

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (02/13):
BUTTER: Grade AA closed at \$1.6875. The weekly average for Grade AA is \$1.6608 (+.0650).

CHEESE: Barrels closed at \$1.3250 and blocks at \$1.3750. The weekly average for barrels is \$1.3170 (+.0280) and blocks, \$1.3545 (+.0195).

BUTTER: Butter prices remain firm. Churning activity across the country depends on cream availability. Cream volumes are available to butter operations, although prices are often higher than desired for this time of the season. With butter prices as high as they are, contacts are discussing the possibility of importing High Tier butter. The question is how much butter is available for export to the U.S. from other areas of the world? The general feeling is that a lot less is available this time than in 2001 when 40 million pounds of butter and substitutes were brought in under the High Tier program. Licensed quota imports of butter for 2003 totaled 15.2 million pounds, slightly below 2002 and the allowable limit. High Tier imports were minimal, totaling less than 500,000 pounds. Butter production for the U.S. in 2003 totaled 1.24 billion pounds, down 115.6 million pounds from 2002. Imports, therefore, are only a very minor portion of the butter supply. Butter demand is fair with most buyers placing orders for near term needs.

CHEESE: The cheese market is firm. Many traders expect prices to increase into spring. Current demand exceeds the available supply. Buyers are trying to build inventory for later use. Many plants are operating on reduced schedules due to limited milk supplies and strong competition from bottlers in 2004. The Kansas City Commodity Office announced that there were no offers to sell to CCC Kosher pasteurized process American cheese.

FLUID MILK: Milk production patterns are starting to show more signs of seasonal increases in the southern tier of states from Florida across to Southern California. Although this trend is developing, some milk handlers indicate that it is not occurring as rapidly as in previous years. Cooler temperatures and rainfall are two factors milk handlers attribute to slower increases. Often, milk handlers state that milk supplies are tighter than usual for this time of the season and many handlers are already making decisions based on the lower milk supply forecast for later this summer. The fluid cream market is firm. Spot prices are sharply higher as the base price has increased over twenty cents in recent weeks and pricing multiples are also often higher. The higher prices have done little to deter demand, although most butter producers are uneasy paying these prices this early in the year.

DRY PRODUCTS: Nonfat dry milk markets are mostly steady at unchanged prices. Production ranges from lighter in the Eastern part of the country to seasonally active in Central and Western areas. Drying schedules depend on milk volumes available to the dryer. In many areas of the country, milk is not as plentiful as anticipated, although surplus powder production continues to clear to CCC from Central and Western producers. Buttermilk powder markets are mixed with prices slightly lower in the Northeast to higher in the West. Powder production varies, lighter in Eastern and Western regions, while steady to higher in the Central part of the U.S. Sales activity continues to basically center around contractual commitments, although some buyers are looking ahead to summer needs when milk supplies are anticipated to be tighter. Whey powder markets are steady to generally weaker with prices unchanged

to lower. Whey supplies are tightest in the East which reflects the lessening of surplus milk volumes and cheese output.

CCC: During the week of February 9 - 13, CCC purchased 21,404,926 pounds of NDM; 20,686,127 pounds from the West and 718,799 pounds from Central producers.

MILK COW INVENTORIES (NASS): The number of milk cows in the United States as of January 1, 2004, totaled 8.99 million head, down 2% from January 1, 2003. Milk cow replacement heifers totaled 4.02 million head, down 2% from January 1, 2003. The number of milk cow replacement heifers per 100 milk cows on January 1, 2004 was 44.7, down from 45.0 on January 1, 2003.

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): The milk production forecast for 2003/04 is lowered 900 million pounds from last month. Forecast growth in milk per cow for 2004 is slowed due to reduced availability of recombinant bovine somatotropin. Cow numbers are also reduced from last month, reflecting tightness in the supply of dairy replacement heifers. As a result of lower expected milk production, forecasts of commercial stocks and use are lowered as well. Milk prices are forecast higher than last month and CCC net removals on a milkfat basis are forecast lower. Butter net removals are expected to reflect the sales of government stocks of butter in excess of removals during the year. Milk price forecasts are raised, with the Class III price expected at \$11.85-\$12.35 and the Class IV price at \$10.65-\$11.35. The all milk price is forecast at \$13.00-\$13.50.

DECEMBER FLUID MILK SALES (DAIRY PROGRAMS): During December, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.1% higher than December 2002. After adjusting for calendar composition, sales in December 2003 were unchanged from December 2002. On a calendar year basis, total fluid milk product sales during 2003 were 0.5% less than the comparable 12 months in 2002.

ANNUAL FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During 2003, about 110.6 billion pounds of milk were received from producers. This volume of milk is 11.9% lower than the 2002 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -2.3%.) About 45.8 billion pounds of producer milk were used in Class I products, 0.4% lower than the previous year. Calendar composition likely had a slightly negative impact on milk used in Class I in 2003 as compared to 2002. The all-market average Class utilization percentages were; Class I = 41%, Class II = 12%, Class III = 36%, and Class IV = 11%. The weighted average statistical uniform price was \$12.12 per cwt., \$0.21 higher than last year.

NOVEMBER MAILBOX MILK PRICES (DAIRY PROGRAMS): In November 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.50, \$.38 less than the figure for the previous month. The component tests of producer milk in November 2003 were: butterfat, 3.76%; protein, 3.12%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices decreased in all reporting areas except one, and ranged from \$17.46 in Florida to \$13.10 in New Mexico. In November 2002, the Federal milk order all-area average mailbox price was \$11.75, \$2.75 lower.

****SPECIAL THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

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

PRODUCT	MONDAY FEBRUARY 9	TUESDAY FEBRUARY 10	WEDNESDAY FEBRUARY 11	THURSDAY FEBRUARY 12	FRIDAY FEBRUARY 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.3050 (N.C.)	\$1.3150 (+.0100)	\$1.3150 (N.C.)	\$1.3250 (+.0100)	\$1.3250 (N.C.)	(+.0200)	\$1.3170 (+.0280)
40# BLOCKS	\$1.3425 (+.0025)	\$1.3450 (+.0025)	\$1.3550 (+.0100)	\$1.3550 (N.C.)	\$1.3750 (+.0200)	(+.0350)	\$1.3545 (+.0195)
BUTTER GRADE AA	\$1.6475 (+.0075)	----	\$1.6475 (N.C.)	----	\$1.6875 (+.0400)	(+.0475)	\$1.6608 (+.0650)

*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.) NOTE: The CME is closed 2/16/04 in observance of President's Day.

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 9, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.3425; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2950; 1 CAR 40# BLOCKS @ \$1.3400; OFFERS UNCOVERED: NONE

BUTTER — SALES: 4 CARS: 1 @ \$1.6400, 1 @ \$1.6500, 2 @ \$1.6450; BIDS UNFILLED: 4 CARS: 1 @ \$1.6475, 1 @ \$1.6450, 1 @ \$1.6425, 1 @ \$1.6400; OFFERS UNCOVERED: NONE

TUESDAY, FEBRUARY 10, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3150; 2 CARS 40# BLOCKS @ \$1.3450; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 11, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.3550; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.3475, 1 @ \$1.3450; OFFERS UNCOVERED: NONE

BUTTER — SALES: 11 CARS: 4 @ \$1.6500, 3 @ \$1.6475, 1 @ \$1.6500, 1 @ \$1.6475, 1 @ \$1.6500, 1 @ \$1.6475; BIDS UNFILLED: 6 CARS: 4 @ \$1.6475, 2 @ \$1.6400; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.6600, 1 @ \$1.6700

THURSDAY, FEBRUARY 12, 2004

CHEESE — SALES: 1 CAR BARRELS @ \$1.3250; 2 CARS 40# BLOCKS @ \$1.3550; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3150; 1 CAR 40# BLOCKS @ \$1.3550; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 13, 2004

CHEESE — SALES: 2 CARS BARRELS @ \$1.3250; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3250; 7 CARS 40# BLOCKS: 2 @ \$1.3750, 3 @ \$1.3575, 2 @ \$1.3550; OFFERS UNCOVERED: NONE

BUTTER — SALES: 13 CARS: 2 @ \$1.6575, 2 @ \$1.6650, 1 @ \$1.6700, 4 @ \$1.6750, 1 @ \$1.6825, 1 @ \$1.6850, 2 @ \$1.6875; BIDS UNFILLED: 18 CARS: 2 @ \$1.6650, 2 @ \$1.6625, 4 @ \$1.6600, 2 @ \$1.6575, 1 @ \$1.6550, 2 @ \$1.6525, 4 @ \$1.6475, 1 @ \$1.6400; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The market tone remains firm. Through Monday (2/9), the CME cash price for butter has increased for 9 consecutive sessions. This price run-up has some contacts concerned about prices later in the year. If the CME butter price is above \$1.60 in early February, many predictions this year's high prices are already underestimated. Butter has never traded this high during February. Some contacts are concerned that if prices continue to escalate, uses may be more prone to import butterfat despite currency exchange rates. At current price and duty, the so-called high-tier butter can be imported at prices close to or below the current cash price. World stocks of butter may or may not be heavy enough for the U.S. to import large quantities. Churning activity is light in the East. Surplus milk and cream stocks are tighter than expected. Butter stocks are adequate to meet needs. Demand is good for bulk, just fair for packaged butter since the increasing prices are rapidly being passed along to consumers. Some buyers still seem to be purchasing bulk for future needs and/or speculation. 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 remains firm at midweek, although the cash price was unchanged. This was the first time in ten consecutive trading sessions that the cash price did not adjust. Some butter producers and handlers are questioning if the cash price might be leveling at this time. Central butter producers are indicating that cream supplies are available for churning activity. Often, butter producers are taking advantage of the additional cream offerings, but are not pleased with the price they have to pay for this time of the season. Current churning activity and stocks are sufficient to meet steady demand. At current price levels, some butter handlers are looking into the possibility of importing non-quota butter for future needs. This would be an unusual occurrence for this time of the year. Butter demand is fair. In most instances, buyers are placing orders for near term needs, although

some are trying to beat further price firmness by placing larger orders. Food service orders are seasonally steady. Bulk butter for spot sale is being reported in the flat - 2 cents per pound range over various pricing basis.

WEST

Western butter continues to move out from manufacturing plants in an orderly fashion. Buyers are aggressively looking for butter. Sellers seem to be happy to get rid of it since they are not sure about the strategy to hold butter at prices this high in February. Prices have increased more than 37 cents since the end of last year to stand at \$1.6475. Prices are more than 14 cents higher than prices have ever been this early in the year. Retail outlets continue to take butter, but prices at retail are quickly reflecting the higher base prices. Food service orders are fair. Cream is available for churning. Other cream users are really looking at the product cost before making purchases for other than immediate needs. Licensed quota imports of butter for 2003 total 15.2 million pounds, slightly below last year and the allowable limit. High Tier imports were minimal, totaling less than 500,000 pounds for both butter and butter substitutes. Butter production for the U.S. in 2003 totaled 1.24 billion pounds, down 115.6 million pounds from 2002. Imports, therefore, are only a very minor portion of the butter supply. With prices this high, above \$1.64, contacts are discussing the possibility of importing High Tier butter. The question is how much butter is available for export to the U.S. from other areas of the world? The general feeling is that a lot less is available this time than in 2001 when 40 million pounds of butter and substitutes were brought in under the High Tier program. CME weekly butter stocks total 89.2 million pounds, an increase of 5.48 million pounds from the previous week. Stocks have increased 33.1 million pounds since the start of 2004 compared to 45.2 million pounds for the same period last year. Current prices for bulk butter range from flat market to 3 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 BARRELS			
FEBRUARY 7	1,2999	1,2671	0,8081	1,5451	0,1685
	7,620,111	10,545,921	27,245,486	3,678,260	12,908,991

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

CHEESE MARKETS

NORTHEAST

Prices continue to "tick" up at the CME. Blocks (through 2/9) have increased fractionally for eleven consecutive sessions; barrels jumped five cents last week after being unchanged since early January. The market tone is firmer as production seems to be declining in much of the region. Cheese makers comment on the continued tight milk supply and most see little or no relief from that scenario in the coming months. Demand for cheese ranges from fair to improved in scattered instances. Cheddar makers do not necessarily like putting cheese into aging programs at these prices, but most have little choice. Retail sales are just fair and food service orders are steady and settling into normal patterns.

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

Cheddar 10# Prints	:	1.4025-1.9075
Cheddar Single Daisies	:	1.3600-1.8250
Cheddar 40# Block	:	1.4750-1.7250
Process 5# Loaf	:	1.5000-1.7000
Process 5# Sliced	:	1.5200-1.7575
Muenster	:	1.5750-1.7675
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firm. Many in the industry expect additional short term price increases due to projected lower 2004 milk production and attempts to build inventory at "low" prices. Plant operators are filling longer term commitments while spot orders are hit or miss. Finding affordable extra milk supplies has been difficult due to the strong Class I demand for milk in the region. At least a few cheese plants are currently overcommitted on orders. Process interest is steady to improved, with more processors able to fill a 40 hour workweek. Natural interest remains steady at moderate to occasionally good levels with overtime still needed at some operations to fill orders. Supplies of most natural varieties and barrels are tight to short of needs. Discounts on trim and good undergrades seem to have declined as supplies disappear.

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

Process American 5# Loaf	:	1.4700-1.6900
Brick And/Or Muenster 5#	:	1.7400-1.9900
Cheddar 40# Block	:	1.6400-2.1150
Monterey Jack 10#	:	1.8100-2.1150
Blue 5#	:	2.0850-2.4500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6325-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0500-2.6850

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

BUTTER		:	CHEESE	
		:		
02/09/04	42,157	:	134,076	
02/01/04	41,294	:	134,423	
CHANGE	863	:	-347	
% CHANGE	2	:	N.C.	

WEST

Process and natural cheese prices increased while Swiss held steady. Buyers are more aggressively searching for current cheese and for output for spring needs. A few weeks ago, some buyers were able to cover some additional future needs, but that has generally come to an end. Current cheese production is behind expectations at a number of Western locations. Manufacturers are also beginning to question future milk availability. Some under grade stocks are available, but the better quality product is gone. Current inventories are generally declining. High Tier imports of cheese for 2003 total 47.8 million pounds, down 16.9% from 2002. The largest decline in imports was for American-type with Italian-type gaining the most.

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

Process 5# Loaf	:	1.4375-1.6975
Cheddar 40# Block	:	1.4650-1.8150
Cheddar 10# Cuts	:	1.6450-1.8650
Monterey Jack 10#	:	1.6550-1.8150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4600

FOREIGN

Prices are steady to higher on both imported and domestic styles. The market tone is steady. Stocks of most cheese are adequate to cover the generally fair demand. The continued weak U.S. dollar is causing higher prices for most importers. However, cheese prices in some EU countries are falling which may help with exports.

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

		:	NEW YORK	
VARIETY	:	IMPORTED	:	DOMESTIC
	:		:	
Roquefort	:	TFEWR	:	-0-
Blue	:	2.6400-4.0500*	:	1.6975-3.1875*
Gorgonzola	:	3.6900-5.9400	:	2.2150-2.4900*
Parmesan (Italy)	:	TFEWR	:	3.1075-3.1975*
Romano (Italy)	:	2.1000-3.1500	:	-0-
Provolone (Italy)	:	3.4400-5.5000	:	1.7050-1.9325*
Romano (Cows Milk)	:	-0-	:	2.8950-5.0675*
Sardo Romano (Argentine)	:	2.8500-3.2900	:	-0-
Reggianito (Argentine)	:	2.6900-3.2900	:	-0-
Jarlsberg-(Brand)	:	2.7500-3.8900*	:	-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	:	2.1900-3.4500*	:	-0-
Gouda, Large	:	TFEWR	:	-0-
Gouda, Baby (\$/Dozen)	:		:	
10 Ounce	:	27.8000-31.7000	:	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	74	0	85	0	15
SOUTHEAST STATES	0	0	0	0	0	0

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

Milk production is mostly steady in the "North Country;" steady to higher in the Southeast. Gains in the milk flow in Florida and other Gulf Coast states are typical for this time of year, but the weather is still a big factor in milk production trends. Fluid milk supplies continue to be reported as tight in the Northeast. However, Florida continues to ship milk out of state for processing. Their milk production is currently exceeding their need for Class I milk. Bottled milk sales are mostly steady in the East, but predictions of snow later this week have bottlers gearing up for increased orders in the Carolinas and Virginias. Surplus milk volumes are tight. Some contacts are amazed by how little milk their plants are receiving. They see this pattern continuing through the summer and that does not bode well for dairy product availability and prices later this year. The condensed skim market is firm as supplies are often tighter due to the drop off of milk. Contacts are taking most of the supply and relatively little is finding its way into dryers. Demand for wet solids remains mostly contractual. Spot interest is up slightly, but prices for wet solids are still well above the current NDM market. The fluid cream market is firm. Availability is tight, tightest early in the week. Spot prices are sharply higher and are routinely over \$2.00 per pound of butterfat. The CME butter average increased more than 7.5 cents last week and multiples have increased as demand improves and stocks tighten. The CME cash butter price has never been this high in February. The higher prices have done little to deter demand. Cream is clearing satisfactorily, but some traders do comment that it is "a little tougher sell" at this time. Traders also comment that some of their contracted suppliers are having difficulty filling their commitments and are wanting to increase their negotiated multiples. Ice cream and cream cheese production are about steady, but the sharply higher prices are slowing some spot purchases. Churning activity is often lighter.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.9788-2.2341
DELIVERED EQUIVALENT ATLANTA	-	2.0107-2.2820 M 2.0745-2.2022
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.9948-2.0745

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	-	.9000-.9500

MIDWEST

Class I demand continues generally strong along with a good seasonal Class II interest. Bottlers and/or handlers have had to make additional calls beyond regular suppliers in order to cover orders. Milk supplies are tight and only very limited supplies are available for spot purchase. Manufacturing milk interest is very strong seasonally and many buyers are not able to cover needs. If handlers have a spot load popup, it is quickly cleared to a regular user(s). Handlers report good interest from non-regular customers. On a limited test, reported spot manufacturing milk prices range from \$2.00 - 2.30 over class. Strong butter and cheese interest combined with the prospect of possible higher prices has buyers trying to build finished good inventory. Cream interest is steady to a little softer due to high butter and cream prices. Some cream buyers continue to try to make short and/or long term commitments, mostly

unsuccessfully as producers are worried about meeting current commitments. Current plant milk intakes are steady to occasionally lower. Fat and protein tests are declining seasonally. A few are speculating that some intakes are lower due to colder temperatures in recent weeks as well as more dry cows than those freshening. The Posilac supply cutback may also be part of the problem. Snow coverage is adequate for snowmobile trails to remain open.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 5 - FEB 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 50.50	\$ 39.50- 46.00
REPLACEMENT HEIFER CALVES	\$300.00-475.00	\$300.00-550.00

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

	FEB 5 - FEB 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 52.70	\$ 36.00- 45.50

WEST

The March 2004 Class 1 prices in CALIFORNIA range from \$13.74 in the north to \$14.01 in the south. The statewide average Class 1 price based on production is \$13.79. The average is \$0.40 higher than February 2004 and \$1.85 higher than March 2003. Weather conditions are perfect in CALIFORNIA this week with temperatures in the 60's - 70's with lots of sunshine. Milk supplies are increasing gradually, but they are not up to expectations. Milk handlers are making decisions based on lower milk supplies expected for this summer. The same situation in other areas of the country is meaning that additional sales of manufactured products are taking place. Some reports are also noted concerning dairies moving out of CALIFORNIA and into other Southwestern states. Contacts continue to express surprise at the strength noted in butter markets. They do agree that butter supplies are on the tight side and buyers continue to search for current needs and for future availability. Cheese marketers are also looking at their side of the equation and noting the price strength of the past few weeks. They generally agree that the market is on the tight side and that lower anticipated milk supplies will probably keep it that way. Hay growers in the Imperial Valley are looking at making some early clippings in the next few weeks with more expecting the real start of the first cutting by the end of the month. Early price indicators show that the market is expected to be steady with last year to possibly a little firmer. Milk supplies declined slightly after the rain of last week in ARIZONA, but they are expected to bounce back. Temperatures have been a little cooler than normal. Demand for cream remains quite strong in the region. Likewise, milk in NEW MEXICO was a little lower following the rain, but it is just a slight blip on the milk production horizon. New operations and expansions of existing facilities should continue to mean more milk for this part of the region. Reports from the PACIFIC NORTHWEST continue to indicate that milk is off somewhat from expectations. Currently, good weather over the region is allowing for some additional growth, though some farms that thought they had seen somewhat of a spring flush are now backing off on those statements. Protein tests are backing off from early season strength. Some producers will need to start looking for some additional hay supplies in the next 30 days as their stocks of silage become depleted. Many used silage at a faster than normal rate to cut down on cash expenditures for outside hay. Prices noted at the monthly heifer sale in the region are higher with good demand noted. Cold and snow are common over UTAH and IDAHO. More contacts are indicating that milk production is being adversely impacted by the current conditions. Some schools in the region have been forced to close this week for the first time in three years. Some of the mountains above Salt Lake City are now reporting that they have received from 350-400 inches of snow this winter. The outlook for summer irrigation water is improving. Average sale prices at the two regional sales barns for heifers are near the \$1600 mark. Contacts are expecting that supplies will be tight this winter and that prices will be firm.

NDM, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices continue unchanged on a mostly steady market. Production is unchanged to higher. Some locations report reduced Class I interest, resulting in more fluid milk into dryers. Class II demand for condensed is reportedly steady. NDM demand is best for Grade A 50# bags. Supplies in totes or 25 kg bags are somewhat difficult to clear. Resale supplies from government programs are readily available for the light interest. CCC purchases from the Central region are reported for the current week. Some contractual loads are clearing at prices below the average. Western resale and Extra Grade supplies are competitively priced with some cheese operations seeking commitments for loads this summer.

EAST: Prices are mostly steady and the market tone is unchanged. Production levels are light. Surplus milk supplies are still tight and most NDM producers are seeing shorter "runs" and are often making more high and medium heat NDM. Production of low heat powder will start to increase as the high and medium heat orders have been filled. Offerings of Eastern NDM to CCC have slowed, but some producers are still packaging or may soon begin packaging in G-bags. However, reports indicate that little additional Eastern NDM will be moving to the support program in coming weeks and months. Current demand for NDM is steady at fair to good levels. Producer stocks are fairly well balanced. There continues to be NDM from the Government exchange programs in the marketplace at competitive prices. Contacts feel that this type (NDM for product exchanges) of powder will be a factor in the market for quite some time.

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

No price changes are noted for low/medium heat NDM in the Western region. Additional inquiries are noted from the Central region for powder needed for the upcoming summer season in totes for fortifying cheese vats. Central operations are assuming that milk supplies will be tight this summer and they are planning accordingly. Current sales activity is about steady with most buyers taking normal volumes of powder. Production levels may not be quite as heavy as anticipated, but large volumes of powder continue to the CCC program. During the week of February 2-6, Western plants cleared 5.6 million pounds of nonfortified NDM to the government price support program. Sellers believe offerings will be lighter as more attention is being paid to filling DEIP orders. High heat prices and sales activity remain steady. Sales are mostly of a contractual nature and powder is made to order.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .8825 MOSTLY: .7950 - .8100
 HIGHHEAT: .8300 - .8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 6	\$.8020	14,949,642	7,892,662
January 30	\$.8010	15,981,784	11,995,804

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. Spot sales are light with most movement reported on a contractual basis. Production is unchanged to higher as excess supplies of cream clear into churns at some locations. Demand for condensed buttermilk is varied with some plants reporting steady Class II interest whereas others report seasonally lower demand. Supplies of dry buttermilk are most readily available in the West. Central producers continue to express concern over contractual supply availability. With the lower cost of NDM, some buyers are skeptical of continued firm buttermilk prices.

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

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices range from mostly steady to fractionally lower. Spot trading activity is limited at the producer level. Production remains light as churning activity in the East is lighter than a few weeks ago when excess cream volumes were heavier. Producer stocks are well balanced.

F.O.B. NORTHEAST: .8600 - .8800
 DELVDSOUTHEAST: .8900 - .9200

DRY BUTTERMILK - WEST

Prices for Western buttermilk range from steady to as much as one cent stronger. Buyers continue to look for powder and they are having some additional success. Sellers are beginning to catch up on back orders. Production is still not up to expectations for the first quarter of the year. With prices trading at larger premiums to NDM, contacts are wondering if this will cause some marketing problems later this spring.

F.O.B. WEST: .8600 - .9100 MOSTLY: .8700 - .8900

DRY WHOLE MILK - NATIONAL

Prices are unchanged to higher and still nominal. Few spot sales are being reported at the producer level. With butter prices continuing to increase, more Western producers are moving their prices of dry whole milk higher to reflect the increasing value of the fat. The market tone is steady. Production levels are light to moderate, generally light. Plant stocks are closely balanced.

F.O.B. PRODUCING PLANT: 1.1250 - 1.2800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2003 - YTD
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	68,201	MT (150,355,925 LBS)
CHEESE	--	3,030	MT (66,799,938 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 generally lower on a weak market. Block loads continue to be traded at a discount. Offerings of single truckloads are being reported at the average to 1/2 cent above the average. Reseller supplies are trading at a discount. Domestic edible interest is mostly contractual. Domestic feed demand is light as most buyers are waiting for signals that the market has bottomed. Export interest is improved, primarily via resellers and due to currency rates that make US prices more attractive. Most producers are readily able to add additional loads onto contracts. Supplies of condensed whey are available for the light interest.

F.O.B. CENTRAL: .1600 - .1775 MOSTLY: .1625 - .1725

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to slightly lower and the Northeastern prices remain nominal. The market tone is mostly steady, but there are more instances of tighter supplies being reported. This reflects the lessening of surplus milk volumes and cheese output in the East. Some dry whey producers are looking for additional volumes of condensed whey to process. However, not all the condensed whey that is available has the proper approvals and prices for the liquid whey are often more than the dryers are willing to pay. Demand remains lackluster, but interest is improving in some areas now that buyers feel that prices may be reaching the bottom of this particular cycle. At this time, most purchases are for immediate needs, but producers comment that they are getting more calls.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1700 - .2000
DELVD SOUTHEAST: .2000 - .2075

DRY WHEY - WEST

Western whey prices range from steady to fractionally lower. Sales activity is picking up as prices continue to decline. Some large block sales are noted and this is helping some operations get a better control of stocks. Better interest is noted from both export buyers and domestic users. Some contacts feel that a bottom for this particular price cycle is near. Production levels are generally lighter than estimated earlier.

NONHYGROSCOPIC: .1475 - .1950 MOSTLY: .1550 - .1700

ANIMAL FEED WHEY - CENTRAL

Prices are lower on a weak market. Lower Extra Grade prices and competitive permeate supplies are encouraging lower prices on milk replacer. Supplies are unchanged to higher due to heavier production at some locations. Demand is light with traders reporting price resistance by some buyers. Veal and early weaned pig prices are trending higher.

F.O.B. CENTRAL:
MILK REPLACER: .1500 - .1600

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Production is mostly steady. Inventories are in balance to heavy. Brand specific and Grade A supplies are clearing the best. Some light export movement is noted. Multiple load shipments into domestic feed operations alleviated heavy stocks at some locations. Some offering prices are being met with resistance with buyers bidding below the range. Producers state that there is a limit to lower prices where holding supplies would be more advantageous, especially if milk supplies continue to decline as anticipated. Supplies of a competitive substitute, WPC 80%, are reportedly available. Offerings of condensed WPC are heavier due in part to equipment problems at some locations. Off grade supplies of 34% and 80% are noted as difficult to clear.

F.O.B. EXTRA GRADE 34% PROTEIN: .4525 - .5200 MOSTLY: .4625 - .4975

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged to lower on a mostly steady market. Producers continue to report sales at a premium while traders report steady to lower prices. Production is generally unchanged yet supplies are more readily available than in prior months. Inquiries are noted from Asia, predominantly for higher mesh sizes. Lower mesh sizes and off grade product are reportedly difficult to clear. Producers that are well-contracted for the quarter are in the best position. Inquiries on second quarter contracts are noted with the market undertone unsettled.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2000 - .2700 MOSTLY: .2200 - .2300

CASEIN - NATIONAL

Casein markets and prices remain firm. Stocks of both rennet and acid are in close balance. Most domestic buyers are getting their contracted volumes, although delivery schedules might need to be altered somewhat from original plans. Oceania's production season has now ended, thus orders are being filled from inventoried stocks. European production is just getting underway and producers are optimistic about the upcoming season. In instances, some suppliers are having to source additional product from other producers to fulfill their contractual commitments. Often, these additional needs are difficult to locate.

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. Surplus milk volumes are tight in most parts of the country. Producers of canned evaporated milk are concerned that milk supplies are going to be very tight and prices are going to be higher this year. Some are already looking to contract milk for coming months and finding that suppliers are asking premiums over the class price. A year ago, most producers could find milk in the spring that was priced at or below class prices. With many contracts for evaporated milk in place, it will be a difficult time for producers trying to keep costs down. Demand is slow and plant stocks are slowly being rebuilt.

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.

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2004, totaled 8.99 million head, down 2 percent from January 1, 2003.

Milk cow replacement heifers totaled 4.02 million head, down 2 percent from January 1, 2003.

The number of milk cow replacement heifers per 100 milk cows on January 1, 2004 was 44.7, down from 45.0 on January 1, 2003.

Milk cow replacement heifers expected to calve during the year totaled 2.76 million head, down 4 percent from January 1, 2003.

MILK COW INVENTORY: Number by Class, January 1, 2003-2004

State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement		State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement	
	2003	2004	2003	2004		2003	2004	2003	2004
1,000 Head					1,000 Head				
AL	19	18	7	7	NE	66	62	20	20
AK	1.3	1.2	0.6	0.5	NV	25	26	11	10
AZ	155	155	35	37	NH	17	16	8	8
AR	31	28	10	10	NJ	13	12	6	6
CA	1,670	1,700	790	730	NM	314	325	70	75
CO	98	98	38	45	NY	675	658	325	300
CT	23	21	11.0	10.5	NC	63	58	28	27
DE	9	8	2.7	2.8	ND	37	33	13	14
FL	147	140	40	40	OH	260	258	110	115
GA	85	84	29	26	OK	83	80	30	20
HI	7	6	3	2	OR	117	117	60	70
ID	390	412	190	180	PA	590	564	280	280
IL	114	108	50	52	RI	1.4	1.3	0.6	0.7
IN	145	143	55	55	SC	20	17	8	7
IA	208	196	100	95	SD	84	79	30	35
KS	112	110	50	80	TN	84	77	40	35
KY	120	112	45	40	TX	320	317	110	110
LA	45	41	10	10	UT	91	89	45	40
ME	36	34	19	18.5	VT	153	146	60	67
MD	80	77	32	30	VA	116	105	48	38
MA	20	18	10	9	WA	247	240	105	95
MI	301	300	135	130	WV	15	14	7	4
MN	480	465	295	280	WI	1,265	1,245	660	670
MS	33	29	15	12	WY	4	4	1	3
MO	134	125	55	60	U.S.	9,142	8,991	4,114	4,020
MT	18	18	11	8					

SOURCE: "Cattle," Mt An 2 (1-04), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

DECEMBER FLUID MILK SALES

During December, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.1 percent higher than December 2002. After adjusting for calendar composition, sales in December 2003 were unchanged from December 2002. On an individual product basis, after adjusting for calendar composition, sales of flavored whole milk, reduced fat (2%) milk, and flavored fat-reduced milk increased from December 2002, while sales of whole milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-arealesales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
DECEMBER 2003, WITH COMPARISONS ^{1/}

Product Name	Sales		Change from: ^{2/}	
	December	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,603	18,278	1.6	-0.9
Flavored Whole Milk	90	1,034	3.1	-0.2
Reduced Fat Milk (2%)	1,520	17,548	2.9	0.1
Low Fat Milk (1%)	530	6,238	1.5	-1.6
Fat-Free Milk (Skim)	645	7,844	-1.7	-3.1
Flavored Fat-Reduced Milk	259	3,210	8.5	5.9
Buttermilk	50	563	-0.6	-4.1
Total Fluid Milk Products ^{3/}	4,783	54,981	2.1	-0.5
Total Fluid Milk Products Adjusted ^{3/ 4/}	4,738	54,994	0.0	-0.5

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. ^{2/} Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see ^{4/}. ^{3/} Total fluid milk products include the products listed plus miscellaneous products and eggnog. ^{4/} Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, DECEMBER 2003, WITH COMPARISONS ^{1/}

Area (Order Number)	Sales		Change from: ^{2/}	
	December	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	855	9,606	1.7	-1.4
Appalachian (005)	299	3,452	3.7	0.3
Southeast (007)	412	4,809	0.7	-1.7
Florida (006)	254	2,888	4.6	0.7
Mideast (033)	549	6,317	1.2	-1.3
Upper Midwest (030)	378	4,364	1.3	-0.7
Central (032)	405	4,660	2.4	0.4
Southwest (126)	356	4,187	3.0	0.0
Arizona-Las Vegas (131)	114	1,303	2.1	2.2
Western (135)	81	893	7.0	-0.3
Pacific Northwest (124)	185	2,159	0.4	-0.7
California (---)	560	6,494	2.1	0.1

^{1/} These figures are representative of the consumption of total fluid milk products in the respective area; see ^{3/} above for the products included. ^{2/} Percent changes, as well as sales volumes, are shown on an unadjusted basis; see ^{4/} above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES*

The milk production forecast for 2003/04 is lowered 900 million pounds from last month. Forecast growth in milk per cow for 2004 is slowed due to reduced availability of recombinant bovine somatotropin. Cow numbers are also reduced from last month, reflecting tightness in the supply of dairy replacement heifers. As a result of lower expected milk production, forecasts of commercial stocks and use are lowered as well. Milk prices are forecast higher than last month and CCC net removals on a milkfat basis are forecast lower. Butter net removals are expected to reflect the sales of government stocks of butter in excess of removals during the year. Milk prices forecasts are raised, with the Class III price expected at \$11.85-\$12.35 per cwt. and the Class IV price at \$10.65-\$11.35 per cwt. The all milk price is forecast at \$13.00-\$13.50 per cwt.

Item	2001/02 1/	2002/03 Estimated 1/		2003/04 Projection 1/		
		January	February	January	February	
BILLION POUNDS						
SUPPLY						
BEGINNING COMMERCIAL STOCKS 2/	8.8	11.2	11.2	11.0	11.0	
PRODUCTION	169.2	169.9	169.9	170.6	169.7	
FARM USE	1.2	1.1	1.1	1.0	1.0	
MARKETINGS	168.0	168.8	168.8	169.6	168.7	
IMPORTS 2/	5.2	4.9	4.9	5.0	5.0	
TOTAL COMMERCIAL SUPPLY 2/	182.0	185.0	185.0	185.6	184.7	
USE						
COMMERCIAL USE 2/ 3/	170.5	172.7	172.7	176.6	175.9	
ENDING COMMERCIAL STOCKS 2/	11.2	11.0	11.0	8.8	8.7	
CCC NET REMOVALS:						
MILKFAT BASIS 4/	0.3	1.2	1.2	0.2	0.1	
SKIM SOLIDS BASIS 4/	9.6	9.2	9.2	6.2	6.2	
DOLLARS PER CWT.						
MILK PRICES 5/						
CLASS III 6/	11.03	10.63	10.63	11.20-11.70	11.85-12.35	
CLASS IV 6/	11.22	10.05	10.05	10.00-10.70	10.65-11.35	
ALL MILK 7/	12.74	11.90	11.90	12.40-12.90	13.00-13.50	
MILLION POUNDS						
CCC PRODUCT NET REMOVALS 4/						
BUTTER	0	29	29	1	-5	
CHEESE	9	47	47	10	6	
NONFAT DRY MILK	817	751	751	525	530	
DRY WHOLE MILK	0	0	0	0	0	
		QUARTERLY 8/			ANNUAL 8/	
		2004 I	2004 II	2004 III	2003	2004
BILLION POUNDS						
MILK PRODUCTION	43.1	43.8	41.5	169.7	169.9	
DOLLARS PER CWT.						
ALL MILK PRICE 5/ 7/	13.05-13.35	12.10-12.70	12.50-13.40	12.51	12.95-13.65	
CLASS III PRICE 5/ 6/	11.50-11.80	11.05-11.65	11.70-12.60	11.42	11.75-12.45	
CLASS IV PRICE 5/ 6/	11.05-11.45	10.65-11.35	10.75-11.85	10.00	10.90-11.80	

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

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

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-407, World Agricultural Outlook Board, USDA, February 10, 2004.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, ANNUAL

HIGHLIGHTS: Handler reports of receipts and utilization under the Federal milk order system for 2003 have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During 2003, about 110.6 billion pounds of milk were received from producers. This volume of milk is 11.9 percent lower than the 2002 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -2.3 percent.) About 45.8 billion pounds of producer milk were used in Class I products, 0.4 percent lower than the previous year. Calendar composition likely had a slightly negative impact on milk used in Class I in 2003 as compared to 2002. The all-market average Class utilization percentages were; Class I = 41%, Class II = 12%, Class III = 36%, and Class IV = 11%. The weighted average statistical uniform price was \$12.12 per cwt., \$0.21 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF YEAR 2003										
FEDERAL MILK ORDER MARKETING AREA ^{1/}	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE ^{2/}
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	24,038.2	-5.2	10,701.2	0.1	44	19	28	9	12.93
Appalachian (Charlotte)	005 ^{3/}	6,314.7	-5.8	4,442.9	-0.1	70	15	7	8	13.52
Southeast (Atlanta)	007 ^{3/}	7,070.9	-10.8	4,629.0	-2.9	65	10	18	7	13.43
Florida (Tampa)	006	2,832.9	5.2	2,412.2	0.7	85	8	3	4	14.69
Mideast (Cleveland)	033 ^{3/}	15,750.3	-11.2	6,546.0	-0.1	42	16	36	6	11.83
Upper Midwest (Chicago)	030 ^{3/}	17,017.7	-16.2	4,129.8	0.9	24	6	63	7	10.93
Central (Kansas City)	032 ^{3/}	14,411.4	-22.9	4,724.3	-2.9	33	10	49	8	11.40
Southwest (Dallas)	126 ^{3/}	9,173.8	-5.6	4,068.2	0.3	44	14	22	20	12.37
Arizona-Las Vegas (Phoenix)	131 ^{3/}	3,061.2	1.1	976.0	1.3	32	7	37	24	11.78
Western (Salt Lake City)	135 ^{3/}	4,573.1	-17.6	1,109.2	1.7	24	8	56	12	10.94
Pacific Northwest (Seattle)	124 ^{3/}	6,336.5	-19.0	2,104.6	-0.5	33	7	24	36	11.16
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	110,580.7	-11.9	45,843.4	-0.4	41	12	36	11	12.12

^{1/} Names in parentheses are the major city in the principal pricing point of the market.

^{2/} Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

^{3/} Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 14.9 billion pounds of milk in 2003 that normally would have been associated with these markets. In 2002, the estimated not-pooled volume of milk was 2.9 billion pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is -2.3.

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

In November 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.50 per cwt., \$.38 less than the figure for the previous month. The component tests of producer milk in November 2003 were: butterfat, 3.76%; protein, 3.12%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices decreased in all reporting areas except one, and ranged from \$17.46 in Florida to \$13.10 in New Mexico. In November 2002, the Federal milk order all-area average mailbox price was \$11.75, \$2.75 lower.

Note: The mailbox price data series includes producer milk marketings that were not pooled under the Federal milk order system due to disadvantageous price relationships.

Reporting Area	Mailbox Milk Price ^{2/}		
	November 2002	October 2003	November 2003
	Dollars per hundredweight		
Northeast Federal Milk Order	11.65	15.23	14.98
Appalachian States ^{3/}	12.58	15.22	14.94
Southeast States ^{4/}	13.35	15.97	15.58
Southern Missouri ^{5/}	11.92	14.71	14.31
Florida	15.31	17.73	17.46
Ohio	11.95	15.05	14.74
Michigan	11.56	14.60	14.38
Wisconsin	11.83	15.57	14.80
Minnesota	11.64	15.59	14.72
Iowa	11.79	15.31	14.54
Illinois	11.87	15.35	14.80
Corn Belt States ^{6/}	11.49*	13.75	13.58
Western Texas ^{7/}	11.99	14.36	13.93
New Mexico	10.86	13.39	13.10
Idaho	10.61	13.83	13.61
Utah	10.56	13.70	13.37
Northwest States ^{8/}	11.40	13.03	13.34
All Federal Order Areas ^{9/}	11.75	14.88	14.50
California ^{10/}	10.69	13.46	NA

*= Revised.

NA= Not available.

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

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF FEBRUARY 9 - 13, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 02/06/04	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-42,309	1,015,455	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-42,309	1,015,455	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	343,714	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	337,555	-0-	-0-
Process	-0-	-0-	-0-	-0-	7,326,000	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	8,007,269	-0-	-0-
NONFAT DRY MILK							
Nonfortified	21,404,926	-0-	21,404,926	219,108,999	208,190,151	858,757,000	1,023,211,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
TOTAL	21,404,926	-0-	21,404,926	218,989,951	208,190,151	905,148,000	1,069,602,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 9 - 13, 2004 =	4.7	249.2	COMPARABLE PERIOD IN 2003 =	-22.1	183.4
CUMULATIVE SINCE OCTOBER 1, 2003 =	47.3	2,549.0	CUMULATIVE SAME PERIOD LAST YEAR =	141.8	2,502.7
CUMULATIVE JANUARY 1 - FEBRUARY 13, 2004 =	21.8	1,199.8	COMPARABLE CALENDAR YEAR 2003 =	67.7	1,237.1

* 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 FEBRUARY 9 - 13, 2004 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	718,799	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	20,686,127	-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-	7,326,000	5,088,110	4,985,012	2.4	48.4
WEST	-42,309	1,015,455	-0-	681,269	208,871,258	199,534,051	95.3	51.0
EAST	-0-	-0-	-0-	-0-	5,030,583	3,671,088	2.3	0.6
TOTAL	-42,309	1,015,455	-0-	8,007,269	218,989,951	208,190,151	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 01/24/04 & 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	7.7	5.4	18.9	2.7	0.6	1.0	14.7	3.2	55.3	196.3	48.9	47.3
2003-Dairy	0.2	0.8	7.7	4.7	22.5	3.0	0.3	0.7	16.5	2.8	59.3	234.9	49.5	49.0
2004-All cows	0.2	0.9	10.3	11.7	32.3	16.7	15.2	3.1	15.9	6.9	113.0	415.1		
2003-All cows	0.3	0.9	10.3	14.2	34.3	15.7	14.9	3.5	18.6	7.0	119.7	479.6		

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

CLASS III MILK PRICES, (3.5% BF)

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

FEDERAL MILK ORDER CLASS PRICES FOR 2003 - 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	11.67	
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	11.61	
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	10.97	

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