

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (7/23):
BUTTER: Grade AA closed at \$1.6900. The weekly average for Grade AA is \$1.6692 (-.0716).

CHEESE: Barrels closed at \$1.4500 and blocks at \$1.4800. The weekly average for barrels is \$1.4460 (+.0430) and blocks, \$1.4780 (+.0420).

NONFAT DRY MILK: Extra Grade closed at \$0.8500 and Grade A at \$0.8500. The weekly average for both Extra Grade and Grade A is \$0.8500 (-.0140).

BUTTER: The butter market tone is unsettled. Churning activity across the country is mixed as butter producers are hesitant to take on additional cream offerings in a weak market situation. Stocks of butter continue to trail last year at this time, although current production is often surpassing demand and inventories are building. Overall butter sales are fair at best. Retail butter sales are lower and continue to be hurt by high store prices that often have not changed despite declines in the wholesale price. Food service orders are also seeing declines as buyers look for cheaper alternatives like margarine and blends.

CHEESE: The cheese market is fully steady. Buyers that had been delaying purchases in the hope of lower prices are finding prices have already rebounded. Some new cheese promotional activity is reaching the consumer level. Current cheese supplies have tightened due to improved orders and reductions in milk and cheese production.

FLUID MILK: Milk production trends across the country are now being impacted by summer's heat and humidity. Farm pick-ups and receipts at plants are often lighter than the week before. Fat and protein levels in the incoming milk supply are sometimes lower as a result of the hot and muggy weather conditions. Although milk production is edging lower, milk volumes are often heavier than anticipated for this time of the summer. Demand for surplus milk is lackluster from cheese makers and only slightly better from butter/powder producers. Cream prices are lower and reflect lower butter prices and multiples. Churning activity is mixed as many producers are hesitant to purchase additional cream volumes in a weak market situation. Ice cream production is seasonally active as producers experience good sales for both soft serve and hard ice cream.

DRY PRODUCTS: Nonfat dry milk markets are steady to weak with prices mixed to generally lower. Production levels remain higher than anticipated for this time of the year, but declining where milk supplies are lower. Plant inventories are increasing as demand for current output is just fair at best. Competition for NDM once owned by CCC continues to attract a lot of buyer attention, particularly when offered at prices below fresh product prices. Buttermilk powder markets are weak as prices are steady to lower. Most producers indicate that stocks are fully adequate for the lackluster demand and lower prices are not stimulating buyer interest. Whey powder markets are weak with prices generally lower from coast to coast. Dry whey production is often lower as milk supplies decline and cheese producers try to limit cheese

output. Stocks of powder are moderate across the country and often are building.

CCC: For the week of July 19 - 23, CCC purchased 3,002,435 pounds of Western NDM. Of this total, 1,058,038 pounds of NDM were purchased under price support with the balance (1,944,397 pounds) purchased under Invitation 080 to Announcement FMP1.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for August 2004 is \$14.62, down \$3.33 from July. This price is derived from the advanced Class III skim milk pricing factor of \$7.55 and the butterfat pricing factor of \$2.0952 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for August is \$7.07 and the Class II nonfat solids price is \$0.7856 per pound. The following are the two-week product price averages: butter \$1.8610, nonfat dry milk \$0.8552, cheese \$1.5439, and dry whey \$0.2600.

COLD STORAGE (NASS): During June, U.S. cold storage holdings of butter totaled 187.8 million pounds, 5.1% more than a month ago but 37.7% less than June 2003. Natural American cheese holdings total 590.7 million pounds, 5.3% more than a month ago and 7.4% heavier than a year ago.

JUNE MILK PRODUCTION (NASS): Milk production in the 20 major states during June totaled 12.4 billion pounds, down 0.2% from June 2003. May revised production, at 13.0 billion pounds, was down 6 million pounds from May 2003. The May revision represented an increase of 13 million pounds or 0.1% from last month's preliminary production estimate. Production per cow averaged 1,603 pounds for June, 7 pounds above June 2003. The number of milk cows on farms was 7.74 million head, 44,000 head less than June 2003, but 19,000 head more than May 2004. Milk production in the U.S. during April-June quarter totaled 43.7 billion pounds, down 0.6% from the April-June quarter last year. The average number of milk cows in the U.S. during the quarter was 9.00 million head, 112,000 head less than the same period last year.

JUNE FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During June, about 9.7 billion pounds of milk were received from producers. This volume of milk is 1.6% lower than the June 2003 volume on a comparable market basis. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -2.2%.) About 3.4 billion pounds of producer milk were used in Class I products, 0.7% lower than the previous year on a comparable market basis. Calendar composition had a positive impact on milk used in Class I in 2004 as compared to 2003. The all-market average Class utilizations were; Class I = 35%, Class II = 13%, Class III = 39%, and Class IV = 13%. The weighted average statistical uniform price was \$18.91 per cwt., \$0.43 lower than last month, and \$7.98 higher than last year.

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY JULY 19	TUESDAY JULY 20	WEDNESDAY JULY 21	THURSDAY JULY 22	FRIDAY JULY 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.4300 (N.C.)	\$1.4500 (+.0200)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	(+.0200)	\$1.4460 (+.0430)
40# BLOCKS	\$1.4700 (+.0100)	\$1.4800 (+.0100)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	(+.0200)	\$1.4780 (+.0420)
NONFAT DRY MILK							
EXTRA GRADE	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (-.0140)
GRADE A	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (-.0140)
BUTTER							
GRADE AA	\$1.6600 (N.C.)	----	\$1.6575 (-.0025)	----	\$1.6900 (+.0325)	(+.0300)	\$1.6692 (-.0716)

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *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, JULY 19, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4700; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 12 CARS GRADE AA: 2 @ \$1.6600, 2 @ \$1.6550, 1 @ \$1.6575, 2 @ \$1.6600, 1 @ \$1.6625, 1 @ \$1.6650, 2 @ \$1.6700, 1 @ \$1.6675; BIDS UNFILLED: 7 CARS GRADE AA: 2 @ \$1.6500, 5 @ \$1.6000; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.6600

TUESDAY, JULY 20, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.4800; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4500; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 21, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 19 CARS GRADE AA: 2 @ \$1.6100, 1 @ \$1.6175, 2 @ \$1.6300, 1 @ \$1.6325, 1 @ \$1.6375, 2 @ \$1.6500, 1 @ \$1.6425, 1 @ \$1.6500, 1 @ \$1.6525, 1 @ \$1.6500, 2 @ \$1.6550, 1 @ \$1.6575, 1 @ \$1.6500, 1 @ \$1.6600, 1 @ \$1.6575; BIDS UNFILLED: 9 CARS GRADE AA: 2 @ \$1.6500, 2 @ \$1.6400, 1 @ \$1.6200, 1 @ \$1.6150, 3 @ \$1.6100; OFFERS UNCOVERED: 3 CARS GRADE AA: 2 @ \$1.6700, 1 @ \$1.7000

THURSDAY, JULY 22, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JULY 23, 2004

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 8 CARS GRADE AA: 1 @ \$1.6600, 2 @ \$1.6700, 1 @ \$1.6725, 2 @ \$1.6800, 1 @ \$1.6850, 1 @ \$1.6900; BIDS UNFILLED: 4 CARS GRADE AA: 2 @ \$1.6775, 2 @ \$1.6000; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.7000

BUTTER MARKETS

JUNE COLD STORAGE

According to NASS, June month-ending cold storage figures for butter total 187.8 million pounds, 38% less than last June but 5% more than May's holdings.

NORTHEAST

The market tone is unsettled. After loosing nearly twenty cents last week, the CME cash market for butter held on Monday July 19. Contacts are a little unsure where prices will end up, as both offers and bids at the CME have been the basis for recent sales. Churning activity is moderate to heavy as cream supplies increased last week. Butter demand remains relatively slow at retail and fair to good in food service channels. Butter inventories are building at most levels of the market. With last week's price declines, many buyers are waiting to see if prices will move lower before placing orders. 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 weak as the midweek CME cash price of \$1.6575 is the lowest since mid February. Producers and handlers continue to question how low with this current weak trend take the price. Churning activity varies from plant to plant. Cream supplies are mixed, especially from outside sources. Outside cream is available one week and not the next and the current week was one of those lighter weeks. Butter producers do indicate that they are able to

generate a little extra inventory at this time as overall butter sales are not overly aggressive. Butter handlers indicate that often in a down market, orders are lighter until stability returns. Retail orders remain fair at best with food service orders seasonally active. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

At the CME, the butter price continues to decline and closed at \$1.6575 on July 21. The market tone remains weak as buyers are reluctant to make purchases when prices are declining. In the West, less butter is being churned because butter makers don't want to chance additional inventories that could lose value. Cream offerings are higher as a result. Hotter temperatures in the region are lowering the fat content of incoming milk. Retail butter sales are lower and continue to be hurt by high store prices that often have not changed despite declines in the wholesale price. Consumers are simply not buying butter. Food service orders are also seeing declines as buyers look to cheaper alternatives like margarine and blends. Stocks in CME approved warehouses increased just 0.5 million pounds to 110.8 million pounds. The same week a year ago, stocks peaked at 206.5 million pounds. Current prices for bulk butter range from 2.5 to 5 cents under based on the CME with various time frames and averages. U.S. Cold Storage stocks of butter at the end of June total 187.8 million pounds, up 5% from May 2004 but 38% lower than last year.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JULY 17	1,5164	1,4669	0,8522	1,8486	0,2574
	9,237,096	11,692,580	22,275,846	2,875,270	9,768,967

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

CHEESE MARKETS

NORTHEAST

Prices are unchanged on Swiss, higher on the balance. Despite the price increase, the market tone is still relatively weak. This week's price increase is the first week-to-week increase since late April. Cheese production in the Northeast is holding up better than some contacts had anticipated. Surplus milk supplies are still relatively heavy as seasonal declines in the milk flow have not yet been seen. Also, many cheese makers are limiting their milk intakes until prices move lower. Demand for cheese is up slightly now that prices at the CME seem to have stabilized, with the possibility of moving higher. Demand for cheese is seasonally slow to fair at retail, fair to good in the food service channels.

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

Cheddar 10# Prints	:	1.5025-2.0175
Cheddar Single Daisies	:	1.4600-1.9350
Cheddar 40# Block	:	1.5750-1.8350
Process 5# Loaf	:	1.6125-1.8200
Process 5# Sliced	:	1.6325-1.8775
Muenster	:	1.6750-1.8775
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is steady to firm. Some traders, especially buyers, are hoping for price stability to allow supply and demand to get in better balance after recent price increases. Many in the industry expect additional short term increases but want cheese availability to warrant the increases rather than just the possibility of tightened supplies. Promotional activity on cheese has at least reached the print media in some markets. Overall current cheese supplies are about in balance with actual orders. Buyers are still generally able to acquire needed volumes but plant inventories have declined in recent weeks. Summer-like weather has aided process sales both for at home use and for fast food activities. More producers/sellers have limited the order volume accepted or are accepting them based on market date of make rather than the weekly average. Milk volumes have tightened as supplies from the South and local offerings shrink seasonally. Cheese yields are at low summer levels. Most plants are operating on reduced schedules due to the milk supply.

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

Process American 5# Loaf	:	1.5825-2.1900
Brick And/Or Muenster 5#	:	2.0900-2.1700
Cheddar 40# Block	:	1.7875-2.2650
Monterey Jack 10#	:	2.0300-2.2650
Blue 5#	:	2.1850-2.8900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7325-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3475-2.9500

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

	BUTTER	:	CHEESE
		:	
07/19/04	53,524	:	154,184
07/01/04	47,001	:	154,110
CHANGE	6,523	:	74
% CHANGE	14	:	N.C.

WEST

Cheese prices are higher this week, following increases in weekly average prices at the CME last week. The prices are firming in light trading. Current interest is light for barrels, process and mozzarella cheese. Buyers are concerned that prices are rising and question why prices moved so quickly and firmer off the recent lows. There are trade concerns about lower cheese utilization in the food service sector. Less process and mozzarella cheese are being used in sandwiches and pizzas because of price. The concerns could continue as those accounts aren't returning to normal usage, even as prices have declined. Cheese making in the region is often steady to lower as producers continue to limit milk intakes and attempt to keep inventory levels in better shape. The Swiss prices are steady. Concerns abound with lower priced imports available at the same time producers are working through stocks made with higher priced milk. U.S. Cold Storage holdings of American cheese at the end of June total 590.7 million pounds, up 5% from last month and 7% higher than last year. Total cheese stood at 839.4 million pounds, 4% higher than last month and 5% higher than last year. Swiss stocks were 23.3 million pounds, down 10% from last year.

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

Process 5# Loaf	:	1.5550-1.8150
Cheddar 40# Block	:	1.5575-1.9100
Cheddar 10# Cuts	:	1.7375-1.9575
Monterey Jack 10#	:	1.7475-1.9075
Grade A Swiss Cuts 6 - 9#	:	2.4500-2.8700

FOREIGN

Prices are unchanged to higher and the market tone is little changed. Supplies for foreign type cheese are adequate to cover the current, slow to fair demand. Retail demand for imported cheeses is slow and typical for this time of year.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:		
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-4.2500	1.7975-3.2875*
Gorgonzola	:	3.6900-5.9400	2.3000-2.4900*
Parmesan (Italy)	:	TFEWR	3.2075-3.3175*
Romano (Italy)	:	2.1000-3.1500	-0-
Provolone (Italy)	:	3.4400-5.5500	1.8075-2.0325*
Romano (Cows Milk)	:	-0-	2.9925-5.1675*
Sardo Romano (Argentina)	:	2.8500-3.2900	-0-
Reggianito (Argentina)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.9500-4.0900	-0-
Swiss Cuts Switzerland	:	-0-	2.4500-2.6500
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	0	0	0	0	51
SOUTHEAST STATES	0	0	0	0	0	0

During June, milk production in the 20 major states totaled 12.41 billion pounds, down 0.2% from June 2003. The following are the June-to-June changes for selected states: Texas +6.8%, Florida +6.6%, Pennsylvania -2.6%, Vermont -2.7%, New York -2.9%, Kentucky -3.3%, and Virginia -4.9%. This week, milk production continues to ease lower in most of the region. Rates of declines vary, but, so far, the rates have been slow. Hot, daytime weather in the Southeast, is often offset by mild nights and the cows have not yet been stressed too much. Florida's output is slowing a little faster and contacts there report that milk supplies are balanced. However, it is expected that outside milk will need to be imported in the next week or two. Farther north, milk production is relatively steady in the northern-most areas of the East. Bottled milk demand ranges from slow to slightly improved. Some suppliers reported that they got several "add on" orders from bottlers. Surplus milk supplies are still long. Demand for the surplus milk is lackluster from cheese makers and only slightly better from butter/powder producers. However, as one contact put it, "we'll enjoy the milk we get today because, in summer, it can and will disappear quickly." Reports indicate that some cheese makers continued to be uninterested in making more cheese than they have too. The condensed skim market is mostly steady, but some Class II loads did clear in the spot market for fractionally lower prices. The fluid cream market is firmer this week. Last week, cream volumes were long and demand was just fair. This week, some suppliers have been looking for extra loads and spot sales are most often occurring in the upper portion of the range. Overall, spot prices are moderately lower. Last week's average CME butter price slipped more than twelve cents, which may have triggered the improved demand. Contacts state that hard ice cream makers are taking a little more cream, but soft serve ice cream makers have seen a big jump in sales and increased their cream orders. Bottled cream sales are about steady. Churning activity is steady to light, generally moderate.

manufacturing milk prices, on a light test, ranged from \$0.75 - 1.00 over class. Spot milk availability declined quickly in part due to the rebound in cheese prices and demand, as well as the weather. Initial June 2004 estimated milk production in selected Midwestern states compared with June 2003 is: Wisconsin 1.852 billion pounds, down 38 million pounds (-2.0%); Minnesota 681 million pounds, off 15 million pounds (-2.2%); Michigan 519 million pounds, down 10 million pounds (-1.9%); and Iowa 295 million pounds, a decline of 23 million pounds (-7.2%). Cow numbers were below year ago in all 4 of these states with milk per cow also down except in Minnesota. Warmer temperatures are aiding in crop maturity, particularly in areas that had been lagging early in the season due to delayed planting and cooler weather patterns.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 54.50- 62.00	\$ 44.00- 49.00
REPLACEMENT HEIFER CALVES	\$330.00-600.00	\$310.00-450.00

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

	JULY 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 55.00- 64.50	\$ 46.00- 54.00

WEST

June milk production in the 20 surveyed states totaled 12.4 billion pounds, 0.2% lower than June 2003. Milk cows totaled 7.741 million head, down 44,000 head (-0.6%) from June 2003. June 2004 output changes for selected Western states compared to last year are as follows: Arizona +2.4%, California +1.9%, Idaho +2.5%, New Mexico +3.9%, and Washington -2.1%. The five Western states account for 2,870 head (37.1% of the 20 states total) and 5.140 billion pounds of milk (41.4% of the 20 states total) in June 2004. Quarterly milk production comparisons for the April to June period versus a year ago are: AZ, +1.5%; CA +1.6%; CO +2.2%; ID +2.7%; MT +1.1%; NV +3.3%; NM +2.0%; OR +2.0%; UT -1.0%; WA -2.2%; and WY +17.3%. CALIFORNIA milk supplies are trending lower seasonally and are poorer in areas of the South and southern Central Valley where the temperatures have reached into the 100's. Load weights are trending lower and fewer loads are entering processing plants. In the northern milk producing areas, weather conditions are more seasonal and milk supplies have been stable to only slightly lower. Demand for bottled milk has been steady. The heat is affecting the quality of hay being made. Milk production in ARIZONA has moved sharply lower due to very hot and humid weather patterns. Heat abatement measures are not working very well, especially with the humidity. Milk intakes from nearby states are backing off. NEW MEXICO milk patterns continue to move lower. Milk supplies remain above needs and are being moved to other states for processing. Fluid orders are limited and movements to supplement the East are slow to develop. CREAM prices are lower and reflect lower butter prices, multiples and overages. Cream supplies are available in most areas. Some butter makers are facing poor sales and do not want to make butter for storage. They want to sell the cream. The CME Grade AA butter price was \$1.6575 at midweek on July 21, a drop of 4.25 cents from last week. Multiples are slightly higher and range from 116 to 130, FOB, and vary depending on class usage and basing point. Hot, summertime temperatures across most of WASHINGTON and OREGON continue to impact milk production. Highs are approaching the 100 degree mark and milk output is being affected. Fat and protein levels in the incoming milk supplies are sometimes lower as a result. The cumulative effect of the continued heat is affecting areas at differing rates. Hay supplies are testing well and dairy farmer interest is active. Milk supplies are lower at processing plants in UTAH and IDAHO and are tightening up in the region. Hot weather patterns continue to be a problem for milk cows and declines in milk per cow are noted. Solids and fat in milk are trending lower.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.2979-2.4719
DELIVERED EQUIVALENT ATLANTA	-	2.3153-2.5068 M 2.4023-2.4719
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.2630-2.4371

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9150- .9600
NORTHEAST- CLASS III - SPOT PRICES	-	.9700-1.0300

MIDWEST

Class I interest was steady to slightly improved but still at typical light summer levels. With sharply lower Class I prices expected again in August, bottlers are hoping for improved retail fluid sales. Milk supplies have tightened appreciably in most areas as summer heat and humidity reduce cow comfort and impact output. Some areas have had heat indices of 90 to over 100 degrees. Cream availability was mixed with supplies noticeably tighter by midweek. Fat and protein tests on incoming loads were also edging lower. Ice cream output remains seasonally strong. Condensed skim interest is steady though Class III sales remain very slow. Plant manufacturing schedules were being trimmed to reflect available milk supplies and better product returns. Many cheese manufacturers are interested in acquiring additional milk volumes due to better cheese sales but demand remains about steady for others. Spot

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 steady to weak market. Supplies of aged low heat NDM from CCC exchange programs are readily available as a competitive substitute to current manufacturer offerings. Production levels at most plants remain higher than anticipated for this time of year. More seasonal summer temperatures in conjunction with the commencement of a new school year are expected to reduce milk supplies during the course of the next month. In the interim, producers are attempting to negotiate additional supplies available with respect to current demand and potential interest this fall. Some producers also expect more interest from cheese producers as milk prices fall more in line with cheese prices. High heat interest is good. Supplies are limited with some buyers purchasing additional supplies from the Western region.

EAST: Eastern prices are mostly unchanged. The market tone remains relatively weak. Production levels are heavier than expected for this time year. Plant inventories are increasing as demand for current output is just fair. Competition from NDM once owned by CCC continues to attract a lot of buyer attention, particularly when offered in the high 70's and low 80's, f.o.b. Producers still expect surplus milk volumes to tighten in the coming weeks, but until that happens, there is plenty of skim to be dried. Most Eastern producers still feel that their growing inventories will be needed this fall when Class I needs improve and surplus milk volumes tighten. Demand ranges from slow to fair on current output, fair to good for NDM coming from CCC warehouses and selling at prices below current quotes. High heat NDM continues to be in relatively tight supply, but more reports indicate that high heat demand is slow and there are more comments about price resistance.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8575 - .9800 MOSTLY: .8700 - .9000
 HIGHHEAT: .9050 - 1.2000

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are mixed with the majority of trading prices unchanged. The market tone is unsettled and weak. Production is active, but declining where the milk supplies are lower. Cheese producers are slow to return to using NDM and condensed skim to add to cheese vats. Current direct export sales are occurring and any movements are welcomed to move production. Prior government export contracts are nearing the end and producers are looking for other sales outlets. Other domestic account sales are fair for contracted volumes, but slow on spots. Both spot and contract buyers expect pricing formulas to decline in coming weeks as lower priced sales are accounted for. Producers' stocks are light to moderate and often building. During the week of July 12 - 16, CCC was offered 1,587,741 pounds of NDM under the support program. High heat NDM prices are lower on the top end of the range. Spot sales are slow with most current trading occurring on contracts. Buying activity is seasonally slow. Production runs are often limited as milk volumes entering powder plant are heavier than projections. High heat stocks are balanced at light levels.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7950 - .8900 MOSTLY: .8200 - .8625
 HIGH HEAT: .8600 - .9900

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 16	\$.8377	13,646,239	0
July 9	\$.8391	11,148,824	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 unchanged to lower and nominal on a weak market. Most manufacturers have additional supplies of buttermilk that are readily available yet they are not aggressively pursuing sales in light of potential shortages later in the year. Production is heavier than anticipated at this time of year. Buying interest is light. Offering prices on condensed buttermilk at 90 cents are being met with resistance. Some custom dryers are refusing additional loads of condensed buttermilk. Movement is best on less than trucklot loads that trade at prices above the average.

F.O.B. CENTRAL: 1.0350 - 1.1800

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are lower and the market tone is weak. Northeastern prices are nominal and include resale loads. Producers indicate that stocks are fully adequate for the lackluster demand and lower prices are not attracting much new interest. Traders report that demand is sluggish and buyers are waiting to see if prices will drop any farther. Offerings below a dollar are more frequent, but attracting little interest. Churning activity was heavier last week, but excess cream volumes tightened early this week. Demand for condensed buttermilk is fair.

F.O.B. NORTHEAST: .9875 - 1.0900
 DELVDSOUTHEAST: 1.0100 - 1.1500

DRY BUTTERMILK - WEST

Prices for dry buttermilk continue to trade in a narrow range. The market tone remains steady in light spot trading. Recent higher butter production runs have not resulted in additional offerings of dry buttermilk. Demand has generally been slow on the spot side because of the lack of consistent offerings and buyers often finding alternatives. Contract sales are being filled on a timelier basis. Stocks are mostly light.

F.O.B. WEST: 1.0200 - 1.0650 MOSTLY: 1.0200 - 1.0500

DRY WHOLE MILK - NATIONAL

Prices are steady to often lower and nominal. The market tone is weak. Contacts report that supplies of dry whole milk are long and some producers are cutting back output until inventories are back in better balance. Traders are commenting that both domestic and imported powder is not selling "all that well." Buyers are taking contracted volumes, but showing little spot interest. Some producers have discounted prices to "stir up" some demand, but so far, little new demand has been noted.

F.O.B. PRODUCING PLANT: 1.2850 - 1.4800

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 lower on a weak market. Trade activity is very light. Manufacturers and traders suspect that buyers stocked heavily on loads as prices rose and are therefore less likely to purchase additional supplies, especially as prices move lower. Feed buyers report that end product sales are down resulting in reduced movement of their stocks and encouraging resale from feed buyer warehouses. Export interest is light although inquiries are increasing in response to reduced prices.

F.O.B. CENTRAL: .2350 - .2600 MOSTLY: .2350 - .2550

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly lower. The market tone is little changed from past weeks. Eastern plants continue to produce less cheese and whey and their dry whey contracts are clearing all their output. Some are unable to meet contract shipping schedules and have cut contracts. Few direct spot sales are reported and the Northeastern price range remains nominal. Traders are indicating that their stocks of dry whey are building. They have contracts with the producers (which is helping keep producers sold out) and are having a difficult time clearing their product. Demand is sluggish as spot buyers are waiting for lower prices and some end users are still offering loads out of their inventory for sale at competitive, even discounted prices. Contacts indicate that dry whey is readily available in the resale market as well as from Midwestern producers, who have seen their inventories rise in recent weeks.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2575 - .2900
DELVD SOUTHEAST: .2750 - .2850

DRY WHEY - WEST

Western whey prices are lower and the market tone remains weaker. Export interest is more prevalent at the lower end of the range. There are some expectations that prices could stabilize in the lower 20's, but that needs to be played out. Demand has improved as prices are discounted, but feed buyers remain reluctant to make purchases. Ice cream producers are currently active as whey buyers. Dry whey production is often lower as milk supplies decline and cheese producers try to limit cheese output. Whey stocks range from light to moderate levels.

NONHYGROSCOPIC: .2100 - .2700 MOSTLY: .2200 - .2350

ANIMAL FEED WHEY - CENTRAL

Prices are mixed on a steady to weak market. Trade activity continues light as buyers await a market bottom in the Extra Grade market before purchasing additional supplies. Permeate supplies are also readily available at competitive prices. Veal and early weaned pig prices are generally steady.

F.O.B. CENTRAL:
MILK REPLACER: .1900 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a steady market. Interest from edible markets is generally good while feed demand is light. Some renewed trade activity is reported into Mexico and Canada. Feed buyers are making inquiries for extra supplies of WPC for future use. Feed buyer stocks are currently adequate due to reduced end product demand and heavier purchases during the second quarter. Producer stocks of WPC are reportedly in balance. This year's NDM drought relief NDM program is not anticipated to affect the price of WPC. Off grade supplies are readily available for the light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .6350 - .6650 MOSTLY: .6450 - .6650

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. Trade activity is generally light due in part to reduced interest from export markets. Some Asian markets have yet to finalize contractual negotiations for this quarter as buyers accumulated heavier than desired stocks during the second quarter. Domestic demand is mostly contractual with limited inquiry for spot based product. Production is mostly steady. Stocks are in balance to instances long. Feed grade lactose is difficult to move due to the competitive prices of permeate.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2100 - .2700 MOSTLY: .2200 - .2300

CASEIN - NATIONAL

Casein markets remain firm with prices generally higher. At the most recent Dairy Management Committee meeting in Europe on July 15, the Commission reduced the skim milk powder subsidy for the production of casein by 20%, which amounts to about \$.22 per pound. Most European producers basically had no alternative other than to raise prices. This firmness in Europe also was reflected in casein prices from other international sources. Stocks remain in very close balance to often short of full needs. European suppliers do not foresee much recovery in supplies while Oceania producers are optimistic about the upcoming production season. On July 16, CCC announced invitation #022 to buy from CCC approximately 2 million pounds of government owned skim milk powder for the production of casein/caseinate. Bids were due on July 21 with public results released July 26.

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: 2.5500 - 2.8000
ACID: 2.5500 - 2.8500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady, and still above expected mid-July levels. Surplus milk volumes typically tighten in summer, but so far, they remain moderate to heavy. Plant inventories are increasing slightly as demand is seasonally slow. Anticipated lower Class IV milk prices do have some makers a little more willing to step up output while the milk is available.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	07/07	07/08	07/09	07/12	07/13	07/14	07/15	07/16	07/19	07/20
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
JUL 04	14.82 (5965) 143	14.82 (5970) 109	14.78 (5981) 13	14.78 (5978) 9	14.80 (5912) 31	14.87 (5898) 11	14.85 (5767) 242	14.69 (5670) 16	14.67 (5612) 113	14.67 (5612) 153
AUG 04	13.75 (5183) 125	13.57 (5243) 285	13.38 (5201) 205	13.77 (5204) 169	13.72 (5136) 437	14.35 (5154) 297	13.97 (5197) 140	13.79 (5287) 301	13.95 (5278) 47	14.15 (5264) 182
SEP 04	14.25 (5106) 237	14.10 (5144) 149	14.06 (5178) 316	14.65 (5166) 388	14.77 (5330) 397	15.40 (5261) 502	14.90 (5199) 264	14.55 (5173) 345	14.90 (5161) 157	15.02 (5054) 272
OCT 04	13.61 (3104) 36	13.55 (3100) 5	13.55 (3100) 46	13.85 (3107) 37	13.80 (3116) 203	14.20 (3121) 83	13.75 (3123) 60	13.75 (3178) 114	13.93 (3178) 73	14.00 (3222) 125
NOV 04	13.05 (2025) 7	12.95 (2062) 67	12.92 (2059) 51	13.15 (2068) 16	13.20 (2044) 97	13.25 (2055) 40	12.95 (2051) 76	12.85 (2060) 113	12.91 (2082) 23	12.91 (2138) 96
DEC 04	12.35 (1859) 2	12.35 (1858) 70	12.40 (1855) 10	12.65 (1850) 21	12.70 (1820) 44	12.75 (1817) 10	12.55 (1785) 81	12.55 (1841) 97	12.64 (1831) 23	12.66 (1834) 75
JAN 05	12.35 (562) 9	12.30 (571) 21	12.39 (619) 76	12.59 (627) 36	12.59 (632) 20	12.59 (634) 3	12.58 (635) 3	12.55 (642) 9	12.57 (643) 3	12.54 (646) 11
FEB 05	12.31 (525) 18	12.30 (528) 7	12.35 (595) 92	12.45 (619) 32	12.49 (636) 41	12.50 (637) 4	12.49 (640) 4	12.45 (652) 26	12.49 (659) 31	12.49 (659) 4
MAR 05	12.32 (332) 29	12.32 (334) 4	12.32 (379) 67	12.50 (386) 17	12.50 (394) 22	12.59 (397) 6	12.55 (400) 5	12.54 (415) 25	12.59 (427) 35	12.57 (432) 5
APR 05	12.38 (282) 16	12.46 (283) 5	12.46 (288) 34	12.52 (292) 18	12.51 (301) 15	12.52 (302) 6	12.37 (302) 1	12.35 (319) 18	12.40 (322) 38	12.40 (323) 4
MAY 05	12.35 (222) 16	12.50 (224) 4	12.40 (241) 21	12.50 (249) 19	12.50 (249) 1	12.52 (252) 6	12.37 (252) 1	12.37 (269) 18	12.42 (276) 31	12.42 (276) 4
JUN 05	12.75 (195) 17	12.80 (195) 0	12.70 (199) 7	12.70 (199) 1	12.70 (199) 0	12.70 (199) 2	12.55 (200) 1	12.45 (201) 17	12.45 (229) 32	12.40 (229) 4
JUL 05	12.99 (86) 3	12.99 (87) 1	12.99 (89) 2	13.00 (90) 1	13.00 (90) 0	13.00 (92) 2	12.85 (92) 0	12.85 (92) 0	12.85 (92) 0	12.85 (92) 3
AUG 05	13.40 (83) 0	13.40 (83) 0	13.40 (83) 0	13.40 (83) 0	13.40 (84) 1	13.40 (86) 2	13.20 (86) 0	13.20 (86) 0	13.20 (86) 0	13.20 (86) 0
SEP 05	13.40 (69) 0	13.40 (69) 0	13.40 (69) 0	13.40 (70) 1	13.40 (70) 0	13.40 (72) 2	13.20 (72) 0	13.20 (72) 0	13.20 (72) 0	13.20 (72) 0
OCT 05	12.70 (51) 0	12.70 (51) 0	12.70 (51) 0	12.70 (56) 6	12.75 (56) 0	12.75 (56) 0	12.65 (56) 0	12.65 (56) 0	12.65 (56) 0	12.65 (56) 0
NOV 05	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 1	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0
DEC 05	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 1	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0	12.35 (49) 0

CME - (CLASS IV) MILK FUTURES - Dollars per cwt.

JUL 04	14.00 (97) 0	14.00 (97) 0	14.00 (97) 0	14.00 (97) 0	13.75 (97) 0	13.75 (97) 0	13.75 (97) 0	13.75 (97) 0	13.75 (97) 0	13.75 (97) 0
AUG 04	14.00 (77) 0	14.00 (77) 0	14.00 (77) 0	14.00 (77) 0	13.70 (77) 0	13.70 (77) 0	13.70 (77) 0	13.70 (77) 0	13.70 (77) 0	13.50 (77) 0
SEP 04	13.55 (87) 0	13.55 (87) 0	13.55 (87) 0	13.55 (87) 0	13.40 (87) 0	13.40 (87) 0	13.40 (87) 0	13.40 (87) 0	13.40 (87) 0	13.30 (87) 0
OCT 04	13.55 (19) 0	13.55 (19) 0	13.55 (19) 0	13.55 (19) 0	13.35 (19) 0	13.00 (19) 0	13.00 (19) 0	13.00 (19) 0	12.90 (19) 0	12.90 (19) 0
NOV 04	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0	12.70 (59) 0

CME - BUTTER FUTURES -- Cents per pound

JUL 04	187.00 (198) 12	188.00 (202) 14	186.00 (155) 21	186.75 (143) 15	181.00 (122) 18	169.00 (113) 2	170.10 (105) 13	168.00 (97) 4	170.00 (96) 0	170.00 (92) 5
SEP 04	184.00 (331) 1	184.00 (332) 3	182.00 (337) 17	179.00 (334) 49	174.75 (329) 14	169.75 (330) 6	170.50 (330) 4	167.00 (331) 5	167.00 (331) 0	167.00 (331) 4
OCT 04	185.00 (117) 0	185.00 (121) 4	181.00 (119) 4	178.00 (122) 4	175.75 (114) 8	170.75 (112) 16	168.00 (113) 2	166.00 (113) 0	166.00 (113) 0	166.00 (110) 3
DEC 04	153.50 (69) 0	153.50 (69) 0	154.00 (69) 0	154.00 (69) 0	154.00 (69) 1	149.00 (69) 8	149.00 (70) 3	147.00 (70) 0	148.00 (70) 0	148.00 (70) 0
MAR 05	150.00 (27) 0	150.00 (27) 0	150.00 (27) 0	150.00 (27) 0	150.00 (29) 2	147.00 (31) 2	147.00 (37) 6	147.00 (37) 0	147.00 (37) 0	147.00 (37) 0
MAY 05	149.50 (20) 0	149.50 (20) 0	149.50 (20) 0	149.50 (20) 0	149.50 (22) 2	147.00 (24) 2	147.25 (27) 3	147.25 (27) 0	147.25 (27) 0	147.25 (27) 0

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

INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 12 - 23, 2004

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

WESTERN AND EASTERN EUROPE

WESTERN EUROPE AN OVERVIEW: Milk production in Europe continues to decline seasonally. Up to this point, milk output has been trailing last season by 2 - 3%, but recently, the gap between the two years has narrowed. This overall trend of lighter volumes versus last season has caused manufacturers and milk handlers some concern about not having enough milk to generate sufficient manufactured dairy products. At this point, this situation is not causing too much of a problem. Sales activity has basically centered around internal or domestic needs with limited international sales being reported. Skim milk powder offerings to intervention have slowed greatly. Next week, 2002 intervention skim milk powder is being offered back to the trade under a tendering system. There will be two types of tenders, one for animal feed and the other for overall markets. At the last EU Dairy Management Committee meeting July 15, subsidies were again reduced for butterfat and a decrease in the subsidy for skim milk powder for the production of casein was also announced. For butterfat products, butter was reduced by 100 Euros per MT to 1,310 Euros and buttermilk was reduced to 1659.30 per MT. Butter and buttermilk subsidies were last adjusted in early June. The subsidy for skim milk powder for the production of casein was decreased by 20% to 48 Euros per MT. These adjustments, along with other recent adjustments, are putting pressure on overall prices. Handlers and traders are stating that further price increases will only deter international buyer interest. In light of this concern, some traders are offering potential buyers, prices that are slightly lower than quoted prices to possibly encourage sales activity. At this point, no significant sales are being reported. Traders and handlers indicate that stocks are available for buyer interest. European traders are aware of some skim milk sales activity out of the United States into the international market without the help of the DEIP program. The new DEIP year began July 1, but the program, eligible countries, and allocations for the next twelve months have not yet been announced.

BUTTER/BUTTEROIL: European butter markets are generally steady at unchanged prices. Stocks of butter are sufficient to maintain current buying patterns which basically center around internal or domestic demand. International sales remain light. Butter production is active for this time of the season, although cream volumes are often lighter than desired. At the latest EU Dairy Management Committee meeting July 15, subsidies were again reduced for butterfat. For butterfat products, butter was reduced by 100 Euros per MT to 1,310 Euros and buttermilk was reduced to 1659.30 per MT. Butter and buttermilk subsidies were last adjusted in early June.

82% BUTTERFAT: 1,950 - 2,100
99% BUTTERFAT: 2,100 - 2,400

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady at unchanged prices, although some traders are indicating that prices may be nearing a top. In instances, a few traders are offering powder at slightly lower prices to international buyers in hopes of stimulating some interest. At this point, no significant sales have been reported. Stocks of powder are reported to be sufficient should buyer interest resume. Skim milk powder offerings to intervention have slowed greatly. Next week, 2002 intervention powder will be offered back to the trade under a tendering system. There will be two types of tenders, one for animal feed and the other for overall markets.

1.25% BUTTERFAT: 2,100 - 2,225

WHOLE MILK POWDER (WMP): Whole milk powder markets are holding steady at firm prices. Milk production in Europe is edging lower seasonally and up to this point, running behind last year. Due to lighter overall milk volumes, milk handlers and manufacturers are concerned about getting sufficient volumes to generate adequate stock for buyer interest. At this point, supplies are sufficient for slow international sales. Many traders and handlers are questioning when will buyers return to the market. Some feel that firm prices are hindering potential buyers at this time.

26% BUTTERFAT: 2,250 - 2,350

SWEET WHEY POWDER: Whey powder markets remain steady at firm levels. Stocks are sufficient for internal or domestic needs with international sales reported as slow. Often European prices are higher than desired for many buyers, but are currently competitive with other international prices.

NONHYGROSCOPIC: 500 - 550

EASTERN EUROPEAN OVERVIEW: Milk output in Eastern Europe is also past the seasonal peak, but reports state that output is mixed. Milk production appears to be slightly higher than last season in Poland, with output trailing last year in most other countries. In the Baltics, producers are experiencing slightly

OCEANIA

OCEANIA OVERVIEW: The Oceania milk situation has changed little in recent weeks now that the winter season is at hand. Milk producers and handlers are looking forward to the upcoming milk production season which will resume in the next four to six weeks. At this point, winter weather conditions have been mixed. In New Zealand, there are areas of heavy rainfall which is contributing to flooding of some milk producing regions of the North Island. Although these conditions are unsettling, milk producers indicate that the moisture will be positive for good pasture growth within the next month. In Australia, winter weather conditions have been more favorable than they have been in recent years, thus milk producers and handlers are looking forward to the start of the new season with much optimism. The current supply/demand situation is basically unchanged. Traders and shippers continue to fill orders from inventoried stocks. At this point, supplies are sufficient, but most handlers and suppliers indicate that they will have very little, if any at all, carry over stock as the new season begins. Sales negotiations continue for the upcoming milk production season with most manufactured dairy products fully committed. Many traders and handlers are indicating that they are only acknowledging regular and ongoing customer needs at this time. New inquiries are often going unsatisfied. Recent subsidy adjustments in Europe continue to put price pressure on Oceania prices.

BUTTER: Butter markets are little changed from much of the winter. Traders and handlers continue to fill orders from inventoried stocks which are declining seasonally. Most handlers indicate that they will basically be meeting contractual commitments with very little, if any, being carried into the new production season. Shipments are for regular and ongoing customers, with no new or spot buyer interest being reported. Oceania handlers and producers are being questioned about supply availability during the upcoming milk production year, but are only acknowledging regular or ongoing customer inquiries at this time.

82% BUTTERFAT: 1,700 - 2,000

CHEDDAR CHEESE: Oceania cheese prices are unchanged although the market tone remains firm. Shipments continue to occur to regular and ongoing customers. Stocks of cheese are reported to be in close balance, but sufficient to meet customer needs. Sales negotiations continue to occur for the upcoming production season. At this point, a significant portion of early season cheese production has been committed.

39% MAXIMUM MOISTURE: 2,625 - 2,800

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are generally steady at unchanged prices. Stocks of powder are in close balance as orders continue to be filled from inventoried stock. Traders and handlers indicate that powder warehouses will basically be empty prior to the beginning of the new milk production season. Sales negotiations are ongoing for the upcoming production season, with stocks from the first half of the season basically committed.

1.25% BUTTERFAT: 2,000 - 2,200

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices, although the market undertone remains firm. Oceania producers and traders indicate that changes in European subsidies are putting pressure on Oceania prices, especially for the upcoming milk production season. At this point, stocks are in close balance and remain fully committed. Handlers feel that they will be carrying very little into the new season which is soon to begin.

26% BUTTERFAT: 2,000 - 2,200

Exchange rates for selected foreign currencies: JULY 19, 2004

.7649 Canadian Dollar	.0217 Indian Rupee
.3398 Argentina Peso	.6569 New Zealand Dollar
.0879 Mexican Peso	.7320 Australian Dollar
.2802 Polish Zloty	.0092 Japanese Yen
	1.2438 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0879)= 11.3766. That is 1 US Dollar equals 11.3766 Mexican Pesos.

Source: "Wall Street Journal"

OVERVIEW CONTINUED: higher and lower volumes, thus basically holding steady. Stocks of manufactured dairy products are building and available for buyer interest. Since the additional of many Eastern European countries to the EU-15, prices for many of their dairy products have quickly adapted to Western price levels.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

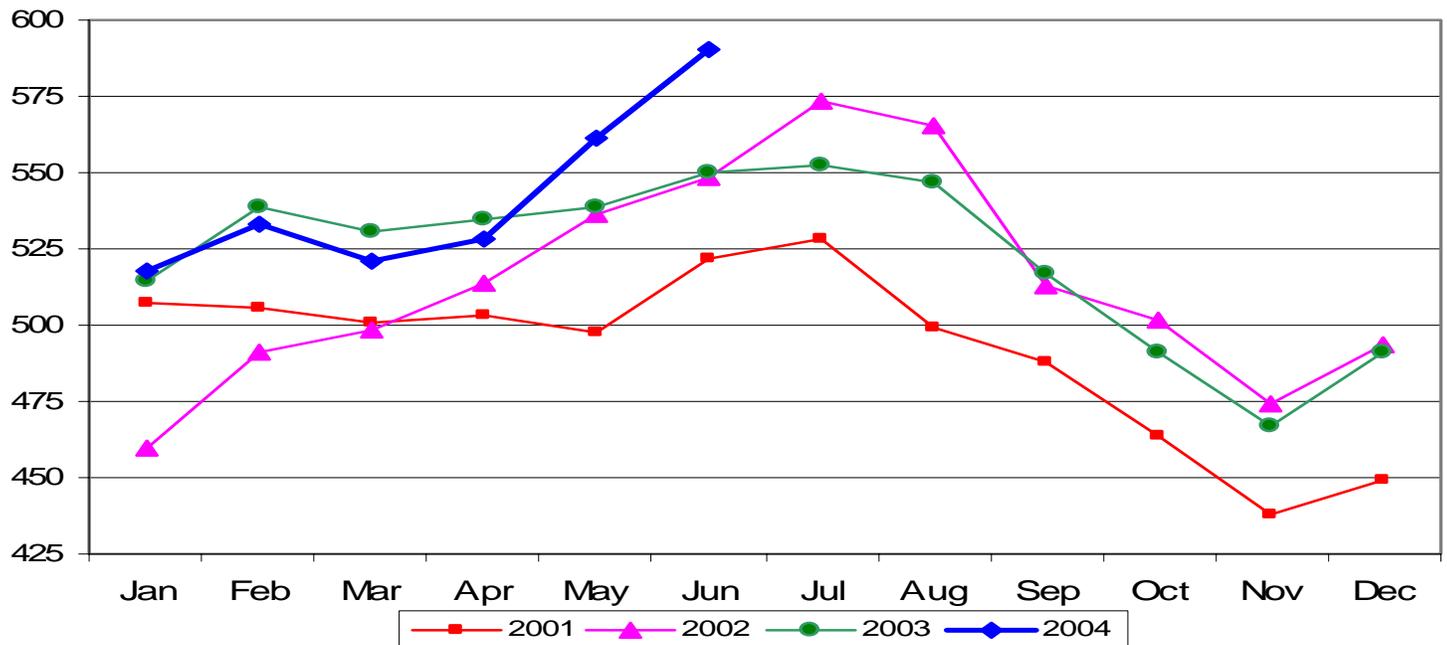
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAY 31, 2002	MAY 31, 2003	REVISED MAY 31, 2004	JUNE 30, 2002	JUNE 30, 2003	JUNE 30, 2004
Butter	226,849	297,959	178,744	242,999	301,425	187,800
Cheese, Natural American	536,080	538,513	561,087	548,675	549,984	590,709
Cheese, Swiss	16,122	26,596	26,208	14,782	26,042	23,314
Cheese, Other Natural	236,787	225,928	219,508	234,099	224,072	225,409
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	2,258	8,938	255	2,026	10,779	155
Natural American Cheese	692	2,543	9,858	786	3,757	8,658

JUNE STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
New England	20,652	22,292	25,194	---	---	---	390	314	322
Middle Atlantic	65,643	57,689	59,141	---	---	---	40,437	15,679	20,686
East North Central	215,981	222,596	232,137	---	---	---	110,836	129,654	126,105
West North Central	131,430	135,337	131,031	---	---	---	65,001	58,174	56,496
South Atlantic	191	561	9,497	---	---	---	2,025	2,870	128
East South Central	328	265	87	---	---	---	188	1,795	2,519
West South Central	3,010	1,763	5,780	---	---	---	172	184	108
Mountain	11,855	15,337	32,840	---	---	---	1,190	2,187	4,939
Pacific	99,585	94,144	95,002	---	---	---	13,860	13,215	14,106
TOTAL	548,675	549,984	590,709	242,999	301,425	187,800	234,099	224,072	225,409

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

MILLION POUNDS AMERICAN CHEESE COLD STORAGE



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2003 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Million Pounds						Million Pounds						Million Pounds					
January	152	205	151	204	1	<u>3/</u>	518	515	508	515	10	<u>3/</u>	945	1,147	109	112	836	1,036
February	158	240	157	238	1	1	533	539	524	538	10	<u>3/</u>	896	1,187	95	116	800	1,071
March	158	245	158	242	1	3	521	531	511	529	10	2	841	1,247	80	137	761	1,111
April	156	264	155	259	<u>3/</u>	5	529	535	519	532	10	3	826	1,308	104	154	723	1,154
May	179	298	178	289	<u>3/</u>	9	561	539	551	536	10	3	NA	1,336	NA	159	NA	1,177
June	188	301	188	291	<u>3/</u>	11	591	550	582	546	9	4		1,365		152		1,212
July		284		273		11		552		546		6		1,308		90		1,219
August		254		244		10		547		538		9		1,245		75		1,170
September		207		197		10		517		508		9		1,207		69		1,138
October		170		159		11		491		482		9		1,128		69		1,059
November		123		114		9		467		460		7		1,062		87		975
December		100		93		6		491		482		10		978		108		870

NA = Not available.

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

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	May 31, 2002	May 31, 2003	May 31, 2004	Jun 30, 2002	Jun 30, 2003	Jun 30, 2004
	Thousand Pounds					
Butter	224,591	289,021	178,489	240,973	290,646	187,645
Natural American Cheese	535,388	535,970	551,229	547,889	546,227	582,051

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (7-04) and "Dairy Products," Da 2-6 (7-04), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

THE DAIRY OUTLOOK

Dairy Prices Seek Solid Ground

Cheese prices remain under considerable pressure from pipeline stocks built up during the buying frenzy that caused spring's record prices. Extra loads recently have been readily available as many buyers have become comfortable eating into their inventories. However, the fundamentals underlying the cheese market are largely unchanged. Milk production remains below a year earlier and is unlikely to recover substantially until after yearend. Recovery in cheese demand appears solid, although some slippage in use is possible as a delayed effect of the high prices. Also, the butter market has shown some strength, while nonfat dry milk usage has been boosted by commercial exports.

Cheese prices stabilized for almost a month following the sharp mid-May drops as traders reassessed market conditions. However, another round of drops ensued in late June as buying interest failed to develop in response to the earlier declines. Early July cheese markets were unsettled and generally weak but then recovered a bit at mid-month.

Butter prices had not been as weak as cheese prices in early July but took a tumble in mid-July. Prices have seesawed since the early April peak, with the general trend lower. Pipeline holdings of butter probably were not as excessive as for cheese, high-tariff butter imports were not large, and the season of greatest milkfat tightness has arrived. Countering these factors, warehouse holdings of butter have become significantly more ample in recent weeks.

With some strength in nonfat dry milk prices, the resiliency in butter prices resulted in the value of milk for butter-powder in early July exceeding that of milk for cheese. In late April, butter-powder values had been as much as \$6 per cwt below cheese values. The mid-month price shifts reversed relative values once again.

Milk production remained weak this spring, limiting supplies of milk for manufacturing. Although milk output was only barely below a year earlier in May, the narrow difference was caused by extraordinarily weak milk per cow last year. Milk per cow in May 2003 was about 1 percent weaker than in the months preceding or subsequent to May. Although June 2004 weather was generally quite favorable, June's milk production likely was not as close to a year earlier as May's. Although milk production is projected to move fractionally above a year earlier by late 2004, supplies of milk for manufacturing probably will stay tight during the rest of the year.

Consumer demand probably remains fairly strong. Economic growth is expected to stay moderately strong, consumer spending continues to rise, and restaurant demand is back. Demand may prove strong enough to have been a significant antidote to the normal effects of very high prices. However, the extraordinary March-May wholesale movement was a greatly exaggerated picture of final use as a significant share of the wholesale purchases, particularly for cheese, wound up in pipeline stocks.

Cheese prices may firm this summer if current pipeline holdings are no larger than perceived. The supply-demand balance probably will be tight enough to stabilize prices, although any seasonal recovery likely will be quite limited. Butter markets are expected to remain unsettled. Butter markets are not projected to be able to withstand the summer drawdown in milkfat stocks by ice cream makers and the September surge in cream availability. Butter prices are expected to trend generally lower during the rest of 2004.

Recent wholesale price drops have lowered expectations for second-half farm milk prices. Even so, milk prices are projected to average well above a year earlier. For all of 2004, prices received by farmers are expected to be more than \$3 per cwt above 2003's \$12.55. However, the range of uncertainty around second-half price projections is unusually wide, with production, use, and stocks in substantial flux.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-121, July 16, 2004, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

JUNE MILK PRODUCTION

Milk production in the 20 major states during June totaled 12.4 billion pounds, down 0.2 percent from June 2003. May revised production, at 13.0 billion pounds, was down 6 million pounds from May 2003. The May revision represented an increase of 13 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 20 States averaged 1,603 pounds for June, 7 pounds above June 2003. The number of milk cows on farms in the 20 States was 7.74 million head, 44,000 head less than June 2003, but 19,000 head more than May 2004. Milk production in the U.S. during April-June quarter totaled 43.7 billion pounds, down 0.6 percent from the April-June quarter last year. The average number of milk cows in the U.S. during the quarter was 9.00 million head, 112,000 head less than the same period last year.

STATE	MILK COWS ^{1/} ^{2/}				MILK PRODUCTION ^{1/} ^{3/}			
	JUNE		APRIL-JUNE		JUNE		APRIL-JUNE	
	2003	2004	2003	2004	2004	% CHANGE FROM 2003	2004	% CHANGE FROM 2003
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	18	17	--	--	66	-4.3
AK	--	--	1.3	1.2	--	--	3.8	-15.6
AZ	155	155	155	155	302	2.4	945	1.5
AR	--	--	29	27	--	--	86	-11.3
CA	1,684	1,725	1,685	1,720	3,027	1.9	9,247	1.6
CO	--	--	100	102	--	--	557	2.2
CT	--	--	22	21	--	--	101	-4.7
DE	--	--	8.5	7.5	--	--	33	-8.3
FL	142	139	143	139	195	6.6	611	4.4
GA	--	--	85	84	--	--	382	-1.8
HI	--	--	6.4	6.2	--	--	22.2	-8.6
ID	407	422	401	418	768	2.5	2,272	2.7
IL	110	108	110	108	166	-1.2	512	-3.2
IN	148	149	148	148	240	0.8	736	-0.4
IA	202	193	203	194	295	-7.2	918	-6.1
KS	--	--	111	113	--	--	562	4.1
KY	118	112	119	110	116	-3.3	373	-4.6
LA	--	--	43	38	--	--	132	-7.7
ME	--	--	35	34	--	--	157	-2.5
MD	--	--	78	75	--	--	305	-4.1
MA	--	--	20	17	--	--	76	-14.6
MI	302	300	301	299	519	-1.9	1,582	-0.4
MN	475	460	475	462	681	-2.2	2,084	-2.4
MS	--	--	31	27	--	--	104	-11.9
MO	130	124	130	124	155	-2.5	496	-2.0
MT	--	--	18	18	--	--	88	1.1
NE	--	--	65	60	--	--	265	-9.9
NV	--	--	26	25	--	--	124	3.3
NH	--	--	16	16	--	--	78	-1.3
NJ	--	--	13	12	--	--	54	-5.3
NM	315	328	315	327	587	3.9	1,765	2.0
NY	675	656	677	656	984	-2.9	3,006	-3.0
NC	--	--	61	57	--	--	259	-4.8
ND	--	--	36	34	--	--	136	-4.9
OH	261	265	261	263	380	0.5	1,180	0.5
OK	--	--	82	79	--	--	329	-2.4
OR	--	--	120	120	--	--	572	2.0
PA	578	557	580	558	833	-2.6	2,597	-3.8
RI	--	--	1.3	1.2	--	--	5.2	-11.9
SC	--	--	19	17	--	--	76	-12.6
SD	--	--	83	80	--	--	338	-0.3
TN	--	--	80	76	--	--	310	-4.6
TX	320	320	320	318	502	6.8	1,587	6.2
UT	--	--	92	87	--	--	409	-1.0
VT	148	143	149	144	216	-2.7	656	-3.4
VA	115	102	115	102	135	-4.9	432	-5.5
WA	244	240	245	240	456	-2.1	1,387	-2.2
WV	--	--	15	13	--	--	52	-10.3
WI	1,256	1,243	1,258	1,243	1,852	-2.0	5,618	-1.3
WY	--	--	3.8	4.1	--	--	15.6	17.3
20 STATE TOTAL	7,785	7,741	--	--	12,409	-0.2	--	--
U.S. ^{5/} ^{6/}	--	--	9,109	8,997	--	--	43,702	-0.6

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{5/} Includes states for which individual monthly estimates are not available. ^{6/} Milk cows will not add due to rounding. SOURCE: "Milk Production," Da 1-1 (7-04), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JUNE

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for June have been filed and tabulated. Combined totals for the 10 orders are being released. During June, about 9.7 billion pounds of milk were received from producers. This volume of milk is 1.6 percent lower than the June 2003 volume on a comparable market basis. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -2.2 percent.) About 3.4 billion pounds of producer milk were used in Class I products, 0.7 percent lower than the previous year on a comparable market basis. Calendar composition had a positive impact on milk used in Class I in 2004 as compared to 2003. The all-market average Class utilization percentages were; Class I = 35%, Class II = 13%, Class III = 39%, and Class IV = 13%. The weighted average statistical uniform price was \$18.91 per cwt., \$0.43 lower than last month, and \$7.98 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 2004										
FEDERAL MILK ORDER MARKETING AREA ^{1/}	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE ^{2/}
		TOTAL	CHANGE FROM PREV. YEAR ^{3/}	TOTAL	CHANGE FROM PREV. YEAR ^{3/}	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,784.8	-10.9	818.1	-1.1	46	22	18	14	19.70
Appalachian (Charlotte)	005	547.6	0.3	333.3	-2.1	61	15	7	17	20.54
Southeast (Atlanta)	007	647.5	14.3	346.8	-0.6	54	14	14	18	20.11
Florida (Tampa)	006	241.1	-0.1	189.1	1.5	78	10	9	3	22.93
Midwest (Cleveland)	033	1,552.3	8.6	473.7	-2.4	31	15	47	7	18.56
Upper Midwest (Chicago)	030 ^{4/}	2,113.7	-9.3	335.8	11.0	15	6	70	8	17.98
Central (Kansas City)	032	1,234.6	-12.2	320.9	-10.1	26	11	51	12	18.23
Southwest (Dallas)	126 ^{4/}	777.9	-12.1	314.1	1.8	40	15	27	18	19.40
Arizona-Las Vegas (Phoenix)	131	241.1	-8.1	69.3	-4.3	29	9	38	24	17.97
Western (Salt Lake City)	135 ^{5/}	----	---	---	---	---	---	---	---	---
Pacific Northwest (Seattle)	124 ^{4/}	593.7	-4.3	164.5	2.5	28	7	29	36	17.45
ALL MARKET AVERAGE OR TOTAL	^{3/} ^{4/}	9,734.3	-1.6	3,365.6	-0.7	35	13	39	13	18.91

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

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

^{3/} Percent changes from the previous year are based on the same group of comparable markets—markets where the orders were in effect for both years. Excludes the Western Federal milk order; see ^{5/}.

^{4/} Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 120 million pounds of milk that normally would have been associated with these markets. In June 2003, the estimated not-pooled volume of milk was 180 million pounds, occurring in Order Nos. 030, 032, and 033. After adjusting for these not-pooled volumes, the year-to-year percent change is -2.2.

^{5/} Effective April 1, 2004, the Western Milk Marketing Order was terminated.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 19 - 23, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 07/16/04	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-42,309	10,133,351	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	1,313,280	-0-	-0-
TOTAL	-0-	-0-	-0-	-42,309	11,446,631	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,840,106	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	5,545,706	-0-	-0-
Process	-0-	-0-	-0-	-0-	31,838,400	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	41,224,212	-0-	-0-
NONFAT DRY MILK							
Nonfortified	3,002,435#	-0-	3,002,435	323,351,396#\$	556,954,331	546,586,000	1,254,056,000
Fortified	-0-	-0-	-0-	-119,048	702,598	46,391,000	46,391,000
TOTAL	3,002,435	-0-	3,002,435	323,232,348	557,656,929	592,977,000	1,300,447,000

Export Donation Program under Invitation 080 to announcement FMP1. The estimated cumulative under Invitation 080 is 89,831,454 \$ 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 JULY 19-23, 2004 =	0.7	34.9	COMPARABLE PERIOD IN 2003 =	-14.1	97.9
CUMULATIVE SINCE OCTOBER 1, 2003 =	70.2	3,762.4	CUMULATIVE SAME PERIOD LAST YEAR =	752.7	6,900.6
CUMULATIVE JANUARY 1 - JULY 23, 2004 =	44.7	2,413.2	COMPARABLE CALENDAR YEAR 2003 =	678.6	5,635.0

* 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 JULY 19 - 23, 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-	3,002,435	-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-	32,049,972	7,646,276	24,014,567	2.4	40.0
WEST	-42,309	11,446,631	-0-	9,174,240	311,302,298	495,949,108	96.3	58.9
EAST	-0-	-0-	-0-	-0-	4,283,774	37,693,254	1.3	1.1
TOTAL	-42,309	11,446,631	-0-	41,224,212	323,232,348	557,656,929	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2004 is **67,347,152 pounds**.

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 07/03/04 & 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	0.1	0.7	5.9	2.1	15.3	2.0	0.6	0.8	10.2	1.9	39.5	1,217.3	43.8	46.9
2003-Dairy	0.2	0.6	5.7	3.4	14.8	2.2	0.2	0.7	11.6	2.0	41.3	1,465.2	46.8	48.1
2004-All cows	0.1	0.7	7.2	10.9	26.0	12.2	11.9	2.9	13.4	4.9	90.2	2,596.9		
2003-All cows	0.2	0.8	7.6	10.3	23.2	12.7	11.4	2.6	14.4	5.0	88.2	3,045.1		

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	21.13	17.95	14.62				
II	11.67	12.90	14.79	15.21	15.03	14.31						
III	11.61	11.89	14.49	19.66	20.58	17.68						
IV	10.97	12.21	14.10	14.57	14.50	13.72						

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