

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (12/23):****BUTTER:** Grade AA closed at \$1.4700 (N.C.).**CHEESE:** Barrels closed at \$1.8000 and blocks at \$1.9000. The weekly average for barrels is \$1.8000 (-.0510) and blocks is \$1.9000 (N.C.).**NONFAT DRY MILK:** Extra Grade closed at \$1.1050 and Grade A at \$1.1525. The weekly average for Extra Grade is \$1.1225 (-.0300) and Grade A is \$1.1525 (N.C.).**BUTTER:** Buying interest during the current holiday week has been quite strong. Buyers continue to fill good retail and food service orders. Retail sales appear to be quite strong as shelf prices decline. Cream is readily available and is moving from one area to another for processing. Churning activity is moderate to heavy. During the upcoming holiday period, surplus milk and cream volumes are typically heavy, thus many butter makers will be absorbing additional volumes, especially if favorably priced.**CHEESE:** The cheese market is steady to weak. Buyers are cautious due to recent declines in barrel prices. Some firms are quickly clearing any extra product rather than face potential write downs. Holiday orders are through distribution channels with many buyers waiting for clearance results before reordering. Spot offerings of most natural varieties remain light. Some spot barrels are available. Most processors/cutters are operating on abbreviated schedules during the holidays, reducing the cheese volumes needed. Cheese production is seasonally heavy. Some firms are placing extra holiday surplus milk volumes into butter/powder production rather than cheese.**FLUID MILK:** Bottling schedules are irregular, slower where schools are closed until January. Usage is occasionally improved where holiday product orders are combined with regular school sales.

Manufacturing schedules are heavier, reflecting increased local receipts in much of the country and extra milk backed up from fluid channels. Manufacturing capacity may be challenged in some areas of the country due to larger volumes than in recent years. Surplus milk prices are being discounted (sometimes several dollars) as an incentive for manufacturers to purchase spot offerings. Churning is heavier as many ice cream operations are closed until January. Utility companies have placed several dairy companies in California on notice that their gas supplies may be interrupted due to energy emergencies related to the cold weather.

**DRY PRODUCTS:** Nonfat dry milk prices are steady to lower. Buyers are cautious due to year end inventory considerations and the CCC price support adjustment on January 1. Recent DEIP acceptances stimulated buyer interest for some producers. A number of operations are switching additional milk volumes from cheese production over to butter/powder due to concerns about cheese price weakness. The whey market is weaker. Drying is seasonally heavy and current demand is light. Some operations are having difficulty finding truckers willing to be on the road during the holidays. The WPC market is weak and prices are often lower. Production is moderate to heavy and demand light. Buttermilk prices are lower, reflecting increased production and slower demand.**COLD STORAGE:** According to NASS, U.S. cold storage holdings of butter on November 30, 1998, total 28.6 million pounds, down 8.2% from October but 86.2% more than November 1997. Natural American cheese holdings total 387.1 million pounds, off 1.9% from last month and 4.5% below a year ago. The American cheese volume is the lowest since March 1997.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

CHEDDAR CHEESE, BUTTER, AND BFP FUTURES (PAGE 7)  
INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)  
NOVEMBER COLD STORAGE (PAGES 9-10)**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 DEC 21	TUESDAY DEC 22	WEDNESDAY DEC 23	THURSDAY DEC 24	FRIDAY DEC 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.8000 (-.0150)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	CME	CME	-.0150	\$1.8000 (-.0510)
40# BLOCKS	\$1.9000 (N.C.)	\$1.9000 (N.C.)	\$1.9000 (N.C.)	CASH	CASH	N.C.	\$1.9000 (N.C.)
NONFAT DRY MILK EXTRA GRADE	\$1.1525 N.C.)	\$1.1100 (-.0425)	\$1.1050 (-.0050)	DAIRY	DAIRY	-.0475	\$1.1225 (-.0300)
GRADE A	\$1.1525 (N.C.)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	MARKETS	MARKETS	N.C.	\$1.1525 (N.C.)
BUTTER GRADE AA	<b>NOTE: Cash butter trading will be held on Wednesday, Dec 30. Cheese and NDM will not trade on Dec 31 or Jan 1.</b>		\$1.4700 (N.C.)	CLOSED	CLOSED	----	----

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - December 21 - 25, 1998

MONDAY, DECEMBER 21, 1998

CHEESE -- SALES: 12 CARS 40# BLOCKS: 1 @ \$1.8975, 4 @ \$1.9000, 1 @ \$1.8975, 6 @ \$1.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.8000, 2 @ \$1.8100, 1 @ \$1.8150

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY, DECEMBER 22, 1998

CHEESE -- SALES: 5 CARS 40# BLOCKS: 1 @ \$1.8975, 1 @ \$1.9000, 1 @ \$1.8975, 1 @ \$1.9000, 1 @ \$1.8975; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.9000; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.8000, 1 @ \$1.8100

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.1100

WEDNESDAY, DECEMBER 23, 1998

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.8975, 1 @ \$1.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.1050

BUTTER -- SALES: 5 CARS @ \$1.3500; BIDS UNFILLED: 45 CARS: 1 @ \$1.4700, 1 @ \$1.4600, 1 @ \$1.4500, 1 @ \$1.4400, 1 @ \$1.4300, 1 @ \$1.4275, 1 @ \$1.4250, 10 @ \$1.4225, 1 @ \$1.4200, 1 @ \$1.4175, 1 @ \$1.4150, 1 @ \$1.4125, 1 @ \$1.4100, 1 @ \$1.4075, 1 @ \$1.4050, 1 @ \$1.4025, 1 @ \$1.4000, 1 @ \$1.3975, 1 @ \$1.3950, 1 @ \$1.3925, 1 @ \$1.3900, 1 @ \$1.3875, 1 @ \$1.3850, 1 @ \$1.3825, 1 @ \$1.3800, 1 @ \$1.3775, 1 @ \$1.3750, 1 @ \$1.3725, 1 @ \$1.3700, 1 @ \$1.3675, 1 @ \$1.3650, 1 @ \$1.3600, 1 @ \$1.3575, 1 @ \$1.3550, 1 @ \$1.2800, 1 @ \$1.2100; OFFERS UNCOVERED: NONE

THURSDAY, DECEMBER 24, 1998

NO TRADING

FRIDAY, DECEMBER 25, 1998

NO TRADING

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Premium structures are unchanged to higher. Butter prices at the December 18 trading session of the CME increased 7 1/2 cents to \$1.4700. The market tone is still quite firm as last minute, holiday orders are being filled. A jump in butter prices is rather atypical for the week before Christmas, and it took some contacts by surprise. It is also noteworthy that during the December 18 trading, there were bids for 64 cars left unfilled. This lends a tone of continued firmness prior to the holidays and year end school vacations which is typically a time of abundant milk and cream supplies. Churning activity is moderate to heavy. Many butter makers are taking cream based on this week's or next week's butter close at the CME. Retail and food service orders are slower this week and distributors are rather active making last minute deliveries. Most will be open only three days each of the next two weeks.

CENTRAL

The butter industry continues to adjust to the fluctuating prices of the past few weeks during cash trading at the Chicago Mercantile Exchange. The most recent price increase has not stifled orders and, in most instances, producers and handlers report strong shipments for this being Christmas week. Some of the strong movement is a carry over from last week, as stocks were not fully sufficient to meet demand. Cream offerings are becoming more available to local butter operations. At this time, butter producers are absorbing sufficient volumes to cover their projected short term needs. Most anticipate heavier production schedules as cream volumes build and the pricing structure for the surplus cream become more favorable. Stocks of bulk and print butter are in close balance.

WEST

Butter price differentials are not quite as strong as last week, but they remain relatively good for this time of year. Contacts are finding excellent demand for bulk butter this holiday week. The assumption is that the butter is for restocking after the holiday orders are completed. Bulk won't do much good to fill final user orders this week. Retail sales appear to be quite strong as shelf prices continue to decline. Print orders are also good. Some of the prints may be for immediate needs. Cream continues to be readily available and most is staying within local areas. Surplus milk offerings will be heavier this holiday week. Most is expected to head toward cheese if plant capacity is available. Transportation is somewhat of a concern this week because of the holiday issues and also snow/ice affecting some north/south passes in California.

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 DECEMBER 18, 1998 CLOSE = \$1.4700

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

**CHEESE MARKETS**

**NORTHEAST**

Prices are mixed. Process items are down while natural cheddar items are up fractionally. The market tone is less firm as evidenced by the trading activity at last week's CME. Barrels closed the week moderately lower and blocks sold lower, on offers, before closing unchanged. In the East, cheese output is unchanged and producers expect more milk during the year end, holiday period. Demand for cheese has slowed slightly as holiday needs have, for the most part, been filled. Distributors will be open 3 - 4 days each of the next two weeks and are active filling last minute orders. Food service orders have been good and should hold at those levels until after the new year. Retail sales are fair to good.

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

Cheddar 10# Prints	:	1.8975-2.3850
Cheddar Single Daisies	:	1.8700-2.3850
Cheddar 40# Block	:	2.0375-2.1850
Process 5# Loaf	:	2.0375-2.1900
Process 5# Sliced	:	2.0650-2.2500
Muenster	:	2.0775-2.3925
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market tone is unsettled to weak. The recent declines in the Chicago Mercantile Exchange barrel price are being used by some in the industry to forecast what will occur on blocks. Producers and traders with an extra load or two would rather "cash out" every load of cheese possible. Inventories are being maintained at low workable levels. Bulk cheese movement is generally light as many cutters/processors are operating on reduced holiday schedules this week and next due to the holidays. Deliveries of finished products are also steady to lighter during the holiday period. New orders are spotty, affected by the price declines, year end inventory considerations, and the holidays. Aged cheddar remains tight to short for the usual good seasonal interest. Spot barrel supplies are adequate but some plants remain tight with commitments. Cheese production is seasonally active. Local patron receipts are well above year ago levels and extra fluid is available from bottlers as school demand disappears during the holidays.

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

Process American 5# Loaf	:	2.0200-2.2100
Brick And/Or Muenster 5#	:	2.1800-2.3675
Cheddar 40# Block	:	2.1150-2.1900
Monterey Jack 10#	:	2.1150-2.3700
Blue 5#	:	2.4950-2.7300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2200-2.2600
Grade A Swiss Cuts 6 - 9#	:	2.4900-2.6850

**MIDWEST COMMODITY CHEDDAR**

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

CHEDDAR STYLES	:	DECEMBER 21 - 25, 1998
BARRELS*	:	\$1.8500 - 1.8700 (NOMINAL)
	:	(-\$0.0100) (-.0100)
40# BLOCKS	:	\$1.9000 - 1.9500 (NOMINAL)
	:	(-\$0.0300)

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

**WEST**

Buying interest remains strong. Prices adjusted lower on process items following trading at the CME, while natural styles are steady to fractionally higher. Often, when a market starts to decline in price after a long run up, buyers stay on the side lines waiting for cheaper product. Generally, this is not the case this time. Buyer stocks are quite light and they need to continue making regular purchases to maintain their necessary product flow. Barrel type cheese offerings remain tight while block loads are a little easier to find. Production is expected to be heavier the next two weeks to handle additional offerings of surplus milk.

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

Process 5# Loaf	:	1.9900-2.2575
Cheddar 40# Block	:	2.0000-2.1600
Cheddar 10# Cuts	:	2.1900-2.4200
Monterey Jack 10#	:	2.2100-2.3825
Grade A Swiss Cuts 6 - 9#	:	2.4200-2.5400

**FOREIGN**

Domestic prices are fractionally higher again this week. However, some contacts feel that prices at the CME will level off and, maybe, ease a little lower. Demand for foreign type and imported cheese is seasonally good, particularly for table cheese that is served at year end parties. Distributors are quite busy filling last minute orders as most will only be open 3 - 4 days this week.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
	:		:
Roquefort	:	5.5000-6.8900	: -0-
Blue	:	2.6400-3.1400	: 2.2325-2.8425*
Gorgonzola	:	3.2400-5.9400	: 2.4900-2.9275*
Parmesan (Italy)	:	TFEWR	: 3.6425-3.6825*
Romano (Italy)	:	2.1000-2.9000*	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.9050-2.4325*
Romano (Cows Milk)	:	-0-	: 3.4100-5.7475*
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-	: 2.3500-2.5500
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-

\* = Price change.

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

	BUTTER	: CHEESE
12/21/98	6,900	: 101,682
12/01/98	8,530	: 97,353
CHANGE	-1,630	: 4,329
% CHANGE	-19	: 4

FLUID MILK AND CREAM

E A S T

Milk production is increasing in more areas of the East. In Florida, the milk flow, following historic patterns, is increasing a little faster than it has been. In other Gulf Coast States, milk production is also coming up as mild weather continues. In the Carolinas and Middle Atlantic area, milk output is slowly increasing along normal patterns. Further north into New England, milk production is steady to slightly heavier. The weather throughout the region has been unseasonably mild, but colder temperatures are expected by Christmas. Fluid milk supplies are excessive in Florida and other Southeastern states and seasonal manufacturing plants are "cranking up" for the holidays. This week, Florida handlers are faced with excesses and are shipping surplus milk out of state. The volumes are preliminary, but by Tuesday, 40 loads were shipped to manufacturing plants in other states. This compares to 41 loads that were shipped out during the same week last year. Schools in many areas are now closed for vacation, but some states don't recess until Wednesday. Bottling plant schedules are down accordingly as increases in retail sales don't fully offset the school lunch milk lost during this time of year. Milk is being moved around looking for a home. A few plants are having some equipment problems and they are working as fast as they can to get them fixed. The condensed skim market is mostly steady. Offerings are more than ample for the slower spot demand. Prices are unchanged this week, but contacts report that offers at distressed prices are already being discussed for the Christmas weekend clearances when many users will be down or other plants will be full. The fluid cream market is weak. Spot prices are mixed; the 7 1/2 cent jump in butter prices is being tempered by lower multiples. Demand was fairly good early, but slowed dramatically by Wednesday. Tuesday and Wednesday are when most schools recessed and offerings of surplus milk and cream to butter/powder plants increased substantially. Quite a few loads of excess cream are being sent to Midwestern butter makers. Most Eastern churning facilities were operating on full schedules. Ice cream production is slower as many operations were closed for the holiday season and won't reopen until after the first of the year. Egg nog production is moderate to heavy and orders are still good. Cream cheese output is also moderate to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	- 1.5876 - 1.9551
Delivered Equivalent Atlanta	- 1.6905 - 2.0345 M 1.7052 - 1.8414
F.O.B. Producing Plants: Upper Midwest	- 1.6170 - 1.9404

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

F.O.B. Producing Plants: Northeast	- 1.2000 - 1.5500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 18 - 22, 1998	6
PREVIOUS WEEK	14
COMPARABLE WEEK IN 1997	0

DESTINATIONS: KENTUCKY 6

Class I demand is irregular, generally very good early in the week as bottlers prepare for the upcoming holiday with normal products as well as holiday items such as egg nog. Most bottlers/handlers are expecting much lighter runs later in the week as schools close until January. There were no other out of area shipments reported or milk pooled under a Southern Order. The big problem facing many dealers and handlers is finding a manufacturing home for any extra milk during the holiday period. Most plants have very limited extra capacity available as their own milk receipts are well above year ago levels.

Some operations are also trying to limit their surplus milk purchases to local area accounts first. Surplus milk prices as low as \$12 are being paid with an unconfirmed report of \$10 in Minnesota during the holiday weekend. More volumes are priced in the \$1.00 - 3.00 under class area with a few loads priced early at around flat class. Manufacturing plant operators are concerned that with record high natural cheese and milk prices and barrel price declines, cheese prices could be sharply lower in/by the new year and are trying to limit their price exposure. Manufacturing schedules are seasonally active with many operations already on 7 days a week schedules. Cream prices are mixed and demand spotty as some ice cream accounts are closed until the new year. A few reports of small declines compared to last week in plant receipts were noted following the arrival of more seasonal temperatures as well as light snow in some areas.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 17 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 35.00	\$ 32.50- 38.00
REPLACEMENT HEIFER CALVES	\$180.00-220.00	\$105.00-150.00

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

	DEC 17 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 27.50- 37.50	\$ 31.00- 38.50

W E S T

November pool receipts of milk in California total 2.235 billion pounds, up 1.4% from last year. Cumulative pool output through November 1998 totals 24.4 billion pounds, up 1.2% from the same period in 1997. The blend price, at a fat test of 3.71%, is 44 cents lower than October at \$17.28. The percentage of receipts used in Class 1 products is 23.85%. Milk production is being only minimally affected by colder weather across most of the Southwest. Some areas were reporting snow and record cold temperatures. Concerns were being raised about cow comfort if the cold temperatures were to remain for an extended period. Transportation schedules were being affected by road closures in California that prevented loads of milk moving North and South. Snow, ice, and fog are problems. Utility companies put several plants on notice that they may have gas supplies cut off due to energy emergencies related to the cold weather. The extent of the gas shutoff is minimal early this week, but the potential to have any plant shut down during the holiday season has serious repercussions. Surplus milk supplies are normally heavy over the year end holidays and any problems in processing milk are not welcome. Cream demand slowed as the week progressed and multiples were expected to ease. Cream shipments out of the region were minimal as needs diminished and holiday related transportation problems increased. Much colder temperatures moved into the Pacific Northwest over the past weekend. Most areas have not seen temperatures like this in quite a few years. No one is concerned about mud anymore, freezing temperatures take care of the problem in the short run at least. Milk production remains firm. Surplus milk offerings are expected to be larger than first anticipated. Plant operators believe that it should be handled within the region. Some spot hay sales have increased for year end tax purposes. The quality of the hay that is left for sale continues to decline. Below zero temperatures are common over Utah and Idaho. Some plant managers did notice a short term decline in milk receipts due to the weather change, but most cows have now acclimated themselves and are now doing quite well. Heifers continue to be in short supply. Most dairymen have decided that additional heifers at these inflated prices probably don't make economic sense in the long run anyway. More surplus milk offerings are noted this week at very slight discounts. When plants see the discounts being offered in other regions, the prices do not look really attractive when cheese prices may be declining.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 12/22/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are unchanged and the market tone is steady to slightly weaker. Buyers are a little more cautious about purchasing as they feel that the NDM market, after the new year, will not be as firm as it currently is. Producers are trying to match output with sales. They, also, do not want to build stocks. However, the volumes of surplus milk this holiday season are growing and increased drying is almost inevitable. Export interest is fairly active as DEIP bid acceptances have been occurring at a rapid pace during the past several weeks.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.1350 - 1.1675 MOSTLY: 1.1350 - 1.1400

**DRY BUTTERMILK - CENTRAL**

Prices are lower and the market tone is weak. Offerings are increasing and spot demand is barely evident. This is typical for the end of the year when buyers work off inventories. However, contacts note that demand for dry buttermilk has been quiet slow for much of this year. Production levels are moderate to heavier as churning activity increases.

BUTTERMILK: .8900 - .9400

**DRY WHEY - CENTRAL**

Prices are steady to slightly lower and the market tone is weaker. Producer offerings are increasing and some have discounted prices to stimulate interest. Demand, however, is still sluggish. Production levels are heavy as more surplus milk is available to cheese makers. Also, there are reports of attractively priced condensed whey being readily available to any dryer who could handle it.

NONHYGROSCOPIC: .2350 - .2550 MOSTLY: .2400 - .2450

**ANIMAL FEED WHEY - CENTRAL**

Prices are mostly unchanged. Demand from animal feed makers and end users remains slow. Offerings of milk replacer and standard are heavier than desired and some suppliers are offering additional discounts to move product. Roller and delactose stocks seem to be in better balance, but demand for these products is also slow.

MILK REPLACER: .1800 - .2100  
STANDARD: .1500 - .1800  
ROLLER GROUND: .2500 - .2625  
DELACTOSE (Min. 20% protein): .3275 - .3575

**LACTOSE - CENTRAL AND WEST**

Prices and the market tone are unchanged. Production levels are moderate and producer stocks range from sold out to ample. Those with contracts to fill are in good sharp, but those relying on the domestic spot market have lactose to move. Demand is slow to fair. Some first quarter contracts are still being finalized.

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

EDIBLE: .1400 - .2200 MOSTLY: .1600 - .1750

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The market tone is weak and prices moved lower again this week. Offerings are more than ample for current demand to clear. Some additional discounting has been reported, but spot buyers are still showing little interest at this time. Production levels are moderate to heavy.

EXTRA GRADE 34% PROTEIN: .5050 - .6000 MOSTLY: .5400 - .5800

**NONFAT DRY MILK - WEST**

Prices are lower on both ends of the low/medium heat range. The mostly range held steady. The decline on the bottom is attributed to newly negotiated DEIP sales. The decline on the top is reflecting some pressure on the high end. Offerings are not as plentiful as many contacts have expected. Pressure may build as production increases over the holiday weekend. Milk processors are keeping a watchful eye on the cheese market and are beginning to switch some milk to butter powder. There are concerns that plants may have gas supplies curtailed by utility companies because of increased residential needs due to near record cold weather. This would be disruptive over the next two holiday-laden weeks. Demand is mixed. Some buyers are looking to fill current needs and DEIP orders, while others have limited needs as the year ends. NDM stocks are light to moderate. Some plants will see stocks build over the next few weeks. High heat prices are unchanged and remain nominal in very limited trading. Very little high heat is available for current sale. Most plants would make high heat if buyers are willing to pay the price. Few currently are. Production is expected to remain light as dryer times are maxing out trying to process surplus milk supplies.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.1400 MOSTLY: 1.1100 - 1.1300  
HIGH HEAT: 1.1500 - 1.1700

**DRY BUTTERMILK - WEST**

Buttermilk prices are lower and the market undertone remains very weak. Trading activity is very light due to very disinterested buyers. Offerings are available from most plants in the region and resellers. Offerings in other regions are competitive and keeping buyers local. Additional pressure is expected as year-end holiday production increases as butter churning increases. Stocks are excessive of current needs and are expected to grow over the next few weeks.

BUTTERMILK: .8800 - .9300 MOSTLY: .8800 - .9000

**DRY WHEY - WEST**

Both Western range and mostly prices softened in slow end of the year trading. Sellers are noting a slow buildup in whey stocks and they are attempting to keep current by lowering prices. They also note end of the year transportation problems along with lack of buying interest due to vacations. Production of whey powder is also expected to increase over the next few weeks. All of these factors are negative to a good performance in the market. Some powder also continues to miss the extra grade designation and is having to be downgraded and the price discounted.

NONHYGROSCOPIC: .2300 - .2600 MOSTLY: .2350 - .2400

**CALIFORNIA MANUFACTURING PLANTS**

This week's data was unavailable at presstime.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and nominal. Many Eastern producers are stepping up output now that more milk is available. Most are getting caught up with existing orders. This is clearing most of the current output without building stocks. Producers would like to replenish stocks, but facing possible lower support purchase prices after the first of the year, they aren't too anxious to build stocks now. Although demand has been fairly brisk, some producers feel that the market won't be as firm in coming months. Exporting under DEIP continues to be a major factor. Bid acceptances are occurring at a rapid pace. So far, Eastern producers seem to be taking a less active position in filling DEIP contracts than they did last year.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.1400 - 1.1900

HIGH HEAT: 1.1600 - 1.2000 MOSTLY: 1.1600 - 1.1700

DELVD SOUTHEAST:

ALL HEATS: 1.1600 - 1.2000

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are lower as plant stocks are building at more locations. The market tone is weak and there is little buying interest for dry buttermilk. Also, users are working off existing stocks before the end of the year. The sharply lower offering prices are doing little to improve demand.

F.O.B. NORTHEAST: .9000 - .9700

DELVD SOUTHEAST: .9300 - .9750

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher within the range. The market tone is unchanged. Production levels are light. The increasing volumes of surplus milk and the need to increase processing often dictates that producers dry skim rather than whole milk. Producer stocks are closely balanced. Spot demand is slow to fair.

F.O.B. PRODUCING PLANT: 1.5900 - 1.7775

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1998 THROUGH DECEMBER 18, 1998  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	62,801	MT (138,451,084 LBS)
CHANGE	--	2,304	MT (5,679,398 LBS)
WHOLE MILK POWDER	--	2,580	MT (5,687,868 LBS)
CHEESE	--	2,090	MT (4,607,614 LBS)
CHANGE	--	60	MT (132,776 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	25,357	MT (60,311,242 LBS)
CHANGE	--	2,000	MT (4,409,200 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 unchanged to lower and the market tone is often weaker. Production levels are heavier as more surplus milk is available to Eastern cheese makers. However, many are reluctant to take on too much milk at current prices. They are concerned that cheese prices may drop and milk prices are expected to remain high for the next few months. Dry whey output is also increasing and most Eastern producers' stocks, though not real heavy, are building. Some producers are discounting prices to keep powder moving, particularly during or just after the holidays. Demand is still unaggressive and typical for this time of year. Traders report another quiet week and expect more of the same next week.

F.O.B. NORTHEAST: EXTRA GRAD .2350 - .2500

USPH GRADE .2500 - .2600

DELVD SOUTHEAST: .2650 - .2800

**ANIMAL FEED WHEY - NORTHEAST**

Prices remain too few to report. The market tone remains weak with little spot interest for animal feed quality, dry whey. Offerings are more than ample to meet current needs.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are steady to heavier now that more surplus milk is available to producers. The down side is replenishing stocks with milk prices at record high levels. Demand is slower as more holiday needs have been delivered. The Kansas City Commodity office announced the purchase of 1,762,560 pounds of canned evaporated milk under EVD-1, invitation 520 at prices ranging \$.5063-.5423 per pound for delivery in February 1999.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

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

**CASEIN - NATIONAL**

Casein markets are generally steady at unchanged prices. Current quarter contracts are in the final days of delivery. Negotiations on prices for the first quarter of 1999 are much the same as they are now. Stocks are readily available for current shipments and are anticipated to be likewise during the first quarter of the new year.

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

RENNET: 1.9500 - 2.1000

ACID: 1.9000 - 2.0500

COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	12/08	12/09	12/10	12/11	12/14	12/15	12/16	12/17	12/18	12/21
<b>CSCE/NYBT - BFP -- Dollars per cwt.</b>										
DEC 98	17.13 (183) 12	17.25 (308) 8	17.25 (303) 7	17.10 (303) 2	17.13 (305) 2	17.17 (288) 22	17.20 (288) 0	17.20 (288) 17	17.20 (288) 1	17.18
JAN 99	16.18 (118) 1	16.33 (121) 8	16.30 (126) 7	16.40 (126) 1	15.75 (126) 1	15.63 (128) 2	15.40 (127) 16	15.70 (139) 19	15.50 (141) 6	15.70
FEB 99	14.45 (58) 0	14.65 (61) 9	14.65 (61) 1	14.45 (61) 1	13.80 (61) 5	13.58 (63) 2	13.43 (65) 16	13.60 (69) 21	13.47 (66) 8	13.47
MAR 99	13.48 (31) 2	13.55 (32) 2	13.40 (31) 1	13.20 (31) 2	12.80 (32) 1	12.65 (34) 2	12.66 (38) 13	12.83 (41) 11	12.70 (41) 0	12.66
APR 99	12.73 (78) 2	12.70 (79) 1	12.65 (79) 0	12.60 (80) 1	12.48 (109) 42	12.35 (114) 1	12.30 (117) 4	12.40 (117) 2	12.30 (118) 0	12.30
MAY 99	12.23 (32) 1	12.18 (33) 1	12.14 (33) 0	12.18 (33) 0	12.01 (34) 1	11.90 (36) 2	11.93 (37) 1	12.00 (37) 2	11.93 (37) 0	11.93
JUN 99	12.15 (21) 1	12.11 (22) 1	12.11 (22) 0	12.15 (22) 0	12.06 (22) 0	12.01 (24) 2	12.06 (24) 2	12.05 (24) 0	12.03 (26) 2	12.02
JUL 99	12.40 (3) 0	12.38 (3) 0	12.40 (3) 0	12.45 (3) 0	12.40 (3) 0	12.28 (3) 0	12.25 (3) 0	12.35 (3) 0	12.30 (5) 2	12.33
AUG 99	12.70 (4) 0	12.60 (5) 1	12.65 (5) 0	12.70 (5) 0	12.73 (5) 0	12.65 (6) 1	12.60 (6) 0	12.70 (7) 2	12.60 (8) 1	12.62
SEP 99	12.95 (4) 0	13.09 (5) 1	13.15 (5) 1	13.40 (6) 1	13.40 (6) 1	13.10 (7) 1	13.10 (7) 10	13.15 (18) 1	13.03 (19) 1	13.05
OCT 99	13.05 (2) 0	13.25 (3) 1	13.63 (3) 0	13.88 (3) 0	13.58 (4) 1	13.50 (9) 6	13.53 (20) 11	13.45 (20) 0	13.43 (22) 2	13.45

<b>CME - BUTTER -- Cents per pound</b>										
FEB 99	139.50 (22) 0	144.50 (22) 1	145.00 (21) 2	142.00 (21) 0	140.50 (22) 2	140.50 (22) 0	140.50 (22) 0	140.50 (22) 0	140.50 (22) 0	145.50
MAR 99	140.525 (15) 0	142.00 (15) 0	145.00 (15) 0	143.00 (15) 0	142.00 (16) 1	142.00 (16) 0	142.00 (16) 0	142.00 (16) 0	142.00 (16) 0	142.00

<b>CME - BFP -- Dollars per cwt.</b>										
DEC 98	17.17 (918) 14	17.40 (926) 20	17.30 (931) 27	17.20 (946) 18	17.24 (961) 31	17.20 (957) 61	17.18 (953) 14	17.22 (950) 18	17.20 (946) 8	17.18
JAN 99	16.19 (492) 67	16.33 (511) 32	16.43 (535) 53	16.17 (548) 30	15.79 (562) 78	15.60 (584) 64	15.42 (595) 79	15.70 (615) 57	15.49 (653) 96	15.80
FEB 99	14.49 (346) 52	14.60 (368) 42	14.62 (371) 39	14.40 (372) 11	13.80 (376) 36	13.40 (377) 30	13.40 (392) 60	13.65 (405) 41	13.46 (417) 20	13.52
MAR 99	13.46 (332) 16	13.52 (346) 22	13.40 (347) 3	13.15 (347) 8	12.70 (347) 14	12.66 (327) 53	12.70 (347) 54	12.84 (354) 19	12.71 (353) 15	12.74
APR 99	12.73 (221) 15	12.71 (222) 6	12.64 (221) 4	12.48 (224) 12	12.40 (250) 55	12.35 (256) 27	12.40 (289) 54	12.50 (289) 25	12.34 (292) 3	12.35
MAY 99	12.20 (186) 30	12.20 (187) 3	12.18 (188) 3	12.12 (203) 20	12.05 (204) 1	11.91 (205) 9	11.95 (213) 24	12.05 (215) 5	11.95 (224) 10	11.95
JUN 99	12.15 (158) 29	12.12 (160) 2	12.12 (167) 14	12.10 (178) 15	12.05 (178) 1	12.01 (176) 22	12.04 (196) 35	12.07 (196) 8	12.02 (196) 3	12.02
JUL 99	12.46 (91) 18	12.43 (92) 1	12.43 (93) 6	12.44 (99) 12	12.40 (100) 3	12.36 (106) 15	12.35 (109) 4	12.40 (118) 15	12.40 (128) 11	12.38
AUG 99	12.69 (76) 8	12.67 (79) 3	12.69 (85) 6	12.66 (90) 5	12.66 (93) 4	12.65 (98) 7	12.66 (101) 7	12.68 (106) 8	12.65 (111) 5	12.75
SEP 99	13.05 (59) 16	13.20 (61) 2	13.21 (66) 3	13.25 (69) 3	13.30 (71) 3	13.20 (77) 6	13.15 (84) 7	13.09 (89) 5	13.14 (90) 5	13.13
OCT 99	13.20 (56) 11	13.50 (76) 23	13.50 (78) 4	13.25 (97) 23	13.50 (97) 2	13.50 (137) 45	13.45 (137) 8	13.40 (146) 10	13.40 (146) 6	13.40

<b>CME - CHEDDAR CHEESE -- Cents per pound</b>										
DEC 98	181.60 (7) 0	182.50 (7) 0	183.00 (7) 0	183.00 (7) 0	183.00 (7) 0	183.00 (7) 0	183.20 (7) 0	183.25 (7) 0	185.30 (7) 0	186.00
JAN 99		164.00 (1) 1	164.00 (1) 0	164.00 (1) 0	164.00 (1) 0	164.00 (1) 0	164.00 (1) 0	164.00 (1) 0	164.00 (1) 0	164.00

1/ At the CSCE/NYBT 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.

**NOTE:** The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered December 14 - 25, 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:** Winter weather conditions, especially cold temperatures, prevail throughout most areas of Europe. Although temperatures are low, they are typical for this time of the year. Milk production within Western Europe continues to fluctuate at seasonally low levels. Reports are indicating that current year production totals in the EU are running very comparable with last year. Producers are closely monitoring their individual milk production totals to stay within quota year totals. It is felt that some producers will have to adjust production or marketings, but overall, most producers will be OK. Domestic sales activity continues to be the focal point of European trading. International trading activity remains light and unaggressive. Stock levels are reported to be sufficient for full trade needs.

**BUTTER/BUTTEROIL:** Butter markets and prices are holding steady. No significant trading activity is occurring outside of minimal volumes of butter clearing to Russia from Eastern Europe. This buyer interest is very light in comparison to last year. Most of the trades that are occurring are very small lot volumes. Traders anticipate that Russia's financial situation will probably continue to hinder future sales during the upcoming winter season. European butter stocks are readily available. Domestic buying interest within Europe is reported to be holding steady as a total. Reports indicate that household consumption of butter is edging lower, while industrial volumes are increasing.

82% BUTTERFAT: 1,620 - 1,900  
 99% BUTTERFAT: 2,200 - 2,600

**SKIM MILK POWDER (SMP):** European skim milk powder markets are steady at unchanged prices. Limited international sales activity out of Europe continues. The holiday time of the year is also contributing to slower buyer interest. Intervention stock levels are heavy. Powder producers are already looking forward to February when new powder production can be readied for intervention offering for the upcoming year. Many traders anticipate that intervention offerings will be very heavy this year with program maximum levels probably going to be attained.

1.25% BUTTERFAT: 1,250 - 1,400

**WHOLE MILK POWDER (WMP):** Whole milk powder prices and markets are generally holding steady. Traders do not foresee significant buyer interest for the balance of the year and early in 1999. Stock levels are reported to be in good balance. Lighter inventories are not a concern for whole milk suppliers as powder is generated once sales are negotiated. In most instances, milk volumes should be available to whole milk producers if sales should develop.

26% BUTTERFAT: 1,500 - 1,750

**SWEET WHEY POWDER:** Whey prices are unchanged, although slow and unaggressive buyer interest is giving the whey market a weak undertone. Inventory figures indicate that stock levels are readily available and are heavier than many producers and handlers desire for this time of the winter season.

NONHYGROSCOPIC: 620 - 640

**OVERVIEW: EASTERN EUROPE:** Cold temperatures in Eastern Europe are reported to be very typical for late December. Although milk output is seasonally low, the cold conditions are not impacting the milk flow. Some minimal trading is occurring with Russia out of Eastern Europe and outside of this activity, international sales are slow. Stocks are reported to be sufficient to meet current and potential buyer needs.

OCEANIA

**OVERVIEW:** Milk production in Australia and New Zealand continues the trends of past weeks. In both countries, the seasonal peak has passed and overall milk output is declining. In New Zealand, cumulative milk output thus far this season is running in line with last season. Australia's output looks to be somewhat heavier than last year with seasonal output being reported to be between 3 - 4% stronger. Milk volumes within the Oceania region are fully sufficient to maintain steady manufacturing schedules, thus providing readily available stocks of dairy products for current buyer interest. Overall demand remains light and unaggressive. The year-end holidays and especially Ramadan are further slowing international buying interest for the next 2 - 4 weeks.

**BUTTER:** The overall tone to Oceania butter markets is steady to weaker. Slow, new additional international buyer interest is limiting inventory clearance out of Australia and New Zealand. Stock levels within the region are reported to be in reasonably good balance, although pressure is building as stocks continue to build and no sizable buyer interest is developing. Russia has purchased minimal amounts of butter from countries nearby, but not significant enough to encourage Oceania traders to get involved at this time.

82% BUTTERFAT: 1,600 - 1,700

**CHEDDAR CHEESE:** Cheese markets are generally steady at unchanged prices. New international buying interest is slow and unaggressive, thus most Oceania traders report the market to be soft. Traders report that the holiday time of the year is a time when sales, or at least shipments of previously placed orders, are typically lighter and this year is no different.

39% MAXIMUM MOISTURE: 1,800 - 2,000

**SKIM MILK POWDER (SMP):** Skim milk powder markets and prices are generally steady in Oceania. As in other manufactured dairy products, demand is slow and unaggressive for new buyer interest. Ongoing business continues to clear satisfactory volumes of skim milk powder. Milk production is declining seasonally throughout the region, thus drying schedules are also somewhat lighter, although stock levels continue to build.

1.25% BUTTERFAT: 1,300 - 1,400

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to weak. Lighter than desired buying interest and fully sufficient stock levels are putting downward pressure on prices. Oceania traders do not foresee much new buyer interest developing as the new year approaches.

26% BUTTERFAT: 1,600 - 1,650

Exchange rates for selected foreign currencies: December 21, 1998

.5312 Dutch Guilder	.5986 German Mark
.1785 French Franc	.5214 New Zealand Dollar
.1021 Mexican Peso	.6163 Australian Dollar
1.6843 British Pound	.0086 Japanese Yen
.2879 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1021) = 9.7943. That is 1 US Dollar equals 9.7943 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.

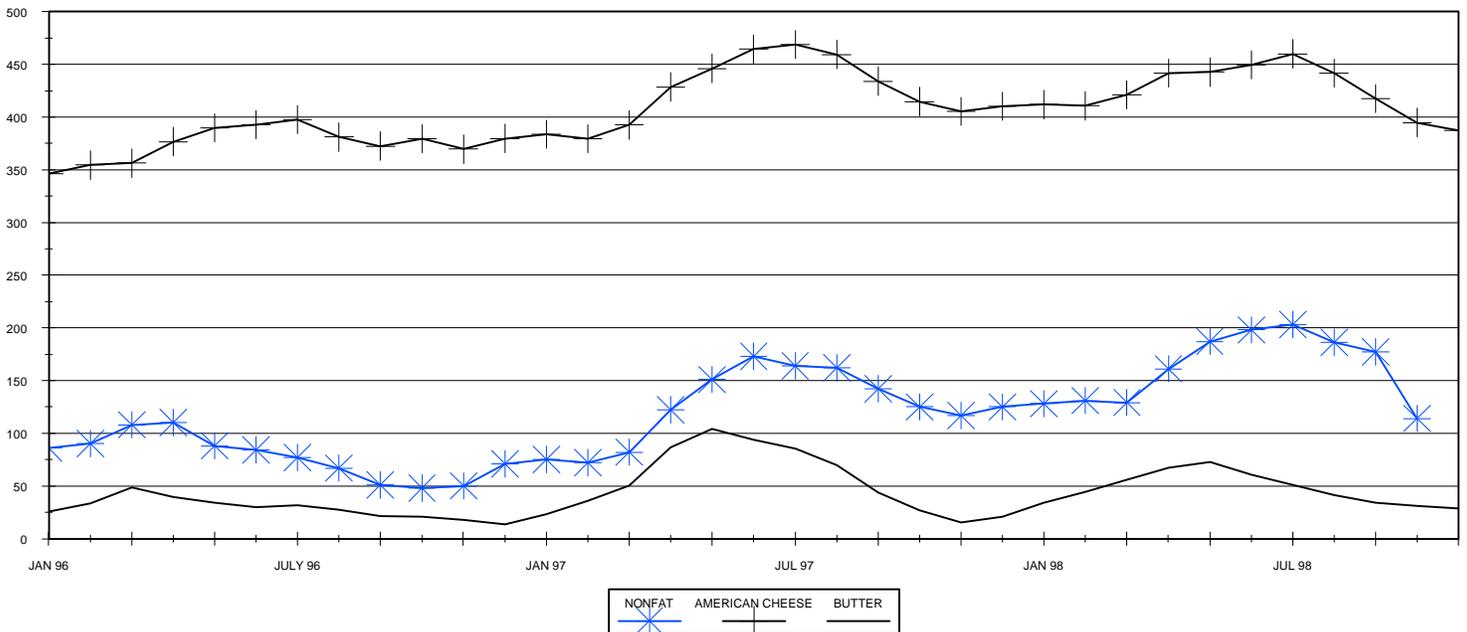
<b>U.S. HOLDINGS OF DAIRY PRODUCTS</b>						
COMMODITY	OCT 31, 1996	OCT 31, 1997	REVISED OCT 31, 1998	NOV 30, 1996	NOV 30, 1997	NOV 30, 1998
Cream	1,172	---	---	1,351	---	---
Butter	20,545	26,581	31,164	17,628	15,365	28,607
Evap. & Cond. Milk	1,117	---	---	487	---	---
Cheese, Natural American	379,471	414,798	394,692	369,743	405,484	387,073
Cheese, Swiss	11,987	11,630	12,362	13,344	13,450	11,969
Cheese, Other Natural	103,169	78,542	115,658	97,186	55,445	92,573
<b>GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.</b>						
Butter	277	392	8	227	364	8
Natural American Cheese	176	61	216	113	149	26

<b>OCTOBER COLD STORAGE HOLDINGS BY REGION</b>									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998*	1996	1997	1998
New England	14,350	20,874	21,656	1,357	1,312	---	82	70	270
Middle Atlantic	34,246	37,843	40,346	1,736	1,459	---	6,084	6,279	6,811
East North Central	206,868	232,266	202,641	3,370	7,029	---	77,925	37,823	75,963
West North Central	59,102	53,588	54,344	2,654	1,002	---	1,439	4,326	1,925
South Atlantic	296	254	527	257	11	---	5,865	2,467	725
East South Central	175	197	194	314	32	---	2,624	1,471	1,443
West South Central	321	610	385	3,424	1,064	---	334	166	236
Mountain	17,229	15,426	14,907	349	290	---	1,018	587	922
Pacific	37,156	44,426	52,073	4,167	3,166	---	1,815	2,256	4,278
<b>TOTAL</b>	<b>369,743</b>	<b>405,484</b>	<b>387,073</b>	<b>17,628</b>	<b>15,365</b>	<b>28,607</b>	<b>97,186</b>	<b>55,445</b>	<b>92,573</b>

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

COLD STORAGE HOLDINGS 1996 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	132	151	55	<u>3/</u>
June	61	94	60	93	<u>3/</u>	1	450	464	450	464	<u>3/</u>	<u>3/</u>	198	173	129	173	69	<u>3/</u>
July	51	86	51	85	<u>3/</u>	1	460	469	460	469	<u>3/</u>	<u>3/</u>	203	164	112	161	91	3
August	41	69	41	69	<u>3/</u>	1	442	459	441	459	<u>3/</u>	<u>3/</u>	186	162	78	156	108	5
September	34	44	34	43	<u>3/</u>	<u>3/</u>	417	434	417	434	<u>3/</u>	<u>3/</u>	177	142	64	134	112	8
October	31	27	31	26	<u>3/</u>	<u>3/</u>	395	415	394	415	<u>3/</u>	<u>3/</u>	114	125	47	111	97	14
November	29	15	29	15	<u>3/</u>	<u>3/</u>	387	405	387	405	<u>3/</u>	<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	Oct 31, 1996	Oct 31, 1997	Oct 31, 1998	Nov 30, 1996	Nov 30, 1997	Nov 30, 1998
	Thousand Pounds					
Butter	20,268	26,189	31,156	17,401	15,001	28,599
Natural American Cheese	379,295	414,737	394,476	369,630	405,335	387,047

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

SOURCE: "Cold Storage," Co St 1 (12-98) and "Dairy Products," Da 2-6 (12-98), 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 PERIOD OF DECEMBER 21 - 22, 1998				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/98	LAST YEAR	12/18/98	LAST YEAR	
<b>BUTTER</b>								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>CHEESE</b>								
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>NONFAT DRY MILK</b>								
Nonfortified	-0-	-0-	-0-	103,384	2,643,220	-0-	-0-	
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>TOTAL</b>	-0-	-0-	-0-	103,384	2,643,220	-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
PERIOD OF DECEMBER 21 - 22, 1998 =	0.0	0.0		0.1	5.8
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.0	1.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.6	30.8
CUMULATIVE JANUARY 1 - DECEMBER 22, 1998 =	25.0	1,321.4	COMPARABLE CALENDAR YEAR 1997 =	25.2	421.2

\* 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 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL			
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT
	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-
WEST	-0-	-0-	103,384	2,533,045
EAST	-0-	-0-	-0-	110,175
<b>TOTAL</b>	-0-	-0-	103,384	2,643,220

**SELBACK TO THE TRADE NONFAT DRY MILK (POUNDS) MILK EQUIVALENT - MILKFAT BASIS\* - MILLION POUNDS**

PERIOD OF DEC 18 - 22	0	0.0
CUMULATIVE SINCE 10/1/98	13,806,896	3.0

**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 12/05/98 & Comparable Week 1997 1/ 2/**

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1		
1998-Dairy cows HD (000)	0.2	1.4	6.1	6.0	22.1	2.6	3.0	1.0	9.6	2.5	54.6	2,474.0	41.4	44.8
1997-Dairy cows HD (000)	0.3	1.8	7.0	6.6	29.2	3.2	3.7	1.0	11.9	2.9	67.6	2,743.2	45.3	45.5
1998-All cows HD (000)	0.3	1.5	8.3	17.4	31.7	21.3	22.0	7.5	13.1	8.7	131.8	5,521.1		
1997-All cows HD (000)	0.3	1.8	9.6	19.7	41.1	21.2	23.0	8.8	14.8	8.8	149.2	6,031.3		

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**

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 30,535,281

**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	14.99	15.10	16.04	16.84	