

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged: Grade AA is \$1.1300, Grade A is \$1.0500, and Grade B is \$1.0500. Also at the CME, barrel cheese is unchanged at \$1.1225 and 40# blocks are unchanged at \$1.1675.

The National Agricultural Statistics Service (NASS) has announced that the release date/time for the June Basic Formula Price (BFP) will be Thursday, July 3 at 3:00 p.m. EDT. The later release time will allow the use of more complete cheese price data from NASS, which will be releasing the "Cheddar Cheese Prices" report covering the week ending June 27 on July 3 at 3:00 p.m. EDT. The inclusion of cheese price data for this time period will result in a more representative monthly average cheese price for use under Federal milk orders.

According to NASS, U.S. cold storage holdings of butter on May 31, 1997, total 43.4 million pounds, down 1.3% from April but 27.6% more than May 1996. Natural American cheese holdings total 451.4 million pounds, 4.9% more than April and 15.8% more than a year ago. Nonfat dry milk holdings at the end of April total 119 million pounds, 45.1% more than March and 8.2% above a year ago.

According to ERS and AMS, commercial disappearance of dairy products during the first four months of 1997 total 51.2 billion pounds, 1.4% more than the comparable period a year ago. Comparing disappearance levels with the same period a year ago: fluid milk products are -0.7%; NDM, -14.0%; butter, -5.2; American cheese, +3.5%; and other cheese, +3.4%.

According to ERS, per capita consumption of fluid milk and cream products totaled 224 pounds in 1996, 1 pound (0.4%) more than in 1995. Compared to 1990, this category was down 10 pounds (4.3%). Per capita consumption

of American cheese totaled 12 pounds, 1.7% more than 1995 and 8.1% more than 1990. Per capita consumption of other cheese (not including cottage cheese) was 15.7 pounds, 1.9% more than 1995 and 16.3% more than 1990.

Milk production is being adversely affected by hot, humid weather over large areas of the country. In Florida, milk has begun to be imported into the state to fill local shortages. In Southern California and many parts of the Northeast, Central, and Southwest regions, farm level milk production is declining. Also, fat and solids levels are dropping. Cool and wet weather conditions in the Pacific Northwest are boosting milk production. The fluid cream market remains firm and cream is moving interregionally to fill orders. Ice cream production is increasing seasonally and absorbing more cream.

Dry product markets are following trends of recent weeks. Nonfat dry milk markets remain weak and product continues to be offered to the CCC under the support program. Buttermilk prices are lower while demand remains light. Lactose prices declined in advance of third quarter pricing adjustments. Dry whey and whey protein concentrate prices are firmer. Plant level offerings are limited and demand is not being filled on as timely a basis.

During the week of June 23 - 27, CCC net dairy product purchases under the price support program were 459,547 pounds of nonfortified NDM, 253,240 pounds of barrel cheese, 37,200 pounds of process, and -13,778 pounds (adjustment of prior purchase) of 40# blocks.

SPECIAL THIS ISSUE

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BUTTER MARKETS

CHICAGO WHOLESALE

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

GRADE	JUNE 24	JUNE 26	JUNE 27
AA	\$1.1300 - 1.1400	\$1.1300 - 1.1400	\$1.1300 - 1.1400
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 grades of bulk butter are steady at unchanged prices. Churning schedules, in most areas, are often lighter as cream offerings are tighter than past weeks. Widespread hot weather has caused milk production to drop which, in turn, affects cream availability. Improving demand for ice cream and other cream-based products also pulls cream away from churns. Demand for butter ranges from slow to fair.

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	JUNE 23 - 27, 1997
BARRELS*	\$1.1125 - 1.1325 (NOMINAL) (-.0025) (-.0025)
40# BLOCKS	\$1.1675 - 1.1975 (NOMINAL) (.0050)

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

CHEESE HIGHLIGHTS: The cheese market is unsettled. Both block and barrel prices remained unchanged at the Chicago Mercantile Exchange in moderate trading. During the week ending June 27, CCC purchased 253,240 pounds of Western barrels, and 37,200 pounds of Midwestern process under the price support program. The CCC block purchase total was adjusted lower by 13,778 pounds. Cheese production and offerings remain seasonally heavy, though milk intakes have declined from recent peak levels. CCC market price cheese purchases totaling 12.1 million pounds are found on page 11 of this report.

CHICAGO MERCANTILE EXCHANGE

Sales are listed in chronological order; bids and offers listed in numeric order.

BUTTER TRANSACTIONS ON FRIDAY, JUNE 27, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.1300 : SALE 06/27/97
A	N.C.	\$1.0500 : BID 05/30/97
B	N.C.	\$1.0500 : BID 05/30/97

SALES: 11 CARS GRADE AA:
6 @ \$1.1250, 4 @ \$1.1275, 1 @ \$1.1300 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 5 CARS GRADE AA:
1 @ \$1.1400, 1 @ \$1.1325, 3 @ \$1.1300

CHEESE TRANSACTIONS ON THURSDAY, JUNE 26, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.1225 : OFFER 06/26/97
40# BLOCKS	N.C.	\$1.1675 : OFFER 06/26/97

SALES: 11 CARS BARRELS: 2 @ \$1.1150, 1 @ \$1.1175,
3 @ \$1.1200, 3 @ \$1.1225, 2 @ \$1.1300
6 CARS 40# BLOCKS:
4 @ \$1.1675, 2 @ \$1.1700

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 7 CARS BARRELS:
1 @ \$1.1300, 4 @ \$1.1275, 2 @ \$1.1225 (LST)
1 CAR 40# BLOCKS @ \$1.1675 (LST)

*****BUTTER AND CHEESE TRADING WILL BE HELD ON THURSDAY, JULY 3 AT THEIR REGULAR TRADING TIMES*****

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--FEBRUARY-APRIL 1997 AND YEAR-TO-DATE 1996-97^{1/}

Item	Feb.-Apr.	Percent	Feb.-Apr.	Percent	Jan.-Apr.	Percent	Jan.-Apr.	Percent
	1996	change ^{4/}	1997	change ^{4/}	1996	change ^{4/}	1997	change ^{4/}
Million Pounds								
MILK								
Production	39,203	-0.9	39,162	1.0	52,295	-0.8	52,291	0.8
Marketings	38,837	-0.8	38,851	1.1	51,802	-0.8	51,872	1.0
Beginning Commercial Stocks ^{2/}	4,750	0.9	4,975	4.7	4,099	-3.8	4,704	14.8
Imports ^{2/}	520	-17.1	579	11.3	671	-21.1	751	11.9
Total Supply ^{3/}	44,107	-0.9	44,405	1.7	56,572	-1.3	57,327	2.1
Ending Commercial Stocks ^{2/}	5,606	9.5	5,961	6.3	5,606	9.5	5,961	6.3
Net Removals ^{2/}	28	-96.3	125	346.4	32	-97.6	154	381.3
Commercial Disappearance ^{3/}	38,473	-0.4	38,319	0.7	50,934	0.2	51,212	1.4
SELECTED PRODUCTS ^{5/}								
Butter	321.2	-5.2	304.8	-4.0	448.8	2.3	422.0	-5.2
American Cheese	801.4	3.7	787.7	-0.6	1,038.0	0.9	1,065.2	3.5
Other Cheese	1,010.2	2.1	1,029.6	3.1	1,318.2	1.2	1,351.4	3.4
Nonfat Dry Milk	267.2	37.7	224.7	-15.0	361.2	35.2	308.4	-14.0
Fluid Milk Products ^{6/}	13,979.5	1.4	13,705.0	-0.9	18,932.4	1.8	18,635.3	-0.7

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. ^{3/} Totals may not add because of rounding. ^{4/} From year earlier on a daily average basis. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices and the market tone are unchanged. Churning activity is moderate to heavy. Fluid cream offerings are tight and demand is good. However, fluid milk supplies have been burdensome and more cream is being generated. Cream suppliers report continued good demand from butter makers. Butter stocks are more than ample for current demand. Retail movement is slow unless featured. Food service orders are improving now that summer is here and vacationers are dining out.

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

1/4 LB. PRINTS	:	1.3400-1.5875
1 LB. PRINTS	:	1.2550-1.4375
CHIPS/PATTIES	:	1.3175-1.4875
REDDIES	:	1.3925-1.5875
CONTINENTALS	:	1.4725-1.6475

CENTRAL

Prices and the market tone are unchanged. Churning schedules are easing slightly lower as excess cream volumes tighten. Less excess cream is available from Southeastern and Eastern suppliers. In those regions, hot weather is having a big impact on milk volumes and fat tests. Butter stocks are fully adequate for most needs. However, some bulk continues to be held with confidence. Butter makers are still aggressively looking for more cream. Retail sales of print butter are slow to fair and food service orders are improving as the vacation/dining out season gets underway.

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

1/4 LB. PRINTS	:	1.2300-1.6375
1 LB. PRINTS	:	1.1950-1.3575
CHIPS/PATTIES	:	1.2200-1.4300
REDDIES	:	1.3050-1.5400
CONTINENTALS	:	1.4600-1.6500

WEST

No price changes are noted for Western print butter. Demand is somewhat mixed. Some sellers are continuing to see good orders for bulk and prints, while others report a slowdown with buyers using up inventories on hand. Cream sales into ice cream remain good and this is limiting churning at some locations. The heat in the Southwest is reducing overall milk output and is especially lowering the fat content on incoming milk shipments. Most contacts feel that the market may strengthen slightly within the next month or so.

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

1/4 LB. PRINTS	:	1.4125-1.4600
1 LB. PRINTS	:	1.3400-1.4025
PATTIES	:	1.3825-1.5500
REDDIES	:	1.5100-1.5275

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

1/4 LB. PRINTS	:	1.1375-1.1575
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**WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
		:	
06/23/97	41,107	:	116,483
06/01/97	40,453	:	117,907
CHANGE	+ 654	:	- 1,424
% CHANGE	+ 2	:	- 1

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	MN/WI	40# BLOCKS		640# BLOCKS		BARRELS	
		WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
JUNE 20	1,733,258	4,005,425	6,049,131	997,738	3,908,680	6,313,356	10,222,036
					34.81%	34.36%	34.53%

CHEESE MARKETS

NORTHEAST

Prices are unchanged on most items, but fractionally lower on process. The market tone is unsettled. Production is very heavy in the Northeast where fluid milk volumes have reached burdensome proportions. Local cheese makers are running at or very near capacity levels. Cheddar stocks are increasing and more mozzarella is being frozen for future use. Currently, demand is just fair and not keeping pace with production. Buyers are still taking little more than normal weekly needs. Most buyers are not yet convinced that prices are at the bottom of this cycle and they are still waiting to make large volume purchases. Retail sales are fair as June Dairy Month promotions are winding down. Food service orders are fair as vacation season is getting under way.

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

Cheddar 10# Prints	:	1.1900-1.6500
Cheddar Single Daisies	:	1.1600-1.6450
Cheddar 40# Block	:	1.3050-1.4550
Process 5# Loaf	:	1.3325-1.4750
Process 5# Sliced	:	1.3525-1.4950
Muenster	:	1.3475-1.7475
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. At the Chicago Mercantile Exchange on June 19, 40# blocks were steady at \$1.1675 and barrels declined another 1/4 cent to \$1.1225. Overall demand is relatively steady, mostly fair at best. In the short term, most buyers expect at least adequate current cheddar offerings and are unwilling to make longer term commitments, expecting to acquire needed supplies from the spot market. Some processor/packagers are planning overtime this week on many lines ahead of the upcoming extended holiday weekend. Due to the 4.5 cent spread and often better interest (somewhat lower competition for buyers), some production has shifted from barrels over to blocks. Lower Swiss cheese prices, caused by reductions in milk prices in recent months, have improved demand for some producers. Current offerings are ample to burdensome on commodity type varieties, at least adequate on specialties. Milk intakes have peaked as temperatures climbed into the upper 80's and 90's with increased humidity long enough to affect milk output.

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

Process American 5# Loaf	:	1.4900-1.5600
Brick And/Or Muenster 5#	:	1.4900-1.6250
Cheddar 40# Block	:	1.4200-1.9150
Monterey Jack 10#	:	1.6200-1.9150
Blue 5#	:	1.7725-2.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5425-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Fractional price changes are noted for most styles and types of Western cheese. Sales activity remains slow. Most manufacturers have stocks on hand that are heavier than desired. Some price discounting is taking place in order to stimulate additional sales activity. Demand is picking up slowly from the food service arena as they fill pipelines related to the summer vacation season. Buyers generally are not looking for much additional cheese at this time with retail sales slow and milk/cheese production strong. There has been no further support program activity with cheese this week.

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

Process 5# Loaf	:	1.3125-1.6900
Cheddar 40# Block	:	1.3500-1.7300
Cheddar 10# Cuts	:	1.5850-1.7800
Monterey Jack 10#	:	1.5350-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Prices and the market tone are unchanged. Demand for most imported and foreign-type cheese is seasonally slow. However, with imported prices as high as they are, there seems to be more interest in domestically made varieties. Stocks of imported cheese are light to moderate. The new GATT year begins July 1 and imports are typically slow at the end of a GATT-year.

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

		NEW YORK	
VARIETY	IMPORTED	DOMESTIC	
Roquefort	: 5.5000-6.8900	: -0-	
Blue	: 2.6400-3.1400	: 1.5025-2.0700	
Gorgonzola	: 3.2400-5.9400	: 2.1250-2.4900	
Parmesan (Italy)	: TFEWR	: 2.8700-2.9500	
Romano (Italy)	: 2.1900-2.9000	: -0-	
Provolone (Italy)	: 3.4400-5.5000	: 1.1750-1.6825	
Romano (Cows Milk)	: -0-	: 2.7050-2.9100	
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	: -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

This week, the major topic is the extreme heat in the Southeast and Middle Atlantic areas and its effect on the milk flow. Temperatures and humidities in the 90's were common. Milk production has dropped sharply in Florida and other Southeastern states with more moderate drops in the Middle Atlantic region. Fat and solids tests are dropping. This is typical during prolonged hot weather. Cows usually drink more and eat less which results in milk with lower yields. Florida handlers went from shipping milk out of state early in the week to importing it over the weekend. This week they are importing about 84 loads, but this figure may be adjusted because the first "wave" of imports is often over ordered. Middle Atlantic suppliers are shipping about 30 loads to Florida this week. Farther north, the milk flow is moving off the peak, but fluid volumes are still excessive. Plants are not as pressed as last week, but milk is still leaving the region. Some contacts, referring to the glut of milk, say that they can see the light at the end of the tunnel. With milk output dropping so fast, some Northeastern processors may be caught up soon. Southeastern manufacturing plants are operating on sharply reduced schedules and one plant has been shut down. Bottled milk sales are about steady. With most schools now on summer vacation, retail sales are up slightly. However, milk is not the beverage of choice when temperatures and humidity get as high as they are this week. The condensed skim market is steady. The lower prices have helped sales, but spot sales are slow to fair. The fluid cream market is still firm. With less surplus milk moving through plants and the lower fat tests on incoming milk, cream supplies remain tight. Demand is good and multiples used to determine prices are unchanged from last week. Ice cream production is moderate to heavy and sales are seasonally fair to good. The very hot weather is boosting consumption of frozen novelties and soft serve ice cream. Bottled cream sales are improving as strawberries are in season in a large part of the region. Churning activity is 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	-	1.5540 - 1.6275
Delivered Equivalent Atlanta	-	1.4700 - 1.5872 M 1.5225-1.5540
F.O.B. Producing Plants: Upper Midwest	-	1.5225 - 1.5645

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

F.O.B. Producing Plants: Northeast	-	1.0000 - 1.0900
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JUNE 20 - 26, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	14

Milk production has been dropping through most of the region as temperatures have heated up, humidity risen, and insect numbers increased to reduce cow comfort levels. By midweek, temperatures moderated and humidity levels declined. Temperatures in the upper 80's and 90's normally reduce cow ambition levels, reduce feed consumption, and increase water consumption. Fat and protein tests have also slipped and manufactured product yields are lower. Manufacturing plants continue to operate on heavy schedules, but the pressure has eased. A few plant equipment breakdowns as well as a couple storm related temporary shutdowns caused extra problems. Surplus milk prices for the current week are steady to slightly higher for more local offerings. Reported prices ranged from a low of \$1.00 under class to \$0.25 over, mostly around \$0.50 under class. Interregional milk supplies continue to "hit the road"

for a processing home. However, some planned milk sales fell through or expected volumes were reduced as milk intakes declined. Cream demand remains good and prices are about steady. Ice cream, dips, and cream cheese production remains active. Ice cream inventories built in recent months are declining as sales improve with the recent heat wave. Some ice cream producers are planning to run extra overtime this weekend in order to enjoy a longer holiday weekend. The increased temperatures helped push along crop maturity, although the occasional heavy precipitation did cause flooding problems in localized areas.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 19-25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.50- 44.00	\$ 31.50- 35.50
REPLACEMENT HEIFER CALVES	\$ 90.00-150.00	\$ 85.00-135.00

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

	JUNE 19-25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 45.00	\$ 31.00- 37.00

W E S T

California pool receipts of milk in May total 2.29 billion pounds, down 1.1% from last month on a daily average basis but up 12.2% from May 1996. May's large increase brings the cumulative total for 1997 to 10.8 billion pounds, up 9.6% from the first five months of 1996. The blend price at a fat test of 3.51% is \$11.62. This is the lowest average fat test since the summer of 1995. Class 1 utilization continues to decline with May's number at 20.9%. The current quota price is \$12.74, down 56 cents from April 1997 and down five cents from May 1996. Base and overbase prices for May are recorded at \$11.04, down 56 cents from last month and down \$1.13 from last year. Production in the Southwest, along with the Central Valley and Southern California, continues to be adversely affected by hot weather conditions reaching above 100 degrees. The heat is reducing cow comfort despite attempts by sprinklers, misters, shade, etc., to minimize the heat's effects. Cooler readings at night are helping in some areas. More temperate weather in northern California is allowing milk to flow at higher rates than in the south. Dry weather is producing ideal feed crops and keeping feedlots in good shape. Fluid milk orders were disrupted due to most remaining schools in California breaking for the summer. Cream demand remains typically good for the last several weeks with multiples around the 135 mark. Additional movements out of the region continue to the Midwest to satisfy ice cream producers' demand. Cool and wet conditions continue to prevail in the Pacific Northwest. The weather means that milk production remains heavy, but hay harvesting is very problematic. Hay quality and price vary in extremely wide ranges. More producers are considering the option of selling out as they see milk prices remaining weak and no relief on feed and hay prices. Frost occurred in eastern Oregon and parts of Idaho and Utah early in the week. Some alfalfa damage is noted. Cooler than normal temperatures and more rain than normal are common over most of the northern Mountain States region. Farmers are cutting first crop, harvesting first crop, and cutting second crop in neighboring fields. Hay buyers are having to be extremely careful in purchasing the type of hay that they need. The flood danger in eastern Idaho is abating slowly, but much of the region remains under water. Part of the interstate system remains closed. A plant breakdown in Idaho is causing some real scrambling to try and find a home for the surplus milk. Most plants were operating at capacity before the problem.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/26/97 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 mostly steady to higher on the top end of the range. Demand for high heat is fair to good and prices are being raised. Not all plants have high heat for sale. Demand for low heat remains light. The weak cheese market continues to limit the usage of NDM in cheese production. In fact, some cheese producers are offering contracted loads of NDM back on the market. Class II condensed orders remain good and, because priced lower, displacing NDM in several applications. Stocks are in excess of current needs.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0500 - 1.1100 MOSTLY: 1.0700 - 1.0800

DRY BUTTERMILK - CENTRAL

Prices and the market tone continue to weaken. Market activity is light and not clearing current production at many facilities. Better deals are often being offered from resellers. Drying schedules are steady with recent weeks. The call for condensed buttermilk is good and holding down drying needs. Stocks are moderate to heavy.

BUTTERMILK: 1.0000 - 1.1050

DRY WHEY - CENTRAL

The whey market is firm and prices continue to trend higher. Producers' offerings are light and not able to fill the current fair to good demand. Buyers are often having to fill orders through the resale channels. Premiums are common at both the plant and resale level. Some price resistance is noted, but other buyers are aggressively in the market. Several producers are having production slowdowns due to hotter, humid weather. Solids' levels in condensed whey are lower, also affecting processing speed. Stocks are light to moderate.

NONHYGROSCOPIC: .1900 - .2050 MOSTLY: .1950 - .2000

ANIMAL FEED WHEY - CENTRAL

Milk replacer and roller ground prices are higher and nominal in limited spot trading. Offerings are light. The market tone is firmer, following the trend of the edible whey market. Contacts are stating they are not able to locate much off-graded whey to fill standing orders. Production has been slowed by the weather and lower solids levels at several edible plants, but quality has not been affected. Standard whey remains too few to report. Delactose stocks are long for current needs. Usage is typically slow during the humid, summer months as hygroscopicity characteristics are avoided.

MILK REPLACER: .1700 - .1900
STANDARD: TFEWR
ROLLER GROUND: .1925 - .2075
DELACTOSE (Min. 20% protein): .3300 - .3500

LACTOSE - CENTRAL AND WEST

Prices are lower on the bottom ends of both the range and mostly. The market tone is weak. Additional offerings are entering the marketplace and not always finding buyers. Production is trending slightly lower at several locations. Demand is fair to good for contracted export business, slow for domestic orders. Third quarter contract prices are lower and will begin to show up in the price series next week. Lactose stocks range from light to heavy.

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

EDIBLE: .2100 - .2800 MOSTLY: .2300 - .2700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices and the market tone continue to firm. Spot trading activity is limited. Plant offerings are light and not able to fill all current demand. Very few producers are offering spot loads. Buyers are having to pay premiums to secure product and often having to go to the resale channels when looking for a specific plant's product. Production is declining seasonally at most locations. Stocks are light to moderate and held with confidence.

EXTRA GRADE 34% PROTEIN: .5675 - .6200 MOSTLY: .5900 - .6000

NONFAT DRY MILK - WEST

Prices are higher on the top end of the low/medium heat range as higher medium heat trades were reported. High heat prices are lower on the top end. Drying schedules remain active in the Northwest and Northern California, sometimes lower in the Southwest and Southern California due to hotter weather conditions affecting milk production. Offerings remain in excess of current needs and continue to clear to the CCC under the price support program from Western producers. Last week, adjusted purchases totaled 410,077 pounds. DEIP orders are being negotiated and filled. There is anticipation that Mexico may come into the market soon, but if and when are still questions. Demand from cheese makers remains light. Stocks range from light to moderate and are in excess of current needs.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0400 - 1.0725 MOSTLY: 1.0400 - 1.0500

HIGH HEAT: 1.0600 - 1.0800

DRY BUTTERMILK - WEST

Dry buttermilk prices are mixed on the ends of the range, but the majority of sales are trending lower within the range. Several contacts are stating that prices should not drop any lower when compared to the costs of NDM and cream. Demand is mostly light. Ice cream interest has yet to materialize strongly, but is expected to show up in the near future. Stocks are moderate to heavy.

BUTTERMILK: .9800 - 1.0800 MOSTLY: 1.0100 - 1.0400

DRY WHEY - WEST

Prices are mixed for Western whey powder, but there continues to be a firm undertone to the market. Some buyers are commenting that they are having to wait longer for powder availability from their plant origins of choice. Domestic demand is fair to improving. Export interest is steady at best. Production ranges from steady to declining as less cheese is made at some locations in the region. Stocks are in very good balance and inventories are being held with confidence.

NONHYGROSCOPIC: .1925 - .2200 MOSTLY: .1950 - .2100

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended June 20, on powder sales of 9,941,373 pounds f.o.b. California manufacturing plants was \$1.0547 per pound. This compares to 8,454,284 pounds at \$1.0503 for the previous week ending June 13, 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 mixed. They are fractionally higher at the bottom of the range and lower at the higher end of the range. The market tone is still weak, but some large-volume deals a week or two ago have cleared some producer's stocks. However, drying schedules are still heavy despite milk starting to move to Florida bottlers. Demand is slow to fair as buyers/traders are still looking for the best price and there is a lot of competition from resellers.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0525 - 1.1500
DELVD SOUTHEAST:	1.0725 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to slightly higher. The market tone is firming. Demand for dry buttermilk is improving. Production is moderate. With all the surplus milk to process, many butter/powder plants don't have the time to slow down to make dry buttermilk. Sales of condensed buttermilk are also improving. Producers' stocks are light and few have more than a load or two available for spot sales.

F.O.B. NORTHEAST:	1.0600 - 1.0900
DELVD SOUTHEAST:	1.0900 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are unchanged and the market tone is a little firmer. Production levels are increasing at plants that have new DEIP and other contracts to fill. Spot interest is still lackluster. Producers' stocks are light to moderate. The Kansas City Commodity Office announced the purchase of 2,072,324 pounds of dry whole milk, packed in 25 KG bags, at prices ranging \$1.1600-1.2400 per pound. The purchase was for export under invitation 067A for shipment August 6 - 20, 1997.

F.O.B. PRODUCING PLANT:	1.1600 - 1.2550
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH JUNE 20, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	65,342	MT (144,052,973 LBS)
CHANGE	--	1,133	MT (2,497,812 LBS)
WHOLE MILK POWDER	--	2,195	MT (4,839,097 LBS)
CHANGE	--	82	MT (180,777 LBS)
CHEESE	--	2,909	MT (6,413,181 LBS)
CHANGE	--	40	MT (88,184 LBS)
BUTTERFAT	--	5,383	MT (11,867,361 LBS)
CHANGE	--	41	MT (90,389 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are generally higher and the market tone is firm. Cheese output is very high, but dry whey stocks seem to be tighter than expected for the volumes of milk that are available to local cheese makers. Producers' stocks range from light to barely adequate, generally light. Buyers are trying to make additional purchases before prices move much higher. More producers are asking and getting premiums for spot loads.

F.O.B. NORTHEAST:	EXTRA GRADE	.1900 - .1950
	USPH GRADE A	.1875 - .1950
DELVD SOUTHEAST:		.2050 - .2250

ANIMAL FEED WHEY - NORTHEAST

Prices are mostly steady this week and remain nominal. Despite an overall firming in the dry whey market, contacts reported a relatively inactive week. Offerings are light to adequate. Interest is steady to improved.

F.O.B. NORTHEAST:	MILK REPLACER	.1675 - .1850
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are rather heavy at those operations that have large volumes of surplus milk available to them. Plant stocks are being built to meet anticipated later summer and fall needs. Demand is mostly for fill-in volumes. The Kansas City Commodity office announced the issuance of EVD-1, invitation 340, inviting competitive offers to sell to CCC 2,570,400 pounds of evaporated milk for shipment in August 1997.

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

CASEIN - NATIONAL

No price changes were reported for either casein type. Early indications are that prices will be lower in the third quarter. Suppliers are attempting to hold the \$2.00 mark as the bottom for acid sales. No reports are yet below that mark. The rennet market is weak. The tone is currently being affected, in part, by the weaker natural cheese market and the stoppage of school lunch orders with most schools in the country recessed. Supplies of both types are available to meet all needs.

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

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.

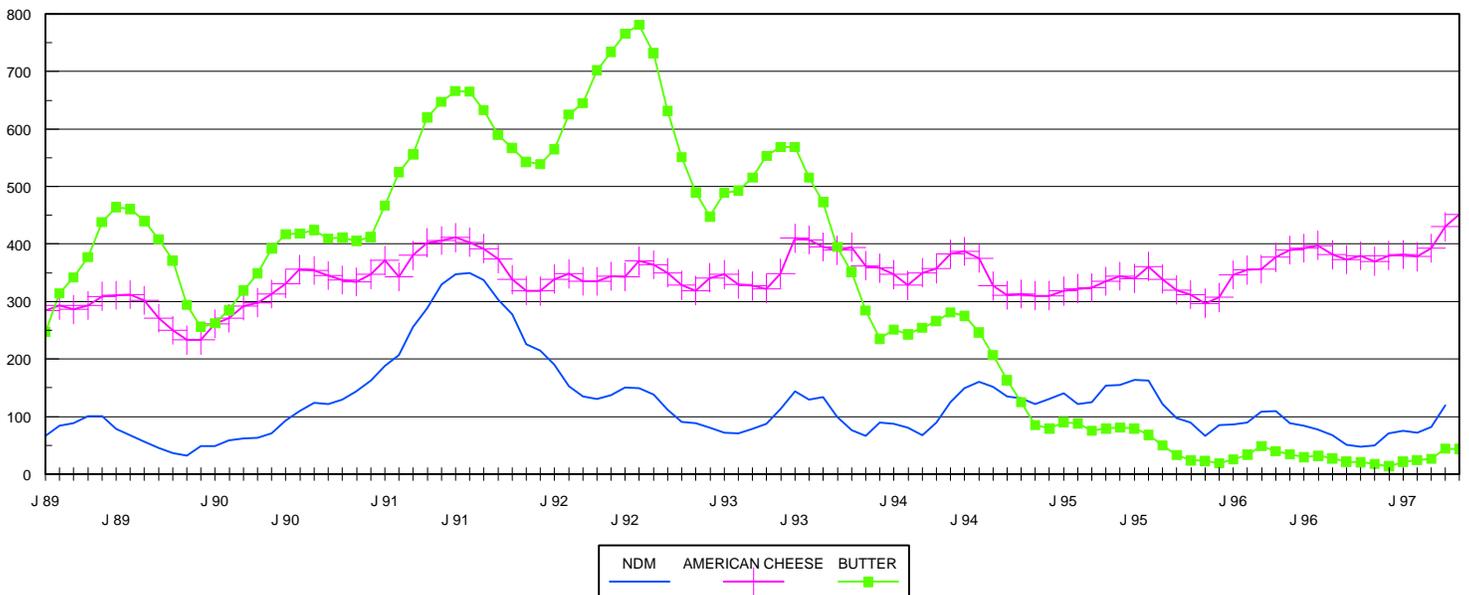
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	APR 30, 1995	APR 30, 1996	REVISED APR 30, 1997	MAY 31, 1995	MAY 31, 1996	MAY 31, 1997
Cream	1,580	1,412	---	1,207	1,310	---
Butter	79,087	39,764	43,921	81,337	33,984	43,353
Evap. & Cond. Milk	951	887	---	1,057	722	---
Cheese, Natural American	335,095	376,609	430,120	344,219	389,645	451,381
Cheese, Swiss	8,347	10,362	11,904	7,687	10,923	13,200
Cheese, Other Natural	122,634	138,532	115,178	113,903	141,248	127,296
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	45,734	2,524	1,509	38,073	995	1,987
Natural American Cheese	363	87	43	320	53	45

MAY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	10,659	14,840	21,785	5,485	5,196	9,914	65	78	205
Middle Atlantic	42,876	39,318	41,558	8,182	4,132	4,903	7,640	18,379	21,432
East North Central	188,278	217,735	242,711	11,350	6,157	10,461	96,179	107,145	87,729
West North Central	62,360	62,842	78,304	29,838	7,912	7,236	723	2,303	4,431
South Atlantic	264	228	261	1,083	1,056	1,056	1,914	6,234	5,666
East South Central	256	187	213	1,014	505	194	4,214	4,053	3,365
West South Central	1,742	611	2,564	14,539	3,672	294	1,369	123	126
Mountain	19,064	19,422	19,016	1,341	527	191	1,236	1,828	1,310
Pacific	18,720	34,462	44,969	8,505	4,827	9,104	563	1,105	3,032
TOTAL	344,219	389,645	451,381	81,337	33,984	43,353	113,903	141,248	127,296

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

1989 TO DATE U.S. COLD STORAGE HOLDINGS
COMBINED GOVERNEMENT AND COMMERCIAL

MILLION POUNDS



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	21	25	21	22	<u>3/</u>	3	382	346	381	346	<u>3/</u>	<u>3/</u>	75	86	75	72	<u>3/</u>	14
February	24	34	24	30	<u>3/</u>	4	378	355	378	354	<u>3/</u>	<u>3/</u>	72	90	72	80	<u>3/</u>	10
March	27	49	26	47	<u>3/</u>	1	392	356	392	356	<u>3/</u>	<u>3/</u>	82	108	81	98	<u>3/</u>	10
April	44	40	42	37	2	3	430	377	430	377	<u>3/</u>	<u>3/</u>	119	110	118	100	<u>3/</u>	10
May	43	34	41	33	2	1	451	390	451	390	<u>3/</u>	<u>3/</u>		88		86		1
June		30		29		1		393		393		<u>3/</u>		84		82		1
July		32		31		1		398		398		<u>3/</u>		77		77		<u>3/</u>
August		27		26		1		381		381		<u>3/</u>		67		66		<u>3/</u>
September		21		21		1		373		372		<u>3/</u>		51		50		<u>3/</u>
October		21		20		<u>3/</u>		379		379		<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	Apr 30, 1995	Apr 30, 1996	Apr 30, 1997	May 31, 1995	May 31, 1996	May 31, 1997
	Thousand Pounds					
Butter	33,353	37,240	42,412	43,264	32,989	41,366
Natural American Cheese	334,732	376,522	430,077	343,899	389,592	451,336

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (6-97) and "Dairy Products," Da 2-6 (6-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

THE DAIRY OUTLOOK*

Conditions in dairy product markets changed radically in April. Sales went from strong winter increases to a sharp drop, while stocks jumped. Wholesale prices fell during April and, except for butter, had not recovered by mid-June. Evidently, part of the strong winter sales went to build large pipeline stocks by the end of March. Once prices started to erode, buyers were able to fall back on these stocks and let prices fall further. Basic market conditions may remain fairly tight, indicating eventual strength in prices. Economic growth continues to support dairy product demand, and recovery in milk production has been curbed by high prices and tight supplies of both forage and concentrate feeds. However, dairy prices cannot rise until domestic and export sales work down the current excess stocks. Farm milk prices are projected to rise slightly through midsummer and post sizable autumn increases, but stay below a year earlier during the rest of 1997.

Late 1997 gains in milk per cow are projected to be modest, even if crops are fairly good. Low feed stocks will slow declines in feed prices and late 1997 prices probably will still be relatively high. In addition, the cows may be somewhat slow to respond to better feed if their spring nutrition was a little thin. For the year, milk per cow is expected to gain slightly more than 2 percent after no increase in 1996. The continued exit of dairy farms and the slow rate of herd expansions have caused milk cow numbers to decline more than 1 percent from a year earlier. The decreases are not projected to slow much by the end of 1997, in large part because of the uncertain feed situation. The annual average number of dairy cows is expected to be just more than 9.2 million, down more than 1 percent and the largest decrease since 1992. Total 1997 production is expected to be close to the 155.4 billion pounds of 1995, up about 1 percent from a year earlier. Milk production in 1998 is expected to grow moderately, although very good feed conditions might allow much larger rises. There probably will be a relatively large pool of farmers ready to expand, while the number of producers leaving dairying may slow. Additionally, gains in milk per cow could be big if feed supplies are ample and high quality. However, neither returns nor the milk-feed price ratio are expected to improve dramatically. The absence of strong incentives and the expected weak undertones for most of 1997 production imply that increases in 1998 probably will fall short of their potential. Output is projected to grow 1 to 2 percent, with milk per cow gains of about 2 percent and cow numbers down fractionally.

Once the current excess stocks are worked off and production declines seasonally, wholesale dairy product prices are expected to rise substantially and, perhaps, quickly. Consumer use of cheese is expected to be fairly strong during the second half of the year, and modest milk production will limit cheese production. This combination is projected to boost cheese prices once the current excess stocks are worked off. Small summer price rises are expected. Renewed use by the cheese industry, along with continued DEIP impacts, should firm prices of nonfat dry milk. Seasonal rises are projected to begin in earnest by late summer or early autumn. Butter prices may be fairly well positioned for this time of year. Some additional seasonal increases are likely once hot weather drops milkfat production and boosts ice cream sales. In late summer, butter prices will be very sensitive to how traders assess autumn prospects as the tightest season winds down. Autumn prices are currently expected to be near summer levels. Only small seasonal rises in the BFP are expected through midsummer, but it could rise substantially by late 1997. The BFP is projected to average about \$13 per cwt during October-December. In 1998, the modest projected growth in milk production is expected to be absorbed fairly easily by gains in commercial use. Milk prices are projected to be close to the 1997 average. Key factors in the 1998 price outlook include continued growth in the economy and consumer incomes, whether the size and quality of the 1997 forage crops will support much expansion by those in a position to do so, and the lingering effects (if any) of the current period of low milk prices and feed problems. Retail prices are expected to edge lower during the second half, falling below a year earlier by autumn. The annual average is expected to be about 2 percent higher than in 1996. The farm-retail spread is projected to rise 9 to 11 percent, following only a 1-percent increase last year. In 1998, retail dairy prices are expected to be about unchanged to 2 percent lower. The farm-to-retail price spread is projected to decline modestly, while farm milk prices are about the same.

Dairy product demand is projected to continue to receive good support from the general economy, as incomes grow and unemployment stays low. Prices to wholesale buyers have been more attractive than a year earlier and retail prices are becoming relatively more attractive. On the other hand, the size of pipeline stocks is very uncertain. The strong winter cheese movement might have gone mostly to build user stocks, some of which are still around, or pipeline stocks may have been drawn down to quite low levels. Cheese movement is expected to recover quickly once pipeline stocking returns to normal. Commercial use in 1998 is projected to rise about 1 percent on either a milkfat or skim solids basis. Activity under DEIP is expected to slacken in coming months, even if domestic producers continue to seek export contracts. Imports probably will tend to run above 1996 levels during most of the remainder of the year.

* This summary was developed by the Market Information Branch, Agricultural Marketing Service, USDA, Washington, D.C.

Source: "Livestock, Dairy, and Poultry Monthly", LDP-M-42, June 19, 1997, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 219-0770.

1996 PER CAPITA CONSUMPTION OF DAIRY PRODUCTS

Per capita consumption of fluid milk and cream products totaled 224 pounds in 1996, 1 pound (0.4 percent) more than in 1995. Compared to 1990 this category was down 10 pounds (4.3 percent).

Per capita consumption of American cheese totaled 12 pounds, 1.7 percent more than 1995 and 8.1 percent more than 1990. Per capita consumption of Other cheese (not including cottage cheese) was 15.7 pounds, 1.9 percent more than 1995 and 16.3 percent more than 1990.

Per capita consumption of frozen products totaled 28.7 pounds, 2.4 percent less than 1995 but 0.7 percent more than 1990.

PER CAPITA CONSUMPTION OF DAIRY PRODUCTS, UNITED STATES, SELECTED YEARS, 1975-96 ^{1/}

Year	Fluid milk and cream ^{2/}	Butter	Cheese			Evaporated and condensed		
			American	Other	Cottage	Canned whole milk	Bulk, whole milk	Bulk and canned, skim milk
Pounds								
1975	261	4.7	8.4	6.1	4.7	3.9	1.4	3.6
1980	246	4.5	9.6	7.9	4.5	2.8	1.0	3.3
1985	241	4.9	12.2	10.4	4.1	2.2	1.4	3.8
1990	234	4.4	11.1	13.5	3.4	2.2	1.0	4.8
1991	233	4.4	11.1	13.9	3.3	2.1	1.1	5.0
1992	231	4.4	11.3	14.7	3.1	2.1	1.1	5.2
1993	226	4.7	11.4	14.8	2.9	1.9	1.1	5.2
1994	226	4.8	11.5	15.3	2.8	1.8	0.8	5.5
1995 ^{5/}	223	4.5	11.8	15.4	2.7	1.5	0.8	4.5
1996 ^{6/}	224	4.3	12.0	15.7	2.6	1.5	0.8	4.1

Year	Frozen products				Dry milk products			
	Ice cream	Ice milk	Sherbet	Other frozen dairy products ^{3/}	Dry whole milk	Nonfat dry milk	Dry buttermilk	Dry whey ^{4/}
Pounds								
1975	18.5	7.7	1.5	1.0	0.1	3.3	0.2	2.2
1980	17.5	7.1	1.3	0.3	0.3	3.0	0.2	2.7
1985	18.1	6.9	1.3	1.3	0.4	2.3	0.2	3.5
1990	15.8	7.7	1.2	3.6	0.6	2.9	0.2	3.7
1991	16.3	7.4	1.1	4.3	0.4	2.6	0.2	3.6
1992	16.3	7.1	1.2	4.4	0.5	2.8	0.2	3.8
1993	16.1	6.9	1.3	5.0	0.4	2.5	0.2	3.8
1994	16.1	7.6	1.4	4.9	0.4	3.5	0.2	3.6
1995 ^{5/}	15.7	7.5	1.3	4.9	0.4	3.5	0.2	3.4
1996 ^{6/}	15.9	7.6	1.3	3.9	0.4	3.8	0.2	3.5

^{1/} Domestic disappearance divided by total population including military overseas (resident population for fluid products). ^{2/} Product weight of beverage milks, fluid creams, egg nog, and yogurt sold commercially or consumed on farms. ^{3/} Includes mellorine. May not be comparable across time. ^{4/} Includes modified whey products. ^{5/} Preliminary. ^{6/} Projected.

SOURCE: "Livestock, Dairy, and Poultry Monthly", LDP-M-42, June 19, 1997, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 219-0770

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JUNE 23 - 27, 1997			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	SAME PERIOD	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	06/20/97	LAST YEAR	LAST YEAR	LAST YEAR
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	-0-	13,778	-13,778	330,284	-0-	-0-	-0-	-0-	-0-
Barrel	253,240	-0-	253,240	392,874	-0-	-0-	-0-	-0-	-0-
Process	37,200	-0-	37,200	1,026,000	-0-	-0-	-0-	-0-	-0-
TOTAL	290,440	13,778	276,662	1,749,158	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	459,547	-0-	459,547	5,340,045	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	459,547	-0-	459,547	5,340,045	-0-	-0-	-0-	-0-	-0-

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

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
WEEK OF JUNE 23 - 27, 1997 =	2.7	8.1	COMPARABLE WEEK IN 1996 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	17.3	79.5	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - JUNE 27, 1997 =	17.3	79.5	COMPARABLE CALENDAR YEAR 1996 =	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

REGION	CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS)		AND MILK EQUIVALENT AS A PERCENT OF TOTAL	
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT
	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,356,284	-0-
WEST	-0-	-0-	392,874	-0-
EAST	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	1,749,158	-0-

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

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

DOLLARS PER POUND

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

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

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

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/07/97 & Comparable Week 1996

Regions*	1	2	3**	4**	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
1997-Dairy cows HD (000)	0.4	1.4	---	11.3	21.0	2.2	2.6	1.1	7.7	2.8	50.5	1,316.9
1996-Dairy cows HD (000)	0.3	1.4	---	11.7	21.0	1.3	6.0	1.1	7.7	2.4	53.0	1,328.1
1997-All cows HD (000)	0.4	1.5	---	24.2	28.2	15.0	17.1	7.5	11.1	6.4	111.3	2,847.4
1996-All cows HD (000)	0.3	1.4	---	24.4	29.7	24.9	23.5	10.9	11.7	6.5	133.4	2,995.9

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

CCC MARKET PRICE PURCHASES (POUNDS) 6/26/97

	AUGUST DELIVERY	SEPTEMBER DELIVERY	OCTOBER DELIVERY
	POUNDS	POUNDS	POUNDS
PROCESS 5# LOAF	831,600 \$1.1900-1.2386	514,800 \$1.2390-1.2690	396,000 \$1.2351-1.2690
PROCESS SLICED	2,098,800 \$1.2150-1.2931	1,029,600 \$1.2615-1.3140	1,267,200 \$1.2710-1.3571
PROCESS SHREDDED	38,400 \$1.3350	--	--
MOZZARELLA			
MOZZARELLA	1,814,400 \$1.2020-1.2456	564,480 \$1.2260-1.2310	604,800 \$1.2410-1.2510
LITE MOZZARELLA	161,280 \$1.3310	40,320 \$1.3460	161,280 \$1.3550
LITE SHREDDED	282,240 \$1.3740-1.3975	40,320 \$1.3990	80,640 \$1.4210-1.4390
AMERICAN			
BLOCKS	79,900 \$1.3300	--	--
CHEDDAR CUTS	79,900 \$1.4375	39,950 \$1.4850	--
REDUCED FAT	79,900 \$1.5368-1.5380	--	159,800 \$1.6800
REDUCED FAT CUTS	159,802 \$1.6800	119,850 \$1.8125	79,900 \$1.7825
CHEDDAR SHREDDED	192,000 \$1.4563-1.4704	--	38,400 \$1.4933
REDUCED FAT SHREDD	76,800 \$1.6150-1.6575	499,200 \$1.7350-1.7750	384,000 \$1.7850-1.8250
BARRELS	200,000 \$1.1800-1.1830	--	--
NONFAT DRY MILK			
INSTANT 25.6 OZ	241,920 \$1.3725-1.4280		
INSTANT 6/4 LB.	311,040 \$1.2770-1.3565		
NONFORTIFIED	773,819 \$1.0799-1.1130		

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 77,985,840 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 10,351,099

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

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70							