

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/22):**

BUTTER: Grade AA closed at \$1.2425. The weekly average for Grade AA is \$1.2413 (-.0095).

CHEESE: Barrels closed at \$1.1500 and blocks at \$1.1750. The weekly average for barrels is \$1.1819 (-.0056) and blocks, \$1.2031 (-.0109).

NONFAT DRY MILK: Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

BUTTER: Butter markets are weak. The CME cash price weakness at mid-week was a favorable move in the eyes of most butter handlers. Cream offerings across the country are readily available and butter production continues to surpass demand, thus inventories are increasing. Butter cold storage stocks at the end of January 2002 total 101 million pounds, 81% heavier than at the end of December and 48% heavier than January 2001. Overall butter demand is seasonally fair. Most orders are for short term or immediate needs. Some retail buyers are looking ahead to the Easter/Passover holiday and preparing for feature activity at that time. Food service orders are stronger than usual for this time of the year. In many areas of the country, milder winter weather conditions are encouraging away from home eating patterns to occur.

CHEESE: The cheese market is weak. Natural cut interest is typically slow to fair at best. Shred movement is steady at generally good levels. Process/cheese sauce movement is mixed, ranging from slow to good. Barrel supplies are tight to adequate with at least one plant operator looking to make more barrels and fewer blocks/640's. Natural inventories are accumulating at a number of plants. Cheese production is seasonally active and often at above year ago levels due to higher milk offerings.

FLUID MILK: Milk production is steady to heavier throughout the nation. Class I sales are higher in the West and steady to lower in the rest of the country. Milk movement into manufacturing facilities is seasonally heavy with Eastern surplus milk volumes reportedly moving greater distances to processors. Condensed skim prices are generally steady with most movement reported on a contractual basis. Cream supplies are heavy on a weak market. However, cream prices are higher as a result of a higher average CME AA butter price. Some multiples moved lower, reducing cream price increases. Class II spot cream demand is light to fair, encouraging heavy cream movement into butter facilities.

DRY PRODUCTS: Dry product prices are trending unchanged to lower. NDM spot sales are slow, especially with decreased interest from cheese facilities. Most product is moving on a contractual basis and into the CCC as concerns of a tilt change remain. Production of buttermilk is heavy for the light interest. Stocks are building with sub-standard product trading at substantial discounts. Whey prices are generally lower and supplies are readily available. Buyers are paying close attention to price differentials between regions and signs

of market stability in evaluating possible purchases. WPC prices are lower for the light trading activity. Lactose movement is mainly contractual on steady production schedules.

CCC: For the week of February 18-22, NDM purchases total 9,589,890 pounds. Of the total, 1,105,708 pounds originated in the East, 124,076 pounds from the Midwest, and 8,360,106 pounds from the West.

JANUARY MILK PRODUCTION (NASS): Milk production in the 20 major states during January totaled 12.3 billion pounds, up 1.8% from January 2001. December revised production, at 12.0 billion pounds, was up 1.2% from December 2000. The December revision represented an increase of 0.3% or 34 million pounds from last month's preliminary production estimate. Production per cow in the 20 major states averaged 1,585 pounds for January, 36 pounds (+2.3%) above January 2001. The number of cows on farms in the 20 major states was 7.74 million head, 44,000 (-0.6%) head less than January 2001, and 10,000 head less than December 2001.

SEPTEMBER MAILBOX MILK PRICES (DAIRY PROGRAMS): In September 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.86, \$.54 more than the revised figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$19.79 in Florida to \$15.76 in Idaho. In September 2000, the Federal milk order all-market average mailbox price was \$12.68, \$4.18 lower.

JANUARY FEDERAL MILK ORDER PRICE & POOL SUMMARY (DAIRY PROGRAMS): During January, about 10.8 billion pounds of milk were received from producers. This volume of milk is 8.6% higher than the January 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +6.5%.) About 4.1 billion pounds of producer milk were used in Class I products, 1.9% higher than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilizations were: Class I = 38%, Class II = 9%, Class III = 44%, and Class IV = 9%. The weighted average statistical uniform price was \$13.18 per cwt., \$.17 higher than last month, and \$.32 higher than last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for March 2002 is \$11.62. This price is derived from the advanced Class III skim milk pricing factor of \$7.10 and the advanced butterfat pricing factor of \$1.3617 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for March is \$7.66 and the Class II nonfat solids price is \$0.8511 per pound. The following are the two-week product price averages: butter \$1.2316, nonfat dry milk \$0.9133, cheese \$1.2862, and dry whey \$0.2347.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

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

PRODUCT	MONDAY FEBRUARY 18	TUESDAY FEBRUARY 19	WEDNESDAY FEBRUARY 20	THURSDAY FEBRUARY 21	FRIDAY FEBRUARY 22	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	HOLIDAY	\$1.1925 (+.0050)	\$1.1925 (N.C.)	\$1.1925 (N.C.)	\$1.1500 (-.0425)	-.0375	\$1.1819 (-.0056)
40# BLOCKS	NO	\$1.2100 (-.0050)	\$1.2150 (+.0050)	\$1.2125 (-.0025)	\$1.1750 (-.0375)	-.0400	\$1.2031 (-.0109)
BUTTER GRADE AA	TRADING	----	\$1.2400 (-.0475)	----	\$1.2425 (+.0025)	-.0450	\$1.2413 (-.0095)

*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 \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 18, 2002

NO TRADING - HOLIDAY

TUESDAY, FEBRUARY 19, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1925; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.2100, 1 @ \$1.2150

WEDNESDAY, FEBRUARY 20, 2002

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.2000, 1 @ \$1.1925; 1 CAR 40# BLOCKS @ \$1.2150; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.2150, 1 @ \$1.2300

BUTTER — SALES: 5 CARS: 1 @ \$1.2800, 1 @ \$1.2700, 1 @ \$1.2600, 1 @ \$1.2500, 1 @ \$1.2400; BIDS UNFILLED: 1 CAR @ \$1.2300; OFFERS UNCOVERED: 1 CAR @ \$1.2800

THURSDAY, FEBRUARY 21, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2125

FRIDAY, FEBRUARY 22, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.1500; 12 CARS 40# BLOCKS: 1 @ \$1.2075, 1 @ \$1.2125, 1 @ \$1.2025, 1 @ \$1.2125, 1 @ \$1.1950, 1 @ \$1.1750, 1 @ \$1.1700, 1 @ \$1.1600, 1 @ \$1.1500, 1 @ \$1.1525, 1 @ \$1.1550, 1 @ \$1.1650; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.1750, 1 @ \$1.1450; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1825

BUTTER — SALES: 2 CARS: 1 @ \$1.2300, 1 @ \$1.2400; BIDS UNFILLED: 3 CARS: 1 @ \$1.2425, 1 @ \$1.2325, 1 @ \$1.2200; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The market tone is unsettled. With nearly all market indicators pointing to heavier production and growing inventories, the butter price at the CME jumped nearly nine cents last week. This has some contacts confused. Others, a little closer to the market, report that bulk butter, to be eligible to be offered/sold at the CME must be graded. Anecdotally, the trade believes that a high percentage of loads offered for grading are being rejected (most for packaging) and they believe this is causing a tightness in the butter supply eligible to be sold on the CME. Contacts state that this helped cause last week's trading which saw demand at the CME outpace offerings. Also, some buyers were reportedly buying bulk to cover futures positions. Churning activity remains heavy. Most Eastern butter makers are operating at or near capacity and many loads of excess cream are being shipped to Midwestern butter plants. Demand for butter is slow to fair and mostly for replacement needs. Retail sales are slow and food service orders are about steady. Some distributors were closed Monday for the observance of Presidents' Day. Sales of bulk butter, f.o.b. East, are reported in a range of flat market - 4 cents over the CME price/average.

CENTRAL

Butter markets remain unsettled, although the market undertone is weak. Many handlers were quite surprised at the cash price firmness recorded at the CME during the past week, but are more at ease at mid-week as the cash price declined 4 3/4 cents. Most producers and handlers indicate that current production continues to surpass demand thus inventories were building under a firm price trend. Midwestern churning schedules are seasonally active as cream supplies remain plentiful from local and out of area sources. Buying interest remains light and

unaggressive. Most orders are being placed for short term needs. Retail orders are seasonally fair as some retailers prepare for the upcoming Easter/Passover holiday when features are scheduled to occur. Food service orders are basically steady. Mild winter weather patterns in the central part of the country are encouraging away from home eating patterns for this time of the year. Bulk butter for spot sale is selling in a range of flat - 3 cents per pound over various pricing basis.

WEST

Most contacts are confused by price gyrations at the CME for cash butter over the past two weeks. Sales had improved as prices approached \$1.20, but now have slowed since prices have moved back up. Buyers had started to store some butter for future needs, but that has now come to an end. Butter futures at the CME have moved sharply lower in the last few trading sessions. Contacts wonder if some of the price rebound on the cash market is being caused by the cash/futures relationship for March. Cream offerings remain burdensome with much of it moving at relatively low prices. Most is eventually entering the churns, but some of it has more than optimal age on it and it may also have quite a few miles. Ice cream manufacturing is just beginning to increase in the more southern portions of the region. CME weekly butter stocks continue to expand at a very rapid pace. Last week stocks grew by 7.8 million pounds and reached 68.9 million pounds. Stocks have grown more than 49 million pounds this year. Inventories in this program have never grown this fast over this short period of time. Current prices for bulk butter range from 5 cents to 1 cent under market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
FEBRUARY 16	1.2729 7,646,887	1.2288 13,366,498	0.9136 18,846,797	1.2256 5,746,834	0.2305 8,561,359

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

CHEESE MARKETS

NORTHEAST

Prices continue to move lower. However, prices at the CME ended last week at or near where they were a week earlier. The market tone remains weak as cheese output is holding at heavier than anticipated levels. Most Eastern cheese plants are operating daily and are being offered more milk than they care to process. Cheddar stocks are ample for current demand, but most Eastern producers put a large percentage of their output into aging programs. Mozzarella production is heavy and supplies are in "decent" balance with current needs. Retail demand for cheese is fair at best. Food service orders are about steady. Some distributors were closed on February 18 for the observance of Presidents' Day.

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

Cheddar 10# Prints	:	1.2775-1.7425
Cheddar Single Daisies	:	1.2350-1.6950
Cheddar 40# Block	:	1.3550-1.5650
Process 5# Loaf	:	1.3975-1.5825
Process 5# Sliced	:	1.4175-1.6950
Muenster	:	1.4375-1.6450
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Plant cheese offerings vary from higher to lower, mostly slightly higher. Overall, natural cut and process movement remains fair at best, often slow. Shred business is about steady with recent weeks. A few large cutters have cut back on bulk cheese purchases due to sluggish movement. Some buyers are building inventory on barrels for both aging programs and "cold" for later use. A few producers are at least considering increasing barrel production at the expense of natural American varieties. Mozzarella sales are uneven, improved for some producers and still lackluster for others. Cream cheese interest is moderate at best and producers are competing for market share. Current cheese production is often higher than a year ago with most plant schedules active. For producers, recent buyer adjustments to whey cream prices are reducing the profit on cream sales.

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

Process American 5# Loaf	:	1.4075-1.6500
Brick And/Or Muenster 5#	:	1.6600-1.7775
Cheddar 40# Block	:	1.5775-2.1150
Monterey Jack 10#	:	1.8100-2.1150
Blue 5#	:	1.9675-2.3600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5575-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0675-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : FEBRUARY 18 - 22, 2002

BARRELS*	:	\$1.1975 - 1.2025
	:	(\$.0100) (-.0025)
40# BLOCKS	:	\$1.2150 - 1.2450
	:	(\$.0075) (-.0075)

() Change from previous week. * If steel, barrel returned.

WEST

Prices continue to weaken slightly, but many contacts believe that the market may be close to putting in a bottom. Order patterns are of a very regular nature at this time. Buyers are taking normal volumes on a weekly basis. Buyer stocks are quite a bit heavier than they were a month to six weeks ago. The low prices mean that end users are willing to have some extra loads of cheese on hand. Aging programs have been replenished by choice and because it may have been the best alternative. Barrel cheese for processing seems to be in the tightest position. Demand for under grade cheese is good, although discounts remain pretty severe. Swiss cheese has been moving well and stocks are balanced. Mozzarella cheese supplies from the West seem to be in a more balanced situation compared to the rest of the country. Some regions of the West are seeing additional milk production which is leading to more cheese output.

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

Process 5# Loaf	:	1.3425-1.6025
Cheddar 40# Block	:	1.3350-1.4750
Cheddar 10# Cuts	:	1.5150-1.7350
Monterey Jack 10#	:	1.5250-1.6850
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5300

FOREIGN

Prices are steady to slightly lower on domestic styles, unchanged on imported. The market tone is seasonal. Demand is seldom better than fair for most table cheese. Now we are in Lent, some specialty cheeses are moving. Demand for imported cheese used in further processing has eased as our CME cheese prices have moved down to current levels. Cheese output in the EU is about steady, but reports indicate that cheese production provides a better return than making butter/ powder.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
Roquefort	:	TFEWR	: -0-
Blue	:	2.6400-3.1400	: 1.5800-3.0750*
Gorgonzola	:	3.2400-5.9400	: 2.0800-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.9975-3.0500*
Romano (Italy)	:	2.1000-2.9900	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.5875-1.7975*
Romano (Cows Milk)	:	-0-	: 2.7725-4.9525*
Sardo Romano (Argentine)	:	2.6500-3.2900	: -0-
Reggianito (Argentine)	:	2.6500-3.2900	: -0-
Jarlsberg-(Brand)	:	2.7500-3.5900	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-
Swiss Cuts Austrian	:	2.2500-2.7500	: -0-
Edam	:	:	:
2 Pound	:	TFEWR	: -0-
4 Pound	:	2.1900-2.9500	: -0-
Gouda, Large	:	2.3900-2.6800	: -0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	: -0-

* = Price change.

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

	BUTTER	: CHEESE
02/18/02	28,122	: 127,706
02/01/02	25,090	: 126,734
CHANGE	3,032	: 972
% CHANGE	12	: 1

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	0	47	0	0	0	120
SOUTHEAST STATES	0	0	0	0	0	0

During January, milk production in the 20 major states totaled 12.27 billion pounds, up 1.8% from January 2001. The following are the January-to-January changes for selected states: Vermont +4.5%, New York +4.2%, Virginia +0.6%, Kentucky no change, Pennsylvania -0.1%, Texas -1.1%, and Florida -4.0%. For the above-mentioned states, the combined milk cow numbers are down 55,000 head from last January. Milk cows in the twenty major states total 7,740,000 head, down 44,000 from a year earlier. Milk production is steady to slightly heavier in the Northeast and Middle Atlantic areas. Output is steadily growing in the Southeast. Fat and protein tests on the incoming milk are quite high for this time of year. Fluid milk supplies are reported as heavy in all areas of the region. Bottled milk sales are sluggish in most sections of the East. Milk suppliers report that many retailers are calling to see if the slow demand is localized or wide spread with the answer being wide spread. This slow Class I demand results in more surplus milk to process and contacts report growing volumes of surplus milk moving greater distances. This is a little unusual for February. Florida shipped nearly fifty loads out of state for processing and nearly all the balancing plants in the Southeast are operating at or near capacity. In the Northeast, milk supplies are equally long and manufacturing plants are full. The condensed skim market is mixed. Contract sales are clearing decent volumes, but spot interest is seldom better than fair. The fluid cream market remains weak and supplies continue to be excessive of the slow Class II spot demand. Prices did move a little higher as the CME butter average moved about 3.4 cents higher last week. However, multiples are often lower to help offset the butter price increase. Some cream contacts think that "things" are starting to turn around in the cream market, but most see increasing supplies and sluggish demand for some time to come. Ice cream production is steady to slightly higher as some producers take advantage of the abundant cream supply and relatively low prices to put up some inventory. Cream cheese producers are taking a few spot loads, but their contracts are supplying about all the cream they need at this time. Cottage cheese sales are improving, which does clear a little more cream. This is typical for Lent. Churning activity is heavy. Excess cream volumes are burdensome and clearances to Midwestern butter makers continue.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4634-1.5885
DELIVERED EQUIVALENT ATLANTA	-	1.4759-1.6135 M 1.4759-1.5010
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5010-1.6260

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9700-1.0500
NORTHEAST- CLASS III - SPOT PRICES	- .9200- .9900

M I D W E S T

Class I demand is mostly steady at moderate, at best levels. Some extra milk was needed to produce replacements for finished products affected by a recall mainly in the Michigan/Indiana area. Manufacturing milk supplies are seasonally heavy. Some discounting is occurring to move surplus milk supplies to cheese accounts. Spot manufacturing milk prices range from \$1.00 under class to \$.50 over on a limited volume of spot sales. Most cheese plants are operating on schedules much heavier than a year ago. Overall, cream supplies remain heavy with Class II users generally able to purchase adequate supplies from regular/nearby sources at regular to occasionally higher multiples. At least one ice cream maker is still operating on reduced schedules due to new equipment delays while others are very active trying to fill orders and/or build pre-summer inventory volumes. Condensed skim interest remains seasonally strong. Condensed skim prices are steady at \$.95 to 1.0250. Plant milk supplies are generally running ahead of last year, where patron numbers are about steady. Cheese yields are around expected norms, still good but down from late 2001 levels. Additional unseasonably warm temperatures melted the majority of remaining snow until midweek when heavy snow in northern sections of the upper tier of states occurred. Field conditions are soft, wet, and spring road weight restrictions are starting especially early. Estimated 2001 average annual milk cow numbers in selected Midwestern states are: Wisconsin 1,292,000 head down 52,000 (-3.8%); Minnesota 510,000, off 24,000 (-4.4%);

Michigan 303,000, up 3,000 (1.0%); and Iowa 210,000 head, down 5,000 (-2.3%). These 4 states average net decline of 78,000 cows was 85.7% of the 91,000 U.S. decline from 2000. Average annual production per cow declined 124 pounds (-0.7%) from the 2000 average in Wisconsin; 499 pounds (-2.8%) in Minnesota; but increased by 306 pounds (1.6%) in Michigan; and fell 274 pounds (-1.5%) in Iowa. Total annual milk production was down 1,060 million pounds (-4.6%) in Wisconsin; off 681 million pounds (-7.2%) in Minnesota; up 150 million pounds (2.6%) in Michigan; and 149 million pounds lower (-3.8%) in Iowa.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 44.00	\$ 41.50- 48.00
REPLACEMENT HEIFER CALVES	\$530.00-660.00	\$275.00-375.00

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

	FEB 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 44.00	\$ 39.00- 53.50

W E S T

JANUARY 2002 MILK PRODUCTION numbers indicate that the 20-states estimate is up 1.8% compared to last year. Average production per cow increased 2.3%, which is above the normal growth trend. Output per cow is generally lagging behind this number in the West even though cow numbers continue to increase in the region. Production per cow for selected Western states compared to last year is as follows: Arizona +0.5%, California +0.3%, Idaho no change, New Mexico +3.6%, and Washington +1.9%. January milk output for selected Western states compared to last year is as follows: Arizona +0.4%, California +4.1%, Idaho +6.3%, New Mexico +15.3%, and Washington +1.8%. MILK PRODUCTION during the CALENDAR YEAR 2001 in the fifty United States totaled 165.3 billion pounds, 1.3% lower than 2000. Production changes in western states in 2001 from 2000 are: AZ, -4.5%; CA, +3.0%; CO, +2.4%; ID, +7.4%; MT, +2.4%; NV, +1.9%; NM, +6.2%; OR, +4.7%; UT, -3.1%; WA, -1.4%; and WY, -17.1%. CALIFORNIA milk production is trending slightly higher seasonally in response to decent milk production conditions. Weather factors have been favorable for milk cows in the state and the herds are responding. Manufacturing plants are running generally well and are taking more milk. Class I sales in California are occasionally higher this week, but mainly steady. Often, the absolute volumes are hard to gauge because one firm's gain is another's loss. ARIZONA milk output is increasing and called strong as cows in the state approach the expected upcoming production peak. Weather remains ideal for cow comfort. Plants are running well and able to handle intakes. In NEW MEXICO, milk is also increasing seasonally. Milk is being handled locally and to regular accounts, but plans are beginning to be made for extra milk. Conditions are good for cows, although higher winds at midweek could impact growth. Normal spring showers continue to move through the PACIFIC NORTHWEST a couple of times a week. Temperatures are relatively warm and, with the longer amount of daylight each day, production is starting to increase at a faster pace. Herd health problems have been generally minor. Water conditions on the west are not much of a concern for the upcoming crop year. On the east side, water is in much shorter supply and cropping decisions will likely be impacted. The bitter cold spell in NORTHERN UTAH is beginning to break, but conditions remain very much winter. Production is being impacted and feed consumption is heavier. Some plants are buying outside milk to balance product needs. Herd health issues related to the cold have been more common than for the last few years. Many herds have had issues with frozen water supplies limiting intake for periods of time. These producers are looking forward to spring even if it means mud for a few weeks. Conditions have not been quite as bad in SOUTHERN IDAHO, but it has been a harder winter than the past few years. A number of plants would like to have some additional milk, but additional supplies are not readily available. Producer milk growth over the next few years is becoming more of a concern with plants in the region because of tighter regulations and more complaints from the general public. The water outlook for the INTERMOUNTAIN area is declining each week. Many areas are at about 80% of normal and 75% is considered a drought, especially after a few dry years. CREAM in the West continues to be weak. CME butter markets retreated 4.75 cents on 2/20 following last week's unexpected gain of 8.75 cents. Cream markets were not impressed with the higher butter price. As a rule, multiples and overages were lowered to accommodate the higher basing point. Cream supplies remain long in the region. In California, cream shipments out of state stop at contracted amounts with others loads ending up at local butter plants. Cream demand from the ice cream producers is little changed. Cream multiples are unchanged at 100 to 120, FOB, and are negotiable.

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 to weak market. Supplies are mixed with some plants unable to satisfy spot interest while others are clearing excess stocks near the lower end of the range. Movement to the CCC is again being reported for the current week. Some plants aim to over commit supplies in the months to come in the event of a tilt change. Inquiries from brokers are steady while cheese interest is lower in response to decreases in cheese production schedules in some areas. High heat continues to be produced mainly for contractual interest. Standard grade demand is good for the limited supplies. Some off grade NDM product is competing with WPC 34% and CCC NDM sell back product for the light interest.

EAST: Prices and the market tone are steady. However, increasing drying is a concern to some producers who see inventories growing. Contract sales are clearing some output, but spot interest is, for the most part, slow. Spot sales range from lackluster to fairly good. The ongoing possibility/prediction of a support price tilt adjustment (we're in the third month of this scenario) continues to impact purchasing and selling decisions. Those producers not in the national marketing agency do have an advantage in their ability to move prices as needed. The marketing agency "pegs" its price to a monthly average and there is little deviation from that price. Drying schedules are heavy at those plants that do make NDM. Surplus milk volumes are seasonally heavy and contacts expect milk supplies to remain heavy for most of the spring and into summer. Sales to CCC continue.

Includes EXTRA GRADE and GRADE A

F.O.B. CENTRAL/EAST:

LOW/MEDIUM HEAT: .9000 - .9725 MOSTLY: .9300 - .9600
 HIGH HEAT: .9600 - 1.0250

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices continue to show slight declines within the range. The market undertone remains weak. Developments are slow to materialize in the NDM complex. Production levels are seasonally higher at many locations in the region to process additional milk supplies and because condensed skim sales slowed to cheese plants. There have been some additional DEIP sales, but delivery dates are over an extended future period. Buyers remain reluctant to make purchases beyond contracted and immediate needs and have little reason to consider that. During the week of February 11 - 15, adjusted support program purchases totaled 19,631,077 million pounds of NDM with 17,209,570 pounds from the West. High heat prices are unchanged, but the tone remains weak. Buying interest has been slow to develop and fewer orders are coming in than anticipated. There were some expectations of increased seasonal demand, but that has not materialized. Stocks are generally light with most high heat NDM made to order.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - .9900 MOSTLY: .9000 - .9225
 HIGH HEAT: .9325 - .9900

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 15	\$.9033	11,960,855	8,020,950
February 8	\$.9025	13,827,251	9,371,562

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

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady to weak market. Production is steady to higher with some locations building inventories in light of the slow demand. Condensed movement into ice cream is increasing seasonally. However, condensed buttermilk demand is generally light, encouraging heavier production of dry buttermilk. Some aged, non-kosher product is trading at prices nearly 20 cents below the average. Interest is anticipated to increase sometime next month with most of the current demand generated by blenders. Most prices reported are between .8500 - .9000 FOB. Prices for report 8 in 2001 were .9600 - 1.0700.

BUTTERMILK: .8500 - .9500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and nominal in the East. The market tone remains weak. Production of dry buttermilk is moderate to heavy as churning activity in the East continues to run well ahead of normal February levels. Fortunately, demand for liquid buttermilk is holding up better than some contacts expected and this is easing the need to take up dryer time with buttermilk. Powder stocks are increasing. Spot demand is slow to fair. Buyers are waiting for lower prices or making purchases from Midwestern producers whose delivered prices are often lower than Eastern offers.

F.O.B. NORTHEAST: .9000 - .9800
 DELVD SOUTHEAST: .9200 - .9800

DRY BUTTERMILK - WEST

The dry buttermilk market continues to weaken in tone and price. Overall, market conditions are unchanged from recent weeks. Production levels have increased to process additional buttermilk solids in the region, the result of increased butter production. Demand is light at best and offerings are slow to clear. Offerings in other regions are being investigated. Inventories remain moderate to heavy.

BUTTERMILK: .9200 - .9900 MOSTLY: .9400 - .9700

DRY WHOLE MILK - NATIONAL

Prices are steady to lower and the market tone is unchanged. Production levels are steady and generally geared toward filling contracts. Producer stocks are closely balanced. Spot buying interest remains slow to fair.

F.O.B. PRODUCING PLANT: 1.2000 - 1.2800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH FEBRUARY 15, 2002
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	34,334	MT (75,692,736 LBS)
CHANGE	--	5,972	MT (13,165,871 LBS)
CHEESE	--	3,030	MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 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 mixed on a steady to weak market. Producer stocks are in balance to heavy. Manufacturers are less inclined to discount compared to the week prior with some firms boldly stating that they would prefer to store product than sell below 20 cents. Some bids and resale trades are being reported below the range. Demand is fair at best. Many buyers are awaiting signs of stability before making additional purchases. Production is mostly steady with the best interest noted by brokers and resellers, especially with the potential to increase exports at the lower prices. Permeate supplies are increasing and consequently more competitive with whey. Mostly prices for report 8 in 2001 were .2450 - .2550.

NONHYGROSCOPIC: .2000 - .2250 MOSTLY: .2000 - .2100

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to move lower and the market tone remains weak. However, some contacts feel that the market and/or prices are nearing what they feel is the bottom of this particular cycle. Milk volumes available to Eastern cheese makers are much heavier than expected and most operations are running daily. With cheese production levels heavy, most Eastern producers do have spot loads of dry whey to move. These loads are often discounted to attract interest. Both Extra Grade and Grade A whey are available for spot sale. Spot demand is slow to fair at best. For the most part, spot buyers are taking only enough product to "get them by" until prices level out. Contract sales are helping keep plant stocks from growing faster, but these contracts are often to traders who also report a slow spot market. Export interest is evident, but contacts report that European whey prices are very competitive. Production levels are moderate to heavy.

F.O.B. NORTHEAST: EXTRA GRADE .2050 - .2150
USPH GRADE A .2300 - .2575
DELVD SOUTHEAST: .2300 - .2450

DRY WHEY - WEST

The Western whey market continues to have a weak undertone and prices are soft. Inventories are a problem at a number of plant locations. Some export buyers are demanding lower prices to make deals work. Contacts are watching price relationships across the country to find market opportunities. Production levels are above expectations at a number of locations. The normal spring flush is starting in southern areas of the region. Milk output is increasing at a faster rate in those areas.

NONHYGROSCOPIC: .2050 - .2400 MOSTLY: .2150 - .2250

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower and nominal on a steady to weak market. While supplies of milk replacer and roller ground are relatively tight, prices are moving lower in line with the Extra Grade market. Some buyers are surprised by the lack of milk replacer supplies as stocks would be expectedly available during market declines in the Extra Grade market. Milk replacer bids as low as .1500 - .1600 FOB are being rejected. Delactose movement is steady and mostly contractual. Some producers question the lower end delactose price reported yet believe that the market needed to adjust in light of lower WPC and whey prices. Production is generally unchanged with supplies mostly in line with current interest. Prices for report 8 in 2001 on milk replacer, roller ground and delactose were respectively .1850 - .2300, .2375 - .2650 and .4150 - .4300.

MILK REPLACER: .1800 - .1950
ROLLER GROUND: .2000 - .2225
DELACTOSE (Min. 20% protein): .3700 - .4300

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a steady to weak market. Trading is skittish and best into higher-end nutraceutical and food sectors where premium pricing is noted. Some traders suspect that the market is showing signs of stabilizing, yet product continues to be traded and offered at a discount. Offerings of domestic and New Zealand 80% continue to be reportedly competitive with the 34% WPC market. Some buyers are awaiting the next CCC NDM sell back announcement due Friday, 2/22/02. However, some feed companies are running long on their CCC NDM supplies and are attempting to resell stocks. Some buyers contracting WPC 34% quarterly may contract less in the second quarter. Production is mostly steady with off grade supplies available at varying degrees of quality. Mostly prices for report 8 in 2001 were .7875 - .7925.

EXTRA GRADE 34% PROTEIN: .5800 - .6650 MOSTLY: .6300 - .6625

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a mostly steady market. Trading is light with no noted impetus to contract for second quarter. Sellers suspect that that most negotiations will commence during the last week in March. Supplies remain mixed. Some plants are offering excess product to brokers while other locations are unable to offer product on a spot basis. Interest is best on the higher mesh sizes. Inquiries are light and predominantly from brokers. Off grade supplies are available at prices below the range and competitive with permeate supplies. Mostly prices for report 8 in 2001 were .1625 - .1725.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .2000 - .2800 MOSTLY: .2075 - .2375

CASEIN - NATIONAL

Casein markets are weak as prices range steady to slightly lower. Producers and handlers are indicating that they do not foresee strength in the acid or rennet market during the upcoming quarter and some are stating that that this trend might continue for much of the year. At this time, most buyers are securing needed volumes under contract with minimal sales being reported on a spot basis.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3000 - 2.5000
ACID: 2.1500 - 2.3500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Surplus milk supplies remain heavier than expected for this time of year and some producers are able to take in milk at discounted prices. Demand for canned evaporated milk is slow to fair, but volumes to fill Easter retail features are being shipped. The market remains highly competitive as producers try to gain or hold on to market share.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00
Excluding promotional and other sales allowances. Including new price announcements.

THE DAIRY SITUATION AND OUTLOOK

Dairy Replacement Heifers Still Tight

The dairy industry's heifer woes are expected to ease in 2002—just not very much. On January 1, 2002, there were 1 percent more heifers expected to calve during the coming year than there were a year earlier. Replacement heifer prices rose considerably in late 1999, encouraging farmers to save as many heifer calves as possible. However, the potential increase in the heifer inventory was quite limited because farmers were already close to the realistically possible maximum. A few more heifers and a bit less pressure to expand herds may result in a little easing in replacement heifer prices this year. However, the pent-up demand for heifers will keep replacement markets tight.

The shortage of replacements affected 2001 milk production in many ways. Expanded facilities could not be completely filled as quickly as normal, and some expansions may have been delayed until a full complement of cows could be assured. Milk per cow was also affected. A number of last-lactation cows probably were held an extra month or two before being culled even though their output had fallen below normally profitable levels. Similarly, inferior cows that would have been culled were kept, and a larger share of inferior cows from exiting herds was purchased as replacements.

Inventories of all dairy replacement heifers, 500 pounds and over, were virtually unchanged from a year ago. The increase in the number of older heifers was offset by fewer young heifers. These heifers were born in late 2000 and early 2001. Although heifer prices were quite strong during this period, stressful weather may have resulted in heavier death losses for young calves.

The tight heifer markets of recent years were caused by very strong demand for replacements—not by small heifer supplies. The January 1 ratio of replacement heifers to milk cows, at almost 45, was a record. This ratio also was above 44 in 1999 and 2001, the only times ever except during the Dairy Diversion Program in 1985. Rising average culling rates and the need to fill newly expanded facilities created the extraordinary heifer demand that has outstripped the supply.

The inventory of milk cows was 9.11 million on January 1, down less than 1 percent and very close to expectations based on the monthly milk production estimates. The larger number of replacement animals will have mixed effects on milk cow numbers in 2002. On the one hand, they will help dairy farmers fill their facilities and increase their herds. On the other hand, they will undoubtedly push out many of the inferior cows kept last year. A fractional decline in milk cow numbers is expected this year.

DAIRY FORECASTS

	2000	2001	2002				ANNUAL
	ANNUAL		I	II	III	IV	
Milk cows (thous.)	9,210	9,120	9,090	9,080	9,065	9,045	9,070
Milk per cow (pounds)	18,204	18,132	4,635	4,815	4,595	4,620	18,665
Milk production (bil. pounds)	167.7	165.4	42.1	43.7	41.7	41.8	169.3
Commercial use (bil. pounds)							
milkfat basis	169.2	169.6	41.2	43.3	44.4	44.4	173.3
skim solids basis	161.3	163.9	40.8	42.0	43.0	42.6	168.4

Source: *ALivestock, Dairy, and Poultry Situation and Outlook*, LDP-M-92, February 13, 2002, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 694-5184.

JANAURY MILK PRODUCTION

Milk production in the 20 major states during January totaled 12.3 billion pounds, up 1.8 percent from January 2001. December revised production, at 12.0 billion pounds, was up 1.2 percent from December 2000. The December revision represented an increase of 0.3 percent or 34 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major states averaged 1,585 pounds for January, 36 pounds above January 2001.

The number of cows on farms in the 20 major states was 7.74 million head, 44,000 head less than January 2001, and 10,000 head less than December 2001.

JANUARY 2002 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2001	2002	2001	2002	2001	2002	% CHANGE FROM 2001
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	140	140	1,825	1,835	256	257	0.4
CA	1,563	1,622	1,760	1,765	2,751	2,863	4.1
FL	155	152	1,440	1,410	223	214	-4.0
ID	356	378	1,740	1,740	619	658	6.3
IL	118	115	1,470	1,550	173	178	2.9
IN	151	153	1,455	1,405	220	215	-2.3
IA	215	205	1,525	1,560	328	320	-2.4
KY	130	123	1,090	1,155	142	142	---
MI	303	296	1,590	1,655	482	490	1.7
MN	520	495	1,520	1,515	790	750	-5.1
MO	149	140	1,150	1,210	171	169	-1.2
NM	261	290	1,680	1,740	438	505	15.3
NY	670	675	1,450	1,500	972	1,013	4.2
OH	264	260	1,340	1,460	354	380	7.3
PA	607	587	1,520	1,570	923	922	-0.1
TX	341	310	1,365	1,485	465	460	-1.1
VT	154	154	1,450	1,510	223	233	4.5
VA	118	119	1,380	1,380	163	164	0.6
WA	247	247	1,845	1,880	456	464	1.8
WI	1,322	1,279	1,445	1,465	1,910	1,874	-1.9
20 STATE TOTAL	7,784	7,740	1,549	1,585	12,059	12,271	1.8

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (2-02), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

ANNUAL MILK COWS AND MILK PRODUCTION, 2000 AND 2001

STATE	MILK COWS <u>1/</u>		MILK PER COW <u>2/</u>		MILK PRODUCTION <u>2/</u>		
	2000	2001	2000	2001	2000	2001	CHANGE FROM 2000
	1,000 HEAD		POUNDS		MILLION POUNDS		PERCENT
AL	25	21	13,920	14,286	348	300	-13.8
AK	0.9	1.1	14,500	13,055	13.05	14.36	10.0
AZ	139	140	21,820	20,679	3,033	2,895	-4.5
AR	39	35	12,436	12,343	485	432	-10.9
CA	1,526	1,590	21,149	20,913	32,273	33,251	3.0
CO	89	91	21,618	21,648	1,924	1,970	2.4
CT	27	25	17,778	18,240	480	456	-5.0
DE	10	9	15,000	16,778	150	151	0.7
FL	157	153	15,688	15,758	2,463	2,411	-2.1
GA	87	86	16,471	16,640	1,433	1,431	-0.1
HI	8.1	7.5	14,358	14,107	116.3	105.8	-9.0
ID	347	366	20,816	21,194	7,223	7,757	7.4
IL	120	116	17,450	17,414	2,094	2,020	-3.5
IN	146	153	16,568	16,732	2,419	2,560	5.8
IA	215	210	18,298	18,024	3,934	3,785	-3.8
KS	91	93	16,923	17,312	1,540	1,610	4.5
KY	132	128	12,841	12,969	1,695	1,660	-2.1
LA	58	54	12,034	11,704	698	632	-9.5
ME	39	38	17,128	17,211	668	654	-2.1
MD	84	82	16,083	15,780	1,351	1,294	-4.2
MA	22	21	17,091	17,048	376	358	-4.8
MI	300	303	19,017	19,323	5,705	5,855	2.6
MN	534	510	17,777	17,278	9,493	8,812	-7.2
MS	36	35	15,028	14,200	541	497	-8.1
MO	154	145	14,662	13,441	2,258	1,949	-13.7
MT	19	19	17,789	18,211	338	346	2.4
NE	76	72	16,513	16,056	1,255	1,156	-7.9
NV	25	25	19,040	19,400	476	485	1.9
NH	18	18	17,333	17,944	312	323	3.5
NJ	16	14	15,250	16,643	244	233	-4.5
NM	250	268	20,944	20,750	5,236	5,561	6.2
NY	686	672	17,378	17,527	11,921	11,778	-1.2
NC	71	67	16,746	17,373	1,189	1,164	-2.1
ND	48	46	14,292	14,000	686	644	-6.1
OH	262	260	17,027	16,612	4,461	4,319	-3.2
OK	91	89	14,231	14,528	1,295	1,293	-0.2
OR	90	95	18,222	18,074	1,640	1,717	4.7
PA	617	599	18,081	18,112	11,156	10,849	-2.8
RI	1.8	1.4	15,667	16,571	28.2	23.2	-17.7
SC	23	21	16,087	17,476	370	367	-0.8
SD	102	99	16,020	15,960	1,634	1,580	-3.3
TN	95	92	14,789	14,511	1,405	1,335	-5.0
TX	348	325	16,483	15,689	5,736	5,099	-11.1
UT	96	93	17,573	17,581	1,687	1,635	-3.1
VT	156	153	17,199	17,431	2,683	2,667	-0.6
VA	120	118	15,833	15,898	1,900	1,876	-1.3
WA	247	247	22,644	22,324	5,593	5,514	-1.4
WV	17	16	15,588	15,563	265	249	-6.0
WI	1,344	1,292	17,306	17,182	23,259	22,199	-4.6
WY	5.6	4.5	13,571	14,000	76	63	-17.1
U.S. <u>3/</u>	9,206	9,115	18,201	18,139	167,559	165,336	-1.3

1/ Average number during year, excluding heifers not yet fresh. 2/ Excludes milk sucked by calves. 3/ Will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (2-02), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

PERCENT OF OPERATIONS WITH MILK COWS AND PERCENT OF MILK PRODUCTION, BY SIZE GROUP OF OPERATION, SELECTED STATES, AND U.S., 2001 ^{1/}

State	Size group of operation:												Total Operations
	1-29 Head		30-49 Head		50-99 Head		100-199 Head		200-499 Head		500+ Head		
	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	Operations	Milk Prod.	
PERCENT													
AZ	48.0	0.1	<u>2/</u>	<u>2/</u>	4.0	0.2	4.0	0.5	8.0	3.7	36.0	95.5	250
CA	12.0	0.1	2.8	0.1	3.2	0.2	10.0	2.6	28.0	19.0	44.0	78.0	2,500
CO	72.5	1.0	1.2	0.5	3.8	1.5	6.9	6.5	9.4	26.5	6.2	64.0	800
FL	56.9	0.2	1.0	0.1	3.9	0.9	6.9	2.8	11.7	12.0	19.6	84.0	510
GA	48.0	0.5	2.6	0.5	11.7	6.0	22.1	27.0	11.7	27.0	3.9	39.0	770
ID	23.0	0.2	8.0	0.6	21.0	3.1	15.0	4.6	15.0	11.5	18.0	80.0	1,100
IL	25.3	2.5	19.0	8.0	36.8	38.0	14.7	28.0	3.7	17.0	0.5	6.5	1,900
IN	51.7	7.0	16.2	10.0	19.6	24.0	9.7	25.0	1.9	11.0	0.9	23.0	2,900
IA	23.4	4.0	25.4	11.0	34.3	35.0	13.7	29.0	2.7	14.0	0.5	7.0	3,500
KY	44.8	5.0	17.9	14.0	26.2	39.0	9.3	30.0	1.6	10.0	0.2	2.0	2,900
MD	16.8	1.0	15.8	5.0	38.9	28.0	22.1	35.0	5.3	17.0	1.1	14.0	950
MI	31.8	3.0	16.7	5.5	24.2	15.5	18.8	27.0	6.5	23.0	2.0	26.0	3,300
MN	14.1	3.0	34.6	18.0	38.5	37.0	9.0	17.0	3.2	16.0	0.6	9.0	7,800
MO	43.3	3.0	18.9	15.0	23.0	30.0	13.5	38.0	1.2	9.0	0.1	5.0	3,700
NM	67.0	0.1	<u>2/</u>	<u>2/</u>	1.0	0.1	1.0	0.4	3.0	1.4	28.0	98.0	500
NY	18.0	1.5	16.7	6.5	38.9	25.0	18.1	28.0	6.5	21.0	1.8	18.0	7,200
NC	48.9	0.4	4.4	1.6	18.9	17.0	17.8	33.0	8.3	30.0	1.7	18.0	900
OH	46.2	5.0	16.3	12.0	24.0	30.0	10.8	30.0	2.3	15.0	0.4	8.0	5,200
OK	61.8	2.0	7.1	4.0	15.3	17.0	12.3	27.0	2.9	15.0	0.6	35.0	1,700
OR	48.8	0.5	3.6	1.5	9.8	6.0	20.7	18.0	12.2	33.0	4.9	41.0	820
PA	17.5	3.0	35.9	22.0	35.0	37.0	8.7	21.0	2.6	12.0	0.3	5.0	10,300
SD	31.5	3.0	21.5	8.0	28.5	21.0	13.8	28.0	3.5	16.0	1.2	24.0	1,300
TN	42.0	1.5	9.3	4.5	26.0	28.0	16.7	35.0	5.3	23.0	0.7	8.0	1,500
TX	45.3	0.3	4.8	0.7	11.9	4.0	15.2	14.0	15.2	29.0	7.6	52.0	2,100
UT	35.5	0.7	3.9	0.8	18.4	9.5	22.4	24.0	14.5	32.0	5.3	33.0	760
VT	8.1	0.5	16.9	5.5	48.7	28.0	16.9	23.0	7.5	23.0	1.9	20.0	1,600
VA	32.6	2.0	9.3	3.0	28.0	26.0	22.7	40.0	6.7	22.0	0.7	7.0	1,500
WA	30.0	0.1	4.0	0.4	11.0	2.5	19.0	10.0	22.0	28.0	14.0	59.0	1,000
WI	16.5	2.7	27.7	13.3	40.8	36.0	10.5	19.0	3.6	17.0	0.9	12.0	19,100
OTHER STS	45.1	1.5	11.8	5.0	22.6	22.0	14.0	26.0	5.4	24.0	1.1	21.5	9,300
U.S.	28.9	1.6	20.4	6.7	29.9	18.2	12.6	16.5	5.3	18.0	2.9	39.0	97,560

^{1/} An operation is any place having one or more head of milk cows, excluding cows used to nurse calves, on hand at any time during the year. Percent of operations was computed by the Agricultural Marketing Service; in some cases, percents have been adjusted to sum to 100. Information reflects average distributions of various probability surveys conducted during the year but are based primarily on beginning-of-year and mid-year surveys. 2/ Data combined with other size groups.
SOURCE: "Milk Production," Da 1-1 (2-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.
EDITOR'S NOTE: This table can be interpreted as follows: Farms with 1-29 milk cows in California account for 12.0 percent of all operations with milk cows in California and 0.1 percent of total milk production in California. Also, for most states, the 1-29 Head size group likely contains many operations that are not commercial dairy farms.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, SEPTEMBER 2001, WITH COMPARISONS**

In September 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.86 per cwt., \$.54 more than the revised figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$19.79 in Florida to \$15.76 in Idaho. In September 2000, the Federal milk order all-market average mailbox price was \$12.68, \$4.18 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>					
	April 2001	May 2001	June 2001	July 2001	August 2001	September 2001
	<u>Dollars per hundredweight</u>					
Northeast Federal Milk Order	14.37	15.43	16.19	16.30	16.65	16.84
Appalachian States <u>3/</u>	15.24	15.95	16.41	16.74	17.12*	17.45
Southeast States <u>4/</u>	15.33	16.10	16.82	17.20	17.73*	18.06
Florida	17.05	17.69	18.36	18.56	19.48*	19.79
Ohio	14.57	15.24	15.94	15.96	16.26	17.14
Michigan	14.23	15.12	15.71	15.75	16.04*	16.85
Wisconsin	14.12	15.36	16.05	15.96	16.14*	17.00
Minnesota	14.03	15.33	15.90	15.88	16.10	16.84
Illinois	13.73	15.04	16.08	16.05	16.19*	16.97
Northern Missouri <u>5/</u>	13.48	14.61	15.65	15.83	16.17*	17.03
Southern Missouri <u>6/</u>	14.11	15.03	15.77	16.16	16.45	16.99
Corn Belt States <u>7/</u>	13.72	14.80	15.62	15.73	15.88	16.74
Western Texas <u>8/</u>	14.17	15.00	15.70	15.70	16.47	16.99
New Mexico	13.47	14.20	14.77	14.91	15.36	15.77
Idaho	13.16	14.19	15.03	15.15	15.29	15.76
Utah	13.05	14.26	14.90	15.04	15.38	15.91
Northwest States <u>9/</u>	14.02	14.82	15.35	15.37	15.65	16.16
All Federal Order Areas <u>10/</u>	14.29	15.29	15.95	16.02	16.32*	16.86
California <u>11/</u>	13.71	14.54	15.23	15.13	15.54	15.95

* = Revised.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JANUARY

HIGHLIGHTS -- Handler reports of receipts and utilization under the Federal milk order system for January have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During January, about 10.8 billion pounds of milk were received from producers. This volume of milk is 8.6 percent higher than the January 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +6.5 percent.) About 4.1 billion pounds of producer milk were used in Class I products, 1.9 percent higher than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilizations were; Class I = 38%, Class II = 9%, Class III = 44%, and Class IV = 9%. The weighted average statistical uniform price was \$13.18 per cwt., \$0.17 higher than last month, and \$0.32 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JANUARY 2002										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,205.2	7.5	924.9	4.1	42	16	32	10	13.81
Appalachian (Charlotte)	005	597.2	7.7	406.1	7.4	68	13	7	12	14.41
Southeast (Atlanta)	007	745.3	13.9	432.2	2.0	58	9	20	13	14.13
Florida (Tampa)	006	243.2	-6.1	219.6	-5.7	90	6	2	2	15.76
Mideast (Cleveland)	033 <u>3/</u>	1,425.6	2.9	577.9	-1.7	41	14	41	4	12.88
Upper Midwest (Chicago)	030 <u>3/</u>	1,945.4	12.5	364.2	5.8	19	3	77	1	12.30
Central (Kansas City)	032 <u>3/</u>	1,516.6	7.5	432.9	-0.4	29	6	58	7	12.61
Southwest (Dallas)	126 <u>3/</u>	794.3	6.2	365.4	2.1	46	9	37	8	13.66
Arizona-Las Vegas (Phoenix)	131	261.0	-1.2	84.7	1.2	33	4	41	22	12.81
Western (Salt Lake City)	135 <u>3/</u>	476.8	45.6	90.2	1.8	19	8	49	24	12.44
Pacific Northwest (Seattle)	124	628.5	4.6	186.9	-0.4	30	5	36	29	12.53
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,839.2	8.6	4,085.0	1.9	38	9	44	9	13.18

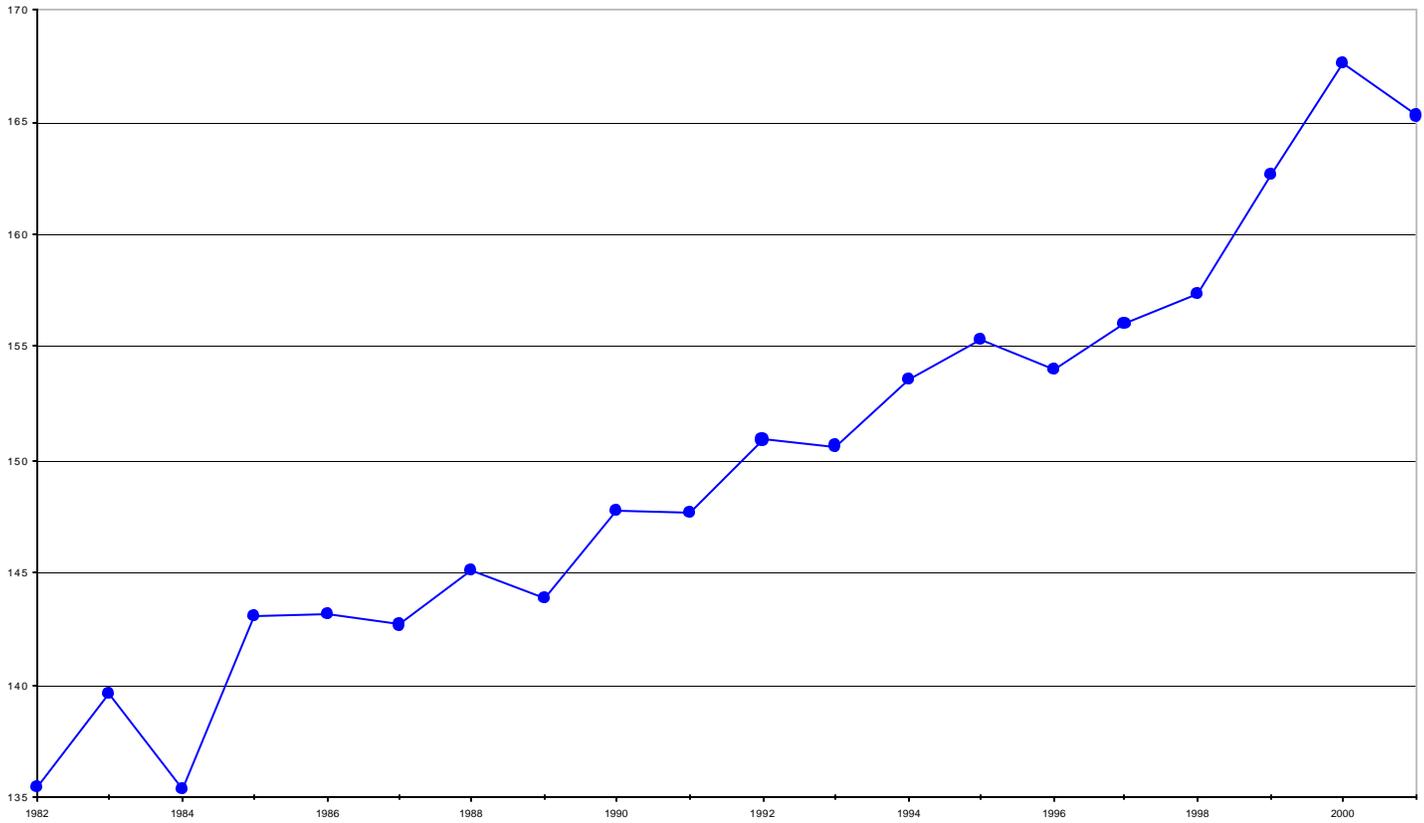
1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

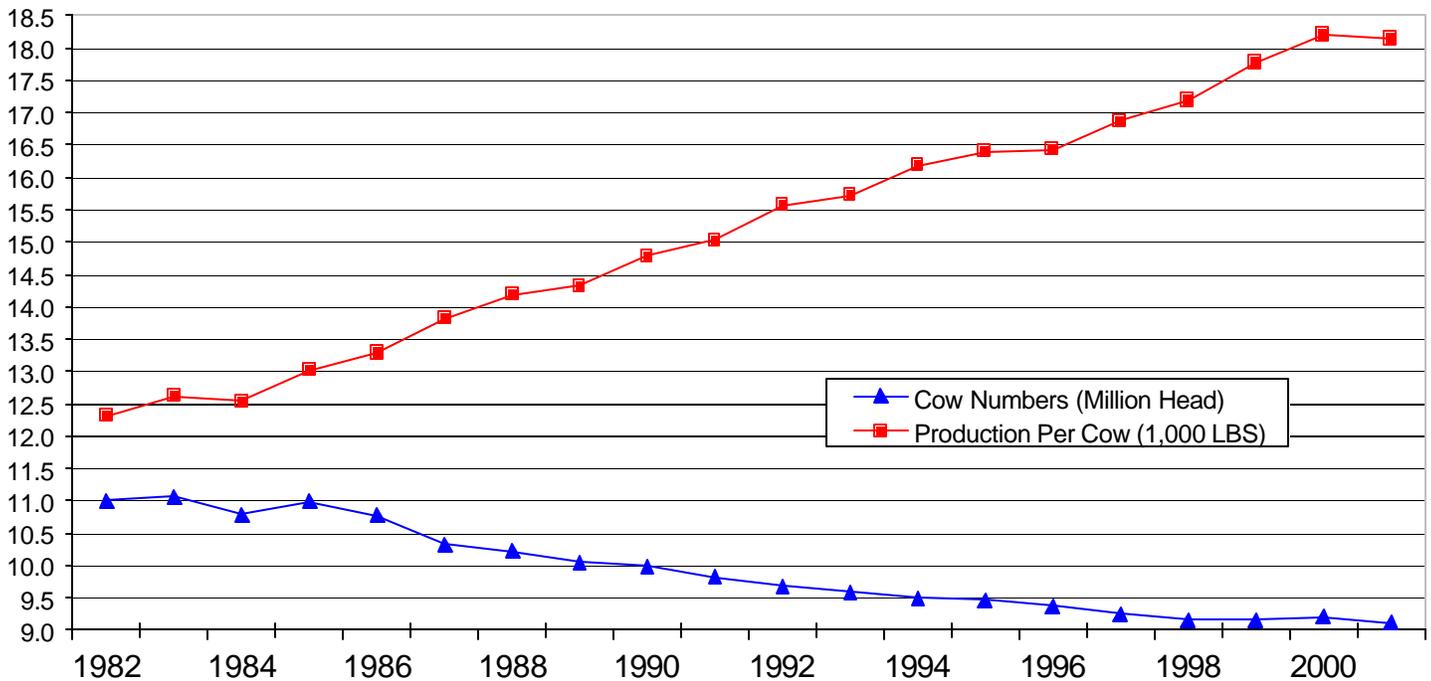
3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 85 million pounds of milk that normally would have been associated with these markets. In January 2001, the estimated not-pooled volume of milk was 275 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +6.5.

U.S. ANNUAL MILK PRODUCTION

Billion Pounds



US Annual Milk Cows and Production Per Cow



Source: NASS - Graph: DMN

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF FEBRUARY 18 - 22, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 02/15/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,841,200	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	10,916,559	-0-	-0-
NONFAT DRY MILK							
Nonfortified	9,589,890	-0-	9,589,890	175,783,544	184,585,805	753,020,000	420,045,000
Fortified	-0-	-0-	-0-	-0-	26,867,069	38,227,000	37,339,000
TOTAL	9,589,890	-0-	9,589,890	175,783,544	211,452,874	791,247,000	457,384,000

Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 18 - 22, 2002 =	2.1	111.6	COMPARABLE PERIOD IN 2001 =	1.9	63.4
CUMULATIVE SINCE OCTOBER 1, 2001 =	38.7	2,046.1	CUMULATIVE SAME PERIOD LAST YEAR =	147.3	2,569.4
CUMULATIVE JANUARY 1 - FEBRUARY 22, 2002 =	21.7	1,150.2	COMPARABLE CALENDAR YEAR 2001 =	30.7	1,086.8

* 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 FEBRUARY 18 - 22, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	124,076	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	8,360,106	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	1,105,708	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,837,040	5,373,350	2,847,261	3.1	37.0
WEST	-0-	-0-	-0-	5,039,919	166,215,679	208,605,613	94.5	62.7
EAST	-0-	-0-	-0-	39,600	4,194,515	-0-	2.4	0.3
TOTAL	-0-	-0-	-0-	10,916,559	175,783,544	211,452,874	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848
 CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239
 NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/02/02 & Comparable Week 2001

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		
2002-Dairy	0.2	0.7	5.9	5.0	18.7	2.4	0.5	0.9	13.4	2.7	50.3	264.5	48.9	47.1
2001-Dairy	0.2	0.9	6.1	5.3	23.6	3.2	1.9	0.8	12.0	3.0	57.0	293.4	50.7	50.0
2002-All cows	0.2	0.8	7.9	12.7	29.0	13.3	15.0	3.4	15.2	5.6	102.9	561.3		
2001-All cows	0.2	0.9	8.3	15.4	32.7	14.2	16.0	5.1	13.5	6.2	112.5	587.2		

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 (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
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

FEDERAL MILK ORDER CLASS PRICES FOR 2001 - 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2002	FEB 2002
I 1/	13.99	11.94	12.65	13.44	14.21	14.99	15.34	15.40	15.56	15.93	15.76	11.98	11.96	11.95
II	12.82	13.43	14.17	15.10	15.72	16.05	15.96	15.98	16.24	13.53	12.78	12.61	12.69	
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80	11.87	
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81	15.06	15.59	12.77	11.97	11.79	11.93	

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