

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/29)
BUTTER: Grade AA closed at \$1.5450. The weekly average for Grade AA is \$1.5467 (-.0833).

CHEESE: Barrels closed at \$1.5400 and blocks at \$1.5700. The weekly average for barrels is \$1.5395 (+.0245) and blocks, \$1.5710 (+.0235).

NONFAT DRY MILK: Extra Grade closed at \$0.8500 and Grade A at \$0.8500. The weekly average for both Extra Grade and Grade A is \$0.8500 (N.C.).

BUTTER: The butter market is weak. Trading at the CME has been active with more than 100 loads of butter trading hands during the past two weeks. The lower prices appear to run contrary to recent cold storage reports. However, continued high prices in stores remain a deterrent to consumption. Buyers/distributors seem confused about purchasing strategies. Butter orders related to the upcoming Thanksgiving holiday are just about completed with most of the shipping also done. Some handlers indicate that if prices decline further, this might stimulate some heavier orders for the Christmas/New Years period. They also state that buyers might be interested in placing heavier orders, but supply will dictate to what extent these inquiries will be filled.

CHEESE: The cheese market is unsettled after recent price increases. Current cheese supplies are generally tight. Natural orders are slower to steady, reflecting recent sharp price increases while still needing product for the upcoming holiday season. Process movement remains mostly fair at best. Aged cheddar interest has improved. Aged cheddar offerings are limited after many loads were cashed out early when prices were approaching or at record highs earlier in the year. Current cheese production is about steady.

FLUID MILK: Milk production appears to be steady in most parts of the country. In the Upper Midwest and Northeast, contacts are commenting that the milk flow is nearing the low point in its annual cycle. Overall, fluid milk supplies are tighter than desired east of the Rockies; ample, but easily cleared in the West. Contacts indicate that demand for Class I and surplus milk is very good and spot sales continue to command premiums. Plant contacts are preparing for the Thanksgiving week milk clearances/processing and making necessary arrangements. The fluid cream market is firming. Cream usage for holiday items like sour cream, dips, cream cheese, and bottled cream is increasing. Cream suppliers report difficulty finding and transporting additional loads to spot buyers. The lower price of butter (the basis for most cream sales) is another possible reason for the renewed

demand for cream.

DRY PRODUCTS: The NDM market is little changed and prices are mixed. Low and medium heat prices have moved higher while high heat moved lower in some instances. Production levels are often lighter as surplus milk supplies are tighter, particularly in the eastern two-thirds of the country. Demand for NDM is mostly steady. Some improved interest for export is noted. There is continued good interest seen in the domestic resale market for NDM that came onto the market via the various government programs. However, this NDM is not as readily available as it once was. The dry whey market is firming and prices continue to move higher. Production levels are often lighter and many producers have little to offer on the spot market. Buyers are showing more interest now that prices are moving higher, but many still resist prices at the upper end of the ranges. The WPC market is steady. Supplies are reported as balanced and demand is fair to good, occasionally improved from feed operations. The lactose market is generally weak and prices are unchanged.

CCC: For the week of October 25 - 29, CCC net purchases total 4,703,233 pounds of NDM. Western sources offered 4,200,659 pounds and 502,574 pounds came from the East. As part of the Western total, 238,096 pounds were offered under invitation 080 to Announcement FMP1.

COLD STORAGE (NASS): During September, U.S. cold storage holdings of butter totaled 134.9 million pounds, 16.3% less than a month ago and 34.9% less than last September. Natural American cheese holdings total 552.8 million pounds, 2.3% less than a month ago, but 7.0% more than a year ago. Nonfat dry milk holdings at the end of August total 714 million pounds, 41 million pounds less than last month and 531 million pounds below a year ago. The government holds 79.4% of the total nonfat holdings.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first eight months of 2004 totals 115.6 billion pounds, 0.8% above the same period in 2003. Comparing disappearance levels with year earlier levels: butter is +1.7%; American cheese, +1.4%; other cheese, +3.5%; NDM, +50.7%; and fluid milk products, -1.5%.

SEPTEMBER CONSUMER PRICE INDEX (BLS): The CPI for all food is 186.7, up 3.3% from September 2003. The dairy products index is 181.6, up 6.6% from a year ago. The following are the September to September changes for selected products: fresh whole milk is +10.4%; cheese, +6.6%; and butter, +31.4%.

****SPECIAL THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY OCTOBER 25	TUESDAY OCTOBER 26	WEDNESDAY OCTOBER 27	THURSDAY OCTOBER 28	FRIDAY OCTOBER 29	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5375 (+.0050)	\$1.5400 (+.0025)	\$1.5400 (N.C.)	\$1.5400 (N.C.)	\$1.5400 (N.C.)	(+.0075)	\$1.5395 (+.0245)
40# BLOCKS	\$1.5700 (+.0050)	\$1.5725 (+.0025)	\$1.5725 (N.C.)	\$1.5700 (-.0025)	\$1.5700 (N.C.)	(+.0050)	\$1.5710 (+.0235)
NONFAT DRY MILK EXTRA GRADE	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (N.C.)
GRADE A	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (N.C.)
BUTTER GRADE AA	\$1.5500 (-.0475)	----	\$1.5450 (-.0050)	----	1.5450 (N.C.)	(-.0525)	\$1.5467 (-.0833)

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 25, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.5700; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.5375, 2 @ \$1.5325; 2 CARS 40# BLOCKS: 1 @ \$1.5700, 1 @ \$1.5675; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 24 CARS: 5 @ \$1.5975, 1 @ \$1.5900, 1 @ \$1.5800, 1 @ \$1.5700, 1 @ \$1.5600, 1 @ \$1.5525, 2 @ \$1.5500, 2 @ \$1.5525, 1 @ \$1.5550, 6 @ \$1.5500, 2 @ \$1.5525, 1 @ \$1.5500; BIDS UNFILLED: 2 CARS @ \$1.5400; OFFERS UNCOVERED: 10 CARS: 5 @ \$1.5575, 1 @ \$1.5800, 1 @ \$1.5925, 3 @ \$1.6000

TUESDAY, OCTOBER 26, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5400; 3 CARS 40# BLOCKS: 1 @ \$1.5725, 2 @ \$1.5700; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 27, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5800
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 2 CARS @ \$1.5450; BIDS UNFILLED: 2 CARS: 1 @ \$1.5100, 1 @ \$1.5000; OFFERS UNCOVERED: 25 CARS @ \$1.5500

THURSDAY, OCTOBER 28, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.5700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 29, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 22 CARS: 2 @ \$1.5400, 1 @ \$1.5300, 19 @ \$1.5450; BIDS UNFILLED: 1 CAR @ \$1.5200; OFFERS UNCOVERED: 23 CARS @ \$1.5450

BUTTER MARKETS

SEPTEMBER COLD STORAGE

According to NASS, September month-ending cold storage figures for butter total 134.9 million pounds, 34.9% less than last September add 16.3% less than August 2004.

NORTHEAST

The market tone remains unsettled. The cash butter price has bounced higher and lower each week of October. Last week was a down week with the cash market losing 13 cents. The CME cash butter price started this week (October 25) by declining another 4.75 cents. Trading at the CME has been quite active as more than 80 loads have traded hands in the last four sessions. The lower prices appear to run contrary to recent cold storage reports, however, continued high prices in stores remain a deterrent to consumption. Buyers/distributors seem confused about purchasing strategies. Many bought heavier volumes ahead of rising prices and now find that prices are lower, which impacts current demand. Production levels remain spotty, mostly light. Some producers continue to microfix to supplement lighter churning schedules. Retail and food service orders are reported as mostly steady. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

CENTRAL

Butter markets are weak as the cash price continues to decline. The midweek CME price of \$1.5450 is the lowest cash price since early August. Producers and handlers have mixed opinions on the 18 1/4 cent decline in the five most recent trading sessions. Some feel that the decline is warranted while others feel that holiday orders are not fully placed and the decline is somewhat premature. Some indicate that if

prices decline further, this might stimulate some heavier orders for the Christmas/New Years period of the year. Suppliers state that buyers might be interested in placing heavier orders, but supply will dictate to what extent these inquiries will be filled. At this point, stocks remain lighter than last year and lighter than most producers and handlers desired for this time of the fall. Orders are reported as fair. Most Thanksgiving orders have been placed with much of this butter already shipped and now buyers are working on end of the year needs. Some feature activity is scheduled during the upcoming holidays, but suppliers state that this activity will be less aggressive than in recent years. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Butter orders related to the upcoming Thanksgiving holiday are just about completed with most of the shipping also done. There will be some last minute fill in orders as there usually are. Orders are generally being rated as fair to good. Prices at the cash CME butter market continue to gyrate. They were up all week for the week ending October 15 and down all week for the week ending October 22. They are lower for the current week. USDA reports that at the end of September, butter cold storage stocks stand at 134.9 million pounds. These stocks are down 35% or 72.3 million pounds from September 2003. They are down 16% or 26.2 million pounds from the end of last month. The average draw down for the last few years has been about 20 million pounds. CME surveyed warehouse stocks declined 4.62 million pounds last week and stand at 49.6 million pounds, compared to 113.9 million pounds for the same week a year ago. Bulk butter prices range from 2 to 5 cents under 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			
OCTOBER 23	1,4951	1,4539	0,8450	1,6598	0,2269
	8,250,650	8,280,427	16,451,441	2,433,920	11,607,290

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 sharply higher on natural and process items; unchanged on Swiss. The market tone is firming along seasonal patterns. The 40# block price (through 10/25) at the CME has increased five consecutive sessions and nine of the last twelve. Demand has improved, but some of the improvement may be distributors, retailers, and users trying to buy ahead of the increases. Some contacts wonder if the CME cash cheese price will be able to be maintained at these levels, while others feel that they will hold through the Thanksgiving buying season. Cheese output in the Northeast remains light to moderate. Food service orders are steady to improved.

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

Cheddar 10# Prints	:	1.6150-2.1300
Cheddar Single Daisies	:	1.5725-2.0475
Cheddar 40# Block	:	1.6875-1.9475
Process 5# Loaf	:	1.7250-1.9325
Process 5# Sliced	:	1.7450-1.9850
Muenster	:	1.7875-1.9900
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is steady to firm for the short term. Some in the industry are questioning the need for many of the recent, almost daily, price adjustments at current price levels (\$1.50s) on the Chicago Mercantile Exchange cash cheese market. Orders for natural chunks, slices, and shreds, are generally good though many operations report still having capacity for additional business. With increased plant capacities and/or efficiencies, larger overall volumes can be handled if the bulk product is available. Current natural supplies are generally tight. Process movement is about steady at fair levels. Aged cheddar interest has picked up seasonally. At least a few aged cheddar deals are made using May and June cheddar loads combined as a package to make the price more palatable with buyers. Aged cheddar supplies overall are limited. Mozzarella interest is good seasonally. Milk availability is the current limiting factor with plant intakes typically steady to occasionally lower. Current cheese yields are very good seasonally.

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

Process American 5# Loaf	:	1.6950-2.0000
Brick And/Or Muenster 5#	:	1.9800-2.2025
Cheddar 40# Block	:	1.8800-2.2650
Monterey Jack 10#	:	1.8600-2.2650
Blue 5#	:	2.3975-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8475-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3900-2.9500

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

	BUTTER	:	CHEESE
		:	
10/25/04	28,606	:	134,212
10/01/04	34,271	:	131,981
CHANGE	-5,665	:	2,231
% CHANGE	-17	:	2

WEST

Average prices at the cash CME market moved sharply higher after a rebound in prices the past two weeks. The amount of strength has some Western contacts surprised with the amount of cheese being produced at this time. Orders are slow to develop as many buyers expect/hope that the market may falter again in the near term. Many contacts feel that coverage is not real good going into the excellent, end of the year sales season. Some types of current cheese may be in close balance, but overall storage stocks in the West are ample. The one exception is good quality aged cheese in the 6-12 month old category. This type of cheese is in tight supply and expensive. According to USDA, end of September, cold storage stocks of natural American cheese total 552.8 million pounds. These stocks are up 7% or 36.0 million pounds from September 2003. The stocks are down 3% or 16.0 million pounds from the end of last month. That is only about half the draw down rate for September of the past few years. Swiss stocks at the end of September stand at 26.5 million pounds, up 16% or 3.6 million pounds from the same time last year.

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

Process 5# Loaf	:	1.6675-1.9275
Cheddar 40# Block	:	1.6650-2.0175
Cheddar 10# Cuts	:	1.8450-2.0650
Monterey Jack 10#	:	1.8550-2.0150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged on most imported styles, but sharply higher on domestic styles. The market tone is mostly steady. Some seasonal improvement in retail demand is noted, but overall, sales are steady at slow to fair levels. Food service orders are generally steady. Supplies of most types of cheese are adequate to meet current needs.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
	:	:
	:	:
Roquefort	TFEWR	-0-
Blue	2.6400-4.2900	1.9300-3.4200*
Gorgonzola	3.6900-5.9400	2.4350-2.4900*
Parmesan (Italy)	TFEWR	3.3400-3.4500*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-5.6900	1.9425-2.1650*
Romano (Cows Milk)	-0-	3.1250-5.3000*
Sardo Romano (Argentine)	2.8500-3.2900	-0-
Reggianito (Argentine)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.9500-4.0900	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.4500	-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	183	0	216	0	155	0
SOUTHEAST STATES	0	0	0	0	0	0

The base price for Class I milk for November 2004 is \$14.29, down \$0.49 from October. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for November is \$7.14, unchanged from October. Milk production is at or near the annual low point in the Northeast, while mostly steady in the Southeast. Uneven weather patterns in the Southeast are cited as reasons for the slow down in the gains seen the past couple weeks. Fluid milk supplies are often reported as tight. Bottlers are taking steady to heavier volumes this week. Florida's imports are down this week as handlers want to enter the weekend with lighter inventories than they have been. Bottling and milk supplies are settling back into normal patterns in Florida. Elsewhere, bottled milk sales are reported as steady. Surplus milk volumes are often lighter than expected. Some plants are taking advantage of this low-point in the milk supply to perform some plant renovations without having to move too much milk to other plants. Contacts comment that cheese output remains lighter than expected. However, there are reports that some cheese makers may increase their operating schedules (number of shifts) next month. The condensed skim market is mostly steady, but a few comments note a little better demand in scattered instances. Prices are steady to occasionally higher. The fluid cream market is firm. Offerings were reported as very tight over the weekend and remain relatively tight into mid-week. Some suppliers report difficulty finding extra loads this week. In addition to the tight cream supply, hauling continues to be an issue. Finding trucks and truckers continues to be a problem for most producers and suppliers. Spot prices are often lower as the CME butter average dipped more than 5 cents last week. However, multiples are relatively unchanged. Spot demand is fair to good. Ice cream production is easing along seasonal patterns at most plants. Cream cheese output is increasing and producers are taking additional loads. Production of dips and sour cream are also improving to meet the anticipated Thanksgiving and year-end holiday needs. Bottled cream output is picking up seasonally. Churning activity is light to moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. PRODUCING PLANTS: NORTHEAST	- 2.1190-2.2820
DELIVERED EQUIVALENT ATLANTA	- 2.1353-2.3146 M 2.1679-2.2494
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	- 2.2005-2.2494
PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS	
F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9150-.9700
NORTHEAST- CLASS III - SPOT PRICES	- 1.0100-1.0900

MIDWEST

Class I demand was steady to often lighter, especially where big promotions occurred last week. Some students are out on school breaks this week, also reducing fluid needs. Some holiday orders are being prepared with egg nog already starting to show up in dairy cases. Most handlers expect Class I and II use to strengthen during the next few weeks to fill orders for holiday products including dips, sour, and heavy cream. Manufacturing milk interest is steady to just occasionally lighter. Overall spot manufacturing milk demand still remains larger, depending on price, than available offerings. Reported spot manufacturing milk prices are about steady and range from \$1.75 - 2.75 over class, fob plant. Manufacturing schedules remain about steady at near seasonal levels. Cream demand continues strong and supplies remain tight. Though ice cream interest in cream is frequently lighter than normal due to larger than expected inventory left over from summer, holiday items and flavors are being prepared. Current milk intakes in the central and upper portion of the region are about steady with a few reports both slightly higher and lower. Fat and protein levels are generally higher than normal for late October, resulting in

better manufactured product yields. The fall harvest, fertilizing, and tillage operations continue though many were slowed by recent rains.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 54.00	\$ 48.00- 52.50
REPLACEMENT HEIFER CALVES	\$400.00-600.00	\$400.00-530.00

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

	OCT 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 55.50	\$ 46.00- 57.00

WEST

The recent USDA "Milk Production" report indicates total milk output for the entire U.S. was down 0.9% for the first quarter of the year compared to last year. The second quarter was down 0.6% while the third quarter was up 1.1%. Cumulative output for the first three quarters of 2004 is down 0.1% from a year earlier. Looking at the Western region the pattern is similar. Output has generally been increasing through out the year. Comparing third quarter output to last year for selected Western states yields the following results: Arizona +10.1%, California +4.1%, Colorado +0.2%, Idaho +4.1%, New Mexico +2.7%, Oregon +3.4%, Utah +3.2%, and Washington -4.2%. September 2004 POOL RECEIPTS of milk in CALIFORNIA total 2.84 billion pounds, 1.6% higher than last year. (The change is affected by milk volumes not being included in the pool receipts for September 2004.) The September blend price, at a fat test of 3.64%, is \$14.27, \$0.63 higher than August and \$0.92 more than September 2003. The percentage of receipts used in Class 1 products is 16.73%. The September quota price is \$15.21 and the over quota price is \$13.51. These prices are 47 cents above August and 87 cents more than a year earlier. Rain across the major milk producing areas of CALIFORNIA continued this week. Some southern areas were seeing the wettest October in over 100 years. Generally, the conditions are not cutting back milk output, but have slowed the higher trend line. Bottled milk sales are mainly steady with some plants seeing modest and unexpected declines. Plant schedules have returned to normal following a couple weeks of planned downtime for certain plants. The call is heavier from several cheese plants that want more milk as the cheese prices rise. ARIZONA milk production has leveled off on a week to week basis with only slight daily fluctuations. While the current wet conditions likely have flattened output, the protein and fat levels of incoming milk are increasing. Surplus milk volumes are above year ago levels, but processors have operating capacity. NEW MEXICO milk supplies are trending flat with recent weeks. Out of region shipments are slowing. Local plants are taking more milk to help balance supplies. CME cash butter prices closed at \$1.5450 on Wednesday, October 27, a decline of 9.75 cents from last week. The price has declined for the last five sessions and most basing points and averages have declined over the past two weeks. More cream is being offered on the market each week with cream more available at midweek and weekends. Surpluses are moving to the churns. Cream multiples are moving lower and trade in the 115 to 126 range, FOB and vary depending on class usage and basing point. Overall moisture conditions continue to improve in the INTERMOUNTAIN region. Year-to-date precipitation remains below the 30-year norm, but levels are improving quickly during October. Some mountain areas have received 3-5 feet of snow and are expecting 2-3 feet more by the weekend. Some ski areas are planning to open on October 29. That is the earliest opening in 20 years for some of these resorts. This entire situation will greatly improve agriculture conditions going into the winter season. Alfalfa, pasture, range areas, and winter wheat seedings will all benefit from this fall moisture. Most fall cropping activities have been completed so the timing is perfect. The weather patterns have not had much impact on current milk production. Many herds are under cover and those that are not are in good shape if management plans are being followed. Heifer and hay prices remain firm in the region, but grain prices are much lower than last year. Shower activity continues over much of the PACIFIC NORTHWEST. Most contacts are not surprised at the amount of moisture and many are welcoming the rain. Most fall agricultural activities have been completed so the timing of the moisture is excellent. Little impact is noted on the current milk flow.

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 low heat and lower on high heat. Supplies of high heat are heavier than anticipated for this time of year, encouraging some producers to reduce offering prices. Direct from manufacturer spot sales are light with most movement occurring on a contractual basis. CCC exchange NDM is available and trading near the lower end of the range for the good interest. Supplies of CCC exchange NDM continue to decrease, especially for stocks older than a year. NDM production is steady to higher in response to reduced Class I demand and increased milk production at some locations. Excess supplies are expected with seasonally higher production levels over the upcoming holidays.

EAST: Prices and the market tone are generally unchanged in the East. However, Eastern medium heat NDM is moving into export channels, which bumped mostly prices higher. Production levels are lighter as surplus milk volumes are lighter and drying schedules are off accordingly. The decline in output is allowing most Eastern producers to clear some of their inventories which some called heavy. Others clear their excesses by offering to CCC, which occurred again this week. Demand is mostly contractual. Spot needs, for the most part, continue to be filled in the resale market. Reports continue to indicate a high heat market that is not as robust as it was earlier in the year. Contacts feel that some advance purchases may be cutting into current sales. With some reported prices for high heat in the low to mid \$.80's, some contacts are speculating that the only way to get high heat prices that low would be a product that was dry blended and sold as "high heat powder." At this time, this is only speculation, but it has happened before.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .9400 MOSTLY: .8300 - .8800
 HIGHHEAT: .8700 - .9500

NONFAT DRY MILK - WEST

In the West, low and medium heat NDM prices are trending steady with a higher price noted at the top end of the range. Exporting of NDM continues to provide an outlet for current produced powder. Several producers are involved in direct exporting. Additional loads of low heat are moving to the CCC price support program at 79.5 and 80 cents per pound. Domestic sales are slow outside of contracts. Cheese makers are not active in the spot market. During the week of October 18 - 22, CCC purchased 5,879,888 pounds of NDM from the West. High heat prices held steady in light trading. Some are surprised at the slow pace of sales. Several buyers are using previously purchased high heat and are out of the market. Production is generally slow with producers often having product made and in inventory for current and future needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .9100 MOSTLY: .8000 - .8750
 HIGHHEAT: .8400 - .9100

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 22	\$.8330	11,386,431	5,035,662
October 15	\$.8538	12,682,989	1,964,975

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 continue unchanged and nominal on a weak market. Demand is very light, especially with the noted price disparity between NDM and buttermilk markets. Some producers are asking for bids rather than discounting prices. Ice cream producers that have not fully committed to replacing buttermilk with NDM are taking a more serious look at making the substitution. Buttermilk producers continue to make concerted efforts to divert condensed buttermilk supplies to end-users at discounted prices in order to avoid the expense of drying.

F.O.B. CENTRAL: 9000 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone remain steady. Production levels, paralleling churning activity, are a little lighter this week. Producer stocks are light to moderate for the slow to fair demand. Some off condition powder is still available at discounted prices. Demand remains centered around contract sales.

F.O.B. NORTHEAST: 1.0000 - 1.0200
 DELVDSOUTHEAST: 1.0100 - 1.0600

DRY BUTTERMILK - WEST

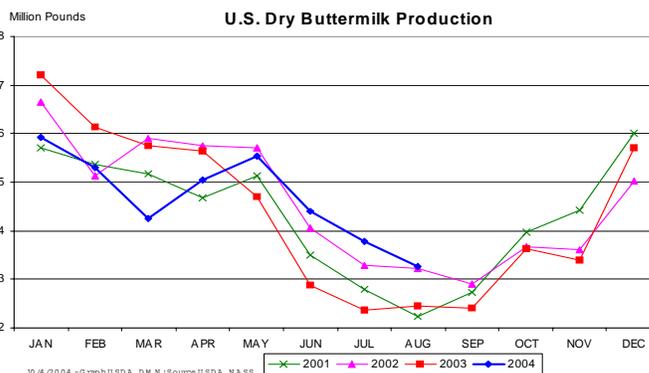
Spot prices for dry buttermilk in the West continue to trade in a tight range. Overall, spot volumes remain light and the market untested. The general sense that the market price may be overstated remains. Buyers are taking powder under contract arrangements, but are slow to look for extra. Demand is light with other alternatives available. Stocks are moderate for current trade needs. Producers are holding stocks with confidence.

F.O.B. WEST: 1.0200 - 1.0700 MOSTLY: 1.0300 - 1.0500

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower and nominal. The market tone remains unchanged. Production levels are little changed from past weeks and plant stocks range from light to balanced. Demand is slow to fair, at best. Imported powder continues to be available at a discount to the market.

F.O.B. PRODUCING PLANT: 1.2825 - 1.3775



WHEY, CASEIN & EVAPORATED MILK

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

DRY WHEY - CENTRAL

Prices are mixed yet generally trending higher on a steady to firm market. Spot interest is fair to good. Inquiries are noted from some feed users that have depleted their internal stocks and a few food buyers for blending and baking. Manufacturer inventories are generally in balance to tight. Some operations are wary of prices exceeding 24 cents in order to prevent swings in demand. Permeate supplies are less available, deterring the potential of this substitute to affect the whey price. Resale trade is slow at higher prices. Traders suspect that the market will settle within the next few weeks as holiday orders are satisfied and heavier seasonal production is realized.

F.O.B. CENTRAL: .2200 - .2475 MOSTLY: .2300 - .2350

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher and Northeastern prices remain nominal. The market tone continues to firm. Most Eastern producers report being sold out. Trades comment that they continue to be rebuffed in their attempts to get extra loads from Eastern producers. Current output is light and most cheese makers are operating well below typical fall levels. Most producers are sold out via contracts and spot buyers have to find loads in the resale market. Contacts report that inquiries are increasing as buyers try to purchase ahead of any additional price increases. Inventoried loads are being held with more confidence as supplies tighten. Some traders are turning away new inquires, particularly for plant-specific product. Higher premiums are being asked as most traders are more confident and feel that it will be difficult to replace those loads in coming weeks. Producers and traders alike, comment that they are getting more inquiries for dry whey. Cheese output in the Northeast is lighter than a year ago, which is having a limiting effect on dry whey production. Dryers that were buying condensed whey from other cheese makers have seen that source of whey disappear in recent months.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2350 - .2600
DELVD SOUTHEAST: .2575 - .2650

DRY WHEY - WEST

Both range and mostly prices continue to increase fractionally. Domestic sales activity is rated as good. Western and Central prices seem to moving in tandem at this time. Exporters are noticing some talk of price resistance, but product is still moving. Part of the issue is the calendar at this time of year. As the holiday season approaches it is much tougher to move product into export channels. Therefore the next few weeks are crucial to getting things placed before the end of the year. Production levels continue to be a bit heavier than anticipated.

NONHYGROSCOPIC: .2200 - .2650 MOSTLY: .2300 - .2400

ANIMAL FEED WHEY - CENTRAL

Prices are higher and nominal on a firm market. Supplies are very light with most plants unable to offer any milk replacer quality product. Prices continue to trend higher with the Extra Grade market. Demand is good. Veal and early weaned pig prices are trending higher on steady to firm markets.

F.O.B. CENTRAL:
MILK REPLACER: .2000 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are generally unchanged on a steady market. With good interest in NDM on the export market, some sellers report that 34% WPC export movement is improved. Inquiries from feed operations are increasing seasonally. Spot movement is generally light with most movement occurring on a contractual basis. Supplies are reportedly in balance to somewhat tight at locations. Both buyers and sellers are content with steady prices for the remainder of the year. High proteins are not currently competitive with 34% WPC for the feed interest. Some industry discussions are noted with respect to drought relief NDM and that paying a fine to use this NDM in a milk replacer would be cheaper than buying 34% WPC at the current market. Sales of condensed WPC are reportedly good. Off grade supplies are limited for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .5800 - .6400 MOSTLY: .5975 - .6225

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a weak market. Contracts for fourth quarter are finalized. Some discussion for first quarter and 2005 are noted. Both buyers and sellers are hesitant to speculate on prices in the new year. As whey and permeate prices firm, feed demand for lower mesh sized lactose is increasing. Some seasonal spot interest is also noted by candy and baking companies. Supplies are heaviest on the lower mesh sizes with higher mesh size product reportedly in better balance. Inquiries are noted from China, Korea and India. Export shipments are sometimes delayed due to the lack of available containers. Feed grade lactose is available and trading at prices near the lower end of the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1500 - .2300 MOSTLY: .1700 - .2000

CASEIN - NATIONAL

Casein markets and prices remain firm. Recent reports out of Oceania indicate that milk production is not as strong as anticipated, thus casein output from this region is being questioned. At this point, Oceania supplies, although in close balance, are reported to be clearing the country as scheduled. In Europe, the production season continues to wind down. The recent 17% casein aid reduction in Europe is causing prices to remain firm and in instances, increase. This recent adjustment follows a 31% aid reduction about a month ago. The government continues to offer nonfat dry milk for the production of casein/caseinate. Under invitation #31, nearly 1.6 million pounds of powder were sold at \$0.3800 per pound. This sale brings the total sold under this program since June 2002 for this purpose to nearly 36.7 million pounds.

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: 2.7500 - 3.0000
ACID: 2.8000 - 3.0000

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady in the West, steady to lighter in the Midwest and East where surplus milk supplies are tighter than expected. Producer stocks remain moderate, but the Thanksgiving baking season has pulled inventories lower. Retail features are more common and sales are improving along seasonal patterns. Trucking continues to be an issue in this market.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 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	10/13	10/14	10/15	10/18	10/19	10/20	10/21	10/22	10/25	10/26
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
OCT 04	14.10 (4427) 43	14.11 (4447) 79	14.14 (4434) 79	14.18 (4362) 35	14.18 (4409) 77	14.19 (4457) 47	14.19 (4450) 7	14.19 (4467) 56	14.19 (4432) 12	14.18 (4423) 11
NOV 04	13.09 (3454) 365	13.01 (3562) 370	13.02 (3536) 163	13.15 (3543) 331	13.30 (3559) 445	13.62 (3655) 374	13.89 (3791) 276	14.05 (3869) 312	14.14 (4002) 300	14.18 (4151) 237
DEC 04	12.59 (2554) 171	12.45 (2590) 101	12.40 (2593) 28	12.53 (2624) 172	12.54 (2640) 104	12.64 (2771) 416	12.93 (2905) 495	13.15 (3057) 542	13.20 (3134) 270	13.33 (3358) 502
JAN 05	12.34 (1625) 34	12.22 (1670) 62	12.16 (1673) 12	12.34 (1681) 15	12.20 (1685) 9	12.25 (1688) 67	12.35 (1704) 75	12.40 (1764) 107	12.40 (1759) 45	12.45 (1769) 137
FEB 05	12.15 (1572) 36	12.05 (1693) 157	12.09 (1695) 14	12.16 (1749) 72	12.17 (1751) 9	12.17 (1751) 18	12.20 (1772) 39	12.22 (1842) 125	12.22 (1868) 29	12.27 (1881) 42
MAR 05	12.23 (1723) 26	12.06 (1881) 170	12.11 (1880) 23	12.15 (1881) 24	12.15 (1881) 4	12.20 (1904) 45	12.25 (1941) 47	12.26 (1966) 85	12.27 (1966) 28	12.31 (2077) 132
APR 05	12.12 (1061) 9	12.05 (1093) 44	12.04 (1097) 14	12.05 (1107) 11	12.00 (1108) 1	12.00 (1122) 24	12.00 (1144) 37	12.00 (1182) 52	11.98 (1189) 17	12.00 (1196) 54
MAY 05	12.12 (921) 14	12.05 (1008) 93	12.09 (1012) 14	12.09 (1014) 13	12.06 (1016) 2	12.03 (1024) 17	12.03 (1047) 34	12.03 (1082) 72	12.08 (1090) 17	12.04 (1097) 69
JUN 05	12.37 (753) 23	12.29 (767) 28	12.18 (775) 16	12.27 (782) 7	12.23 (787) 6	12.20 (798) 17	12.22 (821) 34	12.22 (861) 54	12.29 (865) 12	12.34 (883) 38
JUL 05	12.90 (675) 15	12.75 (685) 17	12.75 (685) 3	12.75 (689) 4	12.75 (701) 14	12.75 (704) 9	12.75 (729) 33	12.75 (764) 75	12.78 (766) 4	12.75 (770) 17
AUG 05	13.35 (735) 25	13.25 (741) 6	13.26 (741) 3	13.26 (746) 6	13.26 (762) 17	13.30 (762) 6	13.30 (769) 13	13.30 (788) 59	13.30 (790) 3	13.25 (798) 13
SEP 05	13.51 (647) 17	13.41 (659) 12	13.41 (660) 7	13.49 (667) 8	13.46 (669) 2	13.46 (672) 6	13.46 (679) 12	13.46 (719) 50	13.46 (720) 1	13.46 (725) 13
OCT 05	12.87 (413) 4	12.81 (422) 9	12.75 (424) 13	12.75 (427) 6	12.75 (428) 2	12.75 (434) 12	12.75 (439) 16	12.75 (479) 80	12.75 (481) 11	12.72 (485) 6
NOV 05	12.20 (314) 5	12.19 (318) 4	12.18 (319) 3	12.18 (323) 9	12.16 (325) 2	12.14 (331) 13	12.13 (334) 13	12.14 (334) 5	12.15 (335) 4	12.13 (336) 7
DEC 05	12.09 (335) 20	12.08 (335) 0	12.08 (336) 6	12.08 (340) 7	12.03 (341) 2	12.03 (344) 12	12.03 (349) 16	12.03 (354) 5	12.03 (354) 1	12.02 (354) 1
JAN 06	11.90 (1) 0	11.90 (1) 0	11.90 (6) 6	11.95 (6) 0	11.95 (6) 0	11.95 (6) 0	11.95 (6) 0	11.95 (6) 0	11.95 (6) 0	11.95 (6) 0
FEB 06	11.80 (2) 0	11.80 (2) 0	11.80 (4) 4	11.95 (4) 0	11.95 (4) 0	11.95 (4) 0	11.95 (4) 0	11.95 (5) 2	11.99 (5) 1	11.99 (5) 0
MAR 06	11.80 (2) 0	11.80 (2) 0	11.80 (2) 0	11.95 (2) 0	11.95 (2) 0	11.95 (2) 0	11.95 (2) 0	11.95 (3) 3	11.99 (4) 2	11.99 (4) 0
APR 06	11.80 (1) 0	11.80 (1) 0	11.80 (1) 0	11.95 (1) 0	11.95 (1) 0	11.95 (1) 0	11.95 (1) 0	11.95 (3) 3	11.99 (5) 2	11.99 (5) 0

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

OCT 04	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0	12.50 (21) 0
NOV 04	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0	12.15 (64) 0
JAN 05	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0
FEB 05	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0	11.75 (9) 0
MAR 05	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0
APR 05	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0	11.75 (7) 0
MAY 05	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0
JUN 05	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0
SEP 05	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0	11.75 (1) 0
OCT 05	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0	11.75 (5) 0
NOV 05	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0	11.75 (6) 0

CME - BUTTER FUTURES -- Cents per pound

OCT 04	169.00 (59) 2	171.00 (41) 18	171.00 (33) 10	165.00 (31) 0	165.00 (19) 3	162.00				
DEC 04	157.00 (87) 0	153.00 (86) 0	153.00 (86) 0	153.00 (86) 0	153.00 (84) 3	150.00 (84) 1	149.00 (85) 4	148.00 (81) 6	146.50 (79) 1	147.00 (79) 0
MAR 05	153.00 (53) 0	153.00 (53) 0	153.00 (53) 0	152.00 (53) 0	151.00 (53) 0	150.00 (53) 0	150.00 (55) 2	148.00 (58) 3	147.00 (58) 1	146.00 (58) 1
MAY 05	153.00 (55) 0	153.00 (55) 0	153.00 (55) 0	152.00 (55) 0	151.00 (55) 0	150.00 (56) 1	149.00 (59) 4	148.50 (62) 4	147.00 (63) 1	147.00 (63) 0
JUL 05	153.00 (27) 0	153.00 (27) 0	153.00 (27) 0	153.00 (27) 0	153.00 (27) 0	152.00 (27) 0	152.00 (28) 1	150.00 (31) 3	148.00 (31) 0	148.00 (31) 0
SEP 05	154.00 (9) 0	154.00 (9) 0	154.00 (9) 0	154.00 (9) 0	154.00 (9) 0	154.00 (9) 0	154.00 (9) 0	151.00 (10) 1	149.00 (11) 1	149.00 (11) 0

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 October 18 - 29, 2004

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

WESTERN EUROPEAN OVERVIEW: Milk production in Western Europe is nearing seasonal low levels and reports continue to indicate that milk volumes in many countries are trailing last year at this time. The quota year is half over and many milk handlers feel that output by March will hopefully recover and finish the year at quota levels. Stocks of manufactured dairy products vary, but for the most part are in close balance to lighter than desired going into the winter months. Cheese production is strong for this time of the season, basically absorbing a large percentage of available milk. Traders and handlers state that there is buyer interest, but recent price increases are causing potential buyers to question what's going on. In recent days, the Euro has firmed considerably against the U.S. dollar. The current level is the highest it has been since early in the year. The EU Dairy Management Committee met on Thursday, November 28 and no major announcements were released. During the session, tenders for skim milk powder were addressed. Under the tendering system, the Commission awarded bids of 8,950 MT of powder out of bids totaling nearly 98,000 MT. The balance of powder available for future tenders is declining quickly with about 60,000 MT available at this time. Traders and handlers indicated that this round of bidding could have cleaned out intervention stocks. Many European traders and handlers feel that current prices for domestic and international needs will remain firm and very possibly continue to increase. The international supply situation may also remain tighter than usual, especially if reports out of Oceania indicating that milk production is trailing last year, continue to occur.

BUTTER/BUTTEROIL: European butter markets are firm as prices are unchanged to higher. Milk production in Europe is nearing seasonal low levels thus butter production is also limited. Stocks of butter are sufficient to meet domestic or internal needs, with minimal volumes available for spot buyer interest. A strong Euro against the U.S. dollar is adding firmness to European prices.

82% BUTTERFAT:	2,025 - 2,160
99% BUTTERFAT:	2,200 - 2,400

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are firm. Stocks of powder are reported to be in close balance to short of all needs. Powder continues to be sold out of intervention stocks under the tendering system. On November 28, the Dairy Management Committee awarded tenders for 8,950 MT of skim milk powder out of bids totaling nearly 98,000 MT. If the majority of the bids would have been accepted, all of the intervention stocks would have been cleared. At this point, there are about 60,000 MT of skim milk powder left in intervention stocks.

1.25% BUTTERFAT:	2,150 - 2,375
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WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm. The European milk production season is winding down and nearing seasonal low levels, thus volumes of milk entering whole milk driers are limited. For the most part, whole milk needs are being filled from inventoried stocks. Traders and handlers indicate that stocks are available for domestic or internal needs, although limited for international buyer interest. Most sales activity is centering around internal needs with international buyers resistant to higher prices.

26% BUTTERFAT:	2,350 - 2,425
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SWEET WHEY POWDER: Whey prices and markets are firm. Cheese production is strong for this time of the year, thus whey volumes are also more available. Current strength in the market is being attributed to a firm Euro and increased demand from the animal feed sector. Most sales activity is centering around domestic needs with international sales reported as slow. Traders feel that if prices remain firm, international buyer interest will only further decline.

NONHYGROSCOPIC:	600 - 800
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EASTERN EUROPEAN OVERVIEW: Milk production in Eastern Europe continues to wind down seasonally. Stocks of manufactured dairy products are often being reported as lighter than desired. Sales activity in new EU member countries is reported as slow and unaggressive, although there is buyer interest. EU regulations are limiting many of these country's ability to acknowledge this buyer interest. Other Eastern European countries, not in the EU, are indicating that sales are occurring, but nothing significant at this time.

OCEANIA

OCEANIA OVERVIEW: Milk producers and handlers in Oceania indicate that milk production is very near seasonal peak levels in both New Zealand and Australia. Although official production reports are not available as of yet, many indicate that milk output thus far this season is trailing last year. In New Zealand, a cool/wet spring has been prevalent over much of the country which some producers feel is slowing production growth. In Australia, milk producers continue to recover from recent negative production years, thus this year is not developing as positively as many had hoped. Producers and handlers in both countries are hopeful that the last half of the season will be more positive than the first half. At this point in the production season, milk handlers state that there is no additional milk looking for processing facilities. In most instances, available milk is easily absorbed within area manufacturing facilities. Stocks of manufactured dairy products appear to be in close balance with demand, although manufacturers and handlers often indicate that they would desire additional volumes as a cushion for the last half of the production season. Oceania prices remain firm and, in instances, are slightly higher. Handlers and traders feel that with current milk production conditions in Oceania not as positive as hoped, and the international supply situation not as strong as in years past, dairy product supplies will remain in close balance and possibly limited to regular and ongoing customer needs. Many feel that overall prices will also remain on the firm side.

BUTTER: Oceania butter markets and prices are firm. The milk production season in the region is not developing as positively as hoped, thus some producers and handlers are questioning their supply situation in relationship to commitments. At this point, most butter handlers and traders indicate that they are meeting their commitments, although there appears to not be any available stock for spot buyer interest. Many are hopeful that the last half of the season will be more positive.

82% BUTTERFAT:	1,750 - 2,200
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CHEDDAR CHEESE: Cheese markets are firm. Prices are generally holding steady and many handlers and traders anticipate firm prices for much of the season. Stocks of cheese are reported to be in balance with commitments. Many cheese producers and handlers state that they are hopeful that the second half of the milk production season will be more positive than the first half. At this halfway point of the season, milk volumes entering cheese production are trailing last year at this time.

39% MAXIMUM MOISTURE:	2,650 - 2,850
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SKIM MILK POWDER (SMP): Skim milk powder markets and prices are firm. Stocks of powder are reported to be in close balance with some suppliers indicating tight supplies. The milk production season is nearing peak levels in both countries, thus drying schedules are seasonally strong, although reports indicate that milk output has not developed as positively as anticipated. Some handlers and traders feel that this season might not generate any additional stock above and beyond committed volumes.

1.25% BUTTERFAT:	2,100 - 2,250
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WHOLE MILK POWDER (WMP): Whole milk powder markets are firm. Prices are unchanged, although some Oceania traders and handlers would not be surprised if they increase in the future. Drying schedules are seasonally active as milk production reaches or is near peak levels. Some producers and handlers indicate that milk volumes appear to not be as heavy at the peak as they were last year. Stocks of powder are reported to be in close balance with demand with minimal, if any, available for spot buyer interest.

26% BUTTERFAT:	2,000 - 2,250
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Exchange rates for selected foreign currencies: October 25, 2004

.8189 Canadian Dollar	.0219 Indian Rupee
.3369 Argentina Peso	.6996 New Zealand Dollar
.0867 Mexican Peso	.7464 Australian Dollar
.2929 Polish Zloty	.0094 Japanese Yen
	1.2801 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0867) = 11.5340$.
That is 1 US Dollar equals 11.5340 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

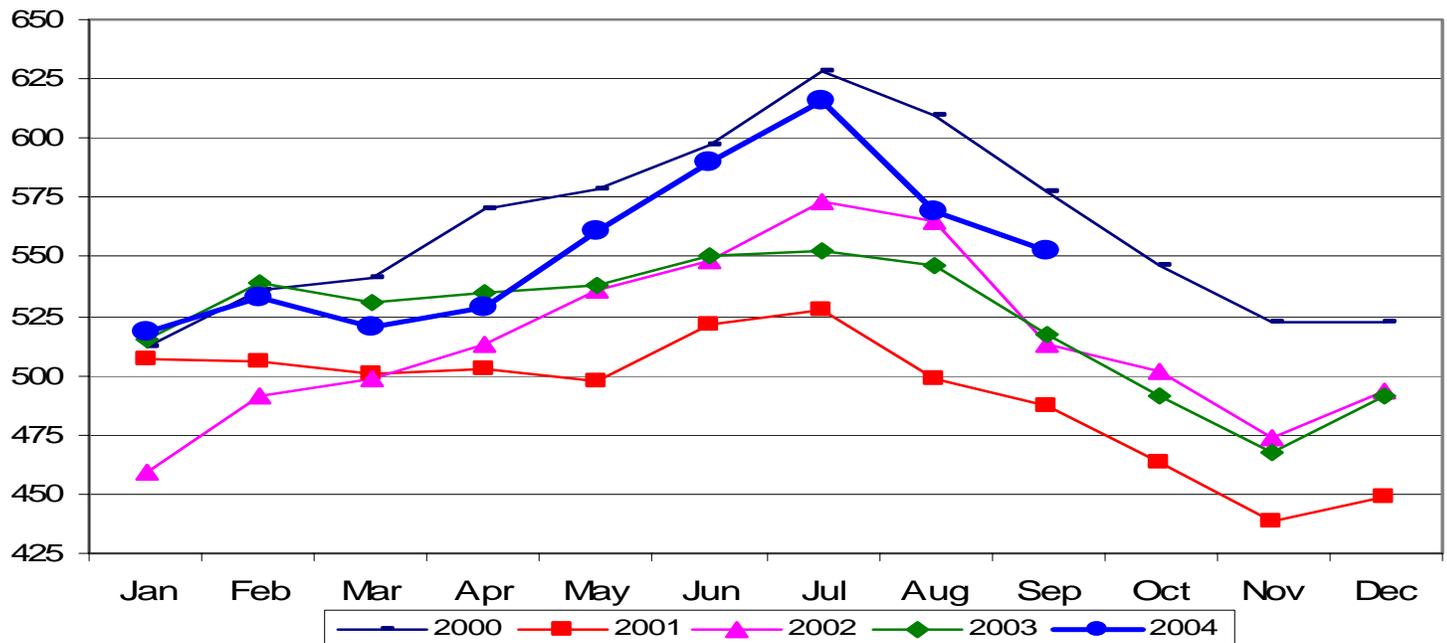
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	AUG 31, 2002	AUG 31, 2003	REVISED AUG 31, 2004	SEP 30, 2002	SEP 30, 2003	SEP 30, 2004
Butter	229,471	253,913	161,025	209,112	207,175	134,858
Cheese, Natural American	565,419	546,627	568,783	512,887	516,845	552,801
Cheese, Swiss	14,250	22,172	26,759	17,068	22,884	26,514
Cheese, Other Natural	221,829	225,416	215,979	223,979	222,424	209,053
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	2,449	9,567	35	1,873	10,172	50
Natural American Cheese	420	8,807	7,076	887	8,836	6,454

SEPTEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
New England	18,792	21,153	23,588	---	---	---	452	190	330
Middle Atlantic	65,436	49,960	61,989	---	---	---	35,557	16,128	13,565
East North Central	207,003	212,155	211,857	---	---	---	108,406	128,341	119,732
West North Central	117,381	117,460	123,203	---	---	---	64,640	56,492	55,856
South Atlantic	180	113	4,869	---	---	---	1,444	2,101	129
East South Central	441	211	150	---	---	---	185	2,087	2,366
West South Central	2,334	4,322	4,470	---	---	---	346	126	175
Mountain	7,490	18,240	31,884	---	---	---	588	3,666	6,358
Pacific	93,830	93,231	90,791	---	---	---	12,361	13,293	10,542
TOTAL	512,887	516,845	552,801	209,112	207,175	134,858	223,979	222,424	209,053

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

MILLION POUNDS AMERICAN CHEESE COLD STORAGE



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2003 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Million Pounds						Million Pounds						Million Pounds					
January	152	205	151	204	1	<u>3/</u>	518	515	508	515	10	<u>3/</u>	945	1,147	109	112	836	1,036
February	158	240	157	238	1	1	533	539	524	538	10	<u>3/</u>	896	1,187	95	116	800	1,071
March	158	245	158	242	1	3	521	531	511	529	10	2	841	1,247	80	137	761	1,111
April	156	264	155	259	<u>3/</u>	5	529	535	519	532	10	3	826	1,308	104	154	723	1,154
May	179	298	178	289	<u>3/</u>	9	561	539	551	536	10	3	814	1,336	123	159	691	1,177
June	187	301	187	291	<u>3/</u>	11	590	550	582	546	9	4	774	1,365	146	152	628	1,212
July	194	284	193	273	<u>3/</u>	11	616	552	609	546	7	6	755	1,308	161	90	594	1,219
August	161	254	161	244	<u>3/</u>	10	569	547	562	538	7	9	714	1,245	147	75	567	1,170
September	135	207	135	197	<u>3/</u>	10	553	517	546	508	6	9		1,207		69		1,138
October		170		159		11		491		482		9		1,128		69		1,059
November		123		114		9		467		460		7		1,062		87		975
December		100		93		6		491		482		10		978		108		870

NA = Not available.

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

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Aug 31, 2002	Aug 31, 2003	Aug 31, 2004	Sep 30, 2002	Sep 30, 2003	Sep 30, 2004
	Thousand Pounds					
Butter	227,022	244,346	160,990	207,239	197,003	134,808
Natural American Cheese	564,999	537,820	561,707	512,000	508,009	546,347

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (10-04) and "Dairy Products," Da 2-6 (10-04), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

Class I Base Price - Under the Federal milk order pricing system, the Class I base price for November 2004 is \$14.29 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$7.81 and the advanced butterfat pricing factor of \$1.9288. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$6.44. Thus, the Class II skim milk price for November is \$7.14 per cwt., and the Class II nonfat solids price is \$0.7933. **Product Price Averages** - The two-week product price averages for November are: butter \$1.7223, nonfat dry milk \$0.8626, cheese \$1.5373, and dry whey \$0.2241.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} _{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	November 2004		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	17.54	11.06	1.9613
Appalachian (Charlotte) ^{5/}	005	17.39	10.91	1.9598
Southeast (Atlanta) ^{6/}	007	17.39	10.91	1.9598
Florida (Tampa) ^{7/}	006	18.29	11.81	1.9688
Midwest (Cleveland) ^{8/}	033	16.29	9.81	1.9488
Upper Midwest (Chicago) ^{9/}	030	16.09	9.61	1.9468
Central (Kansas City) ^{10/}	032	16.29	9.81	1.9488
Southwest (Dallas) ^{11/}	126	17.29	10.81	1.9588
Arizona-Las Vegas (Phoenix) ^{12/}	131	16.64	10.16	1.9523
Pacific Northwest (Seattle) ^{13/}	124	16.19	9.71	1.9478
All-Market Average		16.94	10.46	1.9553

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets.

^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. ^{6/} Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, MO., minus \$0.90. ^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. ^{8/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

^{9/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. ^{10/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. ^{11/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{12/} Class I prices at Las Vegas is minus \$0.35. ^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
JUL 2004	186.8	4.0	187.7	14.0	199.7	26.0	186.7	11.2	204.8	41.7	183.7	9.2
AUG 2004	186.8	3.5	184.9	10.4	191.6	20.4	187.2	9.0	199.2	41.5	183.7	8.2
SEP 2004	186.7	3.3	181.6	6.6	185.3	10.4	182.9	6.6	194.3	31.4	183.4	7.2
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003		
	Dollars											
JULY	3.479	2.708	3.753	2.697	4.077	3.688	4.559	3.736	4.026	3.965		
AUGUST	3.297	2.666	3.613	2.747	4.113	3.815	4.495	3.845	4.051	3.976		
SEPTEMBER	3.149	2.904	3.624	2.856	4.030	3.803	4.459	3.900	3.968	3.892		

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

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—JUNE-AUGUST 2003-2004 AND ANNUAL 2003-2004 ^{1/}

Item	Jun.-Aug. 2003	Percent change ^{2/}	Jun.-Aug. 2004	Percent change ^{2/}	Jan.-Aug. 2003	Percent change ^{2/}	Jan.-Aug. 2004	Percent change ^{2/}
	Million Pounds							
MILK								
Production	42,605	-0.2	42,847	0.6	115,316	0.3	114,991	-0.7
Marketings	42,324	-0.2	42,583	0.6	114,573	0.3	114,291	-0.7
Beginning Commercial Stocks ^{3/}	13,303	12.0	10,966	-17.6	9,891	40.5	8,331	-15.8
Imports ^{3/}	1,166	-15.6	1,254	7.5	3,242	-3.8	3,644	12.4
Total Supply ^{4/}	56,793	2.0	54,803	-3.5	127,706	2.5	126,266	-1.5
Ending Commercial Stocks ^{3/}	12,352	1.7	10,728	-13.1	12,352	1.7	10,728	-13.1
Net Removals ^{3/}	252	131.2	29	-88.5	1,077	389.5	-64	-105.9
Commercial Disappearance ^{4/}	44,189	1.8	44,046	-0.3	114,277	1.8	115,602	0.8
SELECTED PRODUCTS ^{5/}								
Butter	278.6	-2.4	307.6	10.4	777.5	-0.4	794.4	1.7
American Cheese	917.0	-1.1	912.5	-0.5	2,425.2	-0.2	2,469.2	1.4
Other Cheese	1,327.4	3.4	1,328.4	0.1	3,456.4	1.7	3,592.8	3.5
Nonfat Dry Milk	278.5	17.9	321.1	15.3	589.0	14.0	890.8	50.7
Fluid Milk Products ^{6/}	13,087.9	-1.8	13,001.5	-0.7	36,289.3	-0.4	35,873.9	-1.5

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, NOVEMBER 2004, WITH COMPARISONS ^{1/}												
CITY	November 2002			November 2003			October 2004			November 2004		
	Announced Coop.	Federal Order	Difference									
Dollars Per Hundredweight, 3.5% Butterfat												
Atlanta, GA	15.63	13.70	1.93	18.53	17.47	1.06	18.91	17.88	1.03	18.63	17.39	1.24
Baltimore, MD	15.35	13.60	1.75	19.22	17.37	1.85	19.58	17.78	1.80	19.09	17.29	1.80
Boise, ID ^{2/}	12.50	12.20	0.30	16.27	15.97	0.30	---	---	---	---	---	---
Boston, MA	15.25	13.85	1.40	19.32	17.62	1.70	19.73	18.03	1.70	19.24	17.54	1.70
Charlotte, NC	15.63	13.70	1.93	18.53	17.47	1.06	18.91	17.88	1.03	18.63	17.39	1.24
Chicago, IL	14.42	12.40	2.02	18.25	16.17	2.08	19.26	16.58	2.68	18.69	16.09	2.60
Cincinnati, OH	14.36	12.80	1.56	18.14	16.57	1.57	18.82	16.98	1.84	18.35	16.49	1.86
Cleveland, OH	14.16	12.60	1.56	17.94	16.37	1.57	18.62	16.78	1.84	18.15	16.29	1.86
Dallas, TX	14.90	13.60	1.30	17.90	17.37	0.53	18.28	17.78	0.50	18.00	17.29	0.71
Denver, CO	14.00	13.15	0.85	17.77	16.92	0.85	18.18	17.33	0.85	17.69	16.84	0.85
Des Moines, IA	13.79	12.40	1.39	17.56	16.17	1.39	18.34	16.58	1.76	17.81	16.09	1.72
Detroit, MI	13.50	12.40	1.10	17.59	16.17	1.42	18.20	16.58	1.62	17.71	16.09	1.62
Hartford, CT	15.15	13.75	1.40	19.22	17.52	1.70	19.63	17.93	1.70	19.14	17.44	1.70
Houston, TX	15.50	14.20	1.30	18.50	17.97	0.53	18.88	18.38	0.50	18.60	17.89	0.71
Indianapolis, IN	14.16	12.60	1.56	17.94	16.37	1.57	18.62	16.78	1.84	18.15	16.29	1.86
Kansas City, MO	14.38	12.60	1.78	17.65	16.37	1.28	18.03	16.78	1.25	17.50	16.29	1.21
Louisville, KY	13.90	12.80	1.10	17.99	16.57	1.42	18.66	16.98	1.68	18.19	16.49	1.70
Memphis, TN	15.13	13.40	1.73	18.03	17.17	0.86	18.41	17.58	0.83	18.13	17.09	1.04
Miami, FL	18.04	14.90	3.14	20.80	18.67	2.13	21.18	19.08	2.10	20.90	18.59	2.31
Milwaukee, WI	14.52	12.35	2.17	18.35	16.12	2.23	19.21	16.53	2.68	18.64	16.04	2.60
Minneapolis, MN	13.87	12.30	1.57	17.70	16.07	1.63	18.91	16.48	2.43	18.34	15.99	2.35
New Orleans, LA	15.78	14.20	1.58	18.68	17.97	0.71	19.21	18.38	0.83	18.93	17.89	1.04
Oklahoma City, OK	14.85	13.20	1.65	17.87	16.97	0.90	17.93	17.38	0.55	17.65	16.89	0.76
Omaha, NE	13.84	12.45	1.39	17.61	16.22	1.39	18.09	16.63	1.46	17.56	16.14	1.42
Philadelphia, PA	15.52	13.65	1.87	19.27	17.42	1.85	19.75	17.83	1.92	19.26	17.34	1.92
Phoenix, AZ	13.10	12.95	0.15	16.87	16.72	0.15	17.28	17.13	0.15	16.79	16.64	0.15
Pittsburgh, PA	14.65	12.70	1.95	18.42	16.47	1.95	18.88	16.88	2.00	18.46	16.39	2.07
St. Louis, MO	13.85	12.60	1.25	17.62	16.37	1.25	18.33	16.78	1.55	17.84	16.29	1.55
Salt Lake City, UT ^{2/}	12.80	12.50	0.30	16.57	16.27	0.30	---	---	---	---	---	---
Seattle, WA	12.92	12.50	0.42	16.69	16.27	0.42	17.10	16.68	0.42	16.61	16.19	0.42
Springfield, MO	14.45	12.80	1.65	17.47	16.57	0.90	17.53	16.98	0.55	17.25	16.49	0.76
Washington, DC	15.35	13.60	1.75	19.22	17.37	1.85	19.58	17.78	1.80	19.09	17.29	1.80
Simple Average	14.54	13.08	1.46	18.11	16.85	1.26	18.73	17.31	1.42	18.30	16.82	1.48

^{1/} This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

^{2/} The data series for these cities was discontinued for April 2004, as the Federal milk order in which these cities are located was terminated on April 1, 2004.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)							
	FOR THE WEEK OF OCTOBER 25 - 29, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 10/22/04	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	4,822,281#	119,048	4,703,233#	23,073,643\$	24,771,311\$	-0-	938,467,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	4,822,281	119,048	4,703,233	23,073,643	24,652,263	-0-	984,858,000

\$The cumulative NDM total since 10/01/04 is increased by 206,603 pounds. The cancellation for the week ending October 15 (report 41) was changed to a cancellation prior to October 1, 2004 (week 39). #238,096 pounds purchased under Invitation 080 with the total under Invitation 080 estimated at 108,054,739 pounds.

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 25 - 29, 2004 =	1.0	54.7	COMPARABLE PERIOD IN 2003 =	1.3	70.1
CUMULATIVE SINCE OCTOBER 1, 2004 =	5.1	268.6	CUMULATIVE SAME PERIOD LAST YEAR =	5.4	287.0
CUMULATIVE JAN. 1 - OCT. 29, 2004 =	58.3	3,131.4	COMPARABLE CALENDAR YEAR 2003 =	697.5	6,699.7

* 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 WEEK OF OCTOBER 25 - 29, 2004 (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-	4,200,659	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	502,574	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	-0-	5.8	0.0
WEST	-0-	-0-	-0-	-0-	20,781,352	24,652,263	90.1	100.0
EAST	-0-	-0-	-0-	-0-	960,724	-0-	4.1	0.0
TOTAL	-0-	-0-	-0-	-0-	23,073,643	24,652,263	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2004 is **67,347,152 pounds**.

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 10/09/04 & Comparable Week 2003

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		
2004-Dairy	0.0	0.7	6.9	2.6	16.4	2.8	0.4	0.8	12.9	2.1	45.6	1,839.5	46.9	47.1
2003-Dairy	0.2	0.8	8.7	6.1	19.3	3.0	0.5	1.2	14.0	3.2	57.0	2,223.7	49.7	47.7
2004-All cows	0.0	0.7	8.5	13.8	26.7	14.5	10.6	2.6	15.0	4.7	97.2	3,903.4		
2003-All cows	0.2	1.0	11.5	12.8	30.5	16.6	17.0	2.9	15.7	6.5	114.6	4,664.3		

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
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
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.85	11.59	11.94	13.64	19.65	21.13	17.95	14.62	13.94	14.78	14.29	
II	11.67	12.90	14.79	15.21	15.03	14.31	14.00	13.13	13.66			
III	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72			
IV	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46	13.00			

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm