

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter decreased 32 cents to \$1.2000; Grade A decreased 14 1/2 cents to \$1.1050; and Grade B decreased 16 cents to \$1.0900. Also at the CME, barrel cheese prices decreased 2 1/4 cents to \$1.2700 and 40# blocks are unchanged at \$1.4350.

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 1997 was unchanged at 116. Compared with November 1996, the index was up 1 point (0.9%). The index of prices received by farmers for dairy products advanced 2 points during the month of November 1997 to 109, down 7 points (6.0%) from November 1996. On a 3.5% butterfat basis, prices received by farmers in November with changes from October were: for All Milk, \$13.87, up 18 cents; for Fluid Grade Milk, \$13.97, up 26 cents; and for Manufacturing Grade Milk, \$12.60, down 8 cents.

According to NASS, butter production was 83.9 million pounds in October, 13.2% below October 1996 but 5.3% above September 1997. American type cheese production totaled 260.7 million pounds, 2.1% below October 1996 but slightly above September 1997. Total cheese output (excluding cottage cheese) was 619.0 million pounds, 1.1% above October 1996 and 2.2% above September 1997. Nonfat dry milk production, for human food, totaled 73.0 million pounds, 11.1% above October 1996 but 5.6% below September 1997. Dry whey production, for human food, was 88.0 million pounds, 6.3% above October 1996 and 1.9% above September 1997.

In September 1997, mailbox milk prices reported for selected Federal milk orders averaged \$12.73 per cwt., \$.46 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$12.74, up \$.45; Southeast, \$13.56, up \$.38; Midwest, \$12.87, up \$.52 and West, \$11.98, up \$.35. Compared to September 1996, mailbox milk prices, on average, decreased \$3.19 per cwt.

Milk production ranges from steady in most areas to slightly higher in the Southeast and Northwest. Weekend rains in California do not appear to have caused distress to dairy producing areas in the state. Milk continues to move throughout the country to help fill needs. Demand for Class I milk remains strong as bottlers continue to fill school and retail bottling needs. Overall, milk supplies are reported to be in close balance to tight. Diversions to manufacturing plants are quite light. Some plants are looking for additional volumes to maintain steady production schedules. Production of cream based holiday items is strong.

The nonfat dry milk market is steady to weaker. Producers, wanting to lower inventories before the end of the year, are beginning to offer lower prices. The impending, legislated change in the milk support price is causing buyers and marketers to plan strategy through the year end. The dry whey market remains firm. However, buyers note increased offerings from producers and resellers. Buttermilk prices are steady to lower and the market tone is weak. The market tone for lactose and WPC is stronger. Demand from feed buyers has increased as they look to replacements for dry whey.

During the period of December 8 - 12, CCC purchased 515,876 pounds of Western NDM under the price support program.

SPECIAL THIS ISSUE

DAIRY GRAPH AND PRESS RELEASE (PAGE 2)
 NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS (PAGE 7)
 OCTOBER 1997 DAIRY PRODUCT HIGHLIGHTS (PAGE 8)
 FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS (PAGES 9-10)
 MINIMUM FEDERAL ORDER & ANNOUNCED COOP CLASS I PRICES (PAGE 11)
 SEPTEMBER MAILBOX PRICES (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	DECEMBER 9	DECEMBER 11	DECEMBER 12
AA	\$1.5100 - 1.5200	\$1.5100 - 1.5200	\$1.5100 - 1.5200
	(-.0900) (-.0900):	:	:
A	\$1.2400 - 1.2500	\$1.2400 - 1.2500	\$1.2400 - 1.2500
	(-.2550) (-.2550):	:	:

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, Grade AA butter decreased 32 cents to \$1.2000, Grade A decreased 14 1/2 cents to \$1.1050, and Grade B decreased 16 cents to \$1.0900. The market remains weak. Stocks of bulk and print butter are in close balance to short of full needs. Buying interest is seasonally active, although buyers are cautious to not place too large an order in anticipation of further price declines. During October, butter production in the U.S. was 13.2% less than last October, but 5.3% heavier than September 1997.

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	DECEMBER 8 - 12, 1997
BARRELS*	\$1.2925 - 1.3125 (NOMINAL)
	(-.0075) (-.0075)
40# BLOCKS	\$1.4650 - 1.4700 (NOMINAL)
	(.0025) (.0025)

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

CHEESE HIGHLIGHTS: The cheese market is steady on blocks, weak on barrels. At the CME, in moderate trading, 40# blocks were unchanged at \$1.4350 and barrels decreased 2 1/4 cents to \$1.2700. The spread between blocks and barrels has grown for the past eight weeks. Blocks are in a tight to balanced supply and barrel offerings are fully adequate. Additional milk was available to cheese makers this week. However, in many areas, volumes are still below normal, seasonal levels. Demand for cheese ranges from fair to good.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, DECEMBER 12, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	-.3200	\$1.2000 : SALE 12/12/97
A	-.1450	\$1.1050 : BID 12/12/97
B	-.1600	\$1.0900 : BID 12/12/97

SALES: 6 CARS GRADE AA: 1 @ \$1.0000, 1 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1950, 1 @ \$1.1975, 1 @ \$1.2000 (LST)
 1 CAR GRADE A @ \$0.9500
 1 CAR GRADE B @ \$1.0300

BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$0.9500, 2 @ \$0.9600, 1 @ \$1.0000, 1 @ \$1.0100, 1 @ \$1.1975
 2 CARS GRADE A: 1 @ \$0.8000, 1 @ \$1.1050 (LST)
 3 CARS GRADE B: 1 @ \$0.7500, 1 @ \$1.0650, 1 @ \$1.0900 (LST)

OFFERS UNCOVERED: NONE

CHEESE TRANSACTIONS ON THURSDAY, DECEMBER 11, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-.0225	\$1.2700 : SALE 12/11/97
40# BLOCKS	N.C.	\$1.4350 : SALE 12/11/97

SALES: 2 CARS BARRELS: 1 @ \$1.2800, 1 @ \$1.2700 (LST)

9 CARS 40# BLOCKS @ \$1.4350 (LST)

BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.4350

OFFERS UNCOVERED: 12 CARS BARRELS: 3 @ \$1.3500, 2 @ \$1.3000, 5 @ \$1.2925, 1 @ \$1.2800, 1 @ \$1.2725

NOTICE: CME cash butter and cheese trading will start at 9:30AM and 12:15PM Central Time, respectively, on December 24 & 31.

CHEESE MARKETS

NORTHEAST

Prices moved fractionally higher on natural items and fractionally lower on process cheese. This is the fourth consecutive week for this pattern. Some contacts wonder how long this will continue and how wide the price spread between blocks and barrels will get at the CME. It is unusual for the spread to be this wide, this long. Cheese production in the Northeast is steady to occasionally lighter. However, it should increase as more milk is expected to be available during the upcoming holiday period. Demand for cheese is fair to good on natural; slow to fair on process. Retail and food service orders are steady to improved. Gift pack items are, for the most part, nearing the end of their seasonal sales.

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

Cheddar 10# Prints	:	1.4350-1.9175
Cheddar Single Daisies	:	1.4050-1.9225
Cheddar 40# Block	:	1.5725-1.7325
Process 5# Loaf	:	1.5025-1.6300
Process 5# Sliced	:	1.5225-1.6875
Muenster	:	1.6150-1.9925
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled to mostly steady on natural, unsettled to weak on barrels. At the Chicago Mercantile Exchange on December 4, the price of blocks increased .25 cent to \$1.4350, but barrels declined .75 cent to \$1.2925. Interest on natural cheese has been good with lead times generally needed to get additional product. For some producers, non-cheddar types are tighter. The slumping barrel market is causing continued financial stress for producers competing for milk. This is also causing some pressure on blocks as the price spread widened another one cent and is now 14 1/2 cents. Surplus milk supplies are starting the typical pattern toward heavier milk receipts. The following are American cheese production totals for October 1997, with percentage changes from a year ago, in selected Midwestern states: WI, 75.2 million pounds (-4.8%); MN, 39.3 million pounds (-18.2%); Iowa, 9.0 million pounds (+4.9%).

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#	:	1.6900-1.8925
Cheddar 40# Block	:	1.6850-1.9150
Monterey Jack 10#	:	1.8800-1.9150
Blue 5#	:	2.0375-2.2300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7700-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

The same pricing scenario that has played out for more than a month continues. This means that process cheese prices continue to decline while natural items increase. Contacts, especially those with only a barrel plant option, are suffering from major financial problems compared to block plants. There doesn't seem to be any clear indication that things will change very soon. Furthermore, many contacts believe that the market is doing just what it should to reflect the supply and demand differences between barrels and blocks. Total cheese production in the U.S. stands at 619.0 million pounds for October, up 1.1% from last year. Output in selected Western states compared to last year is as follows: California up 12.8%, Idaho up 13.7%, Oregon down 13.7%, Utah down 42.5%, and Washington up 39.5%. October Swiss output, at 16.2 million pounds, is down 12.5% from last year.

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

Process 5# Loaf	:	1.4825-1.7350
Cheddar 40# Block	:	1.6175-1.7300
Cheddar 10# Cuts	:	1.7500-1.9575
Monterey Jack 10#	:	1.7150-1.9200
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGNTYPE

Domestic prices are fractionally higher again this week. The market tone is unchanged. Demand for imported and foreign type cheese is at or near its seasonal peak. Stocks range from light to adequate for current needs.

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	: 1.7700-2.3800*
Gorgonzola	: 3.2400-5.9400	: 2.4350-2.4950*
Parmesan (Italy)	: TFEWR	: 3.1800-3.2175*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4425-1.9500*
Romano (Cows Milk)	: -0-	: 2.9675-3.2200*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 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

EAST

Following the announcement of the November BFP, Eastern Milk Market Administrators announced changes to their class prices. The November BFP is \$12.96, up \$0.13 from October. In all orders in the East, January Class I & II and the November Class III milk prices will be up \$0.13 from the previous month. The November Class III-A is \$14.07 in orders 1 & 2, \$14.09 in order 4, and \$14.01 in all other Eastern orders. The butterfat differential is \$0.167. Milk production is mostly steady in the Northeast, but steady to higher in the Southeast. Some of the large production gains are in the Gulf Coast States. Bottled milk sales are fair to good. In many mid-South states, predictions of snow fall did cause retail milk sales to improve noticeably. Diversions to manufacturing plants are still quite light. Some areas of Eastern Ohio, Western NY & PA are still short of milk and supplemental purchases continue. Florida handlers imported 22 loads this week as the state's milk production and demand become balanced. Some expect to be shipping milk out of state during the Christmas/New Years school vacation period. The condensed skim market is a little unsettled. With butter prices dropping sharply, many suppliers have increased their asking/selling prices for wet solids. Demand for condensed skim is mostly steady, but if prices get too high users may switch back to using NDM. The fluid cream market is weaker. Demand has slowed in some segments of the market and offerings are readily available. Multiples are mostly unchanged, but prices are sharply lower because of the 24.5 cent drop on Grade A butter last Friday (12/5). Ice cream production is down at some plants; steady at others. Some are waiting to see if prices drop any further before buying extra cream. Production of egg nog, cream cheese, sour cream, and bottled cream are moderate to heavy and seasonal demand is good. Churning activity is light to moderate. Most producers are cautious about building inventories.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.6750 - 1.8500	
Delivered Equivalent Atlanta	-	1.7250 - 2.1328	M 1.7250 - 1.8500
F.O.B. Producing Plants: Upper Midwest	-	1.7250 - 1.8125	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.0000 - 1.1300
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MIDWEST

WISCONSIN SPOT SHIPMENTS:	LOADS
DECEMBER 05 - 11, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	7

Demand for Class I milk remains strong as bottlers continue to fill school and retail bottling needs. Class I premiums vary from around \$2.50 - \$4.00, with the average running around \$3.00 to \$3.50. Milk continues to move intra regionally to help fill needs. Destinations of intra regional milk shipments are the same as past weeks with 12 loads headed for Michigan, 14 to Ohio, and 6 loads to Missouri. Class I use is expected to remain strong throughout all of next week and into the early part of Christmas week. Some school districts will be recessing by the 19 of December, thus bottling direction will be switched from school needs toward retail. Although demand for milk is good and placement of milk is no problem, most milk handlers are looking toward Christmas week. In many instances, plants that have capacity at this time are not committing to additional holiday milk yet. Overall, milk supplies are reported to be in close balance to tight. Some plants are looking for additional volumes to maintain steady production schedules. Cream markets remain active with prices declining following the December 5 drop at the cash butter market in Chicago. Production of cream based holiday items is strong. Cream buyers continue to place orders, but are not over-buying due to anticipated lower prices still to come.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 05-10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.50- 37.00	\$ 25.00- 31.00
REPLACEMENT HEIFER CALVES	\$110.00-165.00	\$100.00-160.00

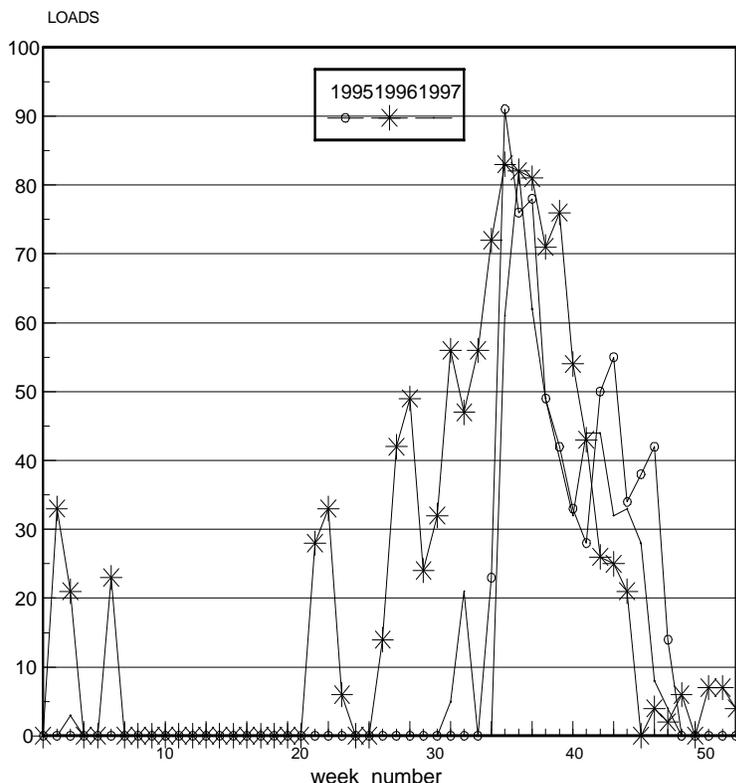
SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 05-10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 35.75	\$ 25.50- 31.00

WEST

Weekend rains in California do not appear to have caused distress to dairy producing areas in the state. Some of the rain was welcome to help with seasonal crops and crop development. Feed costs remain a concern for producers, but also milk and cull cow prices. Milk output is steady in New Mexico and Arizona. Rainfall has been manageable. Producers' preparation efforts in the region will likely limit any adverse affects of wet conditions caused by current storms. Cream demand is sporadic. Buyers are cautiously looking at the CME, where the Grade A butter price dropped 24 1/2 cents last Friday. Contacts expect further declines and buyers want to price current cream loads on upcoming markets to cover themselves. Butter sales and demand are stated as good and production is often higher as holiday cream based production is off this week and demand for ice cream items is lower due to wet, cooler weather. Many producers in the Northwest are beginning to notice slight milk production increases. Weather conditions are very moderate and this is reducing the need for much supplemental feeding this early in the feed year. Some plants that produce consumer type dairy products for the holidays have finished most of those orders and are now reducing production schedules. This means that more milk is available for butter/powder and cheese plants. The transportation system in the West remains marginal at best. Trucks are somewhat easier to find this week, but there is little relief from the rail point of view. Heifer sales are slow and slaughter cow pricing is declining. Some protein feeds are declining in price, but corn is holding fairly steady at relatively high prices. An early, heavy snowfall in parts of the northern Mountain States region has not impacted the milk supply situation much. The heavy snow is being followed by seasonally cold temperatures. Some downturn in milk receipts is expected.

WISCONSIN SPOT SHIPMENTS



CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/11/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are fractionally higher at the top end of the range. The market tone is steady. Demand for high heat production is stronger, but low heat interest is limited. Production schedules are lighter as many manufacturers are trying to clear out inventories before the end of the year. There is speculation that the support price may decrease approximately 1.8 cents for the upcoming year due to the mandated milk support price decrease. Stocks remain excessive and are available from most resellers and plants. U.S. production of human food NDM during October totaled 73.0 million pounds, 11.1% more than last year but 5.6% lower than September. (Combined MN and WI production during October totaled 993,000 pounds.) Manufacturers' stocks at the end of October totaled 114.8 million pounds, 143.1% 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 - 1.1100 MOSTLY: 1.0450 - 1.0600

DRY BUTTERMILK - CENTRAL

Buttermilk prices are unchanged. The market tone remains weak. Demand is fair at best. Offerings are available from most plants and resellers. During October, dry buttermilk production totaled 4.2 million pounds, up 3.2% from last year and 41.5% above September. End-of-month stocks totaled 2.3 million pounds, up 7.0% from a year earlier but down 18.1% from last month.

BUTTERMILK: .9400 - .9825

DRY WHEY - CENTRAL

Prices are higher and the market tone remains firm. Demand ranges from moderate to aggressive as buyers are trying to balance out year end inventories and meet needs. Interest from feed and edible accounts is strong and spot loads are quickly purchased when offered. Buyers note increased offerings from plants which is a good indicator that inventories may be slowly building, but overall, supplies are tight. Some contacts continue to buy from the West because it is easier to find available production. Manufacturers report production levels are lighter than desired because milk output is down in many areas. U.S. production of human food whey during October totaled 88.0 million pounds, 6.3% more than last year and 1.9% higher than last month. End-of-October stocks, at 27.3 million pounds, are 12.4% less than last year and 5.0% less than September. Production in October with changes from 1996 are: Wisconsin, 25.0 million pounds, down 6.5% and Minnesota, 7.8 million pounds, down 7.2%.

NONHYGROSCOPIC: .3200 - .3450 MOSTLY: .3250 - .3350

ANIMAL FEED WHEY - CENTRAL

Milk replacer and delactose prices are unchanged while standard and roller ground prices are higher. Interest from feed buyers is seasonally strong. Suppliers are trying to keep up inventories for the aggressive demand. Resale offerings of downgraded whey have increased. October U.S. animal feed, dry whey production totaled 4.1 million pounds, 14.4% less than last year and 0.5% lower than September. Month-ending stocks were 2.7 million pounds, 43.2% less than last year but 10.8% higher than last month. Animal feed, reduced lactose and minerals whey production during October totaled 2.5 million pounds, 16.5% more than last year and 11.3% higher than September; while all stocks (animal and human), at 9.0 million pounds, were 122.8% higher than last year.

MILK REPLACER: .2900 - .3225
STANDARD: .2775 - .3100
ROLLER GROUND: .3250 - .3400
DELACTOSE (Min. 20% protein): .3400 - .3650

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged. The market tone continues to show strength. Demand ranges from moderate to aggressive. Some producers report balanced inventories while others are short handed. Interest from feed buyers remains strong as they continue to use lactose as a replacement for edible whey. U.S. lactose production during October totaled 33.4 million pounds, down 3.9% from last year and 1.0% lower than September. End-of-October stocks, at 22.0 million pounds, are 31.3% higher than last year but 5.9% less than last month. Production in October with changes from 1996 are: Minnesota, 8.2 million pounds, -21.2% and Wisconsin, 8.3 million pounds, down 1.3%.

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 stronger. Demand ranges from steady to stronger. Some plants are running near full capacity and still finding themselves short of product. Offerings are limited from producers, but more available through resellers. Many contacts are currently negotiating contracts for next year. U.S. production of human food WPC during October totaled 22.1 million pounds, a 6.9% increase from last year but unchanged from the previous month. Manufacturers' stocks at the end of October totaled 8.5 million pounds, 20.4% more than last year but 5.1% lower than last month.

EXTRA GRADE 34% PROTEIN: .5775 - .6200 MOSTLY: .6050 - .6100

NONFAT DRY MILK - WEST

Prices are lower for the low/medium heat range and downward pressure on the market tone remains. Sales below the range are taking place for older NDM stocks and for some powder that did not meet CCC specifications. Rumors that Mexico may be overbought on NDM are circulating. In addition, the impending possible change in the support price is causing buyers and marketers to plan strategy through the year end. Contacts feel that the market does not have enough "mustard" to hold current prices should the NDM support price drop. U.S. NDM production in October totaled 73.0 million pounds, up 11.1% from last year but down 5.6% from September. Stocks at the end of the month were reported at 114.8 million pounds, up 143.1% from last year but 14.3% lower than last month. October production in California totaled 44.8 million pounds, up 21.7% from last year, and Washington output totaled 10.7 million pounds, down 26.1% from a year ago. Compared to year ago production figures through October, output is 16.8% higher in 1997.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0200 - 1.0650 MOSTLY: 1.0300 - 1.0500

HIGH HEAT: 1.0550 - 1.0875

DRY BUTTERMILK - WEST

Buttermilk prices are lower and the market tone is weak. Producers are attempting to clear stocks for several reasons. Some are concerned about carrying inventories into the new year, while others are concerned that an anticipated drop in the NDM support price will keep pressure on buttermilk prices. Demand is more active, stimulated by lower offering prices. Drying times are steady to slightly higher and are often higher than anticipated. U.S. buttermilk powder production in October totaled 4.2 million pounds, up 3.2% from last year and 41.5% higher than September. Stocks at the end of the month were reported at 2.3 million pounds, up 7.0% from a year earlier but down 18.1% from September.

BUTTERMILK: .8800 - .9600 MOSTLY: .9000 - .9400

DRY WHEY - WEST

Western whey range prices are lower while the mostly is about steady. More offerings of powder are noted from both producers and resellers. The increased offerings are clearing relatively easily. Contacts note that demand often slows at the end of the year due to the holidays and that production often picks up at that time. They speculate that because of these two factors, the market may show some weakness at that time. U.S. October edible whey production totaled 88.0 million pounds, up 6.3% from last year. However, stocks at the end of the month are 27.3 million pounds, down 12.4% from last year. Looking at October output for selected Western states compared to last year: California is up 48.9%; Utah, up 79.7%; and Washington, up 36.0%.

NONHYGROSCOPIC: .2650 - .3000 MOSTLY: .2850 - .2950

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended December 05, on powder sales of 10,686,913 pounds f.o.b. California manufacturing plants was \$1.0438 per pound. This compares to 7,280,919 pounds at \$1.0440 for the previous week ending November 28, 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. Some producers, wanting to lower their inventories before the end of the year, are offering lower prices for multi-load sales of NDM. Also, there is powder "with some age on it" being offered at very attractive prices. Demand for NDM is fair. There are rumors that the shipping dates for the NDM recently sold to Mexico may be delayed for various reasons. This may not directly affect the Eastern markets, but it may affect the national market. Most buyers are looking for deals, but they, too, don't want much inventory to carry into 1998. Production levels have been light as demand for milk to meet Class I & II needs remains good. Production of human food, nonfat dry milk during October 1997 totaled 73.0 million pounds, up 11.1% from October 1996 but 5.6% less than September 1997. Month ending stocks, at 114.8 million pounds, are 143.1% above a year ago but 14.3% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0300 - 1.1400 MOSTLY 1.0500 - 1.0700
 DELVD SOUTHEAST: 1.0600 - 1.0850

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. However, production levels are not very heavy and producers' stocks are fairly well balanced. Demand is steady at slow to fair levels. Dry buttermilk production during October 1997 totaled 4.2 million pounds, up 3.2% from October 1996 and up 41.5% from September 1997. Month ending stocks, at 2.3 million pounds, are 7.0% more than a year ago but 18.1% less than last month.

F.O.B. NORTHEAST: .9600 - 1.0000
 DELVD SOUTHEAST: .9600 - 1.0175

DRY WHOLE MILK - NATIONAL

Prices are mostly unchanged and the market tone is steady. Production levels are light to moderate and generally centered around filling contracts. After several weeks of no activity, two moderate sized DEIP bids have been accepted for dry whole milk. Domestic demand is just fair. Dry whole milk production during October 1997 totaled 11.8 million pounds, up 15.2% from October 1997 and 5.8% higher than September 1997. Month ending stocks, at 5.0 million pounds, are 31.9% above a year ago but 12.9% below last month.

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

DEIP BID ACCEPTANCE SUMMARY

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

NONFAT DRY MILK	--	78,443	MT (172,935,436 LBS)
CHANGE	--	7,078	MT (15,604,158 LBS)
WHOLE MILK POWDER	--	4,129	MT (9,102,793 LBS)
CHANGE	--	213	MT (469,580 LBS)
CHEESE	--	1,717	MT (3,785,298 LBS)
CHANGE	--	102	MT (224,869 LBS)
BUTTERFAT	--	14,339	MT (31,611,759 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 to fractionally higher. The market tone is firm, but more contacts report resistance to higher prices and increased offerings of product. Demand is still quite good and producers are trying to get caught up with orders/commitments. Reports indicate that Grade A whey is still tight, but Extra Grade seems to be more readily available this week. Local producers report that they are several weeks behind on orders, but increased offerings from some Western producers have been noted. Production of human food, dry whey during October 1997 totaled 88.0 million pounds, 6.3% more than October 1996 and 1.9% more than September 1997. Month ending stocks, at 27.3 million pounds, are 12.4% below a year ago and 5.0% lower than last month.

F.O.B. NORTHEAST: EXTRA GRADE .3175 - .3325
 USPH GRADE A .3475 - .3625
 DELVD SOUTHEAST: .3350 - .3675

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Demand is slow to good depending on price and the segment of the animal feed market. Veal growers are still reluctant to buy too much at current prices. During October, production of animal feed, dry whey totaled 4.1 million pounds, 14.4% less than October 1996 and 0.5% below September 1997.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are moderate. Demand is seasonally good, but shipments are slowing as most orders have been delivered. Retail sales are at their annual peak. The Kansas City Commodity office announced the issuance of EVD-1, invitation 400, inviting competitive offers to sell to CCC 1,652,400 pounds of evaporated milk for shipment in February 1998. Canned evaporated milk production during October 1997 totaled 47.6 million pounds, up 11.8% from October 1996 and 23.9% more than September 1997. Month ending stocks, at 30.0 million pounds, are 38.0% more than a year ago but 9.6% less 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 and prices are basically unchanged as the calendar year end nears. Most trading activity continues to center around previously contracted volumes. Spot activity is minimal. Casein imports during the first 9 months of 1997 total 48,423,675 kilograms. On a calendar year basis, compared to last year at this time, imports are running behind 1996 levels by about 3%. Ireland, New Zealand, Russia, and France continue to be the major sourcing countries.

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

NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 1997 was unchanged at 116. Compared with November 1996, the index was up 1 point (0.9 percent). The index of prices received by farmers for dairy products advanced 2 points during the month of November 1997 to 109. Compared with November 1996, the index was down 7 points (6.0 percent).

On a 3.5 percent butterfat basis, prices received by farmers in November with changes from October were: for All Milk, \$13.87 per hundredweight (cwt.), up 18 cents; for Fluid Grade Milk, \$13.97 per cwt., up 26 cents; and for Manufacturing Grade Milk, \$12.60 per cwt., down 8 cents.

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

STATE	All-milk price <u>1/3/</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	
	OCTOBER		NOVEMBER		NOVEMBER		NOVEMBER		NOVEMBER	
	1997 <u>2/</u>	1996 <u>2/</u>	1997 <u>4/</u>	1996 <u>2/</u>	1997	1996	1997 <u>7/</u>	1996 <u>8/</u>	1997	1996
CA	12.70	12.90	12.12	13.54			32.00	29.00	126.00	113.00
IA	13.16	13.38	12.44	14.57			33.00	27.50	110.00	101.00
MI	13.79	14.33	12.95	15.71			34.00	29.20	109.00	107.00
MN	13.77	13.75	13.17	13.47			31.50	26.70	89.00	83.00
NY	13.79	14.12	12.89	15.41			---	---	102.00	94.00
OH	13.66	13.90	12.65	16.19			29.00	27.00	148.00	148.00
PA	14.42	14.37	13.40	16.43			30.80	29.10	140.00	116.00
TX	14.32	14.37	12.90	16.29			30.10	26.70	71.00	81.00
WA	13.81	14.40	12.69	14.34			---	---	123.00	115.00
WI	13.80	13.90	13.55	13.58			33.20	29.70	85.00	67.00
U.S.	13.69	13.87	12.89	15.02			31.70	28.00	101.00	95.40

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., NOVEMBER 1997 WITH COMPARISONS 1/

ITEM		NOVEMBER 1996	OCTOBER 1997 <u>2/</u>	NOVEMBER 1997 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:				
All milk	Dol. per cwt.	15.02	13.69	13.87
Fluid grade milk	Dol. per cwt.	15.12	13.71	13.97
Manufacturing grade milk	Dol. per cwt.	12.11	12.68	12.60
INDEX NUMBERS for:				
Prices received by farmers for dairy products (1990-92 = 100)	Index	116	107	109
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100)	Index	115	116	116
PARITY PRICE for all milk	Dol. per cwt.	28.90	29.60	29.30
PARITY EQUIVALENT price for manufacturing grade milk	Dol. per cwt.	26.41	26.88	26.60
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>		1.59	1.65	1.68

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

SOURCE: "Agricultural Prices," Pr 1 (11/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

OCTOBER 1997 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 83.9 million pounds in October, 13.2 percent below October 1996 but 5.3 percent above September 1997. **AMERICAN TYPE CHEESE** production totaled 260.7 million pounds, 2.1 percent below October 1996 but slightly above September 1997. **TOTAL CHEESE** output (excluding cottage cheese) was 619.0 million pounds, 1.1 percent above October 1996 and 2.2 percent above September 1997. **NONFAT DRY MILK** production, for human food, totaled 73.0 million pounds, 11.1 percent above October 1996 but 5.6 percent below September 1997. **DRY WHEY** production, for human food, was 88.0 million pounds, 6.3 percent above October 1996 and 1.9 percent above September 1997. **ICE CREAM** (hard) production totaled 67.1 million gallons, 7.6 percent above October 1996 and 0.3 percent above September 1997.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	OCT 1997	PERCENT CHANGE FROM:			PRODUCT	OCT 1997	PERCENT CHANGE FROM:		
	1,000 LBS.	OCT 1996	SEP 1997	YEAR TO DATE 1/		1,000 LBS.	OCT 1996	SEP 1997	YEAR TO DATE 1/
BUTTER	83,869	-13.2	5.3	-1.4	DRY BUTTERMILK	4,171	3.2	41.5	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	123,474	-0.9	-17.5	---
AMERICAN TYPES 2/	* 260,665	-2.1	---	0.6	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	207,737	0.9	-0.4	3.4	SWEET-TYPE, HUMAN FOOD	3,444	-38.0	-8.4	---
SWISS	16,212	-12.5	-0.1	---	SWEET-TYPE, ANIMAL FEED	2,023	-6.2	-7.1	---
BRICK & MUENSTER	9,642	-5.2	3.9	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	68,799	9.7	11.8	---	DRY WHEY, HUMAN FOOD	87,993	6.3	1.9	---
BLUE	3,473	6.9	-9.5	---	DRY WHEY, ANIMAL FEED	4,117	-14.4	-0.5	---
HISPANIC	6,109	-0.2	1.7	---	TOTAL DRY WHEY 9/	92,110	5.1	1.7	0.3
MOZZARELLA	183,634	-1.8	1.2	1.4	LACTOSE, HUMAN FOOD & ANIMAL FEED	33,381	-3.9	-1.0	---
OTHER ITALIAN TYPES	58,598	22.9	5.4	11.7	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	242,232	3.2	2.2	3.4	HUMAN FOOD	22,146	6.9	---	---
ALL OTHER TYPES 3/	11,873	12.5	6.1	---	ANIMAL FEED	3,081	12.9	7.2	---
TOTAL	619,005	1.1	2.2	2.0	FROZEN PRODUCTS				
COTTAGE CHEESE, CURD 4/	39,176	3.3	-2.6	---	ICE CREAM (HARD)	67,137	7.6	0.3	0.7
COTTAGE CHEESE, CREAMED 5/	31,388	2.4	-1.6	-0.3	ICE CREAM, LOWFAT (HARD)	8,398	4.6	-4.2	---
COTTAGE CHEESE, LOWFAT 6/	30,250	11.5	-2.8	4.4	ICE CREAM, LOWFAT (SOFT)	18,383	-3.8	-10.3	---
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (TOTAL)	26,781	-1.3	-8.5	-4.7
WHOLE MILK	47,605	11.8	23.9	---	SHERBET (HARD)	3,609	4.9	1.4	-3.5
DRY WHOLE MILK	11,817	15.2	5.8	---	YOGURT	6,897	-18.9	-16.2	-21.4
NONFAT DRY MILK, HUMAN FOOD	7/ 72,987	11.1	-5.6	16.8					
DRY SKIM MILK FOR ANIMAL FEED	318	5.0	-8.6	---					

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	OCT 1997	PERCENT OF:		PRODUCT	OCT 1997	PERCENT OF:	
	1,000 LBS.	OCT 1996	SEP 1997		1,000 LBS.	OCT 1996	SEP 1997
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	27,305	-12.4	-5.0	HUMAN FOOD	8,510	20.4	-5.1
DRY WHEY, ANIMAL FEED	2,728	-43.2	10.8	ANIMAL FEED	1,348	121.3	23.7
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/	8,983	122.8	-20.4	CANNED EVAPORATED & CONDENSED WHOLE MILK	30,031	38.0	-9.6
LACTOSE, HUMAN FOOD & ANIMAL FEED	21,971	31.3	-5.9	DRY WHOLE MILK	5,023	31.9	-12.9
DRY BUTTERMILK, TOTAL	2,304	7.0	-18.1	NONFAT DRY MILK FOR HUMAN FOOD	114,764	143.1	-14.3
				DRY SKIM MILK FOR ANIMAL FEED	976	70.9	-29.7

1/ 1997 cumulative as percent of 1996 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include Part Skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 993,000 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 114,527,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (12-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for November 1997 is \$12.96 per hundredweight at 3.5 percent butterfat. The November Basic Formula Price is the October base month Minnesota-Wisconsin (M-W) price of \$12.91 at 3.5 percent plus a change of \$0.05, which is the change in the butter/powder/cheese formula from October 1997 to November 1997. The November 1997 Basic Formula Price is \$0.13 more than last month and \$1.35 more than the November 1996 Basic Formula Price. This Basic Formula Price is the Class III price for November 1997 and is to be used in January 1998 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 16.7 cents. **MILK COMPONENT CONTENTS.** For the October 1997 base month M-W price, the butterfat content was 3.89 percent, protein 3.28 percent, and solids-not-fat 8.67 percent. For the November 1997 Basic Formula Price, the butterfat content was 3.95 percent, protein 3.26 percent, and solids-not-fat 8.66 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/															
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	NOVEMBER								DECEMBER			JANUARY		
		PRICE PER 100 POUNDS										PRICE PER 100 POUNDS			
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II	
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1998	1998	
		DOLLARS								DOLLARS					
New England (Boston)	1 3/	16.03	18.61	13.09	15.67	13.02	11.67	14.07	12.24	16.07	17.37	13.13	16.20	13.26	
New York/New Jersey (NY City)	2 4/	15.93	18.51	13.17	15.75	13.10	11.75	14.15	12.32	15.97	17.27	13.21	16.10	13.34	
Middle Atlantic (Philadelphia/Baltimore/Washington, DC)	4 5/	15.82	18.40	13.09	15.67	13.04	11.69	14.09	12.26	15.86	17.16	13.13	15.99	13.26	
Carolina (Charlotte)	5	15.87	18.45	13.09	15.67	12.96	11.61	14.01	12.18	15.91	17.21	13.13	16.04	13.26	
Southeast (Atlanta/Birmingham)	7	15.87	18.45	13.09	15.67	12.96	11.61	14.01	12.18	15.91	17.21	13.13	16.04	13.26	
Upper Florida (Jacksonville/Tallahassee)	6	16.37	18.95	13.09	15.67	12.96	11.61	---	---	16.41	17.71	13.13	16.54	13.26	
Tampa Bay	12	16.67	19.25	13.09	15.67	12.96	11.61	---	---	16.71	18.01	13.13	16.84	13.26	
Southeastern Florida (Miami)	13	16.97	19.55	13.09	15.67	12.96	11.61	---	---	17.01	18.31	13.13	17.14	13.26	
Michigan Upper Peninsula (Marquette)	44	14.14	16.72	13.09	15.67	12.96	11.61	14.01	12.18	14.18	15.48	13.13	14.31	13.26	
Southern Michigan (Detroit)	40 6/	14.54	17.12	13.09	15.67	12.96	11.61	14.01	12.18	14.58	15.88	13.13	14.71	13.26	
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	14.79	17.37	13.09	15.67	12.96	11.61	14.01	12.18	14.83	16.13	13.13	14.96	13.26	
Ohio Valley (Columbus)	33	14.83	17.41	13.09	15.67	12.96	11.61	14.01	12.18	14.87	16.17	13.13	15.00	13.26	

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/																
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	NOVEMBER								DECEMBER			JANUARY			
		PRICE PER 100 POUNDS										PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II		
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1998	1998		
DOLLARS										DOLLARS						
Indiana (Indianapolis)	49	14.69	17.27	13.09	15.67	12.96	11.61	14.01	12.18	14.73	16.03	13.13	14.86	13.26		
Chicago Regional	30	14.19	16.77	13.09	15.67	12.96	11.61	14.01	12.18	14.23	15.53	13.13	14.36	13.26		
Central Illinois (Peoria)	50	14.40	16.98	13.09	15.67	12.96	11.61	---	---	14.44	15.74	13.13	14.57	13.26		
S. Illinois/E. Missouri (Alton)	32	14.71	17.29	13.09	15.67	12.96	11.61	---	---	14.75	16.05	13.13	14.88	13.26		
Louisville/Lexington/Evansville	46	14.90	17.48	13.09	15.67	12.96	11.61	14.01	12.18	14.94	16.24	13.13	15.07	13.26		
Upper Midwest (Minneapolis)	68	13.99	16.57	13.09	15.67	12.96	11.61	14.01	12.18	14.03	15.33	13.13	14.16	13.26		
E. South Dakota (Sioux Falls)	76	14.29	16.87	13.09	15.67	12.96	11.61	---	---	14.33	15.63	13.13	14.46	13.26		
Iowa (Des Moines)	79	14.34	16.92	13.09	15.67	12.96	11.61	14.01	12.18	14.38	15.68	13.13	14.51	13.26		
Nebraska/W. IA. (Omaha/Sioux City)	65	13.54	17.12	13.09	15.67	12.96	11.61	14.01	12.18	13.58	15.88	13.13	13.71	13.26		
Greater Kansas City	64	14.71	17.29	13.09	15.67	12.96	11.61	---	---	14.75	16.05	13.13	14.88	13.26		
Southwest Plains (Oklahoma City)	106	15.56	18.14	13.09	15.67	12.96	11.61	14.01	12.18	15.60	16.90	13.13	15.73	13.26		
Texas (Dallas)	126	15.95	18.53	13.09	15.67	12.96	11.61	14.01	12.18	15.99	17.29	13.13	16.12	13.26		
Eastern Colorado (Denver)	137	15.52	18.10	13.09	15.67	12.96	11.61	---	---	15.56	16.86	13.13	15.69	13.26		
Western Colorado (Grand Junction)	134	14.79	17.37	13.09	15.67	12.96	11.61	---	---	14.83	16.13	13.13	14.96	13.26		
SW Idaho/Eastern Oregon (Boise)	135	14.29	16.87	13.09	15.67	12.96	11.61	13.89	11.59	14.33	15.63	13.13	14.46	13.26		
Great Basin (Salt Lake City)	139	14.69	17.27	13.09	15.67	12.96	11.61	---	---	14.73	16.03	13.13	14.86	13.26		
Central Arizona (Phoenix)	131	15.31	17.89	13.09	15.67	12.96	11.61	13.89	11.59	15.35	16.65	13.13	15.48	13.26		
New Mexico/West Texas (Albuquerque)	138	15.14	17.72	13.09	15.67	12.96	11.61	14.01	12.18	15.18	16.48	13.13	15.31	13.26		
Pacific Northwest (Seattle/Portland)	124	14.69	17.27	13.09	15.67	12.96	11.61	13.89	11.59	14.73	16.03	13.13	14.86	13.26		
SIMPLE AVERAGE	---	15.11	17.69	13.09	15.67	12.97	11.62	14.01	12.11	15.15	16.45	13.13	15.28	13.26		

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in December 1997 is \$16.20 per 100 pounds or \$1.39 per gallon (\$16.20 divided by 11.63 equals \$1.3929).

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

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

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

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

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

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

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	DEC 1995			DEC 1996			NOV 1997			DEC 1997		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	15.69	15.84	0.15	17.21	18.48	1.27	15.87	17.07	1.20	15.91	17.11	1.20
Baltimore, MD	15.64	16.59	0.95	17.16	18.21	1.05	15.82	17.27	1.45	15.86	17.31	1.45
Boston, MA	15.85	16.58	0.73	17.37	18.50	1.13	16.03	16.66	0.63	16.07**	16.70	0.63
Carbondale, IL	14.62	15.73	1.11	16.14	18.04	1.90	14.80	16.79	1.99	14.84	16.83	1.99
Charlotte, NC	15.69	16.34	0.65	17.21	18.84	1.63	15.87	17.07	1.20	15.91	17.11	1.20
Chicago, IL	14.01	15.56	1.55	15.53	17.93	2.40	14.19	16.35	2.16	14.23	16.35	2.12
Cincinnati, OH	14.72	15.32	0.60	16.24	17.49	1.25	14.90	16.80	1.90	14.94	16.84	1.90
Cleveland, OH	14.61	15.12	0.51	16.13	17.20	1.07	14.79	16.69	1.90	14.83	16.73	1.90
Dallas, TX	15.77	15.97	0.20	17.29	17.84	0.55	15.95	16.92	0.97	15.99	16.49	0.50
Denver, CO	15.34	16.05	0.71	16.86	17.01	0.15	15.52	15.67	0.15	15.56	15.71	0.15
Des Moines, IA	14.16	14.91	0.75	15.68	17.28	1.60	14.34	15.90	1.56	14.38	15.90	1.52
Detroit, MI	14.46	15.24	0.78	15.98	17.05	1.07	14.64	15.39*	0.75*	14.68	15.44	0.76
Hartford, CT	15.75	16.48	0.73	17.27	18.40	1.13	15.93	16.56	0.63	15.97**	16.60	0.63
Houston, TX	16.31	16.51	0.20	17.83	18.38	0.55	16.49	17.46	0.97	16.53	17.03	0.50
Indianapolis, IN	14.51	15.54	1.03	16.03	17.35	1.32	14.69	16.53	1.84	14.73	16.57	1.84
Kansas City, MO	14.53	15.08	0.55	16.05	17.30	1.25	14.71	16.22	1.51	14.75	16.22	1.47
Little Rock, AR	15.38	15.53	0.15	16.90	17.40	0.50	15.56	16.56	1.00	15.60	16.60	1.00
Louisville, KY	14.72	15.12	0.40	16.24	17.14	0.90	14.90	15.80	0.90	14.94	15.84	0.90
Miami, FL	16.79	18.31	1.52	18.31	21.32	3.01	16.97	19.88	2.91	17.01	19.88	2.87
Milwaukee, WI	13.92	15.47	1.55	15.44	17.84	2.40	14.10	16.26	2.16	14.14	16.26	2.12
Minneapolis, MN	13.81	14.56	0.75	15.33	16.90	1.57	13.99	15.49	1.50	14.03	15.49	1.46
New Orleans, LA	16.26	16.26	0.00	17.78	18.28	0.50	16.44	17.44	1.00	16.48	17.48	1.00
Oklahoma City, OK	15.38	15.55	0.17	16.90	17.55	0.65	15.56	16.56	1.00	15.60	16.60	1.00
Omaha, NE	14.36	15.11	0.75	15.88	17.13	1.25	14.54	16.05	1.51	14.58	16.05	1.47
Philadelphia, PA	15.70	16.50	0.80	17.22	18.22	1.00	15.88	17.30	1.42	15.92	17.34	1.42
Phoenix, AZ	15.13	15.13	0.00	16.65	16.65	0.00	15.31	15.31	0.00	15.35	15.35	0.00
Pittsburgh, PA	14.61	15.21	0.60	16.13	16.93	0.80	14.79	15.99*	1.20*	14.83	16.03	1.20
St. Louis, MO	14.62	15.73	1.11	16.14	18.04	1.90	14.80	16.79	1.99	14.84	16.83	1.99
Salt Lake City, UT	14.51	14.66	0.15	16.03	16.18	0.15	14.69	14.84	0.15	14.73	14.88	0.15
Seattle, WA	14.51	14.96	0.45	16.03	16.33	0.30	14.69	15.07	0.38	14.73	15.13	0.40
Spokane, WA	14.51	14.96	0.45	16.03	16.33	0.30	14.69	15.07	0.38	14.73	15.13	0.40
Springfield, MO	14.80	15.20	0.40	16.32	16.97	0.65	14.98	15.98	1.00	15.02	16.02	1.00
Washington, DC	15.64	16.59	0.95	17.16	18.21	1.05	15.82	17.27	1.45	15.86	17.31	1.45
Simple Average	15.04	15.69	0.65	16.56	17.66	1.10	15.22	16.45*	1.23*	15.26	16.46	1.20

*Revised.

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

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

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

In September 1997, mailbox milk prices reported for selected Federal milk orders averaged \$12.73 per cwt., \$.46 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$12.74, up \$.45; Southeast, \$13.56, up \$.38; Midwest, \$12.87, up \$.52 and West, \$11.98, up \$.35. Compared to September 1996, mailbox milk prices decreased \$3.19 per cwt. on the average. Regional changes from the previous year were: -\$3.01 in the Northeast, -\$3.67 in the Southeast, -\$3.17 in the Midwest, and -\$3.36 in the West. The average minimum blend price in September 1997 was \$3.25 below the price in the previous year.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	September 1996	August 1997	September 1997
	<u>Dollars per hundredweight</u>		
New England	15.55	13.04 <u>3/</u>	13.43 <u>3/</u>
New York-New Jersey	15.68	12.04*	12.51
Middle Atlantic	16.05	12.03	12.46
Northeast Average <u>4/</u>	15.75	12.29*	12.74
Carolina	17.44	13.11	13.29
Tennessee Valley	16.59	12.59	13.04
Southeast	16.52	12.47	12.82
Florida <u>5/</u>	18.87	15.06	15.66
Southeast Average <u>4/</u>	17.23	13.18	13.56
Southern Michigan	15.62	12.07	12.44
Eastern Ohio-Western Pa.	15.62	12.00	12.46
Ohio Valley	15.72	11.88	12.25
Indiana	15.70	11.92	12.29
Chicago Regional	16.52	12.89	13.53
S. Illinois-E. Missouri	15.35	11.81	12.10
Louis.-Lex.-Evans.	15.90	12.10	12.49
Upper Midwest	16.26	12.64	13.30
Nebraska-Western Iowa	15.66	12.14	12.73
Iowa	16.17	12.29	13.00
Midwest Average <u>4/</u>	16.04	12.35	12.87
Texas	15.72	11.91	12.07
Southwest Plains	15.15	11.51	11.82
Eastern Colorado	15.51	11.80	12.23
S.W. Idaho-E. Oregon	15.20	11.70	12.14
Great Basin	14.93	11.27	11.88
New Mexico-West Texas	14.92	11.17	11.69
Pacific Northwest	15.48	11.69	11.99
West Average <u>4/</u>	15.34	11.63	11.98
All-Market Average <u>4/</u>	15.92	12.27*	12.73

*Revised

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. Also, for some orders, price is a weighted average for all pricing zones in the order. 3/ Includes Northeast Dairy Compact Over Order Producer Price. 4/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 5/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF DECEMBER 8 -12, 1997			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	12/05/97	LAST YEAR	12/05/97	LAST YEAR
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	515,876	-0-	515,876	2,146,083	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	515,876	-0-	515,876	2,146,083	-0-	-0-	-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
PERIOD OF DECEMBER 8 - 12, 1997 =	0.1	6.0		0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	0.45	25.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - DECEMBER 5, 1997 =	25.1	415.4	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

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

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

REGION	CCC ADJUSTED PURCHASES SINCE 10/1/97 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-	0.0	0.0
WEST	-0-	-0-	-0-	2,035,908	94.9	0.0
EAST	-0-	-0-	-0-	110,175	5.1	0.0
TOTAL	-0-	-0-	-0-	2,146,083	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 11/22/97 & 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)	0.4	1.6	---	14.3	26.4	3.1	3.6	0.8	10.0	2.6	62.7	2,559.1	42.7	45.6
1996-Dairy cows HD (000)	0.4	1.5	---	15.1	29.5	2.7	4.1	1.0	8.9	2.5	65.8	2,652.0	39.6	42.9
1997-All cows HD (000)	0.4	1.7	---	29.6	37.7	22.3	23.3	10.6	13.4	7.7	146.8	5,615.7		
1996-All cows HD (000)	0.4	1.6	---	32.8	40.3	27.4	27.0	14.7	13.6	8.5	166.3	6,177.0		**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) 12/05/97

CHEESE	FEBRUARY DELIVERY	MARCH DELIVERY	APRIL DELIVERY
PROCESS			
SLICED	2,930,400	1,069,200	
2# LOAVES	673,200	475,200	
5# LOAVES	2,178,000	554,400	
SHREDDED	38,400		
MOZZARELLA	1,895,040	725,760	282,240
LITE	40,320	40,320	
LITE, SHREDDED	806,400	161,280	
NATURAL AMERICAN			
BLOCKS	239,700		
BARRELS	80,000		
SHREDDED	153,600		
REDUCED FAT - BLOCKS	79,900		
REDUCED FAT - CUTS	539,151		

OFFERS ARE DUE DECEMBER 16. PUBLIC RELEASE AT 4:00PM, DECEMBER 19

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 22,441,163

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	12.96	