

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter decreased 1 cent to \$1.4000; Grade A decreased 2 1/2 cents to \$1.3000; and Grade B decreased 2 cents to \$1.3000. Also at the CME, barrel cheese is unchanged at \$1.4225 and 40# blocks are unchanged at \$1.4300.

On February 12, 1998, The United States Court of Appeals for the Eighth Circuit issued an order in the case Minnesota Milk Producers Association, etc., et al versus Dan Glickman, etc., et al. The order extends the stay of the order of the District Court to and including final disposition of these appeals in the Appellate Court or until further order of that Court. Consequently, the Class I pricing provisions of Federal milk orders will remain in effect pending further actions by the Court of Appeals.

According to NASS, the number of milk cows in the United States as of January 1, 1998, totaled 9.19 million head, down 1% from 1997 and down 2% from 1996. Milk replacement heifers totaled 3.98 million head, down 2% from 1997 and down 3% from 1996. On January 1, 1998, the number of milk cow replacements per 100 milk cows was 43.3, down from 43.6 on January 1, 1997, and down from 43.6 on January 1, 1996.

According to the "World Agricultural Supply and Demand Estimates," milk prices have exceeded expectations and current prospects suggest that prices for the next several months will be higher than previously anticipated. This winter, cheese and butter prices have not shown their normal seasonal weakness, helping to hold milk prices above anticipated levels. Price forecasts are increased, with most of the increase for the winter and spring quarters. Supply and use estimates for 1997/98 are little changed from last month.

In November 1997, mailbox milk prices reported for selected Federal milk orders averaged \$14.53, \$.70 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$14.40, up \$.63; Southeast, \$15.62, up \$.64; Midwest, \$14.64, up \$.75 and West, \$13.80, up \$.64. Compared to November 1996, mailbox milk

prices decreased \$.21 per cwt. on the average. The average minimum blend price in November 1997 was \$.61 below the price in the previous year

Milk production is beginning to be negatively impacted by the wet conditions of the past several weeks in California. Some declines range from minimal to 5% lower than in recent weeks. Rain has fallen over most milk producing areas of the state and is expected to continue late in the week into the weekend. Further declines are anticipated as feedlot conditions worsen. The rainfall is extending into the Northwest and Mountain States. However, mild temperatures are helping to stimulate additional milk and improved solids content. In the Southeast, wet conditions are tempering seasonal milk production increases. Mild, seasonal weather conditions in the Midwest are allowing milk output to be higher than expected.

Nonfat dry milk markets are steady and offerings to the government continue to be used to balance surpluses in the West. Buttermilk prices are slightly firmer, but demand is not as strong as in recent weeks. Stocks are in fairly good balance, but resistance is developing when prices are increased. Whey prices have moderated in the Midwest, but are declining in the East and West. Lactose and WPC markets are holding steady.

During the week of February 9 - 13, CCC purchased 2,963,775 pounds of Western NDM under the price support program.

****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	FEBRUARY 10	FEBRUARY 12	FEBRUARY 13
AA	\$1.4100 - 1.4200 : (.0500) (.0500)	\$1.4100 - 1.4200 :	\$1.4100 - 1.4200 :
A	\$1.3250 - 1.3350 : (.0650) (.0650)	\$1.3250 - 1.3350 :	\$1.3250 - 1.3350 :

() Change from previous price.

BUTTER HIGHLIGHTS: In cash trading at the Chicago Mercantile Exchange, all grades of bulk butter declined. The market tone is mixed. Buying interest continues steady for short term or immediate needs. In most instances, buyers continue to secure, when available, additional stocks, but are cautious at current prices. Stock levels range from in balance to short of full needs. Churning schedules are reported to be moderate to heavy.

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	FEBRUARY 9 - 13, 1998
BARRELS*	\$1.4225 - 1.4475 (NOMINAL) : (.0025) (.0025)
40# BLOCKS	\$1.4300 - 1.4600 (NOMINAL) : (-.0100)

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

CHEESE HIGHLIGHTS: The cheese market is steady, though traders are cautious over market direction. At the Chicago Mercantile Exchange, 40# blocks were unchanged at \$1.4300 in fairly active trading and barrels were steady at \$1.4225 in light activity. Barrels remain tight to short of needs. Some processors have been unable to secure desired barrel volumes. Block supplies are more available. Milk and cheese production are trending higher through most major producing areas. CCC cheese invitations for April delivery are found on page 15 of this report.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, FEBRUARY 13, 1998

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	-.0100	\$1.4000 : SALE 02/13/98
A	-.0250	\$1.3000 : OFFER 02/13/98
B	-.0200	\$1.3000 : OFFER 02/13/98

SALES: 1 CAR GRADE AA @ \$1.4000 (LST)
1 CAR GRADE A @ \$1.3250

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.3500
2 CARS GRADE A: 1 @ \$1.2600, 1 @ \$1.2500
1 CAR GRADE B @ \$1.2500

OFFERS UNCOVERED: 9 CARS GRADE AA: 5 @ \$1.4500,
1 @ \$1.4300, 1 @ \$1.4250, 1 @ \$1.4200, 1 @ \$1.4100
1 CAR GRADE A @ \$1.3000 (LST)
1 CAR GRADE B @ \$1.3000 (LST)

CHEESE TRANSACTIONS ON THURSDAY, FEBRUARY 12, 1998

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.4225 : SALE 02/12/98
40# BLOCKS	N.C.	\$1.4300 : SALE 02/12/98

SALES: 2 CARS BARRELS @ \$1.4225 (LST)

37 CARS 40# BLOCKS:
30 @ \$1.4275, 7 @ \$1.4300 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: NONE

Summary of CCC Milk Price Support and Related Program Activities, First Quarter, 1998 Marketing Year
(Editor's note: The first quarter of the 1998 marketing year is October 1 - December 31, 1997.)

Item	Butter	Cheese	NDM/DWM <u>1/</u>	Item	Butter	Cheese	NDM/DWM <u>1/</u>
	Thousand Pounds				Thousand Pounds		
Purchases:				Domestic Donations: <u>4/</u>			
Price Support	0	0	8,665	Needy	0	0	531
Market Price <u>2/</u>	0	24,831	1,039	Schools	0	22,453	1,430
DWM			5,210	Institutions	147	3,440	1,298
Total Purchases	0	24,831	14,914	Foreign Donations:			
Domestic Sales:	0	0	0	Food for Progress	0	0	0
				DWM			6,315
Foreign Sales:				Total Utilizations	14,729	28,216	94,984
DEIP <u>3/</u>	14,582	2,323	78,049	Uncommitted Inventories	0	0	0
DWM			7,361				

1/ Nonfat dry milk or Dry whole milk. Figures are nonfat dry milk unless otherwise specified. 2/ Cheese includes American -- 16,928 and Mozzarella -- 7,903; purchases are on a delivery basis. 3/ Contract basis. 4/ Based on orders issued for shipment.

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

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are five cents higher and the market tone, though very firm, is unsettled. Producers want to build stocks, but the high butter prices are making cream purchases somewhat prohibitive. Also, Class II cream users are balking at spot purchases and more excess cream is often available. Current churning schedules are moderate to heavy and plant stocks range from light to accumulating. Demand is still reported as good, but distributors do note that retailers are generally taking normal, weekly volumes. The recent price increases (38.5 cents in the last four weeks) are doing nothing to help retail sales. Food service orders are steady, but pricing is also a factor and there are alternatives.

WHOLESALE PRICES: MIN 25 BOXES

DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.6200-1.8675
1 LB. PRINTS	:	1.5350-1.7175
CHIPS/PATTIES	:	1.5975-1.8050
REDDIES	:	1.6725-1.8675
CONTINENTALS	:	1.7525-1.9275

CENTRAL

Print butter prices continue to increase following the 5 cent advance recorded February 6 in cash trading at the Chicago Mercantile Exchange. The market tone is mixed. Producers and handlers have varying opinions as to current market conditions. Stocks are generally sufficient for current needs, although less available for future use. Buying interest is seasonally good for immediate needs. Although prices are increasing, buyers are quite surprised at the good level of retail sales. Food service orders are also reported to be holding steady at favorable levels. In both instances, favorable winter weather is one factor that butter handlers are attributing to the good sales patterns.

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

1/4 LB. PRINTS	:	1.5100-1.9175
1 LB. PRINTS	:	1.4750-1.6375
CHIPS/PATTIES	:	1.5000-1.7100
REDDIES	:	1.5850-1.8200
CONTINENTALS	:	1.7400-1.9300

WEST

Additional strength was noted on Western print butter following trading at the CME on February 6. Contacts are more cautious and conservative in their market positions as prices firm. Retail sales remain good and bulk shipments to other regions of the country continue at very good levels. Some sellers are having to reduce their selling price in relation to the base price to keep things moving. Butter continues to be stored at most levels in the market, but contacts wonder for how much longer if prices continue to rise. Production ranges from steady to lighter.

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

1/4 LB. PRINTS	:	1.6925-1.7600
1 LB. PRINTS	:	1.6225-1.6875
PATTIES	:	1.6650-1.8300
REDDIES	:	1.7900-1.8075

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

1/4 LB. PRINTS	:	1.4075-1.4575
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
02/09/98	9,897	:	101,975
02/01/98	8,834	:	98,933
CHANGE	+1,063	:	+3,042
% CHANGE	+ 12	:	+ 3

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS			640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	U.S.	MN/WI	OTH STATES	U.S.
FEBRUARY 6	1.4603	1.4009	1.4125	1.4296	1.4090	1.3785	1.3915	1.3915
	702,021	3,890,725	4,764,729	1,751,462	3,410,822	4,551,160	7,961,982	7,961,982

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

CHEESE MARKETS

NORTHEAST

Prices and the market tone are mostly unchanged. However, some fractional increases on process items were noted. In the East, cheese output is still lagging in "the north country" where the effects of the ice storm are still being felt. Elsewhere, cheese output is steady to slightly heavier. Producers' stocks are quite well balanced, but plants putting up cheddar for aging are a little reluctant to put too much away at these prices. Demand ranges from slow to fair. Best interest seems to be on process and mozzarella. Retail and food service sales are steady.

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

Cheddar 10# Prints	:	1.4525-1.9125
Cheddar Single Daisies	:	1.4225-1.9175
Cheddar 40# Block	:	1.5675-1.7275
Process 5# Loaf	:	1.6325-1.7600
Process 5# Sliced	:	1.6525-1.8175
Muenster	:	1.6100-2.0100
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

Many traders continue to ponder market direction. At the Chicago Mercantile Exchange on February 5, the price of blocks was unchanged at \$1.4300 and barrels increased .25 cent to \$1.4225. In the upper Midwest, a labor strike at a large barrel plant is disrupting production/distribution patterns and increasing the milk volume available to other milk processors. Barrels and good processing solids/trim remain tight to short of full trade needs. A few processors are checking out all the nooks and crannies seeking supplies. Other processors are working down inventory, expecting offerings to increase as spring approaches. Process movement is steady to occasionally improved, bolstered by food service promotional activity. Block supplies are at least adequate and demand is generally slower. Mozzarella interest is irregular, bouncing from slow to good week by week. Milk receipts are generally steady to higher with occasional reports of larger increases. When combined with extra milk offerings within the region and from the South, cheese production is trending higher.

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

Process American 5# Loaf	:	1.4975-1.7600
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 demand is rated as fair to good in general. Barrel interest is very good and quite often going unfilled. Buyers are looking for processing solids wherever they can find them. Barrel cheese output is back up to levels that were common before the barrel/block spread became unusually wide. Current block supplies and production are in much better balance than a few weeks ago. Demand is better, but some plants have also started to make white blocks to be used for processing solids. This change has helped reduce the supply of regular blocks. Swiss demand is improving, but it is not quite as good as sellers expected. Mozzarella is moving very well. Some concern is noted in the West about how the current wet conditions will impact milk production and quality.

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

Process 5# Loaf	:	1.5400-1.8400
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

Prices and the market tone are unchanged. Demand for imported or foreign type cheese is slow to fair. Stocks are adequate for current needs. According to a USDA, FAS report, 1997 US cheese imports subject to licensing requirements totaled 98.4 million kilograms (KG). This is down 11.5% from the 1996 total of 111.2 million KG. This drop in imports is despite the 2.8 million KG increase, to 127.4 million KG, in tariff-rate quota for all cheese in 1997.

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	: 1.7650-2.3750
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

E A S T

Milk production is steady to slightly higher in most parts of the region. Another storm is hitting the Gulf Coast states and heavy rains are plaguing Louisiana, Texas, and Mississippi. Some localized flooding and loss of electricity have occurred. Some farmers were forced to switch to generators to get their milking done. There is growing concern about long term effects on the milk output and herd health problems because of all the wet weather and muddy lots. In Florida, the heavy rains have ceased. However, contacts feel that the rains did slow the seasonal gains. Further north, milk output is seasonal with current volumes at or above year earlier levels. Fluid milk supplies are excessive of Class I needs and surplus milk volumes are increasing. Bottled milk sales range from sluggish to fairly good. However, most schools will be off for Presidents' Day and some will be off all week. This disruption to Class I sales is creating more milk for manufacturing. Some plants are already full and looking to clear milk to other plants and others have capacity to handle some additional loads. Florida handlers are shipping about 15 loads out this week. Some New England milk is moving to plants farther west and south. The condensed skim market is weak. Demand is seldom better than fair and prices are often lower. With butter prices advancing so sharply in the last four weeks, many suppliers have lowered their condensed skim prices. The fluid cream market is mixed, but often weaker. The sharply higher butter prices have caused cream prices to jump. Ice cream producers are particularly concerned because they cannot pass along these price jumps to their customers as quickly as they have occurred in the butter market. Also, they are not building inventories as they might normally be doing at this time of year. Cream cheese production is about steady, but fat prices are a growing concern. Demand for cream cheese is holding up at good levels. Sour cream and other Class II product output is about steady. However, orders for Easter are starting to improve. Churning activity is heavy. Butter makers are still actively taking cream, but multiples they are paying are lower than the past couple weeks.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.7225 - 1.8815	
Delivered Equivalent Atlanta	-	1.6960 - 1.9799	M 1.7225 - 1.8285
F.O.B. Producing Plants: Upper Midwest	-	1.7490 - 1.8550	
PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	1.0300 - 1.1875	

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
FEBRUARY 6 - 12, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I demand is generally lighter after the improved first of the month boost last week. There were no Wisconsin loads that were direct shipped and pooled on a Southern order or to a nearby state. An employee strike at a large upper Midwestern cheese plant continues to impact milk demand and spot milk offerings through much of the upper tier of states. This extra milk, combined with reports of supplies from further south, has increased manufacturing schedules at many plants. Overall milk supplies seems to have moved from being in relatively good balance (depending on day of the week) with demand to slightly heavier than needed. Manufacturing milk demand is lighter as offerings increased. Reported manufacturing milk prices range from flat class or MCP (outside of the strike area) delivered to \$1.00 over delivered. A few other plant operators wouldn't mind selling a load or two of milk to better

balance supplies with demand. Cream demand remains sluggish due to current high prices. California remains a source of less expensive cream for some users. Cream prices are higher on a limited test to reflect the increase in the butter price at the Chicago Mercantile. Some plant operators are noticing larger increases in local milk receipts than in recent weeks, while others are still seeing little change. Fat and protein tests are steady to slightly lower. Temperatures remain above normal for February in most parts of the region. In the upper tier of states, the snow cover is disappearing while just a state or two further south, little if any, remains.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 40.00	\$ 32.00- 38.00
REPLACEMENT HEIFER CALVES	\$ 90.00-140.00	\$100.00-140.00

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

	FEB 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 40.00	\$ 30.00- 37.50

W E S T

The rains in California are impacting milk production, but the full impact has not happened. The wet conditions are widespread and include the major milk producing areas. The rainfall totals vary across even localized areas, but generally conditions are wet and muddy in feedlots. Several plant contacts were noting declines in milk receipts varying from slightly lower to 5% below intakes before the rainfalls began. Producers are expecting further declines as the cows have to endure the continued muddy conditions. Some areas were seeing reprieves from the rains during the week, but more storms are developing and forecast to hit California later in the week. Production in New Mexico is at or mostly above year ago levels. Some producers are still being impacted by the year-end storms in eastern parts of the state, but current weather conditions have been fairly decent for milk cows. Feed conditions are adequate for most producers with most feed under contract. Seasonal milk production patterns are developing in Arizona. Cream demand remains good in the Southwest with multiple ranging from 125 to 135 with most above 130. Demand is strong from ice cream producers, both locally and out of the region. Generally wet conditions prevail over Washington and Oregon. The weather is having minimal impact on the general milk flow. In fact, many contacts feel that the warmer than normal temperatures are helping to stimulate additional milk output. Also, quite a few contacts are noting the improving solids content of the current milk receipts. They are pleasantly surprised with this fact, but are at a loss to come up with a good explanation for it. Offerings of feeder hay and also some dairy hay are increasing. Hay sellers are noting that their stocks are higher than they had planned for this time of the year due to lighter consumption than anticipated. The increased offerings are pressuring prices slightly lower. Trade sources state that the Northwest Milk Marketing Federation is close to a functional entity. The goal of the Federation is to floor Class I prices at \$15.00 in the Pacific Northwest marketing area and \$14.60 in the Boise, Idaho area of the Southwestern Idaho-Eastern Oregon marketing area. Conditions turned colder again this week in the northern Mountain States region. The rain of the past few weeks has turned to snow. Feedlots still remain muddy. Well managed lots and herds are suffering only minor problems. Milk quality issues are becoming more of a concern at many plants. Contacts believe that overall plant capacity will not be much of an issue to deal with this spring if there is enough cooperation between manufacturing operations. They are not as certain about spring 1999.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 02/12/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are steady and the market tone is quiet. Demand is unaggressive and spot trading activity is limited. Offerings from resellers and producers are readily available. Some prices below the market have been rumored. Production levels are higher as more manufacturing milk becomes available. Inventories are balanced and adequate for needs.

Includes EXTRA GRADE and GRADE A, all heat treatments
 NONFAT DRY MILK: 1.0300 - 1.0775 MOSTLY: 1.0400 - 1.0500

DRY BUTTERMILK - CENTRAL

Prices are higher on the top end of the range and the market tone is strengthening. Demand is more aggressive and producer stocks are often insufficient to fill all orders. Some manufacturers commented that if more product was available, it would sell quickly and easily. Production levels are higher as a result of increased churning activity. Inventories range from moderate to tighter than desired.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Price ranges are unchanged as the market begins to stabilize. Market activity is mixed. The awaited steadiness in prices has sparked some new interest, but many spot buyers remain withdrawn from the market. Producers report increased sales activity, but interest at the resale market level is slow. There were no discounts offered this week. Contacts state that some buyers are waiting for lower prices comparable to last year. However, the recent high prices and low inventories, in addition to international competition, has affected current marketing conditions. The majority of producers state that inventories are minimal, but adequate for the current, fair demand.

NONHYGROSCOPIC: .2300 - .2550 MOSTLY: .2400 - .2500

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal for all animal feed types. The market tone is quieter for milk replacer, roller ground, and standard. Demand is less aggressive than last week with fewer sales reported. Offerings are available from the majority of sellers. Demand for roller ground is light to fair as producers continue to fill contracts. Sales for delactose continue to be active. Inventories are minimal and many producers are shipping out product as soon as it is made.

MILK REPLACER:	.1900 - .2350
STANDARD:	.1800 - .2200
ROLLER GROUND:	.2550 - .2700
DELACTOSE (Min. 20% protein):	.3400 - .3675

LACTOSE - CENTRAL AND WEST

Prices are unchanged and the market undertone is firming. Demand is good and sales are strong. Availability is often limited and many producers are unable to fill extra orders for spot sales. Production levels are moderate. A strike continues at a major plant and is causing production and marketing problems. Some contacts report Asian export orders have slowed as a result of the ongoing financial crisis.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 EDIBLE: .1800 - .2600 MOSTLY: .2100 - .2250

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices and the market tone are steady. Sales activity is light with the majority of transactions limited to contracted accounts. Inquiries for spot loads are slow. Offerings are available through most producers and resellers. A few buyers are searching for discounts, but have been unsuccessful. Some contacts are wondering how long the current prices will hold. Production levels are moderate and inventories are balanced.

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

NONFAT DRY MILK - WEST

Nonfat dry milk prices are unchanged for both series. There continues to be pricing pressure due to plentiful offerings from most producers for the same sales. Buyers remain reluctant to make purchases beyond immediate needs and DEIP orders are often on one minute and delayed the next. Sales to other regions are spotty due to buyers being able to find better deals from local producers. Offerings to the CCC continue to be used to balance inventories. Production remains at strong levels in most of the region. Producers' inventories are in excess of current needs. CCC adjusted purchases under the price support program during the week of February 2 - 6, totaled 3.8 million pounds.

Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0200 - 1.0550 MOSTLY: 1.0250 - 1.0350
 HIGH HEAT: 1.0500 - 1.0650

DRY BUTTERMILK - WEST

Prices are higher on both ends of the range, but the mostly range is unchanged. The market tone is more steady than firm this week. Demand has backed off some as buyers are not looking for much more powder beyond current needs. Some contacts were noting resistance to higher offering prices. Most producers' stocks are in good balance and they are not worried about building some inventories. Condensed buttermilk orders remain good, especially from ice cream producers.

BUTTERMILK: .9000 - .9325 MOSTLY: .9000 - .9200

DRY WHEY - WEST

The general market undertone is weaker for Western whey powder. However, there seems to be at least a temporary price plateau that has been reached on the low end of the market. Many contacts believe that prices are low enough to stimulate additional buying interest at this time. This is not to say that prices may not weaken in the future if production increases or demand falters. Currently, sales activity has improved and stocks are declining. Production levels range from steady to slightly heavier.

NONHYGROSCOPIC: .2000 - .2250 MOSTLY: .2100 - .2150

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended February 06, on powder sales of 12,183,338 pounds f.o.b. California manufacturing plants was \$1.0349 per pound. This compares to 8,893,856 pounds at \$1.0348 for the previous week ending January 30, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

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

NONFAT DRY MILK - NORTHEAST and SOUTHEAST

Prices are mostly unchanged and the market tone remains weak. There are unconfirmed reports that powder is selling below our reported range. Some of these sales are for powder with some age and/or Extra Grade powder that falls outside some buyer's specifications. Production levels are moderate to heavy. Some plants are running at capacity while others have not yet reached capacity output. Producer stocks are fully adequate to ample. Demand is sluggish, except for attractively priced, multi-load deals. Most of the multi-load deals are taking place at or near the bottom of the range and most single-load, low heat sales are near the top end of the mostly range. At many plants, demand is not clearing current output and stocks are accumulating.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0275 - 1.1200 MOSTLY 1.0300 - 1.0500
 DELVD SOUTHEAST: 1.0550 - 1.0900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to slightly higher and the market tone is a little firmer. Producers report improved interest in dry buttermilk. They hypothesize that the high butter/fat prices are making buttermilk an attractive product to some customers. Production levels are steady to higher as churning activity increases in many plants. Demand is sufficient to keep powder moving and plant stocks are closely balanced.

F.O.B. NORTHEAST: .9400 - .9800
 DELVD SOUTHEAST: .9400 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices are unchanged to higher and the market tone is steady to firm. The low end of the range is generally for product being exported under DEIP. Production levels are unchanged to occasionally higher. Domestic demand is fair to improved as candy makers are already producing for anticipated for Easter needs. It is noteworthy that the current DEIP program allocation of 7,487 MT of dry whole milk has been filled. This has happened about five months before the program expires on June 30, 1998

F.O.B. PRODUCING PLANT: 1.2500 - 1.3700

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH FEBRUARY 6, 1998
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	82,646	MT (182,211,180 LBS)
CHANGE	--	323	MT (712,086 LBS)
WHOLE MILK POWDER	--	7,487	MT (16,505,840 LBS)
CHANGE	--	1,226	MT (2,702,840 LBS)
CHEESE	--	2,704	MT (5,961,238 LBS)
CHANGE	--	133	MT (293,212 LBS)
BUTTERFAT	--	15,579	MT (34,345,463 LBS)
CHANGE	--	12	MT (26,455 LBS)

Allocations for the DEIP year beginning July 1, 1997, are:
 Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;
 Cheese - 3,510 MT; Butterfat - 34,232 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady, but some fractional changes have been noted. The market tone is not as weak as it has been. Demand is still sluggish, but producers report better interest and they, for the most part, are not offering discounts like they were several weeks ago. Eastern dry whey production is mostly steady and producers' stocks range from light to a little heavier than desired. Most are not too uncomfortable with their current inventory situation. Traders seem to be in agreement this week that it was a very quiet week for market activity. Buyers seem to be waiting for further developments, whatever they might be.

F.O.B. NORTHEAST: EXTRA GRADE .2450 - .2600
 USPH GRADE A .2550 - .2650
 DELVD SOUTHEAST: .2600 - .2800

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is not as weak as it has been. However, animal feed makers are not "jumping" back into the market. There seems to be a little more interest, but no additional demand is being reported. Hog prices are quite low and this is having an impact on feed and ingredient purchases in this segment of the market.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are generally steady. Demand is unchanged at seasonally slow to fair levels. Most producers are taking this time to replenish stocks. The Kansas City Commodity office announced the issuance of EVD-1, invitation 420, inviting competitive offers to sell to CCC 2,350,080 pounds of evaporated milk for shipment in April 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 prices are generally unchanged, although offerings of lower priced casein are being reported. In most instances, buyers are not able to take advantage of the lower priced offerings due to contracts and already comfortable stock levels. Casein imports for the first 9 months of 1997 total 48,424 MT, down about 1,200 MT (2.4%) from the same period in 1996. The import value of 1997 imports is \$211 million, down \$42 million when compared to the same nine month period in 1996.

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

RENNET: 2.1600 - 2.2000
 ACID: 2.0000 - 2.1500

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 1998, totaled 9.19 million head, down 1 percent from 1997 and down 2 percent from 1996.

Milk replacement heifers totaled 3.98 million head, down 2 percent from 1997 and down 3 percent from 1996

On January 1, 1998, the number of milk cow replacements per 100 milk cows was 43.3, down from 43.6 on January 1, 1997, and down from 43.6 on January 1, 1996.

MILK COW INVENTORY: Number by Class, January 1, 1997-98

State	Milk Cows that Have Calved		Milk Cow Replacement		State	Milk Cows that Have Calved		Milk Cow Replacement	
	1997	1998	1997	1998		1997	1998	1997	1998
	1,000 Head					1,000 Head			
AL	31	28	11	10	NE	68	70	25	30
AK	0.9	0.9	0.3	0.3	NV	26	26	10	10
AZ	120	125	20	26	NH	18	18	7.0	7.0
AR	56	55	20	20	NJ	21	19	8	8
CA	1,300	1,350	610	610	NM	197	208	45	45
CO	84	84	45	45	NY	700	700	330	340
CT	29	31	13	13	NC	78	75	34	30
DE	10	11	2.4	2.6	ND	60	48	20	20
FL	158	160	40	40	OH	285	270	130	125
GA	98	96	37	37	OK	95	95	40	40
HI	10	9	5	4	OR	93	88	45	45
ID	268	280	115	125	PA	643	638	285	280
IL	150	145	70	75	RI	2.0	2.0	0.9	1.0
IN	140	140	67	67	SC	26	25	10	9
IA	248	240	100	95	SD	110	101	30	25
KS	81	79	45	40	TN	115	105	55	55
KY	150	140	55	50	TX	390	380	100	100
LA	78	76	19	18	UT	90	90	45	50
ME	39	39	22	19	VT	156	159	56	61
MD	85	86	34	31	VA	125	120	60	55
MA	26	25	9	10	WA	266	260	96	88
MI	310	298	145	135	WV	19	18	8	7
MN	595	570	330	295	WI	1,410	1,380	700	680
MS	48	44	19	19	WY	6	6	1	1
MO	175	160	75	75	U.S.	9,309	9,191	4,057	3,982
MT	20	18	7	8					

SOURCE: "Cattle," Mt An 2-1 (1-98), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 1996 ANNUAL, AND JANUARY-SEPTEMBER 1996 AND 1997

COMMODITY SUMMARY OF U.S. IMPORTS OF DAIRY PRODUCTS 1/

Commodity	Quantity (in Metric Tons)			Value (In \$1,000)		
	Jan.-Dec. 1996	Jan.-Sep. 1996	Jan.-Sep. 1997	Jan.-Dec. 1996	Jan.-Sep. 1996	Jan.-Sep. 1997
Milk and Cream <u>2/</u>	8,201	4,725	6,390	8,286	5,404	5,883
Other Fluid Products <u>2/</u>	186	145	287	3,872	2,536	2,958
Dried Dairy Products	9,978	8,103	7,304	13,089	10,150	11,146
Cheese, Quota	112,252	71,499	63,107	398,365	250,895	226,428
Cheese, Nonquota	40,148	28,790	30,201	186,731	130,703	137,946
Butter	4,783	3,581	9,323	9,509	7,186	15,959
Casein	---	---	---	342,558	253,446	211,410
Milk Protein Concentrate	18,123	11,140	20,377	71,221	40,956	76,222
Other, Dairy Products	13,220	9,276	14,605	35,185	25,285	36,471
Total <u>3/</u>	---	---	---	1,068,816	726,561	724,423

1/ Data may differ from U.S. Customs Service data, which is used to administer dairy import quotas. Differences are due to transshipments, errors in classification, and processing lags. 2/ Quantity for fluid dairy products shown in kiloliters. 3/ Total volume not shown due to the use of mixed units.

COMMODITY SUMMARY OF U.S. EXPORTS OF DAIRY PRODUCTS

Commodity	Quantity (in Metric Tons) <u>1/</u>			Value (In \$1,000)		
	Jan.-Dec. 1996	Jan.-Sep. 1996	Jan.-Sep. 1997	Jan.-Dec. 1996	Jan.-Sep. 1996	Jan.-Sep. 1997
Butter & Milkfat	20,795	19,519	12,475	41,522	39,199	22,077
Cheese & Curd	32,428	23,806	27,383	104,809	75,691	86,879
Casein	3,096	2,044	2,831	18,237	11,891	14,667
Dry Whole Milk & Cream	16,181	12,917	33,388	18,811	15,980	52,338
Condensed & Evaporated Milk	39,580	36,962	7,023	21,905	20,105	4,850
Nonfat Dry Milk	18,422	16,876	41,781	34,939	32,370	75,505
Ice Cream	39,765	32,198	31,233	90,233	71,132	70,317
Whey	---	---	---	125,894	91,107	97,814
Yogurt & Other Fermented Milk	---	---	---	8,861	7,357	5,573
Other Dairy Products	---	---	---	215,954	150,905	211,812
Total <u>1/</u>	---	---	---	681,165	515,737	641,832
Fluid Milk & Cream <u>2/</u>	37,296	27,140	34,403	28,596	20,426	26,762
Total Milk & Products <u>1/</u>	---	---	---	709,761	536,163	668,594

1/ Volume information for whey, yogurt and other fermented milk, other dairy products, and total milk and products is not available as these commodities are reported in mixed units. 2/ Quantity for fluid milk and cream shown in kiloliters.

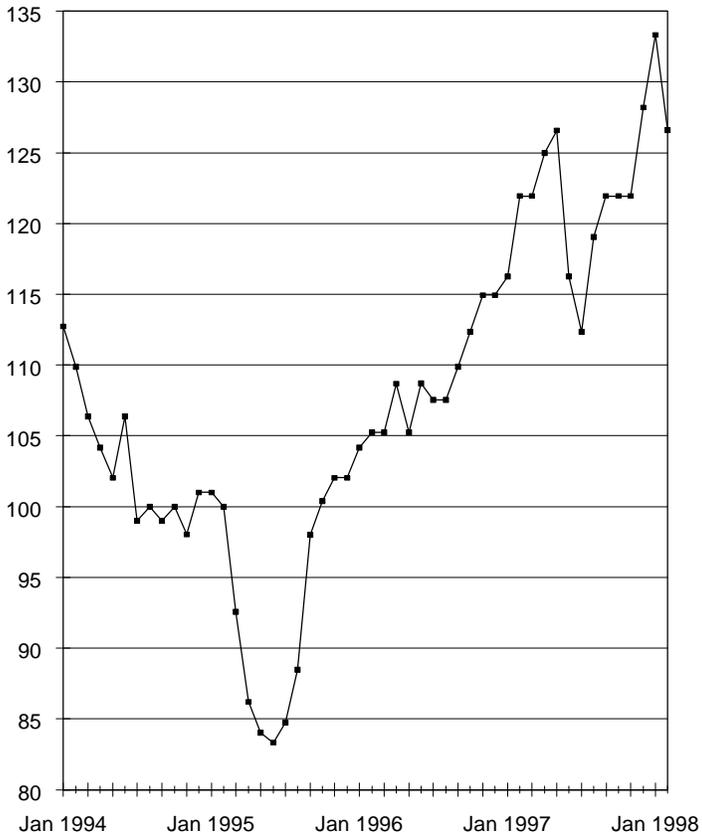
SOURCE: "Foreign Agriculture Circular: Dairy, Livestock, and Poultry: U.S. Trade and Prospects", FDLP 11-97, November 1997, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. Data provided by U.S. Department of Commerce, Bureau of the Census. For further information, contact Arthur Coffing at (202) 720-3761.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	FEB 1996			FEB 1997			JAN 1998			FEB 1998		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	15.99	16.34	0.35	14.42	16.53	2.11	16.04	17.24	1.20	16.37	17.57	1.20
Baltimore, MD	15.94	16.69	0.75	14.37	15.42	1.05	15.99	17.44	1.45	16.32	17.77	1.45
Boston, MA	16.15	16.88	0.73	14.58	15.71	1.13	16.20	16.83	0.63	16.53*	17.16	0.63
Carbondale, IL	14.92	16.03	1.11	13.35	15.77	2.42	14.97	16.83	1.86	15.30	17.16	1.86
Charlotte, NC	15.99	16.64	0.65	14.42	17.26	2.84	16.04	17.24	1.20	16.37	17.57	1.20
Chicago, IL	14.31	15.92	1.61	12.74	15.17	2.43	14.36	16.35	1.99	14.69	16.68	1.99
Cincinnati, OH	15.02	15.62	0.60	13.45	14.95	1.50	15.07	16.82	1.75	15.40	17.15	1.75
Cleveland, OH	14.91	15.42	0.51	13.34	14.64	1.30	14.96	16.71	1.75	15.29	17.04	1.75
Dallas, TX	16.07	16.27	0.20	14.50	15.39	0.89	16.12	16.37	0.25	16.45	16.70	0.25
Denver, CO	15.64	16.35	0.71	14.07	14.22	0.15	15.69	15.84	0.15	16.02	16.17	0.15
Des Moines, IA	14.46	15.21	0.75	12.89	15.01	2.12	14.51	15.90	1.39	14.84	16.23	1.39
Detroit, MI	14.76	15.58	0.82	13.19	14.54	1.35	14.81	15.59	0.78	15.14	15.93	0.79
Hartford, CT	16.05	16.78	0.73	14.48	15.61	1.13	16.10	16.73	0.63	16.43*	17.06	0.63
Houston, TX	16.61	16.81	0.20	15.04	15.93	0.89	16.66	16.91	0.25	16.99	17.24	0.25
Indianapolis, IN	14.81	15.84	1.03	13.24	14.96	1.72	14.86	16.70	1.84	15.19	17.03	1.84
Kansas City, MO	14.83	15.38	0.55	13.26	15.03	1.77	14.88	16.22	1.34	15.21	16.55	1.34
Little Rock, AR	15.68	16.03	0.35	14.11	14.90	0.79	15.73	16.73	1.00	16.06	17.06	1.00
Louisville, KY	15.02	15.52	0.50	13.45	14.70	1.25	15.07	15.97	0.90	15.40	16.30	0.90
Miami, FL	17.09	18.57	1.48	15.52	19.26	3.74	17.14	19.56	2.42	17.47	19.89	2.42
Milwaukee, WI	14.22	15.83	1.61	12.65	15.08	2.43	14.27	16.26	1.99	14.60	16.59	1.99
Minneapolis, MN	14.11	14.86	0.75	12.54	14.63	2.09	14.16	15.49	1.33	14.49	15.82	1.33
New Orleans, LA	16.56	16.91	0.35	14.99	16.38	1.39	16.61	17.61	1.00	16.94	17.94	1.00
Oklahoma City, OK	15.68	15.85	0.17	14.11	15.00	0.89	15.73	16.48	0.75	16.06	16.81	0.75
Omaha, NE	14.66	15.41	0.75	13.09	14.86	1.77	14.71	16.05	1.34	15.04	16.38	1.34
Philadelphia, PA	16.00	16.70	0.70	14.43	15.43	1.00	16.05	17.47	1.42	16.38	17.80	1.42
Phoenix, AZ	15.43	15.43	0.00	13.86	13.86	0.00	15.48	15.48	0.00	15.81	15.81	0.00
Pittsburgh, PA	14.91	15.41	0.50	13.34	14.14	0.80	14.96	16.16	1.20	15.29	16.49	1.20
St. Louis, MO	14.92	16.03	1.11	13.35	15.77	2.42	14.97	16.83	1.86	15.30	17.16	1.86
Salt Lake City, UT	14.81	14.96	0.15	13.24	13.39	0.15	14.86	15.01	0.15	15.19	15.34	0.15
Seattle, WA	14.81	15.26	0.45	13.24	13.54	0.30	14.86	15.26	0.40	15.19	15.59	0.40
Spokane, WA	14.81	15.26	0.45	13.24	13.54	0.30	14.86	15.26	0.40	15.19	15.59	0.40
Springfield, MO	15.10	15.50	0.40	13.53	14.48	0.95	15.15	16.15	1.00	15.48	16.48	1.00
Washington, DC	15.94	16.69	0.75	14.37	15.42	1.05	15.99	17.44	1.45	16.32	17.77	1.45
Simple Average	15.34	16.00	0.66	13.77	15.17	1.40	15.39	16.51	1.12	15.72	16.84	1.12

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

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

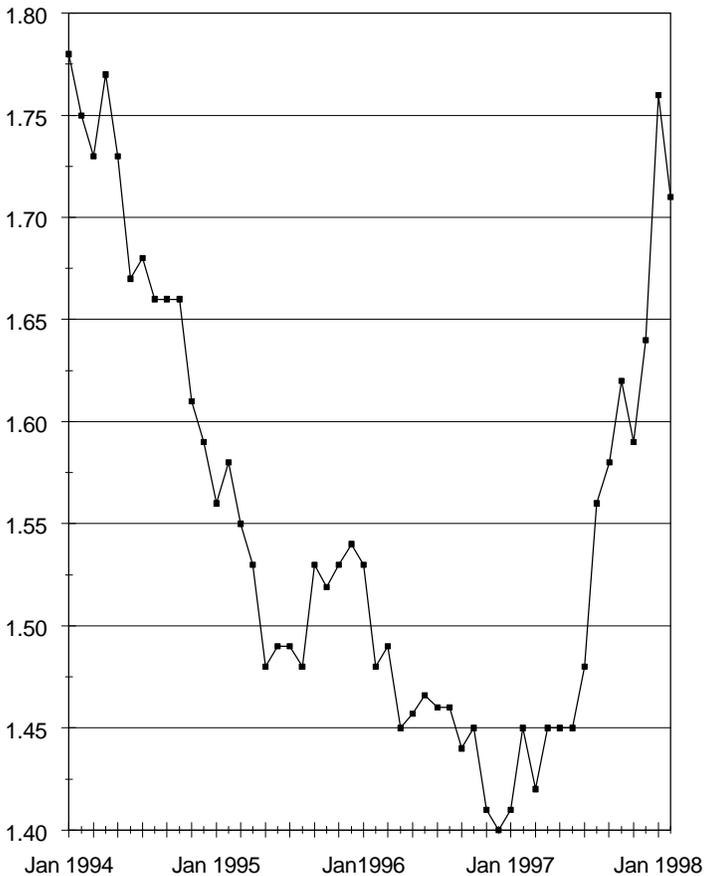
JAPANESE YEN



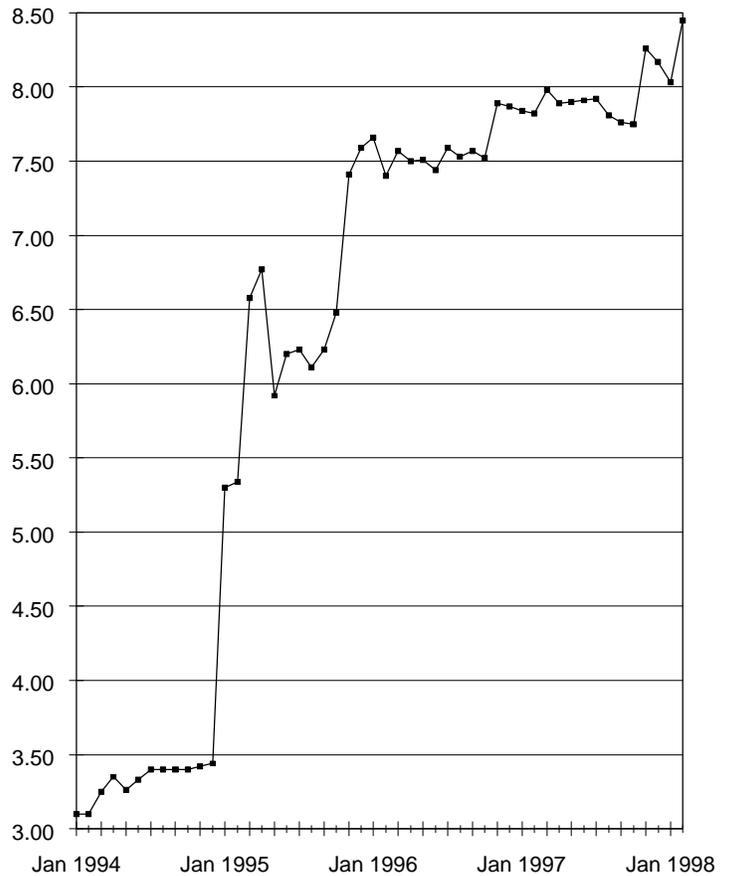
GERMAN MARK



NEW ZEALAND DOLLAR



MEXICAN PESO



EQUIVALENT TO \$1 U.S.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

Milk prices have exceeded expectations and current prospects suggest that prices for the next several months will be higher than previously anticipated. This winter, cheese and butter prices have not shown their normal seasonal weakness, helping to hold milk prices above anticipated levels. Price forecasts are increased, with most of the increase for the winter and spring quarters. Supply and use estimates for 1997/98 are little changed from last month.

U.S. MILK SUPPLY AND USE

Item	1995/96 <u>1/</u>	1996/97 Estimate <u>1/</u>		1997/98 Projection <u>1/</u>	
		January	February	January	February
BILLION POUNDS					
SUPPLY					
BEGINNING COMMERCIAL STOCKS <u>2/</u> <u>23/</u>	4.6	4.9	4.9	5.8	5.8
PRODUCTION	154.1	156.5	156.4	157.0	156.9
FARM USE	1.5	1.4	1.4	1.3	1.3
MARKETINGS	152.6	155.1	155.0	155.7	155.6
IMPORTS <u>2/</u>	2.8	2.8	2.8	3.3	3.1
TOTAL COMMERCIAL SUPPLY <u>2/</u>	160.0	162.8	162.8	164.8	164.6
USE					
COMMERCIAL USE <u>2/</u>	154.9	156.2	156.2	158.1	157.9
ENDING COMMERCIAL STOCKS <u>2/</u>	4.9	5.8	5.8	5.5	5.7
CCC NET REMOVALS:					
MILKFAT BASIS <u>3/</u>	0.1	0.8	0.8	1.2	1.0
SKIM SOLIDS BASIS <u>3/</u>	1.1	2.7	2.7	3.3	3.2
DOLLARS PER CWT.					
PRICES RECEIVED BY FARMERS <u>4/</u>					
BASIC FORMULA (BFP)	13.50	11.88	11.88	11.85-12.35	12.15-12.65
ALL MILK <u>5/</u>	14.49	13.60	13.60	13.15-13.65	13.40-13.90
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>3/</u>					
BUTTER	1	28	28	45	35
CHEESE	5	10	10	7	7
NONFAT DRY MILK	84	222	222	265	260
		QUARTERLY <u>6/</u>			ANNUAL <u>6/</u>
		1998 I	1998 II	1998 III	1998 IV
					1998
BILLION POUNDS					
MILK PRODUCTION	39.2	40.8	38.7	38.4	157.1
DOLLARS PER CWT.					
ALL MILK PRICE <u>4/</u> <u>5/</u>	14.25-14.55	12.75-13.35	12.30-13.20	13.80-14.80	13.30-14.00
BASIC FORMULA PRICE <u>4/</u>	12.85-13.15	11.30-11.90	11.45-12.35	12.70-13.70	12.05-12.75

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes products exported under Dairy Export Incentive Program. 4/ Projections indicate a range of the average for the quarter or year. 5/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 6/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: James E. Nix, Chairman, WAOB; Arthur Coffing, FAS; Robert R. Miller, AMS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-335, World Agricultural Outlook Board, USDA, February 11, 1998.

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

In November 1997, mailbox milk prices reported for selected Federal milk orders averaged \$14.53 per cwt., \$.70 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$14.40, up \$.63; Southeast, \$15.62, up \$.64; Midwest, \$14.64, up \$.75 and West, \$13.80, up \$.64. Note, beginning in October data for the Tennessee Valley order no longer are available; this order has been terminated. Compared to November 1996, mailbox milk prices decreased \$.21 per cwt. on the average. Regional changes from the previous year were: -.75 in the Northeast, -\$1.91 in the Southeast, +\$.33 in the Midwest, and -\$0.02 in the West. The average minimum blend price in November 1997 was \$.61 below the price in the previous year.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	November 1996	October 1997	November 1997
	<u>Dollars per hundredweight</u>		
New England	15.37	14.13 <u>3/</u>	14.51 <u>3/</u>
New York-New Jersey	14.82	13.56	14.20
Middle Atlantic	15.55	13.87	14.62
Northeast Average <u>4/</u>	15.15	13.77	14.40
Carolina	17.78	14.76	15.43
Tennessee Valley <u>1/</u>	16.78	---	---
Southeast	16.49	14.24	14.80
Florida <u>5/</u>	19.64	16.71	17.36
Southeast Average <u>4/</u>	17.53	14.98	15.62
Southern Michigan	15.18	13.57	14.48
Eastern Ohio-Western Pa.	15.50	13.57	14.58
Ohio Valley	15.93	13.70	14.67
Indiana	15.86	13.62	14.59
Chicago Regional	13.69	14.11	14.76
S. Illinois-E. Missouri	15.42	13.56	14.47
Louis.-Lex.-Evans.	16.55	13.73	14.52
Upper Midwest	13.51	13.95	14.57
Nebraska-Western Iowa	14.14	13.68	14.56
Iowa	14.02	13.86	14.65
Midwest Average <u>4/</u>	14.31	13.89*	14.64
Texas	15.20	13.62	14.52
Southwest Plains	14.36	12.99	13.75
Eastern Colorado	14.32	13.11	13.33
S.W. Idaho-E. Oregon	12.01	12.81	13.38
Great Basin	13.04	12.45	12.88
New Mexico-West Texas	12.86	12.86	13.39
Pacific Northwest	13.69	13.27	13.87
West Average <u>4/</u>	13.82	13.16	13.80
All-Market Average <u>4/</u>	14.74	13.83*	14.53

*Revised

1/ Federal milk orders for which information could be released; the Tennessee Valley order was terminated 10/1/97. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. Also, for some orders, price is a weighted average for all pricing zones in the order. 3/ Includes Northeast Dairy Compact Over Order Producer Price. 4/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 5/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for January 1998 is \$13.25 per hundredweight at 3.5 percent butterfat. The January Basic Formula Price is the December base month Minnesota-Wisconsin (M-W) price of \$13.27 at 3.5 percent plus a change of \$-0.02, which is the change in the butter/powder/cheese formula from December 1997 to January 1998. The January 1998 Basic Formula Price is \$0.04 less than last month and \$1.31 more than the January 1997 Basic Formula Price. This Basic Formula Price is the Class III price for January 1998 and is to be used in March 1998 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 11.4 cents. **MILK COMPONENT CONTENTS.** For the December 1997 base month M-W price, the butterfat content was 3.94 percent, protein 3.27 percent, and solids-not-fat 8.64 percent. For the January 1998 Basic Formula Price, the butterfat content was 3.89 percent, protein 3.23 percent, and solids-not-fat 8.62 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/																
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JANUARY								FEBRUARY			MARCH			
		PRICE PER 100 POUNDS										PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II		
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1998	1998		
		DOLLARS										DOLLARS				
New England (Boston)	1 3/	16.20	14.85	13.26	11.91	13.28	11.97	12.07	11.53	16.53	14.58	13.59	16.49	13.55		
New York/New Jersey (NY City)	2 4/	16.10	14.75	13.34	11.99	13.36	12.05	12.15	11.61	16.43	14.48	13.67	16.39	13.63		
Middle Atlantic (Philadelphia/Baltimore/Washington, DC)	4 5/	15.99	14.64	13.26	11.91	13.30	11.99	12.09	11.55	16.32	14.37	13.59	16.28	13.55		
Carolina (Charlotte)	5	16.04	14.69	13.26	11.91	13.25	11.94	12.04	11.50	16.37	14.42	13.59	16.33	13.55		
Southeast (Atlanta/Birmingham)	7	16.04	14.69	13.26	11.91	13.25	11.94	12.04	11.50	16.37	14.42	13.59	16.33	13.55		
Upper Florida (Jacksonville/Tallahassee)	6	16.54	15.19	13.26	11.91	13.25	11.94	---	---	16.87	14.92	13.59	16.83	13.55		
Tampa Bay	12	16.84	15.49	13.26	11.91	13.25	11.94	---	---	17.17	15.22	13.59	17.13	13.55		
Southeastern Florida (Miami)	13	17.14	15.79	13.26	11.91	13.25	11.94	---	---	17.47	15.52	13.59	17.43	13.55		
Michigan Upper Peninsula (Marquette)	44	14.31	12.96	13.26	11.91	13.25	11.94	12.04	11.50	14.64	12.69	13.59	14.60	13.55		
Southern Michigan (Detroit)	40 6/	14.71	13.36	13.26	11.91	13.25	11.94	12.04	11.50	15.04	13.09	13.59	15.00	13.55		
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	14.96	13.61	13.26	11.91	13.25	11.94	12.04	11.50	15.29	13.34	13.59	15.25	13.55		
Ohio Valley (Columbus)	33	15.00	13.65	13.26	11.91	13.25	11.94	12.04	11.50	15.33	13.38	13.59	15.29	13.55		

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JANUARY								FEBRUARY			MARCH	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1998	1998
DOLLARS										DOLLARS				
Indiana (Indianapolis)	49	14.86	13.51	13.26	11.91	13.25	11.94	12.04	11.50	15.19	13.24	13.59	15.15	13.55
Chicago Regional	30	14.36	13.01	13.26	11.91	13.25	11.94	12.04	11.50	14.69	12.74	13.59	14.65	13.55
Central Illinois (Peoria)	50	14.57	13.22	13.26	11.91	13.25	11.94	---	---	14.90	12.95	13.59	14.86	13.55
S. Illinois/E. Missouri (Alton)	32	14.88	13.53	13.26	11.91	13.25	11.94	---	---	15.21	13.26	13.59	15.17	13.55
Louisville/Lexington/Evansville	46	15.07	13.72	13.26	11.91	13.25	11.94	12.04	11.50	15.40	13.45	13.59	15.36	13.55
Upper Midwest (Minneapolis)	68	14.16	12.81	13.26	11.91	13.25	11.94	12.04	11.50	14.49	12.54	13.59	14.45	13.55
E. South Dakota (Sioux Falls)	76	14.46	13.11	13.26	11.91	13.25	11.94	---	---	14.79	12.84	13.59	14.75	13.55
Iowa (Des Moines)	79	14.51	13.16	13.26	11.91	13.25	11.94	12.04	11.50	14.84	12.89	13.59	14.80	13.55
Nebraska/W. IA. (Omaha/Sioux City)	65	14.71	13.36	13.26	11.91	13.25	11.94	12.04	11.50	15.04	13.09	13.59	15.00	13.55
Greater Kansas City	64	14.88	13.53	13.26	11.91	13.25	11.94	---	---	15.21	13.26	13.59	15.17	13.55
Southwest Plains (Oklahoma City)	106	15.73	14.38	13.26	11.91	13.25	11.94	12.04	11.50	16.06	14.11	13.59	16.02	13.55
Texas (Dallas)	126	16.12	14.77	13.26	11.91	13.25	11.94	12.04	11.50	16.45	14.50	13.59	16.41	13.55
Eastern Colorado (Denver)	137	15.69	14.34	13.26	11.91	13.25	11.94	---	---	16.02	14.07	13.59	15.98	13.55
Western Colorado (Grand Junction)	134	14.96	13.61	13.26	11.91	13.25	11.94	---	---	15.29	13.34	13.59	15.25	13.55
SW Idaho/Eastern Oregon (Boise)	135	14.46	13.11	13.26	11.91	13.25	11.94	11.91	11.28	14.79	12.84	13.59	14.75	13.55
Great Basin (Salt Lake City)	139	14.86	13.51	13.26	11.91	13.25	11.94	---	---	15.19	13.24	13.59	15.15	13.55
Central Arizona (Phoenix)	131	15.48	14.13	13.26	11.91	13.25	11.94	11.91	11.28	15.81	13.86	13.59	15.77	13.55
New Mexico/West Texas (Albuquerque)	138	15.31	13.96	13.26	11.91	13.25	11.94	12.04	11.50	15.64	13.69	13.59	15.60	13.55
Pacific Northwest (Seattle/Portland)	124	14.86	13.51	13.26	11.91	13.25	11.94	11.91	11.28	15.19	13.24	13.59	15.15	13.55
SIMPLE AVERAGE	---	15.28	13.93	13.26	11.91	13.26	11.95	12.03	11.48	15.61	13.66	13.59	15.57	13.55

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in March 1998 is \$16.49 per 100 pounds or \$1.42 per gallon (\$16.49 divided by 11.63 equals \$1.4179).

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

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

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

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

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

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

