

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 1 cent to \$0.9300, Grade A increased 4 1/2 cents to \$0.8550, and Grade B increased 7 cents to \$0.8500. Also at the CME, barrel cheese is down 1 1/4 cents to \$1.1375 and 40# blocks increased 1 1/4 cents to \$1.1650.

According to USDA, NASS, milk production in the 20 major States during April totaled 11.4 billion pounds, up 0.8% from production in these same states in April 1996. March revised production, at 11.6 billion pounds, was up 1.1% from March 1996. Production per cow averaged 1,469 pounds for April, 28 pounds (1.9%) above April 1996. The number of cows on farms was 7.73 million head, 87,000 head (1.1%) less than April 1996.

During March, sales of fluid milk products in comparable Federal milk order marketing areas and California were 1.1% below 1996 and 0.1% below February 1997 on an adjusted daily average basis. Sales of whole milk items were 1.3% below the previous year; sales of lowfat and skim milk items were 1.0% below the previous year. Total fluid milk sales were lower in all regions.

In February 1997, mailbox milk prices reported for selected Federal milk orders averaged \$13.09 per cwt., \$.09 more than the revised figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$12.72, down \$.02; Southeast, \$14.59, down \$.08; Midwest, \$13.19, up \$.17; and West, \$12.39, up \$.11.

According to the World Agricultural Supply and Demand Estimates, milk production in 1997/98 is projected to increase about 1% as higher output per cow more than offsets a reduction in cow numbers. Relatively weak milk/feed price ratios will continue into 1998, limiting gains in milk production. Commercial use will expand at about the same rate as milk production and surpluses removed from the market through the DEIP will remain at relatively low levels. Recently, milk prices have been weaker than expected and the price

forecast for the remainder of 1996/97 is lowered. Prices are expected to recover later this year and for 1997/98 the all milk price is projected to average near to higher than the anticipated level for 1996/97.

Milk production continues to increase in areas of the Upper Midwest, Northwest, and Northeast due, in part, to mild to cool weather conditions. Output is declining in parts of the Southwest, Southern California, Florida, and several Gulf Coast States due to seasonal temperature increases. Class I sales are steady with some fluctuations resulting from schools beginning to close for summer. Cream demand is good and the tighter supplies are pushing multiples higher.

Dry dairy product markets are mixed with some new trends developing. Nonfat dry milk prices continue to decline. Transactions in the West continue to trend lower in order for producers to secure sales. While prices are trading around the support price level of \$1.0470, no support sales to the CCC have occurred. Buttermilk prices are trending lower in light trading. The market is highly unsettled. Offerings are increasing and asking prices are being dropped to secure sales. Whey markets are steady in all areas. At the plant level, stocks are in better balance. Lactose prices are unchanged and the market tone is unsettled. Production is increasing and offerings are higher.

SPECIAL THIS ISSUE

- NASS CHEESE PRICE SERIES (PAGE 2)
- DAIRY PRODUCTS - 1996 SUMMARY AND PLANT NUMBERS (PAGES 7 - 8)
- MINIMUM FEDERAL ORDER & ANNOUNCED COOP CLASS I PRICES (PAGE 9)
- MAILBOX MILK PRICES FOR FEBRUARY 1997 (PAGE 10)
- ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK (PAGE 11)
- MARCH FLUID MILK SALES HIGHLIGHTS (PAGE 12)
- APRIL MILK PRODUCTION (PAGE 13)
- DAIRY GRAPHS (PAGE 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	MAY 13	MAY 15	MAY 16
AA	\$0.9200 - 0.9300	\$0.9200 - 0.9300	\$0.9200 - 0.9300
A	\$0.8100 - 0.8200	\$0.8100 - 0.8200	\$0.8100 - 0.8200

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all prices are higher. Butter stocks across the country are much the same as they have been over the past few weeks, heavier than current demand is clearing. Current buying interest for bulk and print butter is fair. Midwestern and Eastern buyers continue to secure additional bulk stocks from Western producers under contract and on a spot basis. Churning schedules remain seasonally active, although competition for cream supplies is increasing.

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	MAY 12 - 16, 1997
BARRELS*	\$1.1300 - 1.1600 (NOMINAL) (.0050)
40# BLOCKS	\$1.1525 - 1.1725 (NOMINAL) (.0225) (.0175)

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

CHEESE HIGHLIGHTS: The cheese market is unsettled. At the Chicago Mercantile Exchange, prices were mixed, with blocks 1.25 cents higher and barrels 1.25 cents lower. Trading was moderate. Current cheese demand is steady to occasionally improved. Current cheddar supplies are more than adequate. Plant inventories remain heavy. Cheese production is steady to slightly higher, depending on location. For CCC market price cheese invitations, turn to page 15 of this report.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, MAY 16, 1997

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	+0100	\$0.9300 : n/a 05/16/97
A	+0450	\$0.8550 : n/a 05/16/97
B	+0700	\$0.8500 : n/a 05/16/97

Activity not available at press time.

CHEESE TRANSACTIONS ON THURSDAY, MAY 15, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-0125	\$1.1375 : SALE 05/15/97
40# BLOCKS	+0125	\$1.1650 : BID 05/15/97

- SALES: 8 CARS 40# BLOCKS:
6 @ \$1.1550, 1 @ \$1.1575, 1 @ \$1.1625
- 22 CARS BARRELS: 1 @ \$1.1325,
4 @ \$1.1350, 6 @ \$1.1400, 11 @ \$1.1375 (LST)
- BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1650 (LST)
- OFFERS UNCOVERED: 13 CARS BARRELS: 4 @ \$1.1500,
3 @ \$1.1450, 5 @ \$1.1400, 1 @ \$1.1375

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are unchanged and the market tone remains generally weak. However, at current levels there is some additional storing of bulk butter being reported. Some producers are concerned with NDM and cheese prices approaching the government support levels. They wonder if these products do move to and hold at or below support prices, can butter maintain current pricing? In the East, churning activity is slightly lighter as cream demand improves and surplus milk volumes ease lower. Butter stocks range from heavy to balanced. Retail movement is slow to fair and contacts report that retail prices have not moved lower at anywhere near the same pace as the Chicago Mercantile prices. Food service orders are steady to slightly improved.

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

1/4 LB. PRINTS	:	1.1300-1.3775
1 LB. PRINTS	:	1.0450-1.2275
CHIPS/PATTIES	:	1.1075-1.2775
REDDIES	:	1.1825-1.3775
CONTINENTALS	:	1.2625-1.4375

CENTRAL

Print butter markets are generally steady at unchanged prices. Churning schedules, although seasonally heavy, are somewhat lighter than past weeks. Competition for cream from ice cream producers is increasing, thus reducing available volumes to local churns. Stocks of print butter are fully adequate for current needs. Some Midwestern handlers continue to secure additional volumes of bulk butter from Western sources under contract and on a spot basis. Overall demand is seasonally fair. Most orders for food service and retail needs are for short term use. Scattered retail promotional activity is being scheduled for upcoming "June Dairy Month."

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

1/4 LB. PRINTS	:	1.0200-1.4275
1 LB. PRINTS	:	.9850-1.1475
CHIPS/PATTIES	:	1.0100-1.2200
REDDIES	:	1.0925-1.3300
CONTINENTALS	:	1.2500-1.4400

WEST

Western print butter markets are steady at unchanged prices. Churning schedules remain very active, although cream volumes headed into ice cream production are increasing. Stocks of butter are heavier than current demand is clearing. Some producers are offering additional stocks at discounted prices while others are holding surplus stocks with confidence. Overall buying interest is centering around short term needs. Producers continue to fill contracted and spot buyer interest.

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

1/4 LB. PRINTS	:	1.2050-1.2525
1 LB. PRINTS	:	1.1225-1.1950
PATTIES	:	1.1750-1.3425
REDDIES	:	1.3025-1.3225

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

1/4 LB. PRINTS	:	.9100- .9500
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

		BUTTER	:	CHEESE
			:	
05/12/97	35,692	:	114,789	
05/01/97	31,021	:	114,802	
CHANGE	+4,671	:	- 13	
% CHANGE	+ 15	:	N.C.	

NASS CHEDDAR CHEESE PRICE SURVEY BY STYLE AND REGION 1/

1997	40# BLOCKS			640# BLOCKS	BARRELS <u>2/</u>		
Week ending	MN/WI	WEST <u>3/</u>	US	US	MN/WI	OTHER STATES	US
MAY 9	1.1987 1,172,221	1.1489 4,407,347	1.1605 5,739,079	1.1649 1,869,346	1.1313 3,535,334 34.54%	1.1540 3,773,196 34.80%	1.1430 7,308,530 34.68%
MAY 2	1.2089 973,957	1.1765 4,056,982	1.1839 5,262,041	1.2125 671,192	1.1563 3,979,617 34.78%	1.1841 3,347,281 34.80%	1.1690 7,326,898 34.79%
APR 25	1.2614 1,142,779	1.2253 3,835,080	1.2353 5,189,427	1.2334 971,574	1.1779 3,910,990 34.57%	1.2010 3,477,566 34.59%	1.1887 7,388,556 34.58%
APR 18	1.2986 1,103,480	1.2495 3,776,802	1.2620 5,051,924	1.2750 1,009,740	1.2030 4,123,472 34.36%	1.2274 3,076,755 34.86%	1.2134 7,200,227 34.58%
APR 11	1.3185 1,291,405	1.2848 3,230,813	1.2957 4,702,871	1.3135 624,571	1.2409 3,866,881 34.74%	1.2427 3,494,748 34.96%	1.2417 7,361,629 34.84%

Source: USDA, NASS. 1/ Each cell contains the weighted price in dollars per pound, the sales volume, and where applicable, the moisture content.
2/ Barrel prices adjusted to 39% moisture. 3/ CA, ID, OR and WA.

CHEESE MARKETS

NORTHEAST

Prices are steady to fractionally higher. The market tone is still weak as production nationally is outpacing demand. Buyers, despite the quarter-cent increase on blocks, are still hesitant to buy beyond immediate needs. In the Northeast, milk volumes have eased, but cheese makers are operating at or near capacity levels. Cheese stocks are fully adequate from local producers and more cheddar is being put into aging programs. Buyers report no difficulty obtaining desired volumes or varieties. Retail movement is slow to fair and, like butter, affected by prices not falling at the same rate as the exchange prices during the past month or two. Food service orders are improving as the Memorial Day weekend is fast approaching and resort area restaurants prepare for the unofficial beginning of summer.

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

Cheddar 10# Prints	:	1.2700-1.6350
Cheddar Single Daisies	:	1.2400-1.6300
Cheddar 40# Block	:	1.2900-1.4400
Process 5# Loaf	:	1.3600-1.5000
Process 5# Sliced	:	1.3800-1.5225
Muenster	:	1.3325-1.8275
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. The .25 cent increase in the Chicago Mercantile Exchange cheddar block cash price on May 8 did stimulate some extra sales, but plant inventories remain heavy. The barrel/block spread widened to a very narrow .25 cent. Process interest continues to improve, but is still generally lagging traditional spring levels for many producers. Overtime remains limited for most processors. Barrel sales are often improved as buyers feel that the downside price risk is much less than upside risk and barrel needs are normally best during the summer months. Undergrade interest is improved. Cheddar block interest is also stronger. Current levels are attractive for buyers wishing to rebuild aging programs. Swiss prices and demand are fairly steady. Cheese production is steady to seasonally higher. Many upper Midwest plants continue to receive below year ago milk levels. Cheese yields are lower, but overall the milk volume increase is more than offsetting the reduced yields. In the upper Midwest, generally cool weather conditions are slowing crop germination and grass/alfalfa growth.

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

Process American 5# Loaf	:	1.5025-1.6225
Brick And/Or Muenster 5#	:	1.4900-1.6100
Cheddar 40# Block	:	1.4050-1.9150
Monterey Jack 10#	:	1.6050-1.9150
Blue 5#	:	1.7575-2.0300
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5275-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2075-2.4850

WEST

Cheese prices in the Western region are holding at unchanged levels. Contacts are still studying trading at the CME to understand what signals are being given out. Demand is slightly improved from the past two weeks, but it is still quite slow for this season. Stocks are a concern at many locations. Production continues to build across the region. Milk production is increasing and is expected to continue to increase as new crop hay becomes available. Weather conditions are ideal, sometimes bordering on the warm side.

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

Process 5# Loaf	:	1.3400-1.6900
Cheddar 40# Block	:	1.3325-1.7300
Cheddar 10# Cuts	:	1.5675-1.7800
Monterey Jack 10#	:	1.5175-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Prices are mostly unchanged to fractionally higher on domestic styles. The market tone is still quite weak. Demand ranges from slow to seldom better than fair and supplies, though occasionally tight, are adequate to meet current needs. The EU commission reported that 1996 cheese exports at 516,000 MT, down slightly from 1995. However, there is confusion over some member countries figures which may alter final totals.

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	: 1.4875-2.0550*
Gorgonzola	: 3.2400-5.9400	: 2.1100-2.4900*
Parmesan (Italy)	: TFEWR	: 2.8575-2.9350*
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.1600-1.6675*
Romano (Cows Milk)	: -0-	: 2.6900-2.8950*
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	: 2.5900-2.8500	: -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

EAST

Northeastern Milk Market Administrators announce April 1997 uniform (blend) prices: Federal Order (F.O.) 1 is \$13.24; F.O. 2, \$12.82; F.O. 4, \$13.56; F.O. 36, \$13.07; and Western NY Milk Market Area, \$13.06. Milk production is falling slowly in Florida and other Gulf Coast States, increasing in the mid-South and Middle Atlantic areas, and steady to slightly higher in New York and New England. The weather is nearly ideal for making milk in Florida, but still very cool in the northern most states. Florida contacts report that there has been no hot weather to stress the cows and they are mildly surprised that the milk flow is holding as high as it is. Milk supplies are excessive in Florida and handlers are shipping about 14 loads per day out of state for processing. Bottled milk sales are steady to slower in all sections of the East and manufacturing plants are still operating at or near capacity. To give an idea how much milk there has been this spring, many plants processed record volumes of milk during April. However, reports this week indicate that volumes of distressed-priced milk "dried up" late last week. The condensed skim market is unchanged, but prices were adjusted slightly. Spot demand is slow to fair, generally slow. The fluid cream market is stronger. Offerings of cream are tight and multiples are higher this week. In some instances, suppliers were caught short and had to buy a load or two to cover their commitments. Demand has improved from ice cream makers, cream cheese producers, and bottling operations. Sour cream output is about steady. Churning activity is generally lighter, but still moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.1097 - 1.2069	
Delivered Equivalent Atlanta	-	1.0935 - 1.2988	M 1.0935-1.1340
F.O.B. Producing Plants: Upper Midwest	-	1.1097 - 1.1502	

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

F.O.B. Producing Plants: Northeast	-	1.1000 - 1.2900
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MIDWEST

SPOT SHIPMENTS:	LOADS
MAY 9 - 15, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	0

Class I sales are irregularly steady, depending on location and local market retail promotional activity. Manufacturing milk interest is steady at best. For some plant operators, sluggish manufactured product sales are limiting them from purchasing extra outside milk. Spot manufacturing milk prices range generally from 25 cents under to 50 cents over BFP/MCP with a few loads sold at a \$1.00 over. Cream demand is very good, supplies are tighter, and reported prices are steady to higher, at least within the range. Some interregional milk continues to enter the upper Midwest for processing and reports indicate volumes are relatively steady. Warm spring weather continues to elude many areas in the northern tier of states. Further south in the central part of the region, they have enjoyed prolonged temperatures in the 70's, helping keep milk receipts fairly steady at around peak levels. In the southern most part of the Midwest, warmer temperatures and sometimes wet conditions have combined to nudge milk receipts lower. Some plant operators in the more northern states are showing higher receipts, but most notice little change week to week. Receipts

continue to lag year ago levels in the northern tier of states. Areas with more grazers are noticing more significant declines in yields, as a tradeoff to more of an increase in fluid volumes. Excellent progress has been made in the spring planting with corn planting well ahead of normal in most areas. Crop emergence is lagging in the cooler areas. Alfalfa is very slow growing in the northern states, possibly enough to delay the first cutting. This is causing additional concerns for feed availability, particularly those producers near "hand to mouth" status.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.50	\$ 32.00- 36.50
REPLACEMENT HEIFER CALVES	\$100.00-145.00	\$100.00-145.00

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

	MAY 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 44.00	\$ 32.00- 39.00

WEST

Milk production in the Southwestern part of the United States is starting to be negatively affected by high temperatures. In Arizona and Southern parts of California, temperatures in the 100 degree plus range are causing milk receipts at plants to be noticeably lower. Due to lighter milk volumes, some manufacturing facilities are considering reducing production schedules. Although major cutbacks have not occurred, plant managers are reporting that if trends continue as they have over the past week to 10 days, manufacturing schedules will be reduced in the near future. Further north in California, temperatures are more favorable and output continues to increase, or at least hold steady at high levels. Warm temperatures during the day are having limited negative impact on milk production at this time, because temperatures cool at night. Until the cheese market becomes more stable, most milk handlers are trying to limit milk volumes through the cheese plant and clearing milk through butter/powder operations. Butter production remains strong, although cream volumes are becoming more competitive with the ice cream season slowly increasing. Heavy volumes of cheese and nonfat have many producers questioning if and when surplus volumes will be offered to CCC. As of midweek, no offers have been made. Weather conditions have changed to warm and dry in the Pacific Northwest. Milk production is increasing and pasture quality is improving dramatically. Some first cut hay is entering the marketplace. Lots of corn is being planted this week. Plants are having to gear up for the additional milk and they are not looking forward to selling the manufactured products with both powder and cheese near the current government price support levels. Heifer markets are lagging and slaughter cow markets are lower in price. More "for sale signs" are appearing in the countryside. Temperatures near the 90-degree mark have been common over the northern Mountain States region. Minor flooding problems are noted so far. The big concern remains centered around the possibility of a warm rain bringing the snow pack out way to fast for streams and rivers to handle it. All plants in the region are seeing additional milk supplies. End product sales are lagging with stocks building. The hay crop is probably two weeks off at the minimum. When the new higher quality hay becomes available, plants are anticipating a surge in the milk flow. The solids content on the incoming milk is declining seasonally.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 05/15/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices continue to dip lower. High heat prices are at the top end of the range. The market tone remains weak. Most producers in the Central region have NDM for sale and are having to price competitively with Western delivered powder. Some "low-ball" numbers are being floated around, but not confirmable when questioned. Some smaller DEIP orders are being filled and/or bid on currently. Production is moderate in the region. Producers' stocks are light to moderate and growing at various locations.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0750 - 1.1300 MOSTLY: 1.0800 - 1.0900

DRY BUTTERMILK - CENTRAL

Prices are unchanged and the market tone remains unsettled. While some producers are holding asking prices steady on the top end of the range, others are having to discount to move buttermilk. Additional pressure is coming from the resale channels and from Western delivered powder. The bulk of total sales is occurring in the bottom half of the reported price series. Weak NDM markets are also providing options. Production is mixed, depending on butter churning and the sales of condensed buttermilk. Stocks are light to moderate.

BUTTERMILK: 1.0600 - 1.2150

DRY WHEY - CENTRAL

Dry whey prices and the market tone are mostly steady. Producers' offering prices are mainly unchanged with some returning to traditional pricing relationships. The amount of product being discounted is lower. Sales in recent weeks have limited the need to reduce prices to keep current. Demand is fair at best. Interest is light to fair from the animal feed sector, fair from food accounts, and light for export. Production continues to trend seasonally higher. Stocks are light to moderate at the plant level.

NONHYGROSCOPIC: .1700 - .1900 MOSTLY: .1725 - .1775

ANIMAL FEED WHEY - CENTRAL

Animal feed whey prices are unchanged and nominal in light trading. Offerings of milk replacer and standard whey are limited. Buyer interest is light but not always filled. Roller ground demand remains good and most offerings readily clear at current pricing levels. Delactose markets continue to be seasonally soft. Demand is fair at best. Stocks range from light to moderate.

MILK REPLACER: .1500 - .1700
STANDARD: .1400 - .1550
ROLLER GROUND: .1775 - .1900
DELACTOSE (Min. 20% protein): .3200 - .3500

LACTOSE - CENTRAL AND WEST

Prices are unchanged for lactose, but the market tone is showing more signals of unsettledness. Additional loads are beginning to appear from more locations. Some price resistance is developing for new orders. Spot loads are trading, but some discounting is starting. The majority of current trades are occurring at contract prices - having the effect of keeping prices unchanged. Contacts are beginning to express concerns about current supplies. Production is trending seasonally higher. Stocks are light to moderate and increasing at more locations.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2300 - .2900 MOSTLY: .2500 - .2700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Price declines moderated this week as more producers' positions have improved. Spot offerings are still available from both the West and Central at discounts, but they are lighter than in previous weeks. Buyers are stating that loads are available, but may not always be from their plant of first choice. Contract loads are being delivered on a timely basis. Stocks are fair to good.

EXTRA GRADE 34% PROTEIN: .5500 - .6000 MOSTLY: .5650 - .5800

NONFAT DRY MILK - WEST

Nonfat dry milk markets are weak and prices are trending lower. Often, prices are being quoted under the \$1.0470 support level in hopes of clearing additional stocks versus getting involved with government clearances. Even with lower quotes, buyer interest is not overly aggressive. Many producers/handlers are wondering who, when, or what volume of surplus powder will be offered to CCC. Industry contacts are questioning if the tilt between butter/powder under the dairy support program will be adjusted. The Secretary of Agriculture has the option of making such adjustments twice a calendar year.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0400 - 1.0800 MOSTLY: 1.0400 - 1.0500

HIGH HEAT: 1.0800 - 1.1300

DRY BUTTERMILK - WEST

Buttermilk powder markets and prices are mixed, but the undertone is weak. Supplies of buttermilk are more available than they have been in past weeks, although overall buying interest is fair at best. Dry buttermilk is being offered at prices at the lower end of the current range with limited buyer interest.

BUTTERMILK: 1.0800 - 1.1650 MOSTLY: 1.1000 - 1.1200

DRY WHEY - WEST

Western whey range prices declined fractionally while the mostly held steady. Stocks of whey are certainly available for sale, but producers and resellers don't seem to be overly concerned about the inventories at this time. Demand from export buyers ranges from steady to weaker. Competition from European powder in the Far Eastern market is becoming much more of a concern. Domestic buying interest is steady at the current time. Whey production is increasing seasonally. Output is following the milk production trend from south to north.

NONHYGROSCOPIC: .1900 - .2025 MOSTLY: .1900 - .1950

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended May 09, on powder sales of 11,931,310 pounds f.o.b. California manufacturing plants was \$1.0811 per pound. This compares to 11,572,440 pounds at \$1.0898 for the previous week ending May 02, 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 mostly lower. The market tone is weak and producers are often lowering their prices to compete with Western product and keep powder moving out of the plant. Stock accumulations are common and becoming a concern at some locations. Demand is slow to fair as buyers take only enough to meet immediate needs and wait to see where prices will settle out. Offerings from resellers are increasing and they are often very attractively priced. Some very low quotes have been mentioned, but none have been confirmed. When these quotes are accepted, the powder had "already been sold" or the price was "misstated." Export interest under DEIP is fair. More contacts are speculating on when, not if, NDM will be offered to CCC. However, unless current market conditions continue for quite some time, contacts seem to think Eastern powder will not move to CCC.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0800 - 1.1800
DELVD SOUTHEAST:	1.1100 - 1.1350

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mixed, but there are more signs of weakness in the market. Southern prices are nominal as few spot sales were noted this week. Production is steady to slightly heavier. Demand, though good, isn't as aggressive as it once was. There are more instances of price resistance. Also, offerings from other regions are increasing. Plant stocks are accumulating at some plants. The call for condensed buttermilk is improving along seasonal patterns.

F.O.B. NORTHEAST:	1.0900 - 1.1200
DELVD SOUTHEAST:	1.0900 - 1.1500

DRY WHOLE MILK - NATIONAL

Prices are steady to lower and the market tone is unchanged. Production levels are light to moderate depending on the individual plants' circumstances. Those with contracts or DEIP sales are maintaining output while those producers relying more on spot sales have lighter drying schedules. Plant stocks are light. Spot demand is slow to fair, at best.

F.O.B. PRODUCING PLANT:	1.1600 - 1.2300
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH MAY 9, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	44,744	MT	(98,642,622	LBS)
CHANGE	--	2,031	MT	(4,477,543	LBS)
WHOLE MILK POWDER	--	1,665	MT	(3,670,659	LBS)
CHANGE	--	32	MT	(70,547	LBS)
CHEESE	--	2,615	MT	(5,765,029	LBS)
CHANGE	--	1,080	MT	(2,380,968	LBS)
BUTTERFAT	--	4,497	MT	(9,914,086	LBS)
CHANGE	--	226	MT	(498,240	LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady. The market tone is unchanged, but there doesn't seem to be much spot activity this week. Contacts think the market may have leveled off, but they aren't ruling out additional price declines. Some producers report few inquiries while others say they are getting lots of calls. Spot sales, resulting from these calls, are few in number as the callers seem to be "just shopping." Production levels are steady to heavier where milk volumes are increasing. Stocks are reported to be in better balance than past weeks, but powder is available for immediate sale at some plants.

F.O.B. NORTHEAST:	EXTRA GRADE	.1700 - .1750
	USPH GRADE A	.1750 - .1800
DELVD SOUTHEAST:		.1875 - .2125

ANIMAL FEED WHEY - NORTHEAST

Prices are unchanged. The market tone is generally steady. However, prices seem to have stopped their downward trend and are holding at current levels. Demand is slow to fair and offerings are about adequate for needs.

F.O.B. NORTHEAST:	MILK REPLACER	.1625 - .1675
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EVAPORATED MILK - NATIONAL

Prices and the market tone are generally unchanged. Production levels are quite heavy now that milk is readily available and attractively priced. Producers are actively trying to build inventories to carry them through the summer and into the fall when milk supplies are usually tightest. Demand is slow to fair. The Kansas City Commodity office announced the purchase of 1,801,280 pounds of canned evaporated milk under EVD-1, electronic invitation 322 at prices ranging \$.5289 - .5705 per pound for delivery in June 1997.

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 lower for acid casein, unchanged for rennet. The market tone for both is unsettled to weak. Offerings are available from most sources. Caseinate offerings are also available at prices sometimes near casein offers. Rennet demand is steady. Analog usage is mostly steady, but some users are switching to higher percentages of natural cheese in blends. Casein imports during February totaled 4,960,313 KG. The year to date imports total 9,527,223 KG, an 11% increase from the same two-month period in 1996.

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

RENNET:	2.2000 - 2.4100
ACID:	2.0000 - 2.2000

DAIRY PRODUCTS, ANNUAL SUMMARY 1996

Butter Production Down 7 percent in 1996. Production of butter in the United States during 1996 totaled 1.17 billion pounds, 7 percent less than 1995. California accounted for 26 percent of the production, followed by Wisconsin with 25 percent and Washington with 8 percent.

Cheese Output Up 4 Percent. Total cheese production, excluding cottage cheeses, was 7.22 billion pounds, 4 percent above the 1995 production. Wisconsin was the leading State with 29 percent of the production, followed by California with 15 percent and Minnesota with 9 percent.

American type cheese production, at 3.28 billion pounds, was 5 percent above 1995 and accounted for 45 percent of total cheese in 1996.

Italian varieties, with 2.81 billion pounds produced, were 5 percent above the 1995 production. Mozzarella accounted for 80 percent of the Italian production followed by Ricotta with 9 percent and Provolone with 7 percent. Wisconsin was the leading State in Italian cheese production with 30 percent of the production, followed by California with 20 percent and New York with 11 percent.

Creamed cottage cheese, at 360 million pounds, was down 6 percent from 1995. Lowfat cottage cheese, at 320 million pounds, was up 1 percent.

Frozen dairy products showed mixed changes in 1996. Ice cream production totaled 879 million gallons, up 2 percent from 1995. Ice cream, lowfat, at 366 million gallons, was up 3 percent. Milk sherbet, at 52.6 million gallons, was down 2 percent. Frozen yogurt production, at 118 million gallons, was down 22 percent.

Nonfat dry milk for human food production, at 1.06 billion pounds, was down 14 percent from 1995. California was the leading state with 40 percent, followed by Washington with 18 percent and Iowa with 6 percent. Dry buttermilk production, at 48.8 million pounds, was down 11 percent. Dry whey for human food production, at 1.04 billion pounds, was up 1 percent.

Note: Percent changes have not been adjusted for leap year.

Source: "Dairy Products 1996 Summary," Da 2-1(97), National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

**ANNUAL PRODUCTION AND NUMBER OF PLANTS MANUFACTURING SELECTED DAIRY PRODUCTS,
UNITED STATES, 1995 AND 1996**

Product	1995 Revised		1996		Percent 1996 production of 1995 production
	Plants	Production	Plants	Production	
	<u>Number</u>	<u>1,000 pounds</u>	<u>Number</u>	<u>1,000 pounds</u>	<u>Percent</u>
Butter	109	1,264,474	104	1,174,475	92.9
Cheese Types:					
Cheddar	207	2,415,248	204	2,548,992	105.5
Other American <u>1/</u>	141	716,142	130	731,807	102.2
Total American	233	3,131,390	227	3,280,799	104.8
Swiss	44	221,713	43	219,047	98.8
Brick	23	10,426	23	10,647	102.1
Muenster	46	109,128	45	106,815	97.9
Cream & Neufchatel	33	543,789	29	574,700	105.7
Blue <u>2/</u>	12	36,593	11	38,311	104.7
Mozzarella	132	2,124,768	129	2,250,214	105.9
Other Italian	97	549,622	92	562,183	102.3
Total Italian	158	2,674,390	157	2,812,397	105.2
Total <u>3/</u>	432	6,916,896	423	7,217,544	104.3
Cottage Cheese, Curd <u>4/</u>	124	458,918	124	448,327	97.7
Cottage Cheese, Creamed <u>5/</u>	120	384,889	112	360,413	93.6
Cottage Cheese, Lowfat <u>6/</u>	111	325,928	109	329,890	101.2
Canned Evaporated &					
Condensed Whole Milk <u>7/</u>	8	476,656	7	463,613	97.3
Dry Whole Milk	21	171,317	16	134,351	78.4
Nonfat Dry Milk, Human	59	1,232,944	53	1,061,771	86.1
Dry Buttermilk	35	54,761	33	48,777	89.1
Yogurt (Plain & Flavored)	118	1,645,938	109	1,588,142	96.5
Condensed Whey, Solids Content <u>8/</u>					
Sweet-Type, Human Food	6	127,938	12	98,663	77.1
Sweet-Type, Animal Feed	3	24,379	4	25,685	105.4
Dry Whey Products					
Dry Whey, Human Food	52	1,029,766	48	1,044,686	101.4
Dry Whey, Animal Feed	38	117,499	41	71,828	61.1
Lactose Total	27	365,300	29	398,788	109.2
Whey Protein Concentrate					
Human Food	26	260,280	32	257,291	98.9
Animal Feed	13	34,076	14	34,982	102.7
Frozen Products	<u>Number</u>	<u>1,000 gallons</u>	<u>Number</u>	<u>1,000 gallons</u>	<u>Percent</u>
Ice Cream	---	862,232	---	878,572	101.9
Lowfat <u>9/</u>	---	356,861	---	366,126	102.6
Milk Sherbet	---	53,496	---	52,611	98.3
Yogurt	---	152,097	---	118,132	77.7

1/ Includes colby, monterey and jack. 2/ Includes gorgonzola. 3/ Excluding cottage cheese; includes other types not listed. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Milkfat content 4.0 percent or more. 6/ Milkfat content less than 4.0 percent, mostly 0.5 to 2.0 milkfat. 7/ Combined to avoid disclosing individual plant operations. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified dry whey products. 9/ Includes freezer-made milkshake.

SOURCE: "Dairy Products 1996 Summary," Da 2-1(97), Agricultural Statistics Board, National Agricultural Statistics Service (NASS)

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	MAY 1995			MAY 1996			APR 1997			MAY 1997		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.97	14.97	0.00	15.78	16.18	0.40	15.54	16.39	0.85	15.57	16.42	0.85
Baltimore, MD	14.92	15.87	0.95	15.73	16.48	0.75	15.49	16.54	1.05	15.52	16.57	1.05
Boston, MA	15.13	15.86	0.73	15.94	16.67	0.73	15.70	16.83	1.13	15.73	16.86	1.13
Carbondale, IL **	13.90	14.86	0.96	14.71	15.96	1.25	14.47	16.59	2.12	14.50	16.59	2.09
Charlotte, NC	14.97	15.27	0.30	15.78	16.63	0.85	15.54	16.85	1.31	15.57	16.88	1.31
Chicago, IL	13.29	15.27	1.98	14.10	15.75	1.65	13.86	16.04	2.18	13.89	15.89	2.00
Cincinnati, OH	14.00	14.55	0.55	14.81	15.46	0.65	14.57	15.92	1.35	14.60	15.85	1.25
Cleveland, OH	13.89	14.36	0.47	14.70	15.21	0.51	14.46	15.66	1.20	14.49	15.69	1.20
Dallas, TX	15.05	15.25	0.20	15.86	16.01	0.15	15.62	15.87	0.25	15.65	15.90	0.25
Denver, CO	14.62	15.33	0.71	15.43	16.14	0.71	15.19	15.34	0.15	15.22	15.37	0.15
Des Moines, IA	13.44	14.04	0.60	14.25	15.50	1.25	14.01	15.53	1.52	14.04	15.53	1.49
Detroit, MI	13.74	14.46	0.72	14.55	15.36	0.81	14.31	15.32	1.01	14.34	15.34	1.00
Hartford, CT	15.03	15.76	0.73	15.84	16.57	0.73	15.60	16.73	1.13	15.63	16.76	1.13
Houston, TX	15.59	15.79	0.20	16.40	16.55	0.15	16.16	16.41	0.25	16.19	16.44	0.25
Indianapolis, IN	13.79	14.82	1.03	14.60	15.77	1.17	14.36	16.08	1.72	14.39	16.08	1.69
Kansas City, MO	13.81	14.21	0.40	14.62	15.72	1.10	14.38	15.85	1.47	14.41	15.85	1.44
Little Rock, AR	14.66	14.83	0.17	15.47	15.67	0.20	15.23	15.48	0.25	15.26	15.51	0.25
Louisville, KY	14.00	14.40	0.40	14.81	15.31	0.50	14.57	15.82	1.25	14.60	15.85	1.25
Miami, FL	16.07	17.02	0.95	16.88	18.36	1.48	16.64	18.96	2.32	16.67	18.96	2.29
Milwaukee, WI	13.20	15.18	1.98	14.01	15.66	1.65	13.77	15.95	2.18	13.80	15.80	2.00
Minneapolis, MN	13.09	13.69	0.60	13.90	15.05	1.15	13.66	15.15	1.49	13.69	15.15	1.46
New Orleans, LA	15.74	15.74	0.00	16.35	16.55	0.20	16.11	16.56	0.45	16.14	16.59	0.45
Oklahoma City, OK	14.66	14.83	0.17	15.47	15.64	0.17	15.23	15.48	0.25	15.26	15.51	0.25
Omaha, NE	13.64	14.24	0.60	14.45	15.55	1.10	14.21	15.68	1.47	14.24	15.68	1.44
Philadelphia, PA	14.98	15.98	1.00	15.79	16.49	0.70	15.55	16.55	1.00	15.58	16.60	1.02
Phoenix, AZ	14.41	14.41	0.00	15.22	15.22	0.00	14.98	14.98	0.00	15.01	15.01	0.00
Pittsburgh, PA	13.89	14.89	1.00	14.70	15.20	0.50	14.46	15.26	0.80	14.49	14.99	0.50
St. Louis, MO **	13.90	14.86	0.96	14.71	15.96	1.25	14.47	16.59	2.12	14.50	16.59	2.09
Salt Lake City, UT	13.79	13.94	0.15	14.60	14.78	0.18	14.36	14.51	0.15	14.39	14.54	0.15
Seattle, WA	13.79	14.24	0.45	14.60	14.90	0.30	14.36	14.66	0.30	14.39	14.69	0.30
Spokane, WA	13.79	14.24	0.45	14.60	14.90	0.30	14.36	14.66	0.30	14.39	14.69	0.30
Springfield, MO	14.08	14.48	0.40	14.89	15.29	0.40	14.65	15.60	0.95	14.68	15.31	0.63
Washington, DC	14.92	15.87	0.95	15.73	16.48	0.75	15.49	16.54	1.05	15.52	16.57	1.05
Simple Average	14.33	14.95	0.62	15.13	15.85	0.72	14.89	15.95	1.06	14.92	15.94	1.02

**Current month price is estimated.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
FEBRUARY 1997, WITH COMPARISONS***

In February 1997, mailbox milk prices reported for selected Federal milk orders averaged \$13.09 per cwt., \$.09 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$12.72, down \$.02; Southeast, \$14.59, down \$.08; Midwest, \$13.19, up \$.17; and West, \$12.39, up \$.11. Compared to February 1996, mailbox milk prices decreased \$.26 per cwt. on the average. Regional changes from the previous year were: -.55 in the Northeast, -.09 in the Southeast, -.25 in the Midwest, and -.21 in the West. The average minimum blend price in February 1997 was \$.57 below the price in the previous year.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	February 1996	January 1997	February 1997
	<u>Dollars per hundredweight</u>		
New England	13.23	13.03	12.66
New York-New Jersey	13.29	12.59**	12.65
Middle Atlantic	13.27	12.75	12.84
Northeast Average <u>3/</u>	13.27	12.74**	12.72
Carolina	14.78	14.96	14.80
Tennessee Valley	14.23	14.21	14.28
Southeast	14.00	13.85	13.74
Florida <u>4/</u>	15.93	16.04	15.98
Southeast Average <u>3/</u>	14.68	14.67	14.59
Southern Michigan	13.29	13.05	12.81
Eastern Ohio-Western Pa.	13.66	12.87	12.81
Ohio Valley	13.65	13.02	12.85
Indiana	13.51	13.03	12.78
Chicago Regional	13.52	13.21	13.58
S. Illinois-E. Missouri	13.05	12.54	12.44
Louis.-Lex.-Evans.	13.73	13.28	13.16
Upper Midwest	13.43	12.88	13.19
Nebraska-Western Iowa	12.97	12.67	12.87
Iowa	13.24	12.84	12.92
Midwest Average <u>3/</u>	13.44	13.02**	13.19
Texas	13.02	12.98	12.94
Southwest Plains	12.72	12.37	12.37
Eastern Colorado	13.18	12.18	12.26
S.W. Idaho-E. Oregon	12.51	11.92	12.26
Great Basin	12.52	11.58	11.88
New Mexico-West Texas	11.73	12.15	12.35
Pacific Northwest	12.24	12.04	12.11
West Average <u>3/</u>	12.60	12.28**	12.39
All-Market Average <u>3/</u>	13.35	13.00**	13.09

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

** Revised.

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

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

Milk production in 1997/98 is projected to increase about 1 percent as higher output per cow more than offsets a reduction in cow numbers. Relatively weak milk/feed price ratios will continue into 1998, limiting gains in milk production. Commercial use will expand at about the same rate as milk production and surpluses removed from the market through the DEIP will remain at relatively low levels. Recently, milk prices have been weaker than expected and the price forecast for the remainder of 1996/97 is lowered. Prices are expected to recover later this year and for 1997/98 the all milk price is projected to average near to higher than the anticipated level for 1996/97. [Note: This report presents the first projections of U.S. livestock product supply, use, and prices for the new year (1998 for animal products and 1997/98 for milk). Projections are based on economic analysis, trends, and judgement.]

U.S. MILK SUPPLY AND USE

Item	1995/96 1/	1996/97 Estimate 1/		1997/98 Projection 1/		
		April	May	April	May	
BILLION POUNDS						
SUPPLY						
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.6	4.9	4.9	NA	5.2	
PRODUCTION	154.1	155.2	155.2	NA	156.7	
FARM USE	1.5	1.3	1.3	NA	1.3	
MARKETINGS	152.6	153.8	153.9	NA	155.4	
IMPORTS 2/	2.8	3.3	3.1	NA	3.3	
TOTAL COMMERCIAL SUPPLY 2/	160.0	162.0	161.9	NA	163.9	
USE						
COMMERCIAL USE 2/	154.9	156.3	156.3	NA	155.7	
ENDING COMMERCIAL STOCKS 2/	4.9	5.3	5.2	NA	5.4	
CCC NET REMOVALS:						
MILKFAT BASIS 3/	0.1	0.4	0.4	NA	0.7	
SKIM SOLIDS BASIS 3/	1.1	1.6	1.6	NA	1.8	
DOLLARS PER CWT.						
PRICES RECEIVED BY FARMERS 4/						
BASIC FORMULA (BFP)	13.50	12.20-12.50	11.95-12.15	NA	11.90-12.90	
ALL MILK 5/	14.42	13.65-13.95	13.45-13.65	NA	13.10-14.10	
MILLION POUNDS						
CCC PRODUCT NET REMOVALS 3/						
BUTTER	1	10	12	NA	25	
CHEESE	5	8	8	NA	7	
NONFAT DRY MILK	84	120	125	NA	135	
		QUARTERLY 6/			ANNUAL 6/	
		1997 II	1997 III	1997 IV	1997	1998
BILLION POUNDS						
MILK PRODUCTION	40.3	38.1	38.0	155.3	157.5	
DOLLARS PER CWT.						
ALL MILK PRICE 4/ 5/	12.60-12.90	12.70-13.30	14.30-15.20	13.25-13.75	12.90-13.90	
BASIC FORMULA PRICE 4/	10.95-11.25	12.20-12.80	13.15-14.05	12.15-12.65	11.75-12.75	

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

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

SOURCE: "World Agricultural Supply and Demand Estimates," WAOB, USDA, May 12, 1997.

MARCH FLUID MILK SALES HIGHLIGHTS

During March, sales of fluid milk products in comparable Federal milk order marketing areas and California were 1.1 percent below 1996 and 0.1 percent below February 1997 on an adjusted daily average basis. Sales of whole milk items were 1.3 percent below the previous year; sales of lowfat and skim milk items were 1.0 percent below the previous year. Total fluid milk sales were lower in all regions.

SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, LOWFAT AND SKIM MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, MARCH 1997, WITH COMPARISONS 1/

Region 4/	Whole Milk Items 2/				Lowfat and Skim Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Mar.	Year to date	Prev. year 5/	Year to date 5/	Mar.	Year to date	Prev. year 5/	Year to date 5/	Mar.	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	360	1,055	-1.8	-3.1	465	1,358	-1.7	-1.6	825	2,413	-1.7	-2.3
Southeastern	360	1,072	0.7	0.4	496	1,480	-1.8	0.9	856	2,551	-0.8	0.7
Midwest	265	787	0.5	-1.2	957	2,852	-1.2	-0.8	1,222	3,638	-0.6	-0.9
Southwest	165	503	-4.4	-3.1	203	625	-2.8	-0.7	368	1,128	-3.6	-1.8
Far West	338	991	-2.5	-1.4	698	2,046	1.1	1.1	1,036	3,038	-0.1	0.3
All Areas Combined 6/	1,489	4,408	-1.3	-1.5	2,819	8,361	-1.0	-0.2	4,308	12,769	-1.1	-0.6

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 91 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Lowfat and skim milk items include plain, solids added, flavored, and miscellaneous lowfat and skim milk products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 64, report #13. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

PACKAGED SALES OF FLUID MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA FEBRUARY 1997, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole milk 2/	1,363	-2.0	-1.6
2% Lowfat Milk	1,275	-3.0	-3.3
1% Lowfat Milk 3/	615	5.7	5.2
Skim Milk	659	3.7	3.3
Buttermilk	48	-1.4	-3.0
Total Fluid Milk Products 4/	3,974	-0.3	-0.4

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Black Hills market, which was terminated October 1, 1996, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. 2/ Includes flavored whole milk. 3/ Includes flavored lowfat and skim milk. 4/ Includes miscellaneous products.

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

APRIL MILK PRODUCTION

Milk production in the 20 major States during April totaled 11.4 billion pounds, 0.8 percent above production in these same States in April 1996. March revised production, at 11.6 billion pounds was 1.1 percent above March 1996.

Production per cow in the 20 major States averaged 1,469 pounds for April, 28 pounds above April 1996.

The number of cows on farms in the 20 major States was 7.73 million head, down 87,000 head from April 1996 and down 5,000 from March 1997.

APRIL 1997 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1996	1997	1996	1997	1996	1997	% CHANGE FROM 1996
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	119	127	1,905	1,975	227	251	10.6
CA	1,261	1,280	1,720	1,815	2,169	2,323	7.1
FL	157	162	1,410	1,450	221	235	6.3
ID	249	264	1,490	1,540	371	407	9.7
IL	156	148	1,320	1,350	206	200	-2.9
IN	140	140	1,320	1,310	185	183	-1.1
IA	250	248	1,280	1,350	320	335	4.7
KY	156	145	1,075	1,130	168	164	-2.4
MI	322	306	1,440	1,485	464	454	-2.2
MN	595	590	1,350	1,335	803	788	-1.9
MO	183	174	1,260	1,185	231	206	-10.8
NM	193	199	1,670	1,730	322	344	6.8
NY	700	398	1,420	1,380	994	963	-3.1
OH	285	283	1,340	1,325	382	375	-1.8
PA	643	639	1,435	1,445	923	923	0.0
TX	400	390	1,445	1,385	578	540	-6.6
VT	155	155	1,405	1,390	218	215	-1.4
VA	127	123	1,240	1,300	157	160	1.9
WA	262	265	1,665	1,700	436	451	3.4
WI	1,465	1,395	1,290	1,320	1,890	1,841	-2.6
20 STATE TOTAL	7,818	7,731	1,441	1,469	11,265	11,358	0.8

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (5-97), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

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