

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (01/30):**

**BUTTER:** Grade AA closed at \$1.5500. The weekly average for Grade AA is \$1.5200 (+.1075).

**CHEESE:** Barrels closed at \$1.2550 and blocks at \$1.3250. The weekly average for barrels is \$1.2550 (N.C.) and blocks, \$1.3145 (+.0132).

**BUTTER:** Butter prices remain firm at the CME cash market. The cash price has not been this high since the fall of 2001. Churning activity across the country is seasonally active. Cream supplies are available for butter needs, although Class II cream demand pulled heavily for upcoming Super Bowl cream based product needs. Cream cheese, sour cream, and dip production was strong early in the week with demand falling by week's end. As Class II needs decline, butter producers and cream handlers anticipate cream multiples to also adjust lower. Churning activity is keeping pace with overall demand. In instances, production is sufficient to keep stocks from entering inventory programs while other producers are inventorying surplus volumes. The real concern for many producers seems to be the issue of storing butter for late summer and early fall needs at prices that are this high. Current butter demand is fair at best. Often, orders continue to be placed for short term needs, although some buyers are now starting to question the strength of the cash market and are considering adjusting their purchasing strategies.

**CHEESE:** The cheese market is steady to firm. Tighter milk supplies in some regions are limiting availability of current cheese offerings. Natural business has been fairly steady at moderate levels. Process remains mostly fair at best. The Kansas City commodity Office is seeking offers to sell to CCC between 39,600 and 198,000 pounds of Kosher process cheese loaves for March - June delivery. Offers are due February 9, with public award release scheduled for February 11.

**FLUID MILK:** Milk production patterns across the Northeast are being steadied by adverse winter weather. Milk pickups from farms are being delayed as well as milk deliveries from plants to stores. Additionally, colder weather is impacting the milking herds. In the Southeast, milk output is building slowly. Florida production is increasing at a slower pace than recent weeks. With lower Class I sales, Florida shipped out 110 truckloads of milk. In the Midwest, bottled milk demand is steady to slightly lower. The availability of spot manufacturing milk is less than needed and processors are facing higher premiums to secure loads. Milk output is steady to lower and influenced by cold, winter weather in the upper tier of states. In the Northwest, milk production is up seasonally, but is below projections. Colder weather in Utah and Idaho is also creating havoc on milk cows. California production trends range from steady to slightly higher. Fat and solids levels are increasing on incoming milk. Bottled milk sales in the state are often softer following some good sales weeks.

**DRY PRODUCTS:** Nonfat dry milk prices are holding steady in all regions with steady sales trends. Excess NDM continues to clear to the support program and DEIP orders are moving. NDM is available from producers and resellers. Additional supplies of program powder are also being offered to buyers. Dry buttermilk prices are steady in limited spot trading. Additional solids are being dried, but mainly going to past and current contract accounts. Whey prices continue to trend lower in all regions. The market tone is weak and producers are lowering offering prices to move building stocks. Buyers are often waiting for lower prices to make purchases. The WPC market price continues to trend lower. Sales are slow to domestic accounts, although increased export activity is noted. Multi-load offerings are available from producers. Lactose prices are unchanged and the market tone remains firm. Offerings are mostly light.

**CCC:** During the week of January 26 - 30, CCC purchased 15,811,316 pounds of Western, 1,631,124 pounds of Central, and 991,519 pounds of Eastern NDM. CCC adjusted purchases of butter lower by 42,309 pounds due to a cancellation of butter offered last year.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the January 2004 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II 11.67 (+\$0.37), Class III \$11.61 (-\$0.26); and Class IV \$ 10.97 (+\$0.45). Product price averages used in computing Class prices are: butter \$1.3632, NDM \$0.8062, cheese \$1.3023, and dry whey \$0.1801. The Class II butterfat price is \$1.5048 and the Class III/IV butterfat price is \$1.4978. Further information may be found at: <http://www.ams.usda.gov/dyfmoms/mib/classprcncmt.pdf>

**CONSUMER PRICE INDEX (BLS):** The December CPI for all food is 183.6, up 3.6% from December 2002. The dairy products index at 173.0, is up 3.4% from a year ago. The following are the December to December changes for selected products: fresh whole milk +6.9%, cheese +2.3%, and butter +2.9%.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products through November 2003 totals 159.3 billion pounds, 1.6% higher than the same period in 2002. Comparing disappearance levels with year earlier levels: butter is -1.1%; American cheese, -0.6%; other cheese, +2.1%; NDM, -1.7%; and fluid milk products, -0.8%.

**DAIRY FORWARD PRICING PROGRAM DATA (DAIRY PROGRAMS):** USDA-AMS Dairy Programs has continued to collect data concerning the Dairy Forward Pricing Program since submission of the report "A Study of the Dairy Forward Pilot Program and Its Effect on Prices Paid Producers for Milk, October 2002." The study period for that report ended in March 2002. Tables and figures for data covering the period from September 2000 through June 2003 are now available at the website [http://www.ams.usda.gov/dairy/for\\_contr\\_pilot.htm](http://www.ams.usda.gov/dairy/for_contr_pilot.htm)

\*\*\*\*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 JANUARY 26	TUESDAY JANUARY 27	WEDNESDAY JANUARY 28	THURSDAY JANUARY 29	FRIDAY JANUARY 30	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2550 (N.C.)	\$1.2550 (N.C.)	\$1.2550 (N.C.)	\$1.2550 (N.C.)	\$1.2550 (N.C.)	(N.C.)	\$1.2550 (N.C.)
40# BLOCKS	\$1.3050 (+.0050)	\$1.3075 (+.0025)	\$1.3150 (+.0075)	\$1.3200 (+.0050)	\$1.3250 (+.0050)	(+.0250)	\$1.3145 (+.0132)
BUTTER GRADE AA	\$1.4800 (+.0575)	----	\$1.5300 (+.0500)	----	\$1.5500 (+.0200)	(+.1275)	\$1.5200 (+.1075)

\*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](http://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, JANUARY 26, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.3050, 1 @ \$1.3000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2550  
 BUTTER — SALES: 10 CARS GRADE AA: 2 @ \$1.4250, 3 @ \$1.4300, 3 @ \$1.4500, 1 @ \$1.4700, 1 @ \$1.4600; BIDS UNFILLED: 24 CARS GRADE AA: 1 @ \$1.4800, 2 @ \$1.4700, 1 @ \$1.4675, 1 @ \$1.4650, 1 @ \$1.4625, 2 @ \$1.4600, 1 @ \$1.4575, 1 @ \$1.4550, 1 @ \$1.4525, 2 @ \$1.4500, 2 @ \$1.4475, 1 @ \$1.4450, 2 @ \$1.4350, 1 @ \$1.4325, 2 @ \$1.4300, 1 @ \$1.4275, 2 @ \$1.3900; OFFERS UNCOVERED: NONE

TUESDAY, JANUARY 27, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3075; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2550

WEDNESDAY, JANUARY 28, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.3150, 1 @ \$1.3075; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2550  
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.5150; BIDS UNFILLED: 7 CARS GRADE AA: 2 @ \$1.5300, 1 @ \$1.5250, 2 @ \$1.4900, 2 @ \$1.4800; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 29, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.3200, 1 @ \$1.3175; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2550

FRIDAY, JANUARY 30, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.3250, 1 @ \$1.3225; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2550  
 BUTTER — SALES: 14 CARS GRADE AA: 4 @ \$1.5350, 2 @ \$1.5400, 7 @ \$1.5500, 1 @ \$1.5400; BIDS UNFILLED: 19 CARS GRADE AA: 3 @ \$1.5500, 7 @ \$1.5400, 3 @ \$1.5375, 4 @ \$1.5350, 1 @ \$1.5325, 1 @ \$1.5300; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.5600

**BUTTER MARKETS**

**NORTHEAST**

The market tone is firm as the cash price at the CME increased to \$1.4800 early in the week. This is the highest cash price since October 2001. Churning at some Eastern plants remains heavy while others are no longer churning. Cream supplies are available for butter needs, although Class II cream demand continues to pull heavily for upcoming Super Bowl cream based product needs. Cream cheese, sour cream, and dip production are strong early in the week with many cream traders anticipating this demand to fall sharply by week's end. Some are quite surprised that demand remains this strong this close to game day. As Class II needs decline, butter producers are anticipating cream multiples to also adjust lower and will hopefully be able to take advantage of surplus cream offerings at more favorable prices. Current butter production is keeping pace with demand basically centered around fill-in needs. Some butter buyers are now starting to question the strength of the cash market and are considering adjusting their purchasing strategies. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4.5 cents over the CME price/average.

**CENTRAL**

The butter market tone is firm as the cash price at the CME continues to increase. At midweek, \$1.5300 is the highest cash price since October 2001. Recent trading activity at the CME has been quite active with the price strength occurring on bids. Current churning activity is seasonally active depending on cream availability. Surplus cream offering continue to enter the Central part of the country, but often are not at the level of past weeks. Class II demand for cream remains strong as cream based products such as cream cheese, sour cream, and dips are readied for Super Bowl festivities. Butter producers and

cream handlers anticipate cream offering to become heavier once Class II demand declines. Stocks of butter are reported to be fully adequate for current needs. Overall buying interest remains fair. Buyers that were holding off placing larger orders in hopes of lower prices are starting to re-think this strategy as prices continue to increase. Bulk butter for spot sale is available and is being reported in the flat - 2 cents per pound range over various pricing basis.

**WEST**

The cash CME butter market continues to show a great deal of strength for late January. Prices have increased 13 cents in the last four trading sessions. Prices have not been this high since the fall of 2001. Contacts in the West are wondering if the fundamentals are in place to support this early season strength. Production levels have been running below year ago levels for quite some time and inventories are in much better shape. The real concern seems to be the issue of storing butter for late summer and early fall needs at prices that are this high. The risk of prices not firming enough to cover all the costs involved seems to be pretty high in the calculations done by many butter traders. Current production levels are on the high side of seasonal estimates because of heavy cream volumes available for churning. Butter offerings seem to be clearing quite easily with much of it leaving the region for current use and some storage needs. CME weekly butter storage stocks increased by 4.8 million pounds last week to reach 78.3 million pounds. Since stocks started to build five weeks ago, the total has grown by 22.5 million pounds this year compared to 34.1 million pounds last year. Current prices for bulk butter range from flat market to 3 1/2 cents under 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			
JANUARY 24	1,3023	1,2674	.8078	1,4032	0.1726
	8,688,429	11,657,238	22,353,025	3,944,150	11,824,178

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

**CHEESE MARKETS**

**NORTHEAST**

Natural prices are mostly lower and process unchanged. Weather, and its impact on consumer purchases of staples like bottled milk, continue to impact manufacturing milk supplies in the Northeast. Retail movement is generally fair and food service steady to occasionally improved for expected Super Bowl activities. Current cheese offerings are at least adequate for needs.

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

Cheddar 10# Prints	:	1.3700-1.8750
Cheddar Single Daisies	:	1.3275-1.7925
Cheddar 40# Block	:	1.4425-1.6925
Process 5# Loaf	:	1.4650-1.6650
Process 5# Sliced	:	1.4850-1.7225
Muenster	:	1.5425-1.7350
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is steady. Recent announcements concerning Posilac availability and increases in grain prices may impact milk and cheese production during 2004. Natural cheese interest is about steady with some increases in spot activity on certain varieties. Barrel and process interest is generally steady. A few processors remain aggressive in purchasing extra processing solids and/or trim while others have slowed. Higher butter and butterfat prices in 2004 may lead to reductions in the FDM (fat on a dry matter basis) in cheese or switch milk supplies away from cheese. Some natural packagers have needed overtime to fill orders while for others, 40 hours is ample. Milk supplies seem steady and supplies available for manufacturing have been tight most of January due to strong Class I demand. Cheese yields seem to be slipping seasonally.

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

Process American 5# Loaf	:	1.4350-1.7600
Brick And/Or Muenster 5#	:	1.7700-1.9575
Cheddar 40# Block	:	1.6550-2.1150
Monterey Jack 10#	:	1.8400-2.1150
Blue 5#	:	2.0525-2.4800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6000-2.2150
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	
		:		:
01/26/04	39,355	:	134,121	
01/01/04	36,157	:	128,833	
CHANGE	3,198	:	5,288	
% CHANGE	9	:	4	

**WEST**

Prices have held about steady for natural and process cheese for the last few weeks. Blocks on the cash CME market have not varied more than 1 1/2 cents in 17 trading sessions. Barrels have not changed at all in 15 sessions. The average price for Class III milk futures for 2004 now stands at \$12.79. This compares to \$11.42 for 2003. Orders for cheese seem to be paralleling the prices in that they are coming in quite an orderly fashion. This has been the case since late December when contacts begin to state that they were seeing good interest for January cheese. The question now facing sellers is how much interest will decline as Super Bowl needs are covered. Production levels are about where manufacturing plants desire for this season. Some are buying or selling small volumes of milk to hit their projections exactly. Current blocks remain in a tighter position than barrels or processing solids. Mozzarella interest has improved over the last sixty days. Western producers are generally satisfied with Swiss cheese sales activity over the last few weeks.

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

Process 5# Loaf	:	1.4025-1.6625
Cheddar 40# Block	:	1.4325-1.7825
Cheddar 10# Cuts	:	1.6125-1.8325
Monterey Jack 10#	:	1.6225-1.7825
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4600

**FOREIGN**

Prices are fractionally lower on domestic and remain unchanged on imported varieties. The relative weakness of the U.S. dollar compared to other currencies continues to affect prices though some importers have yet to pass on higher prices. Potential delays caused by increased U.S. security clearances set in late 2003 may impact availability of shorter shelf life varieties though other imported supplies are adequate.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.7200	: 1.6650-3.1550*
Gorgonzola	: 3.6900-5.9400	: 2.1825-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0750-3.1650*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6725-1.9000*
Romano (Cows Milk)	: -0-	: 2.8625-5.0350*
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

## 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	110	0	48	0	2
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 in the Northeast continues to hold basically steady. Often milk handlers indicate that milk supplies are tight for full needs. Class I demand is erratic this week as adverse weather conditions in many areas along the East Coast closed schools and disrupted pickup and delivery schedules. Milk handlers report that many trucks in the storm path were unable to reach dairy farms to pick up milk on schedule. Once they reach the farm, often bulk tanks are at capacity, although at this point, no significant volume of milk is being reported as lost. Deliveries of milk from bottling plants to the store are also being impacted by ice covered and snow clogged roads. Many truck drivers, especially those not used to these conditions, are having great difficulty maintaining timely delivery schedules. In the Southeast, milk production patterns continue to build slowly. In Florida, milk production is increasing, although somewhat slower this week. Class I sales are referred to as flat this week, thus shipments out of state were more than double those of last week. One hundred ten loads were reported shipped to other Southern states during the week. Florida milk handlers feel that shipments will decline for next week as the first of the month is typically a strong fluid milk sales period. The condensed skim market is basically unchanged. Fluid cream markets are steady to firm as the base price for cream continues to increase. Pricing multiples are basically unchanged, but are expected to decline in coming days. Demand for cream remains strong, especially from Class II operations. Cream cheese, sour cream, and dip production remains quite active this week as Super Bowl food items clear retail shelves. Cream handlers indicate that cream supplies vary from one supplier to another with lighter volumes clearing to Midwestern butter operations. Eastern cream handlers anticipate Class II demand to drop sharply by week's end, thus additional volumes of cream should become available with multiples also anticipated to weaken.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6668-1.9493
DELIVERED EQUIVALENT ATLANTA	-	1.6950-1.9210 M 1.7515-1.8080
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7515-1.9980

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	- .9200-1.0000

## M I D W E S T

Class I demand is steady to slightly slower from recent weeks. January has generally been a pretty good sales month, aided by lower Class I prices and good demand. Production of dips, sour cream, and other items for Super Bowl events was still absorbing good volumes. Manufacturing milk supplies remain limited and prices near steady on a very light test. Reported net manufacturing milk prices are in the \$1.25 - 1.70 over class area. Cream demand remains good though most sources quickly comment about current cash butter prices at the Chicago Mercantile Exchange. This is followed by how much higher will the peak be this year? Cream supplies are tight and held with confidence. A few buyers are still trying to make longer term commitments, though sellers are reluctant due to availability concerns. Cream prices could break the \$2.00 per pound mark if current cash butter and multiples hold for next week. Ice cream production is steady to occasionally heavier though producers are nervous about building a large inventory at current cream prices. Condensed skim interest is good for Class III use and prices are steady. Manufacturing plant schedules remain fairly light seasonally. A few plant operators are unable to

secure desired spot supplies, at least without higher premiums. Milk intakes seem to range from steady to slightly lower, perhaps due to colder temperatures (many lows well below zero before wind chill). Fat and protein levels continue to drift lower from the late year peaks. Snow cover depth varies but continues to increase.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 51.50	\$ 39.00- 42.50
REPLACEMENT HEIFER CALVES	\$300.00-560.00	\$350.00-450.00

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

	JAN 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 52.75	\$ 34.00- 43.50

## W E S T

U.S. milk production preliminary estimates for 2003 total 169.7 billion pounds, down 0.1% from 2002. Output for selected Western states compared to last year is as follows: Arizona +0.7%, California +1.2%, Colorado +0.8%, Idaho +7.5%, New Mexico +5.5%, Oregon +3.6%, Utah -2.7%, and Washington -0.7%. DECEMBER 2003 POOL RECEIPTS of milk in CALIFORNIA total 2.95 billion pounds, unchanged from the prior year. For the year 2003, pool receipts totaled 35.3 billion pounds, 0.8% higher than 2002. The December blend price, at a fat test of 3.79%, is \$12.37, \$0.42 lower than November but \$1.73 higher than December 2002. The percentage of receipts used in Class I products is 18.47%. The December quota price is \$13.09 and the over quota price is \$11.39. These prices are \$0.47 lower than November but \$1.61 more than a year earlier. This week, milk production in CALIFORNIA is characterized as mostly steady to only slightly higher. Some variations in plants' intakes are noted because of changes in marketing by producers. Slight increases are noted in fat and solids content of incoming milk. There are concerns among dairy producers in the state because of last week's manufacturer's notice that BST supplies will be cut by 50% this year. The impact on milk production would be lower. Fluid milk orders are mixed ahead of the first of the month. Some orders are increased while others have been flat following a noted peak in demand two weeks ago. The grocery clerk strike in southern California continues to impact bottled milk movement. Processing plants across the state are able to handle the current milk supplies with no problems. Several cheese plants would like to have some more milk as their orders are good. Milk production in ARIZONA is steady to marginally higher. Conditions are favorable for milk cows and output is beginning to respond. Processing plants are reported to be doing well in the state and they have capacity for additional seasonal milk growth. CREAM markets are firming following continued strength in the CME butter market. Butter prices rose 12.75 cents since last Wednesday to close at \$1.5300 on January 28. The higher basing point for cream pricing has not deterred cream demand and multiples have been raised and paid. There are real concerns in the market as to where the market price for butter will settle at in the near future or peak this year. Coverage of fat needs seems to be a big concern. Multiples are often lower within the range and are trading from 114 to 130, FOB, depending on class usage and basing point. Wet conditions are common over the PACIFIC NORTHWEST. Rivers are running full and the snow pack continues to build in the Cascades. Milk production is up seasonally, but not up to expectations at many locations. Many manufacturing plants are assuming that milk supplies will be on the tight side this year with feed prices increasing, beef prices relatively high, and less BST available. The strong butter market should mean that the split of milk between butter/powder and cheese should be more even this year. Heifer prices remain steady to firm. Some producers have begun to run out of silage and less dairy quality hay is available. The cold weather is beginning to have more of a negative impact on milk production in UTAH and IDAHO. It has been a real winter since the holidays for the first time in quite a while. The air quality inversion that had existed for about three weeks has finally dissipated. More snow is likely this weekend. Culling rates are steady and heifer prices remain firm in the region. Little hay seems to be moving at this time.

**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 market. Production is generally less than seasonally anticipated. At some locations, NDM production has ceased as movement of condensed skim into Class II is good. Consequently, some offering prices are higher. However, additional loads are available and CCC purchases from the Central region are noted. Resale NDM from CCC cheese and pudding exchanges is trading at a discount to the Central market and reportedly less available than the week prior. High heat interest is good into bakery operations with most movement occurring steadily on a contractual basis. Mostly prices for Report 4 in 2003 were .8300 – 8500.

EAST: Prices and the market tone remain mostly steady. Offerings continue to CCC from the East, although cancellations of previously offered powder are also occurring. Drying activity is mostly steady, depending on milk availability. Often milk handlers indicate that milk supplies remain tight. Class I demand was erratic this week as winter weather conditions in various areas of the East disrupted production and delivery schedules, thus milk was more available to the dryer in some locations. Powder demand is mostly steady. Current production is basically keeping pace with contracted volumes with the surplus clearing to CCC.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8000 - .8800 MOSTLY: .8100 - .8550  
 HIGHHEAT: .8500 - .9450

**NONFAT DRY MILK - WEST**

Western prices for low/medium heat NDM are holding mostly steady with recent weeks. Market trends continue to be generally weak as excess production is offered to the CCC to balance inventories. DEIP is also clearing NDM for past and current contracts. Additional sales are slow to develop seasonally. The influence of program (cheese/pudding) powder being resold is impacting current NDM sales to a limited extent. Current production schedules are lower on a week to week basis as milk volumes are being utilized in other product classes first. Most manufacturers in the region have stocks. During the week of January 19 - 23, CCC net purchases totaled 12.0 million pounds from the West. Western prices for high heat powder are steady in light spot trading. Sales activity is mainly to contracted accounts at projected levels. Drying schedules are light with product being made to order.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .7950 - .8825 MOSTLY: .7950 - .8100  
 HIGHHEAT: .8325 - .8500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 23	\$.8018	12,629,818	8,018,180
January 16	\$.8011	13,584,201	10,078,377

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. Production is steady to higher yet less than seasonally expected. Some producers are storing stocks in order to guarantee shipment of contractual loads later in the year when milk and fat supplies are anticipated to be reduced. Spot trade is light. Buyers are generally not resisting current prices, especially when delivery is expected by the next day on full or less than trucklot loads. Movement of condensed buttermilk into ice cream continues to wane yet supplies of cream are reduced, decreasing churn activity and production of condensed buttermilk. Prices for Report 4 in 2003 were .6900 - .7450.

F.O.B. CENTRAL: .9500 - 1.0125

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Buttermilk powder prices are unchanged although the market tone remains firm. Northeastern prices are nominal. Production of powder continues to follow churning schedules. Churning activity is slightly lower this week as cream demand for Class II items continues to limit volumes available to butter producers. Buttermilk demand is fair as producers indicate that inquiries are increasing.

F.O.B. NORTHEAST: .8525 - .8800  
 DELVDSOUTHEAST: .8800 - .9000

**DRY BUTTERMILK - WEST**

The dry buttermilk market in the West continues to follow recent marketing trends. Contractual obligations remain the main sales activity, although with higher production, more spots are becoming available. Demand is improving from seasonal accounts and able to be filled from direct and resale sources. The influence and availability of nonfat dry milk continues to impact buttermilk sales and pricing potential. Stocks are light to moderate and not thought of as a problem by anyone.

F.O.B. WEST: .8500 - .8900 MOSTLY: .8500 - .8700

**DRY WHOLE MILK – NATIONAL**

Whole milk powder markets are steady to firm with nominal prices unchanged to higher. Pricing strength is occurring due to the firm butter market and higher butterfat prices. Producer stocks are in close balance. Availability of imported whole milk powder continues to be reported at prices within the reported range, although these offerings are declining. Some domestic producers are indicating that lower import volumes are also giving strength to domestic pricing.

F.O.B. PRODUCING PLANT: 1.0925 - 1.2500

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2003 - YTD			
NONFAT DRY MILK	--	68,201	MT (150,355,925 LBS)
CHEESE	--	3,030	MT (6,799,938 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. Most producers are reporting that stocks are in better balance than in weeks prior. Trades to resellers at the lower end of the range and unconfirmed reports of trades below the range cleared heavier stocks at some plants. Edible trade is predominantly occurring on a contractual basis. Feed buyers are waiting for the market to bottom before making additional purchases. Export trade is light with some steady movement into Mexico. Permeate continues to be an attractive substitute to whey at some locations. Mostly price for Report 4 in 2003 were .1550 - .1600.

F.O.B. CENTRAL: .1600 - .1850 MOSTLY: .1700 - .1775

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are unchanged to lower. Northeastern prices remain nominal. Many Eastern producers indicate that they have stocks available for the fair, at best, buyer interest. It appears that many buyers are purchasing for immediate needs only and are waiting for further price weakness before placing larger orders. Cheese production is lighter in the East as surplus milk volumes remain tight.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1825 - .2075  
DELVD SOUTHEAST: .2000 - .2150

**DRY WHEY - WEST**

Western whey prices range from steady to fractionally lower. The market continues to have a weak undertone. Sellers are concerned about heavy inventory levels and continue to adjust prices lower to keep powder moving. Some comments were heard this week that the lower prices are stimulating some additional buyer interest. Export shipments to the Far East are now picking up again since the Chinese New Year is past. Production levels at a number of Western plants are somewhat heavier than anticipated. Some producers think the market still has some room to adjust a bit lower before a bottom has been established.

NONHYGROSCOPIC: .1500 - .2000 MOSTLY: .1600 - .1700

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower and nominal on a steady to weak market. Supplies are mixed with some buyers able to secure block loads whereas others are unable to garner single loads at acceptable prices. Some buyers are waiting for the Extra Grade market to settle before making additional purchases. Permeate is a competitive substitute to milk replacer into some feed formulas. Veal and early weaned pig prices are trending higher. Milk replacer prices for Report 4 in 2003 were .1400 - .1500.

F.O.B. CENTRAL:  
MILK REPLACER: .1600 - .1650

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are lower on a weak market. Trade activity remains light. Demand from edible markets is mostly contractual on the domestic front with some spot activity noted into Asia and Mexico. Spot interest from feed users is light as buyers opt to wait and see where the market settles before making additional purchases. Block load offers are noted from several plants. Production is steady and inventories are reported as in balance to somewhat long. A possible ban on blood proteins in feed may increase whey protein demand. Off grade supplies are available for the light interest. Mostly price for Report 4 in 2003 were .5100 - .5150.

F.O.B. EXTRA GRADE 34% PROTEIN: .4775 - .5500 MOSTLY: .4975 - .5175

**LACTOSE - CENTRAL AND WEST**

Lactose prices continue unchanged on a firm market. A few extra loads of lactose are available yet supplies generally remain tight. Spot load trade is light with lower mesh sizes trading at a discount and higher mesh sizes trading at premiums. Interest from Oceania is less than anticipated as Oceania buyers opt to utilize internal supplies. However, inquiries are noted from Asian buyers as Oceania shipments to the region are less than expected. Interest in second quarter contracts is noted. Speculation on second quarter contracts is uncertain. Permeate is an attractive substitute to lactose into some feed applications. Mostly price for Report 4 in 2003 were .1550 - .1800.

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 remain firm. Sufficient supplies continue to be the major topic of discussion between customers and suppliers. Suppliers do indicate that stocks will be tight, but basically feel that they will be able to acknowledge commitments. As the milk production season winds down in Oceania, domestic buyers in the States question if they will be getting their commitments on a timely basis. Suppliers remain hopeful that they will be able to meet their commitments as timely as possible. In Europe, stocks are also in very close balance. The new milk production season is soon to resume, thus it is too early to project overall supplies, but producers remain optimistic. On Thursday afternoon January 29, under invitation number 013, the results of the most recent government sales of NDM for the production of casein/caseinate will be released.

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: 2.2500 - 2.4000  
ACID: 2.2500 - 2.4500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Current production is trending lower as surplus milk volumes across the country are lighter than desired by many producers. Demand is fair and typical for this time of the year, but remains highly competitive. Producers are looking ahead and are trying to put together a production plan in light of the many projections of lower milk volumes during the year.

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.

## FEDERAL MILK ORDER ADVANCE PRICES, FEBRUARY

**Class I Base Price.** Under the Federal milk order pricing system, the Class I base price for February 2003 is \$11.59 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$6.55 and the advanced butterfat pricing factor is \$1.5044. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$5.93. Thus, the Class II skim milk price for February is \$6.63 per cwt., and the Class II nonfat solids price is \$0.7367. **Product Price Averages.** The two-week product price averages for February are: butter \$1.3687, nonfat dry milk \$0.8051, cheese \$1.2977, and dry whey \$0.1824.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/ 2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	February 2004		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	14.84	9.80	1.5369
Appalachian (Charlotte) <sup>5/</sup>	005	14.69	9.65	1.5354
Southeast (Atlanta) <sup>6/</sup>	007	14.69	9.65	1.5354
Florida (Tampa) <sup>7/</sup>	006	15.59	10.55	1.5444
Midwest (Cleveland) <sup>8/</sup>	033	13.59	8.55	1.5244
Upper Midwest (Chicago) <sup>9/</sup>	030	13.39	8.35	1.5224
Central (Kansas City) <sup>10/</sup>	032	13.59	8.55	1.5244
Southwest (Dallas) <sup>11/</sup>	126	14.59	9.55	1.5344
Arizona-Las Vegas (Phoenix) <sup>12/</sup>	131	13.94	8.90	1.5279
Western (Salt Lake City) <sup>13/</sup>	135	13.49	8.45	1.5234
Pacific Northwest (Seattle) <sup>14/</sup>	124	13.49	8.45	1.5234
All-Market Average		14.17	9.13	1.5302

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

## 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/
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
DEC 2003	183.6	3.6	173.0	3.4	171.3	6.9	172.2	2.3	145.1	2.9	181.1	11.5
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		
Dollars												
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		
DECEMBER	2.947	2.682	2.804	2.842	3.843	3.842	4.067	4.107	3.898	3.757		

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—SEPTEMBER-NOVEMBER AND YEAR-TO-DATE 2002-03 1/

Item	Sep.-Nov. 2002	Percent change 2/	Sep.-Nov. 2003	Percent change 2/	Jan.-Nov. 2002	Percent change 2/	Jan.-Nov. 2003	Percent change 2/
	Million Pounds							
<b>MILK</b>								
Production	40,808	1.8	40,604	-0.5	155,552	2.7	155,548	0.0
Marketings	40,523	1.9	40,335	-0.5	154,508	2.7	154,564	0.0
Beginning Commercial Stocks 3/	12,146	34.9	12,352	1.7	7,041	3.0	9,889	40.4
Imports 3/	1,261	-6.9	1,318	4.5	4,631	-13.0	4,560	-1.5
Total Supply 4/	53,930	7.6	54,005	0.1	166,180	2.2	169,013	1.7
Ending Commercial Stocks 3/	9,110	32.6	8,544	-6.2	9,110	32.6	8,544	-6.2
Net Removals 3/	51	750.0	122	139.2	271	110.1	1,203	343.9
Commercial Disappearance 4/	44,769	3.5	45,339	1.3	156,799	0.8	159,266	1.6
<b>SELECTED PRODUCTS 5/</b>								
Butter	398.0	9.0	390.7	-1.8	1,178.3	2.6	1,165.9	-1.1
American Cheese	986.4	4.0	981.5	-0.5	3,433.9	1.8	3,415.0	-0.6
Other Cheese	1,381.5	5.3	1,418.8	2.7	4,796.7	3.4	4,897.5	2.1
Nonfat Dry Milk	226.4	-5.5	240.1	6.1	738.5	-15.9	725.6	-1.7
Fluid Milk Products 6/	14,147.9	0.6	13,908.1	-1.7	50,479.4	0.3	50,197.5	-0.8

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.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, FEBRUARY 2004, WITH COMPARISONS <sup>1/</sup>												
CITY	February 2002			February 2003			January 2004			February 2004		
	Announced Coop.	Federal Order	Difference									
Dollars Per Hundredweight, 3.5% Butterfat												
Atlanta, GA	16.25	15.05	1.20	15.59	13.33	2.26	16.63	14.95	1.68	16.63	14.69	1.94
Baltimore, MD	16.70	14.95	1.75	14.83	13.23	1.60	16.70	14.85	1.85	16.44	14.59	1.85
Boise, ID	13.55	13.55	0.00	12.13	11.83	0.30	13.75	13.45	0.30	13.49	13.19	0.30
Boston, MA	16.80	15.20	1.60	14.88	13.48	1.40	16.80	15.10	1.70	16.54	14.84	1.70
Charlotte, NC	16.25	15.05	1.20	15.59	13.33	2.26	16.63	14.95	1.68	16.63	14.69	1.94
Chicago, IL *	15.55	13.75	1.80	14.04	12.03	2.01	15.36	13.65	1.71	15.19	13.39	1.80
Cincinnati, OH	15.75	14.15	1.60	14.33	12.43	1.90	15.72	14.05	1.67	15.46	13.79	1.67
Cleveland, OH	15.55	13.95	1.60	14.13	12.23	1.90	15.52	13.85	1.67	15.26	13.59	1.67
Dallas, TX	15.82	14.95	0.87	14.63	13.23	1.40	16.00	14.85	1.15	16.00	14.59	1.41
Denver, CO	15.35	14.50	0.85	13.63	12.78	0.85	15.25	14.40	0.85	14.99	14.14	0.85
Des Moines, IA	14.90	13.75	1.15	13.42	12.03	1.39	15.03	13.65	1.38	14.78	13.39	1.39
Detroit, MI	15.03	13.75	1.28	13.52	12.03	1.49	15.32	13.65	1.67	15.06	13.39	1.67
Hartford, CT	16.70	15.10	1.60	14.78	13.38	1.40	16.70	15.00	1.70	16.44	14.74	1.70
Houston, TX	16.42	15.55	0.87	15.23	13.83	1.40	16.60	15.45	1.15	16.60	15.19	1.41
Indianapolis, IN	15.55	13.95	1.60	14.13	12.23	1.90	15.52	13.85	1.67	15.26	13.59	1.67
Kansas City, MO	15.10	13.95	1.15	14.01	12.23	1.78	15.17	13.85	1.32	15.08	13.59	1.49
Louisville, KY	15.15	14.15	1.00	13.86	12.43	1.43	15.57	14.05	1.52	15.31	13.79	1.52
Memphis, TN	15.75	14.75	1.00	15.09	13.03	2.06	16.13	14.65	1.48	16.13	14.39	1.74
Miami, FL	18.76	16.25	2.51	17.67	14.53	3.14	18.90	16.15	2.75	18.90	15.89	3.01
Milwaukee, WI *	15.65	13.70	1.95	14.14	11.98	2.16	15.46	13.60	1.86	15.29	13.34	1.95
Minneapolis, MN	15.16	13.65	1.51	13.49	11.93	1.56	15.11	13.55	1.56	14.99	13.29	1.70
New Orleans, LA	16.40	15.55	0.85	15.74	13.83	1.91	16.78	15.45	1.33	16.78	15.19	1.59
Oklahoma City, OK	15.60	14.55	1.05	14.48	12.83	1.65	15.65	14.45	1.20	15.65	14.19	1.46
Omaha, NE	14.95	13.80	1.15	13.47	12.08	1.39	15.08	13.70	1.38	14.83	13.44	1.39
Philadelphia, PA	16.87	15.00	1.87	14.88	13.28	1.60	16.75	14.90	1.85	16.49	14.64	1.85
Phoenix, AZ	14.45	14.30	0.15	12.73	12.58	0.15	14.35	14.20	0.15	14.09	13.94	0.15
Pittsburgh, PA	16.05	14.05	2.00	14.04	12.33	1.71	15.95	13.95	2.00	15.69	13.69	2.00
St. Louis, MO	15.20	13.95	1.25	13.48	12.23	1.25	15.10	13.85	1.25	14.84	13.59	1.25
Salt Lake City, UT	14.15	13.85	0.30	12.43	12.13	0.30	14.05	13.75	0.30	13.79	13.49	0.30
Seattle, WA	15.42	13.85	1.57	12.55	12.13	0.42	14.17	13.75	0.42	13.91	13.49	0.42
Springfield, MO	14.95	14.15	0.80	14.08	12.43	1.65	15.25	14.05	1.20	15.25	13.79	1.46
Washington, DC	16.70	14.95	1.75	14.83	13.23	1.60	16.70	14.85	1.85	16.44	14.59	1.85
Simple Average *	15.70	14.43	1.27	14.24	12.71	1.53	15.74	14.33	1.41	15.57	14.07	1.50

\* Announced cooperative price for January 2004 has been revised.

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

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

	FOR THE WEEK OF JANUARY 26 - 30, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 01/23/04	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	42,309	-42,309	-42,309	2,368,798	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	42,309	-42,309	-42,309	2,368,798	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	343,714	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	337,555	-0-	-0-
Process	-0-	-0-	-0-	-0-	6,177,600	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	6,858,869	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	19,836,020	1,402,061	18,433,959	191,399,171	170,199,996	872,725,000	983,377,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
<b>TOTAL</b>	19,836,020	1,402,061	18,433,959	191,280,123	170,199,996	919,116,000	1,029,768,000

\*UNCOMMITTED INVENTORY FOR THE WEEK ENDING 1/16/04 ARE: NONFORTIFIED, 874,135,000; AND FORTIFIED, 46,391,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 26 - 30, 2004 =	3.1	214.6	COMPARABLE PERIOD IN 2003 =	50.0	164.2
CUMULATIVE SINCE OCTOBER 1, 2003 =	41.2	2,226.5	CUMULATIVE SAME PERIOD LAST YEAR =	152.4	2,049.3
CUMULATIVE JANUARY 1 - 30, 2004 =	15.7	877.2	COMPARABLE CALENDAR YEAR 2003 =	78.3	783.7

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

**CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 26 - 30, 2004 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	1,631,124	-0-
WEST	-42,309	-0-	-0-	-0-	-0-	-0-	15,811,316	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	991,519	-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-	6,177,600	4,237,158	3,888,930	2.3	38.0
WEST	-42,309	2,368,798	-0-	681,269	182,544,241	164,931,322	95.3	61.8
EAST	-0-	-0-	-0-	-0-	4,498,724	1,379,744	2.4	0.2
<b>TOTAL</b>	-42,309	2,368,798	-0-	6,858,869	191,280,123	170,199,996	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 01/10/04 & Comparable Week 2003**

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		
2004-Dairy	0.2	0.8	6.0	5.1	16.1	2.9	0.2	1.1	13.8	2.6	48.8	84.1	46.9	45.3
2003-Dairy	0.2	0.8	8.6	5.7	25.3	3.2	0.7	1.0	15.8	2.5	63.7	111.8	48.4	48.8
2004-All cows	0.2	0.9	7.9	11.1	29.6	15.3	14.9	3.2	14.9	6.0	104.0	185.6		
2003-All cows	0.2	1.0	11.7	16.3	38.0	17.6	17.6	4.2	18.1	7.0	131.5	229.1		

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 - 2004 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2004	FEB 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	11.59
II	11.29	10.66	10.54	10.44	10.43	10.46	10.63	10.81	10.76	10.84	10.99	11.30		
III	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87		
IV	10.07	9.81	9.79	9.73	9.74	9.76	9.95	10.14	10.05	10.16	10.30	10.52		

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