

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGOMERCANTILE EXCHANGE (CME) CASH MARKETS (10/1)**

BUTTER: Grade AA closed at \$1.7700. The weekly average for Grade AA is \$1.7883 (+.0083).

CHEESE: Barrels closed at \$1.4325 and blocks at \$1.5850. The weekly average for barrels is \$1.4875 (-.0220) and blocks, \$1.5755 (+.0080).

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 (N.C.).

BUTTER: The butter market is unsettled. The price instability of the past few weeks is causing some distributors/buyers uneasiness. Contacts report that orders for the upcoming holiday period are already developing quite strongly. For buyers and sellers, obtaining or having sufficient volumes of butter for upcoming needs is a concern. In most instances, current production continues to keep pace with fresh demand, although inventoried stocks are less than half the level of last year at this time. Retailers indicate that there will be some butter feature activity during the upcoming yearend holiday, but state that these features will most likely be less ambitious than in previous years.

CHEESE: The cheese market is mixed; firm on blocks and weak on barrels. The widening spread may cause some barrel producers to reduce production. Process demand is often slower seasonally. Natural interest is moderate to occasionally good though most buyers are interested in covering just short term needs. Holiday items are being produced and shipped to distributors. Aged cheddar offerings are limited and buyers are avoiding the high prices, especially on any March - May offerings. Cheese production is generally heavier than expected though strong fluid demand in the Southeast has reduced output in some areas.

FLUID MILK: Milk production was again disrupted by a hurricane in Florida and other parts of the Southeast where heavy rains and flooding occurred. The milk flow is easing lower in the Northeast, mostly steady in the Upper Midwest, and rebounding in the Northwest and parts of California. The fourth hurricane to hit Florida in about a month and a half again disrupted milkings, farm pick-ups and other transportation schedules. Reportedly, some milk was lost, but volumes are not yet available. Fluid milk supplies range from long in the West, not well defined in the Southeast, and adequate in most other regions. Bottlers were very active in the Southeast and surrounding areas, while operating at more normal levels in other regions. Surplus milk supplies are tight east of the Rockies; fully adequate to ample farther west. The fluid cream market is mixed, but often trending a little weaker. Class II cream offerings are heavier than desired and more loads were looking for an outlet at midweek. Class II cream usage is slowing in more parts of the country and some butter makers are being offered increasing volumes.

DRY PRODUCTS: The NDM market is little changed. Demand is fair for current output with most spot interest centered on the resale market and the lower priced NDM that comes to the market via the various government programs. Production levels are steady to lighter, but producer inventories are

reported as heavier than desired. This week, for the first time since February, NDM offerings to CCC occurred from all three regions of the country. The dry buttermilk market is steady to weaker. Offerings are increasing and buyers are showing more price resistance. Dry whey is showing more signs of firmness as prices start to move slightly higher in the Central region. Spot demand for dry whey is starting to improve in most areas. The WPC market is steady at generally weak levels despite some reported price increases. Demand for 34% WPC is starting to increase in the feed sector. The lactose market continues weak. Production levels are mostly steady, but demand from both export and domestic customers is slowing.

CCC: For the period of September 27 - 30, CCC purchases total 4,982,049 pounds of NDM; 476,879 pounds from the Central region, 99,207 from the East, and 4,405,963 pounds from the West. Of the total, 2,114,811 pounds were purchased under invitation 080 to Announcement FMP1. For the 2003/04 fiscal, CCC purchases total: 362,066,151 pounds (combined Dairy5 and FMP1 purchases) of NDM, no cheese and no butter. This compares to 624,592,034 pounds of NDM, 41,085,137 pounds of cheese, and 11,446,631 pounds of butter purchased during the previous fiscal year. The following are this year's NDM purchases by region: East 4,382,981 pounds, Central 8,969,968 pounds, and West 348,713,202.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the September 2004 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$13.66 (+\$.53); Class III \$14.72 (+\$.68); and Class IV \$13.00 (+\$.54). Product price averages used in computing Class prices are: butter \$1.7278, NDM \$0.8639, cheese \$1.5867, and dry whey \$0.2162. The Class II butterfat price is \$1.9424 and the Class III/IV butterfat price is \$1.9354. Further information may be found at: <http://www.ams.usda.gov/dyfmoms/mib/classpracnmt.pdf>

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2004 declined 1 point to 133, up 5 points (3.9%) from September 2003. The index of prices received by farmers for dairy products advanced 1 point during the month of September 2004 to 116, up 5 points (4.5%) from September 2003. Prices received by farmers in September with changes from August were: All Milk, \$15.10, up \$.10; Fluid Grade Milk, \$15.20, up \$.20; and Manufacturing Grade Milk, \$14.50, up \$.40.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first seven months of 2004 totals 99.9 billion pounds, 0.2% above the same period in 2003. Comparing disappearance levels with year earlier levels: butter is -1.6%; American cheese, +0.2%; other cheese, +3.4%; NDM, +63.5%; and fluid milk products, -1.6%.

CONSUMER PRICE INDEX (BLS): The August CPI for all food is 186.8, up 3.5% from August 2003. The dairy products index at 184.9, is up 10.4% from a year ago. The following are the August to August changes for selected products: fresh whole milk +20.4%, cheese +9.0%, and butter +41.5%.

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

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY SEPTEMBER 27	TUESDAY SEPTEMBER 28	WEDNESDAY SEPTEMBER 29	THURSDAY SEPTEMBER 30	FRIDAY OCTOBER 1	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4800 (-.0225)	\$1.4875 (+.0075)	\$1.5400 (+.0525)	\$1.4975 (-.0425)	\$1.4325 (-.0650)	(-.0700)	\$1.4875 (-.0220)
40# BLOCKS	\$1.5675 (N.C.)	\$1.5675 (N.C.)	\$1.5725 (+.0050)	\$1.5850 (+.0125)	\$1.5850 (N.C.)	(+.0175)	\$1.5755 (+.0080)
NONFAT DRY MILK EXTRA GRADE	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (N.C.)
GRADE A	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	\$.8500 (N.C.)	(N.C.)	\$.8500 (N.C.)
BUTTER GRADE AA	\$1.7800 (+.0300)	----	\$1.8150 (+.0350)	----	\$1.7700 (-.0450)	(+.0200)	\$1.7883 (+.0083)

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

CHEESE MARKETS

NORTHEAST

Prices are unchanged to fractionally lower. The market tone is little changed from past weeks. At the CME, the price for 40# blocks has held since September 7, while the price of barrels has bounced around since that date. Cheese output in the Northeast is steady, but lighter than desired at some plants. Stocks of cheese from local sources are light to adequate for the steady to occasionally improving demand. Retail sales remain slow to fair and food service orders are steady.

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

Cheddar 10# Prints	:	1.6375-2.1525
Cheddar Single Daisies	:	1.5950-2.0700
Cheddar 40# Block	:	1.7100-1.9700
Process 5# Loaf	:	1.7200-1.9275
Process 5# Sliced	:	1.7400-1.9800
Muenster	:	1.8100-2.0125
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is about steady though with a firmer undertone in instances. Current cheese supplies had been generally more available than normally expected due to the positive weather conditions affecting milk supplies. The cool summer limited reductions in milk receipts and yields in the Midwest and the hurricanes are negatively affecting demand in the Southeast. Orders in general seem to lack some of the usual fall aggressiveness with the usual pockets of strength and weakness. Bulk natural American movement is fairly steady at moderate levels. Most holiday specialty cheese demand has picked up seasonally and shippers are active. Mozzarella sales are generally clearing offerings. Overall process interest continues to slow seasonally. Aged cheddar offerings are limited and buyers are avoiding the high prices especially on the March - May supplies. Cheese yields remain surprisingly good for late September.

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

Process American 5# Loaf	:	1.6900-2.0000
Brick And/Or Muenster 5#	:	1.9800-2.2250
Cheddar 40# Block	:	1.8800-2.2650
Monterey Jack 10#	:	1.8600-2.2650
Blue 5#	:	2.3200-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8675-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4475-2.9500

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

	BUTTER	:	CHEESE
		:	
09/27/04	39,749	:	131,448
09/01/04	51,130	:	138,355
CHANGE	-11,381	:	-6,907
% CHANGE	-22	:	-5

WEST

Process cheese prices moved fractionally lower while natural styles and varieties held steady. Block prices at the cash CME market held steady for 17 trading sessions before increasing by a 1/2 cent on 9/29. Buyers remain somewhat hesitant in making large purchases ahead of what they need because they think prices could weaken in the near term. This is balanced with the need to continue making purchases to have product available to cover fall needs. Current cheese offerings seem to be in generally close balance with projected trade needs. Contacts are commenting that storage stocks of cheese are on the heavy side. Aged cheese for the fall holiday season is in tight supply and expensive. Swiss cheese is balanced with some plants increasing purchases of milk to increase production. Current, fresh mozzarella is moving well, but storage stocks are heavy with some old enough to force heavy discounting to get any interest. Milk production is generally on the increase and cheese output is following suit.

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

Process 5# Loaf	:	1.6625-1.9225
Cheddar 40# Block	:	1.6875-2.0400
Cheddar 10# Cuts	:	1.8675-2.0875
Monterey Jack 10#	:	1.8775-2.0575
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged and the market tone is little changed. Demand for foreign type cheese is showing more signs of improving along seasonal patterns. However, there is some price resistance evident at retail outlets. Stocks of most types of cheese are adequate to meet current needs. Reports from the EU indicate the market for cheese is holding at good levels and production levels are being increased to meet the good demand.

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	: 1.9325-3.4225
Gorgonzola	:	3.6900-5.9400	: 2.4375-2.4900
Parmesan (Italy)	:	TFEWR	: 3.3425-3.4525
Romano (Italy)	:	2.1000-3.1500	: -0-
Provolone (Italy)	:	3.4400-5.5500	: 1.9450-2.1675
Romano (Cows Milk)	:	-0-	: 3.1275-5.3025
Sardo Romano (Argentine)	:	2.8500-3.2900	: -0-
Reggianito (Argentine)	:	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	NA	0	213	0	204	0
SOUTHEAST STATES	40	0	74	0	40	0

Another hurricane (Jeanne) hit Florida this weekend and then dumped heavy rainfalls up through Georgia and along the Coast early in the week. Damage and power losses in Florida were at least as bad or worse than previous storms. Maybe it was a cumulative effect of all the hurricanes this month, but at midweek one milk processing plant as well as many businesses and houses were still without electricity. The storm caused widespread power outages and some farms reportedly missed one or more milkings. Milk was dumped, but volumes are not yet known. Milk imports, like previous hurricanes, were disrupted and loads already on the road had to be diverted. The total loads coming into Florida this week were not known at the time of this report. Heavy rainfall and flooding (caused by Jeanne) in Georgia and the Carolinas hampered milk movement early in the week. Milk production in other parts of the Southeast was reported as steady to occasionally heavier. Milk output in the Northeast is steady to slightly lower and following seasonal patterns. Fluid milk supplies are spotty. With milk earmarked for the Southeast not always shipped, some Northeast plants had extra milk to process this week. Balancing plant contacts report difficulty scheduling due to the up and down supply. Bottled milk sales are mixed, ranging slow to good. Florida's bottlers are busy trying to get back on regular schedules. In other areas, plants are bottling and shipping the packaged milk to Florida plants. Trucking is again a big problem. Finding trucks and truckers is often a bigger issue than finding the milk and other products needed in Florida. Northeastern contacts report little impact on their markets, but demand for milk from bottlers is occasionally improved depending on markets served. Condensed skim sales and supplies are generally unchanged. There is some contracting for 2005 being discussed, but if next year's prices remain near the 2004 levels, wet solids may be a "hard sell." Condensed skim users may continue to buy and reconstitute NDM. With wet solids at or above \$1.00 per pound solids, it is financially beneficial to buy and reconstitute NDM. The fluid cream market is mixed, mostly weaker this week. Offerings are long and spot demand is fair at best. Multiples and the CME average butter price are generally unchanged from last week. Ice cream output is slowing seasonally, but one operation is down this week for renovations. This pushed more cream onto the market. Cream cheese production is picking up, but some cream suppliers comment that loads moving to cream cheese makers are slowing. More cream is available from Southeastern bottlers as they standardize more in their rush to meet/refill bottled milk pipelines. More excess cream was moving to butter producers this week and prices for excess cream were often lower. With all the milk moving around the region, cream sellers are finding more difficulty locating trucks to move cream.

certain days. Spot prices varied more on the top end, ranging from \$2.00-4.00 over class. The majority of sales occurred at \$2.50 or less, fob. Cream demand is fairly steady though the pull is best from non-ice cream accounts. Condensed Class II interest remains good though Class III continues quiet. Milk intakes vary by location with only just a very few reporting volume increases on a week to week basis. This may be attributed to increased fall freshenings occurring in some herds. Most locations still report intakes drifting lower seasonally. Fat and protein levels are generally higher than usual for late September, increasing manufactured product yields. Sizeable acreages of corn are being chopped with some soybeans being combined as the fall harvest is well underway in many areas.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 53.00- 58.00	\$ 40.00- 46.00
REPLACEMENT HEIFER CALVES	\$300.00-670.00	\$400.00-550.00

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

	SEP 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 53.00- 58.50	\$ 44.00- 50.50

WEST

CALIFORNIA Pool Receipts of milk in August total 2.95 billion pounds, up 0.2% from August 2003. Cumulative output for the year (adjusted for February) totals 23.57 billion pounds, down 1.1% from a year earlier. The blend price at a fat test of 3.59% is \$13.64, down 22 cents from last month. Fat tests for the last three months are running slightly ahead of last year. The percentage of receipts used in Class 1 products is 16.06%. The August quota price is \$14.74 and the over quota price is \$13.04. These prices are 29 cents less than last month and 78 cents above one year ago. Contacts are stating that weather conditions are ideal in most of CALIFORNIA for increasing milk production. Any milk lost during the hot weather of the past few weeks is quickly coming back. Feed prices are favorable for increasing milk production. Hay prices are on the high side and dairy quality hay supplies are on the tight side, but these factors are not anticipated to impact the milk flow very much. According to USDA, September hay prices are up for the U.S., climbing to \$87.70 per ton, up \$3.30. Prices for selected Western states and their changes compared to last year are as follows: California \$108, + \$22; Idaho \$104, + \$15; New Mexico \$115, - \$24; and Washington \$111, + \$28. Expansion plans in the region are moving forward with heifer and cow supplies the limiting factors. Some contacts indicate that Western milk producers are going to the Central region to find cattle. Dairy men are not expecting the Canadian border to open before sometime in 2005 at the earliest. More talk is noted about the possibility of increasing supplies of rBST becoming available during the fall. Some discussion is noted about milk organizations being concerned about plant capacity issues for the upcoming spring flush. Some are making milk procurement decisions based on that problem. Cream multiples are about steady at 118 to 134, FOB and vary depending on class usage and basing point. Cream offerings appear to be mixed with both larger and smaller offerings noted. The recent heavy rains that occurred in ARIZONA did reduce the milk flow, but production has rebounded quite quickly. The weather is cooling seasonally and nights are quite cool which is allowing milk supplies to increase. Some comments are noted about sluggish movement for cream offerings. Conditions are excellent for milk production in OREGON and WASHINGTON. Temperatures are moderate with sunny skies. Milk output ranges from steady to slightly heavier. Great progress is being made on the corn silage harvest. Both yields and quality look very good. The last cutting of this year's hay harvest is being finished up at this time. The quality of this last cutting looks good and demand is very aggressive. Dairy quality hay is likely to be in tight supply this winter. It was warm in UTAH and IDAHO early in the week with a cooling trend noted as the week progresses. Tests on incoming milk supplies are equal to or above a year ago. Some manufacturing plants are out looking for additional supplies of milk. They are most often successful and prices are at levels that make the deal work.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.3496-2.5276
DELIVERED EQUIVALENT ATLANTA	-	2.3318-2.5276 M 2.3674-2.4564
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.2606-2.4564

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	- 1.0000-1.0500

MIDWEST

Class I demand was fairly steady with recent weeks despite the usual fluctuations between retail markets. Milk supplies remain tight seasonally. Interstate milk shipments into the Southeast continue though loads were cancelled for a day because of weather related issues. Manufacturing milk demand remains generally strong and spot offerings remain limited. One handler mentioned that demand was less solid than recent weeks, at least on

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 mostly unchanged on a steady market. Production remains unchanged with some plants continuing to direct fluid milk supplies away from NDM dryers and into bottling or cheese plants. Most facilities are gearing schedules toward high heat in order to prepare for seasonal holiday demand. Inventories are reported as in balance. Supplies of CCC exchange NDM are tightening, encouraging buyers to seek supplies direct from Central manufacturers or via resellers and manufacturers in the West. Some trades are noted at flat prices for October and November. Sales to the CCC are reported from the Central region for the current week. Prices for Report 39 in 2003 were mostly .8425 - .8600 on low heat and .8650 - .9450 on high heat.

EAST: Prices are mixed. Some producers have adjusted their asking prices higher, but the base price of the major supplier of NDM did decrease fractionally for October sales. The market tone is unchanged from past weeks. This week, for the first time since February, an Eastern producer offered NDM to CCC. Contacts feel that if domestic demand for current output does not improve, and they don't expect it will, increased volumes of Eastern-made powder will be offered to CCC. Most spot needs are being filled in the resale market with NDM from the various government exchange/sales programs. Traders continue to comment that they are losing sales to this "government" powder. Cheese makers can easily afford to hire someone to dump and reconstitute this "old" powder rather than buy condensed skim. Export sales continue to be shipped, but some of those sales are coming to an end. Production levels are mixed, but often lower and the good demand for Grade A milk for bottling is pulling more milk away from some powder plants. Plant stocks remain long.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .8000 - .9400 MOSTLY: .8100 - .8500
 HIGHHEAT: .9200 - 1.0300

NONFAT DRY MILK - WEST

Low/medium heat prices held steady in the Western region. Sales of powder to the CCC support price program are continuing at the heavier levels noted for the past few weeks. For the week of September 20-24, Western operations offered 2,778,987 pounds of NDM to the CCC price support program. Export sales activity is reported to be continuing at good levels near the top of the price range. These are straight commercial sales. Contacts believe that sales will continue through the fall season. Domestic competition from the resale market and older, lower priced powder, is continuing to be a factor in the market. Some people believe that these offerings will be heavier in October. Production levels are generally heavier than anticipated for this time of year. Prices for high heat powder are holding steady. Most of this powder is being on a made to order basis. Demand is seasonally active.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .7950 - .9000 MOSTLY: .8000 - .8800
 HIGHHEAT: .8600 - .9125

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 24	\$.8472	12,781,946	Not Available
September 17	\$.8464	14,114,539	1,771,508

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

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower and nominal on a weak market. Offering prices are trending lower for the light interest. With NDM prices below the buttermilk range, NDM is a suitable substitute for some buyers. In addition, some buyers bought heavy earlier in the year, resulting in reduced demand at the present. Production of dry buttermilk is steady to higher as heavier flows of condensed buttermilk to ice cream plants last week subside. Manufacturer inventories are in balance to somewhat long. Prices for Report 39 in 2003 were .8500 - .9000.

F.O.B. CENTRAL: .9000 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone appears to be weaker. Offerings, particularly on the resale side of the market, are increasing from most areas of the country. Eastern production levels range from steady to slightly higher as a butter plant that was down for renovations is reportedly back on line. Producer stocks are more than adequate to meet current needs. Demand is slow to fair and mostly contractual. Some off grade powder is being moved at a discount to the market. Northeastern prices remain nominal and include resale loads.

F.O.B. NORTHEAST: 1.0000 - 1.0200
 DELVDSOUTHEAST: 1.0100 - 1.0600

DRY BUTTERMILK - WEST

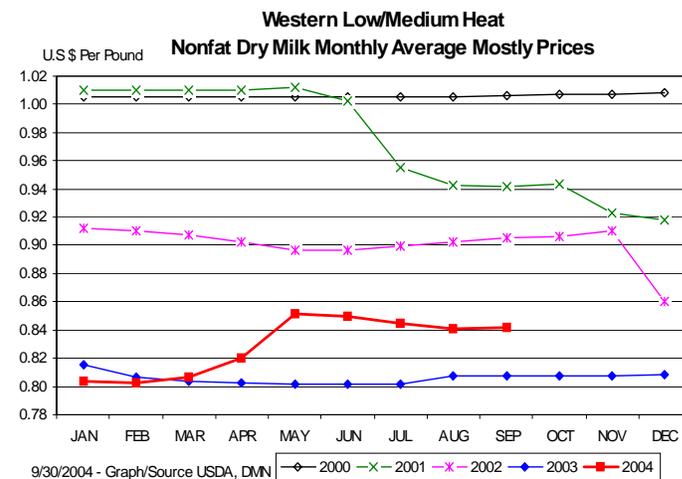
Prices are unchanged for Western buttermilk powder. Current demand is clearing offerings in a timely fashion. Stock levels range from in balance to tight. Production is generally steady. Contacts are noting the lower prices being reported in the Central and Eastern regions, but they are having no impact on the Western market at this time.

F.O.B. WEST: 1.0200 - 1.0700 MOSTLY: 1.0300 - 1.0500

DRY WHOLE MILK - NATIONAL

Prices are mostly steady and the market tone is unchanged. Demand is holding and mostly contractual. However, some producers have commented that they are getting some interest from buyers wishing to export dry whole milk. So far, there have been no reported commercial export sales. Production levels remain light and geared toward meeting contract orders. Plant stocks are closely balanced.

F.O.B. PRODUCING PLANT: 1.2400 - 1.3900



9/30/2004 - Graph/Source USDA, DMN

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. Spot trade activity is light. Feed buyers that did not stock heavy supplies this spring are showing some renewed interest in whey as demands for milk replacer products seasonally increase. Most movement is occurring on a contractual basis and via resellers at steady to higher prices. Some inquiries for contractual loads in 2005 are noted. Production is steady to higher as cheese plants vie for extra milk in response to higher cheese prices. The undertone for the close of 2004 and start of 2005 is uncertain. Mostly prices for Report 39 in 2003 were .1850 - .1950.

F.O.B. CENTRAL: .2150 - .2350 MOSTLY: .2150 - .2250

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady at the producer level, but producers often report an increasing number of inquiries from buyers. However, most Eastern producers are still sold out and have nothing to offer on the spot market. Others, however, are starting to see a few extra loads become available and they are being offered at usual and customary premiums to the market. Traders looking to replace some inventory are showing more interest and expect prices to start inching up in the next few weeks. Other reports note that spot buying interest in the resale market is still less than enthusiastic. Production levels remain light to moderate in the Northeast.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2175 - .2600
DELVD SOUTHEAST: .2450 - .2550

DRY WHEY - WEST

The Western whey price range was steady to higher while the mostly held steady. Sales activity has improved over the past few weeks both domestically and into export channels. Even with demand up, some are indicating that stock levels are larger than desired. Production is increasing at most locations in the region. Some price resistance is noted.

NONHYGROSCOPIC: .2050 - .2450 MOSTLY: .2150 - .2300

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a steady market. Supplies remain light. Some improved interest is noted as producers push prices in the Extra Grade market higher. Veal and early weaned pig prices are generally trending higher. Prices for Report 39 in 2003 were .1700 - .1750.

F.O.B. CENTRAL: .1750 - .1950
MILK REPLACER:

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher yet the market tone continues steady to weak. While some producers state that stocks are in good balance and offering at a premium, buyers are reporting manufacture offers via resellers at a discount. Resale and imported WPC 34% from Canada are trading at a discount to the market. Interest from the feed sector is improving as demands for milk replacer products seasonally increase. Some spot trade into Mexico is noted. Off grade supplies of NDM are reportedly competitive with WPC 34% for the feed interest. Mostly prices for Report 39 in 2003 were .4925 - .4975.

F.O.B. EXTRA GRADE 34% PROTEIN: .5700 - .6400 MOSTLY: .5975 - .6225

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. Some contracts for fourth quarter continue to be negotiated, especially into Asia. Reduced demand in Asia is reportedly due to excessively hot weather that reduced interest in soups, ice cream and candies made with lactose. Prices reported on the high side of the range continue to reflect third quarter contracts. Fourth quarter prices will be reflected next week and are expected lower. Domestic use for lactose is generally steady and contractual. Movement is best on the higher mesh sizes. Some feed buyers are requesting that lower mesh sized product be competitively priced with permeate. Western producers continue to offer supplies of lactose into the Midwest at competitive delivered prices. Production is steady with reports of expected production increases during the fourth quarter. Inventories are mixed. While some producers state that they are now well-committed for the year, others report that stocks are heavy. Mostly prices for Report 39 in 2003 were .1950 - .2050.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1700 - .2700 MOSTLY: .1800 - .2100

CASEIN - NATIONAL

Casein markets and prices remain firm with supplies tight. Due to the recent casein production aid reduction in Europe, many U.S. buyers anticipate to be paying even higher prices in the future. Under invitation #028, 1,500,032 pounds of government owned nonfat dry milk was sold to the trade for the production of casein/caseinate at \$0.4000 per pound. Also, invitation #029 was issued to sell approximately 8 million pounds of powder for this purpose. Bids were due on Tuesday, September 28 with public release of awards on Thursday, September 30. Under the two recent invitations, the approximate volumes available for sales have doubled each time from 2 million to 4 and now 8 million pounds. Since June 2002, slightly more than 32.8 million pounds of powder have been sold for this purpose at prices ranging \$0.2200 - \$0.4330 per pound.

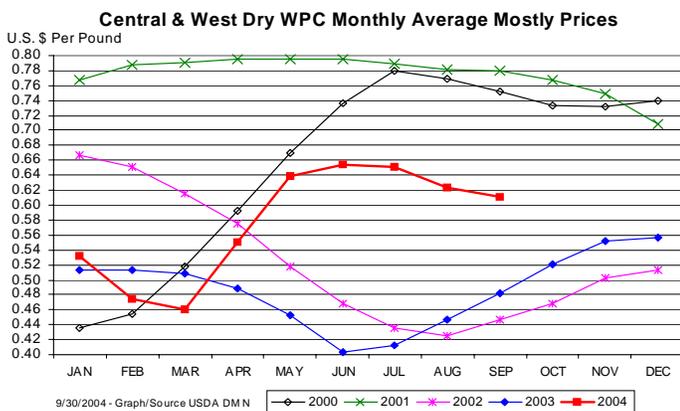
SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.7500 - 3.0000
ACID: 2.8000 - 3.0000

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are little changed from past weeks. Again this week, there is a large post-hurricane demand for milk in the Southeast and surplus milk volumes are lighter in the Eastern two-thirds of the country. Retailers in Florida and Southeast are trying to pull extra loads to meet demand, but trucking continues to be a major issue. The USDA announced a final decision that permanently adopts amendments to the classification of milk provisions in all 10 federal milk marketing orders. These provisions were previously implemented on an interim basis. The decision adopts changes that reclassify milk used to produce evaporated milk in consumer-type packaged from Class III to Class IV. The final decision was published in the September 24 Federal Register. USDA will conduct a vote within 30 days to determine whether dairy farmers approve the amended orders.

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	09/15	09/16	09/17	09/20	09/21	09/22	09/23	09/24	09/27	09/28
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
SEP 04	14.63 (5591) 9	14.63 (5590) 2	14.65 (5557) 55	14.67 (5568) 26	14.67 (5562) 8	14.65 (5562) 49	14.66 (5568) 253	14.72 (5563) 11	14.72 (5552) 46	14.72 (5550) 54
OCT 04	13.65 (4777) 501	13.69 (4766) 138	13.60 (4731) 229	13.57 (4727) 72	13.70 (4692) 140	13.75 (4456) 411	13.93 (4145) 883	13.95 (4294) 279	13.84 (4257) 78	13.98 (4150) 788
NOV 04	12.70 (3066) 178	12.75 (3057) 114	12.75 (3066) 107	12.67 (3073) 39	12.70 (3079) 35	12.75 (3084) 174	12.89 (3079) 210	12.89 (3073) 110	12.72 (3162) 213	12.98 (3028) 403
DEC 04	12.25 (2265) 22	12.29 (2262) 16	12.25 (2256) 41	12.22 (2261) 12	12.18 (2271) 36	12.24 (2273) 51	12.27 (2262) 125	12.44 (2265) 27	12.30 (2340) 131	12.50 (2359) 119
JAN 05	12.00 (1183) 8	12.10 (1169) 36	12.07 (1182) 12	12.04 (1193) 30	12.01 (1202) 24	12.00 (1202) 19	12.10 (1196) 60	12.15 (1196) 17	12.10 (1212) 46	12.19 (1216) 28
FEB 05	12.05 (1189) 5	12.05 (1174) 38	12.03 (1175) 25	12.02 (1187) 18	12.01 (1201) 54	12.00 (1193) 26	12.05 (1189) 59	12.10 (1192) 17	12.10 (1248) 75	12.20 (1262) 23
MAR 05	12.14 (1184) 9	12.20 (1184) 37	12.15 (1224) 44	12.10 (1237) 27	12.06 (1254) 43	12.09 (1264) 14	12.09 (1302) 54	12.10 (1318) 21	12.05 (1349) 36	12.05 (1381) 85
APR 05	12.19 (765) 6	12.19 (769) 32	12.05 (816) 54	12.00 (832) 23	11.95 (888) 62	11.95 (888) 8	11.96 (901) 46	12.01 (914) 15	12.01 (944) 36	12.05 (946) 9
MAY 05	12.19 (705) 1	12.19 (708) 33	12.00 (714) 26	11.95 (728) 19	11.95 (736) 12	11.95 (736) 12	12.00 (751) 44	12.09 (764) 15	12.09 (794) 52	12.10 (793) 3
JUN 05	12.45 (522) 1	12.45 (532) 31	12.45 (540) 15	12.35 (541) 3	12.30 (560) 25	12.25 (563) 4	12.30 (573) 28	12.35 (594) 14	12.35 (613) 28	12.45 (613) 0
JUL 05	12.80 (395) 31	12.85 (417) 41	12.81 (419) 24	12.80 (421) 4	12.78 (431) 19	12.75 (431) 8	12.75 (433) 2	12.78 (441) 14	12.78 (452) 14	12.78 (452) 0
AUG 05	13.15 (404) 18	13.15 (427) 34	13.15 (459) 47	13.15 (462) 3	13.11 (463) 4	13.11 (468) 8	13.11 (470) 2	13.15 (476) 17	13.15 (482) 13	13.15 (495) 13
SEP 05	13.45 (405) 39	13.45 (431) 34	13.45 (442) 30	13.40 (442) 5	13.35 (462) 34	13.35 (461) 8	13.35 (463) 2	13.38 (469) 17	13.38 (474) 5	13.38 (474) 3
OCT 05	12.75 (280) 15	12.85 (275) 17	12.85 (284) 14	12.75 (287) 5	12.75 (288) 3	12.75 (288) 3	12.75 (288) 0	12.75 (302) 17	12.75 (304) 5	12.75 (304) 3
NOV 05	12.15 (226) 21	12.15 (229) 12	12.15 (230) 5	12.15 (232) 5	12.15 (233) 1	12.15 (240) 8	12.15 (240) 2	12.15 (242) 6	12.15 (243) 5	12.15 (243) 0
DEC 05	12.05 (243) 21	12.05 (243) 12	12.05 (248) 7	12.05 (249) 5	12.05 (250) 1	12.05 (250) 5	12.05 (250) 0	12.05 (256) 6	12.05 (261) 5	12.05 (261) 0
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
SEP 04	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0	12.90 (87) 0
OCT 04	11.95 (21) 0	12.00 (21) 0	12.05 (21) 0	12.05 (21) 0	12.05 (21) 0	12.05 (21) 0	12.05 (21) 0	12.05 (21) 0	12.05 (21) 0	12.50 (21) 1
NOV 04	12.00 (64) 0	12.00 (64) 0	12.05 (64) 0	12.05 (64) 0	12.05 (64) 0	12.05 (64) 0	12.05 (64) 0	12.05 (64) 0	12.05 (64) 0	12.15 (64) 0
JAN 05	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (4) 2	11.79 (4) 2
FEB 05	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 0	11.71 (2) 2	11.75 (4) 2	11.79 (4) 0
CME - BUTTER FUTURES -- Cents per pound										
SEP 04	175.00 (47) 6	180.00 (42) 22	182.00 (29) 2	175.00 (28) 1	175.00					
OCT 04	169.00 (216) 9	174.00 (215) 10	177.00 (214) 7	173.50 (209) 3	170.00 (208) 7	165.25 (207) 3	169.00 (203) 6	169.62 (198) 5	173.00 (187) 36	177.92 (152) 15
DEC 04	154.75 (84) 4	157.75 (84) 0	160.00 (79) 7	158.00 (79) 2	157.00 (79) 0	157.00 (79) 0	157.00 (79) 1	156.00 (78) 1	157.72 (81) 4	159.00 (81) 0
MAR 05	157.00 (59) 0	157.00 (59) 0	159.00 (58) 2	157.00 (58) 1	152.00 (58) 0	152.00 (58) 0	152.00 (57) 1	147.50 (58) 1	149.00 (58) 1	154.00 (58) 0
MAY 05	155.00 (43) 0	155.00 (43) 0	155.00 (43) 0	153.00 (44) 1	153.00 (44) 0	151.00 (44) 0	151.00 (45) 1	149.25 (45) 0	149.25 (45) 0	152.00 (45) 0
JUL 05	155.00 (13) 0	155.00 (13) 0	155.00 (13) 1	155.00 (13) 0	155.00 (13) 0	153.00 (13) 0	153.00 (13) 0	151.00 (15) 2	151.00 (15) 0	153.00 (15) 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 September 20 - October 1, 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 OVERVIEW: Milk production patterns throughout most of Western Europe continue to decline seasonally. Reports indicate that production trends for much of the current season are lagging last year, although the gap between the two years is narrowing. The EU Dairy Management Committee met two weeks ago and reduced export refunds on some items by small amounts. For unsalted butter, the refund was reduced by 10 Euros to 1,410 Euros per ton; butteroil refunds were cut 9 Euros to 1,710; and skim milk powder refunds were reduced by 10 Euros to 330 per ton. At that meeting, they accepted tenders for 3,837 tons of unsalted butter, 4,172 ton of butteroil, and 9,102 ton of skim milk powder. Tender offers have been active, although accepted offers and volumes are less. The next Management Committee meeting is scheduled for Thursday, 30 September. Dairy industry producers and traders do not foresee significant adjustments coming out of this meeting. European dairy product markets are firm and supplies are often lighter than desired for this time of the season. Intervention stocks of butter and skim milk powder are being sold back to the trade. Overall demand is fair at best. Some sales are being reported especially for those traders and handlers that have older refunds to negotiate with. Traders continue to indicate that much of their sales activity is centering around internal markets. Cheese demand is quite active, especially in Germany and the UK. In instances, supplies are limited to the point that all needs are not being met. Russian cheese demand is also active and supplies are occasionally not sufficient to meet this need.

BUTTER/BUTTEROIL: EU butter markets remain firm at unchanged prices. Butter production is declining seasonally as milk supplies are often headed towards other products. At a recent Dairy Management Committee meeting, the export refund for unsalted butter was reduced by 10 Euros to 1,410 per metric ton and the butteroil refund was cut by 9 Euros to 1,710. Recent tenders of 3800 MT of unsalted butter and nearly 4200 MT of butteroil were accepted. Overall butter supplies are tightening and 4500 MT of intervention butter have been sold back at 2700 Euros per MT.

82% BUTTERFAT: 2,000 - 2,160
99% BUTTERFAT: 2,100 - 2,400

SKIM MILK POWDER (SMP): Skim milk powder markets are firm with prices unchanged to slightly higher. Stocks are limited to the point that intervention stocks are being sold back. The most recent intervention sale totaled 15,433 MT at 1862 Euros per ton. International sales activity remain light, although some sales are being reported especially from those traders holding older refund.

1.25% BUTTERFAT: 2,150 - 2,300

WHOLE MILK POWDER (WMP): European whole milk powder markets are firm with prices unchanged to slightly higher. Stocks of powder are available for sale, although most producers and handlers report supplies as less available than desired for this time of the season. End of season milk powder production is lighter as more milk is being condensed than dried. Some small lot international sales are being reported, but no significant buyer interest is occurring at this time. Traders and handlers feel that potential buyers are waiting in hopes of weaker prices before re-entering the market, although many traders and handlers do not foresee weaker prices.

26% BUTTERFAT: 2,250 - 2,400

SWEET WHEY POWDER: Whey powder markets are firm at unchanged prices. Cheese production is quite strong for this time of the season, thus whey volumes are being generated. Whey stocks are reported to be available for both internal and international buyer interest. At the present time, most sales activity is centered around an internal animal feed market.

NONHYGROSCOPIC: 500 - 550

EASTERN EUROPE OVERVIEW: Production conditions in Eastern Europe are much the same as they have been over recent weeks. Seasonal milk production continues to decline and continues to trail last year. Stocks of manufactured dairy products are in somewhat better supply than in Western areas. Overall demand remains light for those countries that joined the EU 15 in May, while outside of these countries, buyer interest is somewhat more active.

OCEANIA

OCEANIA OVERVIEW: The Oceania milk production season is well underway in the region. Milk producers and handlers indicate that milk volumes appear to be lagging last year at this time. In New Zealand, peak milk production is about four weeks away and milk volumes are a bit behind. Handlers and producers do not have a specific factor which might be causing the slow trend. In Australia, the 2004 - 2005 production season will also be at seasonal peak levels by the end of October/early November. For the first month of Australia's milk production season, official milk production reports indicate that output for July was 1.2% behind last season. This was the first monthly decline in six consecutive months of increases over the previous year. Although early reports indicate declines over last year, conditions in Australia seem to be quite favorable for a positive production season. Milk producers and handlers continue to point to the fact that in recent years, they have had negative milk production years and that it will take a number of years to regain what was lost and reestablish a solid production base. Stocks of manufactured dairy products in both New Zealand and Australia are reported to be in close balance and often tight. Most manufacturers state that their production has been fully committed for the first half of the year with second half supplies still unclear. Negotiations will soon be getting underway for second half sales. Current sales activity continues to center around regular and ongoing customer needs. Traders and handlers report new buyer interest, but are often not able to acknowledge this buyer interest due to limited or unknown supplies.

BUTTER: Oceania butter markets remain firm. Production schedules continue to build in both Australia and New Zealand as seasonal milk production increases. Butter producers and handlers indicate that stocks of butter are in close balance with demand. At this point, most indicate that they do not have any additional volumes available for spot buyer needs as a large percentage of production has been pre-sold.

82% BUTTERFAT: 1,700 - 2,000

CHEDDAR CHEESE: Oceania cheese markets remain firm at unchanged prices. Cheese production is in full swing as milk production builds toward the seasonal peak. Stocks of cheese are reported to be in balance for needs. Cheese traders and marketers are preparing to negotiate second half contracts within the next few weeks. At this point, most sales and trading activity continues to center around regular and ongoing customer needs.

39% MAXIMUM MOISTURE: 2,650 - 2,900

SKIM MILK POWDER (SMP): Skim milk powder markets are firm at unchanged prices. Powder production is increasing seasonally in Oceania. Stocks are sufficient for regular and ongoing customer needs, although supplies are very limited for spot buyer interest. Traders indicate that stocks are fully committed for the near term with stock availability on the down side of the production season still unknown. Traders and handlers continue to report new or spot buyer interest that is going unfilled.

1.25% BUTTERFAT: 2,000 - 2,200

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Stocks are in close balance with demand, thus very limited, if any at all, are available for spot buyer interest. Most sales activity is centered around filling needs of regular and ongoing customers. New sales activity is limited due to the tight supply situation. Traders indicate that it will be during the second half of the milk production season before they will know if there will be any additional powder available for sale.

26% BUTTERFAT: 2,000 - 2,200

Exchange rates for selected foreign currencies: September 27, 2004

.7863 Canadian Dollar	.0218 Indian Rupee
.3340 Argentina Peso	.6644 New Zealand Dollar
.0875 Mexican Peso	.7124 Australian Dollar
.2818 Polish Zloty	.0090 Japanese Yen
	1.2290 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0875)= 11.4286. That is 1 US Dollar equals 11.4286 Mexican Pesos. Source: "Wall Street Journal"

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

COMMODITY	:REPORT NUMBER 35		:REPORT NUMBER 36		:REPORT NUMBER 37		:REPORT NUMBER 38		:REPORT NUMBER 39		2004	2003
	:-----:		:-----:		:-----:		:-----:		:-----:		Average	Average
	SEP 01 - 03	SEP 06 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30	or Total	or Total					

CHEESE

WISCONSIN (WSP, Delivered, LIL)

-- Process American 5# Loaf	:: 1.7675 - 2.0700	:: 1.7275 - 2.0000	:: 1.7125 - 2.0000	:: 1.6950 - 2.0000	:: 1.6900 - 2.0000	:: 1.8624	:: 1.8274
-- Brick And/Or Muenster 5#	:: 2.0500 - 2.2600	:: 1.9800 - 2.2300	:: 1.9800 - 2.2250	:: 1.9800 - 2.2250	:: 1.9800 - 2.2250	:: 2.1105	:: 2.1177
-- Cheddar 40# Block	:: 1.9500 - 2.2650	:: 1.8800 - 2.2650	:: 1.8800 - 2.2650	:: 1.8800 - 2.2650	:: 1.8800 - 2.2650	:: 2.0775	:: 1.9930
-- Monterey Jack 10#	:: 2.1200 - 2.2650	:: 1.8600 - 2.2650	:: 1.8600 - 2.2650	:: 1.8600 - 2.2650	:: 1.8600 - 2.2650	:: 2.0811	:: 2.1651
-- Blue 5#	:: 2.3550 - 2.7700	:: 2.3250 - 2.7000	:: 2.3200 - 2.7000	:: 2.3200 - 2.7000	:: 2.3200 - 2.7000	:: 2.5180	:: 2.5225
-- Mozzarella 5 - 6#	:: 1.9050 - 2.3650	:: 1.8725 - 2.3650	:: 1.8675 - 2.3650	:: 1.8675 - 2.3650	:: 1.8675 - 2.3650	:: 2.1194	:: 2.0529
-- Grade A Swiss Cuts 6 - 9#	:: 2.4475 - 2.9500	:: 2.4475 - 2.9500	:: 2.4475 - 2.9500	:: 2.4475 - 2.9500	:: 2.4475 - 2.9500	:: 2.6988	:: 2.4675

NORTHEAST (WSP, Delivered, LIL)

-- Cheddar 10# Prints	:: 1.6725 - 2.1875	:: 1.6425 - 2.1575	:: 1.6375 - 2.1525	:: 1.6375 - 2.1525	:: 1.6375 - 2.1525	:: 1.9010	:: 1.9125
-- Cheddar Single Daisies	:: 1.6300 - 2.1050	:: 1.6000 - 2.0750	:: 1.5950 - 2.0700	:: 1.5950 - 2.0700	:: 1.5950 - 2.0700	:: 1.8385	:: 1.8550
-- Cheddar 40# Block	:: 1.7450 - 2.0050	:: 1.7150 - 1.9750	:: 1.7100 - 1.9700	:: 1.7100 - 1.9700	:: 1.7100 - 1.9700	:: 1.8460	:: 1.8638
-- Process 5# Loaf	:: 1.7975 - 2.0050	:: 1.7575 - 1.9650	:: 1.7425 - 1.9500	:: 1.7250 - 1.9325	:: 1.7200 - 1.9275	:: 1.8485	:: 1.8761
-- Process 5# Sliced	:: 1.8175 - 2.0575	:: 1.7775 - 2.0175	:: 1.7625 - 2.0025	:: 1.7450 - 1.9850	:: 1.7400 - 1.9800	:: 1.8848	:: 1.9199
-- Muenster	:: 1.8450 - 2.0475	:: 1.8150 - 2.0175	:: 1.8100 - 2.0125	:: 1.8100 - 2.0125	:: 1.8100 - 2.0125	:: 1.9172	:: 1.9338
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	:: 2.4500

WEST COAST (WSP, Delivered, LIL)

-- Process 5# Loaf	:: 1.7400 - 2.0000	:: 1.7000 - 1.9600	:: 1.6850 - 1.9450	:: 1.6675 - 1.9275	:: 1.6625 - 1.9225	:: 1.8173	:: 1.8451
-- Cheddar 40# Block	:: 1.7250 - 2.0775	:: 1.6925 - 2.0450	:: 1.6875 - 2.0400	:: 1.6875 - 2.0400	:: 1.6875 - 2.0400	:: 1.8701	:: 1.9050
-- Cheddar 10# Cuts	:: 1.9050 - 2.1250	:: 1.8725 - 2.0925	:: 1.8675 - 2.0875	:: 1.8675 - 2.0875	:: 1.8675 - 2.0875	:: 1.9838	:: 2.0200
-- Monterey Jack 10#	:: 1.9150 - 2.0750	:: 1.8825 - 2.0425	:: 1.8775 - 2.0575	:: 1.8775 - 2.0575	:: 1.8775 - 2.0575	:: 1.9705	:: 2.0000
-- Grade A Swiss Cuts 6 - 9#	:: 2.4500 - 2.8700	:: 2.2500 - 2.8000	:: 2.2500 - 2.8000	:: 2.2500 - 2.8000	:: 2.2500 - 2.7000	:: 2.5348	:: 2.3550

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 2.0053 - 2.2212	:: 2.1166 - 2.3876	:: 2.2019 - 2.5154	:: 2.3485 - 2.5265	:: 2.3496 - 2.5276	:: 2.3373	:: 1.7493
-- Atlanta - dlvd. equiv.	:: 2.0515 - 2.2212	:: 2.1505 - 2.4045	:: 2.1838 - 2.5164	:: 2.3663 - 2.5265	:: 2.3318 - 2.5276	:: 2.3438	:: 1.7652
-- Upper Midwest - f.o.b	:: 1.9744 - 2.1904	:: 2.2013 - 2.3368	:: 2.2718 - 2.4116	:: 2.2863 - 2.4553	:: 2.2606 - 2.4564	:: 2.3009	:: 1.6709

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 0.9150 - 0.9600	:: 0.9150 - 0.9600	:: 0.9150 - 0.9600	:: 0.9150 - 0.9600	:: 0.9150 - 0.9600	:: 0.9375	:: 0.8981
-- Class III	:: 1.0000 - 1.0500	:: 1.0000 - 1.0500	:: 1.0000 - 1.0500	:: 1.0000 - 1.0500	:: 1.0000 - 1.0500	:: 1.0250	:: 1.1874

NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::22.0000	-30.0000	::22.0000	-30.0000	::22.0000	-30.0000	::22.0000 -30.0000 ::26.0000 : 24.5000

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

COMMODITY	:REPORT NUMBER 35		:REPORT NUMBER 36		:REPORT NUMBER 37		:REPORT NUMBER 38		:REPORT NUMBER 39		2004	2003
	:-----:		:-----:		:-----:		:-----:		:-----:		Average	Average
	SEP 01 - 03	SEP 06 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30	or Total	or Total					
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 0.8000 - 0.9400	:: 0.8000 - 0.9400	:: 0.8000 - 0.9400	:: 0.8000 - 0.9400	:: 0.8000 - 0.9400	:: 0.8700	:: 0.8500					
-- Mostly	:: 0.8100 - 0.8600	:: 0.8100 - 0.8400	:: 0.8100 - 0.8400	:: 0.8100 - 0.8400	:: 0.8100 - 0.8500	:: 0.8274	:: 0.8513					
-- High Heat	:: 0.9225 - 1.0500	:: 0.9225 - 1.0300	:: 0.9225 - 1.0300	:: 0.9225 - 1.0300	:: 0.9200 - 1.0300	:: 0.9774	:: 0.9050					
-- West (f.o.b.)												
-- Low/Medium Heat	:: 0.7950 - 0.8800	:: 0.7950 - 0.8850	:: 0.7950 - 0.8850	:: 0.7950 - 0.9000	:: 0.7950 - 0.9000	:: 0.8429	:: 0.8423					
-- Mostly	:: 0.8150 - 0.8650	:: 0.8150 - 0.8750	:: 0.8150 - 0.8750	:: 0.8000 - 0.8800	:: 0.8000 - 0.8800	:: 0.8421	:: 0.8075					
-- High Heat	:: 0.8500 - 0.9800	:: 0.8500 - 0.9125	:: 0.8500 - 0.9125	:: 0.8600 - 0.9125	:: 0.8600 - 0.9125	:: 0.8882	:: 0.8408					
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)	:: 0.1900 - 0.2250	:: 0.2100 - 0.2250	:: 0.2100 - 0.2250	:: 0.2100 - 0.2250	:: 0.2150 - 0.2350	:: 0.2175	:: 0.1836					
-- Mostly	:: 0.2100 - 0.2200	:: 0.2100 - 0.2200	:: 0.2100 - 0.2200	:: 0.2100 - 0.2200	:: 0.2150 - 0.2250	:: 0.2160	:: 0.1838					
-- West (f.o.b.)	:: 0.2000 - 0.2500	:: 0.2000 - 0.2450	:: 0.1850 - 0.2450	:: 0.1900 - 0.2450	:: 0.2050 - 0.2450	:: 0.2204	:: 0.1845					
-- Mostly	:: 0.2000 - 0.2225	:: 0.2050 - 0.2250	:: 0.2100 - 0.2275	:: 0.2150 - 0.2300	:: 0.2150 - 0.2300	:: 0.2186	:: 0.1836					
-- Northeast (f.o.b.)	:: 0.2175 - 0.2600	:: 0.2175 - 0.2600	:: 0.2175 - 0.2600	:: 0.2175 - 0.2600	:: 0.2175 - 0.2600	:: 0.2388	:: 0.1926					
-- Southeast (Delvd)	:: 0.2450 - 0.2550	:: 0.2450 - 0.2550	:: 0.2450 - 0.2550	:: 0.2450 - 0.2550	:: 0.2450 - 0.2550	:: 0.2500	:: 0.2120					
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 0.5725 - 0.6325	:: 0.5800 - 0.6325	:: 0.5675 - 0.6300	:: 0.5675 - 0.6300	:: 0.5700 - 0.6400	:: 0.6019	:: 0.4954					
-- Mostly	:: 0.6025 - 0.6225	:: 0.6025 - 0.6225	:: 0.5975 - 0.6225	:: 0.5975 - 0.6225	:: 0.5975 - 0.6225	:: 0.6108	:: 0.4827					
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.1750 - 0.1950	:: 0.1750 - 0.1950	:: 0.1750 - 0.1950	:: 0.1750 - 0.1950	:: 0.1750 - 0.1950	:: 0.1850	:: 0.1699					
BUTTERMILK (Min. 30% protein)												
-- Central (f.o.b.)	:: 1.0300 - 1.0500	:: 0.9500 - 1.0100	:: 0.9500 - 1.0100	:: 0.9500 - 1.0100	:: 0.9000 - 1.0100	:: 0.9838	:: 0.8750					
-- West (f.o.b.)	:: 1.0300 - 1.0750	:: 1.0300 - 1.0750	:: 1.0200 - 1.0700	:: 1.0200 - 1.0700	:: 1.0200 - 1.0700	:: 1.0475	:: 0.8324					
-- Mostly	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0400	:: 0.8386					
-- Northeast (f.o.b.)	:: 1.0000 - 1.0900	:: 1.0000 - 1.0900	:: 1.0000 - 1.0600	:: 1.0000 - 1.0600	:: 1.0000 - 1.0200	:: 1.0312	:: 0.8030					
-- Southeast (Delvd)	:: 1.0100 - 1.0700	:: 1.0100 - 1.0700	:: 1.0100 - 1.0700	:: 1.0100 - 1.0700	:: 1.0100 - 1.0600	:: 1.0390	:: 0.8521					
WHOLE MILK POWDER												
-- National (f.o.b.)	:: 1.2850 - 1.4350	:: 1.2400 - 1.3400	:: 1.2400 - 1.3800	:: 1.2400 - 1.3900	:: 1.2400 - 1.3900	:: 1.3155	:: 1.1211					
LACTOSE												
-- Central And West (f.o.b.)	:: 0.1800 - 0.2700	:: 0.1700 - 0.2700	:: 0.1700 - 0.2700	:: 0.1700 - 0.2700	:: 0.1700 - 0.2700	:: 0.2207	:: 0.2157					
-- Mostly	:: 0.1900 - 0.2200	:: 0.1900 - 0.2200	:: 0.1800 - 0.2200	:: 0.1800 - 0.2200	:: 0.1800 - 0.2100	:: 0.2007	:: 0.2010					
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet	:: 2.7500 - 2.9500	:: 2.7500 - 2.9500	:: 2.7500 - 3.0000	:: 2.7500 - 3.0000	:: 2.7500 - 3.0000	:: 2.8667	:: 2.0833					
-- Nonrestricted - Acid	:: 2.8000 - 3.0000	:: 2.8000 - 3.0000	:: 2.8000 - 3.0000	:: 2.8000 - 3.0000	:: 2.8000 - 3.0000	:: 2.9000	:: 2.0583					

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

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR SEPTEMBER 2004

COMMODITY	:REPORT NUMBER 35:		:REPORT NUMBER 36:		:REPORT NUMBER 37:		:REPORT NUMBER 38:		:REPORT NUMBER 39:		2004 *	2003 *
	SEP 1 - 3	SEP 7 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30	Average	Average	Monthly	Monthly			
BUTTER*												
-- GRADE AA		#	1.7500	1.8300	1.7800							
--Monday												
--Tuesday												
--Wednesday	1.7000	1.7450	1.7550	1.7600	1.8150							
--Thursday												
--Friday	1.7200	1.7500	1.8325	1.7500				1.7656		1.1731		
--Weekly Average**	1.6933	1.7475	1.7792	1.7800								
CHEESE*												
-- BARRELS		#	1.5300	1.5200	1.4800							
--Monday												
--Tuesday		1.5600	1.4925	1.5200	1.4875							
--Wednesday	1.5600	1.5100	1.4900	1.5025	1.5400							
--Thursday	1.5600	1.5275	1.5300	1.5025	1.4975							
--Friday	1.5600	1.5300	1.5300	1.5025				1.5206		1.5640		
--Weekly Average**	1.5480	1.5319	1.5145	1.5095								
-- 40# BLOCKS		#	1.5675	1.5675	1.5675							
--Monday												
--Tuesday		1.5675	1.5675	1.5675	1.5675							
--Wednesday	1.5800	1.5675	1.5675	1.5675	1.5725							
--Thursday	1.5775	1.5675	1.5675	1.5675	1.5850							
--Friday	1.5800	1.5675	1.5675	1.5675				1.5702		1.6000		
--Weekly Average**	1.5720	1.5675	1.5675	1.5675								
NONFAT DRY MILK*												
-- EXTRA GRADE		#	0.8500	0.8500	0.8500							
--Monday												
--Tuesday		0.8500	0.8500	0.8500	0.8500							
--Wednesday	0.8500	0.8500	0.8500	0.8500	0.8500							
--Thursday	0.8500	0.8500	0.8500	0.8500	0.8500							
--Friday	0.8500	0.8500	0.8500	0.8500				0.8500		0.8400		
--Weekly Average**	0.8500	0.8500	0.8500	0.8500								
-- GRADE A		#	0.8500	0.8500	0.8500							
--Monday												
--Tuesday		0.8500	0.8500	0.8500	0.8500							
--Wednesday	0.8500	0.8500	0.8500	0.8500	0.8500							
--Thursday	0.8500	0.8500	0.8500	0.8500	0.8500							
--Friday	0.8500	0.8500	0.8500	0.8500				0.8500		0.8400		
--Weekly Average**	0.8500	0.8500	0.8500	0.8500								

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

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

CME closed for the observance of Labor Day.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2004 declined 1 point to 133. Compared with September 2003, the index was up 5 points (3.9 percent). The index of prices received by farmers for dairy products advanced 1 point during the month of September 2004 to 116. Compared with September 2003, the index was up 5 points (4.5 percent).

Prices received by farmers in September with changes from August were: for All Milk, \$15.10 per hundredweight (cwt.), up \$.10; Fluid Grade Milk, \$15.20 per cwt., up \$.20; and for Manufacturing Grade Milk, \$14.50 per cwt., up \$.40.

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

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	AUGUST		SEPTEMBER		SEPTEMBER		SEPTEMBER		SEPTEMBER	
	2004 <u>2/</u>	2003 <u>2/</u>	2004 <u>4/</u>	2003 <u>2/</u>	2004	2003	2004 <u>7/</u>	2003 <u>8/</u>	2004	2003
CA	13.60	12.77	13.90	13.32			50.00	42.00	108.00	86.00
ID	13.80	12.60	14.40	13.40			49.20	43.20	104.00	89.00
MI	15.20	13.00	15.60	14.60		PRICES	52.00	45.50	89.00	85.00
MN	15.20	14.60	15.30	15.50		PUBLISHED	56.00	51.10	68.00	66.00
NM	14.00	12.20	14.90	14.00		JANUARY,	54.50	46.20	115.00	139.00
NY	15.90	13.60	15.60	14.90		APRIL,	---	---	104.00	119.00
PA	16.50	13.90	16.10	15.90		JULY AND	51.20	43.40	128.00	134.00
TX	15.20	13.40	15.20	15.20		OCTOBER	52.50	42.00	71.00	81.00
WA	14.90	12.10	15.20	13.40			---	---	111.00	83.00
WI	15.40	14.20	16.00	15.20			53.90	47.30	75.00	66.00
U.S.	15.00	13.30	15.10	14.50			52.80	44.80	87.70	84.40

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

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

ITEM	SEPTMEBER 2003	AUGUST 2004 <u>1/</u>	SEPTEMBER 2004 <u>2/</u>
PRICES RECEIVED BY FARMERS, dol. per cwt., at reported butterfat test:			
All milk	14.50	15.00	15.10
Fluid grade milk	14.50	15.00	15.20
Manufacturing grade milk	14.10	14.10	14.50
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	111	120	114
Prices received by farmers for dairy products	111	115	116
Prices paid by farmers for commodities and services, interest taxes, and wage rates	128	134	133
Prices paid by farmers for production items	125	131	130
Prices paid by farmers for feed	112	113	102
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	3.16	2.98	3.24

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

SOURCE: "Agricultural Prices," Pr 1 (9/04), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, OCTOBER 2004, WITH COMPARISONS ^{1/}												
CITY	October 2002			October 2003			September 2004			October 2004		
	Announced Coop.	Federal Order	Difference									
Dollars Per Hundredweight, 3.5% Butterfat												
Atlanta, GA	15.18	13.25	1.93	18.53	17.37	1.16	18.57	17.04	1.53	18.91	17.88	1.03
Baltimore, MD	14.90	13.15	1.75	19.12	17.27	1.85	18.58	16.94	1.64	19.58	17.78	1.80
Boise, ID ^{2/}	12.05	11.75	0.30	16.17	15.87	0.30	---	---	---	---	---	---
Boston, MA	14.80	13.40	1.40	19.22	17.52	1.70	18.89	17.19	1.70	19.73	18.03	1.70
Charlotte, NC	15.18	13.25	1.93	18.53	17.37	1.16	18.57	17.04	1.53	18.91	17.88	1.03
Chicago, IL ^{3/}	14.04	11.95	2.09	18.12	16.07	2.05	18.86	15.74	3.12	19.26	16.58	2.68
Cincinnati, OH	13.91	12.35	1.56	18.04	16.47	1.57	17.97	16.14	1.83	18.82	16.98	1.84
Cleveland, OH	13.71	12.15	1.56	17.84	16.27	1.57	17.77	15.94	1.83	18.62	16.78	1.84
Dallas, TX	14.45	13.15	1.30	17.90	17.27	0.63	17.94	16.94	1.00	18.28	17.78	0.50
Denver, CO	13.55	12.70	0.85	17.67	16.82	0.85	17.34	16.49	0.85	18.18	17.33	0.85
Des Moines, IA	13.33	11.95	1.38	17.46	16.07	1.39	17.45	15.74	1.71	18.34	16.58	1.76
Detroit, MI	13.20	11.95	1.25	17.49	16.07	1.42	17.36	15.74	1.62	18.20	16.58	1.62
Hartford, CT	14.70	13.30	1.40	19.12	17.42	1.70	18.79	17.09	1.70	19.63	17.93	1.70
Houston, TX	15.05	13.75	1.30	18.50	17.87	0.63	18.54	17.54	1.00	18.88	18.38	0.50
Indianapolis, IN	13.71	12.15	1.56	17.84	16.27	1.57	17.77	15.94	1.83	18.62	16.78	1.84
Kansas City, MO	13.92	12.15	1.77	17.55	16.27	1.28	17.14	15.94	1.20	18.03	16.78	1.25
Louisville, KY	13.45	12.35	1.10	17.89	16.47	1.42	17.82	16.14	1.68	18.66	16.98	1.68
Memphis, TN	14.68	12.95	1.73	18.03	17.07	0.96	18.07	16.74	1.33	18.41	17.58	0.83
Miami, FL	17.69	14.45	3.24	20.80	18.57	2.23	20.84	18.24	2.60	21.18	19.08	2.10
Milwaukee, WI ^{3/}	14.14	11.90	2.24	18.22	16.02	2.20	18.81	15.69	3.12	19.21	16.53	2.68
Minneapolis, MN ^{3/}	13.49	11.85	1.64	17.57	15.97	1.60	18.51	15.64	2.87	18.91	16.48	2.43
New Orleans, LA	15.33	13.75	1.58	18.68	17.87	0.81	18.87	17.54	1.33	19.21	18.38	0.83
Oklahoma City, OK	14.40	12.75	1.65	17.77	16.87	0.90	17.59	16.54	1.05	17.93	17.38	0.55
Omaha, NE	13.38	12.00	1.38	17.51	16.12	1.39	17.20	15.79	1.41	18.09	16.63	1.46
Philadelphia, PA	15.07	13.20	1.87	19.17	17.32	1.85	18.63	16.99	1.64	19.75	17.83	1.92
Phoenix, AZ	12.65	12.50	0.15	16.77	16.62	0.15	16.44	16.29	0.15	17.28	17.13	0.15
Pittsburgh, PA	14.20	12.25	1.95	18.32	16.37	1.95	17.79	16.04	1.75	18.88	16.88	2.00
St. Louis, MO	13.40	12.15	1.25	17.52	16.27	1.25	17.49	15.94	1.55	18.33	16.78	1.55
Salt Lake City, UT ^{2/}	12.35	12.05	0.30	16.47	16.17	0.30	---	---	---	---	---	---
Seattle, WA	12.47	12.05	0.42	16.59	16.17	0.42	16.26	15.84	0.42	17.10	16.68	0.42
Springfield, MO	14.00	12.35	1.65	17.37	16.47	0.90	17.19	16.14	1.05	17.53	16.98	0.55
Washington, DC	14.90	13.15	1.75	19.12	17.27	1.85	18.58	16.94	1.64	19.58	17.78	1.80
Simple Average	14.10	12.63	1.47	18.03	16.75	1.28	18.05	16.47	1.58	18.73	17.31	1.42

^{1/} 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.

^{2/} 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.

^{3/} Announced cooperative price for September 2004 include an \$0.80 surcharge due to negative Producer Price Differentials experienced in prior months.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/
JUN 2004	186.3	3.7	188.8	15.2	204.1	28.9	185.7	10.7	208.5	46.6	182.3	9.0
JUL 2004	186.8	4.0	187.7	14.0	199.7	26.0	186.7	11.2	204.8	41.7	183.7	9.2
AUG 2004	186.8	3.5	184.9	10.4	191.6	20.4	187.2	9.0	199.2	41.5	183.7	8.2
U.S. City Average Retail Prices												
Month	Whole Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/			
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Dollars											
JUNE	3.574	2.676	3.937	2.658	4.090	3.769	4.550	3.796	3.877	3.806		
JULY	3.479	2.708	3.753	2.697	4.077	3.688	4.559	3.736	4.026	3.965		
AUGUST	3.297	2.666	3.613	2.747	4.113	3.815	4.495	3.845	4.051	3.976		

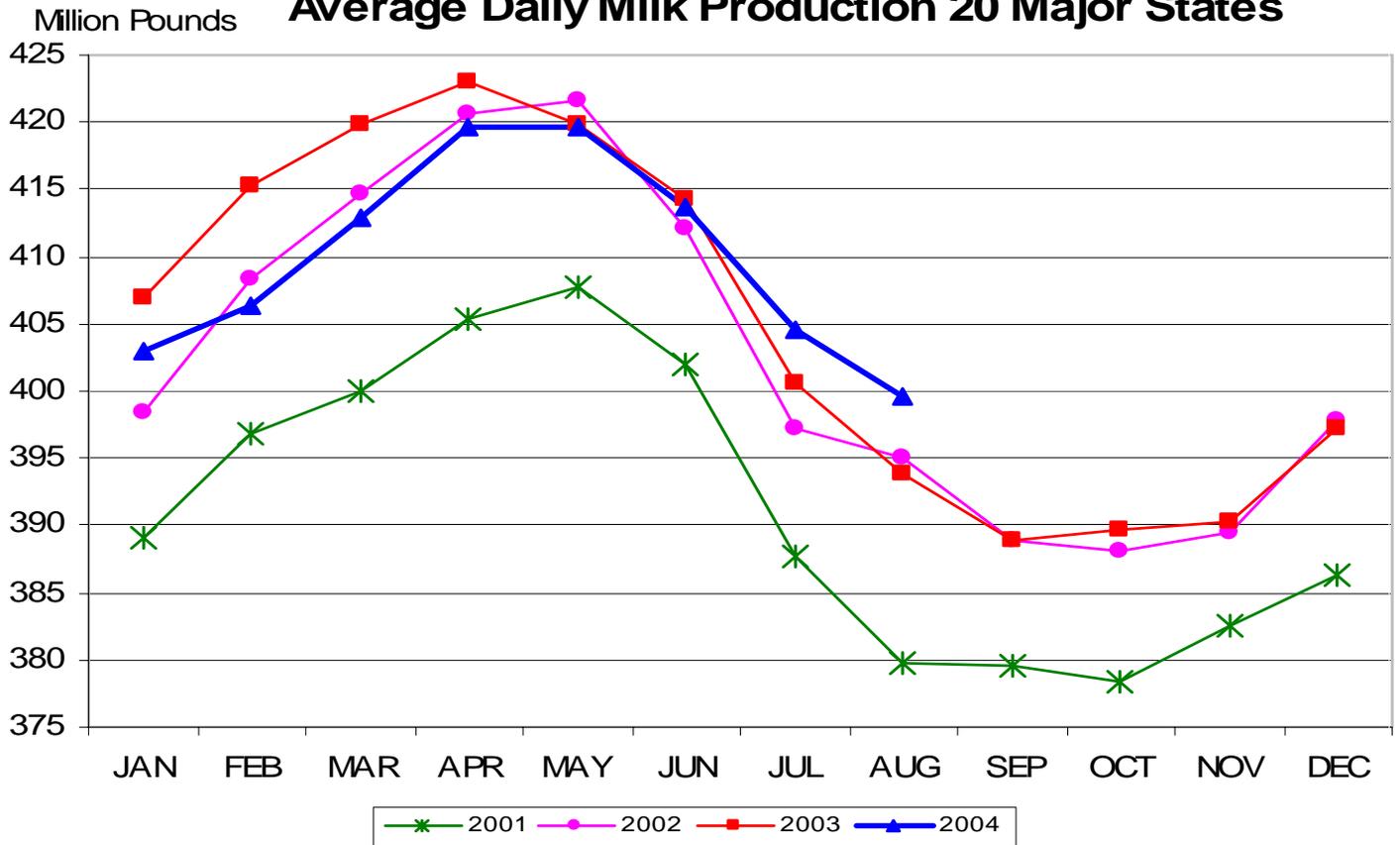
1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these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

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—MAY-JULY 2003-2004 AND ANNUAL 2003-2004 1/

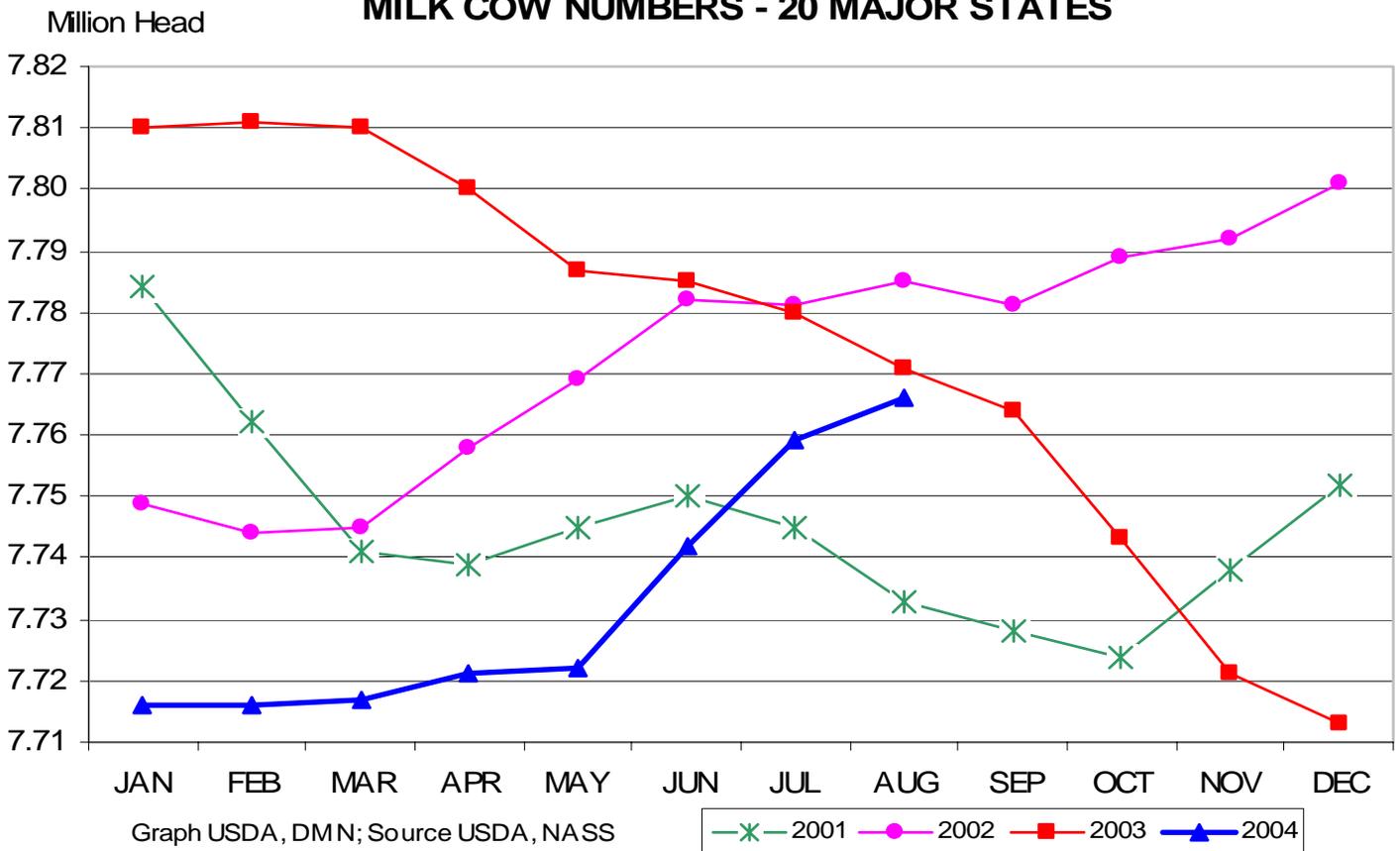
Item	May-Jul. 2003	Percent change 2/	May-Jul. 2004	Percent change 2/	Jan.-Jul. 2003	Percent change 2/	Jan.-Jul. 2004	Percent change 2/
	Million Pounds							
MILK								
Production	43,592	-0.2	43,567	-0.1	101,300	0.5	100,748	-1.0
Marketings	43,311	-0.2	43,303	0.0	100,652	0.5	100,137	-1.0
Beginning Commercial Stocks 3/	12,548	14.1	10,113	-19.4	9,891	40.5	8,331	-15.8
Imports 3/	1,218	-11.3	1,539	26.4	2,880	-2.4	3,296	14.4
Total Supply 4/	57,077	2.3	54,955	-3.7	113,423	3.0	111,764	-1.9
Ending Commercial Stocks 3/	13,114	2.9	11,944	-8.9	13,114	2.9	11,944	-8.9
Net Removals 3/	437	533.3	24	-94.5	1,031	565.2	-75	-107.3
Commercial Disappearance 4/	43,526	1.3	42,987	-1.2	99,278	2.1	99,895	0.2
SELECTED PRODUCTS 5/								
Butter	262.0	-4.8	278.3	6.2	677.9	0.8	670.6	-1.6
American Cheese	914.5	-0.4	875.5	-4.3	2,111.0	0.1	2,124.3	0.2
Other Cheese	1,330.2	4.1	1,317.7	-0.9	3,016.0	2.5	3,134.0	3.4
Nonfat Dry Milk	274.5	51.1	356.8	30.0	488.9	19.6	802.4	63.5
Fluid Milk Products 6/	13,261.3	-0.5	12,905.4	-2.7	31,779.0	0.1	31,416.0	-1.6

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

Average Daily Milk Production 20 Major States



MILK COW NUMBERS - 20 MAJOR STATES



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF SEPTEMBER 27 - 30, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 09/24/04	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-	5,406,631	-0-	-0-
Process	-0-	-0-	-0-	-0-	31,838,400	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	41,085,137	-0-	-0-
NONFAT DRY MILK							
Nonfortified	4,982,049#	-0-	4,982,049	362,185,199#\$	623,885,045	560,483,000	1,133,688,000
Fortified	-0-	-0-	-0-	-119,048	706,989	46,391,000	46,391,000
TOTAL	4,982,049	-0-	4,982,049	362,066,151	624,592,034	606,874,000	1,180,079,000

Export Donation Program under Invitation 080 to announcement FMP1. The estimated cumulative under Invitation 080 is 106,619,108. \$ 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
PERIOD OF SEPTEMBER 27 - 30, 2004 =	1.1	58.0	COMPARABLE PERIOD IN 2003 =	0.6	33.8
CUMULATIVE SINCE OCTOBER 1, 2003 =	78.7	4,214.4	CUMULATIVE SAME PERIOD LAST YEAR =	766.2	7,678.4
CUMULATIVE JAN. 1 - SEPT. 30, 2004 =	53.2	2,865.2	COMPARABLE CALENDAR YEAR 2003 =	693.3	6,481.3

* 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 PERIOD OF SEPTEMBER 27 - 30, 2004 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	476,879	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	4,405,963	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	99,207	-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	8,969,968	24,411,395	2.5	39.3
WEST	-42,309	11,446,631	-0-	9,035,165	348,713,202	562,610,843	96.3	59.6
EAST	-0-	-0-	-0-	-0-	4,382,981	37,569,796	1.2	1.1
TOTAL	-42,309	11,446,631	-0-	41,085,137	362,066,151	624,592,034	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 09/11/04 & 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	0.5	6.1	2.0	14.8	2.7	0.6	0.8	11.4	1.4	40.3	1,656.8	49.0	47.2
2003-Dairy	0.2	0.8	7.4	5.2	20.7	2.5	0.5	1.2	14.1	3.1	55.7	1,986.7	46.8	47.5
2004-All cows	0.1	0.5	7.3	10.1	22.7	12.0	9.8	2.1	13.2	4.4	82.3	3,512.0		
2003-All cows	0.2	1.0	9.9	13.0	31.7	18.2	18.6	3.2	16.4	6.7	118.9	4,179.8		

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	13.94	14.78		
II	11.67	12.90	14.79	15.21	15.03	14.31	14.00	13.13	13.66			
III	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72			
IV	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46	13.00			

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