

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/24):**

**BUTTER:** Grade AA closed at \$1.1875. The weekly average for Grade AA is 1.1867 (+.0042).

**CHEESE:** Barrels closed at \$1.5350 and blocks at \$1.6000. The weekly average for barrels is \$1.5500 (-.0090) and blocks, \$1.6000 (N.C.).

**BUTTER:** Butter markets are mixed with the CME cash market at mid week recording its largest one day increase in over a month. Sales activity at the exchange remains heavy. During the current week, 108 cars of butter have been sold. Churning activity across the country varies, depending on milk and cream availability. Many butter producers indicated that cream supplies were more available last week than the current week, thus churning activity is lighter. Fresh butter stocks remain lighter than current demand requires, thus inventoried stocks continue to be used to fill orders. Retail and food service outlets continue to prepare for the upcoming holiday season by placing good orders. Retail buyers are indicating that holiday promotional activity will again occur in many markets during the Thanksgiving and Christmas/New Year period which is anticipated to clear large volumes of print butter.

**CHEESE:** The cheese market is steady on blocks and weak on barrels. Orders for Thanksgiving holiday needs are being prepared and shipped. Buyers are wary of accumulating large inventories at current prices. Strikes at a number of grocery stores are impacting cheese sales in affected areas. Natural interest is fairly good. Process interest is generally fair at best. Barrel supplies are readily available with blocks close to in balance. Current cheese output is little changed though cheese yields are steady to occasionally higher.

**FLUID MILK:** Milk production patterns across the country this week are mixed, but generally are hovering around seasonal low levels. In the Southeast, a slight recovery in milk production is being reported, although steady to lower volumes occurred further up the East coast. In the Central part of the country, milk output is lighter than many milk handlers desire. Some cheese manufacturers continue to look for additional milk volumes but are cautious about procuring too much milk in relationship to current and potential near term cheese price adjustments. In the Western part of the country, milk output patterns are following trends of recent weeks. In Arizona, temperatures were record setters over the past week and have been a strong factor in keeping milk production levels close to seasonal low levels. In the southern half of California, warmer than usual temperatures are impacting the milk flow. In the northern half of California, milk production has actually risen to be at levels even with a year ago after being lower for several months. The effects on the milking herd in the Northwest due to heavy rainfall during the past week are expected to be minimal. Regional transportation and local trucking concerns were being discussed early in the week and media reported localized flooding. Cream markets across the country are mixed. Cream demand is becoming more competitive as additional cream based items; such as bottled cream, cream cheese, and sour cream, are starting to be generated for upcoming holiday needs. Ice cream output is lower, but is still active in some markets. Cream available to the churn is lighter this week as demand seasonally increases from other

cream based holiday products.

**DRY PRODUCTS:** Nonfat dry milk prices are generally unchanged on a steady market. Demand is fair to good for the current light to moderate offerings from coast to coast. Supplies of NDM from the CCC NDM/cheese exchange are readily available and price competitive with direct manufacturer sales. Good sales for condensed skim and lower milk production are often limiting production schedules. Buttermilk powder markets are steady to firm with prices holding steady in most of the country to higher in the East. Supplies remain light despite often higher butter churning schedules during the past week. Some additional buttermilk orders are starting to develop as seasonal needs increase. Dry whey markets are mixed with the market tone leaning more toward the firm side. Prices are mostly steady with slight increases noted across all regions. Domestic offerings vary among plants with some having whey while others are tighter. Demand is good and most spot sales are occurring in the resale market.

**CCC:** During the period of October 20 - 24, CCC purchased 3,747,925 net pounds of nonfortified NDM from the West.

**SEPTEMBER MILK PRODUCTION (NASS):** Milk production in the 20 major states during September totaled 11.6 billion pounds, down 0.1% from September 2002. August revised production, at 12.1 billion pounds, was down 0.9% from August 2002. The August revision represented a decrease of 0.1% or 17 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,503 pounds for September, 6 pounds (0.4%) more from September 2002. The number of cows on farms in the 20 major states was 7.74 million head, 38,000 head (0.5%) less than September 2002, and 7,000 head less than August 2003. The July-September quarterly production of milk for the U.S. was 41.5 billion pounds, 0.6% below the July-September quarter last year. The average number of milk cows in the U.S. during the July-September quarter was 9.07 million head, 88,000 head less than the same period last year.

**COLD STORAGE (NASS):** During September, U.S. cold storage holdings of butter totaled 204.6 million pounds, 19.4% less than a month ago and 2.2% less than last year. Natural American cheese holdings total 514.9 million pounds, 5.9% lower than a month ago, but 0.4% heavier than September 2002.

**SEPTEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (AMS):** During September, about 6.8 billion pounds of milk were received from producers. This volume of milk is 32.1% lower than the September 2002 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -4.1%.) About 3.9 billion pounds of producer milk were used in Class I products, 2.0 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2003 as compared to 2002. The all-market average Class utilization percentages were; Class I = 57%, Class II = 18%, Class III = 15%, and Class IV = 10%. The weighted average statistical uniform price was \$14.46, \$1.89 higher than last month, and \$3.08 higher than last year.

## \*\*\*\*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 OCTOBER 20	TUESDAY OCTOBER 21	WEDNESDAY OCTOBER 22	THURSDAY OCTOBER 23	FRIDAY OCTOBER 24	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5550 (-.0050)	\$1.5400 (-.0150)	\$1.5350 (-.0050)	(-.0250)	\$1.5500 (-.0090)
40# BLOCKS	\$1.6000 (N.C.)	\$1.6000 (N.C.)	\$1.6000 (N.C.)	\$1.6000 (N.C.)	\$1.6000 (N.C.)	(N.C.)	\$1.6000 (N.C.)
BUTTER GRADE AA	\$1.1800 (-.0050)	----	\$1.1925 (+.0125)	----	\$1.1875 (-.0050)	(+.0025)	\$1.1867 (+.0042)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$8400 and Grade A price is \$8400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 20, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5600  
 BUTTER — SALES: 14 CARS: 4 @ \$1.1850, 8 @ \$1.1825, 2 @ \$1.1800; BIDS UNFILLED: 14 CARS: 4 @ \$1.1800, 4 @ \$1.1750, 4 @ \$1.1700, 2 @ \$1.1600;  
 OFFERS UNCOVERED: 2 CARS @ \$1.1850

TUESDAY, OCTOBER 21, 2003

CHEESE — SALES: 3 CARS 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000;  
 OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5600

WEDNESDAY, OCTOBER 22, 2003

CHEESE — SALES: 3 CARS 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000;  
 OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5550  
 BUTTER — SALES: 54 CARS: 3 @ \$1.1850, 6 @ \$1.1875, 17 @ \$1.1900, 2 @ \$1.1875, 12 @ \$1.1900, 4 @ \$1.1925, 1 @ \$1.1900, 1 @ \$1.1925, 1 @ \$1.1900,  
 1 @ \$1.1925, 1 @ \$1.1900, 2 @ \$1.1925, 1 @ \$1.1950, 2 @ \$1.1925; BIDS UNFILLED: 34 CARS: 3 @ \$1.1925, 3 @ \$1.1900, 11 @ \$1.1875, 6 @ \$1.1850,  
 6 @ \$1.1825, 5 @ \$1.1800; OFFERS UNCOVERED: NONE

THURSDAY, OCTOBER 23, 2003

CHEESE — SALES: 3 CARS BARRELS: 1 @ \$1.5500, 1 @ \$1.5475, 1 @ \$1.5400; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000;  
 OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5450

FRIDAY, OCTOBER 24, 2003

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.6000; BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6000;  
 OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5350  
 BUTTER — SALES: 40 CARS: 5 @ \$1.1875, 1 @ \$1.1900, 3 @ \$1.1875, 1 @ \$1.1900, 2 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1925, 1 @ \$1.1900, 1 @ \$1.1875,  
 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1900, 3 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1900, 2 @  
 \$1.1875, 1 @ \$1.1900, 3 @ \$1.1875, 4 @ \$1.1850, 1 @ \$1.1875; BIDS UNFILLED: 25 CARS: 2 @ \$1.1875, 4 @ \$1.1850, 2 @ \$1.1825, 2 @ \$1.1800, 5 @ \$1.1700,  
 5 @ \$1.1600, 5 @ \$1.1500; OFFERS UNCOVERED: NONE

BUTTER MARKETS

SEPTEMBER COLD STORAGE

According to NASS, September month-ending cold storage figures for butter total 204.6 million pounds, 2.1% less than last September and 19.4% less than August 2003 holdings. This is the first time since May 2001 that current month holdings dipped below previous year levels for the comparable month.

NORTHEAST

The cash price at the CME continues to move higher and lower within a relatively narrow trading range. Trading activity at the CME was quite active again last week. The recent *Cold Storage* report for September shows that butter holdings finally fell below year ago levels. Contacts feel that it will be interesting to note if this has any impact on the market and prices. Churning activity was up slightly last week as cream supplies made a quick turn around from late September and early October levels. The additional output was welcomed as printers did not have to microfix as much bulk as they had been. Demand for butter is seasonally fair in both retail and food service sectors of the market. 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 increased to \$1.1925, the highest cash price since mid September. Producers and handlers have mixed opinions on the strength, but feel that the recent NASS *Cold Storage* report released earlier this week had the most impact. That report indicated that September storage butter holdings were 19% lighter than last month and 2% less than September 2002. This is the first time since May 2001 that current holdings dipped below comparable previous year levels. Churning activity remains active, although in many instances,

continues to lag fresh butter needs. Inventoried stocks and CME sales are providing the additional volumes of butter needed to fill current orders. Butter demand is good. Retail and food service outlets continue to prepare for the upcoming holiday season by placing good orders. Retail buyers are indicating that holiday promotional activity will again occur in many markets during the Thanksgiving and Christmas/New Year period which is anticipated to clear large volumes of print butter. Much butter is in route or has already arrived at distribution facilities for the first of these holidays. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

Butter production levels are variable in the region. Cream is less available than projected and buyers are competitive. Printers are very active producing butter for current and upcoming holiday orders. The trade is reporting that butter will be featured in many ads around the holidays. There are some indications of volume problems at mainly California grocery stores that are having work actions by clerks. There are more "juggling" issues with additional demand from chains not being struck. Butter prices continue to hold relatively steady in a tight range at the CME and closed at \$1.1925 today. Weekly CME butter stocks were drawn down by 9.33 million pounds and stand at 121.0 million pounds, compared to 111.3 million pounds during the comparable week a year ago. The drawdown remains high from a historical perspective, but is consistent with production and sales events this year. 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. USDA *Cold Storage* reports for September 30 showed butter stocks at 204.6 million pounds, 2% less than last year and 19% lower than a month earlier.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
OCTOBER 18	1,5758 7,866,034	1,5711 9,745,692	0.8103 19,350,288	1.1499 4,190,254	0.1891 11,964,330

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 items, higher on process. The market tone is little changed from past weeks. At the CME, barrels have regained all but a half cent of what they lost on October 3, while blocks stay at \$1.6000. Cheese output in the East is light to moderate. Surplus milk volumes are still tight and the milk that is available is more often winding up in butter/powder plants. Demand for cheese is fair to good depending on type and age. Mozzarella sales are about steady, but aged cheddar is starting to improve along seasonal patterns. Retail movement is just fair as price and/or feature activity are usually a big factor in retail sales. Food service orders are fair to good.

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	:	1.7700-1.9700
Process 5# Sliced	:	1.7900-2.0375
Muenster	:	1.8375-2.0300
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is steady on natural, barely steady on barrels. Natural orders continue the tendency to bounce from week to week as many buyers replace depleted stocks. A few packagers are seeing more seasonal orders as buyers start filling in needs for the upcoming holidays. Work stoppages/strikes at scattered grocery chains are impacting movement into affected accounts. It seems a few extra loads of blocks or natural seem to pop up from time to time but seem to clear with minimal problem. Staying current on barrels is much more difficult and some producers are actively rotating stocks to remain current. Top grade Swiss supplies remain tight. Process movement remains mostly fair at best, as high beef prices limit cheeseburger promotional activity. Aged cheddar interest has improved seasonally. Cheese yields are rebounding seasonally though milk intakes are little changed.

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

Process American 5# Loaf	:	1.7400-1.9100
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
		:	
10/20/03	62,306	:	125,852
10/01/03	73,995	:	127,886
CHANGE	-11,689	:	-2,034
% CHANGE	-16	:	-2

**WEST**

Process prices are slightly lower while natural and Swiss prices are steady. The block cheddar cheese price at the CME stands at \$1.60 and has not changed since the end of July. Many in the trade wonder how long this price will hold. There is more talk of cheese makers not wanting to build high priced inventory and want to balance production with current stocks and projected sales. However, the lure of using low priced components (skim, NDM, and cream) to extend yields remains. Cheese sales remain fair to good for process and natural varieties. Mozzarella demand is often slower than expectations. Swiss demand is improving from seasonal accounts. Supplies are available in every grade to fill orders. The USDA Cold Storage report for the end of September indicated there were 514.9 million pounds of natural cheese in storage, virtually unchanged from last year, but 6% less than August. Swiss stocks were 22.9 million pounds, 5.8 million pounds (34%) higher than last September and 3% higher than last month.

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

Process 5# Loaf	:	1.7075-1.9675
Cheddar 40# Block	:	1.7300-2.0800
Cheddar 10# Cuts	:	1.9100-2.1300
Monterey Jack 10#	:	1.9200-2.0800
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4600

**FOREIGN**

Prices and the market tone are unchanged. Demand for foreign type cheese is starting to show more signs of improvement, but overall, sales and consumption are just fair. Stocks are adequate to meet needs.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:	:	:
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-3.7200	1.9600-3.4500
Gorgonzola	:	3.6900-5.9400	2.4775-2.4900
Parmesan (Italy)	:	TFEWR	3.3700-3.4600
Romano (Italy)	:	2.1000-3.1500	-0-
Provolone (Italy)	:	3.4400-5.5000	1.9675-2.1950
Romano (Cows Milk)	:	-0-	3.1575-5.3300
Sardo Romano (Argentine)	:	2.8500-3.2900	-0-
Reggianito (Argentine)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.7500-3.7900	-0-
Swiss Cuts Switzerland	:	-0-	2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	-0-
Swiss Cuts Austrian	:	TFEWR	-0-
Edam	:	:	:
2 Pound	:	TFEWR	-0-
4 Pound	:	2.1900-3.2500	-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	155	0	140	0	187	0
SOUTHEAST STATES	0	0	20	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.

During September, milk production in the 20 major states totaled 11.64 billion pounds, down 0.1% from September 2002. The following are the September-September changes for selected states: Texas +7.5%, Vermont -1.9%, New York -2.6%, Florida -8.4%, Pennsylvania -6.5%, Kentucky -10.1% and Virginia -11.6%. This week, milk production is reported as mixed. In the Southeast, milk output is mostly steady. Some slight increases were noted in Florida, the Carolinas, and other Mid-Atlantic states. A few decreases in the milk flow were reported in the more western sections of the Southeast. Milk production in the Northeast is steady to lighter. The ban on live cows/calves coming in from Canada has had an impact on dairy farmers throughout the region, but more notably in New York and New England where cow sales across the border have been commonplace for years and years. Also, the CWT program bid acceptances have seen some herds being retired and this is having a negative impact on milk production. Class I demand is holding at fair to good levels. The strike/lockout at several retail chains is in its third week, but seems to be having less of an influence on retail sales than it did in its first week. Stores not affected by the strike are seeing improved sales of bottled milk and other dairy products. The need for milk in Florida remains relatively high, but the need for "imported" milk in other Southeastern states has eased. Surplus milk supplies are tight and manufacturing plant schedules, particularly cheese, are down accordingly. The good demand for both butter and NDM is currently attracting more milk to Class IV plants. The condensed skim market is steady. Class II sales are steady, but there are no spot sales of Class III being reported. Prices for Class II are unchanged, but Class III prices, though nominal, have moved higher. The fluid cream market is not as weak as it was last week, but contacts report no difficulty finding any spot loads they may need. Less excess cream is moving out of the region for churning. Spot prices are steady to lower as multiples have eased at more locations. Demand is holding up quite well, particularly from cream cheese makers and some ice cream producers. Production of some seasonal products like egg nog, bottled and whipping cream are expected to pick up in the next week or two. Local butter makers are producing at light to moderate levels.

is steady to generally seasonally lighter. Current plant milk receipts are fairly steady with recent weeks. Fat and protein levels in incoming milk volumes are recovering seasonally. Fall harvest and tillage operations are well underway. The dry conditions have allowed operations on normally wet locations. Soybean yields were lower due to the drought through parts of the region. Reports indicate corn yields were less impacted by the dry weather. A few record high temperatures for the date were set again this week. Initial September estimated milk production in selected Midwestern states compared with September 2002 is: Wisconsin 1.804 billion pounds, up 22 million pounds (1.2%); Minnesota 639 million pounds, down 4 million pounds (-0.6%); Michigan 489 million pounds, up 7 million pounds (1.5%), and Iowa 294 million pounds, off 4 million pounds (-1.3%). Cow numbers in September are below last September in all these states though output per cow was higher.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 15 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 52.50	\$ 32.00- 39.00
REPLACEMENT HEIFER CALVES	\$400.00-530.00	\$350.00-550.00

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

	OCT 15 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 57.00	\$ 36.00- 45.00

WEST

September milk production in the 20 surveyed states totaled 11.6 billion pounds, 0.1% lower than September 2002. August 2003 production totals were revised to 0.9% lower than August 2002. Milk cows in the 20 states totaled 7.743 million head, down 38,000 head (-0.5%) from September 2002. September 2003 output for selected Western states compared to last year is as follows: Arizona even, California -0.1%, Idaho +8.7%, New Mexico +4.4%, and Washington -0.9%. The five Western states increased cow numbers by 73,000 head versus last year. CALIFORNIA milk production is holding steady with recent weeks. In the far northern regions, milk has actually risen to be at levels even with a year ago after being lower for several months. The impact of hotter weather in the Central Valley and southern parts of the state again is impacting the milk flow. The saving grace is that daytime hours are shorter and nighttime temperatures cooler this time of the year. The strike on grocery stores in mostly the southern part of California lingers on. The impact on fluid milk sales is that total volumes are often lower as shoppers are not buying as much milk at other stores. A new normal has been created with milk supplied to bottlers beginning to establish a pattern. Cream supplies are disrupted by the change in suppliers/bottlers. Surplus milk volumes are being handled at balancing plants in the state. Some cheese plants are concerned over inventories and balance stocks by selling milk and not making cheese. ARIZONA temperatures were record setters over the past week and have been a strong factor in keeping milk production levels close to seasonal low levels and limiting growth. Plants are running on expected schedules. Heavy trading activity at the CME on October 22 resulted in only a slightly higher price with the market close of \$1.1925. The demand for cream from butter makers is strong in the region for holiday orders. Cream demand remains good from most accounts with ice cream being lower seasonally. Holiday cream based items are being made and taking more cream supplies. Western cream multiples are steady and range from 115 to 126, FOB, depending on class usage and basing point. Heavy rains fell over parts of the Northwest. The impact was flooding over areas of western WASHINGTON receiving over 5 inches of rain. The effect on the milking herds is expected to be minimal. Regional transportation and local trucking concerns were being discussed early in the week and media reported localized flooding. Dairies in the state are not aggressively buying local hay supplies. OREGON milk supplies are holding steady with recent weeks. Conditions are generally favorable for milk production, but cows are not responding. Some processors are buying additional milk and cream to supplement needs. In UTAH and IDAHO, milk production is trending slightly higher seasonally, but is often below expectations. Plants have capacity to run additional milk.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5373-1.7738
DELIVERED EQUIVALENT ATLANTA	-	1.5964-1.7974 M 1.6319-1.6792
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5136-1.6555

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	- 1.2000-1.3000

MIDWEST

Class I interest is about steady at typical fall levels. Manufacturing milk interest is steady to generally lighter with some handlers needing to make more calls than normal to move extra milk. Reported spot milk prices range from \$1.50-2.25 over class. A few comments made were about how cautious cheese buyers are at current cheese prices. Milk supplies remain tight to short throughout the region. An announcement about the announced closing of a bottling plant in Minnesota will cause milk supplies to shift next year. Cream interest is steady to softer from most Class II accounts as ice cream production

**NDM, BUTTERMILK & WHOLE MILK**

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

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged on a steady market. Supplies of NDM from the CCC NDM/cheese exchange are readily available and price competitive with direct manufacturer sales. However, packaged in 25 Kg bags, CCC NDM is less desirable than NDM offered in totes or 50# bags direct from the manufacturer. Therefore, some resellers are repackaging CCC NDM into totes to more aptly satisfy demand. Production of low heat NDM is steady to slightly higher in response to seasonal declines in condensed skim interest. High heat NDM production is light with inventoried stock satisfying contractual interest.

EAST: Eastern prices are unchanged to higher and the market tone remains firm. Production levels are still limited, but in a few instances, plants did make a little more NDM than they did the past few weeks. This was necessitated by their need to fill contracts. Sales of Class II condensed skim have been good and the tight supply of milk has kept most area dryers relatively inactive. Stocks of NDM are tight. The nation's largest marketer of NDM did buy some of its own powder back from CCC this week. This did take place in the West, but it is noteworthy and indicative of the tight supply. Often times, during a period of low output, many manufacturers make high heat powder and fill low heat needs from resale or inventoried powder. This year the need for low heat is very good and most of the current output is low heat to meet contracts. Some delays in contract shipping dates have been noted.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8300 - .8800 MOSTLY: .8425 - .8600  
 HIGHHEAT: .8650 - .9450

**NONFAT DRY MILK - WEST**

Nonfat dry milk prices are unchanged for low/medium heat powder and the market tone is steady. Demand is fair to good for the current light to moderate offerings in the region. Resale powder remains available from many sources. Producer offerings are often light as most production is committed to normal contacts, DEIP orders, and government program commitments. Tightness is noted for NDM in 50 pound bags and totes. Orders from cheese producers are still moving volumes of NDM to supplement production. Inventory levels vary from light to moderate. During the week of October 13 - 17, CCC net purchases totaled 4.1 million pounds of NDM from the West. Western high heat prices are unchanged in a continued light test. While plants have room and time to make high heat, buyers often have to wait to receive orders. Seasonal orders are increasing ahead of year end holidays.

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 17	\$.8064	11,295,199	2,241,876
October 10	\$.8070	10,863,718	1,454,271

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

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged and nominal on a steady market. Production is steady to higher. Intakes of cream and condensed buttermilk into some ice cream facilities are seasonally lower, encouraging churn activity and dried buttermilk production. While stocks are slightly higher, overall trade remains light. Some offering prices and resale trades are noted below and above the range. Producers anticipate significant supply increases near the Thanksgiving holiday, when milk supplies typically increase.

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

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are mostly higher and nominal. The market tone remains firm. However, churning activity was slightly higher last week and a little more buttermilk was available. This week, churning has eased slightly and buttermilk powder remains tight. Demand for condensed or liquid buttermilk is holding up fairly well and clearing a good percentage of the available volumes. Some drying is taking place, but volumes made are light. Plant stocks are tight and spot sales activity is light.

F.O.B. NORTHEAST: .8100 - .8400  
 DELVDSOUTHEAST: .8500 - .8700

**DRY BUTTERMILK - WEST**

Buttermilk prices are unchanged in limited spot activity. The tone is firm, but the market is untested. Supplies remain light despite often higher butter churning schedules in the region. Hotter weather conditions caused increases in condensed needs for at least one ice cream account. Seasonal orders for dry buttermilk are building from bakery interests. Dry buttermilk stocks are light.

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

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone remain steady. Prices are nominal as there is a limited test to the spot market at the producer level. Production levels are little changed and light.

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:  
 NDM -- 22,733 MT, butterfat -- 7,032 MT, and cheese -- 1,010 MT.

**WHEY, CASEIN & EVAPORATED MILK**

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

**DRY WHEY - CENTRAL**

Prices continue to trend higher on a mixed market. Trades to end-users are reported at a premium whereas some trades to resellers are reported at the market. Brokers are reportedly unable to compete with aged product that is slowly being released into the trade, suggesting that the market may be leveling. However, supplies are short at some locations and production is anticipated to decrease before the end of the year due to production shifts at some locations. Therefore, some buyers are attempting to secure additional loads at premium prices, indicating a firm market for the short-term. Substitutes such as permeate and lactose are not readily available to displace interest in Extra Grade whey.

F.O.B. CENTRAL: .1950 - .2050 MOSTLY: .1950 - .2000

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are mostly higher and the market tone remains firm. Production levels are lighter at most Eastern facilities. Most cheese makers report that their cheese output, either by design or by lack of milk, is lighter than desired. Some production contacts have been surprised by their drop in whey drying, which stems from the lack of milk. Stocks at the plant level have tightened significantly in the past few weeks. Stocks in the hands of traders are also lighter as product is clearing faster than it is being replaced. Demand for whey is good and most spot sales are occurring in the resale market. There is concern by most contacts that the current light production and good demand may signal shortages later in the year. Most producers have no product available for spot sale and any extra loads that do become available are either being held or offered to long-term or contract buyers. Inquiries from new customers often go unfilled or unreturned.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2000 - .2175  
DELVD SOUTHEAST: .2200 - .2350

**DRY WHEY - WEST**

Western whey prices are holding mostly steady with only a slight change recorded on the bottom end of the mostly series. The market tone is less firm than in recent weeks. Producers are still able to get normal contract prices for whey offerings, but there is more unsettledness on spot pricing. Resistance to prices above 20 cents for exporting is noted. Contacts are seeing competition from other supplying countries at lower prices. Domestic offerings vary among plants with some having whey while others are tighter. Current whey production schedules are holding steady and reflect incoming milk supplies.

NONHYGROSCOPIC: .1700 - .2125 MOSTLY: .1900 - .2000

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged and nominal on a mixed market. Supplies of milk replacer product are limited for the good interest. Offering prices vary depending on age and quality with some unconfirmed trades reported below the range. Early weaned pig prices are trading higher while veal prices trend lower.

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

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Trading activity is light due to limited supply availability. Producers are forecasting higher prices into 2004 as the availability of wet solids is anticipated to decrease with respect to the WPC 34% market. Some shipments are being delayed or canceled due to current supply shortages. Production is less than anticipated yet generally steady. At the higher prices, WPC 34% is becoming less attractive and affordable for feed buyers. Movement into ice cream and blending operations is good. Off grade supplies are limited for the good interest with price varying with quality.

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

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Supplies are tight with many producers shorting contractual loads. Some plants do not anticipate additional spot load availability before the end of the year. Most contacts are uncertain as to why lactose supplies are so short in supply. Demand, from domestic and export markets into infant formula and confectionary plants, is suspected to account for some movement. Another predominant outlet is the use of lactose for standardization of NDM. Current spot load trade is light with inquiries noted by some candy operations that have been shorted supplies. Substitutes such as whey and permeate are not readily available to displace lactose 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 remain firm as prices range steady to higher. Production schedules in sourcing countries are mixed with some sources questioning their own output in relationship to demand. Often suppliers are realizing that inventories and potential production might not be sufficient to fully meet customer needs. In most instances, suppliers are able to keeping pace with commitments, but additional supplies for spot or fill-in needs will probably be quite limited.

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: 2.1000 - 2.2000  
ACID: 2.0500 - 2.2500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Surplus milk supplies continue to be reported as tight and production levels are down accordingly. Demand is improving as most chain stores are pulling more product for Thanksgiving promotions. However, the strike/lock out at several, large retail chains is impacting sales. Producer stocks are adequate. On October 21, a hearing was held in Alexandria, Virginia, to consider proposals to reclassify evaporated milk in consumer-type packages from Class III products to Class IV products. The hearing concluded with no apparent opposition to the proposals presented at the hearing.

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.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	10/08	10/09	10/10	10/13	10/14	10/15	10/16	10/17	10/20	10/21
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
OCT 03	14.21 (5717) 132	14.20 (5650) 97	14.23 (5654) 29	14.25 (5664) 100	14.25 (5656) 22	14.30 (5728) 56	14.33 (5729) 11	14.35 (5727) 0	14.35 (5765) 0	14.35 (5763) 2
NOV 03	12.95 (4826) 101	12.78 (4948) 269	12.77 (4962) 89	12.65 (4965) 44	12.65 (4960) 141	12.88 (4838) 360	12.98 (4840) 169	12.94 (4911) 545	13.12 (4980) 339	13.40 (5129) 487
DEC 03	12.00 (3582) 32	11.80 (3636) 182	11.85 (3685) 95	11.75 (3635) 38	11.80 (3638) 40	11.86 (3716) 132	11.99 (3766) 108	12.00 (3800) 166	12.19 (3860) 176	12.39 (3831) 438
JAN 04	11.62 (1414) 1	11.60 (1435) 57	11.50 (1456) 44	11.40 (1461) 15	11.40 (1478) 24	11.45 (1490) 22	11.45 (1514) 42	11.50 (1538) 79	11.65 (1571) 95	11.73 (1578) 74
FEB 04	11.30 (1263) 1	11.29 (1272) 45	11.27 (1275) 4	11.25 (1278) 8	11.22 (1279) 7	11.25 (1286) 13	11.25 (1293) 22	11.30 (1316) 41	11.42 (1348) 74	11.50 (1388) 87
MAR 04	11.27 (1057) 10	11.27 (1058) 35	11.28 (1059) 4	11.22 (1065) 12	11.20 (1068) 5	11.22 (1077) 17	11.22 (1088) 21	11.26 (1112) 32	11.38 (1152) 75	11.45 (1158) 50
APR 04	11.20 (872) 21	11.20 (904) 51	11.20 (901) 10	11.20 (896) 9	11.20 (897) 4	11.20 (896) 15	11.20 (907) 22	11.25 (916) 34	11.35 (957) 63	11.37 (987) 64
MAY 04	11.17 (751) 2	11.17 (738) 12	11.20 (736) 7	11.21 (741) 21	11.21 (743) 5	11.25 (745) 32	11.27 (757) 23	11.30 (777) 41	11.38 (804) 57	11.40 (867) 80
JUN 04	11.90 (568) 2	11.90 (569) 8	11.90 (570) 11	11.90 (572) 4	11.90 (573) 1	11.85 (580) 14	11.85 (594) 21	11.90 (605) 28	11.98 (666) 136	12.00 (678) 40
JUL 04	12.29 (428) 1	12.29 (428) 2	12.29 (430) 2	12.29 (432) 2	12.29 (432) 0	12.29 (435) 3	12.29 (446) 19	12.35 (500) 70	12.42 (515) 28	12.44 (563) 54
AUG 04	12.70 (443) 0	12.70 (442) 3	12.70 (443) 1	12.70 (444) 3	12.68 (444) 1	12.68 (449) 5	12.65 (465) 21	12.70 (480) 19	12.80 (496) 42	12.82 (536) 44
SEP 04	13.20 (520) 5	13.19 (525) 8	13.19 (528) 4	13.20 (532) 4	13.20 (532) 1	13.20 (536) 4	13.15 (541) 10	13.20 (586) 116	13.30 (596) 28	13.34 (645) 56
OCT 04	12.50 (301) 2	12.46 (299) 2	12.46 (299) 0	12.46 (298) 6	12.46 (298) 2	12.46 (300) 3	12.46 (304) 7	12.51 (317) 19	12.56 (326) 17	12.59 (361) 53
NOV 04	12.07 (229) 0	12.07 (228) 6	12.07 (228) 0	12.07 (224) 9	12.07 (224) 0	12.07 (226) 3	12.07 (231) 7	12.07 (242) 34	12.12 (252) 19	12.15 (286) 52
DEC 04	11.70 (237) 2	11.70 (236) 1	11.70 (236) 1	11.65 (235) 7	11.65 (236) 3	11.60 (238) 4	11.57 (242) 7	11.62 (247) 11	11.67 (255) 15	11.67 (288) 45

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

OCT 03	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0	10.36 (3) 0
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**CME - BUTTER FUTURES -- Cents per pound**

OCT 03	118.50 (122) 7	118.50 (121) 11	118.75 (120) 26	118.00 (119) 2	118.00 (99) 13	118.00 (97) 2	118.00 (104) 17	117.50 (105) 7	117.00 (85) 27	118.00 (86) 6
DEC 03	121.00 (402) 0	120.50 (402) 0	120.50 (401) 6	120.00 (403) 4	120.00 (402) 1	120.00 (402) 0	120.00 (402) 0	120.00 (402) 2	119.00 (399) 14	119.25 (396) 10
MAR 04	131.75 (103) 0	131.75 (103) 0	131.75 (103) 0	131.75 (103) 0	131.75 (103) 0	131.75 (103) 0	131.75 (103) 0	131.75 (103) 0	131.75 (103) 1	131.75 (103) 0
MAY 04	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0	133.00 (14) 0
JUL 04	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0	135.75 (17) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered October 13 - 24, 2003

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Late in the milk production season, reports indicate that milk output is gaining some momentum in many European countries. Reports indicated that often, output is running ahead of last year at this time. Some milk handlers are speculating that the milking herd is recovering from the stress of the record setting temperatures this past summer. Favorable fall weather conditions are also contributing to extending life of pastures and forage crops. Although in some regions, farmers are already switching to late fall/winter feeding rations, also contributing to an upturn in milk volumes. This additional strength in overall milk production is providing manufacturing facilities some welcomed additional milk. Butter/powder and cheese production are the main products that are realizing some increased, or at least stable, late season production runs. At this point in years past, powder has often been sold back to the trade out of intervention, but this year, it is not the case. Some powder has been sold, but not to the extent of previous years. The Euro continues to fluctuate on a daily basis at relatively high levels against the U.S. dollar, thus making it difficult for many European traders to successfully negotiate sales. Although sales are difficult to finalize, a recent sale of 15,000 mt of skim milk powder destined for Algeria for delivery late this year and early 2004 has been reported.

**BUTTER/BUTTEROIL:** Butter markets are generally steady. However, prices are unchanged to slightly higher on the lower end of the reported range. Stocks of butter are in close balance, although a recent increase in milk production is allowing more milk to clear through butter/powder plants. This is allowing more butter to be generated for current buyer interest. Traders and handlers indicate that domestic or internal demand is basically steady for this time of the year and buying interest from Russia continues.

82% BUTTERFAT: 1,575 - 1,700  
99% BUTTERFAT: 1,750 - 2,000

**SKIM MILK POWDER (SMP):** Skim milk powder prices are generally unchanged, although the market tone is weak. European traders state that negotiations for potential sales are very difficult to finalize, especially when the Euro continues to fluctuate on a daily basis against the U.S. dollar. Fresh stocks are being generated now that milk production in many European countries is rebounding. Powder manufacturers are more than willing to take advantage of the additional milk volumes. International sales remain light, although 15,000 mt of powder have been sold to Algeria for delivery within the next few months.

1.25% BUTTERFAT: 1,750 - 1,850

**WHOLE MILK POWDER (WMP):** Whole milk powder prices are steady to lower and the market tone is weak. A weakening trend in prices is hoped to encourage some international buyer interest. The fluctuating Euro against the U.S. dollar continues to cause problems for sales negotiations. Due to changes in currency rates of exchange, inquiries one day are already in jeopardy the following day. Stocks of powder are available for buyer interest. Some late season milk volumes are available to local manufacturing facilities. In most instances, whole milk powder production is declining seasonally, unless a sale has been finalized.

26% BUTTERFAT: 1,875 - 2,000

**SWEET WHEY POWDER:** Whey powder markets are steady to firm. Cheese production is realizing a late season spurt in activity. Seasonal milk production declines have slowed, and in many instances, output has gained momentum in recent weeks, allowing more milk to clear to cheese plants late in the season, thus generating additional volumes of whey. Whey stocks are starting to accumulate as demand has remained limited to this point.

NONHYGROSCOPIC: 450 - 640

**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe is winding down seasonally. The milking herd is being readied for winter housing and feeding patterns. Reports indicate that this region of Europe does not have the inventory of dairy products going into the winter season as in years past, thus traders and handlers are questioning to what extent this region will be able to fill buyer interest if the need arises.

## OCEANIA

**OVERVIEW:** The milk production season in Oceania continues to develop toward the seasonal peak. In New Zealand, milk volumes will be nearing peak levels within the next few weeks in Northern areas of the country and will expand throughout the North and South Island during the next four to six weeks. New Zealand milk handlers remain optimistic and continue to project a 1 - 2% increase in overall milk production this season versus last year. The first half of the production season has been quite positive with milk volumes running about 4 - 5% ahead of last year. Much of this growth is occurring on the South Island. In Australia, the production season is not quite as positive as in New Zealand. Early on in the season, milk volumes were lagging last year by 6 - 7%, but milk handlers and processors are hopeful that milk volumes will recover as the season develops toward the peak. At this point, Australian milk handlers continue to project seasonal production to be in line with last year and are hoping for slight increases. Prices for Oceania produced dairy products have firmed slightly, but are, for the most part, holding steady. Stocks are reported to be in close balance, and in instances tight, with no additional volumes available for spot or new buyer interest. Many Oceania producers and handlers are cautious to not over commit themselves, thus are basically working with regular and ongoing customers at this time.

**BUTTER:** As the milk production season develops in Oceania, so is butter/powder production. At this point, most butter operations are working full tilt as milk volumes continue to increase and butter producers take advantage of available cream volumes. Stocks of butter are building, although many producers and handlers are not overly optimistic about their supply situation in relationship to previous years at this time. Many handlers indicate that they are keeping up with commitments, but also state that they have minimal volumes, if any at all, available for spot or new buyer interest needs.

82% BUTTERFAT: 1,450 - 1,550

**CHEDDAR CHEESE:** Oceania cheese markets are steady to firm with prices unchanged to slightly higher. Cheese production is seasonally active in Australia and New Zealand as milk volumes increase. Stocks of cheese are reported to be in close balance for the strong demand, especially to Middle Eastern account. For the most part, sales activity is centering around regular and ongoing customers needs.

39% MAXIMUM MOISTURE: 2,000 - 2,100

**SKIM MILK POWDER (SMP):** Oceania skim milk powder markets are steady to firm with prices unchanged to slightly higher. Powder production is seasonally active, although stocks are not as plentiful as in previous years at this time. Reports indicate that production in New Zealand is basically on track with last season, but lighter in Australia. These production patterns have some Oceania producers and handlers concerned about having sufficient volumes of powder to meet buyer interest for the year.

1.25% BUTTERFAT: 1,750 - 1,850

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets are generally steady at unchanged prices. Oceania producers and handlers are closely monitoring prices elsewhere in the world and adjusting their prices accordingly. Milk production continues to increase in New Zealand and Australia, as is whole milk powder output. Although milk volumes are building, overall supplies are not significant. In many instances, producers and handlers indicate that stocks are in close balance and often referred to as tight.

26% BUTTERFAT: 1,750 - 1,850

Exchange rates for selected foreign currencies: OCTOBER 20, 2003

.7577 Canadian Dollar	.0221 Indian Rupee
.3506 Argentina Peso	.5961 New Zealand Dollar
.0898 Mexican Peso	.6914 Australian Dollar
.2541 Polish Zloty	.0091 Japanese Yen
	1.1639 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0898)= 11.1359. That is 1 US Dollar equals 11.1359 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

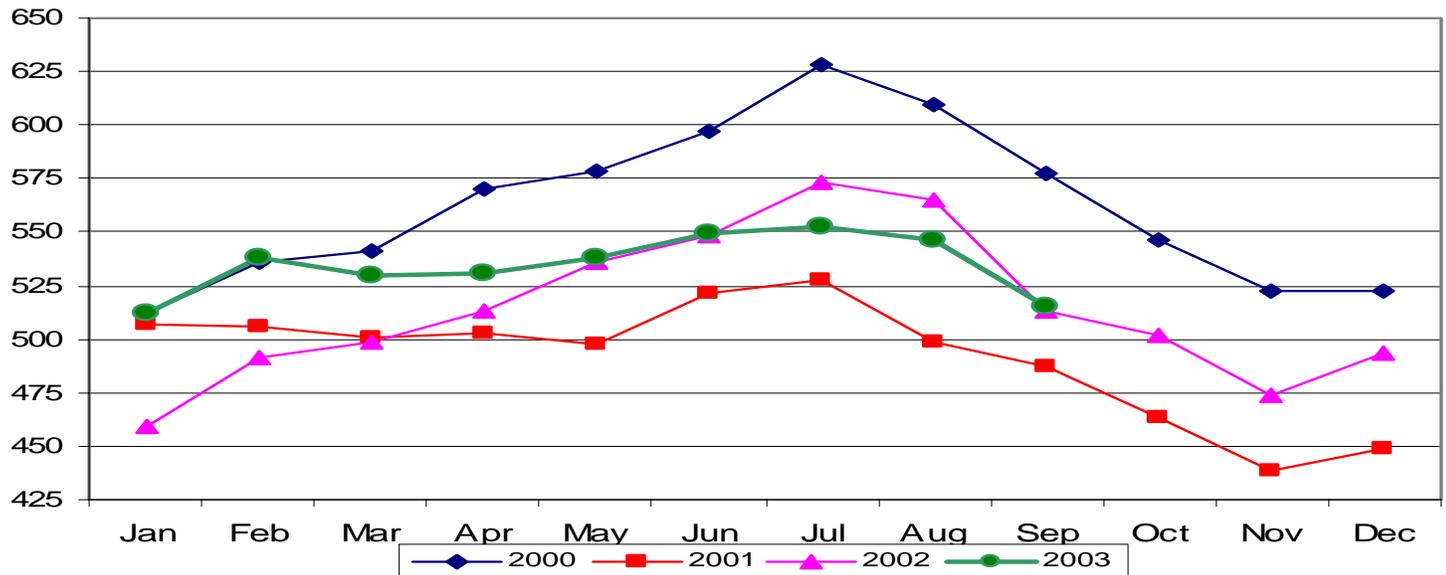
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	AUG 31, 2001	AUG 31, 2002	REVISED AUG 31, 2003	SEPT 30, 2001	SEPT 30, 2002	SEPT 30, 2003
Butter	118,049	229,471	253,913	110,857	209,112	204,625
Cheese, Natural American	499,044	565,419	546,627	487,559	512,887	514,906
Cheese, Swiss	10,668	14,250	22,172	10,439	17,068	22,897
Cheese, Other Natural	211,469	221,829	225,416	210,732	223,979	236,132
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	1,065	2,449	9,567	331	1,873	10,172
Natural American Cheese	1,575	420	8,807	1,229	887	8,836

SEPTEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
New England	22,809	18,792	21,153	---	---	---	430	452	190
Middle Atlantic	58,452	65,436	49,310	---	---	---	34,196	35,557	18,340
East North Central	204,137	207,003	210,263	---	---	---	98,948	108,406	138,023
West North Central	97,098	117,381	116,735	---	---	---	60,327	64,640	58,659
South Atlantic	4,832	180	113	---	---	---	130	1,444	2,101
East South Central	0	441	211	---	---	---	164	185	2,087
West South Central	2,582	2,334	4,322	---	---	---	96	346	126
Mountain	11,484	7,490	19,568	---	---	---	5,694	588	3,313
Pacific	86,165	93,830	93,231	---	---	---	10,747	12,361	13,293
<b>TOTAL</b>	<b>487,559</b>	<b>512,887</b>	<b>514,906</b>	<b>110,857</b>	<b>209,112</b>	<b>204,625</b>	<b>210,732</b>	<b>223,979</b>	<b>236,132</b>

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

MILLION POUNDS **AMERICAN CHEESE COLD STORAGE**



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2002 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Million Pounds						Million Pounds						Million Pounds					
January	203	99	202	99	<u>3/</u>	<u>3/</u>	512	460	512	459	<u>3/</u>	1	1,147	900	112	120	1,036	780
February	238	130	237	129	1	1	538	491	538	490	<u>3/</u>	1	1,187	966	116	142	1,071	823
March	249	145	248	144	1	1	530	498	528	498	2	1	1,247	1,028	137	158	1,111	871
April	266	197	266	195	1	2	531	514	528	513	3	1	1,308	1,093	154	161	1,154	933
May	290	227	289	225	1	2	539	536	536	535	3	1	1,336	1,146	159	166	1,177	981
June	292	243	291	241	1	2	550	549	546	548	4	1	1,365	1,235	152	174	1,212	1,062
July	284	245	273	243	11	2	552	573	546	573	6	1	1,308	1,254	90	138	1,219	1,116
August	254	229	244	227	10	2	547	565	538	565	9	<u>3/</u>	1,246	1,327	76	109	1,170	1,218
September	205	209	194	207	10	2	515	513	506	512	9	1		1,308		85		1,223
October		165		163		2		501		500		1		1,279		79		1,200
November		136		135		1		474		474		<u>3/</u>		1,238		87		1,151
December		158		157		1		493		493		<u>3/</u>		1,148		101		1,047

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

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Aug 31, 2001	Aug 31, 2002	Aug 31, 2003	Sep 30, 2001	Sep 30, 2002	Sep 30, 2003
	Thousand Pounds					
Butter	116,984	227,022	244,346	110,526	207,239	194,453
Natural American Cheese	497,469	564,999	537,820	486,330	512,000	506,070

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

SOURCE: "Cold Storage," Co St 1 (10-03) and "Dairy Products," Da 2-6 (10-03), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

## SEPTEMBER MILK PRODUCTION

Milk production in the 20 major states during September totaled 11.6 billion pounds, down 0.1 percent from September 2002. August revised production, at 12.1 billion pounds, was down 0.9 percent from August 2002. The August revision represented a decrease of 0.1 percent or 17 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,503 pounds for September, 6 pounds more from September 2002. The number of cows on farms in the 20 major states was 7.74 million head, 38,000 head less than September 2002, and 7,000 head less than August 2003. The July-September quarterly production of milk for the U.S. was 41.5 billion pounds, 0.6 percent below the July-September quarter last year. The average number of milk cows in the U.S. during the July-September quarter was 9.07 million head, 88,000 head less than the same period last year.

STATE	MILK COWS <sup>1/ 2/</sup>				MILK PRODUCTION <sup>1/ 3/</sup>			
	SEPTEMBER		JULY-SEPTEMBER		SEPTEMBER		JULY-SEPTEMBER	
	2002	2003	2002	2003	2003	% CHANGE FROM 2002	2003	% CHANGE FROM 2002
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	20	18	--	--	53	-10.2
AK	--	--	1.3	1.2	--	--	4.40	-10.9
AZ	150	150	149	150	249	--	770	-2.7
AR	--	--	32	29	--	--	81	-8.0
CA	1,658	1,701	1,652	1,697	2,815	-0.1	8,722	-0.8
CO	--	--	102	100	--	--	542	-1.5
CT	--	--	24	22	--	--	99	-7.5
DE	--	--	9.0	8.0	--	--	31.0	-11.4
FL	148	139	149	140	142	-8.4	471	-9.2
GA	--	--	85	85	--	--	320	-3.0
HI	--	--	6.5	6.5	--	--	22.6	-5.4
ID	392	412	393	410	737	8.7	2,268	7.4
IL	115	108	115	108	151	-3.8	470	-2.1
IN	147	144	148	143	205	1.5	630	1.1
IA	209	200	210	200	294	-1.3	912	-1.2
KS	--	--	104	103	--	--	500	--
KY	120	111	122	113	107	-10.1	332	-10.5
LA	--	--	50	46	--	--	109	-11.4
ME	--	--	37	35	--	--	157	-4.3
MD	--	--	81	78	--	--	304	-6.2
MA	--	--	20	18	--	--	79	-11.2
MI	300	298	301	298	489	1.5	1,520	2.1
MN	480	470	483	472	639	-0.6	2,011	-0.1
MS	--	--	34	30	--	--	87	-13.9
MO	136	127	136	128	142	-0.7	437	-1.6
MT	--	--	18	18	--	--	85	-2.3
NE	--	--	67	63	--	--	277	-2.1
NV	--	--	25	26	--	--	133	8.1
NH	--	--	17	16	--	--	74	-7.5
NJ	--	--	13	13	--	--	53	-8.6
NM	305	318	304	317	542	4.4	1,664	3.7
NY	675	673	677	676	956	-2.6	2,964	-2.6
NC	--	--	64	60	--	--	243	-10.0
ND	--	--	39	35	--	--	137	-5.5
OH	262	259	263	260	357	0.3	1,103	1.4
OK	--	--	88	86	--	--	316	--
OR	--	--	117	120	--	--	555	2.8
PA	587	566	585	570	801	-6.5	2,507	-4.8
RI	--	--	1.4	1.3	--	--	5.3	-5.4
SC	--	--	20	18	--	--	65	-18.8
SD	--	--	96	89	--	--	360	5.9
TN	--	--	87	78	--	--	270	-10.0
TX	310	312	308	312	418	7.5	1,282	6.7
UT	--	--	93	91	--	--	413	-5.3
VT	153	147	154	147	210	-1.9	648	-2.6
VA	119	111	119	113	129	-11.6	400	-10.7
WA	247	244	248	244	454	-0.9	1,411	-1.5
WV	--	--	15	15	--	--	56	-6.7
WI	1,268	1,253	1,266	1,254	1,804	1.2	5,574	1.7
WY	--	--	4.4	3.7	--	--	13.0	-20.2
20 STATE TOTAL	7,781	7,743	--	--	11,641	-0.1	--	--
U.S. <sup>5/ 6/</sup>	--	--	9,153	9,065	--	--	41,540	-0.6

<sup>1/</sup> Preliminary. <sup>2/</sup> Includes dry cows, excludes heifers not yet fresh. <sup>3/</sup> Excludes milk sucked by calves. <sup>5/</sup> Includes states for which individual monthly estimates are not available. <sup>6/</sup> Milk cows will not add due to rounding. **SOURCE:** "Milk Production," Da 1-1 (10-03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

**Class I Base Price** - Under the Federal milk order pricing system, the Class I base price for November 2003 is \$14.37 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$10.33 and the advanced butterfat pricing factor is \$1.2563. A Class I differential from each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$5.99. Thus, the Class II skim milk price for November is \$6.69 per cwt., and the Class II nonfat solids price is \$0.7433. **Product Price Averages** - The two-week product price average for November are, butter \$1.1619, nonfat dry milk \$0.8117, cheese \$1.5921, and dry whey \$0.1877.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/</sup> <sup>2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	November 2003		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	17.62	13.58	1.2888
Appalachian (Charlotte) <sup>5/</sup>	005	17.47	13.43	1.2873
Southeast (Atlanta) <sup>6/</sup>	007	17.47	13.43	1.2873
Florida (Tampa) <sup>7/</sup>	006	18.37	14.33	1.2963
Midwest (Cleveland) <sup>8/</sup>	033	16.37	12.33	1.2763
Upper Midwest (Chicago) <sup>9/</sup>	030	16.17	12.13	1.2743
Central (Kansas City) <sup>10/</sup>	032	16.37	12.33	1.2763
Southwest (Dallas) <sup>11/</sup>	126	17.37	13.33	1.2863
Arizona-Las Vegas (Phoenix) <sup>12/</sup>	131	16.72	12.68	1.2798
Western (Salt Lake City) <sup>13/</sup>	135	16.27	12.23	1.2753
Pacific Northwest (Seattle) <sup>14/</sup>	124	16.27	12.23	1.2753
All-Market Average		16.95	12.91	1.2821

<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. <sup>2/</sup> Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. <sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets. <sup>4/</sup> Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. <sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. <sup>6/</sup> Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. <sup>7/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. <sup>8/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. <sup>9/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. <sup>10/</sup> Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. <sup>11/</sup> Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. <sup>12/</sup> Class I price at Las Vegas is minus \$0.35. <sup>13/</sup> Class I price at Boise is minus \$0.30. <sup>14/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, SEPTEMBER

**HIGHLIGHTS:** Handler reports of receipts and utilization under the Federal milk order system for September have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During September, about 6.8 billion pounds of milk were received from producers. This volume of milk is 32.1 percent lower than the September 2002 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -4.1 percent.) About 3.9 billion pounds of producer milk were used in Class I products, 2.0 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2003 as compared to 2002. The all-market average Class utilization percentages were; Class I = 57%, Class II = 18%, Class III = 15%, and Class IV = 10%. The weighted average statistical uniform price was \$14.46 per cwt., \$1.89 higher than last month, and \$3.08 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2003										
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	1,882.4	-2.3	924.5	3.7	49	21	26	4	15.01
Appalachian (Charlotte)	005 <sup>3/</sup>	481.9	-5.0	373.9	3.5	78	16	2	4	15.57
Southeast (Atlanta)	007 <sup>3/</sup>	537.6	-10.1	387.5	-1.3	72	10	13	5	15.65
Florida (Tampa)	006	196.4	1.5	177.2	2.7	90	8	<sup>4/</sup>	2	16.99
Mideast (Cleveland)	033 <sup>3/</sup>	1,006.2	-28.1	550.8	1.8	55	25	15	5	13.93
Upper Midwest (Chicago)	030 <sup>3/</sup>	644.0	-61.0	347.4	2.2	54	17	6	23	13.23
Central (Kansas City)	032 <sup>3/</sup>	710.7	-53.3	406.2	1.3	57	19	17	7	13.92
Southwest (Dallas)	126 <sup>3/</sup>	530.8	-29.0	347.3	2.7	65	19	1	15	14.48
Arizona-Las Vegas (Phoenix)	131	222.0	3.0	79.5	2.4	36	10	41	13	13.98
Western (Salt Lake City)	135 <sup>3/</sup>	168.1	-68.9	94.7	1.3	56	15	3	26	13.40
Pacific Northwest (Seattle)	124 <sup>3/</sup>	371.7	-42.3	173.5	-1.2	47	8	1	44	12.54
<b>ALL MARKET AVERAGE OR TOTAL</b>	<sup>3/</sup>	6,751.9	-32.1	3,862.6	2.0	57	18	15	10	14.46

<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 2.9 billion pounds of milk that normally would have been associated with these markets. In September 2002, the estimated not-pooled volume of milk was 130 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is -4.1.

<sup>4/</sup> Less than 0.5 percent.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, NOVEMBER 2003, WITH COMPARISONS <sup>1/</sup>												
CITY	November 2001			November 2002			October 2003			November 2003		
	Announced Coop.	Federal Order	Differ- ence									
Dollars Per Hundredweight, 3.5% Butterfat												
Atlanta, GA	19.64	18.86	0.78	15.63	13.70	1.93	18.53	17.37	1.16	18.53	17.47	1.06
Baltimore, MD	20.51	18.76	1.75	15.35	13.60	1.75	19.12	17.27	1.85	19.22	17.37	1.85
Boise, ID <sup>2/</sup>	17.36	17.36	0.00	12.50	12.20	0.30	16.17	15.87	0.30	16.27	15.97	0.30
Boston, MA	20.61	19.01	1.60	15.25	13.85	1.40	19.22	17.52	1.70	19.32	17.62	1.70
Charlotte, NC	19.64	18.86	0.78	15.63	13.70	1.93	18.53	17.37	1.16	18.53	17.47	1.06
Chicago, IL	19.56	17.56	2.00	14.42	12.40	2.02	18.12	16.07	2.05	18.25	16.17	2.08
Cincinnati, OH	19.73	17.96	1.77	14.36	12.80	1.56	18.04	16.47	1.57	18.14	16.57	1.57
Cleveland, OH	19.53	17.76	1.77	14.16	12.60	1.56	17.84	16.27	1.57	17.94	16.37	1.57
Dallas, TX	18.88	18.76	0.12	14.90	13.60	1.30	17.90	17.27	0.63	17.90	17.37	0.53
Denver, CO	19.01	18.31	0.70	14.00	13.15	0.85	17.67	16.82	0.85	17.77	16.92	0.85
Des Moines, IA	18.77	17.56	1.21	13.79	12.40	1.39	17.46	16.07	1.39	17.56	16.17	1.39
Detroit, MI	18.56	17.56	1.00	13.50	12.40	1.10	17.49	16.07	1.42	17.59	16.17	1.42
Hartford, CT	20.51	18.91	1.60	15.15	13.75	1.40	19.12	17.42	1.70	19.22	17.52	1.70
Houston, TX	19.48	19.36	0.12	15.50	14.20	1.30	18.50	17.87	0.63	18.50	17.97	0.53
Indianapolis, IN	19.53	17.76	1.77	14.16	12.60	1.56	17.84	16.27	1.57	17.94	16.37	1.57
Kansas City, MO	18.72	17.76	0.96	14.38	12.60	1.78	17.55	16.27	1.28	17.65	16.37	1.28
Louisville, KY	18.96	17.96	1.00	13.90	12.80	1.10	17.89	16.47	1.42	17.99	16.57	1.42
Memphis, TN	19.14	18.56	0.58	15.13	13.40	1.73	18.03	17.07	0.96	18.03	17.17	0.86
Miami, FL	22.15	20.06	2.09	18.04	14.90	3.14	20.80	18.57	2.23	20.80	18.67	2.13
Milwaukee, WI	19.66	17.51	2.15	14.52	12.35	2.17	18.22	16.02	2.20	18.35	16.12	2.23
Minneapolis, MN	19.02	17.46	1.56	13.87	12.30	1.57	17.57	15.97	1.60	17.70	16.07	1.63
New Orleans, LA	19.79	19.36	0.43	15.78	14.20	1.58	18.68	17.87	0.81	18.68	17.97	0.71
Oklahoma City, OK	19.16	18.36	0.80	14.85	13.20	1.65	17.77	16.87	0.90	17.87	16.97	0.90
Omaha, NE	18.82	17.61	1.21	13.84	12.45	1.39	17.51	16.12	1.39	17.61	16.22	1.39
Philadelphia, PA	20.68	18.81	1.87	15.52	13.65	1.87	19.17	17.32	1.85	19.27	17.42	1.85
Phoenix, AZ	18.26	18.11	0.15	13.10	12.95	0.15	16.77	16.62	0.15	16.87	16.72	0.15
Pittsburgh, PA	20.06	17.86	2.20	14.65	12.70	1.95	18.32	16.37	1.95	18.42	16.47	1.95
St. Louis, MO	19.47	17.76	1.71	13.85	12.60	1.25	17.52	16.27	1.25	17.62	16.37	1.25
Salt Lake City, UT	17.96	17.66	0.30	12.80	12.50	0.30	16.47	16.17	0.30	16.57	16.27	0.30
Seattle, WA	18.08	17.66	0.42	12.92	12.50	0.42	16.59	16.17	0.42	16.69	16.27	0.42
Springfield, MO	18.76	17.96	0.80	14.45	12.80	1.65	17.37	16.47	0.90	17.47	16.57	0.90
Washington, DC	20.51	18.76	1.75	15.35	13.60	1.75	19.12	17.27	1.85	19.22	17.37	1.85
Simple Average	19.39	18.24	1.15	14.54	13.08	1.46	18.03	16.75	1.28	18.11	16.85	1.26

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

<sup>2/</sup> The information for this city is being reported now; the information for Spokane, WA has been discontinued.

**CHICAGO MERCANTILE EXCHANGE HOLIDAY TRADING SCHEDULE  
FOR SPOT CALL (CASH TRADING) BUTTER, CHEESE AND NONFAT DRY MILK**

Please be advised of the following holiday schedule for the Dairy Spot Call Markets:

**November 2003:**

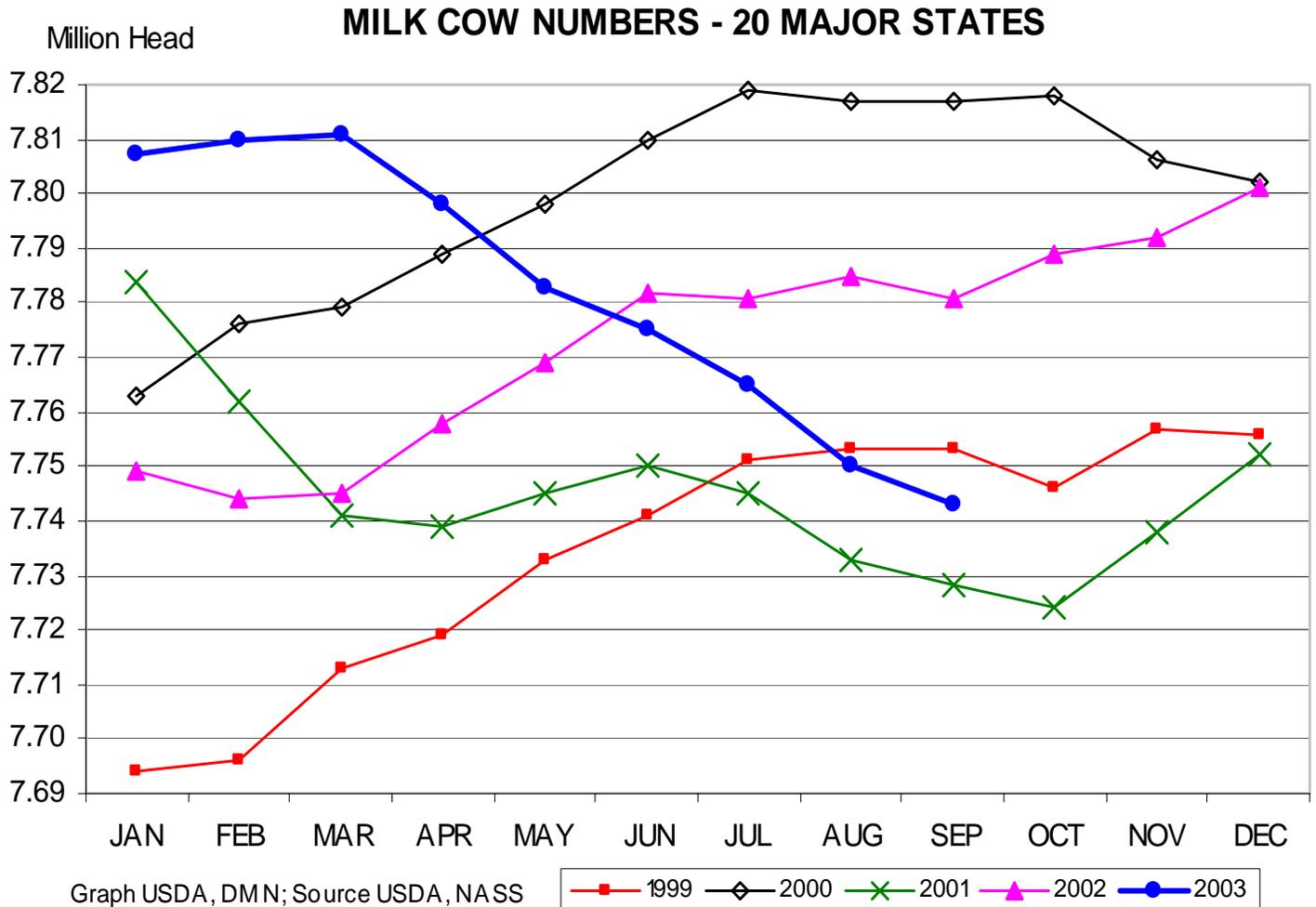
Wednesday, November 26 (Markets Open)  
Thursday, November 27 (Markets Closed)  
Friday, November 28 (Markets Closed)

**December 2003 and January 2004:**

Wednesday, December 24 (Markets Open)  
Thursday, December 25 (Markets Closed)  
Friday, December 26 (Markets Closed)

Wednesday, December 31 (Markets Open)  
Thursday, January 1, 2004 (Markets Closed)  
Friday, January 2, 2004 (Markets Closed)

If you have any questions, please contact Mr. Charles Piszczor, Senior Market Analyst, Commodity Product Development, at (312) 930-4536, or Mr. Paul Peterson, Director, Commodity Product Development, at (312) 930-4587.



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

	FOR THE WEEK OF OCTOBER 20 - 24, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 10/17/03	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>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	118,800	-0-	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>118,800</b>	<b>-0-</b>	<b>-0-</b>
<b>NONFAT DRY MILK</b>							
Nonfortified	5,943,533	2,195,608	3,747,925	18,872,303*	21,460,282	1,006,429,000	1,099,004,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
<b>TOTAL</b>	<b>5,943,533</b>	<b>2,195,608</b>	<b>3,747,925</b>	<b>18,753,255*</b>	<b>21,460,282</b>	<b>1,052,820,000</b>	<b>1,145,395,000</b>

\* A TOTAL OF 3,369,164 POUNDS OF NDM REPORTED AS PURCHASED DURING THE PREVIOUS YEAR ENDING 9/30/03 WAS REMOVED FROM LAST YEARS' TOTAL AND INCLUDED IN THE CURRENT YEAR CUMULATIVE.

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 20 - 24, 2003 =	0.8	43.6	COMPARABLE PERIOD IN 2002 =	1.3	12.5
CUMULATIVE SINCE OCTOBER 1, 2003 =	4.1	218.3	CUMULATIVE SAME PERIOD LAST YEAR =	5.8	251.0
CUMULATIVE JANUARY 1 - OCTOBER 24, 2003 =	696.2	6,631.1	COMPARABLE CALENDAR YEAR 2002 =	200.5	7,030.6

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

**CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 20 - 24, 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-	3,747,925	-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-	118,800	-0-	-0-	-0-	18.8
WEST	-0-	-0-	-0-	-0-	18,753,255	21,460,282	100.0	81.2
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>118,800</b>	<b>18,753,255</b>	<b>21,460,282</b>	<b>100.0</b>	<b>100.0</b>

NDM SELLBACK TO THE TRADE	CENTRAL/EAST	WEST	TOTAL	PRICE
OCTOBER 14 - 16, 2003	-0-	88,014	88,014	\$ .8075

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

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

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850  
 CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289  
 NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

**U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/04/03 & 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			
2003-Dairy	0.2	0.8	8.0	5.3	22.2	3.2	0.6	1.1	14.9	3.1	59.5	2,163.8	49.7	47.8
2002-Dairy	0.2	0.8	6.9	5.0	19.7	2.5	0.6	0.9	13.5	2.4	52.5	1,949.0	45.8	46.1
2003-All cows	0.2	1.0	10.7	12.7	32.9	18.2	16.9	2.8	17.2	7.0	119.7	4,527.6		
2002-All cows	0.2	1.0	9.5	12.3	31.1	16.8	15.7	3.5	16.1	8.4	114.6	4,225.2		

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

**CLASS III 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)