80, respectively.

^{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.

FEDERAL MILK ORDER ADVANCE PRICES, JULY

Class I Base Price - Under the Federal milk order pricing system, the Class I base price for July 2003 is \$9.77 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$5.92 and the advanced butterfat pricing factor is \$1.1590.

A Class I differential for each order's principal pricing point (county) is added to the base price to determine (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$5.92. Thus, the Class II skim milk price for July is \$6.62 per cwt., and the Class II nonfat solids price is \$0.7356. **Product Price Averages** - The two-week product price averages for July are, butter \$1.0808, nonfat dry milk \$0.8040, cheese \$1.1387, and dry whey \$0.1372.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} _{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	July 2003		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	13.02	9.17	1.1915
Appalachian (Charlotte) ^{5/}	005	12.87	9.02	1.1900
Southeast (Atlanta) ^{6/}	007	12.87	9.02	1.1900
Florida (Tampa) ^{7/}	006	13.77	9.92	1.1990
Mideast (Cleveland) ^{8/}	033	11.77	7.92	1.1790
Upper Midwest (Chicago) ^{9/}	030	11.57	7.72	1.1770
Central (Kansas City) ^{10/}	032	11.77	7.92	1.1790
Southwest (Dallas) ^{11/}	126	12.77	8.92	1.1890
Arizona-Las Vegas (Phoenix) ^{12/}	131	12.12	8.27	1.1825
Western (Salt Lake City) ^{13/}	135	11.67	7.82	1.1780
Pacific Northwest (Seattle) ^{14/}	124	11.67	7.82	1.1780
All-Market Average		12.35	8.50	1.1848

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

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAR 2003	178.6	1.4	167.1	-1.4	157.3	-4.7	168.0	-1.3	145.8	-10.8	164.8	1.2
APR 2003	178.4	1.2	165.8	-1.7	158.5	-2.8	166.6	-2.7	138.3	-16.8	165.2	1.7
MAY 2003	178.8	1.7	165.4	-2.1	158.8	-2.1	166.9	-3.1	146.8	-10.6	164.7	1.4
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Dollars												
MARCH	2.656	2.816	NA	2.585	2.990	3.060	3.814	3.885	4.049	4.162	3.852	3.819
APRIL	2.674	2.779	NA	2.590	2.721	3.196	3.760	3.930	3.960	4.107	3.296	3.723
MAY	2.685	2.782	NA	2.616	2.726	3.215	3.589	3.868	3.806	4.203	3.739	3.800

NA Data not adequate for publication.

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

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS - FEBRUARY-APRIL AND YEAR-TO-DATE 2002-03 ^{1/}

Item	Feb.-Apr. 2002	Percent change ^{2/}	Feb.-Apr. 2003	Percent change ^{2/}	Jan.-Apr. 2002	Percent change ^{2/}	Jan.-Apr. 2003	Percent change ^{2/}
	Million Pounds							
MILK								
Production	42,673	3.2	43,049	0.9	56,982	3.8	57,572	1.0
Marketings	42,395	3.3	42,786	0.9	56,607	3.9	57,218	1.1
Beginning Commercial Stocks ^{3/}	8,262	6.4	11,124	34.6	7,041	3.0	9,891	40.5
Imports ^{3/}	1,168	-1.4	1,204	3.1	1,577	-2.5	1,646	4.4
Total Supply ^{4/}	51,825	3.6	55,114	6.3	65,225	3.6	68,755	5.4
Ending Commercial Stocks ^{3/}	11,004	25.4	12,667	15.1	11,004	25.4	12,667	15.1
Net Removals ^{3/}	65	35.4	567	772.3	86	8.9	614	614.0
Commercial Disappearance ^{4/}	40,756	-1.0	41,880	2.8	54,135	0.0	55,474	2.5
SELECTED PRODUCTS ^{5/}								
Butter	298.4	-1.4	311.9	4.5	397.3	3.4	410.3	3.3
American Cheese	889.2	1.3	892.5	0.4	1,199.8	0.5	1,196.5	-0.3
Other Cheese	1,272.2	1.3	1,289.3	1.3	1,669.7	2.2	1,699.3	1.8
Nonfat Dry Milk	137.3	-39.0	129.7	-5.5	203.7	-24.9	178.3	-12.5
Fluid Milk Products ^{6/}	13,608.4	-0.3	13,631.1	0.2	18,428.0	-0.2	18,518.1	0.5

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

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

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 23 - 27, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 06/20/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	253,858	-253,858	11,233,378	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	1,723,680	-0-	-0-	-0-
TOTAL	-0-	253,858	-253,858	12,957,058	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,840,106	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	5,545,706	-0-	-0-	-0-
Process	514,800	79,200	435,600	31,759,200	-0-	-0-	-0-
TOTAL	514,800	79,200	435,600	41,145,012	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	12,575,629	464,392	12,111,237	516,726,061	531,818,120	1,284,998,000	1,107,835,000
Fortified	132,168	-0-	132,168	257,500	-0-	46,391,000	46,391,000
TOTAL	12,707,797	464,392	12,243,405	516,983,561	531,818,120	1,331,389,000	1,154,226,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 23 - 27, 2003 =	1.2	146.8	COMPARABLE PERIOD IN 2002 =	3.7	195.7
CUMULATIVE SINCE OCTOBER 1, 2002 =	776.0	6,426.6	CUMULATIVE SAME PERIOD LAST YEAR =	117.0	6,190.4
CUMULATIVE JANUARY 1 - JUNE 27, 2003 =	701.9	5,161.0	COMPARABLE CALENDAR YEAR 2002 =	100.1	5,294.5

* 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 JUNE 23 - 27, 2003 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	435,600	1,086,442	-0-
WEST	-253,858	-0-	-0-	-0-	-0-	-0-	9,904,871	132,168
EAST	-0-	-0-	-0-	-0-	-0-	-0-	1,119,924	-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-	31,970,772	-0-	20,645,617	29,989,453	38.6	5.6
WEST	12,957,058	-0-	9,174,240	-0-	458,644,773	460,822,689	60.3	86.7
EAST	-0-	-0-	-0-	-0-	37,693,171	41,005,978	1.1	7.7
TOTAL	12,957,058	-0-	41,145,012	-0-	516,983,561	531,818,120	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 06/07/03 & 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	7.6	4.4	21.2	2.1	0.4	0.9	14.4	2.6	54.5	1,276.7	44.3	48.5
2002-Dairy	0.2	0.7	5.6	4.5	18.7	1.6	0.3	0.6	11.8	2.2	46.1	1,113.7	42.6	46.4
2003-All cows	0.2	0.9	10.2	13.9	33.8	19.0	16.3	3.8	17.9	6.9	123.0	2,630.5		
2002-All cows	0.2	0.9	7.6	12.5	29.3	16.3	15.7	3.4	16.4	5.8	108.1	2,399.9		

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	9.77					
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