

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 1 1/2 cents to \$1.0850, Grade A increased 1 cent to \$1.0000, and Grade B increased 1 cent to \$0.9900. Also at the CME, barrel cheese is unchanged at \$1.1225 and 40# blocks increased 7 cents to \$1.2675.

According to NASS, milk production in the 20 major states during June totaled 11.4 billion pounds, up 3.9% from production in these same states in June 1996. Production per cow averaged 1,468 pounds for June, 70 pounds (5.0%) above June 1996. The number of cows on farms was 7.74 million head, 82,000 head (1.0%) below June 1996 but 3,000 head above May 1997. The April-June quarterly production of milk for the U.S. was 40.6 billion pounds, up 2.4% from the April-June period in 1996.

During May, sales of fluid milk products in comparable Federal milk order marketing areas and California were unchanged from the previous year and 1.4% above April 1997 on an adjusted daily average basis. Sales of whole milk items were 1.0% below the previous year; sales of lowfat and skim milk items were 0.5% above the previous year. Total fluid milk sales were lower in the Southwest and Far West, and higher in all other regions.

According to the World Agricultural Supply and Demand Estimates, stocks of dairy products, particularly nonfat dry milk, continue to exceed expected levels. The commercial use estimates are lowered as demand is not measuring up to expectations. The larger stocks will keep downward pressure on prices until they are worked lower, so the milk price forecasts are lowered. Weaker prices than previously forecast will hold the growth in milk production below that forecast last month.

In April 1997, mailbox milk prices reported for selected Federal milk orders averaged \$12.86 per cwt., \$.38 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were:

Northeast, \$12.91, down \$.17; Southeast, \$14.21, down \$.16; Midwest, \$12.79, down \$.56; and West, \$12.23, down \$.33. Compared to April 1996, mailbox milk prices decreased \$.39 per cwt. on the average.

Temperatures of 90+ and high humidity levels were very common across most of the country this week. Due to these usual summer conditions, milk production is noticeably declining. Up to this point, milk output has remained strong well into the summer versus past years. Overall milk volumes are sufficient for needs within local production areas, but minimal amounts continue to move from one area to another to supplement shortages. Ice cream production and sales are seasonally good.

Nonfat dry milk markets remain steady at unchanged prices. Drying schedules are edging lower as milk volumes decline. Whey markets continue to show strength, although some buyer resistance is starting to develop. Buttermilk powder markets are steady at unchanged prices. Stocks range light to moderate for current needs with most producers holding additional stocks with confidence.

During the week of July 14 - 18, CCC net dairy product purchases under the price support program were 220,444 pounds of Western nonfortified NDM.

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	JULY 15	JULY 17	JULY 18
AA	\$1.0700 - 1.0800	\$1.0700 - 1.0800	\$1.0700 - 1.0800
	(-.0600) (-.0600)		
A	\$0.9900 - 1.0000	\$0.9900 - 1.0000	\$0.9900 - 1.0000
	(-.0600) (-.0600)		

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are 1 - 1 1/2 cents higher. Production levels are lighter as milk supplies tighten and more cream is being used in other products. Although production is lower, stocks of bulk and print butter are generally sufficient for most needs. Buying interest has slowed due to the unsettled/weak tone of current markets. Many buyers are proceeding cautiously to see if prices will drop any further before returning to the market.

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	JULY 14 - 18, 1997
BARRELS*	\$1.1025 - 1.1275 (NOMINAL)
	(-.0100) (-.0050)
40# BLOCKS	\$1.2075 - 1.2275 (NOMINAL)
	(.0500) (.0300)

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

CHEESE HIGHLIGHTS: The cheese market is steady to firm. At the Chicago Mercantile Exchange, 40# blocks increased 7 cents to \$1.2675 and barrels were unchanged at \$1.1225. Barrels, combined with other processing solids, are in ample supply. Cheddar blocks are about in balance. Cheese production is trending lower seasonally. CCC invitations are found on page 13 of this report.

CHICAGO MERCANTILE EXCHANGE

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

BUTTER TRANSACTIONS ON FRIDAY, JULY 18, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	+0.0150	\$1.0850 : BID 07/18/97
A	+0.0100	\$1.0000 : BID 07/18/97
B	+0.0100	\$0.9900 : BID 07/18/97

SALES: 4 CARS GRADE AA:
2 @ \$1.0500, 2 @ \$1.0675

BIDS UNFILLED: 3 CARS GRADE AA:
1 @ \$1.0850 (LST), 1 @ \$1.0800, 1 @ \$1.0775
1 CAR GRADE A @ \$1.0000 (LST)
1 CAR GRADE B @ \$0.9900 (LST)

OFFERS UNCOVERED: NONE

CHEESE TRANSACTIONS ON THURSDAY, JULY 17, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.1225 : SALE 07/17/97
40# BLOCKS	+0.0700	\$1.2675 : SALE 07/17/97

SALES: 12 CARS BARRELS: 3 @ \$1.1400, 1 @ \$1.1500,
2 @ \$1.1475, 4 @ \$1.1500, 2 @ \$1.1225 (LST)
8 CARS 40# BLOCKS: 2 @ \$1.2400,
2 @ \$1.2500, 2 @ \$1.2550, 2 @ \$1.2675 (LST)

BIDS UNFILLED: 5 CARS 40# BLOCKS:
2 @ \$1.2675, 2 @ \$1.2550, 1 @ \$1.2275

OFFERS UNCOVERED: 20 CARS BARRELS:
2 @ \$1.1225, 1 @ \$1.1400, 1 @ \$1.1475,
3 @ \$1.1500, 1 @ \$1.1575, 3 @ \$1.1600,
7 @ \$1.2100, 2 @ \$1.2200

BUTTER TRANSACTIONS ON FRIDAY, JULY 11, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION	LST
AA	-.0600	\$1.0700	SALE 07/11/97
A	-.0600	\$0.9900	BID 07/11/97
B	-.0700	\$0.9800	OFFER 07/11/97

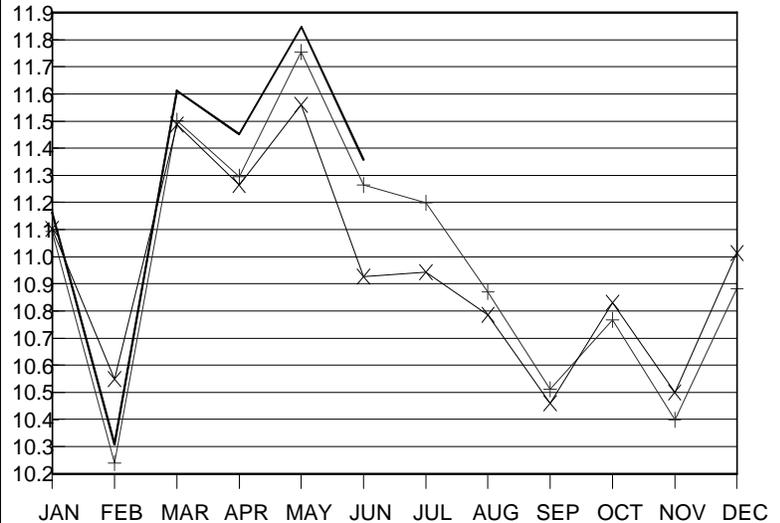
SALES: 26 CARS GRADE AA: 2 @ \$0.9500, 1 @ \$1.0600, 1 @ \$1.0000, 1 @ \$0.9800, 1 @ \$0.9700, 1 @ \$1.0000, 1 @ \$0.9900, 1 @ \$1.0400, 2 @ \$0.9900, 3 @ \$0.9800, 1 @ \$1.0550, 1 @ \$0.9800, 2 @ \$1.0150, 1 @ \$1.0100, 1 @ \$1.0150, 1 @ \$1.0000, 1 @ \$0.9900, 1 @ \$1.0100, 1 @ \$1.0600, 1 @ \$1.0625, 1 @ \$1.0700 (LST)
 4 CARS GRADE A: 1 @ \$0.8700, 1 @ \$0.9500, 1 @ \$1.0000, 1 @ \$0.9700

BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$1.0350, 1 @ \$1.0300, 1 @ \$1.0100, 1 @ \$0.9000, 1 @ \$0.8900, 1 @ \$0.8800, 1 @ \$0.8700, 1 @ \$0.8600
 2 CARS GRADE A: 1 @ \$0.9900 (LST), 1 @ \$0.9800

OFFERS UNCOVERED: 33 CARS GRADE AA: 1 @ \$1.0700, 1 @ \$1.1000, 4 @ \$1.1100, 2 @ \$1.1200, 4 @ \$1.1225, 8 @ \$1.1250, 6 @ \$1.1275, 2 @ \$1.1300, 5 @ \$1.1500
 1 CAR GRADE B @ \$0.9800 (LST)

BILLION POUNDS

MILK PRODUCTION - TOP 20 STATES



NASS DATA, GRAPH BY DAIRY MARKET NEWS
 FEB 1996 CONTAINS 29 DAYS

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are mostly six cents lower and the market tone is unsettled. Many longtime contacts can't recall prices dropping this much in July, a month when fat prices usually increase. In July of 1985 and 1993, support purchase prices were adjusted lower and these caused a significant drop in butter prices. But, it has been since July 1984 that a supply/demand scenario has caused butter prices to drop this much during July. Buyers don't know how to proceed, but many are waiting to see if prices will drop any further. Reports indicate that butter is readily available from many sources plus the fact that many buyers/users built inventories earlier in the year and they may or may not be "in the market" at this time. This, overall, slower demand and heavy supply is one of the major reasons why butter prices are depressed during midsummer. Retail and food service sales are slow to fair. Production levels are lighter as milk supplies tighten and more cream is being used in other products

WHOLESALE PRICES: MIN 25 BOXES

DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	: 1.2800-1.5275
1 LB. PRINTS	: 1.1950-1.3775
CHIPS/PATTIES	: 1.2575-1.4275
REDDIES	: 1.3325-1.5275
CONTINENTALS	: 1.4125-1.5875

CENTRAL

Print butter prices are 6 cents lower following cash trading at Chicago July 11. The market tone remains unsettled. Stocks of butter are readily available for most needs. If stocks are needed and the local market can not supply them, often, Western areas of the U.S. have readily available stocks at discounted prices. Overall buying interest is light as buyers hold off placing sizable orders due to the unsettledness of the current market. Churning schedules are seasonally active for this time of the summer. Cream supplies continue to clear to ice cream producers, but sufficient volumes remain available to local churns to maintain moderately active churning schedules.

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

1/4 LB. PRINTS	: 1.1700-1.5775
1 LB. PRINTS	: 1.1350-1.2975
CHIPS/PATTIES	: 1.1600-1.3700
REDDIES	: 1.2450-1.4800
CONTINENTALS	: 1.4000-1.5900

WEST

Western butter prices declined substantially following trading at the CME on July 11. It is unusual for butter markets to weaken at this time of year. Cream sales are strong into ice cream accounts although some multiples have declined slightly over the past two weeks. Print sales are generally rated as fair to good. Food service orders are very good related to the summer vacation season. Bulk sales are slower with some shipments being delayed by buyers. Some buyers are using up stocks rather than purchase outside butter at this time. Limited bulk and print sales for export purposes are taking place after the price decline. Stocks of butter in most positions range from balanced to heavier than desired.

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

1/4 LB. PRINTS	: 1.3525-1.4000
1 LB. PRINTS	: 1.2825-1.3425
PATTIES	: 1.3250-1.4900
REDDIES	: 1.4525-1.4675

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

1/4 LB. PRINTS	: 1.0675-1.1075
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
 IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
07/14/97	39,618	120,575
07/01/97	40,047	116,588
CHANGE	- 429	+ 3,987
% CHANGE	- 1	+ 3

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
JULY 11	1,090,694	3,447,101	4,684,782	1,098,164	3,318,522	4,637,298	7,955,820

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices are generally three cents higher on natural items; unchanged on Swiss and process items. The market tone is unsettled following the jump in 40# block prices at the Chicago Mercantile Exchange on July 10. Many contacts didn't see that much firmness in the cheese market. In the Northeast, fluid milk supplies are tightening, but there is still very heavy volumes of surplus milk looking for processing capacity. Most of the milk is being handled within the region and cheese makers are operating at or near capacity levels. Cheese stocks are more than ample for the slow to fair demand. There is fair to good interest for process, but sales of most other varieties are just fair.

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

Cheddar 10# Prints	:	1.1825-1.6800
Cheddar Single Daisies	:	1.1525-1.6750
Cheddar 40# Block	:	1.3350-1.4850
Process 5# Loaf	:	1.3325-1.4750
Process 5# Sliced	:	1.3525-1.4950
Muenster	:	1.3775-1.7400
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady, with a somewhat firm undertone. At the Chicago Mercantile Exchange on July 10, 40# blocks advanced 3 cents to \$1.1975 and barrels were unchanged at \$1.1225. The wide spread, 7.5 cents, is pressuring barrel producers competing for milk. It has also helped switch any remaining plants capable, to block production. Most traders expect cheese prices to increase further as the year progresses. The increase did little to stimulate additional sales for most block producers. Prices remain very competitive at wholesale as buyers shop around for the best deals. Current cheddar block sales are moderate, barrels remain irregular and generally below desired levels. Current cheddar blocks supplies are about in balance, though available supplies of aged product remain generally heavier than desired. Process sales are steady to slightly improved. Barrels and other processing solids remain ample, particularly long with some age on them. Swiss trim is again tight. Cheese production is again trending lower as heat and humidity have again returned to major production areas. Cheese yields have reached into the usual low summer range due to lower fat and protein levels.

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

Process American 5# Loaf	:	1.4850-1.5100
Brick And/Or Muenster 5#	:	1.4900-1.6550
Cheddar 40# Block	:	1.4500-1.9150
Monterey Jack 10#	:	1.6500-1.9150
Blue 5#	:	1.8025-2.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5725-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Natural prices are showing some strength while Swiss and process are holding steady for Western cheese. Current block sales are rated as good. Some sellers report that they could sell more if they had additional supplies. There is plenty of older (more than 30 days old) cheese available. Process sales are lagging with bids coming in under the market. Swiss sales are slow and stocks are a concern even with the downturn in production. Overall, cheese production is holding up longer than anticipated this season. Milk supplies remain heavy, but yields are dropping at a faster rate. Some contacts were surprised with the timing of the price increase. Most contacts thought it would be another 4-6 weeks before any price increases were noted.

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

Process 5# Loaf	:	1.3125-1.6900
Cheddar 40# Block	:	1.3800-1.7300
Cheddar 10# Cuts	:	1.6150-1.7800
Monterey Jack 10#	:	1.5650-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Prices of domestic cheeses are generally three cents higher and imported prices are reported as unchanged. The market tone is weak and often unsettled. Importers are starting to place some orders, but there are GATT and marketing conditions and licensing situations that are creating problems for some importers. Imported cheese stocks are about adequate for the slow to fair demand.

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	: 1.5325-2.1000*
Gorgonzola	: 3.2400-5.9400	: 2.1550-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9000-2.9800*
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2050-1.7125*
Romano (Cows Milk)	: -0-	: 2.7350-2.9400*
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

Northeastern Milk Market Administrators announce June 1997 uniform (blend) prices: Federal Order (F.O.) 1 is \$12.32; F.O. 2, \$11.87; F.O. 4, \$12.85; F.O. 36, \$12.06; and Western NY Milk Market Area, \$12.14. During June, milk production in the 20 major states totaled 11.4 billion pounds, up 3.9% from last June. The following are the June-to-June changes for selected states: Florida +12.4%, Kentucky +8.3%, Virginia +6.5%, Pennsylvania +2.7%, New York +0.9%, Vermont -1.3%, and Texas -4.7%. Hot, dry weather continues to plague the Middle Atlantic area. Temperatures above 100 are common. Many areas of Virginia and Maryland are under drought conditions. The milk flow in this area is being adversely affected. In Florida, milk output is dropping, but recent rains and slightly cooler weather have slowed the steep declines seen early in the month. Production in other Southeastern states is also dropping, but holding up longer than expected. In the more northern areas, the milk flow is easing lower and many contacts are surprised by the continued heavy volumes of milk coming off the farm. Some handlers in New England are still sending milk out of the area for processing. Also, no Middle Atlantic milk is moving to Florida this week, but milk is being shipped into the Carolinas. Bottled milk sales range from slow to fair. Typically, in real hot weather, milk is not the beverage of choice. Bottlers are processing/bottling more juices and water. Manufacturing plants throughout the region are running above expected levels. In the Southeast, only one plant is down; all others are running several days a week. Although surplus milk volumes are heavier than expected, yields are very low. The condensed skim market is showing a little more strength as lower prices stimulate interest. However, with butter prices dropping, wet solids prices may move up slightly. Also, the Class III-A milk prices are well above Class II & III prices which can and does affect condensed skim offering prices. The fluid cream market is still firm despite the drop in butter prices. Multiples are unchanged to lower. Offerings are still tight, but most needs are able to be filled locally. Ice cream production and sales are seasonally good, but in the areas of extreme heat, sales do suffer. Production of sour cream, cream cheese, bottled cream are generally steady, but lower prices may stimulate/renew output. Butter production 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	-	1.4058 - 1.5444	
Delivered Equivalent Atlanta	-	1.4355 - 1.5642	M 1.4850-1.5345
F.O.B. Producing Plants: Upper Midwest	-	1.4454 - 1.4980	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS	
F.O.B. Producing Plants: Northeast	- 0.9500 - 1.0200

M I D W E S T

SPOT SHIPMENTS:	LOADS
JULY 11 - 17, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	24

Class I sales were stimulated by retail feature activity in some metro areas. Specials on reduced fat bottled milk are helping generate extra cream for Class II uses such as ice cream. Cream demand is seasonally good, though prices are lower to reflect the decline in butter prices at the Chicago Mercantile Exchange. Surplus milk volumes are declining and prices are steady to slightly firmer. Most reported spot prices are in the 25 to 50 cents over class area with a few exceptions noted. Manufacturing plant schedules remain fairly heavy though slowing as receipts decline. About 20 loads of Wisconsin milk are "direct

shipped" and pooled under a Southern Federal Order and not included in the milk shipment total. Several other loads are also moving to users in other upper Midwest states and are also not included in the shipment total. The initial estimated June milk production in selected Midwestern states compared with 1996 is: Wisconsin 1.94 billion pounds, up 36 million pounds (1.9%); Minnesota 799 million pounds, down 2 million pounds (0.2%); Michigan 462 million pounds, an increase of 16 million pounds (3.6%), and Iowa 338 million pounds, up 18 million pounds (5.6%). The recent onslaught of higher temperatures and humidity has started to impact current milk receipts. Further South, declines continue to be more noticeable. Fat and protein levels have also declined into the usual low summer levels. The warmer weather has hastened along corn and soybean maturation, particularly in areas previously lagging. Continued progress is being made on second crop hay.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)		
	JULY 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 42.00	\$ 29.00- 36.00
REPLACEMENT HEIFER CALVES	\$ 80.00-135.00	\$ 80.00-120.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	JULY 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.00	\$ 33.00- 36.50

W E S T

The 20 state total for milk production in June is 11.4 billion pounds, up 3.9% from June 1996. This is the largest year to year increase in many years. All surveyed states in the Western region had higher cow numbers and production per cow. Output for the first six months of 1997 compared to the same period in 1996 for selected Western States is as follows: Arizona up 9.0%, California up 6.6%, Colorado up 6.1%, Idaho up 10.3%, New Mexico up 6.1%, Oregon down 1.1%, Utah up 3.7%, and Washington up 2.3%. For the same period the U.S. is up 1.1%. Hot weather over the Southwest continues to drive milk production lower. Output remains above year ago levels and several production plants that normally see production stop in June are still processing milk. California output is still heavy and not dropping off as much as normal for the middle of July. Temperatures are moderately hot during days, but cooling off at nights. Cream demand is fair to good from ice cream producers, but light to moderate from butter makers. Ice cream production is seasonally high. The weakness in the butter markets has buyers wary of buying and cream multiples are dropping into the upper 120's to lower 130's FOB. Ideal milk production conditions continue to prevail in the Pacific Northwest and northern Mountain States regions. Plants continue to run on schedules that are much heavier than normal for this late in the summer. Plants are not necessarily happy about the situation with commodity prices near support levels and stocks larger than desired. Some quality problems on incoming milk are noted when it has been shipped throughout much of the region and has been on the truck for a number of days. Yields are lower than anticipated due to the very low solids content on the incoming milk. Financial stress continues to impact many Western dairymen. Culling is increasing, heifer prices are falling, auction numbers are up, and accounts receivable at dairy supply vendors are increasing due to the added stress. Most hay growers are having fewer problems harvesting the second cutting of hay than they did with the first cutting. Quality looks much better. To offset this though, exporters are taking heavy volumes of the second cutting for Far Eastern buyers. Temperatures over 100 degrees are becoming more common, but cooling is occurring at night to keep the cow stress manageable.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/17/97 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 unchanged. The market tone is steady. Drying schedules are often lower as less milk is coming off the farms. The South is especially limited due to continued hot summer weather and the increased call for fluid milk in the Southeast. Demand remains light and buyers are having many choices to secure product. Often, resale prices are lower than what producers are offering. Stocks range from light to moderate.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0550 - 1.1050 MOSTLY: 1.0700 - 1.0800

DRY BUTTERMILK - CENTRAL

Buttermilk prices and the market tone are holding mostly steady. Offerings are light to moderate, but are being held with more confidence. Producers are not as pressured to move stocks because of the anticipation that demand will improve as the weather heats up. Drying schedules are often lower. The call for condensed buttermilk and cream are good, especially from ice cream manufacturers. Demand has not reached over to the dry market, but is expected to soon.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

Dry whey prices continue to increase, but the pace is not as aggressive as in recent weeks. Demand is fair, but many buyers have nearby needs committed and are stepping aside. This is typified in an increasing market where buyers take extra loads when prices are initially increasing, but reduce purchases after the initial flurry. Production is strong, especially in the upper Midwest. Long anticipated summer heat/humidity is affecting farm milk production and whey drying. Production is limited in the South as milk is being utilized first for fluid needs. Whey stocks vary across the region, but are mostly light to occasionally moderate at the producer level.

NONHYGROSCOPIC: .2050 - .2300 MOSTLY: .2100 - .2200

ANIMAL FEED WHEY - CENTRAL

Animal feed whey prices are higher and nominal in limited trading. Milk replacer, standard and roller ground offerings are light and asking prices are higher. The firmness of the edible whey market continues to reflect in these three. Demand is fair, but not always met with product. Delactose prices are higher, but interest is fair at best. Hot/humid conditions over most of the region limit production and utilization.

MILK REPLACER: .1900 - .2100
 STANDARD: .1850 - .1950
 ROLLER GROUND: .2125 - .2350
 DELACTOSE (Min. 20% protein): .3350 - .3600

LACTOSE - CENTRAL AND WEST

Lactose prices are mostly unchanged as the majority of third quarter contract prices are locked into place. The market tone is unsettled. Offerings of spot loads at discounts are coming from some producers. Many producers have made contract commitments for the quarter and are in better shape than those relying on the spot market. Additional pricing pressure is coming from the weak permeate market. Lactose stocks vary from sold out to long.

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

EDIBLE: .2000 - .2800 MOSTLY: .2200 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are higher and the market tone is firm. The price increases are not as big as in recent weeks. Buying activity is not as aggressive and neither are the premiums being asked by plants. Many buyers have their needs met and are not in the market. Production is mixed but continues at high levels. Stocks are light to moderate.

EXTRA GRADE 34% PROTEIN: .5900 - .6425 MOSTLY: .6100 - .6200

NONFAT DRY MILK - WEST

Nonfat dry milk prices are unchanged. The market tone remains weak. Additional buying interest was noted and several large transactions occurred. However, production remains strong and some ongoing DEIP or other sales are needed to keep NDM moving. Usage in cheese production remains below expectations. High heat sales are fair to good. Production is light and drying runs usually follow orders. Milk volumes remain high in all areas. Typically, milk has declined by June in the Southwest to allow almost no NDM production, but this year drying is still taking place. California and the Northwest are pushing out NDM at a pace well above last year. Producers' stocks are moderate to heavy.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0400 - 1.0650 MOSTLY: 1.0400 - 1.0500
 HIGH HEAT: 1.0600 - 1.0800

DRY BUTTERMILK - WEST

Prices are unchanged and the market undertone is mostly steady. Several producers are stating they are holding onto powder in anticipation of future sales. Offerings are not as plentiful as in recent weeks. Several buyers noted they are not getting many direct offerings. Production is declining, but varied among plants. Cream demand is good from ice cream producers which limits churning. Additionally, sales of condensed are good and preferred by producers to free dryer time for NDM. Buttermilk stocks are light to moderate and held with confidence.

BUTTERMILK: 1.0100 - 1.0700 MOSTLY: 1.0100 - 1.0300

DRY WHEY - WEST

Prices range from steady to fractionally higher for Western whey powder. Export demand is steady at best. Domestic interest ranges from fair to good. Powder availability is somewhat mixed. Some buyers report that orders are being delayed a few days while others are able to get powder at the time of the order. Inventories range from tight to slightly heavier than desired. Production is generally heavier than manufacturing plants had anticipated at this time in the seasonal production cycle. The market continues to have a slight firming undertone.

NONHYGROSCOPIC: .2000 - .2250 MOSTLY: .2050 - .2100

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 11, on powder sales of 12,000,177 pounds f.o.b. California manufacturing plants was \$1.0547 per pound. This compares to 12,601,265 pounds at \$1.0490 for the previous week ending July 4, 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 unchanged, but slight increases within the range, particularly on low heat powder, were noted. Producers still report rather heavy inventories, but they are more comfortable with their respective positions than they were several weeks ago. Falling milk production, improved demand for condensed skim, and the high Class III-A milk prices are often cited for the lighter drying schedules. However, lighter than expected milk shipments to Florida and the Southeast are keeping some butter/powder plants running above anticipated levels. Demand for NDM is slow to fair. In some cases, buyers are able to purchase from resellers below producers' offering prices.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0550 - 1.1500
DELVD SOUTHEAST:	1.0900 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and the market tone is firm. Production has eased now that surplus milk and cream volumes are lighter. Also, the demand for condensed buttermilk is seasonally active. Plant stocks of dry buttermilk are closely balanced. Most producers are filling contracts, but some do have an extra load or two on hand for spot sales.

F.O.B. NORTHEAST:	1.0600 - 1.0900
DELVD SOUTHEAST:	1.0975 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are steady to higher and the market tone is quite firm. Production levels are irregular; up at some plants, down at others. Spot demand is slow, but export sales under DEIP are improving as some new sales have been made. Plant stocks are well balanced.

F.O.B. PRODUCING PLANT:	1.1800 - 1.2500
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JULY 11, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	451	MT (994,275 LBS)
CHANGE	--	417	MT (919,318 LBS)
WHOLE MILK POWDER	--	32	MT (70,547 LBS)
CHANGE	--	32	MT (70,547 LBS)
BUTTERFAT	--	662	MT (1,459,445 LBS)
CHANGE	--	662	MT (1,459,445 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher and the market tone remains firm. Northeast prices remain nominal as producers have little or no powder for spot sale. Most are barely able to meet contracts and are delaying spot sales until they get caught up. Many buyers report that it is easier to get product from resellers than from producers. Demand remains aggressive, but some contacts report that buyers may have bought desired quantities when prices were lower and are now temporarily "stepping back" from the market. Production is steady at moderate to heavy levels. Most area cheese plants still have ample volumes of milk to process.

F.O.B. NORTHEAST:	EXTRA GRADE	.2100 - .2300
	USPH GRADE A	.2200 - .2400
DELVD SOUTHEAST:		.2250 - .2575

ANIMAL FEED WHEY - NORTHEAST

Prices are steady to higher and remain nominal. The market tone is paralleling the edible market. Stocks are tight and spot demand is fair to good.

F.O.B. NORTHEAST:	MILK REPLACER	.1900 - .2000
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EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels have increased at some plants as they try to build and inventory for anticipated fall/winter needs. With milk prices as low as they have been and are this summer, it is a good time to build stocks. Demand is steady. The Kansas City Commodity office announced the issuance of EVD-1, invitation 350, inviting competitive offers to sell to CCC 2,496,960 pounds of evaporated milk for shipment in September 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

Casein prices are unchanged. The undertone to the market remains weak. Demand is mostly limited to current contract commitments. Stocks of both types are adequate to meet all needs. Contract commitments are being delivered on a timely basis.

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

RENNET:	2.2000 - 2.2800
ACID:	2.0000 - 2.1000

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

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

Month	07/02	07/03	07/07	07/08	07/09	07/10	07/11	07/14	07/15	07/16
CSCE CHEDDAR CHEESE -- Cents per pound										
AUG 97	124.30 (13) 0	124.00 (13) 0	125.50 (13) 0	125.50 (13) 7	125.30 (13) 0	125.50 (13) 0	126.80 (13) 0	125.80 (13) 0	126.50 (13) 0	125.50 (13) 0
OCT 97	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0	134.00 (8) 0	133.00 (8) 0	133.00 (8) 0	133.00 (8) 0
FEB 98	122.60 (0) 0	122.10 (0) 0	122.10 (0) 0	122.10 (0) 0	122.10 (0) 0	122.10 (0) 0	122.60 (0) 0	121.60 (0) 0	122.10 (0) 0	122.10 (0) 0
CSCE - NONFAT DRY MILK -- Cents per pound										
AUG 97	106.50 (69) 0	106.50 (69) 0	106.50 (69) 0	106.40 (69) 0	107.00 (69) 0	107.00 (68) 1	107.00 (67) 0	106.40 (67) 0	106.30 (67) 0	105.50 (67) 0
OCT 97	110.00 (1) 0	110.00 (1) 0	110.00 (1) 0	109.90 (1) 0	110.50 (1) 0	110.50 (1) 0	110.50 (1) 0	109.90 (1) 0	109.80 (1) 0	108.00 (1) 0
CSCE - FLUID MILK -- Dollars per cwt.										
AUG 97	13.40 (27) 0	13.46 (27) 0	13.61 (27) 0	13.71 (27) 0	13.81 (27) 0	13.58 (27) 0	13.68 (27) 4	13.60 (27) 0	13.60 (27) 0	13.80 (27) 0
OCT 97	13.79 (11) 0	13.85 (11) 0	14.00 (11) 0	14.10 (12) 1	14.20 (12) 7	14.10 (12) 0	14.20 (12) 0	14.12 (12) 0	14.15 (12) 0	14.35 (12) 0
FEB 98	12.99 (0) 0	13.05 (0) 0	13.20 (0) 0	13.30 (0) 0	13.40 (0) 0	13.30 (0) 0	13.40 (0) 0	13.32 (0) 0	13.35 (0) 0	13.55 (0) 0
CSCE - BUTTER - Cents per lb.										
AUG 97	107.00 (161)2	109.00 (161)0	106.40 (163) 4	106.00 (167)6	103.00 (168)13	102.50 (168)2	102.50 (168)6	101.50 (174)9	98.00 (186)4	100.30 (180)0
OCT 97	106.00 (14) 0	108.00 (14) 0	105.40 (14) 0	105.00 (14) 0	102.00 (14) 0	101.50 (14) 0	101.50 (14) 0	100.50 (14) 0	97.00 (14) 0	99.30 (14) 0
DEC 97	90.00 (0) 0	90.00 (0) 0	87.40 (0) 0	87.00 (0) 0	84.00 (0) 0	83.50 (0) 0	83.50 (0) 0	82.50 (0) 0	79.00 (0) 0	81.30 (8) 8
CSCE - BFP -- Dollars per cwt.										
AUG 97	11.99 (430)3	11.93 (415)7	11.95 (437)9	11.83 (436)9	11.83 (444)8	11.71 (453)15	11.93 (455)11	11.78 (466)30	12.01 (465)5	11.98 (481)69
OCT 97	12.50 (296)0	12.54 (298)9	12.46 (300)7	12.51 (300)4	12.45 (302)25	12.33 (314)17	12.56 (329)36	12.55 (341)41	12.60 (341)5	12.55 (341)40
FEB 98	11.98 (18) 3	11.98 (19) 0	12.05 (19) 2	12.04 (19) 1	12.01 (19) 1	11.99 (19) 0	12.01 (21) 4	12.00 (21) 0	12.00 (21) 0	12.07 (53) 39
CME - BUTTER -- Cents per pound										
JLY 97	108.50 (180) 3	109.75 (180)23	107.25 (174)27	107.25 (165)10	106.50 (155)34	104.00 (138)3	103.50 (87) 2	102.00 (77) 6	100.50 (75) 10	102.50 (38) 1
SEP 97	112.00 (127) 7	113.25 (127)13	111.35 (135)16	111.00 (144)10	110.65 (160)31	108.15 (158)5	108.00 (159)6	108.00 (168)0	108.00 (168)2	110.50 (168)0
NOV 97	93.00 (15) 1	93.00 (15) 1	91.50 (15) 1	91.00 (14) 2	88.50 (14) 3	87.00 (12) 6	87.00 (18) 8	87.00 (18) 0	87.25 (18) 0	89.75 (19) 1

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered July 7 - 18, 1997

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

WESTERNANDEASTERNEUROPE

OVERVIEW: WESTERN EUROPE: The influence of the strong U.S. dollar continues to put pressure on European prices and sales potential. European traders continue to monitor U.S. sales into the international market. Due to the U.S.'s active participation in recent weeks, traders are becoming more concerned about the displaced sales potential. Outside of butter, stocks of most manufactured dairy products throughout Europe are reported to be readily available. Traders continue holding with confidence available butter supplies. A topic that is receiving much discussion is the European Union's milk delivery quota policy, which is scheduled to expire in the year 2000. Viewpoints are mixed, although early discussions are uncovering that many feel there are no good reasons to change the policy and every good reason for continuing the present program at least to 2005. Although no formal proposal or direction is yet developed, the topic will be a very popular item on many upcoming business meeting agendas.

BUTTER/BUTTEROIL: European butter markets remain firm. Inventory levels continue lighter than desired for this time of the summer. Private storage stocks are reported to be about half the level of last year at this time. Many traders continue to bypass sales opportunities and are more willing to rebuild inventories. Russian butter interest declined sharply earlier this summer, but really never ceased and now renewed interest is again developing. The positive emphasis on butter markets is causing milk volumes to be diverted toward butter/powder production when feasible.

82% BUTTERFAT:	1,600 - 1,800
99% BUTTERFAT:	1,800 - 1,900

SKIM MILK POWDER (SMP): Skim powder markets are generally weak as prices continue to react to a strong U.S. dollar and slow buyer interest. The active participation of U.S. traders in the international SMP market is causing European traders to closely monitor their activity. Many European traders are quite surprised at the volume and duration of the U.S. involvement. Stocks of European powder are sufficient, especially now that more milk, when possible, is being diverted toward butter/powder.

1.25% BUTTERFAT:	1,600 - 1,700
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WHOLE MILK POWDER (WMP): The tone to the whole milk powder market is weak. Stocks of powder are heavier than current demand is clearing. In instances, powder that has been in storage for a while is having a more difficult time in clearing the market versus fresh production. Overall buying interest is slow. Resale powder continues to compete for market share, further softening current markets.

26% BUTTERFAT:	1,630 - 1,860
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SWEET WHEY POWDER: Whey markets are steady to firm. In instances, the strong butter market is causing milk to be diverted away from cheese, thus whey volumes are not as plentiful as many handlers anticipated. Far Eastern buying interest or involvement is lighter as supplies become less available and prices firm.

NONHYGROSCOPIC:	425 - 550
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OVERVIEW: EASTERN EUROPE: Recent heavy rainfall and major flooding in areas of Eastern Europe are affecting food distribution and production. The overall negative impact is not fully reviewed, but reports indicate that it would be very difficult for the dairy industry to not be affected. Outside of these negative factors, overall production is nearing or holding steady at seasonally high levels. Overall production continues to lag the previous year level. Stocks of available dairy products for international trade are sufficient for most buyer interest, although sales activity is slow.

OCEANIA

OVERVIEW: Market conditions in the Oceania region have not changed much from past weeks. Most of the region is looking forward to the upcoming production season with mixed opinions. In Australia, dry conditions will probably continue to hinder feed growth and quality. Thus, overall milk production is projected to follow previous year levels. Herd conditioning is not as positive as most producers would desire, with the new production season about 6 - 8 weeks away. In New Zealand, nearly ideal milk production conditions prevailed last season and are anticipated to be much the same for the upcoming year. Herd health is also good coming off a strong production season last year. Although production is expected to remain strong, many milk producers and handlers do not anticipate double digit increases this season. Projected lower milk prices received by farmers may also limit production growth. The principal factor in the anticipated decrease in milk prices is the strength of the New Zealand dollar, coupled with generally lower international market prices.

BUTTER: Prices of Oceania butter are basically unchanged. Overall new sales activity is limited. Russia is once again indicating its desire to secure butter. Stock levels are reported to be comfortable for current needs. Inventories are sufficient to fulfill contracted orders with minimal amounts remaining for new interest. Oceania butter handlers feel that there will still be sufficient room for their participation in the international market once the upcoming milk production season resumes.

82% BUTTERFAT:	1,400 - 1,450
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CHEDDAR CHEESE: Oceania cheese prices and marketing conditions are much the same as they have been during the past month. Trading activity centers around sales previously negotiated. New cheese activity involves the upcoming production season. Negotiations for potential cheese sales for the upcoming production season are well underway. In instances, all the details have been agreed upon and contracts are ready to go.

39% MAXIMUM MOISTURE:	2,050 - 2,100
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SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady, although prices are unchanged to lower. Most of the trading activity centers around previous commitments, although new buyer interest is being influenced by U.S. trading activity. Stocks available for new buyer interest are limited. Oceania producers are closely monitoring the U.S. involvement within the international market. Once Oceania's production resumes, traders anticipate that they will be an active participant.

1.25% BUTTERFAT:	1,675 - 1,750
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WHOLE MILK POWDER (WMP): Whole milk powder markets are basically steady. Trading activity centers around previous commitments. Whole milk powder stocks are sufficient for contracted needs with minimal volumes remaining for spot interest. Although new buyer interest is limited, traders are comfortable with existing inventories before the resumption of the new production season in 6 - 8 weeks.

26% BUTTERFAT:	1,725 - 1,800
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Exchange rates for selected foreign currencies: July 11, 1997

.5006 Dutch Guilder	.5628 German Mark
.1666 French Franc	.6696 New Zealand Dollar
.1274 Mexican Peso	.7402 Australian Dollar
1.6920 British Pound	.0088 Japanese Yen
.3012 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1274) = 7.8493$. That is 1 US Dollar equals 7.8493 Mexican Pesos.

Source: *Wall Street Journal*

MAY FLUID MILK SALES HIGHLIGHTS

During May, sales of fluid milk products in comparable Federal milk order marketing areas and California were unchanged from the previous year and 1.4 percent above April 1997 on an adjusted daily average basis. Sales of whole milk items were 1.0 percent below the previous year; sales of lowfat and skim milk items were 0.5 percent above the previous year. Total fluid milk sales were lower in the Southwest and Far West regions, and higher in all other regions.

SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, LOWFAT AND SKIM MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, MAY 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:	
	May	Year to date	Prev. year 5/	Year to date 5/	May	Year to date	Prev. year 5/	Year to date 5/	Apr.	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	360	1,759	0.3	-2.1	464	2,271	-0.1	-0.7	824	4,030	0.1	-1.3
Southeastern	361	1,786	-0.5	0.6	487	2,450	1.5	1.1	848	4,235	0.6	0.9
Midwest	262	1,296	0.0	-1.4	967	4,759	0.9	-0.1	1,229	6,055	0.6	-0.4
Southwest	168	836	-2.5	-2.6	205	1,037	-1.0	-0.4	373	1,873	-1.7	-1.4
Far West	333	1,647	-3.0	-1.9	694	3,418	0.2	1.1	1,027	5,066	-0.8	0.2
All Areas Combined	1,484	7,323	-1.0	-1.4	2,817	13,936	0.5	0.3	4,301	21,259	0.0	-0.3

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, APRIL 1997, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole milk 2/	1,435	-0.9	-1.4
2% Lowfat Milk	1,338	-1.8	-2.9
1% Lowfat Milk 3/	647	5.5	4.2
Skim Milk	702	4.4	3.4
Buttermilk	51	-4.9	-3.8
Total Fluid Milk Products 4/	4,188	0.6	-0.3

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.

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

In April 1997, mailbox milk prices reported for selected Federal milk orders averaged \$12.86 per cwt., \$.38 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$12.91, down \$.17; Southeast, \$14.21, down \$.16; Midwest, \$12.79, down \$.56; and West, \$12.23, down \$.33. Compared to April 1996, mailbox milk prices decreased \$.39 per cwt. on the average. Regional changes from the previous year were: -.13 in the Northeast, -.08 in the Southeast, -.71 in the Midwest, and -.37 in the West. The average minimum blend price in April 1997 was \$.74 below the price in the previous year.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	April 1996	March 1997	April 1997
	<u>Dollars per hundredweight</u>		
New England	13.08	13.10	12.99
New York-New Jersey	13.16	13.03	12.77
Middle Atlantic	12.76	13.16	13.02
Northeast Average <u>3/</u>	13.04	13.08	12.91
Carolina	14.33	14.59	14.47
Tennessee Valley	13.82	13.97	13.98
Southeast	13.71	13.71	13.45
Florida <u>4/</u>	15.57	15.54	15.47
Southeast Average <u>3/</u>	14.29	14.37	14.21
Southern Michigan	13.08	13.04	13.04
Eastern Ohio-Western Pa.	13.47	13.20	13.11
Ohio Valley	13.46	13.24	13.35
Indiana	13.11	13.26	13.45
Chicago Regional	13.89	13.65	12.71
S. Illinois-E. Missouri	13.13	12.80	12.85
Louis.-Lex.-Evans.	13.43	13.55	13.38
Upper Midwest	13.74	13.22	12.39
Nebraska-Western Iowa	13.08	12.99	12.63
Iowa	13.45	13.23	12.68
Midwest Average <u>3/</u>	13.50	13.35	12.79
Texas	12.98	12.92	12.69
Southwest Plains	12.57	12.57	12.26
Eastern Colorado	13.25	12.51	12.20
S.W. Idaho-E. Oregon	12.78	12.37	11.50
Great Basin	12.61	12.04	11.51
New Mexico-West Texas	11.75	12.25	11.94
Pacific Northwest	12.08	12.55	12.36
West Average <u>3/</u>	12.60	12.56	12.23
All-Market Average <u>3/</u>	13.25	13.24	12.86

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

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.

JUNE MILK PRODUCTION

Milk production in the 20 major states during June totaled 11.4 billion pounds, up 3.9 percent from production in these same states in June 1996. May revised production, at 11.8 billion pounds, was up 2.5 percent from May 1996. Production per cow in the 20 major states averaged 1,468 pounds for June, 70 pounds above June 1996. The number of cows on farms in the 20 major states was 7.74 million head, 82,000 head below June 1996 but 3,000 head above May 1997. The April-June quarterly production of milk for the U.S. was 40.6 billion pounds, up 2.4 percent from the April-June period in 1996. The average number of milk cows in the U.S. during April-June quarter was 9.25 million head, 117,000 head less than the same period last year.

STATE	MILK COWS <u>1/</u> <u>2/</u>				MILK PRODUCTION <u>1/</u> <u>3/</u>			
	JUNE		APRIL-JUNE		JUNE		APRIL-JUNE	
	1996	1997	1996	1997	1997	% CHANGE FROM 1996	1997	% CHANGE FROM 1996
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	32	31	--	--	110	-4.3
AK	--	--	0.8	0.9	--	--	3.77	13.2
AZ	120	128	119	128	224	9.8	720	9.4
AR	--	--	58	56	--	--	174	0.0
CA	1,263	1,288	1,262	1,284	2,312	8.0	7,094	8.4
CO	--	--	84	85	--	--	435	5.3
CT	--	--	30	29	--	--	124	-3.1
DE	--	--	9.5	10.9	--	--	42.7	17.6
FL	156	161	157	162	217	12.4	685	8.6
GA	--	--	96	97	--	--	392	2.6
HI	--	--	9.3	9.1	--	--	33.2	-4.0
ID	255	269	252	267	447	11.8	1,304	11.3
IL	154	148	155	148	195	2.1	595	-1.2
IN	140	140	140	140	186	4.5	562	1.8
IA	249	246	249	247	338	5.6	1,019	4.9
KS	--	--	83	82	--	--	330	10.0
KY	153	145	155	145	156	8.3	492	2.5
LA	--	--	78	78	--	--	216	-2.7
ME	--	--	40	40	--	--	169	1.8
MD	--	--	86	86	--	--	342	1.8
MA	--	--	27	26	--	--	109	-1.8
MI	322	310	322	308	462	3.6	1,390	0.5
MN	600	585	597	587	799	-0.2	2,415	-0.8
MS	--	--	52	47	--	--	176	0.0
MO	180	173	182	173	205	8.5	653	0.8
MT	--	--	20	19	--	--	78	1.3
NE	--	--	69	70	--	--	273	5.0
NV	--	--	25	26	--	--	117	-1.7
NH	--	--	20	19	--	--	83	-2.4
NJ	--	--	22	21	--	--	76	-1.3
NM	194	200	194	200	337	6.6	1,028	5.4
NY	704	698	702	698	984	0.9	2,980	-0.3
NC	--	--	81	76	--	--	316	-5.1
ND	--	--	63	57	--	--	188	-12.1
OH	285	281	285	282	368	4.2	1,134	1.0
OK	--	--	98	97	--	--	330	0.0
OR	--	--	93	92	--	--	415	-0.2
PA	643	639	643	639	898	2.7	2,767	1.1
RI	--	--	2	2	--	--	8.4	5.0
SC	--	--	26	26	--	--	105	9.4
SD	--	--	112	106	--	--	357	-5.3
TN	--	--	116	113	--	--	423	1.9
TX	400	389	400	389	469	-4.7	1,543	-5.9
UT	--	--	92	93	--	--	407	2.5
VT	157	157	156	156	221	-1.3	664	-0.3
VA	126	122	126	122	148	6.5	472	4.2
WA	262	265	262	265	456	2.0	1,378	2.7
WV	--	--	20	18	--	--	67	4.7
WI	1,455	1,392	1,460	1,393	1,935	1.9	5,761	0.1
WY	--	--	6	6.1	--	--	21.4	0.5
22 STATE TOTAL	7,818	7,736	--	--	11,357	3.9	--	--
U.S. <u>4/</u> <u>5/</u>	--	--	9,369	9,252	--	--	40,577	2.4

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

SOURCE: "Milk Production," Da 1-1 (7-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

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

Stocks of dairy products, particularly nonfat dry milk, continue to exceed expected levels. The commercial use estimates are lowered as demand is not measuring up to expectations. The larger stocks will keep downward pressure on prices until they are worked lower, so the milk price forecasts are lowered. Weaker prices than previously forecast will hold the growth in milk production below that forecast last month.

U.S. MILK SUPPLY AND USE

Item	1995/96 <u>1/</u>	1996/97 Estimate <u>1/</u>		1997/98 Projection <u>1/</u>		
		June	July	June	July	
BILLION POUNDS						
SUPPLY						
BEGINNING COMMERCIAL STOCKS <u>2/</u> <u>23/</u>	4.6	4.9	4.9	5.3	5.4	
PRODUCTION	154.1	155.4	155.4	156.7	156.1	
FARM USE	1.5	1.4	1.4	1.3	1.3	
MARKETINGS	152.6	154.0	154.0	155.4	154.8	
IMPORTS <u>2/</u>	2.8	3.1	3.1	3.3	3.3	
TOTAL COMMERCIAL SUPPLY <u>2/</u>	160.0	162.1	162.1	164.0	163.4	
USE						
COMMERCIAL USE <u>2/</u>	154.9	156.3	156.0	157.9	157.3	
ENDING COMMERCIAL STOCKS <u>2/</u>	4.9	5.3	5.4	5.4	5.4	
CCC NET REMOVALS:						
MILKFAT BASIS <u>3/</u>	0.1	0.5	0.7	0.7	0.7	
SKIM SOLIDS BASIS <u>3/</u>	1.1	2.1	2.4	1.8	1.8	
DOLLARS PER CWT.						
PRICES RECEIVED BY FARMERS <u>4/</u>						
BASIC FORMULA (BFP)	13.50	11.70-11.90	11.60-11.70	11.80-12.80	11.60-12.50	
ALL MILK <u>5/</u>	14.49	13.40-13.60	13.45-13.55	12.95-13.95	12.75-13.65	
MILLION POUNDS						
CCC PRODUCT NET REMOVALS <u>3/</u>						
BUTTER	1	15	25	23	23	
CHEESE	5	10	12	7	7	
NONFAT DRY MILK	84	170	190	140	140	
		QUARTERLY <u>6/</u>			ANNUAL <u>6/</u>	
		1997 III	1997 IV	1998 I	1997	1998
BILLION POUNDS						
MILK PRODUCTION	38.2	38.0	39.0	155.5	156.3	
DOLLARS PER CWT.						
ALL MILK PRICE <u>4/</u> <u>5/</u>	12.10-12.50	13.15-13.85	13.20-14.20	12.90-13.20	12.85-13.85	
BASIC FORMULA PRICE <u>4/</u>	10.80-11.20	11.90-12.60	11.75-12.75	11.50-11.80	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," WASDE-328, World Agricultural Outlook Board, USDA, July 11, 1997.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JULY 14 - 18, 1997				CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD			
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	07/11/97	LAST YEAR			
BUTTER										
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE										
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK										
Nonfortified	220,444	-0-	-0-	220,444	5,772,131	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	220,444	-0-	-0-	220,444	5,772,131	-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 JULY 14 - 18, 1997 =	0.0	2.6	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	18.9	86.1	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - JULY 18, 1997 =	18.9	86.1	COMPARABLE CALENDAR YEAR 1996 =	0.0	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	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	74.1	0.0
WEST	-0-	-0-	392,874	-0-	5,772,131	-0-	25.9	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	5,772,131	-0-	100.0	0.0

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

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

DOLLARS PER POUND

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

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

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

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/28/97 & Comparable Week 1996

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3**	4**	5	6	7	8	9	10				
1997-Dairy cows HD (000)	0.3	1.3	---	9.3	19.8	2.4	2.7	1.0	8.8	3.9	49.6	1,456.6	43.7	46.0
1996-Dairy cows HD (000)	0.3	1.3	---	10.2	20.9	1.7	4.8	1.0	8.3	2.5	51.1	1,479.9	39.0	43.7
1997-All cows HD (000)	0.4	1.4	---	22.3	27.6	14.1	19.3	8.2	12.7	7.2	113.4	3,163.5		
1996-All cows HD (000)	0.3	1.4	---	24.7	28.5	25.0	21.2	9.9	13.1	7.0	131.1	3,385.1	**REGION 3 & 4 COMBINED**	

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

CCC MARKET PRICE INVITATIONS (POUNDS)

PROCESS	SEPTEMBER DELIVERY	OCTOBER DELIVERY
PROCESS LOAF - 5 LB.	1,069,200	554,400
PROCESS SLICED	990,000	356,400
PROCESS SHREDDED	230,400	--
PROCESS LOAF - 2 LB.	--	950,400
MOZZARELLA		
MOZZARELLA	2,338,560	403,200
LITE MOZZARELLA	282,240	161,280
LITE SHREDDED	282,240	80,640
AMERICAN		
BLOCKS	878,903	479,400
CHEDDAR CUTS	399,502	159,800
REDUCED FAT	119,850	79,900
REDUCED FAT CUTS	119,850	119,850
CHEDDAR SHREDS	153,600	76,800
REDUCED FAT SHREDS	192,000	--
BARRELS	440,000	400,000
NONFAT DRY MILK - SEPTEMBER		
INSTANT 6/4-POUND	93,312	
INSTANT 12/25.6 OZ	349,440	
NONFORTIFIED - 25 KG	773,819	

OFFERS ARE DUE JULY 22. SCHEDULED PUBLIC RELEASE IS ON JULY 25 AT 4:00 P.M. (CST).

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	10.74						