

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), all grades of bulk butter are unchanged: Grade AA is \$1.5750; Grade A, \$1.4700; and Grade B, \$1.4700. Also at the CME, barrel cheese prices are unchanged at \$1.3575 and 40# blocks increased 1/2 cent to \$1.4025.

The "basic formula price used in Federal Orders" (BFP) for October 1997 is \$12.83 per cwt. at 3.5% test. This price is 4 cents more than last month but \$1.30 less than October 1996. The October BFP is the base month M/W price of \$12.68 plus a change of \$.15, which is the change in the butter/powder/cheese formula from September to October. For October, the NASS U.S. average 40# block cheese price was \$1.3835. The butterfat differential was \$0.153. Class III-A prices are: for Federal Orders 1 & 2, \$13.56; for Order 4, \$13.58; for Orders 124, 131, & 135, \$13.38; for other affected orders, \$13.50.

According to NASS, butter production was 79.0 million pounds in September, 2.1% below September 1996 but 12.4% above August 1997. American type cheese production totaled 261.9 million pounds, 2.9% above September 1996 and 1.2% above August 1997. Total cheese output (excluding cottage cheese) was 611.6 million pounds, 4.6% above September 1996 and 1.8% above August 1997. Nonfat dry milk production, for human food, totaled 78.7 million pounds, 40.4% above September 1996 but 13.3% below August 1997. Dry whey production, for human food, was 86.4 million pounds, 9.0% above September 1996 but 3.4% below August 1997.

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 1997 advanced 1 point to 117. Compared with October 1996, the index was up 2 points (1.7%). The index of prices received by farmers for dairy products advanced 3 points during the month of October 1997 to 104, down 22 points (17.5%) from October 1996. On a 3.5% butterfat basis, prices received by farmers in October with changes from September were: for All Milk, \$13.29, up 19 cents; for Fluid Grade Milk, \$13.31, up 21 cents; and for Manufacturing Grade Milk, \$12.46, down 1 cent.

Butter markets are unsettled following the volatile price changes during the last two weeks of October trading at the CME. Grade AA increased a record 58 cents on October 24, only to decline 37 1/2 cents during the next trading session. The rationale for the price fluctuations has many people upset. The price impact is expected to adversely affect holiday butter features. Producers worry about the impact the pricing swings could have on industrial butter usage should those users look to more stable priced replacements.

Milk production is trending higher in the Southeast and Southwest. Supplemental loads needed in Florida are declining as milk production in the state increases. In areas of the Northeast, Midwest and Northwest, milk output is at seasonally low levels and local areas are still seeing declines. Plant production levels are not being pressured as sales of fluid milk remain good. Production of cream cheese, sour cream, and other Class II cream-based items is increasing in advance of holiday needs.

Dry product markets are relatively stable with recent pricing levels. Dry whey prices are mainly steady at record highs. Some additional buying interest is evident, but most orders are for immediate needs only. Nonfat dry milk markets remain weak with product available in most areas. Pricing in the Midwest and East is at levels to keep local customers from buying powder from other regions. Buttermilk markets continue to trend lower in light trading. Lactose prices are steady with most sales on fourth quarter contracts. Support continues as buyers look for whey substitutes. WPC prices are slightly higher and the market tone is trending firmer.

SPECIAL THIS ISSUE

CCC PURCHASE SUMMARY (PAGE 2)
 CHEDDAR CHEESE, NDM, BUTTER, BFP AND FLUID MILK FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 OCTOBER DEIP SUMMARY (PAGES 9 - 10)
 OCTOBER AGRICULTURAL PRICES HIGHLIGHTS (PAGE 11)
 SEPTEMBER 1997 DAIRY PRODUCT HIGHLIGHTS (PAGE 12)

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	NOVEMBER 4	NOVEMBER 6	NOVEMBER 7
AA	\$1.5750 - 1.5850	\$1.5750 - 1.5850	\$1.5750 - 1.5850
	(-.1750) (-.3650)		
A	\$1.4700 - 1.4800	\$1.4700 - 1.4800	\$1.4700 - 1.4800
	(-.2800) (-.3400)		

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged. Butter markets remain unsettled. Orders for both bulk and print butter have improved this week as many buyers returned to the market for upcoming Thanksgiving needs. Stocks of butter are not heavy, thus producers are closely monitoring, and in instances, allocating current supplies. September butter production in the U.S. totaled 79.0 million pounds, 2.1% less than September 1996, but 12.4% heavier than last month.

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	NOVEMBER 3 - 7, 1997
BARRELS*	\$1.3650 - 1.3775 (NOMINAL)
	(-.0025) (-.0025)
40# BLOCKS	\$1.4250 - 1.4325 (NOMINAL)

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

CHEESE HIGHLIGHTS: The cheese market is fully steady on blocks, unsettled on barrels. The block price at the Chicago Mercantile Exchange increased .5 cent to \$1.4025, but barrels were steady at \$1.3575 in moderately heavy trading. Supplies are adequate for the generally moderate interest. Estimated U.S. cheddar cheese production through the first 9 months of 1997 compared to the same period in 1996 (adjusted for Leap Year), is 2.0 billion pounds, up 79.4 million pounds (4.1%). Total cheese output in 1997 is 5.5 billion pounds, up 140.3 million pounds (2.6%) from the same period last year.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, NOVEMBER 7, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.5750 : OFFER 11/07/97
A	N.C.	\$1.4700 : BID 10/31/97
B	N.C.	\$1.4700 : OFFER 10/31/97

SALES: NONE

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2000

OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.5750 (LST)

CHEESE TRANSACTIONS ON THURSDAY, NOVEMBER 6, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.3575 : OFFER 11/06/97
40# BLOCKS	+0.0050	\$1.4025 : SALE 11/06/97

SALES: 35 CARS BARRELS:
 11 @ \$1.3500, 8 @ \$1.3525, 8 @ \$1.3550,
 2 @ \$1.3475, 5 @ \$1.3575, 1 @ \$1.3600

14 CARS 40# BLOCKS:
 9 @ \$1.3975, 5 @ \$1.4025 (LST)

BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4025

OFFERS UNCOVERED: 3 CARS BARRELS:
 2 @ \$1.3600, 1 @ \$1.3575 (LST)
 2 CARS 40# BLOCKS @ \$1.4075

Summary of CCC Milk Price Support and Related Program Activities, Fourth Quarter, 1997 Marketing Year

Item	Butter	Cheese	NDM/DWM <u>1/</u>	Item	Butter	Cheese	NDM/DWM <u>1/</u>
	Thousand Pounds				Thousand Pounds		
Purchases:				Domestic Donations: <u>4/</u>			
Price Support	0	158	26,696	Schools	0	31,435	1,954
Market Price <u>2/</u>	82	34,602	3,505	Institutions	168	3,045	1,401
DWM			2,072				
Total Purchases	82	34,760	32,273	Foreign Donations:			
				Food for Progress-			
Domestic Sales:				DWM			2,072
Unrestricted	0	0	0	Food for Peace-			0
				DWM			
Foreign Sales:				Total Utilizations	19,048	36,063	109,363
DEIP <u>3/</u>	18,880	1,583	98,118				
DWM			5,818	Uncommitted Inventories	0	0	0

1/ Nonfat dry milk or Dry whole milk. Figures are nonfat dry milk unless otherwise specified. 2/ Cheese includes American -- 23,474 and Mozzarella -- 11,128; purchases are on a delivery basis. 3/ Contract basis. 4/ Based on orders issued for shipment.

SOURCE: Farm Service Agency, U.S. Department of Agriculture. For more information, contact Beverly Sadler (202) 720-1696.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are generally 37 1/2 cents lower and the market tone is still very unsettled. With prices at the CME making record gains and near record drops in back to back weeks, many contacts are unsure how to proceed. Production levels are up at most locations as cream sales have slowed. However, most producers want to move current production rather than put it into inventory. Demand for print butter is fair. Most Thanksgiving orders have been placed, shipped, and, for the most part, unaffected by the recent price fluctuations. However, there is concern about Christmas and New Years orders. Retail sales are slow to fair, but, if traditional patterns are followed, feature activity will begin this week or next. Food service orders are about steady.

WHOLESALE PRICES: MIN 25 BOXES	
DOLLARS PER POUND, DELIVERED EAST COAST CITIES	
1/4 LB. PRINTS	: 1.7850-2.0325
1 LB. PRINTS	: 1.7000-1.8725
CHIPS/PATTIES	: 1.7625-1.9425
REDDIES	: 1.8375-2.0325
CONTINENTALS	: 1.9175-2.0925

CENTRAL

Print butter prices declined 37 1/2 cents following October 31 cash trading at the Chicago Mercantile Exchange. Although butter prices declined, the market tone remains unsettled. Some producers/handlers feel that the market is firm and prices might increase, while others feel that further weakness is needed. Orders are seasonally active. Some handlers stated that sales did not slow as much as previously reported and remain strong as the Thanksgiving holiday nears. Often, stocks are limited for current demand. Most producers are not able to fully fill current buyer interest.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND	
1/4 LB. PRINTS	: 1.6750-2.0825
1 LB. PRINTS	: 1.6400-1.8025
CHIPS/PATTIES	: 1.6650-1.8750
REDDIES	: 1.7500-1.9850
CONTINENTALS	: 1.9050-2.0950

WEST

Butter prices lost about two thirds of last weeks record price increase on October 31. Most Western contacts feel that this current price level is somewhat more realistic, but they believe that prices will fall much further in the not too distant future. Sales activity has perked back up for both print and bulk sales. Export shipments continue to be on hold. September U.S. butter production totals 79.0 million pounds, down 2.1% from last year. Cumulative output for the first nine months of the year has reached 869.8 million pounds, down 0.2% from the same period in 1996. Output for selected Western States compared to last year is as follows: California down 3.2%, Oregon up 14.9%, and Washington down 18.1%.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES	
150 - 1000 POUNDS, DOLLARS PER POUND	
1/4 LB. PRINTS	: 1.8575-1.9050
1 LB. PRINTS	: 1.7875-1.8475
PATTIES	: 1.8300-1.9950
REDDIES	: 1.9550-1.9725
FOB CALIFORNIA PLANTS - GRADE AA	
100 CASES AND UP, DOLLARS PER POUND	
1/4 LB. PRINTS	: 1.5725-1.6125

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
	:	:
11/03/97	12,578	: 109,419
10/01/97	20,062	: 108,721
CHANGE	-7,484	: + 698
% CHANGE	- 37	: + 1

Based on the historical relationship of the preliminary U.S. Cold Storage report of Sept. 30, 1997 the selected centers storage report, the expected U.S. holdings as of Nov. 1, 1997 are:

Butter	19 million pounds plus or minus 5.23 percent
Cheese	426 million pounds plus or minus 3.32 percent

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 31	1,4307 1,204,089	1,3684 4,412,883	1,3837 5,776,342	1,4125 600,281	1,3649 3,241,416	1,3394 6,229,834	1,3481 9,471,250	

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

CHEESE MARKETS

NORTHEAST

Process cheese prices are fractionally lower with most other types and styles unchanged. The market tone is about steady. Cheese production levels are often lighter. November is traditionally the month when milk output hits the bottom of the annual cycle. Cheese stocks are generally adequate for needs. Demand is fair to improved as Thanksgiving orders have already been or are being shipped. Year-end holiday orders are starting to be placed. Food service orders are also being placed as restaurants get ready for Thanksgiving. Fast food outlets are clearing quite a bit of process. Mozzarella sales are seasonally good.

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	:	1.5675-1.7175
Process 5# Sliced	:	1.5875-1.7525
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 30, the price of blocks was unchanged at \$1.3975 and barrels decreased another .25 cent to \$1.3575 per pound. Process cheese sales are fairly steady, though many lines have additional capacity available. Natural orders remain fairly good, particularly where featured. Offerings of barrels and some natural varieties are starting to become more available (less lead time needed) within the region. In major producing areas, milk receipts are steady to generally lower. Fat, protein, and cheese yields are increasing seasonally. Manufacturing schedules are increasing seasonally in southern states of the region, though levels remain light. Estimated September American cheese output in selected Midwestern states with comparisons with September 1996 are: Wisconsin 73.0 million pounds, down 978,000 pounds (1.3%); Minnesota 41.0 million pounds, down 1.8 million pounds (4.2%); Iowa 7.6 million pounds, up 2.1 million pounds (37.8%).

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

Process American 5# Loaf	:	1.4975-1.6800
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)	:	1.7400-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

WEST

Only fractional price changes are noted for process cheese. Cheese sales activity is rated as generally good by most contacts. Production is down enough seasonally to balance current demand and supply. U.S. Swiss output for September totals 16.2 million pounds, down 8.7% from last year. Total cheese production stands at 611.6 million pounds, up 4.6% from September 1996. September output compared to last year for selected Western States is as follows: California up 23.3%, Idaho up 4.3%, Oregon down 6.1%, Utah down 27.7%, and Washington up 15.8%.

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

Process 5# Loaf	:	1.4975-1.8000
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 and the market tone are unchanged. Demand for imported cheese and domestically made styles are improving as the holidays approach. There are instances where domestically made varieties are garnering more interest because of price and availability. Reports indicate that import licenses turned back to FAS were unusually heavy this year. For calendar year 1997, import licenses from all sources, turned back to FAS totaled 30,803 MT (67.9 million pounds). From the E.U. alone, it is approximated that licenses totaling 37-40 million pounds of cheese were turned in for reassignment.

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

Following the announcement of the October BFP, Eastern Milk Market Administrators announced changes to their class prices. The October BFP is \$12.83, up \$0.04 from September. In all orders in the East, December Class I & II milk prices will be up \$0.04 from November. In all orders October Class III prices increased \$0.04 from September. The October Class III-A is \$13.56 in orders 1 & 2, \$13.58 in order 4, and \$13.50 in all other Eastern orders. The butterfat differential is \$0.153. Milk production ranges from steady to lighter in most of the region. However, the milk flow is increasing in the Deep South and Florida. Fluid milk supplies are reported as tight in the Northeast and some loads are moving greater distances to fill needs. Down South, milk supplies are closely balanced and fewer in-shippments were necessary this week. Florida handlers have about 69 loads coming in this week and that is down from last week's total of 148. Bottled milk sales are relatively slow for the first week of a month. Manufacturing schedules are still very light in the Southeast; light to moderate in the Middle Atlantic and New England. Those operations that have been shipping milk to Southeastern handlers do have a little extra milk to process. The condensed skim market is about steady with prices unchanged. The November Class II milk prices are up sharply higher from October's. However, the very high butterfat value is helping ease some of the gains in condensed skim prices. The fluid cream market is firm. Supplies are tight and demand is good. Spot prices are generally lower following the 35 - 37 1/2 cent drop on butter last week. However, suppliers have often increased multiples. Last week, some suppliers did reduce their multiples in an effort help out buyers/users and now that butter prices dropped, they are pushing their multiples back to more normal levels. Ice cream production and sales are lighter, but some makers have increased production now that fat costs have moderated. Some plants plan on lighter production as they will observe Veteran's Day next week and some are down for a couple days of maintenance. Sour cream, cream cheese, and other Class II product sales are improving for the upcoming holidays and output is up accordingly. Churning activity is steady too heavier at some plants, lighter at others where they have been selling cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.9992 - 2.1756	
Delivered Equivalent Atlanta	-	2.0280 - 2.2092	M 2.0580-2.1763
F.O.B. Producing Plants: Upper Midwest	-	1.8600 - 2.0433	
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 31 - NOVEMBER 6, 1997	8
PREVIOUS WEEK	28
COMPARABLE WEEK IN 1996	0

DESTINATIONS: FLORIDA 6, TENNESSEE 2

Class I sales are irregular, ranging from steady to occasionally slower. Some intra regional milk movement continues to help fill bottler fluid requirements. Strong Class II interest is noted from cottage cheese type accounts and also from some ice cream producers. Class III

interest is steady, although with limited offerings and the current high premiums (\$2.00-3.00 in a limited test), some interest is going by the wayside. The October BFP milk price was announced at \$12.83 at 3.5%, up 4 cents from September and \$2.13 higher than the 1997 low in May of \$10.70. Besides the milk shipments reported, about 20 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. Another 14 loads of Wisconsin milk were being sent to Ohio. The cream and butter markets are still chaotic, but cream demand has improved with the lower prices. Most cream prices are substantially lower, reflecting the large decline in butter prices at the Chicago Mercantile cash butter market. Current milk receipts remain at or near the annual low point in most upper Midwestern states. Fat and protein tests are at the usual high fall levels, improving manufactured product yields. Further south within the region, production has turned the corner and continues to trend slowly higher. Wetter conditions and/or some snow has slowed the corn harvest and fall tillage in some areas. Pasturing is limited, mainly to young stock and/or daylight hours as most grazers are stockpiling the current limited growth for next year.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 30 - NOV 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 29.00- 35.00	\$ 27.50- 33.50
REPLACEMENT HEIFER CALVES	\$110.00-140.00	\$100.00-150.00

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

	OCT 30 - NOV 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 28.50- 35.75	\$ 27.00- 32.75

W E S T

The October 4a price (butter/powder) in California is \$13.22, up \$1.49 from September 1997 but down \$1.79 from October 1996. The 4b price (cheese) is \$12.18, up seven cents from last month but down \$1.93 from last year. The October BFP price is \$12.83. Milk production is steady to higher in most areas of the Southwest. Weather conditions have been favorable for the growth of milk output. Feed supplies are ample for all current needs and prices are often lower for hay and other feed crops. Contacts are indicating that production is trending above year-ago levels in most areas. At the plant level, milk volumes are adequate but not excessive. There remains a good call for fluid milk. Cream demand is good in preparation for cream-based holiday items, ice cream, and butter. Diplomacy is often needed for pricing cream following the sharp fluctuations in butter prices during the last two trading sessions at the CME. Milk output in the Pacific Northwest is continuing to decline seasonally. A number of plants note that they are having to revise delivery schedules because they are not able to come close to their production projections. Some are allocating product to buyers and others are releasing buyers from contract sales. Manufacturing plants in Oregon are becoming more concerned about where they are going to have to go to find milk in the short supply times of the year. They are also concerned that these short times for the year are becoming much longer and more spread out. Some contacts in the northern Mountain States region are noting that the solids content on incoming milk supplies is improving slightly. Supplies of some late cutting, higher quality hay are becoming available and producers are doing a better job of balancing rations when forced to use lower quality forage. Most manufacturing plants are stating that they are continuing to reduce operating schedules in response to declining milk receipts.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 11/06/97 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 are mostly steady and the market tone is unchanged. Buying interest is slow and limited. Producers are covering commitments and spot activity is fairly active. Some resellers are discounting prices in order to clear inventories. Drying schedules range from shut down to moderate levels. There is speculation that foreign interest may increase in the next couple weeks. U.S. production of human food NDM during September totaled 78.7 million pounds, 40.4% more than last year but 13.3% lower than last month. (Combined MN and WI production during September totaled 1,072,000 pounds.) Manufacturers' stocks at the end of September totaled 133.9 million pounds, 166.6% higher than last year but 14.3% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0400 - 1.1050 MOSTLY: 1.0450 - 1.0600

DRY BUTTERMILK - CENTRAL

Prices are steady to slightly lower and the market tone continues to be weak. Demand is flat and activity is mostly limited to contracted accounts. Contacts report "hand to mouth" buying for immediate needs. Producers' inventories are in balance to excessive. During September, dry buttermilk production totaled 2.6 million pounds, down 22.1% from last year and 7.5% below August. End-of-month stocks totaled 2.8 million pounds, up 79.1% from a year earlier but down 13.1% from last month.

BUTTERMILK: .9500 - 1.0000

DRY WHEY - CENTRAL

The whey price range is slightly higher. The market tone is mixed, but firm. Many contacts wonder what direction the market is headed, therefore trading activity is light. Demand from animal feed buyers has increased as edible interest has eased. Offerings are limited and most orders are being filled for immediate needs. Contacts report transportation difficulties are hindering access to areas. Spot loads are available, but stocks remain tight. Suppliers do not want to build inventories at the current prices. Resellers have eased off the high premiums and occasional discounts have been offered. Manufacturers are beginning to offer product to suppliers again which is helping to fulfill contract needs. Production levels are lighter as a result of less milk availability. U.S. production of human food whey during September totaled 86.4 million pounds, 9.0% more than last year but 3.4% less than last month. End-of-September stocks, at 29.4 million pounds, are 3.8% less than last year and 6.0% less than August. Production in September with changes from 1996 are: Wisconsin, 25.5 million pounds, down 0.1% and Minnesota, 7.7 million pounds, up 2.8%.

NONHYGROSCOPIC: .3100 - .3600 MOSTLY: .3125 - .3200

ANIMAL FEED WHEY - CENTRAL

Prices for milk replacer are unchanged and nominal. Offerings of off-grade whey are limited and quickly clear the market. Demand from buyers is strong and supplies are tight. Roller ground interest has increased and stocks are low. Producers are often unable to fill current needs and report turning orders away. Delactose prices are slightly higher and the market tone is improved. Buying activity is spotty. Standard prices remain too few to report. September U.S. animal feed, dry whey production totaled 4.1 million pounds, 38.9% less than last year and 3.8% lower than August. Month-ending stocks were 2.5 million pounds, 47.2% less than last year and 7.3% lower than last month. Animal feed, reduced lactose and minerals whey production during September totaled 2.3 million pounds, 10.8% more than last year but 5.0% less than August; while all stocks (animal and human), at 11.3 million pounds, were 131.3% higher than last year.

MILK REPLACER: .2875 - .3100
STANDARD: TFEWR
ROLLER GROUND: .3175 - .3300
DELACTOSE (Min. 20% protein): .3400 - .3600

LACTOSE - CENTRAL AND WEST

Prices are unchanged. The market tone has improved as a result of high dry whey prices. Interest has increased from animal feed buyers looking for alternatives to whey. Fourth quarter contracts are being filled and clearing normal volumes of product. U.S. lactose production during September totaled 36.6 million pounds, up 11.9% from last year but 5.3% lower than August. End-of-September stocks, at 23.6 million pounds, are 34.9% higher than last year but 4.2% less than last month. Production in September with changes from 1996 are: Minnesota, 9.2 million pounds, -2.8%; and Wisconsin, 7.9 million pounds, -7.3%.

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 are higher and the market tone is strengthening with support from the whey market. Contacts report end-users are short of product. Buying interest has increased from animal feed manufacturers looking for whey replacements. Supplies are tight and inventories are declining more rapidly. U.S. production of human food WPC during September totaled 21.6 million pounds, a 7.7% increase from last year but 3.7% lower than the previous month. Manufacturers' stocks at the end of September totaled 8.8 million pounds, 54.2% more than last year and 6.2% above last month.

EXTRA GRADE 34% PROTEIN: .5650 - .6150 MOSTLY: .5950 - .6000

NONFAT DRY MILK - WEST

Prices are unchanged for both series. The market tone for low heat powder is the weakest with better demand conditions noted for high heat powder. DEIP orders are still being filled by regional producers. Several contacts are stating that Mexico may shortly be in the market for NDM. Production remains active as plants are processing additional milk. Stocks remain in excess of current needs, but range from short to very long at the individual plant level. U.S. NDM production in September totaled 78.7 million pounds, up 40.4% from last year but down 13.3% from August. Stocks at the end of the month were reported at 133.9 million pounds, up 166.6% from last year but 14.3% lower than last month. September production in California totaled 42.0 million pounds, up 27.0% from last year, and Washington output totaled 12.2 million pounds, down 9.2% from a year ago. Compared to year ago figures, U.S. production through September is 17.4% higher in 1997.

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

Prices and the market tone continue to weaken. Demand is basically flat and limited on the spot market to fill-in needs. Contract sales are making up the bulk of current sales. Production is seasonally light, but expected to increase as the holiday season approaches. U.S. buttermilk powder production in September totaled 2.6 million pounds, down 22.1% from last year and 7.5% below August. Stocks at the end of the month were reported at 2.8 million pounds, up 79.1% from a year earlier but down 13.1% from August.

BUTTERMILK: .9000 - .9850 MOSTLY: .9300 - .9450

DRY WHEY - WEST

Range prices continue to strengthen slightly, but the mostly is mixed. There continues to be a firm undertone to the market. Producer offerings remain very light and continue to clear very easily. Some resale powder continues to become available and is moving at market prices. Demand has been adversely affected by the price increases, but interest remains good enough to keep the market closely balanced. September U.S. edible whey production totals 86.4 million pounds, up 9.0% from last year. Output for selected Western states compared to last year is as follows: California up 31.8%, Utah up 131.8%, and Washington up 15.7%.

NONHYGROSCOPIC: .2700 - .3200 MOSTLY: .2750 - .2800

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended October 31, on powder sales of 9,852,606 pounds f.o.b. California manufacturing plants was \$1.0431 per pound. This compares to 10,326,927 pounds at \$1.0445 for the previous week ending October 24, 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 steady to lower in the Northeast; steady to fractionally higher in the Southeast. The market tone is unchanged. Production levels are steady to slightly higher in plants that are shipping less milk to Southeastern handlers. Plant stocks are often heavier than desired and demand is just fair. In some instances, producers have lowered prices to stimulate interest. Some unconfirmed reports indicate that prices below the bottom of our reported range have been noted. Production of human food, nonfat dry milk during September 1997 totaled 78.7 million pounds, up 40.4% from September 1996 but 13.3% less than August 1997. Month ending stocks, at 133.9 million pounds, are 166.6% above a year ago but 14.3% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0400 - 1.1400
DELVD SOUTHEAST:	1.0700 - 1.0850

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are generally lower and the market tone is steady. Production levels are light to moderate as some plants are making more butter. Producer stocks are quite well balanced for the slow to fair demand. Considering the current value of butterfat, some contacts are somewhat surprised that there isn't more interest for dry buttermilk. Dry buttermilk production during September 1997 totaled 2.6 million pounds, down 22.1% from September 1996 and down 7.5% from August 1997. Month ending stocks, at 2.8 million pounds, are 79.1% more than a year ago but 13.1% less than last month.

F.O.B. NORTHEAST:	.9800 - 1.0400
DELVD SOUTHEAST:	1.0000 - 1.0350

DRY WHOLE MILK - NATIONAL

Prices are sharply higher, but the overall market tone is unchanged. The price increases are being attributed to the sharply higher butterfat value and the jump in California's 4a milk price. Production levels are steady to lighter as producers work to fill contracts. Domestic demand is slow to fair, but exports continue as DEIP contracts are being filled. Dry whole milk production during September 1997 totaled 11.5 million pounds, up 34.0% from September 1996 and 2.5% higher than August 1997. Month ending stocks, at 5.8 million pounds, are 26.7% above a year ago and 27.0% above last month.

F.O.B. PRODUCING PLANT:	1.3500 - 1.5000
-------------------------	-----------------

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH OCTOBER 31, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	55,249	MT (121,801,945 LBS)
CHANGE	--	4,756	MT (10,485,077 LBS)
WHOLE MILK POWDER	--	3,420	MT (7,539,732 LBS)
CHANGE	--	80	MT (176,368 LBS)
CHEESE	--	1,048	MT (2,310,421 LBS)
CHANGE	--	167	MT (368,168 LBS)
BUTTERFAT	--	12,286	MT (27,085,715 LBS)
CHANGE	--	344	MT (758,382 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 unchanged and nominal in the Northeast; mixed in the Southeast. The market tone is mostly steady. Some contacts report a little more price resistance while others see product readily clearing at current prices. Demand is fair to good, but it doesn't appear to be good enough to push prices upward. Production levels are light to moderate and producers' stocks are tight. Occasionally some spot loads are made available by producers, but most are just trying to fill contracts. Resales continue to make up a large portion of reported sales. Production of human food, dry whey during September 1997 totaled 86.4 million pounds, 9.0% more than September 1996 but 3.4% less than August 1997. Month ending stocks, at 29.4 million pounds, are 3.8% below a year ago and 6.0% lower than last month.

F.O.B. NORTHEAST:	EXTRA GRADE	.3100 - .3350
	USPH GRADE A	.3400 - .3575
DELVD SOUTHEAST:		.3325 - .3550

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. However, contacts report that feed makers are showing more interest. In fact, some contacts feel that the animal feed market is carrying the dry whey market. Offerings range from tight to adequate and demand is fair to good depending on price. During September, production of animal feed, dry whey totaled 4.1 million pounds, 38.9% less than September 1996 and 3.8% less than August 1997.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
-------------------	---------------	-------

EVAPORATED MILK - NATIONAL

Prices are unchanged and the market tone is steady. Production levels are often lighter as milk volumes reach their low point in the annual cycle. Plant stocks are lighter as holiday orders are being filled with current output and from inventories. Canned evaporated milk production during September 1997 totaled 38.4 million pounds, up 11.6% from September 1996 and 2.2% more than August 1997. Month ending stocks, at 41.8 million pounds, are 17.0% more than a year ago and 3.9% more than last month.

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

Casein markets remain steady at unchanged prices. Contacts report a slow spot market for both types of casein. Stocks of rennet and acid are readily available and deliveries continue to be received on a regular/timely basis.

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

RENNET:	2.2000 - 2.2500
ACID:	2.0000 - 2.1000

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

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

Month	10/23	10/24	10/27	10/28	10/29	10/30	10/31	11/03	11/04	11/05
CSCE CHEDDAR CHEESE -- Cents per pound										
OCT 97	136.00 (0) 4									
DEC 97	129.00 (10) 0	129.00 (10) 0	127.30 (10) 0	126.80 (10) 0	126.80 (10) 0	126.80 (10) 0	126.80 (10) 0	126.80 (10) 0	126.80 (10) 0	126.80 (10) 0
CSCE - NONFAT DRY MILK -- Cents per pound										
OCT 97	105.50 (0) 0									
FEB 98	103.00 (0) 0	103.00 (0) 0	103.00 (0) 0	103.00 (0) 0	103.00 (0) 0	103.00 (0) 0	103.00 (0) 0	102.20 (0) 0	106.00 (0) 0	106.00 (0) 0
CSCE - BUTTER -- Cents per lb.										
OCT 97	150.00 (25) 20									
DEC 97	93.70 (50) 0	93.70 (50) 0	107.50 (50) 0	107.50 (50) 16	107.50 (66) 4	100.00 (66) 0	100.00 (70) 8	95.00 (66) 0	100.00 (66) 0	100.00 (66) 0
CSCE - BFP -- Dollars per cwt.										
OCT 97	12.85 (322) 20	12.92 (322) 1	12.93 (323) 3	12.97 (323) 0	12.90 (323) 0	12.90 (323) 0	12.93 (323) 0	12.93 (323) 0	12.80 (323) 0	
NOV 97	12.65 (167) 6	12.72 (165) 4	12.74 (171) 17	12.74 (175) 0	12.70 (175) 15	12.70 (179) 2	12.76 (182) 2	12.73 (182) 4	12.68 (186) 1	12.63 (187) 3
DEC 97	12.15 (147) 1	12.19 (152) 15	12.19 (156) 18	12.23 (156) 0	12.19 (161) 20	12.25 (168) 7	12.26 (168) 8	12.23 (171) 7	12.18 (171) 1	12.13 (175) 9
JAN 98	11.86 (119) 0	11.88 (119) 0	11.84 (119) 1	11.90 (120) 0	11.93 (120) 4	11.98 (123) 0	11.99 (125) 3	11.97 (127) 6	11.90 (131) 2	11.87 (133) 2
CSCE - FLUID MILK -- Dollars per cwt.										
OCT 97	16.25 (3) 2									
DEC 97	13.20 (4) 0	13.20 (4) 0	13.20 (4) 0	13.20 (4) 0	13.20 (4) 0	13.20 (4) 0	13.20 (4) 0	12.25 (4) 0	12.25 (4) 0	12.25 (4) 0
CME - BUTTER -- Cents per pound										
NOV 97	131.00 (56) 9	133.50 (54) 8	133.50 (53) 22	136.00 (53) 0	136.00 (53) 0	135.00 (52) 5	134.50 (51) 1	134.00 (52) 1	131.50 (50) 0	131.00 (40) 18
FEB 98	101.25 (21) 0	103.75 (21) 0	103.25 (22) 1	103.25 (22) 0	99.00 (22) 0	99.00 (22) 1	98.00 (22) 0	98.50 (25) 3	98.50 (27) 2	100.25 (27) 0
CME - BFP -- Dollars per cwt.										
OCT 97	12.87 (194) 0	12.90 (194) 0	12.94 (199) 24	12.95 (196) 3	12.95 (198) 2	12.98 (201) 1	12.98 (195) 6	12.95 (194) 4	12.95 (204) 11	
NOV 97	12.68 (141) 2	12.71 (142) 42	12.72 (142) 4	12.73 (142) 1	12.73 (143) 1	12.75 (145) 54	12.77 (143) 3	12.75 (143) 1	12.71 (144) 4	12.64 (140) 8
DEC 97	12.18 (112) 0	12.20 (115) 4	12.20 (115) 2	12.23 (115) 1	12.23 (122) 18	12.25 (123) 1	12.27 (123) 4	12.25 (123) 1	12.20 (123) 0	12.18 (127) 4
JAN 98	11.87 (129) 0	11.89 (130) 1	11.89 (130) 4	11.90 (130) 0	11.95 (136) 14	11.97 (138) 5	11.98 (146) 12	11.96 (146) 0	11.90 (146) 0	11.88 (146) 1
FEB 98	11.90 (17) 0	11.90 (16) 1	11.90 (16) 0	11.91 (16) 0	11.99 (22) 6	12.00 (18) 4	12.00 (18) 5	11.99 (18) 0	11.94 (18) 0	11.90 (26) 20
CME - CHEDDAR CHEESE -- Cents per pound										
NOV 97	136.75 (23) 1	136.00 (23) 20	136.00 (22) 1	136.50 (22) 0	136.50 (22) 0	137.00 (23) 1	137.25 (24) 1	136.75 (24) 0	136.75 (24) 0	136.00 (24) 0
JAN 98	128.00 (85) 0	128.00 (85) 0	128.00 (85) 0	129.00 (85) 0	129.00 (10) 25	129.05 (110) 0	129.10 (110) 0	129.10 (110) 0	129.00 (110) 0	129.00 (112) 7

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 October 27 - November 7, 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: The EU announced an increase in the skim milk export subsidy by more than 10% in late October. Some manufacturing milk plant operators are trying to increase domestic skim powder prices after the adjustment. The recent stock market/currency crises interrupted normal sales activity. Milk receipts have declined seasonally. Colder temperatures have limited or ended pasturing for the season in colder climates. Some efforts continue to direct milk supplies toward cheese and butter/powder production until holiday orders are filled in early December.

BUTTER/BUTTEROIL: Butter markets continue firm. Supplies remain tight. Demand, particularly Russian, remains good. Butteroil trading is limited. Some Russian contracts are being made for year-end delivery. More Russians observe an early January holiday rather than the December holiday so traders have additional time to fill Russian orders after EU orders have been filled.

82% BUTTERFAT:	2,000 - 2,350
99% BUTTERFAT:	2,600 - 2,700

SKIM MILK POWDER (SMP): The recent increase in the EU export subsidy has generated some additional buyer interest. Some plant operators have increased their prices to offset part of the increase. Current movement is mostly steady. Inventories are generally only at good working levels.

1.25% BUTTERFAT:	1,700 - 1,825
------------------	---------------

WHOLE MILK POWDER (WMP): The whole milk market is steady. Supplies remain tight as good seasonal cheese and butter demand limit the volume of fluid available for the dryer.

26% BUTTERFAT:	1,825 - 1,950
----------------	---------------

SWEET WHEY POWDER: The whey market is steady to firm. Offerings are limited as milk production is at low seasonal levels. A somewhat increased share of the milk supply is entering cheese production to fill holiday cheese orders.

NONHYGROSCOPIC:	570 - 660
-----------------	-----------

EASTERN EUROPE: Current milk production and marketing patterns are little changed from Western Europe. Milk production remains at low seasonal levels. At current, high price levels, sales are limited.

OCEANIA

OVERVIEW: The recent economic/financial crises (stock market and currency adjustments) continue to affect dairy product demand in parts of the world, particularly in some major Asian markets. In New Zealand, milk production has fallen rapidly from annual peak levels observed just a few weeks ago. Dry conditions have been reducing the quality level of pastures. Butter remains tight with some aggressive interest noted. Some difficulty is occurring in meeting commitments for butter.

BUTTER: The butter market remains tight with prices steady to higher. Russian interest continues at current price levels. Marketers are attempting to meet current contracts. Uncommitted butter supplies are limited. Production is trending lower along with milk receipts.

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

CHEDDAR CHEESE: The cheese market is steady. This is a very competitive market. Current offerings are adequate to meet the expected short term demand. Production is also trending lower, following the pattern of local milk supplies.

39% MAXIMUM MOISTURE:	2,000 - 2,250
-----------------------	---------------

SKIM MILK POWDER (SMP): Powder prices are mostly steady. Marketers are still reacting to the recent adjustment in the EU export subsidy. Production is declining from recent peak levels. There is some concern about what effect the financial crises may have on demand and prices.

1.25% BUTTERFAT:	1,700 - 1,750
------------------	---------------

WHOLE MILK POWDER (WMP): The whole milk market is steady. Whole milk production is declining seasonally along with milk production. Stronger interest from cheese and butter are limiting the volume of milk available for drying.

26% BUTTERFAT:	1,725 - 1,775
----------------	---------------

Exchange rates for selected foreign currencies: November 3, 1997

.5110 Dutch Guilder	.5759 German Mark
.1719 French Franc	.6303 New Zealand Dollar
1.1211 Mexican Peso	.7097 Australian Dollar
1.6757 British Pound	.0082 Japanese Yen
.2911 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1211) = 8.2576$. That is 1 US Dollar equals 8.2576 Mexican Pesos.

Source: *Wall Street Journal*

DEIP BID ACCEPTANCE
OCTOBER 1997

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY - SEPTEMBER 1997		44,506		
10/01	ASIA & FSU	3,000	OCT-JUN	\$733
10/01	CARIBBEAN, CENT & S. AM	172	OCT-JAN	\$810.52
10/03	ASIA & FSU	204	OCT-JAN	\$733
10/03	AFRICA & MIDDLE EAST	122	OCT-DEC	\$122
10/03	CARIBBEAN, CENT & S. AM	103	OCT-NOV	\$756.99
10/06	CARIBBEAN, CENT & S. AM	17	OCT-NOV	\$785
10/06	ASIA & FSU	82	OCT-MAY	\$730
10/07	CARIBBEAN, CENT & S. AM	17	OCT-NOV	\$750
10/09	AFRICA & MIDDLE EAST	102	OCT-MAR	\$800
10/10	CARIBBEAN, CENT & S. AM	219	OCT-JAN	\$773.29
10/14	CARIBBEAN, CENT & S. AM	378	OCT-APR	\$774.71
10/15	CARIBBEAN, CENT & S. AM	313	OCT-FEB	\$752.04
10/16	CARIBBEAN, CENT & S. AM	204	OCT-DEC	\$755
10/16	CARIBBEAN, CENT & S. AM	608	OCT-MAY	\$756.02
10/20	CARIBBEAN, CENT & S. AM	243	OCT-DEC	\$752.72
10/22	CARIBBEAN, CENT & S. AM	50	OCT-DEC	\$741.70
10/24	CARIBBEAN, CENT & S. AM	153	NOV-APR	\$760.56
10/27	CARIBBEAN, CENT & S. AM	373	OCT-FEB	\$745.47
10/28	AFRICA & MIDDLE EAST	4,112	OCT-APR	\$814.88
10/29	AFRICA & MIDDLE EAST	200	OCT-NOV	\$810
10/29	CARIBBEAN, CENT & S. AM	51	NOV-JAN	\$730
10/31	CARIBBEAN, CENT & S. AM	20	NOV	\$758
OCTOBER 1 - 31, 1997		<u>10,743</u>		
PROGRAM TO DATE		55,249		
WHOLE MILK POWDER				
JULY - SEPTEMBER 1997		2,539		
10/01	CARIBBEAN, CENT & S. AM	503	OCT-JUN	\$1,157.46
10/02	CARIBBEAN, CENT & S. AM	32	OCT-NOV	\$1,100
10/06	CARIBBEAN, CENT & S. AM	34	OCT-MAR	\$1,166
10/10	CARIBBEAN, CENT & S. AM	216	OCT-APR	\$1,160.19
10/22	CARIBBEAN, CENT & S. AM	16	NOV-MAR	\$1,155
10/31	CARIBBEAN, CENT & S. AM	80	OCT-MAR	\$1,165
OCTOBER 1 - 31, 1997		<u>881</u>		
PROGRAM TO DATE		3,420		

**DEIP BID ACCEPTANCE
OCTOBER 1997**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
CHEESE				
JULY - SEPTEMBER 1997		718		
10/09-P	CARIBBEAN, CENT & S. AM	76	OCT-DEC	\$790
10/24-P	AFRICA & MIDDLE EAST	24	OCT-NOV	\$885
10/24-M	AFRICA & MIDDLE EAST	63	OCT-NOV	\$1,030
10/27-M	AFRICA & MIDDLE EAST	17	NOV-DEC	\$1,030
10/31-C	AFRICA & MIDDLE EAST	150	NOV	\$1,340
OCTOBER 1 - 31, 1997		<u>330</u>		
PROGRAM TO DATE		1,048		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE				
BUTTEROIL/ANHYDROUS MILKFAT				
JULY - SEPTEMBER 1997		8,689*		
10/01-A	CARIBBEAN, CENT & S. AM	325	JAN-MAR	\$1,798
10/01-A	AFRICA & MIDDLE EAST	300	NOV-JAN	\$1,835
10/02-B	ASIA & FSU	114	NOV-MAR	\$1,325
10/06-B	ASIA & FSU	24	OCT-MAR	\$1,215
10/07-B	ASIA & FSU	47	OCT-MAR	\$1,215
10/08-B	ASIA & FSU	190	OCT-DEC	\$1,250
10/08-B	CARIBBEAN, CENT & S. AM	140	NOV-DEC	\$1,215
10/09-A	CARIBBEAN, CENT & S. AM	55	JAN-MAR	\$1,728
10/10-B	ASIA & FSU	300	DEC-JAN	\$1,215
10/14-B	ASIA & FSU	415	DEC-JAN	\$1,215
10/15-B	ASIA & FSU	700	DEC-JAN	\$1,215
10/20-B	ASIA & FSU	110	DEC-MAR	\$1,215
10/22-A	AFRICA & MIDDLE EAST	290	FEB-APR	\$1,750
10/29-A	AFRICA & MIDDLE EAST	200	JAN-MAR	\$1,750
10/30-A	AFRICA & MIDDLE EAST	75	JAN-FEB	\$1,750
OCTOBER 1 - 31, 1997		<u>3,597*</u>		
PROGRAM TO DATE		12,286*		
A.-ANHYDROUS, O-BUTTEROIL, B-BUTTER				
*TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS /BUTTEROIL TO BUTTER EQUIVALENT				
				PROGRAM-TO-DATE
TOTAL MT				72,003
TOTAL BONUS VALUE				\$65,644,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain, (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. July 1, 1997 started a one year program for the DEIP allocations. Refer to Volume 64 report 27 pages 13 & 14 for country qualifications.

SOURCE: FOREIGN AGRICULTURAL SERVICE

OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 1997 advanced 1 point to 117. Compared with October 1996, the index was up 2 points (1.7 percent). The index of prices received by farmers for dairy products advanced 3 points during the month of October 1997 to 104. Compared with October 1996, the index was down 22 points (17.5 percent).

On a 3.5 percent butterfat basis, prices received by farmers in October with changes from September were: for All Milk, \$13.29 per hundredweight (cwt.), up 19 cents; for Fluid Grade Milk, \$13.31 per cwt., up 21 cents; and for Manufacturing Grade Milk, \$12.46 per cwt., down 1 cent.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., OCTOBER 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	
	SEPTEMBER		OCTOBER		OCTOBER		OCTOBER		OCTOBER	
	1997	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	12.42	15.60	12.69	15.55	1,240	1,280	32.00	30.00	126.00	109.00
IA	12.45	15.98	12.73	15.52	1,070	1,130	35.70	32.70	109.00	96.00
MI	13.19	16.38	13.63	16.31	1,080	1,130	37.70	31.10	103.00	97.00
MN	13.34	16.28	13.31	15.08	1,030	1,060	33.50	31.00	91.00	76.00
NY	12.98	16.11	13.65	16.07	980	1,030	---	---	101.00	101.00
OH	12.85	15.80	13.53	16.16	1,080	1,030	37.00	29.50	138.00	124.00
PA	13.08	16.71	13.15	16.89	1,080	1,110	34.10	31.90	137.00	114.00
TX	12.90	16.44	12.95	16.60	1,090	1,160	32.90	28.80	76.00	84.00
WA	12.82	16.13	13.07	15.75	1,150	1,250	---	---	122.00	110.00
WI	13.45	16.37	13.48	15.43	1,040	1,110	36.00	31.80	85.00	64.00
U.S.	13.10	16.28	13.29	16.09	1,090	1,130	34.20	30.30	103.00	93.70

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., OCTOBER 1997 WITH COMPARISONS 1/

ITEM	OCTOBER 1996	SEPTEMBER 1997 <u>2/</u>	OCTOBER 1997 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	16.09	13.10	13.29
Fluid grade milk Dol. per cwt.	16.10	13.10	13.31
Manufacturing grade milk Dol. per cwt.	14.14	12.47	12.46
INDEX NUMBERS for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	126	101	104
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	115	116	117
PARITY PRICE for all milk Dol. per cwt.	29.00	29.30	29.60
PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt.	26.51	26.60	26.88
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>	1.72	1.51	1.60

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 percent 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 (10/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

SEPTEMBER 1997 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 79.0 million pounds in September, 2.1 percent below September 1996 but 12.4 percent above August 1997. **AMERICAN TYPE CHEESE** production totaled 261.9 million pounds, 2.9 percent above September 1996 and 1.2 percent above August 1997. **TOTAL CHEESE** output (excluding cottage cheese) was 611.6 million pounds, 4.6 percent above September 1996 and 1.8 percent above August 1997. **NONFAT DRY MILK** production, for human food, totaled 78.7 million pounds, 40.4 percent above September 1996 but 13.3 percent below August 1997. **DRY WHEY** production, for human food, was 86.4 million pounds, 9.0 percent above September 1996 but 3.4 percent below August 1997. **ICE CREAM** (hard) production totaled 67.2 million gallons, 1.1 percent below September 1996 and 10.5 percent below August 1997.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	SEP 1997	PERCENT CHANGE FROM:			PRODUCT	SEP 1997	PERCENT CHANGE FROM:		
	1,000 LBS.	SEP 1996	AUG 1997	YEAR TO DATE 1/		1,000 LBS.	SEP 1996	AUG 1997	YEAR TO DATE 1/
BUTTER	79,011	-2.1	12.4	-0.2	DRY BUTTERMILK	2,606	-22.1	-7.5	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	159,094	9.1	20.3	---
AMERICAN TYPES 2/	* 261,867	2.9	1.2	0.9	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	209,739	6.6	1.4	3.8	SWEET-TYPE, HUMAN FOOD	3,759	-37.3	1.0	---
SWISS	16,231	-8.7	-5.5	---	SWEET-TYPE, ANIMAL FEED	2,177	-10.9	-3.0	---
BRICK & MUENSTER	9,104	-11.3	-4.7	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	61,468	18.9	23.2	---	DRY WHEY, HUMAN FOOD	86,419	9.0	-3.4	---
BLUE	3,837	8.9	24.6	---	DRY WHEY, ANIMAL FEED	4,127	-38.9	-3.8	---
HISPANIC	6,019	12.7	-1.5	---	TOTAL DRY WHEY 9/	90,546	5.2	-3.4	-0.1
MOZZARELLA	188,327	1.1	-3.2	2.1	LACTOSE, HUMAN FOOD & ANIMAL FEED	36,604	11.9	-5.3	---
OTHER ITALIAN TYPES	56,659	25.5	10.9	10.7	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	244,986	5.9	-0.3	3.8	HUMAN FOOD	21,606	7.7	-3.7	---
ALL OTHER TYPES 3/	11,318	13.5	5.1	---	ANIMAL FEED	2,905	5.5	1.4	---
TOTAL	611,633	4.6	1.8	2.2	FROZEN PRODUCTS		1,000 GALLONS		PERCENT
COTTAGE CHEESE, CURD 4/	40,290	5.5	3.3	---	ICE CREAM (HARD)	67,204	-1.1	-10.5	0.2
COTTAGE CHEESE, CREAMED 5/	31,913	4.3	-1.6	-0.6	ICE CREAM, LOWFAT (HARD)	8,668	-5.2	-12.3	---
COTTAGE CHEESE, LOWFAT 6/	30,728	8.6	3.4	3.5	ICE CREAM, LOWFAT (SOFT)	20,421	-1.0	-13.5	---
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (TOTAL)	29,089	-2.3	-13.2	-5.1
WHOLE MILK	38,429	11.6	2.2	---	SHERBET (HARD)	3,554	-2.6	-16.0	-4.2
DRY WHOLE MILK	11,535	34.0	2.5	---	YOGURT	8,015	-15.5	-1.6	-21.9
NONFAT DRY MILK, HUMAN FOOD	7/ 78,692	40.4	-13.3	17.4					
DRY SKIM MILK FOR ANIMAL FEED	359	50.2	-25.5	---					

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	SEP 1997	PERCENT OF:		PRODUCT	SEP 1997	PERCENT OF:	
	1,000 LBS.	SEP 1996	AUG 1997		1,000 LBS.	SEP 1996	AUG 1997
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	29,446	-3.8	-6.0	HUMAN FOOD	8,797	54.2	6.2
DRY WHEY, ANIMAL FEED	2,484	-47.2	-7.3	ANIMAL FEED	1,117	102.7	2.0
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/	11,279	131.3	-11.4	CANNED EVAPORATED & CONDENSED WHOLE MILK	41,773	17.0	3.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	23,588	34.9	-4.2	DRY WHOLE MILK	5,766	26.7	27.0
DRY BUTTERMILK, TOTAL	2,814	79.1	-13.1	NONFAT DRY MILK FOR HUMAN FOOD	133,937	166.6	-14.3
				DRY SKIM MILK FOR ANIMAL FEED	1,389	121.5	-2.6

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 1,072,000 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 114,027,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (11-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF NOVEMBER 3 - 7, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	10/31/97	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*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
WEEK OF NOVEMBER 3 - 7, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	0.1	4.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - NOVEMBER 7, 1997 =	24.7	395.2	COMPARABLE CALENDAR YEAR 1996 =	0.0

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

REGION	CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS)				AND MILK EQUIVALENT AS A PERCENT OF TOTAL			
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT
	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 10/18/97 & 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)	0.3	1.7	---	13.3	23.4	3.3	3.2	1.3	9.7	2.7	59.0	2,307.9	45.7	45.9
1996-Dairy cows HD (000)	0.4	1.3	---	15.6	26.5	2.7	3.4	1.2	9.7	2.7	63.6	2,389.9	41.2	43.3
1997-All cows HD (000)	0.3	1.8	---	27.6	32.6	18.3	18.8	9.1	12.8	7.6	129.0	5,026.6		
1996-All cows HD (000)	0.5	1.4	---	31.8	35.8	25.7	24.6	12.5	13.9	8.3	154.4	5,520.5	**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

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	12.83		