

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (4/19):**

**BUTTER:** Grade AA closed at \$1.1650. The weekly average for Grade AA is \$1.1567 (-.0050).

**CHEESE:** Barrels closed at \$1.2300 and blocks at \$1.2325. The weekly average for barrels is \$1.2275 (+.0145) and blocks, \$1.2525 (+.0075).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9400 and Grade A at \$0.8700. The weekly average for Extra Grade is \$0.9400 (N.C.) and Grade A, \$0.8700 (N.C.).

**BUTTER:** The butter market remains weak. Churning activity across the country is heavy. Cream volumes are excessive and the volumes moving between regions remain heavy. There are instances of trucking becoming a problem. Some contacts are happy with the current cash price at the CME, while others wonder how, from a supply/demand standpoint, the price can hold at current levels. Butter output far exceeds current demand and inventories are growing. Demand for butter is lackluster at best. However, a review of this week's trading activity at the CME shows that all sales (28 cars in total) were initiated by bids.

**CHEESE:** The cheese market is unsettled. Process and cold pack movement is steady to improved. Barrels and good processing solids remain tight. Natural interest is irregular, depending on variety. Additional volumes of cheddar are still entering aging programs. Current cheese production remains above year ago levels at most plants. CCC awarded contracts for an additional 1.6 - 4.0 million pounds of frozen mozzarella and between 1.4 and 3.9 million pounds of cheddar blocks and cuts for shipment July 1, 2002 through June 30, 2003.

**FLUID MILK:** Milk production has reached seasonal peak levels and showing slight declines across several southern states. The upward trend in milk output in the Southwest continues. Arizona appears to have reached a seasonal peak and is seeing milk intakes drop slightly. Southern California milk volumes also may have peaked, but conditions may allow for another push. Volumes in New Mexico are strongly above last year and continue to trend higher. Production has leveled off in the Southeast. Additional loads are moving out of Florida for processing as fluid milk orders decline. In the Northeast, milk is trending slowly higher along seasonal patterns. Hot weather conditions are retarding recent milk gains in some locations. Midwestern plants' milk receipts remain above year ago levels. Class I demand remains sluggish. In the Northwest, production is higher. Winter weather in Utah and Idaho has adversely impacted milk in several localities.

**DRY PRODUCTS:** The general tone of the dry dairy market complex remains weak. Nonfat dry milk prices continue to be depressed by limited demand and lower offering prices from suppliers. Offerings to the CCC continue to be used to keep stocks at a minimum. Dry buttermilk prices are unchanged, although the tone is slightly weak. Dry whey prices are sharply lower across the country. Producer offerings are heavy and discounts are needed to clear product for domestic and export sales. WPC pricing trends are lower. Offerings are heavy and prices are lower to remain competitive with the higher protein WPC and other protein products. Lactose markets are weaker. Contract and spot sales prices are lower. Some buyers are requesting pricing adjustments. Supplies are often heavier than desired.

**CCC:** For the week of April 15 - 19, CCC purchased 19,548,158 pounds of NDM. Of the total, 1,512,795 pounds originated in the East, 627,400 pounds in the Midwest, and 17,407,963 pounds from the West.

**DAIRY SITUATION AND OUTLOOK (ERS):** Early 2002 dairy demand was sluggish. It appears as though commercial use of milkfat during January-February slipped fractionally from a year earlier, while commercial disappearance of skim solids fell about 1%. The modest recovery in autumn commercial use was not sustained this winter. Winter buying for use later in the year probably was much more muted this year. In early 2001, milk production was down sharply and still weakening, a sharp contrast to this year's burgeoning recovery. Confidence in demand also is much different than a year ago, when buyers were riding a continuing surge in consumer demand. Even so, final sales to consumers probably were unchanged or a little lower in early 2002.

**MARCH MILK PRODUCTION (NASS):** Milk production in the 20 major states during March totaled 12.8 billion pounds, up 3.2% from March 2001. February revised production, at 11.4 billion pounds, was up 2.3% from February 2001. The February revision represented a decrease of 0.5% or 56 million pounds from last month's report. Production per cow averaged 1,650 pounds for March, 51 pounds (+3.2%) above March 2001. The number of cows on farms was 7.75 million head, 2,000 head more than March 2001, and 1,000 head more than February 2002. The January-March quarterly production of milk for the U.S. was 42.3 billion pounds, 2.4 percent above the January-March period last year. The average number of milk cows in the U.S. during the January-March quarter was 9.11 million head, 38,000 head less than the same period last year.

**MARCH FEDERAL MILK ORDER PRICE AND POOL SUMMARY (AMS):** Combined totals for the 11 consolidated orders show that during March, about 11.0 billion pounds of milk were received from producers. This volume of milk is 8.9% higher than the March 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +5.9 percent.) About 3.9 billion pounds of producer milk were used in Class I products, 5.0% lower 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 = 35%, Class II = 10%, Class III = 45%, and Class IV = 10%. The weighted average statistical uniform price was \$12.32 per cwt., \$0.52 lower than last month, and \$1.32 lower 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 May 2002 is \$11.26. This price is derived from the advanced Class IV skim milk pricing factor of \$6.83 and the advanced butterfat pricing factor of \$1.3339 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for is \$7.53 and the Class II nonfat solids price is \$0.8367 per pound. The following are the two-week product price averages: butter \$1.2088, nonfat dry milk \$0.8984, cheese \$1.2229, and dry whey \$0.1979.

\*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY APRIL 15	TUESDAY APRIL 16	WEDNESDAY APRIL 17	THURSDAY APRIL 18	FRIDAY APRIL 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.2200 (+.0050)	\$1.2200 (N.C.)	\$1.2300 (+.0100)	\$1.2375 (+.0075)	\$1.2300 (-.0075)	(+.0150)	\$1.2275 (+.0145)
40# BLOCKS	\$1.2500 (N.C.)	\$1.2500 (N.C.)	\$1.2600 (+.0100)	\$1.2700 (+.0100)	\$1.2325 (-.0375)	(-.0175)	\$1.2525 (+.0075)
NONFAT DRY MILK							
EXTRA GRADE	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	(N.C.)	\$.9400 (N.C.)
GRADE A	\$.8700 (N.C.)	\$.8700 (N.C.)	\$.8700 (N.C.)	\$.8700 (N.C.)	\$.8700 (N.C.)	(N.C.)	\$.8700 (N.C.)
BUTTER							
GRADE AA	\$1.1500 (N.C.)	----	\$1.1550 (+.0050)	----	\$1.1650 (+.0100)	(+.0150)	\$1.1567 (-.0050)

\*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, APRIL 15, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.2200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.8800  
 BUTTER — SALES: 15 CARS GRADE AA: 4 @ \$1.1500, 5 @ \$1.1550, 1 @ \$1.1575, 3 @ \$1.1550, 2 @ \$1.1500; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1500;  
 OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.2000

TUESDAY, APRIL 16, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.8800

WEDNESDAY, APRIL 17, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2300; 2 CARS 40# BLOCKS: 1 @ \$1.2600, 1 @ \$1.2550; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.8800  
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.1525, 1 @ \$1.1550; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.1525, 1 @ \$1.1500, 1 @ \$1.1400, 1 @ \$1.1300; OFFERS UNCOVERED: NONE

THURSDAY, APRIL 18, 2002

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.2500, 1 @ \$1.2375; 4 CARS 40# BLOCKS @ \$1.2700; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2650;  
 OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2500; 1 CAR 40# BLOCKS @ \$1.2700  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$0.8600; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.8800

FRIDAY, APRIL 19, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.2400; 5 CARS 40# BLOCKS: 1 @ \$1.2500, 1 @ \$1.2475, 1 @ \$1.2450, 1 @ \$1.2400, 1 @ \$1.2325; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2300  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.8800  
 BUTTER — SALES: 11 CARS GRADE AA: 1 @ \$1.1625, 8 @ \$1.1600, 2 @ \$1.1650; BIDS UNFILLED: 8 CARS GRADE AA: 3 @ \$1.1650, 2 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1550, 1 @ \$1.1400; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The market tone remains weak. The butter price at the CME has closed at \$1.15 for three consecutive sessions. In Monday's (4/15) trading, buyers were bidding for butter and sellers quickly filled them. The bids were in a narrow range of \$1.15 - 1.1575. This seems to indicate a level at which both buyers and sellers are currently comfortable. However, contacts comment that bulk butter is readily available on the open market and wonder why buyers are going to the trouble/expense of buying on the CME at a time when so many producers are selling bulk at or below the CME price, f.o.b. It is unknown if buyers at the CME are building stocks for speculation or buying for current consumption. Churning activity in the East remains heavy and butter stocks are growing. Demand is lackluster. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average. There have been instances of traders noting that butter is available at discounts to the CME price, but these offers are generally from other areas of the country.

CENTRAL

The cash butter price at the CME has held steady around the \$1.15 range through mid week. Some producers and handlers were surprised at the slight up tick recorded on Wednesday, April 17. Many feel that the cash price will probably hold in the current range for the near term. Cream volumes are quite heavy from local and out of areas sources. In some instances, Midwestern butter producers are in position to basically name their purchase price. Often these negotiations involve multiple loads versus one or two. Churning activity continues to surpass

production. Butter stocks are running well ahead of last year at this time. Domestic butter producers and handlers are monitoring butter import information. With international butter prices in the \$0.45 - .50 per pound range, non quota butter could be, or soon to arrive, on U.S. shores around \$1.25 per pound. Through the end of February, quota butter imports were basically in line with last year, although non quota volumes were nearly four times heavier than January and February 2001. Current butter demand is fair at best, with most orders centered around short term or fill-in needs. Many buyers are hesitant to place large orders in light of the weak market tone. Bulk butter for spot sale is selling in a range of flat - 3 cents per pound over various pricing basis.

WEST

Western contacts noted the weakness recorded at the CME cash market last week and were not surprised. They are uncertain about the possibility of further declines because of the possibility of a price support tilt raising the butter price support level. Many were surprised at the volume of imports, both quota and high tier, that have entered the country. Some reports of additional cream available for churning persist though volumes are often lower than the past few weeks. Most churning operations are being more selective about cream offerings they are willing to accept. Demand for butter is rated as fair. Stocks are heavier than desired at some operations. CME weekly butter stocks increased by 6.7 million pounds for the most recent week. This puts the total stock level at 112.7 million pounds. This is another new record and compares to 53.5 million pounds for last year this week. 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			
APRIL 13	1.2147 7,107,472	1.2028 12,895,886	0.8977 27,047,595	1.1781 3,744,617	0.1962 10,665,458

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 fractionally higher on both natural and process items, unchanged on Swiss. The market tone is mixed. Rising prices at the CME indicate a firmer market, but increasing production and just so-so demand points to the possibility of a weaker market. Cheese output in the Northeast is steady to slightly heavier as surplus milk supplies continue to inch higher. Supplies of cheddar are more than ample for the current, slow to fair demand and moderate to heavy volumes of Eastern cheddar are being put into aging programs. Mozzarella sales are steady and process movement is fair to good. Retail sales are just fair and food service orders are also fair. Most buyers are trying to stay as current as possible.

**CORRECTION:** Last week's Muenster cheese price should have been \$1.4625-1.6700.

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

Cheddar 10# Prints	:	1.3075-1.7725
Cheddar Single Daisies	:	1.2650-1.7250
Cheddar 40# Block	:	1.3825-1.5950
Process 5# Loaf	:	1.4225-1.6075
Process 5# Sliced	:	1.4425-1.7200
Muenster	:	1.4675-1.6750
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is steady. Putting a few loads into storage still seems to keep inventories from building elsewhere. Cheddar demand is steady to slightly improved with easily the best interest still on barrels and good processing solids. Process and cold pack movement is steady at moderate to good levels. Mozzarella sales are often slower, at least partially reflected in the unseasonably warm temperatures that usually hurt pizza sales. The results of the second round of the government cheese purchase invitations are expected on April 17. Cheese production is seasonally heavy. Cheese makers needing an extra load of milk for an order are having little difficulty in sourcing a load. Recent record setting warm temperatures caused milk receipts to take at least a temporary dip in milk intakes. Cheese yields are slipping seasonally with a few larger declines noted where larger numbers of cows are on fresh grass.

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

Process American 5# Loaf	:	1.4325-1.6400
Brick And/Or Muenster 5#	:	1.5300-1.8050
Cheddar 40# Block	:	1.5000-2.1150
Monterey Jack 10#	:	1.7400-2.1150
Blue 5#	:	1.9875-2.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5200-2.2150
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	:	APRIL 15 - 19, 2002
BARRELS*	:	\$1.2125 - 1.2275 (NOMINAL)
	:	(-\$0.0050) (.0050)
40# BLOCKS	:	\$1.2450 - 1.2750 (NOMINAL)
	:	(\$0.0050)

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

**WEST**

Natural and process cheese prices moved fractionally higher. Most Western contacts are unsure if there will be much more price strength in the short run. They believe that the current price levels are about correct for this time of year. The process cheese side of the market is tighter than the natural side at this time of the year. Both barrels and processing solids are clearing very well. Current natural cheese is finding good demand, but some cheese does continue to enter aging programs. Cheese production is increasing at a number of operations as the milk flow responds to spring weather and feed conditions. A few plants are purchasing outside milk supplies to supplement their own receipts. A new large cheese plant in California has begun processing milk this past week. Within a few months, contacts believe that the increased capacity will lead to some additional competition for the available milk supplies.

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

Process 5# Loaf	:	1.3650-1.6250
Cheddar 40# Block	:	1.3650-1.5050
Cheddar 10# Cuts	:	1.5450-1.7650
Monterey Jack 10#	:	1.5550-1.7150
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5300

**FOREIGN**

Prices are unchanged to fractionally higher and the market tone is steady. Foreign type cheese stocks are fully adequate to meet most needs. Demand is slow to fair. Reports indicate that EU cheese output is now easing as January production figures show no increase from year earlier levels. It has been quite some time since output was not above year-ago levels. Also adding to the EU-15's cheese inventories is the fact that 2001 imports increased by more than 25,000 MT while exports increased less than 6,000 MT.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.6100-3.1050*
Gorgonzola	3.2400-5.9400	2.1100-2.4900*
Parmesan (Italy)	TFEWR	3.0250-3.0800*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-5.5000	1.6125-1.8375*
Romano (Cows Milk)	-0-	2.8025-4.9825*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.6900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.6000-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.8900	-0-
Gouda, Large	2.3900-2.6500	-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
04/15/02	47,652	:	124,271
04/01/02	40,540	:	130,087
CHANGE	7,112	:	-5,816
% CHANGE	18	:	-4

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	117	0	37	0	140
SOUTHEAST STATES	0	0	0	0	0	0

During March, milk production in the 20 major states totaled 12.78 billion pounds, up 3.2% from March 2001. The following are the March-to-March changes for selected states: Texas +1.4%, Kentucky +2.0%, Virginia +3.0%, Vermont +3.1%, New York +5.3%, Pennsylvania -0.1%, and Florida -3.7%. Regional Milk Market Administrators announced the following, March 2002 uniform prices: Northeast \$13.05, Mideast \$11.93, Southeast \$13.34, Florida \$15.20, and Western New York (a state order) \$12.52 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk production is generally steady from the Middle Atlantic area south. Output in the Northeast is slowly increasing along seasonal patterns. Many contacts are commenting on the volumes of milk to be processed and few expected milk output and supply to be this heavy. A drought condition and temperatures in the nineties exists in much of the Middle Atlantic area and parts of New York. The heat is retarding the milk production gains of the past few weeks. Without significant rainfall in the near future, crops as well as the milk flow may be affected. Bottled milk sales are generally termed as slow. Florida's Class I milk need is very low as the "winter residents" have, for the most part, left the state. This created a large jump in milk volumes leaving the state for processing. Manufacturing plants are operating at or near capacity levels. In some instances, butter/powder plants are clearing milk or condensed skim to other plants. The condensed skim market remains weak. With inexpensive NDM available in the marketplace, the spot demand for wet solids is almost non-existent. Quite a few loads of Eastern condensed skim are being shipped to the Midwest for processing. Without spot sales, more local dryers have had to step up drying schedules. The fluid cream market also remains weak. Supplies are excessive and spot demand is seldom better than slow. Prices have moved lower as both multiples and the CME average butter price have moved lower. Many loads of Eastern cream continue to move to Midwestern butter makers. Between all the milk, condensed skim and cream that is moving inter-region, trucking is becoming more of an issue, and a costly one at that. Ice cream output is starting to improve. However, spot cream purchases are slow to develop. This week's hot weather did stimulate soft serve sales. Cream cheese production is about steady. Churning is heavy and excess cream supplies far exceed the region's plants capacity.

Current receipts remain well over year ago levels with some industry thoughts of an early, or a double, or later annual peak in milk production. The March milk production in selected Midwestern states compared with March 2001 is: Wisconsin billion pounds, 1.927 billion pounds, down 17 million pounds (-0.9%); Minnesota 767 million pounds, off 29 million pounds (-3.6%); Michigan 510 million pounds, up 5 million pounds (+1.0%), and Iowa 338 million pounds, up 4 million pounds (+1.2%). Cow numbers were below year ago levels and average production per cow above year ago levels in all four states. Some limited corn planting (likely early sweet corn) due to cold soil temperatures is occurring in upper tier states. Small grain/forage seeding, tillage, and anhydrous applications are active where fields allow.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	APRIL 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 44.00	\$ 41.50- 49.00
REPLACEMENT HEIFER CALVES	\$500.00-600.00	\$350.00-410.00

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

	APRIL 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.50- 44.50	\$ 44.00- 51.50

W E S T

March milk production totaled 12.8 billion pounds, 3.2% higher than March 2001. Output versus a year ago was higher in 16 of the 20 states. March 2002 output for selected Western states compared to last year is as follows: Arizona +10.8%, California +5.8%, Idaho +7.3%, New Mexico +16.8%, and Washington +2.4%. Milk cows increased 116,000 head over year ago numbers in these five states. First quarter milk production for the U.S. compared to a year earlier was up 2.4%. Quarterly output for selected Western states compared to a year earlier is as follows: Arizona +5.7%, California +4.4%, Colorado +6.2%, Idaho +7.3%, New Mexico +15.8%, Oregon +22.1%, Utah +0.8%, and Washington +2.5. This week, CALIFORNIA milk production remains strong seasonally at levels well above a year ago. In the southern part of the state milk output may be peaking, although hard to tell yet. Temperatures have been variable but favorable for milk cows with dry conditions another big factor. Plant intakes are heavy in the Central Valley where milk is still moving higher. New crop alfalfa harvesting is pushing further north and additional supplies are expected to put some pressure on pricing levels. Heat in the Imperial Valley is causing quality problems. ARIZONA milk production remains strong, although levels are slightly off the seasonal peak of a few weeks ago. Weather conditions have been ideal for the milking cows. Feed and grain prices are favorable. Milk production in NEW MEXICO is trending seasonally higher at levels strongly above last year. Cow numbers are also being increased to fill expansions and newer facilities. Movements of milk remain favorable. Seasonal weather conditions are also good in the state. Normal milk production increases related to the spring flush in the PACIFIC NORTHWEST are continuing. Wet and cold weather this week has again brought some cows back off pasture on the west side of the mountains. The wet conditions are not causing many herd health problems. Heifer and fresh cow prices are somewhat softer in the region. Old crop hay left on the market is quite variable in quality. Some of it is quite good, but other loads are not really dairy quality. New crop hay growth is slow and any cutting may be about two weeks behind normal. Feed prices are quite reasonable. Weather patterns over UTAH and IDAHO have been quite unsettled over the past week. High winds, snow, rain, and cold conditions have had a somewhat negative impact on plants and producers. Power outages have been quite wide spread and some have lasted up to three days. Most contacts say the moisture is great, but they didn't really need all the excitement that went with it. Most contacts are commenting that it is too early for the start of the spring flush, but many expect one this year because of the long, rough winter that they went through. Deepening concerns are being expressed about water conditions for the crop season. Some irrigation districts are going out to start the season with a 60% allocation. Cropping decisions will be based on this short water situation. Milk production is expected to remain firm in the region. CREAM multiples are up slightly in the West and trade in the 105 to 120 FOB range, but are highly negotiable. There continues to be plentiful offerings from the region. Sales to ice cream plants are up only marginally. Surplus cream is placed in butter plants.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3940-1.5102
DELIVERED EQUIVALENT ATLANTA	-	1.3824-1.5218 M 1.4057-1.4405
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3940-1.5102

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9550-1.0250
NORTHEAST- CLASS III - SPOT PRICES	- .7500- .9700

M I D W E S T

Class I demand remains somewhat sluggish and fairly heavy volumes continue to clear to manufacturing channels from bottlers. Manufacturing schedules remain seasonally active. Reported manufacturing milk spot prices range from \$1.00 under class for some distressed weekend milk, to \$0.75 - \$1.50 over class, mostly \$1.00 or less. Cream supplies continue long. Ice cream is active. Condensed skim prices are steady to lower. Some buyers have been purchasing larger volumes of condensed and working down NDM inventories. Some producers have increased condensed offerings rather than dry as much NDM. Condensed prices range from \$0.92 - 1.0150. Warmer, more seasonal temperatures returned to the upper tier of states. The greenup in pastures remains slow, limiting pasturing in some upper tier states. Unseasonably warm temperatures, including some new record highs in the upper 80's and some 90's, seemed to temporarily reduce plant milk receipts for a few days this week.

**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. Trading activity is being hampered by the indecisiveness surrounding a possible tilt change. Sales are light into cheese and ice cream facilities. Some plants are not willing to compete with lower priced NDM in the East, especially with the higher support price of 90 cents available from the CCC. Orders for government bags from bagging companies are increasing with supplies generally short of buyer interest. Heavier milk volumes are encouraging plants to run low heat instead of the more time consuming high heat product. As a result, low heat production and inventories are higher.

EAST: Prices and the market tone are unchanged. Producers report little, if any, spot activity. If spot sales do occur they are generally at the low end of the range or sales to CCC. Most other spot sales are in the resale portion of the market. Traders are reporting slow interest on the resale side of the market. Buyers are, for the most part, limiting purchases to immediate needs as the possibility of a tilt change hangs over the market. Production levels are heavy as volumes of surplus milk are increasing and sales of condensed skim are sluggish. There are reports that "G" bags are in tight supply and some plants are running low or unable to get deliveries in a timely manner. Sales to CCC do continue from all regions of the country and, according to reports, last week's total purchase accounted for roughly 90% of that week's total production. This gives an indication of how slow the commercial market is at this time.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .8500 - .9625 MOSTLY: .8500 - .9000  
 HIGH HEAT: .9100 - .9925

**NONFAT DRY MILK - WEST**

Western prices are lower for the low/medium heat NDM range. The market undertone remains weak. Production levels are seasonally strong as milk output is heavy in the region. Beyond contracted sales and limited spot trades, eligible producers are putting NDM in "government bags" for offering to the CCC under the support program. During the week of April 8 - 12, adjusted support program purchases totaled 26,219,208 pounds of NDM with 19,215,034 pounds from the West. No changes are noted in limited activity for high heat NDM prices. Demand is slow with few expectations for improvements in the short term.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .8500 - .9675 MOSTLY: .8950 - .9100  
 HIGH HEAT: .9225 - .9450

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
April 12	\$ .9012	14,474,680	11,164,961
April 5	\$ .9005	13,922,179	10,630,756

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

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged and trading is nominal. Heavier milk volumes are encouraging churning activity and buttermilk output. Condensed buttermilk movement is steady into ice cream facilities yet below seasonally expected levels. Some excess condensed product is being diverted into custom dryers. Dry buttermilk stocks are building in light of higher production schedules. Buyer interest is anticipated to remain light until resolution of the potential tilt change is seen.

F.O.B. CENTRAL: .7900 - .8800

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone remain weak. Eastern prices are nominal. Drying schedules are still heavy as churning activity is holding at heavy levels. However, most Eastern dryers are near capacity making NDM. Sales of liquid buttermilk are steady. Producer stocks are growing from prior weeks. Contract sales continue to clear a good portion of the current output. Spot interest for dry buttermilk is fair at best.

F.O.B. NORTHEAST: .8300 - .8775  
 DELVD SOUTHEAST: .8000 - .8800

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are unchanged, although the market tone remains weak. The market is unsettled by several factors including: continued high butter production, slow to develop demand, the availability of condensed buttermilk, weak and low priced NDM, and the concern over a potential NDM support tilt putting prices lower. Some producers are trying to hold prices at set levels and wait for a rebound. Stocks are available from most sources and buyers are looking for the best deal, whether in another region or from the resale market.

BUTTERMILK: .8600 - .9000 MOSTLY: .8800 - .8900

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to lower and the market tone is unchanged. Prices are nominal. Production is light and geared to filling contracts. Also, with all the skim being dried, there is little dryer time for whole milk. Plant stocks are light and closely balanced. Spot interest is limited.

F.O.B. PRODUCING PLANT: 1.1600 - 1.2400

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH APRIL 12, 2002  
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)  
 This program-year's allocation is filled.

CHEESE -- 3,030 MT (6,679,938 LBS)  
 This program-year's 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 lower on a weak market. Unconfirmed trades below the range are being reported. Some brokers believe that prices need to continue to adjust lower in order to be competitive in export markets. Producer comments are mixed. Some producers are contemplating storing product to prevent price declines below 18 cents. Others are offering product lower in order to keep inventories somewhat balanced. Production is seasonally increasing in response to higher milk volumes. Spot purchases of whey are only as needed with feed buyers often looking to more attractively priced permeate and lactose as substitutes. Most movement is occurring on regular contracts.

NONHYGROSCOPIC: .1800 - .1875 MOSTLY: .1800 - .1850

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are fractionally lower and the market tone is unchanged. Production levels are moderate to heavy. Eastern cheese makers are producing a lot of cheese because of the growing milk volumes. Contract sales are clearing a good portion of the new output, but spot interest at both the producer and reseller levels is sluggish. Buyers are very price sensitive and limiting spot purchases to immediate needs.

F.O.B. NORTHEAST: EXTRA GRADE .1875 - .1925  
USPH GRADE A .2025 - .2225  
DELVD SOUTHEAST: .2100 - .2225

**DRY WHEY - WEST**

Prices moved sharply lower in the Western region this week. Heavy and growing inventories caused some producers to be very aggressive in how they are marketing stocks of whey powder. To get large volumes to clear the market they are being forced to reduce prices sharply to meet competition from Europe and other areas of the world in export channels. Domestic sales are also being pressured by a slowing market and competition from other regions. Production levels are heavy and increasing.

NONHYGROSCOPIC: .1650 - .2100 MOSTLY: .1800 - .2025

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower. While supplies of milk replacer and roller ground are generally in balance with demand, prices are adjusting lower with the Extra Grade market. Delactose buyers continue to request lower prices from contract suppliers in response lower WPC and whey prices. Delactose suppliers are generally unfettered by buyer requests and are standing firm on contracts, especially with good movement into the food industry. Veal and early weaned pig markets are trending weak.

F.O.B. CENTRAL:  
MILK REPLACER: .1550 - .1800  
ROLLER GROUND: .1725 - .2100  
DELACTOSE (Min. 20% protein): .3800 - .4150

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are lower on a weak market. Producers of 34% WPC continue to lower prices in order to compete with more attractively priced 80% WPC. Some 34% producers are asking buyers to make a bid. Activity for 34% is best into brokerage firms. Feed buyers are generally resistant to 34% pricing and opting to instead purchase high protein product from domestic and foreign sources. Production is higher in response to increases in milk and cheese output. Export interest is light. Domestically, slight increases in movement are noted into ice cream facilities. Supplies of off grade 34% and 80% are heavy for the light to fair feed interest.

EXTRA GRADE 34% PROTEIN: .5400 - .6000 MOSTLY: .5650 - .5750

**LACTOSE - CENTRAL AND WEST**

Prices are lower on a weak market. Second quarter contracts continue to be finalized. Resistance, primarily in the export market, continues to hamper lactose movement. EU lactose is reportedly competitive with US supplies. Some domestic and export buyers are requesting price adjustments to their contracts in light of the recent price declines in the lactose market. Supplier response is mixed with some plants willing to negotiate and others holding firm on their original contract. Some plants are offering product at a discount in order to compete with lower priced whey in feed markets. Production is steady to higher and stocks are building. Off grade supplies are available for the good feed demand.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
F.O.B. EDIBLE: .1600 - .2625 MOSTLY: .1900 - .2100

**CASEIN - NATIONAL**

Casein markets remain weak with prices generally unchanged. Stocks of acid are in the tightest position with many buyers attempting to fill needs with spot purchases. Rennet stocks are more available. Oceania production has now basically ended for the season, thus orders are being filled from inventoried stocks. European production is on the increase and, in instances, not able to keep pace with demand, especially for acid needs.

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

RENNET: 2.2500 - 2.4000  
ACID: 2.0500 - 2.3000

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production is mostly steady, but surplus milk volumes continue to be heavy and producers are taking advantage of some of the low cost milk. Demand is back to replacement needs and the market remains highly competitive. Producer stocks are growing, which is typical for this time of year.

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

## THE DAIRY SITUATION AND OUTLOOK

### Dairy Demand Soft

Early 2002 dairy demand was sluggish. Complete data for February commercial use will not be available until late April, when full import data are released. However, it appears as though commercial use of milkfat during January-February slipped fractionally from a year earlier, while commercial disappearance of skim solids fell about 1 percent. The modest recovery in autumn commercial use was not sustained this winter.

Winter buying for use later in the year probably was much more muted this year. In early 2001, milk production was down sharply and still weakening, a sharp contrast to this year's burgeoning recovery. Confidence in demand also is much different than a year ago, when buyers were riding a continuing surge in consumer demand. Even so, final sales to consumers probably were unchanged or a little lower in early 2002.

Cheese sales were about unchanged in January-February. American cheese sales probably fell more than 3 percent, but use of other varieties rose almost 3 percent. The unusual lack of growth in cheese sales might reflect weakness in restaurant use. Commercial disappearance of nonfat dry milk fell more than a third. Powder buyers have been expecting a significant reduction in the support purchase price (accompanied by a corresponding boost in the support purchase price for butter) and minimized their purchases. In addition, weaker international prices may have affected commercial use in several ways. On the other hand, commercial use of butter jumped about 9 percent in January-February. Butter was readily available this year in contrast to a very tight market a year earlier. Fluid milk sales rose fractionally during early 2002, another possible sign of weaker away-from-home eating.

The recession is proving to be quite mild and may already be over. However, the dairy demand adjustments might be greater than would normally be expected on the basis of the observed economic conditions. After a 4-year binge, consumer demand may be settling back more in line with the long-run trend. The price declines needed to clear the expected rise in milk production may be larger than projected earlier. Average farm milk prices are projected to decline about \$2 per cwt in 2002.

### DAIRY FORECASTS

	2000	2001	2002				
	ANNUAL		I	II	III	IV	ANNUAL
Milk cows (thous.)	9,206	9,115	9,090	9,080	9,065	9,045	9,070
Milk per cow (pounds)	18,202	18,139	4,640	4,820	4,595	4,620	18,675
<b>Milk production (bil. pounds)</b>	167.6	165.3	42.2	43.8	41.7	41.8	169.4
<b>Commercial use (bil. pounds)</b>							
milkfat basis	169.1	169.4	41.3	43.4	44.3	44.3	173.2
skim solids basis	161.2	163.5	39.8	41.8	43.0	42.5	167.1

**Source:** *ALivestock, Dairy, and Poultry Outlook*@ LDP-M-94, April 15, 2002, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 694-5184.

## MARCH MILK PRODUCTION

Milk production in the 20 major states during March totaled 12.8 billion pounds, up 3.2 percent from March 2001. February revised production, at 11.4 billion pounds, was up 2.3 percent from February 2001. The February revision represented a decrease of 0.5 percent or 56 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,650 pounds for March, 51 pounds above March 2001. The number of cows on farms in the 20 major states was 7.75 million head, 2,000 head more than March 2001, and 1,000 head more than February 2002. The January-March quarterly production of milk for the U.S. was 42.3 billion pounds, 2.4 percent above the January-March period last year. The average number of milk cows in the U.S. during the January-March quarter was 9.11 million head, 38,000 head less than the same period last year.

STATE	MILK COWS <sup>1/ 2/</sup>				MILK PRODUCTION <sup>1/ 3/</sup>			
	MARCH		JANUARY-MARCH		MARCH		JANUARY-MARCH	
	2001	2002	2001	2002	2002	% CHANGE FROM 2001	2002	% CHANGE FROM 2001
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	C	C	22	20	C	C	79	-8.1
AK	C	C	1.1	1.2	C	C	4.02	17.9
AZ	140	140	140	140	288	10.8	796	5.7
AR	--	--	36	33	C	C	107	-8.5
CA	1,572	1,631	1,568	1,626	2,977	5.8	8,450	4.4
CO	--	--	90	95	C	C	513	6.2
CT	--	--	26	24	C	C	116	-3.3
DE	C	C	9.0	9.0	C	--	38.3	-1.8
FL	154	152	155	152	234	-3.7	651	-4.3
GA	--	--	86	85	C	C	395	1.8
HI	--	--	7.6	6.8	--	--	24.1	-13.0
ID	358	382	357	381	680	7.3	1,949	7.3
IL	117	115	117	115	186	0.5	530	2.1
IN	151	152	151	152	223	1.4	643	1.1
IA	213	209	214	208	338	1.2	956	-0.9
KS	--	--	94	99	C	C	470	17.5
KY	127	123	128	123	153	2.0	432	1.6
LA	--	--	55	52	C	C	172	-6.5
ME	--	--	37	38	C	C	164	3.1
MD	--	--	82	81	C	C	333	1.8
MA	--	--	21	20	C	C	90	1.1
MI	304	295	303	295	510	1.0	1,456	1.5
MN	515	490	518	493	767	-3.6	2,203	-4.5
MS	--	--	36	34	C	C	139	-4.1
MO	148	138	148	139	184	3.4	513	1.2
MT	--	--	19	18	C	C	84	---
NE	--	--	75	68	C	C	283	-7.5
NV	--	--	25	25	C	C	118	-0.8
NH	--	--	18	18	C	C	84	5.0
NJ	--	--	15	13	C	C	56	-6.7
NM	261	293	261	291	536	16.8	1,508	15.8
NY	670	678	670	676	1,051	5.3	3,016	5.7
NC	--	--	68	65	C	C	298	-0.3
ND	--	--	46	41	--	--	148	-5.1
OH	262	260	263	260	400	8.4	1,137	6.3
OK	--	--	90	88	C	C	328	0.6
OR	--	--	90	105	C	C	480	22.1
PA	600	581	603	584	947	-0.1	2,720	-0.2
RI	-	--	1.4	1.4	C	C	5.8	-1.7
SC	--	--	22	20	C	C	100	-1.0
SD	--	--	100	98	--	--	402	2.3
TN	--	--	94	90	C	C	350	-1.4
TX	335	310	338	310	496	1.4	1,388	---
UT	--	--	93	92	C	C	397	0.8
VT	152	153	153	154	233	3.1	678	4.0
VA	118	120	118	120	173	3.0	495	2.7
WA	246	247	247	247	475	2.4	1,368	2.5
WV	-	--	16	16	--	--	62	1.6
WI	1,300	1,276	1,311	1,278	1,927	-0.9	5,526	-1.4
WY	--	--	4.6	4.5	C	C	15.8	3.9
20 STATE TOTAL	7,743	7,745	C	--	12,778	3.2	--	--
U.S. <sup>4/ 5/</sup>	--	--	9,143	9,105	C	C	42,271	2.4

<sup>1/</sup> Preliminary. <sup>2/</sup> Includes dry cows, excludes heifers not yet fresh. <sup>3/</sup> Excludes milk sucked by calves. <sup>4/</sup> Includes states for which individual monthly estimates are not available. <sup>5/</sup> Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (4-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, MARCH

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for March have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During March, about 11.0 billion pounds of milk were received from producers. This volume of milk is 8.9 percent higher than the March 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +5.9 percent.) About 3.9 billion pounds of producer milk were used in Class I products, 5.0 percent lower 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 utilization percentages were; Class I = 35%, Class II = 10%, Class III = 45%, and Class IV = 10%. The weighted average statistical uniform price was \$12.32 per cwt., \$0.52 lower than last month, and \$1.32 lower than last year.

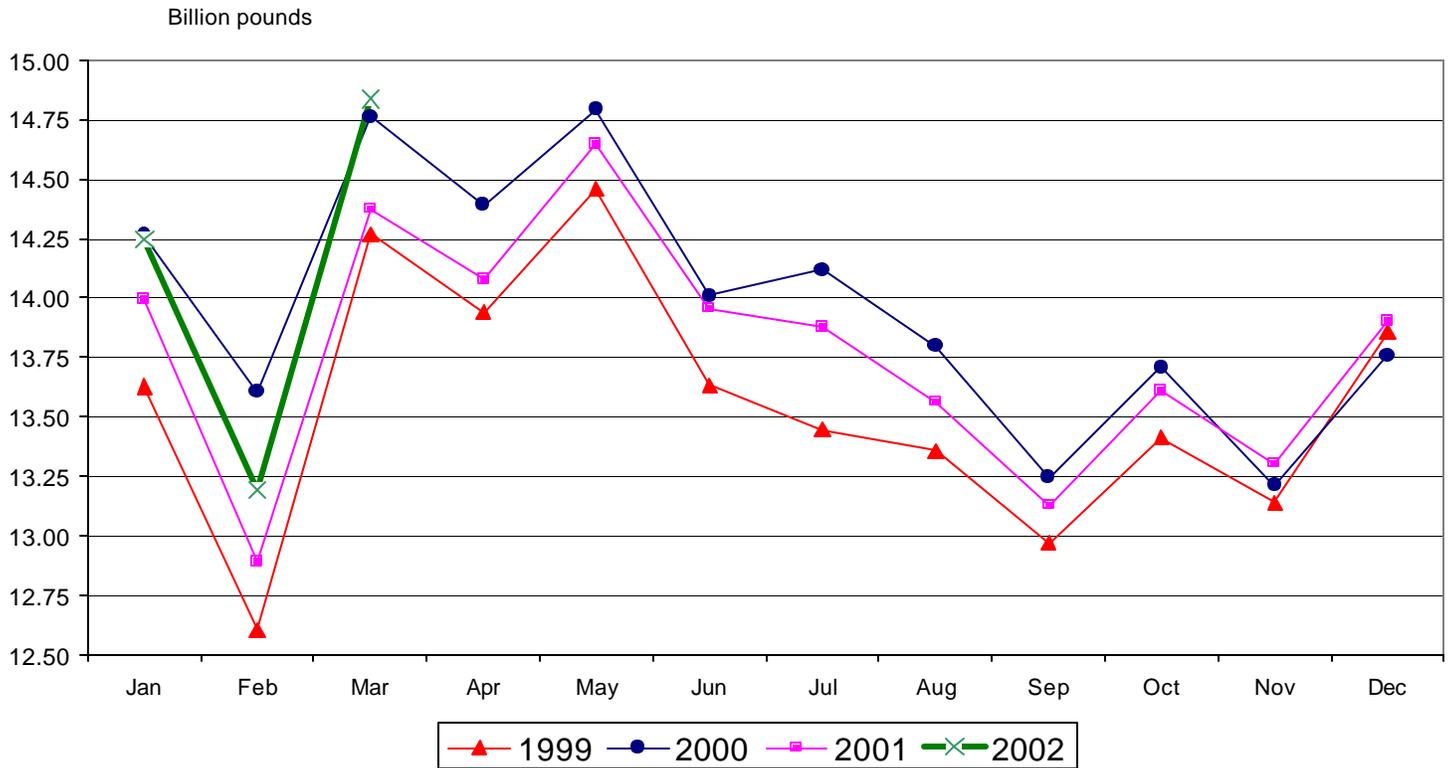
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MARCH 2002										
FEDERAL MILK ORDER MARKETING AREA <sup>1/</sup>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <sup>2/</sup>
		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	2,288.8	6.1	897.2	-5.9	39	17	32	12	13.05
Appalachian (Charlotte)	005	625.5	0.9	369.7	-3.2	59	14	9	18	13.60
Southeast (Atlanta)	007	761.0	7.3	403.6	-6.2	53	11	21	15	13.34
Florida (Tampa)	006	247.0	-6.0	218.2	-9.0	88	7	3	2	15.20
Mideast (Cleveland)	033 <sup>3/</sup>	1,575.9	17.8	550.4	-7.1	35	11	49	5	11.93
Upper Midwest (Chicago)	030 <sup>3/</sup>	1,827.6	5.9	346.3	-0.2	19	2	78	1	11.25
Central (Kansas City)	032 <sup>3/</sup>	1,559.3	1.0	411.5	-5.0	26	6	61	7	11.66
Southwest (Dallas)	126 <sup>3/</sup>	865.8	26.8	337.9	-2.7	39	9	36	16	12.77
Arizona-Las Vegas (Phoenix)	131	285.7	6.4	81.5	-4.5	28	4	39	29	11.91
Western (Salt Lake City)	135 <sup>3/</sup>	349.0	16.3	82.7	-7.3	24	8	64	4	11.56
Pacific Northwest (Seattle)	124 <sup>3/</sup>	663.2	22.6	177.1	-2.8	27	5	36	32	11.73
<b>ALL MARKET AVERAGE OR TOTAL</b>	<u>3/</u>	11,048.7	8.9	3,876.0	-5.0	35	10	45	10	12.32

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

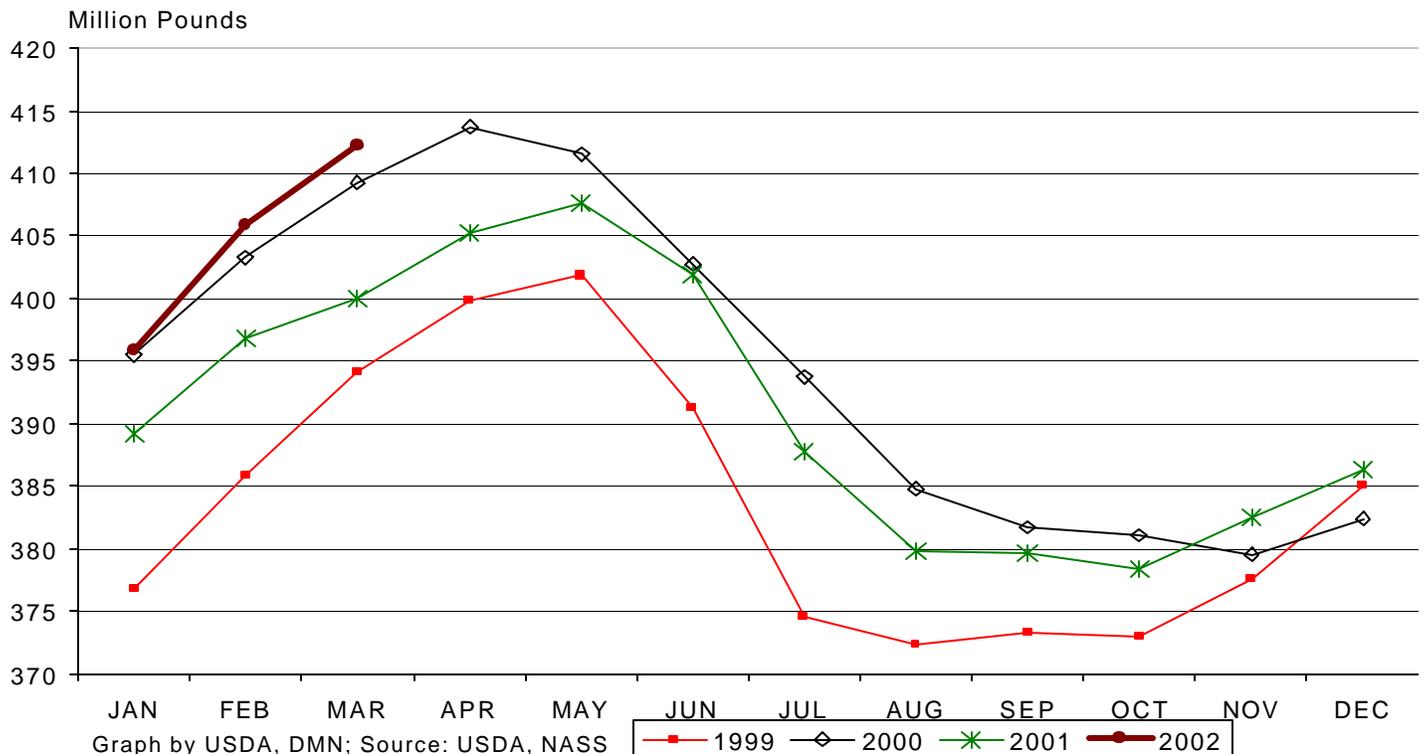
<sup>2/</sup> Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

<sup>3/</sup> 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 285 million pounds of milk that normally would have been associated with these markets. In March 2001, the estimated not-pooled volume of milk was 550 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +5.9.

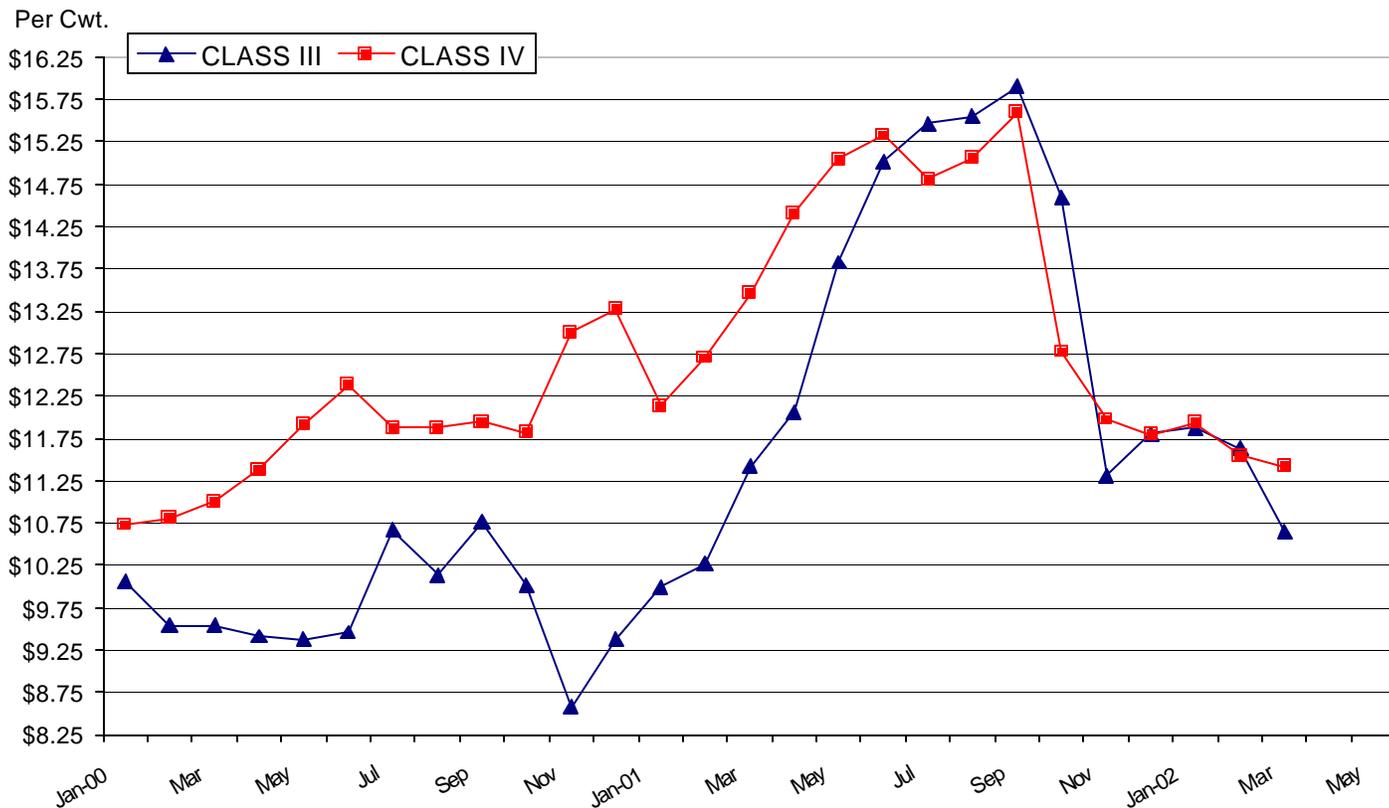
### Estimated U.S. Milk Production



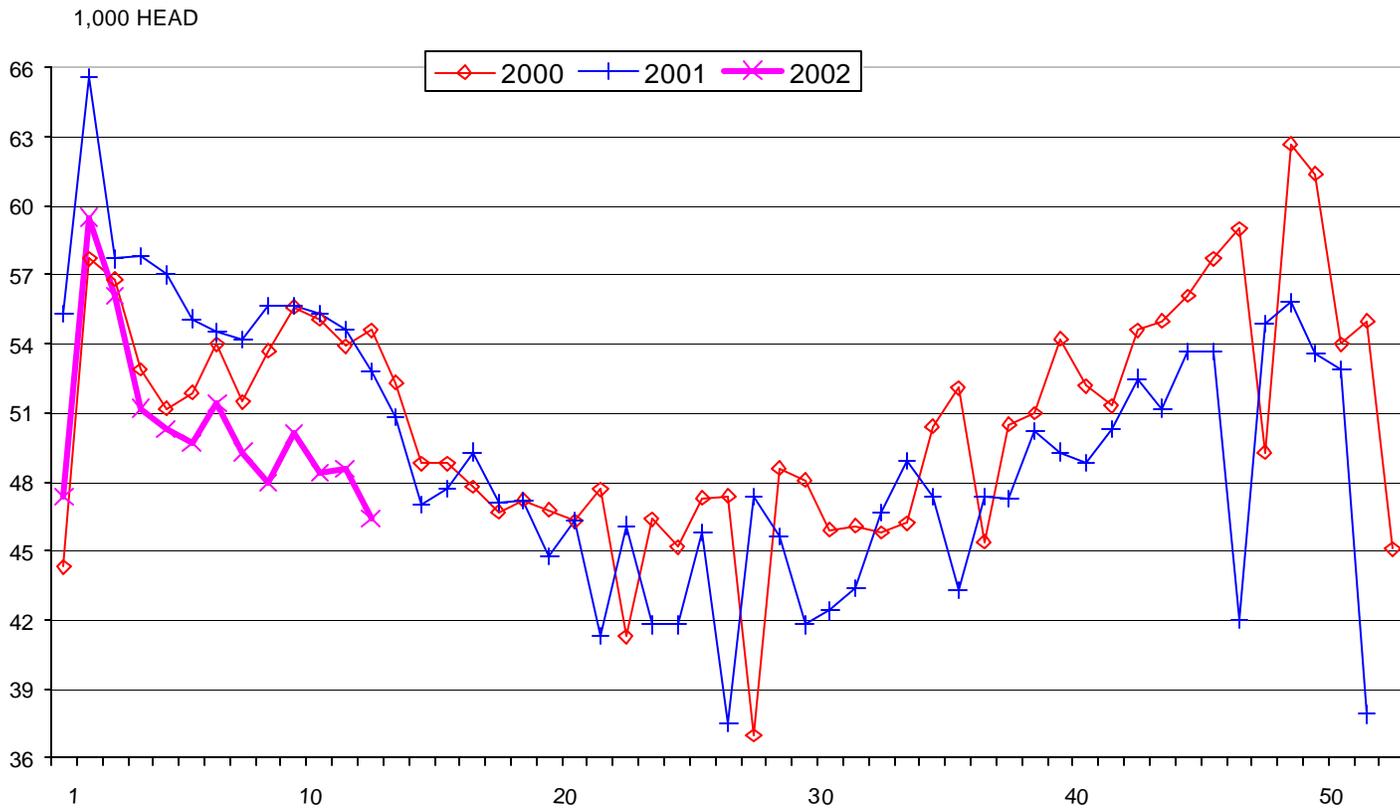
### Average Daily Milk Production 20 Major States



### 2000-2002 CLASS III AND IV MILK PRICES



### Weekly Dairy Cow Slaughter under Federal Inspection



Source: NASS, Graph DMN

**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF APRIL 15 - 19, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 04/12/02	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
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-	3,999,600	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	11,074,959	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	20,716,888	1,168,730	19,548,158	325,022,752	266,126,939	898,301,000	501,460,000
Fortified	-0-	-0-	-0-	-0-	26,867,069	46,391,000	37,339,000
<b>TOTAL</b>	20,716,888	1,168,730	19,548,158	325,022,752	292,994,008	944,692,000	538,799,000

# 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 APRIL 15 - 19, 2002 =	4.3	227.5	COMPARABLE PERIOD IN 2001 =	1.3	67.1
CUMULATIVE SINCE OCTOBER 1, 2001 =	71.5	3,783.3	CUMULATIVE SAME PERIOD LAST YEAR =	166.7	3,520.1
CUMULATIVE JANUARY 1 - APRIL 19, 2002 =	54.6	2,887.4	COMPARABLE CALENDAR YEAR 2001 =	50.1	2,037.5

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22  
 \*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

**CCC ADJUSTED PURCHASES FOR THE WEEK OF APRIL 15 - 19, 2002 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	627,400	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	17,407,963	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	1,512,795	-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-	5,995,440	11,698,786	3,105,246	3.6	33.6
WEST	-0-	-0-	-0-	5,039,919	296,011,334	289,888,762	91.1	66.2
EAST	-0-	-0-	-0-	39,600	17,312,632	-0-	5.3	0.2
<b>TOTAL</b>	-0-	-0-	-0-	11,074,959	325,022,752	292,994,008	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 03/30/02 & 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			
2002-Dairy	0.2	0.8	5.4	4.4	17.8	2.0	0.5	0.9	11.7	2.8	46.4	656.4	46.1	47.5
2001-Dairy	0.3	0.6	5.9	5.0	21.5	2.8	2.1	0.9	11.4	2.5	52.8	731.3	48.2	49.7
2002-All cows	0.2	0.9	7.5	13.0	26.6	13.5	15.5	3.4	14.1	6.1	100.7	1,381.4		
2001-All cows	0.3	0.7	7.9	15.0	30.5	12.2	19.5	4.8	13.3	5.6	109.6	1,471.3		

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 (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
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

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

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47								
II	12.69	12.28	12.19									
III	11.87	11.63	10.65									
IV	11.93	11.54	11.42									

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dyfmos/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm)