

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (4/30):**

**BUTTER:** Grade AA closed at \$2.1325. The weekly average for Grade AA is \$2.1317 (-.1750).

**CHEESE:** Barrels closed at \$2.1450 and blocks at \$2.1675. The weekly average for barrels is \$2.1475 (-.0130) and blocks, \$2.1890 (-.0110).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9400 and Grade A at \$0.9400. The weekly average for Extra Grade is \$0.9280 (+.0080) and Grade A \$0.9280 (+.0080).

**BUTTER:** The cash butter market is mixed as the price slipped over 20 cents in recent trading sessions and then rebounded fractionally. Some buyers are taking this as a signal to wait for prices to stabilize. Churning activity is somewhat heavier across the country as cream supplies became more available to butter producers. Stocks of butter continue to be lighter than desired for this time of the season. Imports of butter into the States continue to supplement shortages. For the first three months of 2004, slightly more than 4 million pounds of quota butter were imported. This first quarter figure compares to 2.3 million pounds for the comparable period in 2003. High tier or non quota imports totaled 957,000 pounds compared to nearly 40,000 pounds for the same time period last year. At the wholesale level, demand for butter, though still good, has eased as prices fluctuate. Retail prices are starting to catch up with the recent wholesale increases, which may retard sales.

**CHEESE:** The cheese market is unsettled to weak. Cash cheese prices reached resistance levels and have bounced higher and lower. Buyer resistance at current prices seems to be increasing. More cheese manufacturers were trying to reduce cheese production to better balance supply and demand. Milk intakes are steady to higher seasonally. Revised 2003 cheddar cheese production totaled 2.749 billion pounds, down 16.8 million pounds (-0.6%) from the initial cumulative. The revised 2003 total cheese output is 8.598 billion pounds, down 31.1 million pounds (-0.4%) from the initial estimate. CCC issued Invitation 066 seeking an additional 1.0 - 3.0 million pounds of blocks and 2.5 - 10.3 million pounds of barrels. Offers are due April 30. CCC announced the award of indefinite-delivery, indefinite-quantity contracts for between 22,364,000 and 64,706,000 pounds of process American cheese under invitation 076 to PCD4.

**FLUID MILK:** Milk production ranges from steady in the southern parts of the country to slightly higher in the northern regions. The spring flush, so far, has not materialized as a big factor in milk supplies. This week, there has been an extremely big demand for Class I milk. In most areas, bottlers and retailers have been trying to build their cooler stocks before May 1. In areas regulated under Federal milk marketing orders, the May Class I base price will be \$6.01 more than April and a record high price. Demand for surplus milk, particularly Class III is lackluster. Recent declines in the CME cash cheese prices, growing plant inventories, slower sales, and the Class III milk price expected to be over \$19.00, caused more manufacturing plant operators to try to reduce production by selling their milk. The fluid cream market is not as brisk as it has been. The sharp increase in bottling/standardizing generated more cream in most of the country.

**DRY PRODUCTS:** The NDM market continue to firm. Production levels are light east of the Rockies, moderate to heavy west of them. Demand is improving and producer stocks are often short of needs. Buyers are either reaching to the West for powder or purchasing resale loads. Most resale loads are selling above \$.90 and are CCC-owned powder purchased several weeks ago. There is no word from CCC on the re-opening of unrestricted sales. The dry buttermilk market is firm and prices are sharply higher in the East and Central regions; moderately higher in the West. Little powder is being made and stocks are often short of the good demand. The dry whey market is firm, but more price resistance is becoming evident. Most producers are still catching up with contracted sales, but a few scattered reports indicate that a few producers have some dry whey to offer at a premium price. The WPC market is firm and prices were pushed higher by the continuing strong demand for protein products. Production levels are about steady.

**CCC:** During the week of April 26-30, CCC purchased 9,188,371 pounds of NDM from the West. (The purchase was for Export Donation Programs under Invitation 080 to announcement FMP1.) **NOTE:** Due to an accounting error, the total sell-back of NDM reported in previous issues has been revised. For the five-week period (prior to the 4/13 suspension of sales) the cumulative total should be 64,632,894 pounds.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the April 2004 prices under the Federal milk order pricing system with changes from the month prior: Class II \$15.21 (+\$0.42), Class III \$19.66 (+\$5.17); and Class IV \$14.57 (+\$0.47). Product price averages used in computing Class prices are: butter \$2.1994, NDM \$0.8171, cheese \$2.0520, and dry whey \$0.2602. The Class II butterfat price is \$2.5083 and the Class III/IV butterfat price is \$2.5013. Further information may be found at: [www.ams.usda.gov/dairy/mib/classprcacnmt.pdf](http://www.ams.usda.gov/dairy/mib/classprcacnmt.pdf)

**2003 MILK PRODUCTION, DISPOSITION, AND INCOME 2003 (NASS):** Milk production increased 0.1% in 2003 to 170.3 billion pounds. The rate per cow, at 18,749 pounds, was 141 pounds above 2002. The annual average number of milk cows on farms, at 9.08 million head, was 55,000 head less than 2002. Marketings totaled 169 billion pounds, 0.2% above 2002 and cash receipts from those marketings, totaled \$21.2 billion, 3% above 2002. Producer returns averaged \$12.55, 3% above 2002.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during the three month period December 2003 to February 2004 totals 41.6 billion pounds, 2.5% more than the same period a year ago on a daily average basis. Comparing disappearance levels with year earlier levels: butter is up 7.0%; American cheese, up 0.5%; other cheese, up 3.6%; NDM, up 37.0%; and fluid milk products, down 1.0%.

**MARCH CONSUMER PRICE INDEX (BLS):** The March CPI for all food is 184.4, up 3.2% from March 2003. The dairy products index at 171.9, is up 2.9% from a year ago. The following are the March to March changes for selected products: fresh whole milk +5.7%, cheese +3.5%, and butter +19.9%.

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

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**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 26	TUESDAY APRIL 27	WEDNESDAY APRIL 28	THURSDAY APRIL 29	FRIDAY APRIL 30	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE							
BARRELS	\$2.1525 (-.0025)	\$2.1500 (-.0025)	\$2.1450 (-.0050)	\$2.1450 (N.C.)	\$2.1450 (N.C.)	(-.0100)	\$2.1475 (-.0130)
40# BLOCK	\$2.1975 (-.0025)	\$2.2000 (+.0025)	\$2.1900 (-.0100)	\$2.1900 (N.C.)	\$2.1675 (-.0225)	(-.0325)	\$2.1890 (-.0110)
NDM							
EXTRA GRADE	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9400 (+.0200)	\$.9400 (N.C.)	(+.0200)	\$.9280 (+.0080)
GRADE A	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9400 (+.0200)	\$.9400 (N.C.)	(+.0200)	\$.9280 (+.0080)
BUTTER							
GRADE AA	\$2.1300 (-.1300)	---	\$2.1325 (+.0025)	---	\$2.1325 (N.C.)	(-.1275)	\$2.1317 (-.1750)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

CHICAGO MERCANTILE EXCHANGE

MONDAY, APRIL 26, 2004

CHEESE — SALES: 2 CARS BARRELS @ \$2.1550; BIDS UNFILLED: 1 CAR BARRELS @ \$2.1500; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$2.1525, 1 @ \$2.1550; 1 CAR 40# BLOCKS @ \$2.1975  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 34 CARS GRADE AA: 1 @ \$2.1700, 2 @ \$2.1600, 12 @ \$2.1000, 6 @ \$2.1025, 2 @ \$2.1225, 1 @ \$2.1200, 3 @ \$2.1175, 5 @ \$2.1200, 2 @ \$2.1275; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$2.1300, 2 @ \$2.1100; OFFERS UNCOVERED: 10 CARS GRADE AA: 1 @ \$2.2300, 9 @ \$2.2600

TUESDAY, APRIL 27, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$2.2000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$2.1500; 1 CAR 40# BLOCKS @ \$2.2300  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, APRIL 28, 2004

CHEESE — SALES: 4 CARS BARRELS: 1 @ \$2.1450, 1 @ \$2.1425, 1 @ \$2.1475, 1 @ \$2.1500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$2.1450; 2 CARS 40# BLOCKS: 1 @ \$2.1900, 1 @ \$2.2300  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 53 CARS GRADE AA: 3 @ \$2.1300, 12 @ \$2.1000, 11 @ \$2.0950, 1 @ \$2.0975, 6 @ \$2.0950, 5 @ \$2.1200, 1 @ \$2.1300, 1 @ \$2.1100, 1 @ \$2.1075, 2 @ \$2.1000, 1 @ \$2.0950, 2 @ \$2.0900, 3 @ \$2.0800, 1 @ \$2.1300, 1 @ \$2.1325, 1 @ \$2.1350, 1 @ \$2.1325; BIDS UNFILLED: 18 CARS GRADE AA: 10 @ \$2.1300, 2 @ \$2.1225, 1 @ \$2.1025, 1 @ \$2.1000, 4 @ \$2.0800; OFFERS UNCOVERED: NONE

THURSDAY, APRIL 29, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$2.1900, 1 @ \$2.2000  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 2 CARS EXTRA GRADE @ \$0.9400; 2 CARS GRADE A @ \$0.9400; OFFERS UNCOVERED: NONE

FRIDAY, APRIL 30, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 2 @ \$2.1675, 1 @ \$2.1700, 1 @ \$2.1800, 1 @ \$2.1900  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$2.1950

BUTTER MARKETS

NORTHEAST

The market tone is showing more signs of weakness, particularly with lower prices at the CME. Through April 26 trading, the cash price for butter at the CME has declined three consecutive sessions for a total drop of \$.2150. These declines have many buyers adjusting their near-term purchasing strategies. Long-term, most producers, traders, and users expect a tight supply and higher prices during the summer months. Currently, churning activity in the East is moderate. Cream supplies are not as tight and churns are operating on a more regular basis. At the wholesale level, demand for butter, though still good, has eased as prices move lower. Retail prices are starting to catch up with the recent wholesale increases, which may retard sales. Food service orders are picking up as restaurants are placing orders for anticipated Mother's Day 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

The butter market is mixed as the cash price at the CME adjusted basically lower in recent trading sessions. At midweek, the price firmed slightly but 52 cars of butter were sold at lower prices before the close of \$2.1325. Butter producers are stating that cream offerings are somewhat heavier this week, although prices are often higher than desired for this time of the season. In instances, some butter producers are renegotiating their cream price buying structure due to the unsettledness of the current market. Churning activity is heavier in many operations due to the additional offerings of available cream from local and out of area sources. Stocks of butter are lighter than desired for this time of the year causing many butter producers concern about having sufficient stocks for summer and fall needs. Imports of butter into the states continue to supplement shortages. For the first three months of 2004, slightly more than 4 million pounds of quota butter were

imported. This first quarter figure compares to 2.3 million pounds for the comparable period in 2003. High tier or non quota imports totaled 957,000 pounds compared to nearly 40,000 pounds for the same time period last year. Good butter demand continues to basically center around short term or immediate needs. 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 have slipped about 20 cents in the last few trading sessions and then rebounded fractionally. Some buyers are taking this as a signal to wait for prices to stabilize. More reports are noted that increasing retail prices are causing some slowdown in retail demand. Food service accounts are quite active as restaurants get ready for the upcoming Mother's Day weekend. Some contacts wonder if increasing gas prices will eventually hurt fast food sales. More cream is becoming available in the Western region for churning activity. Indications are that some of this cream is coming out of ice cream production because raw product prices are too high. So far, inventories of butter remain in close balance with needs. Imports of quota butter for the first three months of the year total 4.1 million pounds, compared to 2.3 million pounds for the same period last year. The quota on butter is a little more than 15 million pounds. Importers seem to be front loading the imports because of the current tight market situation. High-Tier imports of butter for the same period are 958,000 pounds, up substantially from a year earlier. The CME weekly warehouse total increased for the second consecutive week to reach 90.2 million pounds. Stocks have grown by 2.8 million pounds over the last two weeks. They are about half the total for last year at this time and are also below 2002. 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 24	2,1058	2,1460	0.8205	2,3048	0.2820
	8,441,928	12,061,282	21,733,077	2,692,570	9,177,400

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

**CHEESE MARKETS**

**NORTHEAST**

Prices moved slightly higher this week, but the market tone is not as firm as it has been. Some contacts wonder if the declines (\$.0025) in the cheese prices during the April 26 trading at the CME, might be signs that prices have temporarily topped out. This is the first CME price decline on 40# blocks since late February. Eastern cheese makers report that milk receipts remain lower than expected and production schedules have often been reduced. Demand for cheese is fair to good, depending on type. Food service orders are starting to pick up as restaurants prepare for anticipated Mother's Day needs. Typically, Mother's Day is the biggest day of the year for dining out. Retail sales are slow to fair as price resistance becomes more of a factor in consumers' purchasing decisions.

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

Cheddar 10# Prints	:	2.2675-2.7825
Cheddar Single Daisies	:	2.2250-2.7000
Cheddar 40# Block	:	2.3375-2.5900
Process 5# Loaf	:	2.3700-2.5725
Process 5# Sliced	:	2.3900-2.6300
Muenster	:	2.4400-2.6425
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is steady, though with an unsettled undertone. Recent fractional declines on the Chicago Mercantile Exchange cash cheese market and often slower cheese sales have many buyers nervous about making large purchases. Buyers remain hesitant for more than hand to mouth orders though restaurant orders (Mother's Day) are fairly good. While some traders expect prices could remain above \$2.00 until late in the year, others are expecting short term weakness followed by possibly even higher prices. Many plant order lead times have returned to a more normal length. Process sales are generally moderate at best, often better where buyers are able to purchase under price protection programs. Mozzarella demand is soft and supplies are building. Some milk volumes are being switched into cheddar or another more "storable" cheese variety. The problem still remains on who really wants to accumulate inventory at current prices. Cheese production is steady to slightly higher as some seasonal increases in milk receipts are occurring. Cheese yields are drifting lower.

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

Process American 5# Loaf	:	2.3400-2.5600
Brick And/Or Muenster 5#	:	2.5400-2.8550
Cheddar 40# Block	:	2.2650-2.5525
Monterey Jack 10#	:	2.2650-2.7950
Blue 5#	:	2.9500-3.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.4400-2.4975
Grade A Swiss Cuts 6 - 9#	:	2.5075-2.8300

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

	BUTTER	:	CHEESE
		:	
04/26/04	41,729	:	134,505
04/01/04	44,617	:	135,961
CHANGE	-2,888	:	-1,456
% CHANGE	-6	:	-1

**WEST**

Prices moved higher again last week on the cash CME market. This week, traders seem to be more nervous about what the market is telling them. The biggest change is that some offers are coming to the Exchange. Recently, the market has moved higher generally based on bids with few sales or offers. The change in trading has some thinking that the market dynamics have changed and so too may the direction. Cheese supplies seem to be more available in the region, but not markedly so. Demand has slowed some as higher prices begin to be passed along at retail. Production has not changed much. The flush season doesn't seem to be building this spring. Expensive heifers and high feed costs are part of the equation. Imports of quota cheese for the first three months of the year total 57.3 million pounds, down slightly from last year. The quota volume for the year is just short of 300 million pounds. High tier imports total 7.5 million pounds for the same period, down 31% from 2003.

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

Process 5# Loaf	:	2.3075-2.5675
Cheddar 40# Block	:	2.3225-2.7125
Cheddar 10# Cuts	:	2.5025-2.7225
Monterey Jack 10#	:	2.5125-2.6725
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8600

**FOREIGN**

Prices are steady to higher and the market tone is unchanged. Demand for imported cheese ranges from slow to improved. The call for table cheeses is slow to fair, but orders for imported cheese used in further processing are fair to good. Recent reports indicate that imports of cheese subject to licensing during the first three months of 2004 total 25.98 million Kg, down 2.6% from the same period last year. High-tier cheese imports during the same period are 3.42 million Kg, down 30.5% from the first quarter of 2003. In the high-tier category, the biggest increases were noted on blue-mold, Edam/Gouda, and Italian-type cheeses. The largest declines were seen in the American-type and Cheddar.

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 : 2.5625-4.0525*
Gorgonzola	:	3.6900-5.9400 : 2.4900-3.0850*
Parmesan (Italy)	:	TFEWR : 3.9725-4.0825*
Romano (Italy)	:	2.1000-3.1500 : -0-
Provolone (Italy)	:	3.4400-5.5000 : 2.5725-2.7975*
Romano (Cows Milk)	:	-0- : 3.7600-5.9325*
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	162	0	119	0	186
SOUTHEAST STATES	0	0	0	0	0	0

The base price for Class I milk for May 2004 is \$19.65 (a record high), up \$6.01 from April. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for May is \$6.74, up \$0.08 from April. Milk production is showing more signs of increasing in the Northeast; steady in the Middle Atlantic and Southeastern parts of the East. The seasonal flush, such as it is, is moving slowly northward and is beginning to be felt in the Virginias and parts of Pennsylvania. The spring weather has not been very warm in the northern parts of NY and New England and grass growth has been slow to develop. This week, bottlers have been very active trying to build inventories and fill orders. With the May Class I milk price jumping \$6.01, retailers and bottlers want to have as much "April milk" in inventory as they can. Milk suppliers are reporting that bottlers are adding on to their normal orders and, conversely expect orders to be cancelled over the weekend and early next week. Florida milk supplies are little changed, but the change in bottlers' orders has the suppliers expecting to get a lot of extra milk this weekend. Therefore, more milk is being shipped out of state this week to start the weekend with as little milk as possible. Surplus milk volumes are actually lighter this week and some plants have reduced operating schedules. However, most plants do expect increased receipts starting Saturday, May 1. The condensed skim market is steady. Demand is good and improving for Class II. There are instances that Class II wet solids are priced below the NDM resale market. The fluid cream market is weaker. Spot prices are often lower as both multiples and the cash CME butter prices declined. Some of the higher prices are reportedly loads that were booked last week, while the lower prices are on this week's orders. Recent declines in the CME cash butter price have buyers holding off on spot purchases. Also, this week's increased bottling has generated increased volumes of cream from standardizing. Cream contacts all agree that cream is long and demand is slow. Some excess loads did clear to Midwestern churning facilities at prices based on the butter market, date of shipment. Ice cream producers are optimistic that butter/cream prices will dip in the near future. If this happens, most contacts expect a surge in demand from ice cream makes. Cream cheese output is mostly steady. Bottled cream sales are increasing in some areas, slower in others. Churning activity is up this week as more excess cream is looking for an outlet.

**FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES**

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. PRODUCING PLANTS: NORTHEAST	- 2.7911-3.1832
DELIVERED EQUIVALENT ATLANTA	- 2.8603-3.2294 M 2.9526-3.0448
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	- 3.1140-3.2294
PRICES OF CONDENSED SKIM, \$ PER LB 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**

Very strong Class I milk usage was occurring late in the month as bottlers build extra inventory ahead of the large increase in the May Class I price. The problem for milk handlers/sellers, particularly in the upper Midwest order, is the large negative PPD that is tied to April Class I sales. Most handlers expect Class I milk interest to be light to start May, leaving more available milk for manufacturing. Recent declines in the cash cheese prices at the Chicago Mercantile Exchange, growing plant inventories, slower sales, and with Class III priced over \$19.00, more manufacturing plant operators have been trying to reduce production by selling milk. Manufacturing milk interest is slow and the milk volume exceeds the demand in the upper Midwest. On a limited sample, spot manufacturing milk prices range from around flat class prices with reports of sales well over \$1.00 under class in less competitive areas. Cream interest is spotty, reflecting the affect of the sharp increase in the cash butter weekly average price at the Chicago Mercantile Exchange. Ice cream production is steady to heavier as producers try to build supplies for the fast approaching peak season. More mozzarella plant operators are again separating cream to sell rather than add condensed or NDM to extend cheese yields. Class III condensed skim spot interest remains light to nonexistent due to the high price compared to NDM. Milk intakes are steady to increasing seasonally as pasturing is becoming more common in grazed herds. Fat and protein

levels are drifting lower seasonally. Spring planting has shown good progress in most areas except Wisconsin where wet and cold fields have hampered fieldwork except sandy areas and hillsides. Many other areas remain very dry with concerns continuing about crop moisture levels.

**WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)**

	APR 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 52.50- 58.00	\$ 39.50- 44.50
REPLACEMENT HEIFER CALVES	\$300.00-600.00	\$250.00-350.00

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

	APR 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 61.50	\$ 41.00- 47.50

**WEST**

U.S. milk production for the first quarter of 2004 is down 2.0% from the same quarter in 2003 adjusting for the extra day in 2004. Changes for selected Western states compared to last year (adjusted) are as follows: Arizona +1.6%, California -0.6%, Colorado -1.3%, Idaho +3.1%, New Mexico +3.1%, Oregon +2.7%, Utah -4.1%, and Washington -4.3%. Cow number increased in four of these states over the quarter and remained steady or declined in the other four. These states' cow herds grew by 49,000 head while the U.S. number fell by 153,000 head compared to a year earlier. March 2004 POOL RECEIPTS of milk in CALIFORNIA total 3.09 billion pounds, 0.4% lower than last year. The March blend price, at a fat test of 3.68%, is \$14.13, \$1.57 higher than February and \$4.17 above March 2003. The percentage of receipts used in Class 1 products is 18.59%. The March quota price is \$15.44 and the over quota price is \$13.74. These prices are \$2.12 higher than February and \$4.51 more than a year earlier. CALIFORNIA milk production is trending higher and at levels higher than a year ago. Across the state, hot temperatures were noted for several days over the past week. The impact on the milking herds is expected to be minimal because of cooler temperatures at night. The concern is that hot temperatures this early could shorten the flush and the peak could come early. Most bottlers were cranking out orders ahead of May 1 price increases for Class 1 products. Buyers want heavy volumes and pushed buying schedules. Manufacturing plants in the state are running at high levels to process the seasonally higher milk volumes. ARIZONA milk production patterns are holding mostly steady across the main producing areas. Daytime high temperatures have reached into the 90's but do not seem to be affecting milk output to any great extent. The May 1 increases in milk prices have bottlers increasing orders for customers' needs. Milk producers in the state are receiving higher pay prices, but those are partially being offset by higher costs associated for cows, heifers, feed, fuel, and construction. NEW MEXICO milk supplies are moving higher on a week to week basis and remain above year ago levels. Weather conditions are favorable for milk cows. There is some backing down in demand for milk and components from local and out of area cheese makers. Bottler interest in not as good as in nearby states. CREAM demand has softened this week. Lower prices for butter on the CME have caused more unsettledness to the market tone. Butter closed at \$2.1325 on Wednesday, April 28, a decline of 18.25 cents from a week ago. Cream buyers are cautious of buying cream when the basing point is declining. Subsequently, multiples and overages have been lowered this week to secure sales. Demand from ice cream producers is fair to good. Unseasonably warm temperatures in the Southwest are increasing demand. Cream multiples are lower on the top end at 108 to 127, FOB, and vary depending on class usage and basing point. Record setting temperatures were recorded in the PACIFIC NORTHWEST early in the week. Temperatures were in the upper 80's which would be warm for the middle of summer. The milk flow was not adversely impacted by the short heat spell. Some contacts are calling this year's spring flush subdued. They are stating that the milk flow is struggling to come up with limited success noted. More cream availability was noted in the region with more of it entering the churns. When new crop hay becomes available in the region, expectations are that output will increase a bit. In general, additional milk would be welcomed. Bottling is heavy in the region this week before the record high Class I prices take effect on May 1. Fluid milk demand is expected to ebb for the first part of May until the lower priced stocks are gone. Culling rates in the region are normal to light. Some producers are working hard to book their fall canola needs. This seems to be a reasonable priced alternative at this time. Temperatures have been quite variable in UTAH and IDAHO in recent weeks. Some days are setting records on the high end and a few days later there is a frost warning. Some rain has fallen over the region which is very welcome. More is needed for small grain growth and to bring the alfalfa crop along. Crops look to be ahead of normal by about 1-2 weeks because of the generally warm conditions. Some areas may not have water turned on in time to help much with the first cutting of hay. They also don't expect a full season supply of water and are changing cropping decisions because of that. Some hay growers are planning on at least one less cutting of hay and are making timing decisions based on that.

**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. Some producers are willing to short future contractual loads in order to garner premium prices on spot loads today. Sell back NDM is reportedly being resold at prices \$0.9200 - \$1.0000 for the fair interest. Some NDM from cheese and pudding exchanges is being held with confidence by resellers. Some brokers are able to obtain NDM from the West and deliver supplies to Central end-users. Others are being shorted contractual loads. Concern persists with respect to available supplies of NDM during the summer months, especially if hot weather is a factor in milk production. Production of NDM is generally steady yet below levels reported last year. Due to higher milk prices expected in May, movement of condensed skim is expected to decrease at some locations, which may allow for increased drying of NDM. High heat supplies remain limited for the good interest.

**EAST:** Eastern prices are generally steady this week. However, spot resale load prices are in the upper third of the price range. Production levels are light this week. The increased demand for milk from bottlers is keeping surplus milk volumes light. Little current production is available outside contracts. Over the past weekend, a few plants made a little more high heat NDM. Any spot needs are generally filled in the resale market. Demand is good, but current prices are now inching above Class II condensed skim, which may push demand back toward wet solids during May. Conversely, the Class III condensed skim prices are now well over \$1.20 per pound solids and most users are again buying NDM. With fuel costs continuing to increase, fuel surcharges are being assessed and adjusted accordingly.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .8175 - .9800 MOSTLY: .8575 - .8700  
 HIGH HEAT: .8525 - 1.1000

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are moving higher on a weekly basis. The spot market is not fully tested with many producers remaining short of contracted needs. They would like to have more NDM to test the spot price. Resale prices are mainly above 90 cents. Currently, concerns abound about NDM availability in coming months when the milk flow slows seasonally. Some buyers are bidding higher prices now in attempts to secure future needs. Current production levels are steady to higher and mirror the milk flow. During the week of April 19 - 23, CCC made no support price purchases with 476,192 pounds of previously offered NDM cancelled. High heat prices are unchanged in very light trading. Reports are that high heat contracts are behind schedule and buyers have few choices but to wait. Drying of high heat is limited because of the volume of milk needing to be dried. Stocks remain light. The annual Dairy Products Report shows that in 2003, 1.59 billion pounds of Human NDM were produced in the U.S., a decline of 0.4% from 2002. California produced 738 million pounds (-2.7% from 2002) and Idaho produced 156 million pounds (+34.3%). In 2003, Western plants produced over 78% of the U.S. NDM.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .8100 - .9400 MOSTLY: .8100 - .8400  
 HIGH HEAT: .8400 - .8800

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEKENDING	PRICE	TOTAL SALES	SALES TO CCC
April 23	\$.8137	12,762,686	0
April 16	\$.8173	17,326,876	0

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**

Buttermilk prices are higher on a firm market. Supplies are difficult to find yet production of buttermilk is increasing. Supplies of cream from mozzarella plants are more readily available during the current week, encouraging churn activity and the production of condensed buttermilk. Ice cream demand for condensed buttermilk is generally steady with some movement of condensed buttermilk noted into custom dryers. Most movement of dry buttermilk is occurring on a contractual basis.

F.O.B. CENTRAL: 1.0775 - 1.2700

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

The dry buttermilk prices are sharply higher. The Northeastern price range is nominal and includes resale prices. The market tone remains firm. The sharply higher prices are drawing some resistance, but with supplies as tight as they are, prices in the \$1.20's are more common. Currently, production is light to moderate, mostly light. However, churning activity in the East is up slightly this week and some additional buttermilk was available. Plant stocks are limited. Most powder is shipped as quickly as it passes testing.

F.O.B. NORTHEAST: .9500 - 1.2500  
 DELVD SOUTHEAST: .9800 - 1.2500

**DRY BUTTERMILK - WEST**

Dry buttermilk prices continue to increase in very light spot trading in the region. Buying interest is good for the limited offerings as many buyers are being shorted and delayed on contracted loads. Drying is light because of limited drying capacity and good sales of condensed buttermilk. However, there are reports of more butter being made. The hope is that will translate into more dry buttermilk. Inventories are at low levels. During 2003, 52.2 million pounds of dry buttermilk were produced in the U.S., a decline of 4.9% from 2002.

F.O.B. WEST: .9400 - .9800 MOSTLY: .9500 - .9700

**DRY WHOLE MILK - NATIONAL**

Prices are mostly steady to occasionally lower and nominal. Those operations that move their prices with the CME cash butter price did lower their asking prices this week. Production levels remain light and plant stocks are limited. Demand is little changed from past weeks.

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 steady to firm market. Production is generally steady with most plants operating at capacity. Movement is slowing in response to higher prices. Buyers are resistant to resale and manufacturer offers above the range. Contractual orders are being met without delay. Buyers note that supplies are being offered from some manufacturers previously reporting "sold out" conditions. Some feed users are selling some of their whey inventories to profit from the market before the market settles. More attractively priced lactose is displacing whey into some feed operations. Whey from the West is being delivered into the Central region from Western suppliers. The undertone is mixed due to industry uncertainty with respect to milk supplies this summer.

F.O.B. CENTRAL: .3050 - .3250 MOSTLY: .3050 - .3150

**DRY WHEY - NORTHEAST AND SOUTHEAST**

The dry whey market remains firm and prices are mostly higher. The Northeast price range is nominal and includes resale prices. Nearly all of the current output at Eastern plants is committed to contracts. Spot demand is filled with resale loads, but this product is being held with more confidence. Reports of loads being traded and re-traded are becoming more common. Users who need plant-specific product are finding it difficult to get the volumes they need. Production levels remain light.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3100 - .3350  
DELVD SOUTHEAST: .3250 - .3600

**DRY WHEY - WEST**

Prices for Western whey powder continue to move higher with a firm undertone continuing in the market. Some export sales are slowing as prices become high enough to curtail some buyer interest. Domestic sales are improving to make up the difference for most producers. Some powder is moving from the Western production area into the Midwest. The price differential is more than enough to cover the freight cost of moving the powder. The demand for powder in the Midwest is strong. Whey production at many plants is not up to anticipated levels and plant managers are concerned that the problem may worsen this summer. Most don't expect much of a spring flush and some areas are stating that milk output has already peaked for the season. All dairy proteins are in tight supply as buyers attempt to look for more available, reasonably priced alternatives.

NONHYGROSCOPIC: .2200 - .2800 MOSTLY: .2400 - .2700

**ANIMAL FEED WHEY - CENTRAL**

Prices remain unchanged and nominal on a steady to firm market. Most plants are reporting limited supplies of milk replacer whey. With permeate and lactose prices reported below milk replacer prices, some feed operations are substituting away from whey. March veal production totaled 14.2 million pounds, 14% below last year. Calf slaughter totaled 76,900 head, down 10%. The average live weight was 15 pounds below last year, at 308 pounds. March pork production totaled 1.80 billion pounds, up 11% from the previous year, and set a record monthly high. Hog kill totaled 9.04 million head, 11% above March 2003.

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

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher on a firm market. Production is mostly steady. Strong interest in high protein products continues to divert whey supplies from WPC 34% to WPC 80% production. Overall, output of WPC 34% is generally unchanged. Edible market demand is good and mostly contractual with some export inquiry noted. Some feed buyers are finding EU prices of wheat protein and delactose as attractive substitutes to domestically produced WPC 34% in their milk replacer formulas. Interest in milk replacer products is generally good with milk replacer suppliers suspecting that farmers are "stocking up" before further price increases are realized. Off grade supplies are limited for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .5675 - .6425 MOSTLY: .5875 - .6075

**LACTOSE - CENTRAL AND WEST**

Lactose prices remain unchanged on a generally steady market. Most plants are reporting steady production and inventories. Supplies are available at most locations with offerings reported at the average. Resellers are able to garner a premium on sales at some locations. Demand is best on the higher mesh product. Inquiries are noted from some export markets, predominantly Asia. Feed interest is increasing as lactose prices are more attractively priced compared to whey. Off grade supplies are limited for the good interest.

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 and prices remain firm. No major changes have occurred in the supply side from sourcing regions of the world. Oceania supplies are meeting commitments from inventoried stocks. Some suppliers indicate that supplies are in close balance, but feel that they will be able to meet commitments with basically no stock available for spot or additional buyer interest. European sourced product is also in close balance. The production season is just getting underway and at this point, suppliers indicate that they are meeting contractual needs. Some domestic buyers of government owned skim milk powder for the production of casein/caseinates were surprised at the recent rejection of bids. They are awaiting the announcement of the next round of bidding which will be released on April 30. Some users of this powder state that firmer prices will potentially limit their casein/caseinate production.

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**

On April 23, 2004, the U.S. Secretary of Agriculture issued an interim final order for all Federal milk marketing orders. The interim final order reclassifies milk used to produce evaporated milk in consumer-type packages from Class III to Class IV. This change is effective May 1, 2004. Prices are steady and the market tone is firm. With milk prices jumping as quickly as they have been and more increases expected in coming months, evaporated milk producers are talking about another rebound of price increases. The most recent increases covered only a fraction of the increase seen in milk prices. Production levels in plants regulated under Federal milk marketing orders was almost non-existent in April. However, with the new reclassification to a Class IV product, output is expected to get back to more normal levels in May. Even with the reclassification, the May Class IV milk price is expected to be \$5.00-6.00 per cwt higher than the May 2003 Class III milk price. Demand is slow to fair and producer stocks are light.

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 <sup>1/</sup>

Month	04/14	04/15	04/16	04/19	04/20	04/21	04/22	04/23	04/26	04/27
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
APR 04	19.56 (6526) 179	19.56 (6586) 353	19.64 (6588) 278	19.61 (6589) 106	19.63 (6614) 90	19.64 (6624) 15	19.65 (6607) 277	19.61 (6612) 81	19.57 (6605) 8	19.59 (6592) 2
MAY 04	20.08 (6523) 655	19.94 (6597) 333	19.60 (6616) 387	19.87 (6640) 399	19.90 (6752) 271	19.74 (6895) 407	19.77 (7045) 271	19.80 (7243) 487	19.50 (7314) 439	19.64 (7315) 245
JUN 04	18.97 (4783) 513	18.90 (4703) 532	18.45 (4626) 676	18.80 (4759) 340	18.75 (4847) 576	18.33 (4772) 467	17.84 (4761) 532	17.67 (4855) 423	16.92 (4904) 704	16.90 (4889) 402
JUL 04	17.52 (3666) 313	17.52 (3658) 466	17.06 (3695) 453	17.45 (3731) 219	17.53 (3810) 282	17.25 (3872) 444	16.70 (3888) 282	16.55 (3882) 207	15.80 (3887) 539	15.99 (3957) 354
AUG 04	17.10 (3549) 329	17.09 (3588) 262	16.60 (3621) 420	16.95 (3652) 182	16.93 (3752) 273	16.70 (3847) 412	16.31 (3848) 214	16.33 (3873) 285	15.65 (3871) 314	15.75 (3908) 221
SEP 04	16.54 (3512) 164	16.30 (3601) 218	16.00 (3619) 349	16.43 (3638) 107	16.54 (3763) 299	16.30 (3750) 252	15.83 (3739) 184	15.70 (3760) 253	14.95 (3768) 374	15.05 (3761) 153
OCT 04	15.25 (2805) 132	14.89 (2847) 85	14.60 (2876) 250	15.10 (2908) 88	15.20 (2935) 61	14.98 (2893) 101	14.70 (2918) 85	14.60 (2935) 159	14.40 (2939) 91	14.32 (2939) 31
NOV 04	13.75 (2059) 222	13.55 (2072) 61	13.25 (2085) 67	13.85 (2094) 17	13.85 (2098) 12	13.82 (2107) 68	13.70 (2106) 32	13.63 (1907) 312	13.45 (1900) 98	13.40 (1902) 22
DEC 04	13.10 (1665) 120	12.89 (1677) 91	12.50 (1704) 47	13.05 (1712) 27	12.95 (1712) 6	12.79 (1726) 44	12.45 (1741) 48	12.50 (1706) 114	12.00 (1691) 64	12.10 (1683) 39
JAN 05	12.38 (419) 10	12.30 (430) 24	12.10 (434) 7	12.35 (436) 12	12.35 (446) 11	12.25 (449) 5	12.15 (468) 20	12.05 (476) 21	11.84 (474) 20	12.00 (480) 31
FEB 05	12.20 (364) 23	12.20 (371) 26	12.01 (373) 7	12.29 (377) 6	12.29 (378) 3	12.20 (383) 7	12.30 (397) 14	12.20 (403) 14	12.00 (404) 12	11.90 (400) 20
MAR 05	12.20 (226) 7	12.11 (228) 6	12.10 (228) 5	12.12 (228) 2	12.06 (228) 4	12.06 (233) 10	12.00 (233) 7	12.00 (233) 12	11.90 (226) 14	11.85 (248) 23
APR 05	12.25 (84) 1	12.30 (84) 2	12.15 (84) 0	12.15 (84) 3	12.10 (84) 2	12.05 (84) 1	12.05 (84) 0	12.05 (116) 36	12.00 (116) 14	11.95 (124) 19
MAY 05	12.37 (56) 3	12.40 (58) 4	12.20 (58) 0	12.20 (58) 0	12.20 (58) 0	12.20 (58) 0	12.20 (63) 5	12.11 (90) 27	12.00 (91) 14	11.95 (94) 17
JUN 05	12.41 (31) 0	12.41 (31) 0	12.41 (31) 0	12.41 (31) 0	12.41 (31) 0	12.41 (31) 0	12.41 (31) 4	12.25 (32) 2	12.10 (59) 35	12.00 (62) 17
JUL 05	12.75 (10) 0	12.75 (10) 0	12.65 (10) 0	12.65 (10) 0	12.65 (10) 0	12.65 (10) 0	12.65 (10) 0	12.65 (10) 0	12.50 (10) 0	12.40 (18) 8
AUG 05	12.90 (10) 0	12.90 (10) 0	12.80 (10) 0	12.80 (10) 0	12.80 (10) 0	12.80 (10) 0	12.80 (10) 0	12.80 (10) 0	12.65 (10) 0	12.55 (10) 0
SEP 05	12.90 (1) 0	12.90 (1) 0	12.80 (1) 0	12.80 (1) 0	12.80 (1) 0	12.80 (1) 0	12.80 (1) 0	12.80 (1) 0	12.75 (1) 0	12.65 (1) 0
<b>CME - (CLASS IV) MILK FUTURES - Dollars per cwt.</b>										
JUL 04	15.05 (82) 0	15.05 (82) 0	15.05 (82) 0	15.05 (82) 0	15.05 (82) 0	15.05 (82) 10	14.95 (92) 10	14.80 (97) 5	14.70 (97) 5	14.30 (97) 0
AUG 04	15.10 (72) 0	15.10 (72) 0	15.10 (72) 0	15.10 (72) 0	15.10 (72) 0	15.10 (72) 0	15.10 (72) 0	15.10 (77) 5	14.90 (77) 0	14.90 (77) 0
SEP 04	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0	15.10 (77) 0
OCT 04	14.45 (14) 0	14.45 (14) 0	14.45 (14) 0	14.45 (14) 0	14.45 (14) 0	14.45 (14) 1	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0	14.40 (14) 0
<b>CME - BUTTER FUTURES -- Cents per pound</b>										
MAY 04	239.00 (240) 8	238.00 (236) 26	233.00 (224) 15	233.00 (220) 14	235.00 (213) 15	230.00 (212) 12	227.50 (208) 22	222.50 (202) 22	217.50 (188) 17	210.00 (164) 34
JUL 04	240.00 (298) 4	240.00 (312) 21	235.00 (312) 4	235.00 (323) 13	236.00 (323) 0	233.00 (332) 22	228.00 (334) 9	223.00 (334) 3	218.00 (340) 18	211.50 (354) 16
SEP 04	239.00 (97) 0	239.00 (97) 0	239.00 (97) 0	239.00 (97) 0	239.00 (97) 0	238.00 (97) 0	233.00 (97) 0	228.00 (97) 1	223.00 (102) 11	213.00 (104) 2
OCT 04	235.00 (75) 0	235.00 (75) 4	235.00 (75) 0	235.00 (75) 0	235.00 (75) 0	235.00 (75) 0	235.00 (75) 0	230.00 (75) 0	225.00 (75) 0	215.00 (77) 4
DEC 04	205.00 (65) 0	205.00 (65) 0	205.00 (65) 0	205.00 (65) 0	205.00 (65) 0	205.00 (65) 0	200.00 (65) 0	200.00 (65) 0	195.00 (65) 0	190.00 (65) 0
MAR 05	180.00 (4) 0	180.00 (4) 0	180.00 (4) 0	180.00 (4) 0	180.00 (4) 0	180.00 (4) 0	180.00 (4) 0	180.00 (4) 0	175.00 (8) 4	170.00 (8) 0

<sup>1/</sup> 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 April 19 - 30, 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 ANDEASTERNEUROPE

**OVERVIEW: WESTERN EUROPE:** The milk production season in Europe continues to build, although reports indicate that seasonal output is lagging last year at this time. Some milk handlers attribute the lag in production to more countries able to maintain their quota volumes within the limits through the end of March and since that time, have not rebounded as quickly as in years past. As the milk flow is lighter than usual for this time of the season, stocks of manufactured dairy products are not as readily available as previous years. Most traders indicate that sales activity remains very slow and unaggressive, thus the limited supply situation is not curtailing sales potential at this time. Prices for most products are nominal and basically unchanged, although a firm market undertone prevails. Current marketing and trading conditions are not allowing for prices to adjust one way or another. Concerns about the addition of 10 new countries to the current EU 15, the implementation of the new export refund tendering system, and what impact the new member countries will have on sales and trading activity after May 1 are being voiced by many dairy product handlers and traders. The EU Dairy Management Committee meet on Thursday April 29 and acted upon the second round of bids under the new tendering system for skim milk powder, butter, and butteroil. Under the second round of bidding, the Commission received bids for 7,773 MT of skim milk powder and accepted 2,650 tons at 40 Euros per 100 KG. They received bids for 3,177 MT of butter and accepted 2,081 tons at 156 Euros per 100 KG and received bids for 1,853 MT of butteroil and accepted 775 MT at 195 Euros per 100 KG. The Commission also reduced the refund level for skim milk powder to 35 Euros per 100 kg effective on Friday, April 30. Intervention offerings were slow during March and April's offerings remained equally lighter than in years past. For the period of March 1 - April 28, intervention offerings of skim milk powder totaled 3,402 MT compared to 12,986 MT for the comparable period last year. Butter offers were about one half the level of a year ago. For basically the first two months, butter offerings totaled 12,301 MT compared to 24,111 MT for the same period last year.

**BUTTER/BUTTEROIL:** European butter and butteroil markets are basically steady at nominal unchanged prices. Most traders and handlers indicate that sales activity is minimal at this time, but do acknowledge international buyer interest. At this point, international supplies of butter are limited and European stocks are available but lighter than in years past for this time of the season.

82% BUTTERFAT: 1,700 - 1,750  
 99% BUTTERFAT: 1,800 - 2,000

**SKIM MILK POWDER (SMP):** Skim milk powder markets are generally steady at unchanged prices although the market tone is firm. The Dairy Management Committee met on April 29 and reduced the refund level for skim milk powder to 35 Euros per 100 kg. European traders indicate that sales activity is very slow and unaggressive. Most traders indicate that the addition of 10 new countries to the EU 15 and the new tendering system for skim milk powder are causing much uncertainty. Some traders feel that once the new countries are on board and the tendering system has gone through a few more bidding sessions, marketing conditions will settle down and sales negotiations will be able to resume.

1.25% BUTTERFAT: 1,850 - 1,900

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady at unchanged prices. Traders and handlers report that buyer interest is very slow. Changes in the European Community will be occurring within the next week which is causing unsettledness in current sales negotiation. The affects of the additional 10 new countries to the EU 15 is still uncertain, thus traders and handlers are hopeful that favorable marketing and sales conditions will resume within a short time.

26% BUTTERFAT: 1,900 - 2,000

**SWEET WHEY POWDER:** Whey powder prices are generally unchanged and nominal, although the market tone is firm. International whey powder supplies are tightening, thus prices are firming. At this point, most European whey sales continue to center around internal or domestic needs.

NONHYGROSCOPIC: 450 - 500

OCEANIA

**OCEANIA OVERVIEW:** Milk and dairy production continues to wind down toward the end of the season, traditionally about a month away in New Zealand. The current dairy product mix is centered toward powders to inventory for filling previous commitments through the coming off-season. Sellers are not trying to push sales for the current season due to supply concerns. Current supplies are tight on most items. Milk intakes vary with the weather. For New Zealand, milk production for the season projection remains at about a 3% increase over the previous season. The regular production season still has about 2 months left in Australia. In Australia, weather related problems from last year's drought continue to impact both the current and the full season receipts. Thus far, Australian milk receipts through February (8 months) are down over 4%, more than 330 million liters, from the previous season. Some areas have been receiving good rains while some irrigated areas in the major milk producing areas are still moisture deficient. International demand is steady. Prices are generally unchanged though subject to the usual fluctuations between currencies.

**BUTTER:** Current reported prices are unchanged. Supplies are tight and, despite generally good international interest, the emphasis continues to center on building inventory for filling the fast approaching off-season commitments. Butter supplies are particularly tight despite the emphasis on powder production during the later part of the season.

82% BUTTERFAT: 1,600 - 1,750

**CHEDDAR CHEESE:** Current prices are steady. While the current production emphasis is toward powders, some milk is heading to produce cheese supplies for the off-season and to finish contracts made previously. Some good interest is noted from Japan.

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

**SKIM MILK POWDER (SMP):** Good international interest is noted for powders. Producers are not overly interested in making additional sales due to concerns with having adequate supplies to meet commitments for shipment in the off-season. Much of the current skim production is being inventoried for later shipment.

1.25% BUTTERFAT: 1,800 - 1,900

**WHOLE MILK POWDER (WMP):** The whole milk market is steady at unchanged prices. Current production is centered on producing supplies to build needed inventory for off season commitments. Current supplies are tight.

26% BUTTERFAT: 1,800 - 1,950

Exchange rates for selected foreign currencies: APRIL 26, 2004

.7411 Canadian Dollar	.0227 Indian Rupee
.3530 Argentina Peso	.6302 New Zealand Dollar
.0886 Mexican Peso	.7343 Australian Dollar
.2492 Polish Zloty	.0092 Japanese Yen
	1.1874 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0886)= 11.2867. That is 1 US Dollar equals 11.2867 Mexican Pesos.

Source: "Wall Street Journal"

**OVERVIEW: EASTERN EUROPE:** Many Eastern European countries are readying themselves to be included with the EU 15 on May 1. Traders are in the final days of shipping product before the changes occur. Some traders indicated that they have been quite active in clearing early season products. Milk production continues to increase slowly. Milk handlers feel that cooler than usual temperatures are slowing production growth patterns. Many Eastern European manufacturers of dairy products are unsure of the total impact joining the EU 15 will have on their operations, but for the most part, are looking forward to the merger.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, MAY 2004, WITH COMPARISONS <sup>1/</sup>												
CITY	May 2002			May 2003			April 2004			May 2004		
	Announced Coop.	Federal Order	Difference	Announced Coop.	Federal Order	Difference	Announced Coop.	Federal Order	Difference	Announced Coop.	Federal Order	Difference
	Dollars Per Hundredweight, 3.5% Butterfat											
Atlanta, GA	16.29	14.36	1.93	15.07	12.81	2.26	18.27	16.74	1.53	23.78	22.75	1.03
Baltimore, MD	16.01	14.26	1.75	14.48	12.71	1.77	18.49	16.64	1.85	24.50	22.65	1.85
Boise, ID <sup>2/</sup>	13.16	12.86	0.30	11.61	11.31	0.30	---	---	---	---	---	---
Boston, MA	16.11	14.51	1.60	14.36	12.96	1.40	18.59	16.89	1.70	24.60	22.90	1.70
Charlotte, NC	16.29	14.36	1.93	15.07	12.81	2.26	18.27	16.74	1.53	23.78	22.75	1.03
Chicago, IL	14.95	13.06	1.89	13.57	11.51	2.06	17.69	15.44	2.25	25.17	21.45	3.72
Cincinnati, OH	15.07	13.46	1.61	13.86	11.91	1.95	17.51	15.84	1.67	23.53	21.85	1.68
Cleveland, OH	14.87	13.26	1.61	13.66	11.71	1.95	17.31	15.64	1.67	23.33	21.65	1.68
Dallas, TX	15.86	14.26	1.60	14.11	12.71	1.40	17.64	16.64	1.00	23.15	22.65	0.50
Denver, CO	14.66	13.81	0.85	13.11	12.26	0.85	17.04	16.19	0.85	23.05	22.20	0.85
Des Moines, IA	14.42	13.06	1.36	12.90	11.51	1.39	17.13	15.44	1.69	23.15	21.45	1.70
Detroit, MI <sup>3/</sup>	14.31	13.06	1.25	13.05	11.51	1.54	17.06	15.44	1.62	23.07	21.45	1.62
Hartford, CT	16.01	14.41	1.60	14.26	12.86	1.40	18.49	16.79	1.70	24.50	22.80	1.70
Houston, TX	16.46	14.86	1.60	14.71	13.31	1.40	18.24	17.24	1.00	23.75	23.25	0.50
Indianapolis, IN	14.87	13.26	1.61	13.66	11.71	1.95	17.31	15.64	1.67	23.33	21.65	1.68
Kansas City, MO	15.00	13.26	1.74	13.49	11.71	1.78	16.82	15.64	1.18	22.84	21.65	1.19
Louisville, KY	14.56	13.46	1.10	13.71	11.91	1.80	17.42	15.84	1.58	23.43	21.85	1.58
Memphis, TN	15.79	14.06	1.73	14.57	12.51	2.06	17.77	16.44	1.33	23.28	22.45	0.83
Miami, FL	18.80	15.56	3.24	17.23	14.01	3.22	20.54	17.94	2.60	26.05	23.95	2.10
Milwaukee, WI	15.05	13.01	2.04	13.67	11.46	2.21	17.64	15.39	2.25	25.12	21.40	3.72
Minneapolis, MN	14.56	12.96	1.60	13.02	11.41	1.61	17.34	15.34	2.00	24.82	21.35	3.47
New Orleans, LA	16.44	14.86	1.58	15.22	13.31	1.91	18.57	17.24	1.33	24.08	23.25	0.83
Oklahoma City, OK	15.50	13.86	1.64	13.96	12.31	1.65	17.29	16.24	1.05	22.80	22.25	0.55
Omaha, NE	14.47	13.11	1.36	12.95	11.56	1.39	16.88	15.49	1.39	22.90	21.50	1.40
Philadelphia, PA	16.18	14.31	1.87	14.53	12.76	1.77	18.54	16.69	1.85	24.55	22.70	1.85
Phoenix, AZ	13.76	13.61	0.15	12.21	12.06	0.15	16.14	15.99	0.15	22.15	22.00	0.15
Pittsburgh, PA	15.36	13.36	2.00	13.71	11.81	1.90	17.74	15.74	2.00	23.75	21.75	2.00
St. Louis, MO	14.51	13.26	1.25	12.96	11.71	1.25	17.19	15.64	1.55	23.20	21.65	1.55
Salt Lake City, UT <sup>2/</sup>	13.46	13.16	0.30	11.91	11.61	0.30	---	---	---	---	---	---
Seattle, WA	13.58	13.16	0.42	12.03	11.61	0.42	15.96	15.54	0.42	21.97	21.55	0.42
Springfield, MO	15.10	13.46	1.64	13.56	11.91	1.65	16.89	15.84	1.05	22.40	21.85	0.55
Washington, DC	16.01	14.26	1.75	14.48	12.71	1.77	18.49	16.64	1.85	24.50	22.65	1.85
Simple Average	15.23	13.74	1.49	13.77	12.19	1.58	17.68	16.17	1.51	23.68	22.18	1.50

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

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

<sup>3/</sup> Announced cooperative price for April has been revised to \$17.06.

FEDERAL MILK ORDER ADVANCE PRICES, MAY

**Class I Base Price** - Under the Federal milk order pricing system, the Class I base price for May 2004 is \$19.65 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$11.50 and the advanced butterfat pricing factor is \$2.4437. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$6.04. Thus, the Class II skim milk price for May is \$6.74 per cwt., and the Class II nonfat solids price is \$0.7489. **Product Price Averages** - The two-week product price averages for May are: butter \$2.1514, nonfat dry milk \$0.8179, cheese \$2.0530, and dry whey \$0.2611.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/ 2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	May 2004		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>5/</sup>	001	22.90	14.75	2.4762
Appalachian (Charlotte) <sup>6/</sup>	005	22.75	14.60	2.4747
Southeast (Atlanta) <sup>7/</sup>	007	22.75	14.60	2.4747
Florida (Tampa) <sup>8/</sup>	006	23.65	15.50	2.4837
Mideast (Cleveland) <sup>9/</sup>	033	21.65	13.50	2.4637
Upper Midwest (Chicago) <sup>10/</sup>	030	21.45	13.30	2.4617
Central (Kansas City) <sup>11/</sup>	032	21.65	13.50	2.4637
Southwest (Dallas) <sup>12/</sup>	126	22.65	14.50	2.4737
Arizona-Las Vegas (Phoenix) <sup>13/</sup>	131	22.00	13.85	2.4672
Pacific Northwest (Seattle) <sup>14/</sup>	124	21.55	13.40	2.4627
All-Market Average		22.30	14.15	2.4702

<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. <sup>2/</sup> Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. <sup>3/</sup> Effective April 1, 2004, the Western Milk Marketing Order was terminated. <sup>4/</sup> Names in parentheses are the major city in the principal pricing point of the markets. <sup>5/</sup> Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. <sup>6/</sup> Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. <sup>7/</sup> Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, MO., minus \$0.90. <sup>8/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. <sup>9/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. <sup>10/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. <sup>11/</sup> Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. <sup>12/</sup> Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. <sup>13/</sup> Class I prices at Las Vegas is minus \$0.35. <sup>14/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

### Milk Production, Disposition, and Income 2003

**Milk production** increased 0.1 percent in 2003 to 170.3 billion pounds. The rate per cow, at 18,749 pounds, was 141 pounds above 2002. The annual average number of milk cows on farms, at 9.08 million head, was 55,000 head less than 2002.

**Cash receipts from marketings** of milk during 2003, totaled \$21.2 billion, 3 percent above 2002. Producer returns averaged \$12.55 per hundredweight, 3 percent above 2002. Marketings totaled 169 billion pounds, 0.2 percent above 2002. Marketings include whole milk sold to plants and dealers as well as milk sold directly to consumers.

An estimated 1.14 billion pounds of milk were used on farms where produced, 0.4 percent less than 2002. Calves were fed 86 percent of this milk, with the remainder consumed in producer households.

#### Quantity of Milk Used and Marketed by Producers: United States, 2001-2003 <sup>1/</sup>

Year	Milk Used Where Produced			Milk Marketed by Producers	
	Fed to Calves <sup>2/</sup>	Used for Milk Cream and Butter	Total	Total <sup>3/</sup>	Fluid Grade <sup>4/</sup>
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Percent
2001	1,036	173	1,209	164,123	98
2002	959	160	1,119	168,944	98
2003	963	151	1,114	169,198	98

<sup>1/</sup> May not add due to rounding. <sup>2/</sup> Excludes milk sucked by calves. <sup>3/</sup> Milk sold to plants and dealers as whole milk and equivalent amounts of milk for cream. Includes milk produced by dealers' own herds and milk sold directly to consumers. Also includes milk produced by institutional herds. <sup>4/</sup> Percentage of milk sold that is eligible for fluid use (grade A in most States). Includes fluid-grade milk used in manufacturing dairy products.

#### Marketings, Income, and Value of Milk Production: United States, 2001-2003

Year	Combined Marketings of Milk and Cream		
	Milk Marketed	Average Returns <sup>1/</sup>	Cash Receipts from Marketings
		Per 100 Pounds of Milk	
	Mil. lbs.	Dollars	1,000 Dollars
2001	164,123	15.04	24,685,667
2002	168,944	12.18	20,582,238
2003	169,198	12.55	21,227,695

<sup>1/</sup> Cash receipts divided by milk marketings.

**Source:** "Milk Production, Disposition and Income, 2003 Summary" Da 1-2(04), National Agricultural Statistics Service, USDA.

**ANNUAL MILK MARKETINGS BY PRODUCERS AND CASH RECEIPTS FROM MARKETINGS,  
BY STATE, 2003**

State	Milk Marketed by Producers		Cash Receipts from Marketings	
	Quantity <u>1/</u>	Fluid Grade <u>2/</u>	Total	Average Return <u>3/</u>
	Mil. lbs.	Percent	1,000 Dollars	\$/cwt.
AL	250	100	35,250	14.10
AK	15.6	100	3,214	20.60
AZ	3,441	100	412,920	12.00
AR	344	100	45,752	13.30
CA	35,400	99	4,028,520	11.38
CO	2,145	100	263,835	12.30
CT	410	100	55,760	13.60
DE	134.9	100	17,942	13.30
FL	2,156	100	329,822	15.30
GA	1,433	100	192,022	13.40
HI	90.5	100	21,449	23.70
ID	8,739	99	1,004,985	11.50
IL	2,035	98	248,270	12.20
IN	2,920	97	376,680	12.90
IA	3,739	98	478,592	12.80
KS	2,104	100	252,480	12.00
KY	1,433	100	192,022	13.40
LA	508	100	66,040	13.00
ME	619	100	87,898	14.20
MD	1,222	100	162,526	13.30
MA	328	100	43,296	13.20
MI	6,300	99	793,800	12.60
MN	8,158	96	1,044,224	12.80
MS	421	100	55,151	13.10
MO	1,860	96	234,360	12.60
MT	340	100	42,160	12.40
NE	1,117	99	145,210	13.00
NV	479	100	53,648	11.20
NH	302	100	41,072	13.60
NJ	213	100	27,264	12.80
NM	6,584	100	790,080	12.00
NY	11,905	100	1,559,555	13.10
NC	1,031	100	143,309	13.90
ND	543	76	66,246	12.20
OH	4,460	93	584,260	13.10
OK	1,298	100	177,826	13.70
OR	2,161	100	270,125	12.50
PA	10,327	99	1,445,780	14.00
RI	21.9	100	2,869	13.10
SC	315	100	42,840	13.60
SD	1,314	93	176,076	13.40
TN	1,200	100	159,600	13.30
TX	5,611	100	729,430	13.00
UT	1,601	98	193,721	12.10
VT	2,621	100	340,730	13.00
VA	1,723	100	244,666	14.20
WA	5,552	100	671,792	12.10
WV	219	100	28,032	12.80
WI	22,002	96	2,838,258	12.90
WY	52.8	79	6,336	12.00
US <u>4/</u>	169,198	98	21,227,695	12.55

1/ Milk sold to plants and dealers as whole milk and equivalent amounts of milk for cream. Includes milk produced by dealers' own herds and small amounts sold directly to consumers. Also includes milk produced by institutional herds. 2/ Percentage of milk sold that is eligible for fluid use (grade A in most States). Includes fluid-grade milk used in manufacturing dairy products.

3/ Cash receipts divided by milk marketings. 4/ May not add due to rounding.

**Source:** "Milk Production, Disposition and Income, 2003 Summary," Da 1-2(04), National Agricultural Statistics Service, USDA.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
JAN 2004	183.8	3.5	172.4	3.6	169.4	6.1	172.5	3.8	154.0	6.4	179.9	11.3
FEB 2004	184.1	3.3	172.1	2.9	168.5	6.0	172.6	2.4	154.8	4.2	179.7	9.1
MAR 2004	184.4	3.2	171.9	2.9	166.2	5.7	173.9	3.5	174.8	19.9	179.5	8.9
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>			
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Dollars											
JANUARY	2.879	2.686	2.847	2.944	3.813	3.713	4.046	4.101	3.692	3.752		
FEBRUARY	2.814	2.689	2.787	2.964	3.937	3.844	3.976	4.020	3.808	3.788		
MARCH	2.786	2.656	3.466	2.990	3.895	3.814	4.079	4.049	3.648	3.852		

<sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

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

Item	Dec.-Feb. 2002/03	Percent change <sup>2/</sup>	Dec.-Feb. 2003/04	Percent change <sup>2/</sup>	Annual 2002	Percent change <sup>2/</sup>	Annual 2003	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	42,273	1.6	42,133	-1.4	170,063	3.1	170,312	0.1
Marketings	42,002	1.7	41,878	-1.4	168,922	3.1	169,237	0.2
Beginning Commercial Stocks <sup>3/</sup>	9,110	32.6	8,542	-6.2	7,041	3.0	9,889	40.4
Imports <sup>3/</sup>	1,286	10.3	1,190	-7.5	5,104	-10.7	5,040	-1.3
Total Supply <sup>4/</sup>	52,398	6.2	51,610	-2.4	181,067	2.7	184,166	1.7
Ending Commercial Stocks <sup>3/</sup>	12,046	31.2	10,124	-16.0	9,889	40.4	8,332	-15.7
Net Removals <sup>3/</sup>	210	244.3	-113	-153.8	327	125.5	1,169	257.5
Commercial Disappearance <sup>4/</sup>	40,142	0.1	41,599	2.5	170,851	1.0	174,665	2.2
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	300.1	-7.4	324.5	7.0	1,288.1	1.3	1,306.3	1.4
American Cheese	867.7	-1.5	882.1	0.5	3,730.3	1.6	3,713.5	-0.5
Other Cheese	1,276.1	4.0	1,337.0	3.6	5,252.3	4.1	5,366.0	2.2
Nonfat Dry Milk	141.8	-19.3	197.1	37.0	792.6	-16.0	770.1	-2.8
Fluid Milk Products <sup>6/</sup>	13,962.7	1.2	13,973.7	-1.0	55,266.2	0.3	54,980.7	-0.5

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

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

	FOR THE WEEK OF APRIL 26 - 30, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 04/23/04	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-42,309	8,208,354	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	328,320	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-42,309	8,536,674	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	3,927,212	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	5,545,706	-0-	-0-
Process	-0-	-0-	-0-	-0-	18,730,800	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	30,203,718	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	9,188,371#	-0-	9,188,371	262,404,191#\$	398,864,841	641,345,000	1,224,444,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
<b>TOTAL</b>	9,188,371	-0-	9,188,371	262,285,143	398,864,841	687,736,000	1,270,835,000

# Export Donation Program under Invitation 080 to announcement FMP1. The cumulative under Invitation 080 is 21,102,778. \$ Includes export donation deliveries under Invitation 070.

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF APRIL 26 - 30, 2004 =	2.0	107.0	COMPARABLE PERIOD IN 2003 =	49.8	196.9
CUMULATIVE SINCE OCTOBER 1, 2003 =	56.8	3,053.0	CUMULATIVE SAME PERIOD LAST YEAR =	552.6	4,942.8
CUMULATIVE JANUARY 1 - APRIL 30, 2004 =	31.3	1,703.7	COMPARABLE CALENDAR YEAR 2003 =	478.5	3,677.2

\* 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 26 - 30, 2004 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,188,371	-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-	18,863,158	7,646,276	14,183,333	3.0	32.1
WEST	-42,309	8,536,674	-0-	11,340,560	250,355,093	365,051,004	95.4	67.1
EAST	-0-	-0-	-0-	-0-	4,283,774	19,630,504	1.6	0.8
<b>TOTAL</b>	-42,309	8,536,674	-0-	30,203,718	262,285,143	398,864,841	100.0	100.0

**NDM SELLBACK TO THE TRADE NOTE:** the cumulative sellback total for 2004 was corrected to **64,632,894 pounds**.  
**NOTE:** Sales of CCC-owned NDM to the trade for unrestricted use were suspended effective April 13.

**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 04/10/04 & Comparable Week 2003**

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2004-Dairy	0.0	0.6	6.9	2.0	14.4	1.9	0.3	0.8	9.6	2.8	39.3	727.5	45.3	49.5
2003-Dairy	0.2	0.8	6.9	4.6	21.1	2.4	0.3	1.0	13.2	3.4	53.8	864.7	49.3	49.9
2004-All cows	0.1	0.6	8.7	9.0	25.0	9.7	14.4	2.5	11.3	5.6	86.8	1,468.5		
2003-All cows	0.2	1.0	9.3	13.7	32.1	14.8	13.8	3.2	14.9	6.2	109.1	1,733.6		

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
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	19.65							
II	11.67	12.90	14.79	15.21								
III	11.61	11.89	14.49	19.66								
IV	10.97	12.21	14.10	14.57								

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)