

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter decreased 37 1/2 cents to \$1.5750, Grade A decreased 35 cents to \$1.4700, and Grade B decreased 35 cents to \$1.4700. Also at the CME, barrel cheese decreased 1/4 of a cent to \$1.3575 and 40# blocks are unchanged at \$1.3975.

As released by ERS and AMS, commercial disappearance of dairy products during June - August totals nearly 40.0 million pounds, 2.3% more than the comparable 3 month period in 1996. Comparing disappearance levels with a year ago: nonfat dry milk is down 4.7%; American cheese is 1.1% lower; fluid milk products are 0.8% less; butter is 2.5% higher; with other cheese 3.3% greater. Commercial disappearance of dairy products during the first 7 months of 1997 is 1.2% greater than the comparable period in 1996.

This week, most of the dairy industry was adjusting to and trying to justify the sharp increase in butter prices on October 24. Industry contacts reactions to the record high prices range from outrage to total surprise and bewilderment. Most of the industry is assessing their own situation before proceeding with production, purchases, sales, and prices. Some statements the industry are using to explain the increase are: butter stocks are short of domestic needs; producers over-extended themselves to recent export commitments of nearly 20 million pounds of butter over recent months; get butter prices high enough to halt further export commitments; and confidence in the market has been lost, with holiday sales seriously affected no matter what prices do in the near future. Now that prices have escalated to these record levels, producers are very nervous about the downside potential, especially for current production they don't have orders for.

Milk production across the United States is following usual fall patterns. In Southern areas from Florida to Arizona, milk production is seasonally low, although receipts are indicating that output is starting to rebound. Although milk production is building in the Southeast, imports are still needed to supplement local production. All divisions of the dairy industry have been affected by the record high butter prices. Multiples used to determine cream prices are significantly lower this week. Some producers, in an effort to help customers, are adjusting multiples to offset some of the effect of the butter market.

Outside of current whey markets, most dry dairy product markets are steady to weak. Nonfat dry milk powder markets are basically steady at unchanged prices. Buying interest centers around contracted accounts. High heat demand is improving for the limited supply. Buttermilk powder markets are weak as prices hold steady to generally lower. Stocks are sufficient to the point that some Western powder is being offered at lower prices with no buyer interest. Whey markets remain steady to firm as prices increase and supplies tighten. Often, producers are behind on orders. Resale powder that has been sold over the past few weeks has been readily absorbed and has done nothing to slow the market.

During the week of October 27 - 31, CCC did not purchase any dairy products under the price support program.

****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	OCTOBER 28	OCTOBER 30	OCTOBER 31
AA	\$1.7500 - 1.9500 (.3800) (.5700)	\$1.7500 - 1.9500	\$1.7500 - 1.9500
A	\$1.7500 - 1.8200 (.4600) (.5200)	\$1.7500 - 1.8200	\$1.7500 - 1.8200

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, in relatively light trading, Grade AA decreased 37 1/2 cents to \$1.5750, Grade A decreased 35 cents to \$1.4700, and Grade B decreased 35 cents to \$1.4700. Butter markets remain very unsettled. Following the sharp increase a week ago, production schedules and sales have slowed. The dairy industry continues to try to explain/justify the record setting increase. Many within the dairy industry feel that confidence in the butter market has been lost, with holiday sales seriously affected no matter what prices do in the future.

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	OCTOBER 27 - 31, 1997
BARRELS*	\$1.3675 - 1.3800 (NOMINAL) (-.0025) (-.0025)
40# BLOCKS	\$1.4250 - 1.4325 (NOMINAL)

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

CHEESE HIGHLIGHTS: The cheese market is steady on blocks, unsettled on barrels. The block price at the Chicago Mercantile Exchange was unchanged at \$1.3975, but barrels decreased .25 cent to \$1.3575 in moderately heavy trading. Current cheese demand is irregularly higher and lower. Most buyers are trying to keep supplies at reasonable working levels. Cheese production is steady to lower as milk receipts decline seasonally in major cheese producing areas. December CCC cheese purchase contracts are summarized on page 11.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, OCTOBER 31, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	-.3750	\$1.5750 : BID 10/31/97
A	-.3500	\$1.4700 : BID 10/31/97
B	-.3500	\$1.4700 : OFFER 10/31/97

SALES: 10 CARS GRADE AA: 1 @ \$1.6500,
3 @ \$1.5500, 2 @ \$1.5000, 1 @ \$1.5100,
1 @ \$1.5150, 1 @ \$1.5200, 1 @ \$1.5300
3 CARS GRADE A:
1 @ \$1.4200, 1 @ \$1.4700, 1 @ \$1.4000

BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.5700, 1 @ \$1.5750 (LST)
2 CARS GRADE A: 1 @ \$1.4500, 1 @ \$1.4700 (LST)

OFFERS UNCOVERED: 4 CARS GRADE AA:
2 @ \$1.9500, 1 @ \$1.6300, 1 @ \$1.6400
1 CAR GRADE B @ \$1.4700 (LST)

CHEESE TRANSACTIONS ON THURSDAY, OCTOBER 30, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-.0025	\$1.3575 : SALE 10/30/97
40# BLOCKS	N.C.	\$1.3975 : SALE 10/30/97

SALES: 29 CARS BARRELS: 8 @ \$1.3600,
13 @ \$1.3575 (LST), 5 @ \$1.3550,
2 @ \$1.3525, 1 @ \$1.3500
19 CARS 40# BLOCKS @ \$1.3975 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 8 CARS BARRELS: 2 @ \$1.3675,
2 @ \$1.3625, 2 @ \$1.3600, 2 @ \$1.3575

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--JUNE-AUGUST 1997 AND YEAR-TO-DATE 1996-97 1/

Item	Jun.-Aug.	Percent	Jun.-Aug.	Percent	Jan.-Aug.	Percent	Jan.-Aug.	Percent
	1996	change 4/	1997	change 4/	1996	change 4/	1997	change 4/
Million Pounds								
MILK								
Production	38,253	-2.4	39,804	4.1	104,126	-1.6	106,017	2.2
Marketings	37,879	-2.3	39,457	4.2	103,133	-1.5	105,100	2.3
Beginning Commercial Stocks 2/	5,653	5.3	6,650	17.6	4,099	-3.8	4,704	14.8
Imports 2/	741	8.5	639	-13.8	1,612	-8.7	1,586	-1.6
Total Supply 3/	44,273	-1.2	46,746	5.6	108,844	-1.7	111,390	2.7
Ending Commercial Stocks 2/	5,183	2.3	6,361	22.7	5,183	2.3	6,361	22.7
Net Removals 2/	22	-93.5	399	1,713.6	64	-96.8	644	906.3
Commercial Disappearance 3/	39,068	-0.9	39,986	2.3	103,597	-0.1	104,385	1.2
SELECTED PRODUCTS 5/								
Butter	227.8	-11.4	233.4	2.5	781.8	-1.6	736.4	-5.4
American Cheese	824.8	5.3	816.0	-1.1	2,151.9	3.3	2,160.6	0.8
Other Cheese	1,063.1	6.2	1,098.6	3.3	2,735.4	3.0	2,809.4	3.1
Nonfat Dry Milk	241.6	-11.0	230.2	-4.7	727.7	15.6	626.9	-13.5
Fluid Milk Products 6/	13,384.2	1.2	13,271.4	-0.8	37,020.7	1.5	36,634.4	-0.6

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

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are sharply higher and the market tone is in chaos. Last week's dramatic jump of 58 cents on Grade AA was the largest, single day increase in history. Contact reactions to the record high prices range from outrage to total surprise and bewilderment. Many are assessing their own situation before proceeding with production, purchases, sales, and prices. There is concern that these high prices will be detrimental in the long run. Contacts believe that suppliers are raising prices to discourage export sales but, at the same time, negatively impacting domestic demand. It has been stated that manufacturers may move to substitute for butter with other products when possible. Stocks of fresh butter remain tight and storage butter supplies are declining rapidly. Sales have temporarily slowed as buyers wait to see what the market will do in the next few weeks. Production levels are light to moderate.

WHOLESALE PRICES: MIN 25 BOXES

DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	2.1600-2.4075
1 LB. PRINTS	:	2.0550-2.2575
CHIPS/PATTIES	:	2.1375-2.3175
REDDIES	:	2.2125-2.4075
CONTINENTALS	:	2.2925-2.4675

CENTRAL

Print butter prices are sharply higher following the record setting 58 cent increase October 24 during cash butter trading at the Chicago Mercantile Exchange. The market tone is unsettled. Buying interest has slowed dramatically, and often, orders have been canceled. Although churning schedules remain active, many butter producers are concerned about building inventories at current price levels with sales activity so light. Butter handlers feel that current prices will probably not hold at these levels too long, although current prices are negatively impacting sales, which typically are very good at this time of the year. Handlers are also stating that as long as prices hold at these levels, sales are being lost to lack of orders placed or by consumers resisting higher prices at the retail level.

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

1/4 LB. PRINTS	:	2.0500-2.4575
1 LB. PRINTS	:	2.0150-2.1775
CHIPS/PATTIES	:	2.0400-2.2500
REDDIES	:	2.1250-2.3600
CONTINENTALS	:	2.2800-2.4700

WEST

The Chicago Mercantile Exchange cash butter market increased a record amount last week to a new record high price. Contacts are astounded with the magnitude of the increase and very nervous about the downside potential. Sales activity, except for some contract sales, has come to a halt as buyers assess the situation further. Production has not changed as might have been the case with a smaller increase. Producers are concerned about the risk potential of a price decline if they can't sell butter currently. Cream sales are struggling with the major price increase. Some sellers are working with buyers and adjusting multiples to offset part of the increase. A few butter manufacturers are telling normal account buyers that they will partially help to protect them if the market drops dramatically in the near future. Export shipments had ceased before this latest price increase. Nervousness and unsettledness are two words that many contacts are using to describe their thoughts on this very unusual market.

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

1/4 LB. PRINTS	:	2.2325-2.2800
1 LB. PRINTS	:	2.1625-2.2225
PATTIES	:	2.2050-2.3700
REDDIES	:	2.3300-2.3475

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

1/4 LB. PRINTS	:	1.9475-1.9875
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
10/27/97	13,106	:	108,298
10/01/97	20,062	:	108,721
CHANGE	-6,956	:	-423
% CHANGE	-35	:	N.C.

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.	
OCTOBER 24	1,4257	1,3712	1,3843	1,3992	1,3659	1,3355	1,3462	
	1,023,123	3,859,337	5,000,976	1,078,931	3,026,238	5,438,437	8,464,675	

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

CHEESE MARKETS

NORTHEAST

Prices are 1/4 of a cent lower on process and unchanged on natural varieties. The market tone is about steady. Demand is fair to good. With the holiday season approaching, sales activity is increasing. Contacts believe more milk will soon be diverted into cheese production as a result of the recent high butter prices. Producer stocks are adequate for needs.

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

Cheddar 10# Prints	:	1.4150-1.8800
Cheddar Single Daisies	:	1.3850-1.8850
Cheddar 40# Block	:	1.5350-1.6850
Process 5# Loaf	:	1.5700-1.7200
Process 5# Sliced	:	1.5900-1.7550
Muenster	:	1.5775-1.9725
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady on natural, unsettled on barrels. At the Chicago Mercantile Exchange on October 23, the price of blocks was unchanged at \$1.3975, but barrels decreased .25 cent to \$1.3600 per pound. The turbulent increases in cash butter prices at the Chicago Mercantile Exchange on October 24 have some traders questioning whether or not this could lead to higher cheese prices if these prices remain for a while. The dramatic increase in the butter prices has switched the tilt sufficiently to pull milk from cheese production over to butter/powder, at least temporarily. Current cheese movement is fairly steady. Most orders continue at levels needed to maintain adequate short term positions. Most processors have additional line time available if needed. Cutter/packagers remain active but overtime is usually minimal. Lead times necessary to the plants are little changed. Reports of increased offerings from Western suppliers is occurring at some locations. Buyers have little difficulty in acquiring needed supplies of American type cheese and other common varieties. Fat and protein tests are generally unchanged to slightly higher as milk supplies in the upper Midwest are near annual low levels.

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

Process American 5# Loaf	:	1.4975-1.6525
Brick And/Or Muenster 5#	:	1.6600-1.8550
Cheddar 40# Block	:	1.6475-1.9150
Monterey Jack 10#	:	1.8475-1.9150
Blue 5#	:	2.0000-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7100-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

WEST

No price changes are noted for Western cheese. The cheese market played second fiddle to butter this week after the record increase recorded in butter trading. No real impact was noted on cheese sales or production due to the butter run up. Buyers continue to actively purchase cheese, but more buyers are looking for discounts and they are having some success. Processing solids are in a tighter position with offerings declining. Overall production is lighter than anticipated because of declining milk supplies and solids content.

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

Process 5# Loaf	:	1.4975-1.8050
Cheddar 40# Block	:	1.5800-1.7300
Cheddar 10# Cuts	:	1.7500-1.9200
Monterey Jack 10#	:	1.7150-1.8825
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN

Prices are unchanged on imported and domestic varieties. The market undertone is steady to slightly improved. Contacts report increased prices on Italian type cheeses and foresee this trend to continue. Milk production in the EU is lighter and fat tests are lower. In addition, the foreign currency rates are unsettled. Domestic interest has improved for imported cheeses as the holiday season nears.

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	: 1.7325-2.3425
Gorgonzola	: 3.2400-5.9400	: 2.3975-2.4950
Parmesan (Italy)	: TFEWR	: 3.1425-3.1800
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4050-1.9125
Romano (Cows Milk)	: -0-	: 2.9300-3.1825
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

Milk production is mostly steady to seasonally lower throughout the Northeast and Mid Atlantic areas. Cooler weather patterns have boosted production in the Southeast and Florida. Output is slowly increasing in Florida, but the need for milk continues. Handlers imported approximately 143 loads this week originating from Wisconsin, Louisiana, and the Mid Atlantic states. This volume is double the amount of last week's total shipments. Southeastern contacts report increased milk flow, but surplus milk volumes are tight. Manufacturing plants continue to be used only as reload stations. As a result of the high butter prices, contacts report that premiums for milk have been quoted as high as \$5.00. The Middle Atlantic region continues its weekly shipments to Florida, but surplus milk is more available this week. Other Northeastern contacts report improved demand for Class I and Class III products. Fluid milk sales are seasonally strong. The condensed skim market is holding steady and interest is increasing. Demand is moderate and contacts believe that prices may drop in the next couple weeks. All divisions of the dairy industry have been affected by the record high butter prices last Friday at the CME. Multiples used to determine cream prices are significantly lower this week. Some producers, in an effort to help customers, are adjusting multiples to offset some of the effect of the butter market. Prices are above \$2.00 per pound butterfat which tends to limit spot sales. Ice cream production is lighter because producers cannot afford to buy cream at the current prices. Contacts report that they have switched to using substitutes when possible. Many have rearranged manufacturing schedules and are focusing on sherbert, yogurt, and low-fat ice cream instead of bulk ice cream. Lower fat tests and high cream prices have influenced cream cheese producers to begin making fat free products. Butter production and sales have temporarily slowed as producers wait to see what the market will do in the future. Many hope the market will balance itself out and that prices will adjust lower.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	2.0020 - 2.6026	
Delivered Equivalent Atlanta	-	2.1020 - 2.6026	M 2.1020-2.3660
F.O.B. Producing Plants: Upper Midwest	-	1.8400 - 2.3660	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	1.0050 - 1.0550	

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
OCTOBER 24 - 30, 1997	28
PREVIOUS WEEK	33
COMPARABLE WEEK IN 1996	21

DESTINATIONS: FLORIDA 14, TENNESSEE 14

Class I sales were steady to improved, bolstered by preparations for the usually stronger first of the month demand period. Also, the holiday eggnog production season has started. Besides the milk shipments reported, about 20 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. Another 17 loads of Wisconsin milk were shipped to Ohio. Shipments from other upper Midwest states to the Southeast continue to wane. Cottage cheese interest is steady to improved. The cream and butter markets are chaotic as buyers and sellers react to the substantial, and generally

unexpectedly large increases, in butter prices at the Chicago Mercantile Exchange on October 24. Cream prices are nominal as many buyers tried to cancel loads and this caused additional problems for suppliers. A few sellers cut special deals for some buyers to encourage sales since churning interest is generally limited at these cream prices. Midwestern producers continue to purchase cream from California as their cream prices are largely unaffected until November 1 due to their monthly pricing system. Manufacturing milk demand is generally good, but with asking prices in the \$5 over class range, demand is thwarted. Some limited activity is occurring in parts of the Midwest at \$2.15 - 3.00 over class. Milk receipts continue to bounce around near annual low levels through most of the upper Midwestern states. From the mid-section down through Texas, local fluid receipts have turned the corner and are generally trending higher. Snow blanketed parts of the region with substantial totals noted in Nebraska and Iowa, though 3 - 5" or more totals were noted in parts of Wisconsin and Michigan. Many areas further north were largely unaffected by snow. Fall harvest and tillage was delayed by the snow in many areas, though unaffected areas made steady progress toward completion.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)		
	OCT 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 36.00	\$ 27.00- 33.00
REPLACEMENT HEIFER CALVES	\$110.00-145.00	\$100.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	OCT 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 29.00- 35.50	\$ 27.00- 33.50

W E S T

September pool receipts of milk in California total 2.20 billion pounds, up 11.1% from last year. Cumulative output for the first nine months of the year total 19.7 billion pounds, up 10.8% from the same period in 1996. The blend price at a fat test of 3.57% is unchanged at \$12.28. The percentage of receipts used in Class 1 products is 25.19%, the greatest Class I utilization since October 1996. The September quota price is \$13.56, unchanged from last month, but down \$3.20 from last September. The base and overbase price is \$11.86, also unchanged from last month and \$3.20 lower than a year ago. Weather conditions throughout most areas of the Southwest are quite mild for this time of the fall. In Arizona, temperatures are even slightly higher than usual for this late in October. Milk production patterns remain strong. In areas of Arizona, some slight increases are noted. Feed stocks in most of the Southwestern region are reported to be in good quantity and quality and alfalfa growers might be able to get another cutting if conditions remain as favorable as they have been. Normal fall weather patterns are common over the Pacific Northwest. The corn silage harvest is generally completed and the current rain is not disruptive for agriculture. Milk output remains below expectations. Solids tests on the incoming milk are low enough to impact product yields adversely. Feed prices are moving lower following declines at the Chicago Board of Trade. Many Western dairymen are looking to place contracts in the very near future. Some good third and fourth cutting hay is available at "reasonable" prices compared to the feed value. Cull cow prices are soft as offerings increase. Some contacts in the northern Mountain States region are seeing the solids content on milk receipts improving. Some believe the ideal fall weather is at least partially responsible. Cheese markets are balanced. The record breaking butter market is not leading to additional butter production and sales have slowed dramatically.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 10/30/97 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 unchanged. Production levels are steady at light to moderate levels. Some plants continue to move Grade A milk to Southeastern handlers. Those shipments, coupled with steady to lighter milk production, are leaving some plants with significantly reduced drying schedules. Producers' stocks range from fully adequate to ample. Spot demand ranges from slow to mostly fair. Best interest is for high heat powder.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0400 - 1.1000 MOSTLY: 1.0500 - 1.0600

DRY BUTTERMILK - CENTRAL

Prices are generally steady. The market tone is showing signs of weakness, but more contacts report difficulty locating powder priced at the low end of the range. Production levels are steady, but with the recent run-up in butter prices, some contacts feel that churning activity could increase, at least short term. Despite the increased value of butterfat, demand for dry buttermilk is generally unchanged.

BUTTERMILK: .9500 - 1.0150

DRY WHEY - CENTRAL

Prices are often higher this week. The market tone is a little firmer, but market activity is relatively quiet this week. Many trade contacts were attending meetings in Chicago this week. Last week's steady to lower prices helped clear the available powder and, it appears that, stocks have tightened again this week. Producers' stocks are still tight and resellers report limited availability. The resale market is recouping some the strength it lost last week and there was less price discounting this week. Demand is fair and readily clears most offerings.

NONHYGROSCOPIC: .3075 - .3500 MOSTLY: .3125 - .3200

ANIMAL FEED WHEY - CENTRAL

Prices for all type of animal feed whey are unchanged and nominal. Trading activity is limited as offerings are light and spot demand is seldom better than fair. Some needs had been filled by prior purchases and most other needs are being filled with contracted volumes.

MILK REPLACER: .2875 - .3100
STANDARD: TFEWR
ROLLER GROUND: .3150 - .3375
DELACTOSE (Min. 20% protein): .3350 - .3575

LACTOSE - CENTRAL AND WEST

Lactose prices and the market tone are unchanged. Contracts are clearing normal volumes as we settle into fourth quarter patterns. Spot interest is fair to good at or around the mostly range. Production levels are steady and producer stocks are generally ample. A few plant contacts report being behind on orders, but others have powder readily available.

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

EDIBLE: .1800 - .2600 MOSTLY: .2000 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices and the market tone are unchanged. Trading activity is reported as flat, but there have been a few instances of slight improvement. Contacts feel that with the firm whey market, WPC demand is, more often, being used as a substitute/replacement for whey. Production levels are steady to occasionally higher where more milk is available to cheese makers. Stocks range from balanced to ample. Demand is steady.

EXTRA GRADE 34% PROTEIN: .5600 - .6050 MOSTLY: .5900 - .6000

NONFAT DRY MILK - WEST

Nonfat dry milk powder markets are basically steady. Prices are unchanged to slightly higher. Buying interest is slow, although DEIP activity continues to clear powder. Production is fairly good, depending on milk availability. Milk production continues quite strong for this late in the season, thus dryers remain active with low/medium heat powder production. Although high heat powder demand is improving, stocks are not as readily available. Producers want to clear as much milk through the dryers, thus limiting dryer time for high heat powder.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.0650 MOSTLY: 1.0300 - 1.0500
HIGH HEAT: 1.0600 - 1.0850

DRY BUTTERMILK - WEST

Buttermilk powder markets are basically steady, although the market tone is weak. Butter production is slightly improved following the sharp increase in butter prices last week, thus is powder output. Some lower priced powder became available early in the week, and by midweek, was still available due to limited buyer interest.

BUTTERMILK: .9300 - .9850 MOSTLY: .9400 - .9550

DRY WHEY - WEST

Range prices moved moderately higher while the mostly was only fractionally higher for Western whey powder. Offerings of powder from manufacturing plants are very light. No stock building is taking place at this time. Many are behind on orders. Resale powder that has been sold over the past two weeks has been readily absorbed and has done nothing to slow the market. Production is declining seasonally. There is still a firm undertone to the market.

NONHYGROSCOPIC: .2600 - .3200 MOSTLY: .2700 - .2825

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended October 24, on powder sales of 10,326,927 pounds f.o.b. California manufacturing plants was \$1.0445 per pound. This compares to 10,783,797 pounds at \$1.0445 for the previous week ending October 17, 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 unchanged and the market tone remains weak. Demand for high heat is good and some producers are considering reducing prices to remain competitive with the Western market. Contacts report increased interest from manufacturers of Class II products. Sales activity is limited mostly to contracted accounts. Inventories range from moderate to heavier than desired. Production levels are lighter.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0475 - 1.1400
 DELVD SOUTHEAST: 1.0700 - 1.0800

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are lower and the market tone is steady to weaker. Demand is mixed. Some contacts report increased interest from customers looking for a relatively less expensive source of fat, while others cannot find willing buyers. Production levels are lighter as churning activity has often slowed in response to the unsettled butter market. Stocks are in balance to meet needs.

F.O.B. NORTHEAST: 1.0000 - 1.0525
 DELVD SOUTHEAST: 1.0000 - 1.0525

DRY WHOLE MILK - NATIONAL

Prices are unchanged and the market tone is steady. Demand is moderate to good. Contacts report increased sales this week as manufacturers begin to switch over to using whole milk powder instead of cream. Some producers are waiting to see what the market will do in the next couple weeks and may re-evaluate prices at that time. Plant stocks are adequate for current orders.

F.O.B. PRODUCING PLANT: 1.2800 - 1.3500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH OCTOBER 24, 1997
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	50,493	MT (111,316,868 LBS)
CHANGE	--	446	MT (983,252 LBS)
WHOLE MILK POWDER	--	3,340	MT (7,363,364 LBS)
CHANGE	--	16	MT (35,274 LBS)
CHEESE	--	881	MT (1,942,253 LBS)
CHANGE	--	87	MT (191,800 LBS)
BUTTERFAT	--	11,942	MT (26,327,333 LBS)
CHANGE	--	473	MT (1,042,776 LBS)

Allocations for the DEIP year beginning July 1, 1997 are: Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT; Cheese - 3,510 MT; Butterfat - 34,232 MT

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to slightly lower and nominal. The market tone remains unsettled. Buying interest is good, but not as strong as in the past few weeks. Premiums have eased and normal prices are returning to the market. Extra Grade is readily available, while Grade A still seems to be tight. Producers are getting caught up on contracts and spot sales are very limited. Some resellers foresee the market falling and are selling inventories to cash in at the current prices. Contacts report more offerings from traders this week, but manufacturers' stocks remain tight. Production levels are slightly higher, but supplies are still short of needs.

F.O.B. NORTHEAST: EXTRA GRADE .3100 - .3350
 USPH GRADE A .3400 - .3575
 DELVD SOUTHEAST: .3250 - .3650

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Dry whey prices are high and spot buying interest is limited. Most producers are only filling contracted accounts. Production levels are light to moderate.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices are unchanged and the market tone is steady. Demand is improving as buyers are stocking up for the holidays. Sales are strong and stocks are adequate for needs. The Kansas City Commodity office announced the purchase of 1,909,440 pounds of evaporated milk packed in 24/12 and 48/12-ounce cans under EVD-1, invitation 380, at prices ranging from \$.5298 - .5548 per pound for delivery in December 1997.

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

CASEIN - NATIONAL

Current casein markets are generally steady at unchanged prices. Stocks are reported to be fully sufficient for current needs with importers not expecting any difficulty during the balance of 1997. Casein imports during the first eight months of 1997 total 41,470,069 kilograms, continuing to run below the comparable period last year. Ireland, New Zealand, and Russia were the 3 main sources of casein imported during the month of August.

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

RENNET: 2.2000 - 2.2500
 ACID: 2.0000 - 2.1000

MONTHLY SUMMARY AND AVERAGES FOR OCTOBER 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:REPORT NUMBER 40		:REPORT NUMBER 41		:REPORT NUMBER 42		:REPORT NUMBER 43		:REPORT NUMBER 44:		1997	1996							
	: OCT 01 - 03		: OCT 06 - 10		: OCT 13 - 17		: OCT 20 - 24		: OCT 27 - 31		: Average	: Average							
	:		:		:		:		:		: or Total	: or Total							
BUTTER																			
CHICAGO (WSP) 2/ (Delivered in Bulk in Fiber Boxes) (Prices Issued Tues, Thurs and Fri)																			
TUESDAY																			
-- Grade AA	:	:	1.2900	- 1.3000	:	1.2900	- 1.3000	:	1.3700	- 1.3800	:	1.7500	- 1.9500	:	:				
-- Grade A	:	:	1.2100	- 1.2200	:	1.2100	- 1.2200	:	1.2900	- 1.3000	:	1.7500	- 1.8200	:	:				
THURSDAY																			
-- Grade AA	:	:	1.2700	- 1.2800	:	1.2900	- 1.3000	:	1.2900	- 1.3000	:	1.3700	- 1.3800	:	1.7500	- 1.9500	:	:	
-- Grade A	:	:	1.2000	- 1.2100	:	1.2100	- 1.2200	:	1.2100	- 1.2200	:	1.2900	- 1.3000	:	1.7500	- 1.8200	:	:	
FRIDAY																			
-- Grade AA	:	:	1.2700	- 1.2800	:	1.2900	- 1.3000	:	1.2900	- 1.3000	:	1.3700	- 1.3800	:	1.7500	- 1.9500	:	1.4282	1.4336
-- Grade A	:	:	1.2000	- 1.2100	:	1.2100	- 1.2200	:	1.2100	- 1.2200	:	1.2900	- 1.3000	:	1.7500	- 1.8200	:	1.3529	1.2864
CHICAGO MERCANTILE EXCHANGE 3/																			
-- Grade AA	:	:	1.2900	:	1.2900	:	1.3700	:	1.9500	:	1.5750	:	1.4650	:	1.4035				
-- Grade A	:	:	1.2100	:	1.2100	:	1.2900	:	1.8200	:	1.4700	:	1.3735	:	1.2445				
-- Grade B	:	:	1.2100	:	1.2100	:	1.2900	:	1.8200	:	1.4700	:	1.3735	:	1.2626				
CENTRAL STATES PRINT (f.o.b. LTL)																			
-- Grade AA, 1/4 Lb. Prints	:	:	1.3700	- 1.7775	:	1.3900	- 1.7975	:	1.3900	- 1.7975	:	1.4700	- 1.8775	:	2.0500	- 2.4575	:	1.7592	1.7192
-- Grade AA, 1 Lb. Prints	:	:	1.3350	- 1.4975	:	1.3550	- 1.5175	:	1.3550	- 1.5175	:	1.4350	- 1.5975	:	2.0150	- 2.1775	:	1.6017	1.5617
-- Grade AA, Chips/Patties	:	:	1.3600	- 1.5700	:	1.3800	- 1.5900	:	1.3800	- 1.5900	:	1.4600	- 1.6700	:	2.0400	- 2.2500	:	1.6505	1.6105
-- Grade AA, Reddies	:	:	1.4450	- 1.6800	:	1.4650	- 1.7000	:	1.4650	- 1.7000	:	1.5450	- 1.7800	:	2.1250	- 2.3600	:	1.7480	1.7067
-- Grade AA, Continentals	:	:	1.6000	- 1.7900	:	1.6200	- 1.8100	:	1.6200	- 1.8100	:	1.7000	- 1.8900	:	2.2800	- 2.4700	:	1.8805	1.8405
NORTHEAST PRINT (Delivered, LTL)																			
-- Grade AA, 1/4 Lb. Prints	:	:	1.4800	- 1.7275	:	1.5000	- 1.7475	:	1.5000	- 1.7475	:	1.5800	- 1.8275	:	2.1600	- 2.4075	:	1.7892	1.7392
-- Grade AA, 1 Lb. Prints	:	:	1.3950	- 1.5775	:	1.4150	- 1.5975	:	1.4150	- 1.5975	:	1.4750	- 1.6775	:	2.0550	- 2.2575	:	1.6672	1.6367
-- Grade AA, Chips/Patties	:	:	1.4575	- 1.6375	:	1.4775	- 1.6575	:	1.4775	- 1.6575	:	1.5575	- 1.7375	:	2.1375	- 2.3175	:	1.7330	1.6880
-- Grade AA, Reddies	:	:	1.5325	- 1.7275	:	1.5525	- 1.7475	:	1.5525	- 1.7475	:	1.6325	- 1.8275	:	2.2125	- 2.4075	:	1.8155	1.7805
-- Grade AA, Continentals	:	:	1.6125	- 1.7875	:	1.6325	- 1.8075	:	1.6325	- 1.8075	:	1.7125	- 1.8875	:	2.2925	- 2.4675	:	1.8855	1.8455
CALIFORNIA PRINT (Delivered, LTL)																			
-- Grade AA, 1/4 Lb. Prints	:	:	1.5525	- 1.6000	:	1.5725	- 1.6200	:	1.5725	- 1.6200	:	1.6525	- 1.7000	:	2.2325	- 2.2800	:	1.7617	1.7442
-- Grade AA, 1 Lb. Prints	:	:	1.4825	- 1.5425	:	1.5025	- 1.5625	:	1.5025	- 1.5625	:	1.5825	- 1.6425	:	2.1625	- 2.2225	:	1.6980	1.6642
-- Grade AA, Patties	:	:	1.5250	- 1.6900	:	1.5450	- 1.7100	:	1.5450	- 1.7100	:	1.6250	- 1.7900	:	2.2050	- 2.3700	:	1.7930	1.7642
-- Grade AA, Reddies	:	:	1.6500	- 1.6675	:	1.6700	- 1.6875	:	1.6700	- 1.6875	:	1.7500	- 1.7675	:	2.3300	- 2.3475	:	1.8442	1.8067
CALIFORNIA PLANTS PRINT (f.o.b. LTL)																			
-- Grade AA, 1/4 Lb. Prints	:	:	1.2675	- 1.3075	:	1.2875	- 1.3275	:	1.2875	- 1.3275	:	1.3675	- 1.4075	:	1.9475	- 1.9875	:	1.4730	1.4542
CHEESE																			
CHICAGO MERCANTILE EXCHANGE 3/																			
-- Barrels	:	:	1.3425	:	1.3550	:	1.3625	:	1.3600	:	1.3575	:	1.3542	:	1.4672				
-- 40# Blocks	:	:	1.3925	:	1.3925	:	1.3975	:	1.3975	:	1.3975	:	1.3951	:	1.5793				
WISCONSIN ASSEMBLY POINTS (f.o.b.)																			
-- Cheddar Barrels	:	:	1.3250	- 1.3450	:	1.3425	- 1.3625	:	1.3625	- 1.3750	:	1.3700	- 1.3825	:	1.3675	- 1.3800	:	1.3633	1.4818
-- Cheddar 40# Blocks	:	:	1.4025	- 1.4275	:	1.4125	- 1.4275	:	1.4200	- 1.4275	:	1.4250	- 1.4325	:	1.4250	- 1.4325	:	1.4240	1.6226
WISCONSIN (WSP, Delivered, LTL)																			
-- Process American 5# Loaf	:	:	1.4975	- 1.6400	:	1.4975	- 1.6400	:	1.4975	- 1.6475	:	1.4975	- 1.6525	:	1.4975	- 1.6525	:	1.5723	1.8187
-- Brick And/Or Muenster 5#	:	:	1.6600	- 1.8500	:	1.6600	- 1.8500	:	1.6600	- 1.8500	:	1.6600	- 1.8550	:	1.6600	- 1.8550	:	1.7561	1.9920
-- Cheddar 40# Block	:	:	1.6425	- 1.9150	:	1.6425	- 1.9150	:	1.6425	- 1.9150	:	1.6475	- 1.9150	:	1.6475	- 1.9150	:	1.7799	1.9285
-- Monterey Jack 10#	:	:	1.8425	- 1.9150	:	1.8425	- 1.9150	:	1.8425	- 1.9150	:	1.8475	- 1.9150	:	1.8475	- 1.9150	:	1.8799	2.0313
-- Blue 5#	:	:	1.9950	- 2.2000	:	1.9950	- 2.2000	:	1.9950	- 2.2000	:	2.0000	- 2.2000	:	2.0000	- 2.2000	:	2.0986	2.3474
-- Mozzarella 5 - 6#	:	:	1.7100	- 1.9150	:	1.7100	- 1.9150	:	1.7100	- 1.9150	:	1.7100	- 1.9150	:	1.7100	- 1.9150	:	1.8125	1.9644
-- Grade A Swiss Cuts 6 - 9#	:	:	2.1000	- 2.4850	:	2.1000	- 2.4850	:	2.1000	- 2.4850	:	2.2000	- 2.4850	:	2.2000	- 2.4850	:	2.3152	2.4473
NORTHEAST (WSP, Delivered, LTL)																			
-- Cheddar 10# Prints	:	:	1.3875	- 1.8750	:	1.4100	- 1.8750	:	1.4100	- 1.8750	:	1.4150	- 1.8800	:	1.4150	- 1.8800	:	1.6432	1.9051
-- Cheddar Single Daisies	:	:	1.3575	- 1.8800	:	1.3800	- 1.8800	:	1.3800	- 1.8800	:	1.3850	- 1.8850	:	1.3850	- 1.8850	:	1.6307	1.8624
-- Cheddar 40# Block	:	:	1.5300	- 1.6800	:	1.5300	- 1.6800	:	1.5300	- 1.6800	:	1.5350	- 1.6850	:	1.5350	- 1.6850	:	1.6073	1.8045
-- Process 5# Loaf	:	:	1.5350	- 1.6850	:	1.5525	- 1.7000	:	1.5650	- 1.7150	:	1.5725	- 1.7225	:	1.5700	- 1.7200	:	1.6356	1.7889
-- Process 5# Sliced	:	:	1.5550	- 1.7200	:	1.5725	- 1.7375	:	1.5850	- 1.7500	:	1.5925	- 1.7575	:	1.5900	- 1.7550	:	1.6634	1.8113
-- Muenster	:	:	1.5725	- 1.9450	:	1.5725	- 1.9675	:	1.5725	- 1.9675	:	1.5775	- 1.9725	:	1.5775	- 1.9725	:	1.7707	1.9279
-- Grade A Swiss Cuts 10 - 14#	:	:	2.2500	- 2.5050	:	2.2500	- 2.5050	:	2.2500	- 2.5050	:	2.2500	- 2.5050	:	2.2500	- 2.5050	:	2.3775	2.3775
WEST COAST (WSP, Delivered, LTL)																			
-- Process 5# Loaf	:	:	1.4975	- 1.7675	:	1.4975	- 1.7850	:	1.4975	- 1.7975	:	1.4975	- 1.8050	:	1.4975	- 1.8050	:	1.6457	1.7999
-- Cheddar 40# Block	:	:	1.5750	- 1.7300	:	1.5750	- 1.7300	:	1.5750	- 1.7300	:	1.5800	- 1.7300	:	1.5800	- 1.7300	:	1.6536	1.8394
-- Cheddar 10# Cuts	:	:	1.7500	- 1.9150	:	1.7500	- 1.9150	:	1.7500	- 1.9150	:	1.7500	- 1.9200	:	1.7500	- 1.9200	:	1.8336	2.0268
-- Monterey Jack 10#	:	:	1.7150	- 1.8775	:	1.7150	- 1.8775	:	1.7150	- 1.8775	:	1.7150	- 1.8825	:	1.7150	- 1.8825	:	1.7974	1.9701
-- Grade A Swiss Cuts 6 - 9#	:	:	2.3375	- 2.5600	:	2.3375	- 2.5600	:	2.3375	- 2.5600	:	2.3375	- 2.5600	:	2.3375	- 2.5600	:	2.4488	2.4613

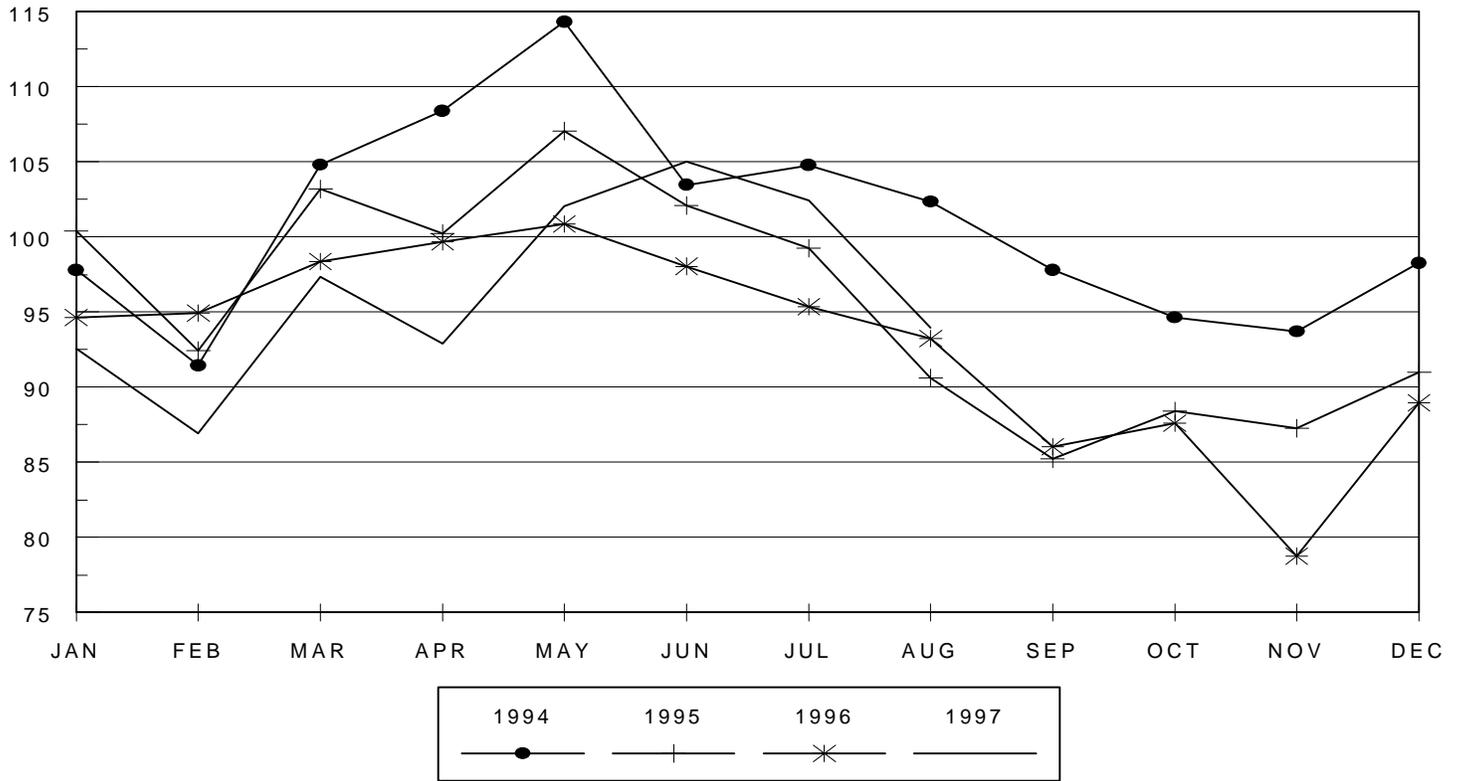
MONTHLY SUMMARY AND AVERAGES FOR OCTOBER 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 40 OCT 01 - 03	REPORT NUMBER 41 OCT 06 - 10	REPORT NUMBER 42 OCT 13 - 17	REPORT NUMBER 43 OCT 20 - 24	REPORT NUMBER 44 OCT 27 - 31	1997 Average or Total	1996 Average or Total
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
Delivered Equivalent:							
-- Northeast	1.6770 - 1.9080	1.7424 - 1.9360	1.6940 - 1.9118	1.8060 - 2.0253	2.0020 - 2.6026	1.9489	1.6438
-- Atlanta	1.7245 - 1.8960	1.7515 - 1.9239	1.7182 - 1.9118	1.8318 - 2.0253	2.1020 - 2.6026	1.9674	1.7524
-- Upper Midwest	1.7400 - 1.8480	1.7545 - 1.8634	1.7545 - 1.8634	1.8705 - 2.0124	1.8400 - 2.3660	1.9039	1.6466
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)							
Delivered Equivalent:							
-- Northeast	0.9500 - 1.0550	0.9500 - 1.0550	1.0050 - 1.0550	1.0050 - 1.0550	1.0050 - 1.0550	1.0200	1.2702
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points	44	44	32	33	28	181	169
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	27.7500	25.6400
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Extra And Grade A	1.0400 - 1.1000	1.0400 - 1.0925	1.0400 - 1.1000	1.0400 - 1.1000	1.0400 - 1.1000	1.0691	1.3155
-- Mostly	1.0500 - 1.0600	1.0500 - 1.0600	1.0500 - 1.0600	1.0500 - 1.0600	1.0500 - 1.0600	1.0550	1.2866
-- West (f.o.b.)							
-- Low/Medium Heat	1.0300 - 1.0650	1.0300 - 1.0650	1.0300 - 1.0650	1.0300 - 1.0650	1.0300 - 1.0650	1.0475	1.2486
-- Mostly	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0400	1.2391
-- High Heat	1.0550 - 1.0800	1.0550 - 1.0800	1.0550 - 1.0800	1.0600 - 1.0825	1.0600 - 1.0850	1.0695	1.2915
-- Northeast (f.o.b.)							
-- Extra & Grade A	1.0500 - 1.1400	1.0500 - 1.1400	1.0475 - 1.1400	1.0500 - 1.1400	1.0475 - 1.1400	1.0945	1.3270
-- Southeast (Delvd)							
-- Extra & Grade A	1.0750 - 1.0825	1.0750 - 1.0825	1.0700 - 1.0825	1.0700 - 1.0800	1.0700 - 1.0800	1.0766	1.3368
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)							
-- Mostly	0.2650 - 0.3250	0.2875 - 0.3500	0.3075 - 0.3500	0.3025 - 0.3500	0.3075 - 0.3500	0.3213	0.2193
-- West (f.o.b.)							
-- Mostly	0.2175 - 0.2650	0.2200 - 0.2750	0.2400 - 0.2975	0.2550 - 0.2950	0.2600 - 0.3200	0.2664	0.2153
-- Mostly	0.2200 - 0.2500	0.2400 - 0.2650	0.2525 - 0.2800	0.2650 - 0.2800	0.2700 - 0.2825	0.2626	0.2078
-- Northeast Extra Grade (f.o.b.)	0.2650 - 0.3200	0.2875 - 0.3400	0.3075 - 0.3500	0.3100 - 0.3500	0.3100 - 0.3350	0.3193	0.2279
-- Northeast Usph Grade A(f.o.b.)	0.2650 - 0.3350	0.2875 - 0.3550	0.3225 - 0.3550	0.3400 - 0.3550	0.3400 - 0.3575	0.3338	0.2377
-- Southeast Extra Grade (Delvd)	0.2950 - 0.3550	0.3350 - 0.3750	0.3550 - 0.3850	0.3275 - 0.3850	0.3250 - 0.3650	0.3516	0.2443
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.5600 - 0.6100	0.5600 - 0.6050	0.5600 - 0.6050	0.5600 - 0.6050	0.5600 - 0.6050	0.5828	0.7291
-- Mostly	0.5850 - 0.6000	0.5850 - 0.5950	0.5850 - 0.5950	0.5850 - 0.5950	0.5900 - 0.6000	0.5915	0.7332
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.2600 - 0.3000	0.2675 - 0.3100	0.2875 - 0.3100	0.2875 - 0.3100	0.2875 - 0.3100	0.2939	0.2016
-- Standard	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	0.1861
-- Roller Ground	0.2675 - 0.2825	0.2900 - 0.3025	0.3100 - 0.3375	0.3150 - 0.3375	0.3150 - 0.3375	0.3120	0.2331
-- Delactose	0.3350 - 0.3550	0.3350 - 0.3575	0.3350 - 0.3575	0.3350 - 0.3575	0.3350 - 0.3575	0.3461	0.3991
-- Northeast (f.o.b.)							
-- Milk Replacer	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)							
-- West (f.o.b.)	1.0000 - 1.0800	1.0000 - 1.0600	0.9800 - 1.0500	0.9500 - 1.0150	0.9500 - 1.0150	1.0070	1.4914
-- Mostly	0.9800 - 1.0400	0.9600 - 1.0400	0.9500 - 1.0150	0.9300 - 0.9850	0.9300 - 0.9850	0.9789	1.5623
-- Northeast (f.o.b.)	0.9900 - 1.0300	0.9700 - 1.0000	0.9600 - 0.9900	0.9400 - 0.9700	0.9400 - 0.9550	0.9713	TFEWR
-- Southeast (Delvd)	1.0300 - 1.0725	1.0300 - 1.0725	1.0300 - 1.0725	1.0300 - 1.0725	1.0000 - 1.0525	1.0456	1.4699
	1.0625 - 1.1150	1.0625 - 1.1150	1.0625 - 1.0850	1.0350 - 1.0750	1.0000 - 1.0525	1.0641	TFEWR
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	1.2700 - 1.3300	1.2800 - 1.3500	1.2800 - 1.3500	1.2800 - 1.3500	1.2800 - 1.3500	1.3130	1.4926
LACTOSE							
-- Central And West (f.o.b.)	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.2200	0.2189
-- Mostly	0.2000 - 0.2250	0.2000 - 0.2200	0.2000 - 0.2200	0.2000 - 0.2200	0.2000 - 0.2200	0.2103	0.2191
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.2000 - 2.2500	2.2000 - 2.2500	2.2000 - 2.2500	2.2000 - 2.2500	2.2000 - 2.2500	2.2250	2.4500
-- Nonrestricted - Acid	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0500	2.3750

1/ Prices for all products not footnoted 2/ or 3/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are simple averages of all the prices reported during the month and are shown on the Friday line. 3/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

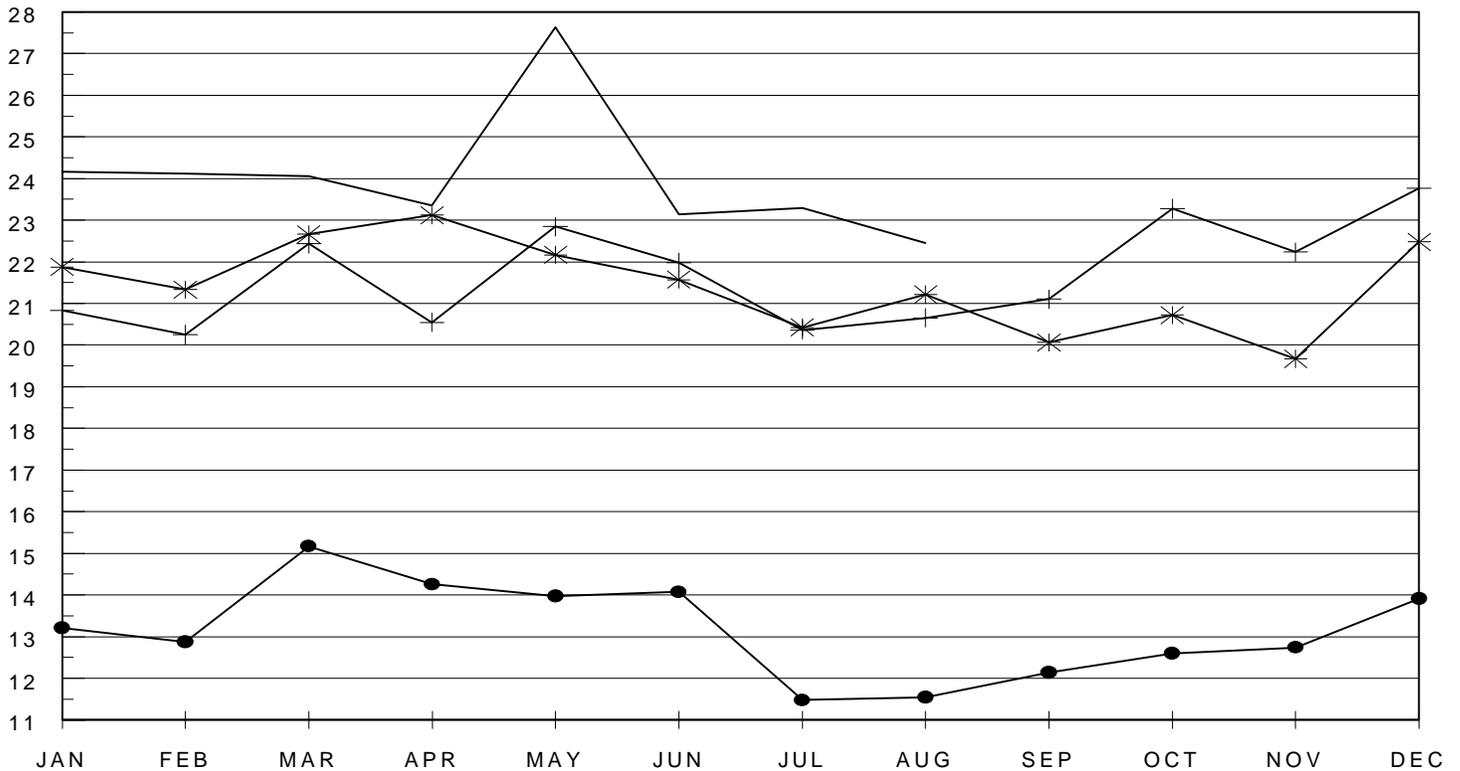
U.S. ALL WHEY PRODUCTION - HUMAN AND ANIMAL COMBINED

MILLION POUNDS



U.S. WHEY PROTEIN CONCENTRATE PRODUCTION - HUMAN FOOD

MILLION POUNDS



NASS DATA, GRAPH BY DAIRY MARKET NEWS

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OCTOBER 27 - 31, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	10/24/97	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-	-0-	-0-	-0-	-0-	
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
NONFAT DRY MILK								
Nonfortified	-0-	-0-	-0-	408,912	-0-	-0-	-0-	
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	-0-	-0-	-0-	408,912	-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 OCTOBER 27 - 31, 1997 =	0.0	0.0		0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	0.1	4.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - OCTOBER 31, 1997 =	24.7	395.2	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 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	408,912	-0-	100.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	408,912	-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 10/10/97 & 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		
1997-Dairy cows HD (000)	0.3	1.7	---	12.3	21.0	2.7	3.2	1.1	9.4	3.3	55.0	2,248.9	44.9	45.9
1996-Dairy cows HD (000)	0.3	1.4	---	15.7	26.3	2.9	3.7	1.0	8.9	2.6	62.9	2,326.3	42.1	43.4
1997-All cows HD (000)	0.3	1.8	---	27.0	29.7	18.5	17.7	7.8	11.9	7.7	122.4	4,897.6		
1996-All cows HD (000)	0.4	1.5	---	31.5	35.0	24.6	23.5	12.7	12.4	7.9	149.4	5,366.1	**REGION 3 & 4 COMBINED**	

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) 10/24/97

CHEESE	DECEMBER DELIVERY	
PROCESS		
2# LOAVES	871,200	\$1.4865-1.5225
5# LOAVES	1,425,600	\$1.3190-1.4280
SLICED	1,900,800	\$1.3450-1.4498
SHREDDED	230,400	\$1.5980
MOZZARELLA		
MOZZARELLA	564,480	\$1.3650-1.4142
LITE	241,920	\$1.4500-1.4660
LITE, SHREDDED	443,520	\$1.5330-1.5410
NATURAL AMERICAN		
BLOCKS	79,900	\$1.4932-1.4972
CUTS	39,950	\$1.6725
SHREDDED	38,400	\$1.6178
REDUCED FAT-BLOCKS	39,950	\$1.7377
REDUCED FAT-SHREDDED	153,600	\$1.6178

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 13,310,262

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

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	12.79			