

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/31):
BUTTER: Grade AA closed at \$1.2750. The weekly average for Grade AA is \$1.2750 (-.0200).

CHEESE: Barrels closed at \$1.2350 and blocks at \$1.3050. The weekly average for barrels is \$1.2350 (-.0300) and blocks, \$1.3017 (-.0050).

BUTTER: The butter market tone is steady to weak, despite the CME prices holding this holiday shortened week. Supplies of fresh butter are readily available for current interest. Cream supplies are excessive in most areas of the country and more cream is being shipped great distances for processing. Many butter producers report having tankers lined up outside their plants waiting to unload. Demand for bulk butter is just fair and producers are rebuilding stocks of bulk and prints. Demand for packaged butter is slower and retailers are working off existing, holiday inventories before getting back into the market.

CHEESE: The cheese market is unsettled to weak. Current spot activity is light. Packaging and processing plants were closed at least an extra day again this week, reducing bulk cheese requirements. Natural cheese orders for early January are fair to often good for expected Super Bowl needs. Process interest remains fairly light. Cheese production schedules were heavier to handle the additional milk volumes available until bottlers resume bottling for school accounts.

FLUID MILK: Milk production was steady in most of the country. Some seasonal increases were noted in the Southern tier of states. Fluid milk supplies were excessive in all areas of the country this week, but as school lunch pipelines get refilled late in the week, surplus volumes may ease. Surplus milk was shipped interstate for processing in the Southeast and Southwest. Milk in the upper tier of states was long, but generally handled through normal balancing channels. This week's problems came more from the glut of cream and condensed skim. Heavy rains and snowfalls in the Pacific Northwest and parts of the Mountain States did cause some transportation delays and electrical outages. Contacts report that cream offerings were excessive and many loads moved to churning facilities at distressed prices. Condensed skim supplies were also excessive and some dryers did sell loads at distressed prices to ease the pressure on their equipment/facilities.

DRY PRODUCTS: Market activity for most dry dairy products was limited this holiday and year-end week. The BSE issue is causing some concern in the dairy markets, but contacts polled this week suggest that it is not expected to impact export sales. The NDM is steady to occasionally

weaker, as evidenced by lower prices and increasing production. However, the announcement of the second stage of this program-year's DEIP is expected to give a temporary boost to demand. The dry whey market continues to show signs of weakness. Demand is lackluster in all regions. The lactose market is firm and prices reflect increases as negotiated for first quarter contracts. Supplies remain tight, despite the higher output this holiday season. The WPC market remains weak in a light test of the spot market. Supplies are more than ample for current needs.

CCC: During the period of December 24 - 31, the CCC net purchases total 18,234,110 pounds of nonfortified NDM from the West. For the calendar year, the following are the CCC purchases under the support program: NDM totaled 635,500,031 pounds; butter, 11,446,631 pounds; and cheese 35,535,004 pounds. The milk equivalent (fat solids basis) purchases total 717.6 million pounds. This compares to 268.7 million pounds during 2002.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the December 2003 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$11.30 (+\$.31), Class III \$11.87 (-\$.60); and Class IV \$10.52 (+\$.22). Product price averages used in computing Class prices are: butter \$1.2557, NDM \$0.8070, cheese \$1.3260, and dry whey \$0.1941. The Class II butterfat price is \$1.3758 and the Class III/IV butterfat price is \$1.3688. Further information may be found at:

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

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first ten months of 2003 totals 144.2 billion pounds, 1.5% above the same period in 2002. Comparing disappearance levels with year earlier levels: butter is -1.3%; American cheese, -0.6%; other cheese, +2.3%; NDM, -6.2%; and fluid milk products, -0.3%.

CONSUMER PRICE INDEX (BLS): The November CPI for all food is 182.4, +3.2% from November 2002. The dairy products index at 171.2, is +2.5% from a year ago. The following are the November to November changes for selected products: fresh whole milk +6.7%, cheese +2.1%, and butter +3.0%.

NOTE: Due to calendar and report numbering, Dairy Market News is not reporting the international dairy markets this week. They will resume next week in report number 01.

****SPECIAL THIS ISSUE****

BUTTER AND CLASS III & IV MILK FUTURES (PAGE 7)
 JANUARY 2004 ANNOUNCED COOP CLASS I PRICES (PAGE 8)
 DECEMBER MONTHLY AVERAGES AND SUMMARY (PAGES 9-11)
 USDA ANNOUNCES SECOND STAGE OF DEIP (PAGE 12)

DECEMBER DEIP BID ACCEPTANCES (PAGE 12)
 NOVEMBER CONSUMER PRICE INDEX (PAGE 13)
 OCTOBER COMMERCIAL DISAPPEARANCE (PAGE 13)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

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

PRODUCT	MONDAY DECEMBER 29	TUESDAY DECEMBER 30	WEDNESDAY DECEMBER 31	THURSDAY JANUARY 1	FRIDAY JANUARY 2	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2350 (-.0050)	\$1.2350 (N.C.)	\$1.2350 (N.C.)	NO TRADING	NO TRADING	(-.0050)	\$1.2350 (-.0300)
40# BLOCKS	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.3050 (+.0050)	HOLIDAY		(+.0050)	\$1.3017 (-.0050)
BUTTER GRADE AA	\$1.2750 (N.C.)	----	\$1.2750 (N.C.)	----		(N.C.)	\$1.2750 (-.0200)

*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 29, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2350

BUTTER — SALES: 2 CARS GRADE AA @ \$1.2750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.2850, 1 @ \$1.2950, 1 @ \$1.3000

TUESDAY, DECEMBER 30, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.3000; OFFERS UNCOVERED: NONE

WEDNESDAY, DECEMBER 31, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.3050, 1 @ \$1.3025; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.2750; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 1, 2004 NO TRADING

FRIDAY, JANUARY 2, 2004 NO TRADING

BUTTER MARKETS

NORTHEAST

The market tone is steady to weaker. After falling each trading session last week, the CME cash price for butter held at \$1.2750 on Monday (12/29). In the East, churning activity is nearly at capacity. At those plants that are making butter, the cream silos are full and they are unable to process the cream as fast as it is arriving at the plants. A few producers are forwarding cream to the Midwest as a means to clear their volumes faster. Demand for butter is slower now that holiday needs have been filled. Distributors, for the second straight week, are very busy trying to fill orders during a holiday shortened week. Fresh butter is readily available from most producers, but demand has eased. Retail demand for butter has slowed along typical patterns. Food service orders are good, but starting to slow. 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 butter market is weak as holiday butter orders cease and churning is active. Butter production is quite heavy at most butter operations during this holiday period. Cream offerings from local and out of area sources are heavy. Most anticipate surplus cream offerings to remain plentiful into next week, but then feel that supplies will tighten as Class II product production resumes. A significant portion of this holiday production is entering warehouses as butter demand has dropped sharply. No significant buyer interest is being reported this week. Some fill-in orders are being placed. In most instances, buyers are working down stocks acquired prior to the holidays and will assess their supply

situation next week before re-entering the market. Producers, handlers, and buyers are stating that butter sales during the final quarter of the year were strong. Scattered feature activity, coupled with overall favorable retail pricing, cleared large volumes of fresh and inventoried print butter. Bulk butter for spot sale is available and is being reported in the flat - 2 cents per pound range over various pricing basis.

WEST

Cash butter prices at the CME continued to decline last week and are now back down to levels that were noted in mid-December (\$1.2750). The crush of real last minute orders that was noted prior to the Christmas holiday are gone. Buyers are looking at their stock levels very closely before they are willing to reorder. Quite a bit more cream is now available and most orders are now being handled with fresh butter. This means that very little stored butter is coming out at this time. Most of the churns are putting up bulk butter for storage at this time. Western contacts are unsure as to what prices will look like into the next year. Most are assuming that prices will generally be firmer than the last half of 2003. Weekly CME butter stocks for the week ending December 23 indicated that inventories are still declining. The total for that week was 55.9 million pounds, down another 3.4 million pounds from the previous week. Stocks now trail last year by more than 30 million pounds. Also, last year, stocks had started to build again by this time. 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			
DECEMBER 27	1,3469	1,2841	0.8074	1,3273	0.1835
	8,005,992	8,709,754	12,399,639	1,802,519	7,295,755

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 generally lower and the market tone is cautiously steady. Eastern cheese production is heavier as milk supplies have increased to burdensome proportions during this holiday season. Those operations that had been running only a few days a week are now running daily. Demand is mostly mixed. Retail movement is slowing now that the holidays are coming to an end. However, food service orders have been good and, if historical patterns are followed, should remain fairly good through the Super Bowl. Cheese stocks range from adequate to heavier.

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

Cheddar 10# Prints	:	1.3725-1.8775
Cheddar Single Daisies	:	1.3300-1.7950
Cheddar 40# Block	:	1.4475-1.6950
Process 5# Loaf	:	1.4750-1.6750
Process 5# Sliced	:	1.4950-1.7300
Muenster	:	1.5450-1.7375
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Some spotty interest is occurring for deliveries in 2004, but current shipments and spot activity for prior to the New Year are very light and often to local accounts. The cloud of uncertainty caused by BSE, found in a Western cow, adds additional uncertainty to the dairy markets, both short and longer term. Current packaging and processing schedules remain abbreviated this week. Most buyers are willing to delay bulk and packaged cheese deliveries until January to reduce year-end inventory levels. Cheese production was steady to heavier during the holidays as additional milk supplies backed up from bottlers. Cheese yields remain good.

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

Process American 5# Loaf	:	1.4450-1.8100
Brick And/Or Muenster 5#	:	1.8400-1.9650
Cheddar 40# Block	:	1.6925-2.1150
Monterey Jack 10#	:	1.9100-2.1150
Blue 5#	:	2.0600-2.5400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6075-2.2150
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
		:	
12/29/03	35,797	:	125,373
12/01/03	41,424	:	123,592
CHANGE	-5,627	:	1,781
% CHANGE	-14	:	1

WEST

As has been noted for the past few weeks, prices for natural and process cheese at the cash CME market continue to decline. Most contacts are noting slow sales activity last week and this week due to the holidays and weather disrupted freight deliveries. Indications are that sales of cheese for January are looking good because of pricing, inventories and the upcoming Super Bowl. Some surplus milk was available in the region at very attractive prices because of the need to find a home for some of it. Part of the problem was caused by weather issues over various areas in the region. School pipeline filling should commence at the end of the week and that will tighten supplies somewhat.

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

Process 5# Loaf	:	1.4125-1.6725
Cheddar 40# Block	:	1.4375-1.7875
Cheddar 10# Cuts	:	1.6175-1.8375
Monterey Jack 10#	:	1.6275-1.7875
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4600

FOREIGN TYPE

Prices are unchanged to lower. Demand for foreign type cheese remains good for immediate needs, but if typical patterns are followed, orders will fall off after the holidays. With the Euro as strong as it is, cheese imports early next year may be slow to develop. Reports out of the EU note that the cheese market there is generally stable with stocks and demand in close balance.

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	1.6675-3.1575*
Gorgonzola	:	3.6900-5.9400	2.1850-2.4900*
Parmesan (Italy)	:	TFEWR	3.0775-3.1675*
Romano (Italy)	:	2.1000-3.1500	-0-
Provolone (Italy)	:	3.4400-5.5000	1.6750-1.9025*
Romano (Cows Milk)	:	-0-	2.8650-5.0375*
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

E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	58	0	129	0	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.

This week, milk supplies became a big problem in the Northeast. Contacts expected more milk, but volumes increased faster than anticipated. Though heavy, volumes are not as heavy as past holiday seasons and the milk is being handled without too much difficulty. The problems arise with the supplies and sale, or lack thereof, of cream and condensed skim. Dryers are full, butter makers are full, and there are more wet solids and cream yet to be processed. Outlets are being found in the Midwest, but prices have suffered. Additionally, the news of the financial difficulties of a world-wide dairy conglomerate continues to develop and there is growing concern here in the States. Their bottling plants here in the U.S. process a lot of milk each month. Suppliers, customers, and farmers are looking for some answers and reassurances regarding continued operation of facilities and payments. Milk production is steady in most parts of the East, but gains are reported in the Gulf Coast states. Florida is still shipping surplus milk out of state, but contacts hope that this week's refilling of the school lunch pipelines will ease the need to ship milk. Bottlers in all areas are preparing to get back to normal operations, but the nearly \$2.00 change between December's Class I price and January's does have some bottlers, if they can, delaying their milk orders until the new month. Surplus milk volumes are heavy, but typical for this time of year. Most balancing plants in the Southeast did operate, but one or two did so only as a reload facility. Condensed skim spot sales are limited. Supplies of wet solids are often excessive. Some dryers are not able to process all their skim and they had to move several loads at distressed prices. Cheese makers are not taking too much condensed skim at this time, which further increases pressure on dryers. The fluid cream market is weak and supplies are burdensome. Contacts have commented on how quickly supplies increased this week. Last week wasn't good, but this week seems worse from a cream disposition point of view. Demand remains very light from the ice cream trade, but most producers should be back on line next week, which could help re-balance supplies. Spot prices are sharply lower as multiples dropped significantly from last week. Also, last week's CME butter average dropped 9.58 cents from the prior week. Many buyers, particularly butter makers are often paying based on the butter price, day of delivery. Cream cheese production is moderate to heavy as some producers are taking advantage of the lower price to make any spot purchases they may need. Butter makers are having a hard time processing their cream as fast as it is showing up at the plants.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5281-1.6835	
DELIVERED EQUIVALENT ATLANTA	-	1.5799-1.7483	M 1.6317-1.6576
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5281-1.6576	
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	

M I D W E S T

Surplus holiday milk supplies in the Central part of the country were not as troublesome as in year's past. In many facilities, milk supplies were sufficient to maintain steady manufacturing schedules. Surplus milk volumes, looking for a home, were much lighter than in years past. Some milk did move around at prices ranging from \$0.50 - 1.00 under class. Overall milk production is reported to be holding relatively steady with recent weeks. Favorable weather patterns and mild temperatures for this time of the season were reported over much of the Central part of the country. Milk handlers feel that over the New Year's holiday, milk volumes will be much the same as last week, but by the weekend, bottling demand will increase as most schools resume classes on Monday. Cream volumes are readily available as Class II demand dropped sharply last week. The dairy plant explosion

last week in Wisconsin did cause some problems with milk and cream placement during a holiday week, but for the most part, these volumes were handled with minimal difficulty. Many butter operations in the Central part of the country were able to take advantage of the additional cream offerings from local and out of area sources. In many instances, they were more than willing to take the cream, even at higher multiples than usual for a typical holiday period. Many indicate that the forecast for butterfat supplies in the new year are not overly positive, thus they were willing to take the cream when available.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 42.00- 53.00	N.A.
REPLACEMENT HEIFER CALVES	\$290.00-460.00	N.A.
SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	DEC 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 56.00	N.A.

W E S T

NOVEMBER 2003 POOL RECEIPTS of milk in CALIFORNIA total 2.82 billion pounds, 0.4% lower than the prior year. Year to date pool receipts are running 0.9% higher than 2002. The November blend price, at a fat test of 3.75%, is \$12.79, \$0.78 lower than October but \$2.26 higher than November 2002. The percentage of receipts used in Class 1 products is 18.74%. The November quota price is \$13.56 and the over quota price is \$11.86. These prices are \$0.89 lower than October but \$2.12 more than a year earlier. Milk supplies were in excess across much of the state of CALIFORNIA with most being readily handled. Some milk was moving to find balancing plants. The trend at the farm level continues to be flat to trending higher. Component levels of the milk are higher with increases noted in both fat and protein. Fluid milk needs remained mixed with orders from the retail front often lower and interest ahead of schools reopening is light early in the week. Rains and snow across the state were causing only minimal impacts on milk production. Transportation problems were noted from snowfalls and road closures in northern California. The snow pack in the Sierras is increasing, which is very good news for next year's growing season. Arizona milk production is trending slightly higher despite rain and cooler than normal weather. Milk supplies over the holiday were generally handled well and outside milk was bought to help out other processors. Bottlers were increasing schedules as more orders were coming in from schools restarting next week. Surplus milk supplies in NEW MEXICO were being moved out of state for processing over the past week as supplies exceeded plant capacity. There were reports of a plant being down for unconfirmed reasons. CREAM markets weakened as supplies increased and demand slowed as holiday cream needs eased. Surplus cream ended up in local and out of region churns. Grade AA butter declined further at the CME over the past week and closed on Monday, December 29 at \$1.2750, down 21 cents in two weeks. In addition to lower base prices, multiples and overages are lower. Western cream multiples range from 108 to 126, FOB, depending on class usage and basing point. Rain, snow, and colder weather have been common over much of the PACIFIC NORTHWEST. The weather has been bad enough to cause some electrical outages and transportation delays. Some mountain passes in the region have been closed for various periods of time in the last week. More storms are expected at the end of this week and will pile more snow on top of the drifts in place from last week. Plants are looking forward to filling school milk pipelines after the holiday. The BSE animal found in Washington State is causing concerns for many in the agriculture community. The full extent of the repercussions is just beginning to be realized. Long run, contacts believe there will be minimal impact on dairy sales, but do admit that there may be short run problems as things get sorted out. (Comments were heard that the major BSE problems in Europe have not impacted dairy exports in the long run.) The major impact noted so far is that U.S. cull cow markets are either quite depressed or closed for the time being. Concern is noted that cow numbers may not decline as fast as anticipated in 2004 because of this. Travel problems and milk pick up issues have been noted over much of northern UTAH and southern IDAHO in the past week. Most farm pick ups of milk have been made on delayed schedules with little milk lost. Shipments of loads of milk and finished product have been more problematic for plants. The holidays cause shipping problems at any time, add in the weather problems that have not been finished from the last storm with more snow scheduled for the end of the week, and problems are anticipated to continue to play out into the next year.

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 mixed on a steady to weak market. CCC purchases from the Central region have ceased. The influx of milk over the holiday weekend was less than seasonally anticipated. However, with some ice cream operations closed and less fluid milk moving into bottling plants, excess volumes of condensed skim were available for drying, increasing overall production of NDM. Drying schedules are expected to be reduced in the next few weeks as milk is diverted back into bottling and Class II facilities. Spot sales during the holidays are light. Contracts for shipment during January or throughout 2004 are being realized at steady to lower prices. High heat supplies are more readily available at some operations for the good interest. Aged CCC NDM from cheese and pudding exchanges is available at prices at or below the lower end of the range.

EAST: Prices are mostly steady to lower within the range. The National NDM marketing agency's base price for January's sales is down \$.006 from December. Other producers have also lowered their prices to better compete and to clear their growing inventories. Production levels are up significantly this week. Surplus milk volumes are very heavy and the demand for condensed skim is very slow. In fact, some distressed loads of wet solids cleared to drying plants this week. Eastern dryers are operating at or very near capacity and producer stocks are growing. Demand for NDM is slow to fair as buyers are waiting for the January to take delivery of additional loads. This is a typical pattern for this time of year. The USDA, FAS announced the second stage of allocations for NDM for the DEIP. (For more information, see page twelve.)

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8150 - .8700 MOSTLY: .8300 - .8550
 HIGHHEAT: .8500 - .9450

NONFAT DRY MILK - WEST

Prices for low/medium heat NDM are unchanged in light end of year trading. The market tone is weaker as more sales occur to the CCC under the price support program and January basing prices move lower for several sellers. Production has been heavy as plants balance the milk supply. Demand has taken a holiday. The second allocation under DEIP was announced on December 24 and makes available an additional 45,468 MT (100.2 million pounds) of NDM. Invitations will be issued the week of January 5, 2004. During the period of December 22-23, CCC net purchases totaled 8.0 million pounds from the West. High heat NDM prices did not change and trade in a tight range. Demand is currently light. Production is limited and often made to order with limited stocks available from producers.

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
December 26	\$.8020	11,115,071	7,446,543
December 19	\$.8043	16,260,859	8,747,892

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

DRY BUTTERMILK - CENTRAL

Prices remain unchanged and nominal on a steady market. As excess cream and milk during the holidays is diverted into churns, more condensed buttermilk is produced. With some ice cream operations closed during the holidays, excess condensed buttermilk is available for drying. Most dry buttermilk produced is being readily consumed by contractual users. Spot availability of dry buttermilk is light. Interest in spot loads of dry buttermilk is light to fair as buyers opt to wait until the New Year to purchase additional supplies. Some buyers have also diverted their interest to the more attractively priced NDM market. Offers of dry buttermilk from the West remain available at prices near .8500.

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

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the Northeastern prices remain nominal. Production is up quite a bit as churning activity jumped significantly this week. However, drying plants often have an abundance of skim to dry and little dryer-time for buttermilk. Condensed buttermilk sales are slow now that many ice cream plants are down for the holiday period. Those that are making more buttermilk powder are reporting increasing stocks. Demand is slow at best as users work off inventories.

F.O.B. NORTHEAST: .8400 - .8500
 DELVD SOUTHEAST: .8800 - .9000

DRY BUTTERMILK - WEST

Prices for Western dry buttermilk are steady in a lightly tested market. There are more, but limited, spot loads around for the first time in several months that are not clearing as soon as offered. More butter is being churned resulting in more buttermilk being dried. Demand is quiet over the holidays.

F.O.B. WEST: .8500 - .8800 MOSTLY: .8500 - .8700

DRY WHOLE MILK - NATIONAL

Prices are unchanged and nominal. The market tone is little changed. Demand is seasonally slow, but candy makers are already making or have made Valentines candies and are working on Easter needs. Production is lighter as many producers currently have too much skim to process.

F.O.B. PRODUCING PLANT: 1.0750 - 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.

Stage two allocations are: NDM -- 45,468 MT and cheese -- 2,020 MT. These fill the program-year allocations for these products. The allocation for butterfat announced in stage one remains in place and leaves a balance for future, possible allocations.

WHEY, CASEIN & EVAPORATED MILK

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

DRY WHEY - CENTRAL

Prices are unchanged to lower on a weak market. Trading activity is light due to the shortened holiday work schedules. Some buyers are also opting to wait and see where markets settle before making additional purchases. Excess milk during the holidays increased whey production at some locations. Stocks are reported as building at some locations and in balance at others. Some traders are hesitant to contract whey in 2004 due to the current price volatility, opting instead to purchase on a spot basis. Orders are heavier for the first full week in January, especially as the availability of truckers and transport increases. Grade A whey demand is good, trading at premium prices of 1/2 cent or higher. Condensed whey supplies are available at some locations for the light to fair demand.

F.O.B. CENTRAL: .1800 - .1900 MOSTLY: .1850 - .1900

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower and the Northeastern prices remain nominal. The market tone is weaker, but the Eastern market does not seem as weak as other regions. Increased cheese production is providing increased dry whey output. However, the East continues to be in a very good supply/demand situation. Those producers who were sold out are now getting caught up with contract deliveries and those with the occasional spot load to move now have a few more. Demand is slow to fair and typical for this time of year. A few operations would like to clean up their year-end inventories and some have offered block sales at current market prices. Interest in these offers is mixed, generally lackluster.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1900 - .2100
DELVD SOUTHEAST: .2100 - .2250

DRY WHEY - WEST

Prices range from steady to fractionally lower for Western whey powder. Trading activity at the end of the year is very light as many buyers have no interest in additional supplies before next year. Contacts polled this week suggest that the BSE problem noted in Washington State is not expected to impact export sales. They point to all the problems that Europe has had with BSE and they continue to export a large portion of their dairy products. Whey production did increase at the end of the year as expected. Buyers and sellers are waiting until next year to get a better handle on market conditions.

NONHYGROSCOPIC: .1600 - .2100 MOSTLY: .1700 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a steady to weak market. Spot trading activity is light as many buyers opt to wait until after the holiday season to make additional purchases. Supplies of milk replacer product are limited with many plants contracting to specific end-users for the 2004 year. U.S. inventory of all hogs and pigs on December 1, 2003, was 60.0 million head. This was 1% above December 1, 2002, but slightly below September 1, 2003. Breeding inventory, at 5.97 million head, was down 1% from December 1, 2002, but 1% above last quarter.

F.O.B. CENTRAL:
MILK REPLACER: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged and nominal on a weak market. Spot trade activity is light. Some producers are reducing their premiums in an attempt to clear excess production accumulated during the holidays. Buyers are generally waiting until after the holidays to purchase additional supplies. Resale supplies are reportedly available at a discount. Domestic supplies of WPC 80% are readily available into some food and feed operations as a substitute to WPC 34%. Resale off grade WPC is readily available for the light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .5200 - .5575 MOSTLY: .5425 - .5575

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Contracts for the first quarter and/or the 2004 year are generally finalized at higher prices. Most buyers were willing to settle at the higher prices in order to guarantee shipment. Supplies of lactose remain limited. Although production increased during the holidays, additional supplies of lactose are readily taken by contractual users. Inquiries are noted by infant formula operations and some candy manufacturers. Asian buyers are reportedly unfettered by the recent US BSE discovery, yet requests for certification that exported milk products are BSE-free are being made.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2100 - .2700 MOSTLY: .2200 - .2300

CASEIN - NATIONAL

Casein markets are firm as prices basically held steady for the week, but are anticipated to firm once the new year begins. First quarter contracts are well in place with reported prices higher. Stocks of casein remain in close balance with many suppliers indicating that most regular customers are getting their contracted volumes. Often, adjusted delivery schedules are being reported. Domestic buyers feel that these conditions will remain in place until the new production season resumes in Europe.

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 volumes increased rather sharply this week, but should recede later in the week when bottlers get back on line. While the milk is available, evaporators are taking as much as they can, particularly if the prices have been discounted. Most producers rely on this extra, holiday milk to replenish inventories. Demand is slow, but still very competitive. Some large grocery chains are asking for bids for 2004's contracts.

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	12/17	12/18	12/19	12/22	12/23	12/24	12/25	12/26
CME - (CLASS III) MILK FUTURES -- Dollars per cwt								
DEC 03	11.74 (3887) 3	11.80 (3945) 285	11.80 (3933) 37	11.80 (3925) 4	11.80 (3936) 8	11.79 (3936) 0	NO TRADING	11.79
JAN 04	11.59 (2932) 202	11.71 (2946) 360	11.70 (2968) 81	11.67 (3331) 421	11.64 (3295) 345	11.48 (3292) 8		11.48
FEB 04	11.45 (1859) 46	11.53 (1956) 150	11.64 (1982) 67	11.55 (2026) 74	11.48 (2053) 93	11.23 (2052) 3		11.23
MAR 04	11.46 (1692) 61	11.52 (1768) 165	11.62 (1771) 44	11.58 (1814) 91	11.52 (1825) 50	11.32 (1824) 0		11.32
APR 04	11.65 (1238) 48	11.65 (1269) 116	11.74 (1278) 28	11.70 (1330) 63	11.66 (1338) 59	11.56 (1330) 0		11.56
MAY 04	11.57 (1239) 71	11.60 (1285) 135	11.75 (1322) 67	11.67 (1375) 73	11.63 (1399) 69	11.45 (1397) 0		11.45
JUN 04	12.07 (1119) 54	12.13 (1123) 77	12.23 (1131) 44	12.19 (1154) 65	12.13 (1170) 79	12.00 (1169) 8		12.00
JUL 04	12.58 (958) 48	12.59 (962) 83	12.73 (983) 32	12.69 (1008) 58	12.63 (1030) 68	12.55 (1029) 0		12.55
AUG 04	12.96 (896) 46	12.96 (923) 112	13.03 (938) 25	12.99 (964) 59	12.93 (972) 82	12.83 (971) 0		12.83
SEP 04	13.50 (978) 48	13.50 (1014) 78	13.60 (1031) 25	13.56 (1056) 56	13.50 (1064) 69	13.40 (1063) 0		13.40
OCT 04	12.90 (717) 48	12.89 (728) 33	12.97 (743) 20	12.94 (769) 57	12.88 (781) 65	12.99 (780) 0		12.99
NOV 04	12.22 (529) 40	12.22 (548) 56	12.22 (553) 15	12.19 (601) 57	12.10 (613) 18	12.05 (612) 0		12.05
DEC 04	11.75 (473) 37	11.75 (482) 11	11.80 (514) 34	11.78 (560) 64	11.72 (577) 24	11.58 (576) 0		11.58
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.								
DEC 03	10.35 (1) 0	10.35 (1) 0	10.35 (1) 0	10.35 (1) 0	10.35 (1) 0	10.35 (1) 0	NO TRADING	10.35
JAN 04	10.95 (5) 0	10.95 (5) 0	10.95 (5) 0	10.95 (5) 0	10.95 (5) 0	10.90 (5) 0		10.90
FEB 04	11.01 (5) 0	11.01 (5) 0	11.01 (5) 0	11.01 (5) 0	11.01 (5) 0	11.01 (5) 0		11.01
CME - BUTTER FUTURES -- Cents per pound								
DEC 03	150.00 (15) 0	146.50 (19) 9	134.00					
MAR 04	154.25 (164) 3	149.25 (160) 13	139.97 (167) 20	138.00 (169) 4	137.50 (174) 12	133.50 (174) 0	NO TRADING	133.50
MAY 04	156.00 (87) 0	151.00 (88) 1	142.25 (94) 19	140.50 (98) 8	140.50 (101) 7	136.00 (101) 0		136.00
JUL 04	158.00 (98) 6	153.00 (104) 8	145.00 (112) 20	143.50 (117) 10	143.50 (125) 9	139.75 (125) 0		139.75
SEP 04	163.00 (1) 0	158.00 (1) 0	150.50 (5) 4	146.25 (5) 0	146.25 (5) 0	146.25 (5) 0		146.25
OCT 04	167.00 (1) 0	162.00 (6) 6	152.00 (13) 7	148.00 (13) 2	149.00 (13) 0	149.00 (13) 0		149.00

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.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, JANUARY 2004, WITH COMPARISONS ^{1/}												
CITY	January 2002			January 2003			December 2003			January 2004		
	Announced Coop.	Federal Order	Difference									
Dollars Per Hundredweight, 3.5% Butterfat												
Atlanta, GA	16.25	15.06	1.19	15.59	13.66	1.93	18.37	16.94	1.43	16.63	14.95	1.68
Baltimore, MD	16.71	14.96	1.75	15.26	13.56	1.70	18.69	16.84	1.85	16.70	14.85	1.85
Boise, ID	13.56	13.56	0.00	12.46	12.16	0.30	15.74	15.44	0.30	13.75	13.45	0.30
Boston, MA	16.81	15.21	1.60	15.21	13.81	1.40	18.79	17.09	1.70	16.80	15.10	1.70
Charlotte, NC	16.25	15.06	1.19	15.59	13.66	1.93	18.37	16.94	1.43	16.63	14.95	1.68
Chicago, IL	15.73	13.76	1.97	14.59	12.36	2.23	17.70	15.64	2.06	15.71	13.65	2.06
Cincinnati, OH	15.76	14.16	1.60	14.33	12.76	1.57	17.61	16.04	1.57	15.72	14.05	1.67
Cleveland, OH	15.56	13.96	1.60	14.13	12.56	1.57	17.41	15.84	1.57	15.52	13.85	1.67
Dallas, TX	15.82	14.96	0.86	14.96	13.56	1.40	17.74	16.84	0.90	16.00	14.85	1.15
Denver, CO	15.36	14.51	0.85	13.96	13.11	0.85	17.24	16.39	0.85	15.25	14.40	0.85
Des Moines, IA	14.91	13.76	1.15	13.74	12.36	1.38	17.03	15.64	1.39	15.03	13.65	1.38
Detroit, MI	15.03	13.76	1.27	13.52	12.36	1.16	17.06	15.64	1.42	15.32	13.65	1.67
Hartford, CT	16.71	15.11	1.60	15.11	13.71	1.40	18.69	16.99	1.70	16.70	15.00	1.70
Houston, TX	16.42	15.56	0.86	15.56	14.16	1.40	18.34	17.44	0.90	16.60	15.45	1.15
Indianapolis, IN	15.56	13.96	1.60	14.13	12.56	1.57	17.41	15.84	1.57	15.52	13.85	1.67
Kansas City, MO	15.11	13.96	1.15	14.33	12.56	1.77	17.12	15.84	1.28	15.17	13.85	1.32
Louisville, KY	15.16	14.16	1.00	13.86	12.76	1.10	17.46	16.04	1.42	15.57	14.05	1.52
Memphis, TN	15.75	14.76	0.99	15.09	13.36	1.73	17.87	16.64	1.23	16.13	14.65	1.48
Miami, FL	18.76	16.26	2.50	18.00	14.86	3.14	20.64	18.14	2.50	18.90	16.15	2.75
Milwaukee, WI	15.83	13.71	2.12	14.69	12.31	2.38	17.80	15.59	2.21	15.81	13.60	2.21
Minneapolis, MN	15.34	13.66	1.68	14.04	12.26	1.78	17.15	15.54	1.61	15.11	13.55	1.56
New Orleans, LA	16.40	15.56	0.84	15.74	14.16	1.58	18.52	17.44	1.08	16.78	15.45	1.33
Oklahoma City, OK	15.61	14.56	1.05	14.81	13.16	1.65	17.34	16.44	0.90	15.65	14.45	1.20
Omaha, NE	14.96	13.81	1.15	13.79	12.41	1.38	17.08	15.69	1.39	15.08	13.70	1.38
Philadelphia, PA	16.88	15.01	1.87	15.40	13.61	1.79	18.74	16.89	1.85	16.75	14.90	1.85
Phoenix, AZ	14.46	14.31	0.15	13.06	12.91	0.15	16.34	16.19	0.15	14.35	14.20	0.15
Pittsburgh, PA	16.06	14.06	2.00	14.47	12.66	1.81	17.94	15.94	2.00	15.95	13.95	2.00
St. Louis, MO	15.21	13.96	1.25	13.81	12.56	1.25	17.09	15.84	1.25	15.10	13.85	1.25
Salt Lake City, UT	14.16	13.86	0.30	12.76	12.46	0.30	16.04	15.74	0.30	14.05	13.75	0.30
Seattle, WA	14.28	13.86	0.42	12.88	12.46	0.42	16.16	15.74	0.42	14.17	13.75	0.42
Springfield, MO	14.96	14.16	0.80	14.41	12.76	1.65	16.94	16.04	0.90	15.25	14.05	1.20
Washington, DC	16.71	14.96	1.75	15.26	13.56	1.70	18.69	16.84	1.85	16.70	14.85	1.85
Simple Average	15.69	14.44	1.25	14.52	13.04	1.48	17.66	16.32	1.34	15.76	14.33	1.44

^{1/} 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.

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

COMMODITY	:REPORT NUMBER 49					:REPORT NUMBER 50					:REPORT NUMBER 51					:REPORT NUMBER 52					:REPORT NUMBER 53					2003	2002
	:-----:					:-----:					:-----:					:-----:					:-----:					Average	Average
	: DEC 01 - 05					: DEC 08 - 12					: DEC 15 - 19					: DEC 22 - 26					: DEC 29 - 31					or Total	or Total
CHEESE																											
WISCONSIN (WSP, Delivered, LTL)																											
-- Process American 5# Loaf	::	1.3575	-	1.8100	::	1.4375	-	1.8100	::	1.4500	-	1.8100	::	1.4550	-	1.8100	::	1.4450	-	1.8100	::	1.6182	:	1.4062			
-- Brick And/Or Muenster 5#	::	1.8400	-	2.0225	::	1.8400	-	2.0225	::	1.8400	-	2.0125	::	1.8400	-	1.9975	::	1.8400	-	1.9650	::	1.9239	:	1.6393			
-- Cheddar 40# Block	::	1.7175	-	2.1150	::	1.7175	-	2.1150	::	1.7075	-	2.1150	::	1.7400	-	2.1150	::	1.6925	-	2.1150	::	1.9155	:	1.8073			
-- Monterey Jack 10#	::	1.9100	-	2.1150	::	1.9100	-	2.1150	::	1.9100	-	2.1150	::	1.9100	-	2.1150	::	1.9100	-	2.1150	::	2.0125	:	1.9342			
-- Blue 5#	::	2.1175	-	2.5400	::	2.1175	-	2.5400	::	2.1075	-	2.5400	::	2.0925	-	2.5400	::	2.0600	-	2.5400	::	2.3214	:	2.0755			
-- Mozzarella 5 - 6#	::	1.6625	-	2.2150	::	1.6625	-	2.2150	::	1.6550	-	2.2150	::	1.6400	-	2.2150	::	1.6075	-	2.2150	::	1.9321	:	1.8243			
-- Grade A Swiss Cuts 6 - 9#	::	2.0000	-	2.6850	::	2.0000	-	2.6850	::	2.0000	-	2.6850	::	2.0000	-	2.6850	::	2.0000	-	2.6850	::	2.3425	:	2.2925			
NORTHEAST (WSP, Delivered, LTL)																											
-- Cheddar 10# Prints	::	1.4250	-	1.9300	::	1.4250	-	1.9300	::	1.4200	-	1.9250	::	1.4050	-	1.9100	::	1.3725	-	1.8775	::	1.6656	:	1.4386			
-- Cheddar Single Daisies	::	1.3825	-	1.8475	::	1.3825	-	1.8475	::	1.3775	-	1.8425	::	1.3625	-	1.8275	::	1.3300	-	1.7950	::	1.6031	:	1.3799			
-- Cheddar 40# Block	::	1.5000	-	1.7475	::	1.5000	-	1.7475	::	1.4950	-	1.7425	::	1.4800	-	1.7275	::	1.4475	-	1.6950	::	1.6118	:	1.3875			
-- Process 5# Loaf	::	1.3875	-	1.5850	::	1.4775	-	1.6650	::	1.4800	-	1.6800	::	1.4850	-	1.6850	::	1.4750	-	1.6750	::	1.5569	:	1.4129			
-- Process 5# Sliced	::	1.4075	-	1.6525	::	1.4875	-	1.7325	::	1.5000	-	1.7450	::	1.5050	-	1.7400	::	1.4950	-	1.7300	::	1.5973	:	1.4566			
-- Muenster	::	1.5975	-	1.7900	::	1.5975	-	1.7900	::	1.5925	-	1.7850	::	1.5775	-	1.7700	::	1.5450	-	1.7375	::	1.6818	:	1.4561			
-- Grade A Swiss Cuts 10 - 14#	::	2.3500	-	2.5500	::	2.3500	-	2.5500	::	2.3500	-	2.5500	::	2.3500	-	2.5500	::	2.3500	-	2.5500	::	2.4500	:	2.4500			
WEST COAST (WSP, Delivered, LTL)																											
-- Process 5# Loaf	::	1.3250	-	1.5850	::	1.4050	-	1.6650	::	1.4175	-	1.6775	::	1.4225	-	1.6825	::	1.4125	-	1.6725	::	1.5239	:	1.3829			
-- Cheddar 40# Block	::	1.4900	-	1.8400	::	1.4900	-	1.8400	::	1.4850	-	1.8350	::	1.4700	-	1.8200	::	1.4375	-	1.7875	::	1.6531	:	1.3274			
-- Cheddar 10# Cuts	::	1.6700	-	1.8900	::	1.6700	-	1.8900	::	1.6650	-	1.8850	::	1.6500	-	1.8700	::	1.6175	-	1.8375	::	1.7681	:	1.5471			
-- Monterey Jack 10#	::	1.6800	-	1.8400	::	1.6800	-	1.8400	::	1.6750	-	1.8350	::	1.6600	-	1.8200	::	1.6275	-	1.7875	::	1.7481	:	1.5274			
-- Grade A Swiss Cuts 6 - 9#	::	2.2500	-	2.4600	::	2.2500	-	2.4600	::	2.2500	-	2.4600	::	2.2500	-	2.4600	::	2.2500	-	2.4600	::	2.3550	:	2.3350			
FLUID PRODUCTS																											
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)																											
-- Northeast - f.o.b	::	1.6387	-	1.8949	::	1.7192	-	1.9559	::	1.7145	-	1.9685	::	1.6551	-	1.8359	::	1.5281	-	1.6835	::	1.7740	:	1.4489			
-- Atlanta - dlvd. equiv.	::	1.7115	-	1.9071	::	1.7254	-	1.9933	::	1.7272	-	1.9812	::	1.6690	-	1.9193	::	1.5799	-	1.7483	::	1.8083	:	1.4705			
-- Upper Midwest - f.o.b	::	1.6259	-	1.7726	::	1.6943	-	1.8064	::	1.7526	-	1.8415	::	1.8080	-	1.8776	::	1.5281	-	1.6576	::	1.7447	:	1.4363			
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.																											
-- Class II	::	0.8700	-	0.9300	::	0.8700	-	0.9300	::	0.8700	-	0.9300	::	0.8700	-	0.9300	::	0.8700	-	0.9300	::	0.9000	:	1.0075			
-- Class III	::	0.9800	-	1.0600	::	0.9800	-	1.0600	::	0.9800	-	1.0600	::	0.9800	-	1.0600	::	0.9800	-	1.0600	::	1.0200	:	0.8424			
NATIONAL EVAPORATED MILK (\$ per Case)																											
(Case - 48 - 12 fluid oz cans)																											
-- Delivered Major U.S. Cities	::	19.0000	-	30.0000	::	19.0000	-	30.0000	::	19.0000	-	30.0000	::	19.0000	-	30.0000	::	19.0000	-	30.0000	::	24.5000	:	24.0000			

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

COMMODITY	:REPORT NUMBER 49 :REPORT NUMBER 50 :REPORT NUMBER 51 :REPORT NUMBER 52 :REPORT NUMBER 53 :					2003	2002
	:-----:-----:-----:-----:-----:					Average	Average
	DEC 01 - 05	DEC 08 - 12	DEC 15 - 19	DEC 22 - 26	DEC 29 - 31	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8325 - 0.8800	:: 0.8325 - 0.8800	:: 0.8000 - 0.8800	:: 0.8000 - 0.8800	:: 0.8150 - 0.8700	:: 0.8477	:: 0.9075
-- Mostly	:: 0.8425 - 0.8600	:: 0.8350 - 0.8600	:: 0.8350 - 0.8600	:: 0.8350 - 0.8600	:: 0.8300 - 0.8550	:: 0.8477	:: 0.9420
-- High Heat	:: 0.8700 - 0.9450	:: 0.8700 - 0.9450	:: 0.8700 - 0.9450	:: 0.8700 - 0.9450	:: 0.8500 - 0.9450	:: 0.9061	:: 1.0020
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.8388	:: 0.8715
-- Mostly	:: 0.8000 - 0.8175	:: 0.8000 - 0.8175	:: 0.8000 - 0.8175	:: 0.8000 - 0.8175	:: 0.8000 - 0.8175	:: 0.8088	:: 0.8600
-- High Heat	:: 0.8375 - 0.8500	:: 0.8375 - 0.8500	:: 0.8375 - 0.8500	:: 0.8375 - 0.8500	:: 0.8375 - 0.8500	:: 0.8438	:: 0.9286
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.1900 - 0.2200	:: 0.1800 - 0.2100	:: 0.1800 - 0.2050	:: 0.1800 - 0.1975	:: 0.1800 - 0.1900	:: 0.1942	:: 0.1818
-- Mostly	:: 0.2000 - 0.2050	:: 0.1925 - 0.2025	:: 0.1875 - 0.1975	:: 0.1850 - 0.1925	:: 0.1850 - 0.1900	:: 0.1945	:: 0.1811
-- West (f.o.b.)	:: 0.1650 - 0.2175	:: 0.1650 - 0.2200	:: 0.1600 - 0.2150	:: 0.1600 - 0.2150	:: 0.1600 - 0.2100	:: 0.1891	:: 0.2112
-- Mostly	:: 0.1700 - 0.2100	:: 0.1700 - 0.2000	:: 0.1700 - 0.1900	:: 0.1700 - 0.1800	:: 0.1700 - 0.1800	:: 0.1818	:: 0.2163
-- Northeast (f.o.b.)	:: 0.2075 - 0.2250	:: 0.2075 - 0.2250	:: 0.1975 - 0.2175	:: 0.1925 - 0.2175	:: 0.1900 - 0.2100	:: 0.2100	:: N.A
-- Southeast (Delvd)	:: 0.2300 - 0.2550	:: 0.2150 - 0.2450	:: 0.2125 - 0.2400	:: 0.2100 - 0.2325	:: 0.2100 - 0.2250	:: 0.2287	:: 0.2130
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.5625 - 0.6075	:: 0.5200 - 0.5825	:: 0.5200 - 0.5575	:: 0.5200 - 0.5575	:: 0.5200 - 0.5575	:: 0.5521	:: 0.5248
-- Mostly	:: 0.5625 - 0.5825	:: 0.5425 - 0.5725	:: 0.5425 - 0.5575	:: 0.5425 - 0.5575	:: 0.5425 - 0.5575	:: 0.5568	:: 0.5125
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1800 - 0.1925	:: 0.1800 - 0.1900	:: 0.1775 - 0.1850	:: 0.1700 - 0.1800	:: 0.1700 - 0.1800	:: 0.1813	:: 0.1599
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.9350 - 1.0125	:: 0.9350 - 1.0125	:: 0.9350 - 1.0125	:: 0.9350 - 1.0125	:: 0.9350 - 1.0125	:: 0.9738	:: 0.8200
-- West (f.o.b.)	:: 0.8500 - 0.8800	:: 0.8500 - 0.8800	:: 0.8500 - 0.8800	:: 0.8500 - 0.8800	:: 0.8500 - 0.8800	:: 0.8650	:: 0.7645
-- Mostly	:: 0.8500 - 0.8600	:: 0.8500 - 0.8600	:: 0.8500 - 0.8700	:: 0.8500 - 0.8700	:: 0.8500 - 0.8700	:: 0.8577	:: 0.7729
-- Northeast (f.o.b.)	:: 0.8400 - 0.8500	:: 0.8400 - 0.8500	:: 0.8400 - 0.8500	:: 0.8400 - 0.8500	:: 0.8400 - 0.8500	:: 0.8450	:: 0.8051
-- Southeast (Delvd)	:: 0.8800 - 0.9000	:: 0.8800 - 0.9000	:: 0.8800 - 0.9000	:: 0.8800 - 0.9000	:: 0.8800 - 0.9000	:: 0.8900	:: 0.8301
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.0650 - 1.2200	:: 1.0750 - 1.2200	:: 1.0750 - 1.2200	:: 1.0750 - 1.2200	:: 1.0750 - 1.2200	:: 1.1464	:: 1.1400
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1950 - 0.2650	:: 0.1950 - 0.2650	:: 0.1950 - 0.2650	:: 0.1950 - 0.2650	:: 0.2100 - 0.2700	:: 0.2314	:: 0.1893
-- Mostly	:: 0.2050 - 0.2200	:: 0.2050 - 0.2200	:: 0.2050 - 0.2200	:: 0.2050 - 0.2200	:: 0.2200 - 0.2300	:: 0.2142	:: 0.1652
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.1000 - 2.2000	:: 2.1000 - 2.2000	:: 2.1000 - 2.2000	:: 2.1000 - 2.2000	:: 2.1000 - 2.2000	:: 2.1500	:: 1.9798
-- Nonrestricted - Acid	:: 2.0500 - 2.2500	:: 2.0500 - 2.2500	:: 2.0500 - 2.2500	:: 2.0500 - 2.2500	:: 2.0500 - 2.2500	:: 2.1500	:: 1.8071

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 DECEMBER 2003

COMMODITY	::REPORT NUMBER 49::	::REPORT NUMBER 50::	::REPORT NUMBER 51::	::REPORT NUMBER 52::	::REPORT NUMBER 53::	2003 *	2002 *
	DEC 1 - 5	DEC 8 - 12	DEC 15 - 19	DEC 22 - 24	DEC 29 - 31	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	:: 1.2250	:: 1.2700	:: 1.3525	:: 1.3150	:: 1.2750	::	:
--Tuesday	::	::	::	::	::	::	:
--Wednesday	:: 1.2425	:: 1.2700	:: 1.4850	:: 1.2750	:: 1.2750	::	:
--Thursday	::	::	::	::	::	::	:
--Friday	:: 1.2700	:: 1.2700	:: 1.3350	:: #	:: #	:: 1.2969	: 1.1198
--Weekly Average**	:: 1.2458	:: 1.2700	:: 1.3908	:: 1.2950	:: 1.2750	::	:
CHEESE*							
-- BARRELS							
--Monday	:: 1.1500	:: 1.2700	:: 1.2700	:: 1.2800	:: 1.2350	::	:
--Tuesday	:: 1.2800	:: 1.2700	:: 1.2700	:: 1.2750	:: 1.2350	::	:
--Wednesday	:: 1.2800	:: 1.2700	:: 1.2700	:: 1.2400	:: 1.2350	::	:
--Thursday	:: 1.2900	:: 1.2700	:: 1.2800	:: #	:: #	::	:
--Friday	:: 1.2850	:: 1.2700	:: 1.2800	:: #	:: #	:: 1.2621	: 1.1055
--Weekly Average**	:: 1.2570	:: 1.2700	:: 1.2740	:: 1.2650	:: 1.2350	::	:
-- 40# BLOCKS							
--Monday	:: 1.3600	:: 1.3600	:: 1.3500	:: 1.3200	:: 1.3000	::	:
--Tuesday	:: 1.3600	:: 1.3600	:: 1.3500	:: 1.3000	:: 1.3000	::	:
--Wednesday	:: 1.3600	:: 1.3600	:: 1.3400	:: 1.3000	:: 1.3050	::	:
--Thursday	:: 1.3600	:: 1.3500	:: 1.3400	:: #	:: #	::	:
--Friday	:: 1.3600	:: 1.3500	:: 1.3200	:: #	:: #	:: 1.3383	: 1.1311
--Weekly Average**	:: 1.3600	:: 1.3560	:: 1.3400	:: 1.3067	:: 1.3017	::	:
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Tuesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Wednesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Thursday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	:: #	::	:
--Friday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	:: #	:: 0.8400	: 0.9126
--Weekly Average**	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
-- GRADE A							
--Monday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Tuesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Wednesday	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	:: 0.8400	::	:
--Thursday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	:: #	::	:
--Friday	:: 0.8400	:: 0.8400	:: 0.8400	:: #	:: #	:: 0.8400	: 0.9205
--Weekly Average**	:: 0.8400	:: 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.

DECEMBER 2003 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 2003 – NOVEMBER 2003		22,733		
DECEMBER 1 – 31, 2003		0		
JULY 2003 – DECEMBER 2003		22,733		
CHEESE				
JULY 2003 – NOVEMBER 2003		0		
DECEMBER 1 - 31, 2003		0		
JULY 2003 – DECEMBER 2003		0		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY 2003 – NOVEMBER 2003		0		
DECEMBER 1 – 31, 2003		0		
JULY 2003 – DECEMBER 2003		0		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				22,733
TOTAL BONUS VALUE				\$2,749,629
PROGRAM TO DATE				

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.

USDA ANNOUNCES SECOND DEIP ALLOCATION FOR 2003/04

On December 24, the U.S. Department of Agriculture announced the second allocation under the Dairy Export Incentive Program (DEIP) for the July-June 2003/04 year. This second allocation makes available an additional 45,468 metric tons of nonfat dry milk and 2,020 metric tons of cheese. To date, USDA has allocated the maximum WTO allowable quantities for nonfat dry milk and various cheeses under this year’s DEIP – 68,201 tons and 3,030 tons, respectively. The WTO maximum allocation for butterfat is 21,097 metric tons, of which the Department has already announced 7,032 tons. Invitations for the nonfat dry milk and cheese will be issued the week of Jan. 5, 2004. Quantities may be limited by the Invitations for Offers. Individual product/country allocations will be specified in the applicable invitation. Export sales of these products will be facilitated through the payment of bonuses by USDA’s Commodity Credit Corporation. Sales of nonfat dry milk, butterfat and eligible cheeses will be made through normal commercial channels at competitive world prices. Information about the DEIP, including Invitations for Offers when issued, is available on the Internet at <http://www.fas.usda.gov/excredits/deip.html> or by calling the Operations Division, Export Credits, FAS, at (202) 720-3224 or (202) 720-6211. FAS news releases are available on the Internet at <http://www.fas.usda.gov>. For additional information about Web access, contact FAS Public Affairs Division at (202) 720-7115.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
SEP 2003	180.7	2.4	170.3	2.4	167.8	4.6	171.5	1.8	147.9	-1.2	171.1	5.7
OCT 2003	181.7	2.9	171.8	3.2	170.0	5.5	173.1	3.2	150.2	1.7	174.0	7.9
NOV 2003	182.4	3.2	171.2	2.5	171.4	6.7	172.1	2.1	143.6	3.0	179.3	10.6
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Dollars											
SEPTEMBER	2.904	2.728	2.856	3.101	3.803	3.841	3.900	4.381	3.892	3.896		
OCTOBER	2.905	2.727	2.882	3.032	3.714	3.920	4.016	4.160	3.878	3.336		
NOVEMBER	2.937	2.719	2.766	2.608	3.905	3.941	4.085	4.140	3.858	3.816		

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—AUGUST-OCTOBER AND YEAR-TO-DATE 2002-03 ^{1/}

Item	Aug.-Oct. 2002	Percent change ^{2/}	Aug.-Oct. 2003	Percent change ^{2/}	Jan.-Oct. 2002	Percent change ^{2/}	Jan.-Oct. 2003	Percent change ^{2/}
	Million Pounds							
MILK								
Production	41,459	2.8	41,125	-0.8	142,073	2.8	142,148	0.1
Marketings	41,171	2.9	40,854	-0.8	141,123	2.9	141,253	0.2
Beginning Commercial Stocks ^{3/}	12,740	27.2	13,114	2.9	7,041	3.0	9,889	40.4
Imports ^{3/}	1,242	-13.8	1,209	-2.7	4,192	-12.8	4,073	-2.8
Total Supply ^{4/}	55,153	7.2	55,177	0.0	152,356	2.4	155,215	1.9
Ending Commercial Stocks ^{3/}	9,956	21.9	9,810	-1.5	9,956	21.9	9,810	-1.5
Net Removals ^{3/}	93	NA	151	62.4	248	123.4	1,186	378.2
Commercial Disappearance ^{4/}	45,104	4.2	45,216	0.2	142,152	1.2	144,219	1.5
SELECTED PRODUCTS ^{5/}								
Butter	371.3	9.1	354.0	-4.7	1,043.7	4.1	1,030.4	-1.3
American Cheese	984.5	3.7	977.1	-0.8	3,109.5	1.7	3,091.6	-0.6
Other Cheese	1,373.5	9.2	1,396.1	1.6	4,329.6	4.0	4,428.5	2.3
Nonfat Dry Milk	271.4	-10.5	234.1	-13.7	680.1	-17.2	637.8	-6.2
Fluid Milk Products ^{6/}	14,083.9	0.7	13,916.4	-1.2	45,838.1	0.2	45,695.7	-0.3

NA=Not applicable.

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds.

^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition.

SOURCE: Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF DECEMBER 24 - 31, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 12/26/03	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-	343,714	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	296,019	-0-	-0-
Process	-0-	-0-	-0-	-0-	4,910,400	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	5,550,133	-0-	-0-
NONFAT DRY MILK							
Nonfortified	19,369,070	1,134,960	18,234,110	116,034,484	104,007,439	804,705,000	1,009,633,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
TOTAL	19,369,070	1,134,960	18,234,110	115,915,436	104,007,439	851,096,000	1,056,024,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF DECEMBER 24 - 31, 2003 =	4.0	212.2	COMPARABLE PERIOD IN 2002 =	1.1	59.3
CUMULATIVE SINCE OCTOBER 1, 2003 =	25.5	1,349.3	CUMULATIVE SAME PERIOD LAST YEAR =	74.1	1,265.6
CUMULATIVE JAN. 1 - DEC. 31, 2003 =	717.6	7,762.0	COMPARABLE CALENDAR YEAR 2002 =	268.7	8,045.2

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

CCC ADJUSTED PURCHASES FOR THE PERIOD OF DECEMBER 24 - 31, 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-	18,234,110	-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-	4,910,400	849,976	1,498,304	0.7	61.6
WEST	-0-	-0-	-0-	639,733	115,065,460	102,509,135	99.3	38.4
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	5,550,133	115,915,436	104,007,439	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 12/13/03 & Comparable Week 2002

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2003-Dairy	0.2	0.8	9.0	4.8	22.4	2.6	0.4	1.0	15.7	2.9	59.8	2,753.9	47.2	47.8
2002-Dairy	0.2	0.8	7.4	5.5	23.1	2.8	0.6	1.0	14.8	2.2	58.4	2,496.3	46.9	46.0
2003-All cows	0.2	1.0	12.0	12.4	33.9	18.3	20.1	3.5	18.1	7.1	126.7	5,760.7		
2002-All cows	0.2	1.0	10.0	14.3	35.6	15.9	17.5	4.0	18.0	8.0	124.4	5,425.2		

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 - 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2004
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	11.85
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