

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange, all grades of butter are unchanged: Grade AA is \$.9000, Grade A is \$.8000, and Grade B is \$.7900. At the National Cheese Exchange in Green Bay, barrels are unchanged at \$1.2425 and 40# blocks are unchanged at \$1.2750.

According to NASS, milk production in the 22 major states during December totaled 11.1 billion pounds, slightly below production in these same states in December 1995. November revised production, at 10.7 billion pounds, was 0.4% above November 1995. Production per cow averaged 1,394 pounds for December, 14 pounds (1.0%) above December 1995. The number of cows on farms was 7.94 million head, 97,000 head (1.2%) below December 1995 and 6,000 below November. This is the seventeenth consecutive month of decline. During 1996, milk production totaled 154.4 billion pounds, 0.8% below 1995's output. Milk per cow for 1996 totaled 16,501 pounds, 50 pounds (3.0%) more than 1995.

In October, mailbox milk prices reported for selected Federal milk orders averaged \$15.79 per cwt., \$.13 less than the figure for the previous month. On a regional basis, the following are average prices and changes from the previous month: Northeast, \$15.76, up \$.01; Southeast, \$17.71, up \$.48; Midwest, \$15.69, down \$.35; and West, \$15.12, down \$.22. Compared to October 1995, mailbox milk prices, on average, increased \$3.11 per cwt.

According to the World Agricultural Supply and Demand Estimates, January projections show no change in supply and slightly increased commercial use. Prices received by farmers for milk were revised slightly lower.

During November, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.2% above 1995 and 0.5% above October 1996 on an adjusted daily average basis. Sales of whole milk items were

0.7% below the previous year while sales of lowfat and skim milk items were 0.7% above the previous year. Total fluid milk sales were unchanged in the Northeast, higher in the Southeast and Far West, and lower in all other regions. Year-to-date sales for all areas combined indicate that whole milk items increased 0.2%, lowfat and skim are up 1.0%, and total fluid items are up 0.7%.

Milk production is still rising in Florida and the Deep South, but steady in most other sections of the country. In parts of California, milk output is being affected by recent flooding. Winter storms and severe cold are covering large portions of the country and having an impact on production, consumption, and transportation schedules.

The dry dairy product markets are mostly steady. Nonfat dry milk offerings are more than adequate for current needs and prices are mixed, but often lower. Production is steady to lighter and demand is fair to good with best interest on high heat. Dry buttermilk prices are also mixed, but market activity seems to be increasing. The dry whey market is steady to firm with prices fractionally higher in the Midwest and West. Demand is fair to good.

For the first time since April 1995, a DEIP bid was accepted for butter. FAS accepted a 36 MT bid for sale to Asia and the Former Soviet Union. (Until last week and since mid 1995, butter was not eligible for DEIP allocations.)

SPECIAL THIS ISSUE

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BUTTER MARKETS

CHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	JANUARY 14	JANUARY 16	JANUARY 17
AA	\$0.9000 - 0.9100	\$0.9000 - 0.9100	\$0.9000 - 0.9100
A	\$0.8000 - 0.8100	\$0.8000 - 0.8100	\$0.8000 - 0.8100

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all butter prices are unchanged. Demand for butter continues strong for both domestic and export needs. Although demand remains strong, some printers are stating that orders are starting to slow. Stocks of butter range from in close balance to short of current buyer interest. On January 16, FAS announced that a DEIP bid was accepted for butter to Asia and the Former Soviet Union. The award was for 36 metric tons to be exported by March 31, 1997

CHICAGO MERCANTILE EXCHANGE

Butter Transactions on **FRIDAY, JANUARY 17, 1997**
(CARLOT UNIT = 40,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$0.9000 : SALE 01/10/97
A	N.C.	\$0.8000 : SALE 12/20/96
B	N.C.	\$0.7900 : BID 12/20/96

SALES: NONE

BIDS UNFILED: 1 CAR GRADE AA @ \$0.8800

OFFERS UNCOVERED: NONE

CHEESE MARKETS

WISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	JANUARY 13 - 17, 1997
BARRELS*	\$1.2325 - 1.2525 (NOMINAL) (.0025) (.0025)
40# BLOCKS	\$1.2650 - 1.3050 (-.0150) (-.0050)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is steady. Prices are unchanged in active trading at the National Cheese Exchange. Sales of most natural varieties continue seasonally good with process movement generally moderate. Weather related problems continue to affect milk and cheese production. Besides the recent Western floods, many producers are forced to dump milk in the Dakotas and Minnesota due to closed roads caused by continued heavy snows and blizzard conditions. CCC purchase activity and invitations for March and April may be found on page 13 of this report.

NATIONAL CHEESE EXCHANGE, INC.

Cheese Transactions on **FRIDAY, JANUARY 17, 1997**
(CARLOT UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.2425 : SALE 01/17/97
40# BLOCKS	N.C.	\$1.2750 : SALE 01/17/97

SALES ON BIDS: 3 CARS BARRELS @ \$1.2425

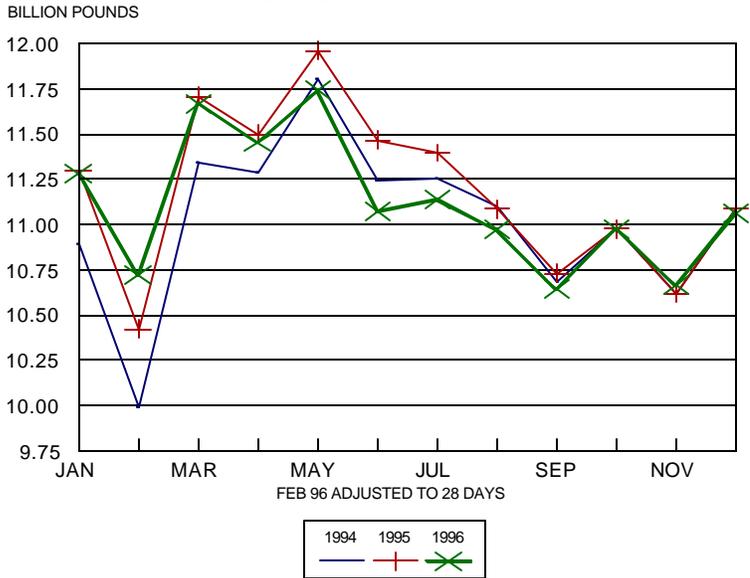
SALES ON OFFERS: 18 CARS BARRELS @ \$1.2425
35 CARS 40# BLOCKS @ \$1.2750

BIDS UNFILED: NONE

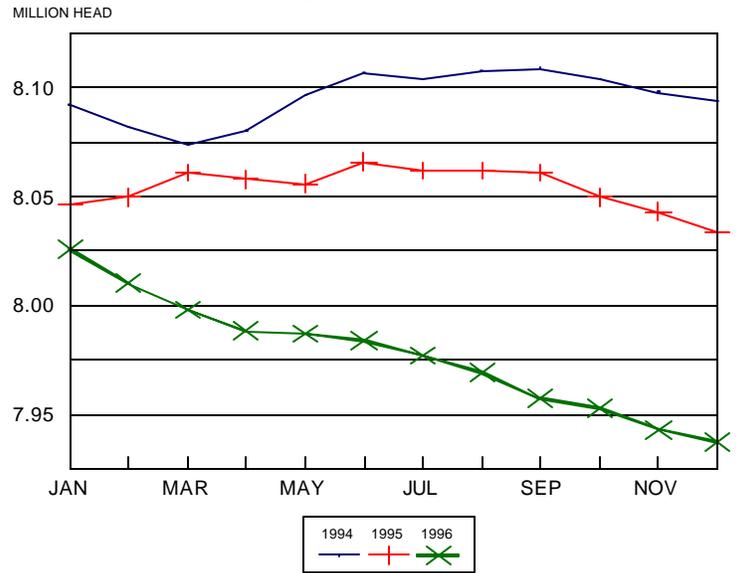
OFFERS UNCOVERED: 2 CARS 40# BLOCKS @ \$1.2800

MILK PRODUCTION 22 MAJOR STATES

MILK PRODUCTION BY MONTH



MILK COW NUMBERS



NASS DATA, GRAPH BY DAIRY MARKET NEWS

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are unchanged and the market tone is steady to firm. Some contacts were surprised by the trading at last Friday's (1/10) Chicago Mercantile Exchange. Several loads of AA were sold above the current level before ending unchanged at 90 cents. Churning activity dropped off from the holiday period, but output remains moderate to heavy. Stocks are often lighter than desired. Producers report continued good demand as print buyers replenish stocks. The demand for bulk butter is holding up very well. Some reports indicate that people/companies appear willing to take a position and store some butter for later needs. Others, however, are waiting to see if prices drop before they build inventories. Retail sales are slow to fair and food service orders are steady.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.1100-1.3375
1 LB. PRINTS	:	1.0250-1.2075
CHIPS/PATTIES	:	1.0875-1.2575
REDDIES	:	1.1625-1.3675
CONTINENTALS	:	1.2425-1.4175

CENTRAL

Print butter markets are basically steady at unchanged prices. Most butter producers continue to be pleased with the strong demand for butter. Often, stocks of butter are short of full needs. Some producers that have additional stocks are holding them with confidence, although some producers/handlers are unsure about storing butter this early at current price levels. Opinions are mixed on how to approach the 1997 supply/demand situation. Interest for butter for export is building, especially following the Secretary of Agriculture's announcement last week to include butter under the DEIP program again. Currently, most of the butter export inquiries are unfilled.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.0000-1.4075
1 LB. PRINTS	:	.9650-1.1275
CHIPS/PATTIES	:	.9900-1.2000
REDDIES	:	1.0725-1.3100
CONTINENTALS	:	1.2300-1.4200

WEST

Prices are holding steady for Western print butter. Sales continue to be rated as excellent. Both print and bulk movements are good. Many contacts are just barely able to keep up with orders. Many had assumed that the market might slow by this time in January. This is certainly not the case. Some butter is being stored at this time for future needs. Earlier, some buyers were waiting for lower prices before they implemented this strategy. Now they are beginning to wonder if this is the seasonal bottom. Production is barely steady.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.1850-1.2450
1 LB. PRINTS	:	1.1225-1.1750
PATTIES	:	1.1750-1.3225
REDDIES	:	1.2800-1.3025

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	.9100-.9625
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
01/13/97	5,791	:	108,935
01/01/97	4,551	:	108,543
CHANGE	+1,240	:	+ 392
% CHANGE	+ 27	:	N. C.

CHEESE MARKETS

NORTHEAST

Prices are mixed. Natural cheddar items fell 1/2 cent, process items increased 1/4 cent, and Swiss is unchanged. The market tone is still unsettled. Production levels are steady to lighter. Eastern contacts report a much improved demand for Class I milk which is leaving less surplus milk available for manufacturing plants. Locally, cheddar stocks are quite well balanced and buyers are having little difficulty obtaining desired volumes. Mozzarella/pizza cheese movement is improving as colleges reopen after semester breaks combined with the unofficial party season known as the NFL playoffs. Retail movement is fair to good as cheese trays are a particular favorite at many parties. Food service orders are slowing slightly from the year-end holiday season.

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

Cheddar 10# Prints	:	1.2650-1.7575
Cheddar Single Daisies	:	1.2350-1.7525
Cheddar 40# Block	:	1.4125-1.5625
Process 5# Loaf	:	1.3975-1.5925
Process 5# Sliced	:	1.4075-1.6075
Muenster	:	1.4550-1.8225
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. On January 10 at the National Cheese Exchange, the final transaction on 40# blocks was .5 cent below the previous week at \$1.2750. Barrels increased .25 cent on the Exchange to \$1.2425. Natural variety sales remain generally steady at good levels. Process activity is typically about moderate. Orders are being prepared for anticipated Superbowl activities. Cheddar supplies produced within the region are about in balance with demand. Cheddar offerings from Western sources continue to pressure the Midwestern premium structure. Reported plant prices for Grade A Swiss blocks in the Midwest range from about \$1.80 to around \$2.00 per pound, fob plant. Cheese production is irregularly higher and lower. Milk haulers encountered extra difficulty in bringing in farm milk supplies due to visibility and snow closed roads in parts of the Dakotas and Minnesota. In Wisconsin, Michigan, and eastern Minnesota, milk intakes and cheese production are increasing seasonally.

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

Process American 5# Loaf	:	1.5500-1.5775
Brick And/Or Muenster 5#	:	1.5900-1.7325
Cheddar 40# Block	:	1.5275-1.9250
Monterey Jack 10#	:	1.7275-1.9250
Blue 5#	:	1.8800-2.1200
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6300-1.9650
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.5300

WEST

Prices are mixed this week as the market seems to be settling down for the short run. Contacts feel that prices in this neighborhood are closer to normal than we saw a few weeks ago. Demand is improving as buyers believe that the market is for real and feel that there is no point in waiting to acquire cheese. Swiss sales are improving and mozzarella is picking up seasonally. Stocks are cleaned up and production is about steady.

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

Process 5# Loaf	:	1.4350-1.7800
Cheddar 40# Block	:	1.4975-1.7350
Cheddar 10# Cuts	:	1.6975-1.8400
Monterey Jack 10#	:	1.6775-1.8050
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5700

FOREIGN TYPE CHEESE

Domestic prices are fractionally lower. Market activity is seasonally slow to fair. Typically, demand for foreign type cheese (table cheese) slows after the holidays. Imports of cheese for further processing are also limited by the reduced subsidies and resulting higher prices for U.S. importers. The Secretary of Agriculture announced that USDA has investigated the possible Swiss cheese price undercutting by Canada and Germany. He stated that the current information is not enough to make a firm conclusion and that monitoring of imports will continue.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6100-2.1775*
Gorgonzola	: 3.2400-5.9400	: 2.2325-2.4900*
Parmesan (Italy)	: 7.1700-8.0000	: 2.9825-3.0575*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2825-1.7900*
Romano (Cows Milk)	: -0-	: 2.8125-3.0175*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.7200	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced December 1996 uniform (blend) prices: Federal Order (F.O.) 1 is \$14.37; F.O. 2, \$13.79; F.O. 36, \$14.22; and Western NY Milk Market Area, \$13.98. In F.O. 4 where they have a base/excess plan, the December base is \$15.06 and the excess is \$11.37. (In F.O. 36, they now pay producers on a multiple component system and the uniform price is for informational purposes only.) Milk production is mostly steady. Output in Florida continues to increase, but recent cold weather over most of the Southeast has retarded the gains seen the past couple weeks. In the more northern areas, the milk flow is holding about steady. Fluid milk supplies are tight. Contacts from Florida to New England report an excellent demand for bottled milk. A contact at a large bottling operation says that the demand for bottled milk is unusually strong. Last week's snow and ice storm caused a lot of panic buying and that level of sales has not yet dropped off. The strike continues at one large plant. This week, Florida handlers imported 30+ loads and more was being sought. The start of schools and a very good tourist season are cited as reasons for the fast turn around in milk needs. Surplus milk volumes are much tighter this week and plants are operating on reduced schedules. The condensed skim market is fair to occasionally good. The tighter milk supply and lower prices have many cheese and ice cream makers making additional purchases of wet solids. Spot prices are steady to lower at the top end of the range. The fluid cream market is quite firm. Demand from Class II and III buyers is holding up quite well. Contacts report increased instances of buyers looking to make year-long, cream supply contracts with suppliers. This week, spot prices are steady to higher. The tighter supply of surplus milk is affecting cream production. Local and out-of-region butter makers are looking for cream and paying competitive prices. Ice cream production is a little slower after last week's heavy, post holiday downtime start up. Cream cheese production is holding up quite well and some producers, like other cream users, are concerned about availability later in the year.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. Producing Plants: Northeast	-	1.0240 - 1.1040
Delivered Equivalent Atlanta	-	1.0240 - 1.2710 M 1.0400-1.0800
F.O.B. Producing Plants: Upper Midwest	-	1.0000 - 1.1360

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.1700 - 1.2800
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 10 - 16, 1997	3
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	21

DESTINATIONS: KENTUCKY 3

Weather, and related problems are the major topics through most of the region. Heavy snows in some parts of the region, occasionally combined with other mixed precipitation, were followed by cold temperatures and high winds. This stimulated retail Class I sales in many areas, where customers could get to the store. However, many schools were closed and this disrupted sales to these accounts. Besides the loads reported, another 4 loads were shipped to Ohio. Some other

out of state interest was reported, but handlers were unable to supply additional loads on short notice. Manufacturing milk interest is very good. Reported manufacturing milk prices ranged from 50 cents to \$2.00 over class. Many ice cream manufacturers and ice cream accounts are trying to build extra early inventory this year after the high prices and difficulty in acquiring cream last year. The weather caused milk to be dumped in western parts of the region, particularly Minnesota and the Dakotas where roads were impassable. Through most of Wisconsin, eastern Minnesota, and Michigan, milk intakes are increasing seasonally. Product yields remain good. The December initial estimated milk production in selected Midwestern states compared with 1995 is: Wisconsin, 1.8 billion pounds, down 54 million pounds (2.9%); Minnesota, 800 million pounds, up 11 million pounds (1.4%); Michigan, 463 million pounds, an increase of 7 million pounds (1.5%); and Iowa, 331 million pounds, up 2 million pounds (0.6%). A limited volume of tested hay sold at auctions during the week ending January 15. Good quality (RFV 125-151) sold for \$102.50 - 155.00 per ton and good quality (RFV 103-124) went for \$90.00 - 152.50 per ton. A larger sample of good quality non-tested hay for the same period for first crop at \$155.00 - 165.00 and second cutting \$130.00 - 150.00 per ton. Hay prices are mostly well above the majority of comparable year ago prices.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 27.00- 39.00	\$ 31.00- 37.00
REPLACEMENT HEIFER CALVES	\$110.00-125.00	\$120.00-155.00

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

	JAN 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 26.00- 34.50	\$ 30.50- 36.00

W E S T

December U.S. milk production is negative compared to a year earlier. That leaves only November as the one positive month in 1996. Total output for the 22 States in 1996 reached 133.4 billion pounds, down 0.6% from 1995. Output for selected Western states compared to last year is as follows: California up 2.9%, Idaho up 12.3%, New Mexico up 6.6%, and Washington up 1.9%. Cow numbers and production per cow increased compared to last year in all these states. Cold conditions have moved into most areas of the Southwestern U.S. Some areas reached low temperatures colder than they have seen in three years. Pipes and water systems are freezing up and causing problems. One positive result is that it has at least temporarily stopped any additional snow melt out of the foothills. Some areas of the Central Valley in California are beginning to recover from the massive flooding. The direct impact on milk production from the loss of cows and added stress is certainly noticeable, but the bigger impact may lie ahead as the feed and forage problems play out. Old crop hay has been lost and new crop growth is being delayed and yields will be reduced. Hay prices are increasing and quality is declining. Buyers are having to go further to find any available supplies of hay. Many are concerned what impact this will have on future milk production. Conditions have also cooled off in the Pacific Northwest. Transportation problems have mostly disappeared. Hay buyers continue to move further east each week to try and locate additional good quality hay supplies. Cold and severe wind chills are causing herd health problems in northern portions of the Mountain States region. Further south, heavy snows are more of a concern where range land is fully snow covered and not allowing any supplemental grazing. These conditions take more feed and hay to keep the cattle alive and somewhat productive. Manufacturing plants are easily handling current milk supplies.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/16/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices continue to decline. The market tone remains weak in light to moderate market activity. Demand is fair to good. Many buyers are finding better deals on Central NDM than from the West. An increase in trades was noticed. Production is mixed in the region. Many plants are operating on reduced schedules as less surplus milk is available. Condensed skim orders are good and preventing drying. Other plants are having heavy production. NDM stocks are variable, but available from several plants in the region.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.1050 - 1.1600 MOSTLY: 1.1200 - 1.1300

DRY BUTTERMILK - CENTRAL

Prices are unchanged in mostly light market trading. The market tone is steady to slightly firmer. Several producers have worked through end of the year stocks and are in better shape. Demand remains light to fair and improving slightly. Condensed buttermilk sales are fair to good. Dry buttermilk stocks are light to moderate and range from steady to declining where sales are better.

BUTTERMILK: .9000 - .9500

DRY WHEY - CENTRAL

Whey prices range from steady to slightly higher in light to moderate trading. The market tone remains steady to firm. Producers' offerings are equal to prior weeks with whey available from the majority of plants in the region. Several producers are raising prices as they become more comfortable with their positions. Demand is slow to materialize to clear any additional offerings. Feed buyers are slow to take loads above contracts. Food accounts are not overly aggressive. Several contacts speculate that buyers filled their needs weeks ago at lower prices and are working off those stocks. Producers' stocks range from light to moderate and are available for most trade needs.

NONHYGROSCOPIC: .1800 - .2025 MOSTLY: .1825 - .1875

ANIMAL FEED WHEY - CENTRAL

All animal feed whey prices are unchanged and remain nominal. Buying interest is fair to good but often goes unfilled due to limited availability of milk replacer and standard whey. Delactose demand is light to fair among feed buyers. Edible delactose demand from cheese processors is seasonally light. Roller ground demand is mostly steady. Stocks are in balance.

MILK REPLACER: .1600 - .1750
STANDARD: .1500 - .1700
ROLLER GROUND: .1800 - .1975
DELACTOSE (Min. 20% protein): .3200 - .3800

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged with some increases within the range noted as producers adjust prices following last week's market. Demand is fair to good and not fully satisfied. Production is steady to higher. Several producers are still filling old orders and wish they had more powder. Spot interest is light and met with limited offerings. Stocks are mostly light and committed.

Including spot sales and up to 3 month contracts.

EDIBLE: .2000 - .2600 MOSTLY: .2300 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are unchanged and the market tone remains steady. Demand is fair and not aggressively clearing current offerings. Food account interest is mostly steady, but interest remains light from animal feed accounts. Production is steady to seasonally higher. Stocks are light to moderate.

EDIBLE 34% PROTEIN: .5500 - .6100 MOSTLY: .5800 - .5900

NONFAT DRY MILK - WEST

Demand for high heat powder is mixed. Some producers are reporting good movement, but others are saying that it is much slower than normal for January. The price range widened out a bit. Low/medium prices are holding steady. Market activity is increasing somewhat. Some producers report additional sales activity, while others are somewhat disappointed with buyer interest. A number of plants are working off some additional production related to heavy volumes of surplus holiday milk.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0800 - 1.1300 MOSTLY: 1.0900 - 1.1000
HIGH HEAT: 1.1100 - 1.1500

DRY BUTTERMILK - WEST

The range for Western buttermilk powder narrowed slightly this past week. Buying activity has increased dramatically. Prices have increased since late last week. Demand is improving with offerings declining.

BUTTERMILK: .8500 - .9300

DRY WHEY - WEST

Mostly prices increased fractionally again this week for Western whey powder. Both export and domestic demand are good. Whey is available for sale, but it may take a few days to get it together for shipment. Producer stocks are generally in good shape. Production is about steady with some increases noted.

NONHYGROSCOPIC: .1850 - .2050 MOSTLY: .1900 - .2000

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 13, on powder sales of 9,070,062 pounds f.o.b. California manufacturing plants was \$1.1150 per pound. This compares to 8,869,027 pounds at \$1.1167 for the previous week ending January 06, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are often lower and the market tone is occasionally weaker. Drying schedules are lighter this week and producers report sharply lower surplus milk volumes. The continued strong demand for bottled milk is limiting the volumes of surplus milk some plants are receiving. With lighter receipts, some plants are taking this opportunity to make high heat powder. High heat is moving very well while low heat demand is fair to moderate. Prices are moving lower due mostly to competition from Western powder. Buying interest is fair to good; best on high heat. Producers' stocks are light on high heat; moderate to heavy on low heat.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1450 - 1.2100
DELVD SOUTHEAST:	1.1300 - 1.2400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is improving. Some contacts feel that dry buttermilk sales are improving now that prices are below a dollar. Market activity increased this week and producers cleared additional loads. Production was heavy through last week, but surplus milk supplies tightened dramatically this week and excess cream offers also decreased. When milk supplies were the heaviest, some plants had little time to dry buttermilk and more condensed was moved. Dry buttermilk stocks are generally light to adequate for current needs.

F.O.B. NORTHEAST:	.9000 - 1.0000
DELVD SOUTHEAST:	.9300 - .9800

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are light to moderate and plant stocks are closely balanced. Some producers report that powder is clearing, under both spot and contract sales, as fast as it is made. Typically, demand for dry whole milk improves this time of year when users' inventories get replenished and candy makers are preparing for Valentine's Day and Easter.

F.O.B. PRODUCING PLANT:	1.1550 - 1.2600
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH JANUARY 10, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	11,619 MT (25,615,247 LBS)
CHANGE	-	134 MT (295,416 LBS)
WHOLE MILK POWDER	-	860 MT (1,895,956 LBS)
CHEESE	-	719 MT (1,585,107 LBS)
CHANGE	-	60 MT (132,276 LBS)
BUTTERFAT	-	0

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady and the market tone is unchanged. Production levels are lighter as surplus milk supplies are tighter this week. Plant stocks are quite well balanced, but powder is available at some plants. Demand is fair to good.

F.O.B. NORTHEAST:	EXTRA GRADE	.1800 - .1850
	USPH GRADE A	.1850 - .1975
DELVD SOUTHEAST:		.1925 - .2225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Dry whey offerings are adequate for current needs. Some improvement in demand has been noted, but, for the most part, it is steady.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production is steady to lighter at those plants that are experiencing tighter surplus milk receipts. Demand is slower than pre-holiday levels, but still holding up quite well. Plant stocks are light, which is typical for the post-holiday period.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$22.50 - 33.00
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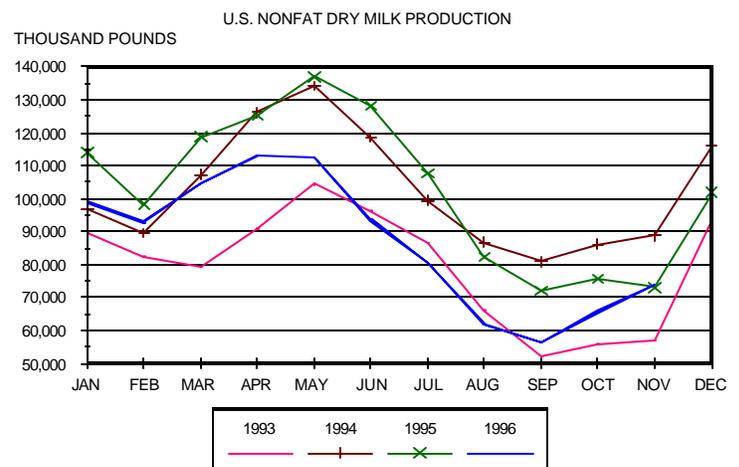
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Rennet casein prices are unchanged, but the market tone is steady to firm. Supplies are limited and most trades are occurring on a contract basis. Acid casein prices are unchanged with a weaker undertone. More offerings are available and some noted around the \$2.00 per pound range. Demand is light with many buyers selective or inactive.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3500 - 2.4700
ACID:	2.1500 - 2.2500



COFFEE, SUGAR, & COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

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

MONTH	01/02	01/03	01/06	01/07	01/08	01/09	01/10	01/13	01/14	01/15
CSCE - CHEDDAR CHEESE -- Cents per pound										
JAN 97	123.10 (0) 0	127.10 (0) 0	126.60 (0) 0	127.10 (0) 0	126.10 (0) 0	129.60 (0) 0	128.10 (0) 0	126.60 (0) 0	128.20 (0) 0	127.90 (0) 0
FEB 97	126.50 (34) 0	130.50 (34) 0	130.00 (34) 4	130.50 (36) 0	129.50 (36) 6	133.00 (36) 0	131.50 (41) 4	130.00 (41) 0	131.60 (41) 0	131.30 (39) 4
APR 97	128.00 (16) 0	132.00 (16) 0	131.50 (16) 0	131.00 (16) 0	130.00 (16) 0	133.50 (16) 0	132.00 (16) 0	136.00 (16) 0	137.60 (16) 0	137.30 (16) 0
CSCE - NONFAT DRY MILK -- Cents per pound										
JAN 97	105.70 (0) 0	104.50 (0) 0	104.80 (0) 0	104.70 (0) 0	105.70 (0) 0	105.80 (0) 0	109.70 (0) 0	105.70 (0) 0	109.70 (0) 0	105.70 (0) 0
FEB 97	110.00 (45) 0	108.80 (45) 0	109.10 (49) 4	109.00 (49) 0	110.00 (49) 0	110.10 (49) 0	114.00 (49) 0	110.00 (49) 0	114.00 (49) 0	110.00 (49) 0
CSCE - FLUID MILK -- Dollars per cwt.										
JAN 97	11.85 (0) 0	11.95 (0) 0	12.13 (0) 0	12.05 (0) 0	12.08 (0) 0	12.98 (0) 0	12.97 (0) 0	12.98 (0) 0	12.88 (0) 0	12.87 (0) 0
FEB 97	12.60 (51) 0	12.70 (51) 0	12.88 (51) 5	12.80 (61) 13	12.83 (61) 1	12.88 (61) 3	12.95 (60) 1	12.80 (55) 19	12.88 (55) 0	12.87 (52) 5
JUN 97	12.79 (26) 0	12.75 (26) 0	12.95 (26) 0	12.90 (26) 0	13.30 (26) 0	13.20 (26) 0	13.40 (26) 0	13.70 (26) 2	13.70 (26) 0	13.70 (26) 0
CSCE - BUTTER -- Dollars per cwt.										
JAN 97	90.50 (0) 0	92.50 (0) 0	91.30 (0) 0	91.80 (0) 0	92.00 (0) 0	93.80 (0) 0	94.30 (0) 0	94.30 (0) 0	93.00 (0) 0	93.00 (0) 0
FEB 97	89.00 (8) 8	91.00 (8) 0	89.80 (8) 0	90.30 (8) 0	90.50 (8) 0	92.30 (8) 0	92.80 (8) 0	92.80 (8) 0	91.50 (8) 0	91.50 (8) 2
JUN 97	94.10 (10) 0	96.60 (10) 0	96.60 (10) 0	97.10 (10) 0	97.30 (10) 0	99.10 (10) 0	99.60 (10) 0	99.60 (12) 2	98.30 (10) 0	98.30 (10) 0
CME - FLUID MILK -- Dollars per cwt.										
FEB 97	12.600 (19) 0	12.600 (17) 5	12.600 (17) 0	13.000 (17) 0	13.250 (17) 1	13.000 (17) 1	13.000 (17) 0	13.000 (17) 0	13.000 (17) 0	13.000 (16) 2
APR 97	13.300 (1) 0	13.300 (1) 0	13.300 (1) 0	13.300 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0	13.500 (1) 0
CME - BUTTER -- Cents per pound										
FEB 97	92.750 (62) 5	92.750 (63) 1	92.700 (64) 1	92.700 (64) 0	94.000 (64) 0	96.250 (64) 10	97.050 (64) 0	97.050 (64) 1	97.500 (63) 4	96.900 (64) 1
APR 97	94.750 (3) 1	94.750 (3) 0	93.850 (3) 0	93.850 (3) 0	95.250 (3) 0	96.500 (3) 3	97.750 (3) 0	98.250 (3) 1	98.500 (3) 1	98.500 (3) 0
JLY 97	95.250 (38) 2	96.000 (39) 1	96.000 (41) 3	96.000 (41) 0	96.000 (41) 0	98.500 (41) 0	99.600 (41) 2	100.000 (41) 1	100.500 (41) 0	100.500 (41) 0

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's automated hotline at 212-938-2847, or the CME at 312-930-8282.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 6 - 17, 1997

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

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Now that the new year is here, world dairy marketing groups and information services are getting back to business. Overall, new trading is slow with most improved activity centered around butter to Russia. The record setting cold temperatures in many European countries over the past few weeks is reported to have had minor, if any, impact on dairy markets. This being the low production period for the region, negative influences on milk production are expected to be minimal.

BUTTER/BUTTEROIL: Butter markets are mixed to steady. Demand for butter has been good and continues so, especially for Russia. Stocks of butter are available, but limited. Although butter stocks are limited, during the holiday period, milk volumes were directed toward butter/powder versus cheese.

82% BUTTERFAT:	1,490 - 1,750
99% BUTTERFAT:	1,950 - 2,000

SKIM MILK POWDER (SMP): Skim milk powder markets remain unsettled. Prices are steady to lower. Algerian and Mexican buying interest remains the focal point of current markets. Stocks of powder are light in supply, but basically most contracts previously negotiated are covered. Many powder handlers feel that stocks will become more available by February.

1.25% BUTTERFAT:	1,860 - 1,900
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WHOLE MILK POWDER (WMP): Wholemilk powder markets are steady to weaker. Demand for wholemilk powder is light and unaggressive. Many handlers attribute the light demand due to the limited supply situation. Stocks of powder are much the same as skim powder in that most contracts are covered with very little, if any, available for sale. Handlers feel that possibly by February, additional stocks will become available.

26% BUTTERFAT:	1,900 - 1,950
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SWEET WHEY POWDER: The whey market is steady to weaker. Following the year end holidays, the whey market has not gained much activity. Good domestic demand and slow international interest continues. Over the holiday period, milk volumes were diverted toward butter/powder, causing lighter cheese production, thus whey solids were not as available.

NONHYGROSCOPIC:	500 - 650
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EASTERNEUROPE: Eastern European markets are much the same as Western Europe. Cold weather conditions prevailed in many areas having minimal negative impact on markets and production. This area is also in its low production cycle. Sales activity is light except for butter clearing to Russia.

OCEANIA

OVERVIEW: Milk production in this part of the world continues to run ahead of last year, but the pace of output is starting to slow. Conditions in New Zealand are wet, but remain favorable for good production patterns. Pasture growth remains good. In Australia, warm sunny weather conditions are also contributing to good milk output. Overall market conditions in the region are steady and quiet. Manufactured stocks are in balance for most needs.

BUTTER: Butter markets are steady. Prices are unchanged at what most contacts feel will be the low price of the season. Stocks of butter are in good supply. Production of butter/powder remains strong in the region with as much milk being diverted toward these products versus cheese. Sales remain strong but not strong enough to clear the more than ample supply.

82% BUTTERFAT:	1,300 - 1,450
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CHEDDAR CHEESE: Cheese markets are steady to weaker. Sales remain active with stocks readily available for most trade needs. As in most markets, more aggressive sales activity is again resuming following the year-end holidays. Established market sales are good and developing markets are looking more favorable to Oceania manufacturers.

39% MAXIMUM MOISTURE:	2,050 - 2,200
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SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady, although prices are unchanged to slightly lower. Demand for powder remains active, but quiet for this time of the season. Marketing conditions are basically steady with past weeks. Stocks of powder are fully sufficient for current needs.

1.25% BUTTERFAT:	1,850 - 1,900
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WHOLE MILK POWDER (WMP): The whole ilk market is generally steady, although prices are unchanged to lower. Sales remain active, but overall trading is slow. Whole milk powder production is sufficient to maintain adequate stocks for current needs.

26% BUTTERFAT:	1,850 - 1,900
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Exchange rates for selected foreign currencies: January 13, 1997

.5608 Dutch Guilder	.6296 German Mark
.1866 French Franc	.7041 New Zealand Dollar
.1278 Mexican Peso	.7786 Australian Dollar
1.6753 British Pound	.0086 Japanese Yen
.3443 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1278) = 7.8247$. That is 1 US Dollar equals 7.8247 Mexican Pesos.

Source: *Wall Street Journal*

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

Item	1994/95 <u>1/</u>	1995/96 Projection <u>1/</u>		1996/97 Projection <u>1/</u>	
		December	January	December	January
BILLION POUNDS					
SUPPLY					
BEGINNING COMMERCIAL STOCKS <u>2/</u>	4.6	4.6	4.6	4.8	4.8
PRODUCTION	155.7	154.5	154.5	155.5	155.4
FARM USE	1.6	1.5	1.5	1.3	1.3
MARKETINGS	154.1	153.0	153.0	154.1	154.1
IMPORTS <u>2/</u>	2.8	2.9	2.9	3.1	3.1
TOTAL COMMERCIAL SUPPLY <u>2/</u>	161.6	160.5	160.5	162.0	162.0
USE					
COMMERCIAL USE <u>2/</u>	154.1	155.6	155.5	155.9	156.0
ENDING COMMERCIAL STOCKS <u>2/</u>	4.6	4.8	4.8	5.4	5.4
CCC NET REMOVALS:					
MILKFAT BASIS <u>3/</u>	2.9	0.1	0.1	0.6	0.6
SKIM SOLIDS BASIS <u>3/</u>	4.9	1.1	1.1	1.5	1.5
DOLLARS PER CWT.					
PRICES RECEIVED BY FARMERS <u>4/</u>					
BASIC FORMULA (BFP)	11.59	13.50	13.50	12.20-12.80	12.15-12.75
ALL MILK <u>5/</u>	12.54	14.42	14.42	13.50-14.10	13.45-14.05
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>3/</u>					
BUTTER	110	1	1	20	20
CHEESE	8	5	5	8	8
NONFAT DRY MILK	384	83	84	110	110
	QUARTERLY <u>6/</u>			ANNUAL <u>6/</u>	
	1997 I	1997 II	1997 III	1996	1997
BILLION POUNDS					
MILK PRODUCTION	38.7	40.4	38.4	154.5	155.8
DOLLARS PER CWT.					
ALL MILK PRICE <u>4/</u> <u>5/</u>	12.85-13.25	12.95-13.65	13.10-14.10	14.75	13.25-14.05
BASIC FORMULA PRICE <u>4/</u>	12.10-12.50	12.00-12.70	12.25-13.25	13.39	12.35-13.15

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes products exported under Dairy Export Incentive Program. 4/ Projections indicate a range of the average for the quarter or year. 5/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 6/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: James E. Nix, Chairman, WAOB; Arthur Coffing, FAS; John Mengel, FSA; Robert R. Miller, AMS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WAOB, USDA, January 10, 1997.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
JULY - OCTOBER 1996***

In October, mailbox milk prices reported for selected Federal milk orders averaged \$15.79 per cwt., \$.13 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.76, up \$.01; Southeast, \$17.71, up \$.48; Midwest, \$15.69, down \$.35; and West, \$15.12, down \$.22. Compared to October 1995, mailbox milk prices increased \$3.11 per cwt. on the average. Regional increases over the previous year were: \$3.14 in the Northeast, \$4.50 in the Southeast, \$3.57 in the Midwest, and \$3.00 in the West. The average minimum blend price for these orders in October 1996 was \$2.46 per cwt. above the price in the previous year.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>			
	July	August	September	October
	<u>Dollars per hundredweight</u>			
New England	14.77	15.00	15.55	15.83
New York-New Jersey	14.82	15.05	15.68	15.68
Middle Atlantic	15.07	15.49	16.05	15.84
Northeast Average <u>3/</u>	14.87	15.16	15.75	15.76
Carolina	16.39	16.69	17.44	17.95
Tennessee Valley	15.73	15.95	16.59	17.05
Southeast	15.60	15.90	16.52	16.94
Florida <u>4/</u>	17.77	18.59	18.87	19.34
Southeast Average <u>3/</u>	16.31	16.69	17.23	17.71
Southern Michigan	14.69	14.90	15.62	15.77
Eastern Ohio-Western Pa.	14.74	14.98	15.62	15.88
Ohio Valley	14.79	15.02	15.72	16.11
Indiana	14.66	14.89	15.70	16.08
Chicago Regional	15.36	15.88	16.52	15.72
S. Illinois-E. Missouri	14.23	14.61	15.35	15.77
Louis.-Lex.-Evans.	15.20	15.37	15.90	16.48
Upper Midwest	15.09	15.73	16.26	15.32
Nebraska-Western Iowa	14.58	15.00	15.66	15.45
Iowa	14.88	15.43	16.17	15.59
Midwest Average <u>3/</u>	14.98	15.34	16.04	15.69
Texas	14.87	15.23	15.72	15.87
Southwest Plains	14.16	14.57	15.15	15.19
Eastern Colorado	14.41	14.50	15.51	15.64
S.W. Idaho-E. Oregon	14.07	14.74	15.20	14.29
Great Basin	13.52	14.30	14.93	14.55
New Mexico-West Texas	13.72	14.14	14.92	14.48
Pacific Northwest	14.59	14.85	15.48	15.14
West Average <u>3/</u>	14.34	14.73	15.34**	15.12
All-Market Average <u>3/</u>	14.94	15.28	15.92**	15.79

* For a description of this data series, see "Dairy Market News" Vol.62 Rpt. 23.

**Revised

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. Also, for some orders, price is a weighted average for all pricing zones in the order. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders.

DECEMBER MILK PRODUCTION

Milk production in the 22 major states during December totaled 11.1 billion pounds, slightly below production in these same states in December 1995. November revised production, at 10.7 billion pounds, was slightly above November 1995. During 1996, milk production was 1.2 billion pounds less than 1995. On a daily basis, 1996 production average 4.4 million pounds per day less than 1995. Production per cow in the 22 major states averaged 1,394 pounds for December, 14 pounds above December 1995. The number of cows on farms in the 22 major states was 7.94 million head, 97,000 head below December 1995 and 6,000 head below November 1996. This is the seventeenth consecutive month of decline. The number of cows on farms averaged 101,000 less during 1996 when compared to 1995. The number of milk cows on farms was the lowest on record. During the October-December period, the 22 major states produced 32.7 billion pounds of milk, 86.4 percent of the U.S. production. If the remaining 28 states not surveyed monthly followed the same pattern as the 22 states, the U.S. production would be 12.7 billion pounds for October 1996, 12.4 billion pounds for November 1996, and 12.8 billion pounds for December 1996.

STATE	MILK COWS 1/ 2/				MILK PRODUCTION 1/ 3/			
	DECEMBER		OCTOBER-DECEMBER		DECEMBER		OCTOBER-DECEMBER	
	1995	1996	1995	1996	1996	1996 AS PCT OF 1995	1996	1996 AS PCT OF 1995
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	32	31	--	--	102	91
AK	--	--	0.7	0.8	--	--	3.52	115
AZ	--	--	113	120	--	--	593	107
AR	--	--	59	56	--	--	165	95
CA	1,259	1,268	1,258	1,267	2,156	103	6,544	105
CO	--	--	82	84	--	--	413	106
CT	--	--	31	29	--	--	116	90
DE	--	--	10	10.4	--	--	39.3	109
FL	155	158	156	157	205	101	578	106
GA	--	--	98	98	--	--	364	100
HI	--	--	10.3	9.6	--	--	27.8	89
ID	244	267	242	266	411	112	1,226	113
IL	162	152	162	154	205	97	608	99
IN	140	139	142	140	181	101	535	99
IA	250	250	250	250	331	101	966	98
KS	--	--	83	81	--	--	305	103
KY	158	151	159	151	154	94	450	94
LA	--	--	79	78	--	--	204	97
ME	--	--	39	39	--	--	157	101
MD	91	85	91	85	110	96	321	98
MA	--	--	27	27	--	--	106	96
MI	326	324	326	325	463	102	1,363	101
MN	600	595	600	595	800	101	2,300	101
MS	--	--	53	49	--	--	158	98
MO	186	175	186	175	193	89	566	90
MT	--	--	20	20	--	--	77	100
NE	--	--	72	69	--	--	264	97
NV	--	--	23	25.5	--	--	119.9	116
NH	--	--	20	18	--	--	74	90
NJ	--	--	23	23	--	--	71	93
NM	194	197	195	196	321	107	932	106
NY	702	700	702	701	917	95	2,733	95
NC	86	78	86	79	108	95	314	94
ND	--	--	63	62	--	--	187	94
OH	287	286	287	285	375	100	1,085	97
OK	--	--	97	95	--	--	300	94
OR	--	--	96	93	--	--	388	97
PA	647	643	647	643	878	99	2,587	99
RI	--	--	2.1	1.9	--	--	7.7	97
SC	--	--	26	26	--	--	97	103
SD	--	--	116	110	--	--	352	95
TN	120	113	122	112	137	96	390	94
TX	400	390	400	393	517	99	1,461	98
UT	--	--	88	92	--	--	392	108
VT	157	156	158	155	209	99	616	98
VA	128	126	128	126	155	97	452	96
WA	264	266	265	266	436	102	1,308	102
WV	--	--	21	19	--	--	60	94
WI	1,478	1,418	1,480	1,424	1,801	97	5,367	98
WY	--	--	5.9	6.2	--	--	22.9	107
22 STATE TOTAL	8,034	7,937	--	--	11,063	100	--	--
U.S. 4/ 5/	--	--	9,432	9,318	--	--	37,868	100

1/ Preliminary. 2/ Includes dry cows, excludes heifers not yet fresh. 3/ Excludes milk sucked by calves. 4/ Includes states for which individual monthly estimates are not available. 5/ Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (1-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

NOVEMBER FLUID MILK SALES HIGHLIGHTS

During November, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.2 percent above 1995 and 0.5 percent above October 1996 on an adjusted daily average basis. Sales of whole milk items were 0.7 percent below the previous year; sales of lowfat and skim milk items were 0.7 percent above the previous year. Total fluid milk sales were unchanged in the Northeast, higher in the Southeast and Farwest regions, and lower in all other regions.

**SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, LOWFAT AND SKIM MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER
MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, NOVEMBER 1996, WITH COMPARISONS 1/**

Region 4/	Whole Milk Items 2/				Lowfat and Skim Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Nov.	Year to date	Prev. year 5/	Year to date 5/	Nov.	Year to date	Prev. year 5/	Year to date 5/	Nov.	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	366	3,968	-0.6	-0.4	458	4,936	0.5	0	824	8,905	0	-0.2
Southeastern 6/	361	3,926	2.3	1.8	484	5,244	1.1	2.0	845	9,171	1.6	1.9
Midwest	263	2,881	-3.6	-1.2	957	10,307	-0.9	0.3	1,221	13,187	-1.6	0
Southwest	169	1,883	-3.4	1.7	210	2,256	1.3	3.4	379	4,139	-0.9	2.6
Far West	338	3,746	-0.2	-0.2	687	7,403	2.5	1.4	1,024	11,149	1.6	0.8
All Areas Combined 6/	1,497	16,404	-0.7	0.2	2,796	30,147	0.7	1.0	4,293	46,551	0.2	0.7

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 91 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Lowfat and skim milk items include plain, solids added, flavored, and miscellaneous lowfat and skim milk products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 62, report #12. Southeast excludes Paducah. Midwest excludes Black Hills. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13. 6/ Includes the Southeast marketing area; some of the data for this market have been estimated.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK
ORDERS AND CALIFORNIA, OCTOBER, 1996 WITH COMPARISONS 1/**

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole milk 2/	1,539	-0.5	0.3
2% Lowfat Milk	1,429	-0.9	-1.5
1% Lowfat Milk 3/	683	4.0	2.0
Skim Milk	706	3.1	6.1
Buttermilk	54	-4.2	-3.3
Total Fluid Milk Products 4/	4,425	0.5	0.8

1/ These sales volumes and percent changes include preliminary data from the New York-New Jersey milk order marketing area and some estimated data for the new Southeast Federal milk order marketing area, and preliminary data from the California State milk order. However, data for the Paducah market, which was terminated November 1, 1995, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. 2/ Includes flavored whole milk. 3/ Includes flavored lowfat and skim milk. 4/ Includes miscellaneous products.

SOURCE: Monthly summaries of Federal Milk Order Market Statistics, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 13 - 17, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/96	SAME PERIOD LAST YEAR	PERIOD ENDING 01/10/97	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	-0-	-0-	13,785,000
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	13,785,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 13 - 17, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - 17, 1997 =	0.0	0.0	COMPARABLE CALENDAR YEAR 1996 =	0.0

* Factors used for Milkfat 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 SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/28/96 & Comparable Week 1995

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10		WEEK SINCE JAN 1	WEEK SINCE JAN 1	
1996-Dairy cows HD (000)	0.3	1.0	5.0	3.5	20.8	1.4	2.4	0.6	7.0	1.3	43.2	3,000.9	42.4	42.8
1995-Dairy cows HD (000)	0.4	1.0	6.2	4.4	18.5	1.4	5.7	0.9	8.3	2.6	49.4	2,861.7	46.1	46.6
1996-All cows HD (000)	0.3	1.0	6.9	11.6	28.4	11.0	18.7	9.0	9.2	5.8	101.9	7,008.2		
1995-All cows HD (000)	0.4	1.1	8.1	11.9	27.0	9.0	19.8	12.4	10.4	7.0	107.2	6,138.3		

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE PURCHASE AND ANNOUNCEMENT 1/16/97

CHEDDAR (FEB DELIVERY)	POUNDS	PRICE RANGE	INVITATIONS	
BARRELS	40,280	\$1.2575		
	POUNDS	DELIVERY PERIOD	POUNDS	DELIVERY PERIOD
MOZZARELLA	524,160	MARCH	MOZZARELLA	524,160
PROCESS	3,459,600	MARCH	PROCESS	818,400
NATURAL AMERICAN	636,201	MARCH	INSTANT NDM	963,360

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 28,203,222 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 4,921,148

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34