

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange Grade AA butter increased 6 1/2 cents to \$1.0150, Grade A increased 4 1/2 cents to \$0.9300, and Grade B increased 4 1/2 cents to \$0.9200. At the National Cheese Exchange in Green Bay, barrels increased 2 cents to \$1.2800 and 40# blocks increased 4 1/4 cents to \$1.3175.

The "basic formula price used in Federal Orders" for January 1997 is \$11.94 at 3.5% test, 60 cents higher than December and 79 cents below January 1996. The January BFP is the December base month price of \$11.60 plus a change of \$.34, which is the change in the butter/powder/cheese formula from December to January. The butterfat differential is \$0.078. Class III-A prices are: for Federal Orders 1 & 2, \$11.53; for Order 4, \$11.55; for Orders 124, 131, & 135, \$11.28; for other affected orders, \$11.50.

According to NASS, the number of U.S. milk cows as of January 1, 1997, totaled 9.28 million head, down 135,000 animals (1.4%) from 1996 and down 2% from 1995. Milk replacement heifers totaled 4.04 million head, down 67,000 (1.6%) from 1996 and down 3% from 1995. On January 1, 1997, the number of milk cow replacements per 100 milk cows was 43.5, down from 43.6 for the previous 2 years.

According to NASS, butter production was 110.1 million pounds in December, 2% below December 1995 but 16% above November 1996. American type cheese production totaled 284.3 million pounds, 2% more than a year ago and 9% above last month. Total cheese output (excluding cottage cheese) was 622.2 million pounds, up 1% from December 1995 and 6% above November. Nonfat dry milk production, for human food, totaled 100.6 million pounds, 1% below December 1995 but 33% above November.

According to NASS, the index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 1997 advanced 1 point to 116. Compared with January 1996, the index was up 3 points (2.7%). The index of prices received by farmers for dairy products declined 4 points during the month of January 1997 to 104. Compared with January 1996, the index was down 3 points (2.8%).

The powder markets are steady to firm and prices are unchanged to mostly higher. Overall, producer inventories are in good shape. Recent DEIP sales cleared some extra Western NDM. Nonfat drying schedules are lower in the Central region and unchanged to higher in other areas. Export activity has also reduced whey stocks. Extra whey/WPC is being dried in the Central region as milk is shifted from butter/powder to cheese. Buttermilk, both dry and condensed, is firm as ice cream demand has improved. Some buyers are unable to acquire desired volumes.

During the week of February 3 - 7, CCC purchased 297,600 pounds of process cheese under the price support program at \$1.1825 per pound. This is the first cheese price support activity since 1993.

SPECIAL THIS ISSUE

SUMMARY OF CCC MILK PRICE SUPPORT AND RELATED ACTIVITIES (PAGE 2)
 JANUARY MONTHLY AVERAGES AND SUMMARY (PAGES 7-8)
 JANUARY DEIP BID ACCEPTANCES (PAGE 9)
 DECEMBER DAIRY PRODUCT HIGHLIGHTS (PAGE 10)
 JANUARY 1 DAIRY CATTLE INVENTORY (PAGE 11)
 JANUARY AGRICULTURAL PRICES (PAGE 12)
 FEDERAL ORDER MINIMUM CLASS PRICE HIGHLIGHTS (PAGES 13-14)

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	FEBRUARY 4	FEBRUARY 6	FEBRUARY 7
AA	\$.9500 - .9600 (.0400) (.0400)	\$.9500 - .9600	\$.9500 - .9600
A	\$.8850 - .8950 (.0200) (.0200)	\$.8850 - .8950	\$.8850 - .8950

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all butter prices are higher. Nationally, churning activity is moderate to heavy. Producers' stocks of bulk and print butter range from light to adequate. Demand is unusually good for this time of year. Buying interest is often centered on speculation and building inventories ahead of anticipated needs. Remembering last year, most users/printers/distributors are trying to avoid a similar scenario. Producers are less willing to bargain on prices and are holding any extra stocks with confidence.

CHICAGO MERCANTILE EXCHANGE

Butter Transactions on **FRIDAY, FEBRUARY 7, 1997**
 (CARLOT UNIT = 40,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION	LST
AA	+.0650	\$1.0150	BID 02/07/97
A	+.0450	\$0.9300	BID 02/07/97
B	+.0450	\$0.9200	BID 02/07/97

SALES: 2 CARS GRADE AA:
 1 @ \$1.0200, 1 @ \$1.0100
 BIDS UNFILLED: 12 CARS GRADE AA:
 5 @ \$0.9550, 1 @ \$1.0050, 6 @ \$1.0150 (LST)
 2 CARS GRADE A:
 1 @ \$0.9100, 1 @ \$0.9300 (LST)
 2 CARS GRADE B:
 1 @ \$0.9000, 1 @ \$0.9200 (LST)
 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	FEBRUARY 3 - 7, 1997
BARRELS*	\$1.2500 - 1.2725 (NOMINAL) (.0175) (.0125)
40# BLOCKS	\$1.2650 - 1.3050

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

CHEESE HIGHLIGHTS: The cheese market is firm. Prices are higher in moderate trading at the National Cheese Exchange. Some buyers continue to expect prices to trend higher and are building inventory. Natural demand generally remains stronger than process. Estimated U.S. production of American cheese in 1996, adjusted to remove February 29, totaled 3.28 billion pounds, up 153.5 million pounds (4.9%) from 1995. In 1996, U.S. output of total cheese (adjusted) is 7.15 billion pounds, up 262.6 million pounds (3.8%). Additional CCC market price purchase activity is found on page 15 of this report.

NATIONAL CHEESE EXCHANGE, INC.

Cheese Transactions on **FRIDAY, FEBRUARY 7, 1997**
 (CARLOT UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+.0200	\$1.2800 : SALE 02/07/97
40# BLOCKS	+.0425	\$1.3175 : SALE 02/07/97

SALES ON BIDS: 9 CARS BARRELS: 3 @ \$1.2675,
 3 @ \$1.2800, 3 @ \$1.2825
 7 CARS 40# BLOCKS:
 3 @ \$1.3000, 4 @ \$1.3175 (LST)
 SALES ON OFFERS: 13 CAR BARRELS:
 3 @ \$1.2600, 10 @ \$1.2800 (LST)
 4 CARS 40# BLOCKS @ \$1.2750
 BIDS UNFILLED: NONE
 OFFERS UNCOVERED: 4 CARS 40# BLOCKS @ \$1.3175

Summary of CCC Milk Price Support and Related Program Activities, First Quarter, 1997 Marketing Year

Item	Butter	Cheese	NDM/DWM <u>1/</u>	Item	Butter	Cheese	NDM/DWM <u>1/</u>
	Thousand Pounds				Thousand Pounds		
Purchases:				Domestic Donations: <u>4/</u>			
Price Support	0	0	0	Schools	0	17,611	1,052
Market Price <u>2/</u>	0	18,413	3,901	Institutions	31	851	2,948
DWM			0				
Total Purchases	0	18,413	3,901	Foreign Donations:			
				Food for Progress-			0
Domestic Sales:				DWM			
Unrestricted	0	0	0	Food for Peace-			0
				DWM			
Foreign Sales:				Total Utilizations	31	19,720	30,192
DEIP <u>3/</u>	0	1,258	24,393				
DWM			1,799	Uncommitted Inventories	0	0	0

1/ Nonfat dry milk or Dry whole milk. Figures are nonfat dry milk unless otherwise specified. 2/ Cheese includes American -- 12,527 and Mozzarella -- 5,886; purchases are on a delivery basis. 3/ Contract basis. 4/ Based on orders issued for shipment.

SOURCE: Farm Service Agency, U.S. Department of Agriculture. For more information, contact Beverly Sadler (202) 720-1696.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are mostly 4 cents higher following the trading at the Chicago Mercantile Exchange on Friday (1/31). The market tone is firm, but many long time butter contacts are still puzzled by recent prices increases. They fully understand why demand is so good and pushing prices higher. However, some feel that the market/prices may dip after this "run up" before settling into normal seasonal trends. Production levels are moderate to heavy. Demand for both print and bulk butter remains good. Best interest seems to be on bulk that is being stored for later use. There also appears to be more speculating by people/companies not historically active in the butter market. Current retail sales are slow to fair unless featured. Food service orders are mostly steady.

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

1/4 LB. PRINTS	:	1.1600-1.3875
1 LB. PRINTS	:	1.0750-1.2575
CHIPS/PATTIES	:	1.1375-1.3075
REDDIES	:	1.2125-1.4175
CONTINENTALS	:	1.2925-1.4675

CENTRAL

Print butter prices are higher following the 4 cent advance recorded at the Chicago Mercantile Exchange January 31. Market tone opinions are mixed. Most handlers feel that the current tone is steady/firm, although they have varying thoughts on how long prices will remain at this level. Stocks are generally sufficient for current needs, but lighter than desired for future needs. Many Midwestern handlers continue to look to Western sources for additional stocks but are finding those supplies to be less available and more expensive than in the past. Demand is strong for both current and future needs.

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

1/4 LB. PRINTS	:	1.0500-1.4575
1 LB. PRINTS	:	1.0150-1.1775
CHIPS/PATTIES	:	1.0400-1.2500
REDDIES	:	1.1225-1.3600
CONTINENTALS	:	1.2800-1.4700

WEST

Western butter markets are firm following the advance recorded at the Chicago Mercantile last Friday. Demand for Western butter remains strong from both local and out of region buyers. Often, stocks are fully available for local needs, but less available for out of area spot buyers. Many Western producers/handlers are holding with confidence additional butter stocks. Stocks that are clearing are being priced at flat or slightly higher than flat market. Butter production in the United States during December totaled 110.1 million pounds, 2% less than last December, but 16% higher than November 1996. Surveyed Western states monthly output percentage change from last December are: California -1%, Oregon -3%, and Washington +22%. The preliminary U.S. 1996 calendar year production total is 1,165.3 million pounds (1.2 billion), 8% lighter than 1995.

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

1/4 LB. PRINTS	:	1.2350-1.2825
1 LB. PRINTS	:	1.1425-1.2250
PATTIES	:	1.1950-1.3725
REDDIES	:	1.3225-1.3525

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

1/4 LB. PRINTS	:	.9600-1.0125
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
02/03/97	8,816	:	107,036
01/01/97	4,551	:	108,543
CHANGE	+4,265	:	-1,507
% CHANGE	+ 94	:	- 1

Based on the historical relationship of the preliminary U.S. Cold Storage report of Dec. 31, 1996 and the selected centers storage report, the expected U.S. holdings as of Feb. 1, 1997 are:

Butter 27 million pounds plus or minus 4.50 percent
Cheese 374 million pounds plus or minus 2.27 percent

CHEESE MARKETS

NORTHEAST

Prices are steady to higher on natural and process items; unchanged on Swiss. The market tone is firming. Cheese production in the Northeast is moderate to heavy. Volumes of surplus milk are increasing and more milk is available to more plants. Demand for cheese is fair to good. The call for aged cheddar is improving. Availability of aged cheddar is spotty. Few plants put cheddar away for aging 6-8 months ago when prices were very high. Demand for current cheese is slower at both retail and food service levels.

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

Cheddar 10# Prints	:	1.3025-1.7575
Cheddar Single Daisies	:	1.2725-1.7525
Cheddar 40# Block	:	1.4125-1.5625
Process 5# Loaf	:	1.4700-1.6100
Process 5# Sliced	:	1.4900-1.6250
Muenster	:	1.4550-1.8600
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady, with an unsettled undertone. The final transactions on barrels at the National Cheese Exchange on January 31 were 1.75 cents higher than the previous week at \$1.2600. The Exchange close on 40# blocks was unchanged at \$1.2750 from the previous week. Many traders are also expecting blocks to also trend higher. On February 4, CCC announced the purchase of 223,200 pounds of process loaf under the price support program at \$1.1825 per pound, the first such purchase in well over a year. Current orders are steady to often lighter. Midwest cheddar blocks are in pretty good balance with demand. Some buyers not fully satisfied on current blocks from specific Midwestern plants. Current barrels are at least adequate. Barrels older than 30 days are still ample and being discounted. Sales of processing solids have improved though prices are well below barrel prices. Cheese production is relatively steady. Cheese yields have slipped since last year for many operations. Estimated U.S. production of American cheese in 1996, adjusted to remove Feb. 29, totaled 3.28 billion pounds, up 153.5 million pounds (4.9%). 1996 U.S. output of total cheese (adjusted) is 7.15 billion pounds, up 262.6 million pounds (3.8%).

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)	:	1.6300-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.5300

WEST

Process cheese prices moved higher while natural and Swiss held steady. Buying interest is improving as many buyers believe prices may go higher so they are looking for and willing to buy additional cheese at this time. Cheese stocks are in close balance for top quality cheese, but good sized volumes of undergrade cheese remain available. U.S. Swiss production in December totaled 17.8 million pounds, up 4% from last year. American cheese output totals 284.3 million pounds for the U.S. in December, up 2% from December 1995. Cumulative American output for 1996 has reached 3.3 billion pounds, up 5% from the same period for 1995. December output for selected Western States compared to last year is: California up 30%, Idaho up 4%, Oregon up 8%, Utah up 6%, and Washington up 32%.

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

Process 5# Loaf	:	1.4525-1.7800
Cheddar 40# Block	:	1.4875-1.7350
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

Prices and the market tone are unchanged. Demand for domestic and imported foreign type, table cheeses is slow to fair and following traditional patterns. Distributor/importer stocks are light to moderate. The U.S. dollar is showing strength against some foreign currencies which does have an impact cheese purchases in some producing countries.

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)	: 2.3900-2.9000	: -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
4 Pound	:	2.1900-3.0900
Gouda, Large	:	2.3900-3.1500
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000

* = Price change.

FLUID MILK AND CREAM

E A S T

Following the announcement of the January BFP at \$11.94, 60 cents higher than December, Eastern Milk Market Administrators announced their class prices. In all orders, the March Class I and II prices will be 60 cents higher than February. The January Class III in orders 1, 2, and 4 is up 57 cents; 60 cents higher in all other Eastern orders. The Class III-A is \$11.53 in orders 1 & 2, \$11.55 in order 4, and \$11.50 in all other regional orders. The butterfat differential in all orders is \$0.078. This week, milk production is still increasing in most sections of the region. Production gains in Florida appear to be slowing, but still rising. The increases in other states are pretty much following seasonal patterns. Much of the South experienced mild weather this week which helped boost output. Fluid milk supplies are more than ample for Class I needs and manufacturing plants are reporting increased receipts. Bottled milk sales are mostly steady. To quote one contact, "There is no enthusiasm for Class I milk sales." Surplus milk volumes are moderate to heavy and most manufacturing plants in the Southeast are running at near-capacity levels. Farther north, plants' operating schedules are moderate to heavy. The condensed skim market is mostly unchanged, but because of the change in Class II milk prices, prices for wet solids are often lower. Demand is slow to fair. The fluid cream market is a little unsettled. Cream supplies are adequate for Class II needs, but with butter prices advancing each of the past two weeks, some buyers are slowing purchases. Multiples are basically unchanged, but the price range is higher because of the increases in butter prices at the 1/31 trading session of the Chicago Mercantile Exchange. Ice cream production is slowing. As a result of the increasing fat costs, scattered ice cream makers are cancelling cream some orders. Churning activity is moderate to heavy. There continues to be a very good demand for butter, particularly from speculators and users who got caught short last 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	- 1.1328 - 1.2213
Delivered Equivalent Atlanta	- 1.1063 - 1.3405 M 1.1417-1.1682
F.O.B. Producing Plants: Upper Midwest	- 1.1505 - 1.2302

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS	
F.O.B. Producing Plants: Northeast	- 1.1300 - 1.2200

M I D W E S T

SPOT SHIPMENTS:	LOADS
JANUARY 31 - FEBRUARY 6, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	23

The January BFP price was announced at \$11.94 at a 3.5% test, up 60 cents from December. A winter storm dumped snow and mixed precipitation on northern sections of the region. The storm closed some schools for another snow day. Depending on location, some school systems have already exceeded their snow day allocations so their schedules will need to be adjusted to meet state limits. Class I demand was mixed, generally improved going into last weekend and early in the week. However, interest had typically slowed by

midweek. A couple loads of Wisconsin milk was shipped to Ohio and a few more tankers were shipped to Michigan. Cream interest is spotty, though good Class II milk interest from ice cream/mix accounts was noted by several handlers. Most of the cream sales are occurring around the low end of the range. Current plant milk intakes are steady to slightly higher. Fat and protein levels continue to drift lower. Most plants still have capacity for additional milk supplies if the price is right. Manufacturing milk demand is generally steady at good seasonal levels. Spot manufacturing milk prices in the Wisconsin area for Class III are reported generally in the \$.75 to 2.00 over class.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 30-FEB 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 38.00	\$ 32.00- 38.00
REPLACEMENT HEIFER CALVES	\$100.00-140.00	\$110.00-145.00

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

	JAN 30-FEB 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 37.50	\$ 33.00- 37.00

W E S T

The California Department of Agriculture released the January 4a (butter/powder) price as \$11.58, \$.64 higher than January 1996 and steady with last month. The 4b (cheese) price is \$10.77, \$1.18 lower than January 1996, but \$.10 higher than December. According to NASS, preliminary January "All Milk" prices received in the U.S. averaged \$13.60 on an average butterfat test of 3.79%. The January Basic Formula Price (BFP) is \$11.94 at a 3.5% butterfat test, \$.60 higher than December 1996, but \$.79 lower than January 1996. Milk production throughout the southwestern part of the country continues to build seasonally. In Arizona, favorable weather conditions are contributing to steady, gradual growth. Although most of the feed supply is fully contracted, increasing costs continue to put pressure on dairy producers in the region. In California, a mixture of production trends are developing. In the south, output is not building as rapidly as the northern regions. The flooded areas of the Central Valley continue to be plagued with high water levels. No measurable moisture has been added and water levels are receding very slowly. In areas where water has receded, what is found or not found, is quite depressing. Demand for cream in the Western markets is strong for ice cream production. Butter producers are often selling their cream rather than churn. This is at a time when demand for butter stocks is very good to excellent. Warm and moderate conditions are noted in the Pacific Northwest. Some milk production increases are noted. The hay situation continues to worsen for those producers that have not covered their needs. The average U.S. hay price for January is up 22% from a year earlier with some surveyed states more than double. The number of producers who will be leaving the industry over the next few months is increasing. Options to get out are few because cows and heifers have very little value and slaughter cow markets remain weak. Yield factors on milk in the northern Mountain States region are lower than expected. Lower value rations and weather problems get most of the blame. Most feel that milk receipts in the region are also lagging.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 02/06/97 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

Prices are slightly higher in limited market trading. Many plants in the northern part of the region are running reduced schedules as the bulk of current milk supplies are being put into cheese production. Higher milk supplies in the more southern states are causing plants to increase drying schedules. Some DEIP deals are being filled with regional production. Producers' stocks range from light to moderate, but are in good shape. U.S. production of human food NDM during December totaled 100.6 million pounds, 1% below last year but 33% more than last month. (Combined MN and WI production during December totaled 2,377,000 pounds.) Manufacturers' stocks at the end of December totaled 71.1 million pounds, 1% more than last year and 45% higher than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.1250 - 1.1500 MOSTLY: 1.1300 - 1.1400

DRY BUTTERMILK - CENTRAL

Buttermilk prices and the market tone continue to firm. Plant offerings are light and producers are increasing prices as their inventories decline. Sales of condensed buttermilk are active. Dry buttermilk demand is fair and buyers are often reaching to the resale market to secure needs. Some current interest is buyers looking to buy extra loads before prices move. Buttermilk stocks are mostly light. During December, U.S. dry buttermilk production totaled 4.8 million pounds, down 2% from last year but 18% above November. End-of-month stocks totaled 3.7 million pounds, down 8% from last year but 45% more than last month.

BUTTERMILK: .9500 - 1.0000

DRY WHEY - CENTRAL

Whey prices are higher and the market tone continues to firm. Buying interest is noticeably higher for several reasons noted by contacts: fair to good export interest; increased demand for whey solids by WPC producers; and speculation by buyers. Production is mainly steady. Stocks are light to moderate and held with more confidence. U.S. production of human food whey during December totaled 83.8 million pounds, 3% lower than last year but 11% more than last month. End-of-December stocks, at 32.0 million pounds, are 7% less than last year but 17% higher than November.

NONHYGROSCOPIC: .1900 - .2100 MOSTLY: .1950 - .2000

ANIMAL FEED WHEY - CENTRAL

Milk replacer and standard whey are sharply higher and remain nominal. Offerings are limited. Buyers who are not able to find much downgraded whey are having to fill needs with edible whey. Roller ground supplies are adequate for current needs, but prices are increasing and nominal. Delactose prices are higher and nominal. The market tone is reflecting higher WPC prices. December U.S. animal feed, dry whey production totaled 5.4 million pounds, 15% less than last year but 30% higher than last month. Month-ending stocks were 3.0 million pounds, 24% more than last year but 9% below last month. Animal feed, reduced lactose and minerals whey production during December totaled 2.0 million pounds, 11% higher than last year. All reduced lactose and mineral stocks (animal and human), at 6.2 million pounds, were 42% lower than last year.

MILK REPLACER: .1800 - .1925
STANDARD: .1700 - .1850
ROLLER GROUND: .1950 - .2075
DELACTOSE (Min. 20% protein): .3500 - .3800

LACTOSE - CENTRAL AND WEST

Prices and the market tone remain in line with recent weeks. The majority of current sales are moving under contract. Spot interest is fair to good but the limited supplies are elevating prices. Production is steady to higher. Stocks are light to moderate. U.S. lactose production during December totaled 33.0 million pounds, 24% higher than last year and 1% more than last month. End-of-December stocks, at 17.1 million pounds, are 18% lower than last year but 8% more than last month.

Including spot sales and up to 3 month contracts.

EDIBLE: .2000 - .2700 MOSTLY: .2300 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices continue to increase in moderate trading. The market tone remains firm. Producers' offerings are limited and asking prices are being raised. Demand is light to moderate and being filled more by the resale channels. Some buyers are actively in the market to secure product at current prices. Stocks are light to moderate. U.S. production of human food WPC during December totaled 20.8 million pounds, a 27% increase from last year and 14% higher than last month. Manufacturers' stocks at the end of December totaled 10.2 million pounds, 21% more than last year and 10% above last month.

EXTRA GRADE, 34% PROTEIN: .5800 - .6300 MOSTLY: .6000 - .6100

NONFAT DRY MILK - WEST

Prices for Western powder are generally higher. The market tone is firm. Although prices are edging higher, many Western producers are not overly concerned that the market is in store for a major price move. Stocks of powder are tighter than they have been in many months. Often stocks are reported to be fully committed with non available for spot sale. A large percentage of recent DEIP NDM awards destined for Mexico is being sourced in the Western part of the country. During December, production of nonfat dry milk totaled 100.6 million pounds, 1% lighter than last December, but 33% heavier than November 1996. Manufacturers' end of month stocks total 71.1 million pounds, 1% more than December 1995 and 45% heavier than last month.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0900 - 1.1300 MOSTLY: 1.1100 - 1.1300
HIGH HEAT: 1.1250 - 1.1500

DRY BUTTERMILK - WEST

Western buttermilk powder prices continue to increase with the market tone reported as firm. In most instances, stocks of powder are fully committed and limited for spot sale. Strong demand from ice cream producers for both powder and condensed is keeping stocks quite limited. Often, spot buyers are not finding desired volumes. During December, production of buttermilk powder in the U.S. totaled 4.8 million pounds, 2% lighter than last December but 18% heavier than November. Manufacturers' end of month stocks total 3.7 million pounds, 8% lighter than December 1995, but 45% heavier than last month.

BUTTERMILK: .8800 - .9750 MOSTLY: .9400 - .9700

DRY WHEY - WEST

Western whey prices are fractionally higher in moderate trading. Domestic demand is more aggressive than export at this time. More buyers are coming into the region from other areas of the country looking for powder. Stocks are closely balanced at the producer level. Most are not eager to sell additional powder at this time. U.S. edible whey production in December was 83.8 million pounds, down 3% from December 1995. Stocks at the end of the month total 32.0 million pounds, down 7% from the previous year. Total dry whey production for the 1996 calendar year was 1.11 billion pounds, down 5% from 1995.

NONHYGROSCOPIC: .1975 - .2075 MOSTLY: .1975 - .2050

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended February 03, on powder sales of 11,416,712 pounds f.o.b. California manufacturing plants was \$1.1057 per pound. This compares to 10,474,072 pounds at \$1.1089 for the previous week ending January 27, 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 steady to lower at the higher end of the Eastern range; both higher and lower in the Southeast. Although prices are steady at the lower end of the range, more one and two-load sales are in the \$1.14-1.1450 range this week. The market tone is firming slightly. Production levels are unchanged and range from moderate to mostly heavy. Plant stocks are well balanced. Demand is fair to good and there is growing interest in large volume, multi-load purchases. Production of human food, nonfat dry milk during December 1996 totaled 100.6 million pounds, down 1% from December 1995 and 33% more than November 1996. Month ending stocks, at 71.1 million pounds, are 1% more a year ago and 45% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1300-1.1900
DELVD SOUTHEAST:	1.1450-1.2200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is firming. Production levels, paralleling butter output, are up at most butter/powder plants. The call for condensed buttermilk is holding up rather well. Demand for powder is reported as good. Producer stocks are closely balanced with few makers holding more than a load or two. Stocks are being held with more confidence. Dry buttermilk production during December 1996 totaled 4.8 million pounds, down 2% from December 1995 but 18% more than November 1996. Month ending stocks, at 3.7 million pounds, are 8% less than a year ago but 45% above last month.

F.O.B. NORTHEAST:	.9500-1.0000
DELVD SOUTHEAST:	.9800-1.0150

DRY WHOLE MILK - NATIONAL

Prices are sharply higher following the 60-cent increase in the January BFP or Class III milk price. Dry whole milk production is light to moderate and plant stocks are balanced with needs. Demand is fair to good. Dry whole milk production during December 1996 totaled 11.2 million pounds, down 15% from December 1995 but 67% more than November 1996. Month ending stocks, at 5.4 million pounds, are 26% less than a year ago but more than double last month.

F.O.B. PRODUCING PLANT:	1.2500-1.2700
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH JANUARY 31, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	17,776	MT (39,188,969 LBS)
CHANGE	-	5,068	MT (11,172,912 LBS)
WHOLEMILK POWDER	-	1,020	MT (2,248,692 LBS)
CHEESE	-	813	MT (1,792,340 LBS)
CHANGE	-	30	MT (66,138 LBS)
BUTTERFAT	-	671	MT (1,479,287 LBS)
CHANGE	-	159	MT (350,531 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices range from steady to fractionally higher. The market tone is firming. Production levels are steady and plant stocks are well balanced. Producers with a few loads on hand are holding those stocks with more confidence. Demand for dry whey is quite good for both domestic buyers and exporters. However, as prices increase, export interest usually slows. Production of human food, dry whey during December totaled 83.8 million pounds, 3% less than December 1995 and up 11% from November 1996. Month ending stocks, at 32.0 million pounds, are 7% below a year ago and 17% more than last month.

F.O.B. NORTHEAST:	EXTRA GRADE	.1900 - .2000
	USPH GRADE A	.1950 - .2000
DELVD SOUTHEAST:		.2000 - .2325

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Demand for animal feed quality whey is quite good. Offerings of milk replacer quality are limited and buyers are often taking Extra Grade powder to fill their needs.

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

Prices and the market tone are unchanged. Production is a little heavier where milk supplies are increasing and plant stocks are being replenished. Demand is mostly centered around replacement volumes. Canned evaporated milk production during December 1996 totaled 44.6 million pounds, up 16% from December 1995 but 16% less than November 1996. Month ending stocks, at 19.5 million pounds, are 38% less than a year ago but 16% more than last month. The Kansas City Commodity office announced the purchase of 935,280 pounds of canned evaporated milk under EVD-1, invitation 290, at prices ranging \$.5382 - .5543 per pound for delivery in March 1997. Also, they invite offers under EVD-1, electronic invitation 291 to sell to USDA 831,360 lbs. of evaporated milk for March delivery.

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

Prices are unchanged for both casein types. Contacts indicate supplies are adequate to heavy for acid casein, balanced for rennet. Caseinate prices are weak and sometimes priced the same as acid casein. The stronger US Dollar is not affecting the casein market in major ways yet.

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

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	1997	1996
	JAN 01 - 03	JAN 06 - 10	JAN 13 - 17	JAN 20 - 24	JAN 27 - 31	Average	Average
						or Total	or Total
BUTTER							
CHI CAGO (WSP) 2/							
(Delivered in Bulk in Fiber Boxes)							
(Prices Issued Tues, Thurs and Fri)							
TUESDAY							
-- Grade AA	:: -	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9100 - 0.9200	::	::
-- Grade A	:: -	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8650 - 0.8750	::	::
THURSDAY							
-- Grade AA	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9100 - 0.9200	::	::
-- Grade A	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8650 - 0.8750	::	::
FRI DAY							
-- Grade AA	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9100 - 0.9200	:: 0.9071	:: 0.8019
-- Grade A	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8000 - 0.8100	:: 0.8650 - 0.8750	:: 0.8189	:: 0.7542
CHI CAGO MERCANTILE EXCHANGE 3/							
-- Grade AA	:: 0.9000	:: 0.9000	:: 0.9000	:: 0.9100	:: 0.9500	:: 0.9039	:: 0.7923
-- Grade A	:: 0.8000	:: 0.8000	:: 0.8000	:: 0.8650	:: 0.8850	:: 0.8174	:: 0.7440
-- Grade B	:: 0.7900	:: 0.7900	:: 0.7900	:: 0.8550	:: 0.8750	:: 0.8074	:: 0.7423
CENTRAL STATES PRINT (f.o.b. LTL)							
-- Grade AA 1/4 Lb. Prints	:: 1.0000 - 1.4075	:: 1.0000 - 1.4075	:: 1.0000 - 1.4075	:: 1.0000 - 1.4075	:: 1.0100 - 1.4175	:: 1.2061	:: 1.0930
-- Grade AA 1 Lb. Prints	:: 0.9650 - 1.1275	:: 0.9650 - 1.1275	:: 0.9650 - 1.1275	:: 0.9650 - 1.1275	:: 0.9750 - 1.1375	:: 1.0486	:: 0.9405
-- Grade AA Chips/Patties	:: 0.9900 - 1.2000	:: 0.9900 - 1.2000	:: 0.9900 - 1.2000	:: 0.9900 - 1.2000	:: 1.0000 - 1.2100	:: 1.0974	:: 0.9893
-- Grade AA Reddies	:: 1.0725 - 1.3100	:: 1.0725 - 1.3100	:: 1.0725 - 1.3100	:: 1.0725 - 1.3100	:: 1.0825 - 1.3200	:: 1.1936	:: 1.0855
-- Grade AA Continentals	:: 1.2300 - 1.4200	:: 1.2300 - 1.4200	:: 1.2300 - 1.4200	:: 1.2300 - 1.4200	:: 1.2400 - 1.4300	:: 1.3274	:: 1.2193
NORTHEAST PRINT (Delivered, LTL)							
-- Grade AA 1/4 Lb. Prints	:: 1.1100 - 1.3375	:: 1.1100 - 1.3375	:: 1.1100 - 1.3375	:: 1.1100 - 1.3375	:: 1.1200 - 1.3475	:: 1.2261	:: 1.0943
-- Grade AA 1 Lb. Prints	:: 1.0250 - 1.2075	:: 1.0250 - 1.2075	:: 1.0250 - 1.2075	:: 1.0250 - 1.2075	:: 1.0350 - 1.2175	:: 1.1186	:: 1.0255
-- Grade AA Chips/Patties	:: 1.0875 - 1.2575	:: 1.0875 - 1.2575	:: 1.0875 - 1.2575	:: 1.0875 - 1.2575	:: 1.0975 - 1.2675	:: 1.1749	:: 1.0718
-- Grade AA Reddies	:: 1.1625 - 1.3675	:: 1.1625 - 1.3675	:: 1.1625 - 1.3675	:: 1.1625 - 1.3675	:: 1.1725 - 1.3775	:: 1.2674	:: 1.1243
-- Grade AA Continentals	:: 1.2425 - 1.4175	:: 1.2425 - 1.4175	:: 1.2425 - 1.4175	:: 1.2425 - 1.4175	:: 1.2525 - 1.4275	:: 1.3324	:: 1.2343
CALI FORNIA PRINT (Delivered, LTL)							
-- Grade AA 1/4 Lb. Prints	:: 1.1850 - 1.2450	:: 1.1850 - 1.2450	:: 1.1850 - 1.2450	:: 1.1850 - 1.2450	:: 1.1950 - 1.2550	:: 1.2174	:: 1.1443
-- Grade AA 1 Lb. Prints	:: 1.1225 - 1.1750	:: 1.1225 - 1.1750	:: 1.1225 - 1.1750	:: 1.1225 - 1.1750	:: 1.1325 - 1.1850	:: 1.1511	:: 1.0305
-- Grade AA Patties	:: 1.1750 - 1.3225	:: 1.1750 - 1.3225	:: 1.1750 - 1.3225	:: 1.1750 - 1.3225	:: 1.1850 - 1.3325	:: 1.2511	:: 1.1380
-- Grade AA Reddies	:: 1.2800 - 1.3025	:: 1.2800 - 1.3025	:: 1.2800 - 1.3025	:: 1.2800 - 1.3025	:: 1.2900 - 1.3125	:: 1.2936	:: 1.2293
CALI FORNIA PLANTS PRINT (f.o.b. LTL)							
-- Grade AA 1/4 Lb. Prints	:: 0.9100 - 0.9625	:: 0.9100 - 0.9625	:: 0.9100 - 0.9625	:: 0.9100 - 0.9625	:: 0.9200 - 0.9725	:: 0.9386	:: 0.8193
CHEESE							
NATIONAL CHEESE EXCHANGE 3/							
-- Barrel s	:: 1.2400	:: 1.2425	:: 1.2425	:: 1.2425	:: 1.2600	:: 1.2383	:: 1.3292
-- 40# Blocks	:: 1.2800	:: 1.2750	:: 1.2750	:: 1.2750	:: 1.2750	:: 1.2705	:: 1.3788
WISCONSIN ASSEMBLY POINTS (f.o.b.)							
-- Cheddar Barrel s	:: 1.1675 - 1.1875	:: 1.2300 - 1.2500	:: 1.2325 - 1.2525	:: 1.2325 - 1.2525	:: 1.2325 - 1.2600	:: 1.2366	:: 1.3348
-- Cheddar 40# Blocks	:: 1.1775 - 1.2175	:: 1.2800 - 1.3100	:: 1.2650 - 1.3050	:: 1.2650 - 1.3050	:: 1.2650 - 1.3050	:: 1.2790	:: 1.3929
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.5200 - 1.5775	:: 1.5200 - 1.5775	:: 1.5500 - 1.5775	:: 1.5500 - 1.5775	:: 1.5500 - 1.5775	:: 1.5588	:: 1.6266
-- Brick And/Or Muenster 5#	:: 1.6100 - 1.6425	:: 1.5600 - 1.7350	:: 1.5900 - 1.7325	:: 1.5900 - 1.7325	:: 1.5900 - 1.7325	:: 1.6546	:: 1.7477
-- Cheddar 40# Block	:: 1.4375 - 1.9250	:: 1.5300 - 1.9250	:: 1.5275 - 1.9250	:: 1.5275 - 1.9250	:: 1.5275 - 1.9250	:: 1.7223	:: 1.7022
-- Monterey Jack 10#	:: 1.6375 - 1.9250	:: 1.7300 - 1.9250	:: 1.7275 - 1.9250	:: 1.7275 - 1.9250	:: 1.7275 - 1.9250	:: 1.8223	:: 1.8035
-- Blue 5#	:: 1.7900 - 2.1400	:: 1.8825 - 2.0900	:: 1.8800 - 2.1200	:: 1.8800 - 2.1200	:: 1.8800 - 2.1200	:: 1.9934	:: 2.1006
-- Provolone 10 - 12#	:: TFEIR	:: TFEIR	:: 1.8256				
-- Mozzarella 1a 5 - 6#	:: 1.5600 - 1.9150	:: 1.6000 - 1.9650	:: 1.6300 - 1.9650	:: 1.6300 - 1.9650	:: 1.6300 - 1.9650	:: 1.7882	:: 1.7530
-- Grade A Swiss Outs 6 - 9#	:: 2.2600 - 2.5300	:: 2.2400 - 2.5300	:: 2.2400 - 2.5300	:: 2.2400 - 2.5300	:: 2.2400 - 2.5300	:: 2.3860	:: 2.2338
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.2650 - 1.6700	:: 1.2650 - 1.7625	:: 1.2650 - 1.7575	:: 1.2650 - 1.7575	:: 1.2650 - 1.7575	:: 1.5077	:: 1.7285
-- Cheddar Single Daisies	:: 1.2350 - 1.6650	:: 1.2350 - 1.7575	:: 1.2350 - 1.7525	:: 1.2350 - 1.7525	:: 1.2350 - 1.7525	:: 1.4902	:: 1.6897
-- Cheddar 40# Block	:: 1.3250 - 1.4750	:: 1.4175 - 1.5675	:: 1.4125 - 1.5625	:: 1.4125 - 1.5625	:: 1.4125 - 1.5625	:: 1.4804	:: 1.5919
-- Process 5# Loaf	:: 1.3875 - 1.5275	:: 1.3975 - 1.5900	:: 1.3975 - 1.5925	:: 1.3975 - 1.5925	:: 1.3975 - 1.5925	:: 1.4911	:: 1.6099
-- Process 5# Sliced	:: 1.4075 - 1.5425	:: 1.4075 - 1.6050	:: 1.4075 - 1.6075	:: 1.4075 - 1.6075	:: 1.4075 - 1.6075	:: 1.5041	:: 1.6336
-- Muenster	:: 1.3600 - 1.8225	:: 1.4525 - 1.8225	:: 1.4550 - 1.8225	:: 1.4550 - 1.8225	:: 1.4550 - 1.8225	:: 1.6339	:: 1.7094
-- Grade A Swiss Outs 10 - 14#	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.2500 - 2.5050	:: 2.3775	:: 2.1588
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.3700 - 1.7800	:: 1.4325 - 1.7800	:: 1.4350 - 1.7800	:: 1.4350 - 1.7800	:: 1.4350 - 1.7800	:: 1.6041	:: 1.6512
-- Cheddar 40# Block	:: 1.4000 - 1.7350	:: 1.4925 - 1.7350	:: 1.4975 - 1.7350	:: 1.4875 - 1.7350	:: 1.4875 - 1.7350	:: 1.6089	:: 1.6422
-- Cheddar 10# Outs	:: 1.6100 - 1.8400	:: 1.7025 - 1.8400	:: 1.6975 - 1.8400	:: 1.6975 - 1.8400	:: 1.6975 - 1.8400	:: 1.7652	:: 1.8747
-- Monterey Jack 10#	:: 1.5950 - 1.8050	:: 1.7025 - 1.8050	:: 1.6775 - 1.8050	:: 1.6775 - 1.8050	:: 1.6775 - 1.8050	:: 1.7403	:: 1.7732
-- Grade A Swiss Outs 6 - 9#	:: 2.3375 - 2.5700	:: 2.3375 - 2.5700	:: 2.3375 - 2.5700	:: 2.3375 - 2.5700	:: 2.3375 - 2.5700	:: 2.4538	:: 2.2163

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	1997	1996
	JAN 01 - 03	JAN 06 - 10	JAN 13 - 17	JAN 20 - 24	JAN 27 - 31	or Total	or Total

FLUID AND DRY PRODUCTS

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

Delivered Equivalent:

-- Northeast	:: 0.9200 - 1.1360	:: 1.0000 - 1.1040	:: 1.0240 - 1.1040	:: 1.0080 - 1.1120	:: 1.0813 - 1.2283	:: 1.0786	:: 0.9864
-- Atlanta	:: 0.9600 - 1.2710	:: 1.0000 - 1.2710	:: 1.0240 - 1.2710	:: 1.0240 - 1.2710	:: 1.0813 - 1.2849	:: 1.1501	:: 1.0667
-- Upper Midwest	:: 1.0400 - 1.1600	:: 1.0400 - 1.1360	:: 1.0000 - 1.1360	:: 1.0080 - 1.1280	:: 1.0812 - 1.2197	:: 1.0954	:: 1.0160

SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)

Delivered Equivalent:

-- Northeast	:: 1.1700 - 1.4750	:: 1.1700 - 1.3250	:: 1.1700 - 1.2800	:: 1.1700 - 1.2300	:: 1.1600 - 1.2300	:: 1.2277	:: 1.3751
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WISCONSIN FLUID MILK SHIPMENTS

-- Loads Shipped from Wisconsin

Shipping Points	:: 0	:: 0	:: 3	:: 0	:: 0	:: 3	:: 54
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NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)

-- Delivered Major U.S. Cities	:: 22.5000 - 33.0000	:: 22.5000 - 33.0000	:: 22.5000 - 33.0000	:: 22.5000 - 33.0000	:: 22.5000 - 33.0000	:: 27.7500	:: 24.3750
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NONFAT DRY MILK

-- Central (f.o.b.)

-- Extra And Grade A	:: 1.1500 - 1.2150	:: 1.1050 - 1.1850	:: 1.1050 - 1.1600	:: 1.1100 - 1.1400	:: 1.1200 - 1.1500	:: 1.1394	:: 1.1485
-- Mostly	:: 1.1500 - 1.1800	:: 1.1100 - 1.1500	:: 1.1200 - 1.1300	:: 1.1200 - 1.1300	:: 1.1300 - 1.1400	:: 1.1324	:: 1.1449

-- West (f.o.b.)

-- Low/Medium Heat	:: 1.0800 - 1.1500	:: 1.0800 - 1.1300	:: 1.0800 - 1.1300	:: 1.0800 - 1.1300	:: 1.0900 - 1.1300	:: 1.1071	:: 1.1058
-- Mostly	:: 1.1000 - 1.1100	:: 1.0900 - 1.1000	:: 1.0900 - 1.1000	:: 1.0950 - 1.1100	:: 1.1000 - 1.1200	:: 1.1010	:: 1.1036
-- High Heat	:: 1.1200 - 1.1500	:: 1.1200 - 1.1400	:: 1.1100 - 1.1500	:: 1.1200 - 1.1500	:: 1.1200 - 1.1500	:: 1.1326	:: 1.1264

-- Northeast (f.o.b.)

-- Extra & Grade A	:: 1.2000 - 1.2800	:: 1.1550 - 1.2300	:: 1.1450 - 1.2100	:: 1.1400 - 1.2100	:: 1.1300 - 1.2000	:: 1.1836	:: 1.1493
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-- Southeast (Delvd)

-- Extra & Grade A	:: 1.1700 - 1.3100	:: 1.1300 - 1.2600	:: 1.1300 - 1.2400	:: 1.1350 - 1.2300	:: 1.1350 - 1.2300	:: 1.1915	:: 1.1736
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WHEY POWDER (Nonhygroscopic)

-- Central (f.o.b.)

-- Mostly	:: 0.1800 - 0.2000	:: 0.1800 - 0.2000	:: 0.1800 - 0.2025	:: 0.1825 - 0.2025	:: 0.1850 - 0.2050	:: 0.1920	:: 0.2552
-- West (f.o.b.)	:: 0.1800 - 0.2000	:: 0.1850 - 0.2050	:: 0.1850 - 0.2050	:: 0.1850 - 0.2075	:: 0.1950 - 0.2100	:: 0.1965	:: 0.2558
-- Mostly	:: 0.1850 - 0.1900	:: 0.1850 - 0.1950	:: 0.1900 - 0.2000	:: 0.1950 - 0.2000	:: 0.1950 - 0.2000	:: 0.1942	:: 0.2526

-- Northeast Extra Grade (f.o.b.)

-- Northeast Usph Grade A (f.o.b.)	:: 0.1800 - 0.1850	:: 0.1800 - 0.1850	:: 0.1800 - 0.1850	:: 0.1800 - 0.1850	:: 0.1800 - 0.1850	:: 0.1925	:: 0.2564
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-- Southeast Extra Grade (Delvd)

	:: 0.1900 - 0.2250	:: 0.1925 - 0.2200	:: 0.1925 - 0.2225	:: 0.1950 - 0.2250	:: 0.1975 - 0.2275	:: 0.2089	:: 0.2755
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WHEY PROTEIN CONCENTRATE

-- Central And West (f.o.b.)

-- Edible 34% Protein	:: 0.5500 - 0.6100	:: 0.5500 - 0.6100	:: 0.5500 - 0.6100	:: 0.5600 - 0.6100	:: 0.5700 - 0.6200	:: 0.5845	:: 0.6276
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-- Mostly	:: 0.5800 - 0.5900	:: 0.5800 - 0.5900	:: 0.5800 - 0.5900	:: 0.5850 - 0.5950	:: 0.5900 - 0.6000	:: 0.5883	:: 0.6339
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ANIMAL FEED - WHEY

-- Central (f.o.b.)

-- Milk Replacer	:: 0.1600 - 0.1750	:: 0.1600 - 0.1750	:: 0.1600 - 0.1750	:: 0.1600 - 0.1750	:: 0.1700 - 0.1800	:: 0.1693	:: 0.2358
-- Standard	:: 0.1500 - 0.1700	:: 0.1500 - 0.1700	:: 0.1500 - 0.1700	:: 0.1500 - 0.1700	:: 0.1600 - 0.1750	:: 0.1618	:: TFEWR
-- Roller Ground	:: 0.1800 - 0.1975	:: 0.1800 - 0.1975	:: 0.1800 - 0.1975	:: 0.1875 - 0.2000	:: 0.1900 - 0.2050	:: 0.1918	:: 0.2518
-- Delactose	:: 0.3200 - 0.3800	:: 0.3200 - 0.3800	:: 0.3200 - 0.3800	:: 0.3300 - 0.3800	:: 0.3400 - 0.3800	:: 0.3533	:: 0.3343

-- Northeast (f.o.b.)

-- Milk Replacer	:: TFEWR						
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BUTTERMILK (Min. 30% protein)

-- Central (f.o.b.)

-- West (f.o.b.)	:: 0.9000 - 1.0000	:: 0.9000 - 0.9500	:: 0.9000 - 0.9500	:: 0.9200 - 0.9500	:: 0.9250 - 0.9800	:: 0.9358	:: 0.9440
-- Northeast (f.o.b.)	:: 0.8450 - 0.9500	:: 0.8450 - 0.9500	:: 0.8500 - 0.9300	:: 0.8600 - 0.9550	:: 0.8700 - 0.9600	:: 0.9018	:: 0.9139
-- Southeast (Delvd)	:: 0.9000 - 1.0000	:: 0.8800 - 1.0000	:: 0.9000 - 1.0000	:: 0.9500 - 0.9700	:: 0.9500 - 0.9700	:: 0.9519	:: 0.9464

-- Mostly

	:: 0.9200 - 0.9850	:: 0.9200 - 0.9850	:: 0.9300 - 0.9800	:: 0.9350 - 0.9800	:: 0.9350 - 0.9950	:: 0.9570	:: 0.9811
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WHOLE MILK POWDER

-- National

-- F.O.B. Producing Plant	:: 1.1550 - 1.2500	:: 1.1550 - 1.2600	:: 1.1550 - 1.2600	:: 1.1800 - 1.2600	:: 1.1800 - 1.2600	:: 1.2124	:: 1.2382
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LACTOSE

-- Central And West (f.o.b.)

-- Mostly	:: 0.2000 - 0.2600	:: 0.2000 - 0.2600	:: 0.2000 - 0.2600	:: 0.2000 - 0.2700	:: 0.2000 - 0.2700	:: 0.2321	:: 0.1761
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-- Mostly

	:: 0.2150 - 0.2300	:: 0.2300 - 0.2500	:: 0.2300 - 0.2500	:: 0.2300 - 0.2500	:: 0.2300 - 0.2500	:: 0.2383	:: 0.1700
--	--------------------	--------------------	--------------------	--------------------	--------------------	-----------	-----------

CASEIN - National (f.o.b.)

-- Nonrestricted - Rennet

	:: 2.3500 - 2.4700	:: 2.3500 - 2.4700	:: 2.3500 - 2.4700	:: 2.3500 - 2.4700	:: 2.3500 - 2.4700	:: 2.4100	:: 2.6548
--	--------------------	--------------------	--------------------	--------------------	--------------------	-----------	-----------

-- Nonrestricted - Acid

	:: 2.1500 - 2.2500	:: 2.1500 - 2.2500	:: 2.1500 - 2.2500	:: 2.1500 - 2.2500	:: 2.1500 - 2.2500	:: 2.2000	:: 2.7000
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1/ Prices for all products not footnoted 2/ or 3/ 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. 2/ The monthly averages are simple averages of all the prices reported during the month and are shown on the Friday line. 3/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

FEBRUARY 1997 DEIP BID ACCEPTANCE

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY - DECEMBER 1996		11,485		
01/06	CARIBBEAN,CENT & S. AM	34	JAN-MAR	\$739
01/09	CARIBBEAN,CENT & S. AM	100	JAN-FEB	\$775
01/15	CARIBBEAN,CENT & S. AM	210	JAN-APR	\$775
01/17	AFRICA & MIDDLE EAST	340	JAN-APR	\$817
01/22	CARIBBEAN,CENT & S. AM	420	JAN-APR	\$717.38
01/24	AFRICA & MIDDLE EAST	119	JAN-MAY	\$790
01/27	CARIBBEAN,CENT & S. AM	211	JAN-JUN	\$717.44
01/28	AFRICA & MIDDLE EAST	158	FEB-APR	\$787
01/28	CARIBBEAN,CENT & S. AM	1,255	JAN-JUN	\$673.06
01/29	CARIBBEAN,CENT & S. AM	1,000	FEB-MAR	\$669
01/30	CARIBBEAN,CENT & S. AM	102	FEB-MAR	\$711.67
01/30	AFRICA & MIDDLE EAST	342	FEB-APR	\$800
01/31	CARIBBEAN,CENT & S. AM	2,000	MAR-MAY	\$669
JANUARY 1 - 31, 1997		<u>6,291</u>		
PROGRAM TO DATE		17,776		
WHOLE MILK POWDER				
JULY - DECEMBER 1996		860		
01/22	CARIBBEAN,CENT & S. AM	160	FEB-MAR	\$930
JANUARY 1 - 31, 1997		<u>160</u>		
PROGRAM TO DATE		1,020		
CHEESE				
JULY - DECEMBER 1996		659		
01/09-C	CARIBBEAN,CENT & S. AM	38	JAN-MAR	\$636
01/10-M	AFRICA & MIDDLE EAST	22	JAN-APR	\$560
01/17-M	AFRICA & MIDDLE EAST	14	JAN-APR	\$550
01/22-P	CARIBBEAN,CENT & S. AM	50	JAN-APR	\$540
01/27-M	AFRICA & MIDDLE EAST	21	JAN-FEB	\$645
01/31-P	AFRICA & MIDDLE EAST	9	JAN-APR	\$390
JANUARY 1 - 31, 1997		<u>154</u>		
PROGRAM TO DATE		813		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE				
BUTTEROIL/ANHYDROUS MILKFAT				
JULY - DECEMBER 1996		0		
01/16-B	ASIA & F.S.U.	36	JAN-MAR	\$244
01/22-A	CARIBBEAN,CENT & S. AM	381	FEB-MAR	\$975
01/30-A	CARIBBEAN,CENT & S. AM	31	FEB-MAR	\$1,115
01/30-B	AFRICA & MIDDLE EAST	40	JAN-FEB	\$502
01/31-A	CARIBBEAN,CENT & S. AM	64	FEB-MAR	\$995
JANUARY 1 - 31, 1997		<u>671*</u>		
PROGRAM TO DATE		671*		
A-ANHYDROUS, O-BUTTEROIL, B-BUTTER				
*TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS TO BUTTER EQUIVALENT				
				PROGRAM-TO-DATE
TOTAL MT				20,280
TOTAL BONUS VALUE				\$15,974,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

SOURCE: FOREIGN AGRICULTURAL SERVICE

DECEMBER 1996 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 110.1 million pounds in December, 2 percent below December 1995 but 16 percent above November 1996. AMERICAN TYPE CHEESE production totaled 284.3 million pounds, 2 percent above December 1995 and 9 percent above November 1996. TOTAL CHEESE output (excluding cottage cheese) was 622.2 million pounds, 1 percent above December 1995 and 6 percent above November 1996. NONFAT DRY MILK production, for human food, totaled 100.6 million pounds, 1 percent below December 1995 but 33 percent above November 1996. DRY WHEY production, for human food, was 83.8 million pounds, 3 percent below December 1995 but 11 percent above November 1996. ICE CREAM (hard) production totaled 52.8 million gallons, 13 percent above December 1995 and 6 percent above November 1996.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	DEC 1996	PERCENT OF:		YEAR TO DATE 1/ PERCENT	PRODUCT	DEC 1996	PERCENT OF:		YEAR TO DATE 1/ PERCENT
	1,000 LBS.	DEC 1995	NOV 1996			1,000 LBS.	DEC 1995	NOV 1996	
BUTTER	110,139	98	116	92	CONDENSED WHEY, SOLIDS CONTENT 8/ SWEET-TYPE, HUMAN FOOD	7,491	167	93	---
CHEESE					SWEET-TYPE, ANIMAL FEED	2,136	101	109	---
AMERICAN TYPES 2/ CHEDDAR	* 284,315	102	109	105	DRY WHEY PRODUCTS				
SWISS	217,783	100	109	---	DRY WHEY, HUMAN FOOD	83,792	97	111	---
BRICK & MUENSTER	17,772	104	108	---	DRY WHEY, ANIMAL FEED	5,403	85	130	---
CREAM & NEUFCHATEL	9,728	93	99	---	TOTAL DRY WHEY 9/	89,195	96	112	95
MOZZARELLA	51,826	102	89	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	32,957	124	101	---
OTHER ITALIAN TYPES	192,284	99	107	---	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	47,516	97	106	---	HUMAN FOOD	20,778	127	114	---
ALL OTHER TYPES 3/	239,800	99	107	104	ANIMAL FEED	3,108	105	114	---
TOTAL	9,545	67	103	---					
COTTAGE CHEESE, CURD 4/	622,186	101	106	104					
COTTAGE CHEESE, CREAMED 5/	33,990	109	95	---	FROZEN PRODUCTS	1,000 GALLONS			PERCENT
COTTAGE CHEESE, LOWFAT 6/	27,861	101	95	96	ICE CREAM (HARD)	52,824	113	106	101
CANNED EVAPORATED & CONDENSED WHOLE MILK	24,355	117	96	103	ICE CREAM, LOWFAT (HARD)	6,932	103	90	---
DRY WHOLE MILK	44,645	116	84	---	ICE CREAM, LOWFAT (SOFT)	13,253	100	101	---
NONFAT DRY MILK, HUMAN FOOD	11,176	85	167	---	ICE CREAM, LOWFAT (TOTAL)	20,185	101	97	95
DRY SKIM MILK FOR ANIMAL FEED	7/ 100,599	99	133	86	SHERBET (HARD)	3,076	107	108	98
DRY BUTTERMILK	734	70	131	---	YOGURT	6,758	96	92	79
YOGURT (PLAIN AND FLAVORED)	4,752	98	118	---					
	114,115	107	105	---					

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	DEC 1996	PERCENT OF:		PRODUCT	DEC 1996	PERCENT OF:	
	1,000 LBS.	DEC 1995	NOV 1996		1,000 LBS.	DEC 1995	NOV 1996
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD				HUMAN FOOD	10,237	121	110
DRY WHEY, ANIMAL FEED				ANIMAL FEED	686	180	90
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/				CANNED EVAPORATED & CONDENSED WHOLE MILK	19,472	62	116
LACTOSE, HUMAN FOOD & ANIMAL FEED				DRY WHOLE MILK	5,423	74	209
DRY BUTTERMILK, TOTAL				NONFAT DRY MILK FOR HUMAN FOOD	71,124	101	145
				DRY SKIM MILK FOR ANIMAL FEED	969	68	111

1/ 1996 cumulative as percent of 1995 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Includes limburger formerly published separately. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 2,377,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Excludes all modified dry whey products. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

*Includes combined Minnesota and Wisconsin production of 127,572,000 lbs. SOURCE: "Dairy Products," Da 2-6 (2-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 1997, totaled 9.28 million head, down 1 percent from 1996 and down 2 percent from

Milk replacement heifers totaled 4.04 million head, down 2 percent from 1996 and down 3 percent from 1995.

On January 1, 1997, the number of milk cow replacements per 100 milk cows was 43.5, down from 43.6 on January 1, 1996, and down from 43.6 on January 1, 1995.

MILK COW INVENTORY: Number by Class, January 1, 1996-97

State	Milk Cows that Have Calved		Milk Cow Replacement		State	Milk Cows that Have Calved		Milk Cow Replacement	
	1996	1997	1996	1997		1996	1997	1996	1997
	1,000 Head					1,000 Head			
AL	32	31	18	11	NE	70	68	25	25
AK	0.8	0.9	0.3	0.3	NV	23	26	9	10
AZ	118	120	22	20	NH	19	17	8	7
AR	58	56	23	20	NJ	23	21	8	8
CA	1,260	1,270	600	590	NM	190	197	45	45
CO	82	84	45	45	NY	700	700	320	330
CT	31	30	14	13	NC	86	78	32	34
DE	10	10	3.0	2.4	ND	64	60	20	20
FL	155	158	40	40	OH	285	285	130	130
GA	100	98	40	37	OK	97	95	45	40
HI	10	10	4	5	OR	95	93	40	45
ID	245	268	105	115	PA	648	643	290	285
IL	160	150	75	70	RI	2.2	2.0	1.0	0.9
IN	140	140	65	67	SC	26	26	10	10
IA	250	250	100	100	SD	115	110	35	30
KS	83	81	40	45	TN	120	115	55	55
KY	160	150	60	55	TX	400	390	110	100
LA	79	78	17	19	UT	85	90	43	45
ME	39	39	21	22	VT	158	156	57	56
MD	91	85	37	34	VA	128	125	70	60
MA	27	26	9	9	WA	264	266	102	96
MI	328	310	155	145	WV	21	19	8	8
MN	600	595	330	330	WI	1,475	1,410	710	700
MS	52	48	20	19	WY	6	6	1	1
MO	185	175	80	75					
MT	20	20	7	7	U.S.	9,416	9,281	4,104	4,037

SOURCE: "Cattle," Mt An 2-1 (1-97), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

JANUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 1997 advanced 1 point to 116. Compared with January 1996, the index was up 3 points (2.7 percent). The index of prices received by farmers for dairy products declined 4 points during the month of January 1997 to 104. Compared with January 1996, the index was down 3 points (2.8 percent).

On a 3.5 percent butterfat basis, prices received by farmers in January with changes from December were: for All Milk, \$13.37 per hundredweight (cwt.), down 53 cents; for Fluid Grade Milk, \$13.48 per cwt., down 52 cents; and for Manufacturing Grade Milk, \$11.66 per cwt., up 9 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JANUARY 1997 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	DECEMBER		JANUARY		JANUARY		JANUARY		JANUARY	
	1996	1995 2/	1997 4/	1996 2/	1997	1996	1997 7/	1996 8/	1997	1996
CA	13.03	12.56	12.90	12.30	1,230	1,190	28.00	31.50	118.00	110.00
IA	12.94	13.78	12.72	13.16	1,050	1,030	29.00	31.80	114.00	83.00
MI	14.61	13.87	13.31	14.09	1,090	1,060	31.50	33.00	132.00	64.00
MN	12.82	14.04	13.33	13.82	1,010	980	29.00	32.60	86.00	84.00
NY	14.19	14.02	12.77	14.02	1,000	1,010	---	---	89.00	93.00
OH	14.48	14.05	12.86	13.93	1,030	1,050	28.00	29.40	166.00	90.00
PA	15.32	14.49	14.78	14.56	1,100	1,070	30.50	31.60	127.00	98.00
TX	14.79	13.95	14.57	14.15	1,100	1,110	31.00	30.00	84.00	66.00
WA	13.50	13.06	13.11	13.35	1,200	1,120	---	---	116.00	94.00
WI	12.97	14.08	13.31	13.72	1,060	1,030	34.10	33.70	99.00	61.00
U.S.	13.90	13.71	13.37	13.80	1,090	1,060	27.90	32.00	99.70	81.70

1/ Prices converted to 3.5 percent butterfat. 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/ Average prices received by farmers. Includes beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., JANUARY 1997 WITH COMPARISONS 1/

ITEM		JANUARY 1996	DECEMBER 1996 2/	JANUARY 1997 3/
PRICES (converted to 3.5 percent butterfat) received by farmers for:				
All milk	Dol. per cwt.	13.80	13.90	13.37
Fluid grade milk	Dol. per cwt.	13.80	14.00	13.48
Manufacturing grade milk	Dol. per cwt.	12.42	11.57	11.66
INDEX NUMBERS for:				
Prices received by farmers for dairy products (1990-92 = 100)	Index	107	108	104
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100)	Index	113	115	116
PARITY PRICE for all milk	Dol. per cwt.	27.90	28.80	29.20
PARITY EQUIVALENT price for manufacturing grade milk	Dol. per cwt.	25.50	26.35	26.51
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk 4/		1.65	1.48	1.55

1/ Parity prices are based on data for the current month. Parity price equivalent during 1997 is 90.8% of the parity price of all milk sold to plants, compared with 91.4 percent in 1996. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

SOURCE: "Agricultural Prices," Pr 1 (1/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for January 1997 is \$11.94 per hundredweight at 3.5 percent butterfat. The January Basic Formula Price is the December base month Minnesota-Wisconsin (M-W) price of \$11.60 at 3.5 percent plus a change of \$0.34, which is the change in the butter/powder/cheese formula from December 1996 to January 1997. The January 1997 Basic Formula Price is \$0.60 more than last month and \$0.79 less than the January 1996 Basic Formula Price. This Basic Formula Price is the Class III price for January 1997 and is to be used in March 1997 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 7.8 cents. **MILK COMPONENT CONTENTS.** For the December 1996 base month M-W price, the butterfat content was 3.97 percent, protein 3.28 percent, and solids-not-fat 8.64 percent. For the January 1997 Basic Formula Price, the butterfat content was 3.92 percent, protein 3.24 percent, and solids-not-fat 8.62 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/																
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JANUARY								FEBRUARY			MARCH			
		PRICE PER 100 POUNDS										PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II		
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997		
		DOLLARS								DOLLARS						
New England (Boston)	1 3/	14.85	16.11	11.91	13.17	11.97	12.76	11.53	11.19	14.58	16.15	11.64	15.18	12.24		
New York/New Jersey (NY City)	2 4/	14.75	16.01	11.99	13.25	12.05	12.84	11.61	11.27	14.48	16.05	11.72	15.08	12.32		
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	14.64	15.90	11.91	13.17	11.99	12.78	11.55	11.21	14.37	15.94	11.64	14.97	12.24		
Carolina (Charlotte)	5	14.69	15.95	11.91	13.17	11.94	12.73	11.50	11.16	14.42	15.99	11.64	15.02	12.24		
Tennessee Valley (Knox/Chat)	11	14.38	15.64	11.91	13.17	11.94	12.73	11.50	11.16	14.11	15.68	11.64	14.71	12.24		
Southeast (Atlanta/Birmingham)	7	14.69	15.95	11.91	13.17	11.94	12.73	11.50	11.16	14.42	15.99	11.64	15.02	12.24		
Upper Florida (Jacksonville/Tallahassee)	6	15.19	16.45	11.91	13.17	11.94	12.73	---	---	14.92	16.49	11.64	15.52	12.24		
Tampa Bay	12	15.49	16.75	11.91	13.17	11.94	12.73	---	---	15.22	16.79	11.64	15.82	12.24		
Southeastern Florida (Miami)	13	15.79	17.05	11.91	13.17	11.94	12.73	---	---	15.52	17.09	11.64	16.12	12.24		
Michigan Upper Peninsula (Marquette)	44	12.96	14.22	11.91	13.17	11.94	12.73	11.50	11.16	12.69	14.26	11.64	13.29	12.24		
Southern Michigan (Detroit)	40 6/	13.36	14.62	11.91	13.17	11.94	12.73	11.50	11.16	13.09	14.66	11.64	13.69	12.24		
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	13.61	14.87	11.91	13.17	11.94	12.73	11.50	11.16	13.34	14.91	11.64	13.94	11.24		
Ohio Valley (Columbus)	33	13.65	14.91	11.91	13.17	11.94	12.73	11.50	11.16	13.38	14.95	11.64	13.98	11.24		

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JANUARY								FEBRUARY			MARCH	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	13.51	14.77	11.91	13.17	11.94	12.73	11.50	11.16	13.24	14.81	11.64	13.84	12.24
Chicago Regional	30	13.01	14.27	11.91	13.17	11.94	12.73	11.50	11.16	12.74	14.31	11.64	13.34	12.24
Central Illinois (Peoria)	50	13.22	14.48	11.91	13.17	11.94	12.73	---	---	12.95	14.52	11.64	13.55	12.24
S. Illinois/E. Missouri (Alton)	32	13.53	14.79	11.91	13.17	11.94	12.73	---	---	13.26	14.83	11.64	13.86	12.24
Louisville/Lexington/Evansville	46	13.72	14.98	11.91	13.17	11.94	12.73	11.50	11.16	13.45	15.02	11.64	14.05	12.24
Upper Midwest (Minneapolis)	68	12.81	14.07	11.91	13.17	11.94	12.73	11.50	11.16	12.54	14.11	11.64	13.14	12.24
E. South Dakota (Sioux Falls)	76	13.11	14.37	11.91	13.17	11.94	12.73	---	---	12.84	14.41	11.64	13.44	12.24
Iowa (Des Moines)	79	13.16	14.42	11.91	13.17	11.94	12.73	11.50	11.16	12.89	14.46	11.64	13.49	12.24
Nebraska/W. IA. (Omaha/Sioux City)	65	13.36	14.62	11.91	13.17	11.94	12.73	11.50	11.16	13.09	14.66	11.64	13.69	12.24
Greater Kansas City	64	13.53	14.79	11.91	13.17	11.94	12.73	---	---	13.26	14.83	11.64	13.86	12.24
Southwest Plains (Oklahoma City)	106	14.38	15.64	11.91	13.17	11.94	12.73	11.50	11.16	14.11	15.68	11.64	14.71	12.24
Texas (Dallas)	126	14.77	16.03	11.91	13.17	11.94	12.73	11.50	11.16	14.50	16.07	11.64	15.10	12.24
Eastern Colorado (Denver)	137	14.34	15.60	11.91	13.17	11.94	12.73	---	---	14.07	15.64	11.64	14.67	12.24
Western Colorado (Grand Junction)	134	13.61	14.87	11.91	13.17	11.94	12.73	---	---	13.34	14.91	11.64	13.94	12.24
SW Idaho/Eastern Oregon (Boise)	135	13.11	14.37	11.91	13.17	11.94	12.73	11.28	10.88	12.84	14.41	11.64	13.44	12.24
Great Basin (Salt Lake City)	139	13.51	14.77	11.91	13.17	11.94	12.73	---	---	13.24	14.81	11.64	13.84	12.24
Central Arizona (Phoenix)	131	14.13	15.39	11.91	13.17	11.94	12.73	11.28	10.88	13.86	15.43	11.64	14.46	12.24
New Mexico/West Texas (Albuquerque)	138	13.96	15.22	11.91	13.17	11.94	12.73	11.50	11.16	13.69	15.26	11.64	14.29	12.24
Pacific Northwest (Seattle/Portland)	124	13.51	14.77	11.91	13.17	11.94	12.73	11.28	10.88	13.24	14.81	11.64	13.84	12.24
SIMPLE AVERAGE	---	13.95	15.21	11.91	13.17	11.95	12.74	11.51	11.13	13.68	15.25	11.64	14.28	12.24

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in March 1997 is \$15.18 per 100 pounds or \$1.31 per gallon (\$15.18 divided by 11.63 equals \$1.3052).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

