

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter is unchanged at \$1.3450; Grade A increased 1/2 cent to \$1.2500; and Grade B is unchanged at \$1.2400. Also at the CME, barrel cheese decreased 5 1/2 cents to \$1.2975 and 40# blocks are unchanged at \$1.3850.

NASS milk production estimates in the 20 major states during February totaled 10.5 billion pounds, 1.3% above production in these same states in February 1997. Production changes in the top five producing states compared to February 1997 are: California, +4.7%; Wisconsin, +2.1%; New York, -0.3%; Pennsylvania, +5.3%; and Minnesota, -0.7%. January revised production, at 11.3 billion pounds, was 1.4% above January 1997. Production per cow averaged 1,353 pounds for February, 25 pounds (1.9%) above February 1997. The number of cows on farms was 7.73 million head, down 45,000 head (0.6%) from February 1997 and down 1,000 from January 1997.

According to USDA, AMS, during February, about 8.9 billion pounds of milk were marketed under Federal orders. For comparable markets, producer deliveries were about 0.2% less than February 1997 but about 3.3% more than January 1998 on a daily average basis. Milk utilized in Class I products in February was 1.6% less than last year on an adjusted basis. Class I use this year represented 37% of producer milk deliveries compared to 45% in January 1997. The average blend price was \$14.36, \$1.30 more than last year. Changes in class prices from year-earlier levels are: Class I, up \$1.95; Class II, up \$1.95; Class III, up \$0.86; and Class III-A, up \$0.54.

During January, sales of fluid milk products in Federal milk order marketing areas and California were 2.2% below January 1997, and 1.4% below December 1997 on an adjusted daily average basis. Sales of whole milk products were 3.2% below the previous year and sales of lowfat and skim milk were 1.7% lower. Fluid milk sales were lower in all regions.

Milk production is rebounding in the Southeast, Southwest, and Northwest. In California, dryer conditions are widespread and allowing for milk output to

return to more normal increases. In Florida, production is outpacing needs and more than 100 loads of surplus milk are being shipped out of state this week. In many areas of the Northeast and Midwest, milk production is holding steady following the return of winter weather. Cream multiples and prices are lower.

Dry product prices and market conditions have changed only slightly in recent weeks. Nonfat dry milk markets are weak in all regions and prices have gravitated toward the support level of \$1.0280. Producers are using the Price Support Program to keep stocks balanced. Adjusted NDM purchases in Fiscal Year 1998 exceed 40 million pounds. Both domestic and DEIP orders are declining. NDM is offered by most producers in all regions at competitive prices. Whey price changes are mixed. Better export and domestic interest in the West are allowing producers to increase prices. Buyers are more reluctant in the Midwest and East, resulting in lower offering prices to stimulate buying interest. Lactose prices are unchanged with a steady to firmer tone noted for second quarter contract prices. Whey protein concentrate prices are steady, but offers are more available and indications are that multiple load deals could be negotiated at discounted prices.

During the week of March 16 - 20, CCC purchased 2,647,316 pounds of 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	MARCH 17	MARCH 19	MARCH 20
AA	\$1.3375 - 1.3475	\$1.3375 - 1.3475	\$1.3375 - 1.3475
	(+.0025) (+.0025)		
A	\$1.2350 - 1.2450	\$1.2350 - 1.2450	\$1.2350 - 1.2450
	(-.0050) (-.0050)		

() Change from previous price. CORRECTION: The Grade A price for March 10 should have been \$1.2400-1.2500

BUTTER HIGHLIGHTS: In cash trading at the Chicago Mercantile Exchange, Grades AA and B are unchanged with Grade A fractionally higher. Butter markets remain unsettled and weak. Buyers have mixed opinions on how to approach current unsettled markets. The Lenten season and upcoming Easter needs are giving strength to current orders. Scattered retail feature activity is occurring in many areas of the country. Production levels are moderate to heavy, but producers are also hesitant to build inventories.

CHICAGO MERCANTILE EXCHANGE

BUTTER TRANSACTIONS ON FRIDAY, MARCH 20, 1998

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

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.3450 : OFFER 03/20/98
A	+0.0050	\$1.2500 : BID 03/20/98
B	N.C.	\$1.2400 : BID 03/13/98

SALES: NONE

BIDS UNFILLED: 3 CARS GRADE AA:
 1 @ \$1.3250, 1 @ \$1.2900, 1 @ \$1.2700
 4 CARS GRADE A: 1 @ \$1.2000,
 1 @ \$1.2150, 1 @ \$1.2450, 1 @ \$1.2500 (LST)
 1 CAR GRADE B @ \$1.2000

OFFERS UNCOVERED: 3 CARS GRADE AA:
 1 @ \$1.4500, 1 @ \$1.3500, 1 @ \$1.3450 (LST)

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 16 - 20, 1998
BARRELS*	\$1.3425 - 1.3750 (NOMINAL) (-.0300) (-.0225)
40# BLOCKS	\$1.3850 - 1.4150 (NOMINAL)

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

CHEESE HIGHLIGHTS: The cheese market is unsettled to weak. At the Chicago Mercantile Exchange, 40# blocks were unchanged at \$1.3850 but barrels declined 5.5 cents to \$1.2975 in moderate trading. Buyers remain cautious, anticipating possible additional declines. Natural movement is steady to improved, aided by promotional activity in some markets. Cheese production is steady to slightly heavier, reflecting seasonal increases in milk receipts.

CHEESE TRANSACTIONS ON THURSDAY, MARCH 19, 1998

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

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-.0550	\$1.2975 : SALE 03/19/98
40# BLOCKS	N.C.	\$1.3850 : SALE 03/19/98

SALES: 19 CARS BARRELS: 3 @ \$1.3200, 1 @ \$1.3175,
 1 @ \$1.3125, 1 @ \$1.3100, 11 @ \$1.3050,
 1 @ \$1.3000, 1 @ \$1.2975 (LST)

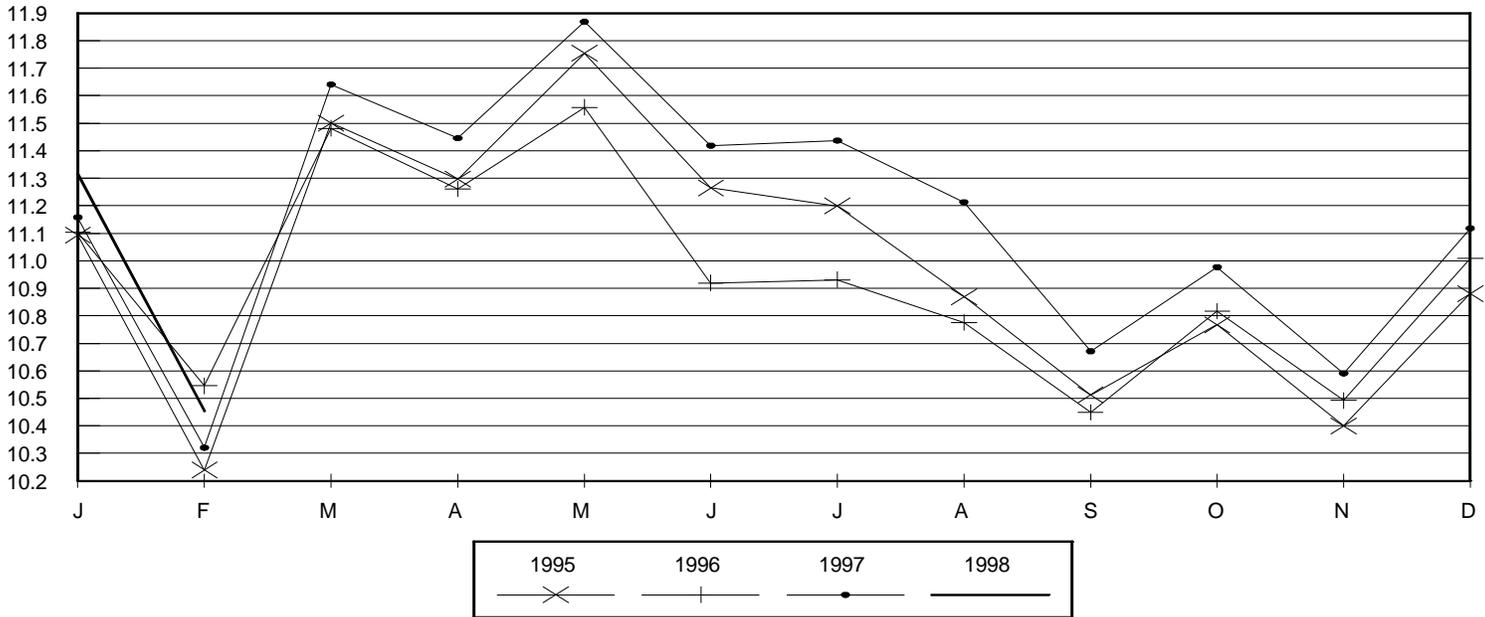
2 CARS 40# BLOCKS @ \$1.3850 (LST)

BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3300

OFFERS UNCOVERED: 14 CARS BARRELS: 3 @ \$1.3000, 1 @ \$1.3075,
 3 @ \$1.3100, 1 @ \$1.3150, 1 @ \$1.3200,
 3 @ \$1.3300, 2 @ \$1.3475

MILK PRODUCTION - TOP 20 STATES

BILLION POUNDS



NASS DATA, GRAPH BY DAIRY MARKET NEWS

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are fractionally higher and the market tone remains unsettled and weak. At the CME on March 13, many cars of Grade AA butter were offered and sold well below the final trading level. This has many buyers shying away from making additional purchases. Distributors are placing slightly larger orders to fill anticipated needs for Easter and Passover. Butter production levels are moderate to heavy, but producers are also hesitant to build stocks. Retail and food service orders are slow to fair.

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

1/4 LB. PRINTS	:	1.5550-1.8025
1 LB. PRINTS	:	1.4700-1.6525
CHIPS/PATTIES	:	1.5325-1.7400
REDDIES	:	1.6075-1.8025
CONTINENTALS	:	1.6875-1.8625

CENTRAL

Print butter markets are mixed as cash prices edged slightly higher March 13 during trading at the Chicago Mercantile Exchange. Although prices are higher, the market undertone remains unsettled and weak. Stocks of print butter are readily available for current good buyer interest. Orders are being placed for Lenten and Easter needs. Scattered retail feature activity is occurring which is further enhancing good butter sales. Butter handlers are quite pleased with orders at this time. Favorable pricing and steady consumer buying patterns are two factors that are being sighted.

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

1/4 LB. PRINTS	:	1.4450-1.8525
1 LB. PRINTS	:	1.4100-1.5725
CHIPS/PATTIES	:	1.4350-1.6450
REDDIES	:	1.5200-1.7550
CONTINENTALS	:	1.6750-1.8650

WEST

Western print butter prices are generally holding steady. Both print and bulk demand are good enough to keep Western producers balanced. Inventories are acceptable at most locations. Shipments to retail outlets are increasing to get ready for the good Easter demand. Feature activity is limited by the generally high prices. Food service orders are rated as quite good. Many Western contacts are surprised at the volume of butter sold at the NCE (119 loads) over the last six weeks. Many assume that some butter is coming out of storage to capture some of the profit that is available at this time. Production is increasing seasonally, but is below year ago levels.

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

1/4 LB. PRINTS	:	1.6250-1.6925
1 LB. PRINTS	:	1.5550-1.6200
PATTIES	:	1.5975-1.7625
REDDIES	:	1.7225-1.7400

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

1/4 LB. PRINTS	:	1.3400-1.3900
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE		
:		
03/16/98	10,208	: 109,515
03/01/98	10,052	: 106,651
CHANGE	+ 156	: + 2,864
% CHANGE	+ 2	: + 3

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.	
MARCH 13	1,3972	1,3637	1,3709	1,3706	1,3772	1,3513	1,3611	
	1,073,059	4,455,268	5,702,795	1,616,637	3,555,279	5,741,804	9,297,083	

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

CHEESE MARKETS

NORTHEAST

Prices are unchanged on natural styles; unchanged to two cents lower on process items. The market tone is mixed, generally weak. Cheese production in the East is steady to heavier as more surplus milk is available to most cheese makers. More contacts feel that prices at the CME could move lower in the near future and producers and distributors are reluctant to build stocks. Demand for cheese is seasonally fair to good. Lent, Easter, and Passover needs usually provide a slight boost to orders. Retail sales are just fair while process orders are fairly good. Sales of mozzarella are steady at generally good levels.

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

Cheddar 10# Prints	:	1.4450-1.8675
Cheddar Single Daisies	:	1.4150-1.8725
Cheddar 40# Block	:	1.5225-1.6825
Process 5# Loaf	:	1.5625-1.7100
Process 5# Sliced	:	1.5825-1.7475
Muenster	:	1.5650-2.0025
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is cautiously steady. At the Chicago Mercantile Exchange on March 12, the 40# block price was unchanged at \$1.3850 but barrels declined 2 cents to \$1.3525. Recent price weakness has many buyers limiting purchases to short term needs in case prices decline further. Certainly, most traders are surprised that the Mercantile prices have held up as high and as long as they have. The barrel/block spread is now a more traditional 3.25 cents. The closing of a cheese plant in Texas has some buyers seeking, at least temporarily, replacement volumes. A recent flurry of spot barrel activity has kept inventories from accumulating for some producers. A few producers of (dry) white blocks/640s are finding less interest than recent weeks. In general, block and 640 offerings are fully adequate for a fair call. Some cheese operations have had to increase schedules in order to adjust to milk receipts. Fat and protein levels on incoming milk receipts are steady to generally lower, reflected in lower cheese yields. Local milk receipts are generally slightly 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#	:	1.7100-1.8425
Cheddar 40# Block	:	1.6350-1.9150
Monterey Jack 10#	:	1.8350-1.9150
Blue 5#	:	1.9875-2.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7600-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Barrel/process prices declined while natural generally held steady. Some Western producers are surprised at the barrel price decline with the amount of buying interest they are seeing. Barrel offerings and processing solids are not sufficient for all the current demand. Blocks continue to move well, but are not quite as tight. Mozzarella demand is excellent while Swiss interest is slower than anticipated. Production levels are somewhat mixed, but there is a general increase noted.

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

Process 5# Loaf	:	1.4700-1.7650
Cheddar 40# Block	:	1.5675-1.7300
Cheddar 10# Cuts	:	1.7500-1.9075
Monterey Jack 10#	:	1.7150-1.8700
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGNTYPE

Prices and the market tone are unchanged. Imports are light to steady depending on availability, country of origin, f.o.b. price, and the currency exchange rates. Stocks of most types of cheese are adequate for current needs. Demand is seasonally fair for specialty cheeses often consumed during Lent and the Easter/Passover season.

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	: 1.7200-2.3300
Gorgonzola	: 3.2400-5.9400	: 2.3850-2.4950
Parmesan (Italy)	: TFEWR	: 3.1300-3.1675
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.3925-1.9200
Romano (Cows Milk)	: -0-	: 2.9175-3.1700
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

Northeastern Milk Market Administrators announced February 1998 uniform (blend) prices: Federal Order (F.O.) 1 is \$14.30; F.O. 2, \$14.19; F.O. 4, \$14.64; F.O. 36, \$14.34; and Western NY Milk Market Area, \$14.20. During February, milk production in the 20 major states totaled 10.5 billion pounds, up 1.3% from February 1997. The following are the February-to-February changes for selected states: Florida -9.1%, Texas -8.5%, Kentucky -6.2%, New York -0.3%, Pennsylvania +5.3%, Vermont +4.5%, and Virginia +2.7%. Milk production seems fairly steady in all regions of the East. Heavy rains plagued much of the South and mid-South this week and this seemed to slow the gains in milk production seen during the past several weeks. Some contacts feel that Florida's milk output has reached its peak and is relatively steady at those levels. Florida's milk volumes are in excess of the slow Class I demand and more than 100 loads of milk were cleared to out-of-state plants. In the Northeast, milk output is mostly steady as winter has returned to some areas. Bottled milk sales range from slow to fair. Surplus milk volumes are quite heavy as some contacts report increased receipts at their manufacturing plants. There is still concern about how all the milk during the "flush" will be handled and plans are being made. The condensed skim market remains soft. There is little or no spot interest from Class II buyers and prices moved slightly lower at the top of the range. Some condensed skim is moving to Class III users at prices well below a dollar per pound solids. The fluid cream market is mixed. Some contacts see an improved market while others report increased offerings and lackluster demand. Spot prices are also mixed, mostly lower following the bulk butter trading at the CME on March 13. Multiples are steady to lower particularly at the upper end of the ranges. Ice cream production and sales are spotty. Some operations continue to fill orders, but few are building inventories. Other producers are trying to limit cream purchases as much as they can and wait for better cream prices. Cream cheese production is heavy and taking increasing volumes of cream. Also, production of sour cream and bottled cream are increasing along seasonal patterns. Churning activity is moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.6434	- 1.7804
Delivered Equivalent Atlanta	-	1.5936	- 1.8896 M 1.6185 - 1.7181
F.O.B. Producing Plants: Upper Midwest	-	1.6434	- 1.7430
PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	1.0000	- 1.1700

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MARCH 13 - 19, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I interest was irregular, ranging from about steady to generally improved where retail feature activity is underway. The manufacturing milk market is fairly steady. Overall, local milk supplies are just about in balance with current demand. Reported manufacturing milk prices are generally in the class/MCP plus 50 cents to \$1.00. Cream demand is good, depending on price. Offerings are tight to available. Ice cream production is seasonally active though producers would be operating on heavier levels with lower prices. Churning is active. In the middle tier of Central states, milk receipts are increasing but any surplus is generally handled within the area. Current milk receipts are

steady to slightly higher in the upper tier of states after the recent cold snap. Initial February estimated milk production in selected Midwestern states compared with February 1997 is: Wisconsin 1.734 billion pounds, up 35 million pounds (2.1%); Minnesota 730 million pounds, down 5 million pounds (0.7%); Michigan 392 million pounds, off 33 million pounds (7.8%), and Iowa 310 million pounds, up 7 million pounds (2.3%). Various forms of precipitation (rain/snow/mixtures) covered most of the region and, when combined with soft fields, limits many outside activities.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)		
	MARCH 12-17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 41.00	\$ 35.50- 43.00
REPLACEMENT HEIFER CALVES	\$ 120.00-150.00	\$ 90.00-165.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)		
	MARCH 12-17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.50- 42.50	\$ 36.00- 45.00

W E S T

U.S. milk production in the 20 states surveyed totaled 10.5 billion pounds in February, 1.3% higher than February 1997. January 1998 production was revised lower to 1.4% above 1997 levels. Cow numbers in February were 7.729 million head, down 45,000 (-0.6%) from a year ago. Milk per cow was 1.9% higher. Output in the five Western states surveyed compared to 1997 is: Arizona, -5.3%; California, +4.7%; Idaho, +18.2%; New Mexico, +5.2%; and Washington, -1.2%. Idaho has now moved into seventh place nationally in milk production and will into sixth place during the year. The number of milk cows increased 78,000 head in the five Western states from February 1997. Warmer temperatures and dry conditions over most of California have helped milk production rebound in many areas. Muddy lots are still problems in some locations, but the better weather has helped alleviate other problems. Some producers are still contending with mastitis and other herd health problems. Output per cow is increasing in many areas. Feed conditions are good with harvesting of new crop alfalfa taking place. February milk production in California at +4.7% was in line with industry estimates. Some were surprised by the production per cow increase over year ago levels and that total production per day was slightly higher than January. A March 13 California Food and Agriculture Rain and Flood Damage Report indicates that statewide death losses total 2,392 dairy cows, valued at \$216,000, and decreased milk production estimated at \$10.2 million. Arizona production remains below year ago levels due to adverse wet and cold weather conditions. Currently, output is indicated to be increasing. Cream prices are lower with the lower Grade A butter prices on the CME and declining multiples. Midwestern butter makers are not aggressively purchasing cream and are wanting to price off the upcoming (3/20) butter market. Cream demand is expected to increase for holiday based cream items. Spring has arrived in the Pacific Northwest from two to four weeks early. Temperatures close to 70 degrees have been common. Pastures remain wet, but most cows are now grazing to utilize the rapid growth. Milk output remains strong. Hay offerings are increasing as hay growers want to move remaining stocks before the new crop comes in. Some believe there will be a larger than anticipated carry over of feeder hay. Acreage is expected to be up this year. The muddy conditions of the past few weeks are improving quite rapidly in Utah and Idaho. Milk output is on the upswing. Contacts did chuckle when they heard the report on the massive increase in the milk production survey for Idaho, but no one challenged the validity of the estimate. A portion of the increase may be explained by some very cold weather problems during February 1997. Some concern is being expressed about the possibility of localized flooding due to the rapid run up in temperatures.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/19/98 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 remains weak. Demand is slow with few spot sales reported. Producer stocks are moderate to excessive. Central processors continue to offer NDM to the CCC under the price support program. Production levels are seasonally higher at most plants.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0200 - 1.0750 MOSTLY: 1.0400 - 1.0450

DRY BUTTERMILK - CENTRAL

Prices are slightly lower on the top end of the range. The market tone is steady to occasionally weaker. Buying interest is slow and sales activity is limited mainly to contracts. Many producers and resellers are having trouble moving product. Production levels are often higher.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Prices adjusted slightly lower and the market tone is softening. Demand remains slow. Buyers are reluctant to purchase in a declining market. Producer stocks are building and, as a result, some are willing to meet offers that are within reason. Many manufacturers are biddable on prices. Unconfirmed offerings below the range have been rumored. Some manufacturers have reduced production schedules until they clear current inventories. The plant closure in the South Central region may affect whey sourcing and purchasing patterns for some customers. Contacts noted that exports are slower with the continuing financial crisis in Asia.

NONHYGROSCOPIC: .2300 - .2500 MOSTLY: .2375 - .2450

ANIMAL FEED WHEY - CENTRAL

Prices for milk replacer and standard are lower; steady for roller ground and delactose. All prices remain nominal. Demand is slow fewer offerings are available. Many buyers are holding off as market prices weaken. Recent low slaughter prices are also slowing feed purchases. The majority of sales transactions are for immediate needs. The delactose market is steady as producers continue to fill contracts and spot needs.

MILK REPLACER: .1900 - .2300
STANDARD: .1800 - .2100
ROLLER GROUND: .2500 - .2550
DELACTOSE (Min. 20% protein): .3400 - .3675

LACTOSE - CENTRAL AND WEST

Prices and the market tone are steady. Demand is fair with the majority of interest focused on second quarter contracts. Many producers are negotiating and securing prices and volumes. The undertone for the second quarter is steady to firmer. Production levels range from moderate to higher. Stocks are adequate to tighter than desired.

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 and the market tone are steady. Demand is fair. Offerings from manufacturers are abundant and many are willing to negotiate lower prices on multiple load deals and second quarter contracts. The resale market is slow and some sellers are having a hard time finding buyers. End users are often in comfortable positions and reluctant to build current inventories. Contracts are being filled without problems. Production levels are moderate.

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

NONFAT DRY MILK - WEST

Prices for low/medium heat declined slightly while the high heat range was unchanged. The underlying tone of the market remains weak. High heat demand is better and several new orders were placed this week. Demand for low/medium heat powder remains limited. Buyers are finding many producers and resellers offering powder. Several buyers were being quoted current prices for LTL quantities. Producers continue to use the price support program to balance current inventories. DEIP orders continue, but the volumes are declining. World NDM prices are lower and providing less incentive for world buyers to source product in the U.S. Production levels are increasing in most areas as milk production increases. Stocks continue to be in excess of current needs. CCC adjusted NDM purchases under the price support program during the week of March 9 - 13 totaled 1.7 million pounds.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0500 MOSTLY: 1.0200 - 1.0300
HIGH HEAT: 1.0450 - 1.0600

DRY BUTTERMILK - WEST

Buttermilk prices and the market tone are steady. Currently, the market is noted to be adequately balanced. Demand is mainly light and producers' offerings are generally limited. Butter production is mixed across the region, partially attributed to the unsettled butter market. Drying is mostly limited, with better sales of condensed. Stocks are limited.

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

DRY WHEY - WEST

Both Western range and mostly prices were reported as unchanged to fractionally higher. Stocks are in good shape at the producer level. Producers are generally satisfied with current stock levels and a number of buyers are willing to pay higher prices to acquire needed supplies. New export orders are taking place and previously made orders are being filled. Domestic interest is rated at least as good. Some contacts are wondering what country will be the source for the Japanese tender. Most believe that prices are not conducive from Europe or the U.S. to make the deal work. Production levels are increasing seasonally in the northern portion of the Western region. In the south, output is beginning to rebound slowly from the weather induced declines of the past few weeks.

NONHYGROSCOPIC: .2100 - .2250 MOSTLY: .2125 - .2225

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended March 13, on powder sales of 13,233,642 pounds f.o.b. California manufacturing plants was \$1.0295 per pound. This compares to 7,323,745 pounds at \$1.0311 for the previous week ending March 6, 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 steady and the market tone remains weak. Contacts report little demand or market activity for NDM. Production levels are heavy and are keeping ahead of output, but some are seeing their stocks accumulate. an impact than they did several weeks ago. Buyers are waiting for the best downside price risk to buying for the short term. Some contacts report "out shopping." There have been only small to moderate sized DEIP bids contracts, are concerned about the slowing of DEIP sales activity. The future.

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 are unchanged. Production levels are moderate to heavy. Some plants are clearing most of their buttermilk as a liquid. Producer stocks are quite well balanced. Spot demand is slow to fair. However, between spot and contract sales, demand is clearing output satisfactorily.

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 light to moderate and generally geared to meeting existing contracts. Spot interest is limited and often for LTL quantities. Plant stocks are closely balanced in most areas of the country. The Kansas City Commodity Office announced the purchase of 500 MT (1,102,300 pounds) of dry whole milk, packed in 25 KG bags at prices ranging \$1.2406 - 1.2655 per pound. The purchases are for the Food for Progress Program. Shipment is scheduled for May 1998.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH MARCH 13, 1998
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	85,044	MT (187,899,049 LBS)
CHANGE	--	325	MT (716,495 LBS)
WHOLE MILK POWDER	--	7,487	MT (16,505,840 LBS)
Program allocations filled			
CHEESE	--	2,948	MT (6,499,161 LBS)
CHANGE	--	41	MT (90,389 LBS)
BUTTERFAT	--	15,610	MT (34,413,806 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 remains weak. Traders report that the market is inactive and has been for several weeks as buyers wait for better prices. Producers are offering some discounts to stimulate sales, but buyers, for the most part, are unaggressive. Producers' and traders' stocks are accumulating and some seem to be a little nervous about growing inventories. There have been unconfirmed reports of large-volume offers below the range prices. These offers have generated some interest but no confirmed sales. Production levels are moderate to heavy. Cheese makers in the East have more milk available to them.

F.O.B. NORTHEAST: EXTRA GRADE .2225 - .2475
 USPH GRADE A .2500 - .2550
 DELVD SOUTHEAST: .2500 - .2850

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is weak. Buyers are taking contracted volumes, but limiting spot purchases as they wait for lower prices. Offerings of dry whey are readily available to cover current demand.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are mostly steady to slightly higher as more surplus milk is available in many regions of the country. Demand for evaporated milk is seasonally slow to fair. The Easter and Passover holidays often give a little boost to retail sales, but few features are in place and sales are slow. Plant stocks are adequate to meet most needs.

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

The casein market tone is unsettled, with a weaker undertone developing. Prices are unchanged for acid and steady to slightly lower for rennet. Casein buyers are stating that stocks are readily available for current and second quarter needs. Up to this point, shipments have been received on schedule and handlers do not foresee any major changes to deliveries and stocks as the next quarter nears.

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

RENNET: 2.1500 - 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	03/05	03/06	03/09	03/10	03/11	03/12	03/13	03/16	03/17	03/18
CSCE - BFP -- Dollars per cwt.										
MAR 98	12.15 (160) 23	12.49 (160) 3	12.47 (160) 11	12.49 (154) 5	12.52 (152) 2	12.71 (151) 0	12.85 (145) 13	12.84 (145) 4	12.84 (145) 2	12.80 (145) 0
APR 98	11.90 (66) 34	12.03 (62) 7	11.98 (66) 3	11.94 (66) 0	11.91 (72) 6	12.15 (72) 1	12.13 (73) 3	12.15 (77) 4	12.20 (78) 1	12.10 (79) 5
MAY 98	11.97 (87) 21	12.03 (93) 6	11.94 (92) 7	11.91 (92) 5	11.88 (93) 6	12.10 (93) 3	12.03 (89) 10	11.99 (87) 4	11.98 (88) 1	11.90 (93) 5
JUN 98	11.89 (48) 1	11.95 (48) 8	11.94 (52) 0	11.92 (52) 0	11.88 (48) 0	12.00 (48) 1	11.98 (49) 1	11.98 (49) 2	11.93 (49) 1	11.90 (50) 0
JUL 98	12.11 (65) 5	12.16 (66) 2	12.08 (66) 1	12.05 (66) 0	12.03 (66) 0	12.18 (66) 0	12.10 (66) 1	12.06 (66) 0	12.05 (66) 1	12.07 (66) 1
AUG 98	12.43 (13) 0	12.48 (14) 1	12.45 (14) 0	12.45 (14) 0	12.43 (14) 0	12.58 (14) 0	12.55 (16) 4	12.44 (16) 1	12.39 (19) 2	12.38 (19) 0
SEP 98	12.63 (10) 0	12.70 (10) 0	12.65 (12) 2	12.63 (12) 0	12.68 (12) 0	12.90 (12) 0	12.80 (13) 3	12.73 (13) 0	12.59 (13) 0	12.59 (13) 0
OCT 98	12.85 (5) 0	12.80 (7) 2	12.78 (7) 0	12.70 (7) 0	12.73 (7) 0	12.85 (7) 0	12.88 (7) 1	12.75 (7) 0	12.60 (7) 0	12.58 (7) 0
CME - BUTTER -- Cents per pound										
MAR 98	128.00 (28) 6	130.50 (24) 0	130.50 (24) 1	130.50 (24) 1	130.50 (22) 2	130.50 (21) 0	131.40 (22) 4	132.75 (20) 3	132.75 (17) 7	134.00 (17) 0
MAY 98	127.00 (20) 1	129.50 (20) 0	129.00 (20) 0	130.00 (21) 1	131.00 (23) 2	131.50 (24) 2	131.50 (26) 2	134.00 (26) 0	134.00 (26) 0	134.00 (26) 0
JUL 98	126.00 (13) 1	128.50 (13) 0	128.50 (13) 0	131.00 (13) 0	131.50 (15) 2	131.50 (17) 2	131.50 (17) 0	134.00 (17) 0	134.00 (17) 0	134.00 (17) 0
CME - BFP -- Dollars per cwt.										
MAR 98	12.15 (197) 40	12.49 (196) 16	12.49 (196) 38	12.49 (195) 14	12.53 (199) 11	12.70 (197) 10	12.85 (210) 42	12.85 (213) 62	12.86 (218) 12	12.81 (220) 8
APR 98	11.85 (131) 62	12.05 (132) 49	12.03 (133) 12	11.96 (133) 0	11.90 (133) 0	12.10 (133) 2	12.11 (144) 16	12.14 (137) 4	12.22 (139) 3	12.17 (141) 10
MAY 98	11.94 (151) 83	12.02 (159) 33	11.97 (157) 24	11.90 (154) 6	11.89 (157) 3	12.13 (159) 1	12.04 (174) 23	12.00 (172) 15	12.03 (172) 1	11.98 (189) 19
JUN 98	11.93 (104) 68	12.02 (115) 19	11.97 (135) 27	11.91 (133) 2	11.92 (132) 6	12.02 (132) 2	12.00 (140) 8	11.97 (146) 18	11.95 (147) 2	11.93 (152) 8
JUL 98	12.08 (155) 11	12.10 (167) 16	12.07 (167) 0	12.02 (167) 3	12.02 (168) 9	12.16 (168) 0	12.01 (169) 2	12.03 (170) 7	12.05 (170) 1	12.01 (172) 2
AUG 98	12.46 (32) 1	12.46 (36) 4	12.46 (36) 0	12.42 (36) 0	12.42 (37) 1	12.56 (37) 1	12.45 (38) 7	12.45 (39) 1	12.45 (39) 0	12.40 (40) 10
SEP 98	12.68 (25) 0	12.68 (28) 3	12.68 (28) 0	12.65 (28) 0	12.65 (28) 3	12.85 (28) 0	12.85 (31) 5	12.85 (31) 1	12.67 (31) 0	12.67 (32) 1
OCT 98	12.80 (23) 2	12.80 (25) 4	12.80 (25) 0	12.80 (25) 0	12.80 (25) 0	12.80 (26) 1	12.80 (26) 0	12.80 (26) 0	12.80 (26) 0	12.68 (26) 0
NOV 98	12.75 (1) 0	12.75 (10) 17	12.75 (10) 0	12.75 (10) 0	12.80 (10) 0	12.85 (11) 1	12.85 (11) 1	12.85 (11) 0	12.84 (11) 0	12.60 (11) 0
CME - CHEDDAR CHEESE -- Cents per pound										
MAR 98	129.00 (80) 0	130.25 (74) 10	130.25 (74) 1	130.25 (74) 0	130.25 (74) 0	131.25 (72) 0	132.75 (72) 0	132.75 (73) 3	132.75 (73) 0	133.00 (73) 0
MAY 98	131.50 (40) 2	131.50 (46) 7	131.50 (46) 0	130.75 (46) 0	130.75 (46) 0	130.50 (46) 0	131.25 (48) 2	131.00 (49) 1	131.00 (49) 3	131.00 (49) 0
JUL 98	133.25 (64) 2	133.25 (72) 11	133.00 (72) 0	132.50 (72) 1	132.50 (72) 1	132.75 (72) 0	132.75 (72) 3	132.75 (72) 0	132.75 (72) 0	132.75 (72) 0
SEP 98	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.70 (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 March 9 - 20, 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 AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: The end of the milk quota year is fast approaching. Milk deliveries vary depending on production trends within European countries. With less than two weeks left, milk receipts are noticeably lower in some countries. Due to lower milk deliveries, production schedules are also lower. Production of manufactured dairy products during this time period will not be heavy as milk volumes generally decline further as March 31 approaches. In some instances, shipments of contracted volumes of product are being delayed due to lighter production schedules. Once April 1 arrives, milk receipts will jump and plants will once again return to strong production schedules. Overall milk production is starting to show signs of seasonal increases, but due to the end of the current quota year in a few days, a good indication of the growth is not available. International trading activity remains quite slow. Surplus skim milk powder is being offered to intervention with butter being readied for PSA starting April 1.

BUTTER/BUTTEROIL: Butter markets remain generally steady with prices unchanged to slightly higher. International buyer interest is light and unaggressive with most activity centering around internal/domestic sales. Stock levels of butter vary, but generally are reported to be in close balance, although some butter stocks are being readied for April 1 PSA. The approaching end of the milk quota year will cause milk receipts to edge lower at many plants, thus overall production will be lighter during the next few weeks.

82% BUTTERFAT:	1,750 - 1,950
99% BUTTERFAT:	2,200 - 2,300

SKIM MILK POWDER (SMP): Skim powder markets are generally steady at basically unchanged prices. Producers and handlers are reporting that further price declines will probably not stimulate any sales anyway. Overall buyer interest is slow. Stock levels of SMP are sufficient to the point that powder is being readied for intervention offering. Some initial amounts of SMP have already been offered to intervention since the March 1 opening. Many powder handlers anticipate intervention clearances to be quite heavy, especially after the new milk quota year begins April 1.

1.25% BUTTERFAT:	1,450 - 1,500
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WHOLE MILK POWDER (WMP): Whole milk powder market are steady to firm. Prices are generally unchanged to higher. Production of European whole milk powder is usually geared to sales. At this time, sales are light, but with the milk quota year-end near, some producers are not getting the milk they need for current commitments.

26% BUTTERFAT:	1,700 - 1,850
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SWEET WHEY POWDER: Whey markets are generally weak. At this time, cheese production is not as active due to milk volumes being less available to cheese plants. Milk volumes are lower in many areas due to lighter marketings as the milk quota year-end nears. Whey stocks are reported to be mixed, ranging from comfortable for current needs to less available.

NONHYGROSCOPIC:	500 - 600
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OVERVIEW: EASTERN EUROPE: Weather conditions in Eastern Europe are showing signs of an early spring. In light of this, milk producers and handlers are stating that the grazing season will probably get a mid April start. Seasonally low milk production patterns are sufficient to meet local needs, thus low stocks for limited international demand is not a major concern.

OCEANIA

OVERVIEW: Conditions in Oceania are much the same as they were a few weeks ago. Milk production patterns continue to edge lower as dry weather conditions prevail. In most of the milk producing areas, output is declining on a steady basis. Although February milk production is lower when compared to last February, cumulative output for the year is still ahead of last season. Trading activity out of the region is not overly aggressive. Traders report that they are comfortable with inventories and are not overly concerned about the limited trading activity at this time. Dairy product prices are steady to slightly lower. Although some prices continue to decline, traders feel that further lower adjustments will probably not occur to stimulate buyer interest.

BUTTER: Butter markets are generally unchanged. Production levels are edging lower seasonally as milk output declines. Trading activity is limited to previous contractual commitments with minimal new business occurring. At this time, Russian buyers are not in the marketplace, thus Oceania traders are uncertain about what sales potential will develop from this region in the future.

82% BUTTERFAT:	1,700 - 1,800
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CHEDDAR CHEESE: Cheese prices are mixed when compared to this report of two weeks ago. Stocks are reported to be in good supply with inventories available for potential sales. Sales activity into the Southeast Asian market remains light. Other sales activity is also limited to previous commitments with minimal new buyer interest at this time.

39% MAXIMUM MOISTURE:	1,900 - 2,150
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SKIM MILK POWDER (SMP): Skim milk powder prices are basically steady. Many traders are hesitant to lower prices any further to stimulate possible sales. Sales of powder with some age are reportedly occurring at the lower end of the current price range. Stock levels are reported to be in balance and most handlers are comfortable with current marketing situations.

1.25% BUTTERFAT:	1,400 - 1,500
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. As in other dairy product markets, trading of whole milk powder is limited. Most shipments continue to center around previous commitments with minimal new sales occurring. Milk production in Oceania is declining seasonally, thus whole milk powder output is also lower.

26% BUTTERFAT:	1,600 - 1,700
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Exchange rates for selected foreign currencies: March 16, 1998

.4877 Dutch Guilder	.5499 German Mark
.1640 French Franc	.5814 New Zealand Dollar
.1165 Mexican Peso	.6691 Australian Dollar
1.6685 British Pound	.0077 Japanese Yen
.2902 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1165) = 8.5837$. That is 1 US Dollar equals 8.5837 Mexican Pesos.

Source: "Wall Street Journal"

FEBRUARY MILK PRODUCTION

Milk production in the 20 major States during February totaled 10.5 billion pounds, 1.3 percent above production in these same States in February 1997. January revised production, at 11.3 billion pounds was 1.4 percent above January 1997.

Production per cow in the 20 major States averaged 1,353 pounds for February, 25 pounds above February 1997.

The number of cows on farms in the 20 major States was 7.73 million head, down 45,000 head from February 1997 and down 1,000 from January 1997.

FEBRUARY 1998 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1997	1998	1997	1998	1997	1998	% CHANGE FROM 1997
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	124	130	1,840	1,660	228	216	-5.3
CA	1,307	1,356	1,550	1,565	2,026	2,122	4.7
FL	160	160	1,445	1,310	231	210	-9.1
ID	267	284	1,360	1,510	363	429	18.2
IL	149	144	1,270	1,290	189	186	-1.6
IN	140	140	1,185	1,220	166	171	3.0
IA	247	239	1,225	1,295	303	310	2.3
KY	148	136	980	1,000	145	136	-6.2
MI	310	298	1,370	1,315	425	392	-7.8
MN	590	575	1,245	1,270	735	730	-0.7
MO	172	158	1,070	1,120	184	177	-3.8
NM	197	208	1,555	1,550	306	322	5.2
NY	700	698	1,260	1,260	882	879	-0.3
OH	285	272	1,260	1,290	359	351	-2.2
PA	639	638	1,290	1,360	824	868	5.3
TX	390	379	1,295	1,220	505	462	-8.5
VT	155	157	1,285	1,325	199	208	4.5
VA	124	120	1,180	1,250	146	150	2.7
WA	266	261	1,525	1,535	406	401	-1.2
WI	1,404	1,376	1,210	1,260	1,699	1,734	2.1
20 STATE TOTAL	7,774	7,729	1,328	1,353	10,321	10,454	1.3

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (3-98), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

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

The milk supply, use, and price estimates for 1997/98 are little changed from last month. During the last month, the National Agricultural Statistics Service published revised milk production estimates for 1996 and 1997 and revised cold storage estimates for 1997. The revised data result in only minor changes to the supply and use balance sheets.

U.S. MILK SUPPLY AND USE

Item	1995/96 1/	1996/97 Estimate 1/		1997/98 Projection 1/	
		February	March	February	March
BILLION POUNDS					
SUPPLY					
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.6	4.9	4.9	5.8	5.9
PRODUCTION	154.1	156.4	156.4	156.9	157.0
FARM USE	1.5	1.4	1.4	1.3	1.3
MARKETINGS	152.5	155.0	155.0	155.6	155.7
IMPORTS 2/	2.8	2.8	2.8	3.1	3.1
TOTAL COMMERCIAL SUPPLY 2/	159.9	162.8	162.7	164.6	164.7
USE					
COMMERCIAL USE 2/	154.9	156.2	156.0	157.9	157.8
ENDING COMMERCIAL STOCKS 2/	4.9	5.8	5.9	5.7	5.9
CCC NET REMOVALS:					
MILKFAT BASIS 3/	0.1	0.8	0.8	1.0	1.0
SKIM SOLIDS BASIS 3/	1.1	2.7	2.7	3.2	3.0
DOLLARS PER CWT.					
PRICES RECEIVED BY FARMERS 4/					
BASIC FORMULA (BFP)	13.50	11.88	11.88	12.15-12.65	12.20-12.60
ALL MILK 5/	14.49	13.60	13.60	13.40-13.90	13.55-13.95
MILLION POUNDS					
CCC PRODUCT NET REMOVALS 3/					
BUTTER	1	28	28	35	35
CHEESE	5	10	10	7	7
NONFAT DRY MILK	84	222	222	260	245
QUARTERLY 6/					
	1998 I	1998 II	1998 III	1998 IV	ANNUAL 6/
					1998
BILLION POUNDS					
MILK PRODUCTION	39.2	40.9	38.7	38.4	157.2
DOLLARS PER CWT.					
ALL MILK PRICE 4/ 5/	14.45-14.65	12.80-13.30	12.50-13.30	13.80-14.80	13.40-14.00
BASIC FORMULA PRICE 4/	12.90-13.10	11.40-11.90	11.60-12.40	12.75-13.75	12.20-12.80

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-336, World Agricultural Outlook Board, USDA, March 12, 1998.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR FEBRUARY 1998. During February, about 8.9 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in February 1997, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 0.2 percent less than February 1997, and about 3.3 percent more than January 1998 on a daily average basis. Milk utilized in Class I products in February was 1.6 percent less than last year on an adjusted basis. Class I use this year represented 37 percent of producer milk deliveries compared to 45 percent in January 1997. The average blend price was \$14.36 per cwt., \$1.30 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$1.95; Class II, up \$1.95; Class III, up \$0.86; and Class III-A, up \$0.54.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF FEBRUARY 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	453.3	10.7	203.7	2.4	45	49	15.02	13.57	14.0
New York/New Jersey (NY City)	2	934.1	5.9	377.0	7.3	40	40	14.91	13.42	14.0
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	504.2	-5.0	211.8	-10.0	42	44	14.64	13.22	---
NORTHEAST REGION		1,891.5	3.8	792.5	0.9	42	43	14.86	13.40	14.0
Carolina (Charlotte)	5	223.6	1.7	183.5	7.0	82	78	15.89	13.92	14.0
Southeast (Atlanta/Birmingham)	7	496.7	12.2	375.8	18.1	76	72	15.72	13.86	14.0
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 <u>4/</u>	251.8	-3.2	212.5	0.5	84	81	16.54	14.63	14.0
SOUTHEASTERN REGION	<u>5/</u>	251.8	-3.2	212.5	0.5	84	81	16.54	14.63	14.0
Michigan Upper Peninsula (Marquette)	44	5.3	15.0	3.9	-0.9	74	86	14.29	12.64	14.0
Southern Michigan (Detroit)	40*	325.9	-3.2	158.5	1.9	49	46	14.22	12.60	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	265.7	2.6	134.4	-3.5	51	54	14.34	12.90	---
Ohio Valley (Columbus)	33	250.2	5.5	130.8	-4.2	52	58	14.47	12.84	---
Indiana (Indianapolis)	49*	157.2	3.6	96.4	-1.2	61	64	14.59	12.82	---
Chicago Regional	30*	1,230.8	191.8	198.5	-14.4	16	55	13.75	12.53	---
Central Illinois (Peoria)	50*	14.3	6.8	11.4	-4.5	80	89	14.63	12.90	14.0
S. Illinois-E. Missouri (Alton)	32*	164.6	8.3	82.2	-0.6	50	54	14.47	12.77	14.0
Louisville-Lexington-Evansville	46	108.6	24.1	84.8	32.3	78	73	14.99	13.10	14.0
Upper Midwest (Minneapolis)	68*	882.4	156.3	123.5	-0.8	14	36	13.54	12.47	---
Iowa (Des Moines)	79*	298.0	106.4	78.1	52.9	26	35	13.85	12.70	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	148.2	24.6	51.8	8.6	35	40	13.93	12.64	---
Greater Kansas City/E. S. Dakota	64 <u>6/ 7/</u>	41.9	6.4	---	---	---	---	14.99	13.13	14.0
MIDWEST REGION	<u>5/</u>	3,444.6	68.9	991.4	-3.9	29	51	13.92	12.66	14.0

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF FEBRUARY 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	246.0	1.9	117.1	2.4	48	47	14.87	13.33	14.0
Texas (Dallas)	126	496.9	-3.3	250.6	-6.0	50	52	15.00	13.42	14.0
SOUTHWEST REGION		742.9	-1.6	367.6	-3.5	49	50	14.96	13.39	14.0
E. Colorado/W. Colorado (Denver)	137 <u>6/</u>	142.4	-0.8	65.4	2.5	46	44	14.65	13.14	14.0
SW. Idaho/E. Oregon (Boise)	135	131.0	-39.3	14.8	5.1	11	7	13.50	12.48	---
Great Basin (Salt Lake City)	139	178.1	5.9	68.2	-0.1	38	41	14.19	12.80	---
Central Arizona (Phoenix)	131	206.6	1.8	81.7	0.1	40	40	14.24	12.92	14.0
New Mexico-West Texas (Albuquerque)	138	207.5	-3.5	49.9	-3.2	24	24	13.88	12.79	14.0
Pacific Northwest (Seattle/Portland)	124	496.6	-1.0	165.3	-0.2	33	33	13.91	12.61	---
FAR WEST REGION		1,362.2	-5.9	445.3	0.1	33	31	14.03	12.74	14.0
COMP MKT. AVERAGE OR TOTAL	<u>5/</u>	7,693.0*	21.6*	2,809.3	-1.6	37	45	14.36	13.06	14.0
ALL-MKT. AVERAGE OR TOTAL	<u>7/ 8/ 9/</u>	8,861.8*	20.3*	3,531.6	-0.4	40	48	14.47	13.14	14.0
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		3,929.2	3.5	1,676.3	-0.6	43	44			
Southeastern Region	<u>5/</u>	523.5	-2.6	447.6	1.0	85	82			
Midwest Region	<u>5/</u>	6,927.7*	24.6*	2,100.2	-4.0	30	39			
Southwest Region		1,500.0	-5.5	781.8	-3.8	52	51			
Far West Region		2,802.4	-7.0	935.8	-1.8	33	32			
COMP MARKET AVERAGE OF TOTAL	<u>5/</u>	15,682.9*	8.2*	5,941.7	-2.3	38	42	14.25	12.95	----
ALL MARKET AVERAGE OR TOTAL	<u>7/ 8/ 9/</u>	18,153.6*	8.1*	7,479.1	-1.7	41	45	14.36	13.05	----

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 36 million and 1.4 billion pounds of milk in February 1998 and 1997, respectively, that normally would have been pooled under these orders. The total estimated amount not pooled for this reason through the month of February are: for 1998, 335 million pounds; and for 1997, 1.8 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for February, Midwest region +0.5, comparable market average -0.2, and all-market average +0.4; Year to date, Midwest region +0.3, comparable market average -1.0, and all-market average -0.3. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$15.72. (4.0 minus 3.5 equals .5; 5 times \$.140 equals \$.700; \$15.02 plus \$.700 equals \$15.720.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1998, \$16.79; 1997, \$14.71; and Southeastern Florida: 1998, \$17.11; and 1997, \$15.16. 5/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1997-98 and for which the data were not affected significantly by marketing area changes. Data for Iowa and Greater Kansas City/Eastern South Dakota are no longer comparable; see 7/ and 9/. Due to the termination of the Tennessee Valley order on October 1, 1997, the data for Carolina, Southeast, and Louisville-Lexington-Evansville are no longer comparable and were excluded, where applicable. Most of the milk that would have been pooled under the terminated order was pooled under these three orders. 6/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1998, \$13.95; 1997, \$12.64; and Western Colorado: 1998, \$15.00; 1997, \$13.13. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, and are excluded from all-market figures. 8/ The data for January-September 1997 includes the Tennessee Valley marketing area; see 5/. 9/ Class I receipt and utilization data for the Iowa marketing area were restricted August-October 1997.

MEASURES OF GROWTH IN FEDERAL MILK ORDER MARKETS, SELECTED YEARS, 1947-97

Year	Number of markets <u>1/</u>	Population of Federal milk marketing areas <u>2/</u>	Number of handlers <u>1/</u>	Number of producers <u>3/</u>	Producer deliveries	Producer deliveries used in Class I	Percentage of producer deliveries used in Class I	Prices at 3.5% butterfat content <u>4/</u>		Receipts as percentage of milk sold to plants and dealers		Daily deliveries per producer	Gross value at blend price adjusted for butterfat content	
								Class I	Blend	Fluid grade <u>5/</u>	All milk		Per producer	All producers
	Number	1,000	Number	Number	Million pounds		Percent	Dol. per 100 lb.		Percent		Pounds	Dollars	1,000 dol.
1947	29	*	991	135,830	14,980	9,808	65.5	4.65	4.34	*	21	302	5,024	682,407
1950	39	*	1,101	156,584	18,660	11,000	58.9	4.51	3.93	41	25	326	4,914	769,442
1955	63	46,963	1,483	188,611	28,948	18,032	62.3	4.67	4.08	51	32	420	6,510	1,227,815
1960	80	88,818	2,259	189,816	44,812	28,758	64.2	4.88	4.47	64	43	648	10,482	1,989,615
1965	73	102,351	1,891	158,077	54,444	34,561	63.5	4.93	4.31	70	48	944	15,300	2,418,526
1970	62	125,721	1,588	143,411	65,104	40,063	61.5	6.74	5.95	79	59	1,244	27,636	3,963,311
1975	56	150,666	1,315	123,855	69,249	40,106	57.9	9.36	8.64	78	63	1,532	49,233	6,097,768
1976	50	157,295	1,305	122,675	74,586	40,985	54.9	10.70	9.75	79	65	1,661	60,277	7,394,486
1977	47	159,504	1,260	122,755	77,947	41,125	52.8	10.59	9.69	80	66	1,740	62,692	7,695,764
1978	47	161,224	1,189	119,326	78,091	41,143	52.7	11.40	10.57	80	67	1,793	70,528	8,415,787
1979	47	163,053	1,127	116,447	79,436	41,011	51.6	12.88	11.97	80	67	1,870	83,262	9,695,637
1980	47	164,908	1,091	117,490	83,998	41,034	48.9	13.77	12.86	80	67	1,954	93,685	11,007,001
1981	48	166,663	1,058	119,323	87,989	40,746	46.3	14.69	13.63	80	68	2,021	102,354	12,213,199
1982	49	172,775	1,010	120,743	91,611	40,807	44.5	14.63	13.53	81	69	2,079	104,573	12,626,510
1983	46	175,624	958	121,052	95,757	41,091	42.9	14.69	13.53	82	70	2,168	109,142	13,211,805
1984	45	177,524	912	119,033	91,676	41,517	45.3	14.41	13.33	81	70	2,104	104,935	12,490,729
1985	44	176,440	884	116,765	97,762	42,201	43.2	13.88	12.61	80	70	2,294	107,871	12,595,522
1986	44	177,992	849	112,322	98,791	42,725	43.2	13.60	12.38	80	71	2,413	111,581	12,515,451
1987	43	180,374	797	105,882	98,182	42,876	43.7	13.90	12.51	80	71	2,542	118,402	12,529,800
1988	42	184,180	776	104,141	100,066	43,141	43.1	13.42	12.14	<u>5/</u> 79	71	2,627	119,261	12,419,974
1989	41	185,919	748	100,291	95,871	43,367	45.2	14.51	13.30	<u>5/</u> 75	68	2,614	129,744	13,012,796
1990	42	195,841	753	100,397	102,396	43,783	42.8	15.55	13.78	<u>5/</u> 77	70	2,796	142,324	14,289,567
1991	40	198,409	722	100,267	103,252	45,033	43.6	13.30	12.11	<u>5/</u> 76	71	2,821	121,479	12,180,354
1992	40	200,530	698	97,803	107,947	44,914	41.6	14.57	13.12	<u>5/</u> 77	73	3,017	146,452	14,323,698
1993	38	199,604	675	92,934	103,979	44,805	43.1	14.19	12.89	<u>5/</u> 73	69	3,073	145,350	13,507,974
1994	38	201,561	629	91,397	107,811	44,866	41.6	14.75	13.16	<u>5/</u> 75	71	3,232	156,253	14,281,193
1995	33	207,548	571	88,717	108,548	45,004	41.5	14.19	12.79	<u>5/</u> 75	71	3,350	157,891	13,763,840
1996	<u>6/</u> 32	209,599	570	82,959	104,501	45,479	43.5	16.19	14.64	<u>5/</u> 72	69	3,442	184,359	15,294,217
1997	<u>6/</u> 31	208,435	555	78,603	105,221	44,916	42.7	14.36	13.10	<u>5/</u> 72	69	3,667	175,361	13,783,897

*Data not available. 1/ End of year. (Date on which pricing provisions became effective.) 2/ End of year. 1955, 1960-70, 1971, 1980, and 1990 according to 1950, 1960, 1970, 1980, and 1990 U.S. census, respectively. 1972-1979, 1981-1989 and 1991 to date are estimated. 3/ Average for year. The figures in recent years are understated due to the situation described in 5/. 4/ Prices are simple averages for 1947-61 and weighted averages for 1962 to date. 5/ The decrease in these percentages from 1988 to date results from handlers electing, because of unusual price relationships and qualification circumstances, not to pool milk that normally would have been pooled under Federal milk orders. The estimated volume of milk not pooled in 1997 was 7.8 billion pounds. 6/ Data for 1996 and 1997 are estimated.

JANUARY FLUID MILK SALES HIGHLIGHTS

During January, sales of fluid milk products in Federal milk order marketing areas and California were 2.2 percent below January 1997, and 1.4 percent below December 1997 on an adjusted daily average basis. Sales of whole milk products were 3.2 percent below the previous year, while sales of lowfat and skim milk were 1.7 percent below the previous year. Fluid milk sales were lower in all regions.

SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, LOWFAT AND SKIM MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, JANUARY 1998, WITH COMPARISONS 1/

Region 4/	Whole Milk Items 2/		Lowfat And Skim Milk Items 3/		Total Fluid Items	
	Sales	Change from:	Sales	Change from:	Sales	Change from:
	January	Prev. year 5/	January	Prev. year 5/	January	Prev. year 5/
	Mil. lbs.	Percent	Mil. lbs.	Percent	Mil. lbs.	Percent
Northeast	354	-3.3	472	-1.4	825	-2.2
Southeastern	346	-4.0	474	-0.8	820	-2.1
Midwest	272	-2.9	988	-2.3	1,260	-2.3
Southwest	175	-4.0	219	-2.7	395	-3.2
Far West	339	-2.2	704	-1.4	1,043	-1.6
All Areas Combined	1,486	-3.2	2,856	-1.7	4,342	-2.2

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represent approximately 90 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Lowfat and skim milk items include plain, solids added, flavored, and miscellaneous lowfat and skim milk products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol 64, report #13. Southeastern excludes Tennessee Valley. Far West includes California. 5/ Monthly and year-to-date percent change are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

PACKAGED SALES OF FLUID MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, DECEMBER 1997, WITH COMPARISON 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil. lbs.	Percent	
Whole milk 2/	1,502	-0.2	-0.9
2% Lowfat Milk	1,377	0.5	-2.0
1% Lowfat Milk 3/	637	4.7	3.3
Skim Milk	698	3.7	3.9
Buttermilk	52	1.0	-1.8
Total Fluid Milk Products 4/	4,277	1.1	0.1

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Black Hills market, which was terminated October 1, 1996, and data for the Tennessee Valley market, which was terminated October 1, 1997, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. 2/ Includes flavored whole milk. 3/ Includes flavored lowfat and skim milk. 4/ Includes miscellaneous products.

