

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS:**

Grade AA butter, in weekly trading, increased 46 3/4 cents to \$2.8100.

Daily cash cheese trading began on September 1. Barrels closed at \$1.6325 on Friday, September 4, and blocks ended the week at \$1.6575. The weekly average price for barrels is \$1.5844 and the block average is \$1.6575. Weekly averages are simple averages of the daily closing prices for the calendar week. Averages are computed by Dairy Market News for informational purposes.

On September 1, cash trading of NDM began. The close on Friday, September 4, is \$1.1175 for Extra Grade and \$1.1300 for Grade A. The weekly average is \$1.1081 for Extra Grade and \$1.1188 for Grade A.

BUTTER: The butter market tone remains firm. Churning schedules across the country are fluctuating depending on inventory levels, cream and milk availability, and butter orders. In most instances, producers are churning to maintain sufficient stocks to fill current or very short term needs. Overall butter stocks are lighter than most producers are accustomed to for this time of the year. Buying interest is fair at best. Food service orders have been quite good this past week as resort and vacation areas prepare for the upcoming holiday weekend and the unofficial end of the summer vacation season. Retail orders are fair at best. Reports indicate that retail sales are lighter as shelf prices continue to increase.

CHEESE: The cash cheese market is steady on blocks and firm on barrels. The wide barrel/block spread helped reduce the volume of current barrels produced. Current barrels are particularly important in the production of sliced process cheese. Strong Class I demand, both locally and from the Southeast, reduced milk supplies available for manufacturing.

FLUID MILK: Milk supplies have tightened with the reopening of additional schools for the new year. Bottlers in Florida and other Southeastern states continue to purchase supplemental milk volumes from the Northeast, Upper Midwest, and as far away as California. Some rationing is occurring in the Southeast as handlers are having problems acquiring milk and/or trucks to haul the fluid to buyers. Milk intakes are generally trending lower as continued summer heat impacts cow comfort through most of the country. Manufacturing schedules are correspondingly lower. Some bottlers and manufacturers, such as ice cream plants, may close for an extra day during the Labor Day weekend.

DRY PRODUCTS: The larger fluid demand from bottlers as schools reopen and steady to generally lower milk receipts throughout the country have reduced manufacturing schedules and current offerings. The NDM market is firm and prices are higher. Current offerings are limited with much of current production earmarked for DEIP sales. The Chicago Mercantile Exchange cash NDM market started daily trading on September 1 and prices are listed below and transactions are on Page 2 of this report. The buttermilk market and prices are steady to firm as fat tests on incoming milk receipts are steady to lower and condensed buttermilk sales remain good. Inventories are light to moderate. The whey market is steady to firm. Producers are holding stocks with confidence. The WPC market is firm and price are higher. Some demand is going unsatisfied and most sales are occurring through resellers at a premium. Condensed WPC interest also remains strong.

CCC: During the week of August 31 - September 4, there were no CCC purchases, but 475,113 pounds of previously offered Midwestern NDM was canceled.

BASIC FORMULA PRICE (DAIRY PROGRAMS): The basic formula price (BFP) for August 1998 is \$14.99 per cwt. at 3.5% test. The August BFP is \$0.22 higher than July and \$2.92 higher than August 1997. The BFP is the base month M/W price of \$14.29 plus a change of \$0.70, which is the change in the butter/powder/cheese formula from July to August. For August, the NASS average cheese price was \$1.6320. The butterfat differential is \$0.245. Class III-A prices are: for Federal Orders 1 & 2, \$16.62; for Order 4, \$16.64; for Orders 124, 131, & 135, \$16.59; for other affected orders, \$16.52.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the period of April - June 1998 totals 40.739 billion pounds, an increase of 1.9 billion pounds (4.8%) from the comparable period in 1997. Comparing the quarterly disappearance levels with a year ago: only fluid products are lower. Commercial disappearance of dairy products during the first half of 1998 totals 78.983 billion pounds, an increase of 2.1 billion pounds (2.7%) from the comparable period in 1997. Comparing disappearance levels with a year ago: American and other cheese were higher and all other categories were lower.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY AUG 31	TUESDAY SEPT 1	WEDNESDAY SEPT 2	THURSDAY SEPT 3	FRIDAY SEPT 4	WEEKLY AVERAGE*
CHEESE BARRELS	N.A.	\$1.5000	\$1.5750 (+.0750)	1.6300 (+.0550)	1.6325 (+.0025)	\$1.5844 N.A.
40# BLOCKS		\$1.6575	\$1.6575 (N.C.)	1.6575 (N.C.)	1.6575 (N.C.)	\$1.6575 N.A.
NONFAT DRY MILK EXTRA GRADE	N.A.	\$1.0900	\$1.1075 (+.0175)	1.1175 (+.0100)	1.1175 (N.C.)	\$1.1081 N.A.
GRADE A		\$1.1000	\$1.1175 (+.0175)	1.1275 (+.0100)	1.1300 (+.0025)	\$1.1188 N.A.
BUTTER GRADE AA	----	----	----	----	2.8100 (+.4675)	----

* Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes.

CHICAGO MERCANTILE EXCHANGE

Trading Activity - September 1 - 4, 1998

TUESDAY, SEPTEMBER 1, 1998

CHEESE -- SALES: 10 CARS 40# BLOCKS @ 1.6575; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.6575, 2 CARS BARRELS @ \$1.5000; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 6 CARS EXTRA GRADE: 1 @ \$1.0900, 5 @ \$1.0600, 6 CARS GRADE A: 1 @ \$1.1000, 5 @ \$1.0700; OFFERS UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 2, 1998

CHEESE -- SALES: 7 CARS 40# BLOCKS @ 1.6575; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.6575, 5 CARS BARRELS @ \$1.5750; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: 1 CAR EXTRA GRADE @ \$1.1000, 1 CAR GRADE A @ \$1.1100; BIDS UNFILLED: 1 CAR EXTRA GRADE @ \$1.1075, 4 CARS GRADE A: 1 @ \$1.1175, 2 @ \$1.1000, 1 @ \$0.6000; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.1200

THURSDAY, SEPTEMBER 3, 1998

CHEESE -- SALES: 15 CARS 40# BLOCKS @ 1.6575; BIDS UNFILLED: 7 CARS BARRELS: 5 @ \$1.6300, 2 @ \$1.5750; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR EXTRA GRADE @ \$1.1175, 1 CARS GRADE A @ \$1.1275; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 4, 1998

BUTTER -- SALES: 44 CARS: 1 @ \$2.6000, 1 @ \$2.6200, 2 @ \$2.6500, 1 @ \$2.6700, 1 @ \$2.7500, 21 @ \$2.8000, 1 @ \$2.8025, 2 @ \$2.8300, 2 @ \$2.8325, 1 @ \$2.8350, 1 @ \$2.8400, 1 @ \$2.8500, 1 @ \$2.8800, 1 @ \$2.9000, 1 @ \$2.9500, 1 @ \$2.9400, 1 @ \$2.7500, 1 @ \$2.8000, 1 @ \$2.8500, 1 @ \$2.8000, 1 @ \$2.8400; BIDS UNFILLED: 12 CARS: 2 @ \$2.7500, 1 @ \$2.6650, 1 @ \$2.4525, 1 @ \$2.3600, 5 @ \$2.3450, 2 @ \$2.3425; OFFERS UNCOVERED: 16 CARS: 1 @ \$2.8100, 1 @ \$2.9000, 1 @ \$2.9400, 1 @ \$2.9475, 5 @ \$2.9700, 7 @ \$3.0000

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.6575, 2 @ \$1.6600, 1 @ \$1.6575; BIDS UNFILLED: 10 CARS BARRELS: 5 @ \$1.6325, 5 @ \$1.6300, OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6575, 1 CAR BARRELS @ \$1.7000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$1.1300; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.1700

BUTTERMARKETS

NORTHEAST

The premium structure is unchanged. On August 28, Grade AA butter at the CME increased to \$2.3425. The market tone is unsettled. Contacts still wonder why prices continue to spiral upward at such a rapid rate. Demand is lackluster and stocks don't appear to be any tighter than they have been for the past month or two. Current production levels are often lighter as more milk is moving into Class I channels and demand for Class II cream holds up very well. Eastern producers and traders report slower retail sales and no real problems locating bulk butter. Western bulk is still moving into the region to supplement local stocks

CENTRAL

Butter producers and handlers are adjusting to the 17 3/4 cent August 28 increase in cash butter price at the Chicago Mercantile Exchange. Cash butter prices are \$1.3125 higher than the comparable week last year. Stocks of bulk butter are reported to be in close balance for current needs. In most instances, producers do not want to build inventories beyond short term needs and buyers do not want to acquire more than they will consume due to potential future weakening of the record high AA price. Churning schedules are fully sufficient to fill current buyer interest. Overall buying interest remains fair. Butter handlers are stating that total orders are lighter than last year at this time, but also are stating that buyers are placing smaller orders on a more regular basis.

WEST

Differentials for Western butter continue to increase. This is amazing to some contacts considering the major price increase recorded at the CME last Friday (8/28). Traders feel that the market may continue to increase. Prices quoted are on a take it or leave it basis. There is no discounting to cover some freight. Orders

are going unfilled on a regular basis. Butter sales activity is excellent overall. Retail movement has not suffered much even in the face of record high prices. Food service orders are slowing now that the summer vacation season is coming to a close. Production is lower at most Western churning operations because less milk and/or cream is available. Every contact in the Southwest is commenting that milk is down and moving lower. Both sellers and buyers are monitoring inventory levels very closely. As new record prices are set weekly, no one wants to have any extra butter on hand if prices turn the corner. Cream demand within the region and from outside remains excellent, often going unfilled. A problem for this week is that it is very hard to find trucks willing to haul long distances because of the holiday weekend. This is actually helping out the churns in the short run because it means that some extra cream is staying in the region and entering the churns.

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 AUGUST 28, 1998 CLOSE = \$2.3425

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+3 TO +5	flat TO +4	flat TO +4

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.	U.S.	
AUGUST 28	1,6801	1,6267	1,6432	1,6500	1,5086	1,4617	1,4802	1,4802	
	1,830,235	4,740,521	6,749,664	827,856	3,267,459	4,932,783	8,200,242		

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 to higher on most items. Today, September 1, is the first day that the CME will be trading the cash cheese market on a daily basis. The market tone is quite firm. Many people in the market are finalizing plans on how to price cheese now that there is more than one trading session per week. At the CME on August 28, barrels closed higher after three consecutive weeks of decreases. This may be attributed to an improving process cheese demand and/or the fact that barrel cheese producers are often shipping milk to meet Class I needs rather than make cheese. In the East, cheese output is lower as milk supplies tighten. Cheese offerings are adequate to cover current needs. Retail sales are up slightly as home shopping habits get back into the "school year" pattern. However, consumption in resort areas is slowing as the vacation season draws to a close.

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

Cheddar 10# Prints	:	1.6600-2.1400
Cheddar Single Daisies	:	1.6300-2.1450
Cheddar 40# Block	:	1.7950-1.9450
Process 5# Loaf	:	1.6950-1.8275
Process 5# Sliced	:	1.7225-1.8875
Muenster	:	1.8275-2.1525
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady to firm. At the Chicago Mercantile Exchange weekly cash cheese market on August 28, barrels increased 1.25 cents to \$1.4925 and 40# blocks were unchanged at \$1.6575. On the first day, September 1, of daily trading at the Merc (a switch from the traditional weekly session), barrels advanced .75 cent to \$1.5000 and blocks held steady. Some confusion still is occurring in the industry on how they plan to price products with a daily cash market. Some feel they will use a weekly average while others plan to go to daily prices. The wide barrel/block spread continues to pressure barrel producers competing for milk. The strong milk demand by bottlers, both locally and in the South, is reducing cheese production in many upper Midwestern cheese plants. Inventories have tightened for barrels and many current (fresh) cheese varieties such as muenster. Mozzarella demand is sharply improved with the reopening of schools and current offerings are tight. Swiss sales are mixed, generally moderate, as plant Grade A block prices are mostly well over \$2.00 per pound. Temporarily delayed or reduced deliveries are noted by some customers. Some distributors are noticing customer resistance at current prices. Most cutter/processors will try to give employees Labor Day weekend off.

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

Process American 5# Loaf	:	1.6625-1.8700
Brick And/Or Muenster 5#	:	1.9500-2.1400
Cheddar 40# Block	:	1.9150-1.9700
Monterey Jack 10#	:	1.9150-2.1400
Blue 5#	:	2.2650-2.5100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.0300
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.4850

MIDWEST COMMODITY CHEDDAR

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

CHEDDAR STYLES	:	AUGUST 31 - SEPTEMBER 4, 1998
BARRELS*	:	\$1.4825 - 1.5125 (NOMINAL)
	:	(\$0.0125) (.0125)
40# BLOCKS	:	\$1.6475 - 1.6875 (NOMINAL)

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

WEST

Prices for process cheese are beginning to show some strength. Contacts are explaining some of the strength because of declining barrel production. Those operations with choices are deciding to move milk out of barrel cheese into blocks or butter/powder. Also, there is less milk due to normal seasonal declines and fluid shipments into milk deficit areas coming out of barrel plants for financial reasons if possible. Natural styles are generally in close balance with needs, but buyers are going hand to mouth because of the current price levels. Any aged cheese remains in short supply. Swiss sales are improving seasonally. Mozzarella supplies are tight for current needs going into the fall season.

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

Process 5# Loaf	:	1.6875-1.9050
Cheddar 40# Block	:	1.8200-1.9200
Cheddar 10# Cuts	:	2.0000-2.1800
Monterey Jack 10#	:	2.0100-2.1425
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.4300

FOREIGN TYPE

Prices and the market tone are unchanged. Contacts report that some good quality, Eastern European cheddar is on the market at prices well below the CME block close. This cheese is easily finding buyers. Demand for foreign type cheese, at retail, is improving as the vacation season winds down. Stocks are mostly adequate to cover needs.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.9925-2.6025
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.6875
Parmesan (Italy)	: TFEWR	: 3.4025-3.4425
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6650-2.1925
Romano (Cows Milk)	: -0-	: 3.1700-3.5125
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.

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

BUTTER : CHEESE

	:	
08/31/98	7,520	: 110,441
08/01/98	9,123	: 113,415
CHANGE	-1,603	: -2,974
% CHANGE	-18	: -3

FLUID MILK AND CREAM

E A S T

Hurricane Bonnie caused few problems in the milk/dairy industry in the Carolinas. Some contacts called her more of an irritation than a problem. Milk is tight. This week, contacts all over the East are commenting on the tight fluid milk situation. Florida handlers are importing 220 loads this week. A year ago, imports totaled 234 loads. In other Southeastern states, handlers are importing an additional 300+ loads to meet bottling needs. Of that total, approximately 160-170 loads are coming from outside normal procurement channels (spot loads). Contacts in Florida and the other states report rationing volumes to their accounts. In Florida, they are about 30 loads short of needs and, elsewhere, the figure is greater but not known. Milk is coming from the Upper Midwest, New England, Texas, New Mexico, and, starting this week, California. In the Northeast and Middle Atlantic supply area, handlers are shipping as much as they can without shorting themselves. Buyers are looking for more milk to buy and if they find some, they meet as additional problems finding trucks to haul it. Milk production is still dropping in many areas. It is hot and dry in some parts of the Southeast which is continuing to impact milk output. In the more northern areas, the milk flow is still easing lower along seasonal patterns. Bottled milk sales are improving now that schools are back in session or starting next week in the Northeast. Manufacturing is down significantly in many plants. Butter/powder plants are barely able to make enough condensed skim to cover regular account needs and in a few cases have had to cancel some loads to process enough condensed to meet contracts. Condensed skim prices are up as we enter September and product is influenced by a higher Class II milk price. Demand for wet solids remains very good and offerings are tight. The fluid cream market is firm, but unsettled. With butter at the CME reaching \$2.3425 last Friday (8/28), cream buyers are hesitant to take any additional loads. Spot cream prices are up sharply following the 17+ cent increase in butter. Cream supplies are tight, but some suppliers report better availability after Thursday. Demand is holding up quite well, but with the very high prices a few order cancellations have been noted. However, these canceled loads have little trouble finding another outlet. Some ice cream producers are going to be down for an extra day of two for the Labor Day weekend, but have already placed orders for Tuesday delivery. Cream cheese maker are taking regular volumes, but they are also having to prepare/produce for anticipated holiday needs. Churning activity is 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	-	3.0453 - 3.3562	
Delivered Equivalent Atlanta	-	2.9984 - 3.2795	M 3.1390 - 3.1858
F.O.B. Producing Plants: Upper Midwest	-	3.0921 - 3.1624	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.8000 - 1.0500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
AUGUST 28 - SEPTEMBER 3, 1998	22
PREVIOUS WEEK	88*
COMPARABLE WEEK IN 1997	61

DESTINATIONS: KENTUCKY 22

*REVISED

The reopening of nearly all schools for the new term increased fluid demand from many Class I accounts. The increased local demand helped reduce, in part, the total volume available for shipment elsewhere. The large volume of milk and cream shipments throughout the country has caused problems in finding available trucks/truckers to haul fluid products. This has caused orders to be canceled, delayed some loads, and reduced the volumes of milk available to ship. Milk supplies, particularly Grade A are very tight and many manufacturing plant schedules have been reduced in recent weeks due to shipments to bottlers.

Premiums are steady to occasionally higher with just a few reported spot prices paid over \$6.00. Last week's fluid total was adjusted to add 2 additional loads sent to Kentucky. Besides the loads listed above, 15 loads of Wisconsin milk were shipped to Ohio compared to 14 loads last week. Also, the milk shipments reported, another 21 loads of Wisconsin milk are "direct shipped" to Tennessee and 35 tankers to Missouri and pooled under a Southern Federal Order. Other upper Midwestern states shipping to the Southeast include Iowa, Minnesota, and Michigan. Some extra milk is being shipped to local bottlers between federal orders within the region to help with needs. Cream prices are sharply higher, reflecting the higher prices for butter at the Chicago Mercantile Exchange. Crop maturity is well ahead of normal levels. USDA is changing slaughter cow definitions so prices may not be fully comparable to reported prices in past years.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 27 - SEP 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 39.00	\$ 34.00- 38.00
REPLACEMENT HEIFER CALVES	\$120.00-200.00	\$120.00-150.00

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

	AUG 27 - SEP 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.50- 38.75	\$ 34.00- 39.00

W E S T

The August 4a price (butter/powder) in California is a record high \$16.12, up 61 cents from July 1998 and \$4.24 higher than last year. The 4b price (cheese) is \$14.87, 51 cents higher than last month and \$3.03 more than last year. The Southwest continues to be affected by hot weather. Humidity levels are also increasing. The additional stress on milking herds continues to show up in the milk tanks. Production is running below most plants' expectations. Milk tests are also trending lower. Temperatures above 100 degrees were common highs in most of the Central and Southern milk producing areas of California. Plant operating schedules are being reduced to accommodate the declining milk supplies. Milk is being shipped within the state to fill in for local shortages. Plant schedules are also declining in Arizona and New Mexico. Milk is being shipped to fill local fluid milk shortages in other regions. Despite yet another record high butter price at the CME, cream multiple continue to hold steady from the mid 110 to mid 120 range. The expectation among many contacts is that butter prices will continue to increase and sellers are holding butter and cream with confidence. Ice cream demand is good to excellent and absorbing cream to produce fill-in orders. Much of the Pacific Northwest received no rain for the entire month of August. Temperatures have been above seasonal levels. Crop areas not under irrigation are showing signs of major stress. Pastures have only limited feed value at this time. Milk production is declining along normal seasonal patterns. The solids content of incoming producer milk across the region is disappointing. There doesn't seem to be any one specific reason for the problem. Contacts note that producers are responding to current market conditions in one of two ways. Either they are looking to buy heifers or cows to expand production because of very good returns or they are maintaining their status quo and working on paying bills in anticipation of the price cycle declining this winter. Marginally better hay is becoming available, but prices remain strong in relation to the quality. The hay is not very palatable and the cows are not milking very well on it. The call for fluid milk to refill school milk pipelines is stronger than anticipated. Other fluid interest is also very strong. Manufacturing plant schedules are being reduced accordingly. Temperatures are much higher than normal in the Utah and Idaho region. Conditions are cooling off very well at night and this means that there is not much stress on the dairy cows. Production is holding up very well for this late in the season. Many hay growers are anticipating being able to get four cuttings this year because there is plenty of irrigation water and the heat is making for faster regrowth. The heat is reducing quality somewhat in that the hay is a little stemmier than buyers would like to see for good quality dairy hay. Heifer prices continue to firm and availability is a real question mark.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/03/98 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 higher and the market tone is firm. Demand is very good and sales are active when product is available. Producer supplies are tight and offerings range from limited to sold out. Both end users and resellers are searching the marketplace. Price is not a factor as many buyers only concern is to fill their needs. On September 1, 1998, daily cash trading for Extra Grade and Grade A NDM began at the Chicago Mercantile Exchange (CME). For the week of August 24 - 28, offerings of NDM to the CCC from the Central region totaled 475,113 pounds.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0450 - 1.1000 MOSTLY: 1.0500 - 1.0600

DRY BUTTERMILK - CENTRAL

Prices are higher on the top of the range, although the market tone remains mostly steady. A few additional spot sales were reported beyond contracts, but buyer interest continues to be limited. Producers anticipate improved demand for the future. Production levels are lower and stocks are moderate at most locations.

BUTTERMILK: .9300 - .9900

DRY WHEY - CENTRAL

Prices are higher and the market undertone is firming. Demand varies from slow to often improved. Producers are holding stocks with confidence and are often firm on prices. Resellers are slightly more negotiable. Many barrel plants are cutting back production and choosing to ship milk South. Milk premiums up to \$4.50 are offering a better return with the current barrel/block price spread. As a result, whey production levels are lower. However, buyers are not having trouble finding product at this time.

NONHYGROSCOPIC: .2750 - .3000 MOSTLY: .2800 - .2825

ANIMAL FEED WHEY - CENTRAL

Prices for milk replacer and standard are higher; unchanged on roller ground and delactose. All prices remain nominal. Current demand is fair, with some renewed interest noted. Offerings are available, however sources indicate that plants have cleared much of their aged inventories and are now more balanced. Hog feed sales remain slow as slaughter prices continue to hold at extremely low levels, mid 30's. Milk replacer business is more active. Delactose sales are steady. Producer stocks are mostly balanced.

MILK REPLACER: .2400 - .2700
STANDARD: .2100 - .2350
ROLLER GROUND: .2900 - .2950
DELACTOSE (Min. 20% protein): .3275 - .3625

LACTOSE - CENTRAL AND WEST

Prices are slightly higher on the bottom of the range, however the market tone is steady. Contracts are clearing on a timely basis and spot sales are limited. Interest from the feed sector is helping to clear stocks. Although not reported in the edible price range, large offerings of feed grade lactose continue to be offered at extremely low prices. Production levels are lower, but stocks remain heavy. The financial crisis in the Far East continues to impact domestic sales.

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

EDIBLE: .1625 - .2400 MOSTLY: .1750 - .1900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher and the market tone remains firm. Buyer demand is very good, although often unfilled. Offerings are increasingly harder to find direct from the plant. Most sales are occurring through resellers at premiums. Demand for condensed WPC continues to be strong. Decreasing availability for manufacturing milk and declining production levels are contributing to the tight market conditions.

EXTRA GRADE 34% PROTEIN: .5800 - .6150 MOSTLY: .5950 - .6050

NONFAT DRY MILK - WEST

Nonfat dry milk prices continue to follow the trends of recent weeks higher. The market tone is firm. Asking and sale prices increased as the week progressed. Producer offerings are mostly light in the region. High heat prices are higher, but nominal in limited trading. Milk production is lower in most areas. Milk is being directed to fluid use, cheese, and other areas that currently have better returns than NDM. Much of the current production is being earmarked for DEIP sales. Some producers are finding themselves committed for the next several weeks to a month or more out. This is often typical for late summer in the region, but the tightness is compounded this year due to the lower milk output. Plant inventory levels are light to moderate with good commitment volumes. Contacts are assessing the meaning and impact of the start of the Chicago Mercantile Exchange daily cash NDM market. Pricing levels showed an expected firmness. Prices are delivered to an approved facility within a 300-mile radius of Chicago. A freight allowance is used for other areas. Coastal Western states' price equivalents are approximately 3 cents lower than in the Chicago area.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0350 - 1.1000 MOSTLY: 1.0600 - 1.0700
HIGH HEAT: 1.0600 - 1.1250

DRY BUTTERMILK - WEST

Dry buttermilk prices are higher in generally light market trading. The market tone remains firm. Producer offerings are mostly light. This is attributed to good sales of cream, limited churning schedules, good sales of condensed buttermilk, and low inventory levels. Additionally, the hot temperatures are reducing milk production and solids' levels in the region. Some demand is being filled by producers in other regions and by resellers. The market is not "running up" to any great extent. Contacts partially attribute this to the availability and good prices for condensed skim in recent months.

BUTTERMILK: .9350 - 1.0000 MOSTLY: .9500 - .9800

DRY WHEY - WEST

Western whey prices are fully steady. The market is in generally good balance. Export sales continue at good levels. Some additional volumes are moving to Mexico, replacing some whey that has normally gone to Pacific Rim buyers. Domestic demand is steady at fair to good levels. Discussions are beginning to take place for fourth quarter sales. There is no clear direction for the market yet. Both sides continue to posture about future market possibilities. Production is declining at a faster rate as the ongoing hot weather takes its toll on milk production.

NONHYGROSCOPIC: .2350 - .2575 MOSTLY: .2350 - .2425

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended August 28, on powder sales of 11,291,838 pounds f.o.b. California manufacturing plants was \$1.0395 per pound. This compares to 8,387,294 pounds at \$1.0359 for the previous week ending August 21, 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

Daily cash trading of NDM at the CME started this week and some contacts were a little surprised after the first day's (9/1) trading. Many did not expect to see trading for both Grade A and Extra Grade. They anticipated that trading would be either/or instead of both. This week, prices reported to Dairy Market News are higher and nominal. Production in the East is limited by the sharply tighter milk supplies. With all the milk that is being shipped into the Southeast, manufacturers have little left to process. Most producers have little or no powder on hand to fill spot needs and they are limiting sales to regular customers or filling contracts. Some have purchased NDM from other regions to supplement their own stocks. However, availability in other regions is tightening. Demand for NDM is quite good and higher asking prices are not slowing sales.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:	
LOW/MEDIUM HEAT:	1.0400 - 1.0800
HIGH HEAT:	1.0800 - 1.1200 MOSTLY: 1.0800 - 1.1000
DELVD SOUTHEAST:	
ALL HEATS:	1.0700 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher and the market tone is steady. Production levels are lighter due to lower churning activity and continued demand for liquid buttermilk. Demand for dry buttermilk is just fair, but sufficient to clear current output. Producers' stocks are light and closely balanced.

F.O.B. NORTHEAST:	.9450 - .9800
DELVD SOUTHEAST:	.9700 - 1.0275

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are often lighter as milk supplies tighten. In the Eastern part of the country, considerable volumes of milk are moving to the Southeast to meet Class I needs which is greatly affecting manufacturing schedules. Producer stocks are closely balanced with the mostly contractual demand. No new DEIP sales have been reported for several weeks.

F.O.B. PRODUCING PLANT:	1.5200 - 1.6200
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH AUGUST 28, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	31,518	MT (69,484,582 LBS)
CHANGE	--	1,112	MT (2,451,515 LBS)
WHOLE MILK POWDER	--	1,880	MT (4,144,648 LBS)
CHEESE	--	1,110	MT (2,447,106 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM -	-	16,357	MT (36,060,642 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 mostly unchanged and the market tone is steady. With less milk to process, many Eastern cheese makers have had to reduce production schedules which, in turn, lowers dry whey output. Some dryers also point out that condensed whey isn't as plentiful as it had been. Producers' inventories are range from sold out to balanced. Resellers continue to offer product at competitive prices. Demand remains somewhat sluggish.

F.O.B. NORTHEAST:	EXTRA GRADE	.2800 - .2875
	USPH GRADE A	.2850 - .2950
DELVD SOUTHEAST:		.3150 - .3225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Offerings of dry whey to animal feed makers are steady. Demand is still sluggish for finished animal feed and its ingredients. Buyers of animal feed whey, as a rule, are taking only contracted volumes.

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

Prices and the market tone are unchanged. Production levels are often lighter as demand for Grade A milk to meet Class I needs is reducing the volumes of surplus milk available to evaporators. Demand is slow to fair and producers' stocks are adequate to cover most needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$23.62 - 33.00
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Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are steady. Buyers report shipments to be on schedule and do not foresee any problems through the balance of the year. Offerings of both acid and rennet continue to be available on the spot market.

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

RENNET:	2.0500 - 2.1000
ACID:	1.9500 - 2.1000

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

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

Month	08/19	08/20	08/21	08/24	08/25	08/26	08/27	08/28	08/31	09/01	CSCE -
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BFP -- Dollars per cwt.

AUG 98	15.29 (129) 0	15.38 (130) 2	15.40 (130) 0	15.40 (130) 0	15.39 (130) 0	15.43 (131) 1	15.45 (133) 2	15.38 (133) 0	15.38 (125) 1	15.05 (125) 1	
SEP 98	15.04 (139) 2	15.23 (140) 10	15.28 (146) 13	15.29 (151) 6	15.23 (153) 6	15.27 (156) 4	15.28 (159) 8	15.28 (160) 1	15.35 (163) 4	14.99 (163) 0	
OCT 98	13.98 (91) 1	14.18 (93) 2	14.25 (93) 1	14.30 (103) 10	14.20 (107) 4	14.33 (109) 2	14.30 (110) 2	14.35 (111) 1	14.43 (111) 0	14.06 (111) 0	
NOV 98	12.55 (24) 2	12.60 (24) 0	12.70 (24) 0	12.70 (25) 3	12.68 (25) 1	12.75 (26) 1	12.78 (27) 2	12.80 (27) 1	12.88 (28) 1	12.63 (28) 0	
DEC 98	12.53 (56) 3	12.55 (56) 0	12.63 (56) 0	12.60 (56) 1	12.55 (56) 0	12.53 (57) 1	12.55 (58) 1	12.63 (59) 1	12.70 (59) 1	12.55 (60) 1	
JAN 99	12.25 (7) 0	12.25 (7) 0	12.28 (7) 0	12.33 (8) 1	12.33 (8) 0	12.30 (8) 0	12.30 (8) 0	12.30 (8) 0	12.30 (9) 1	12.28 (9) 0	
FEB 99	12.18 (7) 0	12.20 (7) 0	12.25 (7) 0	12.30 (8) 1	12.25 (8) 0	12.25 (8) 0	12.25 (8) 0	12.28 (8) 0	12.28 (8) 0	12.28 (8) 0	
MAR 99	12.18 (6) 0	12.20 (6) 0	12.20 (6) 0	12.35 (6) 0	12.30 (6) 0	12.18 (6) 0	12.23 (6) 0	12.30 (6) 0	12.28 (6) 0	11.95 (6) 0	

CME - BUTTER -- Cents per pound

SEP 98	214.00 (13) 0	214.00 (13) 0	214.50 (14) 6	214.00 (14) 0	214.00 (16) 2	215.00 (16) 0	215.00 (17) 3	217.50 (14) 0	222.50 (13) 0	222.50 (17) 0	
OCT 98	205.00 (18) 0	205.00 (18) 0	204.00 (18) 2	204.00 (18) 0	204.00 (18) 0	205.50 (18) 1	205.50 (18) 0	205.50 (18) 0	206.00 (18) 0	211.00 (19) 1	

CME - BFP -- Dollars per cwt.

AUG 98	15.28 (447) 4	15.30 (445) 35	15.39 (446) 5	15.39 (446) 3	15.39 (446) 17	15.40 (446) 1	15.40 (446) 0	15.41 (446) 0	15.41 (469) 57	15.08 (451) 100	
SEP 98	15.06 (475) 44	15.12 (490) 44	15.27 (504) 32	15.27 (519) 39	15.23 (522) 26	15.28 (525) 21	15.21 (539) 28	15.31 (545) 22	15.38 (535) 25	15.05 (536) 15	
OCT 98	14.01 (337) 6	14.03 (354) 29	14.27 (358) 26	14.27 (364) 31	14.22 (368) 27	14.35 (371) 6	14.27 (384) 39	14.33 (381) 6	14.40 (382) 8	14.00 (383) 5	
NOV 98	12.52 (201) 3	12.52 (202) 3	12.70 (208) 9	12.70 (208) 1	12.70 (214) 6	12.75 (209) 5	12.70 (225) 20	12.75 (225) 7	12.87 (230) 10	12.57 (230) 1	
DEC 98	12.50 (188) 1	12.50 (188) 3	12.50 (188) 0	12.59 (191) 4	12.55 (191) 1	12.55 (191) 0	12.65 (192) 6	12.60 (193) 3	12.69 (192) 5	12.55 (193) 1	
JAN 99	12.20 (77) 2	12.20 (78) 1	12.25 (78) 0	12.30 (79) 2	12.32 (79) 0	12.32 (79) 0	12.32 (79) 0	12.32 (79) 0	12.32 (79) 0	12.32 (79) 0	
FEB 99	12.20 (69) 8	12.21 (69) 0	12.26 (71) 3	12.33 (75) 5	12.30 (75) 0	12.30 (74) 2	12.30 (74) 0	12.30 (74) 0	12.30 (74) 1	12.30 (75) 2	
MAR 99	12.15 (49) 1	12.15 (50) 2	12.25 (53) 6	12.40 (54) 1	12.39 (54) 0	12.39 (54) 0	12.25 (63) 14	12.25 (63) 0	12.25 (63) 0	12.25 (63) 0	

CME - CHEDDAR CHEESE -- Cents per pound

SEP 98	156.00 (70) 0	156.00 (70) 0	156.00 (70) 0	156.75 (70) 2	156.75 (70) 0	156.75 (70) 0	156.60 (70) 1	159.00 (70) 0	159.00 (70) 0	159.00 (70) 0	
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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 August 24 - September 4, 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: Currency exchange rate changes and the problems with the Russian economy are impacting European prices and sales. The recent weakness in the U.S. dollar versus various European and world currencies has caused reported product prices to increase sharply despite generally quiet export interest. Reports have products labeled and packaged for Russian accounts now being offered to buyers in other countries at greater than normal discounts due to Russian payment concerns. In Europe, milk production is declining seasonally. Depending on country, milk receipts may be below last years levels after the problems with over quota milk production. Skim milk intervention closed at the end of August in the E.U. Preliminary estimates have nearly 100,000 tons of skim milk powder entering intervention storage.

BUTTER/BUTTEROIL: The butter market is firm as overall international butter supplies remain tight. Current prices make potential exports to the U.S. a possibility, but some traders seem hesitant to push sales due to concern over the potential for weakness in U.S. prices. Some exporters expect reduced exports of butter to Russia until late in the year at the earliest. The reduced Russian activity may impact prices.

82% BUTTERFAT: 1,900 - 2,100
 99% BUTTERFAT: 2,400 - 2,700

SKIM MILK POWDER (SMP): The skim market is quiet and prices are mixed, higher in the EU and steady to often lower in Eastern Europe. Now that EU intervention ended August 31, reduced milk production and lighter drying schedules may help prices stabilize. Export interest is limited due to more attractively sourced product from Oceania and Eastern European.

1.25% BUTTERFAT: 1,325 - 1,550

WHOLE MILK POWDER (WMP): The whole milk market is firm. Production continues to be limited by the strong demand for butter/butterfat and seasonal declines in milk receipts. Some interest is noted for whole milk powder from Mexico as alternative sources are limited except for Oceania.

26% BUTTERFAT: 1,800 - 1,850

SWEET WHEY POWDER: The whey market is steady to firm. Seasonally reduced milk and cheese production is limiting whey output at some locations. Feed and export interest is fairly quiet so inventories are in good balance.

NONHYGROSCOPIC: 650 - 730

OVERVIEW: EASTERN EUROPE: The fallout of the economic problems in Russia are impacting sales and available offerings within the region. Milk production is trending lower seasonally. Some skim milk powder exports are being reported to Algeria and Iraq at the low end of the price range.

OCEANIA

OVERVIEW: The new milk production season is well underway. Milk producers and handlers feel that due to mild winter weather conditions and favorable feed prices, milk production should again be strong during the early stages of seasonal output. In comparison to last year, early indications are pointing to a comparable start to the 98-99 season. In some dairy areas of Australia and New Zealand, dry conditions and low water levels are a concern, but overall, conditions are good. Looking at the 97-98 production season, Australia is reporting a 4.5% production increase over the previous year with New Zealand reporting output to be 1.4% higher. Australian contacts are attributing the increase to higher cow numbers. International trading out of the Oceania region remains light. In most instances, inventories are at low seasonal levels. Producers are comfortable with inventories in conjunction with near term sales activity.

BUTTER: Butter markets are generally steady at unchanged prices. Butter sales activity is light as stocks are reported to not be available. International buyer interest is slow, only in light of knowledge on the part of potential buyers that availability is not there. Oceania producers are looking forward to being a major player in butter trading activity during the upcoming months as world butter stocks are lower than desired. Russian buyer interest is not developing yet and, with the recent Ruble devaluation, traders are unsure of future sales into the region.

82% BUTTERFAT: 1,800 - 1,950

CHEDDAR CHEESE: Cheese prices and markets are generally steady. Trading activity remains unchanged with past weeks, although the overall trading sentiment is slow and unaggressive. Inventory levels of cheese are reported to be low, but sufficient to maintain shipments of existing orders. The start of the new milk production season is building slowly, thus new cheese stocks will be entering inventory programs.

39% MAXIMUM MOISTURE: 1,850 - 2,150

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady, although prices are fractionally higher. Stocks are reported to be at comfortable seasonally low levels. Buying interest for Oceania sourced skim is light and unaggressive.

1.25% BUTTERFAT: 1,325 - 1,400

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are holding steady. No reported new trading activity is occurring at this time. Inventories of whole milk are at low manageable levels. Producers and handlers are comfortable with current stock levels as the new production season gets underway.

26% BUTTERFAT: 1,700 - 1,750

Exchange rates for selected foreign currencies: August 31, 1998

.5033 Dutch Guilder	.5706 German Mark
.1702 French Franc	.4947 New Zealand Dollar
.1002 Mexican Peso	.5683 Australian Dollar
1.6801 British Pound	.0071 Japanese Yen
.2706 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1002) = 9.9800. That is 1 US Dollar equals 9.9800 Mexican Pesos.

Source: "Wall Street Journal"

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

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	1998	1997
	-----					Average	Average
	AUG 03 - 07	AUG 10 - 14	AUG 17 - 21	AUG 24 - 28	AUG 31	or Total	or Total

BUTTER

CHICAGO MERCANTILE EXCHANGE 2/ - CASH TRADING

-- Grade AA	2.1500	2.1525	2.1650	2.3425		2.1730	1.0932
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WHOLESALE SELLING DIFFERENTIALS, F.O.B. - BULK - TRUCKLOAD QUANTITIES*

-- Grade AA							
Northeast	+4.00 - +5.00	+4.00 - +5.00	+3.00 - +5.00	+3.00 - +5.00	+3.00 - +5.00	N.A.	N.A.
Central	0.00 - +4.00	0.00 - +4.00	0.00 - +4.00	0.00 - +4.00	0.00 - +4.00	N.A.	N.A.
West	-4.00 - +1.00	-4.00 - +1.00	-3.00 - 0.00	-3.00 - +1.00	0.00 - +4.00	N.A.	N.A.

CHEESE

CHICAGO MERCANTILE EXCHANGE 2/ - CASH TRADING

-- Barrels	1.5000	1.4875	1.4800	1.4925		1.4927	1.3056
-- 40# Blocks	1.6575	1.6575	1.6575	1.6575		1.6575	1.3705

MIDWEST COMMODITY CHEDDAR

-- Cheddar Barrels	1.4975 - 1.5275	1.4900 - 1.5200	1.4775 - 1.5075	1.4700 - 1.5000	1.4825 - 1.5125	1.4987	N.A.
-- Cheddar 40# Blocks	1.6575 - 1.6875	1.6475 - 1.6875	1.6475 - 1.6875	1.6475 - 1.6875	1.6475 - 1.6875	1.6687	N.A.

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	1.4975 - 1.9000	1.5575 - 1.9000	1.5575 - 1.8600	1.5575 - 1.8600	1.6625 - 1.8700	1.7139	1.5486
-- Brick And/Or Muenster 5#	1.8800 - 2.1400	1.8800 - 2.1400	1.9200 - 2.1400	1.9200 - 2.1400	1.9500 - 2.1400	2.0212	1.7047
-- Cheddar 40# Block	1.9000 - 1.9225	1.9000 - 1.9225	1.9150 - 1.9400	1.9150 - 1.9400	1.9150 - 1.9700	1.9205	1.7629
-- Monterey Jack 10#	1.9150 - 2.1225	1.9150 - 2.1225	1.9150 - 2.1225	1.9150 - 2.1225	1.9150 - 2.1400	2.0192	1.8520
-- Blue 5#	2.2650 - 2.4200	2.2650 - 2.4200	2.2650 - 2.4600	2.2650 - 2.4600	2.2650 - 2.5100	2.3542	2.0511
-- Mozzarella 5 - 6#	1.9150 - 2.0075	1.9150 - 2.0075	1.9150 - 2.0075	1.9150 - 2.0075	1.9150 - 2.0300	1.9618	1.7917
-- Grade A Swiss Cuts 6 - 9#	2.2000 - 2.4850	2.2000 - 2.4850	2.3000 - 2.4850	2.3000 - 2.4850	2.4000 - 2.4850	2.3711	2.2925

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 10# Prints	1.6300 - 2.1400	1.6300 - 2.1400	1.6300 - 2.1400	1.6300 - 2.1400	1.6600 - 2.1400	1.8857	1.5399
-- Cheddar Single Daisies	1.6000 - 2.1450	1.6000 - 2.1450	1.6000 - 2.1450	1.6000 - 2.1450	1.6300 - 2.1450	1.8732	1.5260
-- Cheddar 40# Block	1.7950 - 1.9450	1.7950 - 1.9450	1.7950 - 1.9450	1.7950 - 1.9450	1.7950 - 1.9450	1.8700	1.5725
-- Process 5# Loaf	1.7175 - 1.8450	1.7100 - 1.8375	1.6975 - 1.8250	1.6900 - 1.8150	1.6950 - 1.8275	1.7669	1.5129
-- Process 5# Sliced	1.7375 - 1.9025	1.7300 - 1.8950	1.7175 - 1.8825	1.7100 - 1.8750	1.7225 - 1.8875	1.8062	1.5541
-- Muenster	1.8275 - 2.1525	1.8275 - 2.1525	1.8275 - 2.1525	1.8275 - 2.1525	1.8275 - 2.1525	1.9900	1.6995
-- Grade A Swiss Cuts 10 - 14#	2.2500 - 2.5050	2.2500 - 2.5050	2.2500 - 2.5050	2.2500 - 2.5050	2.2500 - 2.5050	2.3775	2.3775

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	1.7300 - 1.9200	1.6950 - 1.9125	1.6825 - 1.9000	1.6750 - 1.8925	1.6875 - 1.9050	1.8007	1.6016
-- Cheddar 40# Block	1.8200 - 1.9200	1.8200 - 1.9200	1.8200 - 1.9200	1.8200 - 1.9200	1.8200 - 1.9200	1.8700	1.6363
-- Cheddar 10# Cuts	2.0000 - 2.1800	2.0000 - 2.1800	2.0000 - 2.1800	2.0000 - 2.1800	2.0000 - 2.1800	2.0900	1.8095
-- Monterey Jack 10#	2.0100 - 2.1425	2.0100 - 2.1425	2.0100 - 2.1425	2.0100 - 2.1425	2.0100 - 2.1425	2.0763	1.7739
-- Grade A Swiss Cuts 6 - 9#	2.3600 - 2.4300	2.3600 - 2.4300	2.3600 - 2.4300	2.3600 - 2.4300	2.3600 - 2.4300	2.3950	2.4488

FLUID AND DRY PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

Delivered Equivalent:

-- Northeast	2.7136 - 3.0104	2.7520 - 3.0100	2.7552 - 2.9705	2.7712 - 3.0310	3.0453 - 3.3562	2.8922	1.5575
-- Atlanta	2.7136 - 2.9680	2.7520 - 3.0100	2.7552 - 3.0135	2.7712 - 3.0310	2.9984 - 3.2795	2.8893	1.5272
-- Upper Midwest	2.7560 - 2.9680	2.7950 - 2.9670	2.7983 - 2.9705	2.8145 - 2.9877	3.0921 - 3.1624	2.8938	1.5135

SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)

Delivered Equivalent:

-- Northeast	0.7500 - 0.9500	0.7500 - 0.9500	0.7500 - 0.9500	0.7500 - 0.9500	0.8000 - 1.0500	0.8536	0.9993
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WISCONSIN FLUID MILK SHIPMENTS

-- Loads Shipped from Wisconsin							
Shipping Points	8	0	10	88		106	82

NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)

-- Delivered Major U.S. Cities	22.5000 - 33.0000	23.6200 - 33.0000	23.6200 - 33.0000	23.6200 - 33.0000	23.6200 - 33.0000	28.1767	27.7500
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* Figures represent the range in premiums or discounts (cents/pound) from the previous week's CME Grade AA cash butter close. Zero (0.00) differential is the same as flat market.

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

COMMODITY	:REPORT NUMBER 31	:REPORT NUMBER 32	:REPORT NUMBER 33	:REPORT NUMBER 34	:REPORT NUMBER 35	: 1998	: 1997
	: AUG 03 - 07	: AUG 10 - 14	: AUG 17 - 21	: AUG 24 - 28	: Aug 31	: Average	: Average
						: or Total	: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	:: 1.0200 - 1.0450	:: 1.0250 - 1.0600	:: 1.0250 - 1.0700	:: 1.0250 - 1.0900	:: 1.0450 - 1.1000	:: 1.0463	: N.A.
-- Mostly	:: 1.0250 - 1.0350	:: 1.0300 - 1.0375	:: 1.0350 - 1.0400	:: 1.0400 - 1.0500	:: 1.0500 - 1.0600	:: 1.0374	: N.A.
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.0200 - 1.0500	:: 1.0250 - 1.0500	:: 1.0300 - 1.0550	:: 1.0350 - 1.0650	:: 1.0350 - 1.1000	:: 1.0425	: 1.0493
-- Mostly	:: 1.0300 - 1.0400	:: 1.0350 - 1.0450	:: 1.0350 - 1.0550	:: 1.0400 - 1.0550	:: 1.0600 - 1.0700	:: 1.0430	: 1.0435
-- High Heat	:: 1.0500 - 1.0750	:: 1.0500 - 1.0800	:: 1.0550 - 1.0800	:: 1.0550 - 1.0850	:: 1.0600 - 1.1250	:: 1.0675	: 1.0694
-- Northeast (f.o.b.)							
-- Low/Medium Heat	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0300 - 1.0500	:: 1.0375 - 1.0500	:: 1.0400 - 1.0800	:: 1.0418	: N.A.
-- High Heat	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0800 - 1.1200	:: 1.0857	: N.A.
-- Mostly	:: 1.0700 - 1.0800	:: 1.0700 - 1.0800	:: 1.0700 - 1.0800	:: 1.0700 - 1.0800	:: 1.0800 - 1.1000	:: 1.0757	: N.A.
-- Southeast (Delvd)							
-- Extra & Grade A	:: 1.0600 - 1.0825	:: 1.0600 - 1.0825	:: 1.0600 - 1.0825	:: 1.0600 - 1.0825	:: 1.0700 - 1.1100	:: 1.0721	: 1.0919
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.2750 - 0.2900	:: 0.2700 - 0.2900	:: 0.2700 - 0.2900	:: 0.2700 - 0.2950	:: 0.2750 - 0.3000	:: 0.2815	: 0.2270
-- Mostly	:: 0.2775 - 0.2825	:: 0.2775 - 0.2825	:: 0.2775 - 0.2825	:: 0.2775 - 0.2825	:: 0.2800 - 0.2825	:: 0.2801	: 0.2258
-- West (f.o.b.)	:: 0.2300 - 0.2600	:: 0.2300 - 0.2600	:: 0.2300 - 0.2550	:: 0.2350 - 0.2575	:: 0.2350 - 0.2575	:: 0.2448	: 0.2209
-- Mostly	:: 0.2350 - 0.2400	:: 0.2350 - 0.2400	:: 0.2350 - 0.2400	:: 0.2350 - 0.2425	:: 0.2350 - 0.2425	:: 0.2379	: 0.2147
-- Northeast Extra Grade (f.o.b.)	:: 0.2800 - 0.2875	:: 0.2800 - 0.2875	:: 0.2800 - 0.2875	:: 0.2800 - 0.2875	:: 0.2800 - 0.2875	:: 0.2838	: 0.2293
-- Northeast Usph Grade A(f.o.b.)	:: 0.2850 - 0.2950	:: 0.2850 - 0.2950	:: 0.2850 - 0.2950	:: 0.2850 - 0.2950	:: 0.2850 - 0.2950	:: 0.2900	: 0.2425
-- Southeast Extra Grade (Delvd)	:: 0.3175 - 0.3225	:: 0.3150 - 0.3225	:: 0.3150 - 0.3225	:: 0.3150 - 0.3225	:: 0.3150 - 0.3225	:: 0.3190	: 0.2542
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.5650 - 0.5975	:: 0.5700 - 0.5975	:: 0.5750 - 0.6000	:: 0.5700 - 0.6075	:: 0.5800 - 0.6150	:: 0.5859	: 0.6236
-- Mostly	:: 0.5775 - 0.5850	:: 0.5800 - 0.5900	:: 0.5825 - 0.5925	:: 0.5900 - 0.6000	:: 0.5950 - 0.6050	:: 0.5878	: 0.6268
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2400 - 0.2775	:: 0.2400 - 0.2700	:: 0.2300 - 0.2600	:: 0.2300 - 0.2600	:: 0.2400 - 0.2700	:: 0.2511	: 0.2084
-- Standard	:: 0.2250 - 0.2400	:: 0.2200 - 0.2375	:: 0.2100 - 0.2300	:: 0.2100 - 0.2300	:: 0.2100 - 0.2350	:: 0.2252	: TFEWR
-- Roller Ground	:: 0.2900 - 0.2950	:: 0.2900 - 0.2950	:: 0.2900 - 0.2950	:: 0.2900 - 0.2950	:: 0.2900 - 0.2950	:: 0.2925	: 0.2333
-- Delactose	:: 0.3275 - 0.3675	:: 0.3275 - 0.3625	:: 0.3275 - 0.3625	:: 0.3275 - 0.3625	:: 0.3275 - 0.3625	:: 0.3456	: 0.3475
-- Northeast (f.o.b.)							
-- Milk Replacer	::	TFEWR	::	TFEWR	::	TFEWR	::
							0.2100
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9900	:: 0.9457	: 1.0625
-- West (f.o.b.)	:: 0.9200 - 0.9700	:: 0.9300 - 0.9800	:: 0.9300 - 0.9950	:: 0.9300 - 1.0000	:: 0.9350 - 1.0000	:: 0.9574	: 1.0414
-- Mostly	:: 0.9300 - 0.9400	:: 0.9400 - 0.9500	:: 0.9500 - 0.9600	:: 0.9500 - 0.9700	:: 0.9500 - 0.9800	:: 0.9495	: 1.0205
-- Northeast (f.o.b.)	:: 0.9400 - 0.9500	:: 0.9400 - 0.9500	:: 0.9400 - 0.9500	:: 0.9400 - 0.9600	:: 0.9450 - 0.9800	:: 0.9470	: 1.0700
-- Southeast (Delvd)	:: 0.9500 - 0.9825	:: 0.9500 - 0.9825	:: 0.9600 - 0.9825	:: 0.9600 - 0.9825	:: 0.9700 - 1.0275	:: 0.9702	: 1.1107
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	:: 1.4500 - 1.5650	:: 1.4500 - 1.6000	:: 1.4500 - 1.6000	:: 1.5200 - 1.6200	:: 1.5200 - 1.6200	:: 1.5337	: 1.2350
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1550 - 0.2400	:: 0.1550 - 0.2400	:: 0.1600 - 0.2400	:: 0.1600 - 0.2400	:: 0.1625 - 0.2400	:: 0.1989	: 0.2400
-- Mostly	:: 0.1800 - 0.1900	:: 0.1750 - 0.1900	:: 0.1750 - 0.1900	:: 0.1750 - 0.1900	:: 0.1750 - 0.1900	:: 0.1831	: 0.2307
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.0500 - 2.1600	:: 2.0500 - 2.1000	:: 2.0500 - 2.1000	:: 2.0500 - 2.1000	:: 2.0500 - 2.1000	:: 2.0821	: 2.2400
-- Nonrestricted - Acid	:: 1.9500 - 2.1000	:: 1.9500 - 2.1000	:: 1.9500 - 2.1000	:: 1.9500 - 2.1000	:: 1.9500 - 2.1000	:: 2.0250	: 2.0500

1/ Prices for all products not footnoted 2/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

AUGUST 1998 DEIP BID ACCEPTANCE

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 1998		21,948		
08/03	AFRICA & MIDDLE EAST	425	AUG-JAN	\$990
08/03	ASIA & FSU	800	AUG-SEP	\$961
08/03	CARIBBEAN, CENT & S. AM	1,225	AUG-JAN	\$965.53
08/04	AFRICA & MIDDLE EAST	500	AUG-OCT	\$990
08/04	CARIBBEAN, CENT & S. AM	2,014	AUG-SEP	\$977.88
08/06	CARIBBEAN, CENT & S. AM	170	AUG	\$951
08/07	AFRICA & MIDDLE EAST	560	AUG-APR	\$984.29
08/07	CARIBBEAN, CENT & S. AM	69	AUG-SEP	\$955.21
08/10	CARIBBEAN, CENT & S. AM	18	AUG-OCT	\$970
08/11	AFRICA & MIDDLE EAST	193	AUG-NOV	\$980
08/11	CARIBBEAN, CENT & S. AM	770	AUG-DEC	\$975.45
08/13	ASIA & FSU	1,525	AUG-OCT	\$961
08/13	AFRICA & MIDDLE EAST	32	SEP-OCT	\$987
08/17	CARIBBEAN, CENT & S. AM	87	AUG-NOV	\$950.77
08/18	CARIBBEAN, CENT & S. AM	18	SEP-OCT	\$970
08/19	CARIBBEAN, CENT & S. AM	52	AUG-OCT	\$950
08/24	AFRICA & MIDDLE EAST	200	SEP-DEC	\$990
08/24	CARIBBEAN, CENT & S. AM	87	AUG-DEC	\$960.60
08/26	CARIBBEAN, CENT & S. AM	20	SEP-DEC	\$960
08/27	AFRICA & MIDDLE EAST	700	AUG-APR	\$990
08/28	AFRICA & MIDDLE EAST	105	AUG-SEP	\$990
08/31	AFRICA & MIDDLE EAST	53	SEP	\$990
AUGUST 1 - 31, 1998		<u>9,623</u>		
PROGRAM TO DATE		31,571		
REALLOCATED	CARIBBEAN & MEXICO (1 SEPARATE BID)	1,000	SEP-OCT	\$978
WHOLE MILK POWDER				
JULY 1998		1,880		
AUGUST 1 - 31, 1998		<u>0</u>		
PROGRAM TO DATE		1,880		
CHEESE				
JULY 1998		518		
08/03-M	CARIBBEAN, CENT & S. AM	12	AUG-DEC	\$1,175
08/04-P	CARIBBEAN, CENT & S. AM	184	AUG-NOV	\$1,082
08/12-M	AFRICA & MIDDLE EAST	22	AUG-NOV	\$1,500
08/12-P	AFRICA & MIDDLE EAST	22	AUG-NOV	\$1,200
08/13-M	AFRICA & MIDDLE EAST	42	OCT-MAR	\$1,500
08/14-M	AFRICA & MIDDLE EAST	22	AUG-NOV	\$1,500
08/14-P	CARIBBEAN, CENT & S. AM	38	AUG-DEC	\$1,082
08/18-M	AFRICA & MIDDLE EAST	22	AUG-DEC	\$1,500
08/19-P	CARIBBEAN, CENT & S. AM	228	SEP-JAN	\$1,082
AUGUST 1 - 31, 1998		<u>592</u>		
PROGRAM TO DATE		1,110		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE				
BUTTEROIL/ANHYDROUS MILKFAT				
JULY 1998		0		
AUGUST 1 - 31, 1998		<u>0</u>		
PROGRAM TO DATE		0		
PROGRAM-TO-DATE				
TOTAL MT				34,561
TOTAL BONUS VALUE				\$34,275,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

SOURCE: FOREIGN AGRICULTURAL SERVICE

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--APRIL-JUNE AND YEAR-TO-DATE 1997-98 ^{1/}

Item	Apr.-Jun.	Percent	Apr.-Jun.	Percent	Jan.-Jun.	Percent	Jan.-Jun.	Percent
	1997	change ^{4/}	1998	change ^{4/}	1997	change ^{4/}	1998	change ^{4/}
Million Pounds								
MILK								
Production	40,683	2.7	40,897	0.5	79,644	1.8	80,106	0.6
Marketings	40,327	2.7	40,560	0.6	78,936	1.8	79,436	0.6
Beginning Commercial Stocks ^{2/}	5,752	3.3	5,990	4.1	4,704	14.8	4,889	3.9
Imports ^{2/}	580	-1.9	902	55.5	1,152	7.7	1,623	40.9
Total Supply ^{3/}	46,659	2.7	47,452	1.7	84,792	2.6	85,948	1.4
Ending Commercial Stocks ^{2/}	7,532	35.3	6,635	-11.9	7,532	35.3	6,635	-11.9
Net Removals ^{2/}	272	837.9	78	-71.3	369	653.1	330	-10.6
Commercial Disappearance ^{3/}	38,855	-2.4	40,739	4.8	76,891	-0.2	78,983	2.7
SELECTED PRODUCTS ^{5/}								
Butter	250.7	-16.9	267.4	6.7	555.3	-11.5	545.5	-1.8
American Cheese	791.2	-3.9	850.1	7.4	1,613.0	1.2	1,671.0	3.6
Other Cheese	1,048.5	1.0	1,098.1	4.7	2,069.8	3.3	2,131.5	3.0
Nonfat Dry Milk	214.1	-33.9	228.9	6.9	472.4	-17.9	455.0	-3.7
Fluid Milk Products ^{6/}	13,532.4	0.2	13,400.7	-1.0	27,513.4	-0.3	27,311.4	-0.7

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. ^{3/} Totals may not add because of rounding. ^{4/} From year earlier on a daily average basis. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 31 - SEPTEMBER 4				CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	08/28/98	LAST YEAR		
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	-0-	-0-	-0-	-0-	-0-	330,284	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	392,874	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	-0-	475,113	-475,113	124,776,073	18,502,570	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	475,113	-475,113	124,776,073	18,502,570	-0-	-0-	-0-	-0-

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

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
WEEK OF AUGUST 31 - SEPTEMBER 4, 1998 =	-0.1	-5.5	0.6	29.4
CUMULATIVE SINCE OCTOBER 1, 1997 =	27.5	1,452.4	21.7	234.3
CUMULATIVE JANUARY 1 - SEPTEMBER 4, 1998 =	25.7	1,361.0	21.7	234.3

* 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

REGION	CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL									
	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT			
	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	-0-	1,514,684	11,550,729	-0-	9.3	64.5	
WEST	-0-	-0-	-0-	-0-	392,874	112,938,801	18,502,570	90.5	35.5	
EAST	-0-	-0-	-0-	-0-	-0-	286,543	-0-	0.2	0.0	
TOTAL	-0-	-0-	-0-	-0-	1,907,558	124,776,073	18,502,570	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

Regions*	Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 08/15/98 & Comparable Week 1997 1/ 2/										U.S. TOTAL	% DAIRY OF ALL		
	1	2	3	4	5	6	7	8	9	10				
1998-Dairy cows HD (000)	0.3	1.5	6.1	5.0	18.5	2.0	2.6	0.9	8.7	2.6	48.2	1,677.6	43.3	45.8
1997-Dairy cows HD (000)	0.4	1.8	6.1	5.9	21.6	2.7	3.7	1.4	9.0	2.6	55.0	1,811.5	45.8	45.8
1998-All cows HD (000)	0.3	1.6	8.4	16.1	25.7	19.8	17.3	5.2	11.0	5.8	111.2	3,659.6		
1997-All cows HD (000)	0.4	1.8	8.3	17.4	30.3	17.8	19.0	7.3	11.6	6.2	120.1	3,954.1		

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 8/27

	OCTOBER DELIVERY	
	Quantity	Price
PROCESS		
PROCESS SLICED	554,400	\$1.8072-1.8475
MOZZARELLA		
MOZZARELLA, LMPS	645,120	\$1.9500-1.9700

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 87,760,540 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	14.77					