

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), all grades of butter decreased 2 1/2 cents: Grade AA is \$1.1250; Grade A is \$1.0400; and Grade B is \$1.0250. Also at the CME, barrel cheese increased 1 cent to \$1.2900 and 40# blocks are unchanged at \$1.4300.

On December 31, 1997, the U.S. Department of Agriculture's Commodity Credit Corporation (CCC) announced that the support price for milk will be \$10.05 per cwt during calendar year 1998, effective January 1, 1998. This is a reduction of \$0.15 per cwt from the current support level, and is required by the Federal Agriculture Improvement and Reform Act of 1996. This announced price is for milk with an annual average milkfat content of 3.67%. In order to carry out the new support level, CCC will decrease the price it pays for nonfat dry milk by 1.9 cents per pound to \$1.0280 and decrease the price for block Cheddar and barrel cheese by 1.5 cents per pound to \$1.1150 and \$1.0850 per pound, respectively. The purchase price for butter will remain at \$0.6500 per pound. The support price adjusted to a milkfat content of 3.5% by use of the Federal Milk Marketing Order butterfat differential formula is \$9.95 per cwt.

According to ERS and AMS, commercial disappearance of dairy products during the first ten months of 1997 totals 131.0 billion pounds, up 1.7% from the comparable period in 1996. Comparing disappearance levels with a year ago: American cheese and other cheese increased but butter, NDM, and fluid milk products all decreased.

Milk production ranges from increasing in the East, Midwest, and Southeast to mostly steady in most other regions of the country. Fluid milk volumes are excessive this week and manufacturing plants were running at or near capacity levels. Some excess milk is moving interregionally to find processing capacity.

Florida milk, early in the week, moved as far north as Minnesota. Eastern milk moved to Midwestern handlers. California milk was cleared to nearby states for processing. In instances, some loads cleared at distressed prices. Bottled milk sales have been sluggish, but most bottlers expected to step up filling operations after the first when they begin refilling the school lunch pipelines. Fluid cream is also more than ample and heavier volumes are clearing to butter makers. With all this milk and cream moving around plus the holiday time of year, some handlers are having difficulty finding trucking.

The dry dairy product markets are basically unchanged. The year end holidays are typically a period of little activity for dry products. Year end inventory considerations play a large role in buyers' purchasing strategies. Also, the anticipation of the change in the support purchase price did affect buying decisions. The dry whey market is mostly steady and more contacts are wondering if prices have reached their peak. Production of most powders is higher as more milk is available in all areas of the country.

During the period of December 29 - 31, CCC purchased 2,801,253 pounds of Western NDM under the price support program. For calendar year 1997, CCC purchased 39,768,717 pounds of nonfortified NDM, no cheese, and no butter under the price support program. There were no price support purchases during 1996.

SPECIAL THIS ISSUE

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BUTTER MARKETS

CHICAGO WHOLESALE

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

GRADE	DECEMBER 29	DECEMBER 31	JANUARY 2
AA	\$1.1400 - 1.1500	\$1.1400 - 1.1500	\$1.1150 - 1.1250
			(-.0250) (-.0250)
A	\$1.0550 - 1.0650	\$1.0550 - 1.0650	\$1.0300 - 1.0400
	(.0050) (.0050)		(-.0250) (-.0250)

() Change from previous price.

BUTTER HIGHLIGHTS: In cash trading at the Chicago Mercantile Exchange, all grades of bulk butter declined 2 1/2 cents. Churning schedules across the country are heavier as cream becomes readily available to churns. In instances, cream is moving quite some distance before finding a processing facility willing to take the cream. Stocks of butter are building at most operations. Buying interest for both bulk and print butter is fair at best with most buyers waiting until the new year before reentering the market.

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 29, 1997 - JANUARY 2, 1998
BARRELS*	\$1.2700 - 1.2900 (NOMINAL)
40# BLOCKS	\$1.4300 - 1.4600 (NOMINAL)
	(-.0050) (-.0100)

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

CHEESE HIGHLIGHTS: The cheese market is unsettled. At the Chicago Mercantile Exchange, 40# blocks were unchanged at \$1.4300 and barrels increased 1 cent to \$1.2900 in active trading. Cheese offerings have increased as more milk was available for cheese making during the holidays. With reduced movement during the holiday period, bulk cheese supplies have increased at the plant level. A CCC cheese invitation is found on page 13 of this report.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON WEDNESDAY, DECEMBER 31, 1997

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	-.0250	\$1.1250 : OFFER 12/31/97
A	-.0250	\$1.0400 : OFFER 12/31/97
B	-.0250	\$1.0250 : OFFER 12/31/97

SALES: NONE

BIDS UNFILLED: 6 CARS GRADE AA:
 1 @ \$0.9500, 2 @ \$1.0000, 2 @ \$1.0100, 1 @ \$1.0500
 3 CARS GRADE A: 2 @ \$0.9500, 1 @ \$0.9600
 1 CAR GRADE B @ \$0.9300

OFFERS UNCOVERED: 7 CARS GRADE AA: 6 @ \$1.1500, 1 @ \$1.1250 (LST)
 1 CAR GRADE A @ \$1.0400 (LST)
 1 CAR GRADE B @ \$1.0250 (LST)

CHEESE TRANSACTIONS ON WEDNESDAY, DECEMBER 31, 1997

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+.0100	\$1.2900 : SALE 12/31/97
40# BLOCKS	N.C.	\$1.4300 : SALE 12/31/97

SALES: 9 CARS BARRELS: 7 @ \$1.2800, 2 @ \$1.2900 (LST)
 39 CARS 40# BLOCKS: 14 @ \$1.4250,
 16 @ \$1.4200, 8 @ \$1.4225, 1 @ \$1.4300 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: NONE

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

Item	Aug.-Oct.	Percent	Aug.-Oct.	Percent	Jan.-Oct.	Percent	Jan.-Oct.	Percent
	1996	change 4/	1997	change 4/	1996	change 4/	1997	change 4/
Million Pounds								
MILK								
Production	37,593	-0.5	38,402	2.2	129,091	-1.3	131,328	2.1
Marketings	37,219	-0.4	38,055	2.2	127,850	-1.3	130,181	2.2
Beginning Commercial Stocks 2/	5,543	-0.9	6,858	23.7	4,099	-3.8	4,704	14.8
Imports 2/	901	22.6	721	-20.0	2,215	-2.8	2,079	-6.1
Total Supply 3/	43,663	-0.1	45,634	4.5	134,164	-1.4	136,964	2.4
Ending Commercial Stocks 2/	4,890	13.9	5,059	3.5	4,890	13.9	5,059	3.5
Net Removals 2/	15	-91.6	392	2,513.3	72	-96.5	910	1,163.9
Commercial Disappearance 3/	38,758	-1.2	40,183	3.7	129,202	-0.3	130,995	1.7
SELECTED PRODUCTS 5/								
Butter	261.6	-4.6	255.0	-2.5	965.7	-1.7	911.6	-5.2
American Cheese	811.4	1.0	853.7	5.2	2,681.2	2.4	2,744.6	2.7
Other Cheese	1,119.8	5.1	1,170.1	4.5	3,484.7	2.9	3,600.9	3.7
Nonfat Dry Milk	206.2	-9.2	192.8	-6.5	865.0	13.5	757.2	-12.2
Fluid Milk Products 6/	14,066.5	0.7	14,138.6	0.5	46,274.0	1.1	46,075.2	-0.1

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

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are unchanged, but the market tone remains somewhat unsettled. Producers are being offered more cream and output is increasing, but many producers are not overly aggressive in building inventories. Many still think prices could fall further. However, other contacts think prices will hold at these levels for several weeks. Demand for bulk is still quite good, but print orders are down from pre-holiday levels. Export interest remains fairly good and additional DEIP bids are being accepted.

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 STATES

Print and bulk butter prices are generally steady following December 24 cash butter trading at the Chicago Mercantile Exchange. However, the market tone remains unsettled and weak. Midwestern butter production is heavier as cream supplies are more available to local churns. Local cream, as well as offerings from other areas of the country, are being received at most plants. Buying interest is slow as most buyers work off previously acquired stocks. Most buyers remain hesitant to purchase too much butter at this time due to the holiday season and also, many buyers anticipate further price weakness.

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

Western print butter prices are generally unchanged. Churning schedules over the past Christmas holiday period were heavier as cream volumes were readily available to butter operations. Some operations were hesitant to take on all the volumes of cream that were offered due to the unsettledness of current market conditions. Cream was sufficient to the point that some volumes were clearing to the Midwest. Butter demand is not overly aggressive at this time, thus stocks are building at some locations.

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
		:	
12/29/97	4,546	:	99,490
12/01/97	5,661	:	104,357
CHANGE	-1,115	:	-4,867
% CHANGE	-20	:	-5

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS			640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.	
DECEMBER 19	1,4670	1,4034	1,4157	1,4424	1,2921	1,2617	1,2734	
	1,013,256	4,598,740	5,692,049	1,247,528	3,451,523	5,447,302	8,898,825	

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

CHEESE MARKETS

NORTHEAST

Prices are mixed. Process items are one-cent higher, natural styles are fractionally lower, and Swiss is unchanged. The market tone remains unsettled. Cheese production in the Northeast is a little heavier now that more milk is available for manufacturing. Cheese stocks are light to balanced for needs. Demand is a little slower now that most holiday orders have been shipped. Retail and food service movement is quite good as party trays are being prepared for New Year's Eve celebrations. Also, as the NFL enters its "second season" there are a lot of parties. This helps keep demand for cheese strong right through January.

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

Cheddar 10# Prints	:	1.4350-1.9125
Cheddar Single Daisies	:	1.4050-1.9175
Cheddar 40# Block	:	1.5675-1.7275
Process 5# Loaf	:	1.4900-1.6175
Process 5# Sliced	:	1.5100-1.6750
Muenster	:	1.6100-1.9925
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled to weak. At the Chicago Mercantile Exchange on December 24, the price of blocks declined .5 cent to \$1.4300 and barrels increased 1 cent to \$1.2800. This is the first decline in the block price since trading shifted from the National Cheese Exchange over to the Chicago Mercantile Exchange on May 1. Spot interest is limited and current activity limited to short term needs. Most operations remain on holiday reduced processing/packaging/shipping schedules again this week. Following the decline in the block price, buyers are more wary of additional adjustments and are limiting purchases to just immediate needs. Year end inventory positioning also is affecting buyer activity. Additional milk offerings were available for cheese production from bottlers during the holiday period so cheese production is heavier than in past weeks. Some loads of milk have been moving considerable distances to find a manufacturing home.

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#	:	1.7100-1.8875
Cheddar 40# Block	:	1.6800-1.9150
Monterey Jack 10#	:	1.8800-1.9150
Blue 5#	:	2.0325-2.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7900-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Cheese prices are mixed following December 24 cash cheese trading at the Chicago Mercantile Exchange. Process cheese prices are slightly higher, natural styles are fractionally lower, while Swiss prices held steady. Production is heavier at many plants as surplus milk is being diverted toward cheese plants during the current year-end holiday period. In most instances, the additional milk was handled with minimal problems. Cheese demand is slow as most buyers had previously placed sufficient orders to carry them through the final weeks of the calendar year.

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

Process 5# Loaf	:	1.4700-1.7225
Cheddar 40# Block	:	1.6125-1.7300
Cheddar 10# Cuts	:	1.7500-1.9525
Monterey Jack 10#	:	1.7150-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGNTYPE

Domestic prices are fractionally lower and imported styles are unchanged. Holiday orders have been and are fairly good. Distributors are busy filling last minute orders and, like last week, only have a couple of days to make deliveries. Demand is seasonally good for table cheeses.

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

		NEW YORK		
VARIETY	IMPORTED	:	DOMESTIC	
	:	:	:	
Roquefort	:	5.5000-6.8900	:	-0-
Blue	:	2.6400-3.1400	:	1.7650-2.3750*
Gorgonzola	:	3.2400-5.9400	:	2.4300-2.4950*
Parmesan (Italy)	:	TFEWR	:	3.1750-3.2125*
Romano (Italy)	:	2.0900-2.9000	:	-0-
Provolone (Italy)	:	3.4400-5.5000	:	1.4375-1.9450*
Romano (Cows Milk)	:	-0-	:	2.9625-3.2150*
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 is increasing in the more northern areas while mostly steady in the South. Heavy rains and cooler temperatures in Florida have slowed the milk production gains seen during the past several weeks. Heavy snow fall this week in the mountain regions of the Carolinas, Virginia, Maryland, and Pennsylvania has had an impact on the milk flow, demand, and transportation schedules. Florida handlers have had to export milk during the past couple weeks because of the slower demand and increasing output. Last week, 41 loads were sent out of state and, at the time of this report, 59 loads were scheduled to move out of state. Some milk is moving to Minnesota, but after midweek the volumes will be handled by Southeastern plants. Bottled milk sales are reported as very slow. The exceptions were the areas predicted to get snow. Some contacts in the Northeast felt that this year's Christmas week sales of bottled milk were the poorest in memory. Consequently, surplus milk volumes are increasing and most plants are operating at or near capacity levels. These conditions are expected to continue until after the first when bottlers will start to refill the school lunch pipelines. Condensed skim sales are mostly steady to lighter. Prices are unchanged, but with butter prices falling so sharply early in the month, some suppliers are adjusting formula prices for wet solids. The fluid cream market is weak. Offerings are increasing and demand is slow. Some suppliers are shipping the greatest portion of their supply to local and out-of-region churns. Spot prices are mixed. Grade A butter (the basing point for most cream sales) increased last week, but multiples were often lower. Production of bottled cream and egg nog are slowing as most orders have been filled. Sour cream and cream cheese output is holding steady, occasionally improved to take advantage of the lower prices on cream. Ice cream production is mixed. Some plants are down for the holiday season while others are in full production and taking advantage of the abundant cream supply. Churning activity is heavy and excess cream is moving to the Midwest.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.3206	- 1.4591
Delivered Equivalent Atlanta	-	1.3632	- 1.6025 M 1.3845 - 1.4697
F.O.B. Producing Plants: Upper Midwest	-	1.4171	- 1.4910

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 24 - 30, 1997	0
PREVIOUS WEEK	0
PREVIOUS YEAR	N.A.

Class I demand was generally slow, reflecting the continued reduction in fluid demand caused by schools closing for the year end holidays. Retail orders for holiday items and some planned retail feature activity on bottled milk early in the New Year absorbed only part of the extra milk supplies. There were no reports of any Wisconsin milk shipments to bottlers in other states. Handlers had larger fluid supplies backed into manufacturing channels from bottlers, in cases more than earlier expected. Manufacturing capacity has been filled at many locations with some supplies carried over into the workweek from the weekend.

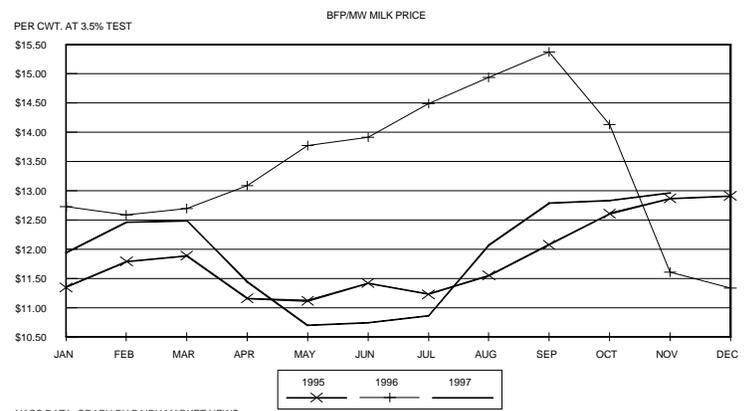
Manufacturing milk prices remain weak with some distressed loads clearing for as low as \$9.50, with many loads around \$1.50 to \$2.00 under class, delivered. A reported breakdown at a Southern manufacturing plant caused extra milk to be rerouted to find other manufacturing homes and caused additional mileage on some loads. Milk was reported cleared from such states as Texas, Pennsylvania, and Florida for processing in upper Midwestern manufacturing plants. Local milk receipts are steady to generally slightly higher throughout the Midwest. Cream demand remains sluggish as many firms remain closed until the new year. Cream prices are nominal. Unseasonably warm temperatures in the upper tier of states has allowed many farmers to utilize fields and/or pastures for some unexpected grazing, reducing the need for stored feed.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)		
	DEC 23-29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 37.00	N.A.
REPLACEMENT HEIFER CALVES	\$105.00-140.00	N.A.

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	DEC 23-29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 37.00	N.A.

WEST

Milk production throughout most of the Western part of the country is much the same as last week. It is hard for many milk handlers to accurately report on milk production this week, especially when milk volumes are being diverted into and away from regular processing facilities. In most instances, milk volumes were heavy at manufacturing plants, but minimal problems have been reported. In California, milk processing capacity was full to the point that some milk was clearing to other nearby states. In the Northwest, milk production is reported to be lower West of the Cascades, while increasing East of the mountain range. Cream volumes were reported to be heavy in most Western regions. Often, placing of cream was a problem. Butter producers did not want to take on any sizable volumes of additional cream due to the unsettledness of current butter markets and ice cream production was light. Due to the difficulty of placing all of the cream, some cream was clearing to the Midwest for processing. Most milk handlers state that surplus milk volumes will remain heavy until late in the current week, when bottlers will once again resume school bottling schedules. Until that time, plant capacity, although nearly full, is anticipated to be able to handle surplus volumes with minimal problems.



NASS DATA, GRAPH BY DAIRY MARKET NEWS

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/30/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices and the market tone are unchanged. Demand is light and spot sales are slower. Production levels were increased over the recent holiday as more manufacturing milk was available. Producers report drying schedules will continue to be active through this week. Stocks are in balance for the end of the year. Many buyers and producers are awaiting the upcoming change in the support price for milk. Many in the trade think the announcement will decrease the 1997 support purchase price of \$1.0470 by approximately 2 cents.

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 unchanged. The market tone is weak with light trading activity. Demand is limited as some buyers try to balance out year end inventories. Interest continues to focus in the West where prices are considerably lower. Production levels are moderate and stocks are adequate for needs.

BUTTERMILK: .9350 - .9825

DRY WHEY - CENTRAL

Prices are steady and the market tone is softening. Sales are slower due to the holidays. Demand is not as aggressive as seen in previous weeks. Buyers are trying to work down year end inventories. Resellers indicate offerings from producers are increasing. Manufacturers report the combination of increased production and decreased demand has allowed inventories to begin building. Many contacts believe the peak of the market may have been reached.

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

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal for all animal feed types except delactose. As edible whey prices remain high, prices for milk replacer, standard, and roller ground continue to follow. Demand is strong, but stocks and offerings are limited. Sales activity has been slower over the holidays. Prices for delactose are higher on the top end. Demand is aggressive. Producers' stocks range from adequate to tight. Some manufacturers report production levels to be heavier than normal.

MILK REPLACER:	.2800 - .3225
STANDARD:	.2775 - .3125
ROLLER GROUND:	.3000 - .3400
DELACTOSE (Min. 20% protein):	.3400 - .3675

LACTOSE - CENTRAL AND WEST

Prices are unchanged and the market tone is quieter due to the recent holidays. Demand continues to be good. Some manufacturers were able to catch up on production levels and build minimal inventories. Others remain short of product and are often unable to satisfy needs. Contacts note that domestic and foreign interest has increased as the upcoming year nears. The general feeling within the industry for first quarter contracts is steady to stronger. Prices reported are 1 to 3 cents higher than fourth quarter agreements. Contacts believe this may be in response to the fairly tight current market.

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 steady. Contacts report that the marketplace has been quieter over the holidays. Demand, when seen, is good. Prices continue to hold at high levels in response to the elevated edible whey market. Production levels have increased and most plants are running heavier than normal. Some producers report the inability to find liquid whey for processing has been a problem. Inventories range from in balance to short.

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

NONFAT DRY MILK - WEST

Nonfat dry milk prices are unchanged. The market tone is steady to weak. Most producers and traders are awaiting USDA's support price announcement for NDM and what impact this may have on domestic prices. Current buying interest is light and unaggressive. Much of this inactivity is due to the pending support price announcement, year end considerations, and the holiday period. Current production is heavier as surplus milk volumes are clearing through butter/powder plants. Some Western producers continue to offer current production to CCC.

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 powder prices are steady to lower. Buying interest is lighter this week, typical for the holiday period and end of the calendar year concerns. Buttermilk powder drying schedules are active as butter/powder production is heavy. Some producers are lowering prices in an attempt to keep powder moving. In many instances, lower offering prices are not getting much buyer interest at this time.

BUTTERMILK: .8300 - .9000 MOSTLY: .8700 - .9000

DRY WHEY - WEST

Western whey markets are basically steady. Prices are generally unchanged, although slightly higher on the low end of the range. Demand remains relatively strong, thus keeping stocks at the producer level pretty well cleaned up. Resale powder remains available. The Southeast Asia financial situation continues to be closely monitored by exporters. The stability of letters of credit or the banking institution behind those letters is also a major concern.

NONHYGROSCOPIC: .2750 - .3100 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 19**, on powder sales of 11,362,613 pounds f.o.b. California manufacturing plants was \$1.0417 per pound. This compares to 10,536,486 pounds at \$1.0444 for the previous week ending December 12, 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. Data for week ending December 26 was not available at press time.

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 mostly unchanged. The market tone is steady to weaker. Buyers are holding off any spot purchases until after the first of the year. They are working off existing inventories and waiting to see what adjustment USDA will make in the support purchase price of NDM. By law, the support price for fluid milk decreases 15 cents per cwt. on January 1, 1998, and nonfat dry milk purchase prices are expected to be affected. Current production levels are heavier as ample volumes of surplus milk are available throughout the region.

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 is basically unchanged. Offerings are moderate to heavy from local suppliers; more than ample from Western producers. In the East, producers have little or no powder on hand for spot sales. Most are pricing their product competitively enough to keep it moving out the door. Demand is fair, but more interest is evident as prices approach the 90-cent level. Currently, production levels are increasing as butter output increases seasonally.

F.O.B. NORTHEAST: .9400 - .9800
 DELVD SOUTHEAST: .9200 - .9900

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower. The market tone is fairly steady. Production levels are increasing as more milk is available to most producers. Plant stocks are still closely balanced. Production, though higher, is geared to filling existing contracts. Domestic demand is fair, but there seems to be a little more activity in the export market. For recent DEIP bid acceptances, see table below.

F.O.B. PRODUCING PLANT: 1.2500 - 1.3500

DEIP BID ACCEPTANCE SUMMARY

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

NONFAT DRY MILK	--	79,651	MT (175,598,403 LBS)
CHANGE	--	344	MT (758,382 LBS)
WHOLE MILK POWDER	--	5,878	MT (12,958,638 LBS)
CHANGE	--	424	MT (934,750 LBS)
CHEESE	--	1,911	MT (4,212,991 LBS)
CHANGE	--	94	MT (207,232 LBS)
BUTTERFAT	--	15,095	MT (33,278,437 LBS)
CHANGE	--	230	MT (507,058 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 and the market tone are mostly unchanged. Contacts report that there has been relatively little trading activity during the past couple weeks. The holiday period and year end inventory considerations are often entering into buying decisions. Buyers are trying to hold off until after the first of the year to make additional spot purchases. Contracts for 1998 are still being negotiated. Production levels are quite heavy as most cheese plants are being offered additional volumes of milk. Also, quite a bit of condensed whey is available in the marketplace.

F.O.B. NORTHEAST: EXTRA GRADE .3175 - .3400
 USPH GRADE A .3475 - .3625
 DELVD SOUTHEAST: .3350 - .3675

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Demand from feed buyers has been light from vealers, but fair to good from hog feeders. Offerings are adequate to meet most needs. Many buyers are working off existing inventories before making additional spot purchases.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices are unchanged. Production levels are increasing where and when more milk is available. The year-end holidays are typically a very good time for evaporated milk sales. Most orders have been delivered and, at the plant level, demand is now slower. With inventories at the low point in the annual cycle, producers are currently trying to replenish their stocks and take advantage of all the surplus milk. Demand is slower as most users work off inventories before reordering.

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 prices for both rennet and acid are unchanged. Trading activity is light, typical for the holiday period and the end of the calendar year. Casein buyers and traders state that contracts are in place for first quarter deliveries. At this point, buyers are not anticipating too much change from current conditions.

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

DEIP BID ACCEPTANCE
DECEMBER 1997

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY - NOVEMBER 1997		71,365		
12/01	CARIBBEAN, CENT & S. AM	3,704	DEC-MAY	\$725.32
12/02	CARIBBEAN, CENT & S. AM	67	DEC-FEB	\$769.24
12/02	AFRICA & MIDDLE EAST	1,617	DEC-JUN	\$821.79
12/03	CARIBBEAN, CENT & S. AM	534	DEC-JUN	\$798.75
12/03	AFRICA & MIDDLE EAST	677	DEC-JUL	\$819.03
12/04	AFRICA & MIDDLE EAST	462	DEC-JUN	\$815.35
12/04	CARIBBEAN, CENT & S. AM	17	DEC-JAN	\$795
12/08	CARIBBEAN, CENT & S. AM	54	DEC-JAN	\$785
12/09	CARIBBEAN, CENT & S. AM	20	DEC-JAN	\$785
12/11	CARIBBEAN, CENT & S. AM	40	DEC-FEB	\$800
12/12	CARIBBEAN, CENT & S. AM	69	DEC-MAR	\$807.94
12/15	CARIBBEAN, CENT & S. AM	17	DEC	\$817
12/17	CARIBBEAN, CENT & S. AM	479	DEC-JUL	\$819.87
12/19	CARIBBEAN, CENT & S. AM	185	DEC-MAR	\$813.16
12/22	CARIBBEAN, CENT & S. AM	240	DEC-MAR	\$821.25
12/23	CARIBBEAN, CENT & S. AM	34	DEC-FEB	\$795
12/24	CARIBBEAN, CENT & S. AM	70	JAN-MAY	\$822
12/30	CARIBBEAN, CENT & S. AM	224	DEC-MAY	\$818.10
12/31	CARIBBEAN, CENT & S. AM	34	JAN-FEB	\$798
DECEMBER 1 - 31, 1997		<u>8,544</u>		
PROGRAM TO DATE		79,909		
WHOLE MILK POWDER				
JULY - NOVEMBER 1997		3,913		
12/05	AFRICA, MIDDLE EAST & FSU	200	DEC-JAN	\$1,178
12/05	CARIBBEAN, CENT & S. AM	16	DEC-FEB	\$1,240
12/08	CARIBBEAN, CENT & S. AM	480	DEC-MAY	\$1,240
12/12	AFRICA, MIDDLE EAST & FSU	100	JAN-MAR	\$1,255
12/15	CARIBBEAN, CENT & S. AM	96	DEC-MAY	\$1,220
12/15	AFRICA, MIDDLE EAST & FSU	153	DEC-FEB	\$1,270
12/16	CARIBBEAN, CENT & S. AM	16	DEC-JAN	\$1,175
12/17	CARIBBEAN, CENT & S. AM	480	DEC-JUN	\$1,220
12/24	CARIBBEAN, CENT & S. AM	424	JAN-JUL	\$1,180
DECEMBER 1 - 31, 1997		<u>1,965</u>		
PROGRAM TO DATE		5,878		

DEIP BID ACCEPTANCE
DECEMBER 1997

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
CHEESE				
JULY - NOVEMBER 1997		1,615		
12/04-P	CARIBBEAN,CENT & S. AM	102	DEC-MAR	\$680
12/11-M	AFRICA & MIDDLE EAST	22	FEB-MAR	\$1,050
12/12-M	AFRICA & MIDDLE EAST	17	DEC-JAN	\$1,040
12/19-M	AFRICA & MIDDLE EAST	61	JAN-FEB	\$1,050
12/24-M	AFRICA & MIDDLE EAST	2	JAN	\$1,050
12/24-P	CARIBBEAN, CENT & S. AM	92	DEC-MAR	\$629.61
12/29-P	CARIBBEAN, CENT & S. AM	19	DEC-MAR	\$640
DECEMBER 1 - 31, 1997		<u>315</u>		
PROGRAM TO DATE		1,930		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE				
BUTTEROIL/ANHYDROUS MILKFAT				
JULY - NOVEMBER 1997		14,339*		
12/16-B	CARIBBEAN, CENT & S. AM	24	DEC-JAN	\$1,020
12/17-B	CARIBBEAN, CENT & S. AM	120	JAN-FEB	\$1,025
12/19-B	ASIA & FSU	382	JAN-MAY	\$1,022.71
12/24-A	CARIBBEAN, CENT & S. AM	104	FEB-APR	\$1,510
12/24-B	ASIA & FSU	100	JAN-FEB	\$950
12/29-B	ASIA & FSU	171	JAN-MAR	\$945
12/31-B	CARIBBEAN, CENT & S. AM	40	JAN-FEB	\$915
DECEMBER 1 - 31, 1997		<u>967*</u>		
PROGRAM TO DATE		15,306*		
A.-ANHYDROUS, O-BUTTEROIL, B-BUTTER				
*TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS /BUTTEROIL TO BUTTER EQUIVALENT				
				PROGRAM-TO-DATE
TOTAL MT				103,023
TOTAL BONUS VALUE				\$92,263,000

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

SOURCE: FOREIGN AGRICULTURAL SERVICE

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

COMMODITY	:REPORT NUMBER 49		:REPORT NUMBER 50		:REPORT NUMBER 51		:REPORT NUMBER 52		:REPORT NUMBER 53:		1997	1996
	DEC 01 - 05	DEC 08 - 12	DEC 15 - 19	DEC 22 - 26	DEC 29 - 31	or Total	or Total	Average	Average	or Total	or Total	
BUTTER												
CHICAGO (WSP) 2/ (Delivered in Bulk in Fiber Boxes) (Prices Issued Tues, Thurs and Fri)												
TUESDAY												
-- Grade AA	:: 1.6000	- 1.6100	:: 1.5100	- 1.5200	:: 1.1900	- 1.2000	:: 1.1400	- 1.1500	:: 1.1400	- 1.1500	::	:
-- Grade A	:: 1.4950	- 1.5050	:: 1.2400	- 1.2500	:: 1.0950	- 1.1050	:: 1.0500	- 1.0600	:: 1.0550	- 1.0650	::	:
THURSDAY												
-- Grade AA	:: 1.6000	- 1.6100	:: 1.5100	- 1.5200	:: 1.1900	- 1.2000	:: 1.1400	- 1.1500	:: 1.1400	- 1.1500	::	:
-- Grade A	:: 1.4950	- 1.5050	:: 1.2400	- 1.2500	:: 1.0950	- 1.1050	:: 1.0500	- 1.0600	:: 1.0550	- 1.0650	::	:
FRIDAY												
-- Grade AA	:: 1.6000	- 1.6100	:: 1.5100	- 1.5200	:: 1.1900	- 1.2000	:: 1.1400	- 1.1500	::		:: 1.3336	: 0.8035
-- Grade A	:: 1.4950	- 1.5050	:: 1.2400	- 1.2500	:: 1.0950	- 1.1050	:: 1.0500	- 1.0600	::		:: 1.2014	: 0.7185
CHICAGO MERCANTILE EXCHANGE 3/												
-- Grade AA	:: 1.5200		:: 1.2000		:: 1.1500		:: 1.1500		:: 1.1250		:: 1.3021	: 0.8142
-- Grade A	:: 1.2500		:: 1.1050		:: 1.0600		:: 1.0650		:: 1.0400		:: 1.1697	: 0.7302
-- Grade B	:: 1.2500		:: 1.0900		:: 1.0500		:: 1.0500		:: 1.0250		:: 1.1608	: 0.7102
CENTRAL STATES PRINT (f.o.b. LTL)												
-- Grade AA, 1/4 Lb. Prints	:: 1.7000	- 2.1075	:: 1.6200	- 2.0275	:: 1.3000	- 1.7075	:: 1.2500	- 1.6575	:: 1.2500	- 1.6575	:: 1.6515	: 1.1026
-- Grade AA, 1 Lb. Prints	:: 1.6650	- 1.8275	:: 1.5850	- 1.7475	:: 1.2650	- 1.4275	:: 1.2150	- 1.3775	:: 1.2150	- 1.3775	:: 1.4940	: 0.9451
-- Grade AA, Chips/Patties	:: 1.6900	- 1.9000	:: 1.6100	- 1.8200	:: 1.2900	- 1.5000	:: 1.2400	- 1.4500	:: 1.2400	- 1.4500	:: 1.5427	: 0.9938
-- Grade AA, Reddies	:: 1.7750	- 2.0100	:: 1.6950	- 1.9300	:: 1.3750	- 1.6100	:: 1.3250	- 1.5600	:: 1.3250	- 1.5600	:: 1.6402	: 1.0901
-- Grade AA, Continentals	:: 1.9300	- 2.1200	:: 1.8500	- 2.0400	:: 1.5300	- 1.7200	:: 1.4800	- 1.6700	:: 1.4800	- 1.6700	:: 1.7727	: 1.2238
NORTHEAST PRINT (Delivered, LTL)												
-- Grade AA, 1/4 Lb. Prints	:: 1.8100	- 2.0575	:: 1.7300	- 1.9775	:: 1.4100	- 1.6575	:: 1.3600	- 1.6075	:: 1.3600	- 1.6075	:: 1.6815	: 1.1226
-- Grade AA, 1 Lb. Prints	:: 1.7250	- 1.9075	:: 1.6450	- 1.8275	:: 1.3250	- 1.5075	:: 1.2750	- 1.4575	:: 1.2750	- 1.4575	:: 1.5640	: 1.0151
-- Grade AA, Chips/Patties	:: 1.7875	- 1.9675	:: 1.7075	- 1.8875	:: 1.3875	- 1.5675	:: 1.3375	- 1.5175	:: 1.3375	- 1.5175	:: 1.6252	: 1.0713
-- Grade AA, Reddies	:: 1.8625	- 2.0575	:: 1.7825	- 1.9775	:: 1.4625	- 1.6575	:: 1.4125	- 1.6075	:: 1.4125	- 1.6075	:: 1.7077	: 1.1638
-- Grade AA, Continentals	:: 1.9425	- 2.1175	:: 1.8625	- 2.0375	:: 1.5425	- 1.7175	:: 1.4925	- 1.6675	:: 1.4925	- 1.6675	:: 1.7777	: 1.2288
CALIFORNIA PRINT (Delivered, LTL)												
-- Grade AA, 1/4 Lb. Prints	:: 1.8825	- 1.9300	:: 1.8025	- 1.8500	:: 1.4825	- 1.5300	:: 1.4325	- 1.4800	:: 1.4325	- 1.4800	:: 1.6540	: 1.1138
-- Grade AA, 1 Lb. Prints	:: 1.8125	- 1.8725	:: 1.7325	- 1.7925	:: 1.4125	- 1.4725	:: 1.3625	- 1.4225	:: 1.3625	- 1.4225	:: 1.5902	: 1.0482
-- Grade AA, Patties	:: 1.8550	- 2.0200	:: 1.7750	- 1.9400	:: 1.4550	- 1.6200	:: 1.4050	- 1.5700	:: 1.4050	- 1.5700	:: 1.6852	: 1.1472
-- Grade AA, Reddies	:: 1.9800	- 1.9975	:: 1.9000	- 1.9175	:: 1.5800	- 1.5975	:: 1.5300	- 1.5475	:: 1.5300	- 1.5475	:: 1.7365	: 1.1901
CALIFORNIA PLANTS PRINT (f.o.b. LTL)												
-- Grade AA, 1/4 Lb. Prints	:: 1.5975	- 1.6375	:: 1.5175	- 1.5575	:: 1.1975	- 1.2375	:: 1.1475	- 1.1875	:: 1.1475	- 1.1875	:: 1.3652	: 0.8351
CHEESE												
CHICAGO MERCANTILE EXCHANGE 3/												
-- Barrels	:: 1.2925		:: 1.2700		:: 1.2700		:: 1.2800		:: 1.2800		:: 1.2806	: 1.1537
-- 40# Blocks	:: 1.4350		:: 1.4350		:: 1.4350		:: 1.4300		:: 1.4300		:: 1.4335	: 1.2373
WISCONSIN ASSEMBLY POINTS (f.o.b.)												
-- Cheddar Barrels	:: 1.3000	- 1.3200	:: 1.2925	- 1.3125	:: 1.2700	- 1.2900	:: 1.2700	- 1.2900	:: 1.2700	- 1.2900	:: 1.2919	: 1.1563
-- Cheddar 40# Blocks	:: 1.4625	- 1.4675	:: 1.4650	- 1.4700	:: 1.4625	- 1.4700	:: 1.4350	- 1.4700	:: 1.4300	- 1.4600	:: 1.4609	: 1.2598
WISCONSIN (WSP, Delivered, LTL)												
-- Process American 5# Loaf	:: 1.4975	- 1.6600	:: 1.4975	- 1.6600	:: 1.4975	- 1.6400	:: 1.4975	- 1.6400	:: 1.4975	- 1.6400	:: 1.5733	: 1.5522
-- Brick And/Or Muenster 5#	:: 1.6900	- 1.8900	:: 1.6900	- 1.8925	:: 1.7100	- 1.8925	:: 1.7100	- 1.8925	:: 1.7100	- 1.8875	:: 1.7961	: 1.6693
-- Cheddar 40# Block	:: 1.6825	- 1.9150	:: 1.6850	- 1.9150	:: 1.6850	- 1.9150	:: 1.6850	- 1.9150	:: 1.6800	- 1.9150	:: 1.7994	: 1.7112
-- Monterey Jack 10#	:: 1.8800	- 1.9150	:: 1.8800	- 1.9150	:: 1.8850	- 1.9150	:: 1.8850	- 1.9150	:: 1.8800	- 1.9150	:: 1.8985	: 1.8112
-- Blue 5#	:: 2.0350	- 2.2300	:: 2.0375	- 2.2300	:: 2.0375	- 2.2500	:: 2.0375	- 2.2500	:: 2.0325	- 2.2500	:: 2.1386	: 2.0057
-- Mozzarella 5 - 6#	:: 1.7700	- 1.9150	:: 1.7700	- 1.9150	:: 1.7900	- 1.9150	:: 1.7900	- 1.9150	:: 1.7900	- 1.9150	:: 1.8480	: 1.7776
-- Grade A Swiss Cuts 6 - 9#	:: 2.2800	- 2.4850	:: 2.2800	- 2.4850	:: 2.2800	- 2.4850	:: 2.2800	- 2.4850	:: 2.2800	- 2.4850	:: 2.3825	: 2.4173
NORTHEAST (WSP, Delivered, LTL)												
-- Cheddar 10# Prints	:: 1.4350	- 1.9150	:: 1.4350	- 1.9175	:: 1.4350	- 1.9175	:: 1.4350	- 1.9175	:: 1.4350	- 1.9125	:: 1.6756	: 1.5370
-- Cheddar Single Daisies	:: 1.4050	- 1.9200	:: 1.4050	- 1.9225	:: 1.4050	- 1.9225	:: 1.4050	- 1.9225	:: 1.4050	- 1.9175	:: 1.6631	: 1.5195
-- Cheddar 40# Block	:: 1.5700	- 1.7300	:: 1.5725	- 1.7325	:: 1.5725	- 1.7325	:: 1.5725	- 1.7325	:: 1.5675	- 1.7275	:: 1.6513	: 1.4599
-- Process 5# Loaf	:: 1.5100	- 1.6375	:: 1.5025	- 1.6300	:: 1.4800	- 1.6075	:: 1.4800	- 1.6075	:: 1.4900	- 1.6175	:: 1.5570	: 1.4321
-- Process 5# Sliced	:: 1.5300	- 1.6950	:: 1.5225	- 1.6875	:: 1.5000	- 1.6650	:: 1.5000	- 1.6650	:: 1.5100	- 1.6750	:: 1.5958	: 1.4496
-- Muenster	:: 1.6125	- 1.9925	:: 1.6150	- 1.9925	:: 1.6150	- 1.9925	:: 1.6150	- 1.9925	:: 1.6100	- 1.9925	:: 1.8031	: 1.6608
-- Grade A Swiss Cuts 10 - 14#	:: 2.2500	- 2.5050	:: 2.2500	- 2.5050	:: 2.2500	- 2.5050	:: 2.2500	- 2.5050	:: 2.2500	- 2.5050	:: 2.3775	: 2.3775
WEST COAST (WSP, Delivered, LTL)												
-- Process 5# Loaf	:: 1.4900	- 1.7425	:: 1.4825	- 1.7350	:: 1.4600	- 1.7125	:: 1.4600	- 1.7125	:: 1.4700	- 1.7225	:: 1.5995	: 1.5623
-- Cheddar 40# Block	:: 1.6150	- 1.7300	:: 1.6175	- 1.7300	:: 1.6175	- 1.7300	:: 1.6175	- 1.7300	:: 1.6125	- 1.7300	:: 1.6731	: 1.5952
-- Cheddar 10# Cuts	:: 1.7500	- 1.9550	:: 1.7500	- 1.9575	:: 1.7500	- 1.9575	:: 1.7500	- 1.9575	:: 1.7500	- 1.9525	:: 1.8531	: 1.7705
-- Monterey Jack 10#	:: 1.7150	- 1.9175	:: 1.7150	- 1.9200	:: 1.7150	- 1.9200	:: 1.7150	- 1.9200	:: 1.7150	- 1.9150	:: 1.8169	: 1.7277
-- Grade A Swiss Cuts 6 - 9#	:: 2.3375	- 2.5600	:: 2.3375	- 2.5600	:: 2.3375	- 2.5600	:: 2.3375	- 2.5600	:: 2.3375	- 2.5600	:: 2.4488	: 2.4538

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

COMMODITY	REPORT NUMBER 49	REPORT NUMBER 50	REPORT NUMBER 51	REPORT NUMBER 52	REPORT NUMBER 53	1997	1996
	DEC 01 - 05	DEC 08 - 12	DEC 15 - 19	DEC 22 - 26	DEC 29 - 31	Average	Average
						or Total	or Total
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
Delivered Equivalent:							
-- Northeast	2.0033 - 2.1678	1.6750 - 1.8500	1.4807 - 1.6023	1.3780 - 1.4840	1.3206 - 1.4591	1.6746	1.0236
-- Atlanta	2.0033 - 2.2440	1.7250 - 2.1328	1.5028 - 1.6880	1.3992 - 1.5900	1.3632 - 1.6025	1.7576	1.0388
-- Upper Midwest	2.0631 - 2.1678	1.7250 - 1.8125	1.4807 - 1.5581	1.3992 - 1.4840	1.4171 - 1.4910	1.6885	1.0097
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)							
Delivered Equivalent:							
-- Northeast	1.0000 - 1.0500	1.0000 - 1.1300	1.0200 - 1.1300	1.0200 - 1.1300	1.0200 - 1.1300	1.0614	1.5021
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points	0	0	0	0	0	0	18
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	27.7500	27.7500
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Extra And Grade A	1.0400 - 1.1050	1.0400 - 1.1100	1.0400 - 1.1200	1.0400 - 1.1000	1.0400 - 1.1000	1.0740	1.2055
-- Mostly	1.0450 - 1.0600	1.0450 - 1.0600	1.0450 - 1.0600	1.0450 - 1.0600	1.0450 - 1.0600	1.0525	1.1963
-- West (f.o.b.)							
-- Low/Medium Heat	1.0300 - 1.0650	1.0200 - 1.0650	1.0200 - 1.0650	1.0200 - 1.0650	1.0200 - 1.0650	1.0436	1.1315
-- Mostly	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0400	1.0300 - 1.0400	1.0300 - 1.0400	1.0373	1.1280
-- High Heat	1.0550 - 1.0875	1.0550 - 1.0875	1.0500 - 1.0875	1.0500 - 1.0850	1.0500 - 1.0850	1.0695	1.1571
-- Northeast (f.o.b.)							
-- Extra & Grade A	1.0400 - 1.1400	1.0300 - 1.1400	1.0300 - 1.1400	1.0300 - 1.1400	1.0300 - 1.1400	1.0861	1.2600
-- Southeast (Delvd)							
-- Extra & Grade A	1.0700 - 1.0850	1.0600 - 1.0850	1.0600 - 1.0850	1.0700 - 1.0850	1.0700 - 1.0850	1.0752	1.2561
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)							
-- Mostly	0.3200 - 0.3375	0.3200 - 0.3450	0.3250 - 0.3500	0.3250 - 0.3375	0.3250 - 0.3375	0.3324	0.1876
-- West (f.o.b.)							
-- Mostly	0.3225 - 0.3300	0.3250 - 0.3350	0.3300 - 0.3350	0.3300 - 0.3350	0.3300 - 0.3350	0.3305	0.1813
-- Mostly	0.2650 - 0.3200	0.2650 - 0.3000	0.2650 - 0.3100	0.2650 - 0.3100	0.2750 - 0.3100	0.2882	0.1861
-- Mostly	0.2850 - 0.2950	0.2850 - 0.2950	0.2850 - 0.2950	0.2850 - 0.2950	0.2850 - 0.2950	0.2900	0.1863
-- Northeast Extra Grade (f.o.b.)	0.3175 - 0.3275	0.3175 - 0.3325	0.3175 - 0.3400	0.3175 - 0.3400	0.3175 - 0.3400	0.3265	0.1825
-- Northeast Usph Grade A(f.o.b.)	0.3450 - 0.3625	0.3475 - 0.3625	0.3475 - 0.3625	0.3475 - 0.3625	0.3475 - 0.3625	0.3547	0.1907
-- Southeast Extra Grade (Delvd)	0.3350 - 0.3675	0.3350 - 0.3675	0.3350 - 0.3675	0.3350 - 0.3700	0.3350 - 0.3675	0.3515	0.2081
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.5725 - 0.6225	0.5775 - 0.6200	0.5775 - 0.6275	0.5775 - 0.6275	0.5775 - 0.6275	0.6005	0.5871
-- Mostly	0.6025 - 0.6100	0.6050 - 0.6100	0.6050 - 0.6100	0.6050 - 0.6100	0.6050 - 0.6100	0.6072	0.5904
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.2900 - 0.3225	0.2900 - 0.3225	0.2800 - 0.3225	0.2800 - 0.3225	0.2800 - 0.3225	0.3035	0.1675
-- Standard	0.2775 - 0.3050	0.2775 - 0.3100	0.2775 - 0.3100	0.2775 - 0.3125	0.2775 - 0.3125	0.2936	0.1600
-- Roller Ground	0.3250 - 0.3300	0.3250 - 0.3400	0.3000 - 0.3400	0.3000 - 0.3400	0.3000 - 0.3400	0.3245	0.1870
-- Deltacose	0.3400 - 0.3650	0.3400 - 0.3650	0.3400 - 0.3650	0.3400 - 0.3650	0.3400 - 0.3675	0.3527	0.3512
-- Northeast (f.o.b.)							
-- Milk Replacer		TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)							
-- West (f.o.b.)							
-- Mostly	0.9400 - 0.9825	0.9400 - 0.9825	0.9350 - 0.9825	0.9350 - 0.9825	0.9350 - 0.9825	0.9599	0.9518
-- Mostly	0.9000 - 0.9800	0.8800 - 0.9600	0.8400 - 0.9500	0.8300 - 0.9400	0.8300 - 0.9000	0.9050	0.9779
-- Mostly	0.9300 - 0.9400	0.9000 - 0.9400	0.8900 - 0.9200	0.8700 - 0.9100	0.8700 - 0.9000	0.9098	TFEWR
-- Northeast (f.o.b.)	0.9700 - 1.0000	0.9600 - 1.0000	0.9600 - 1.0000	0.9600 - 0.9800	0.9400 - 0.9800	0.9766	0.9762
-- Southeast (Delvd)	0.9700 - 1.0250	0.9600 - 1.0175	0.9200 - 1.0175	0.9200 - 0.9900	0.9200 - 0.9900	0.9755	TFEWR
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	1.3500 - 1.5000	1.3500 - 1.5000	1.2500 - 1.5000	1.2500 - 1.4000	1.2500 - 1.3500	1.3784	1.2427
LACTOSE							
-- Central And West (f.o.b.)							
-- Mostly	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.1800 - 0.2600	0.2200	0.2232
-- Mostly	0.2000 - 0.2200	0.2000 - 0.2200	0.2100 - 0.2200	0.2100 - 0.2200	0.2100 - 0.2200	0.2127	0.2225
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.1700 - 2.2500	2.1700 - 2.2500	2.1700 - 2.2500	2.1700 - 2.2500	2.1700 - 2.2500	2.2100	2.4462
-- Nonrestricted - Acid	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0500	2.2792

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

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

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

Month	12/18	12/19	12/22	12/23	12/24	12/25	12/26	12/29	12/30	12/31
CSCE CHEDDAR CHEESE -- Cents per pound										
DEC 97	139.80 (8) 0	141.00 (8) 0					NO TRADING	NO TRADING		NO TRADING
FEB 98	137.10 (0) 0	138.30 (0) 0	138.30 (0) 0	138.30 (0) 0	138.30 (0) 0			138.30 (0) 0	138.30 (0) 0	
CSCE - NONFAT DRY MILK -- Cents per pound										
DEC 97	106.00 (0) 0	105.30 (0) 0					NO TRADING	NO TRADING		NO TRADING
FEB 98	102.20 (0) 0	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0			101.50 (0) 0	101.50 (0) 0	
CSCE - BUTTER -- Cents per lb.										
DEC 97	105.00 (42) 0	116.00 (42) 0					NO TRADING	NO TRADING		NO TRADING
FEB 98	109.00 (0) 0	120.00 (0) 0	104.00 (0) 0	104.00 (0) 0	104.00 (0) 0			104.00 (0) 0	104.00 (0) 0	
CSCE - BFP -- Dollars per cwt.										
DEC 97	13.03 (183) 1	13.13 (183) 1	13.10 (184) 2	13.09 (181) 5	12.99 (181) 0	NO TRADING	NO TRADING	13.09 (180) 1	13.09 (180) 2	NO TRADING
JAN 98	12.65 (117) 15	12.66 (117) 0	12.70 (161) 9	12.63 (165) 6	12.60 (165) 2			12.56 (165) 2	12.53 (165) 0	
FEB 98	12.13 (156) 5	12.05 (160) 1	12.10 (158) 5	12.08 (159) 1	12.10 (159) 0			11.92 (159) 0	11.89 (159) 0	
MAR 98	12.01 (86) 0	12.04 (86) 0	12.05 (84) 3	12.00 (85) 3	11.95 (85) 5			11.95 (85) 0	11.93 (85) 0	
APR 98	11.80 (7) 0	11.60 (7) 0	11.58 (8) 1	11.55 (8) 0	11.70 (8) 0			11.68 (8) 0	11.58 (8) 0	
CSCE - FLUID MILK -- Dollars per cwt.										
DEC 97	12.75 (2) 0	13.88 (2) 0					NO TRADING	NO TRADING		NO TRADING
FEB 98	13.20 (0) 0	14.33 (0) 0	14.33 (0) 0	14.33 (0) 0	14.33 (0) 0			14.33 (0) 0	14.33 (0) 0	
CME - BUTTER -- Cents per pound										
FEB 98	109.00 (40) 4	108.25 (40) 0	108.50 (37) 4	108.50 (37) 0		NO TRADING	NO TRADING	109.00 (39) 10	109.50 (41) 2	110.00 (41) 0
MAR 98	109.10 (26) 1	109.50 (26) 0	109.50 (26) 1	110.00 (26) 9				110.75 (26) 0	111.50 (27) 3	112.00 (27) 1
CME - BFP -- Dollars per cwt.										
DEC 97	13.03 (178) 40	13.08 (174) 5	13.10 (171) 1	13.10 (171) 1		NO TRADING	NO TRADING	13.11 (171) 1	13.06 (203) 1	13.13 (205) 5
JAN 98	12.63 (179) 25	12.65 (181) 10	12.66 (198) 29	12.62 (198) 25				12.62 (199) 0	12.58 (202) 5	12.55 (199) 15
FEB 98	12.08 (102) 9	12.08 (98) 10	12.12 (98) 6	12.10 (100) 6				12.10 (101) 0	12.10 (101) 0	12.02 (101) 0
MAR 98	12.08 (64) 7	12.03 (65) 3	12.05 (68) 3	12.05 (69) 5				11.99 (71) 2	11.98 (76) 6	11.95 (76) 0
APR 98	11.63 (25) 0	11.60 (25) 8	11.60 (25) 2	11.60 (25) 0				11.60 (25) 0	11.60 (25) 0	11.65 (25) 0
CME - CHEDDAR CHEESE -- Cents per pound										
JAN 98	132.00 (179) 2	132.00 (179) 0	133.50 (180) 1	133.50 (184) 5		NO TRADING	NO TRADING	133.00 (183) 0	133.00 (183) 0	133.00 (183) 0
MAR 98	131.50 (40) 0	129.50 (40) 0	130.50 (40) 0	130.50 (61) 21				129.00 (64) 52	129.00 (64) 0	129.00 (64) 0

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

USDA ANNOUNCES 1998 SUPPORT PRICES FOR MILK AND MILK PRODUCTS

Washington, December 31, 1997 — The U.S. Department of Agriculture's Commodity Credit Corporation (CCC) announced today that the support price for milk will be \$10.05 per hundredweight (cwt) during calendar year 1998, effective January 1, 1998. This is a reduction of \$0.15 per cwt from the current support level, and is required by the Federal Agriculture Improvement and Reform Act of 1996 (the Act). The Act authorized the Milk Price Support Program through December 31, 1999, at the following support price levels: \$10.35 per cwt during calendar year 1996, \$10.20 per cwt during calendar year 1997, \$10.05 per cwt during calendar year 1998, and \$9.90 per cwt during calendar year 1999.

This announced price is for milk with an annual average milkfat content of 3.67 percent. In order to carry out the new support level, CCC will decrease the price it pays for nonfat dry milk by 1.9 cents per pound to \$1.0280 and decrease the price for block Cheddar and barrel cheese by 1.5 cents per pound to \$1.1150 and \$1.0850 per pound, respectively. The purchase price for butter will remain at \$0.6500 per pound. The support price adjusted to a milkfat content of 3.5 percent by use of the Federal Milk Marketing Order butterfat differential formula is \$9.95 per cwt.

There are currently no uncommitted CCC inventories of butter, cheese, or nonfat dry milk. If the Government does acquire such inventories, CCC may sell any commodity owned or controlled by the Corporation at any price the Secretary determines will maximize the return to the Corporation.

Further terms and conditions for CCC purchases of dairy products will be contained in subsequent CCC announcements.

CCC PURCHASE PRICES FOR SURPLUS DAIRY PRODUCTS (Dollars Per Pound)

PRODUCTS	Produced Before Jan. 1, 1998	Produced On or After Jan. 1, 1998
BUTTER:		
U.S. Grade A or Higher 25-kg. blocks, Salted	0.6500	0.6500
NONFAT DRY MILK (Spray), U.S. EXTRA GRADE (but not more than 3.5% moisture)		
Nonfortified (25-kg. bags) ^{1/}	1.0470	1.0280
Fortified (Vitamins A & D) (25-kg. bags)	1.0570	1.0380
CHEESE:		
Standard Moisture Basis ^{2/} (37.8-39.0% moisture)		
40-lb. block Cheddar U.S. Grade A or higher (but not more than 38.5% moisture)	1.1300	1.1150
500-lb. Barrel Cheese U.S. Extra Grade (but not more than 36.5% moisture)	1.1000	1.0850

^{1/} Nonfat dry milk in bags which are classified as "Type X" will be accepted at a discount of 0.50 cent (1/2 cent) per pound.

^{2/} The prices per pound for cheese which contains less than 37.8 percent moisture are contained in the Moisture Adjustment Cheese Price Chart (Form FSA-150).

NOTE: Farm Service Agency (FSA) news releases and media advisories are available on the World Wide Web at FSA's Home Page:
<http://www.fsa.usda.gov>

