

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS: (Starting today, the CME will only trade Grade AA cash butter.) Grade AA butter increased 3 1/2 cents to \$1.9850. Today's close is a new record high level. Barrel cheese decreased 1/4 of a cent to \$1.5225 and 40# blocks are unchanged at \$1.5575.

BUTTER: The market tone remains firm. In many instances, slower buyer interest is now being attributed to recent price increases. The high prices for butterfat and manufactured cream products are receiving national print and broadcast news attention. Stocks of bulk and print butter are in close balance to short of desired needs. Some users of bulk butter are utilizing imported butter. Under calendar year quotas, 22.4 million pounds of butter are allowed into the U.S. Of this year's total, about 11 million pounds have already been imported.

CHEESE: The cheese market is unsettled. The current trading level for 40# blocks is 39 cents above the comparable week in 1997 and barrels are 40 cents above a year ago. Current orders are generally steady to lighter as buyers purchase just for short term needs rather than for speculative purposes. Overall, cheese production is declining as milk volumes and milk-solids content are steady to lower.

MILK PRODUCTION: Milk output is dropping in most regions of the country. Very high temperature's 80's (north) - 100's (south) have been common and they are taking their toll on cows. Milk supplies are easing with surplus volumes down rather dramatically in some areas. Bottled milk sales range from slow to fair where featured. Manufacturing plant receipts are often lower and some seasonal balancing plants have been idled. The demand for fluid cream remains surprisingly good despite the very high prices. Fat is approaching \$3.00 per pound.

DRY PRODUCTS: The trends in most dry, dairy product markets continue. Nonfat dry milk production is slightly lower due to improved demand for condensed skim and seasonally lighter surplus milk volumes. Western producers continue to move quite a bit of NDM to CCC. However, some new sales for export under DEIP have, temporarily, slowed some producers' offerings. In the Central and East, NDM offerings are still ample,

but they are in a little better balance with the generally slow demand. Users of solids-not-fat are more often turning to condensed skim because of its current price advantage over NDM. The dry whey market tone remains firm and prices are higher in most regions. Demand is slow to fair as buyers show more price resistance. The WPC market is also quite weak with prices steady to lower. Offerings are readily available for the slow to fair demand. Recent price drops did seem to spur some additional buying interest. Dry buttermilk prices are unchanged and offerings are closely balanced with the steady, fair demand.

CCC: During the week of June 22 - 26, net purchases totaled 3,012,383 pounds of NDM under the price support. Fiscal year (since October 1, 1997) purchases total 102.9 million pounds.

JUNE BFP RELEASE TIME: The release time is being changed to 3:00 p.m., EDST. The later time will allow the use of more complete cheese price data from NASS. The inclusion of the NASS "Cheddar Cheese Prices" report for the week ending June 26 will result in a more representative monthly average cheese price for use under Federal milk orders.

COLD STORAGE (NASS): U.S. cold storage holdings of butter on May 31, 1998 total 72.67 million pounds, down 30.2% from a year ago, but 7.8% more than April 1998. Natural American cheese holdings total 442.65 million pounds, down 0.8% from May 31, 1997 but 0.2% more than a month ago. Nonfat dry milk holdings at the end of April total 161 million pounds, 32.0% more than a year ago and 24.8% above last month.

FEDERAL MILK ORDER MARKET SUMMARY (FMOS): During May, about 10.2 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 0.8% more than May 1997, and about 1.1% more than April 1998 on a daily average basis. Milk utilized in Class I products in May was 0.7% less than last year on an adjusted basis. Class I use this year represented 36% of producer milk deliveries compared to 38% in May 1997. The average blend price was \$13.07, \$0.31 more than last year. The following are changes in class prices from year-earlier levels: Class I, up \$0.32; Class II, up \$0.32; Class III, up \$0.18; and Class III-A, up \$2.41.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

LST = Last Significant Transaction

BUTTER ON FRIDAY, JUNE 26, 1998
 (CARLOT UNIT = 40,000-42,000 LBS.)

GRADES	:	CLOSE	:	CHANGE
AA	:	\$1.9850	:	+ .0350

SALES: 3 CARS: 1 @ \$1.9825, 2 @ \$1.9850 (LST)
 BIDS UNFILLED: 1 CAR @ \$1.8500
 OFFERS UNCOVERED: 2 CARS: 1 @ \$2.0500, 1 @ \$2.2500

CHEESE ON THURSDAY, JUNE 25, 1998
 (CARLOAD UNIT = 40,000-44,000 LBS.)

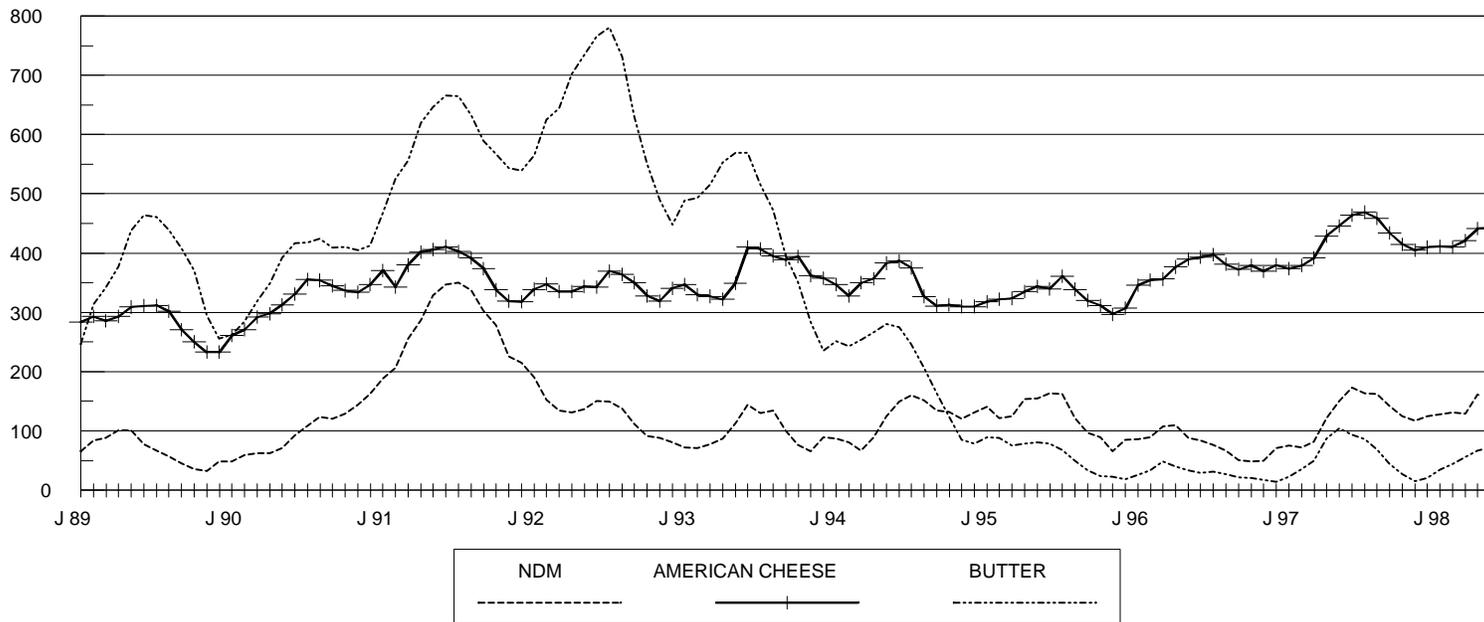
STYLES	:	CLOSE	:	CHANGE
BARRELS	:	\$1.5225	:	- .0025
40# BLOCKS	:	\$1.5575	:	N.C.

SALES: 25 CARS BARRELS:
 15 @ \$1.5300, 5 @ \$1.5250, 5 @ \$1.5225 (LST)
 1 CAR 40# BLOCKS @ \$1.5575 (LST)
 BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.5575
 OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5400

NOTICE: CME cash butter and cheese trading will start at 9:30 a.m. and 12:15 p.m., respectively, on July 2, 1998.

1989 TO DATE U.S. COLD STORAGE HOLDINGS

MILLION POUNDS



BUTTER MARKETS

MONTHLY COLD STORAGE

According to NASS, May month end cold storage figures for butter total 72.7 million pounds, 7.8% heavier than last month, but 30.2% lighter than May 1997.

NORTHEAST

Premiums are steady to higher and the market tone remains firm. Contacts speculate about future price increases and what level the CME close will reach. The \$1.9500 close on June 19 equals the record high for butter prices at the CME. Production levels are moderate as cream supplies are tightening along seasonal patterns and demand from Class II product makers is increasing. Butter stocks continue to be tight, but increasing prices are having more of an impact on retail sales of print butter.

CENTRAL

Butter markets remain firm following the 5 cent increase on Grade AA butter at the Chicago Mercantile Exchange June 19. Lighter buying interest is now being attributed to recent price increases. Recent higher prices for fat and thus manufactured cream products are receiving local and national news attention. Stocks of bulk and print butter are in close balance to short of desired needs. Some users of bulk butter are utilizing imported butter which has already arrived in the U.S. Under butter quotas, 22.4 million pounds of butter are allowed into the U.S. Of the quota total, about 11 million pounds have already arrived on U.S. shores.

WEST

Bulk butter sales are facing additional price resistance. Some sellers reduced showing much interest in taking the extra load at this time. Cream sales are excellent with a number of operations selling most of their cream and not churning. prices on the shelf push higher. Consumers are looking seriously at substitutes. Butter stocks remain generally tight. Weekly CME storage totals have declined

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME AA CASH BUTTER CLOSE OF JUNE 19, 1998 = \$1.9500

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+ 4 to + 5	+ 1 to + 4	- 4 1/2 to flat

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

	BUTTER	CHEESE
06/22/98	14,833	108,958
06/01/98	12,597	109,785
CHANGE	+2,236	-827
% CHANGE	+ 18	-1

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS			640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	U.S.	MN/WI	OTH STATES	U.S.
JUNE 19	1,5049	1,4526	1,4593	1,4104	1,4805	1,4194	1,4445	1,4445
	768,369	4,322,695	5,577,231	1,783,445	4,118,989	5,775,468	9,894,457	

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

CHEESE MARKETS

NORTHEAST

Prices are mostly 2 - 3 cents higher on most natural and process items. Swiss prices are unchanged. The market tone is firm, but some contacts wonder if the cheese prices are increasing to keep pace with butter and be an attractive outlet for milk or are cheese stocks that tight to warrant these increases. May 31 cold storage holdings indicate that Natural American holdings, at 442.6 million pounds, are slightly below last year's total of 446.2 million pounds and nearly steady with last month's figure of 441.6 million pounds. In the Northeast, cheese output is steady to lighter as milk supplies start to ease from peak levels. Demand for cheese is fair to good, but June Dairy Month promotions are coming to a close. Food service orders are improved now that schools are out and the vacation/tourist season is in full swing.

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

Cheddar 10# Prints	:	1.2600-2.0400
Cheddar Single Daisies	:	1.2300-2.0450
Cheddar 40# Block	:	1.6950-1.8450
Process 5# Loaf	:	1.7350-1.8625
Process 5# Sliced	:	1.7550-1.9200
Muenster	:	1.7275-2.0525
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady to firm, although with an unsettled undertone. At the Chicago Mercantile Exchange on June 18, barrels increased 3 cents to \$1.5250 and blocks advanced 2 cents to \$1.5575. At current prices, buyers are still making purchases, but the speculative buying to beat potential higher prices has slowed. In other words, purchases are more in line with actual needs. Some cheese producers, cutters, and processors continue to play catch up on orders made previously under price protection programs. Barrels are tight to adequate with block offerings more adequate than tight. Process movement remains strong though some current deliveries continue to be on orders made at lower prices. A few additional loads of blocks, originally sourced for aging programs, are being cashed out early. Milk intakes are trending lower as increased heat, humidity and insects reduce cow comfort. Cheese yields are also steady to lower, reflecting the declining protein and fat content on milk receipts.

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

Process American 5# Loaf	:	1.4975-1.8700
Brick And/Or Muenster 5#	:	1.8300-2.0400
Cheddar 40# Block	:	1.8225-1.9150
Monterey Jack 10#	:	1.9150-2.0225
Blue 5#	:	2.1650-2.3700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9075-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants.

CHEDDAR STYLES	:	JUNE 22 - 26, 1998
BARRELS*	:	\$1.5250 - 1.5450
	:	(\$.0200) (.0300)
40# BLOCKS	:	\$1.5675 - 1.5875
	:	(\$.0100) (.0200)

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

WEST

Prices for all types of Western cheese increased. Plants continue to operate on very heavy production schedules. Some contacts are considering moving milk from cheese into butter/powder because of the increased return potential. Cheese stocks are being held with confidence. Natural American stocks stand at 442.6 million pounds, down 0.8% from last year. Solids available for process cheese needs are short of current buying interest. Block cheese is a little more available, but some orders are not being filled in a timely basis. Swiss sales are improving. Swiss cold storage stocks are down 14.6% from last year.

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

Process 5# Loaf	:	1.7100-1.9375
Cheddar 40# Block	:	1.7400-1.8200
Cheddar 10# Cuts	:	1.9500-2.0800
Monterey Jack 10#	:	1.9300-2.0425
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.4000

FOREIGN TYPE

Domestic prices are generally two-cents higher. The market tone is falling into seasonal patterns. Typically, sales for foreign-type cheese slow during the summer months. Stocks of most types are adequate to meet current needs.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
	:	:	:
Roquefort	:	5.5000-6.8900	: -0-
Blue	:	2.6400-3.1400	: 1.8925-2.5025*
Gorgonzola	:	3.2400-5.9400	: 2.4900-2.5875*
Parmesan (Italy)	:	TFEWR	: 3.3025-3.3425*
Romano (Italy)	:	2.0900-2.9000	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.5650-2.0925*
Romano (Cows Milk)	:	-0-	: 3.0700-3.4125
Sardo Romano (Argentina)	:	2.6500-3.2900	: -0-
Reggianito (Argentina)	:	2.6500-3.2900	: -0-
Jarlsberg-(Brand)	:	2.7400-3.1200	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.2500-2.5050
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-
Swiss Cuts Austrian	:	2.2500-2.7500	: -0-
Edam	:	:	:
2 Pound	:	TFEWR	: -0-
4 Pound	:	2.1900-3.0900	: -0-
Gouda, Large	:	2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production throughout the region is dropping at varying rates. In the Northeast, temperatures are increasing and reports indicate slight to moderate drops in milk output. In the Middle Atlantic and Southeast, very hot weather is having a marked impact on the milk flow. And, in Florida and the other Gulf Coast states, temperatures are often more than 100 degrees and they are in dire need of rain. In these states, milk production drops are very dramatic. Florida handlers imported minimal volumes (1) of milk from outside normal sources. For the same week a year ago, Florida handlers imported about 46 loads, but contacts feel that this year's shipments to Florida may not start, in earnest, for another week or two. Fluid milk supplies are tight and there are limited surplus milk volumes in the Southeast; moderate and lighter in the more northern areas. Class I demand ranges from slow to fair. Bottlers report that sales in the resort areas are not as brisk as anticipated. Despite the tighter supply, there are reports that some Southeastern retailers have started featuring milk and milk is having to be shipped greater distances to meet this demand. Balancing or seasonal manufacturing plants have, for the most part, been idled in the Southeast. In the Northeast, surplus milk volumes are moderate to lower. Some milk did move to other plants within the area, but for the most part, volumes are dropping. The condensed skim market is fairly good. Lower prices are stimulating more interest and more loads are being sold. The July Class II milk price will be \$1.13 per cwt lower than June and has many condensed skim buyers enthused. However, their enthusiasm for low solids prices is more than offset by the very high cost of fat. The fluid cream market remains firm and prices are higher again this week. The June 19 close on AA butter at the CME equaled and all-time high and most contacts feel that record will soon be broken. The high butter and cream prices have, this week, made national headlines in both print and broadcast news articles. Offerings are tight and easily cleared despite the high costs. Loads are being brought across the country to supplement local offerings. Demand for fluid cream is very good. Ice cream producers report steady output. The hot weather has improved demand for both hard and soft serve ice cream mix. Most ice cream makers have or are announcing price increases to their distributors or retail accounts. How this will affect sales/consumption is not known. Cream cheese output is steady to lower because of cream prices. Bottled cream sales are improving where strawberries are in season. 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	-	2.5740 - 2.8080	
Delivered Equivalent Atlanta	-	2.5350 - 2.7300	M 2.5740 - 2.6520
F.O.B. Producing Plants: Upper Midwest	-	2.4960 - 2.7300	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	.8000 - 1.0000	

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JUNE 19 - 25, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Much warmer temperatures (80 - 90+) and higher humidity, coupled with an increase in insect pests, are impacting milk receipts through most of the region. In recent days, milk volumes are noticeably lower on many incoming trucks from the farm. Receipts have not yet declined enough for most plants to drop a full day of production. Declines are more on the order of a partial vat reduction to a few vats less per day depending on plant intakes. In addition, fat and

protein tests are steady to lower, so finished manufactured product volumes are impacted further. A total of 21 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. Class I demand is about steady at fairly good summer levels. Some bottlers are featuring reduced fat milk in an effort to generate additional volumes of cream for internal use or for extra cash. Orders are good for seasonal high fat items such as ice cream, whipping cream, and dips for the approaching holiday weekend. Surplus manufacturing milk offerings are declining and prices continue to trend higher. Reported spot milk prices range from \$0.50 to \$1.00 over Class/MCP during the weekend, upwards to \$2.65 over delivered during the week. Cream prices are also higher, reflecting higher butter prices at the Chicago Mercantile Exchange and the direct pricing off of Grade AA. Heavy cream users such as ice cream manufacturers are trying to pass along recent substantial price increases though profitability has been impacted. Corn height has jumped in the warmer weather and increased precipitation.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 41.50	\$ 36.00- 42.00
REPLACEMENT HEIFER CALVES	\$ 120.00-165.00	\$ 100.00-150.00

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

	JUNE 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 42.75	\$ 36.00- 44.25

W E S T

May pool receipts of milk in California total 2.319 billion pounds, up 1.4% from last year. Cumulative output for the first five months of the year totals 11.0 billion pounds, up 2.6% from the same period in 1997. The blend price, at a fat test of 3.62%, is 7 cents higher than April at \$12.94. The percentage of receipts used in Class I products is 22.75%. The May quota price is \$13.91 and the base and overbase prices are \$12.21. These prices are 8 cents lower than last month, \$1.17 higher than May 1997. Production levels in California are often higher as weather conditions are nearly ideal in most areas of the state for milk cow comfort. Temperatures are returning to normal highs during the day and are cooling off during the nights. Production is rebounding and some plants report intakes are up 3 to 4%. Tests are reported to be lower than year ago levels. Milk production is declining in Arizona and New Mexico, especially as the mercury rises over the 100 degree mark. Milk cows are being affected by the heat and measures to improve cow comfort are being taken. Cream demand is still quite good, despite rising butter prices. Multiples remain in the 115 to 130 range. Ice cream production is seasonally active and taking the biggest share of the cream supplies. Often churning schedules are lower as producers take advantage of the high cream prices. Milk production remains quite strong in the Pacific Northwest. Some contacts feel that the seasonal peak is quite close. Weather conditions are very conducive to good milk production. Temperatures remain cooler than normal and rainfall is plentiful. Some new crop dairy hay is finally finding its way onto the market. Conditions are still not very good for hay harvesting. Rain continues to cause quality problems. There are few good options left for many producers to make decent quality hay. They hope some of the later cuttings might be better. Some contacts note that crop development is challenged over portions of the region because of less than ideal growing conditions. Dairy men are watching feed prices closely to try and lock in needs for the year. Conditions are cool and wet in the northern Mountain States region. Milk quality is lower than normal for this time of year because of wet and muddy feed lots. The milk flow continues to increase seasonally. Most plants are operating at near capacity levels. Some contacts are surprised that there isn't some surplus milk being offered around the region.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/25/98 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 light as end users buy only for immediate needs. Some producers are considering adjusting prices even lower to encourage additional interest. High heat sales are slower. Heavy offerings to the CCC under the price support program continue sporadically from all regions and have surpassed 100 million pounds as of this week. Production levels are moderate and stocks are heavy.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0150 - 1.0450 MOSTLY: 1.0250 - 1.0350

DRY BUTTERMILK - CENTRAL

Prices are steady in limited trading. Buyer interest is relatively light and sales continue to occur mainly for contracted accounts. With butter prices at record levels, producers anticipate increasing interest in buttermilk as a cheaper source of fat. Stocks are available for needs.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Prices are higher and the market tone remains firm. Sources indicate sales activity improved late last week, but buyers are now showing increasing resistance as premiums continue to climb. Plants that were previously sold out are once again offering powder, but only limited volumes. The majority of product is in the hands of resellers, but at the expense of high premiums. Condensed whey supplies remain abundant. Production levels are strong. Producers are cautiously optimistic that prices will continue to increase and many are speculating when and at what price the top will be seen.

NONHYGROSCOPIC: .2625 - .2775 MOSTLY: .2650 - .2700

ANIMAL FEED WHEY - CENTRAL

Prices are higher on milk replacer, roller ground, and standard in response to the escalating edible whey prices. All prices remain nominal. Availability of offerings is occasionally limited. With the increasing volatility in prices, end users are buying cautiously. Contacts have stated that some feed customers are or plan to reformulate rations and increase usage of lactose and whey protein concentrate at more economical prices. Delactose prices are steady. Offerings are becoming more available as hotter temperatures cause product property concerns and some customers cut back usages.

MILK REPLACER: .2300 - .2500
STANDARD: .2150 - .2350
ROLLER GROUND: .2625 - .2675
DELACTOSE (Min. 20% protein): .3275 - .3675

LACTOSE - CENTRAL AND WEST

Prices are steady. The weakness continues in both domestic and foreign markets. Offerings are available from the majority of producers and resellers looking to reduce inventories. As the Asian and Japanese economies continue to weaken and the yen collapses, domestic producers struggle to adjust export orders and volumes for third quarter contracts. The current outlook for the third quarter is bearish.

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

EDIBLE: .1800 - .2600 MOSTLY: .1900 - .2000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on the range, but steady on the mostly. Sales are more active due to the recent price declines. Heavily discounted product is still available, but not at the sizable volumes previously offered on the market. A large amount of powder was purchased and helped to bring inventories back into balance at a few plants. Contacts believe this has helped to alleviate some market pressure. New interest from the feed industry has been noted as some are looking to alternatives for dry whey sources in formulations. Production levels remain seasonally strong.

EXTRA GRADE 34% PROTEIN: .5075 - .5800 MOSTLY: .5500 - .5650

NONFAT DRY MILK - WEST

Nonfat dry milk prices are holding steady. The market tone remains weak. Additional interest for medium heat powder for DEIP purchases has developed. This is noticeable in the limited support offerings last week. High heat demand remains good. Production levels are active in the region, especially where milk production is increasing. Additionally, plants are seeing good demand and prices for cream and are separating the cream and then have more skim to sell or dry. Low heat stocks remain in excess of current needs. During the week of June 15 - 19, Western and Central producers offered 1.4 million pounds of NDM to the CCC under the support program. Purchases this fiscal year (starting October 1, 1997) surpassed the 100 million pound mark this week.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0400 MOSTLY: 1.0200 - 1.0300
HIGH HEAT: 1.0450 - 1.0550

DRY BUTTERMILK - WEST

Dry buttermilk prices are steady in generally light market trading. Contacts often have higher expectations of the market than the current steady tone is generating. Additional demand is developing, but not at anticipated rates. Drying schedules are lower as many plants' churning schedules decline due to the advantage of selling cream at good returns. Inventory levels are adequate to long for all trade needs.

BUTTERMILK: .9000 - .9400 MOSTLY: .9100 - .9300

DRY WHEY - WEST

The Western whey market continues to firm. Offerings from producers are limited with most stating that they are sold out for the near term. Resale offerings are somewhat available at higher premiums. Export sales activity remains quite good with new orders continuing to be placed. Domestic demand is good from within the region and also from other areas of the country. Production levels are near the seasonal peak with some areas beginning to see a decline in milk output. Contacts are also discussing the possibility of moving some milk from cheese production into butter/powder which would impact the amount of whey available on the market.

NONHYGROSCOPIC: .2200 - .2400 MOSTLY: .2250 - .2325

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended June 19, on powder sales of 8,866,414 pounds f.o.b. California manufacturing plants was \$1.0313 per pound. This compares to 12,532,753 pounds at \$1.0347 for the previous week ending June 12, 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 steady to lower and the market tone remains weak. Some producers moved low heat powder at \$1.02 again this week. Production levels are lighter at most facilities. The very hot weather in the Middle Atlantic and Southeast is effecting milk output and the volumes available to butter/powder plants. Also, the wide price gap between condensed skim and NDM is creating a much improved demand for wet solids which reduces the need for dryer time. Some producers are making high heat powder now that they are less pressed to clear milk. Besides, best buyer interest seems to be for high heat powder. Demand for NDM is unchanged and generally unaggressive. Some DEIP contracts are being filled which is helping keep inventories from building. Seasonally, growing volumes of milk are expected to clear from the Middle Atlantic area to Florida and other Southeastern states. This could/should reduce the volumes of milk being dried.

CORRECTION: Last week's high heat range should have been \$1.0550 - 1.1100.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0200 - 1.0500

HIGH HEAT: 1.0550 - 1.1100 MOSTLY: 1.0700 - 1.0800

DELVD SOUTHEAST:

ALL HEATS: 1.0600 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is mixed. Most contacts continue to report relatively sluggish demand for dry buttermilk, but there have been scattered comments about improved interest. Some multiple-load sales were made at the low end of the range. Production levels are light to moderate. Churning activity is lighter because of the good demand for cream and more buttermilk is being sold before drying. Producer stocks are closely balanced.

F.O.B. NORTHEAST: .9200 - .9600

DELVD SOUTHEAST: .9500 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices are steady to higher and the market tone is unchanged. Some Western producers moved prices higher to reflect the increasing value of butterfat. Some other producers are pricing their powder on the values of the latest BFP price, which for May was sharply lower. Most contacts expect a sharp jump in milk prices for June. Production levels are often lighter because of the decreasing volumes of surplus milk and the increased separation to get the cream/fat. Producer stocks are very closely balanced with needs. Spot demand is slow to fair.

F.O.B. PRODUCING PLANT: 1.1200 - 1.5300

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JUNE 19, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 92,216 MT (203,299,393 LBS)
CHANGE -- 340 MT (749,564 LBS)

WHOLE MILK POWDER -- 7,487 MT (16,505,840 LBS)
Program allocations filled

CHEESE -- 3,510 MT (7,738,146 LBS)
Program allocations filled

BUTTERFAT -- 15,648 MT (34,497,580 LBS)

REALLOCATED NDM -- 660 MT (1,455,036 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

Price are mostly higher, however the market tone is mixed. Producers continue to report being sold out for several weeks, but do note that an occasional spot load becomes available. They also report that production levels are quite heavy. Traders note that they are able to get contracted volumes from their suppliers (producers) which was not always the case a few weeks ago. At the producer level, spot loads seem to clear easily, but overall spot demand seems a little sluggish. Producers and traders continue to ask premiums. With producer premiums in the 1/2 - 1 cent range and resale premiums in the 2 - 2 1/2 cent range, buyers are showing more resistance.

F.O.B. NORTHEAST: EXTRA GRADE .2575 - .2675

USPH GRADE A .2575 - .2700

DELVD SOUTHEAST: .2800 - .3025

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Offerings from producers remain tight, but reports of a few spot loads being offered at the producer and resale levels have been noted. Spot buying interest is slow, but contract volumes continue to clear satisfactorily.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Milk volumes are dropping in most areas of the country and evaporators are seeing their output ease slightly lower. Most producers anticipate a sharp increase in Class III milk prices for June which could affect production and sales. However, despite the milk prices, most producers do have to build their inventories while sales are relatively slow. Demand is slow to fair and mostly for replacement volumes.

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

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

CASEIN - NATIONAL

Casein prices remain unchanged, although the market tone is unsettled and weak. Buyers are stating that, in many instances, offerings of lower priced rennet and acid are being received. Stocks of casein are readily available for needs and shipments are on schedule. Rennet users are closely monitoring natural cheese supplies and demand as prices continue to increase.

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

RENNET: 2.0500 - 2.1600

ACID: 2.0000 - 2.1000

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

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

Month	06/10	06/11	06/12	06/15	06/16	06/17	06/18	06/19	06/22	06/23	CSCE -
BFP -- Dollars per cwt.											
JUN 98	13.63 (177) 16	13.71 (173) 16	13.00 (171) 16	13.08 (169) 0	13.00 (170) 1	13.10 (171) 1	13.08 (171) 4	12.85 (176) 5	12.85 (176) 1	12.85 (176) 0	
JUL 98	13.93 (161) 11	14.25 (147) 33	13.50 (155) 33	13.70 (150) 0	13.70 (149) 1	13.73 (149) 5	13.75 (152) 5	13.83 (155) 10	13.88 (158) 3	13.95 (159) 1	
AUG 98	13.90 (69) 7	14.13 (75) 9	13.85 (75) 0	13.55 (75) 4	13.50 (74) 1	13.45 (74) 0	13.60 (75) 1	13.45 (75) 0	13.49 (76) 3	13.56 (79) 3	
SEP 98	13.38 (70) 1	13.50 (73) 4	13.54 (73) 0	13.20 (73) 0	13.30 (73) 0	13.28 (73) 3	13.35 (73) 1	13.23 (73) 0	13.23 (75) 2	13.35 (76) 1	
OCT 98	13.18 (50) 3	13.35 (55) 5	13.20 (55) 0	13.08 (55) 0	13.10 (55) 0	13.08 (55) 0	13.13 (55) 0	13.18 (58) 4	13.15 (60) 2	13.20 (61) 1	
NOV 98	12.75 (10) 0	12.68 (11) 1	12.90 (11) 0	12.63 (11) 1	12.60 (11) 0	12.50 (11) 0	12.55 (11) 0	12.55 (11) 0	12.60 (11) 1	12.60 (12) 1	
DEC 98	12.63 (35) 3	12.68 (36) 1	12.73 (36) 0	12.63 (36) 0	12.60 (36) 0	12.40 (53) 19	12.50 (53) 0	12.50 (53) 0	12.58 (54) 2	12.58 (54) 0	
JAN 99	12.30 (0) 0	12.35 (0) 0	12.40 (0) 0	12.30 (0) 0	12.25 (0) 0	12.05 (0) 0	12.15 (0) 0	12.15 (0) 0	12.23 (0) 0	12.23 (0) 0	
CME - BUTTER -- Cents per pound											
JUL 98	180.00 (19) 0	181.00 (20) 1	183.50 (22) 0	188.50 (22) 0	193.50 (21) 1	191.50 (19) 1	194.00 (24) 6	195.00 (25) 2	196.75 (25) 0	196.75 (25) 0	
SEP 98	166.00 (1) 0	168.50 (1) 0	171.00 (1) 0	172.00 (1) 0	173.00 (1) 0	175.50 (0) 1	178.00 (0) 0	180.00 (0) 0	182.50 (0) 0	182.50 (0) 0	
CME - BFP -- Dollars per cwt.											
JUN 98	13.55 (396) 44	13.65 (360) 85	13.21 (361) 9	13.11 (366) 5	13.05 (361) 18	13.12 (358) 19	13.06 (358) 3	12.94 (358) 30	12.88 (351) 3	12.88 (347) 6	
JUL 98	13.95 (378) 34	13.90 (386) 34	13.72 (389) 12	13.68 (394) 14	13.76 (404) 30	13.75 (410) 9	13.79 (420) 15	13.90 (425) 65	13.93 (428) 9	13.96 (431) 15	
AUG 98	13.98 (291) 78	13.90 (294) 26	13.67 (291) 9	13.60 (292) 17	13.50 (290) 9	13.54 (294) 8	13.50 (296) 3	13.50 (312) 31	13.53 (313) 8	13.54 (306) 22	
SEP 98	13.49 (254) 17	13.49 (254) 14	13.49 (255) 3	13.40 (255) 0	13.35 (256) 1	13.37 (266) 12	13.29 (268) 6	13.29 (268) 0	13.26 (269) 5	13.31 (268) 3	
OCT 98	13.28 (209) 70	13.31 (210) 12	13.25 (212) 5	13.15 (212) 0	13.11 (214) 17	13.15 (215) 8	13.11 (218) 16	13.11 (224) 20	13.11 (226) 3	13.16 (228) 2	
NOV 98	12.70 (101) 7	12.70 (100) 9	12.70 (100) 0	12.50 (102) 4	12.50 (102) 0	12.55 (102) 1	12.55 (102) 0	12.55 (102) 0	12.55 (102) 0	12.62 (102) 0	
DEC 98	12.70 (122) 7	12.60 (122) 2	12.60 (122) 0	12.40 (121) 3	12.40 (121) 0	12.40 (121) 0	12.40 (121) 0	12.40 (121) 0	12.40 (121) 0	12.47 (126) 10	
JAN 99	12.60 (13) 0	12.60 (13) 0	12.55 (15) 2	12.55 (15) 1	12.55 (15) 0	12.55 (15) 0	12.55 (15) 0	12.55 (15) 0	12.55 (15) 0	12.50 (15) 0	
FEB 99	12.30 (11) 0	12.30 (11) 0	12.28 (13) 2	12.28 (13) 0	12.28 (13) 0	12.28 (13) 0	12.25 (13) 0	12.25 (13) 0	12.25 (13) 0	12.20 (13) 2	
CME - CHEDDAR CHEESE -- Cents per pound											
JUL 98	146.05 (89) 0	147.00 (89) 0	149.50 (84) 5	150.00 (84) 0	151.50 (84) 0	152.50 (84) 0	152.50 (84) 0	152.50 (84) 0	152.50 (84) 0	152.00 (84) 0	
SEP 98	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	

1/ At the CSCE Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. 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.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 15 - 26, 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.

WESTERNANDEASTERNEUROPE

OVERVIEW: WESTERN EUROPE: European milk production is reported to now be past the seasonal peak and is edging lower at varying rates. In most instances, seasonal output increased earlier than past years and now is also declining about 2 - 3 weeks earlier. Milk volumes vary depending on where you are in Western Europe. All in all, milk volumes are sufficient to maintain active production schedules. Trading activity centers around internal or regular customer needs. International buyer interest remains light. Inventories of manufactured dairy product are sufficient for current needs, but vary for future needs. European dairy product handlers are currently not concerned with light international sales in relationship to current inventory levels.

BUTTER/BUTTEROIL: European butter markets are steady to firm. Stocks of butter are sufficient to cover current buying interest with additional stocks clearing to PSA. PSA stock levels are reported to be lighter than many butter handlers desire for this time of the peak production season. Stock levels are limited or committed to the point that European traders are unsure if they would be able to fill potential U.S. buyer interest.

82% BUTTERFAT:	1,880 - 2,000
99% BUTTERFAT:	2,250 - 2,350

SKIM MILK POWDER (SMP): Skim milk powder markets are unsettled and generally weak with prices unchanged to lower. European traders hope that prices will not dip any further. Stocks continue to be offered to intervention. Looking at offerings thus far and potential offerings through the end of August, traders feel that intervention maximum levels will not be attained. International buying interest is slow with most traders not anticipating much activity until late this summer or early fall.

1.25% BUTTERFAT:	1,400 - 1,550
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WHOLE MILK POWDER (WMP): Whole milk powder markets are unsettled with prices unchanged to generally lower. Of all of the manufactured dairy products, whole milk powder is receiving the most sales activity. Demand for whole milk powder is quite good, although sales are not as brisk due many buyers shopping around for the best price and passing up available powder due to higher than desired asking prices.

26% BUTTERFAT:	1,670 - 1,825
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SWEET WHEY POWDER: Whey markets remain firm. Prices are steady to higher within the reported range. Lower priced U.S. offerings continue to limit international buyer interest. Stocks of whey are lighter than desired thus further limiting potential sales.

NONHYGROSCOPIC:	625 - 700
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OVERVIEW: EASTERNEUROPE: Milk production in Eastern Europe is reported to be at seasonal peak levels. With milk output at this level, milk handlers are reporting no apparent surplus. Weather conditions are quite favorable for this time of the summer. The overall market tone is steady. Trading activity is strong for internal use with international sales occurring, but slow.

OCEANIA

OVERVIEW: Overall milk production in the Oceania region has now ended for the 97 - 98 season. Limited ongoing output is clearing through fluid markets for immediate needs. Early reports are indicating that output during the year ranged from nearly 1 to 4% above the previous season. A strong start to the production season gave milk handlers a very optimistic outlook on milk production potential, but a sharp turnaround at mid season was counter productive to the favorable start. International sales activity out of the region remains light and unaggressive. Year end dairy product inventories range from in comfortable balance to slightly more than desired. The dairy areas of Australia are now receiving some much needed moisture which will help replenish the depleted water level of the past summer. In New Zealand, conditions are not as favorable and overall weather patterns are drier.

BUTTER: Butter markets are mixed with prices unchanged to generally lower. Stocks of butter within the Oceania region range from in close balance to available for spot sale. Traders report that some Oceania butter has left the region to supplement U.S. shortages. The potential for further sales from the region remain quite strong, although Oceania handlers are not quite sure how much of the demand they will be able to acknowledge. Under the U.S. butter quota, about 22.4 million pounds of butter can enter the country. Of this total, about 11 million pounds have already arrived on U.S. shores.

82% BUTTERFAT:	1,600 - 1,650
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CHEDDAR CHEESE: Cheddar cheese markets in the Oceania region are mixed although prices are unchanged. The overall tone to current markets is weak. Trading activity for cheese has been fairly active, but recent sales have slowed. Due to slower than expected sales, inventories of cheese are somewhat heavier than some traders desire for the end of the milk production season, although most handlers are not over reacting at this time.

39% MAXIMUM MOISTURE:	1,800 - 2,000
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SKIM MILK POWDER (SMP): Skim milk powder markets remain generally steady although prices are slightly lower. Buying interest is slow and unaggressive for spot sales. Most trading that is occurring is from regular ongoing buyers. Stocks of powder are reported to be in comfortable balance. Producers and handlers of powder are not overly concerned with the lack of potential new sales in relationship to uncommitted inventories.

1.25% BUTTERFAT:	1,450 - 1,500
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady with prices unchanged to slightly lower. The overall tone is steady, but traders are wondering if prices will need to edge lower to generate some sort of buyer interest. Buying interest, outside of regular/ongoing sales, remains light and unaggressive. Stocks of whole milk powder are reported to be in good balance for current and projected sales.

26% BUTTERFAT:	1,700 - 1,750
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Exchange rates for selected foreign currencies: June 22, 1998

.4945 Dutch Guilder	.5574 German Mark
.1663 French Franc	.5133 New Zealand Dollar
.1124 Mexican Peso	.6083 Australian Dollar
1.6730 British Pound	.0072 Japanese Yen
.2276 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1124) = 8.9680. That is 1 US Dollar equals 8.9680 Mexican Pesos.

Source: *Wall Street Journal*

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

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

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	APR 30 1996	APR 30, 1997	REVISED APR 30, 1998	MAY 31, 1996	MAY 31, 1997	MAY 31, 1998
Cream	1,412	---	---	1,310	---	---
Butter	39,764	86,762	67,415	33,984	104,162	72,666
Evap. & Cond. Milk	887	---	---	722	---	---
Cheese, Natural American	376,609	428,671**	441,580	389,645	446,157	442,646
Cheese, Swiss	10,362	11,896	12,556	10,923	13,237	11,298
Cheese, Other Natural	138,532	114,862**	90,520	141,248	124,933	97,884
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	2,524	466	398	995	1,259	308
Natural American Cheese	87	43	171	53	45	155

MAY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998*	1996	1997	1998
New England	14,840	21,295	22,916	5,196	10,088	---	78	197	227
Middle Atlantic	39,318	42,477	45,059	4,132	4,904	---	18,379	19,424	12,997
East North Central	217,735	239,302	241,428	6,157	53,646	---	107,145	87,137	75,267
West North Central	62,842	77,456	68,908	7,912	10,725	---	2,303	4,676	1,480
South Atlantic	228	261	860	1,056	1,056	---	6,234	5,666	577
East South Central	187	213	213	505	194	---	4,053	3,365	1,827
West South Central	611	2,564	123	3,672	294	---	123	126	382
Mountain	19,422	19,169	12,750	527	254	---	1,828	1,310	782
Pacific	34,462	43,420	50,389	4,827	23,001	---	1,105	3,032	4,345
TOTAL	389,645	446,157	442,646	33,984	104,162	72,666	141,248	124,933	97,884

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

** Correction from last month

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1997 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Million Pounds						Million Pounds						Million Pounds					
January	34	23	34	23	<u>3/</u>	<u>3/</u>	412	384	412	384	<u>3/</u>	<u>3/</u>	128	75	104	75	24	<u>3/</u>
February	44	36	44	36	<u>3/</u>	<u>3/</u>	411	379	411	379	<u>3/</u>	<u>3/</u>	131	72	105	72	26	<u>3/</u>
March	56	50	56	50	<u>3/</u>	<u>3/</u>	421	392	421	392	<u>3/</u>	<u>3/</u>	129	82	93	81	36	<u>3/</u>
April	67	87	67	86	<u>3/</u>	<u>3/</u>	442	429	441	429	<u>3/</u>	<u>3/</u>	161	122	113	121	48	<u>3/</u>
May	73	104	72	103	<u>3/</u>	1	443	446	442	446	<u>3/</u>	<u>3/</u>		151		151		<u>3/</u>
June		94		93		<u>3/</u>		464		464		<u>3/</u>		173		173		<u>3/</u>
July		86		85		<u>3/</u>		469		469		<u>3/</u>		164		161		3
August		69		69		<u>3/</u>		459		459		<u>3/</u>		162		156		5
September		44		43		<u>3/</u>		434		434		<u>3/</u>		142		134		8
October		27		26		<u>3/</u>		415		415		<u>3/</u>		125		111		14
November		15		15		<u>3/</u>		405		405		<u>3/</u>		117		95		21
December		21		20		<u>3/</u>		410		410		<u>3/</u>		125		103		22

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

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Apr 30, 1996	Apr 30, 1997	Apr 30, 1998	May 31, 1996	May 31, 1997	May 31, 1998
	Thousand Pounds					
Butter	37,240	86,296	67,017	32,989	102,903	72,358
Natural American Cheese	376,522	428,628	441,409	389,592	446,112	442,491

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (6-98) and "Dairy Products," Da 2-6 (6-98), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR APRIL 1998. During May, about 10.2 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 May 1998, the following comparisons involving producer deliveries have been estimated.) Producer deliveries were about 0.8 percent more than May 1997, and about 1.1 percent more than April 1998 on a daily average basis. Milk utilized in Class I products in May was 0.7 percent less than last year on an adjusted basis. Class I use this year represented 36 percent of producer milk deliveries compared to 38 percent in May 1997. The average blend price was \$13.07 per cwt., \$0.31 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$0.32; Class II, up \$0.32; Class III, up \$0.18; and Class III-A, up \$2.41.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 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	521.6	11.2	222.6	0.8	43	47	14.10	13.77	17.5
New York/New Jersey (NY City)	2	1,065.8	2.9	399.1	4.0	37	37	13.45	13.17	17.5
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	581.5	-7.0	219.6	-15.8	38	42	13.91	13.25	---
NORTHEAST REGION		2,169.0	1.8	841.2	-2.8	39	41	13.73	13.33	17.5
Carolina (Charlotte)	5	260.8	5.5	201.1	7.6	77	76	15.13	14.76	17.5
Southeast (Atlanta/Birmingham)	7	513.3	5.2	384.6	12.8	75	70	15.04	14.44	17.5
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 <u>4/</u>	243.0	-7.0	206.3	-4.9	85	83	15.84	15.50	17.5
SOUTHEASTERN REGION	<u>5/</u>	243.0	-7.0	206.3	-4.9	85	83	15.84	15.50	17.5
Michigan Upper Peninsula (Marquette)	44	5.6	-9.0	4.2	-0.7	75	68	13.53	13.16	17.5
Southern Michigan (Detroit)	40	385.7	-2.1	167.2	-2.2	43	43	13.24	12.78	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	296.4	-2.6	142.8	-5.0	48	49	12.99	12.76	---
Ohio Valley (Columbus)	33	279.6	-0.9	134.0	-5.4	48	50	13.41	13.23	---
Indiana (Indianapolis)	49*	175.4	-3.6	97.5	-8.3	56	58	13.82	13.45	---
Chicago Regional	30*	1,425.2	-3.3	206.7	-8.1	15	15	11.68	11.49	---
Central Illinois (Peoria)	50	19.4	12.0	13.1	-0.8	67	76	13.40	13.38	17.5
S. Illinois-E. Missouri (Alton)	32	198.5	-3.0	82.0	-7.1	41	43	13.15	12.88	17.5
Louisville-Lexington-Evansville	46	120.7	21.1	85.8	9.8	71	78	14.20	14.02	17.5
Upper Midwest (Minneapolis)	68*	946.6	5.2	127.9	-4.5	14	15	11.46	11.27	---
Iowa (Des Moines)	79*	343.8	15.6	81.6	0.1	24	27	12.08	11.94	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	165.6	-10.8	53.7	5.2	32	28	12.54	12.11	---
Greater Kansas City/E. S. Dakota	64 <u>6/ 7/</u>	45.5	6.0	---	---	---	---	14.07	14.15	17.5
MIDWEST REGION	<u>5/</u>	3,898.0	-1.3	1,029.0	-5.1	26	27	12.22	11.99	17.5

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 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	290.3	5.3	109.4	-9.4	38	44	13.24	13.22	17.5
Texas (Dallas)	126	600.1	-11.8	257.8	-8.4	43	41	13.93	13.32	17.5
SOUTHWEST REGION		890.4	-6.9	367.2	-8.7	41	42	13.71	13.29	17.5
E. Colorado/W. Colorado (Denver)	137 <u>6/</u>	147.4	-1.5	65.6	-3.3	45	45	13.18	12.94	17.5
SW. Idaho/E. Oregon (Boise)	135	331.3	-29.6	14.6	-6.2	4	6	11.06	10.96	---
Great Basin (Salt Lake City)	139	170.3	-19.3	70.3	-3.3	41	34	12.88	12.31	---
Central Arizona (Phoenix)	131	244.2	13.1	79.9	-4.4	33	39	13.30	12.68	17.5
New Mexico-West Texas (Albuquerque)	138	199.7	39.2	50.7	-4.0	25	37	12.80	12.48	17.5
Pacific Northwest (Seattle/Portland)	124	580.3	-0.6	173.4	-4.0	30	31	13.01	12.31	---
FAR WEST REGION		1,673.2	7.3	454.6	-3.9	27	30	12.64	12.22	17.5
COMP MKT. AVERAGE OR TOTAL	<u>5/</u>	8,873.7*	0.2*	2,898.3	-4.7	33	34	12.92	12.60	17.5
ALL-MKT. AVERAGE OR TOTAL	<u>7/ 8/</u>	10,157.6*	0.0*	3,651.5	-4.5	36	38	13.07	12.76	17.5
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		10,320.6	3.0	4,226.5	-0.6	41	42			
Southeastern Region	<u>5/</u>	1,298.1	-3.7	1,095.6	-0.5	84	82			
Midwest Region	<u>5/</u>	18,526.9*	11.9*	5,254.6	-2.8	28	33			
Southwest Region		4,132.8	-5.4	1,898.0	-5.6	46	46			
Far West Region		7,363.5	-4.6	2,344.4	-0.8	32	31			
COMP MARKET AVERAGE OF TOTAL	<u>5/</u>	41,641.8*	4.1*	14,819.1	-2.1	36	38	13.82	12.95	---
ALL MARKET AVERAGE OR TOTAL	<u>7/ 8/</u>	48,009.2*	4.1*	18,672.3	-1.5	39	41	13.95	13.06	---

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 125 million and 45 million pounds of milk in May 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 May are: for 1998, 560 million pounds; and for 1997, 2.4 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for May, Midwest region 0, comparable market average +0.8, and all market averaged +0.8. Year to date, Midwest region +0.8, comparable market average -0.4, and all-market average 0. 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 \$14.98. (4.0 minus 3.5 equals .5; 5 times \$.175 equals \$.875; \$14.10 plus \$.875 equals \$14.975.) 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, \$16.10; 1997, \$15.81; and Southeastern Florida: 1998, \$16.66; and 1997, \$16.31. 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; some of the data during this period could not be released without revealing individual business operations. Due to the termination of the Tennessee Valley order, 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, \$12.32; 1997, \$12.36; and Western Colorado: 1998, \$14.37; 1997, \$13.87. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are excluded from all-market figures; see 5/. 8/ The data for 1997 includes the Tennessee Valley marketing area; see 5/.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OF JUNE 22 - 26, 1998			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	06/19/98	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	344,062	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	139,634	-0-	-0-
Process	-0-	-0-	-0-	-0-	988,800	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	1,472,496	-0-	-0-
NONFAT DRY MILK							
Nonfortified	3,611,097	598,714	3,012,383	102,940,413	4,880,498	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	3,611,097	598,714	3,012,383	102,940,413	4,880,498	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS	COMPARABLE WEEK IN 1997 =	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 22 - 26, 1998 =	0.7	35.1		1.4	6.2
CUMULATIVE SINCE OCTOBER 1, 1997 =	22.6	1,198.2	CUMULATIVE SAME PERIOD LAST YEAR =	14.7	71.4
CUMULATIVE JANUARY 1 - JUNE 26, 1998 =	20.9	1,106.8	COMPARABLE CALENDAR YEAR 1997 =	14.7	71.4

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

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

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

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	1,332,862	8,195,135	-0-	8.0	83.9
WEST	-0-	-0-	-0-	139,634	94,458,735	4,880,498	91.8	16.1
EAST	-0-	-0-	-0-	-0-	286,543	-0-	0.2	0.0
TOTAL	-0-	-0-	-0-	1,472,496	102,940,413	4,880,498	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95

DOLLARS PER POUND

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

CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075

NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/06/98 & Comparable Week 1997 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1998-Dairy cows HD (000)	0.3	1.5	5.2	4.6	18.8	1.8	2.5	0.9	9.2	2.9	47.6	1,225.7	41.9	47.5
1997-Dairy cows HD (000)	0.4	1.4	6.0	5.3	21.0	2.2	2.6	1.1	7.7	2.8	50.5	1,316.7	45.4	46.2
1998-All cows HD (000)	0.3	1.6	7.8	15.2	26.6	19.4	17.9	6.1	12.2	6.7	113.7	2,580.7		
1997-All cows HD (000)	0.4	1.5	7.9	16.2	28.2	15.0	17.1	7.5	11.1	6.4	111.3	2,847.6		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES 6/26

PROCESS	JULY DELIVERY		AUGUST DELIVERY	
PROCESS 2# LOAF			396,000	\$1.7510-1.7815
PROCESS 5# LOAF			792,000	\$1.6290-1.6680
PROCESS SLICED			673,200	\$1.6629-1.7390
NATURAL AMERICAN				
CHEDDAR SHREDS			307,200	\$1.7913
CHEDDAR CUTS			279,655	\$1.8400
CHEDDAR BLOCKS			479,402	\$1.7268-1.7628
BARRELS			1,240,000	\$1.6000
REDUCED FAT BLOCKS			39,951	\$1.8300
REDUCED FAT CUTS			39,950	\$1.9500
REDUCED FAT SHREDS			307,200	\$2.0200
MOZZARELLA				
MOZZ LITE SHRED	524,160	\$1.9060-1.9220	766,080	\$1.8920-1.9290
MOZZARELLA LITE			120,960	\$1.8080-1.8180

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 63,259,834

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88							