

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (03/26):**

**BUTTER:** Grade AA closed at \$2.0225. The weekly average for Grade AA is \$2.2333 (+.0225).

**CHEESE:** Barrels closed at \$2.0100 and blocks at \$2.0400 (both record highs). The weekly average for barrels is \$1.9995 (+.0690) and blocks, \$2.0235 (+.0710).

**BUTTER:** Butter markets are unsettled following the 34 cent decline at the CME on March 26, although the weekly average is higher than the prior week. Most butter producers indicate that current churning schedules are lighter than desired for this time of the year. In some instances, current production is not keeping pace with demand, thus inventoried stocks are being used to fill orders. Producers and handlers continue to voice their concern about having sufficient volumes of butter for use later in the year. In light of this, imports are being considered. During the first two months of 2004, quota imports totaled 2.0 million pounds, 46.4% heavier than the January/February 2003 period. High tier or non quota volumes totaling 23,285 pounds for the same two months were virtually unchanged from last year. Retail sales are slowing as fewer features are noted. With wholesale prices advancing so sharply, retail prices are getting to levels that may slow sales. Food service orders are about steady as restaurants place orders for the Easter weekend.

**CHEESE:** The cheese market remains firm. New record high prices at the Chicago Mercantile Exchange on both blocks and barrels continue to be set with each increase. Speculation on the impact record prices will have on cheese demand is increasing. Current cheese and manufacturing milk supplies are well short of current interest. Lower than anticipated milk receipts have caused a backlog and extended lead times on any new order accepted. Spot sale activity is very limited as producers try to meet regular commitments first. Cheddar with a few months of age continues to be "cashed out" profitably around current price levels. Current cheese production is steady to just slightly higher where milk intakes are picking up seasonally.

**FLUID MILK:** Milk production across most of the country is steady to higher, although often lagging last year at this time. Milk processing plants in most states desire more milk during the final few days of March to produce additional product ahead of higher milk prices in April. In most instances, manufacturing milk demand outpaces available supplies. Class I demand varies across the country as schools recess for spring break and winter tourists return to their northern homes. There is growing concern by most in the industry that milk supplies will be very tight this summer and arrangements are being negotiated or already finalized for future purchases. The fluid cream market is firm. Ice cream production is often lighter than usual for this time of the year, but that is to be expected when spring-time cream prices are this high. Churning activity is mixed, but lower than desired for this time of the season. Butter churners would like more butter stocks for future needs, although some are selling cream profitably.

**DRY PRODUCTS:** Limited supplies of milk and projections for much of the same in coming months are helping to cause firmness in most dry product markets. Nonfat dry milk prices are often higher and the market tone is firm. Sales to the CCC have slowed and cancellations of previously offered NDM are occurring. Producer stocks are reportedly limited, encouraging producers to move prices higher. Powder production has been trending lower across the country as milk is less available and milk that is available is often moving to other channels. More buyers are now participating in the CCC sell-back program to procure supplies for upcoming summer needs. During the first week, nearly 3.6 million pounds of CCC owned NDM was sold back to traders and producers. Buttermilk powder markets are also firm with prices steady to higher. Spot sales are limited because of lighter butter production from coast to coast and the good call for condensed buttermilk from ice cream makers. Stocks are closely balanced and demand is improving. Whey powder markets are firm with prices 10 - 25% higher than the previous week. Often, producers, traders, and end users all comment that there is no dry whey available from producers. Some contracts are being cut and delivery schedules delayed because of the lower levels of cheese production. Whey protein concentrate prices are higher on a firm market. Supplies are tightening with interest reported from food, feed, domestic and export markets.

**CCC:** During the week of March 22 - 26, CCC net NDM purchases total 963,327 pounds, all of this was offered from the West. This weekly total is the lightest offering since the fall of 2001. During the week of March 15 - 19, CCC sold back 3,595,267 pounds of government owned NDM to the trade. The last sellback was in August 2003.

**FEBRUARY COLD STORAGE (NASS):** During February, U.S. cold storage holdings of butter totaled 157.9 million pounds, 3.6% more than a month ago but 34.1% less than last February. Natural American cheese holdings total 533.1 million pounds, 2.9% heavier than a month ago but 1.1% less than a year ago. Nonfat dry milk holdings at the end of January total 938 million pounds, 40 million pounds less than last month and 209 million pounds less than last February. The government holds 89.1% of the total nonfat holdings.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during the three month period November 2003 - January 2004, totals 43.1 billion pounds, 2.5% higher than the same period in 2002/2003. Comparing disappearance levels with year earlier levels: butter is +5.0%; American cheese, -1.0%; Other cheese, +2.7%; NDM, +25.2%; and fluid milk products, -1.3%.

**CONSUMER PRICE INDEX (BLS):** The February 2004 CPI for all food is 184.1, up 3.3% from January 2003. The dairy products index at 172.1, is +2.9% from a year ago. The following are the February to February changes for selected products: fresh whole milk +6.0%, cheese +2.4%, and butter +4.2%.

\*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

RECORDED MARKETS MENU AND DAIRY MARKET NEWS WEB SITE  
(COLORED SHEET)

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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 MARCH 22	TUESDAY MARCH 23	WEDNESDAY MARCH 24	THURSDAY MARCH 25	FRIDAY MARCH 26	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.9850 (+.0025)	\$2.0000 (+.0150)	\$2.0000 (N.C.)	\$2.0025 (+.0025)	\$2.0100 (+.0075)	+0.275	\$1.9995 (+.0690)
40# BLOCKS	\$2.0075 (+.0025)	\$2.0075 (N.C.)	\$2.0300 (+.0225)	\$2.0325 (+.0025)	\$2.0400 (+.0075)	+0.0350	\$2.0235 (+.0710)
BUTTER							
GRADE AA	\$2.3150 (+.0100)	-----	\$2.3625 (+.0475)	-----	\$2.0225 (-.3400)	-.2825	\$2.2333 (+.0225)

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

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, MARCH 22, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 2 @ \$1.9850, 2 @ \$1.9825; 2 CARS 40# BLOCKS: 1 @ \$2.0075, 1 @ \$1.9550; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 2 CARS GRADE AA @ \$2.3150; BIDS UNFILLED: 4 CARS GRADE AA: 2 @ \$2.3100, 2 @ \$2.3050; OFFERS UNCOVERED: NONE

TUESDAY, MARCH 23, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$2.0000, 1 @ \$1.9975, 2 @ \$1.9850; 1 CAR 40# BLOCKS @ \$2.0075; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 24, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$2.0000; 2 CARS 40# BLOCKS @ \$2.0300; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 24 CARS GRADE AA: 2 @ \$2.3500, 1 @ \$2.3400, 2 @ \$2.3500, 5 @ \$2.3525, 3 @ \$2.3550, 2 @ \$2.3600, 2 @ \$2.3700, 1 @ \$2.3725, 1 @ \$2.3550, 2 @ \$2.3600, 1 @ \$2.3575, 1 @ \$2.3600, 1 @ \$2.3625; BIDS UNFILLED: 6 CARS GRADE AA: 2 @ \$2.3550, 2 @ \$2.3500, 2 @ \$2.3300; OFFERS UNCOVERED: 6 CARS GRADE AA: 4 @ \$2.3800, 2 @ \$2.4000

THURSDAY, MARCH 25, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 8 CARS BARRELS: 2 @ \$2.0025, 6 @ \$2.0000; 1 CAR 40# BLOCKS @ \$2.0325; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 26, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS: 2 @ \$2.0100, 1 @ \$2.0025; 2 CARS 40# BLOCKS @ \$2.0400; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 20 CARS GRADE AA: 1 @ \$2.3200, 1 @ \$2.2500, 1 @ \$2.2000, 1 @ \$2.0050, 1 @ \$2.0100, 5 @ \$2.0150, 1 @ \$2.0200, 9 @ \$2.0225; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.6000; OFFERS UNCOVERED: 58 CARS GRADE AA: 11 @ \$2.0225, 1 @ \$2.0300, 1 @ \$2.0325, 8 @ \$2.0400, 5 @ \$2.0425, 5 @ \$2.0450, 2 @ \$2.0600, 5 @ \$2.0775, 5 @ \$2.0950, 5 @ \$2.1100, 5 @ \$2.1325, 5 @ \$2.1350

**BUTTER MARKETS**

**FEBRUARY COLD STORAGE**

According to NASS, February month-ending cold storage figures for butter total 157.9 million pounds, 34.1% less than last February but 3.6% more than January holdings.

**NORTHEAST**

The market tone is very firm. The CME cash butter price was set at \$2.3150 during Monday's (3/22) trading. This is the highest CME cash price since October 1998 and certainly at unprecedented levels for March. Trading activity at the CME continues to be heavy, but only two cars trade on 3/22. Churning activity in the East is often lighter as some producers have had to cut churning operations back to five days a week from six. Cream supplies remain tight and most users are not getting desired volumes. Also, the high price of cream/butterfat is another factor in current demand. Demand for butter is good from users, packagers and speculators. Local supplies are barely adequate and Western butter is being shipped in to supplement future needs. Retail sales are slowing as fewer features are noted. With wholesale prices advancing so sharply, retail prices are getting to levels that may slow sales. Food service orders are about steady as restaurants place orders for the Easter weekend. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

**CENTRAL**

Butter markets remain firm. Current churning activity is basically limited to local supplies of cream, although there are offerings from outside sources. Often, butter producers are finding that cream prices are higher than they desire to pay, but some producers are taking advantage of the offerings. Producers and handlers continue to voice their concern about having sufficient volumes of butter for use later in the year. In light of this, imports of butter are being considered. During the first two months of 2004, quota imports totaled 2.0 million pounds, 46.4% heavier than the January/February 2003 period. Current high tier or non quota volumes were virtually unchanged from last year. For the first two months, 23,285 pounds were imported which compare to 23,402 pounds during the same period last year. Overall buying interest remains basically steady. Buyers are cautious as the cash price

continues firm. Some buyers are placing heavier orders to offset potential further increases, while others are maintaining short term buying patterns. Food service orders are seasonally steady as food service outlets and restaurants prepare for the upcoming Easter/Passover holiday. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

**WEST**

Butter prices at the cash CME market moved sharply higher last week and have been above \$2 for nine trading sessions. Currently, the cash CME price stands at \$2.3625. Butter continues to move out of production facilities at a fast pace. Orders are coming in and being filled for Easter. Very little feature activity is noted, but butter is still moving well. Store retail prices are not reflecting all the price increases noted at the Exchange. Restaurant purchases are being rated as very good for the upcoming Easter weekend, one of the major eating out weekends of the year. Cream supplies are on the short side for full churn needs in the West. California is shorter than the rest because their bi-monthly pricing means that they can sell cream to other states at a major profit compared to churning it themselves. This relationship will change on April 1, and more of the cream will stay within state. Imports of quota butter for the first two months of the year total almost 2 million pounds, substantially ahead of 2003. High Tier imports are negligible so far this year and most contacts don't expect there to be heavy imports because of a different foreign market situation than the last time prices were above \$2. U.S. Cold storage holdings of butter at the end of February total 157.9 million pounds, down 34% from a year ago or 82 million pounds. Stocks are up 4% or 5.5 million pounds from January. The average increase from January for the last eight years has been more than 20 million pounds. CME weekly warehouse stocks declined by 1.8 million pounds during the past week and now stand at 93.5 million pounds. Stocks have declined by 4.1 million pounds over the last four weeks compared to an increase of 14.4 million pounds for the same period last year. Current prices for bulk butter range from flat market to 4 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			
MARCH 20	1,5267	1,5994	0.8123	2,1375	0.1886
	9,561,544	10,803,526	24,289,124	4,274,325	9,899,062

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

CHEESE MARKETS

NORTHEAST

Prices are sharply higher on natural and process varieties. This week's price increase (roughly thirty cents) is one to the largest week-to-week increases in memory. The market tone is firm. Cheese prices (at the CME) are now at record high levels. According to some contacts, these record prices, as they get passed along to retail and wholesale customers, will likely slow demand. There is concern that current prices may also stimulate imports, if they have not already done so. Cheese production in the Northeast is lighter as milk volumes remain tighter than expected for this time of year. Demand for cheese is slowing at some levels and users are looking for ways to stretch current purchases. Mozzarella demand is holding up quite well, but reports indicate that large pizza chains may have to alter the amount of cheese they use on their products to keep prices competitive. Retail sales are slowing as these prices get passed along to the consumer.

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

Cheddar 10# Prints	:	2.0225-2.5275
Cheddar Single Daisies	:	1.9800-2.4450
Cheddar 40# Block	:	2.0925-2.3450
Process 5# Loaf	:	2.1400-2.3425
Process 5# Sliced	:	2.1600-2.4000
Muenster	:	2.1950-2.3875
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market remains firm with cash barrel and block prices both reaching the \$2.00 per pound mark. Current cheese supplies are short of needs and some plant operators are reluctant to take new orders due to concerns over milk availability. Lead times on accepted orders remain extended. Some sellers are seeing a slight slowing of orders where sellers have passed on the recent large price increase in the weekly CME averages (over 40 cents in 2 weeks). Some product being shipped is aged less than normal at the plant. Comments and/or complaints from customers receiving sizeable increases have skyrocketed as well as time spent explaining current market conditions. Most bulk cheese buyers are receiving committed orders but little if any extra. Good processing solids and undergrade interest remains strong from processors with discounts from barrels limited. Supplies of cheddar aged even a few months are dwindling rapidly as holders recognize that buyers will be reluctant to pay even higher prices for aging longer. Higher fuel costs are also affecting prices of delivered products. Current cheese production is fairly steady with recent weeks. A few cheese plant operators are expecting their milk volumes to increase in April when Class III prices are expected to be sharply higher than Class I, causing a large negative PPD.

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

Process American 5# Loaf	:	1.8600-2.2825
Brick And/Or Muenster 5#	:	1.8700-2.6100
Cheddar 40# Block	:	1.7700-2.3075
Monterey Jack 10#	:	1.9400-2.5550
Blue 5#	:	2.5700-2.7050
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7700-2.2525
Grade A Swiss Cuts 6 - 9#	:	2.1500-2.6850

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

	BUTTER	:	CHEESE
03/22/04	44,610	:	138,180
03/01/04	46,022	:	135,178
CHANGE	-1,412	:	3,002
% CHANGE	-3	:	2

WEST

Prices for Western process and natural cheese are sharply higher again following trading at the CME cash market last week. Prices there are at all time record highs. The very unusual part of the equation is that the record prices are occurring just as the spring flush is starting. The normal cycle would be for prices to bottom now and increase in the fall. Buyers continue to purchase cheese for ongoing needs as well as to have some for future use. Little extra cheese is available and basically none is being sold on the Exchange. Buyers seem to be indicating that they are more concerned with future milk availability than the current high cheese prices. Cheese plants are looking for additional milk supplies with only limited success. U.S. Cold Storage holdings of total cheese at the end of February stand at 766.9 million pounds, down slightly from last year and up a little more than 1% from January. Swiss stocks, at 25.4 million pounds, are unchanged from January, but up 10% or 2.2 million pounds from February 2003. Quota imports of cheese for the first two months of the year are running almost 9% ahead of a year earlier. High Tier imports are running more than 50% below a year earlier for the same time period.

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

Process 5# Loaf	:	2.0800-2.3400
Cheddar 40# Block	:	2.0825-2.4725
Cheddar 10# Cuts	:	2.2625-2.4825
Monterey Jack 10#	:	2.2725-2.4325
Grade A Swiss Cuts 6 - 9#	:	2.3300-2.5000

FOREIGN

Prices are unchanged on imported styles, sharply higher on domestic varieties. The market tone is slowing seasonally and the sharply higher prices are a deterrent to many customers. Interest in some traditional cheese during Lent is fair to good. Recent reports show that imports of cheese subject to licensing during the first two months of the year totaled 14.21 million Kg, 8.7% more than the same period last year. Imports of high-tier cheese during the same period totaled 1.76 million Kg, 54.0% less than the same period in 2003. Some feel that cheese imports may increase in the coming months.

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	: 2.3175-3.8075*
Gorgonzola	:	3.6900-5.9400	: 2.4900-2.8400*
Parmesan (Italy)	:	TFEWR	: 3.7275-3.8175*
Romano (Italy)	:	2.1000-3.1500	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 2.3275-2.5525*
Romano (Cows Milk)	:	-0-	: 3.5150-5.6875*
Sardo Romano (Argentina)	:	2.8500-3.2900	: -0-
Reggianito (Argentina)	:	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

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	162	0	125	0	30
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.

The base price for Class I milk for April 2004 is \$13.64, up \$1.70 from March. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for April is \$6.66, unchanged from March. Milk production is steady to slightly higher throughout the region. Small gains are noted in the Southeast while output is mostly steady in the Northeast. Fluid milk supplies range from tight to barely adequate for overall needs. Class I demand is slow to fair as some schools are on vacations. Also, with more winter tourists making their way back north, contacts are seeing bottled milk sales slowing in the Southeast. Florida's surplus milk shipments are increasing as their Class I needs slow. Suppliers are wondering if bottlers will order heavy for the early part of next week to beat the change in monthly Class I milk price. Most expect that to happen, but all the orders have not yet been placed. Surplus milk volumes remain tight. Many plants continue to adjust operations lower due to the lack of milk. Some cheese makers would like more milk to fill the improving demand for cheese, but few are finding any extra milk. There is growing concern by most in the industry that milk supplies will be very tight this summer and arrangements are already negotiated for future purchases. The condensed skim is firming as contacts expect sharply higher prices in April, particularly for Class III. Buyers are balking at these price jumps, but most users are just taking contracted loads. In fact, there is light test of the spot market for condensed skim as users are again turning back to the less expensive NDM for some of their skim solids needs. The fluid cream market is firm. Supplies are in a little better balance this week and demand is good. Spot prices continue to spiral and are often over \$3.00 per pound butterfat. Utilization is seasonally good, but some speculation has most Easter needs already filled, but some contacts feel that not all orders for Easter have been filled. Ice cream production is slow to take off this year, but that is to be expected when spring-time cream prices are this high. Reports indicate that ice cream makers may concentrate more on ices, sherbets and ice milk this year. Also, there may be a move away from the higher fat or premiums brands while cream prices are so high. Cream cheese output is about steady, but producers do keep looking for more cream to meet anticipated summer needs. Churning activity is light to moderate and most producers are actively looking for more cream, despite the price.

higher April Class III price causing a negative PPD in many locations, already has a few cheese manufacturers expecting increased fluid diversions in April. Cream also remains tight and like other dairy products, price complaints from buyers are numerous. Supplemental cream from California is being used in the region though some has been reloaded and diverted to other users. With California cream prices expected to climb sharply next month, interest in this source may slow. Class III condensed demand remain good, though with prices expected to rise sharply in the next few months, more users are looking at NDM to reduce costs. Milk intakes still seem little changed with some operations noticing slight declines while others see a small seasonal increase. Some reports of producer concentrate feeding cutbacks due to the sharply higher grain prices have affected manufacturing plant yields more than usual. Some fertilizing and manure hauling has been occurring but many fields remain soft and damp.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAR 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.50- 51.50	\$ 36.75- 42.00
REPLACEMENT HEIFER CALVES	\$300.00-600.00	\$200.00-340.00

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

	MAR 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 54.25	\$ 37.00- 45.00

W E S T

Milk production across most of CALIFORNIA is steady to occasionally higher at rates often below last year. Processing plants in the state would like more milk to make products ahead of higher milk prices in April. Temperatures cooled off from the 80's in recent days and are near ideal for milk cows. Bottled milk sales dipped this week, but are expected to increase next week due to upcoming price increases. Haying has started and moving northward. ARIZONA milk output is moving only slightly higher as levels creep towards a seasonal peak that may not be far off. Temperatures neared 100 degrees before daytime highs receded. The effect on milk was not noticeable with cooler nights helping out. Plants are running well in the state. Fluid milk needs were normal this week. CREAM markets remain firm in the region. Higher butter prices at the CME and steady multiples are creating a very high fat cost, especially for this season. Ice cream producer demand is heavy ahead of Class price increases in April. This will be more pronounced in Federal Orders than in California because the averaging periods are shorter. Butter churners would like some more butter stocks for future needs, but are selling cream profitably. Multiples are running from 115 to 132, FOB, and depend on class usage. Grass continues to grow well on the west sides of OREGON and WASHINGTON. Some producers are beginning to harvest some early grass for forage. Conditions should be allowing a spring flush to occur, but the reduced supplies of BST are beginning to have more impact on farm level production. Some reports of BST deliveries being stolen from farms has been picked up on local news services. Reports indicate that some producers are booking milk through various pricing mechanisms to capture some of these improving prices, but not all producers are taking any action. Producers are also concerned with corn prices going over \$3 for the rest of the year. Hay supplies are tightening up with most that is available falling into the feeder hay category. Hay fields are coming out of dormancy on the east side of the two states and are looking good. Winter conditions were very moderate and should not have negatively impacted the dormant alfalfa fields. Record setting temperatures have been common over much of UTAH and IDAHO. Most of the lower elevation snow is gone. What had looked like a much improved water year is now questionable again. When the snow comes out too quickly it is harder to manage it for efficient summer use. Alfalfa and other crops are coming out of dormancy. There is also concern that this is so early that there are frost concerns. Cows are milking well and there has been very little stress this spring caused by muddy conditions. Heifer prices continue to firm and the average at a major Idaho market now stands at \$1880 with the top at \$2250. Last year the average price was \$1260 for the comparable period.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.8740-3.0951
DELIVERED EQUIVALENT ATLANTA	-	2.8961-3.1172 M 2.9183-3.0288

F.O.B. PRODUCING PLANTS: UPPER MIDWEST - 2.8298-3.0509

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 - .8700- .9200

M I D W E S T

Milk supplies in the region remain short of needs. Class I and II interest was about steady with recent weeks for many bottlers. Handlers expect strong Class I and II demand early next week as they try to beat the increase in the April prices. A few planned plant maintenance shutdowns and some school spring breaks are providing a few extra loads of milk for manufacturers. Extra supplies are readily absorbed. Manufacturing milk demand far outstrips the available offerings. Reported manufacturing milk spot premiums on a very light test range from \$2.45 - 3.00 over class, fob. The expectation of sharply

**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 higher on a steady to firm market. CCC purchases ceased in the Central region. Some end-users are now participating in the CCC sell-back program to guarantee supplies during the summer months. Traders report that supplies of CCC exchange NDM are limited and current stocks are difficult to obtain. Producer supplies are reportedly limited, encouraging producers to move prices higher. Production is generally reduced due to lower fluid milk intakes at most plants. Good interest from Class I and lower milk supply availability are the reported reasons behind reduced milk intakes. High heat movement is mostly contractual and production is light. Mostly prices in Report 12 in 2003 were .8000 - .8600. EAST: Prices are steady in the East and the market tone is firm. There is little spot NDM available at the producer level. Most spot sales are resale loads and a majority of those are government exchange powder. During the last two weeks quite a bit of CCC-owned NDM was sold back to traders and producers. This is an indication of how tight the supply of NDM really is or may be in coming months. Anecdotally, this week's sellback totaled many millions of pounds. More traders have indicated that they will begin buying back from CCC or increase volumes purchased in coming weeks. With all the purchases and exchange programs, the age of the powder coming back from CCC is increasing and often a concern to some users. Currently, drying levels are very light, but increasing prices of condensed skim may force more skim through regional dryers. Overall volumes to be dried are expected to remain light by historical standards. Demand for NDM is fair to good. Some concern about availability late this summer is evident.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8100 - .9100 MOSTLY: .8100 - .8600  
 HIGHHEAT: .8500 - .9550

**NONFAT DRY MILK - WEST**

Nonfat dry milk prices moved slightly higher for low/medium heat NDM in the Western region. The market tone is steady to firm, especially when factoring in current developments in the market. The CCC awarded an export contract for up to 99,280,000 pounds of fortified NDM for delivery from April through September. Current producer offerings are in tighter balance than in recent weeks. Production has been trending lower as milk is moved to other channels. There is a good call for totes into cheese plants that has tightened down those supplies. Sales to the CCC have slowed and cancellations of previously offered NDM are occurring. During the week of March 15 - 19, CCC net purchases totaled 3.0 million pounds from the West. Additionally, last week the CCC sold back 3,595,267 pounds to the trade at market price, FOB, warehouse. The sellbacks are unusual during a time typically thought of as surplus with milk. Producers' stocks are more committed.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .7950 - .8825 MOSTLY: .8000 - .8150  
 HIGHHEAT: .8325 - .8500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 19	\$.8067	14,395,313	3,795,666
March 12	\$.8036	18,528,015	7,584,572

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

**DRY BUTTERMILK - CENTRAL**

Prices are higher on a firm market. Trading is light and supplies are limited. Offerings are being quoted on the high side of the range. Production is lower compared to last year. Interest in condensed buttermilk from Class II users is generally good. Contractual orders for dry buttermilk are being satisfied but requests for additional loads are not. Prices for Report 12 in 2003 were .6800 - .7200.

F.O.B. CENTRAL: .9800 - 1.0300

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

The dry buttermilk market is steady at firm levels. Prices, however, are generally unchanged and nominal in the Northeast. Production levels are light and most producers would like more buttermilk to dry. Stocks are closely balanced and demand is improving. It is a little surprising that prices have not advanced in concert with prices in other areas of the country. Many LTL volumes have been sold, but most truckload sales are to contract buyers.

F.O.B. NORTHEAST: .8700 - .8800  
 DELVDSOUTHEAST: .9100 - .9400

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices moved higher in light spot trading. The market tone is firming. Spot sales are very limited because of lighter butter production and the good call for condensed buttermilk from ice cream makers. There is more competition because of the fat value in buttermilk due to higher butter prices. The good demand from other sources besides butter producers is expected to continue if butter prices move higher. Stocks of dry buttermilk are often light and held for future needs.

F.O.B. WEST: .8900 - .9400 MOSTLY: .9100 - .9200

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher and nominal. The market tone is firm. Prices continue to climb as some producers tie their dry whole milk price to the CME butter cash market. Producer stocks are very light as production levels are well below historic, March/April levels. Demand is good and any volumes in inventory are being held with confidence. This is particularly true in the resale and/or imported powder markets.

F.O.B. PRODUCING PLANT: 1.2425 - 1.5900

**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 significantly higher on an aggressively firm market. Producers generally report that supplies are tight and spot load availability is light. Export trade is reportedly good despite significant price increases. Anxiety due to questionable milk supplies this summer is encouraging heavy inquiries. Contractual orders are being satisfied without delay. Resale trade is reported within and above the range. Some feed buyers speculate that resellers are holding heavy stocks that when released, will level the current firm market. Production is steady to slightly lower due to reduced milk intakes at some plants and condensed whey diversions into fractionization plants. Mostly prices for Report 12 in 2003 were .1550 - .1600.

F.O.B. CENTRAL: .2150 - .2700 MOSTLY: .2400 - .2600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

The dry whey market is firm and prices are sharply higher. The Northeast price range is nominal and, this week, is including resale loads to more clearly indicate where dry whey is trading. This practice is allowed by Dairy Market News guidelines when first-sale, spot sales are not reported. This week, producers, traders, and users all comment that there is no dry whey available from producers. As one trader put it, "If you can get a load of dry whey direct from a producer, the dairy gods are truly smiling on you." Resale loads are typically being reported in the \$.2800 - .2950 range. Buyers are hesitant to pay these prices, but market conditions are such that if they wait too long to decide, the loads will likely be sold to another buyer. Contracts are being cut and delivery schedules delayed because of the lower levels of cheese production. Cheese output in the Northeast is steady to slower as surplus milk supplies remain tight. This trend seems to be prevalent in all regions of the country. Contacts express growing concern that if the dry whey prices are this high in March and April, "what will they be this summer?"

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2125 - .2950  
DELVD SOUTHEAST: .2400 - .3000

**DRY WHEY - WEST**

Most contacts agree that prices are moving at a much faster pace than is normal for U.S. whey markets. Prices are sharply higher again this week with a very firm undertone. Trading activity is much lighter this week than last week. Many sellers at any stage in the market are sold out and those that do have powder available are holding for higher prices. Most producers indicate that they are not getting the output they had planned for. Therefore, many sellers are finding themselves oversold in the spring of the year when milk is supposed to be at peak levels and manufactured dairy product output should be at seasonal highs. The concern again seems to be the possibility of tight milk supplies through out the summer. People are trying to implement strategies that take this possibility into account with only limited success noted.

NONHYGROSCOPIC: .1700 - .2500 MOSTLY: .1875 - .2200

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher and nominal on a steady to firm market. Supplies are limited for the good interest. Inquiries are increasing as supplies of Extra Grade wane. Prices for Report 12 in 2003 were .1375 - .1500. Veal prices are trending higher while early weaned pig demand is steady to weak. February veal production totaled 14.5 million pounds, 9% below last year. February pork production totaled 1.57 billion pounds, up 3% from the previous year and a new record high for February.

F.O.B. CENTRAL:  
MILK REPLACER: .1800 - .2100

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher on a firm market. Supplies are tightening with interest reported from food, feed, domestic and export markets. Production is unchanged to lower due to the capacity of some manufacturers to switch between WPC 80% and 34%. Demand for high protein products are increasing and reducing the amount of price attractive substitutes to WPC 34%. In addition, as whey prices increase, WPC 80% is less attractive into some feed facilities as whey is required to dilute WPC 80% in the feed mix. Grade A WPC 34% is reportedly being traded into the feed market at prices above the range. Off grade supplies are decreasing in availability for the good interest. Mostly prices in Report 12 in 2003 were .5000 - .5150.

F.O.B. EXTRA GRADE 34% PROTEIN: .4400 - .5075 MOSTLY: .4575 - .4875

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a generally firm market. As contractual prices are reflected higher for the second quarter, some producers are garnering higher prices on a spot basis. However, at other locations, spot loads are trading at the average or at a slight discount for supplies of lactose in totes. Higher mesh sizes gain the largest premium. Contracts finalized for second quarter thus far are trending 1/4 to 2 cents over first quarter pricing. Production is steady with contractual orders being readily met. Inventories are generally in balance to instances tight. Feed grade supplies are trading below the range as prices are required to be competitive with more attractively priced permeate supplies. Mostly prices in Report 12 in 2003 were .1600 - .1800.

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 are firm. Suppliers indicate that stocks are tight and prices for second quarter will most likely be higher. Domestic buyers are stating that they are basically getting their contracted volumes, but spot availability is very limited. The EU Dairy Management Committee met on Thursday (3/25) and approved a cut for skim milk to be processed into casein from 6.3 to 6.0 Euros per 100 kg. It is now yet clear as to when this adjustment will become effective.

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 steady to higher and the market tone is firming. Price increases have been announced and some customers are reacting by switching suppliers. The high milk prices and premiums for the surplus milk are prohibitive to some producers. Combined with the high prices, milk supplies are tight and production schedules are being reduced. There is growing concern about milk supplies and prices this summer and what impact they will have on production levels east of the Rockies. Producers were hoping that USDA would issue a final decision on the Class utilization for evaporated milk and go into effect April 1, but most indications now point to a May 1 start date. Production is sufficient to meet orders. Demand is about steady. Some customers are balking at this round of price increases and showing their displeasure by switching to other producers.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00  
Excluding promotional and other sales allowances. Included new price announcements.

**MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS**

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

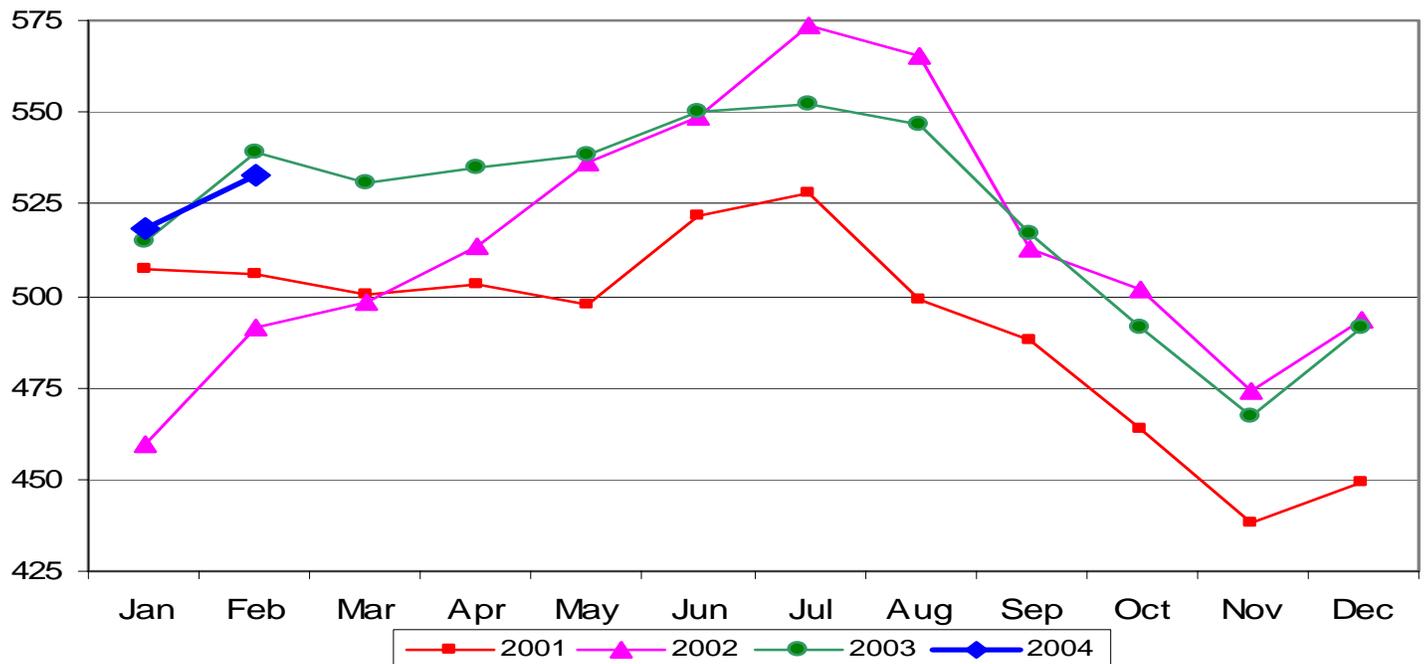
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JAN 31, 2002	JAN 31, 2003	REVISED JAN 31, 2004	FEB 28, 2002	FEB 28, 2003	FEB 29, 2004
Butter	99,200	204,828	152,448	130,124	239,879	157,915
Cheese, Natural American	459,707	514,914	518,113	491,147	538,833	533,114
Cheese, Swiss	12,388	25,060	25,244	12,711	23,151	25,361
Cheese, Other Natural	221,541	221,241	213,575	216,463	208,024	208,418
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	260	349	1,258	1,200	1,391	1,209
Natural American Cheese	794	280	9,616	753	368	9,616

FEBRUARY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
New England	19,978	21,737	23,492	---	---	---	589	258	368
Middle Atlantic	60,140	58,459	51,474	---	---	---	38,087	18,624	14,986
East North Central	189,968	222,017	205,757	---	---	---	102,174	119,315	121,616
West North Central	117,046	124,574	120,724	---	---	---	61,824	53,326	51,342
South Atlantic	324	104	5,894	---	---	---	159	1,856	1,495
East South Central	30	433	137	---	---	---	170	177	2,285
West South Central	2,871	1,661	2,334	---	---	---	201	246	89
Mountain	9,228	13,866	23,499	---	---	---	2,105	1,934	4,263
Pacific	91,562	95,982	99,803	---	---	---	11,154	12,288	11,974
<b>TOTAL</b>	<b>491,147</b>	<b>538,833</b>	<b>533,114</b>	<b>130,124</b>	<b>239,879</b>	<b>157,915</b>	<b>216,463</b>	<b>208,024</b>	<b>208,418</b>

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

**MILLION POUNDS AMERICAN CHEESE COLD STORAGE**



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2003 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Million Pounds						Million Pounds						Million Pounds					
January	152	205	151	204	1	<u>3/</u>	518	515	508	515	10	<u>3/</u>	938	1,147	102	112	836	1,036
February	158	240	157	238	1	1	533	539	523	538	10	<u>3/</u>		1,187		116		1,071
March		249		248		1		530		528		2		1,247		137		1,111
April		266		266		1		531		528		3		1,308		154		1,154
May		290		289		1		539		536		3		1,336		159		1,177
June		292		291		1		550		546		4		1,365		152		1,212
July		284		273		11		552		546		6		1,308		90		1,219
August		254		244		10		547		538		9		1,245		75		1,170
September		207		197		10		517		508		9		1,207		69		1,138
October		170		159		11		491		482		9		1,128		69		1,059
November		123		114		9		467		460		7		1,062		87		975
December		100		93		6		491		482		10		978		108		870

NA = Not available.

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

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jan 31, 2002	Jan 31, 2003	Jan 31, 2004	Feb 28, 2002	Feb 28, 2003	Feb 29, 2004
	Thousand Pounds					
Butter	98,940	204,479	151,190	128,924	238,488	156,706
Natural American Cheese	458,913	514,634	508,497	490,394	538,465	523,498

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (3-04) and "Dairy Products," Da 3-6 (3-04), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
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
JAN 2004	183.8	3.5	172.4	3.6	169.4	6.1	172.5	3.8	154.0	6.4	179.9	11.3
FEB 2004	184.1	3.3	172.1	2.9	168.5	6.0	172.6	2.4	154.8	4.2	179.7	9.1
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>			
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002		
Dollars												
DECEMBER	2.947	2.682	2.804	2.842	3.843	3.842	4.067	4.107	3.898	3.757		
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003		
JANUARY	2.879	2.686	2.847	2.944	3.813	3.713	4.046	4.101	3.692	3.752		
FEBRUARY	2.814	2.689	2.787	2.964	3.937	3.844	3.973	4.020	3.808	3.788		

<sup>1/</sup> "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. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—NOVEMBER-JANUARY 2002-2004 AND ANNUAL 2002-2003 <sup>1/</sup>

Item	Nov.-Jan. 2002/03	Percent change <sup>2/</sup>	Nov.-Jan. 2003/04	Percent change <sup>2/</sup>	Annual 2002	Percent change <sup>2/</sup>	Annual 2003	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	42,330	1.6	42,012	-0.8	170,063	2.8	170,312	0.1
Marketings	42,048	1.7	41,747	-0.7	168,922	2.8	169,237	0.2
Beginning Commercial Stocks <sup>3/</sup>	9,956	21.9	9,777	-1.8	7,041	3.0	9,889	40.4
Imports <sup>3/</sup>	1,370	4.0	1,366	-0.3	5,104	-10.7	5,040	-1.3
Total Supply <sup>4/</sup>	53,374	5.0	52,890	-0.9	181,067	2.4	184,166	1.7
Ending Commercial Stocks <sup>3/</sup>	11,186	35.5	9,879	-11.7	9,889	40.4	8,332	-15.7
Net Removals <sup>3/</sup>	126	129.1	-103	-181.7	327	125.5	1,173	258.7
Commercial Disappearance <sup>4/</sup>	42,062	-1.1	43,114	2.5	170,851	0.7	174,661	2.2
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	340.6	-8.3	357.7	5.0	1,288.1	1.0	1,306.3	1.4
American Cheese	923.9	-1.3	914.2	-1.0	3,730.3	1.3	3,713.1	-0.5
Other Cheese	1,333.7	3.3	1,369.9	2.7	5,252.3	3.8	5,366.0	2.2
Nonfat Dry Milk	159.7	-24.0	199.9	25.2	792.6	-16.3	770.1	-2.8
Fluid Milk Products <sup>6/</sup>	14,315.1	0.8	14,122.0	-1.3	55,266.2	0.3	54,980.7	-0.5

<sup>1/</sup> 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. <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> 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.

FEDERAL MILK ORDER ADVANCE PRICES, APRIL

**Class I Base Price** -- Under the Federal milk order pricing system, the Class I base price for April 2004 is \$13.64 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$5.96 and the advanced butterfat pricing factor is \$2.2525. 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 \$5.96. Thus, the Class II skim milk price for April is \$6.66 per cwt., and the Class II nonfat solids price is \$0.7400. **Product Price Averages** -- The two-week product price averages for April are: butter \$1.9921, nonfat dry milk \$0.8090, cheese \$1.4582, and dry whey \$0.1706.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/</sup> <sup>2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup> <sup>4/</sup>	Order Number	April 2004		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>5/</sup>	001	16.89	9.21	2.2850
Appalachian (Charlotte) <sup>6/</sup>	005	16.74	9.06	2.2835
Southeast (Atlanta) <sup>7/</sup>	007	16.74	9.06	2.2835
Florida (Tampa) <sup>8/</sup>	006	17.64	9.96	2.2925
Mideast (Cleveland) <sup>9/</sup>	033	15.64	7.96	2.2725
Upper Midwest (Chicago) <sup>10/</sup>	030	15.44	7.76	2.2705
Central (Kansas City) <sup>11/</sup>	032	15.64	7.96	2.2725
Southwest (Dallas) <sup>12/</sup>	126	16.64	8.96	2.2825
Arizona-Las Vegas (Phoenix) <sup>13/</sup>	131	15.99	8.31	2.2760
Pacific Northwest (Seattle) <sup>14/</sup>	124	15.54	7.86	2.2715
All-Market Average		16.29	8.61	2.2790

<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> Effective April 1, 2004, the Western Milk Marketing Order will be terminated. <sup>4/</sup> Names in parentheses are the major city in the principal pricing point of the markets. <sup>5/</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>6/</sup> Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. <sup>7/</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>8/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. <sup>9/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. <sup>10/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. <sup>11/</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>12/</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>13/</sup> Class I prices at Las Vegas is minus \$0.35. <sup>14/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, APRIL 2004, WITH COMPARISONS <sup>1/</sup>												
CITY	April 2002			April 2003			March 2004			April 2004		
	Announced Coop.	Federal Order	Differ- ence	Announced Coop.	Federal Order	Differ- ence	Announced Coop.	Federal Order	Differ- ence	Announced Coop.	Federal Order	Differ- ence
	Dollars Per Hundredweight, 3.5% Butterfat											
Atlanta, GA	16.25	14.57	1.68	15.00	12.74	2.26	16.63	15.04	1.59	18.27	16.74	1.53
Baltimore, MD	16.22	14.47	1.75	14.39	12.64	1.75	16.79	14.94	1.85	18.49	16.64	1.85
Boise, ID <sup>2/</sup>	13.37	13.07	0.30	11.54	11.24	0.30	13.84	13.54	0.30	---	---	---
Boston, MA	16.32	14.72	1.60	14.29	12.89	1.40	16.89	15.19	1.70	18.59	16.89	1.70
Charlotte, NC	16.25	14.57	1.68	15.00	12.74	2.26	16.63	15.04	1.59	18.27	16.74	1.53
Chicago, IL	15.22	13.27	1.95	13.55	11.44	2.11	15.54	13.74	1.80	17.69	15.44	2.25
Cincinnati, OH	15.27	13.67	1.60	13.79	11.84	1.95	15.81	14.14	1.67	17.51	15.84	1.67
Cleveland, OH	15.07	13.47	1.60	13.59	11.64	1.95	15.61	13.94	1.67	17.31	15.64	1.67
Dallas, TX	15.90	14.47	1.43	14.04	12.64	1.40	16.00	14.94	1.06	17.64	16.64	1.00
Denver, CO	14.87	14.02	0.85	13.04	12.19	0.85	15.34	14.49	0.85	17.04	16.19	0.85
Des Moines, IA	14.42	13.27	1.15	12.84	11.44	1.40	15.13	13.74	1.39	17.13	15.44	1.69
Detroit, MI	14.52	13.27	1.25	12.98	11.44	1.54	15.51	13.74	1.77	17.21	15.44	1.77
Hartford, CT	16.22	14.62	1.60	14.19	12.79	1.40	16.79	15.09	1.70	18.49	16.79	1.70
Houston, TX	16.50	15.07	1.43	14.64	13.24	1.40	16.60	15.54	1.06	18.24	17.24	1.00
Indianapolis, IN	15.07	13.47	1.60	13.59	11.64	1.95	15.61	13.94	1.67	17.31	15.64	1.67
Kansas City, MO	15.00	13.47	1.53	13.43	11.64	1.79	15.08	13.94	1.14	16.82	15.64	1.18
Louisville, KY	14.67	13.67	1.00	13.64	11.84	1.80	15.72	14.14	1.58	17.42	15.84	1.58
Memphis, TN	15.75	14.27	1.48	14.50	12.44	2.06	16.13	14.74	1.39	17.77	16.44	1.33
Miami, FL	18.76	15.77	2.99	17.16	13.94	3.22	18.90	16.24	2.66	20.54	17.94	2.60
Milwaukee, WI	15.32	13.22	2.10	13.65	11.39	2.26	15.49	13.69	1.80	17.64	15.39	2.25
Minneapolis, MN	14.83	13.17	1.66	13.00	11.34	1.66	15.19	13.64	1.55	17.34	15.34	2.00
New Orleans, LA	16.40	15.07	1.33	15.15	13.24	1.91	16.78	15.54	1.24	18.57	17.24	1.33
Oklahoma City, OK	15.50	14.07	1.43	13.89	12.24	1.65	15.65	14.54	1.11	17.29	16.24	1.05
Omaha, NE	14.47	13.32	1.15	12.89	11.49	1.40	15.18	13.79	1.39	16.88	15.49	1.39
Philadelphia, PA	16.39	14.52	1.87	14.44	12.69	1.75	16.84	14.99	1.85	18.54	16.69	1.85
Phoenix, AZ	13.97	13.82	0.15	12.14	11.99	0.15	14.44	14.29	0.15	16.14	15.99	0.15
Pittsburgh, PA	15.57	13.57	2.00	13.64	11.74	1.90	16.04	14.04	2.00	17.74	15.74	2.00
St. Louis, MO	14.72	13.47	1.25	12.89	11.64	1.25	15.19	13.94	1.25	17.19	15.64	1.55
Salt Lake City, UT <sup>2/</sup>	13.67	13.37	0.30	11.84	11.54	0.30	14.14	13.84	0.30	---	---	---
Seattle, WA	13.79	13.37	0.42	11.96	11.54	0.42	14.26	13.84	0.42	15.96	15.54	0.42
Springfield, MO	15.10	13.67	1.43	13.49	11.84	1.65	15.25	14.14	1.11	16.89	15.84	1.05
Washington, DC	16.22	14.47	1.75	14.39	12.64	1.75	16.79	14.94	1.85	18.49	16.64	1.85
Simple Average	15.36	13.95	1.41	13.71	12.12	1.59	15.81	14.42	1.39	17.68	16.17	1.51

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

<sup>2/</sup> The data series for these cities is being discontinued, as the Federal milk order in which these cities are located will be terminated on April 1, 2004

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

	FOR THE WEEK OF MARCH 22 - 26, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 03/19/04	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-42,309	4,654,304	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	246,240	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-42,309	4,900,544	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	1,328,041	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	3,456,711	-0-	-0-
Process	-0-	-0-	-0-	-0-	13,384,800	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	18,169,552	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	1,213,284	249,957	963,327	250,514,270	304,710,093	789,630,000	1,153,321,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
<b>TOTAL</b>	1,213,284	249,957	963,327	250,395,222	304,710,093	836,021,000	1,199,712,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 22 - 26, 2004 =	0.2	11.2	COMPARABLE PERIOD IN 2003 =	52.3	151.0
CUMULATIVE SINCE OCTOBER 1, 2003 =	54.2	2,914.6	CUMULATIVE SAME PERIOD LAST YEAR =	341.6	3,727.3
CUMULATIVE JANUARY 1 - MARCH 26, 2004 =	28.7	1,565.3	COMPARABLE CALENDAR YEAR 2003 =	267.5	2,461.7

\* 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 MARCH 22 - 26, 2004 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	963,327	-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-	13,426,400	8,105,567	10,313,673	3.3	36.9
WEST	-42,309	4,900,544	-0-	4,743,152	238,005,881	284,475,666	95.0	62.4
EAST	-0-	-0-	-0-	-0-	4,283,774	9,920,754	1.7	0.7
<b>TOTAL</b>	-42,309	4,900,544	-0-	18,169,551	250,395,222	304,710,093	100.0	100.0

**NDM SELLBACK TO THE TRADE**

	CENTRAL/EAST	WEST	TOTAL	PRICE
MARCH 15 - 19, 2004	580,361	3,014,906	3,595,267	\$ .8050-.8325

**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 03/06/04 & 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			
2004-Dairy	0.1	0.8	7.3	4.6	15.9	2.8	1.2	0.9	13.1	4.1	50.8	503.3	52.2	50.1
2003-Dairy	0.2	0.8	7.5	5.1	22.4	3.0	0.5	1.0	15.7	3.6	59.9	576.4	51.0	49.6
2004-All cows	0.1	0.8	9.3	9.4	27.5	13.3	14.6	1.9	14.1	6.3	97.3	1,004.0		
2003-All cows	0.2	1.0	10.0	14.0	35.3	13.8	16.6	3.4	17.1	5.9	117.4	1,161.3		

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
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

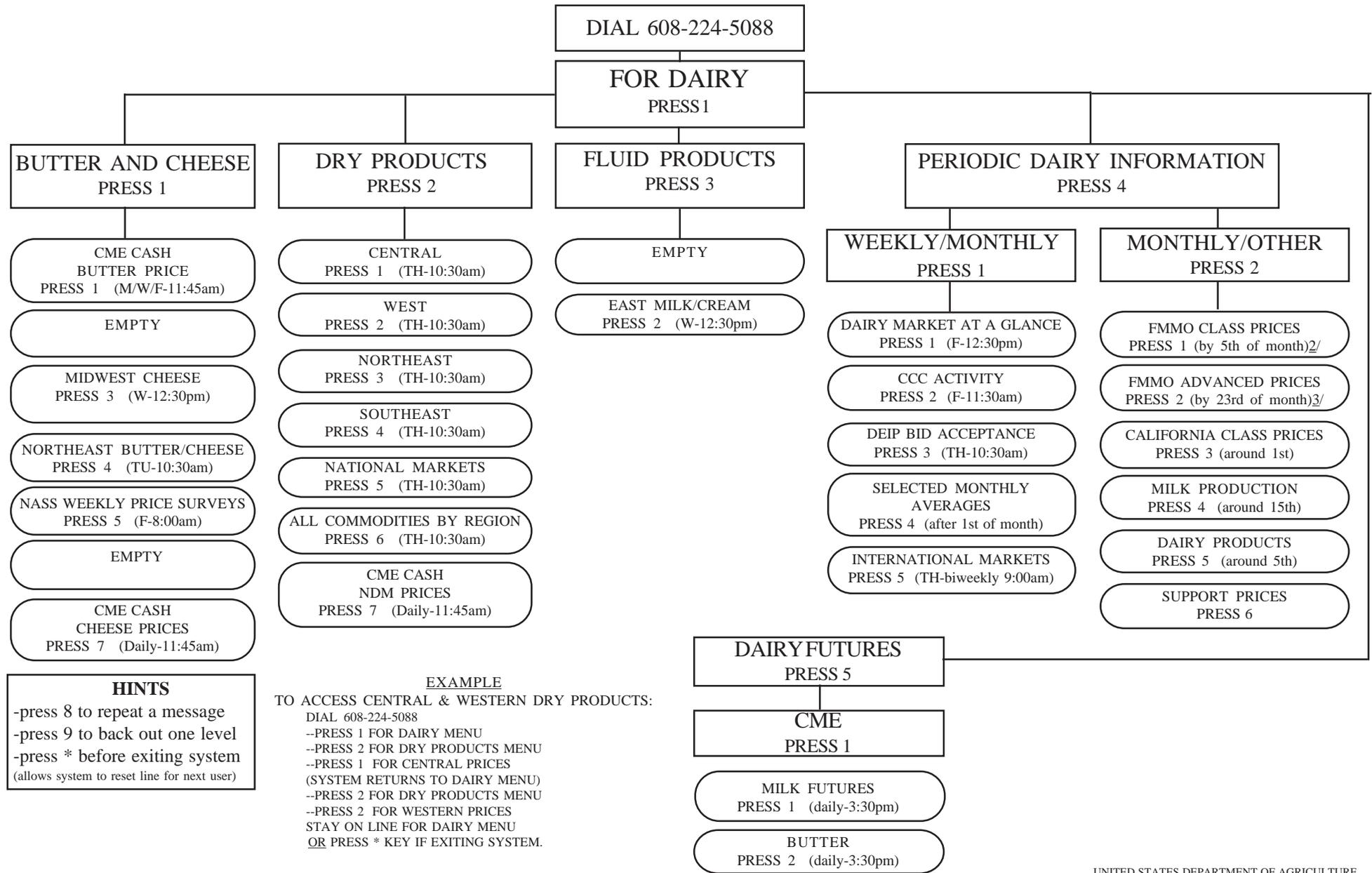
**FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.85	11.59	11.94	13.64								
II	11.67	12.90										
III	11.61	11.89										
IV	10.97	12.21										

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)

# MARKET NEWS RECORDED INFORMATION SYSTEM

The system is accessible via a touch-tone telephone. Recorded instructions prompt the caller in the use of the system. By listening to menus and pressing the appropriate numbers, you will have access to the latest market information. Please note that you do not have to listen to the entire menu before pressing your number choice. Use the flowchart below as a guide for accessing dairy information. Release day(s) and time (Central) are in parenthesis. <sup>1/</sup>



**HINTS**  
 -press 8 to repeat a message  
 -press 9 to back out one level  
 -press \* before exiting system  
 (allows system to reset line for next user)

**EXAMPLE**

TO ACCESS CENTRAL & WESTERN DRY PRODUCTS:  
 DIAL 608-224-5088  
 --PRESS 1 FOR DAIRY MENU  
 --PRESS 2 FOR DRY PRODUCTS MENU  
 --PRESS 1 FOR CENTRAL PRICES  
 (SYSTEM RETURNS TO DAIRY MENU)  
 --PRESS 2 FOR DRY PRODUCTS MENU  
 --PRESS 2 FOR WESTERN PRICES  
 STAY ON LINE FOR DAIRY MENU  
 OR PRESS \* KEY IF EXITING SYSTEM.

<sup>1/</sup> Holidays may affect release days and times. <sup>2/</sup> Released at 9:00am CT on the Friday before the 5th, unless this date is a Friday. <sup>3/</sup> Released at 9:00am CT on the Friday before the 23rd of the month unless this date is a Friday.

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