

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/3):**

BUTTER: Grade AA closed at \$1.1700. The weekly average for Grade AA is \$1.1792 (-.0066).

CHEESE: Barrels closed at \$1.5300 and blocks at \$1.6000. The weekly average for barrels is \$1.5570 (-.0080) and blocks, \$1.6000 (N.C.).

BUTTER: Butter markets are mixed with the cash price dipping to \$1.1700 late in the week. Current production levels have not increased much in recent weeks. Cream supplies remain quite limited to butter operations from coast to coast, although many are hopeful that additional cream volumes will become more available in coming weeks. Overall butter demand is fair. Orders are starting to develop for upcoming yearend needs from both retail and food service outlets. At this point, some butter producers and handlers are indicating that if holiday orders continue to develop at the pace of recent orders, a substantial volume of butter will be clearing the marketplace. At midweek, under invitation 007C, the Commodity Credit Corporation (CCC) invites competitive offers to buy from CCC, 2,113,917 pounds of salted butter, packed in 25-kg boxes for unrestricted use. Bids are due by 1:00pm CDT October 9.

CHEESE: The cheese market is steady on blocks and unsettled to weak on barrels. Barrels are often more than adequate with process movement mostly fair at best. Natural interest is irregular on a week to week basis but is fair to good overall. While watching inventories closely, buyers are finding the need to reorder despite current prices. Cheese production remains light seasonally. Manufacturing milk supplies are little changed. Cheese yields are higher as fat and protein levels improve seasonally where temperatures have moderated.

FLUID MILK: The recovery in areas affected by Hurricane Isabel continues with Class I demand returning to normal patterns. Overall Class I interest this week is uneven due to some bottlers processing heavier ahead of the October price increase. Milk receipts are increasing in Florida; however they continued to import about 200 loads of supplemental milk. Manufacturing schedules in the Southeast remain light with heaviest activity on weekends. Milk receipts are steady in the Northeast and Central regions as well as the Pacific Northwest, Utah and Idaho. Fluid intakes in California vary by region, from higher in the south to lower in the central. Manufacturing schedules are about steady. Cream supplies are more available for churning as ice cream production slows seasonally and fat levels start to recover.

DRY PRODUCTS: The NDM market is steady to occasionally firm. Current drying schedules remain generally light. NDM demand continues strong for cheese production due to the comparably much higher Class III condensed skim prices. The buttermilk market is steady to firm. Spot offerings are limited. Condensed buttermilk demand is about steady from ice cream operations. Production remains lighter than anticipated due to lower churning. Whey prices are unchanged to generally higher. Current drying schedules are steady to lighter. Current stocks are in balance. Higher prices have slowed international whey interest. The WPC market is firm though spot demand is

concentrated on 34%. Some producers have reduced their 80% WPC output in favor of the better selling 34%. Prices are higher on lactose. Candy and lactose fractioning and refining demand are good. Current production is steady.

CCC: During the period of September 29 - 30, CCC purchased 6,273,103 pounds of Western nonfortified NDM. During the fiscal year ending September 30, 2003, CCC purchased a net total of 11.4 million pounds of butter, 41.1 million net pounds of cheese, and 628.0 million net pounds of NDM. These annual totals compare to last year's: no butter, 7.4 million net pounds of cheese, and 653.2 million net pounds of NDM.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2003 advanced 1 point to 128. Compared with September 2002, the index was up 3 points (2.4%). The index of prices received by farmers for dairy products advanced 6 points during the month of September 2003 to 107. Compared with September 2002, the index was up 18 points (20.2%). Prices received by farmers in September with changes from August were: for All Milk, \$14.00, up \$.80; Fluid Grade Milk, \$14.00, up \$.80; and for Manufacturing Grade Milk, \$13.70, up \$.50.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the September 2003 prices under the Federal Milk Order pricing system: Class II \$10.76 (-\$.05), Class III \$14.30 (+\$.50); and Class IV \$10.05 (-\$.09). Product price averages used in computing Class prices are: butter \$1.1332, NDM \$0.8111, cheese \$1.5940, and dry whey \$.1755. The Class II butterfat price is \$1.2288 and the Class III/IV butterfat price is \$1.2218. Further information may be found at:

<http://www.ams.usda.gov/dyfmoms/mib/classprcacnmt.pdf>

USDA INITIATES AUTOMATIC E-MAIL DELIVERY OF COMMODITY MARKET NEWS REPORTS: The U.S. Department of Agriculture on September 26 announced that it is now offering subscribers automatic delivery by e-mail of comprehensive Market News information. AMS Market News provides current, unbiased price and sales information through reports that include prices, volume, quality, condition, and other market data on farm products in specific markets and marketing areas. Reports cover both domestic and international markets. Through a partnership with the Albert R. Mann Library at Cornell University, USDA's Agricultural Marketing Service now has the capability for "push technology" that allows automatic electronic mail delivery. The service is free and subscribers may receive as many of the more than 600 daily, weekly, and monthly reports on the prices and sales of hundreds of agricultural commodities as they request. The initiative is part of the Federal e-government effort, which streamlines government-to-citizen communications and saves taxpayer dollars. To subscribe to any cotton, dairy, fruit and vegetable, livestock and seed, poultry or tobacco Market News report, link to the e-mail subscription Web site from the AMS Market News Web site www.ams.usda.gov, or go directly to: <http://usda-reports.mannlib.cornell.edu>.

****SPECIAL THIS ISSUE****

SEPTEMBER AVERAGES AND MONTHLY SUMMARIES (PAGES 7 - 9)

SEPTEMBER 2003 DEIP BID ACCEPTANCES (PAGE 10)

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

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

PRODUCT	MONDAY SEPTEMBER 29	TUESDAY SEPTEMBER 30	WEDNESDAY OCTOBER 1	THURSDAY OCTOBER 2	FRIDAY OCTOBER 3	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5600 (+.0050)	\$1.5650 (+.0050)	\$1.5650 (N.C.)	\$1.5650 (N.C.)	\$1.5300 (-.0350)	(-.0250)	\$1.5570 (-.0080)
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 (N.C.)	----	\$1.1850 (+.0025)	----	\$1.1700 (-.0150)	(-.0125)	\$1.1792 (-.0066)

*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, SEPTEMBER 29, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5600; 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.1775, 2 @ \$1.1825, 2 @ \$1.1800; BIDS UNFILLED: 17 CARS GRADE AA: 2 @ \$1.1825, 3 @ \$1.1800, 1 @ \$1.1775, 2 @ \$1.1750, 2 @ \$1.1725, 2 @ \$1.1700, 5 @ \$1.1650; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.1950, 1 @ \$1.2000

TUESDAY, SEPTEMBER 30, 2003

CHEESE — SALES: 1 CAR BARRELS @ \$1.5650; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 1, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 11 CARS GRADE AA: 1 @ \$1.1875, 2 @ \$1.1850, 1 @ \$1.1825, 2 @ \$1.1850, 4 @ \$1.1825, 1 @ \$1.1850; BIDS UNFILLED: 7 CARS GRADE AA: 3 @ \$1.1825, 2 @ \$1.1800, 2 @ \$1.1775; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.2100

THURSDAY, OCTOBER 2, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 3, 2003

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.5500, 1 @ \$1.5300; 2 CARS 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5625
 BUTTER — SALES: 67 CARS GRADE AA: 2 @ \$1.1875, 4 @ \$1.1850, 8 @ \$1.1825, 6 @ \$1.1850, 12 @ \$1.1825, 5 @ \$1.1850, 3 @ \$1.1825, 8 @ \$1.1800, 1 @ \$1.1850, 1 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1775, 1 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1825, 2 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1725, 1 @ \$1.1800, 1 @ \$1.1725, 1 @ \$1.1800, 1 @ \$1.1700, 1 @ \$1.1800, 1 @ \$1.1700, 1 @ \$1.1750, 1 @ \$1.1700; BIDS UNFILLED: 11 CARS GRADE AA: 7 @ \$1.1700, 2 @ \$1.1600, 2 @ \$1.1500; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1900

BUTTER MARKETS

NORTHEAST

The market tone is steady, but the cash price at the CME did decline fractionally each trading day last week and held at \$1.1825 on September 29. The price declines were a little surprising to some contacts since cream supplies and butter output remains light. Some speculation is that traders with futures positions may be having more of an impact on the current market price than supply/demand. Churning activity remains limited in the East and fresh butter stocks are tight. Butter makers are operating a few days a week and microfixing the remainder of the week to fill packaged butter needs. Demand for packaged butter at retail is fair and food service orders are little changed. Orders for both categories are getting back to normal now that power is restored to most of the Middle Atlantic area. 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 CME cash butter price is lower than many producers and handlers anticipated for this time of the season. The current CME cash price is nearly 20 cents higher than last year at this time. Current churning schedules remain light as cream supplies are limited to butter operations and cream that is often available is more expensive than they are willing to pay. Although spot cream prices are higher, some producers are paying the price to maintain some type of consistent production schedule and generate additional butter. Fresh butter continues to be short of full needs, thus inventoried stocks are being used to fill

orders. Buying interest is fair at best. Most orders are for short term needs, although upcoming holiday orders are starting to develop. At this point, it appears that yearend sales are expected to clear a substantial volume of print butter. Many handlers feel that upcoming holiday retail pricing will basically be comparable to last year. Food service orders are steady at fair levels. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

Butter prices at the cash CME declined last week and held steady or increased fractionally this week. Contacts feel that the fundamentals are generally in place for a good fall demand season for butter. Calls are coming in for prints to fill store orders for the upcoming yearend holidays. Bulk is being pulled out of storage to meet ongoing needs. Current production levels have not increased much in recent weeks. Light cream volumes continue to be available to the churns. Producers expect/hope to see some additional cream over the next few weeks. CME weekly butter stocks declined by another 7.39 million pounds this past week and now stand at 141.9 million pounds. The rate of decline this fall is faster than normal by historical patterns. USDA announced an offer of an additional 2.1 million pounds of butter from CCC storage stocks for sale back to the industry. Current prices for bulk butter range from flat market to 4 cents under the market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
SEPTEMBER 27	1,5818	1,5756	0.8129	1,1440	0.1798
	8,256,658	10,983,311	19,424,564	5,512,468	12,027,786

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

CHEESE MARKETS

NORTHEAST

The market tone is little changed. Prices for process items are fractionally lower; unchanged on the balance. Eastern cheese production is about steady with past weeks. Surplus milk supplies remain tight, but as bottling schedules get back to more normal levels, a little more surplus is available to cheese makers. Demand for current cheddar is just fair, but aged cheddar orders are starting to develop seasonally. Demand for other varieties ranges from fair to good. Some national promotions at fast food and pizza shops are moving an increased volume of cheese. Retail demand is just fair and food service orders range from steady to improved. Most retail shops and restaurants in the Middle Atlantic area have reopened and product flow is back to normal.

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	:	1.7750-1.9775
Process 5# Sliced	:	1.7950-2.0450
Muenster	:	1.8375-2.0300
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady on natural, unsettled on barrels. The cash block price on the Chicago Mercantile Exchange has held unchanged at \$1.60 since the end of July. Some surprise was expressed at the rebound in barrel prices due to the sluggish interest and more than adequate supplies. Natural orders remain uneven for most packagers on a week to week basis, ranging from fair to good. Process and barrels interest is typically slow to fair. Aged cheddar demand remains spotty though some packagers/speculators are seeing slight seasonal improvement. Shipments of some holiday specialties are being made to the large distributors. Current milk intakes are about steady with some slight recovery in fat and protein levels. The fat and protein levels in Federal Order 30 have been slightly below the comparable past 2 years on average, indicative of lower cheese yields.

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

Process American 5# Loaf	:	1.7450-1.9100
Brick And/Or Muenster 5#	:	1.9900-2.2625
Cheddar 40# Block	:	1.8900-2.1150
Monterey Jack 10#	:	2.1150-2.2200
Blue 5#	:	2.3550-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9050-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.6850

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
09/29/03	76,256	:	129,516
09/01/03	90,186	:	132,287
CHANGE	-13,930	:	-2,771
% CHANGE	-15	:	-2
	BUTTER		
Correction 09/22/03	77,841*		
09/01/03	90,186		
CHANGE	-12,345*		
% CHANGE	-14*		

WEST

Prices held steady for both process and natural cheese. Demand for current blocks is about steady at replacement levels. Some contacts feel that because of historical patterns there is a strong likelihood that cheese prices will soften in the next few weeks. Therefore, they are making some buying decisions based on that assumption. Process cheese sales are not doing that well for the fall season and processing solids supplies are building. The gyrations on the CME cash barrel market may be related to that reality. Cheese production is slow to increase this fall as milk has not come back much and tests remain on the low side because of continued hot weather stressing much of the milking herd in the region. Swiss demand is improving seasonally as we move further into the fall. The supply of number one Swiss is beginning to look like it will be in closer balance than anticipated.

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

Process 5# Loaf	:	1.7175-1.9775
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 and the market tone are unchanged. Demand for foreign type cheese ranges from mostly steady to slightly improved along seasonal patterns. Stocks of most cheeses are adequate to meet needs. The U.S. Dollar continues to slide against the Euro and cheese buyers are placing orders accordingly. Also, year-end license usage, or lack thereof is an issue for some buyers.

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

E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	201	0	204	0	154	0
SOUTHEAST STATES	40	0	40	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.

Milk production is rebounding nicely in the Hurricane-ravaged areas. Power has been restored in most areas, but some scattered households just got back on line this past weekend. There is still no definitive word on how much, if any, milk was lost because of Isabel. The milk flow in New England is mostly steady and milk supplies are still reported as tight. Florida's milk production is increasing, but still short of needs. For the third consecutive week, more than 200 loads of milk were imported into the state. Bottled milk sales are settling back into normal patterns as schools that were closed by Isabel are back in session. Retail sales of bottled milk are not as brisk as they have been, but contacts expected a slight lull after restocking storm-impacted stores. Some bottlers did try to put up more inventory before October Class I prices went into effect and their late-week milk orders are a little lighter than normal. Surplus milk volumes remain light and some plants have little milk to process at mid-week. Weekend volumes are heavier, but still below typical levels. Cheese plants are often taking more milk which pulls volumes away from butter/powder plants. In the Southeast, manufacturing plants are a little more active than they have been, but most have plenty of capacity should it be needed. The condensed skim market is firm. Class II condensed skim sales are quite good, when it is available. Class III condensed skim remains weak as the price is prohibitive when compared to NDM prices. Few spot sales of wet solids are being reported since most producers are having some difficulty meeting the needs of their regular accounts. The fluid cream market continues firm, but supplies, though tight, are not as tight as they have been. Demand is good and prices are steady to lower since both the weekly average price for cash butter at the CME and multiples eased lower. Suppliers report that buying interest from cream cheese makers is improving. Also, butter makers are showing more interest as some are soliciting cream, which runs counter to typical patterns for Class IV cream buyers. Ice cream production is about steady, but reports of some plants being down several days this week for maintenance have been noted. Churning activity is 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	-	1.6364-1.8973
DELIVERED EQUIVALENT ATLANTA	-	1.6483-1.8972 M 1.7076-1.8380
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5771-1.7431

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8700- .9300
NORTHEAST- CLASS III - SPOT PRICES	- 1.1500-1.3000

M I D W E S T

Class I interest is uneven, ranging from sluggish to steady to improved, bolstered in some markets by the usually stronger first of the month movement. Milk supplies were more available within the region. A few plants were down for scheduled maintenance. This generated a number of extra loads with a few loads actually hard to clear. Spot manufacturing milk prices were steady to slightly lower, ranging from a reported \$1.75 - 2.50 fob over class. Cream supplies are also loosening seasonally with multiples steady to occasionally lower. Ice cream production is waning with producers concentrating on holiday flavors and fill-in type orders. Condensed skim prices are relatively unchanged in October. Class III condensed skim interest remains negligible due to the much higher price relative to reconstituted NDM. Current plant milk intakes are

about steady. Fat and protein levels in the milk are recovering seasonally. Cooler than normal temperatures in the region with frost in the upper tier of states has ended the growing season. Snow fell in lake affect areas near Lake Superior. Many areas still remain well below normal on annual precipitation. Corn silage is still being put up with soybeans and high moisture corn being harvested.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 25 - OCT 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.00- 47.50	\$ 33.00- 38.00
REPLACEMENT HEIFER CALVES	\$380.00-500.00	\$450.00-550.00

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

	SEP 25 - OCT 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 49.50	\$ 34.00- 41.50

W E S T

The September 4a price (butter/powder) in CALIFORNIA is \$9.88, down \$0.07 from August but \$0.09 higher than last year. The September 4b price (cheese) is \$14.14, up \$0.11 from August and \$4.21 higher than last year. August 2003 POOL RECEIPTS of milk in CALIFORNIA total 2.94 billion pounds, 2.1% lower than the prior year. Year to date pool receipts are running 1.6% higher than 2002. The August blend price, at a fat test of 3.54%, is \$12.80, \$1.25 higher than July and \$2.42 above August 2002. The percentage of receipts used in Class I products is 17.38%. The August quota price is \$13.96 and the over quota price is \$12.26. These prices are \$1.24 higher than July and \$2.48 more than a year earlier. CALIFORNIA milk production is being described as mixed. Often, output is not changing as would be expected. The weather continues to be the driving factor and conditions have been variable across the state. In the south, milk intakes are moving higher and there are more components. Additional milk is being moved to Class 1 usage. In the Central Valley, milk volumes are often lighter. There have been some hot days, but nights are cooler. Plants have capacity to process milk supplies. Conditions are favorable in the far north where production is at seasonal low levels. ARIZONA milk volumes are trying to move off the seasonal low, but the return of hot daytime temperature dropped milk receipts. Cooler nighttime temperatures are helping to stabilize production. Plants are running well in the state and have capacity for additional milk. Fluid milk orders are holding steady. The Grade AA butter price fluctuated lower, then higher during the past week, but stood unchanged from the week earlier on 10/1 at \$1.1850. The cream market is mixed. More contacts are stating that cream availability is increasing over last week's level. Demand from butter printers is good, but demand from ice cream and cheese producers is off. Availability is better due in part to milk supplies and higher fat content in the milk. Western cream multiples are lower and range from 118 to 130, FOB, depending on class usage and basing point. Unseasonably hot temperatures occurred over much of the PACIFIC NORTHWEST again last week. Readings of close to 100 degrees were common. They didn't last long, but they just continue to add to the stress on the milking herd. Tests on incoming milk receipts are not increasing at this time. Cooler temperatures will be needed before much rebound is expected. The majority of the corn silage harvest is completed and the yields were very good. Quality is still unknown as the fermentation process has not yet run to completion in most pits or bags. The fourth/fifth cutting of hay (the last to be harvested) is of good quality and much heavier than normal. Contacts are stating that much more hay is moving from producers to dairy farms and they think it is because of improving milk prices. A heifer exporter from Canada is in the region trying to find enough heifers to fill an order from China. This is further tightening an already tight supply situation. Conditions are about 15 degrees above normal for this time of year in UTAH and IDAHO. There has been little impact on milk production, but tests are not rebounding as anticipated for this time of year. Corn and hay harvests are being competed over the region and most growers are more satisfied with the results than they anticipated. Feed supplies for the winter season will be adequate.

NDM, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a steady market. Demand for NDM in totes or 50# bags is good. Supplies direct from the manufacturer are light with most movement occurring on a contractual basis. Inquiries are noted from brokers, cheese plants and instant NDM manufacturers. Spot trades of NDM from the CCC NDM for cheese exchange are readily available at prices below the range. Production is mixed. Due to good Class I demand, production schedules at some plants are light. However, at other locations, excess supplies of milk are available as milk intakes into cheese plants are reduced, allowing increased intakes into NDM dryers. Condensed skim production and prices are unchanged for the contractual interest.

EAST: Eastern prices are unchanged, but again this week, increases within the range were noted. The October base price for the national marketing agency is virtually unchanged from last month's. The market tone is firm. Production levels are light. Surplus milk volumes available to butter/powder plants are lighter than expected. Also, demand for Class II condensed skim is good, which clears the skim before drying. Most Eastern producers report limited availability and some spot needs are being filled with the resale of government exchange powder.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8300 - .8700 MOSTLY: .8425 - .8600
 HIGHHEAT: .8650 - .9450

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are holding mostly steady. Trading volumes are light for spot trades with heavy volumes of current produced NDM moving to the CCC under program contracts. The price relationship between NDM and condensed skim usage in cheese production will favor NDM in October in California. Nonfat continues to move to the cheese vats to supplement milk supplies. The market tone is trending along at steady levels as conditions remain consistent. Spot offerings are generally limited, but spot demand is not very aggressive. Production levels are lower than projections. Supplies of NDM in 50# bags remain snug. Resale NDM from the cheese, pudding, and sellback programs continue to be sold on the market. True surplus offerings to CCC under the support program are limited to only a few locations. During the week of September 23 - 26, CCC net purchases totaled 3.9 million pounds of NDM from the West. Western high heat prices are unchanged and remain near nominal levels. Trading action is light with offerings often limited from producers in the region. Demand from seasonal accounts is trending slightly higher. Stocks are mostly light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .8825 MOSTLY: .8000 - .8150
 HIGHHEAT: .8350 - .8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 26	\$.8047	12,727,037	2,413,607
September 19	\$.8035	13,653,816	2,590,451

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

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady market. Supplies direct from the manufacturer and from the resale market are very light. Buyers in dire need of supplies are willing to pay prices above the range for LTL loads. Producers expect increased production of dry buttermilk sometime in the beginning of November when supplies of milk and cream are more readily available and ice cream production slows. Current production of dry buttermilk is light as most condensed buttermilk flows steadily into ice cream operations.

F.O.B. CENTRAL: .8500 - .9000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and nominal. The market tone remains firm, but market activity remains light. With churning as light as it is, buttermilk output is limited. Sales of liquid/condensed buttermilk further limit drying. Producers have little or no powder on hand to offer to spot buyers. Most continue to have difficulty meeting contract shipment schedules.

F.O.B. NORTHEAST: .8000 - .8200
 DELVD SOUTHEAST: .8400 - .8700

DRY BUTTERMILK - WEST

Western dry buttermilk prices are fully steady. The spot market is lightly tested. Current production is often being used to fill past unfilled orders and current contracts. Spot demand is mostly light and buyers are looking to resellers and substitute products to get needs. Some sellers are pushing buyers back on contracts sales. Production is steady to higher, but not at levels that producers would like. Producers' stocks are light and most often committed.

F.O.B. WEST: .8200 - .8600 MOSTLY: .8300 - .8500

DRY WHOLE MILK - NATIONAL

Prices and the market tone remain steady. Prices are nominal. There is little test to the spot market at the producer level. Production levels are light and geared toward meeting contract shipping dates. Reports of imported powder continue to be noted at competitive prices. Demand is mostly steady.

F.O.B. PRODUCING PLANT: 1.0650 - 1.1800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2003 TO DATE
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 22,733 MT (50,117,171 LBS)

Allocations for the DEIP year beginning July 1, 2003, were announced on August 15 and total 68,201 MT of NDM, 3,030 MT of cheese, and 21,097 MT of butterfat. (These totals are unchanged from last year's program.) This program-year's allocations are again being announced in stages. Stage one allocations are:
 NDM -- 22,733 MT, butterfat -- 7,032 MT, and cheese -- 1,010 MT.

WHEY, CASEIN & EVAPORATED MILK

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

DRY WHEY - CENTRAL

Prices are higher on a steady to firm market. Spot trade activity remains light with most movement occurring on a contractual basis. Inquiries are noted from brokers, candy and feed companies. Production is mostly steady to instances lower in response to previous equipment problems at some locations. Inventories are reported as in balance. However, additional loads are readily available to contractual buyers. Some resellers are awaiting higher prices before releasing supplies from earlier this summer. The undertone remains firm for the short-term with mixed perceptions on price into the last few months of the year.

F.O.B. CENTRAL: .1900 - .2050 MOSTLY: .1900 - .1950

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly higher and the market tone remains firm. Eastern producers continue to report little or no product available for immediate, spot shipment. Production levels are lighter and most producers are having some difficulty meeting shipping dates. Operations that often had excess condensed whey to move now would like more to dry to meet their own needs. This is causing some problems for traders or buyers of liquid whey. Traders report that, for the most part, they are getting their contract loads on a timely basis. A few delays have been noted, however. Resale loads currently make up most of the current spot market transactions. Demand is good as more buyers feel that prices may continue to increase "for a while" and want to buy now.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1950 - .2100
DELVD SOUTHEAST: .2150 - .2300

DRY WHEY - WEST

Western whey range prices were steady to fractionally higher. The mostly series was mixed with prices noted to be moving both higher and lower. No discounting is taking place at this time. Some additional offerings of whey are noted, but stocks seem to be holding in reasonably close balance. Production has not moved much in either direction in recent weeks. Milk supplies to cheese plants have held at steady levels. Contacts are noting less aggressiveness from some Asian buyers at current prices.

NONHYGROSCOPIC: .1700 - .2050 MOSTLY: .1850 - .1925

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a generally steady market. Supplies are mixed. While some traders report that additional supplies are readily available due to recent equipment problems at some plants, others report that additional supplies of milk replacer product are difficult to find, encouraging trading interest in the Extra Grade product. The September hog breeding inventory, at 5.88 million head, was down 3% from September 1, 2002, and 1% below last quarter. The early weaned market is trending firm while veal prices move lower.

F.O.B. CENTRAL:
MILK REPLACER: .1700 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies of WPC 34% direct from the manufacturer or from the resale market are limited. Without contractual orders, WPC 80% is difficult to clear, encouraging some plants with dual production to switch to making WPC 34%. Therefore, production is steady to slightly higher. Inventories are in balance with no reported shipment delays. Demand for WPC 34% is good into domestic and export edible markets. Grade A WPC 34% is trading at a premium. Off grade supplies of WPC 34% are difficult to find while the high protein alternatives are readily available.

F.O.B. EXTRA GRADE 34% PROTEIN: .4950 - .5350 MOSTLY: .5050 - .5100

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Most fourth quarter contracts have been settled. Some negotiations in progress are being benchmarked on prices released in the current report. Others are delayed due to price resistance, particularly in the export market. Producers are finding greater demands for lactose into domestic candy companies and operations for fractionating and refinement of lactose. Therefore, some producers are opting to cater to the domestic market rather than exports and some export buyers are seeking substitutes like permeate or alternative countries to source lactose. Sales are reportedly better in the Central region compared to the West where offerings are noted near the average. Some negotiations for 2004 are commencing. Greater interest in contracts for next year is anticipated over the next few weeks. Production of lactose is mostly steady. Inventories are in balance to tight with some contract orders being delayed. Off grade supplies are limited for the good interest.

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

F.O.B. EDIBLE: .1950 - .2500 MOSTLY: .2050 - .2200

CASEIN - NATIONAL

Casein markets remain firm with prices basically steady as the fourth quarter begins. Domestic buyers indicate that their final quarter needs will be filled, although spot availability will probably be limited. European sourced supplies are the most questionable as Oceania production is just getting underway. Although early, buyers report that Oceania supplies should be as available as last year. Early season milk production reports indicating a positive start to the new production season.

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: 2.0500 - 2.1500
ACID: 2.0000 - 2.1500

EVAPORATED MILK - NATIONAL

Prices are steady and the market tone is unchanged. The market remains highly competitive. It is getting to the time of year that retail chains are preparing their fall baking displays/features and some buyers are starting to pull more evaporated milk to meet these anticipated needs. This is typical for this time of year. However, some buyers are also taking more product now under producers' "buy-in" periods to beat the effective date of recently announced price increases. Production levels are steady and remain relatively light. Surplus milk volumes are lighter than some contacts anticipated and milk prices are increasing. Producer stocks are adequate.

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.

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

COMMODITY	:REPORT NUMBER 36		:REPORT NUMBER 37		:REPORT NUMBER 38		:REPORT NUMBER 39		:REPORT NUMBER 40		2003	2002
	:-----:		:-----:		:-----:		:-----:		:-----:		Average	Average
	SEP 01 - 05	SEP 08 - 12	SEP 15 - 19	SEP 22 - 26	SEP 29 - 30	or Total	or Total					
CHEESE												
WISCONSIN (WSP, Delivered, LIL)												
-- Process American 5# Loaf	:: 1.7475 - 1.9100	:: 1.7475 - 1.9100	:: 1.7375 - 1.9100	:: 1.7475 - 1.9100	:: 1.7450 - 1.9100	:: 1.8274	:: 1.4087					
-- Brick And/Or Muenster 5#	:: 1.9000 - 2.2625	:: 1.9900 - 2.2625	:: 1.9900 - 2.2625	:: 1.9900 - 2.2625	:: 1.9900 - 2.2625	:: 2.1177	:: 1.6230					
-- Cheddar 40# Block	:: 1.7900 - 2.1150	:: 1.8900 - 2.1150	:: 1.8900 - 2.1150	:: 1.8900 - 2.1150	:: 1.8900 - 2.1150	:: 1.9930	:: 1.7750					
-- Monterey Jack 10#	:: 2.0900 - 2.2200	:: 2.1150 - 2.2200	:: 2.1150 - 2.2200	:: 2.1150 - 2.2200	:: 2.1150 - 2.2200	:: 2.1651	:: 1.9050					
-- Blue 5#	:: 2.3550 - 2.6900	:: 2.3550 - 2.6900	:: 2.3550 - 2.6900	:: 2.3550 - 2.6900	:: 2.3550 - 2.6900	:: 2.5225	:: 2.0593					
-- Mozzarella 5 - 6#	:: 1.8300 - 2.2150	:: 1.9050 - 2.2150	:: 1.9050 - 2.2150	:: 1.9050 - 2.2150	:: 1.9050 - 2.2150	:: 2.0529	:: 1.8364					
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.6850	:: 2.2500 - 2.6850	:: 2.2500 - 2.6850	:: 2.2500 - 2.6850	:: 2.2500 - 2.6850	:: 2.4675	:: 2.2425					
NORTHEAST (WSP, Delivered, LIL)												
-- Cheddar 10# Prints	:: 1.6650 - 2.1600	:: 1.6650 - 2.1600	:: 1.6650 - 2.1600	:: 1.6650 - 2.1600	:: 1.6650 - 2.1600	:: 1.9125	:: 1.4810					
-- Cheddar Single Daisies	:: 1.6225 - 2.0875	:: 1.6225 - 2.0875	:: 1.6225 - 2.0875	:: 1.6225 - 2.0875	:: 1.6225 - 2.0875	:: 1.8550	:: 1.4210					
-- Cheddar 40# Block	:: 1.7400 - 1.9875	:: 1.7400 - 1.9875	:: 1.7400 - 1.9875	:: 1.7400 - 1.9875	:: 1.7400 - 1.9875	:: 1.8638	:: 1.4228					
-- Process 5# Loaf	:: 1.7775 - 1.9800	:: 1.7775 - 1.9800	:: 1.7675 - 1.9700	:: 1.7775 - 1.9800	:: 1.7750 - 1.9775	:: 1.8761	:: 1.4091					
-- Process 5# Sliced	:: 1.7975 - 2.0475	:: 1.7975 - 2.0475	:: 1.7875 - 2.0375	:: 1.7975 - 2.0475	:: 1.7950 - 2.0450	:: 1.9199	:: 1.4741					
-- Muenster	:: 1.8375 - 2.0300	:: 1.8375 - 2.0300	:: 1.8375 - 2.0300	:: 1.8375 - 2.0300	:: 1.8375 - 2.0300	:: 1.9338	:: 1.4985					
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	:: 2.4500					
WEST COAST (WSP, Delivered, LIL)												
-- Process 5# Loaf	:: 1.7175 - 1.9775	:: 1.7175 - 1.9775	:: 1.7075 - 1.9675	:: 1.7175 - 1.9775	:: 1.7175 - 1.9775	:: 1.8451	:: 1.3871					
-- Cheddar 40# Block	:: 1.7300 - 2.0800	:: 1.7300 - 2.0800	:: 1.7300 - 2.0800	:: 1.7300 - 2.0800	:: 1.7300 - 2.0800	:: 1.9050	:: 1.3635					
-- Cheddar 10# Cuts	:: 1.9100 - 2.1300	:: 1.9100 - 2.1300	:: 1.9100 - 2.1300	:: 1.9100 - 2.1300	:: 1.9100 - 2.1300	:: 2.0200	:: 1.5835					
-- Monterey Jack 10#	:: 1.9200 - 2.0800	:: 1.9200 - 2.0800	:: 1.9200 - 2.0800	:: 1.9200 - 2.0800	:: 1.9200 - 2.0800	:: 2.0000	:: 1.5635					
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.4600	:: 2.2500 - 2.4600	:: 2.2500 - 2.4600	:: 2.2500 - 2.4600	:: 2.2500 - 2.4600	:: 2.3550	:: 2.3350					
FLUID PRODUCTS												
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)												
-- Northeast - f.o.b	:: 1.5914 - 1.8756	:: 1.5908 - 1.8749	:: 1.6077 - 1.8640	:: 1.6303 - 1.9397	:: 1.6364 - 1.8973	:: 1.7493	:: 1.3338					
-- Atlanta - dlvd. equiv.	:: 1.6141 - 1.8983	:: 1.6135 - 1.8976	:: 1.6431 - 1.8873	:: 1.6541 - 1.9040	:: 1.6483 - 1.8972	:: 1.7652	:: 1.3400					
-- Upper Midwest - f.o.b	:: 1.4436 - 1.7278	:: 1.5681 - 1.7613	:: 1.6077 - 1.7766	:: 1.6422 - 1.8148	:: 1.5771 - 1.7431	:: 1.6709	:: 1.3234					
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.												
-- Class II	:: 0.8500 - 0.9300	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.8981	:: 0.9990					
-- Class III	:: 1.0300 - 1.1500	:: 1.1000 - 1.2500	:: 1.1500 - 1.3000	:: 1.1500 - 1.3000	:: 1.1500 - 1.3000	:: 1.1874	:: 0.8908					
NATIONAL EVAPORATED MILK (\$ per Case)												
(Case - 48 - 12 fluid oz cans)												
-- Delivered Major U.S. Cities	::19.0000 -30.0000	::19.0000 -30.0000	::19.0000 -30.0000	::19.0000 -30.0000	::19.0000 -30.0000	:: 24.5000	:: 24.0000					

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

COMMODITY	:REPORT NUMBER 36		:REPORT NUMBER 37		:REPORT NUMBER 38		:REPORT NUMBER 39		:REPORT NUMBER 40		2003	2002
	:-----:		:-----:		:-----:		:-----:		:-----:		Average	Average
	SEP 01 - 05	SEP 08 - 12	SEP 15 - 19	SEP 22 - 26	SEP 29 - 30	or Total	or Total	or Total	or Total	or Total	or Total	or Total
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 0.8300 - 0.8700	:: 0.8300 - 0.8700	:: 0.8300 - 0.8700	:: 0.8300 - 0.8700	:: 0.8300 - 0.8700	:: 0.8500	:: 0.9468					
-- Mostly	:: 0.8425 - 0.8600	:: 0.8425 - 0.8600	:: 0.8425 - 0.8600	:: 0.8425 - 0.8600	:: 0.8425 - 0.8600	:: 0.8513	:: 0.9486					
-- High Heat	:: 0.8650 - 0.9450	:: 0.8650 - 0.9450	:: 0.8650 - 0.9450	:: 0.8650 - 0.9450	:: 0.8650 - 0.9450	:: 0.9050	:: 0.9933					
-- West (f.o.b.)												
-- Low/Medium Heat	:: 0.8000 - 0.8875	:: 0.8000 - 0.8875	:: 0.8000 - 0.8825	:: 0.8000 - 0.8825	:: 0.8000 - 0.8825	:: 0.8423	:: 0.9239					
-- Mostly	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8075	:: 0.9051					
-- High Heat	:: 0.8300 - 0.8500	:: 0.8300 - 0.8500	:: 0.8300 - 0.8500	:: 0.8350 - 0.8500	:: 0.8350 - 0.8500	:: 0.8408	:: 0.9402					
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)	:: 0.1725 - 0.1825	:: 0.1750 - 0.1850	:: 0.1750 - 0.1900	:: 0.1800 - 0.1950	:: 0.1900 - 0.2050	:: 0.1836	:: 0.2051					
-- Mostly	:: 0.1725 - 0.1775	:: 0.1775 - 0.1825	:: 0.1825 - 0.1875	:: 0.1850 - 0.1950	:: 0.1900 - 0.1950	:: 0.1838	:: 0.2052					
-- West (f.o.b.)	:: 0.1650 - 0.2000	:: 0.1675 - 0.2000	:: 0.1675 - 0.2000	:: 0.1700 - 0.2025	:: 0.1700 - 0.2050	:: 0.1845	:: 0.1722					
-- Mostly	:: 0.1725 - 0.1850	:: 0.1750 - 0.1900	:: 0.1750 - 0.1900	:: 0.1800 - 0.1950	:: 0.1850 - 0.1925	:: 0.1836	:: 0.1646					
-- Northeast (f.o.b.)	:: 0.1775 - 0.1925	:: 0.1800 - 0.1950	:: 0.1850 - 0.2000	:: 0.1900 - 0.2100	:: 0.1950 - 0.2100	:: 0.1926	:: N.A.					
-- Southeast (Delvd)	:: 0.1975 - 0.2125	:: 0.2000 - 0.2150	:: 0.2050 - 0.2200	:: 0.2100 - 0.2250	:: 0.2150 - 0.2300	:: 0.2120	:: 0.2325					
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 0.4550 - 0.5100	:: 0.4700 - 0.5100	:: 0.4750 - 0.5100	:: 0.4800 - 0.5325	:: 0.4950 - 0.5350	:: 0.4954	:: 0.4450					
-- Mostly	:: 0.4600 - 0.4700	:: 0.4700 - 0.4800	:: 0.4800 - 0.4850	:: 0.4925 - 0.4975	:: 0.5050 - 0.5100	:: 0.4827	:: 0.4461					
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.1625 - 0.1675	:: 0.1650 - 0.1750	:: 0.1650 - 0.1750	:: 0.1700 - 0.1750	:: 0.1700 - 0.1750	:: 0.1699	:: 0.1807					
BUTTERMILK (Min. 30% protein)												
-- Central (f.o.b.)	:: 0.8500 - 0.9000	:: 0.8500 - 0.9000	:: 0.8500 - 0.9000	:: 0.8500 - 0.9000	:: 0.8500 - 0.9000	:: 0.8750	:: 0.7858					
-- West (f.o.b.)	:: 0.8000 - 0.8500	:: 0.8000 - 0.8600	:: 0.8000 - 0.8600	:: 0.8200 - 0.8600	:: 0.8200 - 0.8600	:: 0.8324	:: 0.7466					
-- Mostly	:: 0.8150 - 0.8500	:: 0.8300 - 0.8500	:: 0.8300 - 0.8500	:: 0.8300 - 0.8500	:: 0.8300 - 0.8500	:: 0.8386	:: 0.7378					
-- Northeast (f.o.b.)	:: 0.7800 - 0.8100	:: 0.7975 - 0.8100	:: 0.7975 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8200	:: 0.8030	:: 0.8075					
-- Southeast (Delvd)	:: 0.8200 - 0.8600	:: 0.8400 - 0.8700	:: 0.8400 - 0.8700	:: 0.8400 - 0.8700	:: 0.8400 - 0.8700	:: 0.8521	:: 0.8175					
WHOLE MILK POWDER												
-- National (f.o.b.)	:: 1.0500 - 1.1800	:: 1.0650 - 1.1800	:: 1.0650 - 1.1800	:: 1.0650 - 1.1800	:: 1.0650 - 1.1800	:: 1.1211	:: 1.1376					
LACTOSE												
-- Central And West (f.o.b.)	:: 0.1800 - 0.2500	:: 0.1800 - 0.2500	:: 0.1800 - 0.2500	:: 0.1800 - 0.2500	:: 0.1950 - 0.2500	:: 0.2157	:: 0.1833					
-- Mostly	:: 0.1925 - 0.2050	:: 0.1950 - 0.2050	:: 0.1950 - 0.2050	:: 0.1950 - 0.2050	:: 0.2050 - 0.2200	:: 0.2010	:: 0.1583					
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	:: 2.0500 - 2.1500	:: 2.0500 - 2.1500	:: 2.0833	:: 1.9850					
-- Nonrestricted - Acid	:: 2.0000 - 2.1000	:: 2.0000 - 2.1000	:: 2.0000 - 2.1000	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	:: 2.0583	:: 1.8100					

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

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR SEPTEMBER 2003

COMMODITY	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	REPORT NUMBER 40	2003 *	2002 *
	SEP 1 - 5	SEP 8 - 12	SEP 15 - 19	SEP 22 - 26	SEP 29 - 30	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	#	1.1475	1.1825	1.1900	1.1825		
--Tuesday							
--Wednesday	1.1350	1.1700	1.1925	1.1850			
--Thursday							
--Friday	1.1375	1.1775	1.1950	1.1825		1.1731	0.9635
--Weekly Average**	1.1363	1.1650	1.1900	1.1858			
CHEESE*							
-- BARRELS							
--Monday	#	1.5675	1.5675	1.5675	1.5600		
--Tuesday	1.5675	1.5325	1.5675	1.5675	1.5650		
--Wednesday	1.5675	1.5525	1.5675	1.5675			
--Thursday	1.5675	1.5675	1.5675	1.5675			
--Friday	1.5675	1.5675	1.5675	1.5550		1.5640	1.1100
--Weekly Average**	1.5675	1.5575	1.5675	1.5650			
-- 40# BLOCKS							
--Monday	#	1.6000	1.6000	1.6000	1.6000		
--Tuesday	1.6000	1.6000	1.6000	1.6000	1.6000		
--Wednesday	1.6000	1.6000	1.6000	1.6000			
--Thursday	1.6000	1.6000	1.6000	1.6000			
--Friday	1.6000	1.6000	1.6000	1.6000		1.6000	1.2041
--Weekly Average**	1.6000	1.6000	1.6000	1.6000			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	#	0.8400	0.8400	0.8400	0.8400		
--Tuesday	0.8400	0.8400	0.8400	0.8400	0.8400		
--Wednesday	0.8400	0.8400	0.8400	0.8400			
--Thursday	0.8400	0.8400	0.8400	0.8400			
--Friday	0.8400	0.8400	0.8400	0.8400		0.8400	0.9050
--Weekly Average**	0.8400	0.8400	0.8400	0.8400			
-- GRADE A							
--Monday	#	0.8400	0.8400	0.8400	0.8400		
--Tuesday	0.8400	0.8400	0.8400	0.8400	0.8400		
--Wednesday	0.8400	0.8400	0.8400	0.8400			
--Thursday	0.8400	0.8400	0.8400	0.8400			
--Friday	0.8400	0.8400	0.8400	0.8400		0.8400	0.9200
--Weekly Average**	0.8400	0.8400	0.8400	0.8400			

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

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

No trading, Labor Day holiday observed.

SEPTEMBER 2003 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
JULY 2003 – AUGUST 2003	NONFAT DRY MILK	22,733		
SEPTEMBER 1 - 30, 2003		0		
JULY 2003 – SEPTEMBER 2003		22,733		
JULY 2003 – AUGUST 2003	CHEESE			
SEPTEMBER 1 – 30, 2003		0		
JULY 2003 – SEPTEMBER 2003		0		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
JULY 2003 – AUGUST 2003	BUTTERFAT			
SEPTEMBER 1 - 30, 2003		0		
JULY 2003 – SEPTEMBER 2003		0		
A-ANHYDROUS MILKFAT, B-BUTTER				
				PROGRAM TO DATE
TOTAL MT				22,733
TOTAL BONUS VALUE				\$2,749,629

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

Allocations for the DEIP year beginning July 1, 2003: Nonfat Dry Milk – 68,201 MT; Cheese – 3, 030 MT; Butterfat – 21, 097 MT

Allocations are being announced in stages. Stage one is for 22,733 MT of Nonfat Dry Milk, 7,032 MT of Butter and 1,010 MT of Cheese.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2003 advanced 1 point to 128. Compared with September 2002, the index was up 3 points (2.4 percent). The index of prices received by farmers for dairy products advanced 6 points during the month of September 2003 to 107. Compared with September 2002, the index was up 18 points (20.2 percent).

Prices received by farmers in September with changes from August were: for All Milk, \$14.00 per hundredweight (cwt.), up \$.80; Fluid Grade Milk, \$14.00 per cwt., up \$.80; and for Manufacturing Grade Milk, \$13.70 per cwt., up \$.50.

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

STATE	All-milk price ^{1/} ^{3/}				Milk cows ^{5/}		Cows ^{6/}		All hay baled ^{7/}	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	AUGUST		SEPTEMBER		SEPTEMBER		SEPTEMBER		SEPTEMBER	
	2003 ^{2/}	2002 ^{2/}	2003 ^{4/}	2002 ^{2/}	2003	2002	2003 ^{7/}	2002 ^{8/}	2003	2002
CA	12.31	10.34	12.60	10.48			44.00	34.00	84.00	90.00
ID	12.70	10.50	13.00	10.90			46.10	33.80	88.00	96.00
MI	13.00	11.50	14.50	11.60			45.50	37.50	89.00	84.00
MN	14.40	11.10	15.20	11.70			51.50	37.20	66.00	69.00
NM	12.20	11.20	13.40	11.30			47.20	37.10	137.00	99.00
NY	13.60	11.90	14.90	12.00			---	---	119.00	141.00
PA	13.90	13.10	14.80	13.20			44.50	36.50	135.00	125.00
TX	13.30	12.40	14.10	12.70			43.10	34.70	81.00	84.00
WA	12.20	11.40	13.30	11.50			---	---	95.00	110.00
WI	14.20	11.10	14.80	11.70			48.10	35.20	74.00	70.00
U.S.	13.20	11.30	14.00	11.60			46.00	34.90	84.20	95.50

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

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

ITEM	SEPTEMBER 2002	AUGUST 2003 ^{1/}	SEPTEMBER 2003 ^{2/}
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	11.60	13.20	14.00
Fluid grade milk	11.60	13.20	14.00
Manufacturing grade milk	10.40	13.20	13.70
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	98	109	109
Prices received by farmers for dairy products	89	101	107
Prices paid by farmers for commodities and services, interest taxes, and wage rates	125	127	128
Prices paid by farmers for production items	121	123	124
Prices paid by farmers for feed	119	110	107
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk ^{3/}	2.30	2.88	3.06

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

SOURCE: "Agricultural Prices," Pr 1 (9/03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF SEPTEMBER 29 - 30, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 09/26/03	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	2,799,171	-0-	-0-
Barrel	-0-	-0-	-0-	5,406,631	2,219,117	-0-	-0-
Process	-0-	-0-	-0-	31,838,400	2,336,400	-0-	-0-
TOTAL	-0-	-0-	-0-	41,085,137	7,354,688	-0-	-0-
NONFAT DRY MILK							
Nonfortified	6,273,103	-0-	6,273,103	627,254,209	653,158,739	1,133,688,000	1,137,820,000
Fortified	-0-	-0-	-0-	706,989	-0-	46,391,000	46,391,000
TOTAL	6,273,103	-0-	6,273,103	627,961,198	653,158,739	1,180,079,000	1,184,211,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF SEPTEMBER 29 - 30, 2003 =	1.4	73.0	COMPARABLE PERIOD IN 2002 =	0.3	13.9
CUMULATIVE SINCE OCTOBER 1, 2002 =	766.9	7,717.6	CUMULATIVE SAME PERIOD LAST YEAR =	211.6	7,675.6
CUMULATIVE JAN. 1 - SEPT. 30, 2003 =	692.8	6,452.0	COMPARABLE CALENDAR YEAR 2002 =	194.6	6,779.7

* 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 PERIOD OF SEPTEMBER 29 - 30, 2003 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,273,103	-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	2,336,400	24,411,395	35,590,570	39.3	13.9
WEST	11,446,631	-0-	9,035,165	5,018,288	565,980,007	580,447,978	59.6	82.2
EAST	-0-	-0-	-0-	-0-	37,569,796	37,120,191	1.1	3.9
TOTAL	11,446,631	-0-	41,085,137	7,354,688	627,961,198	653,158,739	100.0	100.0

NDM SELBACK TO THE TRADE	EAST/CENTRAL	TOTAL	PRICE
SEPTEMBER 22 - 26, 2003	-0-	-0-	N.A.

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 09/13/03 & Comparable Week 2002

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2003-Dairy	0.2	0.8	7.4	5.2	20.7	2.5	0.5	1.2	14.2	3.1	55.8	1,983.8	47.4	47.7
2002-Dairy	0.2	0.8	6.7	5.0	19.3	2.8	0.5	0.9	13.1	2.5	51.8	1,788.2	47.0	46.0
2003-All cows	0.2	1.0	9.9	13.0	31.7	18.2	17.3	3.2	16.5	6.7	117.6	4,162.3		
2002-All cows	0.2	1.0	9.1	12.6	28.8	15.0	15.3	3.4	16.6	8.4	110.3	3,883.3		

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	13.71	14.27		
II	11.29	10.66	10.54	10.44	10.43	10.46	10.63	10.81				
III	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80				
IV	10.07	9.81	9.79	9.73	9.74	9.76	9.95	10.14				

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