

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter decreased 3/4 of a cent to \$1.3425; Grade A decreased 1 cent to \$1.2500; and Grade B is unchanged at \$1.2600. Also at the CME, barrel cheese decreased 1 1/4 cents to \$1.3725 and 40# blocks increased 3 1/2 cents to \$1.3850.

The "basic formula price used in Federal Orders" for February 1998 is \$13.32 per cwt. at 3.5% test. The basic formula price is the base month M/W price of \$13.26 plus a change of \$0.06, which is the change in the butter/powder/cheese formula from January to February. For February, the NASS average cheese price was \$1.4163. The butterfat differential is \$0.140. The February 1998 basic formula price is \$0.07 cents more than last month and \$0.86 cents higher than February 1997. Class III-A prices are: for Federal Orders 1 & 2, \$12.91; for Order 4, \$12.93; for Orders 124, 131, & 135, \$12.80; and for other affected orders, \$12.89.

The January 1998 Consumer Price Index (CPI) for all food is 159.9, up 2.2% from January 1997. The dairy products index, at 148.3, is 0.3% higher than a year ago. The January to January changes in selected dairy products are: fresh whole milk -0.7%, cheese -0.5%, and other dairy products (includes butter) +11.1%.

According to NASS, butter production was 113.5 million pounds in January, 8.4% below last January but 7.4% above December 1997. American type cheese production totaled 283.2 million pounds, 1.6% above last January and 2.1% higher than the previous month. Total cheese output (excluding cottage cheese) was 616.0 million pounds, 3.3% above last year but 2.1% below December 1997. Nonfat dry milk production, for human food, totaled 103.6 million pounds, 6.4% above January 1997 and 1.4% above December 1997. Dry whey production, for human food, was 94.4 million pounds, 7.6% above the previous January but 3.6% below December 1997.

Also according to NASS, the index of prices paid by farmers for commodities and services, interest, taxes, and wages in February 1998 declined 1 point to 115. Compared with February 1997, the index was down 1 point (0.9%). The index of prices received by farmers for dairy products was unchanged during the month of February 1998 at 113, up 10 points (9.7%) from February 1997. On a 3.5% butterfat basis, prices received by farmers in February with changes from January were: for All Milk, \$14.36, down 2 cents;

Fluid Grade Milk, \$14.36, down 2 cents; and for Manufacturing Grade Milk, \$13.01, down 6 cents.

Milk production throughout the country is mixed with both positive and negative reports. Milk output ranges from a little higher in most areas of the East to off slightly in Florida. In Florida and other Gulf Coast states, cows are being stressed by the wet, muddy conditions. Midwest and Northeastern milk supplies are in better balance as Class I demand improved for first of the month sales. Surplus milk from the South is flowing into upper Midwest manufacturing plants and operating schedules are active. Milk production levels and cow losses are the concern of the industry in California. Milk output declines are highly variable throughout the state, but seem to be more pronounced in the south. The Chino area has experienced heavy rainfall and muddy lot conditions are causing numerous animal deaths. In the Pacific Northwest, conditions remain wet, but the warm temperatures are ideal for a strong milk flow.

Recent powder market trends are generally unchanged. Nonfat dry milk demand remains weak and supplies are excessive. Offerings to the CCC under the price support program continue from Western and, for the first time since September 1994, Central producers. The whey market tone is cautiously steady. Domestic demand is sluggish as many buyers purchase only for immediate needs.

During the week of March 2 - 6, CCC had net purchases of 3,129,706 pounds of Western and Central NDM under the price support program.

SPECIAL THIS ISSUE

CONSUMER PRICE INDEX (PAGE 2)
 CHEDDAR CHEESE, NDM, BUTTER, AND FLUID MILK FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 FEBRUARY MONTHLY SUMMARY AND AVERAGES (PAGES 9-10)
 FEBRUARY DEIP BID ACCEPTANCES (PAGES 11-12)
 JANUARY DAIRY PRODUCTS (PAGE 13)
 FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS (PAGE 14)

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	MARCH 3	MARCH 5	MARCH 6
AA	\$1.3400 - 1.3500 (-.0600)	\$1.3400 - 1.3500 (-.0600)	\$1.3400 - 1.3500 (-.0600)
A	\$1.2500 - 1.2600 (-.0500)	\$1.2500 - 1.2600 (-.0500)	\$1.2500 - 1.2600 (-.0500)

() Change from previous price.

BUTTER HIGHLIGHTS: In cash trading at the Chicago Mercantile Exchange, Grades AA & A are lower and Grade B is unchanged. Bulk and print butter markets remain unsettled. Many buyers are taking a wait and see attitude until the market settles down before placing heavier than usual orders. Churning schedules are active and, in many areas, milk and cream are more available to butter/powder operations. Some butter producers are not anxious to take on much additional cream and build inventories.

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	MARCH 2 - 6, 1998
BARRELS*	\$1.3750 - 1.4100 (NOMINAL) (-.0525) (-.0425)
40# BLOCKS	\$1.3500 - 1.3825 (NOMINAL) (-.0800) (-.0800)

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

CHEESE HIGHLIGHTS: The cheese market is unsettled and confused by trading during the past two weeks. After declines last week at the Chicago Mercantile Exchange, this week, 40# blocks increased 3.5 cents to \$1.3850 and barrels decreased 1.25 cents to \$1.3725 in fairly light trading. Some surprise was noted by the block price increase even though the spread returned to a narrow, but positive 1.25 cents. Current block offerings are more than adequate though barrels are only about adequate. Manufacturing remains heavy but the volumes of surplus milk seeking a home were often less than recent weeks.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, MARCH 6, 1998

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	-.0075	\$1.3425 : SALE 03/06/98
A	-.0100	\$1.2500 : SALE 03/06/98
B	N.C.	\$1.2600 : OFFER 02/27/98

SALES: 11 CARS GRADE AA: 1 @ \$1.3025, 1 @ \$1.3300, 1 @ \$1.3400, 1 @ \$1.3350, 3 @ \$1.3400, 2 @ \$1.3375, 1 @ \$1.3400, 1 @ \$1.3425 (LST)
 1 CAR GRADE A @ \$1.2500 (LST)

BIDS UNFILED: 5 CARS GRADE AA: 1 @ \$1.3125, 1 @ \$1.3100, 1 @ \$1.2500, 1 @ \$1.1500, 1 @ \$1.1000
 5 CARS GRADE A: 1 @ \$1.2425, 1 @ \$1.2400, 1 @ \$1.2300, 1 @ \$1.1000, 1 @ \$1.0500

OFFERS UNCOVERED: 14 CARS GRADE AA: 4 @ \$1.3425, 5 @ \$1.3475, 2 @ \$1.3500, 1 @ \$1.3600, 1 @ \$1.3900, 1 @ \$1.4000

CHEESE TRANSACTIONS ON THURSDAY, MARCH 5, 1998

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-.0125	\$1.3725 : OFFER 03/05/98
40# BLOCKS	+.0350	\$1.3850 : SALE 03/05/98

SALES: 3 CARS BARRELS @ \$1.3850

14 CARS 40# BLOCKS: 3 @ \$1.3475, 6 @ \$1.3500, 2 @ \$1.3525, 3 @ \$1.3850 (LST)

BIDS UNFILED: 1 CAR BARRELS @ \$1.3550

OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.3725 (LST)

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/
NOV 1997	158.5	1.7	147.0	-1.5	145.9	-2.1	147.3	-2.4	97.3	1.8	149.3	0.3
DEC 1997	158.7	1.5	147.8	-0.5	145.8	-1.7	148.3	-1.2	100.0	7.9	148.4	-1.1
JAN 1998	159.9	2.2	148.3	0.3	145.6	-0.7	148.5	-0.5	100.9	11.1	148.3	-0.9
U.S. City Average Retail Prices												
Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
Dollars												
NOVEMBER	2.678	2.746	2.427	2.494	2.360	2.354	3.497	3.651	3.392	3.584	2.928	2.978
DECEMBER	2.672	2.518	2.408	2.310	2.460	2.173	3.439	3.150	3.458	3.390	3.022	2.675
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
JANUARY	2.632	2.546	2.577	2.324	2.353	1.740	3.538	3.107	3.518	3.383	3.041	2.665

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100; except Other Dairy Products which is Dec. 1997 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are mostly five cents lower and the market tone is weak. In the past two weeks, sales at the CME have been quite heavy (24 cars of AA each week) and the large percentage of those sales were based on offers. This is an indication that bulk butter is readily available and the offerors are trying to move their stocks. Consequently, when this happens, buyers almost always retreat and wait for lower prices. Current demand for print butter is fair, but Easter orders are being placed and filled. Food service orders are steady as buyers wait to see if prices will fall any further. Production of butter in the East is moderate to heavy as more milk and cream are available to local butter/powder plants. Some butter producers are not anxious to take on much outside cream and build inventories.

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

1/4 LB. PRINTS	:	1.5600-1.8075
1 LB. PRINTS	:	1.4750-1.6575
CHIPS/PATTIES	:	1.5375-1.7450
REDDIES	:	1.6125-1.8075
CONTINENTALS	:	1.6925-1.8675

CENTRAL

Print butter prices are generally 5 cents lower following the February 27 cash trading at the Chicago Mercantile Exchange. In most instances, the decline in prices is not surprising and often, welcomed. Butter producers were stating that it was financially difficult to put butter stocks away at previous prices. Churning schedules remain active, although producers are hesitant to take on large volumes of surplus cream at this time due to the continued unsettled/weak market situation. Buying interest is also cautious. Most buyers continue to place orders for immediate needs only, in hopes further price declines.

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

1/4 LB. PRINTS	:	1.4500-1.8575
1 LB. PRINTS	:	1.4150-1.5775
CHIPS/PATTIES	:	1.4400-1.6500
REDDIES	:	1.5250-1.7600
CONTINENTALS	:	1.6800-1.8700

WEST

Print butter prices declined in response to trading at the CME on February 27. Some buyers are taking a temporary wait and see attitude until the market settles down. Other buyers have limited stocks and are continuing to make regular purchases. Stored butter seems to be staying put. Print orders are fair for this season. Feature activity for the Easter holidays is limited. Butter production is generally steady. Some churning operations are not anxious to buy cream at these prices. Moderate volumes of cream are leaving the region. Overall, there has been very little impact noted from the market price decline. Buyers and sellers, for the most part, are sticking with their current strategies.

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

1/4 LB. PRINTS	:	1.6325-1.7000
1 LB. PRINTS	:	1.5625-1.6275
PATTIES	:	1.6050-1.7700
REDDIES	:	1.7300-1.7475

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

1/4 LB. PRINTS	:	1.3475-1.3975
----------------	---	---------------

**WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
		:	
03/02/98	10,052	:	106,651
02/01/98	8,834	:	98,933
CHANGE	+1,218	:	+ 7,718
% CHANGE	+ 14	:	+ 8

Based on the historical relationship of the preliminary U.S. Cold Storage report of Jan. 31, 1998 and the selected centers storage report, the expected U.S. holdings as of March 1, 1998 are:

Butter	40 million pounds plus or minus 3.24 percent
Cheese	449 million pounds plus or minus 4.98 percent

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.	
FEBRUARY 27	1.4539 859,573	1.4039 4,109,969	1.4145 5,139,749	1.4256 2,042,136	1.4155 2,995,159	1.3984 4,271,382	1.4054 7,266,541	

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

CHEESE MARKETS

NORTHEAST

Prices are generally 4.5 - 8 cents lower on process and most natural styles; unchanged on Swiss. The market tone is steady to weak. Most contacts expect prices/trading levels at the CME to continue to fall and buyers are waiting as long as possible to make purchases beyond immediate needs. Production levels are moderate to heavy as quite a bit of Northeastern milk is moving to manufacturing plants. Some of this milk is often priced below Class and cheese makers are taking advantage of these offerings when they have room to process it. Demand for cheese from both retail and food service channels is steady.

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

Cheddar 10# Prints	:	1.4450-1.8325
Cheddar Single Daisies	:	1.4150-1.8375
Cheddar 40# Block	:	1.4875-1.6475
Process 5# Loaf	:	1.5950-1.7225
Process 5# Sliced	:	1.6150-1.7800
Muenster	:	1.5300-2.0025
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is weak. At the Chicago Mercantile Exchange on February 26, the 40# block price fell 8 cents to \$1.3500 and barrels declined 4.25 cents to \$1.3850. As usual after a price decline, many buyers are holding off on orders, waiting for possible lower prices in the future. The inverted spread (barrels higher than blocks) may last for a short period due to the relative supply situation, (usually the infrequent inverted spreads last only for about a week). The situation has some producers offering blocks to processors (preferably at barrel prices) with interest limited. Barrel supplies remain relatively snug with a few loads available from producers. Blocks are readily available with interest light. Process movement is generally holding up better than natural cuts for many operations. Some pressure is noted on Swiss prices, as producers try to maintain sales and keep inventories from accumulating. Cheese production remains heavy, though spot milk offerings are not as readily available as the previous few weeks. Local patron receipts are generally increasing though slowed by the return of colder temperatures.

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#	:	1.7100-1.8075
Cheddar 40# Block	:	1.6000-1.9150
Monterey Jack 10#	:	1.8000-1.9150
Blue 5#	:	1.9525-2.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7225-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Natural and process cheese prices range from steady to sharply lower. Swiss prices are unchanged. Many contacts are not surprised at the decline in cheese prices. They have been anticipating it for quite some time. They do not see a problem in the short run with barrel prices being higher than blocks. Processing solids are in a tighter position than current blocks. Speculation remains concerning if and when the market may decline further. Some buyers are on the sidelines until they are more comfortable with the market. Cheese production is being impacted by adverse weather patterns over much of the Western region.

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

Process 5# Loaf	:	1.5025-1.7975
Cheddar 40# Block	:	1.5325-1.7300
Cheddar 10# Cuts	:	1.7500-1.8725
Monterey Jack 10#	:	1.7150-1.8350
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGNTYPE

Prices are unchanged on most imported styles and eight cents lower on domestic types. The market tone is seasonally weak as demand is seldom better than fair. However, orders for some cheeses traditionally served during the Lent/Passover/Easter seasons are improved. Stocks of most types are adequate to meet needs.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6850-2.2950*
Gorgonzola	: 3.2400-5.9400	: 2.3500-2.4950*
Parmesan (Italy)	: TFEWR	: 3.0950-3.1325*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.3575-1.8850*
Romano (Cows Milk)	: -0-	: 2.8825-3.1350*
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 ranges from a little higher in most areas of the region to off slightly in Florida. In Florida, cows are being stressed by the wet, muddy conditions. These conditions also exist in other Gulf Coast states. Contacts report that there have been few milk quality problems. In the Northeast, milk supplies are in better balance and fewer loads moved out of the region for processing. In Florida, milk supplies are long and handlers have scheduled 35 loads to be shipped out this week. Bottled milk sales range from slow to fair. In some areas, first of the month sales are improved, but other areas see steady demand for bottled milk. The mild weather in the northern areas has had a negative impact on winter tourism in Florida and other Southern states. This, in turn, is affecting milk consumption in the Deep South. Manufacturing plant receipts are steady to lighter. Most contacts are able to handle their own milk this week. Therefore, less milk is moving to those processing facilities that were taking the extra milk during the past week or two. Two Southern balancing plants that were running heavily during the past couple weeks have, at least temporarily, shut down. Although there is some concern about spring milk supplies, there seems to be ample processing capacity in the region. The condensed skim market is unchanged. Prices and demand are steady. The fluid cream market is mixed. Following the price drop on butter, demand for cream seemed to improve. Supplies were tight early in the week, but loosened by Wednesday. Spot prices are generally lower. However, multiples are unchanged to higher. Cream cheese output is improved as some makers are gearing up for anticipated Easter/Lent needs and they are actively looking for cream. Ice cream output is still moderate as buyers wait to see if fat/butter prices will come down any further. Butter production is moderate to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.6380	- 1.8396
Delivered Equivalent Atlanta	-	1.6128	- 1.8965 M 1.6380 - 1.7388
F.O.B. Producing Plants: Upper Midwest	-	1.6632	- 1.7640

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	1.0000	- 1.1875

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
FEBRUARY 27 - MARCH 5, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I demand is generally improved aided, in instances, by some retail feature activity and the usually improved first of the month sales pickup. Some intra regional milk was shipped for bottling purposes, but none reported originated from Wisconsin. The volumes of fluid being diverted to manufacturing plants from bottlers as part of their balancing function has increased in recent weeks. Surplus fluid offerings remained heavy within the region, particularly over the last weekend of the month. Surplus milk is still flowing into upper Midwestern manufacturing plants from the East and from Texas. After a few weeks of breakdown/strike induced milk surplus offerings, overall spot fluid supplies were less oppressive. Reported manufacturing milk prices range from flat to 50 cents under class/MCP, mostly 15 to 25 cents

under. Cream prices are lower, reflecting declines in butter prices at the Chicago Mercantile Exchange. Milk intakes are steady to just slightly higher. A few more operations are reporting milk intakes close to year ago levels. Most manufacturing plant operating schedules remain active, at least in the traditional manufacturing areas. Protein and fat tests are steady to drifting slowly lower, in general at seasonal levels. More seasonal temperatures returned to the northern tier of states with generally light snow flurries again whitening the terrain, at least temporarily. February temperatures were among a handful of the warmest on record at a number of Midwestern locations.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 26 - MAR 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 40.00	\$ 33.00- 38.50
REPLACEMENT HEIFER CALVES	\$120.00-150.00	\$125.00-150.00

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

	FEB 26 - MAR 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.00	\$ 34.00- 39.00

WEST

The February 4a price (butter/powder) in California is \$12.95, up 88 cents from January and 76 cents higher than last year. The 4b price (cheese) is \$12.52, 2 cents higher than last month and \$1.22 more than last year. Milk production levels and cow losses are the concern of the industry in California. Milk output declines are highly variable throughout the state, but seem to be more pronounced in the south. The Chino area has experienced heavy rainfall and muddy lot conditions are causing death losses. Dairy cattle losses are stated at approximately 6500 head, but some sources feel these numbers are overstated. Milk production in the local area is indicated to be 8 to 20% lower than pre-storms levels. Statewide numbers are variable and are often below pre-storm levels, but often higher than year ago levels. Weather conditions have been dry this week over most of the state, leading to decent drying patterns. However, storms are poised to hit the state later this week. New Mexico milk production is indicated to be rebounding due to good weather conditions and the availability of good quality, economical feed supplies. Federal Milk Market Order statistics for Chavis county during January 1998 were 7.9% lower than a year earlier, which is the first reliable indicator of the effect of the year-end blizzard that hit the Roswell area. Cow numbers continue to increase in the state, both due to expansions and the addition of new producers. The fluid cream market is unsettled following the decline in the CME butter prices last Friday. Multiple are trying to be held, but some buyers want to base the price off the upcoming market. Some ice cream accounts are not taking the volumes of recent weeks. Milk production in the Pacific Northwest is increasing seasonally. Conditions remain on the wet side, but the warm temperatures are ideal for a strong milk flow. Concentrate and hay prices are declining. Offerings of good quality hay are increasing, which is somewhat unusual for this season of the year. Manufacturing schedules are heavier than anticipated at most locations. The early spring stress on the milking herd is more noticeable in Utah and Idaho. Conditions are wetter and muddier than in the Pacific Northwest. Those operations that don't have free stalls and rely solely on feed lots are facing the most stress. Milk production is mixed with both positive and negative reports noted. Milk quality is becoming much more of a concern in the region.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/05/98 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 unchanged and the market tone remains weak. Demand is limited. Spot sales for low heat are light and interest in high heat is mainly for contracted accounts. For the first time since September 1994, a major producer from the Central region offered 1,139,910 pounds of powder to the CCC under the price support program. U.S. production of human food NDM during January totaled 103.6 million pounds, up 6.4% from last year and 1.4% higher than December. (Combined MN and WI production during January totaled 1,907,000 pounds.) Manufacturers' stocks at the end of January totaled 104.1 million pounds, 39.3% higher than last year and 0.8% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: .10200 - .10750 MOSTLY: .10400 - .10500

DRY BUTTERMILK - CENTRAL

Prices are slightly higher on the top end of the range and the market tone is steady. Demand is limited in light trading activity. Contacts noted more offers from producers this week. During January, dry buttermilk production totaled 5.3 million pounds, down 3.2% from last year but 14.9% higher than December. End-of-month stocks totaled 3.8 million pounds, up 53.7% from a year earlier and 5.5% higher than last month.

BUTTERMILK: .9325 - .9700

DRY WHEY - CENTRAL

The price range adjusted slightly lower on the top end of the range, but the mostly remained unchanged. The lethargic trend continues throughout the marketplace. Demand is slow as buyers are purchasing only for immediate needs. Manufacturer offerings are plentiful and discounts are negotiable on multi-load sales. Some contacts feel that prices may decline in upcoming weeks with the combination of the current slow demand and increased production levels. U.S. production of human food whey during January totaled 94.4 million pounds, 7.6% more than last year but 3.6% lower than last month. End-of-January stocks, at 34.1 million pounds, are 16.1% more than last year and 4.9% higher than December. Production in January with changes from 1997 are: Wisconsin, 25.5 million pounds, up 0.9% and Minnesota, 8.9 million pounds, down 0.5%.

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

ANIMAL FEED WHEY - CENTRAL

Prices are higher on milk replacer; steady on all other animal feed types. All prices remain nominal. Feed business is slower than usual as a result of lower slaughter prices. Demand is limited. A few sellers indicate that stocks are not moving as quickly as desired because many end users are only purchasing for hand to mouth needs. January U.S. animal feed, dry whey production totaled 6.6 million pounds, 36.0% higher than last year and up 11.7% from December. Month-ending stocks were 2.7 million pounds, 16.7% less than last year but 35.3% higher than last month. Animal feed, reduced lactose and minerals whey production during January totaled 2.6 million pounds, 9.5% more than last year and 10.1% higher than December; while all stocks (animal and human), at 8.6 million pounds, were 30.7% higher than last year.

MILK REPLACER: .1900 - .2400
STANDARD: .1800 - .2200
ROLLER GROUND: .2500 - .2550
DELACTOSE (Min. 20% protein): .3400 - .3675

LACTOSE - CENTRAL AND WEST

The price range is steady, but the mostly is slightly higher. The market undertone is showing firmness. Demand is good. Offerings are available, but more difficult to find. Contacts have commented on increasing offgrade prices as well. Production levels range from moderate to stronger. Stocks are tighter than desired for a majority of producers. U.S. lactose production during January totaled 37.0 million pounds, up 18.3% from last year and 8.4% higher than December. End-of-January stocks, at 21.1 million pounds, are 25.0% higher than last year and 0.7% more than last month. Production in January with changes from 1997 are: Minnesota, 10.6 million pounds, up 23.7%; and Wisconsin, 8.3 million pounds, up 1.5%.

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

EDIBLE: .1800 - .2600 MOSTLY: .2150 - .2250

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower as the market undertone shows signs of softening. Demand is light. Some manufacturers are actively searching for buyers in an effort to avoid building stocks. Discounts can be found throughout the marketplace. Inventories are ample to in excess of current needs. U.S. production of human food WPC during January totaled 18.5 million pounds, a 3.6% decrease from last year and 6.5% lower than the previous month. Manufacturers' stocks at the end of January totaled 11.2 million pounds, 31.7% higher than last year but 2.5% lower than last month.

EXTRA GRADE 34% PROTEIN: .5750 - .6275 MOSTLY: .6025 - .6075

NONFAT DRY MILK - WEST

Prices are lower for both price ranges and the market tone remains weak. Offerings are available from most producers and resellers in the region. NDM prices in the Midwest and East are lower and at levels to keep local customers from buying Western powder. DEIP orders are waning due to orders becoming filled and orders being delayed. Production remains active in the region despite weather related milk production declines in California. For some producers, the decline is acceptable because they would not have commercial sales for the extra NDM. CCC adjusted NDM purchases under the price support program during the week of February 23 - 27 totaled 2.4 million pounds. U.S. NDM production in January totaled 103.6 million pounds, up 6.4% from last year and 1.4% higher than December. Stocks at the end of the month were reported at 104.1 million pounds, up 39.3% from last year and 0.8% more than last month. January production in California totaled 47.3 million pounds, up 25.4% from last year, and Washington output totaled 12.2 million pounds, down 16.6% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0175 - 1.0500 MOSTLY: 1.0200 - 1.0350
HIGH HEAT: 1.0450 - 1.0600

DRY BUTTERMILK - WEST

Prices and the market tone are holding mostly steady. Demand has tapered off following the increased orders of several weeks ago. Price resistance has developed at these levels. Offerings are available from most sources in the region. U.S. buttermilk powder production in January totaled 5.3 million pounds, down 3.2% from last year but 14.9% higher than December. Stocks at the end of the month were reported at 3.8 million pounds, up 53.7% from a year earlier and 5.5% higher than December.

BUTTERMILK: .9000 - .9325 MOSTLY: .9100 - .9200

DRY WHEY - WEST

No price changes are noted for Western whey powder. The market has a steady undertone. Supply and demand are in reasonably close balance. Buyers are able to cover needs in a timely fashion. Producer stocks are at reasonable levels. Current production is mixed, depending on the seasonal milk flow related to the very wet conditions over much of the West. January U.S. whey production totaled 94.4 million pounds, up 7.6% from last year. Stocks at the end of the month total 34.1 million pounds, up 16.1% from January 1997.

NONHYGROSCOPIC: .2050 - .2250 MOSTLY: .2100 - .2175

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended February 27, on powder sales of 10,593,635 pounds f.o.b. California manufacturing plants was \$1.0302 per pound. This compares to 10,748,298 pounds at \$1.0336 for the previous week ending February 20, 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 unchanged and the market tone remains weak. Production levels are steady to occasionally lighter, but stocks are accumulating at some plants. Those operations with DEIP contracts to fill are clearing satisfactory volumes, but other operations are making it faster than it is going out the door. Demand is fair, but most spot buyers are very selective with regard to prices. Eastern NDM prices and availability are very competitive with Western suppliers. For these reasons, more traders/users seem to be buying a higher percentage of their needs from Eastern producers. Production of human food, nonfat dry milk during January 1998 totaled 103.6 million pounds, up 6.4% from January 1997 and 1.4% more than December 1997. Month ending stocks, at 104.1 million pounds, are 39.3% above a year ago and 0.8% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0200 - 1.1100	MOSTLY	1.0300 - 1.0500
DELVD SOUTHEAST:	1.0550 - 1.0900		

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Production levels are steady to lighter. Some operations are making equipment changes and are having to move their buttermilk to other plants for drying. Demand is slow to fair. Producer stocks are closely balanced for current needs. Dry buttermilk production during January 1998 totaled 5.3 million pounds, down 3.2% from January 1997 but up 14.9% from December 1997. Month ending stocks, at 3.8 million pounds, are 53.7% more than a year ago and 5.5% more than last month.

F.O.B. NORTHEAST:	.9400 - .9700
DELVD SOUTHEAST:	.9400 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices and the market tone are steady. Production levels are unchanged to slightly heavier where more milk is available. However, some contacts report that dryer time is being filled with skim. Plant stocks are closely balanced. Demand is slow to fair for domestic spot needs and steady for export. With the DEIP allocations filled, no new orders can be accepted, but shipments under existing contracts continue. Dry whole milk production during January 1998 totaled 12.5 million pounds, up 23.6% from January 1997 and 2.2% above December 1997. Month ending stocks, at 6.6 million pounds, are 15.7% under a year ago but 18.3% above last month.

F.O.B. PRODUCING PLANT:	1.3000 - 1.3700
-------------------------	-----------------

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH FEBRUARY 27, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	84,333	MT (186,331,578 LBS)
CHANGE	--	758	MT (1,671,087 LBS)
WHOLE MILK POWDER	--	7,487	MT (16,505,840 LBS)
Program allocations filled			
CHEESE	--	2,907	MT (6,408,772 LBS)
CHANGE	--	67	MT (147,708 LBS)
BUTTERFAT	--	15,610	MT (34,413,806 LBS)
CHANGE	--	25	MT (55,115 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 steady to fractionally lower. The market tone is cautiously steady. Production levels are steady to occasionally lower, but domestic demand is still reported as sluggish. Some new export sales have been reported at undisclosed prices. Plant stocks range from tight to fully adequate. Users are taking only contracted volumes and/or enough for immediate needs. Many think prices could move lower as we enter spring, a time of increased output. Production of human food, dry whey during January 1998 totaled 94.4 million pounds, 7.6% more than January 1997 but 3.6% less than December 1997. Month ending stocks, at 34.1 million pounds, are 16.1% above a year ago and 4.9% above last month.

F.O.B. NORTHEAST:	EXTRA GRADE	.2350 - .2550
	USPH GRADE A	.2500 - .2625
DELVD SOUTHEAST:		.2600 - .2850

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is steady. Offerings of milk replacer are light, but Extra Grade powder is readily available to feed makers. Demand is slow to fair as buyers maintain their wait and see attitude with regard to large-volume, spot purchases. Production of dry, animal feed whey during January 1998 totaled 6.6 million pounds, 36.0% more than last January and 11.7% more than December 1997.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
-------------------	---------------	-------

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels are steady to lighter depending on area of the country. Plant stocks are building as demand is seasonally light. Canned evaporated milk production during January 1998 totaled 39.8 million pounds, 16.7% more than January 1997 but 13.6% less than December 1997. Month ending stocks, at 38.4 million pounds, are 86.4% more than a year ago and 72.9% above last month. The Kansas City Commodity office announced the purchase of 2,350,080 pounds of canned evaporated milk under EVD-1, invitation 420 at prices ranging \$.5050 - .5310 per pound for delivery 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 markets remain steady at unchanged prices. Stocks are reported to be in good balance for needs. Shipments are arriving as scheduled, thus users of both acid and rennet are comfortable with supplies. Casein import during December totaled 5,316,957kg (5,317mt), down 6% when compared to December 1996. Cumulative calendar year 1997 imports totaled 65,025,383kg (65,025mt), down 6% when compared to cumulative 1996 imports. New Zealand was the leading source of U.S. casein imports with 35% of the total followed by Ireland at 30%, and France with 12%.

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

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

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

Month	02/19	02/20	02/23	02/24	02/25	02/26	02/27	03/02	03/03	03/04
CSCE - BFP -- Dollars per cwt.										
FEB 98	13.20 (153) 5	13.28 (158) 5	13.28 (153) 5	13.24 (153) 0	13.27 (153) 1	13.27 (153) 0	13.25 (153) 10	13.25 (153) 0	13.25 (153) 0	13.25 (153) 0
MAR 98	12.75 (120) 11	12.87 (122) 2	12.95 (122) 6	12.89 (122) 0	12.93 (122) 0	12.95 (127) 5	12.28 (137) 16	12.18 (132) 53	12.23 (143) 7	12.15 (155) 20
APR 98	12.22 (37) 2	12.30 (39) 4	12.28 (39) 1	12.23 (39) 0	12.24 (39) 0	12.24 (45) 6	11.99 (45) 4	11.89 (47) 2	11.91 (47) 3	11.86 (41) 1
MAY 98	12.15 (57) 0	12.26 (60) 5	12.24 (61) 1	12.09 (61) 0	12.23 (61) 0	12.18 (60) 2	11.93 (61) 5	11.90 (63) 2	11.89 (66) 8	11.86 (74) 2
JUN 98	12.04 (22) 0	12.13 (22) 0	12.10 (22) 0	12.02 (22) 0	12.11 (22) 0	12.08 (33) 11	11.91 (35) 2	11.90 (47) 20	11.96 (48) 0	11.93 (48) 0
JUL 98	12.30 (27) 1	12.33 (27) 0	12.23 (27) 1	12.21 (27) 0	12.27 (27) 0	12.22 (28) 2	12.26 (28) 3	12.18 (38) 10	12.18 (38) 0	12.10 (70) 33
AUG 98	12.39 (5) 0	12.61 (5) 0	12.50 (6) 1	12.40 (6) 0	12.54 (6) 0	12.54 (7) 1	12.55 (11) 8	12.40 (11) 0	12.45 (13) 2	12.45 (13) 0
SEP 98	12.60 (0) 0	12.75 (0) 0	12.70 (0) 0	12.60 (0) 0	12.73 (0) 0	12.75 (5) 5	12.78 (5) 0	12.68 (5) 5	12.73 (10) 0	12.70 (10) 0
OCT 98	12.98 (0) 0	13.08 (0) 0	13.05 (0) 0	12.93 (0) 0	12.93 (0) 0	12.90 (0) 0	12.88 (4) 4	12.93 (5) 1	12.93 (5) 2	12.93 (5) 0
CME - BUTTER -- Cents per pound										
MAR 98	135.75 (33) 0	137.50 (33) 0	137.50 (29) 7	137.00 (29) 0	138.00 (29) 0	136.50 (28) 7	135.50 (26) 2	135.50 (26) 0	133.00 (26) 0	128.00 (25) 1
MAY 98	136.50 (22) 1	137.50 (22) 0	137.50 (21) 4	137.00 (21) 0	136.50 (21) 0	136.00 (21) 2	136.00 (21) 1	135.00 (21) 0	132.50 (21) 0	128.00 (21) 0
JUL 98	135.25 (10) 0	136.25 (10) 0	136.25 (10) 0	135.75 (10) 0	134.00 (10) 0	133.00 (10) 0	133.00 (12) 2	133.00 (12) 0	131.00 (12) 0	128.00 (12) 0
CME - BFP -- Dollars per cwt.										
FEB 98	13.18 (232) 20	13.28 (216) 12	13.26 (217) 4	13.26 (217) 16	13.26 (217) 8	13.27 (217) 0	13.24 (218) 13	13.25 (219) 3	13.26 (219) 12	13.26 (219) 0
MAR 98	12.75 (168) 7	12.92 (178) 28	12.94 (189) 32	12.87 (199) 15	12.93 (195) 13	12.95 (201) 21	12.38 (218) 22	12.17 (207) 69	12.21 (206) 12	12.15 (202) 23
APR 98	12.25 (89) 10	12.31 (95) 20	12.31 (81) 15	12.20 (81) 0	12.25 (84) 7	12.24 (87) 16	11.95 (88) 8	11.89 (90) 12	11.88 (90) 1	11.85 (100) 29
MAY 98	12.24 (57) 0	12.26 (71) 17	12.26 (72) 9	12.17 (72) 0	12.21 (73) 5	12.19 (76) 12	12.04 (78) 5	11.95 (95) 18	11.91 (101) 8	11.86 (107) 6
JUN 98	12.07 (69) 2	12.10 (69) 3	12.10 (71) 2	12.07 (72) 1	12.10 (69) 12	12.06 (76) 7	11.95 (86) 10	11.90 (83) 6	11.87 (87) 5	11.85 (87) 2
JUL 98	12.17 (25) 0	12.25 (64) 66	12.25 (64) 2	12.20 (64) 0	12.25 (71) 7	12.23 (77) 6	12.15 (78) 7	12.13 (122) 54	12.07 (143) 24	12.00 (148) 7
AUG 98	12.40 (16) 5	12.52 (18) 2	12.52 (18) 0	12.45 (18) 0	12.54 (19) 1	12.52 (21) 2	12.46 (25) 6	12.47 (25) 0	12.45 (30) 5	12.40 (31) 1
SEP 98	12.70 (18) 0	12.70 (18) 0	12.70 (21) 4	12.70 (21) 0	12.75 (21) 0	12.75 (23) 8	12.60 (23) 0	12.65 (24) 2	12.65 (25) 1	12.65 (25) 1
OCT 98	12.85 (8) 0	12.90 (13) 5	12.90 (16) 3	12.85 (16) 0	12.90 (16) 3	12.90 (18) 2	12.86 (18) 0	12.85 (19) 2	12.85 (22) 4	12.85 (22) 1
CME - CHEDDAR CHEESE -- Cents per pound										
MAR 98	135.00 (79) 2	137.50 (79) 0	137.50 (81) 3	137.00 (81) 0	137.00 (81) 0	137.20 (81) 0	134.70 (81) 0	129.70 (81) 0	129.90 (81) 0	129.90 (80) 3
MAY 98	132.25 (31) 1	133.00 (30) 2	133.00 (30) 0	132.50 (30) 0	132.50 (30) 0	132.75 (31) 1	132.50 (32) 1	130.50 (32) 0	130.50 (36) 5	130.00 (38) 2
JUL 98	132.10 (55) 1	133.00 (57) 3	133.00 (57) 0	132.75 (56) 1	132.75 (56) 0	132.75 (56) 3	132.50 (56) 0	132.00 (56) 0	132.00 (60) 11	132.00 (62) 2
SEP 98	138.00 (1) 0	138.00 (1) 0	138.00 (1) 0	138.00 (1) 0	138.00 (1) 0	138.00 (1) 0	138.00 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 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.

EDITOR'S NOTE: Due to lack of open interest, volume, and settling prices for NDM, butter, cheese, and fluid milk futures at the CSCE, Dairy Market News will suspend publishing these four items until activity resumes. The CSCE remains fully committed to their dairy product futures programs.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 23 - March 6, 1998

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

WESTERN ANDEASTERN EUROPE

OVERVIEW: WESTERN EUROPE: The topic of most discussion at this time is the upcoming end of the milk quota year. With less than 30 days left, milk deliveries vary from on schedule with no adjustments planned or needed before the end of March to figuring out how to approach the overage. Reports indicate that producers in Germany will probably have to make the greatest adjustments. Many producers will be able to adjust milk deliveries by months end and meet quota levels while others will need to make other decisions. Some producers that have to make the greatest adjustments are considering not doing anything and be assessed the penalty levies. Overall milk production throughout Europe is at low levels, although signs are starting to develop for a strong seasonal increase soon. Dairy product trading activity remains quite slow. Stocks are reported to be sufficient for current needs. Skim powder is being readied for intervention which opened March 1.

BUTTER/BUTTEROIL: European butter and butteroil markets are weak as prices continue to edge lower. Although prices are lower than a few weeks ago, many within the butter industry feel that prices might stabilize at current levels versus continue to weaken. PSA butter storage will open in April, thus butter produced on or after March 5 will qualify for this storage program. In most instances, stocks are in good balance with current limited international demand.

82% BUTTERFAT: 1,750 - 1,850
 99% BUTTERFAT: 2,200 - 2,300

SKIM MILK POWDER (SMP): Skim powder market are generally steady at current prices. Intervention is now open for skim powder that has been produced during the past few weeks. Traders feel that substantial volumes of powder will be offered to intervention, but it is still too early to report on initial offerings. Powder production varies due to milk volumes. Milk availability will be mixed during the next four weeks as milk quotas are addressed. Most powder handlers anticipate powder to resume strong output after April 1.

1.25% BUTTERFAT: 1,450 - 1,540

WHOLE MILK POWDER (WMP): As in SMP, wholemilk powder prices are also weaker, although a more stable market tone is being attained. Traders feel that prices might have reached a level that further price declines will not occur. Stock levels are light, thus limited orders are being filled with on demand production. Most sales activity is occurring internally to private buyers.

26% BUTTERFAT: 1,700 - 1,800

SWEET WHEY POWDER: Whey markets are slightly firmer when compared to the weak tone of two weeks ago. Prices are generally higher although the top end of the reported range is slightly lower. Stock levels of whey are not overly excessive. Whey volumes are being further reduced by lighter volumes of milk being directed toward cheese production as the milk quota year-end nears. Overall demand is slow, but European traders are looking forward to possible participation in the upcoming Japanese tender. Although supplies might be less available at this time, production after April 1 should be sufficient to fill needs.

NONHYGROSCOPIC: 560 - 675

OVERVIEW: EASTERN EUROPE: No major changes have occurred in Eastern Europe from a few weeks ago. Trading activity continues to center around internal sales with limited international activity. Eastern European producers are adjusting their product prices lower in relationship to Western prices. Weather conditions continue to be mild thus seasonal milk production increases will resume shortly.

OCEANIA

OVERVIEW: Milk production patterns in the dairy areas of Australia and New Zealand continue to decline seasonally. Although milk output is declining quite rapidly, overall production figures are indicating that cumulative output is still ahead of last year. Drier than usual conditions in many of the dairy areas are not helping maintain production. Trading activity out of Oceania remains light and unaggressive. The Southeastern Asian financial situation continues to plague market development from Australian and New Zealand dairy product traders. As the milk production season comes to a close and stock levels of most dairy products are readily available, Oceania traders are looking at other markets for possible sales activity. As of yet, no substantial agreements have been reached.

BUTTER: Butter prices in the Oceania region continue to edge lower. Butter production has been strong thus far this season, but is now declining on a steady basis. Trading activity is quite slow as Asian markets continue to be inactive due to the continued financial crisis. Oceania stocks are at a point that Oceania traders are starting to look beyond regular markets to possibly generate some buyer interest.

82% BUTTERFAT: 1,700 - 1,800

CHEDDAR CHEESE: Cheese markets are generally steady although prices adjusted higher and lower. Sales activity is limited to the point that Oceania traders are looking at non traditional markets as possible outlets for available stocks. As in most other dairy product markets, the Asian financial situation is slowing most market activity.

39% MAXIMUM MOISTURE: 1,950 - 2,000

SKIM MILK POWDER (SMP): Skim milk powder markets are weak as prices continue to edge lower. Price are being adjusted lower in hopes of stimulating some buyer interest, but at this time, no substantial orders have been placed. Oceania traders are very aware that the U.S. and European milk production season is soon to resume, thus powder stocks will also become more available, competing for potential sales.

1.25% BUTTERFAT: 1,400 - 1,500

WHOLE MILK POWDER (WMP): Whole milk powder markets are also weak as prices edge lower. Stocks are excessive of current needs and potential sales are not developing. International buyer interest is quiet and traders have few leads to work from. Whole milk powder traders are having to look beyond normal outlets for potential new markets.

26% BUTTERFAT: 1,600 - 1,700

Exchange rates for selected foreign currencies: March 2, 1998

.4891 Dutch Guilder	.5511 German Mark
.1644 French Franc	.5873 New Zealand Dollar
.1175 Mexican Peso	.6831 Australian Dollar
1.6463 British Pound	.0080 Japanese Yen
.2879 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1175) = 8.5106. That is 1 US Dollar equals 8.5106 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 1998 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/LTL)

COMMODITY	REPORT NUMBER 5	REPORT NUMBER 6	REPORT NUMBER 7	REPORT NUMBER 8	1998	1997
	FEB 02 - 06	FEB 09 - 13	FEB 16 - 20	FEB 23 - 27	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	1.3600 - 1.3700	1.4100 - 1.4200	1.4000 - 1.4100	1.4000 - 1.4100		
-- Grade A	1.2600 - 1.2700	1.3250 - 1.3350	1.3000 - 1.3100	1.3000 - 1.3100		
THURSDAY						
-- Grade AA	1.3600 - 1.3700	1.4100 - 1.4200	1.4000 - 1.4100	1.4000 - 1.4100		
-- Grade A	1.2600 - 1.2700	1.3250 - 1.3350	1.3000 - 1.3100	1.3000 - 1.3100		
FRIDAY						
-- Grade AA	1.3600 - 1.3700	1.4100 - 1.4200	1.4000 - 1.4100	1.4000 - 1.4100	1.3975	1.0713
-- Grade A	1.2600 - 1.2700	1.3250 - 1.3350	1.3000 - 1.3100	1.3000 - 1.3100	1.3013	0.9838
CHICAGO MERCANTILE EXCHANGE 3/						
-- Grade AA	1.4100	1.4000	1.4000	1.3500	1.3918	1.0734
-- Grade A	1.3250	1.3000	1.3000	1.2600	1.2963	0.9846
-- Grade B	1.3200	1.3000	1.3000	1.2600	1.2914	0.9693
CENTRAL STATES PRINT (f.o.b. LTL)						
-- Grade AA, 1/4 Lb. Prints	1.4600 - 1.8675	1.5100 - 1.9175	1.5000 - 1.9075	1.5000 - 1.9075	1.6959	1.3656
-- Grade AA, 1 Lb. Prints	1.4250 - 1.5875	1.4750 - 1.6375	1.4650 - 1.6275	1.4650 - 1.6275	1.5384	1.2081
-- Grade AA, Chips/Patties	1.4500 - 1.6600	1.5000 - 1.7100	1.4900 - 1.7000	1.4900 - 1.7000	1.5871	1.2568
-- Grade AA, Reddies	1.5350 - 1.7700	1.5850 - 1.8200	1.5750 - 1.8100	1.5750 - 1.8100	1.6846	1.3531
-- Grade AA, Continentals	1.6900 - 1.8800	1.7400 - 1.9300	1.7300 - 1.9200	1.7300 - 1.9200	1.8171	1.4868
NORTHEAST PRINT (Delivered, LTL)						
-- Grade AA, 1/4 Lb. Prints	1.5700 - 1.8175	1.6200 - 1.8675	1.6100 - 1.8575	1.6100 - 1.8575	1.7259	1.3856
-- Grade AA, 1 Lb. Prints	1.4850 - 1.6675	1.5350 - 1.7175	1.5250 - 1.7075	1.5250 - 1.7075	1.6084	1.2781
-- Grade AA, Chips/Patties	1.5475 - 1.7550	1.5975 - 1.8050	1.5875 - 1.7950	1.5875 - 1.7950	1.6834	1.3343
-- Grade AA, Reddies	1.6225 - 1.8175	1.6725 - 1.8675	1.6625 - 1.8575	1.6625 - 1.8575	1.7521	1.4232
-- Grade AA, Continentals	1.7025 - 1.8775	1.7525 - 1.9275	1.7425 - 1.9175	1.7425 - 1.9175	1.8221	1.4918
CALIFORNIA PRINT (Delivered, LTL)						
-- Grade AA, 1/4 Lb. Prints	1.6425 - 1.7100	1.6925 - 1.7600	1.6825 - 1.7500	1.6825 - 1.7500	1.7084	1.3706
-- Grade AA, 1 Lb. Prints	1.5725 - 1.6375	1.6225 - 1.6875	1.6125 - 1.6775	1.6125 - 1.6775	1.6371	1.2956
-- Grade AA, Patties	1.6150 - 1.7800	1.6650 - 1.8300	1.6550 - 1.8200	1.6550 - 1.8200	1.7296	1.3956
-- Grade AA, Reddies	1.7400 - 1.7575	1.7900 - 1.8075	1.7800 - 1.7975	1.7800 - 1.7975	1.7809	1.4493
CALIFORNIA PLANTS PRINT (f.o.b. LTL)						
-- Grade AA, 1/4 Lb. Prints	1.3575 - 1.4075	1.4075 - 1.4575	1.3975 - 1.4475	1.3975 - 1.4475	1.4146	1.0981
CHEESE						
CHICAGO MERCANTILE EXCHANGE 3/						
-- Barrels	1.4225	1.4225	1.4275	1.3850	1.4194	1.2757
-- 40# Blocks	1.4300	1.4300	1.4300	1.3500	1.4214	1.3124
WISCONSIN ASSEMBLY POINTS (f.o.b.)						
-- Cheddar Barrels	1.4200 - 1.4450	1.4225 - 1.4475	1.4225 - 1.4475	1.4275 - 1.4525	1.4357	1.2754
-- Cheddar 40# Blocks	1.4400 - 1.4600	1.4300 - 1.4600	1.4300 - 1.4600	1.4300 - 1.4625	1.4466	1.3225
WISCONSIN (WSP, Delivered, LTL)						
-- Process American 5# Loaf	1.4975 - 1.7600	1.4975 - 1.7600	1.4975 - 1.7600	1.4975 - 1.7600	1.6288	1.5759
-- Brick And/Or Muenster 5#	1.7100 - 1.8875	1.7100 - 1.8875	1.7100 - 1.8875	1.7100 - 1.8875	1.7988	1.6858
-- Cheddar 40# Block	1.6800 - 1.9150	1.6800 - 1.9150	1.6800 - 1.9150	1.6800 - 1.9150	1.7975	1.7437
-- Monterey Jack 10#	1.8800 - 1.9150	1.8800 - 1.9150	1.8800 - 1.9150	1.8800 - 1.9150	1.8975	1.8437
-- Blue 5#	2.0325 - 2.2500	2.0325 - 2.2500	2.0325 - 2.2500	2.0325 - 2.2500	2.1413	2.0245
-- Mozzarella 5 - 6#	1.7900 - 1.9150	1.7900 - 1.9150	1.7900 - 1.9150	1.7900 - 1.9150	1.8525	1.7796
-- Grade A Swiss Cuts 6 - 9#	2.2800 - 2.4850	2.2800 - 2.4850	2.2800 - 2.4850	2.2800 - 2.4850	2.3825	2.3850
NORTHEAST (WSP, Delivered, LTL)						
-- Cheddar 10# Prints	1.4525 - 1.9125	1.4525 - 1.9125	1.4525 - 1.9125	1.4525 - 1.9125	1.6825	1.5474
-- Cheddar Single Daisies	1.4225 - 1.9175	1.4225 - 1.9175	1.4225 - 1.9175	1.4225 - 1.9175	1.6700	1.5299
-- Cheddar 40# Block	1.5675 - 1.7275	1.5675 - 1.7275	1.5675 - 1.7275	1.5675 - 1.7275	1.6475	1.5224
-- Process 5# Loaf	1.6300 - 1.7575	1.6325 - 1.7600	1.6325 - 1.7600	1.6375 - 1.7650	1.6969	1.5520
-- Process 5# Sliced	1.6500 - 1.8150	1.6525 - 1.8175	1.6525 - 1.8175	1.6575 - 1.8225	1.7357	1.5658
-- Muenster	1.6100 - 2.0100	1.6100 - 2.0100	1.6100 - 2.0100	1.6100 - 2.0100	1.8100	1.6749
-- Grade A Swiss Cuts 10 - 14#	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	1.5375 - 1.8400	1.5400 - 1.8400	1.5400 - 1.8400	1.5450 - 1.8400	1.6903	1.5988
-- Cheddar 40# Block	1.6125 - 1.7300	1.6125 - 1.7300	1.6125 - 1.7300	1.6125 - 1.7300	1.6713	1.6158
-- Cheddar 10# Cuts	1.7500 - 1.9525	1.7500 - 1.9525	1.7500 - 1.9525	1.7500 - 1.9525	1.8513	1.7880
-- Monterey Jack 10#	1.7150 - 1.9150	1.7150 - 1.9150	1.7150 - 1.9150	1.7150 - 1.9150	1.8150	1.7448
-- Grade A Swiss Cuts 6 - 9#	2.3375 - 2.5600	2.3375 - 2.5600	2.3375 - 2.5600	2.3375 - 2.5600	2.4488	2.3672

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 1998 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER				1998		1997	
	5	6	7	8	Average	Average	Average	Average
	FEB 02 - 06	FEB 09 - 13	FEB 16 - 20	FEB 23 - 27	or Total	or Total	or Total	or Total
FLUID AND DRY PRODUCTS								
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)								
Delivered Equivalent:								
-- Northeast	:: 1.6002 - 1.7640	:: 1.7225 - 1.8815	:: 1.6900 - 1.8460	:: 1.6900 - 1.8460	::	:: 1.7543	:: 1.2950	
-- Atlanta	:: 1.6128 - 1.9104	:: 1.6960 - 1.9799	:: 1.6640 - 1.9660	:: 1.6640 - 1.9660	::	:: 1.8070	:: 1.3601	
-- Upper Midwest	:: 1.6632 - 1.7640	:: 1.7490 - 1.8550	:: 1.7290 - 1.8200	:: 1.7290 - 1.8200	::	:: 1.7657	:: 1.3216	
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)								
Delivered Equivalent:								
-- Northeast	:: 1.0600 - 1.2500	:: 1.0300 - 1.1875	:: 1.0000 - 1.1875	:: 1.0000 - 1.1875	::	:: 1.1138	:: 1.1489	
WISCONSIN FLUID MILK SHIPMENTS								
-- Loads Shipped from Wisconsin Shipping Points	:: 0	:: 0	:: 0	:: 0	::	:: 0	:: 0	
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	::	:: 27.7500	:: 27.7500	
NONFAT DRY MILK								
-- Central (f.o.b.)								
-- Extra And Grade A	:: 1.0300 - 1.0775	:: 1.0300 - 1.0775	:: 1.0300 - 1.0775	:: 1.0200 - 1.0750	::	:: 1.0521	:: 1.1491	
-- Mostly	:: 1.0400 - 1.0500	:: 1.0400 - 1.0500	:: 1.0400 - 1.0500	:: 1.0400 - 1.0500	::	:: 1.0450	:: 1.1424	
-- West (f.o.b.)								
-- Low/Medium Heat	:: 1.0200 - 1.0550	:: 1.0200 - 1.0550	:: 1.0200 - 1.0550	:: 1.0200 - 1.0500	::	:: 1.0368	:: 1.1175	
-- Mostly	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0250 - 1.0350	:: 1.0200 - 1.0350	::	:: 1.0293	:: 1.1237	
-- High Heat	:: 1.0500 - 1.0650	:: 1.0500 - 1.0650	:: 1.0500 - 1.0650	:: 1.0500 - 1.0600	::	:: 1.0568	:: 1.1437	
-- Northeast (f.o.b.)								
-- Extra & Grade A	:: 1.0275 - 1.1200	:: 1.0275 - 1.1200	:: 1.0275 - 1.1200	:: 1.0200 - 1.1100	::	:: 1.0714	:: 1.1630	
-- Mostly	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	::	:: 1.0400	:: N.A.	
-- Southeast (Delvd)								
-- Extra & Grade A	:: 1.0600 - 1.0850	:: 1.0550 - 1.0900	:: 1.0550 - 1.0900	:: 1.0550 - 1.0900	::	:: 1.0725	:: 1.1811	
WHEY POWDER (Nonhygroscopic)								
-- Central (f.o.b.)								
-- Mostly	:: 0.2300 - 0.2550	:: 0.2300 - 0.2550	:: 0.2300 - 0.2600	:: 0.2300 - 0.2550	::	:: 0.2430	:: 0.2052	
-- West (f.o.b.)	:: 0.2400 - 0.2500	:: 0.2400 - 0.2500	:: 0.2400 - 0.2500	:: 0.2400 - 0.2500	::	:: 0.2450	:: 0.2042	
-- Mostly	:: 0.2000 - 0.2400	:: 0.2000 - 0.2250	:: 0.2000 - 0.2250	:: 0.2050 - 0.2250	::	:: 0.2151	:: 0.2062	
-- Northeast Extra Grade (f.o.b.)	:: 0.2075 - 0.2200	:: 0.2100 - 0.2150	:: 0.2100 - 0.2175	:: 0.2100 - 0.2175	::	:: 0.2134	:: 0.2025	
-- Northeast Usph Grade A(f.o.b.)	:: 0.2450 - 0.2700	:: 0.2450 - 0.2600	:: 0.2450 - 0.2550	:: 0.2400 - 0.2550	::	:: 0.2520	:: 0.2022	
-- Southeast Extra Grade (Delvd)	:: 0.2550 - 0.2700	:: 0.2550 - 0.2650	:: 0.2500 - 0.2650	:: 0.2500 - 0.2625	::	:: 0.2591	:: 0.2046	
-- Mostly	:: 0.2600 - 0.2750	:: 0.2600 - 0.2800	:: 0.2600 - 0.2800	:: 0.2600 - 0.2850	::	:: 0.2700	:: 0.2252	
WHEY PROTEIN CONCENTRATE								
-- Central And West (f.o.b.)								
-- Extra Grade 34% Protein	:: 0.5775 - 0.6275	:: 0.5775 - 0.6275	:: 0.5775 - 0.6275	:: 0.5775 - 0.6275	::	:: 0.6025	:: 0.6124	
-- Mostly	:: 0.6050 - 0.6100	:: 0.6050 - 0.6100	:: 0.6050 - 0.6075	:: 0.6050 - 0.6075	::	:: 0.6069	:: 0.6136	
ANIMAL FEED - WHEY								
-- Central (f.o.b.)								
-- Milk Replacer	:: 0.1900 - 0.2350	:: 0.1900 - 0.2350	:: 0.1900 - 0.2350	:: 0.1900 - 0.2350	::	:: 0.2125	:: 0.1905	
-- Standard	:: 0.1800 - 0.2200	:: 0.1800 - 0.2200	:: 0.1800 - 0.2200	:: 0.1800 - 0.2200	::	:: 0.2000	:: 0.1854	
-- Roller Ground	:: 0.2550 - 0.2700	:: 0.2550 - 0.2700	:: 0.2550 - 0.2700	:: 0.2500 - 0.2550	::	:: 0.2599	:: 0.2095	
-- Delactose	:: 0.3400 - 0.3675	:: 0.3400 - 0.3675	:: 0.3400 - 0.3675	:: 0.3400 - 0.3675	::	:: 0.3538	:: 0.3711	
-- Northeast (f.o.b.)								
-- Milk Replacer	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	::	:: TFEWR	:: TFEWR	
BUTTERMILK (Min. 30% protein)								
-- Central (f.o.b.)								
-- West (f.o.b.)	:: 0.9325 - 0.9625	:: 0.9325 - 0.9675	:: 0.9325 - 0.9675	:: 0.9325 - 0.9675	::	:: 0.9493	:: 1.0032	
-- Mostly	:: 0.8900 - 0.9300	:: 0.9000 - 0.9325	:: 0.9000 - 0.9325	:: 0.9000 - 0.9325	::	:: 0.9146	:: 0.9628	
-- Northeast (f.o.b.)	:: 0.9000 - 0.9200	:: 0.9000 - 0.9200	:: 0.9050 - 0.9200	:: 0.9100 - 0.9200	::	:: 0.9118	:: 0.9750	
-- Southeast (Delvd)	:: 0.9400 - 0.9700	:: 0.9400 - 0.9800	:: 0.9400 - 0.9800	:: 0.9400 - 0.9700	::	:: 0.9574	:: 0.9896	
-- Mostly	:: 0.9200 - 0.9975	:: 0.9400 - 1.0025	:: 0.9400 - 1.0025	:: 0.9400 - 1.0025	::	:: 0.9680	:: 1.0167	
WHOLE MILK POWDER								
-- National								
-- F.O.B. Producing Plant	:: 1.2500 - 1.3500	:: 1.2500 - 1.3700	:: 1.3000 - 1.3700	:: 1.3000 - 1.3700	::	:: 1.3192	:: 1.2661	
LACTOSE								
-- Central And West (f.o.b.)								
-- Mostly	:: 0.1800 - 0.2600	:: 0.1800 - 0.2600	:: 0.1800 - 0.2600	:: 0.1800 - 0.2600	::	:: 0.2200	:: 0.2350	
-- Mostly	:: 0.2100 - 0.2250	:: 0.2100 - 0.2250	:: 0.2100 - 0.2250	:: 0.2100 - 0.2250	::	:: 0.2175	:: 0.2412	
CASEIN - Edible - National (f.o.b.)								
-- Nonrestricted - Rennet	:: 2.1600 - 2.2000	:: 2.1600 - 2.2000	:: 2.1600 - 2.2000	:: 2.1600 - 2.2000	::	:: 2.1800	:: 2.3916	
-- Nonrestricted - Acid	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	:: 2.0000 - 2.1500	::	:: 2.0750	:: 2.1816	

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.

DEIP BID ACCEPTANCE
FEBRUARY 1998

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 1997 - JANUARY 1998		82,323		
02/02	CARIBBEAN, CENT & S. AM	17	FEB	\$810
02/04	CARIBBEAN, CENT & S. AM	289	FEB-JUN	\$848.93
02/06	CARIBBEAN, CENT & S. AM	17	FEB	\$850
02/09	CARIBBEAN, CENT & S. AM	40	FEB-MAR	\$854.50
02/10	CARIBBEAN, CENT & S. AM	515	FEB-AUG	\$849.90
02/12	CARIBBEAN, CENT & S. AM	222	FEB-AUG	\$826.19
02/13	CARIBBEAN, CENT & S. AM	123	FEB-MAR	\$847.14
02/19	CARIBBEAN, CENT & S. AM	143	FEB-MAY	\$859.86
02/20	CARIBBEAN, CENT & S. AM	68	FEB-APR	\$830
02/23	CARIBBEAN, CENT & S. AM	297	MAR-JUN	\$873.57
02/24	CARIBBEAN, CENT & S. AM	140	MAR-MAY	\$885
02/25	CARIBBEAN, CENT & S. AM	54	FEB-MAR	\$839.26
02/26	CARIBBEAN, CENT & S. AM	51	MAR	\$825
02/27	CARIBBEAN, CENT & S. AM	34	FEB-APR	\$860
FEBRUARY 1 - 28, 1998		<u>2,010</u>		
PROGRAM TO DATE		84,333		
WHOLE MILK POWDER				
JULY 1997 - JANUARY 1998		6,261		
02/02	CARIBBEAN, CENT & S. AM	17	FEB-APR	\$1,200
02/04	AFRICA,MIDDLE EAST & FSU	250	FEB-APR	\$1,300
02/04	CARIBBEAN, CENT & S. AM	48	FEB-MAR	\$1,275
02/05	AFRICA,MIDDLE EAST & FSU	911	JAN-MAY	\$1,218.32
FEBRUARY 1 - 28, 1998		<u>1,226</u>		
PROGRAM TO DATE		7,487		

**DEIP BID ACCEPTANCE
FEBRUARY 1998**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
CHEESE				
JULY 1997 - JANUARY 1998		2,571		
02/02-P	CARIBBEAN, CENT & S. AM	67	FEB-MAR	\$890
02/04-M	AFRICA & MIDDLE EAST	66	FEB-APR	\$1,179
02/10-M	AFRICA & MIDDLE EAST	66	FEB-JUN	\$1,179
02/11-M	AFRICA & MIDDLE EAST	55	FEB-DEC	\$1,100
02/19-P	AFRICA & MIDDLE EAST	15	FEB-JUN	\$890
02/25-P	CARIBBEAN, CENT & S. AM	16	MAR-MAY	\$917
02/26-P	CARIBBEAN, CENT & S. AM	51	MAR-APR	\$917
FEBRUARY 1 - 28, 1998		<u>336</u>		
PROGRAM TO DATE		2,907		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE				
BUTTEROIL/ANHYDROUS MILKFAT				
JULY 1997 - JANUARY 1998		15,567*		
02/04-B	CARIBBEAN, CENT & S. AM	12	FEB-MAR	\$1,300
02/17-O	AFRICA & MIDDLE EAST	5	FEB-MAR	\$1,600
02/25-B	CARIBBEAN, CENT & S. AM	25	FEB-MAR	\$1,300
FEBRUARY 1 - 28, 1998		<u>43*</u>		
PROGRAM TO DATE		15,610*		
A.-ANHYDROUS, O-BUTTEROIL, B-BUTTER				
*TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS /BUTTEROIL TO BUTTER EQUIVALENT				
				PROGRAM-TO-DATE
TOTAL MT				110,337
TOTAL BONUS VALUE				\$99,222,000

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

JANUARY 1998 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 113.5 million pounds in January, 8.4 percent below January 1997 but 7.4 percent above December 1997. **AMERICAN TYPE CHEESE** production totaled 283.2 million pounds, 1.6 percent above January 1997 and 2.1 percent above December 1997. **TOTAL CHEESE** output (excluding cottage cheese) was 616.0 million pounds, 3.3 percent above January 1997 but 2.1 percent below December 1997. **NONFAT DRY MILK** production, for human food, totaled 103.6 million pounds, 6.4 percent above January 1997 and 1.4 percent above December 1997. **DRY WHEY** production, for human food, was 94.4 million pounds, 7.6 percent above January 1997 but 3.6 percent below December 1997. **ICE CREAM** (hard) production totaled 57.5 million gallons, 1.9 percent below January 1997 but 7.6 percent above December 1997.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JAN 1998	PERCENT CHANGE FROM:			PRODUCT	JAN 1998	PERCENT CHANGE FROM:		
	1,000 LBS.	JAN 1997	DEC 1997	YEAR TO DATE 1/		1,000 LBS.	JAN 1997	DEC 1997	YEAR TO DATE 1/
BUTTER	113,527	-8.4	7.4	-8.4	DRY BUTTERMILK	5,313	-3.2	14.9	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	127,041	-6.8	12.8	---
AMERICAN TYPES 2/	* 283,223	1.6	2.1	1.6	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	228,733	5.9	3.1	5.9	SWEET-TYPE, HUMAN FOOD	9,049	31.8	-7.7	---
SWISS	18,651	8.4	0.6	---	SWEET-TYPE, ANIMAL FEED	2,336	11.1	3.2	---
BRICK & MÜNSTER	9,063	9.1	-1.9	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHÂTEL	43,150	4.7	-19.0	---	DRY WHEY, HUMAN FOOD	94,375	7.6	-3.6	---
BLUE	2,982	-7.3	-9.5	---	DRY WHEY, ANIMAL FEED	6,616	36.0	11.7	---
HISPANIC	5,852	11.5	-4.0	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	188,921	0.6	-1.3	0.6	HUMAN FOOD	5,569	-5.0	12.5	---
OTHER ITALIAN TYPES	55,461	20.3	-6.2	20.3	TOTAL DRY WHEY	106,560	9.1	-2.7	9.1
TOTAL ITALIAN TYPES	244,382	4.5	-2.5	4.5	LACTOSE, HUMAN FOOD & ANIMAL FEED	36,953	18.3	8.4	---
ALL OTHER TYPES 3/	8,687	7.1	-21.3	---	WHEY PROTEIN CONCENTRATE				
TOTAL	615,990	3.3	-2.1	3.3	HUMAN FOOD	18,545	-3.6	-6.5	---
COTTAGE CHEESE, CURD 4/	36,988	2.3	6.3	---	ANIMAL FEED	3,011	13.9	-11.3	---
COTTAGE CHEESE, CREAMED 5/	29,012	1.2	4.3	1.2	FROZEN PRODUCTS		1,000 GALLONS		PERCENT
COTTAGE CHEESE, LOWFAT 6/	28,386	5.7	10.8	5.7	ICE CREAM (HARD)	57,482	-1.9	7.6	-1.9
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (HARD)	6,436	-22.5	2.7	---
WHOLE MILK	39,750	16.7	-13.6	---	ICE CREAM, LOWFAT (SOFT)	15,407	3.4	-2.9	---
DRY WHOLE MILK	12,512	23.6	2.2	---	ICE CREAM, LOWFAT (TOTAL)	21,843	-5.9	-1.3	-5.9
NONFAT DRY MILK, HUMAN FOOD	7/ 103,559	6.4	1.4	6.4	SHERBET (HARD)	3,353	0.7	12.1	0.7
					YOGURT	5,729	-11.4	18.7	-11.4

MANUFACTURERS' STOCKS, END OF MONTH 9/							
PRODUCT	JAN 1998	PERCENT OF:		PRODUCT	JAN 1998	PERCENT OF:	
	1,000 LBS.	JAN 1997	DEC 1997		1,000 LBS.	JAN 1997	DEC 1997
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	34,055	16.1	4.9	HUMAN FOOD	11,168	31.7	-2.5
DRY WHEY, ANIMAL FEED	2,727	-16.7	35.3	ANIMAL FEED	1,311	106.8	41.1
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 10/	8,609	30.7	-5.1	CANNED EVAPORATED & CONDENSED WHOLE MILK	38,355	86.4	72.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	21,069	25.0	0.7	DRY WHOLE MILK	6,629	-15.7	18.3
DRY BUTTERMILK, TOTAL	3,765	53.7	5.5	NONFAT DRY MILK FOR HUMAN FOOD	104,143	39.3	0.8
				DRY SKIM MILK FOR ANIMAL FEED	789	-1.1	-11.9

1/ 1998 cumulative as percent of 1997 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include Part Skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 1,907,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Stocks held by manufacturers at all points and in transit. 10/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 127,240,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (3-98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 1998 declined 1 point to 115. Compared with February 1997, the index was down 1 point (0.9 percent). The index of prices received by farmers for dairy products was unchanged during the month of February 1998 at 113. Compared with February 1997, the index was up 10 points (9.7 percent).

On a 3.5 percent butterfat basis, prices received by farmers in February with changes from January were: for All Milk, \$14.36 per hundredweight (cwt.), down 2 cents; Fluid Grade Milk, \$14.36 per cwt., down 2 cents; and for Manufacturing Grade Milk, \$13.01 per cwt., down 6 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., FEBRUARY 1998 WITH COMPARISONS

STATE	All-milk price <u>1/3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JANUARY		FEBRUARY		FEBRUARY		FEBRUARY		FEBRUARY	
	1998 <u>2/</u>	1997 <u>2/</u>	1998 <u>4/</u>	1997 <u>2/</u>	1998	1997	1998 <u>7/</u>	1997 <u>8/</u>	1998	1997
CA	13.57	12.42	13.31	12.51	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		33.50	31.00	123.00	131.00
ID	13.25	12.25	13.15	12.60			32.40	32.20	102.00	108.00
MI	14.43	13.59	14.71	13.37			36.00	34.00	102.00	118.00
MN	14.64	13.01	14.74	13.14			35.00	32.70	89.00	96.00
NY	14.25	13.02	14.36	12.99			---	---	108.00	86.00
OH	14.46	13.17	14.42	12.92			34.00	30.50	116.00	169.00
PA	15.14	13.72	15.01	13.68			35.60	32.90	151.00	134.00
TX	15.13	13.77	14.95	13.76			34.90	32.70	63.00	86.00
WA	13.88	12.72	14.08	12.99			---	---	117.00	113.00
WI	14.35	13.06	14.38	13.38			36.30	34.60	100.00	119.00
U.S.	14.38	13.19	14.36	13.26	35.90	33.30	97.20	105.00		

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., FEBRUARY 1998 WITH COMPARISONS 1/

ITEM	FEBRUARY 1997	JANUARY 1998 <u>2/</u>	FEBRUARY 1998 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	13.26	14.38	14.36
Fluid grade milk Dol. per cwt.	13.27	14.38	14.36
Manufacturing grade milk Dol. per cwt.	12.03	13.07	13.01
INDEX NUMBERS for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	103	113	113
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	116	116	115
PARITY PRICE for all milk Dol. per cwt.	29.40	29.30	29.10
PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt.	26.70	26.63	26.45
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>	1.54	1.74	1.74

1/ Parity prices are based on data for the current month. Parity price equivalent during 1998 is 90.9% of the parity price of all milk sold to plants, compared with 90.8% in 1997. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

SOURCE: "Agricultural Prices," Pr 1 (2/98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

