

## 2003 ANNUAL SUMMARY NOW AVAILABLE

The Agricultural Marketing Service, Dairy Programs has compiled the 2003 Annual Summary of *Dairy Market Statistics* and it is now available for purchase by interested parties. The 2003 summary consists of nearly 80 pages of tabular data containing monthly averages for prices reported weekly in *Dairy Market News*. The annual report also includes weekly/daily exchange prices; monthly production data for milk and major manufactured dairy products; fluid milk marketings under federal milk orders; weekly government purchases; storage holdings; and other dairy related information. The 2003 Annual Summary also contains an index designed to identify those *Dairy Market News* reports that contained special information and announcements.

**This report is now downloadable free of charge at: [www.ams.usda.gov/dairy/mncs/summary.htm](http://www.ams.usda.gov/dairy/mncs/summary.htm)**

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**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (04/07-08):**  
**BUTTER:** Grade AA closed at \$2.2325. The weekly average for Grade AA is \$2.1363 (+.0630).

**CHEESE:** Barrels closed at \$2.1000 and blocks at \$2.1275. The weekly average for barrels is \$2.0938 (+.0473) and blocks, \$2.1219 (+.0459).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9050 and Grade A at \$0.9050. The weekly average for Extra Grade is \$0.8688 (+.0288) and Grade A \$0.8663 (+.0263). This is the first significant NDM activity since March 2003.

**BUTTER:** Butter markets remain unsettled as the cash price at the CME continues to firm. Producers and handlers indicate that cream supplies are limited and churning schedules are much lighter than desired for this time of the season. Stocks of butter are lighter than recent years at this time and many feel that butter will be tight for most of the year. Easter/Passover needs have been shipped and are in stores and restaurants for this weekend's needs. Many producers and handlers anticipate demand for next week and for the near term to slow which could cause the current lighter than desired supply situation to improve.

**CHEESE:** The cheese market remains firm. New record high cash cheese prices continue to be set at the Chicago Mercantile Exchange. Current interest is steady to just occasionally lighter where buyers react to sharply higher prices. Cheese production is steady to occasionally heavier where extra milk has been diverted from Class I and/or from butter/powder. Extra milk volumes over the holiday weekend should be readily absorbed with most plants operating at less than capacity. Seasonal increases in milk volumes are noted in some areas. Cumulative 2 month 2004 cheddar cheese output is estimated at 462.2 million pounds (adjusted to remove February 29) down 4.4 million pounds (-0.9%) from the same number of days in 2003. Comparable period total cheese output is estimated at 1.412 billion pounds, up 41.1 million pounds (2.9%) from the same period in 2003. CCC announced Invitation 065 to Announcement BCD3, seeking 11.0 - 29.4 million pounds of natural American cheese for delivery July 1, 2004 - June 30, 2005. Offers are due April 12 with public release scheduled for April 20. Payments to sellers do not include NDM. Last year, CCC contracted to purchase 11.5 - 28.2 million pounds of natural American cheese.

**FLUID MILK:** Milk intakes are at or near peak levels in Florida and Gulf coast states with production increasing through much of the Mid-Atlantic and Northeast. Milk receipts still seem little changed in the upper band of Central states though further south in the Central intakes are steady to higher. Arizona milk intakes are steady after recent bouts of wet weather. However, current volumes are higher in New Mexico despite recent rains. California is showing increases under favorable weather conditions. A slight increase in noted in Idaho and Utah though production is steady to slightly lower in the Pacific Northwest. Many schools are on spring/holiday break this week and/or next, reducing Class I prices up sharply from March, bottlers filled up in late March. Most manufacturing plants continue to operate on reduced schedules so extra holiday weekend volumes are expected to be easily handled.

**DRY PRODUCTS:** The powder markets remain firm. The NDM market is firm with prices unchanged to higher. Buyers are aggressively searching for additional supplies. With Class III condensed skim priced over \$1.00, some users are again switching to using NDM. Current drying schedules are trending lower as additional milk volumes are diverted to cheese production. Producer inventories are limited with supplemental stocks being purchased from CCC warehouses. Some purchasers of government NDM are reselling product at a premium. Buttermilk prices are higher on a firm but not fully tested market. Most activity is centered on contracted volumes or sales as condensed. Stocks are light. Whey prices are higher on a firm market. Many producers are filling contracts made previously and some are not overly interested in making spot sales. Buyers have gotten over the shock of 30 cent whey and are trying to make purchases before any additional increases. Drying is generally lighter than expected and trending steady to lower. The WPC market is firm with prices higher. Production is steady and stocks tight to in balance.

**CCC:** During the week of April 5 - 9, there were no CCC purchases of dairy products though 661,380 pounds of previously offered Western NDM was cancelled. During the week of March 29 - April 2, CCC sold back 26,612,844 pounds of NDM to the trade, 21,610,889 pounds from the Central/East and 5,001,955 pounds from the West. The cumulative total volume of NDM sold back in 2004 is 62,439,705 pounds.

**FEBRUARY 2004 DAIRY PRODUCTS HIGHLIGHTS (NASS):**

Editor's Note: The percentage changes from February 2003 have not been adjusted for the extra day in February 2004. The extra day adds about 3.6% to the monthly production total. Butter production was 105.7 million pounds in February, 17.6% below February 2003 and 19.8% below January 2004. American type cheese production totaled 298.8 million pounds, 4.6% above last February but 7.0% below last month. Total cheese output (excluding cottage cheese) was 700.7 million pounds, 7.2% above February 2003 but 4.8% below January 2004. Nonfat dry milk production, for human food, totaled 109.5 million pounds, 16.0% below February 2003, and 9.1% below January 2004. Dry whey production, for human food, was 77.5 million pounds, 7.8% below February 2003, and 2.8% below January 2004. Ice cream (hard) production totaled 65.7 million gallons, 7.0% below February 2003 but 11.1% above January 2004.

**FEBRUARY FLUID MILK SALES (DAIRY PROGRAMS):**

During February, about 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.8% lower than February 2003. After adjusting for calendar composition, sales in February 2004 were 1.7% lower than February 2003. On an individual product basis, after adjusting for calendar composition, sales of flavored fat-reduced milk increased from February 2003, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

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

ANNUAL SUMMARY NOTICE (COLORED PAGE)  
FEBRUARY DAIRY PRODUCTS HIGHLIGHTS (PAGE 7)MARCH FEDERAL MILK ORDER CLASS AND COMPONENT PRICES (PAGE 8)  
FEBRUARY FLUID MILK SALES (PAGE 9)**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY APRIL 5	TUESDAY APRIL 6	WEDNESDAY APRIL 7	THURSDAY APRIL 8	FRIDAY APRIL 9	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE							
BARRELS	\$2.0775 (N.C.)	\$2.0975 (+.0200)	\$2.1000 (+.0025)	\$2.1000 (N.C.)		+.0225	\$2.0938 (+.0473)
40# BLOCKS	\$2.1050 (N.C.)	\$2.1275 (+.0225)	\$2.1275 (N.C.)	\$2.1275 (N.C.)	CME	+.0225	\$2.1219 (+.0459)
NONFAT DRY MILK							
EXTRA GRADE	\$.8400 (N.C.)	\$.8500 (+.0100)	\$.8800 (+.0300)	\$.9050 (+.0250)	CLOSED,	+.0650	\$.8688 (+.0288)
GRADE A	\$.8400 (N.C.)	\$.8400 (N.C.)	\$.8800 (+.0400)	\$.9050 (+.0250)	NO	+.0650	\$.8663 (+.0263)
BUTTER							
GRADE AA	\$2.0400 (+.0100)	----	\$2.2325 (+.1925)	----	TRADING	+.2025	\$2.1363 (+.0630)

\*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

CHICAGO MERCANTILE EXCHANGE

MONDAY, APRIL 5, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$2.0775; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$2.0500, 1 @ \$2.0400; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$2.0300, 1 @ \$2.0250, 2 @ \$2.0000; OFFERS UNCOVERED: NONE

TUESDAY, APRIL 6, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 9 CARS BARRELS: 5 @ \$2.0975, 1 @ \$2.0900, 2 @ \$2.0850, 1 @ \$2.0775; 3 CARS 40# BLOCKS: 2 @ \$2.1275, 1 @ \$2.1125; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 15 CARS EXTRA GRADE: 5 @ \$0.8500, 5 @ \$0.8450, 5 @ \$0.8400; OFFERS UNCOVERED: NONE

WEDNESDAY, APRIL 7, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 2 @ \$2.1000, 2 @ \$2.0975; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 5 CARS EXTRA GRADE @ \$0.8800; 5 CARS GRADE A @ \$0.8800; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 14 CARS GRADE AA: 3 @ \$2.1375, 1 @ \$2.2000, 2 @ \$2.2050, 1 @ \$2.2025, 2 @ \$2.2100, 2 @ \$2.2125, 1 @ \$2.2300, 2 @ \$2.2325; BIDS UNFILLED: 32 CARS GRADE AA: 2 @ \$2.1925, 2 @ \$2.1650, 2 @ \$2.1600, 2 @ \$2.1450, 4 @ \$2.1400, 2 @ \$2.1350, 2 @ \$2.1300, 2 @ \$2.1250, 1 @ \$2.1200, 2 @ \$2.1100, 2 @ \$2.1000, 2 @ \$2.0900, 5 @ \$2.0800, 2 @ \$2.0400; OFFERS UNCOVERED: NONE

THURSDAY, APRIL 8, 2004

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$2.1000; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 10 CARS EXTRA GRADE: 5 @ \$0.9050, 5 @ \$0.9000; 10 CARS GRADE A: 5 @ \$0.9050, 5 @ \$0.9000; OFFERS UNCOVERED: NONE

FRIDAY, APRIL 9, 2004

NO TRADING, THE CME WAS CLOSED.

BUTTER MARKETS

FEBRUARY BUTTER PRODUCTION

During February 2004, unadjusted for the extra day, butter production in the United States totaled 105.7 million pounds, 17.6% less than February 2003 and 19.8% less than January 2003. The following are February to February changes for various states: CA-7.7%, NY -3.1%, PA -21.5%, and WI -24.5%.

NORTHEAST

The market tone remains very firm. The cash price at the CME has moved sharply higher and lower during the past 5-6 sessions (through 4/5), but seems to have settled, at least temporarily, during the last two sessions. Contacts are unanimous in their belief that butter is and will be tight for most of this year. Producers, printers, and users have reportedly been actively buying at the CME since most are not able to buy desired volumes on the open market. This may be that producers in most parts of the country have contracted for most of their output and have little or none for spot sales. Eastern producers continue to report steady to lighter output as cream supplies continue to tighten seasonally. Demand for butter is good. Most Easter/Passover needs have been shipped and are in stores or restaurants for this weekend's needs. 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 unsettled as the cash CME price is over 20 cents higher than last week at this time. Many Central butter producers indicate that churning schedules are considerably lighter than last year at this time. Butter stocks for current and future needs continue to be a major concern for many producers and handlers. In recent trading sessions, more butter producers are reaching to the CME cash market for additional butter supplies. Typically, these producers do not speculate on the cash market, thus they are going to the exchange to procure additional butter stocks for needs. Inventories of butter are often much lighter than

desired for this time of the season. Cream offerings are lighter and for cream that is available, prices and multiples are often higher than butter producers prefer to pay. Butter demand is fair at best. For the most part, Easter orders have been filled and buying interest has slowed. Producers and handlers anticipate orders for next week to be lighter than recent years for fill-in needs. Retailers indicate that sales at grocery stores are mixed. Good sales are stimulated by scattered feature activity, while others indicate that buyers are starting to show buyer resistance. For the most part, food service orders are seasonally steady. 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 continue to move both higher and lower from one trading session to the next. Limited feature activity is noted at the retail level related to the upcoming Easter holiday. When these sales are completed some contacts are wondering if sales activity will decline enough to slow overall butter sales. Higher prices are going to be passed along to retail accounts and to food service outlets. This may further dampen sales activity. Churning schedules are definitely at less than anticipated levels. Buyers continue to search for butter supplies. Many contacts believe that much of the sales activity at the Exchange last week (134 loads) was for butter for actual current needs. U.S. butter production in February totaled 105.7 million pounds (unadjusted for the extra day), down 17.6% from last year and down 19.8% from January (26.1 million pounds). Butter output in the Western region was only down 5.3% from last year. The West produced 43% of total U.S. butter output in February. CME weekly butter stocks declined for the sixth consecutive week and now stand at 89.8 million pounds. Stocks are now well below the last two years at the same period. 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	BARRELS 38% MOISTURE			
APRIL 3	1,8711	1,9609	0,8139	2,1904	0,2388
	7,127,118	11,589,686	34,891,627	3,658,832	10,183,317

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

CHEESE MARKETS

NORTHEAST

Prices continue to increase on process and natural items. The market tone is firm. Cheddar prices at the CME cash market have leveled off during the past few sessions (through 4/5). What this means to the market and prices is not yet clear. Eastern area cheese production remains lighter than desired and most producers continue to operate on reduced schedules. Projections that the Class III milk prices for April will be sharply higher may have a further impact on cheese output. Demand for cheese is fairly good for Eastern/Passover needs, but purchases beyond those needs are a little tentative. Wholesalers want to stay ahead of price increases should they continue to spiral higher. However, they do not want too much should there be a downturn in prices. The high prices are beginning to show up at retail, but sales haven't yet declined. However, some contacts feel that the resistance to the high prices will have a greater impact in the food service side of the market where fast food chains may have fewer promotions on items that include cheese or pizza makers may ease back on mozzarella use.

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

Cheddar 10# Prints	:	2.1450-2.6500
Cheddar Single Daisies	:	2.1025-2.5675
Cheddar 40# Block	:	2.2150-2.4675
Process 5# Loaf	:	2.2575-2.4600
Process 5# Sliced	:	2.2775-2.5175
Muenster	:	2.3175-2.5200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market continues firm and new all-time record highs are set with each increase. Cheese offerings remain short of current needs. While interest has slowed from some finished product customers, the volume has not slowed sufficiently for spot supplies to build and prices to possibly weaken. Demand for many specialty products such as Kosher and organic seem less sensitive to the current higher prices. Many buyers and sellers are concerned that cheese and milk supplies might become even tighter by late summer/early fall. Buyers are still receiving most of their committed supplies but extra loads and/or spot activity is very limited. Many cutters and processors are operating on holiday abbreviated schedules this week, reducing bulk cheese needs. Some plants still remain behind on orders and are reluctant to purchase spot milk offerings at even higher April Class III prices. Cheese production is steady to occasionally higher where milk intakes are showing at least some of the usual spring increase. The expected April negative PPD in Federal Milk Orders has caused some extra milk volumes to be diverted into cheese production. At least one plant is custom manufacturing extra cheese for a milk supplier. Cheese yields are drifting lower, more noticeably in more southern sections where cows are out in pasture.

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

Process American 5# Loaf	:	2.2275-2.4600
Brick And/Or Muenster 5#	:	2.4400-2.7325
Cheddar 40# Block	:	2.2650-2.4300
Monterey Jack 10#	:	2.2650-2.6725
Blue 5#	:	2.8275-3.1500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.3400-2.3750
Grade A Swiss Cuts 6 - 9#	:	2.4500-2.8300

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

	BUTTER	:	CHEESE
04/05/04	44,648	:	135,581
04/01/04	44,617	:	135,961
CHANGE	31	:	-380
% CHANGE	N.C.	:	N.C.

WEST

Prices continue to move higher for natural and process cheese following trading last week at the cash CME market. Record prices continue to be set there for both barrels and blocks on very light trading activity. Contacts are commenting that starting last week they were getting some very negative responses from price increases that are being passed along at the retail level. Some buyers have pulled back on orders to reassess the current situation. Offerings of cheese overall remain on the tight side. Many believe that the milk production report for March that will be released on April 16 could have a real impact on the market. Many seem to be basing marketing decisions on the assumption that milk will be very tight this spring and summer. Total cheese production for the U.S. in February was 700.7 million pounds, up 7.2% from a year earlier (unadjusted for the extra day). Output for the first two months of the year is 65.3 million pounds ahead of last year. Output in the Western region in February was up 16.6% from last year (41.3 million pounds). The Western region produced 41% of total U.S. cheese output in February. U.S. Swiss cheese production in February was 21.6 million pounds, up 5.9% from last year but down 6.2% from last month.

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

Process 5# Loaf	:	2.1950-2.4550
Cheddar 40# Block	:	2.2050-2.5950
Cheddar 10# Cuts	:	2.3850-2.6050
Monterey Jack 10#	:	2.3950-2.5550
Grade A Swiss Cuts 6 - 9#	:	2.3700-2.6500

FOREIGN

Prices are steady to higher and the market tone is unchanged. With the U.S. cheese market/prices so high, there are more reports of imported cheese being offered at competitive prices. Most of these offerings are for cheese for further processing. Demand for cheese is fair to good, but most of the up-tick in demand is reportedly for Easter/Passover needs. Stocks are adequate for most types. There is some concern over cheese markets in the EU as it is set to expand on May 1. Reports out of the EU are preliminary, but cheese production in some of the major producing countries during January 2004 is off slightly from a year ago.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:		
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-4.1900*	2.4400-3.9300*
Gorgonzola	:	3.6900-5.9400	2.4900-2.9625*
Parmesan (Italy)	:	TFEWR	3.8500-3.9400*
Romano (Italy)	:	2.1000-3.1500	-0-
Provolone (Italy)	:	3.4400-5.5000	2.4500-2.6750*
Romano (Cows Milk)	:	-0-	3.6375-5.8100*
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

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	187	0	168	0	106
SOUTHEAST STATES	0	0	0	0	0	0

The following are the March 2004 Class and component prices under the Federal Milk Order pricing system: Class II \$14.79 (up \$1.89 from February), Class III \$14.49 (up \$2.60); and Class IV \$14.10 (up \$1.89). The following are the product price averages used in computing Class prices: 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. Milk production is at or near its peak in Florida and other Gulf Coast states, increasing in the Carolinas and Virginia, and steady to slightly higher in the Middle Atlantic and Northeast states. Fluid milk supplies range from ample to light. Florida's Class I milk demand has dropped significantly in the past two weeks and handlers have more surplus milk to clear. In the Northeast, bottled milk sales are steady to lighter as schools in some states are beginning spring vacations. Also, an early spring snow storm hit parts of the Middle Atlantic area and some schools were closed Monday, which slowed the need for bottled milk. Surplus milk volumes are heavier in the Southeast and manufacturing schedules have increased at plants that were operating. In the Northeast, manufacturing remains lighter than desired. The sharply higher Class III and IV milk prices are a cause for concern among some Northeastern trade contacts. They feel that the ability of manufacturers in Federal orders in the Midwest to more easily depool Class III milk puts Eastern manufacturers at a disadvantage on finished product marketing. The condensed skim market is weaker now that most producers are pricing Class III wet solids on projected April Class III milk prices, which will likely put Class III condensed skim prices in the \$1.25 -1.30 range. Class II condensed skim prices are little changed at this time. The fluid cream market is mostly steady this week. Contacts state that demand is steady and offerings are balanced this week. Spot prices are down significantly as the CME cash butter average dropped sixteen cents last week. Multiples are holding relatively steady, but more sales are occurring in the mid to lower portion of the ranges. Demand is slowing as most Easter needs have been filled. There doesn't seem to be any difficulty finding loads this week. In fact, one supplier reported being a couple loads long at midweek. Bottled cream production is off as most Easter needs have been delivered. Ice cream production and sales are about steady, but lower prices, though still high, seemed to attract a little more spot interest. Cream cheese output may be off slightly as Easter/Passover needs have been filled. Churning is steady to heavier as a little more local excess cream is available.

production is steady to higher with most operations working at least 5-day schedules. At least one cheese plant in an area with less competition for milk was custom processing (for a fee) extra local area milk since early in the month. More southern areas are seeing good early season pasture and as cows respond to new grass, intakes have increased though components are trending lower. Current milk intakes are generally still not showing much change from week to week though some plant operators have seen an increase where more animals have freshened. Tillage operations are underway in the upper tier of states and sowing small grains and cool temperature tolerant crops where conditions allow. Fertilizing fields and manure hauling is also occurring.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	APR 1 - APR 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 53.00	\$ 38.00- 43.00
REPLACEMENT HEIFER CALVES	\$300.00-600.00	\$210.00-350.00

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

	APR 1 - APR 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 55.50	\$ 37.00- 45.50

WEST

The March 4a price (butter/powder) in CALIFORNIA is \$13.93, up \$1.99 from February 2003 and \$4.47 higher than last year. This compares to the Federal Order Class IV price for March at \$14.10. The March 4b price (cheese) is \$15.57, up \$3.83 from February and \$6.73 higher than last year. This compares to the Federal Order Class III price for March at \$14.49. Milk production is trending seasonally higher across most of the state of CALIFORNIA. Weather conditions have been favorable for the milking herds in most areas. The effect of higher milk prices is also thought to be a cause. Feed prices and lack of BST continue to be limiting factors for milk growth. Bottling milk orders slowed after the first of the month as buyers booked heavy at the end of March ahead of price increases. There are many schools and colleges in the state on spring breaks that are lowering demand for milk. Higher bottled milk costs are being passed on and more news stories are appearing about higher priced milk and dairy products. ARIZONA milk production levels are mainly flat to lower after several periods of rain. The flow is about steady with year ago levels. Milk and cream are being sold out of state. Processing plants' schedules are unchanged from recent weeks. Milk output in NEW MEXICO is trending seasonally higher in most areas. The influences of recent rains and wet conditions have not yet been fully realized. Milk marketing channels are consistent with past weeks with supplemental movements to the Southeast continuing. CREAM values have dropped due to price declines last week at the CME. However, prices increased this week and closed at \$2.2325 on Wednesday, April 7. Multiples are holding mostly steady in the 115 to 130 range, FOB, and vary depending on class usage and basing point. Demand for cream is still good from local and out of region buyers. There are some price advantages to sell cream out of California. Ice cream producers would like to find more cream. Milk output in the PACIFIC NORTHWEST ranges from steady to slightly lower. Only a few scattered increases are noted. Weather conditions are favorable, but the reduction of the BST supply is starting to have more impact on milk production. Producers are cutting grass for green chop or for grass silage. The hay harvest in the Pasco, Washington area should start late this week. New forage supplies may boost milk output for a while. Most manufacturing plants have less milk to process than anticipated. They are also commenting that they are trying to keep cheese plants as full as possible by pulling milk out of butter/powder operations when possible. Culling rates are low in the region as producers hang on to animals to increase the volume of milk sold as prices increase. More talk about the upcoming negative PPD's is noted and producer unrest is noted. Heifer prices at a monthly sale in the region reflect very strong demand and limited supplies. Prices are about \$200 higher than last month. Average heifers were selling at \$19-2300. Limited heifer sales as high as \$2350-2500 were noted. A slight increase in milk output is noted in the IDAHO-UTAH region. Weather conditions are excellent for this time of year. No one even mentioned muddy conditions this spring which means things are dryer than normal. The drought is now in the sixth year and water shortages are expected to intensify this summer. Cropping decisions are being impacted by low water supplies. Producers and plants are discussing what the impact of the termination of the Federal Order in their region on April 1 will have. With the very negative PPD's anticipated in Federal Orders for the next few months, some are thinking that producers may be better off in the short run. Very few expansion plans are noted for milking facilities this summer. Heifer markets remain firm with supplies very limited. The top of the market for heifers at two sales (one in each state) is near \$2500. The average sale price ranges from \$1850-2050. Hay supplies should be adequate to last until the new crop harvest begins in May.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5916-2.9022
DELIVERED EQUIVALENT ATLANTA	-	2.5709-2.9234 M 2.5916-2.7782
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.8612-2.9026

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	- 1.2400-1.3000

MIDWEST

Class I demand is steady to slower this week. With many schools out on spring/holiday break, this week and/or next, school milk usage is irregularly unchanged to lighter. The calendar change from March to April affected milk prices and demand. Some cheese plant operators that had been short of milk are not as interested in surplus thus far in April. Slower Class I demand was also increasing the volume available in some areas. Buyers worry that sizeable spot premiums on top of the large increase in the Class III price may cost more than the cheese is worth if demand slows. On a very limited sample, spot manufacturing milk premiums range from \$1.75 - 2.50 fob over class. Any extra volumes available over the holiday weekend were not expected to cause a problem with most plants operating well under capacity. Concern over the large negative PPD expected in April has handlers and manufacturing plant operators trying to depool as much milk as possible. The large increase in California cream prices for April may reduce the supplemental volumes reaching the Midwest. Cream multiples and price information are more limited thus far in April. Extra cream is expected to be available over the holiday weekend, often to churns at lower multiples. Ice cream

**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 on a firm market. Supplies are limited for the good interest. Production is generally steady. Increased milk intakes that occur seasonally during the Easter holiday are expected to be minimal. Some producers are forewarning their buyers that contractual loads may be shorted this summer due to insufficient supplies of milk. Government stocks of NDM are being sold back to the trade. Some NDM producers are purchasing sell-back supplies in an effort to circumvent shortages this summer. Brokers in receipt of sell-back supplies are reselling NDM to end-users at significant premiums. High heat trade is light with most trading occurring on a contractual basis.

**EAST:** Prices are generally steady at the producer level, but the resale of NDM purchased from CCC or received from other government exchange programs is often trading at or near \$.90. The market tone is firm. This week, for the first time since March 2003, there was movement/activity on the CME cash market for NDM. Through Wednesday's (4/7) trading, the price at the CME for both Extra Grade and Grade was \$.88, up from \$.84 at the start of the week. Production levels remain light. With Class III condensed skim prices again well above a \$1.00, users are switching back to NDM. This may provide additional skim to be dried, but the good demand for wet solids coupled with the relatively tight supply is keeping drying schedules light. However, this is putting an improved demand on the already tight supply of NDM. Some dryers are looking to purchase condensed skim to make more high heat powder. Additional reports indicate that the powder currently coming out of CCC inventories is "getting older." It is now common for this NDM to be a year and a half old or older.

**DAIRY PRODUCTS:** Unadjusted production of human food, nonfat dry milk during February 2004 totaled 109.5 million pounds, down 16.0% from February 2003 and 9.1% below January 2004. Unadjusted month ending stocks, at 99.3 million pounds, are 4.9% below a year ago and 8.7% below last month.

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**

Nonfat dry milk prices in the West are steady to higher. The market tone is showing more firmness. Producer level supplies are tighter with recent DEIP and export contracts commanding volumes of current and future production. Current drying schedules are trending lower as milk is moving into cheese production and gaining better returns. This is more pronounced in California pricing. For various reasons, buyers have bought back NDM from CCC stocks to supplement current and future needs. Last week sellbacks totaled 26.5 million pounds at price from \$0.8075 in Western warehouses to \$0.8350 in Eastern/Central warehouses. In addition, cancellations of nearly 7.4 million pounds of previously offered NDM were received. There were no support price purchases for the week of March 29 to April 2. U.S. NDM production in February totaled 109.5 million pounds (unadjusted for extra day in 2004), down 16.0% from last year and 9.1% lower than January. February production in the Western region totaled 87.2 million pounds, down 10.6% from last year. Western states' production levels with comparisons to last year are: California, 58.5 million pounds, -5.7%; and Idaho, 3.6 million pounds, -36.0%. U.S. manufacturers' stocks at the end of February were reported at 99.3 million pounds, down 4.9% from last year and 8.7% less than last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8100 - .8825 MOSTLY: .8100 - .8250  
 HIGHHEAT: .8400 - .8500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
April 2	\$.8070	16,119,076	237,890
March 26	\$.8040	13,506,522	3,679,372

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. The market is thinly traded due to the limited availability of dry buttermilk supplies. Unconfirmed sales are reported above the range. Most trade is occurring on a contractual basis. Production is steady yet light compared to years prior. Some plants do not anticipate significant increases in buttermilk production until late August or possibly December. Unadjusted production of dry buttermilk during February 2004 totaled 5.3 million pounds, 18.0% less than February 2003 and 11.1% below January 2004. Unadjusted month ending stocks, at 4.9 million pounds, are 45.3% below a year ago but 0.9% more than January 2004.

F.O.B. CENTRAL: 1.0050 - 1.1500

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

The dry buttermilk prices are sharply higher. The market tone is firm. Northeastern prices remain nominal. Therefore, this week's prices series is including delivered equivalent prices, which more accurately represents where dry buttermilk is trading. It is difficult to find spot sales of dry buttermilk at the producer levels. Most producers contract for either their liquid/condensed or dry buttermilk and have no powder to sell on the spot market. Production levels are light, but churning activity is up slightly this week. Demand is generally good. Dry buttermilk production during February 2004 totaled 5.3 million pounds, down 18.0% from last February and 11.1% less than January 2004. (These figures are unadjusted for leap year.) Month ending stocks, at 4.9 million pounds, are 45.3% less than last year but 0.9% more than a month ago.

F.O.B. NORTHEAST: .8800 - 1.0100  
 DELVDSOUTHEAST: .9100 - 1.0000

**DRY BUTTERMILK - WEST**

Dry buttermilk prices in the West are only slightly higher in very limited spot trading. The market tone is firm, but not fully tested. Price changes have been subdued because of the lack of sales activity and do not match recent changes in other regions. Production has been lower than projections because of lighter butter output and sales of condensed buttermilk. Buyers have to look to alternatives to replace buttermilk in formulations with NDM being a choice. Stocks are light and committed for current and future orders. U.S. dry buttermilk production in February totaled 5.3 million pounds (unadjusted for extra day in 2004), down 18.0% from last year and 11.1% lower than January. Stocks at the end of February were reported at 4.9 million pounds, 45.3% less than last year.

F.O.B. WEST: .9100 - .9650 MOSTLY: .9300 - .9500

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher and nominal. The March Class IV milk prices increased nearly \$2.00 and producers adjusted their dry whole milk prices accordingly. The market tone is firm. Production levels are light and barely able to meet contract shipping schedules. Demand is good and stocks are limited. Traders comment that imported stocks are also tight and being held with confidence. Dry whole milk production during February 2004 totaled 4.3 million pounds, up 65.0% from last February and 1.3% more than January 2004. (These figures are unadjusted for Leap Year.)

F.O.B. PRODUCING PLANT: 1.3950 - 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. Direct manufacturer sales are light and substantially reduced from the week prior. If producers do not report spot sales, whey price increases may cease. Most trade is occurring on contracts or in the resale market at prices above and below the range. Some veal milk replacer operations are opting to sell excess supplies of whey to gain revenue. Interest is fair on totes and good on bagged product. Heavier purchases by buyers today may deter interest in the summer months. Production is steady to lower due to reduced milk intakes at some locations. Unadjusted production of human food, dry whey during February 2004 totaled 77.5 million pounds, 7.8% less than February 2003 and 2.8% below January 2004. Unadjusted month ending stocks, at 34.7 million pounds, are 5.1% below a year ago and 16.1% less than January 2004.

F.O.B. CENTRAL: .2750 - .3200 MOSTLY: .2800 - .2900

**DRY WHEY - NORTHEAST AND SOUTHEAST**

The dry whey market remains very firm and prices are higher. The Northeast price range is nominal and includes resale prices. Production levels are steady at light levels and producers are not making any spot sales at this time. Some orders from regular accounts are being taken, but these are generally for delivery many weeks down-the-road. Resale loads continue to be noted in the \$.32-.33 range, which is little changed from past weeks. Contacts report that buyers are "over their shock" of hearing prices in the thirties and making some purchases before prices move even higher. However, there is not that much dry whey in the East resale market to accommodate the needs of new customers. Most traders are just trying to take care of existing or long-term accounts. They feel that the loads sold today, may not be replaceable at the same or better price. Production of human food, dry whey during February 2004 totaled 77.5 million pounds, 7.8% less than February 2003 and 2.8% less than January 2004. (These figures area unadjusted for Leap Year.) Month ending stocks, at 34.7 million pounds, are 5.1% below last year and 16.1% less than a month ago. Production of animal feed, dry whey during February totaled 7.3 million pounds, 57.2% more than a year ago but 0.3% below January 2004.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2750 - .3300  
DELVD SOUTHEAST: .2950 - .3250

**DRY WHEY - WEST**

Prices for Western whey powder continue to increase. Trading activity is lighter because there are not as many offerings of whey available. Many manufacturers are filling previously made contracts and are in no hurry to book additional product at this time. Some producers have to make decisions if they will continue to supply export accounts or if they will switch some of their production to the domestic market. Output is generally below expectations. U.S. edible whey production in February totals 77.5 million pounds (unadjusted for the extra day), down 7.8% from last year. Stocks at the end of the month total 34.7 million pounds, down 5.1% from 2003. Production in the Western region in February totals 21.2 million pounds, down 9.7% from last year with California down 16.9%. The West produces 27% of U.S. edible whey output.

NONHYGROSCOPIC: .1800 - .2500 MOSTLY: .2100 - .2300

**ANIMAL FEED WHEY - CENTRAL**

Prices are higher on a firm market. Supplies remain light for the good interest. Manufacturers and resellers are holding additional supplies with confidence as higher market prices are anticipated. Veal markets are unsettled and early weaned pig demand is steady to weak. Unadjusted production of animal, dry whey during February 2004 totaled 7.3 million pounds, 57.2% more than February 2003 but 0.3% below January 2004. Unadjusted month ending stocks, at 5.7 million pounds, are more than double (246.0%) levels from a year ago but 16.7% less than January 2004.

F.O.B. CENTRAL:  
MILK REPLACER: .2500 - .2800

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher on a firm market. Spot sales are noted into domestic and export markets. Feed inquiries are increasing, especially in response to higher prices reported in the WPC 80% and whey markets. Production is mostly steady and inventories are reportedly in balance to instances tight. Limited supplies at some locations are encouraging higher producer premiums. Unadjusted production of HUMAN FOOD WPC during February 2004 totaled 24.7 million pounds, down 19.0% from February 2003 and 9.6% below January 2004. Unadjusted manufacturers' end-of-month stocks totaled 23.2 million pounds, 2.5% higher than a year ago but 7.3% below last month. Unadjusted production of ANIMAL FEED WPC during February 2004 totaled 3.4 million pounds, up 13.0% from February 2003 and 2.7% above January 2004. Unadjusted manufacturers' end-of-month stocks totaled 3.6 million pounds, 101.5% above last year and 11.4% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .4900 - .5500 MOSTLY: .5025 - .5325

**LACTOSE - CENTRAL AND WEST**

Lactose prices are generally unchanged on a firm market. More second quarter contracts are finalized at prices above and below the mostly prices. A few export contracts have yet to be finalized. Some manufacturers were surprised prices did not move higher while others are content with the current market as further price increases may deter demand. Interest in off grade lactose is increasing as whey prices continue to rise. Permeate is a competitive substitute to off grade lactose. Unadjusted lactose production during February 2004 totaled 54.4 million pounds, up 12.7% from February 2003 but 3.2% lower than January 2004. Unadjusted month ending stocks, at 50.6 million pounds, are 27.4% higher than a year ago and 1.4% above last month.

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 remain firm. Stocks of powder are in close balance for needs. Often, domestic buyers indicate that they are getting their contracted volumes, but state that additional or spot supplies are very difficult to locate. Most buyers are stating that they anticipate supplies to remain tight and prices to remain firm. Some are stating that they may need to look to other, more competitively priced, protein sources for their applications or needs. For the most part, suppliers are optimistic about having sufficient supplies to meet contract commitments, but admit that stocks are tight and they will work closely with customers under current and future conditions. Both buyers and suppliers feel that current market conditions could stretch well into 2005.

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 and the market tone remains relatively firm. With April Class III milk prices projected to be high, there is little canned evaporated milk (a Class III product under Federal orders) being made this month. Expectations are that USDA will announce a final decision, to be implemented May 1, that will classify evaporated milk as a Class IV product. This would "restart" production and hopefully make Federal order producers a little more competitive with California producers. Demand is fair. Canned evaporated milk production during February totaled 38.4 million pounds, 7.6% more than February 2003 and 1.7% more than January 2003. (These figures area unadjusted for Leap Year.) Month ending stocks, at 45.9 million pounds, are 19.2% less than a year ago but 6.3% above last month.

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.

**FEBRUARY 2004 DAIRY PRODUCTS HIGHLIGHTS\***

**BUTTER** production was 105.7 million pounds in February, 17.6 percent below February 2003 and 19.8 percent below January 2004. **AMERICAN TYPE CHEESE** production totaled 298.8 million pounds, 4.6 percent above February 2003 but 7.0 percent below January 2004. **TOTAL CHEESE** output (excluding cottage cheese) was 700.7 million pounds, 7.2 percent above February 2003 but 4.8 percent below January 2004. **NONFAT DRY MILK** production, for human food, totaled 109.5 million pounds, 16.0 percent below February 2003 and 9.1 percent below January 2004. **DRY WHEY** production, for human food, was 77.5 million pounds, 7.8 percent below February 2003 and 2.8 percent below January 2004. **ICE CREAM** (hard) production totaled 65.7 million gallons, 7.0 percent below February 2003 but 11.1 percent above January 2004.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	FEB 2004	PERCENT CHANGE FROM:			PRODUCT	FEB 2004	PERCENT CHANGE FROM:		
	1,000 LBS.	FEB 2003	JAN 2004	YEAR TO DATE 1/		1,000 LBS.	FEB 2003	JAN 2004	YEAR TO DATE 1/
BUTTER	105,739	-17.6	-19.8	-11.9	SOUR CREAM	73,284	14.0	-3.6	
CHEESE					YOGURT (PLAIN AND FLAVORED)	199,329	11.3	-7.3	---
AMERICAN TYPES 2/	298,807	4.6	-7.0	2.5	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	225,206	2.9	-8.0	0.7	SWEET-TYPE, HUMAN FOOD	8,377	-6.1	-2.4	---
SWISS	21,577	5.9	-6.2	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	5,460	-17.6	-19.8	---	DRY WHEY, HUMAN FOOD	77,543	-7.8	-2.8	---
CREAM & NEUFCHATEL	49,324	11.7	2.3	---	DRY WHEY, ANIMAL FEED	7,270	57.2	-0.3	---
HISPANIC	10,924	16.6	5.7	---	DRY WHEY, TOTAL	84,813	-4.4	-2.6	-7.8
MOZZARELLA	236,598	8.5	-3.3	6.8	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	57,933	6.2	-7.1	4.1	HUMAN FOOD	3,034	-26.1	-9.6	---
TOTAL ITALIAN TYPES	294,531	8.0	-4.1	6.3	ANIMAL FEED	3,836	18.1	5.8	
ALL OTHER TYPES	20,073	36.4	5.2	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	54,383	12.7	-3.2	---
TOTAL	700,696	7.2	-4.8	4.8	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	36,140	11.4	-5.6	---	HUMAN FOOD	24,679	-19.0	-9.6	---
COTTAGE CHEESE, CREAM 4/	30,683	5.2	-3.8	3.4	ANIMAL FEED	3,424	13.0	2.7	---
COTTAGE CHEESE, LOWFAT 5/	30,942	5.4	-2.8	5.1					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS			PERCENT CHANGE FROM:
WHOLE MILK	38,382	7.6	1.7	---	ICE CREAM (HARD)	65,693	-7.0	11.1	-9.5
DRY WHOLE MILK	4,291	65.0	1.3	---	ICE CREAM, LOWFAT (HARD)	8,322	-1.1	11.2	---
NONFAT DRY MILK, HUMAN FOOD	109,510	-16.0	-9.1	-12.9	ICE CREAM, LOWFAT (SOFT)	19,155	9.8	3.8	---
DRY SKIM MILK, ANIMAL FEED	325	-29.8	-26.5	---	ICE CREAM, LOWFAT (TOTAL)	27,477	6.3	5.9	4.5
DRY BUTTERMILK	5,260	-18.0	-11.1	---	SHERBET (HARD)	4,042	-8.3	7.3	-7.7
					YOGURT (TOTAL)	4,641	-15.7	5.4	-19.4

MANUFACTURERS' STOCKS, END OF MONTH 7/								
PRODUCT	FEB 2004	PERCENT OF:		PRODUCT	FEB 2004	PERCENT OF:		
	1,000 LBS.	FEB 2003	JAN 2004		1,000 LBS.	FEB 2003	JAN 2004	
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE				
DRY WHEY, HUMAN FOOD	34,747	-5.1	-16.1	HUMAN FOOD	23,218	2.5	-7.3	
DRY WHEY, ANIMAL FEED	5,720	246.0	-16.7	ANIMAL FEED	3,607	101.5	11.4	
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	7,202	-38.9	3.7	CANNED EVAPORATED & CONDENSED WHOLE MILK	45,903	-19.2	6.3	
LACTOSE, HUMAN FOOD & ANIMAL FEED	50,565	27.4	1.4	NONFAT DRY MILK FOR HUMAN FOOD	99,303	-4.9	-8.7	
DRY BUTTERMILK, TOTAL	4,940	-45.3	0.9					

1/ 2004 cumulative as percent change of 2003 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (4-04), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**Editor's Note:** The percent changes from February 2003 have not been adjusted for the extra day in February 2004. The extra day adds about 3.6% to the monthly production total.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MARCH

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for March 2004 is \$2.3813 per pound. Thus, the Class II butterfat price is \$2.3883. The protein and other solids prices for March are \$2.0133 and \$0.0234 per pound, respectively. These component prices set the Class III skim milk price at \$6.38 per cwt. The March Class IV skim milk price is \$5.97 which is derived from the nonfat solids price of 0.6634 per pound. **Product Price Averages:** The product price averages for March are; butter \$2.0994, nonfat dry milk \$0.8101, cheese \$1.5680, and dry whey \$0.1817.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	MARCH 2004				APRIL 2004
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	15.19	14.79	14.49	14.10	16.89
Appalachian (Charlotte) 5/	005	15.04	14.79	14.49	14.10	16.74
Southeast (Atlanta) 6/	007	15.04	14.79	14.49	14.10	16.74
Florida (Tampa) 7/	006	15.94	14.79	14.49	14.10	17.64
Midwest (Cleveland) 8/	033	13.94	14.79	14.49	14.10	15.64
Upper Midwest (Chicago) 9/	030	13.74	14.79	14.49	14.10	15.44
Central (Kansas City) 10/	032	13.94	14.79	14.49	14.10	15.64
Southwest (Dallas) 11/	126	14.94	14.79	14.49	14.10	16.64
Arizona-Las Vegas (Phoenix) 12/	131	14.29	14.79	14.49	14.10	15.99
Western (Salt Lake City) 13/ 14/	135	13.84	14.79	14.49	14.10	---
Pacific Northwest (Seattle) 15/	124	13.84	14.79	14.49	14.10	15.54
All-Market Average	---	14.52	14.79	14.49	14.10	16.29

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.  
 2/ 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.  
 3/ Names in parentheses are the major city in the principal pricing point of the market.  
 4/ 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.  
 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.  
 6/ 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.  
 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.  
 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.  
 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.  
 10/ 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.  
 11/ 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.  
 12/ Class I price at Las Vegas is minus \$0.35.  
 13/ Class I price at Boise is minus \$0.30.  
 14/ Effective April 1, 2004, the Western Milk Marketing Order was terminated.  
 15/ Class I prices at other cities are: Portland, same; and Spokane, same.

## FEBRUARY FLUID MILK SALES

During February, about 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.8 percent lower than February 2003. After adjusting for calendar composition, sales in February 2004 were 1.7 percent lower than February 2003. On an individual product basis, after adjusting for calendar composition, sales of flavored fat-reduced milk increased from February 2003, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

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

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
FEBRUARY 2004, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	February	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,417	3,012	-1.9	-1.7
Flavored Whole Milk	72	160	-6.0	1.4
Reduced Fat Milk (2%)	1,384	2,935	-0.3	-0.2
Low Fat Milk (1%)	497	1,046	-0.6	-1.2
Fat-Free Milk (Skim)	618	1,298	-3.6	-3.9
Flavored Fat-Reduced Milk	309	622	7.9	4.3
Buttermilk	43	89	-2.6	-4.4
Total Fluid Milk Products 3/	4,354	9,191	-0.8	-0.9
Total Fluid Milk Products Adjusted 3/ 4/	4,314	9,082	-1.7	-1.7

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

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, FEBRUARY 2004, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	February	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	748	1,593	-3.8	-1.5
Appalachian (005)	275	585	2.8	0.6
Southeast (007)	378	800	-3.1	-3.5
Florida (006)	240	499	2.5	1.0
Mideast (033)	500	1,064	-1.9	-1.7
Upper Midwest (030)	345	725	-0.9	-1.5
Central (032)	370	785	-1.0	-0.3
Southwest (126)	336	709	1.8	0.1
Arizona-Las Vegas (131)	109	222	4.0	0.4
Western (135)	75	155	7.1	5.4
Pacific Northwest (124)	167	354	-0.7	-1.2
California (---)	508	1,056	-0.3	-0.6

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

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

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

	FOR THE WEEK OF APRIL 5 - 9, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 04/02/04	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-42,309	5,923,634	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	328,320	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-42,309	6,251,954	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	1,625,422	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,859,266	-0-	-0-
Process	-0-	-0-	-0-	-0-	15,166,800	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	21,651,488	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	-0-	661,380	-661,380	242,020,111	345,791,626	704,043,000	1,181,621,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
<b>TOTAL</b>	-0-	661,380	-661,380	241,901,063	345,791,626	750,434,000	1,228,012,000

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF APRIL 5 - 9, 2004 =	-0.1	-7.7	COMPARABLE PERIOD IN 2003 =	29.7	229.7
CUMULATIVE SINCE OCTOBER 1, 2003 =	52.3	2,815.7	CUMULATIVE SAME PERIOD LAST YEAR =	412.2	4,240.1
CUMULATIVE JANUARY 1 - APRIL 9, 2004 =	26.8	1,466.5	COMPARABLE CALENDAR YEAR 2003 =	338.1	2,974.5

\* 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 APRIL 5 - 9, 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-	-661,380	-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-	15,208,400	7,646,276	12,782,318	3.2	34.7
WEST	-42,309	6,251,954	-0-	6,443,088	229,971,013	319,196,116	95.0	64.5
EAST	-0-	-0-	-0-	-0-	4,283,774	13,813,192	1.8	0.8
<b>TOTAL</b>	-42,309	6,251,954	-0-	21,651,488	241,901,063	345,791,626	100.0	100.0

<b>NDM SELLBACK TO THE TRADE</b>	<b>CENTRAL/EAST</b>	<b>WEST</b>	<b>TOTAL</b>	<b>PRICE</b>	<b>CUMULATIVE SINCE 1/1/04</b>
MARCH 29 - APRIL 2	21,610,889	5,001,955	26,612,844	\$.8075-.8350	62,439,705

**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 03/20/04 & 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	6.9	2.4	19.0	2.5	0.9	1.0	11.9	3.2	48.6	597.8	51.2	50.1
2003-Dairy	0.2	0.8	8.4	5.1	22.7	2.9	0.9	0.9	17.7	3.4	62.9	700.4	51.6	49.9
2004-All cows	0.1	0.8	8.6	9.8	27.5	12.2	14.7	2.6	13.2	5.6	95.0	1,193.3		
2003-All cows	0.2	1.0	11.4	14.0	34.6	15.4	16.1	3.5	19.4	6.5	121.9	1,404.5		

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](http://www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm)