

**NATIONAL DAIRY MARKET AT A GLANCE**

At the Chicago Mercantile Exchange all grades of bulk butter are unchanged: Grade AA is \$1.1500, Grade A is \$1.0500, and Grade B is \$1.0300. At the National Cheese Exchange in Green Bay, barrels are unchanged at \$1.2800 and 40# blocks are steady at \$1.3250.

According to USDA, NASS, U.S. cold storage holdings of butter on January 31, 1997, total 21.7 million pounds, down 14.7% from last year, but 58.6% higher than last month. Natural American cheese holdings total 391.0 million pounds, up 13.0% from January 1996 and up 3.0% from December 1996. Nonfat dry milk holdings at the end of December 1996 totaled 71 million pounds, 44.9% higher than November 1996. Government holdings represent less than 1% of each category.

According to USDA, NASS, revised U.S. annual milk production figures for 1996 total 154.3 billion pounds, down 0.7% from the 155.4 billion pounds in 1995. The top five producing states in 1996 with changes from 1995 are: California, 25.9 billion pounds, up 2.0%; Wisconsin, 22.4 billion pounds, down 2.5%; New York, 11.5 billion pounds, down 0.6%; Pennsylvania, 10.6 billion pounds, up 0.4%; and Minnesota, 9.4 billion pounds, up 0.3%. (Editor's note: changes are not adjusted for the extra day in leap year 1996.)

During January, about 9.4 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in January 1997, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 0.6% more than January 1996, and about 2.8% more than December 1996 on a daily average basis. Milk utilized in Class I products in January was 0.8% more than last year on an adjusted basis. Class I use this year represented 43% of producer milk deliveries compared to 42% in January 1996. The average blend price was \$12.97, \$0.85 less than

last year. Changes in class prices from year-earlier levels were: Class I, down \$1.26; Class II, down \$1.26; Class III, down \$0.79; and Class III-A, up \$0.38.

Milk production continues to increase in many areas of the country. California, the Pacific Northwest, and Mountain States are seeing steady to slightly higher output. Florida and other Southeastern states' production are increasing toward seasonal flush levels. Areas of the Upper Midwest and Northeast are often seeing farm level milk production lag behind a year ago levels. Less than ideal winter weather conditions, combined with tight forage supplies, are limiting seasonal growth. Fluid milk demand is steady to lighter.

The dry product markets are following trends of recent weeks, but the strength of some markets is waning. Nonfat dry milk prices have leveled off following recent increases. Demand has declined as producers' offering prices increased. Stocks are tight and sometimes committed into March. Buttermilk prices continue to increase in light trading. Purchases are being made to secure product for anticipated, later needs. Whey and whey protein concentrate prices have moderated due to lower export interest and lighter domestic demand.

During the week, CCC purchased no dairy products under the price support program.

\*\*\*SPECIALTHISISSUE\*\*\*

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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	FEBRUARY 25	FEBRUARY 27	FEBRUARY 28
AA	\$1.1500 - 1.1600	\$1.1500 - 1.1600	\$1.1500 - 1.1600
A	\$1.0500 - 1.0600	\$1.0500 - 1.0600	\$1.0500 - 1.0600

( ) Change from previous price.

**BUTTER HIGHLIGHTS:** At the Chicago Mercantile Exchange, all prices are unchanged. Butter production across the country is mixed. Some producers are stating that production is down due to the strong demand for cream from ice cream producers, while others are realizing slightly improved output. Demand for butter varies. Some buyers continue to place regular orders with others holding off at this time. Overall stocks are sufficient for current needs, but lighter than desired for the future.

**CHICAGO MERCANTILE EXCHANGE**

Butter Transactions on **FRIDAY, FEBRUARY 28, 1997**  
 (CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION	LST
AA	N.C.	\$1.1500	SALE 02/14/97
A	N.C.	\$1.0500	BID 02/14/97
B	N.C.	\$1.0300	BID 02/14/97

SALES: NONE

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.0300

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 24 - 28, 1997
BARRELS*	\$1.2700 - 1.2900 (NOMINAL)
40# BLOCKS	\$1.3250 - 1.3550 (.0100)

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

**CHEESE HIGHLIGHTS:** The cheese market is steady. Prices are unchanged in moderate trading at the National Cheese Exchange. The news release that a major food service company will offer lower priced deluxe cheeseburgers as part of a meal package is expected to stimulate process/barrel sales. Current cheese supplies are generally adequate. Cheese production is steady to increasing, depending on milk supply. CCC market price cheese purchases are found on page 15 of this report.

**NATIONAL CHEESE EXCHANGE, INC.**

Cheese Transactions on **FRIDAY, FEBRUARY 28, 1997**  
 (CARLOT UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.2800 : SALE 02/28/97
40# BLOCKS	N.C.	\$1.3250 : SALE 02/28/97

SALES ON OFFERS: 21 CARS BARRELS @ \$1.2800 (LST)  
 2 CARS 40# BLOCKS @ \$1.3250 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: NONE

**Milk Production Revised Downward**

Recent revisions to 1995-96 milk production data show output in both years to have been 0.2 billion pounds less than earlier thought. The revisions of the levels and patterns of monthly milk cow numbers and milk per cow were similarly small. The implications for the 1997 outlook are minor.

The spring collapse in 1996 milk per cow began a little sooner than believed. The recovery was slightly stronger, with autumn milk per cow up substantially from the weak levels of a year earlier. However, the recovery does not imply more first-half 1997 output per cow because the January data showed that problems in a number of States had already eroded that strength.

Autumn milk cow numbers fell more than thought. The drop, after a year of relatively high returns, may indicate somewhat larger first-half declines in cow numbers, as evidenced by January's sharper decline from a year earlier. However, the change in projected milk cow numbers is small.

Starting with the January data, monthly data for Maryland, North Carolina, and Tennessee are no longer available, while Arizona has been added as a monthly State. Year-to-year changes in milk production for the 22 States generally were close to the U. S. changes. This also appears to be the case for the 20-State milk per cow figure. However, declines in milk cow numbers were 0.4 to 0.5 percent larger for the U.S. as a whole than in the 20 States during each quarter of 1996.

Source: "Livestock, Dairy, and Poultry Monthly", LDP-M-38, February 20, 1997, Economic Research Service, USDA. For more information, contact James J. Miller (202) 219-0770.

**PRINT BUTTER MARKETS - GRADE AA**

**NORTHEAST**

Prices are unchanged. This follows four consecutive weeks of increasing prices on Grade AA butter. Contacts are unsure if one week of steady prices marks the top of this particular price cycle. Many had halfway expected another price increase and were mildly surprised when there was no change. The market tone is firm, but unsettled. Production levels are steady, but producers are often paying lower multiples for any excess cream that is being offered to them. Butter stocks are generally light. Contacts are trying to clear most of their output rather than build stocks at current prices. Some stock accumulations are taking place, but with a lot of speculation evident, producers are a little unsure how much to "put away" for summer needs. Retail and food service orders are steady at slow to fair levels.

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

1/4 LB. PRINTS	:	1.3600-1.5875
1 LB. PRINTS	:	1.2750-1.4575
CHIPS/PATTIES	:	1.3375-1.5075
REDDIES	:	1.4125-1.6075
CONTINENTALS	:	1.4925-1.6675

**CENTRAL**

Print butter prices are unchanged. The market tone remains unsettled, though firm. Stocks of butter for both bulk and print needs are sufficient for current buying interest. Butter producers/handlers are stating that buying interest remains quite strong despite high prices for this time of the season. Some retail outlets that had scheduled butter features during the Lenten season and before Easter are reconsidering this activity. Some buyers are handling the higher than expected costs by reducing the length of the feature or totally canceling the promotion. Butter production has been lighter due to the improved demand for cream from ice cream producers, although this week, butter output is slightly improved.

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

1/4 LB. PRINTS	:	1.2500-1.6575
1 LB. PRINTS	:	1.2150-1.3775
CHIPS/PATTIES	:	1.2400-1.4500
REDDIES	:	1.3225-1.5600
CONTINENTALS	:	1.4800-1.6700

**WEST**

Prices and the market tone are unchanged this week. However, some producers do report getting fewer calls for butter since the big jump in prices two weeks ago. Bulk orders are a little slower, but print orders appear to be holding up quite well. At current prices, exporters indicate that interest is waning. Currently, the best interest for print butter is from retailers who anticipate improved Easter/Passover sales. Butter production is mostly steady. Producers' stocks range from mostly light to adequate.

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

1/4 LB. PRINTS	:	1.4350-1.4825
1 LB. PRINTS	:	1.3425-1.4250
PATTIES	:	1.3950-1.5725
REDDIES	:	1.5225-1.5525

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

1/4 LB. PRINTS	:	1.1600-1.2125
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**WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
		:	
02/24/97	16,066	:	104,913
02/01/97	8,816	:	107,036
CHANGE	+7,250	:	-2,123
% CHANGE	+ 82	:	- 2

CHEESE MARKETS

NORTHEAST

Prices are unchanged and the market tone is quite firm. However, there is some unsettledness. In the Northeast, cheese production is mostly steady, but more surplus milk is available now that schools in some states have been or are closed for vacation. Cheddar stocks range from tight on aged to adequate for current. Demand ranges from steady to good. Best interest seems to be for aged cheddar, but there is continued good demand for mozzarella. Retail sales are fair to good as Lent is often a time of improved demand for some types of cheese. Food service orders are mostly steady.

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

Cheddar 10# Prints	:	1.3025-1.8075
Cheddar Single Daisies	:	1.2725-1.8025
Cheddar 40# Block	:	1.4625-1.6125
Process 5# Loaf	:	1.4825-1.6300
Process 5# Sliced	:	1.4925-1.6450
Muenster	:	1.5050-1.8600
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady. The final transactions on barrels at the National Cheese Exchange on February 21 were unchanged from the previous week at \$1.2800. The Exchange close on 40# blocks was also unchanged from the previous week at \$1.3250. Some traders continue to expect prices to trend higher into spring. Current demand is relatively steady. Offerings are increasing. Current cheddar supplies within the region are at least adequate with extra supplies available from Western producers. Aged cheddar demand is mixed. Sales of soft styles (brick and muenster) are generally steady to slower. Swiss stocks are adequate to occasionally fully adequate. A number of processors and suppliers are interested in the CCC market price cheese purchase results, scheduled for release later in the week. Cheese and milk production are showing signs of seasonal increases at more plants, while remaining relatively unchanged at others. Limited volumes of Southern milk is moving north for manufacturing.

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

Process American 5# Loaf	:	1.5775-1.6000
Brick And/Or Muenster 5#	:	1.6200-1.7825
Cheddar 40# Block	:	1.5775-1.9250
Monterey Jack 10#	:	1.7775-1.9250
Blue 5#	:	1.9300-2.1500
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6600-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.5300

WEST

Prices are unchanged and the market tone is steady. Production levels are steady to a little heavier as more milk is available in some areas. Contacts continue to report lower than desired yields. Milk continues to move from Utah to Idaho where there is ample processing capacity. Demand for cheese is mostly steady. Mozzarella is moving quite well. Cheddar demand is fair to good. Swiss sales are fair, but there were reports of improved interest for Swiss solids for processing.

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

Process 5# Loaf	:	1.4725-1.7125
Cheddar 40# Block	:	1.5075-1.7300
Cheddar 10# Cuts	:	1.7475-1.8475
Monterey Jack 10#	:	1.6875-1.8100
Grade A Swiss Cuts 6 - 9#	:	2.3200-2.3525

FOREIGN TYPE CHEESE

Prices are unchanged and the market tone is steady. Demand is generally fair, but improved for some traditional table cheeses normally served during Lent. Stocks continue to range from light to adequate.

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	: 1.6600-2.2275
Gorgonzola	: 3.2400-5.9400	: 2.2825-2.4900
Parmesan (Italy)	: 7.1700-8.0000	: 3.0325-3.1075
Romano (Italy)	: 2.3900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.3325-1.8400
Romano (Cows Milk)	: -0-	: 2.8625-3.0675
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

In Florida, milk production is still increasing and approaching the annual spring flush. Class I sales are steady at moderate levels. Florida handlers are exporting 65 - 70 loads of milk to manufacturing plants further north again this week. In other southeastern states, milk receipts are also increasing and exports further north are occurring. Class I sales are steady to slower, typical for sales near month end. In the mid-Atlantic area, manufacturing plants are operating on extending schedules and taking in outside milk as capacity allows. Within the area, Class I sales are steady at best. In the Northeast, some school systems have reopened (New York, Rhode Island, and Massachusetts) after a break last week, while systems in other states are out this week (Connecticut, New Hampshire, and Maine). This caused the usual disruption/reduction to Class I sales. Cream sales remain good as supplies are generally tight. Prices range from unchanged to slightly higher. Cream cheese and sour cream production is good, in preparation for the Easter/Passover holidays. Ice cream production is mixed with most operating schedules steady to higher in preparation of warmer temperatures. Some producers are shifting production emphasis to lowfat ice cream now that cream prices are so high. Butter production continues strong for the available cream supplies. The 10 cent spread between Grade AA and A butter prices is helping keep cream interest good from churners. Condensed skim sales are steady to mostly slower. Condensed prices are irregularly and range from steady to slightly lower.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.3440 - 1.4700	
Delivered Equivalent Atlanta	-	1.3335 - 1.6185	M 1.3545-1.3860
F.O.B. Producing Plants: Upper Midwest	-	1.4070 - 1.4805	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	1.0500 - 1.1900	

M I D W E S T

WISCONSIN SPOT SHIPMENTS:  
LOADS

FEBRUARY 21 - 27, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	0

Class I demand was generally slow until about midweek when sales improved, in part due to the anticipated stronger first of the month sales. Order 30 users pulled several loads from Order 68 to help fill Class I needs. Class II usage is improved, with cottage cheese production up sharply. Ice cream output remains good, although some producers have shifted more towards lower fat items as cream prices increase. Sour cream and cream cheese output is also heavy for Lenten and Passover needs. Manufacturing milk interest remains strong with offerings generally limited, except weekends. Some demand for manufacturing milk is going unsatisfied. Reported Class III prices were \$1.00 - 1.50 over class. Cream prices are fully steady

with interest generally active from both Class II users and churners. Plant milk receipts are little changed for some operations. Others are seeing good seasonal increases, particularly from eastern and southern parts of the region. Milk continues to move to area manufacturing plants from southern sources. Farm auction schedules are active, as usual in February and March. Hay supplies remain tight.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

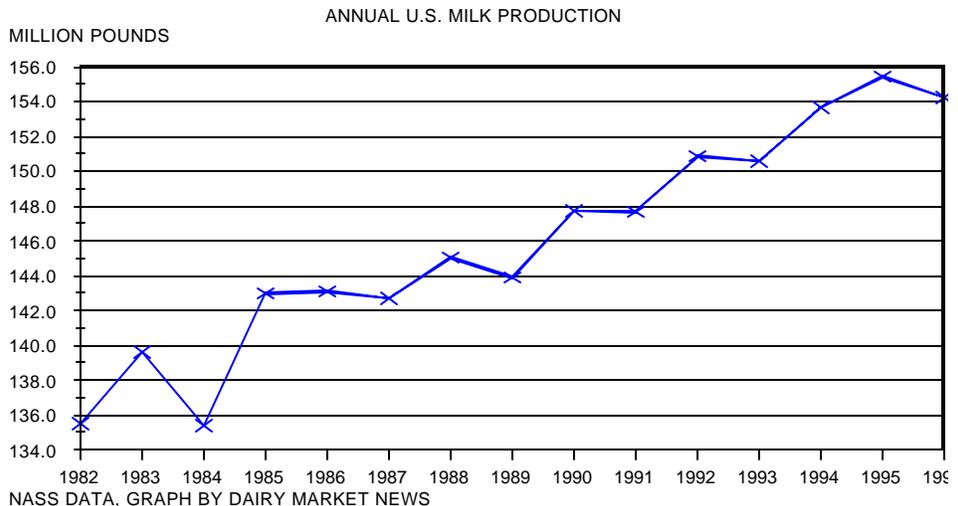
	FEB 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 38.50	\$ 31.00- 36.50
REPLACEMENT HEIFER CALVES	\$125.00-150.00	\$ 90.00-140.00

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

	FEB 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 30.00- 34.75

W E S T

Milk production is reported to be increasing throughout the region. In the Southwest, the milk flow is steady to slightly higher. In California, milk production is reported as higher at most plants. The effects of recent flooding and the resulting lose of cows has not severely affected fluid milk supplies in those regions. In the Pacific Northwest and the Mountain States, milk output is increasing and some contacts were calling it an "early, mini flush." The weather has been very nice and reports of an early spring were numerous this week. In some areas, several days without rain prompted many producers to put cows out on pasture. Conversely, rain and snow in the Mountain States did leave fields and yards pretty sloppy. These conditions cause concern for animal health and milk quality. Most contacts report ample milk for Class I needs and increasing volumes of surplus milk. In some cases, surplus milk is being shipped to areas where supplies are the tightest. Yields are reported to be quite low for this time of year and often a result of the high-priced feed and roughage. There are still many comments regarding the tight supply and high prices for hay. Fluid cream supplies are fully adequate to meet current needs. Production of sour cream and cream cheese are increasing to meet anticipated Easter, Passover, and Lenten needs. Ice Cream production is steady to occasionally lower because of the high price of cream.



**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 02/27/97 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 are mixed, but the mostly range is unchanged. The market tone is steady and less firm. Buying interest is often lighter as some buyers have their needs met. Others are looking for NDM to satisfy needs. Offerings in the region are limited from plants, but available from other regions and resellers. Production is steady at light levels in the upper Midwest, higher in the south. Stocks are light to moderate.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.1350-1.1750 MOSTLY: 1.1400-1.1500

**DRY BUTTERMILK - CENTRAL**

Prices continue to increase and are nominal in light spot trading. The market tone is firm. The run up in prices is partly attributed to buyers trying to cover anticipated needs. Many remember the lack of buttermilk supplies and high prices last summer. However, most contacts do not expect a repeat of that scenario this year. Current production remains light. Stocks are limited.

BUTTERMILK: 1.0000-1.0500

**DRY WHEY - CENTRAL**

Whey prices are higher, but increases via premiums are not as aggressive as in prior weeks. Added offerings are coming to the market and demand is lower as some buyers are pulling in their wings and using their stocks. Supplies are more available in the West, East, and South, which is influencing markets in the Midwest. The lack of exports is hurting demand. Production is beginning to increase seasonally, but remains below expectations. Stocks are light, but beginning to build slightly.

NONHYGROSCOPIC: .2000-.2200 MOSTLY: .2050-.2150

**ANIMAL FEED WHEY - CENTRAL**

Milk replacer and roller ground prices are slightly higher and nominal in light trading. The market tone is steady and not as firm as in recent weeks. Demand is fair to good for the limited offerings. Standard and delactose prices are unchanged and nominal. Buying interest for delactose is seasonally slow for the food channels, leaving more for sale to the animal feed channels. Delactose supplies are moderate.

MILK REPLACER: .1850-.2050  
STANDARD: .1825-.1975  
ROLLERGROUND: .2100-.2250  
DELACTOSE (Min. 20% protein): .3600-.3900

**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged in light market trading. Some prices are higher within the range. The bulk of current sales is centered on contract transactions with most of those prices set. Demand remains good for spot loads and buyers are often having to go to resale channels to find product. Most contract buyers are getting their loads on a timely basis with some delays occurring. Production is holding mostly steady with a few seasonal increases noted. Stocks continue to be light.

Including spot sales and up to 3 month contracts.

EDIBLE: .2000-.2700 MOSTLY: .2300-.2550

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices continue to trend higher, but the rate is not as aggressive as in recent weeks. Buying interest is lighter, but producers' offerings continue to be limited. Resale offerings are available but prices are higher. Demand from the feed buyers is mixed. Some feed producers are seeing interest for finished products increase as higher prices are passed to growers. Production is steady to seasonally higher. Producers' stocks are limited.

EXTRA GRADE 34% PROTEIN: .6000-.6400 MOSTLY: .6125-.6275

**NONFAT DRY MILK - WEST**

Prices are steady to higher. The market tone is firm, but more contacts reported fewer spot inquiries this week and growing price resistance at the upper end of the ranges. Producers' stocks are generally tight. A lot of powder has been committed for the next month or two for export under DEIP. Production levels are steady to heavier as more milk is becoming available in many areas. However, compared to a year ago, some producers' powder output is down slightly. Demand is, at best, steady and mostly to regular accounts. The lack of aggressive demand is being cited as one reason for the mostly prices to be holding so steady.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: 1.0950-1.1600 MOSTLY: 1.1200-1.1300  
HIGHHEAT: 1.1350-1.1700

**DRY BUTTERMILK - WEST**

Prices are moderately to sharply higher and nominal. The market tone is firm. Many producers are sold out. Any stocks that are or may be available are being held with confidence. Resale loads are being traded and retraded. Demand is good and often unsatisfied. Production levels are moderate and unable to keep pace with demand.

BUTTERMILK: .9800-1.0500 MOSTLY: 1.0000-1.0050

**DRY WHEY - WEST**

Prices are steady to higher and the market tone is firm. However, contacts are reporting a little more price resistance, particularly for export sales. Export interest continues to clear quite a bit of powder, but new sales are slow to develop. Production levels range from mostly steady to occasionally higher where more milk is available. Producers' stocks range from sold out to fully adequate. Domestic demand is fair to good from both the feed and human food buyers.

NONHYGROSCOPIC: .2000-.2200 MOSTLY: .2025-.2050

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended February 21, on powder sales of 8,107,624 pounds f.o.b. California manufacturing plants was \$1.1076 per pound. This compares to 10,946,934 pounds at \$1.1052 for the previous week ending February 14, 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**

Most prices are unchanged and the market tone steady. Some multi-load activity is occurring at the bottom end of the range. Most sales are occurring at the lower portion of the range. Drying schedules are about steady. Due to sluggish sales of condensed skim, a few plants are drying more than anticipated. Competition from resellers continues to limit price increases as producers are afraid of losing the business. A few DEIP offers are still pending.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1350-1.1900
DELVD SOUTHEAST:	1.1550-1.1950

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

The buttermilk market is steady to firm. Prices are steady to mostly higher. Demand is good and spot offerings are limited. Churning is active, though condensed sales are seasonally good due to the early increase in ice cream production. Supplies are being held with confidence. Drying schedules are about steady at light to moderate levels. A few producers are trying to build extra inventory in preparation for lower production later in the year.

F.O.B. NORTHEAST:	.9750-1.0400
DELVD SOUTHEAST:	1.0000-1.0750

**DRY WHOLE MILK - NATIONAL**

The dry whole milk market is mostly unchanged. Multiple load activity is occurring at the lower end of the range. Some users have yet to make the switch back to whole milk from alternatives. Production levels are generally being kept in line with current orders.

F.O.B. PRODUCING PLANT:	1.2400-1.2900
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**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1996 THROUGH FEBRUARY 21, 1997  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	19,388	MT(42,742,784LBS)
WHOLE MILK POWDER	-	1,040	MT(2,336,876LBS)
CHANGE	-	20	MT(44,092LBS)
CHEESE	-	1,039	MT(2,290,579LBS)
CHANGE	-	66	MT(145,504LBS)
BUTTERFAT	-	809	MT(1,783,521LBS)

**DRY WHEY - NORTHEAST AND SOUTHEAST**

The whey market is firm. Spot offerings remain limited and held with confidence. Demand remains good as buyers continue to try to buy ahead to beat the next potential increase. Production is steady to higher as milk receipts are increasing at more locations. Also, supplies of surplus milk are clearing to some manufacturing facilities from the southeast. Many producers are fully committed for various lengths of time.

F.O.B. NORTHEAST:	EXTRA GRADE	.2075 - .2125
	USPH GRADE A	.2125 - .2150
DELVD SOUTHEAST:		.2175 - .2550

**ANIMAL FEED WHEY - NORTHEAST**

Prices continue to be too few to report. Limited reports indicate that prices are also increasing, following the pattern of food grade whey. Demand ranges from mostly fair to good and offerings remain limited.

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

The evaporated market is steady. Demand is little changed from recent weeks. Current production is moderate to heavier as plants try to take advantage of extra surplus milk supplies available from time to time. Also, as milk prices are expected to rise in coming months, producers are replenishing inventory at the current milk prices.

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

**CASEIN - NATIONAL**

Prices are unchanged for both casein types. The market for acid remains weaker than for rennet. Supplies of acid are adequate to long for the current light to fair demand. Buyer interest is also being diverted by lower priced caseinates and other restricted caseins. Rennet markets are steady with supplies in good balance.

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

RENNET:	2.3000 - 2.4700
ACID:	2.1000 - 2.2500

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

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

MONTH	02/13	02/14	02/17	02/18	02/19	02/20	02/21	02/24	02/25	02/26
<b>CSCE - CHEDDAR CHEESE -- Cents per pound</b>										
FEB 97	135.00 (21) 7	131.50 (18) 8	NO TRADING	129.50 (17) 1	129.00 (13) 0	128.00 (13) 0				
APR 97	138.50 (18) 2	135.00 (18) 0		138.00 (18) 1	138.00 (18) 0	138.00 (18) 0	138.50 (14) 0	138.50 (17) 0	138.00 (17) 0	138.00 (17) 0
JUN 97	138.70 (9) 0	138.50 (9) 0		141.50 (9) 0	139.00 (9) 0	139.00 (9) 0	139.00 (9) 0	139.00 (9) 2	137.50 (9) 0	138.50 (11) 2
<b>CSCE - NONFAT DRY MILK -- Cents per pound</b>										
FEB 97	113.00 (7) 0	112.60 (7) 0	NO TRADING	112.80 (6) 1	113.00 (6) 2	112.80 (4) 5				
MAR 97	113.00 (0) 0	112.60 (0) 0		112.80 (0) 0	113.00 (0) 0	112.80 (0) 0	111.70 (0) 0	112.60 (0) 0	112.60 (0) 0	112.50 (0) 0
<b>CSCE - FLUID MILK -- Dollars per cwt.</b>										
FEB 97	13.75 (29) 5	13.78 (29) 5	NO TRADING	13.87 (21) 5	13.90 (19) 0	13.25 (7) 14				
JUN 97	14.55 (35) 0	14.65 (35) 0		14.35 (35) 0	14.30 (35) 0	14.25 (35) 0	14.25 (35) 0	14.20 (35) 0	14.00 (35) 0	14.05 (36) 3
AUG 97	15.55 (30) 0	15.55 (30) 0		15.45 (30) 0	15.43 (31) 3	15.43 (29) 0	15.25 (29) 0	15.00 (29) 0	14.86 (28) 7	14.91 (27) 0
<b>CSCE - BUTTER -- Dollars per cwt.</b>										
FEB 97	108.50 (8) 0	110.00 (8) 0	NO TRADING	110.50 (8) 4	110.00 (4) 0	112.20 (8) 0				
JUN 97	112.30 (12) 0	113.80 (12) 0		114.30 (12) 0	114.30 (12) 0	116.50 (12) 0	117.50 (10) 2	116.00 (10) 0	116.30 (10) 0	116.50 (10) 4
AUG 97	114.50 (24) 4	120.00 (28) 4		120.50 (22) 4	118.30 (21) 0	118.00 (20) 0	119.00 (20) 1	117.50 (21) 0	116.30 (21) 0	115.80 (25) 8
<b>CME - FLUID MILK -- Dollars per cwt.</b>										
FEB 97	14.000 (15) 1	14.000 (15) 0	NO TRADING	14.500 (15) 0	14.250 (10) 8					
APR 97	14.150 (2) 0	14.150 (2) 0		14.150 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0	14.000 (2) 0
<b>CME - BUTTER -- Cents per pound</b>										
FEB 97	112.000 (49) 35	114.500 (24) 6	NO TRADING	114.250 (24) 14	112.000 (26) 9					
APR 97	114.500 (16) 7	117.000 (13) 14		117.000 (15) 6	117.000 (16) 1	117.000 (24) 12	117.000 (16) 0	116.500 (16) 0	116.500 (16) 0	116.500 (16) 0
JLY 97	116.000 (62) 30	116.500 (46) 22		117.000 (47) 5	117.000 (46) 8	116.500 (46) 2	118.000 (46) 0	118.000 (48) 2	118.000 (48) 0	118.500 (48) 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 February 17 - 28, 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:** Influences from a strong U.S. dollar continues to affect dairy product prices in Europe. Although milk production patterns are about ready to resume seasonal increases, most producers are closely monitoring their output as the end of the yearly quota cycle nears. Because of the March 31 quota deadline, manufacturers are unsure of the volumes of milk that will be available for processing by the end of the month. Once April 1 arrives, a flood of milk is expected to become available, especially from those areas of Europe that have had a very good production season.

**BUTTER/BUTTEROIL:** European butter markets are much the same as they have been over than past month or so. Stocks of butter in Europe are declining as production remains low. Russian buying interest continues for near term delivery, but is slowing. Some lighter European demand is being attributed to the limited volumes of available butter, thus Russia continues to look to Oceania and other sources. Internal European butteroil markets are firm as prices increase. Supplies of butteroil are quite limited.

82% BUTTERFAT:	1,700-1,900
99% BUTTERFAT:	1,900-2,050

**SKIM MILK POWDER (SMP):** Skim milk powder markets are unsettled with prices steady to lower. As in most other manufactured dairy products, production is at seasonal low levels thus minimal amounts of new powder is available. Stocks for near term shipment are tight. After a month or so, supplies should become more available as milk production resumes seasonally and the year end milk quota deadline has passed. Some handlers are stating that supplies are limited to the point that near term deliveries might have to be extended into April

1.25% BUTTERFAT:	1,800-1,950
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are much the same as SMP markets. Production of new powder is limited due to the low volumes of fluid milk. Steady export demand continues to clear available volumes of whole milk powder to Algeria, Russia, and other normal destinations.

26% BUTTERFAT:	1,830-1,940
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**SWEET WHEY POWDER:** European whey powder markets are mixed with prices steady to slightly lower. Internal and export buyer interest is slow and unaggressive. Stocks of whey powder are in balance and sufficient for current and projected needs.

NONHYGROSCOPIC:	490-550
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**EASTERN EUROPE:** Market conditions in Eastern Europe are much the same as in past weeks. Colder than usual temperatures prevailed in many Eastern European countries during the week, although the duration of the cold snap was short lived. Milk production in the region is seasonally low and expected to resume seasonal increases in 4 - 6 weeks. Russia continues to seek butter from European, Oceania, and other sources. This interest is extending longer than previously anticipated.

## OCEANIA

**OVERVIEW:** Milk production in Oceania continues to edge lower as the season nears the end. Overall weather conditions have been mixed, although quite favorable. Regular rainfall and good weather conditions in New Zealand are contributing to an estimated 10% increase in output over last year. Milk handlers feel that the production season has another month to go. In Australia, conditions are dryer and annual output is turning out to be not as high as previously projected. Warmer than usual temperatures late in the season will limit annual output to around 5% higher than the previous year. The anthrax situation in Australia's dairy region continues. There has been no effects on processed dairy products, although everyone is proceeding cautiously.

**BUTTER:** Demand for Oceania produced butter continues from Russian buyers. Although this interest remains quite active, producers and handlers are stating that demand is slowing. As the milk production season nears the end, butter/powder output is also edging lower. Stocks of butter are tightening, thus handlers are proceeding more cautiously, making sure that contractual commitments will be filled, before making new commitments.

82% BUTTERFAT:	1,400-1,450
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**CHEDDAR CHEESE:** Demand for cheese from the Oceania region remains strong, especially the Asian market. Cheese production is declining as milk output nears its seasonal end. Stocks of cheese are sufficient for current needs. As in other manufactured dairy products, stocks are being closely monitored to maintain workable inventories for established markets.

39% MAXIMUM MOISTURE:	2,100-2,300
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**SKIM MILK POWDER (SMP):** Skim milk powder markets are unsettled, as prices edge slightly lower. Although prices are somewhat lower, stocks are reported to be tightening and fully committed until mid year. Often, handlers are moving cautiously and making sure that regular contractual commitments are or will be filled before committing to new business.

1.25% BUTTERFAT:	1,800-1,950
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are basically steady with past weeks. Stocks of powder are tightening as demand clears current output and the production season ends. The recent commitment to Mexico is further limiting available powder. Whole milk powder stocks are much the same this year as they have been in the past, thus handlers are cautiously managing remaining stocks.

26% BUTTERFAT:	1,800-2,050
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Exchange rates for selected foreign currencies: February 24, 1997

.5315 Dutch Guilder	.5972 German Mark
.1770 French Franc	.6976 New Zealand Dollar
.1290 Mexican Peso	.7775 Australian Dollar
1.6353 British Pound	.0082 Japanese Yen
.3295 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1290) = 7.7519$ . That is 1 US Dollar equals 7.7519 Mexican Pesos.

Source: *Wall Street Journal*

## ANNUAL MILK COWS AND MILK PRODUCTION, 1995 AND 1996

STATE	MILK COWS <u>1/</u>		MILK PER COW <u>2/</u>		MILK PRODUCTION <u>2/</u>		
	1995	1996	1995	1996	1995	1996	1996 AS % OF 1995
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AL	34	32	14,176	13,563	482	434	90
AK	0.7	0.8	17,000	16,875	11.9	13.5	113
AZ	114	120	19,561	20,083	2,230	2,410	108
AR	60	57	12,200	12,053	732	687	94
CA	1,254	1,264	20,211	20,458	25,344	25,859	102
CO	83	84	18,687	19,440	1,551	1,633	105
CT	32	30	16,438	16,567	526	497	95
DE	10	9.6	14,500	14,479	145	139	96
FL	162	156	14,698	15,391	2,381	2,401	101
GA	100	97	15,550	15,320	1,555	1,486	96
HI	10.4	9.4	13,654	13,723	142	129	91
ID	232	256	18,147	18,496	4,210	4,735	113
IL	161	154	14,857	15,162	2,392	2,335	98
IN	144	140	15,375	15,471	2,214	2,166	98
IA	251	250	16,135	15,304	4,050	3,826	95
KS	82	82	14,390	14,634	1,180	1,200	102
KY	162	153	12,469	12,157	2,020	1,860	92
LA	79	78	11,456	10,744	905	838	93
ME	40	40	16,025	16,200	641	648	101
MD	91	86	14,725	15,314	1,340	1,317	98
MA	28	27	16,000	16,185	448	437	98
MI	326	320	17,071	16,969	5,565	5,430	98
MN	599	598	15,708	15,786	9,409	9,440	100
MS	55	51	12,909	12,961	710	661	93
MO	190	179	14,158	13,631	2,690	2,440	91
MT	21	20	15,000	15,350	315	307	98
NE	74	69	14,797	15,217	1,095	1,050	96
NV	23.5	25	18,128	18,800	426	470	110
NH	20	19	16,300	17,053	326	324	99
NJ	23	22	13,913	13,500	320	297	93
NM	191	195	18,969	19,221	3,623	3,748	104
NY	703	702	16,501	16,423	11,600	11,529	99
NC	86	81	16,314	15,901	1,403	1,288	92
ND	64	62	13,094	12,968	838	804	96
OH	289	285	15,917	15,333	4,600	4,370	95
OK	97	97	13,433	12,938	1,303	1,255	96
OR	97	93	17,289	17,290	1,677	1,608	96
PA	642	644	16,511	16,522	10,600	10,640	100
RI	2.2	2	14,773	15,600	32.5	31.2	96
SC	27	26	14,481	14,654	391	381	97
SD	118	112	13,398	13,161	1,581	1,474	93
TN	126	116	13,849	13,940	1,745	1,617	93
TX	401	398	15,244	15,377	6,113	6,120	100
UT	88	91	16,739	17,000	1,473	1,547	105
VT	157	156	16,210	16,603	2,545	2,590	102
VA	129	126	15,116	14,325	1,950	1,805	93
WA	266	264	19,932	19,996	5,302	5,279	100
WV	21	20	12,667	12,600	266	252	95
WI	1,490	1,449	15,397	15,442	22,942	22,376	98
WY	6	6	14,100	14,050	84.6	84.3	100
U.S. <u>3/</u>	9,458	9,351	16,433	16,498	155,425	154,268	99

1/ Average number during year, excluding heifers not yet fresh. 2/ Excludes milk sucked by calves. 3/ Will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (2-97), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

**PERCENT OF OPERATIONS WITH MILK COWS AND PERCENT OF MILK PRODUCTION, BY SIZE GROUP OF OPERATION, SELECTED STATES, AND U.S., 1996 <sup>1/</sup>**

State	Size group of operation:									
	1-29 Head		30-49 Head		50-99 Head		100-199 Head		200 + Head	
	Percent	Milk Prod.	Percent	Milk Prod.	Percent	Milk Prod.	Percent	Milk Prod.	Percent	Milk Prod.
PERCENT										
AZ	63.3	0.1	---	---	---	---	3.3	0.9	33.4	99.0
CA	19.7	0.1	3.4	0.2	4.5	0.4	10.3	3.3	62.1	96.0
CO	70.0	1.6	3.3	1.3	5.6	4.1	7.8	12.0	13.3	81.0
FL	56.7	0.1	1.7	0.1	5.0	1.2	6.6	2.6	30.0	96.0
GA	37.5	0.2	2.5	0.8	17.5	10.0	25.0	30.0	17.5	59.0
ID	30.7	0.7	10.7	1.8	20.0	6.0	17.9	12.5	20.7	79.0
IL	20.5	3.0	20.0	10.0	41.9	49.0	15.7	29.0	1.9	9.0
IN	58.3	11.0	13.9	14.0	19.5	38.0	6.9	24.0	1.4	13.0
IA	27.1	7.0	27.1	18.0	34.4	43.0	10.0	24.0	1.4	8.0
KY	41.6	6.0	20.3	16.0	27.5	43.0	9.2	27.0	1.4	8.0
MD	17.3	2.2	11.8	4.8	43.6	35.0	21.8	37.0	5.5	21.0
MI	25.0	4.0	20.5	9.0	29.5	27.0	20.0	37.0	5.0	23.0
MN	19.1	5.0	37.3	25.0	34.6	42.0	7.5	18.0	1.5	10.0
MO	45.0	7.0	17.5	15.0	22.5	34.0	13.8	34.0	1.2	10.0
NM	78.6	0.2	---	---	1.4	0.2	1.4	0.6	18.6	99.0
NY	19.6	2.0	21.7	10.0	40.2	35.0	14.1	30.0	4.4	23.0
NC	47.5	0.3	5.0	1.7	17.5	16.0	21.7	42.0	8.3	40.0
OH	58.5	10.0	12.3	11.0	21.5	41.0	6.2	24.0	1.5	14.0
OR	48.2	1.0	4.5	1.0	13.6	13.0	19.1	29.0	14.6	56.0
PA	22.6	4.0	33.1	21.0	33.9	40.0	8.7	23.0	1.7	12.0
TN	20.0	2.5	19.3	7.5	36.0	33.0	20.0	38.0	4.7	19.0
TX	40.0	0.3	3.3	0.8	13.3	6.9	23.4	20.0	20.0	72.0
UT	33.3	1.0	7.8	2.0	21.1	14.0	23.3	31.0	14.5	52.0
VT	7.1	1.0	21.4	10.0	47.6	36.0	16.7	25.0	7.2	28.0
VA	32.4	2.0	7.6	4.0	30.6	30.0	23.5	40.0	5.9	24.0
WA	44.1	0.5	4.1	0.9	10.6	4.6	18.8	19.0	22.4	75.0
WI	18.5	3.9	35.2	24.0	35.5	42.0	9.4	21.8	1.4	8.3
OTHER STS	50.6	2.8	11.6	7.0	22.1	29.0	11.6	26.2	4.1	35.0
U.S.	31.4	2.7	22.4	10.2	29.1	24.8	11.6	20.0	5.5	42.3

<sup>1/</sup> An operation is any place having one or more head of milk cows on hand at any time during the year. Percent of operations was computed by the Agricultural Marketing Service. Other percents reflect average distributions of various probability surveys conducted during the year but are based primarily on beginning-of-year and mid-year surveys.

**SOURCE:** "Milk Production," Da 1-1 (2-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**EDITOR'S NOTE:** This table can be interpreted as follows: Farms with 1-29 milk cows in California account for 19.7 percent of all operations with milk cows in California and 0.1 percent of total milk production in California. Also, for most states, the 1-29 Head size group likely contains many operations that are not commercial dairy farms.

**MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS**

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

All stocks in thousand pounds except where otherwise indicated.

<b>U.S. HOLDINGS OF DAIRY PRODUCTS</b>						
COMMODITY	DEC 31, 1994	DEC 31, 1995	REVISED DEC 31, 1996	JAN 31, 1995	JAN 31, 1996	JAN 31, 1997
Cream	1,530	1,453	---	832	---	---
Butter	79,450	18,628	13,707	89,900	25,476	21,738
Evap. & Cond. Milk	1,002	995	---	1,119	---	---
Cheese, Natural American	310,036	306,796	379,673	318,191	346,143	390,985
Cheese, Swiss	8,153	8,454	12,668	8,132	8,805	13,253
Cheese, Other Natural	118,692	96,812	94,609	123,378	115,283	100,416
<b>GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.</b>						
Butter	67,215	2,797	294	64,493	3,406	204
Natural American Cheese	537	217	47	449	78	141

<b>JANUARY COLD STORAGE HOLDINGS BY REGION</b>									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	10,887	12,206	15,549	3,190	3,403	3,080	114	92	156
Middle Atlantic	35,663	35,788	33,222	3,542	4,051	2,226	10,842	13,761	5,648
East North Central	168,524	192,352	214,121	6,693	4,862	5,902	94,402	88,934	85,468
West North Central	45,634	56,598	63,719	48,486	3,997	2,217	1,880	2,020	3,290
South Atlantic	281	203	328	864	1,362	1,078	3,348	4,460	652
East South Central	242	168	182	626	717	264	4,260	3,800	2,641
West South Central	2,713	281	687	13,923	2,030	1,131	6,194	109	56
Mountain	36,379	18,520	22,230	953	959	324	1,471	1,149	901
Pacific	17,868	30,027	40,947	11,623	4,095	5,516	867	958	1,604
<b>TOTAL</b>	<b>318,191</b>	<b>346,143</b>	<b>390,985</b>	<b>89,900</b>	<b>25,476</b>	<b>21,738</b>	<b>123,378</b>	<b>115,283</b>	<b>100,416</b>

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

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	22	25	22	22	<u>3/</u>	3	391	346	391	346	<u>3/</u>	<u>3/</u>	NA	86	NA	72	NA	14
February		34		30		4		343		343		<u>3/</u>		90		80		10
March		49		47		1		349		349		<u>3/</u>		108		98		10
April		40		37		3		369		368		<u>3/</u>		110		100		10
May		34		33		1		381		381		<u>3/</u>		88		86		1
June		30		29		1		385		385		<u>3/</u>		84		82		1
July		32		31		1		387		387		<u>3/</u>		77		77		<u>3/</u>
August		27		26		1		369		368		<u>3/</u>		67		66		<u>3/</u>
September		21		21		1		364		364		<u>3/</u>		51		50		<u>3/</u>
October		21		20		<u>3/</u>		370		370		<u>3/</u>		48		47		<u>3/</u>
November		18		17		<u>3/</u>		370		370		<u>3/</u>		50		49		<u>3/</u>
December		14		13		<u>3/</u>		380		380		<u>3/</u>		71		71		<u>3/</u>

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

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Dec 31, 1994	Dec 31, 1995	Dec 31, 1996	Jan 31, 1995	Jan 31, 1996	Jan 31, 1997
	Thousand Pounds					
Butter	12,235	15,831	13,413	25,407	22,070	21,534
Natural American Cheese	309,499	306,579	379,626	317,742	346,065	390,844

1/ Total holdings minus Government owned holdings. For more information, see page 11 of this report.

## FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

**FEDERAL MILK ORDER MARKET SUMMARY FOR JANUARY 1997.** During January, about 9.4 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in January 1997, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 0.6 percent more than January 1996, and about 2.8 percent more than December 1996 on a daily average basis. Milk utilized in Class I products in January was 0.8 percent more than last year on an adjusted basis. Class I use this year represented 43 percent of producer milk deliveries compared to 42 percent in January 1996. The average blend price was \$12.97 per cwt., \$0.85 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$1.26; Class II, down \$1.26; Class III, down \$0.79; and Class III-A, up \$0.38.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JANUARY 1997										
FEDERAL MILK ORDER MARKETING AREAS 1/	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE 2/		BUTTER-FAT DIFF. 3/
		1997 TOTAL	CHANGE FROM 1996	1997 TOTAL	CHANGE FROM 1996	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	449.4	-3.6	228.8	0.1	51	49	13.68	14.51	7.8
New York/New Jersey (NY City)	2	960.2	-5.5	402.2	-5.8	42	42	13.37	14.41	7.8
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	564.8	7.6	269.3	3.9	48	49	13.22	14.16	---
<b>NORTHEAST REGION</b>		1,974.3	-1.6	900.3	-1.6	46	46	13.40	14.37	7.8
Carolina (Charlotte)	5	238.8	10.8	202.4	10.1	85	85	14.30	15.53	7.8
Tennessee Valley (Knoxville/Chattanooga)	11	125.6	8.0	99.7	3.4	79	83	13.90	15.19	7.8
Southeast (Atlanta/Birmingham)	7	477.4	-1.4	370.9	-4.6	78	80	14.08	15.32	7.8
Florida Markets (Tampa/Jacksonville/Tallahassee/Miami)	12 4/	277.7	8.1	231.9	1.7	84	89	14.90	16.23	7.8
<b>SOUTHEASTERN REGION</b>		1,119.6	4.3	904.9	0.9	81	84	14.31	15.57	7.8
Michigan Upper Peninsula (Marquette)	44	5.8	6.7	4.5	10.7	78	75	12.72	13.91	7.8
Southern Michigan (Detroit)	40	372.6	-4.4	182.3	-1.4	49	47	12.59	13.57	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	281.8	1.9	157.1	2.1	56	56	12.87	13.94	---
Ohio Valley (Columbus)	33	259.2	0.5	155.0	1.1	60	59	12.99	14.13	---
Indiana (Indianapolis)	49	178.2	0.3	115.7	9.2	65	60	13.00	14.10	---
Chicago Regional	30*	1,179.3	-16.9	234.1	2.7	20	16	12.31	13.14	---
Central Illinois (Peoria)	50	14.8	-7.0	13.2	3.5	89	80	13.12	14.21	7.8
S. Illinois-E. Missouri (Alton)	32	163.1	-3.1	93.9	-8.0	58	61	12.95	14.16	7.8
Louisville-Lexington-Evansville	46	94.0	-3.5	74.7	-0.1	79	77	13.36	14.47	7.8
Upper Midwest (Minneapolis)	68*	917.6	-2.7	145.5	2.4	16	15	12.11	12.94	---
Iowa (Des Moines)	79*	279.3	4.0	87.5	1.5	31	32	12.38	13.19	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	146.6	0.5	55.4	2.7	38	37	12.43	13.15	---
Greater Kansas City/E. S. Dakota	64 5/ 6/	45.4	---	---	---	---	72	13.64	14.41	7.8
<b>MIDWEST REGION</b>	7/	3,892.2	-6.5	1,319.0	1.3	34	31	12.47	13.37	7.8

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JANUARY 1997										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1997 TOTAL	CHANGE FROM 1996	1997 TOTAL	CHANGE FROM 1996	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	280.4	0.8	133.1	1.7	47	47	13.30	14.38	7.8
Texas (Dallas)	126	552.2	-8.2	298.8	6.8	54	47	13.50	14.32	7.8
<b>SOUTHWEST REGION</b>		832.7	-5.3	431.9	5.1	52	47	13.43	14.34	7.8
E. Colorado/W. Colorado (Denver)	137 <u>5/</u>	157.4	0.6	73.5	3.4	47	45	13.10	14.14	7.8
SW. Idaho/E. Oregon (Boise)	135	226.0	17.8	15.9	2.1	7	8	12.03	12.89	---
Great Basin (Salt Lake City)	139	205.0	4.9	77.4	1.5	38	39	12.64	13.67	---
Central Arizona (Phoenix)	131	209.7	0	93.1	-0.8	44	45	12.78	13.87	7.8
New Mexico-West Texas (Albuquerque)	138	222.6	30.2	59.2	-1.4	27	35	12.55	13.33	7.8
Pacific Northwest (Seattle/Portland)	124	544.7	0.9	189.4	0.4	35	35	12.30	12.92	---
<b>FAR WEST REGION</b>		1,565.4	6.9	508.4	0.6	32	35	12.49	13.33	7.8
COMP MKT. AVERAGE OR TOTAL	<u>7/</u>	9,384.2*	-2.1*	4,064.6	0.9	43	42	12.97	13.82	7.8
ALL-MKT. AVERAGE OR TOTAL	<u>6/</u>	9,429.7	-2.2	4,064.6	-0.2	43	42	12.98	13.83	7.8
<b>YEAR-TO-DATE AVG./TOTAL</b>										
Northeast Region		1,974.3	-1.6	900.3	-1.6	46	46			
Southeastern Region		1,119.6	4.3	904.9	0.9	81	84			
Midwest Region	<u>7/</u>	3,892.2*	-6.5*	1,319.0	1.3	34	31			
Southwest Region		832.7	-5.3	431.9	5.1	52	47			
Far West Region		1,565.4	6.9	508.4	0.6	32	35			
COMP MARKET AVERAGE OF TOTAL	<u>7/</u>	9,384.2	-2.1*	4,064.6	0.9	43	42	12.97	13.82	
ALL MARKET AVERAGE OR TOTAL	<u>6/</u>	9,429.7	-2.2	4,064.6	-0.2	43	42	12.98	13.83	----

\* Because the blend price adjusted for location was at or below the Class III price in certain zones of these markets, handlers elected not to pool an estimated 260 million pounds of milk in January 1997 that normally would have been pooled under these orders. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: Midwest region -0.3, and all-market average +0.6. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$14.07. (4.0 minus 3.5 equals .5; 5 times \$.078 equals \$.390; \$13.68 plus \$.390 equals \$14.07.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1997, \$14.96; 1996, \$16.21; and Southeastern Florida: 1997, \$15.35; and 1996, \$16.69. 5/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1997, \$12.46; 1996, \$13.49; and Western Colorado: 1997, \$13.41; 1996, \$14.68. 6/ The data for January 1996 also includes the Black Hills marketing area. Effective October 1, 1996, the order regulating this marketing area was terminated. Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, effective October 1996, and are excluded from all-market figures. 7/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1996-97 and for which the data were not affected significantly by marketing area changes. Data for Greater Kansas City/Eastern South Dakota are no longer comparable; see 6/.

