

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 3 3/4 cents to \$1.0775, Grade A increased 4 cents to \$1.0000, and Grade B increased 4 cents to \$1.0000. Also at the CME, barrel cheese decreased 1 1/2 cents to \$1.3200 and 40# blocks are unchanged at \$1.3925.

U.S. butter production was 81.7 million pounds in July, 8.6% above July 1996 but 0.1% below June 1997. American type cheese production totaled 285.1 million pounds, 5.9% above last July but 0.4% below this June. Total cheese output (excluding cottage cheese) was 616.5 million pounds, 5.9% above July 1996 but 1.7% below June 1997. Nonfat dry milk production, for human food, totaled 113.4 million pounds, 43.8% above the previous July but 5.8% below the month of June. Dry whey production, for human food, was 97.4 million pounds, 8.3% above July 1996 but 0.8% below June of this year.

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 1997 was unchanged at 116. Compared with August 1996, the index was up 1 point (0.9%). The index of prices received by farmers for dairy products advanced 4 points during August 1997 to 97. Compared with August 1996, the index was down 25 points (20.5%). On a 3.5% butterfat basis, prices received by farmers in August with changes from July were: for All Milk, \$12.67, up 48 cents; for Fluid Grade Milk, \$12.68, up 39 cents; and for Manufacturing Grade Milk, \$11.52, up 79 cents.

In June 1997, mailbox milk prices reported for selected Federal milk orders averaged \$11.90, \$.50 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$11.93, down \$.60; Southeast, \$13.52, down \$.62; Midwest, \$11.81, down \$.43; and West, \$11.25, down \$.46. Compared to June 1996, mailbox milk prices, on average, decreased \$2.38 per cwt.

Milk production continues to fluctuate around the country. In Florida, the milk flow is reported to be steady at the bottom of the annual cycle. Imported milk needed to supplement local supplies is down rather sharply this week. In

other Southeastern states, ideal weather is causing milk production to rebound and imports are lighter. In the Midwest, the initial push for milk shipments to the Southeast appears to be over and handlers are now concentrating more on local area fluid needs. Milk production continues to be strong in California. Contacts are indicating milk receipts are above 1996 output, often at double digit levels. In other areas of the Southwest, production is mostly steady with milk output holding above last years levels. Milk output in the Pacific Northwest is seasonally lower and there are concerns about milk supplies for the winter. Milk production is declining more rapidly in the northern Mountain States region and it is believed that poor quality, expensive forage is to blame.

Nonfat dry milk prices are unchanged and the market tone remains weak. Demand is light and stocks are readily available from most producers. Dry buttermilk prices are unchanged to lower and buyer interest is light. Production levels are lighter as many butter makers are trying to avoid churning with the possibility of lower butter prices. Whey prices are higher and the market tone is firming. Contacts report that there has been a dramatic change in market conditions from a week ago. More buyers are looking to the West to buy whey but are finding tighter supplies and higher prices there as well.

During the week of September 8 - 12, CCC net dairy product purchases under the price support program were 5,047,015 pounds of Western nonfortified NDM.

SPECIAL THIS ISSUE

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BUTTERMARKETS

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	SEPTEMBER 9	SEPTEMBER 11	SEPTEMBER 12
AA	\$1.0400 - 1.0500 (.0100) (.0100)	\$1.0400 - 1.0500	\$1.0400 - 1.0500
A	\$0.9600 - 0.9700 (.0100) (.0100)	\$0.9600 - 0.9700	\$0.9600 - 0.9700

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, Grade AA butter increased 3 3/4 cents to \$1.0775, Grade A increased 4 cents to \$1.0000, and Grade B increased 4 cents to \$1.0000. The butter market tone remains mixed. Stocks of butter are readily available for most all needs. Churning schedules are seasonally active, although many producers are hesitant to churn any extra at this time. Cream supplies are plentiful with pricing multiples edging lower. Butter buying interest generally centers around short term or immediate needs.

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	SEPTEMBER 8 - 12, 1997
BARRELS*	\$1.3350 - 1.3550 (NOMINAL) (.0100) (.0100)
40# BLOCKS	\$1.4025 - 1.4275 (NOMINAL) (.0100)

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

CHEESE HIGHLIGHTS: The cheese market is irregular, fully steady on blocks, but weak on barrels. At the CME, in moderate trading, blocks were steady at \$1.3925, but barrels declined 1.5 cents to \$1.3200. Current natural offerings are tight to adequate with barrels more available. The seasonal shift in consumer demand toward more natural varieties from process continues. For the first 7 months of 1997 compared to the same period in 1996 (adjusted to the same number of days), U.S. cheddar cheese production totals 1.53 billion lbs, up 60.6 million lbs (3.9%). Total cheese output is 4.19 billion lbs, up 102.9 million lbs (2.5%) from a year ago.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, SEPTEMBER 12, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION	LST
AA	+0.0375	\$1.0775	SALE 09/12/97
A	+0.0400	\$1.0000	BID 09/12/97
B	+0.0400	\$1.0000	BID 09/12/97

SALES: 59 CARS GRADE AA: 2 @ \$1.0375, 1 @ \$1.0400, 1 @ \$1.0450, 4 @ \$1.0500, 16 @ \$1.0700, 20 @ \$1.0750, 5 @ \$1.0600, 2 @ \$1.0725, 5 @ \$1.0775, 2 @ \$1.0675, 1 @ \$1.0775 (LST)

BIDS UNFILLED: 14 CARS GRADE AA: 2 @ \$1.0500, 5 @ \$1.0275, 1 @ \$1.0250, 1 @ \$1.0200, 5 @ \$1.0100
3 CARS GRADE A: 1 @ \$1.0000 (LST), 1 @ \$0.9950, 1 @ \$0.9800
1 CAR GRADE B @ \$1.0000 (LST)

OFFERS UNCOVERED: 23 CARS GRADE AA: 1 @ \$1.1200, 1 @ \$1.1100, 1 @ \$1.1000, 5 @ \$1.0900, 10 @ \$1.0825, 5 @ \$1.0800

CHEESE TRANSACTIONS ON THURSDAY, SEPTEMBER 11, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-0.0150	\$1.3200 : OFFER 09/11/97
40# BLOCKS	N.C.	\$1.3925 : SALE 09/11/97

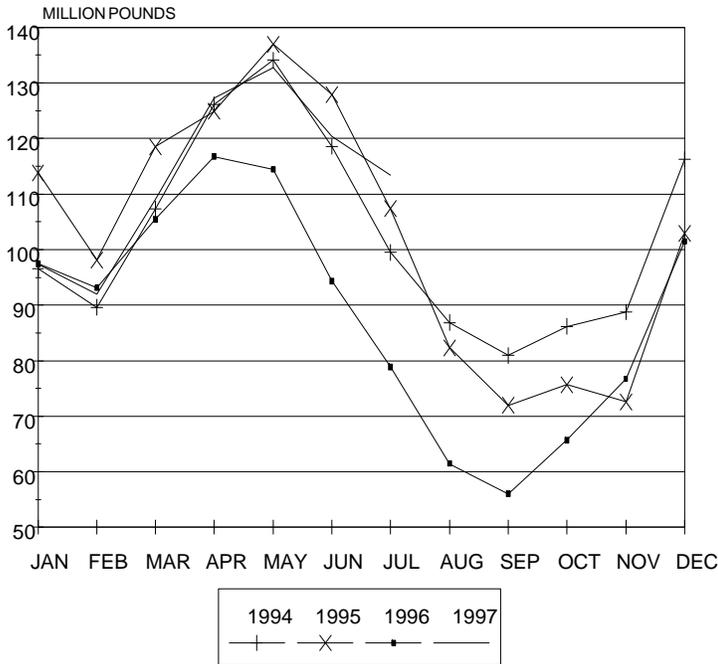
SALES: 10 CARS BARRELS: 1 @ \$1.3325, 4 @ \$1.3300, 2 @ \$1.3275, 3 @ \$1.3250
9 CARS 40# BLOCKS @ \$1.3925 (LST)

BIDS UNFILLED: NONE

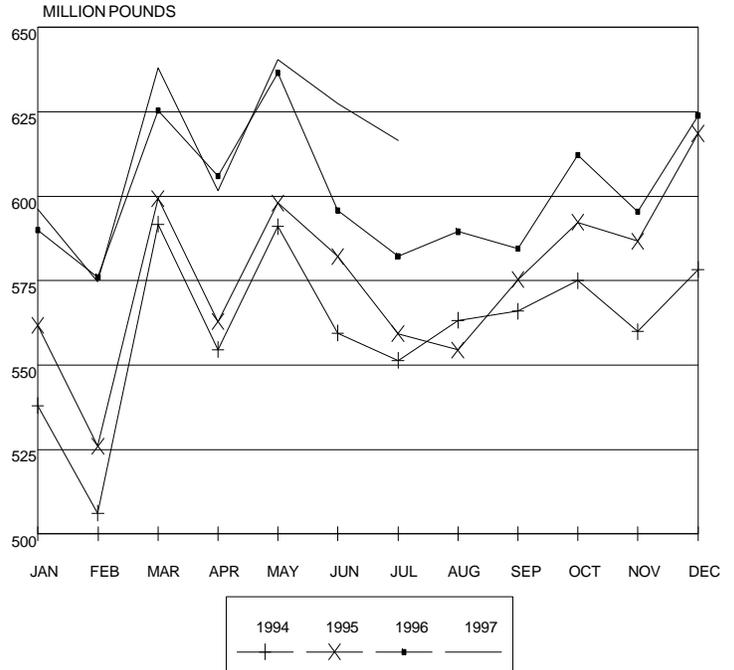
OFFERS UNCOVERED: 27 CARS BARRELS: 1 @ \$1.3200 (LST), 1 @ \$1.3250, 1 @ \$1.3275, 4 @ \$1.3300, 4 @ \$1.3325, 7 @ \$1.3350, 3 @ \$1.3375, 1 @ \$1.3425, 4 @ \$1.3450, 1 @ \$1.3500
2 CARS 40# BLOCKS (6 MONTHS OLD) @ \$1.5200

NOTE: Last week's LST for barrels should have been placed at the \$1.3350 offer.

U.S. NONFAT DRY MILK PRODUCTION - HUMAN FOOD



U.S. TOTAL CHEESE PRODUCTION



PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Wholesale prices are 1 cent higher following the increase at the Chicago Mercantile Exchange butter market on September 5. Overall butter supplies are generally adequate. Current churning schedules and cream availability continue to be affected by fluid shipments to bottlers, both locally and into the Southeast.

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

1/4 LB. PRINTS	:	1.2500-1.4975
1 LB. PRINTS	:	1.1650-1.3475
CHIPS/PATTIES	:	1.2275-1.3975
REDDIES	:	1.3025-1.4975
CONTINENTALS	:	1.3825-1.5575

CENTRAL STATES

Print butter prices are higher following September 5 bulk butter trading at the Chicago Mercantile Exchange. The market tone is mixed. Producers have varying opinions on current market conditions. Some producer/handlers are comfortable with slightly higher prices, while others feel that current market conditions do not warrant higher prices. Stocks of butter range from in close balance to readily available for current needs. Buying interest is seasonally fair and, in most instances, orders are being placed for short term needs. Most buyers feel that stocks are and will continue to be sufficient for upcoming year-end needs.

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

1/4 LB. PRINTS	:	1.1400-1.5475
1 LB. PRINTS	:	1.1050-1.2675
CHIPS/PATTIES	:	1.1300-1.3400
REDDIES	:	1.2150-1.4500
CONTINENTALS	:	1.3700-1.5600

WEST

Butter prices range from steady to one cent higher. Demand for butter is fair, shifting from food service and restaurant orders to more retail sales. Cream demand is slowing seasonally. More firms are now exporting bulk and print butter. While total volumes are not large, this may have some impact on domestic markets later in the year. U.S. butter production in July totals 81.7 million pounds, up 8.6% from last year. Cumulative output for the year has reached 720.3 million pounds, up 0.4% from the same period in 1996. July output for selected Western states compared to last year is as follows: California up 27.8%, Oregon up 17.5%, and Washington down 0.7%.

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

1/4 LB. PRINTS	:	1.3225-1.3700
1 LB. PRINTS	:	1.2525-1.3125
PATTIES	:	1.2950-1.4600
REDDIES	:	1.4200-1.4375

CORRECTION: LAST WEEK'S REDDIES PRICE SHOULD HAVE BEEN 1.4100-1.4275.

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

1/4 LB. PRINTS	:	1.0375-1.0775
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS IN
THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
09/08/97	23,105	:	117,191
09/01/97	29,320	:	118,256
CHANGE	-6,215	:	-1,065
% CHANGE	-21	:	-1

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	MN/WI	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
		WEST	U.S.	U.S.		MN/WI	OTH STATES	U.S.
SEPTEMBER 5	1,4092	1,3437	1,3682	1,3962	1,3404	1,3021	1,3175	1,498,850
	2,666,513	4,203,050	940,949	3,700,093	5,437,079	9,137,172		

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

CHEESE MARKETS

NORTHEAST

Prices are unchanged. Cheese production continues to be impacted by the tighter milk supplies caused by the reopening of schools. Demand is generally just fair, typically best from retail accounts. Consumers are adjusting purchase patterns more toward fall (school open) varieties. Cheese production remains below recent summer levels.

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

Cheddar 10# Prints	:	1.3875-1.8750
Cheddar Single Daisies	:	1.3575-1.8800
Cheddar 40# Block	:	1.5300-1.6800
Process 5# Loaf	:	1.5450-1.6950
Process 5# Sliced	:	1.5650-1.7300
Muenster	:	1.5725-1.9450
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is generally steady. At the Chicago Mercantile Exchange on September 4, the 40 pound block price was unchanged at \$1.3925 and barrels held at \$1.3350. The current tone is steady and traders continue to support their positions. Most traders believe the market is fully steady to firm for the short term, but more bearish by late in the year. Offerings of cheddar and colby blocks are tight to adequate. The necessary lead times on more specialized products has not shortened. A few plants are fully committed on current production, upwards to several weeks. The volume of current Western offerings is not as available as previous months. Process movement is irregular, unchanged to occasionally improved for some food service accounts and steady at best for retail. Barrels are tight to adequate. Aged cheddar interest is improving seasonally for more sellers and inventories are declining. Acquiring extra milk to fill orders, yet not lose money on the deal, continues to be a problem. Cheese yields are starting to rebound at some locations.

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

Process American 5# Loaf	:	1.4975-1.6350
Brick And/Or Muenster 5#	:	1.6300-1.8500
Cheddar 40# Block	:	1.6425-1.9150
Monterey Jack 10#	:	1.8300-1.9150
Blue 5#	:	1.9950-2.1800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6900-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Prices for Western cheese remain steady. A number of contacts commented that demand was slower across the board this week. Stocks are beginning to build at some locations and those producers are discounting prices in order to keep product moving. Many buyers are now doing more price shopping. Mozzarella sales remain quite good entering the fall buying season. Swiss producers are gearing up for what they believe will be a strong fall season. Swiss production in July totaled 18.0 million pounds, down 4.1% from last year. Cheddar cheese production totaled 231.8 million pounds, up 12.1% from last year. Total cheese production for selected Western states compared to last July is as follows: California up 21.3%, Idaho up 9.5%, Oregon down 0.4%, Utah down 4.6%, and Washington up 11.1%. The whole U.S. was up 5.9%.

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

Process 5# Loaf	:	1.4975-1.7775
Cheddar 40# Block	:	1.5750-1.7300
Cheddar 10# Cuts	:	1.7500-1.9150
Monterey Jack 10#	:	1.7150-1.8775
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGNTYPE

Prices on imported and domestic varieties are unchanged. Movement continues to improve on some varieties as customers adjust to more "fall - like" purchase patterns. Current supplies range from tight to adequate.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7275-2.3375
Gorgonzola	: 3.2400-5.9400	: 2.3925-2.4900
Parmesan (Italy)	: TFEWR	: 3.1375-3.1750
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4000-1.9075
Romano (Cows Milk)	: -0-	: 2.9250-3.1775
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

Following the announcement of the August BFP, Eastern Milk Market Administrators announced changes to their class prices. The August BFP is \$12.07, up \$1.21 from July. In all orders in the East, October Class I & II milk prices will be up \$1.21 from September. In orders 1, 2, and 4, the August Class III prices increased \$1.26, and up \$1.21 in all other orders. The August Class III-A is \$11.98 in orders 1 & 2, \$12.00 in order 4, and \$11.88 in all other Eastern orders. The butterfat differential is \$0.106. Milk production ranges from steady to higher depending on area. In Florida, the milk flow is reported to be steady at the bottom of the annual cycle. In other Southeastern states, ideal weather is causing milk production to rebound. In the Middle Atlantic and other Northeastern states, the milk flow is about steady. Bottled milk sales are improved in the Northeast where schools are back in session and the pipelines are now filled. In the Southeast and Florida, Class I sales are steady to a little slower. Florida's need for milk is down rather sharply this week. The combination of slower bottling schedules and steady milk production is reducing the need for "outside" milk. About 130 loads were imported this week and that is about 100 loads less than last week. Imports by handlers in other Southeastern states are also lighter. Surplus milk volumes are light to moderate and contacts are rather pleased not to be making NDM and butter. Most are trying to clear inventories rather than build them. Manufacturing activity in the Southeast is limited. The condensed skim market is about steady, but there is some concern about the \$1.21 jump in the Class II milk price for October. Spot demand is just fair. The fluid cream market is about steady. Spot prices are higher and lower as the increase in butter prices were often offset by lower multiples. Demand is mixed. Ice cream production is showing more signs of slowing along seasonal patterns, but cream cheese output is increasing. Churning activity is light. Many butter producers feel that butter prices could move lower and they are trying to limit butter production.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. Producing Plants: Northeast	- 1.3920 - 1.5168
Delivered Equivalent Atlanta	- 1.4140 - 1.4880 M 1.4540-1.4650
F.O.B. Producing Plants: Upper Midwest	- 1.3920 - 1.4784

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS	
F.O.B. Producing Plants: Northeast	- 0.9500 - 1.0550* *

**CORRECTION: Last week's condensed skim price should have been \$.9500-1.0550.

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
SEPTEMBER 4 - 11, 1997	62
PREVIOUS WEEK (REVISED)	82
COMPARABLE WEEK IN 1996	81

DESTINATIONS: FLORIDA 35, KENTUCKY 8, TENNESSEE 19

Class I demand within the region is good, bolstered by a few retail features and stronger school milk business. An additional 12 loads of Wisconsin milk were shipped to Florida last week and the total was revised. Besides the milk shipments reported, over 40 loads of Wisconsin milk were "direct shipped" and pooled under a Southern Federal Order, mostly to Tennessee and Kentucky. Also, 14 loads of Wisconsin milk were shipped to Ohio and not included in the Wisconsin total. Overall, the initial push appears over on shipments to the Southeast and handlers are concentrating more on local area fluid needs. Milk supplies remain very tight with at least a few cheese

manufacturing plants fully committed to orders with their anticipated milk supplies. Reported spot milk premiums for manufacturing milk range from just over \$2.00 to \$3.15 fob, on a limited test. Milk intakes in the upper tier of states are generally steady to slightly lower. Receipts have stabilized with the cooler weather in the middle tier of states. Protein tests, and to a lesser degree fat tests, are rebounding from summer lows, helping to improve manufacturing product yields. Cream prices are higher, reflecting the higher butter prices on the Chicago Mercantile Exchange on September 5. Many farmers remain concerned over the crop progress, as to whether or not there will be sufficient time and heat to mature before the first killing frost. Crop maturation is still lagging in many northern states. Some corn is being chopped, but mostly to open fields.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)		
	SEP 4 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 31.00- 36.00
REPLACEMENT HEIFER CALVES	\$ 90.00-165.00	\$110.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	SEP 4 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 40.25	\$ 31.00- 36.00

W E S T

The October and November Class 1 prices in California range from \$14.43 in the north to \$14.70 in the south. The statewide average Class 1 price based on production is \$14.49. The average price is up \$1.93 from the previous period but is down \$3.11 from the previous year. Milk production remains strong in California. Plant contacts are indicating receipts are above 1996 output at often double digit levels. Temperatures have been higher than normal, but are not affecting milk output to any great extent. Cropping conditions remain nearly ideal and good quality feeds are being harvested. Production in other areas of the Southwest is holding mostly steady. Recent rains in parts of Arizona and New Mexico continue to influence milk output and quality, but the extent is not fully known. Both states have output above last year's level. Fluid milk demand is mostly steady as school year buying habits are reestablished. Cream prices are unchanged. Demand is mostly steady to lower seasonally. Temperatures have been extremely warm for this time of year in the Pacific Northwest. Highs into the mid 90's were common. Some rain moved into the region at midweek just as the corn silage harvest was beginning. With all the hay harvesting problems the region has experienced, contacts hope that the rain will not carry over into the silage harvest. Milk output is seasonally lower in the region. Some concern has been expressed about supplies of milk, especially in Oregon, for fall and winter needs to keep all plants operating efficiently. Cull cow prices are stagnant and there really is no heifer market at this time. Available hay quality continues to deteriorate. Conditions remain hot in the northern Mountain States region. Milk production is declining at a much faster rate than over the past few weeks. Most contacts don't believe that the weather is much of a factor, instead they blame the poor quality, expensive forage that is just starting to be fed. They wonder what production per cow levels will look like this winter when most cows will be on stored hay. Calls were received from plants within the region looking for additional loads of milk. Some of these same plants were shopping surplus milk around just two weeks ago.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/11/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices and the market tone are holding mostly steady at generally weak levels. High heat supplies are often tighter and this week, resulted in a higher price on the top end of the range. Supplies of NDM are available from many producers in the region, although many plants are not presently drying. U.S. production of human food NDM during July totaled 113.4 million pounds, 43.8% more than last year but 5.8% lower than last month. (Combined MN and WI production during July totaled 4,380,000 pounds.) Manufacturers' stocks at the end of July totaled 158.7 million pounds, 106.7% higher than last year but 8.4% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0500 - 1.1000 MOSTLY: 1.0550 - 1.0650

DRY BUTTERMILK - CENTRAL

Prices and the market tone are unchanged. Buyer interest is generally light and unaggressive. Production is seasonally light to instances higher. Stocks are in excess of current needs. During July, dry buttermilk production totaled 3.0 million pounds, up 37.8% from last year and 8.8% above June. End-of-month stocks totaled 3.5 million pounds, up 134.4% from a year earlier but down 20.0% from last month.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

Prices and the market tone continue to firm. Buying interest has been renewed by last week's price increase and buyers being more aggressive. Plant offerings are seasonally light and not able to fill current needs. Buyers are scouring the resale channels to satisfy orders and are paying hefty premiums. More buyers are looking to the West to buy whey but are finding supplies there to be tighter than in recent weeks and prices to be higher, too. Production is seasonally light and producers are not able to find extra condensed whey to fill additional orders. Stocks are mostly light. U.S. production of human food whey during July totaled 97.4 million pounds, 8.3% more than last year but 0.8% less than last month. End-of-July stocks, at 34.3 million pounds, are 7.4% less than last year but 12.4% more than June. Production in July with changes from 1996 is: Wisconsin, 29.9 million pounds, up 5.3%; and Minnesota, 9.8 million pounds, down 17.5%.

NONHYGROSCOPIC: .2300 - .2450 MOSTLY: .2325 - .2375

ANIMAL FEED WHEY - CENTRAL

Milk replacer and roller ground whey prices are higher and remain nominal in light trading. The market tone is firming along the same lines as the edible whey market. Buying interest is fair to good and often unfilled as buyers are looking for whey. Delactose prices are unchanged and the market tone is flat. Standard prices are too few to report. July U.S. animal feed, dry whey production totaled 5.4 million pounds, 0.5% more than last year but 20.0% lower than June. Month-ending stocks were 3.4 million pounds, 27.4% less than last year and 24.0% lower than last month. Animal feed, reduced lactose and minerals whey production during July totaled 2.4 million pounds, 22.6% more than last year but 8.7% less than June; while all stocks (animal and human), at 13.1 million pounds, were 8.2% higher than last year.

MILK REPLACER: .2100 - .2300
STANDARD: TFEWR
ROLLER GROUND: .2325 - .2425
DELACTOSE (Min. 20% protein): .3350 - .3600

LACTOSE - CENTRAL AND WEST

Prices are lower on the bottom end of the range, but the mostly range is unchanged. Spot prices are under pressure and are most often being discounted in attempts to keep stocks current. Feed quality lactose prices are sharply lower and feed buyers are more active now that whey prices are higher and increasing. Stocks are more than current needs. U.S. lactose production during July totaled 39.3 million pounds, up 19.1% from last year and 0.1% higher than June. End-of-July stocks, at 25.8 million pounds, are 28.6% higher than last year and 6.4% more than last month. Production in July with changes from 1996 is: Minnesota, 11.1 million pounds, up 24.5%; and Wisconsin, 8.5 million pounds, down 7.0%.

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

EDIBLE: .1950 - .2800 MOSTLY: .2100 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices are lower and the market tone is weak. Buying interest is declining. Offerings are available from plants, resellers, and end users. Contacts are gauging the effects of the price increases in the edible whey markets. With both WPC and lactose prices weaker, more whey solids may go to produce whole whey. U.S. production of human food WPC during July totaled 23.2 million pounds, a 13.3% increase from last year and 0.1% higher than the previous month. Manufacturers' stocks at the end of July totaled 8.4 million pounds, 1.8% less than last year but 7.7% more than last month.

EXTRA GRADE 34% PROTEIN: .5900 - .6300 MOSTLY: .6100 - .6200

NONFAT DRY MILK - WEST

Western NDM prices are unchanged and the market tone remains weak. Producers offered 4.2 million pounds of NDM to the CCC under the price support program last week. Offerings continued this week. Demand remains light and stocks are available from most producers in the region. Current production levels are active to process growing milk supplies. U.S. NDM production in July totaled 113.4 million pounds, up 43.8% from last year but down 5.8% from June. Stocks at the end of the month were reported at 158.7 million pounds, up 106.7% from last year but 8.4% lower than last month. July production in California totaled 51.0 million pounds, up 49.5% from last year, and Washington output totaled 18.1 million pounds, up 3.6% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.0650 MOSTLY: 1.0350 - 1.0500

HIGH HEAT: 1.0600 - 1.0800

DRY BUTTERMILK - WEST

Buttermilk prices are mostly steady at weak levels. Sales are said to be very slow with limited buying interest. Offerings are available from most producers and also from resellers. Contacts are noting a downturn in buying interest from ice cream accounts. U.S. buttermilk powder production in July totaled 3.0 million pounds, up 37.8% from last year and 8.8% above June. Stocks at the end of the month were reported at 3.5 million pounds, up 134.4% from a year earlier but down 20.0% from June.

BUTTERMILK: 1.0000 - 1.0700 MOSTLY: 1.0000 - 1.0400

DRY WHEY - WEST

Both range and mostly prices are showing some strength. Demand from other regions of the country has picked up dramatically. Production and stock levels in other regions are much below current needs. Both end users and resellers are looking for additional powder. Export sales are about steady. Current Western production is ahead of last year, but it is falling at a much faster seasonal rate now. Stocks in the West range from in close balance to tight. A number of contacts are commenting that there seems to be more animal feed grade whey being produced than is normal. Also, some whey solids are being switched from standard dry whey output to higher value whey fractions. Human type whey production in July for the U.S. totals 97.4 million pounds, up 8.3% from last year. Stocks, at 34.3 million pounds are down 7.4% from July 1996.

NONHYGROSCOPIC: .2050 - .2300 MOSTLY: .2100 - .2150

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended September 05, on powder sales of 8,723,941 pounds f.o.b. California manufacturing plants was \$1.0543 per pound. This compares to 7,127,308 pounds at \$1.0522 for the previous week ending August 29, 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 generally unchanged and the market tone is weak. Production is light to moderate as significant volumes of Northeastern milk are moving to buyers/users in the Southeast. Producers' stocks are heavier than desired and some dryers are offering multi-load deals to encourage interest. Overall, demand is slow. Buyers aren't buying too far ahead and they seldom have to reach beyond Eastern producers for their spot needs. Production of human food, nonfat dry milk during July 1997 totaled 113.4 million pounds, up 43.8% from July 1996 but 5.8% less than June 1997. Month ending stocks, at 158.7 million pounds, are 106.7% above a year ago but 8.4% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0500 - 1.1400
DELVD SOUTHEAST:	1.0750 - 1.0900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower and the market tone is steady. Production levels are lighter as many butter makers are trying to avoid churning. With the possibility of lower butter prices, producers do not want to build inventories. Buttermilk powder stocks are closely balanced for the steady, fair demand. Dry buttermilk production during July 1997 totaled 3.0 million pounds, up 37.8% from July 1996 and up 8.8% from June 1997. Month ending stocks, at 3.5 million pounds, are 134.4% more than a year ago but 20.0% less than last month.

F.O.B. NORTHEAST:	1.0300 - 1.0725
DELVD SOUTHEAST:	1.0725 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are steady to lower and the market tone is steady. Production levels are often lighter and reflective of surplus milk availability. Producer stocks are closely balanced with demand. Spot demand is slow to fair for both domestic use and exporting. Dry whole milk production during July 1997 totaled 9.8 million pounds, down 13.8% from July 1996 and unchanged from June 1997. Month ending stocks, at 5.8 million pounds, are 20.1% below a year ago but 13.6% above last month.

F.O.B. PRODUCING PLANT:	1.2300 - 1.3000
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH SEPTEMBER 5, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	39,861	MT (87,877,561 LBS)
CHANGE	--	1,571	MT (3,463,427 LBS)
WHOLE MILK POWDER	--	668	MT (1,472,673 LBS)
CHEESE	--	477	MT (1,051,594 LBS)
CHANGE	--	23	MT (50,706 LBS)
BUTTERFAT	--	6,602	MT (14,554,769 LBS)
CHANGE	--	1,366	MT (3,011,484 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are often higher and nominal. The market tone has made a sudden turn around and is firming. Contacts report that there has been a dramatic change in market conditions from a week ago. Market conditions went from fully adequate supplies and lackluster demand to tight supplies and much improved demand in a very short period. Producers' stocks continue to be limited. Contacts report that it is now harder to get powder from resellers. Up until this week, resellers did have adequate volumes available for spot sale. Current production levels are often lighter because of reduced availability of surplus milk. Production of human food, dry whey during July totaled 97.4 million pounds, 8.3% more than July 1996 but 0.8% less than June 1997. Month ending stocks, at 34.3 million pounds, are 7.4% below a year ago but 12.4% more than last month.

F.O.B. NORTHEAST:	EXTRA GRADE	.2300 - .2400
	USPH GRADE A	.2425 - .2525
DELVD SOUTHEAST:		.2550 - .2775

ANIMAL FEED WHEY - NORTHEAST

Prices are generally higher and nominal. Production levels are lighter and stocks are tight. Buying interest from animal feed makers is improving. Production of animal feed, dry whey during July totaled 5.4 million pounds, 0.5% more than July 1996 and 20.0% less than June 1997.

F.O.B. NORTHEAST: MILK REPLACER	.2150 - .2225
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production is steady to lighter now that surplus milk volumes are dropping. This is typical for this time of year when more milk moves into Class I utilization. Plant stocks are about adequate for the fair to occasionally improved demand. The \$1.21 jump in Class III milk prices did and will affect some sales allowances that were being offered. Canned evaporated milk production during July 1997 totaled 38.8 million pounds, up 6.6% from July 1996 but 13.8% less than June 1997. Month ending stocks, at 40.6 million pounds, are 4.0% less than a year ago and 5.1% less than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED	
MAJOR U.S. CITIES	\$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices and the market tone are unchanged for both casein types. Product is available for all current and contract needs and orders are being filled on time. Contacts state that casein imports are continuing and will be available for fourth quarter needs. Pressure is growing to hold the \$2.00 mark as the low point for contract pricing.

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	08/28	08/29	09/01	09/02	09/03	09/04	09/05	09/08	09/09	09/10
CSCE CHEDDAR CHEESE -- Cents per pound										
OCT 97	133.00 (12) 0	133.30 (12) 0	NO TRADING	133.30 (12) 0	132.00 (12) 0	133.00 (12) 0	133.00 (10) 2	133.00 (10) 0	133.00 (10) 0	134.00 (10) 0
DEC 97	126.50 (2) 0	126.80 (2) 0		126.80 (2) 0	125.50 (2) 0	126.50 (2) 0	126.50 (2) 0	126.50 (2) 0	126.50 (2) 0	126.50 (2) 0
FEB 98	122.80 (0) 0	123.10 (0) 0		123.10 (0) 0	121.80 (0) 0	122.80 (0) 0	122.80 (0) 0	122.80 (0) 0	122.80 (0) 0	122.80 (0) 0
CSCE - NONFAT DRY MILK -- Cents per pound										
OCT 97	102.80 (4) 0	102.80 (4) 0	NO TRADING	102.80 (4) 0	103.50 (4) 0	103.50 (4) 0	105.00 (4) 0	104.30 (4) 0	104.30 (4) 0	104.30 (4) 0
FEB 98	100.30 (0) 0	100.30 (0) 0		100.30 (0) 0	101.00 (0) 0	101.00 (0) 0	102.50 (0) 0	101.80 (0) 0	101.80 (0) 0	101.80 (0) 0
CSCE - FLUID MILK -- Dollars per cwt.										
OCT 97	14.45 (17) 6	14.45 (17) 0	NO TRADING	14.45 (17) 1	14.45 (16) 0	14.55 (16) 0	14.55 (16) 0	14.55 (16) 0	14.55 (16) 0	14.55 (16) 0
DEC 97	12.47 (10) 1	12.47 (10) 0		12.47 (16) 6	12.47 (4) 0	12.50 (4) 0	12.50 (4) 0	12.50 (4) 0	12.50 (4) 0	12.50 (4) 0
FEB 98	12.92 (0) 0	12.92 (0) 0		12.92 (0) 0	12.92 (0) 0	12.95 (0) 0	12.95 (0) 0	12.95 (0) 0	12.95 (0) 0	12.95 (0) 0
CSCE - BUTTER - Cents per lb.										
OCT 97	92.00 (18) 0	92.00 (18) 0	NO TRADING	92.00 (18) 0	92.00 (18) 0	93.00 (9) 10	101.00 (10) 1	91.50 (9) 5	95.80 (9) 0	97.00 (10) 0
DEC 97	81.00 (28) 8	81.00 (28) 0		85.00 (28) 0	85.00 (28) 12	86.00 (42) 2	94.00 (42) 0	84.50 (42) 0	82.50 (42) 0	82.50 (42) 0
CSCE - BFP -- Dollars per cwt.										
AUG 97	11.97 (406) 40	12.01 (412) 16	NO TRADING	12.08 (411) 3	12.08 (409) 10	12.06 (409) 12	11.75 (418) 6			
OCT 97	12.48 (371) 23	12.48 (371) 1		12.53 (379) 11	12.53 (379) 7	12.51 (378) 7	12.54 (377) 0	12.53 (377) 1	12.53 (372) 6	12.51 (373) 5
FEB 98	11.68 (55) 0	11.69 (55) 0		11.65 (55) 0	11.65 (55) 0	11.65 (55) 0	11.65 (55) 0	11.58 (55) 0	11.45 (55) 0	11.47 (57) 2
CME - BUTTER -- Cents per pound										
SEP 97	95.00 (151) 14	95.50 (142) 21	NO TRADING	95.50 (138) 7	95.50 (112) 50	95.75 (98) 10	98.25 (83) 34	101.00 (74) 9	101.10 (57) 0	101.00 (53) 4
NOV 97	89.00 (37) 1	88.00 (37) 2		88.50 (37) 1	89.500 (37) 1	90.00 (37) 2	92.50 (37) 0	97.50 (37) 0	97.00 (37) 2	97.00 (38) 8

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 September 1 - 12, 1997

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

WESTERN AND EASTERN EUROPE

OVERVIEW-WESTERN EUROPE: Prices for manufactured dairy products throughout most areas of Western Europe are increasing. Although prices are increasing, overall international trading activity remains light. Stocks of European dairy products range from in balance to short of desired levels. Butter continues to be in the tightest position. Stock levels were depleted below desired levels due to strong sales activity last season. The current production season has most producers reestablishing workable inventories. Early indications are that potentially strong buyer interest will again be occurring this year. Other dairy product demand remains light. As European prices increase, traders are concerned about displaced buyer interest, although stock levels of most products are not as plentiful as most traders would like. The overall European milk production season is somewhat later this year versus last year, thus inventory building is also behind. Weather conditions are also affecting seasonal milk production patterns. In many areas, dryer than usual conditions prevailed during the current production season, and once the rains began, were probably too late to do much good.

BUTTER/BUTTEROIL: European butter markets remain firm as prices continue to increase on a steady basis. The U.S. dollar has eased over the past few weeks, thus international markets are responding with firmer prices. Stocks of butter are lower than most producers and traders desire for this late in the milk production season. In instances, current light trading activity is causing traders to pull butter stocks out of private storage earlier than anticipated. Russian buying interest continues to develop for immediate and future shipments.

82% BUTTERFAT:	1,880 - 2,000
99% BUTTERFAT:	2,300 - 2,400

SKIM MILK POWDER (SMP): Skim milk powder prices are increasing. Skim powder stocks are reported to be in close balance to short. Handlers have mixed opinions as to the supply situation. Some producers are behind on their orders while others are comfortable and able to make timely deliveries. Butter/powder output continues to trail desired needs. Often, butter/powder production is absorbing milk versus cheese or whole milk production. Overall trading activity is light, although buyer interest is starting to develop. European producers and traders continue to closely monitor the active sales from the U.S. into the international market.

1.25% BUTTERFAT:	1,600 - 1,740
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WHOLE MILK POWDER (WMP): Whole milk powder buying interest is improving, but overall sales remain light. Stocks of whole milk powder range from in close balance to less than producers like to have for this time of the season. Competition for milk continues between whole milk powder and butter/skim production due to lower than desired levels of butter and skim milk powder. Many traders report that market conditions are developing for more trading activity to occur.

26% BUTTERFAT:	1,780 - 1,850
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SWEET WHEY POWDER: Whey powder prices within Europe are steady to higher. Stocks of whey powder are building to levels that have some producing countries interested in clearing supplies. Overall buying interest remains slow.

NONHYGROSCOPIC:	500 - 550
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OVERVIEW-EASTERN EUROPE: Eastern European prices are also higher. Milk production is declining on a seasonal basis. Seasonal milk production had a late start this year, thus many handlers feel that total output will be behind last year. In Poland, the government opened intervention for SMP for 4 weeks. The tonnage amount is 15,000MT which is about 1 month's production. As in Western European countries, inventories of manufactured dairy products in Eastern Europe are also not as heavy as desired. International trading activity is light, although as seasonal changes occur, most traders feel that marketing conditions will be changing in the near future.

OCEANIA

OVERVIEW: Seasonal milk production growth is very noticeable throughout most regions of Oceania. Early indications are good for positive production increases as their spring season begins. Conditions in Australia remain dry, although moisture has fallen in past weeks to help relieve some moisture stress. Rainfall has been occurring on a frequent basis, but not enough to replenish depleted subsoil moisture levels. In New Zealand, conditions continue to be more favorable. Good cow conditioning and sufficient feed stocks are contributing to a strong start to the production season. The impact of El Nino is giving producers in both Australia and New Zealand much concern. Producers in Australia are questioning their ability to withstand another year of dry conditions, let alone the potential impact of a more severe El Nino than in 1982 - 83. New Zealand's concern centers around having such a good season last year and losing that production momentum due to uncontrollable El Nino conditions. Production of manufactured dairy products is building seasonally. For the time being, concerns over limited export opportunities are not a major concern, thus stocks are being held for future use.

BUTTER: Oceania butter markets are firm as prices increase. Oceania traders anticipate Russia to once again be active in the international butter market during their upcoming winter season. Already, Russian interest is more active than last year at this time and last season, their buying interest was very strong. Churning schedules throughout the Oceania region are increasing seasonally. Milk volumes are being directed toward butter/powder at this time due to good sales potential during the upcoming year.

82% BUTTERFAT:	1,500 - 1,600
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CHEDDAR CHEESE: Cheese markets are steady to firm. Overall buying interest remains quite stable, although competitiveness is developing as the new production season gets underway. Established markets continue to place good orders, while other potential markets continue to be developed. Oceania traders are feeling the competitiveness of cheese traders from other markets.

39% MAXIMUM MOISTURE:	2,050 - 2,150
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SKIM MILK POWDER (SMP): Skim milk powder markets are showing strength as are most other manufactured dairy product markets. A weaker U.S. dollar along with firming E.U. prices are two factors contributing to higher prices from the Oceania market. Oceania traders continue to be patient for new potential sales to develop. Early season indicators are pointing to a good production season ahead. Milk volumes are increasing on a steady basis.

1.25% BUTTERFAT:	1,650 - 1,700
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WHOLE MILK POWDER (WMP): Whole milk powder markets are firm as prices edge higher. Production of whole milk powder is increasing slowly, in line with seasonal milk output. International buying interest is not overly aggressive at this time, thus most producers are holding current production with confidence for future orders. Most trading activity that is occurring is from previous year commitments. Stocks of previous year production are nearing low levels, but are reported to be sufficient to fulfill those needs.

26% BUTTERFAT:	1,675 - 1,750
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Exchange rates for selected foreign currencies: September 9, 1997

.4909 Dutch Guilder	.5533 German Mark
.1645 French Franc	.6358 New Zealand Dollar
.1286 Mexican Peso	.7292 Australian Dollar
1.5827 British Pound	.0083 Japanese Yen
.2858 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1286) = 7.7760$. That is 1 US Dollar equals 7.7760 Mexican Pesos. Source: "Wall Street Journal"

AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 1997 was unchanged at 116. Compared with August 1996, the index was up 1 point (0.9 percent). The index of prices received by farmers for dairy products advanced 4 points during the month of August 1997 to 97. Compared with August 1996, the index was down 25 points (20.5 percent).

On a 3.5 percent butterfat basis, prices received by farmers in August with changes from July were: for All Milk, \$12.67 per hundredweight (cwt.), up 48 cents; for Fluid Grade Milk, \$12.68 per cwt., up 39 cents; and for Manufacturing Grade Milk, \$11.52 per cwt., up 79 cents.

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

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JULY		AUGUST		AUGUST		AUGUST		AUGUST	
	1997 <u>2/</u>	1996 <u>2/</u>	1997 <u>4/</u>	1996 <u>2/</u>	1997	1996	1997 <u>7/</u>	1996 <u>8/</u>	1997	1996
CA	11.70	13.88	11.99	15.25			37.00	33.00	118.00	103.00
IA	11.38	14.75	11.97	15.08			35.90	31.60	104.00	90.00
MI	12.44	15.45	12.55	15.68			36.00	32.80	98.00	78.00
MN	11.75	15.27	13.09	15.90			38.50	31.90	91.00	77.00
NY	12.01	15.57	12.37	15.57			---	---	79.00	80.00
OH	12.08	15.17	12.14	15.49			35.00	32.20	139.00	110.00
PA	12.83	15.89	13.03	16.26			36.20	32.60	128.00	106.00
TX	12.56	15.91	12.60	16.10			35.60	28.40	84.00	104.00
WA	12.16	15.57	12.25	15.75			---	---	116.00	116.00
WI	11.79	15.28	12.99	15.85			37.00	33.90	81.00	58.00
U.S.	12.19	15.32	12.67	15.81			36.30	31.80	101.00	92.30

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling, and Government withholding; but including bulk-tank, quantity, or other premiums, excluding hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Average prices received by farmers. Includes cull dairy cows and beef cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

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

ITEM		AUGUST 1996	JULY 1997 <u>2/</u>	AUGUST 1997 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:				
All milk	Dol. per cwt.	15.81	12.19	12.67
Fluid grade milk	Dol. per cwt.	15.91	12.29	12.68
Manufacturing grade milk	Dol. per cwt.	14.46	10.73	11.52
INDEX NUMBERS for:				
Prices received by farmers for dairy products (1990-92 = 100)	Index	122	93	97
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100)	Index	115	116	116
PARITY PRICE for all milk	Dol. per cwt.	29.10	29.50	29.50
PARITY EQUIVALENT price for manufacturing grade milk	Dol. per cwt.	26.60	26.79	26.79
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>		1.61	1.40	1.45

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

SOURCE: "Agricultural Prices," Pr 1 (8/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JULY 1997 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 81.7 million pounds in July, 8.6 percent above July 1996 but 0.1 percent below June 1997. **AMERICAN TYPE CHEESE** production totaled 285.1 million pounds, 5.9 percent above July 1996 but 0.4 percent below June 1997. **TOTAL CHEESE** output (excluding cottage cheese) was 616.5 million pounds, 5.9 percent above July 1996 but 1.7 percent below June 1997. **NONFAT DRY MILK** production, for human food, totaled 113.4 million pounds, 43.8 percent above July 1996 but 5.8 percent below June 1997. **DRY WHEY** production, for human food, was 97.4 million pounds, 8.3 percent above July 1996 but 0.8 percent below June 1997. **ICE CREAM** (hard) production totaled 84.9 million gallons, 2.3 percent below July 1996 but 0.5 percent above June 1997.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUL 1997	PERCENT CHANGE FROM:			PRODUCT	JUL 1997	PERCENT CHANGE FROM:		
	1,000 LBS.	JUL 1996	JUN 1997	YEAR TO DATE 1/		1,000 LBS.	JUL 1996	JUN 1997	YEAR TO DATE 1/
BUTTER	81,675	8.6	-0.1	0.4	DRY BUTTERMILK	2,993	37.8	8.8	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	128,055	1.8	-9.4	---
AMERICAN TYPES 2/	* 285,143	5.9	-0.4	1.1	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	231,797	12.1	-0.5	3.5	SWEET-TYPE, HUMAN FOOD	4,297	-33.8	-42.2	---
SWISS	18,032	-4.1	-1.7	---	SWEET-TYPE, ANIMAL FEED	2,290	-5.2	-2.0	---
BRICK & MUENSTER	9,241	-2.5	1.4	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	44,411	7.2	-16.1	---	DRY WHEY, HUMAN FOOD	97,426	8.3	-0.8	---
BLUE	2,919	-4.5	-28.9	---	DRY WHEY, ANIMAL FEED	5,446	0.5	-20.0	---
HISPANIC	5,797	-4.7	8.4	---	TOTAL DRY WHEY 9/	102,872	7.9	1.5	-0.9
MOZZARELLA	186,311	3.8	-0.7	1.6	LACTOSE, HUMAN FOOD & ANIMAL FEED	39,263	19.1	0.1	---
OTHER ITALIAN TYPES	54,315	19.2	0.3	9.5	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	240,626	6.9	-0.5	3.2	HUMAN FOOD	23,150	13.3	0.1	---
ALL OTHER TYPES 3/	10,362	14.5	6.4	---	ANIMAL FEED	2,887	0.8	-0.5	---
TOTAL	616,531	5.9	-1.7	2.0	FROZEN PRODUCTS		1,000 GALLONS		PERCENT
COTTAGE CHEESE, CURD 4/	39,684	4.0	5.8	---	ICE CREAM (HARD)	84,935	-2.3	0.5	0.7
COTTAGE CHEESE, CREAMED 5/	32,520	0.9	7.9	-1.6	ICE CREAM, LOWFAT (HARD)	10,126	-3.5	-7.8	---
COTTAGE CHEESE, LOWFAT 6/	31,010	2.5	8.6	3.1	ICE CREAM, LOWFAT (SOFT)	27,061	-7.0	7.7	---
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (TOTAL)	37,187	-6.0	3.0	-4.9
WHOLE MILK	38,813	6.6	-13.8	---	SHERBET (HARD)	5,062	-11.3	1.0	-2.8
DRY WHOLE MILK	9,845	-13.8	---	---	YOGURT	9,049	-26.6	-1.4	-22.0
NONFAT DRY MILK, HUMAN FOOD	7/ 113,399	43.8	-5.8	13.1					
DRY SKIM MILK FOR ANIMAL FEED	509	-4.5	-30.7	---					

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	JUL 1997	PERCENT OF:		PRODUCT	JUL 1997	PERCENT OF:	
	1,000 LBS.	JUL 1996	JUN 1997		1,000 LBS.	JUL 1996	JUN 1997
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	34,309	-7.4	12.4	HUMAN FOOD	8,437	-1.8	7.7
DRY WHEY, ANIMAL FEED	3,443	-27.4	-24.0	ANIMAL FEED	988	121.0	33.9
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/	13,127	8.2	-0.8	CANNED EVAPORATED & CONDENSED WHOLE MILK	40,567	-4.0	-5.1
LACTOSE, HUMAN FOOD & ANIMAL FEED	25,837	28.6	6.4	DRY WHOLE MILK	5,828	-20.1	13.6
DRY BUTTERMILK, TOTAL	3,502	134.4	-20.0	NONFAT DRY MILK FOR HUMAN FOOD	158,714	106.7	-8.4
				DRY SKIM MILK FOR ANIMAL FEED	1,161	0.9	-1.7

1/ 1997 cumulative as percent of 1996 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include Part Skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 4,380,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Excludes all modified dry whey products. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 129,555,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (9-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for August 1997 is \$12.07 per hundredweight at 3.5 percent butterfat. The August Basic Formula Price is the July base month Minnesota-Wisconsin (M-W) price of \$10.88 at 3.5 percent plus a change of \$1.19, which is the change in the butter/powder/cheese formula from July 1997 to August 1997. The August 1997 Basic Formula Price is \$1.21 more than last month and \$2.87 less than the August 1996 Basic Formula Price. This Basic Formula Price is the Class III price for August 1997 and is to be used in October 1997 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 10.6 cents. **MILK COMPONENT CONTENTS.** For the July 1997 base month M-W price, the butterfat content was 3.60 percent, protein 3.09 percent, and solids-not-fat 8.51 percent. For the August 1997 Basic Formula Price, the butterfat content was 3.62 percent, protein 3.13 percent, and solids-not-fat 8.50 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	AUGUST								SEPTEMBER		OCTOBER		
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I	CLASS II	CLASS I	CLASS II	
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	13.98	17.16	11.04	14.22	12.17	15.04	11.98	15.92	14.10	17.73	11.16	15.31	12.37
New York/New Jersey (NY City)	2 4/	13.88	17.06	11.12	14.30	12.25	15.12	12.06	16.00	14.00	17.63	11.24	15.21	12.45
Middle Atlantic (Philadelphia/Baltimore/Washington, DC)	4 5/	13.77	16.95	11.04	14.22	12.19	15.06	12.00	15.94	13.89	17.52	11.16	15.10	12.37
Carolina (Charlotte)	5	13.82	17.00	11.04	14.22	12.07	14.94	11.88	15.82	13.94	17.57	11.16	15.15	12.37
Tennessee Valley (Knox/Chat)	11	13.51	16.69	11.04	14.22	12.07	14.94	11.88	15.82	13.63	17.26	11.16	14.84	12.37
Southeast (Atlanta/Birmingham)	7	13.82	17.00	11.04	14.22	12.07	14.94	11.88	15.82	13.94	17.57	11.16	15.15	12.37
Upper Florida (Jacksonville/Tallahassee)	6	14.32	17.50	11.04	14.22	12.07	14.94	---	---	14.44	18.07	11.16	15.65	12.37
Tampa Bay	12	14.62	17.80	11.04	14.22	12.07	14.94	---	---	14.74	18.37	11.16	15.95	12.37
Southeastern Florida (Miami)	13	14.92	18.10	11.04	14.22	12.07	14.94	---	---	15.04	18.67	11.16	16.25	12.37
Michigan Upper Peninsula (Marquette)	44	12.09	15.27	11.04	14.22	12.07	14.94	11.88	15.82	12.21	15.84	11.16	13.42	12.37
Southern Michigan (Detroit)	40 6/	12.49	15.67	11.04	14.22	12.07	14.94	11.88	15.82	12.61	16.24	11.16	13.82	12.37
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	12.74	15.92	11.04	14.22	12.07	14.94	11.88	15.82	12.86	16.49	11.16	14.07	12.37
Ohio Valley (Columbus)	33	12.78	15.96	11.04	14.22	12.07	14.94	11.88	15.82	12.90	16.53	11.16	14.11	12.37

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	AUGUST								SEPTEMBER			OCTOBER	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
DOLLARS										DOLLARS				
Indiana (Indianapolis)	49	12.64	15.82	11.04	14.22	12.07	14.94	11.88	15.82	12.76	16.39	11.16	13.97	12.37
Chicago Regional	30	12.14	15.32	11.04	14.22	12.07	14.94	11.88	15.82	12.26	15.89	11.16	13.47	12.37
Central Illinois (Peoria)	50	12.35	15.53	11.04	14.22	12.07	14.94	---	---	12.47	16.10	11.16	13.68	12.37
S. Illinois/E. Missouri (Alton)	32	12.66	15.84	11.04	14.22	12.07	14.94	---	---	12.78	16.41	11.16	13.99	12.37
Louisville/Lexington/Evansville	46	12.85	16.03	11.04	14.22	12.07	14.94	11.88	15.82	12.97	16.60	11.16	14.18	12.37
Upper Midwest (Minneapolis)	68	11.94	15.12	11.04	14.22	12.07	14.94	11.88	15.82	12.06	15.69	11.16	13.27	12.37
E. South Dakota (Sioux Falls)	76	12.24	15.42	11.04	14.22	12.07	14.94	---	---	12.36	15.99	11.16	13.57	12.37
Iowa (Des Moines)	79	12.29	15.47	11.04	14.22	12.07	14.94	11.88	15.82	12.41	16.04	11.16	13.62	12.37
Nebraska/W. IA. (Omaha/Sioux City)	65	12.49	15.67	11.04	14.22	12.07	14.94	11.88	15.82	12.61	16.24	11.16	13.82	12.37
Greater Kansas City	64	12.66	15.84	11.04	14.22	12.07	14.94	---	---	12.78	16.41	11.16	13.99	12.37
Southwest Plains (Oklahoma City)	106	13.51	16.69	11.04	14.22	12.07	14.94	11.88	15.82	13.63	17.26	11.16	14.84	12.37
Texas (Dallas)	126	13.90	17.08	11.04	14.22	12.07	14.94	11.88	15.82	14.02	17.65	11.16	15.23	12.37
Eastern Colorado (Denver)	137	13.47	16.65	11.04	14.22	12.07	14.94	---	---	13.59	17.22	11.16	14.80	12.37
Western Colorado (Grand Junction)	134	12.74	15.92	11.04	14.22	12.07	14.94	---	---	12.86	16.49	11.16	14.07	12.37
SW Idaho/Eastern Oregon (Boise)	135	12.24	15.42	11.04	14.22	12.07	14.94	11.74	15.37	12.36	15.99	11.16	13.57	12.37
Great Basin (Salt Lake City)	139	12.64	15.82	11.04	14.22	12.07	14.94	---	---	12.76	16.39	11.16	13.97	12.37
Central Arizona (Phoenix)	131	13.26	16.44	11.04	14.22	12.07	14.94	11.74	15.37	13.38	17.01	11.16	14.59	12.37
New Mexico/West Texas (Albuquerque)	138	13.09	16.27	11.04	14.22	12.07	14.94	11.88	15.82	13.21	16.84	11.16	14.42	12.37
Pacific Northwest (Seattle/Portland)	124	12.64	15.82	11.04	14.22	12.07	14.94	11.74	15.37	12.76	16.39	11.16	13.97	12.37
SIMPLE AVERAGE	---	13.08	16.26	11.04	14.22	12.08	14.95	11.88	15.78	13.20	16.83	11.16	14.41	12.37

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in October 1997 is \$15.31 per 100 pounds or \$1.32 per gallon (\$15.31 divided by 11.63 equals \$1.3164).

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

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

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

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

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

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

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	SEP 1995			SEP 1996			AUG 1997			SEP 1997		
	Federal Order	Coop.	Difference									
Dollars Per Hundredweight												
Atlanta, GA	14.31	14.46	0.15	17.57	19.27	1.70	13.82	14.87	1.05	13.94	14.99	1.05
Baltimore, MD	14.26	15.21	0.95	17.52	18.27	0.75	13.77	14.82	1.05	13.89	14.94	1.05
Boston, MA	14.47	15.20	0.73	17.73	18.46	0.73	13.98*	14.91	0.93	14.10*	14.78	0.68
Carbondale, IL	13.24	14.35	1.11	16.50	17.90	1.40	12.75	14.80	2.05	12.87	14.80	1.93
Charlotte, NC	14.31	14.76	0.45	17.57	19.63	2.06	13.82	14.87	1.05	13.94	14.99	1.05
Chicago, IL	12.63	14.14	1.51	15.89	17.69	1.80	12.14	14.30	2.16	12.26	14.30	2.04
Cincinnati, OH	13.34	13.89	0.55	16.60	17.85	1.25	12.85	14.75	1.90	12.97	14.87	1.90
Cleveland, OH	13.23	13.70	0.47	16.49	17.55	1.06	12.74	14.64	1.90	12.86	14.76	1.90
Dallas, TX	14.39	14.58	0.19	17.65	18.20	0.55	13.90	14.15	0.25	14.02	14.27	0.25
Denver, CO	13.96	14.67	0.71	17.22	17.37	0.15	13.47	13.62	0.15	13.59	13.74	0.15
Des Moines, IA	12.78	13.53	0.75	16.04	17.46	1.42	12.29	13.94	1.65	12.41	13.94	1.53
Detroit, MI	13.08	13.93	0.85	16.34	17.34	1.00	12.59	14.10	1.51	12.71	14.10	1.39
Hartford, CT	14.37	15.10	0.73	17.63	18.36	0.73	13.88*	14.81	0.93	14.00*	14.68	0.68
Houston, TX	14.93	15.12	0.19	18.19	18.74	0.55	14.44	14.69	0.25	14.56	14.81	0.25
Indianapolis, IN	13.13	14.01	0.88	16.39	17.56	1.17	12.64	14.48	1.84	12.76	14.60	1.84
Kansas City, MO	13.15	13.70	0.55	16.41	17.51	1.10	12.66	14.26	1.60	12.78	14.26	1.48
Little Rock, AR	14.00	14.15	0.15	17.26	17.76	0.50	13.51	13.76	0.25	13.63	13.88	0.25
Louisville, KY	13.34	13.74	0.40	16.60	17.60	1.00	12.85	13.80	0.95	12.97	13.92	0.95
Miami, FL	15.41	16.85	1.44	18.67	21.68	3.01	14.92	17.68	2.76	15.04	18.20	3.16
Milwaukee, WI	12.54	14.05	1.51	15.80	17.60	1.80	12.05	14.21	2.16	12.17	14.21	2.04
Minneapolis, MN	12.43	13.18	0.75	15.69	17.04	1.35	11.94	13.56	1.62	12.06	13.56	1.50
New Orleans, LA	14.88	14.88	0.00	18.14	18.64	0.50	14.39	14.64	0.25	14.51	14.76	0.25
Oklahoma City, OK	14.00	14.17	0.17	17.26	17.86	0.60	13.51	13.76	0.25	13.63	13.88	0.25
Omaha, NE	12.98	13.73	0.75	16.24	17.34	1.10	12.49	14.09	1.60	12.61	14.09	1.48
Philadelphia, PA	14.32	15.12	0.80	17.58	18.28	0.70	13.83	14.85	1.02	13.95	14.97	1.02
Phoenix, AZ	13.75	13.75	0.00	17.01	17.01	0.00	13.26	13.26	0.00	13.38	13.38	0.00
Pittsburgh, PA	13.23	13.83	0.60	16.49	16.99	0.50	12.74	13.54	0.80	12.86	13.66	0.80
St. Louis, MO	13.24	14.35	1.11	16.50	17.90	1.40	12.75	14.80	2.05	12.87	14.80	1.93
Salt Lake City, UT	13.13	13.28	0.15	16.39	16.54	0.15	12.64	12.79	0.15	12.76	12.91	0.15
Seattle, WA	13.13	13.58	0.45	16.39	16.69	0.30	12.64	13.02	0.38	12.76	13.14	0.38
Spokane, WA	13.13	13.58	0.45	16.39	16.69	0.30	12.64	13.02	0.38	12.76	13.14	0.38
Springfield, MO	13.42	13.82	0.40	16.68	17.33	0.65	12.93	13.78	0.85	13.05	13.90	0.85
Washington, DC	14.26	15.21	0.95	17.52	18.27	0.75	13.77	14.82	1.05	13.89	14.94	1.05
Simple Average	13.66	14.29	0.63	16.92	17.89	0.97	13.17	14.28	1.11	13.29	14.37	1.08

*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July-December 1997. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference".

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

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

In June 1997, mailbox milk prices reported for selected Federal milk orders averaged \$11.90 per cwt., \$.50 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$11.93, down \$.60; Southeast, \$13.52, down \$.62; Midwest, \$11.81, down \$.43; and West, \$11.25, down \$.46. Compared to June 1996, mailbox milk prices decreased \$2.38 per cwt. on the average. Regional changes from the previous year were: -\$2.23 in the Northeast, -\$2.17 in the Southeast, -\$2.53 in the Midwest, and -\$2.42 in the West. The average minimum blend price in June 1997 was \$2.47 below the price in the previous year.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	June 1996	May 1997	June 1997
	<u>Dollars per hundredweight</u>		
New England	14.08	12.74	11.97
New York-New Jersey	14.08	12.38	11.72
Middle Atlantic	14.40	12.64	12.20
Northeast Average <u>3/</u>	14.16	12.53	11.93
Carolina	15.68	14.39	13.48
Tennessee Valley	15.18	13.92	12.91
Southeast	15.09	13.38	12.81
Florida <u>4/</u>	16.95	15.41	15.19
Southeast Average <u>3/</u>	15.69	14.14	13.52
Southern Michigan	14.01	12.72	12.17
Eastern Ohio-Western Pa.	14.05	12.72	11.94
Ohio Valley	14.08	12.84	12.14
Indiana	14.00	13.23	12.37
Chicago Regional	14.73	12.04	11.74
S. Illinois-E. Missouri	13.73	12.64	11.89
Louis.-Lex.-Evans.	14.37	13.49	12.65
Upper Midwest	14.50	11.74	11.49
Nebraska-Western Iowa	14.01	11.89	11.57
Iowa	14.29	12.14	11.67
Midwest Average <u>3/</u>	14.34	12.24	11.81
Texas	13.92	12.28	11.73
Southwest Plains	13.41	11.89	11.27
Eastern Colorado	13.80	11.69	11.19
S.W. Idaho-E. Oregon	13.63	10.58	10.44
Great Basin	13.17	10.89	10.56
New Mexico-West Texas	13.13	11.54	10.79
Pacific Northwest	13.91	11.81	11.64
West Average <u>3/</u>	13.67	11.71	11.25
All-Market Average <u>3/</u>	14.28	12.40	11.90

* 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.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF SEPTEMBER 8 - 12, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	09/05/97	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	5,047,015	-0-	5,047,015	27,728,225	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	5,047,015	-0-	5,047,015	27,728,225	-0-	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	COMPARABLE WEEK IN 1996 =	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 8 - 12, 1997 =	1.1	58.7		0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	23.7	341.6	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - SEPTEMBER 12, 1997 =	23.7	341.6	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

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	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-	59.0	0.0
WEST	-0-	-0-	392,874	-0-	27,728,225	-0-	41.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	27,728,225	-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 08/16/97 & Comparable Week 1996 (1/2/)

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3**	4**	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1997-Dairy cows HD (000)	0.4	1.5	---	12.1	21.7	3.1	3.8	1.3	9.1	3.0	56.0	1,867.4	47.5	45.9
1996-Dairy cows HD (000)	0.4	1.4	---	13.6	24.5	2.2	6.1	1.4	8.8	2.5	60.8	1,915.4	42.8	43.4
1997-All cows HD (000)	0.4	1.5	---	25.2	30.1	16.5	18.5	6.8	11.8	7.0	117.8	4,071.9		
1996-All cows HD (000)	0.4	1.4	---	28.7	33.1	25.3	24.0	10.1	12.4	6.4	141.9	4,411.5		**REGION 3 & 4 COMBINED**

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES (POUNDS)

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 89,409,375 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 12,521,747

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	10.86	12.07				