

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (12/05):**

BUTTER: Grade AA closed at \$1.2700. The weekly average for Grade AA is \$1.2458 (+.0233).

CHEESE: Barrels closed at \$1.2850 and blocks at \$1.3600. The weekly average for barrels is \$1.2570 (+.0803) and blocks, \$1.3600 (N.C.).

BUTTER: The market tone remains firm. Though still quite active, this week's trading activity at the CME was well below those seen during the past two weeks. Churning activity across the country did "bump" up slightly during the Thanksgiving holiday period, but Class II cream demand held at good levels this week and churning returned to pre-holiday levels. Fresh butter stocks remain tight, but frozen stocks are adequate to meet needs. Demand for butter is seasonally good as retailers prepare for the normally good time of the year for butter consumption/usage. The Kansas City Commodity Credit Corporation has issued invitation 008 to announcement DSC1, inviting competitive offers to buy from CCC approximately 2,489,196 pounds of salted butter packed in 25-Kg boxes for unrestricted use. Offers are due by 1:00 CST, December 10, 2003.

CHEESE: The cheese market is unsettled to steady. Barrels have been long and demand fair at best. Barrel manufacturers reduced production due to the unusually wide price discount to blocks, 21 cents, recently. Barrel cash prices rebounded this week though the spread remains wider than usual. Supplies of most natural varieties are tight to adequate for the fairly good demand. Aged cheddar demand is seasonally good with the usual type of supply gaps. Cheese production increased over the holiday weekend, but extra milk volumes were usually lighter than expected. Current cheese output is steady to just slightly higher.

FLUID MILK: The fluid market is generally steady. Thanksgiving weekend generated a minimal number of surplus loads for manufacturing operations. The extra volumes were easily absorbed by manufacturers though some expected a larger volume. Class I interest remains good as bottlers prepare eggnog and other items for the yearend holidays. Cream supplies were heavier early in the week while some operations were closed for the holiday weekend. Milk production is mostly steady through the majority of the country. Fat and protein tests on incoming fluid receipts are recovering in the Southwest and Pacific Northwest.

DRY PRODUCTS: The NDM market is steady to occasionally firm. Drying schedules were heavier over the holiday weekend though often lighter than anticipated. In the West, the extra powder is just being offered to CCC while in the East, the extra powder allowed producers the opportunity to catch up on contract deliveries. Current supplies remain tight in the Central. The buttermilk market is generally steady. Any extra drying over the weekend was easily diverted to regular buyers. Reduced condensed demand from ice cream users is encouraging additional drying at some facilities. The whey markets are mixed. Production was up slightly during the holiday weekend. Supplies are building at some locations with demand expected to slow around the end of the year. In the East, producers still have no product for immediate sale though they are taking orders for later shipment. Prices for WPC are generally higher in a firm market. Current offerings remain limited. Production is generally steady with inventories in balance. Lactose remains firm with first quarter contract prices higher. Current production is steady and supplies are light.

CCC: During the period of November 26 - December 5, CCC purchased 15,497,280 net pounds of nonfortified NDM from the West.

NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2003 was unchanged at 130. Compared with November 2002, the index was up 5 points (4.0%). The index of prices received by farmers for dairy products declined 1 point during the month of November 2003 to 114. Compared with November 2002, the index was up 23 points (25.3%). Prices received by farmers in November with changes from October were: for All Milk, \$14.90, down \$.10; Fluid Grade Milk, \$14.90, down \$.10; and for Manufacturing Grade Milk, \$14.60, down \$.10.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the November 2003 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$10.99 (+\$.15), Class III \$13.47 (-\$.92); and Class IV \$10.30 (+\$.14). Product price averages used in computing Class prices are: butter \$1.1881, NDM \$0.8130, cheese \$1.4941, and dry whey \$0.1947. The Class II butterfat price is \$1.2947 and the Class III/IV butterfat price is \$1.2877. Further information may be found at:

<http://www.ams.usda.gov/dyfmoms/mib/classprcacnmt.pdf>

*****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 DECEMBER 1	TUESDAY DECEMBER 2	WEDNESDAY DECEMBER 3	THURSDAY DECEMBER 4	FRIDAY DECEMBER 5	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1500 (N.C.)	\$1.2800 (+.1300)	\$1.2800 (N.C.)	\$1.2900 (+.0100)	\$1.2850 (-.0050)	+ .1350	\$1.2570 (+.0803)
40# BLOCKS	\$1.3600 (N.C.)	\$1.3600 (N.C.)	\$1.3600 (N.C.)	\$1.3600 (N.C.)	\$1.3600 (N.C.)	N.C.	\$1.3600 (N.C.)
BUTTER							
GRADE AA	\$1.2250 (-.0125)	-----	\$1.2425 (+.0175)	-----	\$1.2700 (+.0275)	+ .0325	\$1.2458 (+.0233)

*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, DECEMBER 1, 2003

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.3600; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1500, 1 @ \$1.1600
 BUTTER -- SALES: 9 CARS GRADE AA: 4 @ \$1.2200, 1 @ \$1.2175, 1 @ \$1.2150, 2 @ \$1.2200, 1 @ \$1.2250; BIDS UNFILLED: 11 CARS GRADE AA: 2 @ \$1.2200, 1 @ \$1.2175, 2 @ \$1.2100, 2 @ \$1.2050, 3 @ \$1.2000, 1 @ \$1.1800; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.2375

TUESDAY, DECEMBER 2, 2003

CHEESE -- SALES: 6 CARS BARRELS @ \$1.2800; 4 CARS 40# BLOCKS: 1 @ \$1.3575, 1 @ \$1.3600, 1 @ \$1.3575, 1 @ \$1.3550; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.3600; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.2800

WEDNESDAY, DECEMBER 3, 2003

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.3575, 1 @ \$1.3600; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3600; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.2800

BUTTER -- SALES: 26 CARS GRADE AA: 2 @ \$1.2325, 8 @ \$1.2350, 6 @ \$1.2375, 2 @ \$1.2400, 2 @ \$1.2450, 1 @ \$1.2425, 5 @ \$1.2375; BIDS UNFILLED: 41 CARS GRADE AA: 5 @ \$1.2425, 5 @ \$1.2400, 7 @ \$1.2375, 2 @ \$1.2325, 2 @ \$1.2300, 5 @ \$1.2275, 4 @ \$1.2250, 2 @ \$1.2225, 2 @ \$1.2200, 2 @ \$1.2175, 2 @ \$1.2150, 2 @ \$1.2125, 1 @ \$1.2050; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.2500

THURSDAY, DECEMBER 4, 2003

CHEESE -- SALES: 7 CARS BARRELS: 2 @ \$1.2800, 1 @ \$1.2825, 4 @ \$1.2800; 11 CARS 40# BLOCKS: 1 @ \$1.3575, 1 @ \$1.3600, 1 @ \$1.3575, 1 @ \$1.3600, 1 @ \$1.3575, 1 @ \$1.3600, 1 @ \$1.3575, 1 @ \$1.3600, 1 @ \$1.3575; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2900; 1 CAR 40# BLOCKS @ \$1.3600; OFFERS UNCOVERED: NONE

FRIDAY, DECEMBER 5, 2003

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.2850, 2 @ \$1.2900, 1 @ \$1.3000
 BUTTER -- SALES: 21 CARS GRADE AA: 3 @ \$1.2450, 6 @ \$1.2500, 3 @ \$1.2550, 2 @ \$1.2575, 3 @ \$1.2600, 2 @ \$1.2650, 1 @ \$1.2700, 1 @ \$1.2675; BIDS UNFILLED: 49 CARS GRADE AA: 2 @ \$1.2700, 4 @ \$1.2675, 2 @ \$1.2650, 3 @ \$1.2625, 4 @ \$1.2600, 2 @ \$1.2575, 6 @ \$1.2550, 5 @ \$1.2525, 5 @ \$1.2500, 3 @ \$1.2475, 4 @ \$1.2450, 3 @ \$1.2300, 2 @ \$1.2200, 2 @ \$1.2100, 2 @ \$1.1800; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The market tone is mixed. The price at the CME slipped during Monday's (12/1) relatively light trading. After several very active trading sessions late in November, the first session of December saw only 9 cars sold. This differs from the more than 200 cars sold during the previous five sessions. Some contacts wonder if it was maybe a post-Thanksgiving "thing." Others comment that the need for butter is real, but holiday needs should be close to being filled and on their way to stores. Churning activity remains limited. A little more milk and cream were available late last week, but they appear to be tight again early this week. Fresh butter stocks remain tight. Demand for butter is good at the producer level, fair to good at retail. Food service orders are good. Distributors are busy this week as they catch up after the holiday shortened week. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 7.5 cents over the CME price/average.

CENTRAL

The market tone is mixed. After dropping during Monday's trading, the price rebounded on Wednesday. Compared to the last five trading sessions of November, which averaged nearly 50 sales each, this week's two session are averaging only 17 sales. Churning activity in the Midwest is well below anticipated level, but volumes of excess cream are above the levels seen during the last half of November. Demand for print butter is fair to good. Some retailers/restaurants are assessing their post-Thanksgiving stocks before placing orders.

Retail movement, spurred by feature activity, was good prior to Thanksgiving. Food service orders are improved now that the shopping season is under way. Bulk butter for spot sale is limited, although when available is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Butter shipments for holiday needs continue at good levels. Some contacts feel that activity is beginning to slow as the holidays approach, which is normal. Others continue to have good orders and expect them to continue into next week. Some additional cream and milk were available over the holiday last week, but supplies were often less than anticipated. Cream demand and multiples remain firm. Trading activity has slowed somewhat at the CME and some of the sales were on offers this week as opposed to predominantly on bids recently. Storage butter continues to be used to meet current butter needs. Weekly CME butter storage totals declined by 4.4 million pounds to reach 71.6 million pounds. Stocks trail last year by almost 9 million pounds. Since the July peak of 207 million pounds, stocks have declined by 135 million pounds. The government has again offered for sale 2.5 million pounds of CCC-owned salted butter for unrestricted use. Bids are due by December 10. Current prices for bulk butter range from flat market to 3 1/2 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	38% MOISTURE			
NOVEMBER 29	1,3911	1,3170	0.8108	1.1995	0.1947
	7,595,149	9,117,982	16,817,538	3,160,961	8,658,526

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 steady on natural items, lower on process. The market tone is steady to weak. Cheese production in the Northeast is lighter than desired due to the limited volumes of surplus milk. Thanksgiving week did provide a little extra milk, but volumes were easily cleared. Demand for cheese is improving along seasonal patterns. Retail sales are picking up, particularly if featured. Holiday gift pack items are moving very well, particularly aged cheddar, which is normally a good mover during the holidays. Food service orders are picking up as the shopping season has begun. Restaurants and fast food outlets typically see good business during this time of year. Cheese stocks are adequate to meet current needs.

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

Cheddar 10# Prints	:	1.4250-1.9300
Cheddar Single Daisies	:	1.3825-1.8475
Cheddar 40# Block	:	1.5000-1.7475
Process 5# Loaf	:	1.3875-1.5850
Process 5# Sliced	:	1.4075-1.6525
Muenster	:	1.5975-1.7900
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak on barrels and steady on blocks. Current Midwestern blocks and most other natural varieties are generally tight to just adequate though some supplemental supplies may be available from the West. Natural orders are generally good and extended schedules are needed at some packaging facilities to fill orders. Lead times on bulk orders are necessary for most natural varieties. At the plant level, natural supplies are expected to be limited for at least another week or two. Plant inventories of natural are light as most tried to minimize their inventory write down by various means including selling extra milk. Barrel supplies are more than adequate and demand generally fair at best. Plants are producing as few barrels as possible. Due to tight cream supplies, at least one cream cheese producer has been limiting deliveries. Aged cheddar interest has picked up again and, as usual, some specific months, certain plants, and/or colors are difficult to find. Overall cheese production is steady to slightly higher. Cheese yields are good seasonally.

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

Process American 5# Loaf	:	1.3575-1.8100
Brick And/Or Muenster 5#	:	1.8400-2.0225
Cheddar 40# Block	:	1.7175-2.1150
Monterey Jack 10#	:	1.9100-2.1150
Blue 5#	:	2.1175-2.5400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6625-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

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

	BUTTER	:	CHEESE
		:	
12/01/03	41,424	:	123,592
11/01/03	57,527	:	128,695
CHANGE	-16,103	:	-5,103
% CHANGE	-28	:	-4

WEST

Prices for process cheese continue to decline while Swiss and natural prices are holding steady. Prices for blocks at the cash CME market have held steady for twelve trading sessions (since November 14) at \$1.36. The barrel/block spread has been exceptionally wide at 21 cents recently, but closed to eight cents on December 2. Recent market conditions for cheese in the West continue with the current block market in a much tighter position than that for barrel cheese. In fact, the light milk supplies available prior to the holiday forced some shipments to be delayed. Demand for processing solids and under grade cheese at discounted prices has been good. This may indicate an improving market situation for the upcoming first quarter. Holiday milk supplies available last week were less than anticipated. Plants are happy to see that tests on incoming milk receipts are finally approaching historical levels.

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

Process 5# Loaf	:	1.3250-1.5850
Cheddar 40# Block	:	1.4900-1.8400
Cheddar 10# Cuts	:	1.6700-1.8900
Monterey Jack 10#	:	1.6800-1.8400
Grade A Swiss Cuts 6 - 9#	:	.2500-2.4600

FOREIGN

Prices are unchanged and the market tone is improving along seasonal patterns. Historically, foreign type cheese sales reach their peak during the holiday/party season. Demand is improving and supplies are adequate. Imports are about steady, but there are few new orders from producing countries. This also, is typical for this time of year. The strong Euro further deters buying activity. During the first eight month of 2003, cheese production in the EU is estimated at 4.41 million tons, 0.5% more than the same period last year. Germany, the Netherlands, Denmark, and Austria saw the largest rise in output with France Ireland and the United Kingdom showing declines. Exports to third countries during the same period were up 2.8% from last year. Also, at the end of October, the EU reduced export refunds for all types of cheese by 5%.

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	: 1.7200-3.2100
Gorgonzola	:	3.6900-5.9400	: 2.2375-2.4900
Parmesan (Italy)	:	TFEWR	: 3.1300-3.2200
Romano (Italy)	:	2.1000-3.1500	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.7275-1.9550
Romano (Cows Milk)	:	-0-	: 2.9175-5.0900
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	0	0	23	0	26	0
SOUTHEAST STATES	0	0	0	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.

Milk production is mostly steady throughout the region. Colder weather in Florida and other Southeastern states seems to have slowed the gains seen during the past few weeks. Milk output is still increasing, but at a slower pace. Farther north, milk production is steady at typical seasonal levels. Fluid milk supplies, though tight, are not as tight as they have been. Most contacts report the milk supplies over the holiday weekend were up slightly, but easily cleared. The extra milk was welcomed by most manufacturers. Class I milk sales are slower at retail, but bottlers are busy refilling school lunch pipelines. Florida's need for milk fell to zero this week; handlers carried heavy inventories into the new week and orders from bottlers have been lighter than expected. Contacts expect that they will again import some milk next week, but so far, milk supply and demand are nicely balanced. In the Mid-South, predictions of the season's first ice/snow storm have given a boost to bottling and orders from retail outlets. Surplus milk supplies are not as tight and plant contacts are happy to see the extra milk. However, if normal patterns are followed, volumes may again tighten until mid-month. Most butter/powder plants did have extra milk over the holiday weekend and those plants that were shipping to Florida had quite a bit more milk. Southeastern manufacturing plants ran a little heavier, but all the milk was handled by those operations that had been running all fall. Seasonal balancing plants remain shut. The condensed skim market is little changed, but December's Class III formula price is down quite a bit from November. This price drop is not enough to make Class III wet solids competitive with NDM. Sales of Class II condensed skim are steady and mostly contractual. The fluid cream market is not quite as strong now that supplies are a little more in balance. Spot prices are often higher as the CME butter average last week increased more than two cents and multiples are little changed from last week. Demand is good and any offerings are easily cleared. Some contacts feel that the normal post-Thanksgiving lull in demand will not be seen this year because cream was so tight during the weeks leading up to the holiday. They feel that users were so far behind on their year-end orders that there will be little slow down in demand. Some suppliers note that more loads are available from their regular sources. Cream cheese production is steady to heavier this week. There have been reports that some cream cheese makers have been, and are allocating output because of the lack of cream in November. Egg nog production is slower, but producers are eager to get back on line to fill Christmas/New Year needs. Production of sour cream, dips, bottled and aerosol cream is seasonally heavy. Ice cream production is moderate to heavy as some plants build inventories ahead of planned shut downs during the year-end holiday period. Churning is up slightly at some plants.

reflect the lower multiples over Thanksgiving weekend when some users were closed for an extra day or two. Class III condensed skim prices around \$1.0550, down sharply from November, are generating additional interest with other classes basically unchanged. Manufacturing milk interest is very good and spot supplies are limited. More than one manufacturing milk buyer was surprised by the very limited volume of surplus milk available over the holiday weekend. Some handlers are already making commitments with plant operators to take surplus milk supplies during the yearend holiday season. On a limited test, reported spot milk premiums range from \$1.25 - 1.50 over class. Current plant operating schedules remain light seasonally. Current milk intakes still seem to be doing very little on a week to week basis. Fat and protein levels are good seasonally, providing good manufactured product yields. Seasonal temperatures and scattered precipitation, including snow, covered most of the region. The frozen fields generally stopped any remaining tillage operations but allowed farmers to harvest wet fields as well as package additional bedding (cornstalks) for winter. Temperatures ranged from the teens up into the 50s over the weekend and melted some of the snow cover.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 26 - DEC 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 57.00	\$ 34.00- 39.00
REPLACEMENT HEIFER CALVES	\$300.00-450.00	\$250.00-420.00

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

	NOV 26 - DEC 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 59.00	\$ 35.00- 40.50

WEST

The November 4a price (butter/powder) in CALIFORNIA is \$10.08, up \$0.10 from October but \$0.11 lower than last year. The November 4b price (cheese) is \$12.50, down \$1.71 from October but \$3.53 higher than last year. Milk production is steady across most areas of CALIFORNIA. Some areas in the south are seeing slight gains more often as a result of milder weather. The grocery clerk strike that has now enveloped distribution centers continues. The impact is that stores are both not having shoppers and now not receiving merchandise. Other grocery and club stores are having more business. The swing in business has also increased some bottlers' orders this week. School milk orders resumed to normal levels this week. Milk production in the Central Valley and more northern areas is steady. Production plants were active during the past holiday period, but were able to handle any surplus offerings. Milk output in ARIZONA is tracking slightly higher with fat and protein contents increasing at better than expected levels. The holiday run of surplus milk was light and did not pose problems to plants. Bottled milk demand is good with schools resuming and some additional interest from California buyers. Milk production in NEW MEXICO continues to be flat at levels steady with recent weeks. Weather conditions are seasonally mild. Milk shipments to other regions slowed over the holiday weekend, but were returning to normal. Shipments to the Southeast are down. Local plants handled extra milk supplies. The price gyrations at the CME butter market continued over the past week with the price closing at \$1.2425 on 12/3. Cream was available over the holiday period, but tightened again early this week. Demand lightened for some holiday items but has again increased. Surplus cream going into butter production was welcomed. Western cream multiples are higher and range from 115 to 134, FOB, depending on class usage and basing point. Conditions remain generally wet and seasonal in coastal areas of the PACIFIC NORTHWEST. Some of the moisture is getting to the eastern portions of the two states. Milk supplies are reported to be generally steady with little extra surplus milk available over the holiday weekend. Some manufacturing operations were hoping for additional supplies of milk to enable them to fill orders in a more timely fashion. This did not occur for the most part. Tests on milk receipts are coming back real well seasonally. Some contacts are reporting very high solids levels after seeing them lag all fall. Culling rates remain heavy in the region as prices are firm. Heavier hay demand is noted as producers attempt to maximize ration efficiency. Temperatures are cool over UTAH and IDAHO, but they are not disruptive to seasonal milk production. Moisture has been light over the past week. Some milk movement from barrel production to other alternatives has been noted. Milk supplies are on the low side of seasonal estimates. Some plants continue to purchase milk from outside sources to supplement their own receipts. Idaho producers seem to be more aggressive in looking for hay supplies at this time.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6387-1.8949
DELIVERED EQUIVALENT ATLANTA	-	1.7115-1.9071 M 1.7604-1.8949
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6259-1.7726

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	- .9800-1.0600

MIDWEST

Class I demand is steady to somewhat slower after the holiday weekend, at least through midweek after the very heavy 2 previous weeks. Retail feature activity on regular items as well as eggnog and other seasonal products was stimulating sales in some markets. It just seems that bottlers didn't need to purchase quite as much supplemental milk this week. Cream demand was lighter at least early, in part by the backup caused over the extended holiday weekend. Reported cream prices

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 to higher on a steady to firm market. Excess milk supplies over the Thanksgiving holiday weekend were less than anticipated. As a result, NDM production was moderate at best. Producers are carefully monitoring their supplies in order to guarantee contractual shipments in early 2004, especially as available milk supplies during this time frame are rather ambiguous. Demand is reduced compared to the week prior. Inquiries are predominantly for single spot loads rather than multiple loads. Current manufacturer supplies are limited in the Central region with buyers purchasing additional spot load from Western source. NDM from the CCC cheese exchange is reportedly available at competitive prices.

EAST: Prices are steady to lower. The December base price for the national marketing agency did increase approximately a quarter of a cent from November, however December's premiums for the East did drop two cents. The market tone is unchanged and firm. Drying schedules did increase temporarily during the past weekend and into this week. Most of the new production is being used to catch up on contract deliveries. Eastern producers have little or no NDM available for spot sale. A large portion of the powder that is being traded on the spot market came from CCC stocks, whether purchased or received through exchange programs. However, traders continue to comment on the sporadic manner in which FSA is releasing this, so-called, exchange NDM. Demand is mostly steady, but interest from smaller, seasonal users is picking up.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8325 - .8800 MOSTLY: .8425 - .8600
 HIGHHEAT: .8700 - .9450

NONFAT DRY MILK - WEST

Prices are holding mostly steady with a slight change higher on the top end of the mostly series. Some monthly price changes were adjusted higher. The market tone is steady. Plants ran well over the holiday period with no problems noted. Producers are offering more NDM to the support program as contracts for exports and DEIP are filled. Domestic sales are mixed. Cheese producers are varied in their needs for NDM and condensed skim in cheese production. Usage for some producers is maintained, while others are using less. NDM in totes is harder to find, but more product in 50 pound bags can be found. Offerings of resale NDM from CCC sellback or pudding and cheese programs are light. During the short period of November 24 - 25, CCC net purchases totaled 6.2 million pounds of NDM from the West. Western high heat prices are slightly higher on the bottom end of the range and reflect pricing adjustments rather than market strength. Seasonal interest is increasing only slightly. Supplies are generally limited.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .8825 MOSTLY: .8000 - .8175
 HIGHHEAT: .8375 - .8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 28	\$.8064	11,592,651	5,615,114
November 21	\$.8136	11,256,293	1,463,270

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 to lower on a steady to firm market. Seasonal influxes of milk and cream during the Thanksgiving holiday weekend were less than anticipated, resulting in light churn activity and condensed buttermilk production. Reduced interest in condensed buttermilk from some ice cream operations is encouraging dry buttermilk production at some locations. However, any increased production is readily diverted to contractual buyers in need of additional supplies. Production of dry buttermilk is anticipated to increase slowly into 2004.

F.O.B. CENTRAL: .9350 - 1.0125

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the Northeastern prices remain nominal. Production levels were up slightly during the Holiday weekend, but buttermilk drying remained limited. Producers have little, if any, on hand and most sales are LTL. Demand is fair to good, but there are few spot trades being reported.

F.O.B. NORTHEAST: .8400 - .8500
 DELVDSOUTHEAST: .8800 - .9000

DRY BUTTERMILK - WEST

Western dry buttermilk prices are unchanged in light market trading. Producer offerings are limited as they try to keep pace with past and current orders. There are few spot offerings available and prices are untested. Production is trending higher seasonally as more butter is churned. Inventories are light.

F.O.B. WEST: .8500 - .8800 MOSTLY: .8500 - .8600

DRY WHOLE MILK - NATIONAL

Prices are unchanged and nominal. The market tone is unchanged. Production levels are light. Eastern producers have little milk to process and often those volumes are going to fill NDM orders. Demand is generally fair. Producer stocks are light.

F.O.B. PRODUCING PLANT: 1.0650 - 1.2200

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 are unchanged and the market tone remains mixed. Tighter supplies at some locations are encouraging producers to offer whey at higher prices. However, at other locations, supplies are building in response to heavier production and decreased demand. As the year end approaches, trading activity is expected to seasonally wane as buyers attempt to keep light inventories. Export demand is reported as good for the contractual interest. Supplies of condensed whey vary depending upon location.

F.O.B. CENTRAL: .1900 - .2200 MOSTLY: .2000 - .2050

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher and the market tone is unchanged. The Northeastern prices remain nominal. Few spot sales are being reported. Production levels are up slightly as more milk was available to cheese makers late last week and early this week. However, most Eastern dry whey producers have no product for immediate spot sale. Some are taking orders for delivery several weeks "down the road," but most are not taking any new-customer orders at this time. Demand is holding steady at good levels. The Eastern dry whey market, compared to other regions, seems to be in the tightest supply/demand situation. Reports indicate that whey offerings in the West and Central States are not as tight as the East.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2075 - .2250
 DELVD SOUTHEAST: .2300 - .2550

DRY WHEY - WEST

Prices range from steady to fractionally lower for Western whey powder. Some producers report continued good sales activity and firm prices. Other contacts are finding slower sales activity and weaker pricing. Production over the holiday period last week was generally not as heavy as anticipated. Domestic sales activity seems to be in better shape than export sales. Those firms that primarily rely on exports to clear their output more often have to lower prices to compete in those markets or to attempt to take business away from other suppliers in domestic markets. Stocks range from in balance to building. In general, the two tier market that developed about four weeks ago is still in place.

NONHYGROSCOPIC: .1650 - .2175 MOSTLY: .1700 - .2100

ANIMAL FEED WHEY - CENTRAL

Prices are lower. The market tone is steady. Trading activity is light as buyers attempt to reduce inventories before the year end. Supplies of off grade permeate are a competitive substitute to milk replacer whey at some locations. Veal prices are trending lower while early weaned pig prices are steady.

F.O.B. CENTRAL: .1800 - .1925
 MILK REPLACER:

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies continue limited despite increased production from plants that have diverted their whey solids from 80% to 34% WPC production lines. Buyers are seeking contractual arrangements for 2004 with some contracts finalized at prices higher than the current market. Feed buyers are concerned as prices move higher. However, 80% WPC is readily available and offerings of high protein WPC from some export markets are noted at some feed facilities. While some plants are clearing inventories and selling 34% WPC at the average, other locations are garnering premium prices with some brokers reportedly reselling supplies above the range. Production is steady and inventories are mostly in balance. Aged and off grade supplies are available for the light to fair interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .5625 - .6075 MOSTLY: .5625 - .5825

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. More contracts for first quarter and the entire 2004 year are being finalized at higher prices. Some plants are concerned they may have over contracted for the year as milk supplies in 2004 are undetermined. Lactose inventories are generally tight. Production is steady. Inquiries persist from domestic and export buyers. Dry permeate is a good substitute for lactose into feed facilities. Supplies of off grade lactose are light.

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

CASEIN - NATIONAL

Prices for both casein types are unchanged, although the market tone remains firm. Trade positions on casein are tight with available stocks filling contractual obligations. Production seasons are slowing in Europe with some countries making only acid casein. The effects of the high euro value are being noted by contacts. The USDA, KCCO announced Invitation 12 to Announcement RSCS1 to seek bids for sales of NDM for the conversion into casein or caseinate. Bids are due on December 19 and release of awards will be on December 23.

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. Demand is good as the holiday baking season is in full swing. Production levels are light as surplus milk supplies remain tight. Producer stocks are being reduced by the seasonally good "pull" from retailers. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 781 for delivery January - March 2004. The award is for 6,646,320 pounds at prices ranging \$0.3751-\$0.4772 per pound.

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	11/19	11/20	11/21	11/24	11/25	11/26	11/27	11/28	12/01	12/02
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
NOV 03	13.42 (6002) 16	13.43 (6051) 371	13.47 (6055) 5	13.46 (6039) 61	13.48 (6041) 6	13.49 (6036) 0	NO TRADING	13.49 (6027) 19	13.47 (6015) 53	13.47 (6011) 44
DEC 03	11.51 (3926) 67	11.54 (3954) 134	11.59 (3953) 56	11.51 (3854) 261	11.60 (3947) 158	11.55 (3951) 4		11.55 (3964) 78	11.43 (4064) 536	11.50 (4022) 159
JAN 04	11.59 (2032) 21	11.64 (2038) 46	11.75 (2065) 45	11.74 (2164) 294	11.71 (2202) 60	11.67 (2202) 0		11.67 (2258) 258	11.50 (2399) 448	11.60 (2467) 102
FEB 04	11.40 (1672) 12	11.41 (1668) 12	11.46 (1673) 44	11.38 (1687) 90	11.43 (1688) 16	11.43 (1688) 0		11.43 (1713) 111	11.30 (1734) 56	11.40 (1717) 55
MAR 04	11.45 (1492) 40	11.45 (1499) 27	11.45 (1531) 48	11.41 (1565) 68	11.41 (1570) 16	11.41 (1571) 2		11.41 (1580) 71	11.35 (1584) 75	11.41 (1591) 45
APR 04	11.40 (1061) 25	11.48 (1058) 23	11.52 (1049) 53	11.48 (1075) 58	11.50 (1076) 16	11.49 (1076) 0		11.49 (1086) 49	11.45 (1101) 32	11.49 (1102) 2
MAY 04	11.45 (1029) 46	11.51 (1024) 25	11.57 (1053) 49	11.55 (1074) 51	11.55 (1082) 18	11.53 (1082) 0		11.53 (1082) 7	11.44 (1087) 41	11.47 (1089) 3
JUN 04	12.00 (859) 30	12.03 (863) 17	12.04 (882) 23	12.03 (920) 54	12.03 (924) 11	12.04 (924) 0		12.04 (932) 11	12.00 (950) 41	12.00 (951) 10
JUL 04	12.50 (680) 12	12.50 (682) 19	12.49 (700) 42	12.52 (734) 43	12.52 (736) 3	12.52 (736) 0		12.52 (748) 25	12.47 (760) 59	12.47 (760) 1
AUG 04	12.82 (707) 95	12.90 (709) 13	12.94 (719) 34	12.98 (753) 37	12.95 (757) 4	12.96 (757) 0		12.96 (757) 1	12.93 (778) 39	12.93 (779) 2
SEP 04	13.35 (797) 7	13.39 (801) 8	13.39 (819) 33	13.40 (854) 38	13.37 (857) 3	13.38 (857) 0		13.38 (857) 0	13.38 (874) 27	13.37 (874) 1
OCT 04	12.71 (518) 16	12.76 (524) 8	12.80 (560) 38	12.81 (595) 41	12.78 (598) 4	12.79 (598) 0		12.79 (598) 0	12.75 (618) 27	12.75 (620) 2
NOV 04	12.10 (372) 15	12.15 (371) 6	12.16 (406) 43	12.19 (418) 33	12.15 (418) 4	12.10 (418) 0		12.10 (418) 0	12.10 (432) 28	12.06 (431) 2
DEC 04	11.65 (355) 6	11.70 (354) 4	11.71 (387) 45	11.75 (388) 11	11.70 (388) 3	11.70 (388) 0		11.70 (388) 0	11.70 (400) 27	11.69 (400) 2
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
NOV 03	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0	NO TRADING	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0
DEC 03	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0	10.12 (1) 0		10.12 (1) 0	10.12 (1) 0	10.12 (1) 0
JAN 04	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0	10.50 (5) 0		10.50 (5) 0	10.50 (5) 0	10.50 (5) 0
FEB 04	10.55 (5) 0	10.55 (5) 0	10.55 (5) 0	10.55 (5) 0	10.55 (5) 0	10.55 (5) 0		10.55 (5) 0	10.55 (5) 0	10.55 (5) 0
CME - BUTTER FUTURES -- Cents per pound										
DEC 03	119.75 (314) 4	119.75 (322) 13	119.50 (322) 2	119.50 (321) 3	120.25 (316) 6	124.75 (316) 2	NO TRADING	124.75 (316) 1	123.00 (323) 61	123.00 (317) 21
MAR 04	133.50 (175) 1	133.50 (173) 2	133.50 (171) 12	134.00 (171) 0	134.00 (171) 0	134.00 (171) 0		134.00 (171) 0	134.00 (173) 4	134.00 (182) 15
MAY 04	135.00 (54) 0	135.00 (54) 0	135.00 (54) 0	135.00 (54) 0	135.00 (54) 0	136.00 (54) 0		136.00 (53) 1	136.00 (73) 21	137.00 (83) 9
JUL 04	136.25 (28) 0	136.25 (28) 0	136.25 (28) 0	136.25 (28) 0	136.25 (28) 0	138.00 (28) 0		138.00 (28) 0	138.00 (41) 13	138.00 (41) 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 November 24 - December 5, 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: Milk production has slowed and is near the low point in the season. However, producers in some countries may be forced to cut back milk deliveries early next year to minimize their over quota levies. With internal dairy product demand good, the current product mix is geared toward producing domestic consumer items for the yearend holiday season. Production of export products is expected to increase around yearend when production of holiday consumer products slows. Many butteroil manufacturers are still catching up on orders placed previously with some firms again looking for new business. Animal feed skim milk sales have also been occurring from intervention stocks. Traders are speculating on the affects a couple big events scheduled in 2004 in the EU will have, the additional of several new countries on May 1 and the scheduled price reduction of products in the Private Storage program on July 1. The continuing weak U.S. dollar compared to the Euro and other currencies affects reported prices, often on a daily basis. Russia continues to purchase butter, but shipments are occurring overland.

BUTTER/BUTTEROIL: The butter market is generally steady though showing occasional weakness. Additional recent Russian butter purchases have kept supplies tight in some countries. With the increase in milk and cream use for consumer products for the yearend holiday season, butter production is lighter. Some butteroil manufacturers are still catching up on contracts made previously with some again interested in new business. Butter production for export is expected to climb around yearend.

82% BUTTERFAT:	1,450 - 1,700
99% BUTTERFAT:	1,750 - 2,000

SKIM MILK POWDER (SMP): The skim market is steady. Some additional sales from intervention stocks have been made to animal feed users. Current production is light. Some extra milk supplies are being diverted from butter/skim production over to consumer products for the year end holiday season. Competitive U.S. skim prices may limit further price increases, at least in some markets.

1.25% BUTTERFAT:	1,800 - 1,920
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WHOLE MILK POWDER (WMP): The whole milk market is steady. The weak U.S. dollar is affecting reported prices. Production is trending lower because of seasonal declines in milk production and the switch toward producing consumer products for the holiday season. Some interest is noted from a few North African countries though lower priced South American origin product may affect sales.

26% BUTTERFAT:	1,950 - 2,050
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SWEET WHEY POWDER: The whey market is steady to firm. The weak dollar is causing reported prices to increase. Animal feed interest is steady to stronger. Current whey production is light despite the push toward cheese production for the yearend holiday season.

NONHYGROSCOPIC:	500 - 660
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EASTERN EUROPE: Current milk production is light seasonally and products are geared toward consumer goods for yearend. Drought reduced summer production has limited the supplies available for exporting.

OCEANIA

OCEANIA OVERVIEW: Milk production is a few weeks past the peak in the region. The current forecast for milk production in New Zealand is still for an increase of 3 - 4% for the season, depending on the summer weather. Some areas, hit with a very wet spring, have seen below year ago levels in receipts. Generally good dairy product demand has kept inventories from accumulating. Most early season production was committed to buyers well ahead of the start of the season. Spot availability from inventory is limited. Current reported prices are affected by the weak U.S. dollar compared to other currencies. Australian milk production continues lower than a year ago as the affect of last year's drought still is impacting this season. October and November rains have helped to build depleted water storage levels in Victoria though overall levels remain low. Last year at this time, water levels were declining. Processors still hope for a late spring flush that may or may not yet develop. The higher Australian dollar compared to the U.S. dollar is impacting prices reported and deals priced in U.S. dollars.

BUTTER: The butter market is firm, aided by the weak U.S. dollar in currency exchanges. Current supplies are tight. Churning remains active seasonally. Recent Ramadan and Russian shipments have kept early season inventories from accumulating. Some Japanese interest is also noted.

82% BUTTERFAT:	1,450 - 1,600
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CHEDDAR CHEESE: The cheese market is firm and prices are steady to higher. Current production is seasonally heavy. Due to good early season shipments, inventories remain light. Current international demand is steady.

39% MAXIMUM MOISTURE:	2,100 - 2,200
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SKIM MILK POWDER (SMP): The skim market is generally steady. Current production is seasonally strong with inventory limited. Current world interest is affected by concern over when the U.S. will release its expected second round of DEIP volumes into selected markets.

1.25% BUTTERFAT:	1,750 - 1,850
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WHOLE MILK POWDER (WMP): The whole milk market is firm, aided by the weak U.S. dollar when compared to other currencies. Current production is seasonally active. Early season shipments have kept current inventory levels limited.

26% BUTTERFAT:	1,750 - 1,850
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Exchange rates for selected foreign currencies: DECEMBER 1, 2003

.7671 Canadian Dollar	.0219 Indian Rupee
.3359 Argentina Peso	.6439 New Zealand Dollar
.0879 Mexican Peso	.7280 Australian Dollar
.2567 Polish Zloty	.0091 Japanese Yen
1.1975 Euro	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0879) = 11.3766$. That is 1 US Dollar equals 11.3766 Mexican Pesos.

Source: *Wall Street Journal*

MONTHLY SUMMARY AND AVERAGES FOR NOVEMBER 2003 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:REPORT NUMBER 45 :REPORT NUMBER 46 :REPORT NUMBER 47 :REPORT NUMBER 48 :				: 2003 : 2002	
	:-----:-----:-----:-----:				: Average : Average	
	: NOV 03 - 07	: NOV 10 - 14	: NOV 17 - 21	: NOV 24 - 28	: or Total	: or Total
DRY PRODUCTS						
NONFAT DRY MILK						
— Central And East (f.o.b.)						
— Low/Medium Heat	:: 0.8300 - 0.8800	:: 0.8300 - 0.8800	:: 0.8100 - 0.8800	:: 0.8100 - 0.8800	:: 0.8500	: 0.9578
— Mostly	:: 0.8425 - 0.8600	:: 0.8425 - 0.8600	:: 0.8425 - 0.8600	:: 0.8425 - 0.8600	:: 0.8513	: 0.9597
— High Heat	:: 0.8650 - 0.9450	:: 0.8650 - 0.9450	:: 0.8650 - 0.9450	:: 0.8650 - 0.9450	:: 0.9050	: 1.0053
— West (f.o.b.)						
— Low/Medium Heat	:: 0.8000 - 0.8825	:: 0.8000 - 0.8825	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.8400	: 0.9149
— Mostly	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8075	: 0.9098
— High Heat	:: 0.8350 - 0.8500	:: 0.8350 - 0.8500	:: 0.8350 - 0.8500	:: 0.8350 - 0.8500	:: 0.8425	: 0.9505
WHEY POWDER (Nonhygroscopic)						
— Central (f.o.b.)	:: 0.1925 - 0.2075	:: 0.1975 - 0.2125	:: 0.1900 - 0.2150	:: 0.1900 - 0.2175	:: 0.2026	: 0.2245
— Mostly	:: 0.1950 - 0.2000	:: 0.1975 - 0.2025	:: 0.1975 - 0.2025	:: 0.2000 - 0.2050	:: 0.1999	: 0.2291
— West (f.o.b.)	:: 0.1700 - 0.2150	:: 0.1700 - 0.2150	:: 0.1700 - 0.2175	:: 0.1700 - 0.2175	:: 0.1931	: 0.2151
— Mostly	:: 0.1900 - 0.2000	:: 0.1850 - 0.2050	:: 0.1800 - 0.2100	:: 0.1775 - 0.2100	:: 0.1947	: 0.2122
— Northeast (f.o.b.)	:: 0.2025 - 0.2200	:: 0.2025 - 0.2200	:: 0.2050 - 0.2225	:: 0.2050 - 0.2225	:: 0.2125	: N.A.
— Southeast (Delvd)	:: 0.2225 - 0.2425	:: 0.2225 - 0.2475	:: 0.2250 - 0.2500	:: 0.2250 - 0.2525	:: 0.2358	: 0.2689
WHEY PROTEIN CONCENTRATE						
— Central And West (f.o.b.)						
— Extra Grade 34% Protein	:: 0.5325 - 0.5725	:: 0.5200 - 0.5675	:: 0.5200 - 0.5775	:: 0.5300 - 0.6075	:: 0.5531	: 0.5041
— Mostly	:: 0.5325 - 0.5525	:: 0.5425 - 0.5525	:: 0.5475 - 0.5675	:: 0.5575 - 0.5675	:: 0.5522	: 0.5022
ANIMAL FEED - WHEY						
— Central (f.o.b.)						
— Milk Replacer	:: 0.1800 - 0.1875	:: 0.1800 - 0.1875	:: 0.1850 - 0.1950	:: 0.1850 - 0.1950	:: 0.1869	: 0.2023
BUTTERMILK (Min. 30% protein)						
— Central (f.o.b.)	:: 0.8500 - 1.0200	:: 0.9350 - 1.0200	:: 0.9350 - 1.0200	:: 0.9350 - 1.0200	:: 0.9657	: 0.8349
— West (f.o.b.)	:: 0.8500 - 0.8800	:: 0.8500 - 0.8800	:: 0.8500 - 0.8800	:: 0.8500 - 0.8800	:: 0.8650	: 0.7658
— Mostly	:: 0.8500 - 0.8600	:: 0.8500 - 0.8600	:: 0.8500 - 0.8600	:: 0.8500 - 0.8600	:: 0.8550	: 0.7574
— Northeast (f.o.b.)	:: 0.8250 - 0.8400	:: 0.8325 - 0.8500	:: 0.8400 - 0.8500	:: 0.8400 - 0.8500	:: 0.8407	: 0.8075
— Southeast (Delvd)	:: 0.8500 - 0.8700	:: 0.8800 - 0.9000	:: 0.8800 - 0.9000	:: 0.8800 - 0.9000	:: 0.8817	: 0.8325
WHOLE MILK POWDER						
— National (f.o.b.)	:: 1.0650 - 1.2000	:: 1.0650 - 1.2000	:: 1.0650 - 1.2200	:: 1.0650 - 1.2200	:: 1.1375	: 1.1413
LACTOSE						
— Central And West (f.o.b.)	:: 0.1950 - 0.2650	:: 0.1950 - 0.2650	:: 0.1950 - 0.2650	:: 0.1950 - 0.2650	:: 0.2300	: 0.1888
— Mostly	:: 0.2050 - 0.2200	:: 0.2050 - 0.2200	:: 0.2050 - 0.2200	:: 0.2050 - 0.2200	:: 0.2125	: 0.1650
CASEIN - Edible - National (f.o.b.)						
— Nonrestricted - Rennet	:: 2.1000 - 2.2000	:: 2.1000 - 2.2000	:: 2.1000 - 2.2000	:: 2.1000 - 2.2000	:: 2.1500	: 1.9684
— Nonrestricted - Acid	:: 2.0500 - 2.2500	:: 2.0500 - 2.2500	:: 2.0500 - 2.2500	:: 2.0500 - 2.2500	:: 2.1500	: 1.8000

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR NOVEMBER 2003

COMMODITY	:REPORT NUMBER 45::REPORT NUMBER 46::REPORT NUMBER 47::REPORT NUMBER 48::				: 2003 * : 2002 *	
	:-----:-----:-----:-----:-----:-----				Monthly	Monthly
	NOV 3 - 7	NOV 10 - 14	NOV 17 - 21	NOV 24 - 26	Average	Average
BUTTER*						
-- GRADE AA						
--Monday	:: 1.1850	:: 1.2025	:: 1.1950	:: 1.2075	::	:
--Tuesday	::	::	::	::	::	:
--Wednesday	:: 1.1875	:: 1.2150	:: 1.2100	:: 1.2375	::	:
--Thursday	::	::	::	::	::	:
--Friday	:: 1.2000	:: 1.2250	:: 1.1975	:: #	:: 1.2057	: 1.0425
--Weekly Average**	:: 1.1908	:: 1.2142	:: 1.2008	:: 1.2225	::	:
CHEESE*						
-- BARRELS						
--Monday	:: 1.4550	:: 1.3925	:: 1.2950	:: 1.2000	::	:
--Tuesday	:: 1.4300	:: 1.3725	:: 1.2475	:: 1.1800	::	:
--Wednesday	:: 1.2850	:: 1.2850	:: 1.2200	:: 1.1500	::	:
--Thursday	:: 1.3950	:: 1.2850	:: 1.2200	:: #	::	:
--Friday	:: 1.3950	:: 1.2850	:: 1.2150	:: #	:: 1.2949	: 1.0705
--Weekly Average**	:: 1.3920	:: 1.3240	:: 1.2395	:: 1.1767	::	:
-- 40# BLOCKS						
--Monday	:: 1.4800	:: 1.4225	:: 1.3600	:: 1.3600	::	:
--Tuesday	:: 1.4550	:: 1.4200	:: 1.3600	:: 1.3600	::	:
--Wednesday	:: 1.4300	:: 1.3975	:: 1.3600	:: 1.3600	::	:
--Thursday	:: 1.4300	:: 1.3725	:: 1.3600	:: #	::	:
--Friday	:: 1.4300	:: 1.3600	:: 1.3600	:: #	:: 1.3932	: 1.0891
--Weekly Average**	:: 1.4450	:: 1.3945	:: 1.3600	:: 1.3600	::	:
NONFAT DRY MILK*						
-- EXTRA GRADE						
--Monday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Tuesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Wednesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Thursday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	::	:
--Friday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	:: 0.8400	: 0.9150
--Weekly Average**	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
-- GRADE A						
--Monday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Tuesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Wednesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Thursday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	::	:
--Friday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	:: 0.8400	: 0.9300
--Weekly Average**	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

CME closed, no trading.

NOVEMBER 2003 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
JULY 2003 – OCTOBER 2003	NONFAT DRY MILK	22,733		
NOVEMBER 1 – 30, 2003		0		
JULY 2003 – NOVEMBER 2003		<u>22,733</u>		
CHEESE				
JULY 2003 – OCTOBER 2003		0		
NOVEMBER 1 - 30, 2003		0		
JULY 2003 – NOVEMBER 2003		0		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY 2003 – OCTOBER 2003		0		
NOVEMBER 1 – 30, 2003		0		
JULY 2003 – NOVEMBER 2003		0		
A-ANHYDROUS MILKFAT, B-BUTTER				
				PROGRAM TO DATE
TOTAL MT				22,733
TOTAL BONUS VALUE				\$2,749,629

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture’s Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

Allocations for the DEIP year beginning July 1, 2003: Nonfat Dry Milk – 68,201 MT; Cheese – 3, 030 MT; Butterfat – 21, 097 MT

Allocations are being announced in stages. Stage one is for 22,733 MT of Nonfat Dry Milk, 7,032 MT of Butter and 1,010 MT of Cheese.

NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2003 was unchanged at 130. Compared with November 2002, the index was up 5 points (4.0 percent). The index of prices received by farmers for dairy products declined 1 point during the month of November 2003 to 114. Compared with November 2002, the index was up 23 points (25.3 percent).

Prices received by farmers in November with changes from October were: for All Milk, \$14.90 per hundredweight (cwt.), down \$.10; Fluid Grade Milk, \$14.90 per cwt., down \$.10; and for Manufacturing Grade Milk, \$14.60 per cwt., down \$.10.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., NOVEMBER 2003 WITH COMPARISONS

STATE	All-milk price ^{1/} ^{3/}				Milk cows ^{5/}		Cows ^{6/}		All hay baled ^{7/}	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	OCTOBER		NOVEMBER		NOVEMBER		NOVEMBER		NOVEMBER	
	2003 ^{2/}	2002 ^{2/}	2003 ^{4/}	2002 ^{2/}	2003	2002	2003 ^{7/}	2002 ^{8/}	2003	2002
CA	13.41	10.86	13.10	10.53			43.50	32.50	89.00	93.00
ID	14.20	11.30	14.10	11.10			43.30	30.70	90.00	98.00
MI	15.20	12.00	15.00	11.90			46.50	34.00	99.00	104.00
MN	15.80	12.40	15.70	11.80			53.00	36.10	67.00	68.00
NM	14.40	12.10	14.50	12.20			47.60	34.10	136.00	97.00
NY	15.40	12.50	15.60	12.70			---	---	106.00	141.00
PA	16.70	13.60	16.80	13.90			45.30	34.00	138.00	130.00
TX	15.70	13.00	15.70	12.80			43.50	32.80	72.00	72.00
WA	14.10	12.00	14.10	11.80			---	---	79.00	110.00
WI	15.80	12.60	15.50	12.00			49.00	32.90	76.00	77.00
U.S.	15.00	12.10	14.90	11.90			46.70	33.00	80.70	93.60

^{1/} Prices are shown at reported butterfat test. ^{2/} Partially revised. ^{3/} Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. ^{4/} Preliminary. ^{5/} Animals sold for dairy herd replacement only. ^{6/} Beef cows and cull dairy cows sold for slaughter. ^{7/} Mid-month price. ^{8/} Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., NOVEMBER 2003 WITH COMPARISON

ITEM	NOVEMBER 2002	OCTOBER 2003 ^{1/}	NOVEMBER 2003 ^{2/}
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	11.90	15.00	14.90
Fluid grade milk	11.90	15.00	14.90
Manufacturing grade milk	10.70	14.70	14.60
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	97	113	117
Prices received by farmers for dairy products	91	115	114
Prices paid by farmers for commodities and services, interest taxes, and wage rates	125	130	130
Prices paid by farmers for production items	120	126	126
Prices paid by farmers for feed	114	115	116
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk ^{3/}	2.44	3.24	3.09

^{1/} Partially revised. ^{2/} Preliminary. ^{3/} For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (11/03), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF NOVEMBER 26 - DECEMBER 5			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 11/28/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	163,390	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	1,742,400	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	1,905,790	-0-	-0-
NONFAT DRY MILK							
Nonfortified	16,471,032	973,752	15,497,280	65,472,457	76,719,927	872,410,000	1,060,554,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
TOTAL	16,471,032	973,752	15,497,280	65,353,409	76,719,927	918,801,000	1,106,945,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF NOV. 26 - DEC. 5, 2003 =	3.4	180.4	COMPARABLE PERIOD IN 2002 =	12.4	255.2
CUMULATIVE SINCE OCTOBER 1, 2003 =	14.4	762.1	CUMULATIVE SAME PERIOD LAST YEAR =	34.5	911.9
CUMULATIVE JAN. 1 - DEC. 5, 2003 =	706.4	7,174.9	COMPARABLE CALENDAR YEAR 2002 =	229.1	7,691.6

* 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 PERIOD OF NOVEMBER 26 - DECEMBER 5, 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-	15,497,280	-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-	1,742,400	-0-	398,658	-0-	46.9
WEST	-0-	-0-	-0-	163,390	65,353,409	76,321,269	100.0	53.1
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,905,790	65,353,409	76,719,927	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 11/15/03 & 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	0.7	8.5	5.2	23.4	3.1	0.5	1.0	15.1	2.1	59.7	2,525.7	46.9	47.8
2002-Dairy	0.2	0.8	7.1	5.0	21.2	3.0	0.5	0.9	14.6	2.5	55.7	2,277.2	44.8	46.0
2003-All cows	0.2	1.0	11.5	13.0	34.4	19.3	19.1	3.9	17.4	7.6	127.4	5,279.4		
2002-All cows	0.2	0.9	9.8	13.2	33.7	17.9	18.0	3.7	17.8	9.1	124.3	4,952.1		

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	13.84
II	11.29	10.66	10.54	10.44	10.43	10.46	10.63	10.81	10.76	10.84	10.99	
III	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	
IV	10.07	9.81	9.79	9.73	9.74	9.76	9.95	10.14	10.05	10.16	10.30	

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