

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (04/02):**

BUTTER: Grade AA closed at \$2.0300. The weekly average for Grade AA is \$2.0733 (-.1600).

CHEESE: Barrels closed at \$2.0775 and blocks at \$2.1050 (both record highs). The weekly average for barrels is \$2.0465 (+.0470) and blocks, \$2.0760 (+.0525).

BUTTER: Butter markets are unsettled following the recent volatility in the cash price at the CME. Butter producers and handlers watch with interest as 134 cars of butter have traded hands in the past three trading sessions. Overall butter orders remain seasonally fair. For the most part, Easter/Passover orders have been filled. Some retail feature activity is being reported, although many retailers indicate that their butter promotional activity scheduled for this holiday time has been pulled. Churning activity remains lighter than desired, thus current production plus inventoried stocks are being used to fill orders. Producers and handlers are wondering if butter will begin to back up when Easter orders are covered. Some handlers and buyers indicate that they have been offered imported butter to supplement shortages, but reports indicate that volumes are not significant.

CHEESE: The cheese market remains firm. New record high cash cheese prices continue to be set at the Chicago Mercantile Exchange again this week. Substantial price increases are being passed on to customers where prices change less frequently. Current cheddar cheese supplies remain short of needs as some demand continues to go unsatisfied. Current milk receipts are little changed though some additional milk is moving into cheese production from butter/powder. CCC announced Invitation 065 to Announcement MCD3, seeking 29.5 - 53.0 million pounds of mozzarella for delivery July 1, 2004 - June 30, 2005. Offers are due April 6 with public release scheduled for April 14. Payments to sellers do not include NDM. Last year, CCC contracted to purchase 36.5 - 60.0 million pounds of mozzarella.

FLUID MILK: Milk production is being characterized as flat throughout much of the nation. Some slight increases are noted in the Mid-South and Northeast yet milk volumes are generally below seasonal expectations. The seasonal flush is expected to be relatively light due to the lack of replacement heifers, the reduced supply of BST, and high feed costs. Due to significant changes in price expected between March and April, some producers were making efforts to delay farm milk pickups or plant receipts until after midnight March 31. Movement of fluid milk into Class I is steady with some decreased sales activity noted in response to spring break schedules at area schools. Sales of condensed skim into Class II facilities are steady and reduced into Class III as NDM prices are seen as more attractive. Cream demand is seasonally strong. Movement is steady into Class II facilities and less than seasonally expected into churns.

DRY PRODUCTS: Dry dairy products markets are generally trending firm in response to limited supply availability. CCC purchases of NDM have ceased and the CCC is now selling back supplies to brokers, end-users and manufacturers. Resale of government owned stocks are being reported above \$0.9000 for the good interest. Buttermilk supplies remain limited with some operations not anticipating spot availability until sometime this fall. Whey prices continue to trend higher. Supplies are very tight with most trade occurring in the resale market where prices are reported above \$0.3000. WPC demand is improving into domestic and export markets, especially as the availability of substitutes, such as WPC 80%, declines. Lactose prices are higher in reflection of quarterly contracts finalized for April. Some contracts remain open and are expected to be finalized during the next few weeks. Lactose interest from the feed sector is increasing as an affordable substitute to the aggressively firm prices reported in the whey market.

CCC: During the week of March 29 - April 2, there were no CCC purchases but 7,832,779 pounds of NDM was cancelled from the Central (459,291 pounds) and West (4,373,488 pounds). During the week of March 22 - 26, the CCC sold back 32,231,594 pounds of NDM to the trade, 26,377,790 pounds from the Central/East and 5,853,804 pounds from the West. The cumulative total of NDM sold to the trade in 2004 is 35,826,861 pounds.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the March 2004 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$14.79 (+\$1.89), Class III \$14.49 (+\$2.60); and Class IV \$14.10 (+\$1.89). Product price averages used in computing Class prices are: butter \$2.0994, NDM \$0.8101, cheese \$1.5680, and dry whey \$0.1817. The Class II butterfat price is \$2.3883 and the Class III/IV butterfat price is \$2.3813. Further information may be found at:

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

MARCH AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2004 advanced 1 point to 131. Compared with March 2003, the index was up 3 points (2.3%). The index of prices received by farmers for dairy products advanced 9 points during the month of March 2004 to 113. Compared with March 2003, the index was up 29 points (34.5%). Prices received by farmers in March with changes from February were: for All Milk, \$14.70, up \$1.10; Fluid Grade Milk, \$14.70, up \$1.10; and for Manufacturing Grade Milk, \$14.10, up \$1.30. The March milk feed price ratio was 2.64, higher than the February value of 2.61 and the March 2003 value of 2.27.

****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 MARCH 29	TUESDAY MARCH 30	WEDNESDAY MARCH 31	THURSDAY APRIL 1	FRIDAY APRIL 2	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.0100 (N.C.)	\$2.0100 (N.C.)	\$2.0600 (+.0500)	\$2.0750 (+.0150)	\$2.0775 (+.0025)	+.0675	\$2.0465 (+.0470)
40# BLOCKS	\$2.0400 (N.C.)	\$2.0400 (N.C.)	\$2.0900 (+.0500)	\$2.1050 (+.0150)	\$2.1050 (N.C.)	+.0650	\$2.0760 (+.0525)
BUTTER							
GRADE AA	\$2.1800 (+.1575)	----	\$2.0100 (-.1700)	----	\$2.0300 (+.0200)	+.0075	\$2.0733 (-.1600)

*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 cash dairy product markets will be closed on Friday, April 9.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 29, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS @ \$2.0100; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 47 CARS GRADE AA: 2 @ \$2.0200, 2 @ \$2.0225, 2 @ \$2.0175, 2 @ \$2.0200, 2 @ \$2.0225, 3 @ \$2.0175, 4 @ \$2.0250, 3 @ \$2.0275, 2 @ \$2.0300, 2 @ \$2.0325, 2 @ \$2.0400, 4 @ \$2.0600, 2 @ \$2.0650, 1 @ \$2.1400, 3 @ \$2.1500, 4 @ \$2.1300, 2 @ \$2.1400, 2 @ \$2.1300, 2 @ \$2.1200, 1 @ \$2.1800; BIDS UNFILLED: 43 CARS GRADE AA: 1 @ \$2.1700, 1 @ \$2.1600, 1 @ \$2.1500, 4 @ \$2.1100, 2 @ \$2.1050, 2 @ \$2.1025, 2 @ \$2.0975, 4 @ \$2.0900, 2 @ \$2.0800, 2 @ \$2.0700, 1 @ \$2.0675, 2 @ \$2.0600, 1 @ \$2.0475, 1 @ \$2.0375, 6 @ \$2.0300, 2 @ \$2.0250, 2 @ \$2.0100, 2 @ \$2.0000, 1 @ \$1.9900, 1 @ \$1.9800, 1 @ \$1.9700, 1 @ \$1.9600, 1 @ \$1.9500; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$2.2000

TUESDAY, MARCH 30, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$2.0100; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 31, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 7 CARS BARRELS: 3 @ \$2.0600, 2 @ \$2.0550, 1 @ \$2.0400, 1 @ \$2.0200; 2 CARS 40# BLOCKS: 1 @ \$2.0900, 1 @ \$2.0850; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 64 CARS GRADE AA: 8 @ \$2.1800, 1 @ \$2.1700, 1 @ \$2.1750, 2 @ \$2.1700, 1 @ \$2.1750, 4 @ \$2.1700, 3 @ \$2.1600, 4 @ \$2.1300, 2 @ \$2.1250, 1 @ \$2.1200, 1 @ \$2.0700, 1 @ \$2.0550, 1 @ \$2.0300, 4 @ \$2.0250, 2 @ \$2.0200, 2 @ \$2.0300, 1 @ \$2.0400, 3 @ \$2.0500, 10 @ \$2.0200, 12 @ \$2.0100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 15 CARS GRADE AA: 4 @ \$2.0700, 2 @ \$2.0800, 5 @ \$2.0825, 2 @ \$2.1050, 2 @ \$2.1800

THURSDAY, APRIL 1, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 6 CARS BARRELS: 3 @ \$2.0750, 2 @ \$2.0700, 1 @ \$2.0600; 2 CARS 40# BLOCKS @ \$2.1050; OFFERS UNCOVERED: NONE

FRIDAY, APRIL 2, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS BARRELS: 3 @ \$2.0775, 2 @ \$2.0750; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 23 CARS GRADE AA: 2 @ \$2.0200, 2 @ \$2.0175, 1 @ \$2.0100, 1 @ \$2.0200, 1 @ \$2.0250, 1 @ \$2.0275, 2 @ \$2.0300, 3 @ \$2.0325, 1 @ \$2.0350, 4 @ \$2.0325, 3 @ \$2.0300, 1 @ \$2.0325, 1 @ \$2.0300; BIDS UNFILLED: 12 CARS GRADE AA: 5 @ \$2.0100, 2 @ \$2.0000, 5 @ \$1.9000; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The market tone remains very firm. After Friday's (3/26) thirty-four cent drop in the CME cash butter price, Monday's (3/29) trading saw the price rebound nearly sixteen cents. With prices bouncing up and down, contacts at all levels of the market are kept a little off balance. Some contacts feel that the market would be better served by a little price stability. For the most part, Easter/Passover needs have been filled and demand for packaged butter is easing. However, projected shortages in output this summer are keeping demand for bulk quite high. Users want to have enough on hand to cover projected needs. As butter prices stay at or above \$2.10-2.12, there are more reports of imported butter being offered near those prices. Last week's Eastern churning activity was little changed. Most producers are not making enough to meet projected needs and bulk butter continues to be shipped in from Western producers. This will likely continue through the rest of the year. Retail sales are fair as feature activity typically picks up just prior to Easter. Food service orders are improving. 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 are very unsettled. Butter producers and handlers are often voicing their displeasure with the price volatility in the cash market. Most indicate that the sharp up and down swings make production and marketing plans very difficult. Cream supplies are limited at most locations. Often, churning schedules are lighter than desired for this time of the season. Additional cream offerings have been reported, although pricing of this cream has been basically all over the board. Due to the lighter than desired volumes of butter and a potential shortage later in the year, imports are being considered. Some handlers and buyers report that they have

already been offered imported butter, but the volumes are not significant. Butter demand is fair at best. For the most part, Easter/Passover orders have been filled. When possible, many retailers have pulled their holiday promotions due to the recent sharp price increase. Food service orders are seasonally fair as restaurants and food service establishments prepare for the upcoming holiday. Butter handlers anticipate lighter sales in the next few weeks as buyers work off previously acquired supplies. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Contacts watched with interest the sharp decline in butter prices on March 26 which generally occurred based on offers followed by a strong rebound on March 29 based mostly on bids and a further decline on March 31. They continue to see good butter movement out of the region to end users. Some are wondering if butter will begin to back up when Easter orders are covered. Very little feature activity related to Easter is noted this year. Some contacts are running into additional competition from imported supplies of fat from various regions of the world delivering into the U.S. at competitive prices. They wonder how much butter will be made available to the U.S. since world butter supplies are generally on the tight side. Butter production is on the light side of trade estimates. Some ice cream operations seem to be taking less butterfat than they normally would at this time of year. Weekly stock reports from CME warehouses continue to show declines. Last week the total declined to 92.9 million pounds. Stocks have declined for five consecutive weeks. Last year stocks had reached 160.1 million pounds on this date, but two years ago stocks were at 97.7 million pounds. 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 27	1,7066	1,7981	0.8105	2,2447	0.2029
	8,627,212	10,966,848	20,131,288	6,800,701	11,609,618

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

CHEESE MARKETS

NORTHEAST

Prices (by the previous two weeks' standards) are moderately higher as natural and process jumped seven cents this week. The market tone remains firm. Cheese demand is mixed, but generally good as buyers, expecting additional increases, are trying to "stay ahead" of the market. Others think we may be leveling off and are placing more normal orders. Most Easter/Passover orders have been shipped and retail features are in place. Cheese output in the Northeast remains well below desired levels. Surplus milk supplies are much tighter than most contacts expect at this time of year. Because of the lack of milk, most producers have reduced the number of days they are making cheese each week. Food service orders are improving as restaurants prepare for Easter Sunday, one of their busiest Sundays of the year.

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

Cheddar 10# Prints	:	2.0925-2.5975
Cheddar Single Daisies	:	2.0500-2.5150
Cheddar 40# Block	:	2.1625-2.4150
Process 5# Loaf	:	2.2100-2.4125
Process 5# Sliced	:	2.2300-2.4700
Muenster	:	2.2650-2.4575
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady to firm, at least short term. Longer term, forecasts and opinions are varied. Some traders' feel prices could remain over \$2.00. Others still think milk intakes will increase somewhat by May or June, when schools close for summer. They reason that higher milk and cheese prices will slow sales, the current cheese squeeze will ease, and prices dip at least temporarily. Already a few additional loads are being offered to some customers. While offerings have increased slightly, most processors' and packagers' supplies of cheddar are still hand to mouth. Extra loads are easily absorbed. Substantial price increases are being passed along to customers priced monthly. As finished product price increases are being passed on, customer complaints are increasing. Some customers are expected to reduce orders and/or inventory before reordering. The price advantage for producing non-standardized process items compared to standardized products is also wider at current prices. Many packagers and processors will be closed for an extra day next week for the holiday observance, reducing bulk volumes needed. Current cheese output is steady to just slightly higher. Pasturing cattle is still minimal due to slow grass growth.

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

Process American 5# Loaf	:	2.1800-2.3525
Brick And/Or Muenster 5#	:	2.2200-2.6800
Cheddar 40# Block	:	2.1150-2.3775
Monterey Jack 10#	:	2.1150-2.6200
Blue 5#	:	2.7750-2.9300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1200-2.3225
Grade A Swiss Cuts 6 - 9#	:	2.1500-2.6850

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

	BUTTER	:	CHEESE
03/29/04	44,571	:	136,530
03/01/04	46,022	:	135,178
CHANGE	-1,451	:	1,352
% CHANGE	-3	:	1

WEST

Prices continue to increase following trading activity at the cash CME market last week. Sellers indicate that sales remain good at generally steady levels. Buyers continue to take normal volumes of cheese when they can find it. Many report not being able to get all the cheese they want in a timely fashion. Most of the purchasing seems to be taking place to cover current needs. Some cheese manufacturers are looking for additional supplies of milk with limited success noted. Some older cheese is coming out of storage with some defects as sellers see this as a good opportunity to work on any "problems" that they have left. Aged cheese continues to be in short supply. Higher prices are being passed along at the retail level, but the increases are lagging the cash CME market. Sellers are wondering about future impacts on sales as retail prices move higher. So far they see most of the market impact as being supply driven, but they assume the demand component is not too far behind.

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

Process 5# Loaf	:	2.1500-2.4100
Cheddar 40# Block	:	2.1525-2.5425
Cheddar 10# Cuts	:	2.3325-2.5525
Monterey Jack 10#	:	2.3425-2.5025
Grade A Swiss Cuts 6 - 9#	:	2.3700-2.6500

FOREIGN

Prices are steady on imported styles, higher on domestic cheeses. The market tone is fair to good as Easter/Passover needs are being shipped to retailers. Restaurant orders are also improving. Stocks are about adequate to meet needs. Cheese imports are expected to pick up now that the U.S. cheese prices are so high, particularly cheese for further processing. The Dollar isn't quite as weak as it was a few weeks ago and this is helping some importers make purchasing decisions.

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	2.3875-3.8775*
Gorgonzola	3.6900-5.9400	2.4900-2.9100*
Parmesan (Italy)	TFEWR	3.7975-3.8875*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-5.5000	2.3975-2.6225*
Romano (Cows Milk)	-0-	3.5850-5.7575*
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	168	0	162	0	42
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 leveling off in Florida and other Gulf Coast states, while increasing slowly in the Mid-South and Northeast. Contacts expect that this year's flush will be relatively light. The lack of replacement cows/heifers, the reduced supply of BST, and high feed costs are all combining to keep milk supplies tight. However, the projected milk prices during the spring may keep farmers in business and milking cows that might normally have been culled. There are reports that some farm auctions are still being advertised. Some wonder why farmers are leaving the business at a time when milk prices are turning sharply higher, but the cattle will have greater value. Bottled milk sales are slower in many areas as schools are closed for spring vacation. Bottling schedules were often lighter over the weekend, but increased Tuesday and Wednesday when bottlers took more milk to beat the Class I price increase due April 1 and to start to refill school lunch pipelines. In scattered instances, retail features for bottled milk have been reported. Florida's milk supply remains long and is often a result of more winter residents now leaving the state. Farther north, milk supplies are still tight and most manufacturing plants are operating on reduced schedules. Some extra milk was reported due to school vacations, but this was short lived. The condensed skim market is unsettled. March sales are mostly steady, but April prices for Class III will be sharply higher (\$1.25-1.30) and orders are down substantially. Most Class III users are switching back to NDM. No spot sales are noted at the new levels. Class II condensed skim sales are mostly steady. The fluid cream market, though still firm overall, was spotty this week. After the CME's thirty-four cent drop on Friday (3/26), cream orders were up and multiples were a little lower early Monday, but orders and multiples returned to last week's levels after Monday's (3/29) trading saw the cash butter price rebound nearly sixteen cents. Spot prices are mixed as steady to lower multiples were used on a higher CME average last week. Some buyers, after the big drop, wanted to buy based on the CME butter price, date-of-order. Not all suppliers allowed that, but some did. Demand for fluid cream was improved early, but slowed as the week progressed. Offerings are fairly well balanced for overall needs. Cream cheese producers are taking regular, contract volumes and occasionally, a few spot loads. Easter/Passover orders have been shipped. Ice cream production is starting to increase in more plants, but spot cream purchases are not increasing as expected. Some operations are down for a few days this week for maintenance, which did impact cream availability. Bottled cream, sour cream, and dip production is increasing seasonally. Churning activity is steady with most output reportedly going to meet current needs.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. PRODUCING PLANTS: NORTHEAST	- 2.7916-3.1266
DELIVERED EQUIVALENT ATLANTA	- 2.9033-3.1489 M 2.9480-3.0373
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	- 3.0150-3.1490
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	- .8900- .9200

MIDWEST

Milk supplies remain short in the region. The unusually large Class III price change between March and April had some, generally larger, producers trying to delay farm milk pickups and/or milk shipped directly from the farm received at the plant after midnight on April 1 in order to receive the higher April milk price. Class I and II interest was steady to occasionally just a bit lighter during the last few days of March. Other bottlers were trying to work ahead on early April needs at the lower March milk price. The large price changes have handlers expecting manufacturing plant operators to depool as much milk in April as possible. The current range in estimates for the expected negative PPD in Order 30 vary from

around \$2.00 to \$3.50. Manufacturing was active for cottage cheese, sour cream, dips, and other items for Lenten orders. The larger than normal Class III milk price change from month to month may pressure premiums paid for spot loads. For March sales only, spot manufacturing milk premiums are about steady. Prices paid range on a light test from \$2.25 to 3.50, mostly \$2.50 - \$2.75, fob. Cream demand remains strong seasonally. Current milk intakes still seem to be little changed from week to week and also from month to month. Fat and protein tests are steady to lower seasonally. Some handlers expect producers will respond to higher prices after they start seeing larger numbers in their milk check while others are less optimistic for a response. Cow prices are steady to higher with demand good for the limited supplies. Grass growth and pasturing is still limited due to the cool weather conditions. Producer interest in forward contracts and milk futures is very active though some brokers are surprised with the extremely good interest in the April contract.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAR 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 52.00	\$ 38.00- 42.00
REPLACEMENT HEIFER CALVES	\$300.00-600.00	\$220.00-350.00

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

	MAR 25 - 31	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 52.25	\$ 37.00- 45.50

WEST

February 2004 POOL RECEIPTS of milk in CALIFORNIA total 2.85 billion pounds, 0.4% lower (adjusted for extra day in 2004) than last year. The February blend price, at a fat test of 3.75%, is \$12.56, \$1.08 higher than January and \$2.38 above February 2003. The percentage of receipts used in Class I products is 18.47%. The February quota price is \$13.32 and the over quota price is \$11.62. These prices are \$0.61 higher than January and \$2.21 more than a year earlier. The hot temperatures noted earlier in the week in CALIFORNIA have cooled off again. Contacts noted a slight decline in milk production, but milk output rebounded quickly. A plant problem was noted this week, but the extra milk caused no marketing problems and was generally welcomed by the receiving operations. The hay harvest continues to move north in the state at a faster rate than is normal for this time of year because of the early season heat. Hay prices are firm and early harvest quality is excellent with some of it falling into the supreme category. Dairy plants are anticipating that this should mean some additional milk supplies which are welcomed. This position, of being short of milk supplies in the spring, is very unusual. With CALIFORNIA class prices moving sharply higher on April 1, some operations, especially ice cream plants, are cutting back on current production. Most of them had been working on very heavy schedules for the last few weeks of March. Also, lower volumes of milk and cream are expected to leave the state in early April because of different pricing scenarios now in place. By the later part of April, heavy shipments may again be common. Milk production in ARIZONA is generally being called flat for this time of year. The early hot temperatures seem to have stressed the cows enough that output hasn't done a lot even with cool nights. Good quality alfalfa is beginning to become available. Conditions are good in the PACIFIC NORTHWEST for this time of year. More grass is being harvested as green chop or silage. The timing is good since some producers report running out of winter storage feeds. Milk output has not done a lot in recent weeks. The cutback in BST supplies is getting some of the blame. Heifer prices in the region are firm and supplies are limited. Alfalfa should start to be cut in the Pasco, Washington area over the weekend if the weather continues to cooperate. This is a little earlier than normal. Conditions have been quite warm in UTAH and IDAHO, but they have cooled off to more seasonal levels this week. The generally dry conditions may mean that water will probably need to be put on crops earlier than producers had hoped. The overall situation for summer water availability has been declining. Milk production has been doing well for the season, but a number of plants would like some additional milk supplies. Some have been able to purchase outside supplies of milk. Contacts are commenting that they are curious what immediate impact, if any, there will be with the termination of the local Federal Milk Order. Most suspect it will take a few weeks to have much impact. Prices at a major heifer sale in the region continue to move sharply higher. Top heifers are approaching \$2500 and the average for the top 100 is at \$2040.

NDM, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a firm market. Supplies of NDM are tight for the good interest. Production continues to decline due to reduced milk supplies and milk diversions into cheese and fluid channels. Sales of government owned NDM continue to interested end-users and brokers. Resale of NDM from the sell-back is being reported at and above prices reported on the high side of the range. Interest in NDM is expected to increase in response to higher condensed skim prices in April. Producers are turning interested buyers away in an attempt to secure stocks for future contractual commitments. Production of high heat is improved yet supplies are short of buyer interest with some less than trucklot sales reported above the range.

EAST: Prices are fractionally higher at the plant level, moderately higher in the resale market. The market tone is firming as current output is lighter than desired and not able to keep pace with improving demand. Buy backs from CCC were heavier (32.2 million pounds) last week, but reports indicate that CCC may be nearing the last of the year-old powder. Some contacts have difficulty swallowing that idea. Users and traders alike, comment that it is almost impossible to buy spot loads direct from producers. Nearly all current sales are either government buy-back or powder from CCC's various exchange programs. Demand for NDM is improving now that projected April Class skim milk prices are in effect. Projections for April Class III skim milk is well over \$10.00, which equates to roughly \$1.30 per pound solids for Class III condensed skim. Users have already placed orders for NDM. This slower condensed demand may push more through dryers, but orders for the NDM are already in place. Eastern dryers have little or no powder on hand for spot sales. Due to the tight supply of surplus milk, most are a little behind on orders. There continues to be growing concern over availability later this summer.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8175 - .9100 MOSTLY: .8175 - .8600
HIGHHEAT: .8525 - .9850

NONFAT DRY MILK - WEST

Prices for low/medium heat NDM powder in the Western region continue to increase. Powder manufacturing and supplies are both lighter. Buyers are aggressively looking for additional supplies of powder with only limited success noted. Some manufacturing groups are choosing to keep any powder they are producing for future internal needs and are not marketing any at this point in time. Western contacts note that the industry has purchased more than 35 million pounds of government CCC powder back for commercial use. They are now concerned that there may not be much of this powder, less than one year old, available left for sale. Cheese plants have been trying to book low heat powder for the past few months in totes for expected summer milk shortages. This has further tightened markets. For the week of March 22-26, Western plants offered 963,000 pounds of powder to the CCC program. For the first time in many months, no powder has been offered to the government yet this week. High heat powder supplies are tight for this time of year and prices are fractionally higher. The overall undertone for the market is firm.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8100 - .8825 MOSTLY: .8100 - .8200
HIGHHEAT: .8400 - .8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 26	\$.8040	13,506,522	3,679,372
March 19	\$.8067	14,395,313	3,795,666

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

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a firm market. Some unconfirmed trades are reported above the range for the strong interest. Spot loads are generally difficult to locate. Most buttermilk is clearing well in the condensed form into ice cream or as dry product into contracts. Production is light. Many producers are not expecting additional spot supplies until sometime this fall.

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

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Dry buttermilk prices and the market tone are unchanged. Northeastern prices remain nominal as no spot loads were reported this week. Contract and some LTL sales were noted. Production levels are light as churning activity is spotty and sales of condensed buttermilk remain fairly active.

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

DRY BUTTERMILK - WEST

Both range and mostly prices increased for Western buttermilk powder. The market is firm and buyers are aggressively looking for additional powder. Offerings are light due to decreased churning and because of improving condensed sales activity. Any unsold powder is being held with increasing confidence as all dairy proteins are exhibiting price strength. Production levels are expected to lag sale opportunities.

F.O.B. WEST: .9100 - .9600 MOSTLY: .9200 - .9400

DRY WHOLE MILK - NATIONAL

Prices are steady to higher and nominal. Sales that are reported are noted in the upper half of the range. The market tone remains firm. Production is light and still geared to meeting contracts. The tight surplus milk supply continues to impact dry whole milk production. Stocks are limited and there have been reports of producers trying to buy loads on the resale market to supplement their production shortfalls. Demand is unchanged. Imported powder continues to be offered at competitive prices.

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 higher on a firm market. Trades direct from the manufacturer are light. Many buyers are in awe of the recent price changes. Feed buyers not well contracted are in a difficult position to garner additional loads as producers are generally reporting that their stocks are "sold out." While producer inventories are not bare, anxiety in securing supplies for contractual agreements is encouraging producers to retain stocks for future needs. Resellers are also somewhat reserved in releasing loads over an extended period as contractual agreements with suppliers are uncertain, especially if supplies are tight this summer. Resale loads are being reported at prices above 30 cents. The undertone on a potential market peak is uncertain.

F.O.B. CENTRAL: .2550 - .2800 MOSTLY: .2600 - .2800

DRY WHEY - NORTHEAST AND SOUTHEAST

The dry whey market remains very firm and prices are again sharply higher. The Northeast price range is nominal and again includes resale loads. Not one spot load was reported direct from producers. Most resale loads are noted in the \$.32-.33 range. Most manufacturers report being sold out or busy trying to catch up with back orders. Production levels remain light as surplus milk volumes are tight and most cheese makers have had to cut production runs to accommodate milk volumes. It has been reported that one Eastern cheese plant is closing in May and its output consolidated in another operation. Eastern producers are either sold out, cutting contracts, or pushing back delivery dates on existing contracts. Most are not taking any new orders at this time. Demand for dry whey is good and occasionally unsatisfied, which is pushing resale prices higher. Stocks are being held with more confidence due to the price run-up. Also, traders comment that it will be difficult replacing any sold loads. Animal feed quality whey is commanding larger premiums.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2550 - .3300
DELVD SOUTHEAST: .2750 - .3100

DRY WHEY - WEST

Prices continue to firm for Western whey powder, but not quite as fast as has been noted in the past few weeks. Part of the issue is that there are fewer offerings of whey on the market. Some producers are sold out and others are waiting to see where the market may settle out. Production levels are not up to expectations as milk supplies remain tight. Demand is aggressive from domestic buyers. Some export buyers are becoming concerned with the increasing price levels and some are choosing to draw down inventories as opposed to making additional purchases at this time.

NONHYGROSCOPIC: .1750 - .2500 MOSTLY: .2000 - .2250

ANIMAL FEED WHEY - CENTRAL

Prices are higher on a firm market. Supplies are light to fair for the good interest. Prices are moving higher with the Extra Grade market. Feed traders are holding any additional supplies with confidence as market prices are expected to move higher. Veal markets are mixed in light of a recent inquiry on the use of a hormone for adult cattle in veal calves. Early weaned pigs are generally trading higher.

F.O.B. CENTRAL:
MILK REPLACER: .2200 - .2400

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies continue to tighten in response to good movement into export and domestic markets. Increased movement of WPC 80%, a reported substitute to WPC 34%, is also encouraging higher prices in the WPC 34% market. Production is generally steady at most locations. Whether any additional protein supplies will become available from the Oceania region is uncertain. EU delactose is reportedly available as substitute to WPC 34% into some feed operations. Feed buyers are making inquiries to domestic delactose operations for potential purchase of supplies that are rather limited. Some Grade A plants have flat priced shipments for mid-April at prices significantly higher than the top end of the range. Off grade supplies are limited with trades sometimes noted within the range.

F.O.B. EXTRA GRADE 34% PROTEIN: .4500 - .5200 MOSTLY: .4825 - .5025

LACTOSE - CENTRAL AND WEST

Prices are generally higher on a firm market. Many contracts have been finalized at prices higher than reported during first quarter. Some contracts remain open and are expected to be finalized during the next few weeks. Production is steady at most locations. Supplies are readily available at some locations for lower meshed sizes or product in totes. With higher whey prices, increased sales of lactose as a substitute to whey are noted, balancing stocks. Interest remains best on the higher mesh sized product with supplies reportedly limited. Feed grade lactose is available at prices below the range. Permeate supplies are an attractive substitute to feed grade lactose.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2200 - .2700 MOSTLY: .2300 - .2450

CASEIN - NATIONAL

Casein markets are firm with prices generally higher. A new contracting quarter has begun and prices, as expected, are higher. The strength is being attributed to the recent manufacturing subsidy adjustment announced last week in Europe and, to a larger part, the shortage of stock. Supplies are in very close balance and, in instances, suppliers are indicating that fulfillment of their contracts is questionable. Most second quarter contracts are finalized with some buyers already looking into their third quarter needs. Suppliers indicate that it is difficult to negotiate late summer needs knowing that second quarter commitments are often questionable.

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: 2.3500 - 2.5500
ACID: 2.3500 - 2.4800

EVAPORATED MILK - NATIONAL

Prices are steady to higher and the market tone is firm. Price increases are still being announced to some customers. Production levels are limited this month as producers in Federal orders feel that the April Class III milk prices will be too high and that evaporated milk's switch to a Class IV classification will not go into effect until May 1. This is not yet official, but most trade contacts say that all indications point to a first-of-May start. Demand is slow to fair and following seasonal patterns.

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.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume ^{1/}

Month	03/17	03/18	03/19	03/22	03/23	03/24	03/25	03/26	03/29	03/30
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
MAR 04	13.95 (2813) 6	13.95 (2830) 85	14.10 (2836) 36	14.45 (2859) 49	14.29 (2876) 18	14.32 (2883) 63	14.32 (2902) 237	14.30 (2903) 12	14.40 (2905) 6	14.40 (2906) 3
APR 04	17.79 (4550) 912	17.74 (4827) 609	17.79 (5130) 531	17.92 (5449) 563	18.40 (5550) 189	18.39 (5679) 805	18.41 (5810) 496	18.60 (5852) 273	18.53 (5956) 390	18.62 (6134) 227
MAY 04	17.14 (4378) 482	17.03 (4604) 405	16.89 (4688) 182	16.75 (4808) 445	17.09 (4960) 363	17.45 (5116) 531	18.01 (5185) 511	17.97 (5257) 371	18.04 (5459) 431	18.47 (5630) 484
JUN 04	16.15 (3809) 323	16.05 (3894) 206	15.85 (3920) 201	15.60 (3941) 181	15.87 (4049) 234	16.40 (4145) 286	17.09 (4164) 499	17.12 (4191) 284	17.17 (4265) 233	17.50 (4379) 264
JUL 04	15.42 (3278) 224	15.29 (3315) 111	15.20 (3319) 110	14.95 (3306) 186	15.25 (3323) 178	15.50 (3395) 231	15.85 (3375) 438	15.85 (3330) 311	16.00 (3261) 355	16.54 (3269) 265
AUG 04	15.15 (3142) 227	15.15 (3181) 105	15.08 (3193) 101	14.80 (3220) 211	15.15 (3204) 218	15.26 (3255) 284	15.58 (3212) 331	15.65 (3200) 240	15.85 (3205) 349	16.50 (3170) 231
SEP 04	15.09 (3321) 167	15.30 (3356) 169	15.15 (3364) 124	14.73 (3388) 273	15.17 (3428) 212	15.26 (3451) 204	15.70 (3440) 319	15.80 (3491) 255	15.88 (3387) 402	16.44 (3425) 213
OCT 04	14.25 (2425) 126	14.20 (2459) 97	14.00 (2478) 76	13.73 (2456) 139	14.03 (2487) 216	14.40 (2508) 228	14.70 (2459) 195	14.69 (2476) 187	14.85 (2557) 245	15.27 (2601) 179
NOV 04	13.01 (1526) 177	13.00 (1562) 76	13.00 (1553) 38	13.05 (1561) 62	13.20 (1569) 30	13.39 (1613) 124	13.62 (1652) 238	13.65 (1630) 55	13.75 (1787) 201	13.85 (1820) 90
DEC 04	12.36 (1169) 89	12.50 (1198) 90	12.55 (1203) 23	12.56 (1222) 43	12.63 (1228) 46	12.79 (1277) 102	13.00 (1346) 163	13.18 (1363) 71	13.18 (1408) 68	13.30 (1425) 90
JAN 05	12.10 (218) 11	12.00 (234) 16	12.05 (240) 7	12.05 (241) 4	12.10 (246) 7	12.17 (265) 19	12.20 (299) 39	12.30 (316) 22	12.35 (332) 32	12.40 (345) 26
FEB 05	11.85 (120) 3	11.90 (170) 50	11.88 (181) 15	11.90 (186) 5	11.85 (199) 45	12.00 (246) 53	12.20 (253) 7	12.30 (272) 19	12.30 (280) 14	12.29 (293) 31
MAR 05	11.80 (75) 0	11.80 (81) 7	11.90 (82) 2	11.90 (82) 0	11.90 (105) 63	12.06 (115) 26	12.21 (123) 8	12.25 (125) 4	12.20 (131) 13	12.25 (167) 38
APR 05	11.95 (46) 0	11.95 (59) 13	12.05 (64) 9	12.05 (64) 1	12.00 (64) 9	12.05 (65) 12	12.30 (68) 3	12.50 (70) 3	12.50 (78) 13	12.51 (79) 4
MAY 05	11.99 (31) 0	11.99 (32) 13	12.10 (31) 3	12.10 (31) 1	12.05 (32) 1	12.07 (35) 9	12.30 (41) 11	12.54 (42) 1	12.54 (48) 11	12.60 (53) 10
JUN 05	12.20 (13) 0	12.20 (13) 2	12.30 (13) 1	12.30 (13) 0	12.30 (14) 1	12.35 (14) 0	12.35 (17) 3	12.64 (19) 2	12.60 (19) 1	12.64 (23) 4
JUL 05	12.25 (2) 0	12.25 (3) 1	12.35 (3) 0	12.36 (3) 0	12.36 (3) 0	12.40 (3) 0	12.40 (3) 0	12.40 (4) 1	12.55 (4) 0	12.56 (8) 4
AUG 05	12.30 (1) 0	12.30 (1) 0	12.40 (1) 0	12.41 (1) 0	12.41 (1) 0	12.50 (1) 0	12.50 (1) 0	12.55 (1) 0	12.65 (1) 0	12.66 (5) 4
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
JUL 04	13.75 (4) 0	13.85 (4) 0	13.85 (4) 0	13.85 (4) 0	14.60 (4) 0	14.60 (18) 15	15.00 (33) 25	15.20 (43) 10	14.70 (43) 0	14.70 (60) 17
AUG 04	13.75 (4) 0	13.95 (4) 0	13.95 (4) 0	13.95 (4) 0	14.70 (4) 0	14.70 (18) 15	15.00 (33) 20	15.20 (43) 10	14.70 (43) 0	14.70 (48) 5
SEP 04	13.80 (4) 0	14.05 (4) 0	14.05 (4) 0	14.05 (4) 0	14.80 (4) 0	14.80 (18) 15	15.00 (18) 0	15.20 (23) 5	14.90 (23) 0	14.70 (33) 10
OCT 04	13.85 (4) 0	14.05 (4) 0	14.05 (4) 0	14.05 (14) 10	14.80 (14) 0	14.80 (14) 0	14.80 (14) 0	14.80 (14) 0	14.60 (14) 0	14.40 (14) 0
CME - BUTTER FUTURES -- Cents per pound										
MAR 04	224.00 (55) 19	229.00 (49) 11	228.00 (58) 23	231.00						
MAY 04	219.25 (276) 3	229.25 (282) 9	235.00 (280) 14	238.00 (273) 17	241.00 (266) 8	239.00 (258) 12	238.00 (254) 7	233.00 (252) 23	223.00 (252) 1	218.00 (269) 30
JUL 04	222.00 (232) 2	232.00 (230) 4	238.00 (233) 6	241.00 (243) 18	246.00 (242) 8	242.00 (235) 18	242.00 (236) 9	237.00 (238) 19	227.00 (245) 11	220.00 (253) 17
SEP 04	221.00 (77) 0	230.00 (79) 2	239.50 (79) 0	239.50 (82) 3	244.50 (83) 2	244.00 (82) 2	241.00 (82) 4	236.00 (85) 3	226.00 (89) 6	216.00 (101) 22
OCT 04	222.00 (62) 2	230.00 (69) 7	241.00 (69) 0	241.00 (69) 3	246.00 (69) 0	246.00 (69) 1	243.00 (69) 2	238.00 (69) 0	228.00 (68) 5	218.00 (69) 1
DEC 04	217.00 (85) 5	221.00 (85) 0	221.00 (85) 0	226.00 (85) 0	226.00 (58) 41	226.00 (58) 0	226.00 (58) 0	221.00 (58) 0	211.00 (58) 0	201.00 (58) 1

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 22 - April 2, 2004

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: The milk quota year-end is now at hand and milk marketings are mixed within many EU countries. Up to this point, milk production has been trending higher, but many milk handlers have indicated that it is quite difficult to put a precise figure on the growth as March 31 neared. There are some countries that are experiencing strong growth which will push them above quota levels, while others are just at or slightly below penalty levels. As a new quota year begins, producers and handlers are optimistic about the current production season. Many within the dairy industry indicate that several changes will be occurring within the next few months that will greatly impact current programs and marketing conditions. A tendering system for export refunds versus the current program, the inclusion of 10 additional countries to the EU on May 1, and reduction in the intervention price for butter on July 1 are just three significant developments. Guidelines have been released for the operations of the new tendering system for skim milk powder, butter, and buttermilk. The first application period will run from April 7 - 14 with the program scheduled to offer two application periods each month. Some traders and handlers indicate that they may await the outcome of the first round of applications and subsequent results before participating themselves. Some sales activity has occurred out of Western Europe on skim and whole milk powder by those traders that are holding old refunds. This sales activity will have to be completed by the end of April at which time old refunds will no longer be valid. Traders do indicate that there is buyer interest for post May 1 delivery, but the uncertainty of export refund values is squelching finalization of these inquiries. Stocks of manufactured dairy products in Western Europe are not heavy, thus manufacturers and handlers are looking forward to the upcoming milk production season.

BUTTER/BUTTEROIL: European butter markets are firm. Stocks of butter are sufficient to the point that 4,000 MT of butter has been offered to intervention since the program officially opened three weeks ago. Producers and handlers feel that offerings will be heavier during upcoming weeks prior to the 7% reduction in the intervention price July 1. U.S. importers are looking for additional butter stocks to supplement shortages in the States. No butter is available from Western Europe, but Eastern European butter is clearing to the States. This Eastern European clearance will continue until May 1 when some of these Eastern countries become members of the EU 15 and will then be governed by their trading guidelines.

82% BUTTERFAT: 1,700 - 1,750

99% BUTTERFAT: 1,800 - 2,000

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady. Sales activity is limited to basically immediate shipment because by May 1, a new tendering system will be in place for future export refunds. Guidelines for the new tendering system were recently released and many traders indicated that they are quite complicated. The first period for submission of offers will be April 7 - 14. There will be two tender periods each month. Some traders and handlers indicate that they may await the outcome of the first round of applications and subsequent results before participating themselves.

1.25% BUTTERFAT: 1,850 - 1,900

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are generally holding steady. Stocks of powder are available for buyer interest, although sales negotiations are often being limited by available export refunds. There is some buyer interest for immediate shipment, but much of the buyer inquiry is for post May 1 delivery. The 2003 - 2004 milk quota year was finished on March 31, thus milk marketings have been irregular as producers balance their marketings against their quota volumes. Manufacturers anticipate milk receipts to increase quickly after April 1 thus generating additional powder for potential sales.

26% BUTTERFAT: 1,900 - 2,000

SWEET WHEY POWDER: European whey markets are firm as supplies tighten and demand improves. Producers and handlers report that they have been getting more interest from international buyers. Potential buyers indicate that international supplies are also tightening and prices are firming.

NONHYGROSCOPIC: 450 - 500

OVERVIEW: EASTERN EUROPE: Milk production continues to increase seasonally. Temperatures are warming and spring weather conditions are being reported in more areas of Eastern Europe. Some traders and handlers have reported that sales out of Eastern Europe have been active. Much of this

OCEANIA

OCEANIA OVERVIEW: Milk production patterns in Oceania continue to edge lower. In Australia, measurable rain has fallen in much of the dairy region and temperatures were in the 31 degree C (mid 80's F) range. These conditions were looked upon quite favorably with many producers and handlers hopeful that the conditions might extend the production season slightly longer. Recent milk production figures have not been released for Australia, but handlers and manufacturers indicate that overall volumes will be below last year's levels. The most recent figures, July - January, indicated that output was trailing last season by about 5.5%. In New Zealand, conditions are much the same as recent weeks. The areas hardest hit with the heavy rainfall in recent weeks continue to dry. Overall production trends continue to decline, although the declines are not accelerated by adverse conditions. Milk handlers report that they do not have a good feel as to the impact these heavy rains will have on end of the season production, but remain optimistic that the season will stretch out a little longer. Most milk handlers anticipate production to remain on track of a 2 - 3% increase over last season. Stocks of manufactured dairy products are limited to contracted needs. Handlers and traders feel that they will have adequate stocks to meet needs, but will have little available for spot interest.

BUTTER: Oceania butter markets are firm with prices unchanged to slightly higher. Stocks of butter in Australia and New Zealand are in close balance with known needs. At this time, most producers and handlers indicate that they have no additional butter for spot buyer interest. There is international buyer interest being reported. Much of this is coming from the U.S. as butter stocks in the States are lighter than desired. Imports into the U.S. from Oceania have been basically limited to quota volumes or volumes subject to licensing requirements. For the first two months of 2004, imports totaled 576,000 kg (nearly 1.3 million pounds). This two month figure is 26.1% more than the comparable 2003 period.

82% BUTTERFAT: 1,600 - 1,750

CHEDDAR CHEESE: Cheese markets and prices are steady to firm. Oceania traders and handlers indicate that demand continues strong from regular and ongoing customers. As with most manufactured dairy stocks from Oceania, cheese stocks are also in close balance. Spot buyer interest is slow as most potential buyers are fully aware of Oceania's supply situation and are looking elsewhere.

39% MAXIMUM MOISTURE: 2,400 - 2,600

SKIM MILK POWDER (SMP): Skim milk powder markets in Australia and New Zealand are basically unchanged. Suppliers continue to indicate that stocks are in close balance and limited to contracted needs. At this point, most handlers feel that they will not have any skim milk powder available for spot buyer interest, although they remain optimistic that the milk production season will stretch out a little longer and relieve some of the supply pressure.

1.25% BUTTERFAT: 1,800 - 1,900

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady. Stocks of powder in Oceania are reported to be in close balance with needs. Handlers are hopeful that they have sufficient stocks to meet contractual commitments as the milk production season winds down. Temperatures and moisture conditions have been quite favorable for this time of the year in both countries, thus manufacturers and handlers are optimistic about a strong finish to the milk production season.

26% BUTTERFAT: 1,800 - 1,950

Exchange rates for selected foreign currencies: MARCH 29, 2004

.7639 Canadian Dollar	.0228 Indian Rupee
.3483 Argentina Peso	.6518 New Zealand Dollar
.0891 Mexican Peso	.7469 Australian Dollar
.2574 Polish Zloty	.0095 Japanese Yen
	1.2145 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0891) = 11.2233$. That is 1 US Dollar equals 11.2233 Mexican Pesos.

Source: "Wall Street Journal"

OVERVIEW CONTINUED: activity is being attributed to the lack of Western European supplies and limited export refunds. Butter has been clearing to the U.S. due to tight supplies and potential light supplies for much of the year. Also, some sales activity is being reported from this region of Europe prior to inclusion of the additional 10 countries into the EU15 on May 1.

MONTHLY SUMMARY AND AVERAGES FOR MARCH 2004 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 9	REPORT NUMBER 10	REPORT NUMBER 11	REPORT NUMBER 12	REPORT NUMBER 13	2004	2003
	MAR 01 - 05	MAR 08 - 12	MAR 15 - 19	MAR 22 - 26	MAR 29 - 31	or Total	or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
— Process American 5# Loaf	:: 1.6250 - 1.8600	:: 1.6675 - 1.8600	:: 1.8175 - 1.9875	:: 1.8600 - 2.2825	:: 2.1800 - 2.3525	:: 1.9217	: 1.3551
— Brick And/Or Muenster 5#	:: 1.8700 - 2.1275	:: 1.8700 - 2.1675	:: 1.8700 - 2.3050	:: 1.8700 - 2.6100	:: 2.2200 - 2.6800	:: 2.1337	: 1.6213
— Cheddar 40# Block	:: 1.7700 - 2.1150	:: 1.7700 - 2.1150	:: 1.7700 - 2.1150	:: 1.7700 - 2.3075	:: 2.1150 - 2.3775	:: 2.0030	: 1.7698
— Monterey Jack 10#	:: 1.9400 - 2.1150	:: 1.9400 - 2.1225	:: 1.9400 - 2.2500	:: 1.9400 - 2.5550	:: 2.1150 - 2.6200	:: 2.1352	: 1.8989
— Blue 5#	:: 2.2225 - 2.5700	:: 2.2625 - 2.5700	:: 2.4000 - 2.5700	:: 2.5700 - 2.7050	:: 2.7750 - 2.9300	:: 2.5318	: 2.0135
— Mozzarella 5 - 6#	:: 1.7700 - 2.2150	:: 1.7700 - 2.2150	:: 1.7700 - 2.2150	:: 1.7700 - 2.2525	:: 2.1200 - 2.3225	:: 2.0264	: 1.7927
— Grade A Swiss Cuts 6 - 9#	:: 2.0000 - 2.6850	:: 2.0000 - 2.6850	:: 2.1500 - 2.6850	:: 2.1500 - 2.6850	:: 2.1500 - 2.6850	:: 2.3849	: 2.3175
NORTHEAST (WSP, Delivered, LTL)							
— Cheddar 10# Prints	:: 1.5400 - 2.0450	:: 1.5800 - 2.0850	:: 1.7175 - 2.2225	:: 2.0225 - 2.5275	:: 2.0925 - 2.5975	:: 2.0167	: 1.3754
— Cheddar Single Daisies	:: 1.4975 - 1.9625	:: 1.5375 - 2.0025	:: 1.6750 - 2.1400	:: 1.9800 - 2.4450	:: 2.0500 - 2.5150	:: 1.9542	: 1.3179
— Cheddar 40# Block	:: 1.6125 - 1.8625	:: 1.6525 - 1.9025	:: 1.7900 - 2.0400	:: 2.0925 - 2.3450	:: 2.1625 - 2.4150	:: 1.9613	: 1.3266
— Process 5# Loaf	:: 1.6550 - 1.8550	:: 1.6975 - 1.8975	:: 1.8475 - 2.0475	:: 2.1400 - 2.3425	:: 2.2100 - 2.4125	:: 1.9843	: 1.3520
— Process 5# Sliced	:: 1.6750 - 1.9125	:: 1.7175 - 1.9550	:: 1.8675 - 2.1050	:: 2.1600 - 2.4000	:: 2.2300 - 2.4700	:: 2.0231	: 1.3957
— Muenster	:: 1.7125 - 1.9050	:: 1.7525 - 1.9450	:: 1.8900 - 2.0825	:: 2.1950 - 2.3875	:: 2.2650 - 2.4575	:: 2.0330	: 1.3929
— Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	: 2.4500
WEST COAST (WSP, Delivered, LTL)							
— Process 5# Loaf	:: 1.5925 - 1.8525	:: 1.6350 - 1.8950	:: 1.7850 - 2.0450	:: 2.0800 - 2.3400	:: 2.1500 - 2.4100	:: 1.9523	: 1.3218
— Cheddar 40# Block	:: 1.6025 - 1.9925	:: 1.6425 - 2.0325	:: 1.7775 - 2.1675	:: 2.0825 - 2.4725	:: 2.1525 - 2.5425	:: 2.0203	: 1.2652
— Cheddar 10# Cuts	:: 1.7825 - 2.0025	:: 1.8225 - 2.0425	:: 1.9575 - 2.1775	:: 2.2625 - 2.4825	:: 2.3325 - 2.5525	:: 2.1153	: 1.4852
— Monterey Jack 10#	:: 1.7925 - 1.9525	:: 1.8325 - 1.9925	:: 1.9675 - 2.1275	:: 2.2725 - 2.4325	:: 2.3425 - 2.5025	:: 2.0953	: 1.4652
— Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.4600	:: 2.2500 - 2.4600	:: 2.3000 - 2.4600	:: 2.3300 - 2.5000	:: 2.3700 - 2.6500	:: 2.3937	: 2.3121
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
— Northeast - f.o.b	:: 2.2729 - 2.5456	:: 2.5210 - 2.8011	:: 2.7158 - 2.9703	:: 2.8740 - 3.0951	:: 2.7916 - 3.1266	:: 2.7551	: 1.3875
— Atlanta - dlvd. equiv.	:: 2.3092 - 2.5638	:: 2.5610 - 2.8211	:: 2.7370 - 2.9704	:: 2.8961 - 3.1172	:: 2.9033 - 3.1489	:: 2.7834	: 1.3975
— Upper Midwest - f.o.b	:: 2.4002 - 2.4365	:: 2.6010 - 2.8011	:: 2.7582 - 2.9704	:: 2.8298 - 3.0509	:: 3.0150 - 3.1490	:: 2.7768	: 1.3840
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
— Class II	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.9000	: 0.9400
— Class III	:: 0.8300 - 0.8700	:: 0.8300 - 0.8700	:: 0.8300 - 0.9000	:: 0.8700 - 0.9200	:: 0.8900 - 0.9200	:: 0.8702	: 0.7795
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
— Delivered Major U.S. Cities	::19.0000 -30.0000	::19.0000 -30.0000	::19.0000 -30.0000	::22.0000 -30.0000	::22.0000 -30.0000	:: 25.0217	: 24.0000

MONTHLY SUMMARY AND AVERAGES FOR MARCH 2004 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, C/L/TL)

COMMODITY	REPORT NUMBER 9	REPORT NUMBER 10	REPORT NUMBER 11	REPORT NUMBER 12	REPORT NUMBER 13	2004	2003
	Average					Average	Average
	MAR 01 - 05	MAR 08 - 12	MAR 15 - 19	MAR 22 - 26	MAR 29 - 31	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
— Central And East (f.o.b.)							
— Low/Medium Heat	:: 0.8100 - 0.8900	:: 0.8000 - 0.8900	:: 0.8000 - 0.8900	:: 0.8100 - 0.9100	:: 0.8175 - 0.9100	:: 0.8518	: 0.8375
— Mostly	:: 0.8100 - 0.8550	:: 0.8100 - 0.8550	:: 0.8100 - 0.8550	:: 0.8100 - 0.8600	:: 0.8175 - 0.8600	:: 0.8339	: 0.8304
— High Heat	:: 0.8500 - 0.9550	:: 0.8500 - 0.9550	:: 0.8500 - 0.9550	:: 0.8500 - 0.9550	:: 0.8525 - 0.9850	:: 0.9046	: 0.8875
— West (f.o.b.)							
— Low/Medium Heat	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.7950 - 0.8825	:: 0.8100 - 0.8825	:: 0.8397	: 0.8380
— Mostly	:: 0.7950 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8150	:: 0.8100 - 0.8200	:: 0.8063	: 0.8037
— High Heat	:: 0.8325 - 0.8500	:: 0.8325 - 0.8500	:: 0.8325 - 0.8500	:: 0.8325 - 0.8500	:: 0.8400 - 0.8500	:: 0.8417	: 0.8348
WHEY POWDER (Nonhygroscopic)							
— Central (f.o.b.)	:: 0.1700 - 0.1800	:: 0.1750 - 0.2100	:: 0.1950 - 0.2500	:: 0.2150 - 0.2700	:: 0.2550 - 0.2800	:: 0.2159	: 0.1602
— Mostly	:: 0.1700 - 0.1800	:: 0.1800 - 0.1900	:: 0.1950 - 0.2250	:: 0.2400 - 0.2600	:: 0.2600 - 0.2800	:: 0.2135	: 0.1575
— West (f.o.b.)	:: 0.1500 - 0.1850	:: 0.1600 - 0.1875	:: 0.1600 - 0.2200	:: 0.1700 - 0.2500	:: 0.1750 - 0.2500	:: 0.1889	: 0.1574
— Mostly	:: 0.1550 - 0.1700	:: 0.1600 - 0.1725	:: 0.1700 - 0.1850	:: 0.1875 - 0.2200	:: 0.2000 - 0.2250	:: 0.1821	: 0.1525
— Northeast (f.o.b.)	:: 0.1725 - 0.1950	:: 0.1775 - 0.2025	:: 0.1900 - 0.2350	:: 0.2125 - 0.2950	:: 0.2550 - 0.3300	:: 0.2208	: 0.1688
— Southeast (Delvd)	:: 0.1950 - 0.2100	:: 0.2050 - 0.2200	:: 0.2100 - 0.2800	:: 0.2400 - 0.3000	:: 0.2750 - 0.3100	:: 0.2403	: 0.1875
WHEY PROTEIN CONCENTRATE							
— Central And West (f.o.b.)							
— Extra Grade 34% Protein	:: 0.4050 - 0.4800	:: 0.4200 - 0.4800	:: 0.4175 - 0.5000	:: 0.4400 - 0.5075	:: 0.4500 - 0.5200	:: 0.4600	: 0.5231
— Mostly	:: 0.4300 - 0.4550	:: 0.4400 - 0.4550	:: 0.4475 - 0.4675	:: 0.4575 - 0.4875	:: 0.4825 - 0.5025	:: 0.4599	: 0.5086
ANIMAL FEED - WHEY							
— Central (f.o.b.)							
— Milk Replacer	:: 0.1550 - 0.1650	:: 0.1600 - 0.1750	:: 0.1700 - 0.1900	:: 0.1800 - 0.2100	:: 0.2200 - 0.2400	:: 0.1827	: 0.1442
BUTTERMILK (Min. 30% protein)							
— Central (f.o.b.)	:: 0.9500 - 1.0125	:: 0.9500 - 0.9900	:: 0.9600 - 1.0200	:: 0.9800 - 1.0300	:: 0.9800 - 1.0300	:: 0.9890	: 0.6957
— West (f.o.b.)	:: 0.8500 - 0.9150	:: 0.8800 - 0.9150	:: 0.8900 - 0.9300	:: 0.8900 - 0.9400	:: 0.9100 - 0.9600	:: 0.9057	: 0.7250
— Mostly	:: 0.8800 - 0.9100	:: 0.8900 - 0.9100	:: 0.8900 - 0.9200	:: 0.9100 - 0.9200	:: 0.9200 - 0.9400	:: 0.9072	: 0.7298
— Northeast (f.o.b.)	:: 0.8600 - 0.8800	:: 0.8600 - 0.8800	:: 0.8700 - 0.8800	:: 0.8700 - 0.8800	:: 0.8700 - 0.8800	:: 0.8728	: 0.7132
— Southeast (Delvd)	:: 0.9000 - 0.9200	:: 0.9000 - 0.9200	:: 0.9100 - 0.9400	:: 0.9100 - 0.9400	:: 0.9100 - 0.9400	:: 0.9185	: 0.7496
WHOLE MILK POWDER							
— National (f.o.b.)	:: 1.1250 - 1.4400	:: 1.2425 - 1.4400	:: 1.2425 - 1.5000	:: 1.2425 - 1.5900	:: 1.2425 - 1.5900	:: 1.3611	: 1.1267
LACTOSE							
— Central And West (f.o.b.)	:: 0.2000 - 0.2700	:: 0.2000 - 0.2700	:: 0.2000 - 0.2700	:: 0.2000 - 0.2700	:: 0.2200 - 0.2700	:: 0.2363	: 0.1951
— Mostly	:: 0.2200 - 0.2300	:: 0.2200 - 0.2300	:: 0.2200 - 0.2300	:: 0.2200 - 0.2300	:: 0.2300 - 0.2450	:: 0.2266	: 0.1701
CASEIN - Edible - National (f.o.b.)							
— Nonrestricted - Rennet	:: 2.2500 - 2.4000	:: 2.2500 - 2.4000	:: 2.2500 - 2.4000	:: 2.2500 - 2.4000	:: 2.3500 - 2.5500	:: 2.3413	: 2.0012
— Nonrestricted - Acid	:: 2.2500 - 2.4500	:: 2.2500 - 2.4500	:: 2.2500 - 2.4500	:: 2.2500 - 2.4500	:: 2.3500 - 2.4800	:: 2.3585	: 1.9226

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

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR MARCH 2004

COMMODITY	REPORT NUMBER 9 MAR 1 - 5	REPORT NUMBER 10 MAR 8 - 12	REPORT NUMBER 11 MAR 15 - 19	REPORT NUMBER 12 MAR 22 - 26	REPORT NUMBER 13 MAR 29 - 31	2004 * Average	2003 * Average
BUTTER*							
— GRADE AA							
—Monday	1.9100	2.1100	2.0775	2.3150	2.1800		
—Tuesday							
—Wednesday	1.9825	2.1725	2.2500	2.3625	2.0100		
—Thursday							
—Friday	2.1100	2.0825	2.3050	2.0225		2.1350	1.0915
—Weekly Average**	2.0008	2.1217	2.2108	2.2333			
CHEESE*							
— BARRELS							
—Monday	1.4650	1.5250	1.8600	1.9850	2.0100		
—Tuesday	1.4750	1.5750	1.9100	2.0000	2.0100		
—Wednesday	1.4850	1.6300	1.9500	2.0000	2.0600		
—Thursday	1.4950	1.6425	1.9500	2.0025			
—Friday	1.5150	1.8100	1.9825	2.0100		1.7977	1.0469
—Weekly Average**	1.4870	1.6365	1.9305	1.9995			
— 40# BLOCKS							
—Monday	1.4900	1.5500	1.8725	2.0075	2.0400		
—Tuesday	1.5000	1.6000	1.9350	2.0075	2.0400		
—Wednesday	1.5100	1.6325	1.9750	2.0300	2.0900		
—Thursday	1.5200	1.6500	1.9750	2.0325			
—Friday	1.5400	1.8100	2.0050	2.0400		1.8197	1.0817
—Weekly Average**	1.5120	1.6485	1.9525	2.0235			
NONFAT DRY MILK*							
— EXTRA GRADE							
—Monday	0.8400	0.8400	0.8400	0.8400	0.8400		
—Tuesday	0.8400	0.8400	0.8400	0.8400	0.8400		
—Wednesday	0.8400	0.8400	0.8400	0.8400	0.8400		
—Thursday	0.8400	0.8400	0.8400	0.8400			
—Friday	0.8400	0.8400	0.8400	0.8400		0.8400	0.8410
—Weekly Average**	0.8400	0.8400	0.8400	0.8400			
— GRADE A							
—Monday	0.8400	0.8400	0.8400	0.8400	0.8400		
—Tuesday	0.8400	0.8400	0.8400	0.8400	0.8400		
—Wednesday	0.8400	0.8400	0.8400	0.8400	0.8400		
—Thursday	0.8400	0.8400	0.8400	0.8400			
—Friday	0.8400	0.8400	0.8400	0.8400		0.8400	0.8410
—Weekly Average**	0.8400	0.8400	0.8400	0.8400			

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

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

MARCH 2004 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
JULY 2003 – FEBRUARY 2004	NONFAT DRY MILK	68,201		
MARCH 1 - 31, 2004		<u>0</u>		
JULY 2003 – MARCH 2004		<u>68,201</u>		
JULY 2003 – FEBRUARY 2004	CHEESE	3,030		
MARCH 1 -31, 2004		<u>0</u>		
JULY 2003 –MARCH 2004		<u>3,030</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
JULY 2003 – FEBRUARY 2004	BUTTERFAT	0		
MARCH 1 - 31, 2004		<u>0</u>		
JULY 2003 –MARCH 2004		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				71,231
TOTAL BONUS VALUE				\$5,433,241

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

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

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

Stage 2 was for 45,468 MT of Nonfat Dry Milk and 2,020 MT of Cheese.

MARCH AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2004 advanced 1 point to 131. Compared with March 2003, the index was up 3 points (2.3 percent). The index of prices received by farmers for dairy products advanced 9 points during the month of March 2004 to 113. Compared with March 2003, the index was up 29 points (34.5 percent).

Prices received by farmers in March with changes from February were: for All Milk, \$14.70 per hundredweight (cwt.), up \$1.10; Fluid Grade Milk, \$14.70 per cwt., up \$1.10; and for Manufacturing Grade Milk, \$14.10 per cwt., up \$1.30.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MARCH 2004 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	FEBRUARY		MARCH		MARCH		MARCH		MARCH	
	2004 <u>2/</u>	2003 <u>2/</u>	2004 <u>4/</u>	2003 <u>2/</u>	2004	2003	2004 <u>7/</u>	2003 <u>8/</u>	2004	2003
CA	12.41	9.80	13.70	9.90			43.00	39.00	97.00	95.00
ID	12.70	10.10	13.50	10.00			45.90	40.00	84.00	87.00
MI	13.60	11.00	14.50	11.00		PRICES	46.00	40.00	98.00	103.00
MN	13.80	11.00	14.90	11.00		PUBLISHED	49.00	43.50	65.00	69.00
NM	13.00	10.60	13.80	10.70		JANUARY,	48.40	41.70	139.00	143.00
NY	14.30	11.70	14.80	11.70		APRIL,	---	---	109.00	107.00
PA	15.30	12.80	16.30	12.50		JULY AND	44.50	38.90	128.00	145.00
TX	14.20	11.70	15.00	11.70		OCTOBER	44.80	38.30	69.00	75.00
WA	13.40	11.00	15.00	11.00			---	---	92.00	113.00
WI	14.10	11.00	15.70	11.00			48.60	40.30	94.00	74.00
U.S.	13.60	11.00	14.70	11.00			46.70	40.10	81.80	92.80

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

MILK AND OTHER GENERAL PRICE MEASURES, U.S., MARCH 2004 WITH COMPARISON

ITEM	MARCH 2003	FEBRUARY 2004 <u>1/</u>	MARCH 2004 <u>2/</u>
PRICES RECEIVED BY FARMERS, dol. per cwt., at reported butterfat test:			
All milk	11.00	13.60	14.70
Fluid grade milk	11.00	13.60	14.70
Manufacturing grade milk	9.80	12.80	14.10
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	99	116	122
Prices received by farmers for dairy products	84	104	113
Prices paid by farmers for commodities and services, interest taxes, and wage rates	128	130	131
Prices paid by farmers for production items	124	127	128
Prices paid by farmers for feed	114	124	125
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	2.27	2.61	2.64

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

SOURCE: "Agricultural Prices," Pr 1 (3/04), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 29 - APRIL 2			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 03/26/04	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-42,309	5,542,753	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	328,320	-0-	-0-
TOTAL	-0-	-0-	-0-	-42,309	5,871,073	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	1,540,381	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,126,480	-0-	-0-
Process	-0-	-0-	-0-	-0-	14,097,600	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	19,764,461	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	7,832,779	-7,832,779	242,681,491	327,669,244	748,112,000	1,160,803,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
TOTAL	-0-	7,832,779	-7,832,779	242,562,443	327,669,244	794,503,000	1,207,194,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 29 - APRIL 2, 2004 =	-1.7	-91.2	COMPARABLE PERIOD IN 2003 =	40.9	283.2
CUMULATIVE SINCE OCTOBER 1, 2003 =	52.4	2,823.4	CUMULATIVE SAME PERIOD LAST YEAR =	382.5	4,010.4
CUMULATIVE JANUARY 1 - APRIL 2, 2004 =	26.9	1,474.2	COMPARABLE CALENDAR YEAR 2003 =	308.4	2,744.8

* 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 29 - APRIL 2, 2004 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-459,291	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-7,373,488	-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-	14,139,200	7,646,276	10,948,780	3.2	34.8
WEST	-42,309	5,871,073	-0-	5,625,261	230,632,393	305,574,197	95.0	64.6
EAST	-0-	-0-	-0-	-0-	4,283,774	11,146,267	1.8	0.6
TOTAL	-42,309	5,871,073	-0-	19,764,461	242,562,443	327,669,244	100.0	100.0

NDM SELLBACK TO THE TRADE	CENTRAL/EAST	WEST	TOTAL	PRICE	CUMULATIVE SINCE 1/1/04
MARCH 22 - 26, 2004	26,377,790	5,853,804	32,231,594	\$.8050-.8325	35,826,861

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 03/13/04 & 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	0.0	0.6	7.1	2.3	15.2	2.6	0.9	1.0	12.3	3.7	45.9	549.2	48.7	50.0
2003-Dairy	0.2	0.9	8.5	5.3	23.6	3.3	0.4	1.1	14.9	3.1	61.1	637.5	50.4	49.7
2004-All cows	0.1	0.7	8.6	9.4	26.6	12.4	13.8	2.4	13.9	6.3	94.3	1,098.3		
2003-All cows	0.2	1.1	11.3	14.1	36.6	15.4	16.0	3.4	16.9	6.3	121.3	1,282.6		

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
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	14.79									
III	11.61	11.89	14.49									
IV	10.97	12.21	14.10									

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