

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (1/15):****BUTTER:** Grade AA closed at \$1.4300 (N.C.).**CHEESE:** Barrels closed at \$1.4500 and blocks at \$1.4975. The weekly average for barrels is \$1.5160 (-.1455) and blocks is \$1.6275 (-.1400).**NONFAT DRY MILK:** Extra Grade closed at \$1.0700 and Grade A at \$1.0700. The weekly average for Extra Grade is \$1.0700 (-.0090) and Grade A is \$1.0700 (-.0330).**BUTTER:** Butter production in most areas of the country remains quite active, although lighter than over the past holiday period. Inventory levels range from balanced to building. Overall buying interest has slowed as buyers continue to work off yearend/holiday stocks and, when needed, placing smaller orders for short term needs. Butter producers and handlers have mixed opinions as to the stability of the current cash butter price. Some feel that the butter price could move lower while others are developing marketing and inventory strategies at the current price level.**CHEESE:** The cheese market remains weak. Demand is mixed, slower where buyers react to lower prices and moderate where buyers need to replenish stocks depleted during the year end holidays. Natural cheese demand is generally better than process interest. Current offerings range from in balance with demand to heavier than desired, depending on variety. Cheese production is seasonally heavy, though weather related Class I demand increases in some markets reduced cheese output temporarily.**FLUID MILK:** Milk production is showing signs of seasonal increases from Florida, across the Southern tier of states, to southern California. Further north, winter weather conditions prevailed in many areas and milk production basically held steady at seasonally low levels. Bottlers and milk handlers stated that the year-end holiday milk has all been cleared with bottling and manufacturing schedules returning to pre-holiday levels. Balancing plants that geared up during the holiday period to absorb surplus milk have basically shut down. Surplus milk volumes are lighter and most manufacturing plants have plenty of capacity for processing any milk that

may be available. The fluid cream market is mixed, generally weak. Demand from butter makers is not aggressive as many producers are getting enough cream for current needs.

DRY PRODUCTS: The market tone for basically all dry product markets is weak with prices generally lower. The NDM market is weak with prices lower across the country. Much of the weakness in the Midwest and East is being attributed to being competitive with Western offering prices versus supply/demand. During the period of January 11 - 14, 625,491 pounds of 1998 Western produced NDM was offered to CCC. This was the first offering of powder since mid October. Drying schedules range from moderate to heavy. Some plants are full while others have plenty of capacity available. Buttermilk powder markets are weak with prices declining. Production levels are moderate to heavy depending on churning schedules which are generally lighter than past weeks. Whey prices are lower in all areas of the country and the market tone is weak. Production levels are out pacing demand, although some large volume sales, at low prices, gave some producers breathing room.**CCC:** During the period of January 11 - 14, CCC was offered 625,491 pounds of NDM under the Dairy Support program. The powder offered was produced prior to January 1, 1999, thus received the 1998 support price of \$1.0280 per pound.**SUPPLY AND USE PROJECTIONS FOR MILK (USDA, WAOB):** Milk supply and use forecasts for 1998/99 are increased fractionally from last month. Milk price forecasts for 1998/99 are lowered slightly as a result of lower product prices in the first quarter of calendar year 1999.**MAILBOX MILK PRICES (USDA, DAIRY PROGRAMS):** In October 1998, mailbox milk prices reported for selected Federal milk orders averaged \$17.18 per cwt., \$.88 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$16.88, up \$.77; Southeast, \$17.67, up \$.15; Midwest, \$17.47, up \$1.17 and West, \$16.60, up \$.68. Compared to October 1997, mailbox milk prices, on average, increased \$3.35 per cwt.

****SPECIALS THIS ISSUE****

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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 JAN 11	TUESDAY JAN 12	WEDNESDAY JAN 13	THURSDAY JAN 14	FRIDAY JAN 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5500 (-.0100)	\$1.5500 (N.C.)	\$1.5300 (-.0200)	\$1.5000 (-.0300)	\$1.4500 (-.0500)	-.1100	\$1.5160 (-.1455)
40# BLOCKS	\$1.6800 (N.C.)	\$1.6800 (N.C.)	\$1.6800 (N.C.)	\$1.6000 (-.0800)	\$1.4975 (-.1025)	-.1825	\$1.6275 (-.1400)
NONFAT DRY MILK EXTRA GRADE	\$1.0700 (N.C.)	\$1.0700 (N.C.)	\$1.0700 (N.C.)	\$1.0700 (N.C.)	\$1.0700 (N.C.)	N.C.	\$1.0700 (-.0090)
GRADE A	\$1.0700 (N.C.)	\$1.0700 (N.C.)	\$1.0700 (N.C.)	\$1.0700 (N.C.)	\$1.0700 (N.C.)	N.C.	\$1.0700 (-.0330)
BUTTER					\$1.4300 (N.C.)	----	----

*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 - January 11 - 15, 1999

MONDAY, JANUARY 11, 1999

CHEESE -- SALES: 12 CARS 40# BLOCKS: 2 @ \$1.6750, 4 @ \$1.6775, 1 @ \$1.6800, 2 @ \$1.6775, 1 @ \$1.6800, 1 @ \$1.6775, 1 @ \$1.6800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.5500, 1 @ \$1.5600, 1 @ \$1.5700
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$1.0300; OFFERS UNCOVERED: NONE

TUESDAY, JANUARY 12, 1999

CHEESE -- SALES: 7 CARS 40# BLOCKS: 1 @ \$1.6775, 1 @ \$1.6800, 1 @ \$1.6775, 1 @ \$1.6800, 1 @ \$1.6775, 1 @ \$1.6800, 1 @ \$1.6775; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.6800, 1 @ \$1.6000; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.5500, 1 @ \$1.5600; 1 CAR 40# BLOCKS @ \$1.6850
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$1.0325; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 13, 1999

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.6775, 1 @ \$1.6800, 1 @ \$1.6775, 1 @ \$1.6800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.5300, 1 @ \$1.5350, 1 @ \$1.5400, 1 @ \$1.5500
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$1.0325; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 14, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.5000, 1 @ \$1.5200, 1 @ \$1.5300; 20 CARS 40# BLOCKS: 1 @ \$1.6000, 5 @ \$1.6100, 2 @ \$1.6675, 1 @ \$1.6750, 1 @ \$1.6775, 10 @ \$1.6800
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$1.0325; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 15, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4500; OFFERS UNCOVERED: 4 CARS BARRELS: 2 @ \$1.4500, 1 @ \$1.4950, 1 @ \$1.5000; 13 CARS 40# BLOCKS: 1 @ \$1.4975, 2 @ \$1.5000, 4 @ \$1.5975, 6 @ \$1.6000
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$1.0325; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.4000, 1 @ \$1.4300; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.4075, 1 @ \$1.2600, 1 @ \$1.2525, 1 @ \$1.2500, 2 @ \$1.2000; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Premium structures are unchanged. At the January 8 trading session of the CME, the butter close was unchanged at \$1.4300. The market tone is still somewhat unsettled as users and retailers continue to work off end of year inventories before reordering substantial volumes. Distributors are also trying to maintain very current inventories. They, along with many other contacts, still feel that butter prices could move lower. Churning activity is generally heavy, but now that schools are back in session, less surplus milk and cream are available to butter/powder plants. Bulk butter stocks are accumulating at some facilities, balanced at others. Retail and food service sales are fair, best when and where featured. The 1999 support purchase price for butter was unchanged at \$.6500. The support program and its price of butter has had little or no impact on the commercial butter market for several years.

CENTRAL

Butter prices are unchanged, although the market tone remains mixed. Various butter producers and handlers state that the current cash price of \$1.43 is higher than they would like to see at this time. For these producers and handlers, they are hesitant to produce and procure butter stocks that will not clear in the very near future. Whereas, some producers and handlers are taking advantage of available cream volumes and storing butter for future use. At this time, butter stocks are fully sufficient to meet retail and food service needs. Most orders are being placed for short term needs; thus orders are smaller, but occurring on more of a regular basis.

WEST

Western butter price differentials moved back up a cent this week. Most Western contacts report that they have a very balanced butter position at this time. Buyers continue to take good volumes of butter for current and future needs. End user inventories remain at light working levels. Buyers need to make regular purchases to keep stocks of current butter adequate to cover needs. Cream offerings and churning schedules have declined since the heavy activity related to the end of the year holidays. Retail stores continue to place good orders. Fast food and restaurant orders are a bit slower with food service accounts fully steady. Contacts are wondering if they need to factor in lower butter prices before the spring flush.

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 JANUARY 8, 1999 CLOSE = \$1.4300

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+4 TO +5	flat TO +3	-5 TO -2

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JANUARY 9	1,8791 5,160,148	1,8011 8,758,810	1,0771 12,434,042	1,4098 4,153,949	0,2264 5,054,637

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

NORTHEAST

CHEESE MARKETS

WEST

Prices of natural cheddar and process cheese are sharply (13+ cents) lower; Swiss is unchanged. The market tone is weak as most contacts feel that the CME closing prices for blocks and barrels will continue to move lower. However, block trading activity on 1/11/99 did indicate that some buyer(s) seemed to be trying to maintain current prices. Production levels in the East are lighter than the holidays, but still moderate to heavy. Cheddar stocks are adequate to meet the current fair to good demand. Retail and food service orders are holding up quite well and are expected to hold up through the Super Bowl weekend.

Both natural and process cheese prices were sharply lower this week, reflecting the decline at the CME on January 6. Swiss prices are generally steady and the market is in a good balanced position. Sales activity slowed noticeably last week after the sharp drop in price at the CME. Early this week, sales rebounded nicely since most buyers are working with minimal inventories and are not able to delay orders very long. Most contacts feel that block prices will probably slip further, especially since there is such a wide spread between barrels and blocks. Producer stocks of cheese in the West are closely balanced to short of full trade needs. Some stocks did build up over the holidays, but those have now worked through the market. Mozzarella offerings are light of full trade needs.

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

Cheddar 10# Prints	:	1.7650-2.2525
Cheddar Single Daisies	:	1.7375-2.2525
Cheddar 40# Block	:	1.9075-2.0525
Process 5# Loaf	:	1.8500-2.0025
Process 5# Sliced	:	1.8775-2.0625
Muenster	:	1.9450-2.2300
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

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

Process 5# Loaf	:	1.8025-2.0700
Cheddar 40# Block	:	1.8675-2.0275
Cheddar 10# Cuts	:	2.0575-2.2875
Monterey Jack 10#	:	2.0775-2.2500
Grade A Swiss Cuts 6 - 9#	:	2.4200-2.5400

MIDWEST

FOREIGN

The cheese market remains weak. Price weakness on both barrels and blocks continues in the marketplace. The rapid block price decline last week from the all-time record high of \$1.9000 in December 1998 to the \$1.6800 close on January 7, still has blocks near the pre-1998 all-time record price of \$1.6950 in September 1996. Orders are mixed, slower for some firms, improved for others. Packagers and processors are able to fill orders without overtime. Buyers are keeping inventories in balance, trying to have just enough for anticipated needs for Superbowl activities. Plant inventories are steady to heavier despite efforts to keep holdings from accumulating. Some producers are discounting cheese to stimulate movement or balancing with offers and/or sales on the Exchange. Mozzarella orders are fair to generally good. Cheese offerings have increased in recent weeks. Cheese production remains seasonally heavy although milk supplies were reduced temporarily last week by a strong Class I interest. Many plants continue to have milk intakes exceed year ago levels. Cheese yields are seasonally good, but down from November.

Prices of domestically made cheese are sharply lower with imported styles reported as unchanged. Demand for some table cheeses has slowed while holding steady for others. With domestic cheese prices moving lower, the demand for imported types used in processing is ebbing slightly.

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

Process American 5# Loaf	:	1.8325-2.1700
Brick And/Or Muenster 5#	:	2.1600-2.2350
Cheddar 40# Block	:	2.0275-2.1600
Monterey Jack 10#	:	2.1150-2.3300
Blue 5#	:	2.3625-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1000-2.2300
Grade A Swiss Cuts 6 - 9#	:	2.5400-2.6850

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	2.1000-2.7100*
Gorgonzola	:	3.2400-5.9400	2.4900-2.7950*
Parmesan (Italy)	:	TFEWR	3.5100-3.5500*
Romano (Italy)	:	2.1000-2.9000	-0-
Provolone (Italy)	:	3.4400-5.5000	1.7725-2.3000*
Romano (Cows Milk)	:	-0-	3.2775-5.6150*
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-
Gouda, Baby (\$/Dozen)	:		
10 Ounce	:	27.8000-31.7000	-0-

* = Price change.

MIDWEST COMMODITY CHEDDAR

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

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

CHEDDAR STYLES	:	JANUARY 11 - 15, 1999
BARRELS*	:	\$1.6525 - 1.6725 (NOMINAL)
	:	(-\$.1475) (-.1375)
40# BLOCKS	:	\$1.6800 - 1.7875 (NOMINAL)
	:	(-\$.1700) (-.1425)

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

	BUTTER	:	CHEESE
		:	
01/11/99	9,332	:	106,738
01/01/99	7,259	:	105,977
CHANGE	2,073	:	761
% CHANGE	29	:	1

FLUID MILK AND CREAM

E A S T

Milk production is mostly steady to slightly higher in most areas of the region. Contacts feel that the lack of consistent weather patterns has hurt the cows' milk output. Also, the icy roads and power losses have delayed both milking and feeding schedules as well as farm milk pickups. Temperatures in the Deep South have jumped between freezing and very mild. The stormy weather is helping maintain retail sales as panic buying patterns continued into this week. Milk suppliers are not as long as many had anticipated and manufacturing plants are receiving less surplus milk. Balancing plants in the Southeast are now idle after running full out over the holidays. Florida handlers are not importing any "outside" milk and drawing only from regular sources. Their Class I needs are steady to improved as more tourists start to show up. Milk output in the Northeast is mostly steady. Bottled milk sales have been steady at better than expected levels. The pattern of storms crossing the region is causing better than average retail milk sales. Another storm is predicted for midweek and bottlers have been quite busy. Surplus milk volumes are lighter and most manufacturing plants have plenty of capacity for processing any milk that may be available. The condensed skim market activity is slow. Prices are higher than dry solids and slower demand have combined to produce a weaker market for condensed skim. Suppliers are having a difficult time moving spot loads and are often ending up increasing drying schedules or moving their wet solids to dryers at Class III-A prices. The fluid cream market is mixed, generally weak. Demand is fair to good early in the week, but any extra spot loads that become available are meeting little or no spot, Class II interest. Shipments of excess to out-of-region churning facilities are common, but less frequent than the past two weeks. More users, particularly ice cream producers, are back on line. Spot prices are steady to higher as multiples were not as low as they were last week. Bottlers of UHT cream are taking less cream as retail needs have slowed. Production of cream cheese, sour cream, and dips are steady to fairly good for January. Churning activity is 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	-	1.6445 - 1.7875
Delivered Equivalent Atlanta	-	1.6588 - 1.8590 M 1.6874 - 1.7446
F.O.B. Producing Plants: Upper Midwest	-	1.6445 - 1.9305

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

F.O.B. Producing Plants: Northeast	-	1.1500 - 1.5800
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 8 - 14, 1999	23
PREVIOUS WEEK	12
COMPARABLE WEEK IN 1998	0

DESTINATIONS: KENTUCKY 23

Class I demand remains surprisingly strong for January, bolstered by weather induced storm purchases of food staples like milk. The frantic paced fluid demand for most of 1999 eased to more normal levels by midweek. Frequent snowstorms, some accompanied with ice, and much colder temperatures, have caused a spurt in retail sales. Bottlers needed to purchase sizeable volumes of outside milk from manufacturing plant operators to help fill orders. A few bottling operations in the region had power or other problems for various periods of time and other bottlers helped fill in the shortfalls with packaged milk. The weather also affected milk deliveries to plants, causing some interruptions to desired schedules. Due to the problems, reports of empty or

near empty retail milk coolers have been occurring in scattered locations around the Midwest during the last 2 weeks. Besides the milk shipments reported, 18 loads of Wisconsin milk are "direct shipped" to Tennessee and pooled under a Southern Federal Order and 27 loads went to Missouri. Last week, 9 loads were sent to Tennessee and 8 loads to Missouri and pooled in the South. Other handlers shipped 11 loads to Ohio this week. The extra fluid demand has reduced manufactured product output temporarily. Plant milk intakes continue to increase seasonally with colder temperatures doing little to slow output, while a few locations are seeing slight temporary dips. In general, reports indicate most milk intakes are above year ago levels throughout the upper Midwest. Manufacturing milk interest is light and most buyers are only interested in attractively priced supplies due to continued concern with the potential for lower manufactured product prices. Frequent precipitation, mainly snow, has definitely slowed travel and delayed some truck deliveries.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 39.00	\$ 33.00- 38.00
REPLACEMENT HEIFER CALVES	\$160.00-230.00	\$100.00-155.00

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

	JAN 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 26.00- 40.00	\$ 32.00- 40.00

W E S T

Milk production is increasing in most areas of the Southwest. California plants are seeing milk intakes vary from 1 to 5% higher than year ago levels. Weather conditions have been good for most areas in the south, but cooler and foggier patterns over the central valley producing areas have had some negating effects on growth. Feed supplies are adequate and affordable, especially with high milk prices. Heifers and replacement cows remain in tight supply. Milk production is continuing to grow moderately in New Mexico and Arizona. Processing is returning to more normal patterns following the holidays. Western cream prices are lower with multiple as low as 115 noted. Demand from butter churners is not aggressive as many are getting enough cream for current needs. Ice cream production is seasonally light and California class prices are currently very high for cream being made into ice cream. Additional loads of condensed skim are available in the region. This is being attributed to more milk and less usage by cheese plants. Conditions remain very warm in the Pacific Northwest. Temperatures are warmer than normal by quite a few degrees. Conditions have been mostly dry for the past two weeks, allowing flood impacted areas to start the recovery process. Storms are expected to move into the region over the upcoming weekend. The expectation is that conditions will continue to be warm. Snow conditions in the Cascades are about 50% ahead of normal for this point in the season. Milk production remains strong across the region. The quality of hay being delivered to dairies continues to decline. Prices may be softening somewhat as hay sellers believe that, due to the warm weather, hay consumption will be down significantly. Creative ration balancing is helping to keep the milk flow strong in the face of declining hay quality. Conditions continue to be very warm in Utah and Idaho also. Temperatures into the 50's have been recorded over the past few weeks. It is generally being considered an "open" winter. Any snow that had accumulated in the valleys is gone now. Mountain snow is only about 50% of normal leading to some concern about the water supply for the upcoming crop year. Milk production remains very strong with fat and protein levels rated as very good. Some plants have cut back on production schedules after the holiday crunch, but many continue to run near full.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/14/99 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 mixed, but mostly lower. The market tone is weak, but much of the weakness is based on price competition with Western producers. Drying schedules in the Central region range from moderate to heavy. Some plants are full while other have plenty of capacity available. There were instances where milk was moved out of cheese plants to butter/powder plants. Most local producers have adequate to fully adequate stocks, but to keep powder moving, their prices have to be competitive with other regions. Demand is not overly aggressive, but there is an improved interest from condensed skim users who are switching back to dry solids because of price considerations.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0800 - 1.1200 MOSTLY: 1.0900 - 1.0950

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower and the market tone remains weak. Production levels are moderate to heavy as churning activity has slowed only slightly from past weeks. Producer stocks are growing and becoming a concern. Demand is sluggish and discounted prices are doing little to boost sales.

BUTTERMILK: .8200 - .8525

DRY WHEY - CENTRAL

Prices are sharply lower and the market tone is very weak. The tone had been weak, but some contacts noted that late last week and early this week, the weakness was amplified. Some large-volume, blocks of product were sold at the low end of the range. Other producers discounted their prices to remain competitive which helped move the mostly price range substantially lower. Production levels are out pacing demand and, these large-volume sales, got some producers "comfortable," but there is still a lot of dry whey in producers' inventories. Demand is slow. Buyers seemed to step further away from the market to let prices continue to fall. Buyers see no short term risk in holding off making purchases.

NONHYGROSCOPIC: .1775 - .2325 MOSTLY: .1900 - .2150

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower. There were no reported sales of standard whey this week. Demand for animal feed ingredients, as well as finished animal feed, remains sluggish. Lower prices are doing little to stimulate interest, but they are helping. Scattered reports indicate that some veal operations are putting on a few more animals. The hog market is still very depressed. Down graded or "off spec" whey powder is readily available to meet any spot needs.

MILK REPLACER: .1500 - .1900
STANDARD: TFEWR
ROLLER GROUND: .2500 - .2600
DELACTOSE (Min. 20% protein): .3275 - .3475

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Production levels are still quite heavy. Some plants continue to be in very good supply/demand balance while others have product available for immediate sale. Spot demand is slow to fair while contract volumes are moving steadily.

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

EDIBLE: .1400 - .2000 MOSTLY: .1600 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices continue to move lower and the market tone is weak. Producer offerings range from adequate to ample. Production is heavy and, in some cases, output is running well ahead of sales. Stock accumulations are common and discounting prices are an attempt to move powder. Spot demand is seldom better than fair, generally slow.

EXTRA GRADE 34% PROTEIN: .4900 - .5550 MOSTLY: .5100 - .5400

NONFAT DRY MILK - WEST

Low and medium heat nonfat dry milk prices continue to trend lower. The market tone remains weak. Additional pressure on the market is attributed to growing production levels and the backing off of demand. Drying schedules have dropped since the holidays, but are generally above pre-holiday levels. Part of the increase is due to less condensed being used in cheese production. Buyer sentiment in a weak market is to wait until powder is needed before making purchases. The CCC received a support price offer of 374,774 pounds of NDM at the 1998 support price of \$1.0280. Sellers have through January 15 to offer NDM produced in 1998 to the CCC at the old, higher support level. Stocks vary by plants, but remain in excess of current needs. High heat NDM prices are lower and remain nominal in limited trading. Production levels remain limited and very few loads of high heat are being offered. To maximize throughput, producers are not able to make much high heat. Stocks are very light.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0280 - 1.0900 MOSTLY: 1.0400 - 1.0600

HIGH HEAT: 1.1500 - 1.1600

DRY BUTTERMILK - WEST

Dry buttermilk prices are mixed, but the market tone remains weak. Buying interest was renewed this week. Several blocks of buttermilk were moved. Some producing plants cleared stocks and are in better shape. Otherwise, demand is fair. Some buyers are seeing prices as affordable and wanting to make purchase knowing that product is still available. Butter churning is not as active as in recent weeks, but levels are still above current needs. Producers' powder stocks are more moderate this week, but some inventory has shifted from the plant to the resale level.

BUTTERMILK: .8100 - .8800 MOSTLY: .8100 - .8400

DRY WHEY - WEST

Western whey prices continue to decline as more offers are being discounted to generate additional buying interest. Demand is fair with buyers willing to take additional loads of powder as prices decline. Contacts are noting the sharp decline in Central whey prices and are concerned about the future impact of these sales on Western prices. More interest in whey powder is noted from Mexico, but it may be short lived after the recent currency devaluations in the region. Sales activity is also being impacted by the start of the Chinese New Year holiday period. Manufacturers' stocks of powder are beginning to build. Producers are attempting to keep inventories current. Whey production has declined from the very heavy holiday period, but output is ahead of seasonal projections.

NONHYGROSCOPIC: .2100 - .2400 MOSTLY: .2200 - .2300

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 8, on powder sales of 9,717,096 pounds f.o.b. California manufacturing plants was \$1.0746 per pound. This compares to 6,916,934 pounds at \$1.0822 for the previous week ending January 1, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

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

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices continue to decline. However, there was a slight increase at the bottom of the low heat range. The market tone is weak, but price declines are more in response to Western prices coming down rather than supply/demand relationships in the East. Eastern output is lighter than some had expected and producer stocks, though up slightly, are in pretty decent balance with sales. Some Eastern producers are still catching up with back orders and have little available for immediate sale. Domestic demand is slow to fair, but often improved from condensed skim users who are switching back to NDM because of condensed prices. There have been no reports of Eastern producers taking on new DEIP contracts.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0800 - 1.1500 MOSTLY: 1.1100 - 1.1200
HIGH HEAT: 1.1500 - 1.1800 MOSTLY: 1.1500 - 1.1600

DELVD SOUTHEAST:

ALL HEATS: .1000 - 1.1800

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are lower and the market tone is very weak. Producers and traders all report a very inactive market. Production levels are steady to heavier and producer stocks are building. Demand is poor and price discounts seem to be having little impact on buying interest.

F.O.B. NORTHEAST: .8800 - .9000

DELVD SOUTHEAST: .8625 - .8875

DRY WHOLE MILK - NATIONAL

Prices are steady to sharply lower. The lower prices are a result of producers using formulas to determine their selling price. The market tone is unchanged. Domestic, spot demand is still slow to fair. Exports under DEIP are slow to develop as only one new bid has been accepted in the past few weeks.

F.O.B. PRODUCING PLANT: 1.4200 - 1.8200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH JANUARY 8, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	65,919	MT (145,325,026 LBS)
CHANGE	--	335	MT (738,541 LBS)
WHOLE MILK POWDER	--	3,080	MT (6,790,168 LBS)
CHANGE	--	500	MT (1,102,300 LBS)
CHEESE	--	2,997	MT (6,607,186 LBS)
CHANGE	--	373	MT (822,316 LBS)
BUTTERFAT	--	0	MT
REALLOCATED NDM	--	25,357	MT (60,311,242 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 sharply lower and the market tone is weak. Production is increasing at a faster pace than demand can clear. Most producers are offering price discounts to boost interest, but there has been little improvement in demand. Buyers, as they often do on a down market, are temporarily out of the market and buying only replacement volumes or for immediate needs. Some large-volume, low-priced sales to traders were noted in other regions which could impact resales in the East in the coming weeks. Producers and buyers alike wonder how far prices will go before leveling off.

F.O.B. NORTHEAST: EXTRA GRADE .1900 - .2300

USPH GRADE A .1900 - .2475

DELVD SOUTHEAST: .2075 - .2500

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report and there is little change in the animal feed, dry whey market. Demand is slow and offerings are more than ample to meet current needs. Contacts state that interest from all areas of the animal feed business is slow. Buyers are waiting for lower prices and ordering only enough powder to "get by" as they wait to see what the market will do.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady to lighter as less surplus milk is available to producers now that the holiday season is past. Producers' stocks are light to moderate and sufficient to meet the current slow to fair demand. The Kansas City Commodity office announced the issuance of EVD-1, invitation 530 inviting competitive offers to sell to CCC 1,615,680 pounds of evaporated milk for shipment in March 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 steady to weak with prices unchanged to lower. The overall tone to the market is weak. Handlers of casein indicate that stocks are fully ample for both rennet and acid. Due to readily available stocks, some buyers have curtailed contract buying and are procuring needed supplies on a spot basis. Buyers indicate that stock levels in sourcing countries are fully sufficient for upcoming needs. Many buyers anticipate prices to remain much the same, if not lower, for the first half of 1999.

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

RENNET: 1.9500 - 2.0500

ACID: 1.9000 - 2.0000

1998 MONTHLY AVERAGES

AREA & PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVERAGE#
BUTTER													
CHICAGO MERCANTILE EXCHANGE													
Grade AA	1.1932	1.3918	1.3452	1.3788	1.5465	1.8618	2.0085	2.1730	2.7566	2.4089	1.7447	1.4131	1.7685
Grade A	1.1061	1.2963	1.2505	1.2856	1.4945	1/							
Grade B	1.0987	1.2914	1.2477	1.2727	1.4810	1/							
WSP - GRADE AA	1.1781	1.3975	1.3406	1.3638	1.5319	2/							
WSP - GRADE A	1.0919	1.3013	1.2462	1.2702	1.4719	2/							
CENTRAL STATES - F.O.B. - AA													
1/4 LB. PRINTS	1.4878	1.6959	1.6493	1.6751	1.8258	2.0238	Print butter reporting was discontinued after June 1998.						
1 LB. PRINTS	1.3303	1.5384	1.4918	1.5176	1.6683	1.8663	It was replaced with a premium/discount system for bulk butter.						
CHIPS/PATTIES	1.3790	1.5871	1.5406	1.5664	1.7170	1.9150	Those weekly ranges may be found on the individual monthly						
REDDIES	1.4765	1.6846	1.6381	1.6639	1.8145	2.0125	average reports.						
CONTINENTALS	1.6090	1.8171	1.7706	1.7964	1.9470	2.1450							
NORTHEAST - DEL - AA													
1/4 LB. PRINTS	1.5178	1.7259	1.6793	1.7051	1.8558	2.0538							
1 LB. PRINTS	1.4003	1.6084	1.5618	1.5876	1.7383	1.9388							
CHIPS/PATTIES	1.4615	1.6834	1.6368	1.6626	1.8133	2.0113							
REDDIES	1.5440	1.7521	1.7056	1.7314	1.8820	2.0800							
CONTINENTALS	1.6140	1.8221	1.7756	1.8014	1.9520	2.1500							
CALIFORNIA - DEL - AA													
1/4 LB. PRINTS	1.4998	1.7084	1.6605	1.6856	1.8383	2.0363							
1 LB. PRINTS	1.4271	1.6371	1.5892	1.6139	1.7690	1.9850							
PATTIES	1.5215	1.7296	1.6817	1.7068	1.8595	2.0575							
REDDIES	1.5728	1.7809	1.7330	1.7581	1.9108	2.1088							
CALIFORNIA PLANTS - F.O.B.													
1/4 LB. PRINTS	1.2015	1.4146	1.3667	1.3918	1.5540	1.8050							
CHEESE													
CHICAGO MERCANTILE EXCHANGE - WEEKLY AND DAILY TRADING - Daily trading began September 1, 1998. Yearly average is a combination of both daily and weekly trading.													
BARRELS	1.3477	1.4194	1.3343	1.2405	1.2165	1.4773	1.5249	1.4927	1.6937	1.7882	1.8311	1.8390	1.5171
40# BLOCKS	1.4300	1.4214	1.3737	1.2732	1.2358	1.5169	1.6204	1.6575	1.7165	1.8189	1.8628	1.8971	1.5687
WISCONSIN ASSEMBLY POINTS/MIDWEST COMMODITY CHEDDAR 3/													
CHEDDAR BARRELS	1.3473	1.4357	1.3527	1.2507	1.2075	1.4632	1.5336	1.4987	1.6462	1.7851	1.8350	1.8530	1.5174
CHEDDAR 40# BLOCKS	1.4450	1.4466	1.3876	1.2973	1.2295	1.5127	1.6264	1.6687	1.7100	1.8346	1.8871	1.9245	1.5808
WISCONSIN													
PROCESS AMERICAN 5# LOAF	1.5810	1.6288	1.6269	1.5988	1.5698	1.6323	1.6935	1.7139	1.8732	2.0047	2.0733	2.1053	1.7585
BRICK AND/OR MÜNSTER 5#	1.7988	1.7988	1.7673	1.7042	1.6311	1.8427	1.9785	2.0212	2.0712	2.1663	2.2253	2.2626	1.9390
CHEDDAR 40# BLOCKS	1.7975	1.7975	1.7701	1.7339	1.6974	1.8196	1.8918	1.9205	1.9522	1.9948	2.0333	2.1486	1.8798
MONTEREY JACK 10#	1.8975	1.8975	1.8701	1.8339	1.7974	1.9270	1.9959	2.0192	2.0393	2.0879	2.1200	2.2355	1.9768
BLUE 5#	2.1413	2.1413	2.1098	2.0447	1.9686	2.1786	2.3110	2.3542	2.4168	2.5138	2.5728	2.6052	2.2798
MOZZARELLA 5 - 6#	1.8525	1.8525	1.8323	1.7932	1.7444	1.8564	1.9384	1.9618	1.9836	2.0284	2.0661	2.2314	1.9284
GRADE A SWISS CUTS 6 - 9#	2.3825	2.3825	2.3825	2.3764	2.3563	2.3425	2.3425	2.3711	2.4425	2.4706	2.5283	2.5875	2.4138
NORTHEAST													
CHEDDAR 10# PRINTS	1.6833	1.6825	1.6485	1.5839	1.4999	1.6286	1.8072	1.8857	1.9337	2.0467	2.1001	2.1338	1.8028
CHEDDAR SINGLE DAISIES	1.6850	1.6700	1.6360	1.5714	1.4874	1.6161	1.7947	1.8732	1.9212	2.0327	2.0851	2.1200	1.7911
CHEDDAR 40# BLOCKS	1.6475	1.6475	1.5914	1.5050	1.4274	1.7035	1.8243	1.8700	1.9037	2.0164	2.0689	2.1038	1.7758
PROCESS 5# LOAF	1.6048	1.6969	1.6301	1.5413	1.4779	1.7226	1.7754	1.7669	1.8942	2.0368	2.0888	2.1067	1.7785
PROCESS 5# SLICED	1.6435	1.7357	1.6607	1.5639	1.5156	1.7609	1.8091	1.8062	1.9388	2.0813	2.1325	2.1505	1.8166
MÜNSTER	1.8108	1.8100	1.7760	1.7114	1.6226	1.8235	1.9335	1.9900	2.0237	2.1376	2.1926	2.2275	1.9216
GRADE A SWISS CUTS 10 - 14#	2.3775	2.3775	2.3775	2.3775	2.3775	2.3775	2.3775	2.3775	2.3775	2.3775	2.4309	2.4500	2.3880
WEST													
PROCESS 5# LOAF	1.6376	1.6903	1.6197	1.5580	1.5185	1.7522	1.8330	1.8007	1.9389	2.0598	2.1051	2.1168	1.8026
CHEDDAR 40# BLOCKS	1.6713	1.6713	1.6418	1.5678	1.4999	1.7184	1.8289	1.8700	1.8965	1.9882	2.0428	2.0742	1.7893
CHEDDAR 10# CUTS	1.8513	1.8513	1.8232	1.7579	1.6863	1.9525	2.0541	2.0900	2.1223	2.2230	2.2714	2.2992	1.9985
MONTEREY JACK 10#	1.8150	1.8150	1.7869	1.7220	1.6533	1.9164	2.0384	2.0763	2.1085	2.2118	2.2627	2.2905	1.9747
GRADE A SWISS CUTS 6 - 9#	2.4488	2.4488	2.4460	2.3815	2.3250	2.3439	2.3754	2.3950	2.4062	2.4460	2.4658	2.4800	2.4135

1/ June 19, 1998 was the last day that Grades A & B butter were traded at the CME. 2/ WSP butter discontinued. 3/ June 1, 1998 - Wisconsin Assembly Points renamed Midwest Commodity Cheddar.

1998 MONTHLY AVERAGES

AREA & PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVERAGE#
FLUID PRODUCTS													
CLASS II CREAM													
NORTHEAST - F.O.B.	1.4915	1.7543	1.7291	1.7749	2.0010	2.5086	2.7377	2.8922	3.6473	3.1957	2.1910	1.7009	2.3020
ATLANTA - DEL. EQUIV.	1.5380	1.8070	1.7459	1.7782	1.9784	2.4404	2.7289	2.8893	3.6431	3.2207	2.3382	1.7863	2.3245
UPPER MIDWEST - F.O.B.	1.5080	1.7657	1.7030	1.7674	1.9838	2.4713	2.7018	2.8938	3.5906	3.1336	2.2698	1.7290	2.2932
CONDENSED SKIM													
NORTHEAST - F.O.B.	1.1250	1.1138	1.0890	1.0507	1.0008	0.8977	0.8098	0.8536	0.9298	0.9357	1.0408	1.3357	1.0152
EVAPORATED MILK - NATIONAL	27.7500	27.7500	27.7500	27.7500	27.7500	27.7500	27.7500	28.1767	28.3100	28.3100	28.3100	28.3100	27.9722
DRY PRODUCTS													
NONFAT DRY MILK													
CHICAGO MERCANTILE EXCHANGE - Daily trading began September 1, 1998													
EXTRA GRADE													
GRADE A													
CENTRAL - EXTRA AND GRADE A	1.0593	1.0521	1.0467	1.0426	1.0366			1.1463	1.1645	1.1568	1.1420	1.1526	N.A.
-- MOSTLY	1.0476	1.0450	1.0423	1.0347	1.0325			1.1542	1.1647	1.1651	1.1569	1.1602	N.A.
CENTRAL - LOW/MEDIUM HEAT					1.0275	1.0289	1.0297	1.0463	1.1007	1.1180	1.1250	1.1490	N.A.
-- MOSTLY					1.0300	1.0300	1.0300	1.0374	1.0814	1.0924	1.1137	1.1365	N.A.
WEST - LOW/MEDIUM HEAT	1.0390	1.0368	1.0309	1.0256	1.0223	1.0200	1.0238	1.0425	1.0944	1.1131	1.1100	1.1009	1.0549
-- MOSTLY	1.0315	1.0293	1.0256	1.0250	1.0250	1.0250	1.0283	1.0430	1.1057	1.1200	1.1200	1.1159	1.0579
WEST - HIGH HEAT	1.0593	1.0568	1.0525	1.0503	1.0500	1.0500	1.0538	1.0675	1.1311	1.1448	1.1495	1.1569	1.0852
NORTHEAST - EXTRA & GRADE A	1.0749	1.0714	1.0650	1.0650	1.0650								N.A.
NORTHEAST - LOW/MEDIUM HEAT						1.0361	1.0366	1.0418	1.0857	1.1324	1.1382	1.1626	N.A.
NORTHEAST - HIGH HEAT						1.0819	1.0836	1.0857	1.1138	1.1569	1.1616	1.1782	N.A.
-- MOSTLY						1.0750	1.0750	1.0757	1.1090	1.1381	1.1453	1.1623	N.A.
SOUTHEAST - EXTRA & GRADE A	1.0728	1.0725	1.0717	1.0695	1.0688	1.0701	1.0713	1.0721	1.1193	1.1590	1.1618	1.1752	1.0987
DRY BUTTERMILK													
CENTRAL	0.9388	0.9493	0.9506	0.9500	0.9500	0.9495	0.9450	0.9457	0.9781	1.0079	1.0079	0.9377	0.9592
WEST	0.8840	0.9146	0.9163	0.9212	0.9200	0.9200	0.9298	0.9574	0.9914	1.0100	0.9961	0.9182	0.9399
-- MOSTLY	0.8894	0.9118	0.9150	0.9193	0.9200	0.9200	0.9233	0.9495	0.9819	0.9950	0.9842	0.9105	0.9350
NORTHEAST	0.9635	0.9574	0.9550	0.9507	0.9500	0.9480	0.9433	0.9470	0.9708	0.9900	0.9887	0.9600	0.9604
SOUTHEAST	0.9485	0.9680	0.9713	0.9713	0.9713	0.9763	0.9763	0.9702	1.0111	1.0433	1.0484	0.9808	0.9864
WHEY POWDER													
CENTRAL -	0.2841	0.2430	0.2390	0.2274	0.2303	0.2580	0.2793	0.2815	0.2840	0.2510	0.2470	0.2452	0.2558
-- MOSTLY	0.2814	0.2450	0.2399	0.2235	0.2265	0.2556	0.2776	0.2801	0.2827	0.2546	0.2463	0.2442	0.2548
NORTHEAST - EXTRA GRADE	0.2871	0.2520	0.2379	0.2250	0.2259	0.2507	0.2787	0.2838	0.2825	0.2554	0.2459	0.2470	0.2560
NORTHEAST - USPH GRADE A	0.3025	0.2591	0.2534	0.2409	0.2399	0.2562	0.2810	0.2900	0.2900	0.2636	0.2539	0.2551	0.2655
SOUTHEAST - EXTRA GRADE	0.3151	0.2700	0.2683	0.2513	0.2527	0.2807	0.3158	0.3190	0.3178	0.2878	0.2678	0.2713	0.2848
WEST -	0.2478	0.2151	0.2174	0.2278	0.2287	0.2274	0.2396	0.2448	0.2470	0.2508	0.2525	0.2486	0.2373
-- MOSTLY	0.2468	0.2134	0.2177	0.2259	0.2271	0.2278	0.2351	0.2379	0.2400	0.2413	0.2413	0.2391	0.2328
ANIMAL FEED													
CENTRAL - MILK REPLACER	0.2674	0.2125	0.2114	0.1978	0.1998	0.2278	0.2535	0.2511	0.2552	0.2213	0.2005	0.1950	0.2244
CENTRAL - STANDARD	0.2545	0.2000	0.1964	0.1850	0.1873	0.2127	0.2329	0.2252	0.2277	0.1979	0.1736	0.1670	0.2050
CENTRAL - ROLLER GROUND	0.3086	0.2599	0.2525	0.2461	0.2425	0.2572	0.2815	0.2925	0.2935	0.2842	0.2574	0.2563	0.2694
CENTRAL - DELACTOSE	0.3538	0.3538	0.3538	0.3538	0.3538	0.3503	0.3475	0.3456	0.3440	0.3438	0.3434	0.3425	0.3488
LACTOSE													
CENTRAL AND WEST	0.2200	0.2200	0.2200	0.2200	0.2200	0.2195	0.2030	0.1989	0.2011	0.1932	0.1899	0.1831	0.2074
-- MOSTLY	0.2175	0.2175	0.2200	0.2157	0.2105	0.1964	0.1850	0.1831	0.1821	0.1767	0.1750	0.1706	0.1958
WHEY PROTEIN CONCENTRATE													
CENTRAL AND WEST	0.6025	0.6025	0.5993	0.5950	0.5930	0.5584	0.5629	0.5859	0.6090	0.6112	0.5836	0.5613	0.5887
-- MOSTLY	0.6075	0.6069	0.6050	0.6028	0.5998	0.5655	0.5678	0.5878	0.6104	0.6144	0.6068	0.5724	0.5956
DRY WHOLE MILK - NATIONAL													
F.O.B. PRODUCING PLANT	1.3000	1.3192	1.3350	1.3359	1.2961	1.3139	1.4889	1.5337	1.6854	1.7006	1.6507	1.6758	1.4696
CASEIN - NATIONAL													
ACID	2.0738	2.0750	2.0750	2.0591	2.0500	2.0500	2.0500	2.0250	2.0250	2.0083	1.9934	1.9750	2.0383
RENNET	2.1863	2.1800	2.1773	2.1495	2.1178	2.1050	2.1050	2.0821	2.0750	2.0583	2.0434	2.0250	2.1087

* Central States NDM prices, starting with report 21, include only low and medium heat. May 1998 average is a combination of all the week's prices.

Annual averages are a simple average of the twelve monthly averages.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for December 1998 is \$17.34 per hundredweight at 3.5 percent butterfat. The December Basic Formula Price is the November base month Minnesota-Wisconsin (M-W) price of \$17.06 at 3.5 percent plus a change of \$0.28, which is the change in the butter/powder/cheese formula from November to December 1998. The December 1998 Basic Formula Price is \$0.50 more than last month and \$4.05 more than the December 1997 Basic Formula Price. This Basic Formula Price is the Class III price for December 1998 and is to be used in February 1999 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 13.2 cents. **MILK COMPONENT CONTENTS.** For the November 1998 base month M-W price, the butterfat content was 3.98 percent, protein 3.34 percent, and solids-not-fat 8.71 percent. For the December 1998 Basic Formula Price, the butterfat content was 3.95 percent, protein 3.30 percent, and solids-not-fat 8.68 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/																
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER								JANUARY			FEBRUARY			
		PRICE PER 100 POUNDS										PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II		
		1998	1997	1998	1997	1998	1997	1998	1997	1999	1998	1999	1999	1999		
		DOLLARS										DOLLARS				
New England (Boston)	1 3/	19.28	16.07	16.34	13.13	17.40	13.35	13.54	12.52	20.08	16.20	17.14	20.58	17.64		
New York/New Jersey (NY City)	2 4/	19.18	15.97	16.42	13.21	17.48	13.43	13.62	12.60	19.98	16.10	17.22	20.48	17.72		
Middle Atlantic (Philadelphia/Baltimore/Washington, DC)	4 5/	19.07	15.86	16.34	13.13	17.42	13.37	13.56	12.54	19.87	15.99	17.14	20.37	17.64		
Carolina (Charlotte)	5	19.12	15.91	16.34	13.13	17.34	13.29	13.48	12.46	19.92	16.04	17.14	20.42	17.64		
Southeast (Atlanta/Birmingham)	7	19.12	15.91	16.34	13.13	17.34	13.29	13.48	12.46	19.92	16.04	17.14	20.42	17.64		
Upper Florida (Jacksonville/Tallahassee)	6	19.62	16.41	16.34	13.13	17.34	13.29	---	---	20.42	16.54	17.14	20.92	17.64		
Tampa Bay	12	19.92	16.71	16.34	13.13	17.34	13.29	---	---	20.72	16.84	17.14	21.22	17.64		
Southeastern Florida (Miami)	13	20.22	17.01	16.34	13.13	17.34	13.29	---	---	21.02	17.14	17.14	21.52	17.64		
Michigan Upper Peninsula (Marquette)	44	17.39	14.18	16.34	13.13	17.34	13.29	13.48	12.46	18.19	14.31	17.14	18.69	17.64		
Southern Michigan (Detroit)	40 6/	17.79	14.58	16.34	13.13	17.34	13.29	13.48	12.46	18.59	14.71	17.14	19.09	17.64		
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	18.04	14.83	16.34	13.13	17.34	13.29	13.48	12.46	18.84	14.96	17.14	19.34	17.64		
Ohio Valley (Columbus)	33	18.08	14.87	16.34	13.13	17.34	13.29	13.48	12.46	18.88	15.00	17.14	19.38	17.64		

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/															
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER								JANUARY			FEBRUARY		
		PRICE PER 100 POUNDS										PRICE PER 100 POUNDS			
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II	
		1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1999	1998	1999	1999
DOLLARS										DOLLARS					
Indiana (Indianapolis)	49	17.94	14.73	16.34	13.13	17.34	13.29	13.48	12.46	18.74	14.86	17.14	19.24	17.64	
Chicago Regional	30	17.44	14.23	16.34	13.13	17.34	13.29	13.48	12.46	18.24	14.36	17.14	18.74	17.64	
Central Illinois (Peoria)	50	17.65	14.44	16.34	13.13	17.34	13.29	---	---	18.45	14.57	17.14	18.95	17.64	
S. Illinois/E. Missouri (Alton)	32	17.96	14.75	16.34	13.13	17.34	13.29	---	---	18.76	14.88	17.14	19.26	17.64	
Louisville/Lexington/Evansville	46	18.15	14.94	16.34	13.13	17.34	13.29	13.48	12.46	18.95	15.07	17.14	19.45	17.64	
Upper Midwest (Minneapolis)	68	17.24	14.03	16.34	13.13	17.34	13.29	13.48	12.46	18.04	14.16	17.14	18.54	17.64	
E. South Dakota (Sioux Falls)	76	17.54	14.33	16.34	13.13	17.34	13.29	---	---	18.34	14.46	17.14	18.84	17.64	
Iowa (Des Moines)	79	17.59	14.38	16.34	13.13	17.34	13.29	13.48	12.46	18.39	14.51	17.14	18.89	17.64	
Nebraska/W. IA. (Omaha/Sioux City)	65	17.79	13.58	16.34	13.13	17.34	13.29	13.48	12.46	18.59	14.71	17.14	19.09	17.64	
Greater Kansas City	64	17.96	14.75	16.34	13.13	17.34	13.29	---	---	18.76	14.88	17.14	19.26	17.64	
Southwest Plains (Oklahoma City)	106	18.81	15.60	16.34	13.13	17.34	13.29	13.48	12.46	19.61	15.73	17.14	20.11	17.64	
Texas (Dallas)	126	19.20	15.99	16.34	13.13	17.34	13.29	13.48	12.46	20.00	16.12	17.14	20.50	17.64	
Eastern Colorado (Denver)	137	18.77	15.56	16.34	13.13	17.34	13.29	---	---	19.57	15.69	17.14	20.07	17.64	
Western Colorado (Grand Junction)	134	18.04	14.83	16.34	13.13	17.34	13.29	---	---	18.84	14.96	17.14	19.34	17.64	
SW Idaho/Eastern Oregon (Boise)	135	17.54	14.33	16.34	13.13	17.34	13.29	13.14	12.28	18.34	14.46	17.14	18.84	17.64	
Great Basin (Salt Lake City)	139	17.94	14.73	16.34	13.13	17.34	13.29	---	---	18.74	14.86	17.14	19.24	17.64	
Central Arizona (Phoenix)	131	18.56	15.35	16.34	13.13	17.34	13.29	13.14	12.28	19.36	15.48	17.14	19.86	17.64	
New Mexico/West Texas (Albuquerque)	138	18.39	15.18	16.34	13.13	17.34	13.29	13.48	12.46	19.19	15.31	17.14	19.69	17.64	
Pacific Northwest (Seattle/Portland)	124	17.94	14.73	16.34	13.13	17.34	13.29	13.14	12.28	18.74	14.86	17.14	19.24	17.64	
SIMPLE AVERAGE	---	18.36	15.15	16.34	13.13	17.35	13.30	13.44	12.45	19.16	15.28	17.14	19.66	17.64	

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in February 1999 is \$20.58 per 100 pounds or \$1.77 per gallon (\$20.58 divided by 11.63 equals \$1.7696).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

Time Periods to be Used to Determine the Cheese Price Average for Use in Computing the Basic Formula Price

The product price formula update portion of the Basic Formula Price (BFP) uses the Cheddar cheese price series being collected by the National Agricultural Statistics Service (NASS). The NASS price series is collected and released weekly. It covers all transactions during a week, concluding on Saturday, and published on Friday of the following week. The information released is the total volume of cheese sold during the week and the average price at which this volume was sold. Since information collected and published in this manner cannot be assembled on a monthly basis, a procedure was developed to determine a “monthly” average price for use in computing the BFP.

The “monthly” average cheese price for use in computing the BFP will be derived from the weekly information that has been published between the scheduled release dates of the BFP. The most recently released information for the week will be used. The monthly average will be an average of the applicable weekly prices, weighted by the sales volume for the week. Each week, the price is multiplied by the weekly sales volume to yield a weekly value of cheese sold. The sum of the weekly values will be divided by the total sales volume over the covered weeks, and rounded to the customary four decimal places. Once the information for a week has been used to compute a monthly average, that information will not be revised even if NASS issues revised data.

Listed below are the scheduled release dates for the BFP for 1999 ^{1/} and the weekly periods included in the applicable monthly cheese price averages.

BFP and NASS Cheese price average for:	Release Date	Time period of monthly cheese price average-weeks ending:
January	February 5, 1999	January 2, 9, 16, 23, 30
February	March 5	February 6, 13, 20, 27
March	April 5	March 6, 13, 20, 27
April	May 5	April 3, 10, 17, 24
May	June 4	May 1, 8, 15, 22, 29
June	July 2	June 5, 12, 19, 26
July	August 5	July 3, 10, 17, 24
August	September 3	July 31, August 7, 14, 21, 28
September	October 5	September 4, 11, 18, 25
October	November 5	October 2, 9, 16, 23, 30
November	December 3	November 6, 13, 20, 27
December	January 5, 2000	December 4, 11, 18, 25

^{1/} Note, the release dates for the BFP for October, November, and December may be changed pending the effective date of the Federal Milk Marketing Order Reform.

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

Milk supply and use forecasts for 1998/99 are increased fractionally from last month. Milk price forecasts for 1998/99 are lowered slightly as a result of lower product prices in the first quarter of calendar year 1999.

U.S. MILK SUPPLY AND USE

Item	1996/97 1/	1997/98 Projection 1/		1998/99 Projection 1/		
		December	January	December	January	
BILLION POUNDS						
SUPPLY						
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.9	5.9	5.9	5.8	5.8	
PRODUCTION	156.4	157.0	157.0	159.3	159.9	
FARM USE	1.4	1.4	1.4	1.3	1.3	
MARKETINGS	155.0	155.6	155.6	158.0	158.6	
IMPORTS 2/	2.8	4.0	4.0	3.8	3.8	
TOTAL COMMERCIAL SUPPLY 2/	162.7	165.6	165.6	167.5	168.1	
USE						
COMMERCIAL USE 2/ 3/	156.1	159.1	159.1	161.4	162.0	
ENDING COMMERCIAL STOCKS 2/	5.9	5.8	5.8	5.8	5.8	
CCC NET REMOVALS:						
MILKFAT BASIS 4/	0.7	0.7	0.7	0.3	0.3	
SKIM SOLIDS BASIS 4/	2.7	4.5	4.5	3.5	3.5	
DOLLARS PER CWT.						
PRICES RECEIVED BY FARMERS 5/						
BASIC FORMULA (BFP)	11.88	13.28	13.28	13.45-14.05	13.45-13.95	
ALL MILK 6/	13.53	14.56	14.56	15.10-15.70	15.15-15.65	
MILLION POUNDS						
CCC PRODUCT NET REMOVALS 4/						
BUTTER	24	21	21	5	5	
CHEESE	10	8	8	7	7	
NONFAT DRY MILK	222	368	368	285	285	
		QUARTERLY 7/			ANNUAL 7/	
		1999 I	1999 II	1999 III	1998	1999
BILLION POUNDS						
MILK PRODUCTION	39.9	41.6	39.6		157.6	160.6
DOLLARS PER CWT.						
ALL MILK PRICE 4/ 5/	16.70-17.10	13.25-13.95	12.60-13.60		15.39	14.15-14.95
BASIC FORMULA PRICE 4/	13.95-14.35	11.50-12.20	11.55-12.55		14.20	12.45-13.25

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ Calendar year basis projection.

*The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-346, World Agricultural Outlook Board, USDA, January 12, 1999.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
OCTOBER 1998, WITH COMPARISONS**

In October 1998, mailbox milk prices reported for selected Federal milk orders averaged \$17.18 per cwt., \$.88 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$16.88, up \$.77; Southeast, \$17.67, up \$.15; Midwest, \$17.47, up \$1.17 and West, \$16.60, up \$.68. Compared to October 1997, mailbox milk prices increased \$3.35 per cwt. on the average. Regional changes from the previous year were: +\$3.11 in the Northeast, +\$2.69 in the Southeast, +\$3.58 in the Midwest, and +\$3.44 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	October 1997	September 1998	October 1998
	<u>Dollars per hundredweight</u>		
New England	14.13	16.02	16.66
New York-New Jersey	13.56	16.03	16.90
Middle Atlantic	13.87	16.43	17.12
Northeast Average <u>3/</u>	13.77	16.11	16.88
Carolina	14.76	17.49	17.78
Southeast	14.24	16.60	16.98
Florida <u>4/</u>	16.71	19.55	18.99
Southeast Average <u>3/</u>	14.98	17.52	17.67
Southern Michigan	13.57	15.64	16.54
Eastern Ohio-Western Pa.	13.57	16.35	17.33
Ohio Valley	13.70	16.43	17.25
Indiana	13.62	16.72	17.06
Chicago Regional <u>5/</u>	14.11	16.38	17.79
S. Illinois-E. Missouri	13.56	15.90	16.19
Louis.-Lex.-Evans.	13.73	16.41	16.91
Upper Midwest <u>5/</u>	13.95	16.44	17.79
Nebraska-Western Iowa	13.68	15.87	16.84
Iowa	13.86	16.12	17.52
Midwest Average <u>3/</u>	13.89	16.30	17.47
Texas	13.62	16.22	16.83
Southwest Plains	12.99	15.25	16.26
Eastern Colorado	13.11	15.77	16.65
S.W. Idaho-E. Oregon	12.81	15.09	16.43
Great Basin	12.45	15.15	16.04
New Mexico-West Texas	12.86	15.12	15.98
Pacific Northwest	13.27	16.70	16.97
West Average <u>3/</u>	13.16	15.92	16.60
All-Market Average <u>3/</u>	13.83	16.30	17.18

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	JAN 1997			JAN 1998			DEC 1998			JAN 1999		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
Dollars Per Hundredweight												
Atlanta, GA	14.69	16.70	2.01	16.04	17.24	1.20	19.12	20.27	1.15	19.92	21.07	1.15
Baltimore, MD	14.64	15.69	1.05	15.99	17.44	1.45	19.07	19.82	0.75	19.87	20.62	0.75
Boston, MA	14.85	15.98	1.13	16.20	16.83	0.63	19.28	19.76	0.48	20.08**	20.56	0.48
Carbondale, IL	13.62	16.04	2.42	14.97	16.83	1.86	18.05	19.41	1.36	18.85	20.21	1.36
Charlotte, NC	14.69	17.21	2.52	16.04	17.24	1.20	19.12	20.27	1.15	19.92	21.07	1.15
Chicago, IL	13.01	15.44	2.43	14.36	16.35	1.99	17.44	19.37	1.93	18.24	20.17	1.93
Cincinnati, OH	13.72	15.24	1.52	15.07	16.82	1.75	18.15	19.90	1.75	18.95	20.70	1.75
Cleveland, OH	13.61	14.93	1.32	14.96	16.71	1.75	18.04	19.54	1.50	18.84	20.34	1.50
Dallas, TX	14.77	15.66	0.89	16.12	16.37	0.25	19.20	19.45	0.25	20.00	20.25	0.25
Denver, CO	14.34	14.49	0.15	15.69	15.84	0.15	18.77	19.02	0.25	19.57	19.82	0.25
Des Moines, IA	13.16	15.28	2.12	14.51	15.90	1.39	17.59	18.44	0.85	18.39	19.24	0.85
Detroit, MI	13.46	15.12	1.66	14.81	15.79	0.98	17.89	18.71	0.82	18.69	19.61	0.92
Hartford, CT	14.75	15.88	1.13	16.10	16.73	0.63	19.18	19.66	0.48	19.98**	20.46	0.48
Houston, TX	15.31	16.20	0.89	16.66	16.91	0.25	19.74	19.99	0.25	20.54	20.79	0.25
Indianapolis, IN	13.51	15.23	1.72	14.86	16.70	1.84	17.94	19.49*	1.55*	18.74	20.29	1.55
Kansas City, MO	13.53	15.30	1.77	14.88	16.22	1.34	17.96	18.71	0.75	18.76	19.51	0.75
Louisville, KY	13.72	15.02	1.30	15.07	15.97	0.90	18.15	19.25	1.10	18.95	20.05	1.10
Memphis, TN 2/	14.38	15.12	0.74	15.73	16.73	1.00	18.81	19.61	0.80	19.61	20.41	0.80
Miami, FL	15.79	19.26	3.47	17.14	19.56	2.42	20.22	22.79	2.57	21.02	23.39	2.37
Milwaukee, WI	12.92	15.35	2.43	14.27	16.26	1.99	17.35	19.28	1.93	18.15	20.08	1.93
Minneapolis, MN	12.81	14.90	2.09	14.16	15.49	1.33	17.24	18.07	0.83	18.04	18.87	0.83
New Orleans, LA	15.26	16.50	1.24	16.61	17.61	1.00	19.69	20.14	0.45	20.49	20.94	0.45
Oklahoma City, OK	14.38	15.27	0.89	15.73	16.48	0.75	18.81	19.56	0.75	19.61	20.36	0.75
Omaha, NE	13.36	15.13	1.77	14.71	16.05	1.34	17.79	18.54	0.75	18.59	19.34	0.75
Philadelphia, PA	14.70	15.70	1.00	16.05	17.47	1.42	19.13	19.85	0.72	19.93	20.65	0.72
Phoenix, AZ	14.13	14.13	0.00	15.48	15.48	0.00	18.56	18.56	0.00	19.36	19.36	0.00
Pittsburgh, PA	13.61	14.41	0.80	14.96	16.16	1.20	18.04	18.54	0.50	18.84	19.34	0.50
St. Louis, MO	13.62	16.04	2.42	14.97	16.83	1.86	18.05	19.41	1.36	18.85	20.21	1.36
Salt Lake City, UT	13.51	13.66	0.15	14.86	15.01	0.15	17.94	18.19	0.25	18.74	18.99	0.25
Seattle, WA	13.51	13.81	0.30	14.86	15.26	0.40	17.94	18.32	0.38	18.74	19.12	0.38
Spokane, WA	13.51	13.81	0.30	14.86	15.26	0.40	17.94	18.32	0.38	18.74	19.12	0.38
Springfield, MO	13.80	14.45	0.65	15.15	16.15	1.00	18.23	18.98	0.75	19.03	19.78	0.75
Washington, DC	14.64	15.69	1.05	15.99	17.44	1.45	19.07	19.82	0.75	19.87	20.62	0.75
Simple Average	14.04	15.41	1.37	15.39	16.52	1.13	18.47	19.36*	0.89*	19.27	20.16	0.89

*Revised.

**NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July 1997 to date. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers. 2/ New reporting site effective January 1999; data for Little Rock, AR, are no longer available. Figures shown for periods prior to January 1999 are for Little Rock. Little Rock and Memphis are in the same Federal milk order and cooperative pricing zones.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF JANUARY 11 - 14, 1999				CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED		SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/98	LAST YEAR	01/08/99	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-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	625,491	-0-	625,491	728,875	14,122,144	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	625,491	-0-	625,491	728,875	14,122,144	-0-	-0-	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	COMPARABLE WEEK IN 1998 =	MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF JANUARY 11 - 14, 1999 =	0.1	7.3		0.8	43.8
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.2	8.5	CUMULATIVE SAME PERIOD LAST YEAR =	3.1	164.4
CUMULATIVE JANUARY 1 - 14, 1999 =	0.1	7.3	COMPARABLE CALENDAR YEAR 1998 =	1.4	73.0

* 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	1998/99	1997/98	1998/99	1997/98	
MIDWEST	-0-	-0-	-0-	-0-	-0-	0.0	0.0	
WEST	-0-	-0-	-0-	-0-	728,875	14,011,969	100.0	99.2
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0	0.8
TOTAL	-0-	-0-	-0-	-0-	728,875	14,122,144	100.0	100.0

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

CUMULATIVE SINCE 10/1/98 13,806,896 3.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

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

CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/26/98 & Comparable Week 1997 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10				
1998-Dairy cows HD (000)	0.2	0.8	4.6	3.1	13.0	1.5	2.0	0.4	7.1	1.3	34.0	2,615.9	42.3	44.7
1997-Dairy cows HD (000)	0.2	1.1	4.7	2.6	18.7	2.0	3.2	0.5	8.4	1.9	43.3	2,913.0	45.3	45.5
1998-All cows HD (000)	0.2	0.8	6.2	9.7	18.3	10.6	15.3	5.1	8.9	5.2	80.4	5,851.6		
1997-All cows HD (000)	0.2	1.1	6.4	10.4	27.7	11.2	17.2	5.1	10.1	5.9	95.5	6,403.7		

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 INVITATIONS 1/8/99

PROCESS	MARCH DELIVERY
2# PROCESS LOAF	950,400
5# PROCESS LOAF	1,188,000
PROCESS SLICED	1,504,800
MOZZARELLA	
LMPS	1,008,000
MOZZARELLA LITE SHREDDED	201,600
CHEDDAR	
CHEDDAR CUTS	39,950
SHREDDED	38,400
BARRELS	80,000

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 34,022,961

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	17.34