

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/17):**

**BUTTER:** Grade AA closed at \$1.1850. The weekly average for Grade AA is 1.1825 (-.0008).

**CHEESE:** Barrels closed at \$1.5600 and blocks at \$1.6000. The weekly average for barrels is \$1.5590 (+.0160) and blocks, \$1.6000 (N.C.).

**BUTTER:** Butter markets are mixed with the cash price fluctuating within a narrow range and closed the week at **\$1.1825**. Churning activity across the country is lighter, although in recent days, additional volumes of surplus cream are being reported, thus churning is heavier. Many butter operations are more than willing to take on additional cream offerings due to the fairly strong demand for fresh butter. In many instances, fresh butter supplies are not sufficient to fill order needs, thus inventoried stocks are being used. Final orders are being placed and shipments continue for the upcoming Thanksgiving holiday with many producers and handlers now centering their thoughts on year-end needs. On October 14, the Kansas City Commodity Office, under invitation 007C, announced the sale of 423,054 pounds of government owned bulk butter to the trade for \$1.1900 per pound.

**CHEESE:** The cheese market remains steady on blocks and unsettled to firm on barrels. Prices for process cheese declined during the week, but many producers anticipate the reverse will occur next week. Natural varieties and Swiss prices held steady. Stocks of cheese are reported to be little changed from recent weeks. Overall buying interest is fair at best, with many buyers hesitant to place large orders in anticipation of lower prices in the near future.

**FLUID MILK:** Milk production is steady in most parts of the country. Some increases are being seen in the Southeast and that region's need for milk did ease this week. Bottled milk production and demand are mixed. A strike affecting several large grocery chains with stores in many states, is having an impact on sales, shipping and production of bottled milk and other dairy products. The loss of sales in the stores that are being struck is often offset by improved sales at other stores. Surplus milk volume remain tight and manufacturing plants continue to operate on lighter than expected schedules. However, the Monday holiday did create a little more surplus milk. The fluid cream market is not as firm this week. Supplies have made a quick turn around and traders who were short loads last week have loads to move this week. Contacts feel that this may just be a slight lull before production of holiday items begin.

**DRY PRODUCTS:** The NDM market is generally steady. Production levels are light. Contacts across the country indicate that surplus milk

supplies are still tight. In the East and Central regions, current output is generally spoken for before it is made. Western producers continue to offer some powder to CCC. Demand for dry skim in 50# bags and, in a few cases, totes is good. The so-called cheese and/or pudding powder is clearing at or near current market prices. The dry buttermilk market is little changed. Some increased churning was noted this week, but dry buttermilk supplies remain tight. Demand is fair to good with little spot sales activity noted. The dry whey market remains firm. However, some resistance to higher premiums was noted. Producers in most regions of the country report little or no product on hand for spot sale. Traders, however, often have dry whey under contract or in inventory and are filling some spot needs. Production levels are light to moderate in all regions. The WPC market is firm and prices are higher. Producer stocks are tight and anticipated to remain so for some time.

**CCC:** During the period of October 13 - 17, CCC purchased 4,146,759 net pounds of nonfortified NDM from the West.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the base price for Class I milk for November 2003 is \$14.37, up 10 cents from October. This price is derived from the advanced Class III skim milk pricing factor of \$10.33 and the advanced butterfat pricing factor of \$1.2563 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 November is \$6.69 and the Class II nonfat solids price is \$0.7433 per pound. The following are the two-week product price averages: butter \$1.1619, nonfat dry milk \$0.8117, cheese \$1.5921, and dry whey \$0.1877.

**OCTOBER MILK SUPPLY AND DEMAND ESTIMATES (WAOB):** Dairy production and use forecasts for 2003/04 are changed fractionally from last month. Cheese prices have remained stronger than expected; thus, the Class III price forecast for 2003/04 is raised to \$10.75-11.55. The Class IV price forecast is unchanged at \$9.60-10.60. The all milk price is forecast to be \$11.95-\$12.75 in 2003/04.

**JULY MAILBOX MILK PRICES (DAIRY PROGRAMS):** In July 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.60, \$0.83 more than the figure for the previous month. The component tests of producer milk in July 2003 were: butterfat, 3.54%; protein, 2.92%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices increased in all reporting areas, and ranged from \$14.42 in Florida to \$10.56 in Northwest States. In July 2002, the Federal milk order all-area average mailbox price was \$10.95, \$0.65 lower.

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

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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<br>OCTOBER 13 | TUESDAY<br>OCTOBER 14 | WEDNESDAY<br>OCTOBER 15 | THURSDAY<br>OCTOBER 16 | FRIDAY<br>OCTOBER 17 | WEEKLY<br>CHANGE* | WEEKLY<br>AVERAGE#   |
|--------------------|----------------------|-----------------------|-------------------------|------------------------|----------------------|-------------------|----------------------|
| CHEESE<br>BARRELS  | \$1.5550<br>(+.0050) | \$1.5600<br>(+.0050)  | \$1.5600<br>(N.C.)      | \$1.5600<br>(N.C.)     | \$1.5600<br>(N.C.)   | (+.0100)          | \$1.5590<br>(+.0160) |
| 40# BLOCKS         | \$1.6000<br>(N.C.)   | \$1.6000<br>(N.C.)    | \$1.6000<br>(N.C.)      | \$1.6000<br>(N.C.)     | \$1.6000<br>(N.C.)   | (N.C.)            | \$1.6000<br>(N.C.)   |
| BUTTER<br>GRADE AA | \$1.1800<br>(-.0100) | ----                  | \$1.1825<br>(+.0025)    | ----                   | \$1.1850<br>(+.0025) | (-.0050)          | \$1.1825<br>(-.0008) |

\*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 \$8.400 and Grade A price is \$8.400. NDM information remains available at the above internet address.)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, OCTOBER 13, 2003

CHEESE -- SALES: 3 CARS 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5550; 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 8 CARS GRADE AA: 2 @ \$1.1825, 2 @ \$1.1875, 2 @ \$1.1825, 2 @ \$1.1800; BIDS UNFILLED: 8 CARS GRADE AA: 6 @ \$1.1800, 2 @ \$1.1700; OFFERS UNCOVERED: NONE

TUESDAY, OCTOBER 14, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5600; 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 15, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5600

BUTTER -- SALES: 34 CARS GRADE AA: 33 @ \$1.1825, 1 @ \$1.1800; BIDS UNFILLED: 13 CARS GRADE AA: 2 @ \$1.1825, 3 @ \$1.1800, 4 @ \$1.1775, 2 @ \$1.1750, 2 @ \$1.1700; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1850

THURSDAY, OCTOBER 16, 2003

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5600

FRIDAY, OCTOBER 17, 2003

CHEESE -- SALES: 5 CARS 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 5 CARS 40#BLOCKS @ \$1.6000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5600

BUTTER -- SALES: 18 CARS GRADE AA: 2 @ \$1.1825, 1 @ \$1.1800, 5 @ \$1.1825, 1 @ \$1.1850, 2 @ \$1.1825, 1 @ \$1.1850, 1 @ \$1.1825, 1 @ \$1.1850, 3 @ \$1.1825, 1 @ \$1.1850; BIDS UNFILLED: 10 CARS GRADE AA: 4 @ \$1.1825, 2 @ \$1.1725, 4 @ \$1.1700; OFFERS UNCOVERED: NONE

**BUTTER MARKETS**

**NORTHEAST**

The cash price at the CME was moved higher and lower during October, but is still trading in a narrow range. The market tone is mostly steady at seasonally firm levels. Production remains light and fresh butter is tight. However, there is ample frozen butter to meet needs and many packagers are microfixing. In the East, cream supplies had been a little more available, but are still considered tight by some contacts. Demand for packaged butter at retail remains fair, but high prices are not helping sales. Food service orders are about steady. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

**CENTRAL**

At mid week, the cash butter price at the CME is \$1.1825, \$0.1250 higher than the \$1.0575 at this time last year. During the most recent five trading sessions, the cash price has traded within a 2 cent range of \$1.1700 – 1.1900. During these five trading sessions, 94 cars of bulk butter have been sold. Churning activity at many Central butter operations has been lighter than desired, although in recent days, surplus cream has become more available and Midwestern butter producers are taking advantage of the additional offerings. In many instances, fresh butter supplies are lighter than producers need, thus inventoried stocks are being used to fill orders. Much of the upcoming "Thanksgiving" butter has been shipped or will be in the very near future, thus most butter producers are now working on December needs. Demand for butter during the yearend holiday period appears to be very strong. Feature activity and overall favorable prices at retail are two factors that

buyers are attributing to heavier orders for the balance of the year. Food service orders are also strong. Recent economic figures indicate that retail stores are experiencing stronger sales, thus many are hoping that this trend will continue into the holiday shopping period and thus restaurant and food outlets will realize heavier traffic. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

**WEST**

Butter prices continue to trade in a narrow range at the CME cash market. Seasonal demand is good with many firms placing orders to cover seasonal fall needs. Orders are coming in at levels that are above expectations for some sellers partially due to the historically reasonable base price recorded at the CME cash market. Some additional churning activity is taking place as more cream becomes available. Current butter supplies are not large enough to cover the current interest so stocks in storage continue to be drawn down. Trading activity on the cash CME market was very heavy with 52 cars of butter sold last week, mostly on bids. This volume represents about 2.2 million pounds of butter. The weekly draw down of CME warehouse stocks was 4.3 million pounds this past week. The amount of butter in storage is now at 130.3 million pounds. About 78 million pounds of butter have been removed from storage in the last thirteen weeks. Last year about 31 million pounds was removed over the same period. CCC sold back 423,000 pounds of butter to the trade at \$1.19 this past week. Current prices for bulk butter range from 1 cent under the market to 4 cents under the market based on the CME with various time frames and averages.

**NASS DAIRY PRODUCT PRICES**

U.S. AVERAGES AND TOTAL POUNDS

| WEEK ENDING | CHEESE              |                         | NDM                  | BUTTER              | DRY WHEY             |
|-------------|---------------------|-------------------------|----------------------|---------------------|----------------------|
|             | 40# BLOCKS          | BARRELS<br>38% MOISTURE |                      |                     |                      |
| OCTOBER 11  | 1,5811<br>7,023,883 | 1,5728<br>8,559,547     | 0,8154<br>18,090,955 | 1,1606<br>4,880,467 | 0,1891<br>11,929,010 |

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 unchanged on natural, Muenster, and Swiss; lower on process. The market tone is generally steady. Thru October 13, the CME cash trading level for barrels has, in half-cent increments, regained most of what it lost (3.5 cents) on October 3 and blocks are unchanged. July 31 was the last time that the trading level for 40# blocks changed. In the East, cheese output remains light to moderate due to tight milk supplies and producer planning. However, some holiday cheeses are beginning to be made at some plants. Cheese supplies range from light to ample depending on variety and age. Demand from retail and food service is little changed from past weeks.

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

|                             |   |               |
|-----------------------------|---|---------------|
| Cheddar 10# Prints          | : | 1.6650-2.1600 |
| Cheddar Single Daisies      | : | 1.6225-2.0875 |
| Cheddar 40# Block           | : | 1.7400-1.9875 |
| Process 5# Loaf             | : | 1.7525-1.9550 |
| Process 5# Sliced           | : | 1.7725-2.0225 |
| Muenster                    | : | 1.8375-2.0300 |
| Grade A Swiss Cuts 10 - 14# | : | 2.3500-2.5500 |

**MIDWEST**

Prices are unchanged to lower and the market tone is mostly steady. Cheese output in the Midwest is about steady, but surplus milk volumes have increased slightly in the past week or so. Demand for cheese is mixed. It is still quite good for natural items, but just fair for process. Supplies are little changed from past weeks. Barrels are fully adequate and blocks appear to be in balance. However, Swiss is long, particularly for under grades. Cheese buyers are trying to stay as current as they can and ordering as needed.

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

|   |   |               |
|---|---|---------------|
| Process American 5# Loaf                    | : | 1.7225-1.9100 |
| Brick And/Or Muenster 5#                    | : | 1.9900-2.2625 |
| Cheddar 40# Block                           | : | 1.8900-2.1150 |
| Monterey Jack 10#                           | : | 2.1150-2.2200 |
| Blue 5#                                     | : | 2.3550-2.6900 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.9050-2.2150 |
| Grade A Swiss Cuts 6 - 9#                   | : | 2.2500-2.6850 |

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

|          |        |   |         |
|----------|--------|---|---------|
|          | BUTTER | : | CHEESE  |
|          | :      | : | :       |
| 10/13/03 | 70,125 | : | 126,661 |
| 10/01/03 | 73,995 | : | 127,886 |
| CHANGE   | -3,870 | : | -1,225  |
| % CHANGE | -5     | : | -1      |

**WEST**

Process cheese prices declined while natural and Swiss held steady following trading at the cash CME market last week. Nineteen loads of block cheese sold on the market last week, a much heavier volume than noted recently. Current block cheese sales are about steady and buyers don't seem to be in any hurry to take possession of additional volumes of cheese. The general feel from contacts is that they are waiting for prices to weaken which is the normal occurrence for this time of year. The milk production report due out this week and the cold storage report next week may contain enough information to focus thoughts on the market for the next few weeks. Some cheese producers and NDM sellers are noting that more cheese swap powder is going into the cheese vats versus commercial powder. This continues to make sense because of the price relationship between powder and cheese. More processing solids are available and demand is slowing. Therefore, the gyrations on the barrel cheese market at the CME are not surprising to the trade. The Swiss market is unsettled due to heavier than expected production and stocks through the summer. A number of comments were heard this week related to the lack of a rebound in milk production and also tests on milk receipts are remaining near the seasonal low point.

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

|                           |   |               |
|---------------------------|---|---------------|
| Process 5# Loaf           | : | 1.6925-1.9525 |
| Cheddar 40# Block         | : | 1.7300-2.0800 |
| Cheddar 10# Cuts          | : | 1.9100-2.1300 |
| Monterey Jack 10#         | : | 1.9200-2.0800 |
| Grade A Swiss Cuts 6 - 9# | : | 2.2500-2.4600 |

**FOREIGN TYPE**

Prices are mostly unchanged, but a few adjustments were noted. The market tone is steady. Shopping habits are settling into normal patterns. However, the high retail prices are often a deterring factor in purchases. Supplies are about adequate to meet needs. Some importers are surrendering unused portions of their historical licenses to avoid penalties; while some others may be picking up these reallocated licenses if they have need for that particular cheese. The dollar remains weak compared to the Euro, which does impact cheese purchase decisions.

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

|                          |   |                               |
|--------------------------|---|-------------------------------|
|                          | : | NEW YORK                      |
| VARIETY                  | : | IMPORTED : DOMESTIC           |
| Roquefort                | : | TFEWR : -0-                   |
| Blue                     | : | 2.6400-3.7200 : 1.9600-3.4500 |
| Gorgonzola               | : | 3.6900-5.9400 : 2.4775-2.4900 |
| Parmesan (Italy)         | : | TFEWR : 3.3700-3.4600         |
| Romano (Italy)           | : | 2.1000-3.1500 : -0-           |
| Provolone (Italy)        | : | 3.4400-5.5000 : 1.9675-2.1950 |
| Romano (Cows Milk)       | : | -0- : 3.1575-5.3300           |
| Sardo Romano (Argentina) | : | 2.8500-3.2900 : -0-           |
| Reggianito (Argentina)   | : | 2.6900-3.2900 : -0-           |
| Jarlsberg-(Brand)        | : | 2.7500-3.7900 : -0-           |
| Swiss Cuts Switzerland   | : | -0- : 2.3500-2.5500           |
| Swiss Cuts Finnish       | : | 2.5900-2.8500 : -0-           |
| Swiss Cuts Austrian      | : | TFEWR : -0-                   |
| Edam                     | : | :                             |
| 2 Pound                  | : | TFEWR : -0-                   |
| 4 Pound                  | : | 2.1900-3.2500* : -0-          |
| Gouda, Large             | : | TFEWR : -0-                   |
| Gouda, Baby (\$/Dozen)   | : | :                             |
| 10 Ounce                 | : | 27.8000-31.7000 : -0-         |

\* = Price change.

FLUID MILK AND CREAM

EAST

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

|                  | THIS WEEK |     | LAST WEEK |     | LAST YEAR |     |
|------------------|-----------|-----|-----------|-----|-----------|-----|
|                  | IN        | OUT | IN        | OUT | IN        | OUT |
| FLORIDA          | 140       | 0   | 181       | 0   | 200       | 0   |
| SOUTHEAST STATES | 20        | 0   | 40        | 0   | 0         | 0   |

**EDITOR'S NOTE:** Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

Regional Milk Market Administrators announced the following, September 2003 uniform prices: Northeast \$15.01, Mideast \$13.93, Southeast \$15.65, Florida \$16.99, and Western New York (a state order) \$14.50 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 steady to slightly higher in the Southeast, mostly steady in the Northeast. Fluid milk supplies are not as tight as they have been and the volumes shipped into Florida decreased moderately. The milk that had been earmarked for Florida then became more surplus milk in the shipping regions. Bottled milk sales in all section of the region were reported as slower this week and more surplus milk was being sent to cheese and butter/powder plants. In some states, union workers are striking grocery chain stores. This is having a negative impact on bottled milk and other dairy product sales. The lost sales are being partially offset by improved sales at other retail outlets, but disruptions in logistics are occurring. Some balancing plant contacts reported more milk than they had seen for quite some time. The extra milk was easily handled, but volumes were up. The Monday holiday did have some impact on milk and cream usage. The condensed skim market is little changed. Demand for Class III is light due to price and most sales were for Class II accounts. The fluid cream market is dramatically weaker this week. Traders and producers report the cream supplies have turned from very tight early in the month to long this week. A combination of the end of the ice cream season, the holiday week, and the yet-to-start holiday items have pushed the market from firm to weak. Most contacts feel that this is just a lull in the market. Spot prices are mixed. The CME cash butter average did increase slightly last week, but multiples did move lower at the upper end of the range. Ice cream output is slowing seasonally and some plants were down for Monday's holiday. Cream cheese makers would like to take advantage of all the extra cream that is available, but many have more than enough cream under contract to keep them full. Churning activity is heavier at some plants as more excess cream is available. Some loads are being shipped to Upper Midwest butter makers.

MIDWEST

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

|  |   |                               |
|--|---|-------------------------------|
| F.O.B. PRODUCING PLANTS: NORTHEAST     | - | 1.6330-1.8223                 |
| DELIVERED EQUIVALENT ATLANTA           | - | 1.6448-1.8341 M 1.7039-1.7750 |
| F.O.B. PRODUCING PLANTS: UPPER MIDWEST | - | 1.5383-1.7158                 |

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

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

Milk production in the Central part of the country is reported to be holding fairly steady, with some handlers indicating slight increases in receipts. Warm days and cool nights, coupled with favorable feed supplies, are two factors milk handlers are attributing to stable to stronger production patterns. Class I demand is steady for this time of the month. Some schools were not in session early in the week for the Columbus Day holiday, but basically this holiday had little impact on bottling schedules and sales. This week, buyers looking for additional milk supplies were not as active in the market as in previous weeks. Overall manufacturing was reported as so-so or steady for mid month. For the week, spot manufacturing milk prices were generally lower, ranging from \$1.50 - 2.00 fob over class. Cream users are fairly active in securing additional

volumes of cream that are available. Ice cream production patterns are seasonally steady with some companies reducing their output due to the time of the year, while others will be maintaining steady production schedules through the end of the year. Cream supplies, available to Class IV operations, are reported to be heavier from both local and out of areas sources. In instances, some cream handlers are selling their supplies into Class II operations for higher multiples and purchasing outside cream at lower multiples delivered for their churning needs.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

|                           |                 |                 |
|---------------------------|-----------------|-----------------|
|                           | OCT 08 - 14     | PREVIOUS YEAR   |
| SLAUGHTER COWS            | \$ 46.50- 50.50 | \$ 32.00- 38.00 |
| REPLACEMENT HEIFER CALVES | \$350.00-500.00 | \$400.00-540.00 |

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

|                |                 |                 |
|----------------|-----------------|-----------------|
|                | OCT 08 - 14     | PREVIOUS YEAR   |
| SLAUGHTER COWS | \$ 50.00- 55.00 | \$ 35.00- 40.75 |

WEST

The November 2003 Class 1 prices in CALIFORNIA range from \$16.21 in the north to \$16.48 in the south. The statewide average Class 1 price based on production is \$16.26. The average is \$0.01 higher than October 2003 and \$3.01 above November 2002. There have been few changes in milk production in CALIFORNIA over the past week. Some handlers are surprised that cows are not responding better to the improved weather conditions in both volume and solids. Plants are generally running well across the state. Class 1 sales are being affected by the grocery clerk strike at several major grocery stores. While total volumes are down only slightly, bottlers supplying the "strike" chains have seen orders plummet, while orders for other chains, club stores and convenience stores have jumped. Sales of other dairy items are also being affected. There is some ripple effect with more milk entering balancing plants this week. There is ample plant capacity in the state for present milk supplies. ARIZONA milk production is noted to be fairly steady on a week to week basis. Weather patterns have been treating milk herds better. Processing plants are running on seasonally light schedules. Sales of bottled milk across the state remain good. There continues to be only slight changes in the cash CME butter price with the market closing at \$1.1825 on Wednesday, October 15. This is a decline of 0.75 cents from a week earlier. While butter prices are steady, cream prices are lower. Cream supplies are beginning to grow slightly and demand from some users has dropped seasonally. Additional volumes are ending up in churns which is helping butter makers meet holiday orders. Western cream multiples are lower within the range from 115 to 126, FOB, depending on class usage and basing point. Some welcome wet weather is common over much of the coastal areas of the PACIFIC NORTHWEST. The region needs to recharge water supplies after this past summer's drought. Many farmers are done with most fall harvesting issues, though some corn for silage remains in the fields. Return to the fields may be delayed as time is needed for wet fields to dry out again. Those producers that have not contracted some of their protein needs are becoming concerned as soybean meal prices rise sharply on news of a shorter crop. Milk producers are also dealing with available hay supplies that are of generally a lower quality than hoped for. Hay stocks will be sufficient overall to last through the winter season. Production of hay in the U.S. on October 1 is estimated to be 78.5 million tons, up 6.4% from a depleted 2002 level. Output for selected Western states is as follows: Arizona 1.96 million tons, +5.2%; California 7.63 million tons, -5.7%; Colorado 3.00 million tons, +32.6%; Idaho 4.80 million tons, -4.0%; New Mexico 1.33 million tons -9.0%; Oregon 2.12 million tons, +3.6%; Utah 2.18 million tons, +8.1%; and Washington 2.55 million tons, +4.0%. Production in these eight states is up 1.5% from 2002. Mild and dry weather is common over most of UTAH and IDAHO. Milk production is coming back very slowly and some improved tests are noted. Some manufacturing firms continue to buy outside milk supplies to bolster their own receipts as the cheese market remains firm. Demand for heifers in the region remains strong and prices are firm.

**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 remain unchanged on a steady market. NDM from the CCC NDM/cheese exchange is available at prices below and within the range for the fair demand. Manufacturer prices are generally unaffected by resale trades, especially because of the greater interest in 50# bags and totes which are short in supply. Spot interest for manufacturer supplies is noted by Class II and III users. Production of low heat is steady to higher as some locations increase their milk intakes in response to increased milk volumes and greater demand for totes. High heat production is steady for the contractual interest. Condensed skim demand is steady into Class II and light into Class III.

EAST: Eastern prices are unchanged. The market tone is firm. Production levels are limited by the continued tight milk supply and good demand for Class II condensed skim. The powder that is being made is clearing quickly to contract accounts. Some spot resales are being reported. The powder from government exchange programs continues to be talked about, but few real selling prices are being reported. Rumors tell of sales in the mid 70's and low 80's ranges, but that often depends on how many times a particular load gets traded. Most Eastern producers have little or no NDM on hand for spot sale.

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

**NONFAT DRY MILK - WEST**

Western low/medium heat NDM prices are unchanged. The market tone is best described as steady. Producers in the region are stating production levels are slow to rise seasonally. Sales of NDM into cheese plants have slowed from a few weeks ago. There are concerns on the cheese side about current price stability as year end needs are met. Tote sales to cheese producers have stopped in some cases. Current offerings are not always available from the plant and in the package sought, but other powder/packs are available. Sales of surplus and contracted NDM to the CCC continue on a weekly basis. During the period of October 1 - 10, CCC net purchases totaled 7.5 million pounds of NDM from the West. High heat prices in the West are fully steady. The market test is light with limited offers. Trade needs are being met with contracted loads.

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

**CALIFORNIA MANUFACTURING PLANTS - NDM**

| WEEK ENDING | PRICE   | TOTAL SALES | SALES TO CCC |
|-------------|---------|-------------|--------------|
| October 10  | \$.8070 | 10,863,718  | 1,454,271    |
| October 3   | \$.8048 | 11,045,401  | 1,741,806    |

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 remain unchanged and nominal on a steady market. Supplies are tight. Spot trade is generally occurring on an LTL basis. Producers are meeting their contractual commitments without delay. Cream movement into churns remains light with condensed buttermilk clearing into ice cream plants at steady to lower levels. Producers do not anticipate significant supply increases in dry buttermilk until mid to late November. Inquiries are noted by some baking and blending operations.

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

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady and the Eastern prices remain nominal. The market tone is firm. Churning activity is picking up this week as cream supplies have gone from tight to long in a brief, seven to ten day span. Butter makers are easily clearing their buttermilk as a liquid. Albeit slight, some drying is taking place. Producer stocks are tight. Spot market activity remains light.

F.O.B. NORTHEAST: .8000 - .8200  
 DELVDSOUTHEAST: .8400 - .8700

**DRY BUTTERMILK - WEST**

Western buttermilk prices continue to trend slightly higher in generally light spot trading. Demand is limited and often subdued because of the lack of available powder on the market. Contacts are commenting that several seasonal accounts have decreased demand. Some producers are making a push to catch up on past contracts. Butter production is increasing to meet seasonal orders and to process additional cream. This is resulting in more buttermilk being dried. Stocks at the plant level are often committed and rated as light.

F.O.B. WEST: .8300 - .8800 MOSTLY: .8400 - .8600

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to higher and nominal. The market tone is steady. Production levels are light and generally geared toward meeting contract shipments. Spot interest is light and generally for LTL volumes. Demand ranges from fair to improved, seasonally. Imported powder continues to be available at competitive prices.

F.O.B. PRODUCING PLANT: 1.0650 - 1.2000

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2003 TO DATE  
 WITH CHANGES FROM PREVIOUS REPORT

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

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

**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 unchanged to higher on a mostly steady market. Some resistance is noted on premium prices. Trade activity is light to fair with Grade A product clearing the best. Production is generally steady. Some plants have a few loads to clear yet inventories are reported as mostly in balance. Aged supplies are available and trading at prices near the average. Some negotiations on 2004 whey contracts are finalized. Inquiries are noted from domestic and export markets for edible and feed interests.

F.O.B. CENTRAL: .1925 - .2050 MOSTLY: .1925 - .1975

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices range from steady to higher. The Eastern prices are nominal as few spot, producer trades are being reported. The market tone remains firm. However, following last week's no change in the Central region prices, some contacts are waiting to see what happens this week before making additional purchases and/or sales. Eastern producers continue to report little or no product for immediate, spot shipment. Production levels remain light. Most Eastern producers are having some difficulty meeting shipping dates and are not taking any new accounts. Regular customer orders are often being taken, but delivery is several weeks out. Traders are not always getting their contract loads on time and many can not find spot loads from producers. Some "swapping" of producer-specific product between traders is being noted. Reports from other regions indicate that whey powder is in better supply. At the plant level, premiums remain fairly level with past weeks'. Resale premiums are occasionally higher. Demand is good and some traders report "decent" movement from their inventories.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1975 - .2150  
DELVD SOUTHEAST: .2175 - .2325

**DRY WHEY - WEST**

Prices range from steady to fractionally higher for Western whey powder. There remains a firm undertone to the market. Stocks at the producer level remain in close balance to trade needs. Domestic sales activity is rated as good for this time of the year. Export sales activity is somewhat mixed, but new orders are being placed on a regular basis. European stocks of powder are declining and prices are firming, partially as a result of the past summer drought situation. The milk production season in Oceania is just beginning and output levels look good so far. Western whey production is not increasing as fast as some plants had expected. Tests and milk output are slow to recover from the summer drought stress.

NONHYGROSCOPIC: .1700 - .2125 MOSTLY: .1875 - .2000

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a steady to firm market. Trading activity is light. Due to the limited availability of milk replacer whey, some feed buyers are diverting their interest to the Extra Grade market. Veal and early weaned pig prices are generally trending lower.

F.O.B. CENTRAL:  
MILK REPLACER: .1800 - .1875

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher on a firm market. Although a few plants have diverted their operations from WPC 80% to WPC 34%, supplies of WPC 34% continue to be tight. Some plants do not anticipate having any spot load availability for at least a month. WPC 34% demand is good into domestic and export edible markets. Some feed interest is also noted for those buyers that are averse to using WPC 80% that is reportedly available at competitive prices. Off grade supplies of WPC 34% are limited for the fair feed demand interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .5100 - .5650 MOSTLY: .5175 - .5275

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to higher on a firm market. Fourth quarter negotiations have generally ceased with all contracts finalized at higher prices compared to third quarter. Some buyers continue to request negotiations for 2004. Producers are generally reluctant to commence negotiations as supplies remain tight, especially on the higher mesh sizes. Inquiries are noted by confectionary, candy and infant formula companies. Production is unchanged to lower as some plants opt to produce WPC 34% instead of WPC 80%, resulting in lower levels of permeate for manufacture of dry permeate or lactose. Off grade supplies are limited for the fair feed demand.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
F.O.B. EDIBLE: .1950 - .2650 MOSTLY: .2050 - .2200

**CASEIN - NATIONAL**

Casein markets and prices remain firm. Stocks of casein are reported to be adequate for contracted needs, although limited for spot or additional buyer needs. Some buyers are already looking to second quarter 2004 needs and questioning suppliers about price and availability at that time. In most instances, suppliers are not committing that far into the future. Late last week, USDA/CCC announced that under invitation 010, one bid was accepted for the sale of 1,100,058 pounds of government owned skim milk powder for the production of casein/caseinates at \$.22 per pound. This brings the total powder sold back to the industry for this purpose to nearly 6.5 million pounds since June 2002.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.0500 - 2.1500  
ACID: 2.0000 - 2.1500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels remain light as surplus milk supplies continue to be tight in all regions of the country. Demand is unchanged, but more retailers are starting to put up their seasonal baking displays and promotions. Most chain store buyers have their Thanksgiving needs "in house," but some continue to pull loads from producers. The strike against several large grocery chains is having some impact on sales. Producer stocks are adequate to meet current demand.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 30.00  
Excluding promotional and other sales allowances. Included new price announcements.

OCTOBER MILK SUPPLY AND DEMAND ESTIMATES\*

Dairy production and use forecasts for 2003/04 are changed fractionally from last month. Cheese prices have remained stronger than expected; thus, the Class III price forecast for 2003/04 is raised. The Class IV price forecast is unchanged. The all milk price is forecast to be \$11.95-\$12.75 in 2003/04.

| Item                                  | 2001/02<br><u>1/</u> | 2002/03 Projection <u>1/</u> |             | 2003/04 Projection <u>1/</u> |                         |             |
|---------------------------------------|----------------------|------------------------------|-------------|------------------------------|-------------------------|-------------|
|                                       |                      | September                    | October     | September                    | October                 |             |
| <b>BILLION POUNDS</b>                 |                      |                              |             |                              |                         |             |
| <b>SUPPLY</b>                         |                      |                              |             |                              |                         |             |
| BEGINNING COMMERCIAL STOCKS <u>2/</u> | 8.8                  | 11.2                         | 11.2        | 11.5                         | 11.5                    |             |
| PRODUCTION                            | 169.2                | 170.1                        | 170.0       | 172.0                        | 171.9                   |             |
| FARM USE                              | 1.2                  | 1.1                          | 1.1         | 1.0                          | 1.0                     |             |
| MARKETINGS                            | 168.0                | 169.0                        | 169.0       | 171.0                        | 170.9                   |             |
| IMPORTS <u>2/</u>                     | 5.2                  | 5.1                          | 5.1         | 5.1                          | 5.1                     |             |
| TOTAL COMMERCIAL SUPPLY <u>2/</u>     | 182.0                | 185.3                        | 185.3       | 187.5                        | 187.5                   |             |
| <b>USE</b>                            |                      |                              |             |                              |                         |             |
| COMMERCIAL USE <u>2/ 3/</u>           | 170.5                | 172.7                        | 172.6       | 177.1                        | 177.1                   |             |
| ENDING COMMERCIAL STOCKS <u>2/</u>    | 11.2                 | 11.5                         | 11.5        | 9.7                          | 9.7                     |             |
| CCC NET REMOVALS:                     |                      |                              |             |                              |                         |             |
| MILKFAT BASIS <u>4/</u>               | 0.3                  | 1.1                          | 1.2         | 0.7                          | 0.7                     |             |
| SKIM SOLIDS BASIS <u>4/</u>           | 9.6                  | 8.4                          | 8.6         | 6.4                          | 6.1                     |             |
| <b>DOLLARS PER CWT.</b>               |                      |                              |             |                              |                         |             |
| <b>MILK PRICES <u>5/</u></b>          |                      |                              |             |                              |                         |             |
| CLASS III <u>6/</u>                   | 11.03                | 10.55-10.65                  | 10.63       | 10.30-11.10                  | 10.75-11.55             |             |
| CLASS IV <u>6/</u>                    | 11.22                | 9.95-10.15                   | 10.05       | 9.60-10.60                   | 9.60-10.60              |             |
| ALL MILK <u>7/</u>                    | 12.74                | 11.80-11.90                  | 11.87       | 11.65-12.45                  | 11.95-12.75             |             |
| <b>MILLION POUNDS</b>                 |                      |                              |             |                              |                         |             |
| CCC PRODUCT NET REMOVALS <u>4/</u>    |                      |                              |             |                              |                         |             |
| BUTTER                                | 0                    | 25                           | 29          | 20                           | 20                      |             |
| CHEESE                                | 9                    | 47                           | 47          | 15                           | 15                      |             |
| NONFAT DRY MILK                       | 817                  | 680                          | 697         | 535                          | 515                     |             |
| DRY WHOLE MILK                        | 0                    | 0                            | 0           | 0                            | 0                       |             |
|                                       |                      | <b>QUARTERLY <u>8/</u></b>   |             |                              | <b>ANNUAL <u>8/</u></b> |             |
|                                       |                      | 2003 IV                      | 2004 I      | 2004 II                      | 2003                    | 2004        |
| <b>MILK PRODUCTION</b>                |                      |                              |             |                              |                         |             |
|                                       |                      | 41.8                         | 43.6        | 44.4                         | 170.3                   | 172.3       |
| <b>DOLLARS PER CWT.</b>               |                      |                              |             |                              |                         |             |
| ALL MILK PRICE <u>5/ 7/</u>           |                      | 14.15-14.55                  | 11.75-12.45 | 10.75-11.75                  | 12.40-12.50             | 11.55-12.45 |
| CLASS III PRICE <u>5/ 6/</u>          |                      | 12.75-13.15                  | 10.10-10.80 | 9.80-10.80                   | 11.30-11.40             | 10.30-11.20 |
| CLASS IV PRICE <u>5/ 6/</u>           |                      | 9.90-10.40                   | 9.60-10.40  | 9.35-10.55                   | 9.85-10.05              | 9.70-10.80  |

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

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

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-403, World Agricultural Outlook Board, USDA, October 10, 2003.

**TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION, UNITED STATES, 2001 TO 2003  
(THOUSAND HEAD)**

| 2001        |          |            | 2002        |          |            | 2003        |          |            |
|-------------|----------|------------|-------------|----------|------------|-------------|----------|------------|
| Week Ending | All Cows | Dairy Cows | Week Ending | All Cows | Dairy Cows | Week Ending | All Cows | Dairy Cows |
| Jan 6       | 108.1    | 55.3       | Jan 5       | 101.2    | 47.4       | Jan 4       | 97.6     | 48.1       |
| 13          | 134.0    | 65.6       | 12          | 129.3    | 59.5       | 11          | 131.5    | 63.7       |
| 20          | 117.2    | 57.7       | 19          | 120.6    | 56.1       | 18          | 130.7    | 63.8       |
| 27          | 115.4    | 57.8       | 26          | 107.3    | 51.2       | 25          | 119.7    | 59.3       |
| Feb 3       | 112.5    | 57.0       | Feb 2       | 103.0    | 50.4       | Feb 1       | 114.3    | 55.0       |
| 10          | 110.1    | 55.1       | 9           | 102.3    | 49.7       | 8           | 116.4    | 55.9       |
| 17          | 110.7    | 54.5       | 16          | 104.9    | 51.4       | 15          | 112.8    | 57.8       |
| 24          | 111.4    | 54.2       | 23          | 104.8    | 49.3       | 22          | 109.6    | 53.5       |
| Mar 3       | 110.3    | 55.7       | Mar 2       | 97.2     | 48.0       | Mar 1       | 108.7    | 56.9       |
| 10          | 111.5    | 55.7       | 9           | 98.1     | 49.7       | 8           | 117.4    | 59.9       |
| 17          | 110.8    | 55.3       | 16          | 107.5    | 48.4       | 15          | 121.3    | 61.1       |
| 24          | 109.7    | 54.6       | 23          | 104.2    | 48.6       | 22          | 121.9    | 62.9       |
| 31          | 109.6    | 52.8       | 30          | 100.7    | 46.4       | 29          | 108.6    | 54.1       |
| Apr 7       | 102.2    | 50.8       | Apr 6       | 99.2     | 47.8       | Apr 5       | 111.4    | 56.4       |
| 14          | 94.9     | 47.0       | 13          | 104.6    | 48.0       | 12          | 109.1    | 53.8       |
| 21          | 102.6    | 47.7       | 20          | 103.7    | 48.1       | 19          | 113.1    | 54.0       |
| 28          | 110.7    | 49.3       | 27          | 101.7    | 46.1       | 26          | 112.3    | 53.8       |
| May 5       | 107.9    | 47.1       | May 4       | 98.4     | 46.3       | May 3       | 111.9    | 53.4       |
| 12          | 106.5    | 47.2       | 11          | 98.9     | 44.4       | 10          | 112.8    | 52.7       |
| 19          | 105.8    | 44.8       | 18          | 103.9    | 44.4       | 17          | 112.3    | 51.7       |
| 26          | 109.6    | 46.3       | 25          | 108.7    | 47.2       | 24          | 112.6    | 50.3       |
| Jun 2       | 95.1     | 41.3       | Jun 1       | 91.6     | 39.2       | 31          | 101.5    | 44.1       |
| 9           | 107.1    | 46.1       | 8           | 108.1    | 46.1       | Jun 7       | 123.0    | 54.5       |
| 16          | 97.4     | 41.7       | 15          | 104.4    | 46.2       | 14          | 112.4    | 50.8       |
| 23          | 99.0     | 41.8       | 22          | 109.7    | 46.6       | 21          | 105.1    | 47.0       |
| 30          | 109.7    | 45.8       | 29          | 110.6    | 48.1       | 28          | 103.7    | 46.7       |
| Jul 7       | 88.6     | 37.5       | Jul 6       | 87.9     | 39.1       | Jul 5       | 87.2     | 41.3       |
| 14          | 104.1    | 47.4       | 13          | 107.5    | 49.7       | 12          | 110.1    | 52.3       |
| 21          | 105.6    | 45.6       | 20          | 109.2    | 49.6       | 19          | 111.3    | 49.9       |
| 28          | 100.3    | 41.8       | 27          | 105.7    | 47.6       | 26          | 109.4    | 50.5       |
| Aug 4       | 101.2    | 42.4       | Aug 3       | 105.7    | 48.4       | Aug 2       | 109.6    | 50.9       |
| 11          | 98.2     | 43.4       | 10          | 101.8    | 46.9       | 9           | 112.5    | 52.7       |
| 18          | 106.4    | 46.7       | 17          | 106.4    | 48.7       | 16          | 118.7    | 53.5       |
| 25          | 110.6    | 48.9       | 24          | 110.6    | 50.2       | 23          | 119.3    | 52.5       |
| Sep 1       | 107.4    | 47.4       | 31          | 113.8    | 53.9       | 30          | 114.5    | 53.3       |
| 8           | 91.5     | 43.3       | Sep 7       | 99.8     | 47.8       | Sep 6       | 100.4    | 49.9       |
| 15          | 105.4    | 47.4       | 14          | 110.3    | 51.8       | 13          | 117.6    | 55.8       |
| 22          | 108.0    | 47.3       | 21          | 112.2    | 53.7       | 20          | 121.1    | 58.6       |
| 29          | 112.4    | 50.3       | 28          | 115.1    | 54.6       | 27          | 124.5    | 61.9       |
| Oct 6       | 111.7    | 49.3       | Oct 5       | 114.6    | 52.5       | Oct 4       |          |            |
| 13          | 112.1    | 48.8       | 12          | 115.3    | 53.3       | 11          |          |            |
| 20          | 116.8    | 50.3       | 19          | 116.7    | 51.8       | 18          |          |            |
| 27          | 125.7    | 52.5       | 26          | 123.3    | 54.1       | 25          |          |            |
| Nov 3       | 125.3    | 51.2       | Nov 2       | 125.7    | 56.2       | Nov 1       |          |            |
| 10          | 126.5    | 53.7       | 9           | 121.7    | 57.1       | 8           |          |            |
| 17          | 124.3    | 53.7       | 16          | 124.2    | 55.7       | 15          |          |            |
| 24          | 96.9     | 42.0       | 23          | 124.9    | 55.5       | 22          |          |            |
| Dec 1       | 120.0    | 54.9       | 30          | 101.1    | 46.4       | 29          |          |            |
| 8           | 122.9    | 55.8       | Dec 7       | 122.2    | 58.3       | Dec 6       |          |            |
| 15          | 116.3    | 53.6       | 14          | 124.4    | 58.4       | 13          |          |            |
| 22          | 116.7    | 52.9       | 21          | 119.8    | 58.0       | 20          |          |            |
| 29          | 82.0     | 37.9       | 28          | 83.7     | 38.9       | 27          |          |            |

**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.

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

In July 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$11.60 per cwt., \$0.83 more than the figure for the previous month. The component tests of producer milk in July 2003 were: butterfat, 3.54%; protein, 2.92%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices increased in all reporting areas, and ranged from \$14.42 in Florida to \$10.56 in Northwest States. In July 2002, the Federal milk order all-area average mailbox price was \$10.95, \$0.65 lower.

| Reporting Area                    | Mailbox Milk Price <u>2/</u> |              |              |
|-----------------------------------|------------------------------|--------------|--------------|
|                                   | July<br>2002                 | June<br>2003 | July<br>2003 |
|                                   | Dollars per hundredweight    |              |              |
| Northeast Federal Milk Order      | 11.14                        | 11.07        | 11.63        |
| Appalachian States <u>3/</u>      | 12.18                        | 11.33        | 11.90        |
| Southeast States <u>4/</u>        | 12.98                        | 11.86        | 12.72        |
| Southern Missouri <u>5/</u>       | 11.61                        | 10.82        | 11.30        |
| Florida                           | 15.28                        | 13.31        | 14.42        |
| Ohio                              | 10.63                        | 10.76        | 11.47        |
| Michigan                          | 10.48                        | 10.54        | 11.28        |
| Wisconsin                         | 10.61                        | 10.90        | 12.26        |
| Minnesota                         | 10.49                        | 10.89        | 12.51        |
| Iowa                              | 10.47                        | 10.66        | 11.98        |
| Illinois                          | 10.83                        | 10.82        | 11.54        |
| Corn Belt States <u>6/</u>        | 10.55*                       | 10.53        | 11.22        |
| Western Texas <u>7/</u>           | 11.11                        | 10.45        | 11.48        |
| New Mexico                        | 10.21                        | 9.52         | 10.57        |
| Idaho                             | 9.87                         | 9.96*        | 11.43        |
| Utah                              | 9.48                         | 9.55         | 10.63        |
| Northwest States <u>8/</u>        | 10.78                        | 10.28        | 10.56        |
| All Federal Order Areas <u>9/</u> | 10.95                        | 10.77        | 11.60        |
| California <u>10/</u>             | 10.11                        | 10.13        | NA           |

\*= Revised.

NA= Not available.

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

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

|                        | FOR THE PERIOD OF OCTOBER 13 - 17, 2003 |                      |                    | CUMULATIVE TOTALS |                       | UNCOMMITTED INVENTORIES |                       |
|------------------------|---|----------------------|--------------------|-------------------|-----------------------|-------------------------|-----------------------|
|                        | TOTAL PURCHASES                         | CONTRACT ADJUSTMENTS | ADJUSTED PURCHASES | SINCE 10/01/03    | SAME PERIOD LAST YEAR | WEEK ENDING 10/07/03    | SAME PERIOD LAST YEAR |
| <b>BUTTER</b>          |   |                      |                    |                   |                       |                         |                       |
| Bulk                   | -0-                                     | -0-                  | -0-                | -0-               | -0-                   | -0-                     | -0-                   |
| Packaged               | -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-               | -0-                   | -0-                     | -0-                   |
| Barrel                 | -0-                                     | -0-                  | -0-                | -0-               | -0-                   | -0-                     | -0-                   |
| Process                | -0-                                     | -0-                  | -0-                | -0-               | -0-                   | -0-                     | -0-                   |
| <b>TOTAL</b>           | -0-                                     | -0-                  | -0-                | -0-               | -0-                   | -0-                     | -0-                   |
| <b>NONFAT DRY MILK</b> |   |                      |                    |                   |                       |                         |                       |
| Nonfortified           | 4,999,176                               | 852,417              | 4,146,759          | 11,755,214        | 20,486,002            | 1,133,688,000           | 1,137,820,000         |
| Fortified              | -0-                                     | -0-                  | -0-                | -119,048          | -0-                   | 46,391,000              | 46,391,000            |
| <b>TOTAL</b>           | 4,999,176                               | 852,417              | 4,146,759          | 11,636,166        | 20,486,002            | 1,180,079,000           | 1,184,211,000         |

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

|   | MILKFAT* BASIS | SKIM** SOLIDS |                                    | MILKFAT* BASIS | SKIM** SOLIDS |
|---|----------------|---------------|------------------------------------|----------------|---------------|
| PERIOD OF OCTOBER 13 - 17, 2003 =         | 0.9            | 48.3          | COMPARABLE PERIOD IN 2002 =        | 1.8            | 93.7          |
| CUMULATIVE SINCE OCTOBER 1, 2003 =        | 2.6            | 135.4         | CUMULATIVE SAME PERIOD LAST YEAR = | 4.5            | 238.5         |
| CUMULATIVE JANUARY 1 - OCTOBER 17, 2003 = | 695.4          | 6,587.5       | COMPARABLE CALENDAR YEAR 2002 =    | 199.2          | 7,018.2       |

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

**CCC ADJUSTED PURCHASES FOR THE PERIOD OF OCTOBER 13 - 17, 2003 (POUNDS)**

| REGION  | BUTTER |          |          | CHEESE |        |         | NONFAT DRY MILK |           |
|---------|--------|----------|----------|--------|--------|---------|-----------------|-----------|
|         | BULK   | PACKAGED | UNSALTED | BLOCK  | BARREL | PROCESS | NONFORTIFIED    | FORTIFIED |
| CENTRAL | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | -0-             | -0-       |
| WEST    | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | 4,146,759       | -0-       |
| EAST    | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | -0-             | -0-       |

**CCC ADJUSTED PURCHASES SINCE 10/1/03 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL**

| REGION       | BUTTER  |         | CHEESE  |         | NONFAT DRY MILK |            | MILK EQUIVALENT (%) |         |
|--------------|---------|---------|---------|---------|-----------------|------------|---------------------|---------|
|              | 2003/04 | 2002/03 | 2003/04 | 2002/03 | 2003/04         | 2002/03    | 2003/04             | 2002/03 |
| CENTRAL      | -0-     | -0-     | -0-     | -0-     | -0-             | -0-        | -0-                 | -0-     |
| WEST         | -0-     | -0-     | -0-     | -0-     | 11,636,166      | 20,486,002 | 100.0               | 100.0   |
| EAST         | -0-     | -0-     | -0-     | -0-     | -0-             | -0-        | -0-                 | -0-     |
| <b>TOTAL</b> | -0-     | -0-     | -0-     | -0-     | 11,636,166      | 20,486,002 | 100.0               | 100.0   |

**SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002**

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

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

**U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 09/27/03 & Comparable Week 2002**

| Regions* (000 HEAD) | U.S. TOTAL |     |      |      |      |      |      |     |      |     | % DAIRY OF ALL   |                  |      |      |
|---------------------|------------|-----|------|------|------|------|------|-----|------|-----|------------------|------------------|------|------|
|                     | 1          | 2   | 3    | 4    | 5    | 6    | 7    | 8   | 9    | 10  | WEEK SINCE JAN 1 | WEEK SINCE JAN 1 |      |      |
| 2003-Dairy          | 0.2        | 0.8 | 8.7  | 5.2  | 23.3 | 2.8  | 0.6  | 1.4 | 15.8 | 3.3 | 61.9             | 2,104.3          | 49.7 | 47.7 |
| 2002-Dairy          | 0.2        | 0.8 | 7.1  | 5.1  | 20.9 | 2.8  | 0.7  | 0.8 | 13.6 | 2.5 | 54.6             | 1,896.5          | 47.4 | 46.1 |
| 2003-All cows       | 0.2        | 1.0 | 11.4 | 12.8 | 34.7 | 18.6 | 17.8 | 3.2 | 17.9 | 6.9 | 124.5            | 4,407.9          |      |      |
| 2002-All cows       | 0.2        | 1.0 | 9.6  | 12.9 | 31.4 | 16.2 | 15.8 | 3.7 | 16.4 | 7.7 | 115.1            | 4,110.6          |      |      |

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

**CLASS III MILK PRICES, (3.5% BF)**

| YEAR | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2000 | 10.05 | 9.54  | 9.54  | 9.41  | 9.37  | 9.46  | 10.66 | 10.13 | 10.76 | 10.02 | 8.57  | 9.37  |
| 2001 | 9.99  | 10.27 | 11.42 | 12.06 | 13.83 | 15.02 | 15.46 | 15.55 | 15.90 | 14.60 | 11.31 | 11.80 |
| 2002 | 11.87 | 11.63 | 10.65 | 10.85 | 10.82 | 10.09 | 9.33  | 9.54  | 9.92  | 10.72 | 9.84  | 9.74  |

**FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)**

| CLASS | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| I 1/  | 10.56 | 10.23 | 9.81  | 9.64  | 9.71  | 9.74  | 9.77  | 10.97 | 13.71 | 14.27 | 14.37 |     |
| II    | 11.29 | 10.66 | 10.54 | 10.44 | 10.43 | 10.46 | 10.63 | 10.81 | 10.76 |       |       |     |
| III   | 9.78  | 9.66  | 9.11  | 9.41  | 9.71  | 9.75  | 11.78 | 13.80 | 14.30 |       |       |     |
| IV    | 10.07 | 9.81  | 9.79  | 9.73  | 9.74  | 9.76  | 9.95  | 10.14 | 10.05 |       |       |     |

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