

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS: Grade AA butter increased 8 1/2 cents to \$2.0700. Barrel cheese is unchanged at \$1.5075 and 40# blocks increased 5 cents to \$1.6575.

BUTTER: The butter market tone is mixed. Some producers and handlers are nervous about the market and possible price changes. Signs point to both continued firmness and tight stocks, but there are also signs pointing to buyer price resistance and slower demand. Butter production across the country is edging lower due to declining milk supplies and the continued good call for cream. Stocks range from in close balance to lighter than desired for this time of the summer. The butter industry continues to monitor inventories very closely. Most producers and handlers do not want to have much additional on hand. Imports are entering manufacturing channels, but most people in the industry do not feel that imports will have all that much impact on the domestic market.

CHEESE: The cash cheese market is unsettled, firm on blocks and cautiously steady on barrels. Blocks are now only 3.75 cents below the all time high of \$1.6950. Finished product orders were usually lighter, reflecting buyer concerns with current prices and the barrel weakness last week. The wide spread is causing some production shifting from barrels to blocks where conditions allow. Cheese production is steady to lower, reflecting the effects of summer weather and increased milk demand from southern buyers.

FLUID MILK: Milk production across the United States is declining seasonally at varying rates. In most areas, hot/humid weather conditions have prevailed over the past week to 10 days which is accelerating production declines. In the West, some receiving plants are seeing daily milk intakes decline anywhere from minimal to the lower teens percentage points when compared to a year ago. The hot and humid conditions are not only hampering milk production but also pastures and feed stuffs. In some areas, cooler nights, compared to the hot days, are providing the milking herd some needed relief, thus slowing the production slide. As milk output declines, some areas are importing milk to supplement their local output. The Southeast is in need of additional milk volumes and is pulling milk from as

far away as Wisconsin, Michigan, Connecticut, and Pennsylvania, along with regular shipments from other nearby states. The long haul shipments are heavier and earlier than last year. The fluid cream market remains quite firm. In most areas, ice cream production continues to absorb most of the available cream at this time.

DRY PRODUCTS: In recent weeks, the hot/humid weather conditions across the country have affected dryer efficiencies. The skim powder market is mixed with prices slightly lower to slightly higher. Recent DEIP sales have producers hoping that the sales will help balance the current surplus in the market. Outside of active DEIP sales, domestic sales remain on an as-needed basis. Buttermilk powder markets are steady to firm. Churning schedules are lighter, thus not generating as much buttermilk. Drying schedules are light as a high percentage of the buttermilk being generated is clearing the market in the condensed or liquid form. Whey markets are mixed with prices fractionally higher and lower. Dry whey stocks range from lighter than desired to in close balance with demand. Whey production schedules are lighter as milk is being drawn away from cheese manufacturing and directed toward fluid needs.

CCC: During the week of July 20 - 24, net purchases totaled 8,503,287 pounds of NDM under price support.

COLD STORAGE (NASS): U.S. cold storage holdings of butter on June 30, 1998 total 59.2 million pounds, 18.6% lower than May 1998 and 36.8% lighter than June 1997. Natural American cheese holdings total 459.2 million pounds, 3.7% higher than May, but 1.1% lower than last June. Nonfat dry milk holdings at the end of May total 187.0 million pounds, 23.8% heavier than May 1997.

CONSUMER PRICE INDEX (BLS): The June 1998 Consumer Price Index (CPI) for all food is 160.1, up 2.2% from June 1997. The dairy products index, at 148.1, is up 2.8% from a year ago. The June to June changes in selected dairy products are: fresh whole milk +2.0%, cheese +1.2%, and butter +23.1%.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

LST = Last Significant Transaction

BUTTER ON FRIDAY, JULY 24, 1998
 (CARLOT UNIT = 40,000-42,000 LBS.)

GRADES	:	CLOSE	:	CHANGE
AA	:	\$2.0700	:	+0850

SALES: 17 CARS: 1 CAR EACH @ \$2.0000, \$2.0500, \$2.1000, \$2.1150, \$2.1300, \$2.1400, \$2.0500, \$2.1000, \$2.0500, \$2.1000, \$2.0100, \$2.0600, \$2.0100, \$2.0700, \$2.0300, \$2.0700, \$2.0400

BIDS UNFILLED: 15 CARS: 1 @ \$2.0700(LST), 10 @ \$2.0100, 1 @ \$2.0000, 3 @ \$1.9850

OFFERS UNCOVERED: 1 CAR @ \$2.2500

CHEESE ON THURSDAY, JULY 23, 1998
 (CARLOAD UNIT = 40,000-44,000 LBS.)

STYLES	:	CLOSE	:	CHANGE
BARRELS	:	\$1.5075	:	N.C.
40# BLOCKS	:	\$1.6575	:	+0500

SALES: 9 CARS BARRELS: 7 @ \$1.5075, 1 @ \$1.5025, 1 @ \$1.5075 (LST)

15 CARS 40# BLOCKS: 4 @ \$1.6200, 2 @ \$1.6400, 9 @ \$1.6575 (LST)

BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6575

OFFERS UNCOVERED: 7 CARS BARRELS: 5 @ \$1.5075, 1 @ \$1.5175, 1 @ \$1.6025

2 CARS 40# BLOCKS @ \$1.6600

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
APR 1998	159.8	2.0	148.5	1.9	146.3	2.6	149.9	1.1	125.0	7.9	146.3	-0.9
MAY 1998	160.3	2.4	148.1	1.9	145.6	2.2	149.4	1.1	127.5	14.1	146.2	-1.0
JUNE 1998	160.1	2.2	148.1	2.8	144.4	2.0	148.9	1.2	133.8	23.1	146.3	-1.1
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Dollars											
APR	2.668	2.606	2.589	2.372	2.336	2.177	3.535	3.534	3.499	NA	3.060	2.903
MAY	2.666	2.608	2.591	2.377	2.484	2.121	3.539	3.528	3.448	NA	2.995	2.876
JUNE	2.622	2.587	2.552	2.364	2.613	2.026	3.516	3.400	3.432	NA	3.051	2.877

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

BUTTER MARKETS

NORTHEAST

Premiums and the cash close at the CME remain unchanged. However, contacts are still a little nervous about the market and possible price changes. Signs point to both continued firmness and tight stocks, but there are also signs pointing to buyer price resistance and slower demand. With retail prices commonly over \$3.00 per pound, consumption patterns are slowing. However, unofficial retail surveys by some contacts show that many retail butter buyers pick brand named product lines over private label brands despite the higher prices. Churning activity is lighter at most Eastern butter/powder plants. The tighter milk supply and continued good demand for cream are often limiting butter output to two - three days per week. To supplement local supplies, bulk butter continues to be shipped in from Western producers. Food service orders are about steady and retail sales are slow to fair. Fewer feature programs are in effect.

CENTRAL

Butter markets remain firm. In most instances, prices and pricing formulations are unchanged. Stocks are reported to be in close balance for current needs. Production schedules are basically being limited to meeting immediate or short term needs. Most producers and handlers continue to take a very cautious approach to inventorying additional butter stocks. Orders for both retail and food service are reported to be surprisingly steady at fairly good levels. Although retail sales are less aggressive, buyers continue to place relatively good orders. Some retail stores continue to extend price protection to the consumer by not reflecting the full price increases of the past month or so.

WEST

Sales activity continues to be rated from good to very good for bulk butter. Bulk continues to leave the West for other regions of the country. Production is edging lower due to declining milk supplies and the continued good call for cream. Ice

cream production remains very strong, absorbing cream that is able to find transportation to ice cream manufacturing plants. Some plants are choosing to curtail some cream sales because they need to make additional butter to meet current needs. This trend has accelerated over the past few weeks. Ice cream accounts are having to search harder for the cream that they need. The butter industry continues to monitor inventories very closely. Most contacts do not want to have much additional on hand. Imports are entering manufacturing channels, but most people in the industry do not feel that imports will have all that much impact on the domestic market.

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

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE JULY 17, 1998 CLOSE = \$1.9850

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
07/20/98	10,242	107,432
07/01/98	10,735	107,011
CHANGE	-493	+421
% CHANGE	-5	N.C.

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.	
JULY 17	1,6178	1,5599	1,5796	1,6009	1,5542	1,4903	1,5172	
	1,823,214	3,909,594	5,947,019	997,629	3,969,888	5,386,996	9,356,884	

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

CHEESE MARKETS

NORTHEAST

Prices are unchanged on natural cheddar and Swiss; unchanged to 3 3/4 cents lower on process. The market tone is mostly unchanged. However, the drop in the cash close of barrels at the July 16, CME does have some contacts wondering if the top has been reached in this particular price cycle. Cheese production is lighter as milk supplies tighten seasonally. Producer stocks are adequate to meet current needs. Not wanting to be caught with inventories should prices drop, many producers and distributors are trying to keep their holdings as low as possible. Retail and food service sales are about steady.

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

Cheddar 10# Prints	:	1.5200-2.0900
Cheddar Single Daisies	:	1.4900-2.0950
Cheddar 40# Block	:	1.7450-1.8950
Process 5# Loaf	:	1.6875-1.8450
Process 5# Sliced	:	1.6975-1.9025
Muenster	:	1.7775-2.1025
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. At the Chicago Mercantile Exchange on July 16, barrels declined 3.75 cents to \$1.5075 and blocks were unchanged at \$1.6075. Many traders were surprised by the wide (10 cent) spread between blocks and barrels this far before schools reopen. The prospect of additional weakness has reduced new orders overall. Buyers are taking a more cautious approach to balance supplies with orders. Spot offerings of bulk commodities have increased as some regular accounts back off on purchases. Mozzarella sales are steady to quieter. Swiss cheese sales are being impacted by recent price increases, though some sellers tempered adjustments by not fully reflecting milk cost changes during the past few months. Some increases in Southern milk shipments as well as continued heat and humidity are impacting cheese production at many locations.

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

Process American 5# Loaf	:	1.4975-1.9000
Brick And/Or Muenster 5#	:	1.8800-2.0900
Cheddar 40# Block	:	1.8725-1.9150
Monterey Jack 10#	:	1.9150-2.0725
Blue 5#	:	2.2150-2.4200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-1.9600
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 or storage centers.

CHEDDAR STYLES	:	JULY 20 - 24, 1998
BARRELS*	:	\$1.5075 - 1.5275 (NOMINAL)
	:	(-\$0.0375) (-.0375)
40# BLOCKS	:	\$1.6075 - 1.6375 (NOMINAL)
	:	

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

WEST

Most Western contacts were not all that surprised at the weakness last week in barrel cheese. Process items range from steady to weaker. Barrel and undergrade sales are slower as buyers watch the market for indications of further weakness. They are only making purchases in a hand to mouth fashion. Cheese imports are not having much impact on Western sales. Blocks are still tight with medium grade especially tight. Mozzarella sales are stronger with stocks declining. Swiss activity is good at steady levels. Inventories at the producer level are in good balance. Contacts are watching the CME with interest this week and wouldn't be surprised to see the spread widen based on current market conditions. Production is generally declining along normal seasonal patterns.

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

Process 5# Loaf	:	1.7300-1.9200
Cheddar 40# Block	:	1.7800-1.8700
Cheddar 10# Cuts	:	1.9700-2.1300
Monterey Jack 10#	:	1.9800-2.0925
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.4000

FOREIGN TYPE

Prices are unchanged and the market tone remains seasonally slow. However, with the current cash close for cheddar at the CME, some contacts are bringing cheddar types into the country for processing. Distributor stocks are fully adequate to meet the typically slow summer time demand.

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	: 1.9425-2.5525
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.6375
Parmesan (Italy)	: TFEWR	: 3.3525-3.3925
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6150-2.1425
Romano (Cows Milk)	: -0-	: 3.1200-3.4625
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

EAST

During June, milk production in the 20 major states totaled 11.5 billion pounds, up 1.1% from June 1997. The following are the June to June changes for selected states: Kentucky -6.6%, Florida -4.4%, Texas -2.5%, New York and Virginia +0.7%, Pennsylvania +1.4%, and Vermont +4.9%. Hot weather continues to cover much of the Eastern region. Temperatures and/or heat indexes in excess of 100 are common from Texas to New England. Milk production is being adversely affected by the prolonged heat wave. Parts of Texas have had more than two weeks straight with 100+ temperatures. The heat is also having an impact on pastures and other feed stuffs. Hay is being trucked into the Southeast from nearby and distant suppliers. This week, Florida handlers ordered 99 loads of milk from outside sources. This compares to only 6 loads during the same week last year. However, at midweek, supplying plant contacts reported that about 20 loads destined for Florida were canceled. Handlers in other Southern states were bringing in about 52 loads from suppliers in Wisconsin, Michigan, Connecticut, and Pennsylvania. In Florida, cooler nights are helping keep milk production from dropping at a faster pace. Further north, the heat and humidity are affecting milk output. The heat has further depressed milk output in other Southeastern states where production had been level for several weeks. Fluid milk supplies are lighter, but still ample for the slow Class I demand. Milk is not the drink of choice in weather like this and bottlers have reported slow sales during the past few weeks. Surplus milk diversions are light to moderate and easily cleared. Most manufacturing plants have ample capacity to process surplus milk. Condensed skim orders remain good, but some suppliers did have to make NDM to fill orders. Condensed skim prices are unchanged to occasionally higher within the range. The fluid cream market remains quite firm, but more contacts note that availability is increasing, particularly late in the week. West Coast loads continue to be "imported" to supplement local supplies. Spot prices are steady to slightly lower. Ice cream mix production is seasonally heavy. Sales of ice cream (hard and soft serve) and frozen novelties are reported as good. Cream cheese production is steady, but most producers seem to be taking their contracted volumes of fluid cream and limiting spot purchases. Churning activity is light to moderate, generally light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. Producing Plants: Northeast	- 2.5805 - 2.8396
Delivered Equivalent Atlanta	- 2.6202 - 2.8187 M 2.6996 - 2.7393
F.O.B. Producing Plants: Upper Midwest	- 2.5805 - 2.7393

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS	
F.O.B. Producing Plants: Northeast	- .6500 - .9450

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 17 - 23, 1998	24
PREVIOUS WEEK	15
COMPARABLE WEEK IN 1997	0

DESTINATIONS: KENTUCKY 2, MISSOURI 22

Class I demand is about steady with recent weeks. Class II demand improved and some extra loads of milk are moving at good premiums to make up for the difference in class prices. Cottage cheese movement is aided in some areas by retail promotional activity. The volume of shipments made to the South is building seasonally and continues well

ahead of last year. Besides the shipments included in the total above, there were 42 loads reported shipped out of Wisconsin and pooled under a Southern Federal Milk Order split equally between Tennessee and Missouri. Another 7 Wisconsin loads were sent to Kentucky for Class II and are not included in the total. Milk supplies have tightened and spot offerings are slightly lower. Spot milk prices range from \$1.25 - 2.00, mostly around \$1.50, over Class III/MCP. Cream prices are fairly steady within the range. Milk intakes are slightly lower. Temperatures in the upper 80s and 90s coupled with high humidity and insects continue to impact cow comfort levels and thereby milk production. Recent rains have aided in crop development but high winds toppled trees and caused other damage to homes and crops in localized areas of Minnesota and Wisconsin.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 38.50	\$ 37.00- 42.00
REPLACEMENT HEIFER CALVES	\$105.00-150.00	\$ 80.00-135.00

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

	JULY 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 40.00	\$ 38.00- 43.00

WEST

Hotter weather across broader areas of California and the Southwest is impacting milk production significantly this week. Some California plants are seeing daily milk intakes decline anywhere from a few to the lower teens percentage points when compared to a year ago. The hay market in California is bearish. Alfalfa prices are steady to lower as more Premium and Extra Premium are available from both local producers and nearby states. There is less demand for heavy supplies of lower quality alfalfa. Some dairymen are waiting for prices to stabilize before making purchases. Temperatures in Arizona have reached more than 110 degrees. Heat abatement procedures such as misting and fans are being utilized, but milk declines are still occurring. Declines in the region would be even greater if nighttime temperatures increased. Cream demand continues to be good with multiples remaining in the mid 110's to 120's. Ice cream producers continue to command most of the cream. Milk production is beginning to decline at a faster pace in the Pacific Northwest as temperatures warm into the 90's on the west side of the Cascades and into the low 100's on the east side. Declines are moderate at this time because conditions are cooling off enough at night to give the milking herds some relief. Quality hay availability at reasonable prices continues to be a concern for dairy producers. Most agree that the second cutting coming off the fields now is a much better buy than the first was. Some, however, are not finding good cow acceptance. Another concern for producers in the West is that export hay activity is picking up. No one is looking forward to additional competition for the limited amount of good quality hay that is available. So far, activity is less than last year. Crops in the Northwest are now making good progress after the slow start that they got this spring. Temperatures in Utah and Idaho are approaching and surpassing the 105 degree mark on a regular basis. Some areas have topped the 100 degree mark for the better part of two weeks. Cows are beginning to show some additional stress and this is showing up as less milk in the bulk tank and lower tests. Some areas are having trouble getting enough water on crops fast enough for optimum growth. Contacts in Utah were surprised that second quarter milk production is estimated to be 9.9% less than last year. They were expecting a decline, but not of that magnitude. The Idaho numbers came in closer to what the trade was expecting.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/23/98 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 on an as-needed basis mainly for single loads. A few producers are offering larger volume discounts as stocks continue to be heavy. Interest in high heat is steady with a few more spot sales reported. Production levels are lighter as milk shipments to the South increase and milk production drops. For the week of July 13 - 17, Central producer offerings to the CCC totaled 773,071 pounds.

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 and the market tone are unchanged. Trading activity remains slow with occasional spot sales. Sellers anticipate increased demand, but have yet to see much interest. Central stocks are in balance to heavier than desired. Production levels are lower due to seasonal trends and lighter butter production.

BUTTERMILK: .9300 - .9600

DRY WHEY - CENTRAL

Prices are mixed with fractional adjustments. The market tone is generally steady for a limited demand. Sales are being impacted by the high prices as buyers back off. Many are waiting to see which direction the market will take. Some believe prices will decrease while others see a steady tone. However, in the next few months, the majority of the industry foresees a tight supply-demand situation. Hot and humid conditions are affecting dryers at some plants and repairs are becoming more common. Production levels are lighter in the Upper Midwest as milk is being drawn away from manufacturing plants to supply Southern fluid needs. Whey stocks range from tight to moderate depending upon location.

NONHYGROSCOPIC: .2725 - .2875 MOSTLY: .2750 - .2825

ANIMAL FEED WHEY - CENTRAL

Prices are higher for milk replacer, roller ground, and standard, but unchanged for delactose. All prices remain nominal. The market tone is steady and offerings are available from many producers and resellers. Feed sources stated contracted accounts are moving out on a timely basis with a fair amount of spot interest. Roller ground demand is steady. Spot sales are limited due to producer stocks. The delactose market is steady as production levels ease seasonally lower.

MILK REPLACER: .2500 - .2725
STANDARD: .2300 - .2500
ROLLER GROUND: .2900 - .2950
DELACTOSE (Min. 20% protein): .3275 - .3675

LACTOSE - CENTRAL AND WEST

Prices are lower on the bottom end of the range, but steady on the mostly. The market tone is weak. Spot demand is slow. Manufacturers continue to call resellers looking for outlets to relieve stocks. Offerings are available from most sources at negotiable prices. Large volumes of aged powder are entering the market. Inventories are higher than desired at the majority of plants although production levels are seasonally decreasing. Exporters continue to deal with order adjustments, prices and volumes, to the Far East.

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

EDIBLE: .1550 - .2400 MOSTLY: .1800 - .1900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher and the market tone is firm. Interest is good and sales are active when product is available. Producer offerings are tight and many are sold out for the next couple weeks. The majority of sales are occurring through resellers. Premiums are common in the Central region, while discounts are less frequent out of the West. Production levels are lower as milk is being diverted to fluid needs for Southern areas. Stocks range from balanced to tight.

EXTRA GRADE 34% PROTEIN: .5550 - .5875 MOSTLY: .5675 - .5775

NONFAT DRY MILK - WEST

Nonfat dry milk prices are steady to higher. The market tone is steady to slightly firmer. The firmness of the market is attributed to new DEIP orders being placed. Producers are hoping the DEIP will help to balance the current surpluses in the market and that prices will firm. The volumes and delivery periods of DEIP orders have others skeptical about any price movements. Likely, balancing volumes will move from sales to the support program to sales for DEIP. NDM supplies are available in all regions. World prices remain weak and provide less incentive for importing countries to look to the U.S. for supplies. Production in the region is often lower as hot weather is impacting milk production. NDM stocks remain in excess of current needs. During the week of July 13 - 17, CCC net purchases totaled 7.7 million pounds.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0450 MOSTLY: 1.0250 - 1.0350
HIGH HEAT: 1.0450 - 1.0650

DRY BUTTERMILK - WEST

Prices and the market tone are slightly firmer. Demand is generally light, although more buyers are checking around for prices and availability. Some contacts feel that prices may firm in the short term but think that many buyers have powder stocks of their own and will not be looking to make additional purchases. Pricing and availability of NDM also limit demand and prices of dry buttermilk. Current drying schedules are often limited at best. Churning is down at many facilities and sales of condensed buttermilk are active. Stocks are light to moderate and adequate for current needs.

BUTTERMILK: .9100 - .9600 MOSTLY: .9200 - .9300

DRY WHEY - WEST

Range prices are steady for Western whey, but the mostly increased fractionally. Orders are strong enough to keep supply and demand in close balance. Some signs are noted about more price resistance for whey sales into the Pacific Rim region. The upside is that there is not much whey available in world trade channels to compete with U.S. whey. Exports of whey to Mexico are increasing. Other regions of the country are replacing the whey output that has been lost in Texas that had been the primary source for exporting to Mexico. Domestic sales are good and whey continues to move from the West to the Central and Midwest parts of the country because of the current price relationship.

NONHYGROSCOPIC: .2250 - .2600 MOSTLY: .2350 - .2400

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 17, on powder sales of 9,844,264 pounds f.o.b. California manufacturing plants was \$1.0347 per pound. This compares to 10,504,780 pounds at \$1.0345 for the previous week ending July 10, 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

The market tone and prices are mixed. Early this week, the low end of the low/medium heat range dropped the penny it increased last week, but by Thursday, producers were again raising prices and it would be difficult for buyers to get low heat below \$1.0250. High heat powder sales continue to be fairly good. Production levels are easing as more milk is moving South to meet Class I needs. Producer stocks are in much better balance and, in some instances, they had to make high heat powder to meet delivery schedules. New export bids under DEIP are being made and some producers are busy filling older export contracts and vying for new business. As of July 17, DEIP bids totaling 16,873 MT (37,198,215 lbs.) have been accepted under the 1998/99 DEIP year allocations. That is approximately 20% of the program's 84,212 MT total.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT:	1.0200 - 1.0500
HIGH HEAT:	1.0600 - 1.1100 MOSTLY: 1.0700 - 1.0800
DELVD SOUTHEAST:	
ALL HEATS:	1.0600 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Production levels are light as a high percentage of the buttermilk that is generated from churning is sold as a liquid. Also, churning activity is light to moderate. Producer stocks are closely balanced with the current slow to fair buying interest.

F.O.B. NORTHEAST:	.9300 - .9600
DELVD SOUTHEAST:	.9500 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices and the market tone are mostly unchanged. Production levels are light to moderate and plant stocks are closely balanced with demand. Through July 17, no new DEIP-year bids for whole milk powder have been accepted.

F.O.B. PRODUCING PLANT:	1.4500 - 1.5650
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH JULY 17, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	16,873	MT (37,198,215 LBS)
CHANGE	--	13,803	MT (30,430,093 LBS)
WHOLE MILK POWDER	--	0	MT
CHEESE	--	296	MT (652,562 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	14,160	MT (31,217,136 LBS)
CHANGE	--	13,500	MT (29,762,100 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher and the market tone is still firm. Production levels are light to moderate because of the easing of milk supplies. Also, the recent hot, humid weather is affecting dryer efficiencies. Producers still report being sold out and barely able to cover contracted volumes and few are discounting prices. Conversely, traders have powder to move and some buyers report that it is often easier to purchase at better prices from traders than it is from producers. Demand remains lackluster and market activity is light.

F.O.B. NORTHEAST:	EXTRA GRADE	.2800 - .2850
	USPH GRADE A	.2800 - .2900
DELVD SOUTHEAST:		.3175 - .3225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Production levels are lighter, but the hot, humid weather does pose a problem for some dryers and the resulting whey often gets offered to feed buyers. This is not the norm, but occasionally more common in the heat of summer. Spot demand from feeders and feed makers is limited.

F.O.B. NORTHEAST:	MILK REPLACER	TFWER
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are mostly steady. However, the hot weather and growing demand for milk for bottling are impacting the volumes of milk available for manufacturing. Producers report having adequate supplies to meet current needs. Some have greatly reduced price allowances because of the sharply higher June BFP or Class III milk prices and many expect another jump in the July BFP. Therefore, some buyers bought in under protection policies.

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 weak. Lower priced offerings continue to appear in the market. Most buyers have covered their needs through long term contracts and basically are not taking advantage of available spot offerings. Buyers are comfortable with supplies at this time and do not foresee any problems through the balance of the year.

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	07/08	07/09	07/10	07/13	07/14	07/15	07/16	07/17	07/20	07/21	CSCE -
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	--------

BFP -- Dollars per cwt.

JUL 98	14.49 (162) 0	14.50 (161) 7	14.43 (161) 0	14.52 (161) 5	14.52 (160) 0	14.57 (161) 6	14.60 (161) 0	14.53 (158) 7	14.53 (158) 0	14.53 (158) 1
AUG 98	13.93 (118) 17	14.08 (116) 3	14.18 (117) 3	14.28 (115) 8	14.50 (115) 2	14.68 (114) 1	14.65 (115) 1	14.52 (120) 10	14.56 (121) 1	14.63 (121) 6
SEP 98	13.40 (95) 10	13.50 (97) 2	13.78 (97) 1	13.93 (97) 10	13.95 (97) 0	14.23 (99) 2	14.43 (98) 3	14.28 (99) 2	14.28 (99) 0	14.37 (101) 3
OCT 98	13.28 (76) 11	13.40 (75) 1	13.33 (77) 2	13.43 (79) 2	13.50 (79) 1	13.68 (79) 0	13.75 (79) 0	13.53 (79) 3	13.55 (79) 0	13.58 (79) 0
NOV 98	12.40 (12) 0	12.38 (12) 0	12.49 (12) 0	12.44 (12) 0	12.42 (12) 0	12.42 (12) 0	12.45 (15) 3	12.40 (15) 0	12.50 (15) 3	12.53 (15) 0
DEC 98	12.38 (54) 0	12.38 (53) 1	12.30 (53) 0	12.35 (53) 0	12.33 (53) 0	12.35 (53) 0	12.35 (53) 0	12.33 (53) 0	12.31 (53) 0	12.53 (52) 5
JAN 99	12.28 (0) 0	12.23 (0) 0	12.33 (1) 1	12.28 (1) 0	12.26 (1) 0	12.28 (1) 0	12.28 (1) 0	12.15 (1) 0	12.12 (1) 0	12.20 (1) 0
FEB 99	12.30 (1) 1	12.18 (1) 0	12.30 (1) 0	12.30 (1) 0	12.28 (1) 0	12.15 (1) 0	12.25 (1) 0	12.12 (1) 0	12.25 (1) 0	12.20 (1) 0

CME - BUTTER -- Cents per pound

JUL 98	196.00 (27) 0	198.50 (20) 0	198.50 (20) 0	198.50 (20) 0	197.00 (14) 7	198.00 (14) 2	198.50 (10) 5	198.50 (9) 0	198.50 (9) 0	198.50 (5) 0
SEP 98	187.50 (3) 0	187.50 (3) 0	187.50 (3) 0	187.50 (3) 0	187.50 (3) 0	188.00 (3) 2	188.50 (3) 0	188.50 (3) 0	188.50 (3) 0	190.00 (3) 0

CME - BFP -- Dollars per cwt.

JUL 98	14.50 (474) 138	14.50 (469) 9	14.50 (450) 47	14.52 (445) 13	14.53 (434) 23	14.59 (417) 40	14.61 (418) 13	14.55 (317) 28	14.55 (414) 22	14.55 (413) 12
AUG 98	13.91 (381) 95	14.08 (387) 28	14.15 (404) 46	14.30 (411) 19	14.50 (418) 20	14.65 (427) 36	14.64 (426) 13	14.58 (429) 10	14.57 (429) 14	14.64 (436) 19
SEP 98	13.40 (311) 37	13.55 (310) 22	13.74 (323) 26	13.89 (323) 3	14.00 (336) 29	14.24 (345) 15	14.48 (347) 5	14.29 (347) 3	14.29 (347) 2	14.37 (359) 29
OCT 98	13.29 (267) 16	13.36 (271) 13	13.40 (276) 19	13.40 (276) 0	13.55 (275) 7	13.65 (271) 15	13.80 (276) 13	13.55 (275) 6	13.55 (275) 3	13.60 (274) 10
NOV 98	12.40 (117) 1	12.40 (116) 9	12.40 (116) 0	12.40 (116) 0	12.43 (118) 3	12.43 (122) 9	12.50 (128) 8	12.47 (130) 3	12.47 (130) 0	12.49 (130) 3
DEC 98	12.40 (126) 1	12.39 (126) 9	12.39 (126) 0	12.39 (126) 0	12.43 (128) 2	12.43 (130) 5	12.48 (130) 7	12.48 (131) 1	12.48 (131) 0	12.48 (131) 0
JAN 99	12.20 (28) 17	12.20 (28) 2	12.20 (28) 0	12.20 (28) 0	12.20 (28) 0	12.25 (30) 2	12.30 (32) 2	12.30 (32) 0	12.30 (32) 0	12.29 (32) 0
FEB 99	12.20 (16) 7	12.20 (16) 0	12.20 (16) 0	12.20 (16) 0	12.20 (16) 0	12.20 (16) 0	12.20 (16) 0	12.20 (16) 0	12.20 (16) 0	12.20 (16) 0

CME - CHEDDAR CHEESE -- Cents per pound

JUL 98	156.50 (76) 0	160.00 (75) 2	160.00 (75) 0	160.00 (75) 0	160.00 (75) 0	160.00 (75) 0	160.00 (61) 24	160.00 (51) 60	160.00 (51) 0	160.00 (45) 12
SEP 98	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	148.00 (70) 0	150.00 (70) 6	152.50 (70) 34	152.50 (70) 0	152.25 (70) 0	152.25 (70) 0	152.25 (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 July 13 - 24, 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: There have been no major changes in Western European prices and market conditions during the past few weeks. International trading activity remains light and unaggressive. Recent skim milk powder buying activity from Caribbean, Central and South America countries was generally filled from the United States. Even with the recent adjustment in export refunds in Europe, prices were still too high to gain the sale. Some European traders anticipate that another refund increase may soon occur. Stocks of skim milk powder continue to be offered to intervention. As the August 31 intervention deadline nears, most producers and handlers anticipate clearances to remain heavy and predict that maximum levels will not be attained. Butter continues to be offered to PSA. The European vacation/holiday time of the year is close at hand, thus producers and handlers of manufactured dairy products do not anticipate internal and external buying interest to be very active.

BUTTER/BUTTEROIL: European butter markets remain generally steady with prices unchanged. Overall buying interest is slow and unaggressive. Recent butter sales to the United States out of Eastern Europe have been the most activity the region has realized in quite some time. Basically, the U.S. sales have ended, although deliveries of contracted volumes are still occurring. Western European butter stocks continue to clear to PSA. Butter producers and handlers are voicing concerns about lower than desired inventory levels as the end of the milk production season approaches. Many handlers are wondering what level of interest Russian buyers might have during the coming months. At this point, most do not have any indication.

82% BUTTERFAT: 1,875 - 2,100
99% BUTTERFAT: 2,400 - 2,700

SKIM MILK POWDER (SMP): The skim powder market is generally steady with prices unchanged to slightly lower. The weakness in prices continues to follow on the footsteps of the recent refund increase. Although prices are lower, traders were still unable to take advantage of recent buying interest out of the Caribbean, Central and South America. Most of these needs were filled from U.S. traders. European traders are fully aware of the inventory situation in the U.S. and the potential ability of U.S. traders to fill additional inquiries. Since July 1, the start of USDA's DEIP year, bids totaling nearly 20% of the total 84,212 mt allocation have already been accepted. At this point, European traders feel that they are unable to compete, but will be patient and possibly fill potential buyer needs once the U.S. allocations have been filled.

1.25% BUTTERFAT: 1,370 - 1,485

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally unchanged. Overall buying interest remains light, although Eastern Europe is reporting some sales to Northern Africa. Buying interest that is occurring centers around internal buyer needs. This is the time of year when vacations/holidays are common within Europe, thus no major sales activity is expected to develop.

26% BUTTERFAT: 1,700 - 1,825

SWEET WHEY POWDER: European whey prices are unchanged, although the market tone remains firm. Buying interest is not overly aggressive and is generally limited to internal needs. Whey stocks are reported to be sufficient for current needs, but lighter than desired for this time of the year.

NONHYGROSCOPIC: 625 - 700

OVERVIEW EASTERN EUROPE: Conditions in Eastern Europe are much the same as past weeks. Milk production is holding steady at seasonal peak levels, but some declines are starting to be reported. In Poland, favorable milk prices are causing milk production patterns to maintain higher levels than last year at this time. International buying interest remains slow, but recent butter sales to the United States and whole milk powder sales to Northern Africa, are the most active products from this region in many weeks.

OCEANIA

OVERVIEW: Winter rains are covering much of Oceania with amounts causing localized flooding in parts of New Zealand. The conditions may impact early season pastures and milk receipts if conditions persist. Milk production remains generally at low winter levels, although a small number of cows have already started to freshen. However, the majority of freshenings are expected to occur in a few more weeks. Milk receipts for manufacturing are just a trickle at this time. In Australia, May milk production was estimated at around 5% above the May 1997. Milk production during the 11 month season is estimated at about 4% above the comparable period last year at around 8.9 billion liters. The increase was attributed to an increase in cow numbers and in production per cow. The Asian financial woes remain a concern for traders as these markets normally represent a significant portion of their export market.

BUTTER: The butter market is firm and prices are generally higher. Current butter holdings are limited after recent exports, including significant quantities shipped to the U.S.

82% BUTTERFAT: 1,650 - 1,750

CHEDDAR CHEESE: The cheese market is generally steady. Some offerings remain available from the past year. Current cheese production remains seasonally quiet. Some firms plan to increase cheese output in the new season to help reduce the volumes of skim milk powder.

39% MAXIMUM MOISTURE: 1,900 - 2,050

SKIM MILK POWDER (SMP): The skim market remains weak and prices are unchanged to lower. Current demand remains sluggish. Supplies are heavier than desired this late in winter. Recent U.S. DEIP activity is reducing the interest from some potential markets. Some milk may be shifted from skim production in the new year over to cheese output.

1.25% BUTTERFAT: 1,350 - 1,450

WHOLE MILK POWDER (WMP): The whole milk market is steady. Interest remains mostly unchanged at seasonally light levels. Inventories are in balance for projected needs until new year production starts to rebuild inventories.

26% BUTTERFAT: 1,700 - 1,750

Exchange rates for selected foreign currencies: July 20, 1998

.4977 Dutch Guilder	.5612 German Mark
.1674 French Franc	.5283 New Zealand Dollar
.1139 Mexican Peso	.6318 Australian Dollar
1.6477 British Pound	.0072 Japanese Yen
.2904 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1139) = 8.7796$. That is 1 US Dollar equals 8.7796 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.

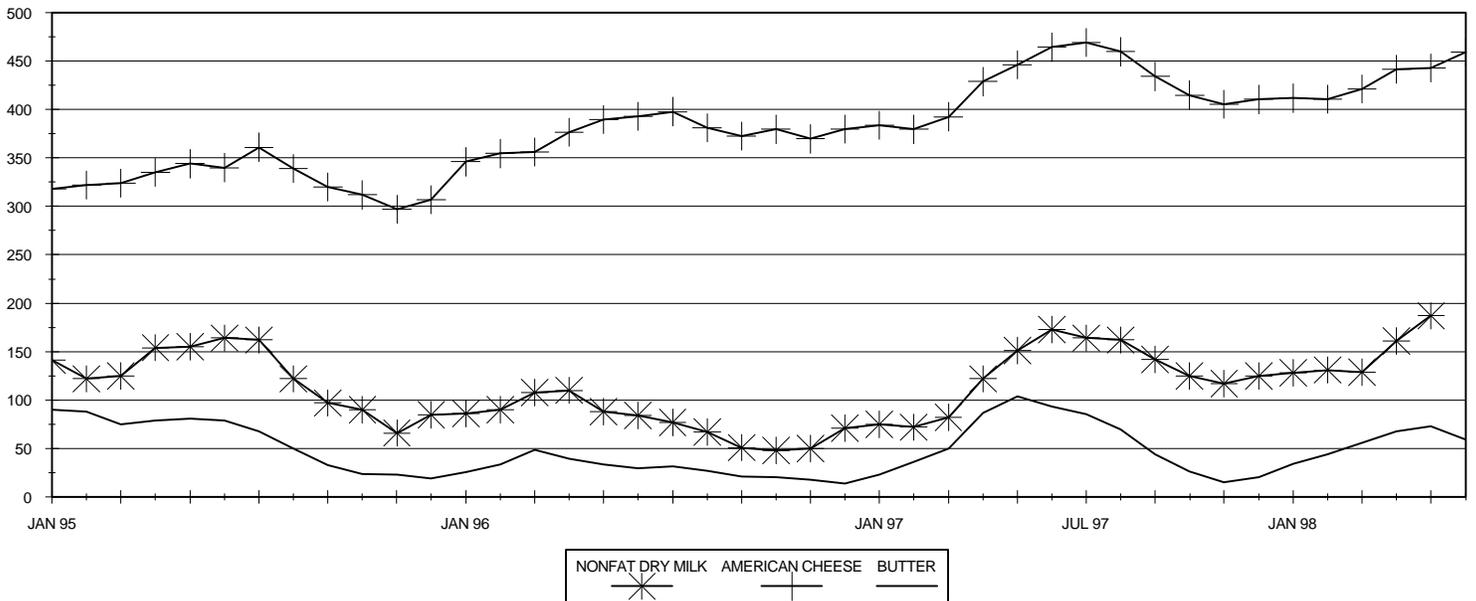
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAY 31, 1996	MAY 31, 1997	REVISED MAY 31, 1998	JUN 30, 1996	JUN 30, 1997	JUN 30, 1998
Cream	1,310	---	---	1,618	---	---
Butter	33,984	104,162	72,668	29,681	93,663	59,172
Evap. & Cond. Milk	722	---	---	1,193	---	---
Cheese, Natural American	389,645	446,157	442,729	392,918	464,397	459,243
Cheese, Swiss	10,923	13,237	11,321	11,939	12,096	11,429
Cheese, Other Natural	141,248	124,933	97,526	137,941	128,352	105,375
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	995	1,259	308	804	644	301
Natural American Cheese	53	45	155	65	185	184

JUNE COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998*	1996	1997	1998
New England	14,993	23,221	22,805	4,318	9,389	---	74	337	303
Middle Atlantic	38,901	42,202	44,148	3,663	5,390	---	20,101	20,616	13,317
East North Central	220,828	247,377	246,327	5,934	47,051	---	99,670	88,745	82,016
West North Central	64,559	80,523	69,274	7,978	10,240	---	3,559	5,406	1,816
South Atlantic	258	263	746	869	796	---	7,569	5,955	795
East South Central	188	222	222	494	182	---	4,239	3,398	2,000
West South Central	481	5,622	219	1,602	237	---	190	206	426
Mountain	18,142	20,447	18,659	366	283	---	1,182	979	877
Pacific	34,568	44,520	56,843	4,457	20,095	---	1,357	2,710	3,825
TOTAL	392,918	464,397	459,243	29,681	93,663	59,172	137,941	128,352	105,375

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

COLD STORAGE HOLDINGS 1995 TO DATE
COMBINED GOVERNMENT AND COMMERCIAL

MILLION POUNDS



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	443	446	<u>3/</u>	<u>3/</u>	187	151	133	151	55	<u>3/</u>
June	59	94	59	93	<u>3/</u>	1	459	464	459	464	<u>3/</u>	<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	May 31, 1996	May 31, 1997	May 31, 1998	Jun 30, 1996	Jun 30, 1997	Jun 30, 1998
	Thousand Pounds					
Butter	32,989	102,903	72,360	28,877	93,019	58,871
Natural American Cheese	389,592	446,112	442,574	392,853	464,212	459,059

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

SOURCE: "Cold Storage," Co St 1 (7-98) and "Dairy Products," Da 2-6 (7-98), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OF JULY 20 - 24, 1998				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED		SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/97	LAST YEAR	07/17/98	LAST YEAR
BUTTER								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE								
Block	-0-	-0-	-0-	-0-	-0-	330,284	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	392,874	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	1,184,400	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	1,907,558	-0-	-0-
NONFAT DRY MILK								
Nonfortified	8,503,287	-0-	8,503,287	134,751,908	5,772,131	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8,503,287	-0-	8,503,287	134,751,908	5,772,131	-0-	-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 JULY 20 - 24, 1998 =	1.9	99.0		0.0	2.6
CUMULATIVE SINCE OCTOBER 1, 1997 =	29.6	1,568.5	CUMULATIVE SAME PERIOD LAST YEAR =	18.9	86.1
CUMULATIVE JANUARY 1 - JULY 24, 1998 =	27.9	1,477.1	COMPARABLE CALENDAR YEAR 1997 =	18.2	86.1

* 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-	1,514,684	11,070,461	-0-	8.2	74.1
WEST	-0-	-0-	-0-	392,874	123,394,904	5,772,131	91.6	25.9
EAST	-0-	-0-	-0-	-0-	286,543	-0-	0.2	0.0
TOTAL	-0-	-0-	-0-	1,907,558	134,751,908	5,772,131	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 07/04/98 & Comparable Week 1997 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10				
1998-Dairy cows HD (000)	0.3	1.4	5.2	3.5	16.4	1.7	1.7	0.8	7.5	2.0	40.5	1,402.1	41.2	46.7
1997-Dairy cows HD (000)	0.3	1.2	4.5	3.6	16.1	2.1	2.7	0.8	7.0	2.6	40.8	1,497.2	45.1	46.0
1998-All cows HD (000)	0.3	1.4	7.1	13.2	23.0	17.8	14.0	4.6	10.9	6.1	98.4	3,001.0		
1997-All cows HD (000)	0.3	1.2	5.6	10.1	23.1	12.1	14.9	7.0	9.8	6.2	90.4	3,254.1		

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 7/23

	SEPTEMBER DELIVERY
2# PROCESS LOAF	554,400 \$1.7610-1.7975
5# PROCESS LOAF	1,108,800 \$1.6145-1.6695
PROCESS SLICED	3,049,200 \$1.6653-1.7995
MOZZARELLA	
MOZZARELLA	927,360 \$1.7440-1.8000
MOZZARELLA LITE	362,880 \$1.8615-1.8775
MOZZARELLA LITE SHREDDED	685,440 \$1.9545-1.9670
CHEDDAR	
BARRELS	80,000 \$1.5600

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 72,260,594

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	13.10						