

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter was unchanged at \$1.1500; Grade A increased 1/2 cent to \$1.0650; and Grade B was unchanged at \$1.0500. Also at the CME, barrel cheese increased 1 cent to \$1.2800 and 40# blocks decreased 1/2 cent to \$1.4300.

According to NASS, U.S. cold storage holdings of butter on November 30, 1997 total 15.2 million pounds, down 42.9% from October and 13.9% lower than November 1996. This is the lowest butter inventory total on record. Natural American cheese holdings total 385.0 million pounds, off 3.6% from October but 4.1% more than a year ago. Total cheese supplies are 450.6 million pounds, 8.0% less than last month and 6.2% below a year ago. Nonfat dry milk holdings on October 31, 1997 total 129.0 million pounds, 9.2% less than September, but more than 2.5 times the inventory on October 1996.

Class I demand was sharply lower due to reduced sales caused by schools closing for various periods of time during the year end holidays. Manufacturing schedules were accordingly higher. Some fluid loads are being transported significantly greater distances, especially from areas with limited processing capacity such as the South, before finding a manufacturing plant with capacity. As usual, spot prices are sharply lower as sellers discount prices to find a holiday home. Milk intakes are steady to slightly higher throughout the country.

Most recent powder market trends continue. Overall sales interest is tempered by year end inventory positioning by traders. Many producers of finished products are also operating on reduced holiday schedules. The NDM and buttermilk markets remain weak. Drying schedules are sharply higher, reflecting the increased volumes

of milk entering manufacturing channels. Inventories are anticipated to build during the holiday period. NDM buyers are awaiting news on the price support adjustments with the expectation of possible lower prices in 1998. Sales of NDM to the CCC are higher as plant operators clear product at the current support price. The whey and WPC markets are generally steady although increased buyer resistance has been noted to current prices. Supplies have been short to adequate so increased offerings would be appreciated by many buyers.

During the holiday abbreviated period of December 22 - 24, CCC purchased 2,407,202 pounds of Western NDM under the price support program.

****SPECIAL THIS ISSUE****

DAIRY GRAPH (PAGE 2)
NOVEMBER COLD STORAGE (PAGES 7-8)

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 22	DECEMBER 23	DECEMBER 24
AA	\$1.1400 - 1.1500 : (-.0500)	\$1.1400 - 1.1500 : (-.0500)	\$1.1400 - 1.1500 :
A	\$1.0500 - 1.0600 : (-.0450)	\$1.0500 - 1.0600 : (-.0450)	\$1.0500 - 1.0600 :

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, Grade AA butter is unchanged at \$1.1500, Grade A increased 1/2 cent to \$1.0650, and Grade B is steady at \$1.0500. Butter markets remain unsettled. Butter producers are preparing plants to receive readily available volumes of cream during the next 7 - 10 days. Current buying interest is light and orders that are being placed are for immediate fill-in needs. Stocks of butter are generally sufficient for current buying patterns.

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 22 - 26, 1997
BARRELS*	\$1.2700 - 1.2900 (NOMINAL)
40# BLOCKS	\$1.4350 - 1.4700 (NOMINAL) : (-.0275)

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

CHEESE HIGHLIGHTS: The cheese market is unsettled. At the CME, 40# blocks declined 1/2 cent to \$1.4300 and barrels increased 1 cent to \$1.2800. Cheese offerings have increased. Bulk cheese demand from processors and packagers has declined due to slower sales and reduced operating schedules during the holidays. Cheese production has increased. Additional milk supplies have shifted over to cheese production during the holidays.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON WEDNESDAY, DECEMBER 24, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.1500 : SALE 12/24/97
A	+.0050	\$1.0650 : BID 12/24/97
B	N.C.	\$1.0500 : OFFER 12/19/97

SALES: 3 CARS GRADE AA: 1 @ \$1.0800, 2 @ \$1.1500(LST)
1 CAR GRADE A @ \$1.0100

BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$0.9500, 1 @ \$0.9700,
2 @ \$0.9800, 1 @ \$1.0000, 2 @ \$1.0100, 1 @ \$1.1500

4 CARS GRADE A: 3 @ \$0.9400, 1 @ \$1.0650(LST)
1 CAR GRADE B @ \$0.9100

OFFERS UNCOVERED: NONE

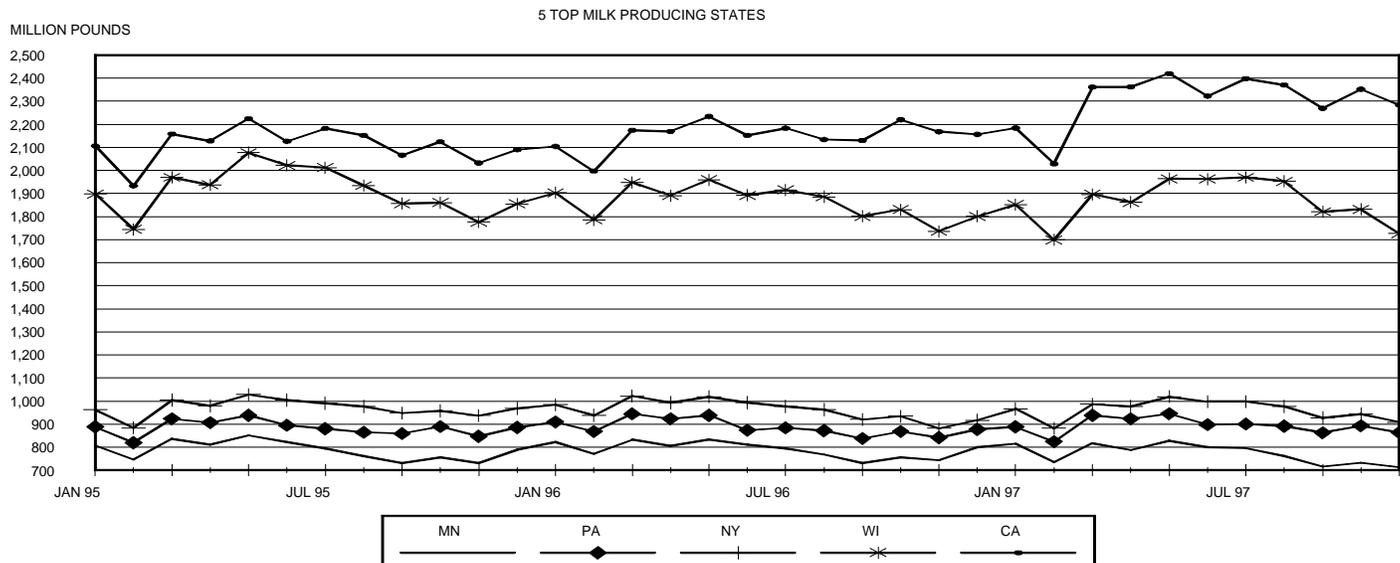
CHEESE TRANSACTIONS ON WEDNESDAY, DECEMBER 24, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+0100	\$1.2800 : NOT AVAILABLE
40# BLOCKS	-.0050	\$1.4300 : NOT AVAILABLE

*** TRADING ACTIVITY NOT AVAILABLE ***

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



PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are five cents lower and the market tone remains unsettled. Production is increasing as more milk and cream are available to area butter/powder plants. Producer stocks are closely balanced, but most hope to add to their inventories during the holiday period. The lower butter prices have had little impact on demand. Buyers still think additional price drops are pending and they don't want to get caught with too much butter on hand. More buyers appear interested in contracting for next year's anticipated needs. Retail and food service demand is good and distributors are very actively trying to fill last minute orders.

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

1/4 LB. PRINTS	: 1.3600-1.6075
1 LB. PRINTS	: 1.2750-1.4575
CHIPS/PATTIES	: 1.3375-1.5175
REDDIES	: 1.4125-1.6075
CONTINENTALS	: 1.4925-1.6675

CENTRAL

Print butter markets remain unsettled and weak. Prices continue to edge lower following cash trading at the Chicago Mercantile Exchange. Stocks of bulk and print butter range from in close balance to short of full needs. Early Christmas week buying interest is light as most orders have been placed and shipped. Orders that are occurring are for immediate fill-in needs. Many butter buyers continue to hold off placing orders that exceed current needs due to the unsettledness of current markets. Butter producers anticipate that churning activities will increase during the next week to 10 days as surplus milk becomes available. Although butter stocks are limited, export activity is developing. Butter stocks are being committed to export and DEIP bonuses are being awarded for shipments during the first and second quarter of 1998.

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

1/4 LB. PRINTS	: 1.2500-1.6575
1 LB. PRINTS	: 1.2150-1.3775
CHIPS/PATTIES	: 1.2400-1.4500
REDDIES	: 1.3250-1.5600
CONTINENTALS	: 1.4800-1.6700

WEST

Butter prices continue to decline as the market seeks an equilibrium level. Most manufacturers were pleasantly surprised with the holiday sales figures that they have put together so far. Sales activity has slowed as the end of the year holidays approach. Transportation issues were somewhat worse than most contacts had expected because of rail service problems earlier that are still working through the system. Production is up slightly due to additional surplus milk available. Contacts feel that the market is getting down to the level it needs to be in order to stimulate restocking inventories for the new year and perhaps ship more into export channels. Cold storage holdings of butter at the end of November total 15.2 million pounds, down 42.9% from last month and down 13.9% from last year. This is the lowest monthly November total on record.

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

1/4 LB. PRINTS	: 1.4325-1.4800
1 LB. PRINTS	: 1.3625-1.4225
PATTIES	: 1.4050-1.5700
REDDIES	: 1.5300-1.5475

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

1/4 LB. PRINTS	: 1.1475-1.1875
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
		:
12/22/97	4,366	: 96,581
12/01/97	5,661	: 104,357
CHANGE	-1,295	: -7,776
% CHANGE	-23	: -7

Because December 26 was declared a Federal holiday, the NASS cheddar cheese price survey for the week ending December 19, will be released on Monday, December 29, at 3:00pm Eastern Time.

CHEESE MARKETS

NORTHEAST

Prices are unchanged and the market tone is fairly steady. Cheese Production is steady to heavier now that more milk is available. Typically, more surplus milk is available during the holidays. However, with cheese prices so high, most cheese makers are reluctant to take too much milk unless prices are attractive. Demand for cheese is holding up quite well, but deliveries this week are generally limited to Monday and Tuesday. Retail and food service orders are steady.

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	:	1.4800-1.6075
Process 5# Sliced	:	1.5000-1.6650
Muenster	:	1.6150-1.9925
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled, with a weaker undertone developing. In trading at the Chicago Mercantile Exchange on December 18, the price of 40# blocks was unchanged at \$1.4350 and barrels were steady at \$1.2700. The current barrel price is 12.25 cents above the comparable week price at the National Cheese Exchange and blocks are 24.25 cents higher than a year ago. Spot bulk cheese demand was mostly slow, as holiday orders have been filled and buyers try to minimize inventories for year end tax purposes. Most packagers/processors are operating on reduced schedules during the holiday period so less product is required. New orders are slow to develop as some buyers are either on vacation or waiting for holiday sale results before reordering for early 1998. With many schools closed for the holidays, extra milk has backed into manufacturing channels, increasing the volumes of cheese produced. This extra cheese may provide the impetus for price weakness in early 1998 according to some traders.

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

Process American 5# Loaf	:	1.4975-1.6400
Brick And/Or Muenster 5#	:	1.7100-1.8925
Cheddar 40# Block	:	1.6850-1.9150
Monterey Jack 10#	:	1.8850-1.9150
Blue 5#	:	2.0375-2.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7900-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Prices are holding steady for Western cheese. Sales activity has slowed for the end of the year holidays and due to the belief that most contacts have concerning the possibility of short run price weakness. Stocks are building at some production facilities, but this is not unusual for this time of year. Production will be increasing over the next two holiday weeks. Natural American cheese holdings at the end of November total 385.0 million pounds, down 3.6% from last month and up 4.1% from November 1996. Swiss holdings, at 12.2 million pounds, are down 8.8% from the same time period last year.

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

Process 5# Loaf	:	1.4600-1.7125
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

FOREIGN TYPE CHEESE

Prices and the market tone are unchanged. Distributors have been busy filling last minute orders, but many will be closed after Tuesday. Some will reopen the Friday after Christmas, but most will be off until the 29th. Demand for imported and foreign type cheese is seasonally good. Stocks are generally adequate for most 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 (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

EAST

Milk production patterns throughout most areas of the Northeast and Southeast are much the same as past weeks. Weather conditions have been quite mild and, in instances, quite warm for this late in December. In Florida, weather conditions are reported as "Great." Milk production continues to build on a gradual/steady basis, heavier than last week, but lagging last year at this time. Production and sales within Florida are not in balance. Last week, Florida continued to import milk to supplement local production, but this week they were having to ship milk out of state. Milk volumes are surplus to the point that some Florida milk is traveling as far as Minnesota for processing. Throughout the Southeast, manufacturing facilities are filled to capacity and will not be able to handle any additional milk during the next week to 10 days. As is typical for this holiday time, orders are erratic and the best laid plans can deteriorate very rapidly. One major problem at this time is lack of trucks, especially for the long haul. Further north, conditions are equally as favorable with production basically holding steady. Milk volumes are manageable at this time, but conditions could change quickly. Class I demand was strong early in the week, but reported to be sharply lower by mid week. Cream markets are steady to weak. Cream volumes are heavy with placement of surplus cream difficult within the East. Currently, quite a bit of cream is being cleared to handlers in the Midwest. Condensed skim markets are generally steady at unchanged prices, but if volumes become too heavy, prices might have to adjust lower to keep product moving.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. Producing Plants: Northeast	- 1.3780 - 1.4840
Delivered Equivalent Atlanta	- 1.3992 - 1.5900 M 1.4628 - 1.5635
F.O.B. Producing Plants: Upper Midwest	- 1.3992 - 1.4840
PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS	
F.O.B. Producing Plants: Northeast	- 1.0200 - 1.1300

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 19 - 23, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	4

Class I demand is steady to mostly slower, reflecting the reduction in fluid demand caused by schools closing for the year end holidays. Some other demand reductions were noted where schools were closed for an extra day by weather related problems in a few locations. Retail fluid promotional activity and filling orders for holiday items such as dips and sour cream absorbed only part of the extra supplies. Some intra-regional shipments continued with 8 loads of Wisconsin milk shipped during the holiday abbreviated period to Ohio and another 10 loads to Michigan. Handlers had larger supplies backed into manufacturing channels from bottlers. Manufacturing milk interest has been filled at some locations for the first holiday weekend while others still had various amounts of capacity available. Reported milk

prices as low as \$10.00 are being taken for limited supplies on December 25. Generally higher prices, \$11.00 on up to class (or to multiple component value) or so, delivered to buyers over the rest of the holiday weekend. Milk supplies were moving greater distances to find a home as reports of milk moving up from Missouri into Minnesota and/or Wisconsin with unconfirmed reports of loads out of the Southwest and Southeast. Cream prices are nominal as actual reported sales were limited since some firms are closed until the new year. Cream prices are lower, reflecting the declines in butter prices at the Chicago Mercantile Exchange. Milk receipts are steady to slightly higher. Tested hay sold at auctions during the week ending December 22 for good quality (RFV 103-124) went for \$77.50 - 155.00 per ton and fair quality hay (RFV 87-102) sold for \$62.50 - 132.50 per ton on combined volume of over 100 tons of each category.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)		
	DEC 19-22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 38.00	\$ 29.00- 35.00
REPLACEMENT HEIFER CALVES	\$110.00-135.00	\$105.00-145.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	DEC 19-22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 38.75	\$ 28.00- 34.75

WEST

Milk production information is sketchy this holiday shortened week. Weather does not seem to be much of a factor in milk producing areas of the Southwest. A front is bringing cooler and wetter weather to parts of New Mexico. Milk output is at seasonally low levels in some locales, but is increasing slightly in other areas. Cream is more available and pricing is lower. Loads are more available and most often finding homes at churning facilities. Multiples are trying to be held in the upper 120's to lower 130's range. Some sales are still being based off the upcoming Grade A butter markets. Holiday cream-based items are, for the most part, filled with limited fill-in needs anticipated. Fluid milk orders are filled for the few schools still in session early in the week and the main bottling orders are for retail outlets. Some additional milk is beginning to show up in manufacturing plants as fluid buying patterns change related to the holidays. No one is expecting any problems in handling the surplus. Weather conditions are very moderate in the Pacific Northwest with little snow and temperatures relatively mild. Milk producers state that these conditions have led to less feed and forage use which is helping on the bottom line. It continues to be an open winter over most of the major milk producing areas of Idaho. The milking herds are under very little stress. Any surplus milk is being handled very easily. The Cache Valley in northern Utah and the Salt Lake basin continue to have a fairly heavy snow cover. Milk output has not been impacted. Conditions remain cold because of the snow on the ground. Some are noting additional hay consumption.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/23/97 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 lower at the top end of the range, but the mostly is steady. The market tone remains weak. High heat production is in greater demand than low heat. Some producers and resellers are offering discounts to prepare for the upcoming support price change. Stocks are reported to be in balance for the end of the year. Production levels are expected to increase over the holidays as more manufacturing milk becomes available.

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 steady and the market tone is weak. The majority of sales activity is concentrated out West where significantly lower prices are being offered. This pressure is causing some price adjustments in the Midwest. Overall, buying interest is limited. Production levels are minimal. Stocks are available for needs.

BUTTERMILK: .9350 - .9825

DRY WHEY - CENTRAL

Prices are lower on the top end of the range, but the mostly is steady. The market tone is quieter with the holidays ahead. Contacts are noticing some price resistance and many sellers have adjusted premiums lower to make the sale. Offerings from manufacturers have increased, but still remain limited. The majority of sales have been through resellers. Sales activity is slower as buyers try to keep inventories low and purchase for immediate needs only. Some producers are planning to increase production as more manufacturing milk becomes available.

NONHYGROSCOPIC: .3250 - .3375 MOSTLY: .3300 - .3350

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal for milk replacer, roller ground, and delactose. Buying interest remains strong for downgraded whey. Contacts report offerings are harder to find. Supplies range from in balance to fairly tight. Roller ground producers continue to fill contracts. Standard prices are slightly higher on the top end of the range and nominal. Trading activity is slow. The delactose market is steady. Production levels range from moderate to lighter. Producers' stocks are adequate for needs.

MILK REPLACER: .2800 - .3225
STANDARD: .2775 - .3125
ROLLER GROUND: .3000 - .3400
DELACTOSE (Min. 20% protein): .3400 - .3650

LACTOSE - CENTRAL AND WEST

Prices are steady and the overall market remains fairly tight. Interest from feed accounts is strong as buyers continue to use replacements for whey. Availability is often limited. Spot loads rapidly clear the market when offered. Inventories range from in balance to minimal. The majority of contracts have been established for the upcoming year.

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

EDIBLE: .1800 - .2600 MOSTLY: .2100 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged and the market tone is steady. Demand remains good and offerings quickly clear the market when available. Stocks range from adequate to short of needs. Production schedules are mixed. Some manufacturers are running below normal levels while others are at full capacity.

EXTRA GRADE 34% PROTEIN: .5775 - .6275 MOSTLY: .6050 - .6100

NONFAT DRY MILK - WEST

Low/medium heat prices are unchanged, but the market tone remains weak. High heat prices are slightly lower. Domestic sales remain mostly light, but interest from cheese manufacturers was noted. There is apprehension in the marketplace due to the upcoming change in the milk price support starting January 1, 1998. Buyers are aware of the support price change and are taking a wait-and-see on how much NDM prices decline following the announcement. The announcement is not scheduled yet, but a similar release last year was available on December 31. Offerings of older NDM and some Government reject also are pressuring the market. Drying schedules are increasing and balancing plants are more active as surplus milk volumes increase over the West. While some plants expect to be busy, volumes will be manageable. During the week of December 15 - 19, CCC purchased 497,137 pounds of NDM from Western producers. Stocks are building at more locations.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0200 - 1.0650 MOSTLY: 1.0300 - 1.0400
HIGH HEAT: 1.0500 - 1.0850

DRY BUTTERMILK - WEST

Buttermilk prices are lower in a limited, but definitely weaker, market test. The market undertone remains a cause for concern for producers who are attempting to keep stocks current. Lower prices are stimulating more interest, but demand remains light for some buyers due to year-end concerns. Drying times are longer as butter churning is increasing. Buttermilk stocks range from light to moderate and are at higher levels than current needs.

BUTTERMILK: .8300 - .9400 MOSTLY: .8700 - .9100

DRY WHEY - WEST

The Western mostly has held steady in price for four weeks now. Current demand is good enough to keep offerings cleaned up enough so that stocks are not accumulating at the producer level. Fair volumes of powder will be moving in the first quarter to the Far East at lower prices. More resellers have powder for sale at this time. The market undertone is steady. Production will be increasing over the next two weeks as more holiday milk becomes available. Some contacts are stating that they are having some end of the year transportation problems.

NONHYGROSCOPIC: .2650 - .3100 MOSTLY: .2850 - .2950

CALIFORNIA MANUFACTURING PLANTS

California manufacturing plants' data was not available at press time. The information is available on our website and recorded information system. Access information for both can be found on the last page of this report.

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 and the market tone are basically steady. Trading activity on NDM is fair, although overall market activity is entering typical year-end doldrums. Most buyers are closely monitoring inventory levels as the calendar year comes to a close. Some buyers that have placed orders are delaying delivery until after the first of the year. Producers anticipate heavier production during the next week or so as surplus volumes of milk become available. Producers' stocks are fairly well balanced, but for those that have heavier than desired stocks, multi-load discounts are being offered.

Includes EXTRA GRADE and GRADE A, all heat treatments

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

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. Production levels are steady, but are expected to increase as additional volumes of milk/cream become available during the next week to 10 days. Overall demand is slow as users work off previously acquired stocks before the end of the calendar year. Producer stocks are fairly well balance with current needs.

F.O.B. NORTHEAST: .9600 - .9800
 DELVD SOUTHEAST: .9200 - .9900

DRY WHOLE MILK - NATIONAL

Whole milk powder markets are steady to weak. Prices are unchanged to lower. Production levels are light to moderate and generally center around filling contract commitments. Domestic demand is fair at best. Recent DEIP sales are causing the most market activity at this time.

F.O.B. PRODUCING PLANT: 1.2500 - 1.4000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH DECEMBER 19, 1997
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	79,307	MT (174,840,021 LBS)
CHANGE	--	681	MT (1,501,333 LBS)
WHOLE MILK POWDER	--	5,454	MT (12,023,888 LBS)
CHANGE	--	745	MT (1,642,427 LBS)
CHEESE	--	1,817	MT (4,005,758 LBS)
CHANGE	--	61	MT (134,481 LBS)
BUTTERFAT	--	14,865	MT (32,771,379 LBS)
CHANGE	--	526	MT (1,159,620 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

Whey markets remain steady to firm with prices unchanged to slightly higher. Trading activity is slower as most year end needs have been filled. Some local producers continue to report that they are behind on orders. Traders are reporting more availability of Western whey in the market.

F.O.B. NORTHEAST: EXTRA GRADE .3175 - .3400
 USPH GRADE A .3475 - .3625
 DELVD SOUTHEAST: .3350 - .3700

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. As in most other markets, limited activity is being reported this week. Firm prices continue to limit sales. Stocks of animal feed whey are light.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Producers anticipate additional milk during the upcoming holiday period. Overall demand has been good with most orders delivered. Buying interest at this time has eased and is expected to resume after the first of the year. Stocks are limited, but for current light demand, inventories are sufficient. The Kansas City Commodity office announced the purchase of 1,652,400 pounds of canned evaporated milk under EVD-1, invitation 400 at prices ranging \$.5350 - .5583 per pound for delivery in February 1998.

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

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

CASEIN - NATIONAL

Casein markets remain steady at unchanged prices. Most needs have been filled through contracts with spot buying interest slow. As in most other dairy product markets, the upcoming holidays and year-end considerations are limiting market activity.

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

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	OCT 31, 1995	OCT 31, 1996	REVISED OCT 31, 1997	NOV 30, 1995	NOV 30, 1996	NOV 30, 1997
Cream	1,494	1,172	---	1,362	1,351	---
Butter	23,607	20,545	26,581	15,690	17,628	15,171
Evap. & Cond. Milk	2,734	1,117	---	1,002	487	---
Cheese, Natural American	312,409	379,471	399,520	297,868	369,743	384,973
Cheese, Swiss	7,517	11,987	11,630	7,916	13,344	12,167
Cheese, Other Natural	98,809	103,169	78,542	87,776	97,186	53,455
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	5,228	277	392	4,344	227	302
Natural American Cheese	146	176	61	264	113	150

NOVEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	11,958	14,350	20,874	2,210	1,357	1,312	96	82	70
Middle Atlantic	35,828	34,246	37,843	3,225	1,736	1,459	3,619	6,084	6,271
East North Central	157,588	206,868	212,468	1,240	3,370	6,981	75,109	77,925	36,612
West North Central	55,283	59,102	53,783	3,040	2,654	1,028	1,912	1,439	3,575
South Atlantic	250	296	254	718	257	11	1,773	5,865	2,467
East South Central	158	175	197	361	314	32	3,721	2,624	1,471
West South Central	409	321	610	1,164	3,424	1,064	140	334	166
Mountain	16,893	17,229	15,422	915	349	221	798	1,018	568
Pacific	19,501	37,156	43,522	2,817	4,167	3,063	608	1,815	2,255
TOTAL	297,868	369,743	384,973	15,690	17,628	15,171	87,776	97,186	53,455

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	21	25	21	22	<u>3/</u>	3	382	346	381	346	<u>3/</u>	<u>3/</u>	75	86	75	72	<u>3/</u>	14
February	24	34	24	30	<u>3/</u>	4	378	355	378	354	<u>3/</u>	<u>3/</u>	72	90	72	80	<u>3/</u>	10
March	27	49	26	47	<u>3/</u>	1	392	356	392	356	<u>3/</u>	<u>3/</u>	82	108	81	98	<u>3/</u>	10
April	44	40	42	37	2	3	430	377	430	377	<u>3/</u>	<u>3/</u>	122	110	121	100	<u>3/</u>	10
May	64	34	62	33	2	1	445	390	445	390	<u>3/</u>	<u>3/</u>	151	88	151	86	<u>3/</u>	1
June	60	30	59	29	1	1	463	393	463	393	<u>3/</u>	<u>3/</u>	173	84	173	82	<u>3/</u>	1
July	63	32	62	31	1	1	469	398	469	398	<u>3/</u>	<u>3/</u>	164	77	161	77	3	<u>3/</u>
August	49	27	48	26	1	1	459	381	459	381	<u>3/</u>	<u>3/</u>	162	67	156	66	5	<u>3/</u>
September	44	21	43	21	<u>3/</u>	1	422	373	421	372	<u>3/</u>	<u>3/</u>	142	51	134	50	8	<u>3/</u>
October	27	21	26	20	<u>3/</u>	<u>3/</u>	400	379	399	379	<u>3/</u>	<u>3/</u>	129	48	115	47	14	<u>3/</u>
November	15	18	15	17	<u>3/</u>	<u>3/</u>	385	370	385	370	<u>3/</u>	<u>3/</u>		50		49		<u>3/</u>
December		14		13	<u>3/</u>			380		380	<u>3/</u>	<u>3/</u>		71		71		<u>3/</u>

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Oct 31, 1995	Oct 31, 1996	Oct 31, 1997	Nov 30, 1995	Nov 30, 1996	Nov 30, 1997
	Thousand Pounds					
Butter	18,379	20,268	26,189	11,346	17,401	14,869
Natural American Cheese	312,263	379,295	399,459	297,604	369,630	384,823

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (12-97) and "Dairy Products," Da 2-6 (12-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF DECEMBER 22 - 24, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	12/19/97	LAST YEAR	
BUTTER								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
CHEESE								
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
NONFAT DRY MILK								
Nonfortified	2,407,202	-0-	2,407,202	5,050,422	-0-	-0-	-0-	
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	2,407,202	-0-	2,407,202	5,050,422	-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 22 - 24, 1997 =	0.5	28.0		0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	1.1	58.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - DECEMBER 24, 1997 =	25.7	449.2	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

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

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	4,940,247	-0-	97.8	0.0
EAST	-0-	-0-	-0-	-0-	110,175	-0-	2.2	0.0
TOTAL	-0-	-0-	-0-	-0-	5,050,422	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/06/97 & Comparable Week 1996 (1/ 2/)

Regions*	U.S. TOTAL										WEEK : SINCE JAN 1:	WEEK : SINCE JAN 1:		
	1	2	3**	4**	5	6	7	8	9	10			% DAIRY OF ALL	
1997-Dairy cows HD (000)	0.3	1.8	---	13.7	29.2	3.2	3.7	1.0	11.9	2.9	67.7	2,678.8	45.4	45.5
1996-Dairy cows HD (000)	0.5	1.6	---	14.6	31.1	2.7	4.4	1.3	10.1	2.6	68.8	2,773.9	41.7	42.9
1997-All cows HD (000)	0.3	1.8	---	29.1	41.1	21.2	23.0	8.8	14.8	8.8	149.1	5,883.5		
1996-All cows HD (000)	0.5	1.6	---	30.7	42.7	25.1	28.0	14.0	13.6	8.8	165.0	6,469.9		**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 PURCHASES (POUNDS) 12/18-19/97

CHEESE		FEBRUARY DELIVERY	
PROCESS			
SLICED	2,415,600	\$1.2590	1.3595
2# LOAVES	673,200	\$1.3360	1.3720
5# LOAVES	2,178,000	\$1.2410	1.3195
SHREDDED	38,400	\$1.5280	
MOZZARELLA			
MOZZARELLA	1,491,840	\$1.3550	1.4342
NATURAL AMERICAN			
BLOCKS	239,700	\$1.4442	1.4570
BARRELS	80,000	\$1.3100	
SHREDDED	153,600	\$1.5652	1.5719
REDUCED FAT - BLOCKS	79,900	\$1.6167	1.6168
REDUCED FAT - CUTS	39,151	\$1.8300	
REDUCED FAT - SHRED	499,200	\$1.6933	1.7128

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 30,488,954

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	