

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/15):
BUTTER: Grade AA closed at \$1.1600. The weekly average for Grade AA is \$1.1700 (-.0417).

CHEESE: Barrels closed at \$1.5750 and blocks at \$1.6000. The weekly average for barrels is \$1.5780 (-.0020) and blocks, \$1.6000 (N.C.).

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: Butter markets are generally steady, although the CME cash price has dipped during recent trading sessions. Butter is available from many sources, but fresh butter is tighter because of lack of cream and churning. Overall, butter stocks are heavier than last year at this time. The CCC invites competitive offers to buy from CCC approximately 2,958,586 pounds of salted butter packed in 25 kg boxes. Bids are due August 21. In most instances, commercial buying interest is fair at best with many buyers reluctant to make future purchases in a declining market.

CHEESE: The cheese market is fully steady. Current cheese interest is steady to occasionally lighter. Some new orders reflect the effort to match orders with removals and limit inventory accumulation at current prices. Cheese production is lower seasonally due to lower milk receipts and higher fluid demand from bottlers for school needs.

FLUID MILK: The largest power blackout in U.S. history occurred late Thursday afternoon from Eastern Michigan to much of the Northeast and into Canada. Early reports indicate that this greatly disrupted the dairy industry from farm milking and pick-ups to bottling and manufacturing plants. Milk production across the country continues to decline seasonally. High temperatures and humidity levels are stressing the milking herd, accelerating the decline. Milk volumes are starting to tighten to the point that milk is moving from one area of the country to another to supplement shortages. School bottling pipelines are starting to fill. Some school districts have already resumed classes with other school openings spread out over the next 2 - 3 weeks. Overall, milk volumes are limited and manufacturers and handlers are juggling milk between plants and scheduling additional downtime is common. Cream markets remain firm. Cream offerings are limited and continue to move from the West Coast to other areas of the country. Ice cream production is winding down for the summer, thus cream volumes are less competitive in some markets.

DRY PRODUCTS: Nonfat dry milk markets are unsettled, ranging steady to firm, although some producers had to lower prices to keep interest. Production is lighter from coast to coast as milk volumes tighten. Many traders and buyers are still talking about the NDM that CCC is furnishing as partial payment for cheese contracts and the so called pudding exchange. Releases of the NDM for cheese powder have been made, but this week's volume is unavailable. Information on who is in possession of the powder is highly speculative. Indications are that some of last week's powder is in the marketplace and being delivered. Buttermilk powder markets are firm. Powder supplies are limited as butter production is lower in all regions. Often, buttermilk

is moving in the condensed form with volumes clearing to the dryer greatly reduced. Whey markets are firm as prices continue to increase. Production is highly variable depending on the amounts of milk entering cheese plants and whey streams. When possible, milk handlers are diverting milk away from butter/powder operations toward cheese output.

CCC: During the week of August 11 - 15, CCC net purchases total 8,699,726 pounds of nonfortified NDM; 9,910,769 pounds from the West and 1,212,043 pounds of previously offered Central powder was cancelled.

JUNE FLUID MILK SALES (AMS & CDFA): During June, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.5% higher than June 2002. After adjusting for calendar composition, sales in June 2003 were unchanged from June 2002. On an individual product basis, sales of reduced fat (2%) milk, and flavored fat-reduced milk, increased from June 2002, while sales of whole milk, flavored whole milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

MAY MAILBOX PRICES (AMS & CDFA): In May 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.83, \$0.04 more than the figure for the previous month. This month-to-month increase results from generally higher Federal milk order minimum producer milk component prices. The component tests of producer milk in May 2003 were: butterfat, 3.61%; protein, 2.97%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in 12 reporting areas, decreased in 4, and unchanged in 1 and ranged from \$13.18 in Florida to \$9.62 in New Mexico. In May 2002, the Federal milk order all-area average mailbox price was \$11.83, \$1.00 higher.

AUGUST MILK SUPPLY AND DEMAND ESTIMATES (WASDE): Milk production forecasts for 2002/03 and 2003/04 are lowered from last month as milk-per-cow forecasts are reduced. Cheese prices have remained relatively strong and in the face of slower growth in milk production, Class price forecasts are raised from last month. The Class III price forecast is raised to \$10.50-\$10.60 for 2002/03 and the Class IV price forecast is raised to \$10.00-\$10.20. Large stocks of butter and nonfat dry milk will likely limit gains in Class IV prices. The average all milk price forecast is raised to \$11.80-\$11.90. Price forecasts for 2003/04 are also raised as milk production forecasts are reduced. The Class III price forecast is increased to \$10.25-\$11.15 and the Class IV price is forecast at \$9.65-\$10.75. The all milk price is forecast at \$11.60-\$12.50.

DAIRY FORWARD PRICING PROGRAM DATA (DAIRY PROGRAMS): USDA-AMS Dairy Programs has continued to collect data concerning the Dairy Forward Pricing Program since submission of the report *A Study of the Dairy Forward Pilot Program and Its Effect on Prices Paid Producers for Milk*, October 2002. The study period for that report ended in March 2002. Tables and figures for data covering the period from September 2000 through December 2002 are now available at the website http://www.ams.usda.gov/dairy/for_contr_pilot.htm

****SPECIAL THIS ISSUE****

BUTTER AND CLASS III & IV MILK FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 JUNE FLUID MILK SALES (PAGE 9)

MAY MAILBOX PRICES (PAGE 10)
 AUGUST MILK SUPPLY AND DEMAND ESTIMATES (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

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

| PRODUCT | MONDAY AUGUST 11 | TUESDAY AUGUST 12 | WEDNESDAY AUGUST 13 | THURSDAY AUGUST 14 | FRIDAY AUGUST 15 | WEEKLY CHANGE* | WEEKLY AVERAGE# |
|--------------------|----------------------|----------------------|------------------------|-----------------------|----------------------|-------------------|----------------------|
| CHEESE BARRELS | \$1.5800 (N.C.) | \$1.5850 (+.0050) | \$1.5750 (-.0100) | \$1.5750 (N.C.) | \$1.5750 (N.C.) | -.0050 | \$1.5780 (-.0020) |
| 40# BLOCKS | \$1.6000 (N.C.) | \$1.6000 (N.C.) | \$1.6000 (N.C.) | \$1.6000 (N.C.) | \$1.6000 (N.C.) | N.C. | \$1.6000 (N.C.) |
| BUTTER GRADE AA | \$1.1825 (-.0075) | ---- | \$1.1675 (-.0150) | ---- | \$1.1600 (-.0075) | -.0300 | \$1.1700 (-.0417) |

*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, AUGUST 11, 2003

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 18 CARS: 7 @ \$1.1800, 1 @ \$1.1825, 1 @ \$1.1800, 1 @ \$1.1850, 2 @ \$1.1825, 2 @ \$1.1800, 1 @ \$1.1825, 1 @ \$1.1850, 1 @ \$1.1800, 1 @ \$1.1825; BIDS UNFILLED: 5 CARS: 2 @ \$1.1750, 2 @ \$1.1700, 1 @ \$1.1650; OFFERS UNCOVERED: 9 CARS: 6 @ \$1.1850, 1 @ \$1.1875, 2 @ \$1.1900

TUESDAY, AUGUST 12, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5850; 1 CAR 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 13, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5750
 BUTTER — SALES: 2 CARS @ \$1.1700; BIDS UNFILLED: 2 CARS: 1 @ \$1.1600, 1 @ \$1.1525; OFFERS UNCOVERED: 7 CARS: 1 @ \$1.1675, 3 @ \$1.1750, 3 @ \$1.1825

THURSDAY, AUGUST 14, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 15, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 26 CARS: 1 @ \$1.1650, 6 @ \$1.1625, 3 @ \$1.1600, 1 @ \$1.1550, 1 @ \$1.1625, 1 @ \$1.1575, 1 @ \$1.1550, 1 @ \$1.1600, 3 @ \$1.1575, 1 @ \$1.1600, 1 @ \$1.1575, 2 @ \$1.1600, 1 @ \$1.1575, 2 @ \$1.1550, 1 @ \$1.1600; BIDS UNFILLED: 7 CARS: 4 @ \$1.1550, 3 @ \$1.1500; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.1625, 1 @ \$1.1650

BUTTER MARKETS

NORTHEAST

The market tone is unsettled. Prices had been moving steadily upward at the CME, despite the burdensome stocks in inventory. However, on August 7, CCC announced that it was going to offer approximately eleven million pounds of CCC-owned butter for sale over the next several months. Some contacts were both surprised and puzzled by this announcement. The price at the CME dipped 3 cents on Friday, August 8. In the grand scheme of things, eleven million pounds is not a lot of butter under current conditions, but the announcement did appear to have an impact on the CME cash price of butter. Current churning activity in the East is light as cream and milk supplies remain tight. Demand for packaged butter remains just fair at retail; fair to good for food service. 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 midweek, the cash butter price dipped to \$1.1675, the lowest it has been in five weeks. Some producers and handlers speculate that the cash price attained the high for the year prior to recent declines. Many feel that the current weakness is occurring due to the recent announcement by CCC that they will offer for sale a limited quantity of butter at competitive prices. Many producers and handlers indicated that they felt that it is not supply/demand driven. Although cream supplies are limited and prices are higher than many butter producers desire to pay, butter stocks remain heavier than last year at this time.

Many producers anticipate churning activity to increase in coming weeks as cream demand weakens and supplies become more available to them. School bottling will be resuming very soon, thus additional volumes of cream will become available from standardized milk. Overall, butter demand is fair at best. Most buyers continue to place orders for short term or immediate needs. Orders this week are somewhat lighter as buyers are hesitant to place too large of orders due to declining prices. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

The price of Grade AA butter at the CME declined 5.25 cents over the past week and closed at \$1.1675 on Wednesday (8/13). The market tone has weakened for several reasons. Butter is available from many sources, but fresh butter is tighter because of the lack of recent churning. More cream is becoming available with school bottled milk orders creating more standardized cream. Cream orders are lower from some ice cream accounts. Buyers are reluctant to make future purchases in a declining market. Several contacts noted the CCC offer to sellback butter to the trade as a “psychological factor” to the current market. Hot weather is still a negative milk production factor across the region. Weekly butter stocks in CME warehouses have declined by 4.9 million pounds last week at 191.4 million pounds. Current prices for bulk butter range from 1 to 3 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 | U.S. AVERAGES AND TOTAL POUNDS | | | DRY WHEY |
|-------------|---------------------|--------------------------------|----------------------|---------------------|----------------------|
| | 40# BLOCKS | BARRELS 38% MOISTURE | NDM | BUTTER | |
| AUGUST 9 | 1.4998 7,278,972 | 1.5074 9,382,632 | 0.8127 21,782,400 | 1.1994 2,436,185 | 0.1586 12,679,898 |

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

CHEESE MARKETS

NORTHEAST

Prices are higher and the market tone is steady at generally firm levels. At the CME (through August 8) blocks and barrel prices have held for eight consecutive sessions. This week, cheese output in the Northeast is steady to lighter as surplus milk supplies tighten and some cheese makers are down and extra day or two. Other, larger operations have reduced the number of shifts they are running. Demand for cheese is about steady, but distributors are still trying to stay very current in their purchasing, in case prices do move lower. Many contacts are a little unsure what the next price move at the CME will be. Retail demand for cheese is just fair and food service orders are holding. However, with Labor Day fast approaching, orders from resort areas and The Shore are expected to ease. This drop in demand will likely be partially offset by improved consumption in urban areas.

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

| | | |
|-----------------------------|---|---------------|
| Cheddar 10# Prints | : | 1.6650-2.1600 |
| Cheddar Single Daisies | : | 1.6225-2.0875 |
| Cheddar 40# Block | : | 1.7400-1.9875 |
| Process 5# Loaf | : | 1.7900-1.9925 |
| Process 5# Sliced | : | 1.8100-2.0600 |
| Muenster | : | 1.8375-2.0300 |
| Grade A Swiss Cuts 10 - 14# | : | 2.3500-2.5500 |

MIDWEST

The cheese market is generally steady. Most market watchers are waiting for the milk production report on August 15 for additional market direction. Buyers are watching inventory levels closely. Most are trying to keep levels from accumulating yet not run out in the short term. Current cheese offerings of American styles remain tight though a few buyers have reduced orders. Muenster is tight seasonally. Mozzarella interest is generally good though more hit or miss than other varieties. Process interest seems to be slowing seasonally for some producers. Aged cheddar interest remains fairly quiet. Milk supplies are tight and expected to be reduced further as schools reopen for the new term. Cheese yields are at low, summer levels.

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

| | | |
|---|---|---------------|
| Process American 5# Loaf | : | 1.7600-1.8200 |
| Brick And/Or Muenster 5# | : | 1.8600-2.2625 |
| Cheddar 40# Block | : | 1.7500-2.1150 |
| Monterey Jack 10# | : | 2.0500-2.2200 |
| Blue 5# | : | 2.3550-2.5200 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.7900-2.2150 |
| Grade A Swiss Cuts 6 - 9# | : | 2.2200-2.6850 |

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERSUNDS -INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

| | | |
|----------|--------|-----------|
| | : | |
| 08/11/03 | 95,174 | : 136,297 |
| 08/01/03 | 97,354 | : 137,239 |
| CHANGE | -2,180 | : -942 |
| % CHANGE | -2 | : -1 |

WEST

Western cheese prices are higher for process and natural items. The CME markets continue to firm on a weekly average pricing basis, but the block price has leveled off at \$1.6000. Cheese orders are still noted as good. Production schedules have flattened following some declines over the past weeks due to less milk in the region. Temperatures moderated in several Western milksheds, but were forecasted higher for mid to late week. Demand for Swiss cheese is good with prices reported as unchanged. Mozzarella cheese orders remain slow for some firms.

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

| | | |
|---------------------------|---|---------------|
| Process 5# Loaf | : | 1.7300-1.9900 |
| Cheddar 40# Block | : | 1.7300-2.0800 |
| Cheddar 10# Cuts | : | 1.9100-2.1300 |
| Monterey Jack 10# | : | 1.9200-2.0800 |
| Grade A Swiss Cuts 6 - 9# | : | 2.2500-2.4600 |

FOREIGN

Prices are steady to higher, particularly on domestic styles. The market tone is little changed. The very hot weather plaguing Europe is having an impact on milk and cheese production levels. Stocks, here in the U.S. are generally adequate to meet current needs. With schools scheduled to reopen in less than a month, some improvement in orders is expected later this month. However, at this time, demand is mostly for fill-in needs.

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

| | | | |
|--------------------------|---|-----------------|------------------|
| | : | NEW YORK | |
| VARIETY | : | IMPORTED | : DOMESTIC |
| | : | | : |
| Roquefort | : | TFEWR | : -0- |
| Blue | : | 2.6400-3.7200 | : 1.9600-3.4500* |
| Gorgonzola | : | 3.6900-5.9400 | : 2.4775-2.4900* |
| Parmesan (Italy) | : | TFEWR | : 3.3700-3.4600* |
| Romano (Italy) | : | 2.1000-3.1500 | : -0- |
| Provolone (Italy) | : | 3.4400-5.5000 | : 1.9675-2.1950* |
| Romano (Cows Milk) | : | -0- | : 3.1575-5.3300* |
| 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 | 75 | 0 | 61 | 0 | 68 | 0 |
| 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.

Regional Milk Market Administrators announced the following, July 2003 uniform prices: Northeast \$12.46, Mideast \$11.68, Southeast \$12.47, and Florida \$13.46. (For the Northeast and Mideast, statistical uniform prices are reported.) Milk production continues to ease lower in most parts of the region. Rain persisted this week throughout much of the region and humidity levels were high from Vermont to Florida. Temperatures have been seasonal, but the muggy weather and wet fields did stress cows. Fat and protein test remain seasonally low. Fluid milk demand is improving, particularly in the Southeast where many schools are back in session this week. School openings are "spread" over three to four weeks, starting in the South and working north where most schools open after Labor Day. Milk imports into Florida are increasing, but contacts expect volumes to jump next week when the majority of schools reopen. Milk is being shipped from Texas, Pennsylvania and Michigan this week. In the Northeast, milk supplies are tight, but contacts are preparing for tighter volumes when school pipelines get filled, late this month. The condensed skim market is mostly steady. Class II and III prices are unchanged and a few spot sales were reported. Most Class III users have switched to NDM as a lower cost source of solids. The fluid cream market remains firm. Spot prices are steady to lower as the CME average butter price declined nearly a cent last week. Multiples are generally unchanged from past weeks. Offerings are light and loads from the West continue to be shipped across the country to supplement local availability. Demand for cream is good, but the summer season is winding down and many ice cream manufacturers are preparing to reduce operations after Labor Day. The warm, muggy weather is helping soft serve mix consumption. Cream cheese output is little changed from past weeks. Bottled cream sales are slowing slightly. Churning activity is light to moderate, mostly light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

| | | |
|--|---|-------------------------------|
| F.O.B. PRODUCING PLANTS: NORTHEAST | - | 1.6721-1.9145 |
| DELIVERED EQUIVALENT ATLANTA | - | 1.6964-1.9145 M 1.7448-1.8660 |
| F.O.B. PRODUCING PLANTS: UPPER MIDWEST | - | 1.6358-1.8418 |

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 | - 1.0300-1.1500 |

MIDWEST

Milk supplies remain tight to short within the region. The expectation by many observers is that supplies will tighten further when the majority of schools in the region reopen over the next few weeks. Retail Class I interest was generally lighter this week. Milk shipments to deficit areas in the Southeast continue to occur. Manufacturing milk supplies remain tight to short. On a light test, spot manufacturing milk prices range from about \$1.75 - 2.25, net of the haul, over class. The negative Federal Order PPDs (producer price differential) through much of the region is expected to produce an increased number of

producer inquiries and/or comments. Cream demand is moderate to good with some ice cream producers already off overtime schedules. Cream supplies remain tight. Condensed skim interest from Class III accounts continues to be affected by high prices compared to NDM. Milk intakes are mostly lower, with sharper declines in areas with more elevated temperatures, with or without humidity. Generally, the heat indices in the upper tier of states have not been as elevated as other areas of the country. Fat and protein levels on incoming milk supplies are at low summer levels. Much of the region remains dry and soaking rain would be welcomed by most producers. It seems, on recent weather maps, that much of the western part of the region is under dry or drought conditions. Crop maturity continues to lag normal through much of the region.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

| | AUGUST 7 - 13 | PREVIOUS YEAR |
|---------------------------|-----------------|-----------------|
| SLAUGHTER COWS | \$ 45.00- 50.00 | \$ 35.00- 39.50 |
| REPLACEMENT HEIFER CALVES | \$390.00-550.00 | \$350.00-470.00 |

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

| | AUGUST 7 - 13 | PREVIOUS YEAR |
|----------------|-----------------|-----------------|
| SLAUGHTER COWS | \$ 49.00- 53.00 | \$ 31.50- 44.50 |

WEST

Milk production across the long expanse of CALIFORNIA remains highly variable with some locations having cooler weather and higher milk output. Some plant intakes have seen increases of a 1/2% to 2%. Hot weather was invading the state at midweek. Milk supplies in the state are short of demand and juggling between producers plants is common as is scheduling additional downtimes. Solids test in milk remains seasonally low. There are reports that culling has been active to take advantage of higher cull prices in relationship to replacement heifers and cows. ARIZONA milk production is moving lower as a result of some areas experiencing record high temperatures. The cows are not responding well despite heat abatement measures. There is a good call for fluid milk from bottlers filling school milk orders. Plants in other states are looking for milk and there are some problems getting and scheduling trucks. Manufacturing schedules are lower. NEW MEXICO milk output is trending lower as a result of the extended heat with some areas over 100 degrees. There are more schools starting and bottlers are actively filling orders. Milk continues to move to the Southeast to supplement needs. As could be expected, balancing plants in the state have capacity and are running on lighter schedules. Milk production is steady to slightly lower across the PACIFIC NORTHWEST. Hot weather conditions continue to wear on the cows. Plant schedules are being reduced as less milk is available. Contacts are noting that production levels are higher than a year ago, but at lower percentages than earlier this year. Milk output in UTAH and IDAHO is sometimes higher than expected with the current hot weather. The slight cooling is helping put more milk in the tanks. Several plants were reporting more milk than anticipated. Plant production schedules are being reduced to better reflect declining milk receipts. Fat and solids on incoming milk are holding steady. The butter price at the CME, at \$1.1675 on 8/13, is 5.25 cents lower than last week. Cream prices are lower, reflecting the lower butter basing price and lower multiples. Demand for cream is noted to be lower from some ice cream accounts. Western cream multiples range from 115 to 133, FOB, depending on class usage.

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 to and nominal. The market tone continues steady to firm. Sales to the CCC are again reported for the current week. Spot trade activity in the Central region is very light with most buyers seeking additional supplies from producers or resellers. Totes are the most difficult to locate. Bagged CCC resale NDM is reportedly available at the lower end of the range. High heat NDM is tight for the good interest. Condensed skim supplies are decreasing with seasonal changes in milk volumes. Higher prices on condensed skim are encouraging cheese manufacturer interest in NDM.

EAST: Eastern prices are little changed and the market tone remains firm. Contacts report that their stocks are nearly depleted and many are clearing output as fast as it clears lab tests. A few operations are drying a little more skim since their Class III condensed skim sales have all but stopped. However, other producers report lower milk receipts and lighter drying schedules. Demand for NDM is good. Many traders and buyers are still talking about the NDM that CCC is furnishing as partial payment for cheese contracts and the so called pudding exchange. Releases of the NDM for cheese powder have been made, but this week's volume is unknown. Reports indicate that some of last week's release is now in the marketplace and being delivered. According to some contacts, the release of the pudding exchange NDM is still pending or being delayed by the CCC.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8900 MOSTLY: .8250 - .8600
 HIGHHEAT: .8625 - .9450

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are lower in lighter spot trading. The market tone is unsettled in the wake of last week's higher prices. Some producers had to lower prices to keep interest. Demand is not as aggressive as in past weeks. The trade remains concerned over both the potential availability and the current lack of expected availability of the "cheese exchange NDM" that has been anticipated on the market. Information on who is in possession of the powder is highly speculative. Some end users and brokers who had contracts for some of this powder have seen those commitments withdrawn. Current supplies of NDM are limited. Powder in totes is especially tight. Several major producers continue to fill contracts for medium heat and fortified NDM with the CCC. These transactions are recorded as CCC purchases, but are committed and not surplus CCC buys. Some buyers have reached to the CCC stores and bought back previously offered NDM at current market price. Last week, around a million pounds was bought back. Western milk supplies are about steady. But, the better call for fluid milk for schools and capacity at cheese plants doesn't bode well for NDM production. Current producer stocks of NDM are light to moderate and in better balance than for a long time. During the week of August 4 - 8, CCC purchased 5.3 million pounds of NDM from the West. High heat NDM prices are slightly higher with fair to good seasonal demand noted. There is room and time to make more high heat powder, but producers remain reluctant to produce more than projections.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .8875 MOSTLY: .8000 - .8150
 HIGHHEAT: .8300 - .8600

CALIFORNIA MANUFACTURING PLANTS - NDM

| WEEK ENDING | PRICE | TOTAL SALES | SALES TO CCC |
|-------------|---------|-------------|--------------|
| August 8 | \$.8006 | 11,591,474 | 3,011,256 |
| August 1 | \$.8007 | 15,906,465 | 4,020,677 |

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 and nominal on a firm market. Churn activity remains very light as processors opt to profit from milk and cream sales instead of butter trade. Most buttermilk is clearing in the condensed form to end-users, predominantly ice cream producers. Dry buttermilk from manufacturers is available for contract customers. Spot buyers may find stocks of buttermilk from Western producers or resellers. Some Western stocks are stored in the Central region and trading at prices near the top of the range or higher. Supplies are not anticipated to increase until possibly October as milk supplies rebound. Price movement is expected to be minimal until more dry buttermilk is produced.

F.O.B. CENTRAL: .8500 - .8750

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is firm. Eastern prices remain nominal as few spot sales are reported. In many instances, producers are moving LTL quantities to partially satisfy more customers. Production levels are lighter as butter output is down to a few days a week in most plants. Demand is good and some buyers have to reach to other regions to find powder. However, stocks in the Central and West are also tight.

F.O.B. NORTHEAST: .7425 - .7500
 DELVDSOUTHEAST: .7650 - .8000

DRY BUTTERMILK - WEST

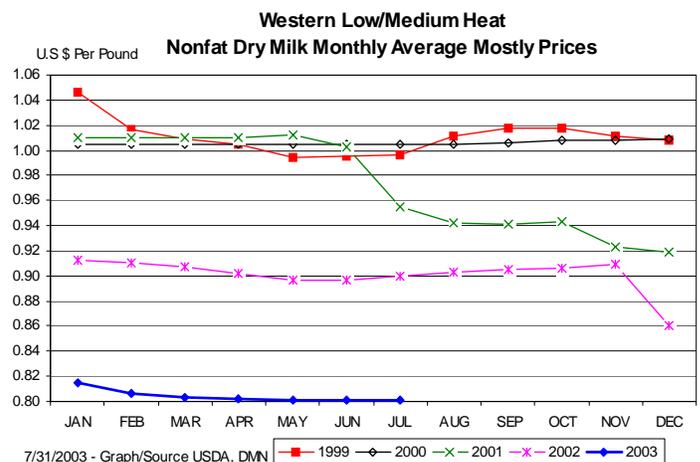
Dry buttermilk prices continue to increase. The market tone remains firm. Buying interest is good and not fully satisfied. Some buyers are trying to lock in spot supplies at the lowest price in an increasing market, often with little success. Producer offerings are not readily available and buyers have to look to resellers for supplemental supplies. Drying schedules remain limited with the continued downtrend in butter production and good sales of condensed buttermilk. Dry stocks range from sold out to balanced.

F.O.B. WEST: .7600 - .8500 MOSTLY: .7800 - .8300

DRY WHOLE MILK - NATIONAL

Prices are mostly steady and nominal. Production levels are light and mostly geared to filling orders/contracts. Plant stocks are closely balanced and demand is fair. Continued reports indicate that imported powder is still available at competitive prices, but volumes are not as heavy as they were earlier in the year.

F.O.B. PRODUCING PLANT: 1.0500 - 1.1800



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 firm market. Supplies are reportedly more available than the week prior. Nonetheless, most plants are increasing their list prices and offering at a premium. Resale trade is also trending higher. Production is steady to higher, especially as plants continue to divert milk away from NDM/butter operations and into cheese plants. Inventories are generally in balance. Inquiries by milk replacer operations are increasing. Movement into export or edible markets is mostly contractual with light spot activity. Increased offerings of condensed whey are noted for the good interest. The undertone is that prices will peak sometime in September.

F.O.B. CENTRAL: .1600 - .1750 MOSTLY: .1650 - .1700

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to climb and the market tone remains firm. Producers are commenting on the lower volumes of milk and lighter cheese output in the Northeast. Some operations are purposely reducing production schedules to help manage cheese inventories. This will have a negative impact on dry whey output. Currently, most Eastern producers have little or no whey available for spot sale. Any extra loads that may become available are usually held to meet contract commitments. Premiums for spot sales have not changed appreciably in several weeks. Most producer loads are clearing via contracts and traders report a steady spot demand. In fact, some traders report that market activity has been relatively quiet the past few weeks.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1675 - .1825
DELVD SOUTHEAST: .1875 - .2050

DRY WHEY - WEST

The dry whey prices in the West continue to increase as the market tone remains firm. Producers are increasing offering prices and demand is increasing. Domestic interest is fair to good but new export interest is falling. Generally, the higher prices go the less exports will likely move. Production is highly variable depending on the amounts of milk entering cheese plants and whey streams in the region. Some plants are noting slight increases in milk supplies where temperatures cooled. Other plants are not getting the milk they need to fill current orders. Stocks range from light to moderate levels.

NONHYGROSCOPIC: .1600 - .1950 MOSTLY: .1650 - .1750

ANIMAL FEED WHEY - CENTRAL

Prices are higher and nominal on a firm market. As Extra Grade prices continue to increase, feed buyers are searching for additional loads of milk replacer product. Supplies are often difficult to find, especially for milk replacer in totes. Early weaned pig markets are trending steady while the North Central veal market is firm.

F.O.B. CENTRAL:
MILK REPLACER: .1450 - .1525

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Some plants are sold out on their supplies and are not anticipating additional production until late September or October. Contractual obligations are generally being satisfied. Current production is steady to lower as more condensed WPC is diverted into veal operations at some locations. Additional offerings of condensed whey are being made available to WPC/lactose plants for the light interest. Spot trade is increasing in the resale market. High protein imports and off grade supplies are less available, encouraging feed manufacturer interest in 34% WPC.

F.O.B. EXTRA GRADE 34% PROTEIN: .4350 - .5000 MOSTLY: .4350 - .4500

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Buyers continue to request negotiations for fourth quarter. Some plants are opting to finalize a few contracts for fourth quarter at higher prices. However, most operations are not anticipating negotiations to commence until late September. Demand is best for 200 mesh product, especially into export markets. Lower mesh sizes are trading higher without much buyer resistance. Competition between domestic firms for Asian spot interest is noted. Spot sales of feed quality product are trading within the range at some locations. Lactose production is steady. Inventories are in balance to tight.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1800 - .2500 MOSTLY: .1925 - .1975

CASEIN - NATIONAL

Casein prices are unchanged but the market tone remains firm. Domestic buyers indicate that they are getting their needs filled although acid is not as plentiful as rennet. Europe's milk production is declining seasonally and recent high temperatures are causing sharp declines in some areas. This has some casein producers concerned about acquiring sufficient milk volumes to maintain production schedules. Oceania is just starting their new milk production season, thus it is too early to report production trends from this region. Producers and handlers are optimistic that the upcoming season will be in line with last.

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: 2.0000 - 2.1500
ACID: 2.0000 - 2.1000

EVAPORATED MILK - NATIONAL

Prices are steady and the market tone is unchanged. Milk supplies are tightening all across the country and evaporated milk output is easing. Also, the higher cost of milk is having an impact on production schedules. Producers have been and are trying to increase prices to keep pace with the rising costs of milk. This is meeting with the anticipated resistance and continuing the competitiveness already seen in the market. Retailers are already planning fall baking features and ordering before prices move much further. The Kansas City Commodity office announced the issuance of EVD-1, invitation 770 inviting competitive offers to sell to CCC 5,985,360 pounds of evaporated milk for delivery October - December 2003. Offers are due by 9:00 a.m. CDT, August 18, 2003.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 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 | 07/30 | 07/31 | 08/01 | 08/04 | 08/05 | 08/06 | 08/07 | 08/08 | 08/11 | 08/12 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| CME - (CLASS III) MILK FUTURES -- Dollars per cwt | | | | | | | | | | |
| JUL 03 | 11.75 (4090) 1 | 11.75 (3868) 0 | 11.78 | | | | | | | |
| AUG 03 | 13.79 (4981) 181 | 13.87 (4951) 74 | 13.89 (4922) 68 | 13.89 (4992) 158 | 13.84 (5033) 124 | 13.89 (5036) 76 | 13.85 (5036) 150 | 13.80 (5041) 57 | 13.84 (5052) 89 | 13.84 (5058) 125 |
| SEP 03 | 14.15 (5172) 174 | 14.32 (5178) 221 | 14.53 (5175) 122 | 14.51 (5444) 419 | 14.40 (5503) 132 | 14.50 (5566) 134 | 14.58 (5596) 63 | 14.60 (5643) 102 | 14.55 (5672) 155 | 14.56 (5662) 130 |
| OCT 03 | 13.54 (4522) 270 | 13.62 (4545) 124 | 13.70 (4579) 105 | 13.72 (4563) 320 | 13.60 (4614) 64 | 13.80 (4659) 160 | 13.86 (4616) 188 | 13.95 (4638) 89 | 13.92 (4689) 147 | 13.99 (4739) 164 |
| NOV 03 | 12.73 (3454) 109 | 12.79 (3470) 95 | 12.94 (3505) 86 | 12.94 (3499) 43 | 12.89 (3501) 60 | 12.94 (3507) 36 | 12.93 (3471) 79 | 12.99 (3475) 19 | 12.93 (3518) 54 | 12.96 (3519) 86 |
| DEC 03 | 12.36 (2627) 80 | 12.40 (2655) 91 | 12.49 (2676) 26 | 12.45 (2697) 54 | 12.40 (2708) 12 | 12.45 (2696) 30 | 12.45 (2707) 12 | 12.48 (2719) 24 | 12.45 (2732) 21 | 12.47 (2753) 33 |
| JAN 04 | 12.09 (911) 19 | 12.08 (924) 27 | 12.08 (937) 13 | 12.09 (945) 19 | 12.08 (952) 11 | 12.08 (953) 1 | 12.08 (956) 3 | 12.08 (967) 27 | 12.08 (975) 16 | 12.09 (975) 2 |
| FEB 04 | 11.75 (711) 6 | 11.70 (723) 20 | 11.76 (730) 10 | 11.75 (737) 20 | 11.68 (744) 7 | 11.70 (744) 1 | 11.70 (747) 4 | 11.65 (765) 23 | 11.64 (776) 21 | 11.61 (784) 15 |
| MAR 04 | 11.77 (596) 8 | 11.70 (608) 15 | 11.80 (610) 3 | 11.81 (622) 28 | 11.72 (628) 8 | 11.75 (633) 7 | 11.70 (637) 5 | 11.65 (654) 18 | 11.66 (661) 13 | 11.70 (664) 12 |
| APR 04 | 11.74 (365) 5 | 11.74 (370) 17 | 11.75 (390) 10 | 11.73 (390) 6 | 11.63 (397) 7 | 11.65 (397) 1 | 11.60 (399) 3 | 11.60 (409) 16 | 11.60 (412) 10 | 11.65 (413) 2 |
| MAY 04 | 11.65 (238) 6 | 11.55 (243) 7 | 11.55 (243) 1 | 11.55 (244) 7 | 11.45 (248) 10 | 11.50 (248) 1 | 11.50 (250) 3 | 11.50 (263) 17 | 11.50 (268) 8 | 11.55 (267) 3 |
| JUN 04 | 11.98 (240) 9 | 11.80 (246) 9 | 11.85 (246) 1 | 11.85 (254) 11 | 11.75 (257) 4 | 11.80 (258) 1 | 11.80 (262) 4 | 11.80 (265) 17 | 11.85 (269) 7 | 11.90 (269) 3 |
| JUL 04 | 12.33 (252) 5 | 12.30 (258) 6 | 12.25 (261) 3 | 12.25 (266) 10 | 12.16 (270) 6 | 12.25 (271) 1 | 12.25 (273) 2 | 12.25 (274) 1 | 12.25 (278) 4 | 12.25 (279) 1 |
| AUG 04 | 12.57 (249) 5 | 12.55 (254) 6 | 12.50 (256) 3 | 12.57 (261) 8 | 12.45 (264) 6 | 12.55 (265) 1 | 12.55 (266) 1 | 12.55 (267) 5 | 12.55 (269) 4 | 12.54 (270) 1 |
| SEP 04 | 12.75 (255) 4 | 12.75 (260) 6 | 12.75 (260) 0 | 12.70 (267) 10 | 12.60 (269) 3 | 12.70 (269) 0 | 12.70 (269) 0 | 12.70 (269) 3 | 12.70 (272) 5 | 12.69 (273) 1 |
| OCT 04 | 12.15 (128) 8 | 12.20 (128) 1 | 12.20 (129) 1 | 12.20 (130) 6 | 12.10 (130) 1 | 12.10 (130) 0 | 12.10 (130) 0 | 12.10 (133) 4 | 12.05 (134) 6 | 12.05 (134) 2 |
| NOV 04 | 11.85 (91) 2 | 11.85 (91) 0 | 11.85 (91) 0 | 11.85 (95) 12 | 11.76 (95) 1 | 11.80 (95) 0 | 11.80 (95) 0 | 11.80 (98) 3 | 11.80 (98) 4 | 11.80 (98) 1 |
| DEC 04 | 11.84 (34) 4 | 11.84 (34) 0 | 11.84 (34) 0 | 11.84 (35) 5 | 11.75 (36) 4 | 11.75 (36) 0 | 11.75 (36) 0 | 11.75 (39) 3 | 11.75 (42) 4 | 11.75 (44) 3 |

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

| | | | | | | | | | | |
|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| JUL 03 | 10.17 (11) 0 | 10.17 (11) 0 | 9.95 | | | | | | | |
| AUG 03 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 | 10.45 (26) 0 |
| SEP 03 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 | 10.65 (20) 0 |
| OCT 03 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 | 10.36 (3) 0 |

CME - BUTTER FUTURES -- Cents per pound

| | | | | | | | | | | |
|--------|-----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| SEP 03 | 123.75 (636) 26 | 123.50 (636) 0 | 123.25 (640) 5 | 123.00 (642) 2 | 122.50 (634) 17 | 122.00 (583) 86 | 121.25 (574) 10 | 119.00 (569) 8 | 118.00 (551) 25 | 117.25 (505) 91 |
| OCT 03 | 124.50 (387) 1 | 125.00 (391) 4 | 125.00 (391) 1 | 124.00 (391) 0 | 124.00 (391) 2 | 123.25 (430) 67 | 122.50 (429) 0 | 121.00 (440) 33 | 120.00 (440) 0 | 120.00 (485) 50 |
| DEC 03 | 126.00 (510) 0 | 126.00 (508) 2 | 126.00 (508) 0 | 126.00 (508) 0 | 126.00 (508) 0 | 126.00 (508) 10 | 125.00 (508) 0 | 123.50 (473) 37 | 122.00 (470) 6 | 121.75 (468) 13 |
| MAR 04 | 131.50 (72) 6 | 133.50 (72) 0 | 133.50 (72) 0 | 133.50 (72) 0 | 133.50 (72) 0 | 133.50 (72) 0 | 133.50 (72) 0 | 133.50 (72) 0 | 133.50 (82) 10 | 128.50 (85) 3 |

^{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 August 4 - 15, 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: The major topic within Europe is the continuation of record setting temperatures and its impact on the agriculture community. Temperatures in the 36 – 39 degrees celsius (90 – 100 degrees fahrenheit) range continue to be recorded early in the week, although some moderation is starting to develop at midweek. As far as dairy is concerned, the impact appears to not be as significant as many anticipated. Milk production is declining seasonally, but most anticipated that the heat would accelerate this decline. Declines remained quite gradual, but within the past week to 10 days, they appear to be sharper. Crop conditions are really showing the impact of high temperatures and spotty rainfall. Feed supplies for the upcoming winter season are a concern for dairy and livestock producers. Some farmers harvested their grain crops when green for silage versus lose them to predicted weather conditions and are pleased that they did. Many dairy producers indicate that they should be in pretty good condition for winter needs with carryover stocks from last season and some forethought before the heat and adverse conditions of recent weeks. On August 13, the Dairy Management Committee released information that the threshold of 109,000 mt of skim milk powder into intervention has been breached. They also indicated that on August 15, they would be announcing a tendering system for future offerings. This will only be in place for a short time as intervention closes August 31. Recent offerings have slowed greatly and many producers, handlers, and traders feel that additional offerings will be minimal, if any at all. International buying interest remains slow. Stocks of manufactured dairy products are available for both domestic and international buyer interest.

BUTTER/BUTTEROIL: European butter markets are steady to firm and prices are unchanged. Stocks of butter are available for domestic and international buyer interest. Russia and Japan are in the European market looking for butter for upcoming winter needs. Although still unclear, traders and handlers are hopeful that this interest will continue. PSA stocks are reported to be ample with this program closing on August 16. Intervention offerings have also been active with intervention holdings totaling 224,000 mt.

82% BUTTERFAT: 1,450 - 1,500
99% BUTTERFAT: 1,650 - 1,750

SKIM MILK POWDER (SMP): European skim milk powder markets are steady to firm with prices unchanged to higher. The milk production season is winding down, which impacts butter/powder production. The recent high temperatures throughout Europe has improved liquid milk demand which is further limiting powder production. Offerings to intervention have slowed greatly in recent days. On August 13, EU Management Committee announced that intervention levels of 109,000 mt have been breached and a tendering system will be announced for future offerings. As of July 24, intervention holdings totaled 205,000 mt which appears to indicate that much of last seasons offerings are still in intervention hands.

1.25% BUTTERFAT: 1,685 - 1,750

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm. Prices are unchanged to higher. Stocks are available for buyer interest, although current milk production is edging lower, thus new production is lower. Buying interest is light, with most sales activity centering around internal needs.

26% BUTTERFAT: 1,750 - 1,800

SWEET WHEY POWDER: Whey powder markets are steady at unchanged prices, although the undertone is weak. Cheese production is edging lower as milk volumes decline, thus new whey stocks are lighter. Whey demand has been and remains light. Stocks are readily available for domestic and international needs.

NONHYGROSCOPIC: 350 - 450

OVERVIEW: EASTERN EUROPE: High temperatures are also being recorded in Eastern Europe. Milk production patterns throughout this region during the current season have not been overly positive. A recent report indicated that, for the first six months of this year, milk output in Russia was down 2.3% while output in the Ukraine was down 4.2%. Stocks of manufactured dairy products are reported to be available, but precise figures were not available. Some Russian buyers are looking to Western Europe for butter to supplement their production.

OCEANIA

OCEANIA OVERVIEW: The new milk production season is just getting underway in Oceania. New Zealand is usually the first country of the region to report production increases and this year is no different. Although milk volumes are building slowly, milk handlers indicate that the new season has begun. Most report that the major calving season is still 2 – 3 weeks away. In Australia, conditions are running about 2 – 3 weeks behind New Zealand, although milk handlers and plant managers are preparing for the increased volumes in the very near future. Weather conditions in Oceania have been fairly cool with rainfall amounts short of desired needs for early spring. Pastures are greening. Inventories of manufactured dairy products are reported to be sufficient to meet contractual commitments. Most handlers and shippers are stating that they will have adequate stocks, but in some instances, stocks will be totally depleted prior to the start of the new production season. On the other hand, some traders indicate that they will have some product available for spot buyer interest. As the new milk production season resumes, manufacturers and traders are actively working with potential customers. In most instances, negotiations are occurring with regular customers while there is minimal new buyer interest being reported. Production estimates for the new season are basically unchanged from recent reports. New Zealand is projecting a 1 – 2% increase over last season with Australian output projected to be flat to 1% higher than last season.

BUTTER: Oceania butter markets are generally steady with prices unchanged to slightly higher. In instances, stocks are going to be in very close balance as handlers fill final orders under existing contracts, although some do state that they will have butter available for spot sale. Handlers and traders are negotiating new contracts with potential customers. Most indicate that these discussions are occurring with regular or ongoing customers. Minimal new buyer interest is being reported.

82% BUTTERFAT: 1,300 - 1,400

CHEDDAR CHEESE: Cheese markets are steady to firm as prices edged slightly higher. Stocks of cheese are reported to be adequate to maintain steady shipment schedules. Oceania handlers and traders are negotiating with potential customers for the upcoming milk production season. In most instances, these negotiations are occurring with regular or ongoing customers. Early reports indicate that Oceania cheese producers anticipate production to be in line with last season.

39% MAXIMUM MOISTURE: 1,775 - 2,000

SKIM MILK POWDER (SMP): Skim milk powder markets are steady at unchanged prices. Orders continue to be filled from inventoried stocks. At this point, most traders and handlers feel that they have adequate volumes of skim milk powder to fill contract commitments. Some handlers are stating that they will have some minimal volumes of powder available for spot buyer needs as final shipments are made under existing contracts. Negotiations are occurring for new season production.

1.25% BUTTERFAT: 1,650 - 1,750

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are holding steady. Shipments of contracted volumes continue to be filled from inventoried stocks. In most instances, handlers indicate that they will have sufficient volumes of powder to maintain scheduled shipments. The new milk production season is just getting underway in Oceania, thus new powder will soon be entering the nearly empty warehouses.

26% BUTTERFAT: 1,650 - 1,750

Exchange rates for selected foreign currencies: August 11, 2003

| | |
|-----------------------|--------------------------|
| .7244 Canadian Dollar | .0218 Indian Rupee |
| .3433 Argentina Peso | .5878 New Zealand Dollar |
| .0929 Mexican Peso | .6585 Australian Dollar |
| .2601 Polish Zloty | .0084 Japanese Yen |
| | 1.1361 Euro |

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0929)= 10.7643. That is 1 US Dollar equals 10.7643 Mexican Pesos.

Source: "Wall Street Journal"

JUNE FLUID MILK SALES

During June, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.5 percent higher than June 2002. After adjusting for calendar composition, sales in June 2003 were unchanged from June 2002. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, and flavored fat-reduced milk, increased from June 2002, while sales of whole milk, flavored whole milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmfos/mib/in-areasales.htm>

**ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
JUNE 2003, WITH COMPARISONS ^{1/}**

| Product Name | Sales | | Change from: ^{2/} | |
|---|-----------|--------------|----------------------------|--------------|
| | June | Year to Date | Previous Year | Year to Date |
| | Mil. Lbs. | | Percent | |
| Whole Milk | 1,456 | 9,099 | 0.5 | -0.1 |
| Flavored Whole Milk | 80 | 499 | -2.5 | -0.1 |
| Reduced Fat Milk (2%) | 1,376 | 8,711 | 1.8 | 0.9 |
| Low Fat Milk (1%) | 480 | 3,154 | -2.2 | 0.2 |
| Fat-Free Milk (Skim) | 617 | 3,971 | -2.8 | -1.8 |
| Flavored Fat-Reduced Milk | 159 | 1,654 | 11.8 | 6.5 |
| Buttermilk | 44 | 277 | -2.5 | -4.7 |
| Total Fluid Milk Products ^{3/} | 4,224 | 27,425 | 0.5 | 0.4 |
| Total Fluid Milk Products Adjusted ^{3/ 4/} | 4,294 | 27,445 | 0.0 | 0.4 |

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. ^{2/} Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see ^{4/}. ^{3/} Total fluid milk products include the products listed plus miscellaneous products and eggnog. ^{4/} Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmfos/mib/clndr_comp_rpt.pdf

**PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JUNE 2003, WITH COMPARISONS ^{1/}**

| Area (Order Number) | Sales | | Change from: ^{2/} | |
|-------------------------|-----------|--------------|----------------------------|--------------|
| | June | Year to Date | Previous Year | Year to Date |
| | Mil. Lbs. | | Percent | |
| Northeast (001) | 750 | 4,802 | -1.7 | -0.7 |
| Appalachian (005) | 264 | 1,699 | 2.4 | 0.4 |
| Southeast (007) | 366 | 2,418 | 0.4 | 0.1 |
| Florida (006) | 220 | 1,451 | 0.9 | 1.0 |
| Mideast (033) | 478 | 3,163 | 0.6 | -0.1 |
| Upper Midwest (030) | 328 | 2,174 | 1.1 | 0.2 |
| Central (032) | 350 | 2,313 | 2.4 | 1.3 |
| Southwest (126) | 318 | 2,079 | 0.6 | 0.7 |
| Arizona-Las Vegas (131) | 98 | 648 | 2.2 | 3.1 |
| Western (135) | 66 | 435 | -2.2 | -1.3 |
| Pacific Northwest (124) | 166 | 1,079 | 2.1 | 0.9 |
| California (---) | 522 | 3,245 | 0.6 | 1.6 |

^{1/} These figures are representative of the consumption of total fluid milk products in the respective area; see ^{3/} above for the products included. ^{2/} Percent changes, as well as sales volumes, are shown on an unadjusted basis; see ^{4/} above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, MAY 2003

In May 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$10.83 per cwt., \$0.04 more than the figure for the previous month. This month-to-month increase results from generally higher Federal milk order minimum producer milk component prices. The component tests of producer milk in May 2003 were: butterfat, 3.61%; protein, 2.97%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in 12 reporting areas, decreased in 4 reporting areas, and unchanged in 1 reporting area and ranged from \$13.18 in Florida to \$9.62 in New Mexico. In May 2002, the Federal milk order all-area average mailbox price was \$11.83, \$1.00 higher.

| Reporting Area | Mailbox Milk Price <u>2/</u> | | |
|-----------------------------------|------------------------------|------------|----------|
| | May 2002 | April 2003 | May 2003 |
| | Dollars per hundredweight | | |
| Northeast Federal Milk Order | 11.74 | 11.06 | 11.10 |
| Appalachian States <u>3/</u> | 12.31 | 11.29 | 11.32 |
| Southeast States <u>4/</u> | 12.69 | 11.63 | 11.69 |
| Southern Missouri <u>5/</u> | 11.76 | 10.61 | 10.71 |
| Florida | 14.75 | 13.21 | 13.18 |
| Ohio | 11.85 | 10.80 | 10.84 |
| Michigan | 11.68 | 10.48 | 10.66 |
| Wisconsin | 12.16 | 10.85 | 11.04 |
| Minnesota | 11.88 | 10.86 | 10.95 |
| Iowa | 11.94 | 10.73 | 10.83 |
| Illinois | 12.02 | 10.84 | 10.89 |
| Corn Belt States <u>6/</u> | 11.52* | 10.68 | 10.66 |
| Western Texas <u>7/</u> | 11.66 | 10.62 | 10.48 |
| New Mexico | 10.80 | 9.72 | 9.62 |
| Idaho | 10.88 | 9.87 | 9.87 |
| Utah | 10.72 | 9.54 | 9.64 |
| Northwest States <u>8/</u> | 11.52 | 10.31 | 10.39 |
| All Federal Order Areas <u>9/</u> | 11.83 | 10.79 | 10.83 |
| California <u>10/</u> | 10.98 | 10.26 | NA |

*= Revised.

NA= Not available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

AUGUST MILK SUPPLY AND DEMAND ESTIMATES*

Milk production forecasts for 2002/03 and 2003/04 are lowered from last month as milk-per-cow forecasts are reduced. Cheese prices have remained relatively strong and in the face of slower growth in milk production, Class price forecasts are raised from last month. The Class III price forecast is raised to \$10.50-\$10.60 per cwt. for 2002/03 and the Class IV price forecast is raised to \$10.00-\$10.20 per cwt. Large stocks of butter and nonfat dry milk will likely limit gains in Class IV prices. The average all milk price forecast is raised to \$11.80-\$11.90 per cwt. Price forecasts for 2003/04 are also raised as milk production forecasts are reduced. The Class III price forecast is increased to \$10.25-\$11.15 per cwt. and the Class IV price is forecast at \$9.65-\$10.75 per cwt. The all milk price is forecast at \$11.60-\$12.50 per cwt.

| Item | 2001/02 1/ | 2002/03 Projection 1/ | | 2003/04 Projection 1/ | | |
|--------------------------------|---------------|-----------------------|-------------|-----------------------|-------------|------|
| | | July | August | July | August | |
| BILLION POUNDS | | | | | | |
| SUPPLY | | | | | | |
| BEGINNING COMMERCIAL STOCKS 2/ | 8.8 | 11.2 | 11.2 | 11.7 | 11.6 | |
| PRODUCTION | 169.2 | 170.0 | 170.0 | 172.4 | 171.8 | |
| FARM USE | 1.2 | 1.1 | 1.1 | 1.0 | 1.0 | |
| MARKETINGS | 168.0 | 169.0 | 168.9 | 171.4 | 170.8 | |
| IMPORTS 2/ | 5.2 | 5.2 | 5.1 | 5.1 | 5.1 | |
| TOTAL COMMERCIAL SUPPLY 2/ | 182.0 | 185.4 | 185.2 | 188.1 | 187.4 | |
| USE | | | | | | |
| COMMERCIAL USE 2/ 3/ | 170.4 | 172.4 | 172.5 | 177.3 | 177.0 | |
| ENDING COMMERCIAL STOCKS 2/ | 11.2 | 11.7 | 11.6 | 9.8 | 9.7 | |
| CCC NET REMOVALS: | | | | | | |
| MILKFAT BASIS 4/ | 0.3 | 1.3 | 1.1 | 1.0 | 0.7 | |
| SKIM SOLIDS BASIS 4/ | 9.6 | 8.7 | 9.0 | 6.1 | 5.6 | |
| DOLLARS PER CWT. | | | | | | |
| MILK PRICES 5/ | | | | | | |
| CLASS III 6/ | 11.03 | 10.15-10.25 | 10.50-10.60 | 9.75-10.65 | 10.25-11.15 | |
| CLASS IV 6/ | 11.22 | 9.95-10.15 | 10.00-10.20 | 9.55-10.65 | 9.65-10.75 | |
| ALL MILK 7/ | 12.74 | 11.60-11.70 | 11.80-11.90 | 11.15-12.05 | 11.60-12.50 | |
| MILLION POUNDS | | | | | | |
| CCC PRODUCT NET REMOVALS 4/ | | | | | | |
| BUTTER | 0 | 30 | 25 | 30 | 20 | |
| CHEESE | 9 | 50 | 47 | 30 | 15 | |
| NONFAT DRY MILK | 817 | 705 | 730 | 500 | 465 | |
| DRY WHOLE MILK | 0 | 0 | 0 | 0 | 0 | |
| | | QUARTERLY 8/ | | ANNUAL 8/ | | |
| | | 2003 III | 2003 IV | 2004 I | 2003 | 2004 |
| BILLION POUNDS | | | | | | |
| MILK PRODUCTION | 41.6 | 41.8 | 43.6 | 170.2 | 172.1 | |
| DOLLARS PER CWT. | | | | | | |
| ALL MILK PRICE 5/ 7/ | 12.80-13.10 | 13.20-13.80 | 11.25-12.15 | 12.10-12.30 | 11.40-12.40 | |
| CLASS III PRICE 5/ 6/ | 12.85-13.15 | 11.35-11.95 | 9.60-10.50 | 10.85-11.05 | 10.15-11.15 | |
| CLASS IV PRICE 5/ 6/ | 10.00-10.40 | 10.15-10.85 | 9.60-10.60 | 9.95-10.25 | 9.65-10.85 | |

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-401, World Agricultural Outlook Board, USDA, August 12, 2003.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

| | FOR THE WEEK OF AUGUST 11 - 15, 2003 | | | CUMULATIVE TOTALS | | UNCOMMITTED INVENTORIES | |
|------------------------|--------------------------------------|----------------------|--------------------|-------------------|-----------------------|-------------------------|-----------------------|
| | TOTAL PURCHASES | CONTRACT ADJUSTMENTS | ADJUSTED PURCHASES | SINCE 10/01/02 | SAME PERIOD LAST YEAR | WEEK ENDING 08/08/03 | SAME PERIOD LAST YEAR |
| BUTTER | | | | | | | |
| Bulk | -0- | -0- | -0- | 10,133,351 | -0- | -0- | -0- |
| Packaged | -0- | -0- | -0- | 1,313,280 | -0- | -0- | -0- |
| TOTAL | -0- | -0- | -0- | 11,446,631 | -0- | -0- | -0- |
| CHEESE | | | | | | | |
| Block | -0- | -0- | -0- | 3,840,106 | 2,465,662 | -0- | -0- |
| Barrel | -0- | -0- | -0- | 5,545,706 | 1,100,984 | -0- | -0- |
| Process | -0- | -0- | -0- | 31,838,400 | 871,200 | -0- | -0- |
| TOTAL | -0- | -0- | -0- | 41,224,212 | 4,437,846 | -0- | -0- |
| NONFAT DRY MILK | | | | | | | |
| Nonfortified | 10,864,271 | 2,164,545 | 8,699,726 | 583,817,852 | 621,219,437 | 1,230,007,000 | 1,204,942,000 |
| Fortified | -0- | -0- | -0- | 596,814 | -0- | 46,391,000 | 46,391,000 |
| TOTAL | 10,864,271 | 2,164,545 | 8,699,726 | 584,414,666 | 621,219,437 | 1,276,398,000 | 1,251,333,000 |

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

| | MILKFAT* BASIS | SKIM** SOLIDS | | MILKFAT* BASIS | SKIM** SOLIDS |
|--|----------------|---------------|------------------------------------|----------------|---------------|
| WEEK OF AUGUST 11 - 15, 2003 = | 1.9 | 101.3 | COMPARABLE PERIOD IN 2002 = | 31.9 | 136.8 |
| CUMULATIVE SINCE OCTOBER 1, 2002 = | 758.6 | 7,212.1 | CUMULATIVE SAME PERIOD LAST YEAR = | 177.6 | 7,274.9 |
| CUMULATIVE JANUARY 1 - AUGUST 15, 2003 = | 684.5 | 5,946.5 | COMPARABLE CALENDAR YEAR 2002 = | 160.7 | 6,379.0 |

* 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 AUGUST 11 - 15, 2003 (POUNDS)

| REGION | BUTTER | | | CHEESE | | | NONFAT DRY MILK | |
|---------|--------|----------|----------|--------|--------|---------|-----------------|-----------|
| | BULK | PACKAGED | UNSALTED | BLOCK | BARREL | PROCESS | NONFORTIFIED | FORTIFIED |
| CENTRAL | -0- | -0- | -0- | -0- | -0- | -0- | -1,211,043 | -0- |
| WEST | -0- | -0- | -0- | -0- | -0- | -0- | 9,910,769 | -0- |
| EAST | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -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- | 32,049,972 | 871,200 | 24,411,395 | 34,513,568 | 39.7 | 8.8 |
| WEST | 11,446,631 | -0- | 9,174,240 | 3,566,646 | 522,433,475 | 549,343,468 | 59.2 | 86.6 |
| EAST | -0- | -0- | -0- | -0- | 37,569,796 | 37,362,401 | 1.1 | 4.6 |
| TOTAL | 11,446,631 | -0- | 41,224,212 | 4,437,846 | 584,414,666 | 621,219,437 | 100.0 | 100.0 |

SELLBACK TO THE TRADE
 AUGUST 4 - 8, 2003

CENTRAL/EAST
 -0-

WEST
 1,115,051

TOTAL
 1,115,051

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 07/26/03 & 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 |
| 2003-Dairy | 0.2 | 0.7 | 6.8 | 4.6 | 19.3 | 2.5 | 0.4 | 0.9 | 12.8 | 2.3 | 50.5 | 1,615.2 | 46.2 | 47.9 |
| 2002-Dairy | 0.2 | 1.0 | 6.3 | 4.7 | 18.6 | 1.9 | 0.4 | 0.6 | 11.8 | 2.1 | 47.6 | 1,440.6 | 45.0 | 46.0 |
| 2003-All cows | 0.2 | 1.0 | 9.0 | 14.0 | 30.1 | 15.7 | 15.2 | 3.1 | 15.4 | 5.7 | 109.4 | 3,369.7 | | |
| 2002-All cows | 0.2 | 1.0 | 8.6 | 11.9 | 29.0 | 13.7 | 15.7 | 2.9 | 15.1 | 7.7 | 105.7 | 3,134.9 | | |

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 | 10.97 | | | | |
| II | 11.29 | 10.66 | 10.54 | 10.44 | 10.43 | 10.46 | 10.63 | | | | | |
| III | 9.78 | 9.66 | 9.11 | 9.41 | 9.71 | 9.75 | 11.78 | | | | | |
| IV | 10.07 | 9.81 | 9.79 | 9.73 | 9.74 | 9.76 | 9.95 | | | | | |

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