

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), all grades of bulk butter are unchanged: Grade AA is \$1.6000; Grade A, \$1.4950; and Grade B, \$1.4950. Also at the CME, barrel cheese prices decreased 2 1/4 cents to \$1.3050 and 40# blocks increased 1 1/2 cents to \$1.4250.

On November 17, 1997, USDA asked the Department of Justice to seek a stay and appeal of the November 3, 1997, ruling by a federal judge in Minnesota that enjoins the Secretary of Agriculture from enforcing existing Class I differentials in certain Federal milk marketing orders. If a stay is granted, USDA could continue to enforce Class I differentials in all Federal milk orders during the appeals process.

During September, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.3% above the previous year but 5.0% below August 1997 on an adjusted daily average basis. Sales of whole milk items were 1.5% below the previous year, sales of lowfat and skim milk items were 1.5% above the previous year, and sales of total fluid items were down 0.1% for the year to date. Total fluid milk sales were lower in the Northeast and Southwest; higher in all other regions.

According to NASS, milk production in the 20 major states during October totaled 11.0 billion pounds, 1.8% above production in these same states in October 1996. September revised production, at 10.7 billion pounds, was 2.2% above September 1996. Production per cow averaged 1,426 pounds for October, 35 pounds (2.5%) above October 1996. The number of cows on farms was 7.74 million head, down 51,000 head (0.7%) from October 1996 but up 1,000 from September 1997.

The October Consumer Price Index (CPI) for all food is 158.2, up 1.8% from October 1996. The dairy products index, at 145.7, is down 2.4% from a year ago. The October to October changes in selected dairy products are: fresh whole milk -2.4%, cheese -2.7%, and other dairy products (includes butter) -4.0%.

During October, about 8.3 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in October 1997, the following comparisons involving producer

deliveries have been estimated.) For comparable markets, producer deliveries were about 0.8% less than October 1996, and about 0.9% less than September 1997 on a daily average basis. Milk utilized in Class I products in October was 1.1% more than last year on an adjusted basis. Class I use this year represented 45% of producer milk deliveries compared to 40% in October 1996. The average blend price was \$13.67, down \$2.05 from last year. Changes in class prices from year-earlier levels were: Class I, down \$2.87; Class II, down \$2.87; Class III, down \$1.30; and Class III-A, down \$1.40.

Milk production ranges from steady to lower in most areas of the country with the exception of the Southeast where milk output is somewhat heavier. Fluid milk supplies are often reported as tight for overall needs. Volumes of surplus milk are lighter than expected and many manufacturing plants are running well below capacity levels.

The dry dairy product markets are mostly unchanged with the exception of whey. The NDM market is relatively weak. Some substantial DEIP contracts are being filled which will help decrease excessive inventories. The whey market remains firm. Any offerings continue to be readily absorbed by buyers. Producer stocks are minimal to nonexistent. WPC prices are higher and the market undertone is showing strength. Buttermilk prices are trending lower and the market tone is weak.

During the week of November 17 - 21, CCC purchased 386,907 pounds of Western nonfortified NDM, but received cancellations for 833,336 pounds of previously offered Western NDM.

****SPECIAL THIS ISSUE****

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BUTTER MARKETS

CHICAGO WHOLESALE

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

GRADE	NOVEMBER 18	NOVEMBER 20	NOVEMBER 21
AA	\$1.6000 - 1.6100 (.0250) (.0250)	\$1.6000 - 1.6100	\$1.6000 - 1.6100
A	\$1.4950 - 1.5050 (.0250) (.0250)	\$1.4950 - 1.5050	\$1.4950 - 1.5050

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged: Grade AA is \$1.6000 and Grades A & B are \$1.4950. Butter markets remain unsettled. Churning schedules are lighter than most producers desire. Although inventories are light, many handlers are nervous about the possibility of a price decline within the next few weeks and are maintaining inventories accordingly. Demand is good, but most buyers are not anxious to place large orders for anticipated year end holiday needs. Buyers are trying to balance potential orders with sufficient stocks and come out by years end with minimal volumes of butter on hand.

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 17 - 21, 1997
BARRELS*	\$1.3275 - 1.3475 (NOMINAL) (-.0375) (-.0300)
40# BLOCKS	\$1.4350 - 1.4450 (NOMINAL) (.0100) (.0075)

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

CHEESE HIGHLIGHTS: The cheese market is fully steady on blocks, unsettled to weak on barrels. The block price at the Chicago Mercantile Exchange increased 1.5 cents to \$1.4250, but barrels declined 2.25 cents to \$1.3050 in moderate trading. Blocks are at the highest price since October 1996. Natural cheese sales continue better than process, though general improvement was noted in both. Strong demand for milk from Class I and II manufacturers to fill orders for holiday items has reduced fluid volumes available for cheese production.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, NOVEMBER 21, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.6000 : BID 11/21/97
A	N.C.	\$1.4950 : BID 11/14/97
B	N.C.	\$1.4950 : BID 11/14/97

SALES: NONE

BIDS UNFILLED: 2 CARS GRADE AA @ \$1.6000 (LST)

OFFERS UNCOVERED: NONE

CHEESE TRANSACTIONS ON THURSDAY, NOVEMBER 20, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-.0225	\$1.3050 : SALE 11/20/97
40# BLOCKS	+.0150	\$1.4250 : SALE 11/20/97

SALES: 7 CARS BARRELS:
 3 @ \$1.3275, 1 @ \$1.3125, 1 @ \$1.3000,
 1 @ \$1.3100, 1 @ \$1.3050 (LST)

11 CARS 40# BLOCKS:
 8 @ \$1.4200, 3 @ \$1.4250 (LST)

BIDS UNFILLED: 4 CARS 40# BLOCKS @ \$1.4250

OFFERS UNCOVERED: 5 CARS BARRELS:
 3 @ \$1.3275, 1 @ \$1.3250, 1 @ \$1.3200
 1 CAR 40# BLOCKS (8 MONTHS OLD) @ \$1.5800
 1 CAR 40# BLOCKS (2 MONTHS OLD) @ \$1.4250

****NOTICE: CME trading of butter and cheese will start at 9:30AM and 12:15PM Central Time, respectively, on November 26****

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
AUG 1997	157.6	2.5	143.4	-0.8	139.2	-2.5	146.8	0.1	136.5	-2.4	149.1	2.4
SEPT 1997	157.9	2.1	143.5	-2.2	139.0	-3.3	147.3	-1.4	136.0	-5.2	149.1	1.3
OCT 1997	158.2	1.8	145.7	-2.4	143.7	-2.4	146.5	-2.7	139.7	-4.0	148.9	0.7
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Dollars											
AUG	2.551	2.666	2.329	2.460	2.154	2.396	3.352	3.363	NA	2.932	2.927	2.966
SEPT	2.533	2.666	2.307	2.474	2.144	2.482	3.359	3.511	NA	3.062	2.895	3.041
OCT	2.635	2.730	2.391	2.494	2.181	2.528	3.419	3.499	NA	3.068	2.925	3.077

* NA Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are 2 1/2 cents higher and the market tone remains unsettled. Contacts, thinking that prices might have leveled off, were a little surprised by last Friday's jump. Churning activity in the East is light to moderate and some printers are getting fresh butter from Western producers. Others are using storage butter. Stocks of both bulk and print butter are reported as tight. Demand is good, but buyers are not anxious to place large orders for anticipated year end holiday needs. They are torn between having enough butter ordered to meet needs and having too much high priced butter on hand if and when prices fall. Retail movement is fair to good where featured. With prices often over \$3.00 a pound, shoppers are, more often, picking up alternatives. Food service orders are generally good.

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

1/4 LB. PRINTS	:	1.8100-2.0575
1 LB. PRINTS	:	1.7250-1.9075
CHIPS/PATTIES	:	1.7875-1.9675
REDDIES	:	1.8625-2.0575
CONTINENTALS	:	1.9425-2.1175

CENTRAL

Print butter markets remain firm as prices increased 2 1/2 cents following November 14 trading at the Chicago Mercantile Exchange. Stocks of print butter are reported to be in close balance to short of full needs. Minimal volumes of bulk butter are being secured from outside sources, but the overall supply situation is tight. Buying interest is fair to good, although most producers/handlers are stating that orders probably would have been heavier if recent prices would not have been so unsettled. Retail orders are mixed. Some buyers continue to prepare for upcoming holiday feature activity, while others have completely canceled or scaled back promotions.

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

1/4 LB. PRINTS	:	1.7000-2.1075
1 LB. PRINTS	:	1.6650-1.8275
CHIPS/PATTIES	:	1.6900-1.9000
REDDIES	:	1.7750-2.0100
CONTINENTALS	:	1.9300-2.1200

WEST

Prices for Western print butter increased following trading at the CME on November 14. Demand for both prints and bulk is very good. Many manufacturers are allocating butter to various long term accounts as best they can. A number have had to cut off some regular account business. Butter is traveling across the country to meet demand in the Midwest and East. Various levels in the market chain are very nervous about the possibility of a price decline within the next few weeks and are maintaining inventories accordingly. Production is lower than desired at most Western locations. Most plants are limiting cream sales as much as they dare. Some have cut them off in total. Most contacts believe cold storage stocks are extremely tight.

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

1/4 LB. PRINTS	:	1.8825-1.9300
1 LB. PRINTS	:	1.8125-1.8725
PATTIES	:	1.8550-2.0200
REDDIES	:	1.9800-1.9975

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

1/4 LB. PRINTS	:	1.5975-1.6375
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
11/17/97	6,961	:	103,889
11/01/97	12,578	:	109,419
CHANGE	-5,617	:	-5,530
% CHANGE	-45	:	-5

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.
NOVEMBER 14	1,4324	1,3719	1,3864	1,4007	1,3634	1,3343	1,3460
	1,018,343	4,056,365	5,243,002	1,119,297	3,151,365	4,597,232	7,748,597

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

CHEESE MARKETS

NORTHEAST

Price are fractionally higher on natural items, 3 cents lower on process. The market tone is mixed. Cheese production levels are light to moderate depending on the availability of surplus milk. Some areas of the Northeast are experiencing lighter than desired milk supplies. Demand for most cheese is improving slightly as the holidays approach. Gift pack items are moving well and there is good interest for aged cheddar. Process orders are about steady. Food service sales are good and improving.

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

Cheddar 10# Prints	:	1.4175-1.8925
Cheddar Single Daisies	:	1.3875-1.8975
Cheddar 40# Block	:	1.5475-1.6975
Process 5# Loaf	:	1.5375-1.6875
Process 5# Sliced	:	1.5575-1.7225
Muenster	:	1.5900-1.9750
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 November 13, the price of blocks increased .75 cent to \$1.4100, but barrels declined 3 cents to \$1.3275 per pound. The wide spread between blocks and barrels (8.25 cents) is a concern to barrel producers competing with block/natural cheese producers for milk. A few traders were surprised that barrels declined when blocks advanced due to occasional tightness in spot barrel supplies. Current demand is generally good to very good on most natural varieties. Some processors and/or packagers were running heavier schedules last week and this week in order to build inventory and/or ship extra finished product before Thanksgiving and deer hunting reduced schedules next week. Process cheese sales are steady to occasionally improved. Mozzarella sales have rebounded to fairly good levels. Holiday gift packers are operating on seasonally active schedules. Manufacturing milk supplies remain tight in upper portions of the Midwest as bottling pulls extra supplies to produce holiday items. Extra milk offerings are expected next week as schools close for Thanksgiving. Milk receipts are bouncing around near annual low levels in most northern states and yields are steady to improved.

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

Process American 5# Loaf	:	1.4975-1.6600
Brick And/Or Muenster 5#	:	1.6900-1.8675
Cheddar 40# Block	:	1.6600-1.9150
Monterey Jack 10#	:	1.8600-1.9150
Blue 5#	:	2.0125-2.2300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7700-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Prices for process cheese moved lower and natural items ranged from steady to fractionally higher. Most Western contacts felt that the price movesthis week were defensible. Production levels for cheese were mixed across the region. Some firms were increasing production runs while others were scaling back because of the lack of milk. Block cheese demand ranges from steady to slightly slower. Barrel interest is less aggressive. Swiss sales look very good for the fall/winter season with both production and stocks down. Mozzarella sales are rated as very good for this stage of the season.

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

Process 5# Loaf	:	1.4975-1.7700
Cheddar 40# Block	:	1.5925-1.7300
Cheddar 10# Cuts	:	1.7500-1.9325
Monterey Jack 10#	:	1.7150-1.8950
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN

Prices are unchanged on imported styles; fractionally higher on domestically made varieties. The market activity and demand are improving seasonally. Typically, consumption of foreign type or imported table cheese improves around the holidays. Stocks are about adequate on most types; tight on others.

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	: 1.7450-2.3550*
Gorgonzola	: 3.2400-5.9400	: 2.4100-2.4950*
Parmesan (Italy)	: TFEWR	: 3.1550-3.1950*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4175-1.9250*
Romano (Cows Milk)	: -0-	: 2.9425-3.1950*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced October 1997 uniform (blend) prices: Federal Order (F.O.) I is \$13.60; F.O. 2, \$13.37; F.O. 4, \$14.10; F.O. 36, \$13.50; and Western NY Milk Market Area, \$13.41. During October, milk production in the 20 major states totaled 11.0 billion pounds, up 1.8% from last October. The following are the October-to-October changes for selected states: Texas -4.9%, Florida -3.3%, Kentucky -2.6%, New York +1.5%, Vermont +1.9%, Virginia +2.6%, and Pennsylvania +2.9%. Milk production is at or near its annual low point in the more northern areas, steady in the Middle Atlantic and Mid-south areas, and increasing in Gulf Coast States. Fluid milk supplies are often reported as tight for overall needs. Florida handlers had to increase purchases this week, as they prepare for next week's usual good demand for bottled milk. This week, 87 loads were imported. This compares to last week's 57 loads and approximately 120 loads during the same week a year ago. Handlers in the Carolinas continue to import milk to meet Class I needs. Bottled milk sales are fair to good as retailers order for Thanksgiving week needs. Volumes of surplus milk are lighter than expected and many manufacturing plants are running well below capacity levels. Contacts expect this trend to turn around next week, but there is plenty of room to handle the anticipated volumes. The condensed skim market is unchanged. Offerings are relatively light and demand is fair to good. The fluid cream market is firm. Spot demand is good. Prices are generally higher as both the butter price and multiples increased this week. Suppliers and buyers are still confused by the changes on butter prices and, where possible, buyers are limiting purchases. Ice cream output is mostly steady, but some plants are now down for a week or two for maintenance. Sour cream and cream cheese production is seasonally heavy. Egg nog production has begun in more plants. Churning activity is light to moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	2.0631 - 2.2425	
Delivered Equivalent Atlanta	-	2.0930 - 2.2724	M 2.1229-2.2350
F.O.B. Producing Plants: Upper Midwest	-	2.0631 - 2.1528	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	.9975 - 1.0350	

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
NOVEMBER 14 - 20, 1997	0
PREVIOUS WEEK	4
COMPARABLE WEEK IN 1996	2

Class I and II interest remains very strong, bolstered by the production of holiday items such as egg nog, whipping cream, and dips. Besides the milk shipments reported, 20 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. Another 14 loads were sent to Ohio and 21 loads moved to Missouri that are not counted in the total. Local area milk supplies are very tight with Class I and II premiums of \$3.00 - 4.00 over class, plus transportation. Manufacturing milk offerings are limited. Little surplus milk is expected to be available prior to next Tuesday or Wednesday until schools start to close for their Thanksgiving break. With surplus milk expected to be available over the holiday weekend, many handlers are making reservations with manufacturing plant operators to save room. Cream demand continues good though prices are mostly higher. Ice cream producers are having

difficulty in breaking even with current cream and ice cream prices. Current milk intakes continue to bounce around near annual low levels in most upper Midwestern states. Fat and protein tests remain good, both seasonally and annually. October milk production in selected Midwestern states compared with 1996 is: Wisconsin 1.846 billion pounds, an increase of 11 million pounds (0.6%); Minnesota 745 million pounds, down 14 million pounds (1.8%); Michigan 442 million pounds, off 7 million pounds (1.6%); and Iowa 334 million pounds, up 14 million pounds (4.4%). The estimated number of cows in each of these states declined from last October, though output per cow was higher in all of the selected states. Continued progress was occurring in those areas still with crops in the field or in fall tillage operations. With gun deer hunting season beginning in Wisconsin on Saturday (Nov. 22), farmers are keeping dairy animals close to the buildings as hunters head for the fields and forests.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 14-19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.50- 36.00	\$ 27.00- 33.00
REPLACEMENT HEIFER CALVES	\$110.00-125.00	\$110.00-140.00

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

	NOV 14-19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 36.75	\$ 26.00- 32.50

W E S T

U.S. milk production in the 20 states surveyed totaled 11.0 billion pounds in October, up 1.8% from October 1996. This is the smallest year to year increase since April. Eight of the 20 states now have negative output compared to last year. Production per cow was up 2.5% nationally and cow numbers declined 51,000 head (0.7%) from last year. The five Western states surveyed increased cow numbers 71,000 head from last year. Output in the five Western states surveyed compared to last year is as follows: Arizona up 1.5%, California up 6.0%, Idaho up 8.4%, New Mexico up 8.2%, and Washington down 2.2%. Milk production is holding steady in most areas of the Southwest. Localized areas are noting some fluctuations due to weather conditions and feeding factors. Milk is moving to fill increasing fluid needs this week in preparation for increased holiday orders. Lower volumes are available to manufacturing plants as a result. Production of cream-based holiday items continues to be made for late orders and replacement needs. Cream sales are also good to butter makers and out of region shipments continue. A storm with rain and high winds is moving in off the coast and it should put snow in the mountains above 3,000 feet. This is the second storm of the season. Rain and snow amounts are behind normal. Milk output is mixed in the Pacific Northwest, varying from lighter to somewhat heavier. More producers are complaining about the current financial stress. Some are discussing looking at state orders again or some type of compact. Heifer and slaughter cow prices are lower. Many producers would consider quitting if they thought they could get some value out of some of their assets. Some better quality, expensive late season hay is becoming available. Most contacts in the West are complaining about the difficulty in finding trucking to haul either dry, dairy commodities or reefer trucks for butter or cheese. Some sellers have product in trailers waiting to find a tractor to pull it. Most contacts are stating that milk production ranges from steady to down slightly in the northern Mountain States region. Weather conditions are moderate with little moisture noticed. Some are commenting that they will probably reduce production schedules one day per week after Thanksgiving.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 11/20/97 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 steady and the market tone continues to be weak. Domestic buying interest is slow. The lack of demand from cheese processors has contributed to this current build up of stocks. DEIP export activity is being negotiated and may help decrease the excessive inventories. Offers from manufacturers and resellers are readily available. Spot activity is fair to good. Production levels and drying times are limited. Best interest is for high heat NDM.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0400 - 1.1000 MOSTLY: 1.0450 - 1.0600

DRY BUTTERMILK - CENTRAL

Prices are lower and the market tone is unchanged. Buying activity is mixed. Some contacts report fairly active spot sales, while others state that they cannot move the product at prices even below the market range. Demand from ice cream producers is slower as they are in their "off season". Production levels are lighter as some butter makers have decreased churning schedules due to the expensive cost of cream. Overall, stocks are available for needs.

BUTTERMILK: .9400 - .9900

DRY WHEY - CENTRAL

Price ranges are slightly higher and the market tone remains firm. Supplies are tight and not fully adequate to fill the demand. Contracts are being filled, but sellers have little extra inventory, if any, available for spot sales. Some buyers are looking to the East and West coasts to fill needs. Resale loads are being offered, but plant offerings range from limited to unavailable. When manufacturers begin to replenish their stocks, offerings should increase. Some buyers are showing price resistance to the high market prices. The desperate attitude has eased and many are waiting for lower prices. A few animal feed manufacturers are switching over to substitute products. At this time, WPC offers a more attractive price per unit of protein than dry whey. Production levels are seasonally low.

NONHYGROSCOPIC: .3100 - .3400 MOSTLY: .3200 - .3250

ANIMAL FEED WHEY - CENTRAL

Prices for milk replacer and roller ground are higher and nominal. Demand for off-grade products ranges from moderate to stronger. As winter approaches and eating habits increase, buyers will need more feed on hand. Roller ground producers are filling contracts and some state that they are sold out for the remainder of the year. Delactose prices are unchanged and nominal. Buying interest is fair to good. Production levels are normal and supplies are available. Standard prices are unchanged and nominal. Buying interest is limited.

MILK REPLACER: .2900 - .3150
STANDARD: .2800 - .3050
ROLLER GROUND: .3250 - .3300
DELACTOSE (Min. 20% protein): .3400 - .3650

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Supply and demand are reported to be in balance. Some customers that desire specific production are having trouble filling orders, but most are eventually finding available stocks. Spot sales have improved and offers rapidly clear the market. Several contacts are negotiating prices and volumes for the upcoming quarter. There has been new foreign interest reported for export contracts next year. Production levels range from steady to slightly behind.

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 undertone is showing strength. Buying interest has improved. Spot sales are active due in part to the stronger animal feed demand, especially from veal buyers. A few producers are turning down customers because of low inventories. Offerings are available, but limited. Product is moving well. Some contacts report that they are having to search for supplies, but are eventually able to find them. Stocks have decreased and range from moderate to light.

EXTRA GRADE 34% PROTEIN: .5700 - .6200 MOSTLY: .6000 - .6050

NONFAT DRY MILK - WEST

Prices are unchanged for both ranges and the market tone is unsettled at weak levels. The trade is abuzz over Mexico being in the market under DEIP for NDM. Some deals have been confirmed while others are having the details worked out on pricing and bonuses. The total volume and the timing of these deliveries are not yet available. Last week, offerings to the CCC under the price support program resumed with slightly more than 900,000 pounds of NDM offered from a Western producer. Production was often lower this week as the call for fluid milk is good for holiday orders. Drying schedules are expected to be heavy starting around next week's holiday weekend. Stocks remain in excess of current needs.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.0650 MOSTLY: 1.0300 - 1.0500
HIGH HEAT: 1.0550 - 1.0875

DRY BUTTERMILK - WEST

Prices are unchanged and the market tone remains at weak levels. Demand continues to be very light and buyers have many choices of offerings to buy from - both from producers and resellers. Production is seasonally higher as more butter is being churned and more dryer time is available. Condensed buttermilk orders are slower this week. Inventories are light to moderate.

BUTTERMILK: .9000 - .9800 MOSTLY: .9300 - .9400

DRY WHEY - WEST

Western whey range prices are mixed while the mostly is fractionally higher. Any offerings continue to be readily absorbed by the market even at these high prices. Producer stocks are minimal to nonexistent. Most contacts believe that prices will continue to hold at these historically high levels until some inventories start to build at the producer level. Some additional resale powder is entering the market again, but this is not having any negative impact on pricing. A number of comments were heard late last week and this week about the difficulty in finding trucks to haul whey on a timely basis. Some brokers were able to find some whey and a willing buyer, but they were not able to come up with transportation and the deal did not occur. The market continues to have a firm undertone.

NONHYGROSCOPIC: .2600 - .3025 MOSTLY: .2800 - .2925

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended November 14, on powder sales of 8,871,446 pounds f.o.b. California manufacturing plants was \$1.0422 per pound. This compares to 9,243,495 pounds at \$1.0410 for the previous week ending November 07, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are generally unchanged. This week a mostly price series is being added to the f.o.b., Northeast price series to more closely define the very wide range of prices. The market tone is relatively weak. Last week, some Eastern NDM was offered to CCC, but this was primarily for cap sack approval. However, selling prices below the CCC's purchase price are more common. There were reports of powder "with some age on it" being sold below the bottom of the range. Demand for NDM is fair to occasionally good. Some large volume or block sales have been noted, but for the most part, sales are generally for replacement volumes. Some DEIP contracts are being filled which will help clear some powder for the next several months.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0400 - 1.1400 MOSTLY 1.0500 - 1.0700
 DELVD SOUTHEAST: 1.0700 - 1.0850

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Churning activity is light to moderate. Dry buttermilk production is often lighter. Producer stocks are fairly well balanced, but they are trying to keep it moving to keep from build much more inventory. Demand is slow to fair. Lower offering prices are helping, but most makers would like to move more powder

F.O.B. NORTHEAST: .9700 - 1.0300
 DELVD SOUTHEAST: .9700 - 1.0250

DRY WHOLE MILK - NATIONAL

Prices and the market tone are mostly unchanged. Production levels are steady to a little heavier as some producers are actively filling export contracts under DEIP. Domestic demand is slow to fair, but there is more interest in LTL quantities from smaller, local candy makers who are gearing up for anticipated year end sales.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH NOVEMBER 14, 1997
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	58,680	MT (129,365,927 LBS)
CHANGE	--	802	MT (1,768,089 LBS)
WHOLE MILK POWDER	--	3,913	MT (8,626,600 LBS)
CHANGE	--	409	MT (901,681 LBS)
CHEESE	--	1,159	MT (2,555,131 LBS)
CHANGE	--	22	MT (48,501 LBS)
BUTTERFAT	--	12,978	MT (28,611,298 LBS)
CHANGE	--	692	MT (1,525,583 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 mixed and remain nominal. The market tone is fairly firm. Most Eastern producers are sold out for the next several weeks, but a few plants do have some powder available for immediate sale. Demand is fair to good, but there is still resistance to the higher prices. Most spot sales are resales as producers are still trying to get caught up with orders. There seems to be a little reluctance on the part of buyers to purchase too far ahead. Some think that prices may or could fall in the not too distant future and they don't want to be caught holding much inventory.

F.O.B. NORTHEAST: EXTRA GRADE .3150 - .3350
 USPH GRADE A .3450 - .3575
 DELVD SOUTHEAST: .3200 - .3600

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Offerings are light, but an occasional load of "down grade" powder is available. These loads do seem to be taking longer to clear. Reports indicate that veal growers are slowing animal placements at some operations due to the high costs of dry whey, WPC, and lactose.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices are unchanged and the market tone is firming. Most Thanksgiving orders have been shipped and producers are getting ready for the year end holiday orders. Most are in hand, but buyers often adjust orders after they have assessed their Thanksgiving sales. Plant stocks range from light to adequate and current production is fairly heavy. However, in some areas, surplus milk volumes are relatively tight. Some producers are hoping for additional output during the Thanksgiving week.

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 are generally steady, although rennet prices are slightly lower. Spot buying interest is minimal as most user needs are covered under contracts. Shipments of contracted volumes are reported to be on schedule. Domestic users are looking to 1998, but are not finding sufficient information on availability and prices for the new year as of yet.

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

RENNET: 2.1700 - 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	11/06	11/07	11/10	11/11	11/12	11/13	11/14	11/17	11/18	11/19
CSCE CHEDDAR CHEESE -- Cents per pound										
DEC 97	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	126.80 (10) 0	126.80 (10) 0	126.80 (10) 0
FEB 98	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0	124.10 (0) 0
CSCE - NONFAT DRY MILK -- Cents per pound										
DEC 97	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0	106.00 (0) 0
FEB 98	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0	102.20 (0) 0
CSCE - BUTTER -- Cents per lb.										
DEC 97	100.00 (66) 0	100.00 (66) 0	100.00 (66) 0	100.00 (66) 0	100.00 (66) 0	100.00 (66) 0	100.50 (66) 0	100.50 (66) 0	100.50 (66) 0	100.50 (66) 0
FEB 98	85.00 (0) 0	85.00 (0) 0	85.00 (0) 0	85.00 (0) 0	85.00 (0) 0	85.00 (0) 0	85.50 (0) 0	85.50 (0) 0	85.50 (0) 0	85.50 (0) 0
CSCE - BFP -- Dollars per cwt.										
NOV 97	12.55 (191) 5	12.58 (191) 2	12.67 (193) 1	12.69 (190) 0	12.65 (190) 0	12.69 (198) 27	12.68 (198) 2	12.71 (199) 1	12.76 (226) 11	12.79 (226) 35
DEC 97	12.08 (175) 0	12.17 (176) 13	12.15 (180) 13	12.15 (180) 0	12.11 (180) 0	12.20 (177) 3	12.20 (180) 3	12.23 (180) 0	12.23 (187) 10	12.39 (187) 0
JAN 98	11.87 (129) 6	11.91 (123) 17	11.92 (125) 8	11.92 (125) 0	11.88 (125) 0	11.94 (125) 0	11.94 (125) 2	11.97 (125) 0	11.97 (125) 0	12.04 (125) 0
FEB 98	11.87 (87) 0	11.91 (90) 9	11.92 (91) 12	11.93 (91) 0	11.93 (91) 5	11.97 (91) 0	11.94 (91) 0	11.97 (91) 0	11.98 (88) 0	12.04 (88) 0
CSCE - FLUID MILK -- Dollars per cwt.										
DEC 97	12.25 (4) 0	12.25 (4) 0	12.25 (4) 0	12.25 (4) 0	12.25 (3) 0	12.25 (5) 2	12.25 (3) 0	12.13 (3) 0	12.12 (3) 0	12.12 (3) 0
FEB 98	12.70 (0) 0	12.70 (0) 0	12.70 (0) 0	12.70 (0) 0	12.70 (0) 0	12.70 (0) 0	12.70 (0) 0	12.58 (0) 0	12.57 (0) 0	12.57 (0) 0
CME - BUTTER -- Cents per pound										
NOV 97	129.50 (40) 0	132.00 (35) 7	134.50 (35) 17	137.00 (25) 2	139.50 (24) 2	144.50 (23) 2	149.50 (18) 5	154.50 (15) 3	157.00 (15) 3	
FEB 98	99.25 (28) 1	99.50 (29) 4	100.00 (29) 0	100.00 (29) 0	102.50 (29) 0	102.50 (32) 3	102.50 (32) 0	103.00 (32) 0	103.25 (32) 0	107.50 (32) 0
CME - BFP -- Dollars per cwt.										
NOV 97	12.63 (135) 9	12.65 (135) 0	12.66 (135) 0	12.66 (135) 0	12.67 (139) 4	12.68 (139) 6	12.71 (142) 11	12.73 (156) 31	12.75 (229) 76	12.78 (233) 46
DEC 97	12.18 (130) 3	12.19 (139) 14	12.20 (140) 3	12.20 (142) 2	12.20 (142) 0	12.25 (143) 4	12.27 (145) 6	12.28 (148) 5	12.28 (148) 0	12.39 (147) 1
JAN 98	11.89 (146) 7	11.89 (146) 3	11.89 (146) 0	11.89 (146) 0	11.89 (146) 0	11.97 (147) 1	11.94 (155) 9	11.93 (150) 10	11.95 (151) 1	12.01 (151) 11
FEB 98	11.89 (26) 5	11.93 (31) 5	11.93 (42) 11	11.93 (42) 0	11.93 (42) 0	11.96 (42) 0	11.96 (42) 4	11.95 (44) 4	11.96 (45) 1	12.02 (44) 7
MAR 98	11.92 (20) 2	11.96 (20) 0	11.96 (34) 14	11.98 (34) 0	11.97 (35) 1	11.99 (35) 0	11.99 (39) 7	11.98 (39) 0	11.98 (38) 1	12.02 (38) 0
CME - CHEDDAR CHEESE -- Cents per pound										
NOV 97	134.75 (24) 0	134.75 (28) 10	134.75 (28) 0	136.25 (28) 10	136.25 (28) 0	137.00 (28) 0	137.00 (30) 2	137.25 (30) 0	138.00 (16) 14	138.75 (16) 0
JAN 98	128.50 (126) 14	128.50 (160) 37	128.50 (160) 3	128.65 (160) 10	128.65 (160) 0	129.50 (160) 0	129.50 (160) 1	129.40 (164) 5	129.40 (164) 0	129.50 (164) 0

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 November 10 - 21, 1997

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

WESTERNANDEASTERNEUROPE

OVERVIEW: WESTERN EUROPE: Western European markets remain much the same as past weeks. A flurry of activity centered around the recent purchase of about 9,000 MT of European SMP by Mexico for delivery in December and during the first quarter of 1998. Mexico's current interest is reported to be about 30,000 - 40,000 MT with other areas of the world potentially filling the balance. European traders are closely monitoring the progress of this sale from other sourcing countries. Milk production in Europe is nearing seasonal low levels. Some handlers are reporting production levels to be lower than last year at this time. Lighter manufacturing schedules are only generating supplies for immediate use, versus enhancing inventories. Butter markets and prices remain firm, although international buyer interest has slowed.

BUTTER/BUTTEROIL: Prices remain firm, although market activity is somewhat less aggressive. Much of the current buyer interest centers around domestic sales only. Export interest, especially from Russia, has slowed. Handlers feel that high prices, limited volumes, and butter previously purchased that has not arrived yet, are some of the factors attributing to Russia's lighter buyer interest. Stocks of butter are in close balance. Private storage stocks are declining.
 82% BUTTERFAT: 2,050 - 2,350
 99% BUTTERFAT: 2,600 - 2,700

SKIM MILK POWDER (SMP): Skim powder markets are generally steady, although the market tone is unsettled and weaker. Prices are unchanged to slightly lower. Market activity centered around the recent 9000 MT of SMP committed to Mexico out of Europe for delivery during the next 3 - 4 months. Algeria is also looking for SMP for first quarter delivery. Outside of these export interests, international markets are quiet. European stocks of powder are not overly excessive, thus limited sales at this time is not a major concern.

1.25% BUTTERFAT: 1,650 - 1,825

WHOLE MILK POWDER (WMP): Whole milk powder markets remain firm with stocks limited. A strong butter market is limiting milk volumes available for whole milk powder production. Some producers anticipate whole milk stocks will remain limited through December, at which time they feel supplies will become more in balance with demand. Current demand continues to center around internal needs only.

26% BUTTERFAT: 1,870 - 2,040

SWEET WHEY POWDER: Whey markets are firm as prices edge slightly higher. At current price levels, European whey stocks are not competitive on the world market. Stocks are reported to be in balance for needs, with internal demand the most active.

NONHYGROSCOPIC: 600 - 675

OVERVIEW: EASTERN EUROPE: Much of Eastern Europe's dairy markets center around domestic needs. Very little international buyer interest is occurring at this time. High prices and limited volumes of available product are currently limiting export interest. Milk production continues to edge lower as the winter season begins.

OCEANIA

OVERVIEW: Milk production has fallen sharply from the annual peak in New Zealand as dry conditions have slowed grass growth. Australian milk receipts have declined from the peak, but have generally held up fairly well at levels just below the high. Scattered showers have helped keep pastures in better shape through much of Australia. The continued heavy milk receipts have caused some extra intra plant milk transfers to occur as the usual minor plant production "stress" problems occur. Concerns over El Nino continue, but thus far the impacts have been minimal. Concerns over the continued nervousness in Asian financial and currency markets have traders worried about possible changes in demand patterns, both in the short and longer term, as well as possible affects on product prices.

BUTTER: The butter market remains firm with prices higher. A few sellers are having difficulty in meeting current commitments or are committed for various periods into the future. Continued strong interest from Russian buyers is keeping inventories low. There continues to be concern about how the current high butter prices may affect demand in the future.

82% BUTTERFAT: 1,700 - 1,900

CHEDDAR CHEESE: The cheese market is steady at best. Production is lower in New Zealand though fairly steady in Australia. Current interest is somewhat lackluster.

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

SKIM MILK POWDER (SMP): The SMP market is unsettled to weak. The strong demand for butter has caused some additional milk supplies to shift over to butter/powder production. Combined with the recent change in EU export subsidies, demand has been sluggish.

1.25% BUTTERFAT: 1,600 - 1,750

WHOLE MILK POWDER (WMP): The WMP market remains firm. The increased production of SMP has reduced the production of WMP. Quality and age differences are also affecting prices.

26% BUTTERFAT: 1,725 - 1,850

Exchange rates for selected foreign currencies: November 17, 1997

.5128 Dutch Guilder	.5777 German Mark
.1725 French Franc	.6275 New Zealand Dollar
.1214 Mexican Peso	.6989 Australian Dollar
1.6947 British Pound	.0080 Japanese Yen
	.2852 Polish Zloty

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1214) = 8.2372. That is 1 US Dollar equals 8.2372 Mexican Pesos.

Source: "Wall Street Journal"

OCTOBER MILK PRODUCTION

Milk production in the 20 major States during October totaled 11.0 billion pounds, 1.8 percent above production in these same States in October 1996. September revised production, at 10.7 billion pounds was 2.2 percent above September 1996.

Production per cow in the 20 major States averaged 1,426 pounds for October, 35 pounds above October 1996.

The number of cows on farms in the 20 major States was 7.74 million head, down 51,000 head from October 1996 but up 1,000 from September 1997.

OCTOBER 1997 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1996	1997	1996	1997	1996	1997	% CHANGE FROM 1996
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	122	126	1,620	1,595	198	201	1.5
CA	1,268	1,314	1,750	1,790	2,219	2,352	6.0
FL	156	160	1,160	1,095	181	175	-3.3
ID	265	280	1,580	1,620	419	454	8.4
IL	152	146	1,230	1,280	187	187	0.0
IN	140	140	1,280	1,310	179	183	2.2
IA	250	244	1,280	1,370	320	334	4.4
KY	151	143	1,020	1,050	154	150	-2.6
MI	317	303	1,415	1,460	449	442	-1.6
MN	595	580	1,275	1,285	759	745	-1.8
MO	175	170	1,105	1,090	193	185	-4.1
NM	195	205	1,570	1,615	306	331	8.2
NY	702	699	1,325	1,350	930	944	1.5
OH	285	275	1,250	1,290	356	355	-0.3
PA	645	640	1,345	1,395	868	893	2.9
TX	395	387	1,185	1,150	468	445	-4.9
VT	155	155	1,375	1,400	213	217	1.9
VA	126	120	1,200	1,290	151	155	2.6
WA	266	262	1,675	1,665	446	436	-2.2
WI	1,428	1,388	1,285	1,330	1,835	1,846	0.6
20 STATE TOTAL	7,788	7,737	1,391	1,426	10,831	11,030	1.8

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (11-97), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

SEPTEMBER MILK SALES HIGHLIGHTS

During September, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.3 percent above the previous year and 5.0 percent below August 1997 on an adjusted daily average basis. Sales of whole milk items were 1.5 percent below the previous year; sales of lowfat and skim milk items were 1.5 percent above the previous year. Total fluid milk sales were lower in the Northeast and Southwest regions, and higher in all other regions.

SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, LOWFAT AND SKIM MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, SEPTEMBER 1997, WITH COMPARISONS 1/

Region 4/	Whole Milk Items 2/				Lowfat and Skim Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Sep	Year to date	Prev. year 5/	Year to date 5/	Sep	Year to date	Prev. year 5/	Year to date 5/	Sep	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	352	3,120	-2.1	-2.2	464	4,008	1.2	-0.2	816	7,128	-0.3	-1.1
Southeastern	351	3,199	-2.6	0.5	496	4,278	3.4	0.8	847	7,477	0.7	0.7
Midwest	258	2,312	-0.5	-1.0	957	8,324	0.9	0	1,216	10,635	0.6	-0.2
Southwest	167	1,502	-2.2	-1.9	214	1,823	1.0	0.1	380	3,325	-0.5	-0.8
Far West	346	3,003	-0.2	-1.3	700	6,073	1.2	1.5	1,046	9,076	0.6	0.5
All Areas Combined	1,474	13,136	-1.5	-1.1	2,830	24,505	1.5	0.5	4,305	37,642	0.3	-0.1

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 91 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Lowfat and skim milk items include plain, solids added, flavored, and miscellaneous lowfat and skim milk products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 64, report #13. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

PACKAGED SALES OF FLUID MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, AUGUST 1997, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole milk 2/	1,488	0.1	-1.0
2% Lowfat Milk	1,358	-1.6	-2.4
1% Lowfat Milk 3/	550	2.4	4.1
Skim Milk	709	4.4	3.6
Buttermilk	51	-1.6	-3.2
Total Fluid Milk Products 4/	4,171	0.6	-0.1

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Black Hills market, which was terminated October 1, 1996, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored lowfat and skim milk. 4/ Includes miscellaneous products.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR OCTOBER 1997. During October, about 8.3 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in October 1997, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 0.8 percent less than October 1996, and about 0.9 percent less than September 1997 on a daily average basis. Milk utilized in Class I products in October was 1.1 percent more than last year on an adjusted basis. Class I use this year represented 45 percent of producer milk deliveries compared to 40 percent in October 1996. The average blend price was \$13.67 per cwt., \$2.05 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$2.87; Class II, down \$2.87; Class III, down \$1.30; and Class III-A, down \$1.40.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF OCTOBER 1997										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1997 TOTAL	CHANGE FROM 1996	1997 TOTAL	CHANGE FROM 1996	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	452.8	5.5	231.0	0.4	51	54	14.32	16.76	15.3
New York/New Jersey (NY City)	2	983.6	6.8	427.2	6.2	43	44	14.09	16.34	15.3
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	485.6	-7.2	259.2	-7.2	53	53	14.10	16.61	---
NORTHEAST REGION		1,922.0	2.6	917.3	0.7	48	49	14.15	16.51	15.3
Carolina (Charlotte)	5	234.7	7.9	285.2	9.7	87	86	14.81	17.57	15.3
Southeast (Atlanta/Birmingham)	7	512.8	23.3	426.8	18.3	83	87	14.78	17.47	15.3
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 <u>4/</u>	218.0	2.6	197.5	2.7	91	91	15.55	18.36	15.3
SOUTHEASTERN REGION	<u>5/</u>	218.0	2.6	197.5	2.7	91	91	15.55	18.36	15.3
Michigan Upper Peninsula (Marquette)	44	5.4	-2.3	4.8	7.4	89	81	13.17	15.74	15.3
Southern Michigan (Detroit)	40	354.7	-2.3	193.5	6.5	55	50	13.32	15.75	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	262.1	-0.6	150.6	-1.8	57	58	13.50	15.88	---
Ohio Valley (Columbus)	33	248.2	1.7	144.7	-4.4	58	62	13.50	16.18	---
Indiana (Indianapolis)	49	154.2	-4.6	108.0	0.9	70	66	13.54	16.28	---
Chicago Regional	30*	858.2	-36.3	268.2	17.3	31	17	13.09	14.74	---
Central Illinois (Peoria)	50*	15.2	6.9	13.2	6.8	87	87	13.62	16.27	15.3
S. Illinois-E. Missouri (Alton)	32*	134.2	-12.7	89.1	-3.3	66	60	13.52	16.06	15.3
Louisville-Lexington-Evansville	46	110.6	31.2	88.2	30.5	80	80	13.85	16.57	15.3
Upper Midwest (Minneapolis)	68*	796.7	-3.8	149.2	-1.2	19	18	12.94	14.61	---
Iowa (Des Moines)	79* <u>6/</u>	173.9	-30.6	---	---	---	34	13.23	15.16	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	121.3	-6.6	54.4	-2.0	45	43	13.32	15.50	---
Greater Kansas City/E. S. Dakota	64 <u>6/ 7/ 8/</u>	39.5	-18.3	---	---	---	---	13.94	16.61	15.3
MIDWEST REGION	<u>5/</u>	2,950.2	-16.0	1,175.7	3.3	40	32	13.20	15.16	15.3

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF OCTOBER 1997										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1997 TOTAL	CHANGE FROM 1996	1997 TOTAL	CHANGE FROM 1996	1997	1996	1997	1996	1997
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	262.4	-7.0	132.8	0.0	51	47	13.95	16.15	15.3
Texas (Dallas)	126	517.6	11.7	289.3	-0.3	56	63	14.21	16.79	15.3
SOUTHWEST REGION		780.0	4.6	422.0	-0.2	54	57	14.12	16.55	15.3
E. Colorado/W. Colorado (Denver)	137 <u>7/</u>	146.6	1.5	72.7	0.0	50	50	13.80	16.02	15.3
SW. Idaho/E. Oregon (Boise)	135	103.5	-56.2	16.8	0.1	16	7	12.94	14.32	---
Great Basin (Salt Lake City)	139	200.6	-10.5	82.0	4.6	41	35	13.34	15.30	---
Central Arizona (Phoenix)	131*	195.9	6.0	90.8	1.2	46	49	13.67	15.82	15.3
New Mexico-West Texas (Albuquerque)	138	132.3	-36.3	57.7	-2.6	44	29	13.56	15.14	15.3
Pacific Northwest (Seattle/Portland)	124	540.0	-1.9	192.0	0.2	36	35	13.37	15.34	---
FAR WEST REGION		1,319.0	-14.8	512.1	0.7	39	33	13.44	15.27	15.3
COMP MKT. AVERAGE OR TOTAL	<u>5/</u>	7,189.2*	-8.9*	3,224.6	1.6	45	40	13.67	15.72	15.3
ALL-MKT. AVERAGE OR TOTAL	<u>6/ 8/</u>	8,260.8*	-8.5*	3,944.8	-0.6	48	44	13.77	15.86	15.3
YEAR-TO-DATE AVG./TOTAL <u>9/</u>										
Northeast Region		19,857.0	2.3	8,510.0	-0.2	43	44			
Southeastern Region	<u>5/</u>	2,424.4	5.8	2,044.3	1.5	84	88			
Midwest Region	<u>5/</u>	31,350.9*	4.3*	10,722.0	1.0	34	35			
Southwest Region		7,971.2*	-6.3*	3,987.8	0.8	50	46			
Far West Region		14,614.5*	0.1*	4,740.3	-0.1	32	32			
COMP MARKET AVERAGE OF TOTAL	<u>5/</u>	76,218.1*	1.8*	30,004.5	0.5	39	40	12.77	14.59	----
ALL MARKET AVERAGE OR TOTAL	<u>6/ 8/ 10/</u>	87,764.9*	2.1*	37,383.4	-1.0	43	44	12.88	14.70	----

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 730 million pounds of milk in October 1997, that normally would have been pooled under these orders. The total estimated amounts not pooled for this reason through the month of October are: for 1997, 7.1 billion pounds; and for 1996, 7.8 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for October, Midwest region +2.4, Far West region -15.3, comparable market average -0.8, and all-market average -0.6. Year to Date, Midwest region +1.0, Southwest region -5.1, Far West region 0, comparable market average +0.6, and all-market average +1.2. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$15.09. (4.0 minus 3.5 equals .5; 5 times \$.153 equals \$.765; \$14.32 plus \$.765 equals \$15.085.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1997, \$15.45; 1996, \$18.12; and Southeastern Florida: 1997, \$16.03; and 1996, \$18.80. 5/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1996-97 and for which the data were not affected significantly by marketing area changes. Data for Iowa and Greater Kansas City/Eastern South Dakota are no longer comparable; see 6/ and 8/. Due to the termination of the Tennessee Valley order on October 1, 1997, the data for Carolina, Southeast, and Louisville-Lexington-Evansville are no longer comparable and were excluded where applicable. Most of the milk that would have been pooled under the terminated order in October 1997 was pooled under these three orders. 6/ Class I receipt and utilization data for the Iowa marketing area are restricted, and are excluded from all-market figures, effective August 1997. 7/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1997, \$13.36 effective August 1997; 1996, \$15.51; and Western Colorado: 1997, \$13.88; 1996, \$16.80. 8/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, and are excluded from all-market figures, effective October 1996.

9/ Percentage changes have been adjusted for the different number of days in the two periods. 10/ The data for 1996 also includes the Black Hills marketing area. Effective October 1, 1996, the order regulating this marketing area was terminated.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF NOVEMBER 17 - 21, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/97	SAME PERIOD LAST YEAR	PERIOD ENDING 11/14/97	SAME PERIOD 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	386,907	833,336	-446,429	856,393	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	386,907	833,336	-446,429	856,393	-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 NOVEMBER 17 - 21, 1997 =	-0.1	-5.2	0.0	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	0.2	10.0	0.0	0.0	0.0
CUMULATIVE JANUARY 1 - NOVEMBER 21, 1997 =	24.8	400.4	0.0	0.0	0.0

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

REGION	CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS)			AND MILK EQUIVALENT AS A PERCENT OF TOTAL		
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	0.0	62.8	42.8
WEST	-0-	-0-	-0-	0.0	746,218	87.1
EAST	-0-	-0-	-0-	0.0	110,175	12.9
TOTAL	-0-	-0-	-0-	0.0	856,393	100.0

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 11/01/97 & Comparable Week 1996 (1/ 2/)

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3**	4**	5	6	7	8	9	10				
1997-Dairy cows HD (000)	0.3	2.0	---	14.5	27.0	2.8	3.4	0.9	9.5	2.4	62.8	2,433.6	42.8	45.7
1996-Dairy cows HD (000)	0.4	1.6	---	13.9	30.0	2.5	4.1	1.2	9.2	2.5	65.5	2,520.4	39.3	43.1
1997-All cows HD (000)	0.4	2.0	---	29.8	37.9	23.8	20.3	11.1	13.3	8.3	146.9	5,319.7		
1996-All cows HD (000)	0.4	1.8	---	30.9	41.8	28.5	26.7	14.6	13.6	8.5	166.8	5,846.9		**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 INVITATIONS (POUNDS) 11/07/97

CHEESE	JANUARY DELIVERY	OFFERS ARE DUE NOV. 18.	PUBLIC RELEASE OF AWARDS WILL BE NOV. 21 AT 4:00 P.M.(CST).
PROCESS			
2# LOAVES	594,000		
5# LOAVES	2,613,600		
SLICED	3,088,800		
4/5# SHREDDED	38,400		
MOZZARELLA	1,290,240		
LITE	201,600		
LITE, SHREDDED	524,160		
NATURAL AMERICAN			
CUTS	239,700		
SHREDDED	153,600		
REDUCED FAT - BLOCKS	39,951		
REDUCED FAT - CUTS	279,650		
REDUCED FAT - SHREDDED	307,200		

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		