

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (2/5):****BUTTER:** Grade AA closed at \$1.2825 (-.0725).**CHEESE:** Barrels closed at \$1.2800 and blocks at \$1.3150. The weekly average for barrels is \$1.2510 (+.0300) and blocks is \$1.2920 (+.0380).**NONFAT DRY MILK:** Extra Grade closed at \$1.0400 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0400 (-.0170) and Grade A is \$1.0500 (-.0180).**BUTTER:** Butter markets remain weak. Producers, handlers, and buyers continue to adjust to declining cash prices with most anticipating further declines. Cream supplies across the country are quite heavy and hard to move. Due to weak butter prices, many producers are reluctant to take on additional volumes of cream offered to them. In many instances, innovative price negotiations are occurring to keep the cream moving and absorbed. Butter sales are active, although most buyers are placing orders for only short term or immediate needs.**CHEESE:** The cheese market is steady to firm. Cheese prices have rebounded after recent price declines. Buying interest is steady to generally improved. Cheddar aging programs are being rebuilt. Some preferred cheese producers are having difficulty in filling orders. Buyers are also more apt to rebuild inventories somewhat from the often lower levels in late 1998. Cheese production remains seasonally heavy despite some shifts in milk supplies over to butter/powder. Seasonally heavy offerings of milk are available to cheese manufacturers.**FLUID MILK:** Milk production continues to show seasonal increases with some areas reporting volumes normally associated with the spring flush. Surplus milk is plentiful with heavy diversions to manufacturing plants. Class I sales are irregular although somewhat improved due to first of the month activity. Class II demand is sluggish. The condensed skim market is steady to weak with prices unchanged to lower. Offerings of cream are heavy and at low multiples. Cream supplies are in excess of current needs as Midwest butter makers divert shipments. Ice cream production is seasonally slow.**DRY PRODUCTS:** The market tone for all dry products is weak. Prices are generally lower. The market tone for NDM is weak with prices unchanged

to lower. Excessive milk supplies often equal to or above last year's flush volumes have increased NDM production. Drying schedules are near capacity. This week, Western producers sold 1.9 million pounds of NDM to the CCC at the new support purchase price of \$1.01. The buttermilk market is weak. Lower prices have failed to attract interest even with the current price spread between NDM and buttermilk. Producer stocks are heavy and building. Dry whey markets have improved over last week but remain weak at lower prices. Production is heavy. Producer stocks are light to fully adequate.

**CCC:** During the week of February 1-5, 1999, CCC was offered 1,928,577 pounds of Western produced NDM under the Dairy Support Program at \$1.01.**DEIP SUMMARY (FAS):** At the conclusion of the seventh month of the DEIP fiscal year (January 31, 1999), many of the current years allocations are nearly filled. The NDM allocation of 84,212 MT is 83% filled, whole milk powder of 5,003 MT is 73% filled, cheese of 3,350 MT is 90% filled, with 29,579 MT of butterfat still fully available.**MILK COW INVENTORIES (NASS):** The number of milk cows in the United States as of January 1, 1999, totaled 9.14 million head, down 1% from 1998 and down 2% from 1997. Milk replacement heifers totaled 4.06 million head, up 2% from 1998 and slightly above 1997. On January 1, 1999, the number of milk cow replacements per 100 milk cows was 44.4, up from 43.3 (+2.5%) on January 1, 1998, and up from 43.6 (+1.8%) on January 1, 1997.**BASIC FORMULA PRICE (USDA, DAIRY PROGRAMS):** The basic formula price (BFP) for January 1999 is \$16.27 per cwt. at 3.5% test. The BFP is \$1.07 lower than last month, but \$3.02 higher than January 1998. The BFP is the base month M/W price of \$17.35 minus a change of \$1.08, which is the change in the butter/powder/cheese formula from December to January. For January, the NASS average cheese price was \$1.7595. The butterfat differential is \$0.137. Class III-A prices are: for Federal Orders 1 & 2, \$13.15; for Order 4, \$13.17; for Orders 124, 131, & 135, \$13.14; for other affected orders, \$13.12.

\*\*\*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 FEB 1	TUESDAY FEB 2	WEDNESDAY FEB 3	THURSDAY FEB 4	FRIDAY FEB 5	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2250 (N.C.)	\$1.2300 (+.0050)	\$1.2600 (+.0300)	\$1.2600 (N.C.)	\$1.2800 (+.0200)	+.0550	\$1.2510 (+.0300)
40# BLOCKS	\$1.2600 (N.C.)	\$1.2600 (N.C.)	\$1.3100 (+.0500)	\$1.3150 (+.0050)	\$1.3150 (N.C.)	+.0550	\$1.2920 (+.0380)
NONFAT DRY MILK EXTRA GRADE	\$1.0400 (-.0100)	\$1.0400 (N.C.)	\$1.0400 (N.C.)	\$1.0400 (N.C.)	\$1.0400 (N.C.)	-.0100	\$1.0400 (-.0170)
GRADE A	\$1.0500 (-.0100)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	-.0100	\$1.0500 (-.0180)
BUTTER GRADE AA					\$1.2825 (-.0725)	-.0725	-----

\*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 - February 1 - 5, 1999

MONDAY, FEBRUARY 1, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40#BLOCKS @ \$1.2600

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1CAR EXTRA GRADE @ \$1.0400; 1 CAR GRADE A @ \$1.0500

TUESDAY, FEBRUARY 2, 1999

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.2600; BIDS UNFILLED: 2 CARS BARRELS @ \$1.2300; OFFERS UNCOVERED: NONE

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

WEDNESDAY, FEBRUARY 3, 1999

CHEESE -- SALES: 14 CARS 40# BLOCKS: 2 @ \$1.2700, 2 @ \$1.2775, 2 @ \$1.2800, 8 @ \$1.3000; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$1.2600, 2 @ \$1.2550, 1 @ \$1.2250; 3 CARS 40# BLOCKS: 2 @ \$1.3100, 1 @ \$1.2600; OFFERS UNCOVERED: 1CAR 40# BLOCKS @ \$1.3500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS EXTRA GRADE @ \$1.0450

THURSDAY, FEBRUARY 4, 1999

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.3100; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3150; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.3400, 1 @ \$1.3500, 1 @ \$1.4000

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

FRIDAY, FEBRUARY 5, 1999

CHEESE -- SALES: 5 CARS 40# BLOCKS: 2 @ \$1.3125, 1 @ \$1.3150, 1 @ \$1.3125, 1 @ \$1.3150; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.2800, 1 @ \$1.2700 OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 4 @ \$1.3150, 1 @ \$1.3500

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

BUTTER -- SALES: 9 CARS: 1 @ \$1.2775, 1 @ \$1.2950, 1 @ \$1.2650, 1 @ \$1.2750, 1 @ \$1.2725, 1 @ \$1.2700, 1 @ \$1.2800, 1 @ \$1.2850, 1 @ \$1.2825; BIDS UNFILLED: 18 CARS: 10 @ \$1.2725, 1 @ \$1.2400, 2 @ \$1.2300, 2 @ \$1.2200, 2 @ \$1.2100, 1 @ \$1.2000; OFFERS UNCOVERED: 8 CARS: 2 @ \$1.2825, 3 @ \$1.3600, 1 @ \$1.3800, 1 @ \$1.3900, 1 @ \$1.4000

**BUTTER MARKETS**

**NORTHEAST**

Premium structures are unchanged to lower. At the January 29 trading session of the CME, the butter closed 7 1/4 cents lower to \$1.3550. The butter market tone is weaker. Heavier volumes of excess cream, coupled with continued slow to fair demand for butter, has stocks building at producers' plants. To clear all the cream, quite a bit is being sent to churning facilities in the Midwest. Local plants are generally full and have little capacity to handle much outside cream. Demand for print and bulk butter is seldom better than fair. As a rule, retail prices are often still above \$3.00 per pound which is doing little to improve sales. Demand for bulk is just fair. Lower premiums are doing little to increase demand. Most orders are just for replacement needs. Many buyers still feel that prices could and should move lower.

**CENTRAL**

Butter pricing differentials remain unchanged, although the base price is lower following cash trading January 29 at the Chicago Mercantile Exchange. Producers and handlers continue to have mixed opinions as to current price levels in relationship to inventories. Some were pleased to see the cash price weaken while others were quite surprised at the decline. Opinions remain mixed this week as some anticipate further price weakness with others anticipating a steady market. Cream offerings are quite heavy from out of region suppliers. Many Midwestern producers are nearly full with nearby supplies and reluctant to take advantage of the additional offerings, especially with unsettled cash prices. Some price

negotiating is occurring to facilitate a sale of the additional cream with current shipments being priced on upcoming cash market price levels.

**WEST**

Western butter price differentials declined after holding steady for a number of weeks. Normal account bulk sales activity continues at good levels, but those firms that were putting butter away for future needs are mostly taking a wait and see attitude. Print orders for local needs are moving very well. Cream offerings are extremely heavy and often need to be shopped around quite a while to find a home. Multiples are declining. Butter production is heavier than anticipated. Trade speculation on this coming Friday's butter market ranges from down five cents to down as much as 15 cents. Many firms are hoping for an early ice cream season to absorb some of the surplus butterfat. More contacts are discussing what may prove to be a formidable 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 29, 1999 CLOSE = \$1.3550

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+2 TO +5	flat TO +3	-5 1/2 TO -2 1/2

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JANUARY 30	1,4397 4,496,730	1,3594 8,185,984	1,0534 14,467,090	1,4232 2,103,314	0,1928 8,474,149

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 are 2 1/2 - 3 1/2 cents lower on natural cheddar and process types; unchanged on Swiss. The market tone is weak, but looking at last week's trading activity at the CME, some contacts wonder if prices could drop further. The trading activity (many cars sold below the previous day's close) suggests that some company or companies are trying to keep the block price from dropping. Buyers remain hesitant to purchase beyond replacement needs. Also, cheese orders are typically slower following the Super Bowl weekend. Production levels are generally heavy as surplus milk volumes are reported to be approaching spring flush proportions. There is quite a bit of milk looking for a home at less than Class price delivered and some cheese operations are taking advantage of this distressed priced milk.

Cheese prices continue to soften reflecting last week's average CME price. With prices rebounding slightly this week, contacts are somewhat uncertain as to what they should be doing. Barrels and processing solids remain quite firm. Orders for process cheese are excellent for this season of the year. Current blocks are available, but not burdensome. Aged cheese is about impossible to find. With the rapid downturn in prices, more firms are refilling aging programs. Mozzarella offerings, which are higher than anticipated, are short of needs and cheese continues to cross the country if available. Swiss sales are slower seasonally, but stocks are in a comfortable position. Milk production is increasing faster and earlier than most contacts had anticipated leading to more cheese production.

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

Cheddar 10# Prints	:	1.2525-1.7400
Cheddar Single Daisies	:	1.2250-1.7400
Cheddar 40# Block	:	1.3950-1.5400
Process 5# Loaf	:	1.4125-1.5625
Process 5# Sliced	:	1.4375-1.6625
Muenster	:	1.4325-1.7375
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	:	1.3725-1.6300
Cheddar 40# Block	:	1.3750-1.5150
Cheddar 10# Cuts	:	1.5750-1.7750
Monterey Jack 10#	:	1.5850-1.7375
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.4900

**FOREIGN TYPE CHEESE**

Prices are again lower on domestic styles; unchanged on imported. The market tone is seasonal. Buying interest is slow to fair and mostly for replacement needs. Distributors' stocks range from light to fully adequate to meet current demand.

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

**MIDWEST**

The cheese market is fully steady. The recent reduction in cheese output in at least one large block plant reduced current cheese availability. Current low cheese prices (compared to just a few weeks ago) have buyers more willing to rebuild inventories to normal working levels rather than the abbreviated volumes in late 1998. The concern remains on how long will it take buyers to rebuild stocks and how the potential lower prices will affect consumer demand. Current cheddar blocks are tight to adequate, depending on whether the price has declined to near those of the Chicago Mercantile Exchange. Aged cheddar remains short of needs. Buyers continue to rebuild cheddar aging programs, though some "preferred producers" are booked for a month or two on commitments. Process cheese interest varies by type of customer, but in general, it is moderate. Interest in many other varieties is often not as good as current cheddar. Midwestern cheese output remains seasonally heavy though current milk intakes have changed little in recent weeks.

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

Process American 5# Loaf	:	1.4050-2.1000
Brick And/Or Muenster 5#	:	1.7225-2.0600
Cheddar 40# Block	:	1.5150-2.1150
Monterey Jack 10#	:	1.7050-2.2300
Blue 5#	:	1.8500-2.5900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5875-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.5400-2.6850

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
	:		
Roquefort	:	5.5000-6.8900	: -0-
Blue	:	2.6400-3.1400	: 1.5875-2.1975*
Gorgonzola	:	3.2400-5.9400	: 2.2425-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.9975-3.0375*
Romano (Italy)	:	2.1000-2.9000	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.5875-1.8775*
Romano (Cows Milk)	:	-0-	: 2.7675-5.0025*
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**

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

CHEDDAR STYLES	:	FEBRUARY 1 - 5, 1999
BARRELS*	:	\$1.2100 - 1.2300 (NOMINAL)
	:	(-\$0.0100) (-.0350)
40# BLOCKS	:	\$1.2550 - 1.3000 (NOMINAL)
	:	(\$0.0050) (-.0250)

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

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

	BUTTER	:	CHEESE
02/01/99	9,830	:	112,216
01/01/99	7,259	:	105,977
CHANGE	+2,571	:	+ 6,239
% CHANGE	+ 35	:	+ 6

Based on the historical relationship of the preliminary U.S. Cold Storage report of Dec. 31, 1998 and the selected centers storage report, the expected U.S. holdings as of Feb. 1, 1999 are:

Butter 37 million pounds plus or minus 4.50 percent  
Cheese 435 million pounds plus or minus 2.27 percent

FLUID MILK AND CREAM

EAST

Milk production continues to increase throughout the region. Rates of gain vary with some of the largest gains noted in Florida and other Gulf Coast states. Moderate to larger than expected increases are being reported in the Middle Atlantic and New England regions. Many contacts are stating that milk volumes are more typical of springtime volumes. One contact noted that their current, daily plant receipts were exceeded only two days in 1997 and those days were in May. Most contacts feel that these milk volumes will continue to be an issue for the foreseeable future. Florida's milk is excessive of needs and, this week, handlers are shipping 55-60 loads to out-of-state plants for processing. Bottled milk sales are reported as slow in all areas of the region. The mild winter weather is apparently hurting the tourist business in Florida which, in turn, affects milk consumption. In the Northeast, bottled milk sales remain slow and surplus milk diversions to manufacturing plants remain heavy. Some plants are having to ship excess milk to plants that do have manufacturing capacity. The condensed skim market is steady to weaker. Demand is sluggish and prices are unchanged to lower. The fluid cream market is weak and spot prices are quite a bit lower. Cream supplies are more than ample for a generally slow spot demand. Contracted volumes are clearing, but there is a lot of excess cream looking for a home. Traders and producers are having increasing difficulty finding outlets for all their cream. Local churning plants are full and Midwestern butter makers are turning away cream. Those operations taking cream are offering low multiples based on CME butter prices two weeks in the future. Ice cream production is seasonally slow, but lower priced cream may spark some producers to replenish freezer stocks.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT			
F.O.B. Producing Plants: Northeast	-	1.4905 - 1.7209	
Delivered Equivalent Atlanta	-	1.4905 - 1.7615	M 1.5447 - 1.6531
F.O.B. Producing Plants: Upper Midwest	-	1.6260 - 1.7615	

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS			
F.O.B. Producing Plants: Northeast	-	1.1500 - 1.5200	

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 29 - FEBRUARY 4, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I demand was irregular, somewhat improved where promotional activity or the usual first of month impact stimulated sales. Other bottlers noticed little change in Class I sales attributed, at least partially, to often higher retail milk prices. A total of 7 loads of Wisconsin milk are "direct shipped" to Missouri and pooled under a Southern milk order. Class II milk interest is generally still sluggish. Surplus milk offerings remain plentiful and well above year ago levels. Many plant operators are looking ahead toward the anticipated spring intake increases with concern on how they will be able to handle just their own patron supplies without worrying about someone else's surplus. Spot manufacturing milk interest remains light though handlers reported a difference in prices and/or discounts between January milk sales and early February activity. Surplus milk prices were fairly steady with last week's reported numbers for January sales. For February, prices range from a reported low of \$1.50 under class, to \$0.25 under the February

BFP, on up to flat MCP. Cream interest from ice cream accounts remains fairly light seasonally with the larger volume of offerings still heading to churns. Fat and protein tests on incoming milk receipts are little changed and remain good for this time of year. Milk intakes are showing occasional signs of another spurt in volume while many other operations are showing fairly steady receipts. Intakes in general remain well above year ago levels.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 28 - FEB 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 39.00	\$ 34.00- 39.00
REPLACEMENT HEIFER CALVES	\$190.00-245.00	\$ 90.00-165.00

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

	JAN 28 - FEB 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 29.00- 42.00	\$ 32.00- 37.00

WEST

The January 4a price (butter/powder) in California is \$13.39, down 13 cents from December 1998 but \$1.32 higher than last year. The 4b price (cheese) is \$14.34, \$2.80 lower than last month but \$1.84 higher than last year. The expectation is that the January BFP used in Federal Orders outside of California will be more than \$2 higher than the California 4b cheese price. The difference would create an advantage to cheese produced in California. In addition, milk processors in Federal Orders could take advantage of lower Class III-a prices (vs. BFP) to produce more NDM and subsequently butter, but they would make less cheese. Milk production remains strong across most parts of the Southwest. Changes topping 5% higher than a year ago are common, but California and other areas were fighting wet conditions last year. The surge in milk output has many milk processors busy balancing to find the processing space. While no plants are said to be turning milk away, some are running at or near capacity levels. This is raising concerns because the traditional flush is still a month or two away. New crop hay is being cut this week in the Imperial Valley of California. Dairy producers would welcome better quality alfalfa for their rations. Cream offerings are very heavy in the West and multiples are being dropped to the 110 to 120 range while often being based off the upcoming butter market price. Many contacts expect the butter market to weaken further and nearby butter futures prices are reflecting that sentiment. Butter is available in the region, but demand beyond the short term is very tentative. Condensed skim is available at attractive prices as sellers hope to avoid scheduling more drying times. Milk production remains very strong in the Pacific Northwest region. Culling rates are increasing slightly as some producers anticipate a major reduction in farm level pay prices in the very near future. Others are holding off on culling until the lower prices hit because cull cow prices are in a very depressed state anyway. Weather conditions are extremely wet with the current storms being quite warm which means the chances for potential flooding are increased. All the ground west of the Cascades is saturated and cannot hold any more moisture. More feeder type hay is clearing the market as sellers become more concerned about very large carry over stocks. More comments are being heard about the extremely heavy volumes of milk available in the northern Mountain States region this early in the new year. Many contacts are wondering about the problems they will encounter when the real spring flush hits. Fat and protein tests are seasonally very good. Offerings of close up heifers remain very limited and prices are generally holding quite steady.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 02/4/99 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 lower and the market tone is weak. Increasing volumes of milk to area butter/powder plants have drying schedules nearing capacity levels in a few plants. Milk volumes are reported to be up to and beyond the volumes during the May-June 1998 flush period. Producers' stocks are readily available. Price reductions are doing little to stimulate additional buying interest. Buyers continue to purchase for immediate needs. Producers have commented on this week's CCC purchase of Western NDM and how that fact may or will impact the Central market.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0300 - 1.0700 MOSTLY: 1.0500 - 1.0600

**DRY BUTTERMILK - CENTRAL**

Prices are lower and the market tone remains very weak. Production levels are increasing as churning activity increases in much of the region. Producers' stocks are heavier than desired and growing. Demand is very slow and some producers are just asking buyers to make a bid. The low prices have created some interest, but there are buyers who are still waiting to see where prices settle out. Some contacts are commenting on the unusually wide price spread between NDM and buttermilk powder.

BUTTERMILK: .7400 - .7950

**DRY WHEY - CENTRAL**

Prices are mostly steady, some fractional decreases were noted. The market tone is weak, but not to the degree that is was a couple of weeks ago. Production levels are still quite heavy and producers' stocks range from light to fully adequate. Producers and traders reported a little more interest this week, but spot sales were sporadic. Buyers are still cautious. Many contacts feel that we may have hit the bottom of this particular price cycle, but they are quick to point out the unseasonably heavy volumes of milk available to cheese makers and the potential for heavy output for the next several months may force a future reassessment of this position.

NONHYGROSCOPIC: .1800 - .1950 MOSTLY: .1800 - .1900

**ANIMAL FEED WHEY - CENTRAL**

Prices are steady on milk replacer and roller, but steady to lower on delactose. The market tone is generally unchanged. The lower prices on whey are attracting some interest, but spot demand is still reported as slow. Offerings of animal feed whey are more than ample to meet current needs.

MILK REPLACER: .1500 - .1700  
STANDARD: TFEWR  
ROLLER GROUND: .1925 - .2100  
DELACTOSE (Min. 20% protein): .3075 - .3375

**LACTOSE - CENTRAL AND WEST**

The range prices are steady to higher with the mostly unchanged. The market tone is steady and no firmness should be implied by the price changes. Some first quarter contracts were just finalized which pushed the high end of the range up fractionally. Production levels are steady to heavier as more milk is available to cheese makers. Spot demand ranges from fair to slow with contracts clearing normal volumes. Producer stocks range from balanced to long.

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

EDIBLE: .1550 - .2050 MOSTLY: .1600 - .1750

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are mostly lower and the market tone remains weak. Production is moderate to heavy and stocks range from adequate to ample. Buyers report little difficulty finding desired spot needs. Spot demand is slow to fair, at best.

EXTRA GRADE 34% PROTEIN: .4700 - .5300 MOSTLY: .4800 - .5100

**NONFAT DRY MILK - WEST**

Nonfat dry milk prices continue to decline for both the low/medium heat and high heat ranges. High heat prices remain nominal in limited spot trading. The market undertone still carries weakness. Support price offerings from Western producers to the CCC resumed this week. The current support price level is \$1.0100 per pound. Trade sentiment is that additional product will continue to be offered from producers in the West and that several more producers will begin offering surplus powder to clear growing inventories. Some industry papers are noting plans that would reopen prior year DEIP allotments that were not shipped. This would increase DEIP allocations, but there is some apprehension as to whether there would be additional demand from countries. Drying schedules are strong in the West. Butter/powder plants are being kept full as shifting milk from cheese plants makes economic sense at current price levels. Spot demand is very limited. Stock levels are heavy across the regions.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0500 MOSTLY: 1.0100 - 1.0300  
HIGH HEAT: 1.0400 - 1.1000

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are again lower and the market tone is weaker. Several producers continue to discount buttermilk in an attempt to keep stocks from building. A few block sales were noted this week and more are being contemplated. Producers are hoping for additional demand from ice cream producers, but that is slow to develop. Historically, a wide spread between buttermilk and NDM would create a substitution demand for the lower priced product, but in the current market conditions, buyers want neither product. Drying remains heavy as butter churning in the region is very active. Stocks are heavy.

BUTTERMILK: .6700 - .7700 MOSTLY: .7200 - .7400

**DRY WHEY - WEST**

Prices continue to decline for both the range and the mostly for Western whey powder. Stock levels are becoming much more of a concern for many Western producers. Many buyers, who would normally make most of their purchases from the Western region, are now looking very seriously at other areas of the country to meet their needs. Inventories in other regions are now generally in better shape than in the West. Offerings of powder that do not meet extra grade specs are increasing and remain very heavy. Discounts on this powder are generally not large enough to make it attractive to any buyers with the current weakness in the extra grade market.

NONHYGROSCOPIC: .1900 - .2175 MOSTLY: .1900 - .2075

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 29, on powder sales of 10,081,949 pounds f.o.b. California manufacturing plants was \$1.0468 per pound. This compares to 10,271,735 pounds at \$1.0565 for the previous week ending January 22, 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 are steady to often lower. The market tone is weak. Eastern production is increasing as fluid milk supplies are excessive. Volumes are often equal to or above last year's flush volumes. Some plants are having to ship milk to other facilities for processing. Plant stocks are growing at most plants, but those with contracts yet to fill are in a relatively comfortable supply/demand balance. Some very attractively priced, large volume offers are not meeting with very much interest. Buyers, seeing no shortage of product for the next several months, are not purchasing too far ahead. This week, Western producers sold NDM to CCC at the new support purchase price of \$1.01. Many believe this is a further indication of available supplies and pricing levels for the near term.

Includes EXTRA GRADE AND GRADE A  
F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0500 - 1.1200 MOSTLY: 1.0500 - 1.0700  
HIGH HEAT: 1.0800 - 1.1700 MOSTLY: 1.1000 - 1.1100  
DELVD SOUTHEAST:  
ALL HEATS: 1.0750 - 1.1600

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices continue to fall and the market tone is very weak. Some contacts are surprised by how weak this market is. Some producers in other areas are just saying "make me a bid." Local produces are not quite to that point, but prices are being affected by prices in other regions. Production levels are steady to heavier as more butter is being made. Stocks are heavier than desired. Demand is very slow. Many contacts have commented on the large price differential between dry buttermilk and NDM which is often as much as 30 cents.

F.O.B. NORTHEAST: .7500 - .8200  
DELVD SOUTHEAST: .7900 - .8200

**DRY WHOLE MILK - NATIONAL**

Prices are often lower as producers respond to changes in milk prices. Also, drops in the butter price are having an impact on dry whole milk prices. Some producers are waiting for the announcement of the January BFP before adjusting prices. Production levels are steady. Some new DEIP bids for dry whole milk were accepted during the past week.

F.O.B. PRODUCING PLANT: 1.2500 - 1.6525

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1998 THROUGH JANUARY 29, 1999  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 70,015 MT (154,355,068 LBS)  
CHANGE -- 300 MT (661,380 LBS)  
  
WHOLE MILK POWDER -- 3,656 MT (8,060,018 LBS)  
CHANGE -- 576 MT (1,269,850 LBS)  
  
CHEESE -- 2,997 MT (6,607,186 LBS)  
  
BUTTERFAT -- 0 MT  
  
REALLOCATED NDM -- 25,579 MT (56,391,463 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 often lower, but the market tone is showing more signs of leveling off. Producer stocks, though still quite heavy, are in better balance. Demand for dry whey is slow to fair. Production levels are heavy as most cheese plant contacts report increasing offers of surplus milk. Like other contacts, they are seeing milk volumes normally associated with the spring flush. Producers with contracts to fill are clearing output fairly routinely, but traders and producers with product to clear on the spot market continue to report that market activity is slow.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1900  
USPH GRADE A .1900 - .2125  
DELVD SOUTHEAST: .2100 - .2250

**ANIMAL FEED WHEY - NORTHEAST**

Prices remain too few to report and the market tone is weak. Demand for animal feed whey is still weak. There has been some scattered improvement in feed needs, but overall demand is slow. Offerings of animal feed quality whey are more than ample.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are mostly steady to heavier. In some instances, plants are taking advantage of the growing volumes of surplus milk, some at discounted prices, to replenish stocks. Demand is slow to fair.

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 prices and markets are unchanged, although the market undertone remains weak. Buyers continue to report stocks are readily available and do not expect any significant changes in the supply situation for the foreseeable future. Spot offerings continue to be made available to buyers, with some buyers fully contracted and not able to take advantage of the usually lower priced offerings.

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

RENNET: 1.9000 - 2.0500  
ACID: 1.9000 - 2.0000

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 <sup>1/</sup>

Month	01/19	01/20	01/21	01/22	01/25	01/26	01/27	01/28	01/29	02/01
<b>CSCE/NYBT - BFP -- Dollars per cwt.</b>										
JAN 99	15.43 (193) 2	15.35 (193) 3	15.43 (193) 1	15.68 (193) 0	15.68 (243) 2	15.73 (212) 0	15.67 (230) 3	15.71 (230) 1	15.78 (215) 15	16.25 (215) 6
FEB 99	12.50 (122) 3	12.18 (126) 9	11.80 (146) 43	11.75 (137) 21	11.78 (142) 8	11.79 (140) 2	11.65 (140) 0	11.80 (139) 1	11.87 (135) 1	11.86 (135) 0
MAR 99	12.30 (64) 3	12.18 (65) 1	12.04 (64) 4	12.03 (66) 2	11.97 (70) 12	11.93 (70) 0	11.88 (70) 2	12.03 (70) 4	12.08 (71) 3	11.93 (70) 2
APR 99	12.24 (137) 1	12.13 (135) 10	12.10 (131) 46	12.13 (131) 1	12.10 (131) 8	12.05 (141) 10	11.98 (141) 0	12.16 (144) 3	12.10 (145) 2	12.10 (145) 0
MAY 99	11.83 (61) 5	11.60 (61) 19	11.65 (63) 6	11.73 (63) 0	11.73 (63) 0	11.75 (66) 5	11.68 (67) 1	11.78 (67) 0	11.87 (68) 1	11.85 (68) 0
JUN 99	11.90 (53) 1	11.80 (46) 12	11.73 (47) 2	11.72 (48) 1	11.78 (48) 0	11.79 (48) 5	11.78 (48) 0	11.83 (48) 0	11.89 (49) 1	11.86 (52) 2
JUL 99	12.28 (14) 1	12.15 (15) 1	12.13 (15) 0	12.14 (15) 0	12.23 (17) 10	12.21 (18) 1	12.20 (18) 0	12.23 (19) 1	12.25 (20) 1	12.25 (20) 0
AUG 99	12.58 (19) 0	12.48 (20) 1	12.41 (21) 1	12.54 (22) 1	12.63 (22) 0	12.58 (23) 1	12.58 (24) 1	12.58 (24) 0	12.60 (27) 3	12.63 (27) 0
SEP 99	12.98 (29) 1	12.88 (30) 1	11.80 (31) 1	12.78 (31) 0	12.00 (31) 0	12.80 (32) 1	12.80 (32) 0	12.83 (32) 0	12.88 (32) 0	12.88 (32) 0
OCT 99	13.25 (34) 1	13.13 (35) 1	13.09 (35) 0	13.08 (35) 0	13.05 (35) 0	13.03 (35) 0	13.05 (35) 0	13.05 (35) 0	13.10 (35) 0	13.10 (35) 0
NOV 99	12.93 (8) 0	12.92 (8) 0	12.80 (11) 3	12.78 (13) 5	12.83 (13) 0	12.84 (13) 0	12.90 (13) 0	12.90 (14) 1	12.94 (15) 1	12.95 (15) 0

<b>CME - BUTTER -- Cents per pound</b>										
FEB 99	146.00 (22) 0	145.00 (24) 2	145.00 (24) 0	147.00 (0) 1	142.25 (27) 10	142.25 (0) 0	140.00 (32) 5	140.00 (32) 0	138.00 (0) 11	138.00 (0) 0
MAR 99	149.00 (18) 0	148.00 (20) 4	147.00 (20) 0	147.00 (0) 3	147.00 (21) 0	146.00 (0) 0	145.00 (22) 2	145.00 (22) 0	140.00 (0) 1	140.00 (0) 0
MAY 99	149.00 (1) 0	149.00 (1) 0	148.00 (2) 1	148.00 (0) 0	148.00 (2) 0	148.00 (0) 0	148.00 (2) 0	148.00 (2) 0	148.00 (0) 0	146.00 (0) 0

<b>CME - BFP -- Dollars per cwt.</b>										
JAN 99	15.45 (779) 40	15.36 (787) 46	15.45 (784) 39	15.67 (7) 53	15.68 (784) 67	15.73 (7) 54	15.68 (765) 32	15.70 (764) 22	15.76 (7) 57	16.24 (7) 183
FEB 99	12.48 (580) 135	12.16 (608) 214	11.70 (711) 214	11.75 (55) 7	11.79 (735) 3	11.76 (7) 47	11.65 (752) 117	11.82 (759) 52	11.88 (7) 85	11.84 (8) 49
MAR 99	12.50 (479) 137	12.15 (566) 168	12.01 (633) 112	12.04 (6) 30	11.99 (626) 14	11.90 (6) 20	11.88 (600) 44	12.03 (573) 55	12.04 (5) 80	11.85 (6) 45
APR 99	12.25 (471) 66	12.10 (540) 97	12.08 (561) 111	12.20 (5) 31	12.10 (589) 38	12.05 (5) 34	12.00 (593) 12	12.08 (592) 38	12.10 (6) 27	12.07 (6) 54
MAY 99	11.80 (335) 52	11.65 (326) 17	11.61 (341) 23	11.71 (3) 23	11.80 (377) 20	11.70 (3) 31	11.67 (390) 0	11.79 (389) 20	11.83 (3) 15	11.83 (4) 8
JUN 99	11.90 (271) 53	11.72 (268) 29	11.73 (292) 37	11.77 (2) 13	11.82 (297) 6	11.80 (3) 21	11.75 (304) 10	11.85 (300) 27	11.87 (2) 5	11.92 (2) 8
JUL 99	12.25 (212) 22	12.14 (223) 13	12.13 (236) 20	12.18 (2) 2	12.25 (240) 4	12.21 (2) 16	12.20 (253) 2	12.25 (254) 2	12.25 (2) 2	12.25 (2) 0
AUG 99	12.60 (163) 27	12.41 (166) 12	12.54 (177) 26	12.58 (1) 16	12.60 (193) 7	12.60 (1) 19	12.55 (199) 1	12.56 (205) 9	12.60 (2) 5	12.60 (2) 0
SEP 99	12.98 (126) 6	12.95 (128) 2	12.83 (131) 3	12.80 (1) 1	12.82 (135) 4	12.80 (1) 7	12.80 (145) 5	12.86 (145) 1	12.90 (1) 2	12.90 (1) 1
OCT 99	13.25 (195) 14	13.20 (195) 1	13.07 (196) 6	13.08 (1) 0	13.08 (196) 0	13.05 (1) 9	13.07 (196) 1	13.10 (196) 2	13.12 (1) 1	13.12 (1) 1
NOV 99	12.93 (67) 17	12.93 (67) 5	12.84 (72) 6	12.84 (0) 0	12.90 (73) 13	12.87 (0) 14	12.90 (97) 17	12.93 (98) 2	12.95 (1) 4	12.95 (1) 0

<b>CME - CHEDDAR CHEESE -- Cents per pound</b>										
JAN 99	159.00 (1) 0	154.00 (1) 0	149.00 (1) 0	139.00 (0) 0	140.00 (1) 0	139.00 (0) 1	137.00 (2) 1	136.50 (3) 1	139.00 (0) 1	141.00 (0) 0

<sup>1/</sup> 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 January 25 - February 5, 1999

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:** European traders continue to adjust to the introduction of the Euro, although many dairy traders continue to deal and think in present and continued older monetary systems. Many dairy transactions quoted in Euros have the other party involved questioning what would the equivalent in current currencies be. Overall trading activity remains light and unaggressive. European traders are optimistic about potential international buyer interest. In light of minimal amounts of Oceania dairy products available and most of the United States DEIP allocations filled for the year, European traders are looking at a window of opportunity that is developing for potential sales during the next 5 months. Intervention for SMP will open on March 1, thus powder is currently being produced for offering after that date. Many producers, handlers, and traders anticipate that maximum levels under the intervention program will be attained early, but if international sales develop as hoped, most feel that offerings to intervention will slow.

**BUTTER/BUTTEROIL:** European butter markets are steady to weaker. Russian buyer interest continues to surface with minimal sales being completed. Much of the current trading activity that is occurring is from Eastern European sources with most of the sales for small lot volumes. Some European butter producers are looking toward March 15 when PSA will open.

82% BUTTERFAT:	1,550 - 1,860
99% BUTTERFAT:	2,100 - 2,500

**SKIM MILK POWDER (SMP):** Skim milk powder prices are steady to slightly weaker, although most traders anticipate prices to firm in the near future. Due to minimal amounts of Oceania powder available and most of the United States DEIP allocations filled for the year, European traders are looking at a window of opportunity that is developing for potential sales through the end of June. Intervention for SMP will open on March 1, thus powder is currently being produced for offering after that date. Many producers, handlers, and traders anticipate that maximum levels under the intervention program will be attained early, but if international sales develop as hoped, most feel that intervention offerings will slow.

1.25% BUTTERFAT:	1,300 - 1,425
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally unchanged. Minimal trading activity is occurring and most producers and handlers do not foresee much activity in the near future. Seasonal milk production is starting to show signs of improvement, thus milk is being directed toward dairy products that are most active at this time. For the most part, whole milk markets are quiet and orders that are being filled are from current production. Whole milk powder stocks are minimal.

26% BUTTERFAT:	1,500 - 1,700
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**SWEET WHEY POWDER:** European whey markets are steady to weak with prices unchanged to generally lower. Edible whey demand is not overly aggressive with the most activity centering around animal feed markets. For the most part, animal feed prices are about \$50 per MT lower than the edible quoted prices. Stocks are reported to be low, but sufficient for the limited edible demand at this time.

NONHYGROSCOPIC:	560 - 640
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**OVERVIEW: EASTERN EUROPE:** Eastern European dairy markets are basically steady at unchanged prices. Milk production is hovering at seasonally low levels with occasional signs of increases starting to develop. For the most part, winter weather conditions have not been that severe this year and hopefully will not yet occur, thus a good basis can be established for the upcoming production season. Small volume sales of dairy products continue to be shipped to Russia, but outside of this activity, very minimal international sales are occurring.

## OCEANIA

**OVERVIEW:** Milk production in both New Zealand and Australia continue to follow the trends of past weeks. In New Zealand, production forecasts for the current season are being reported to be nearly 2% lower than the previous year. This lower estimate is the largest production decline in the country is the past 10 years. Much of the decline is being attributed to dry conditions and this forecasted figure could be further adjusted if conditions worsen. In Australia, output is more positive. Production conditions have been typical and output is being forecast to be between 4 - 5% above last season. When looking at overall production and thus manufactured stocks in the Oceania region, contacts report that inventories are generally in balance with demand. For the most part, traders are comfortable with inventory levels and report that most stocks are fully committed. Outside of ongoing international trade, minimal new trading activity is occurring from the Oceania region.

**BUTTER:** Butter markets in the Oceania region are generally steady. Prices are basically unchanged. International trading activity out of the region remains slow with most activity centering around ongoing sales. Stock levels are reported to be in a comfortable position with most stocks fully committed. Availability of butter for spot buyer interest is much lower than in past production seasons.

82% BUTTERFAT:	1,600 - 1,700
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**CHEDDAR CHEESE:** Cheese markets are generally steady with prices unchanged to slightly lower. Traders report ongoing sales to regular customers have kept cheese stocks in decent balance with production. End of season milk production is generating additional cheese which, at this time, is the most aggressive dairy market.

39% MAXIMUM MOISTURE:	1,800 - 1,850
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**SKIM MILK POWDER (SMP):** Skim milk powder markets are generally unchanged from the last reporting period. Stocks are reported to be in close balance. The milk production season is winding down, thus milk volumes are being directed toward manufactured dairy products that potentially will clear the market. For the most part, Oceania traders have minimal amounts of additional powder available for international trade that has not been already committed.

1.25% BUTTERFAT:	1,325 - 1,400
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady at unchanged prices. Trading activity continues to center around ongoing/contractual sales. No new buyer interest is developing. Oceania traders indicate that if significant buyer interest should develop, the Oceania region probably would be hard pressed to fill that potential demand.

26% BUTTERFAT:	1,625 - 1,675
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Exchange rates for selected foreign currencies: February 1, 1999

.5130 Dutch Guilder	.5780 German Mark
.1723 French Franc	.5425 New Zealand Dollar
.0991 Mexican Peso	.6356 Australian Dollar
1.6415 British Pound	.0087 Japanese Yen
.2683 Polish Zloty	1.1304 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0991) = 10.0908. That is 1 US Dollar equals 10.0908 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	1999	1998
	JAN 04 - 08	JAN 11 - 15	JAN 18 - 22	JAN 25 - 29	Average	Average
					or Total	or Total
<b>BUTTER</b>						
CHICAGO MERCANTILE EXCHANGE 2/ - CASH TRADING						
-- Grade AA	1.4300	1.4300	1.4275	1.3550	1.4222	1.1932
WHOLESALE SELLING DIFFERENTIALS, F.O.B. - BULK - TRUCKLOAD QUANTITIES						
-- Grade AA						
Northeast	+4.00 - +5.00	+4.00 - +5.00	+4.00 - +5.00	+2.00 - +5.00	N.A.	N.A.
Central	0.00 - +3.00	0.00 - +3.00	0.00 - +3.00	0.00 - +3.00	N.A.	N.A.
West	-5.00 - -3.00	-5.00 - -2.00	-5.00 - -2.00	-5.00 - -2.00	N.A.	N.A.
<b>CHEESE</b>						
MIDWEST COMMODITY CHEDDAR						
-- Cheddar Barrels	1.8000 - 1.8100	1.6525 - 1.6725	1.4500 - 1.5150	1.2200 - 1.2650	1.5516	N.A.
-- Cheddar 40# Blocks	1.8500 - 1.9300	1.6800 - 1.7875	1.4975 - 1.6475	1.2500 - 1.3250	1.6235	N.A.
WISCONSIN (WSP, Delivered, LTL)						
-- Process American 5# Loaf	1.9700 - 2.2100	1.8325 - 2.1700	1.6850 - 2.1700	1.4200 - 2.1200	1.9482	1.5816
-- Brick And/Or Muenster 5#	2.1800 - 2.3675	2.1600 - 2.2350	2.0950 - 2.1600	1.7475 - 2.1100	2.1321	1.7988
-- Cheddar 40# Block	2.1150 - 2.1900	2.0275 - 2.1600	1.8875 - 2.1600	1.5400 - 2.1150	2.0244	1.7975
-- Monterey Jack 10#	2.1150 - 2.3700	2.1150 - 2.3300	2.0775 - 2.3300	1.7300 - 2.2800	2.1666	1.8975
-- Blue 5#	2.4950 - 2.7300	2.3625 - 2.6900	2.2225 - 2.6900	1.8750 - 2.6400	2.4635	2.1413
-- Mozzarella 5 - 6#	2.2200 - 2.2600	2.1000 - 2.2300	1.9600 - 2.2300	1.6125 - 2.2150	2.1039	1.8525
-- Grade A Swiss Cuts 6 - 9#	2.4900 - 2.6850	2.5400 - 2.6850	2.5400 - 2.6850	2.5400 - 2.6850	2.6059	2.3825
NORTHEAST (WSP, Delivered, LTL)						
-- Cheddar 10# Prints	1.8975 - 2.3850	1.7650 - 2.2525	1.6250 - 2.1125	1.2775 - 1.7650	1.8859	1.6838
-- Cheddar Single Daisies	1.8700 - 2.3850	1.7375 - 2.2525	1.5975 - 2.1125	1.2500 - 1.7650	1.8721	1.6863
-- Cheddar 40# Block	2.0375 - 2.1850	1.9075 - 2.0525	1.7675 - 1.9125	1.4200 - 1.5650	1.8568	1.6475
-- Process 5# Loaf	1.9875 - 2.1400	1.8500 - 2.0025	1.7050 - 1.8575	1.4475 - 1.5975	1.8257	1.6074
-- Process 5# Sliced	2.0150 - 2.2000	1.8775 - 2.0625	1.7300 - 1.9175	1.4725 - 1.6975	1.8741	1.6462
-- Muenster	2.0775 - 2.3925	1.9450 - 2.2300	1.8050 - 2.0900	1.4575 - 1.7425	1.9686	1.8113
-- Grade A Swiss Cuts 10 - 14#	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.4500	2.3775
WEST COAST (WSP, Delivered, LTL)						
-- Process 5# Loaf	1.9400 - 2.2075	1.8025 - 2.0700	1.6575 - 1.9250	1.4075 - 1.6650	1.8366	1.6398
-- Cheddar 40# Block	2.0000 - 2.1600	1.8675 - 2.0275	1.7275 - 1.8875	1.4000 - 1.5400	1.8272	1.6713
-- Cheddar 10# Cuts	2.1900 - 2.4200	2.0575 - 2.2875	1.9175 - 2.1475	1.5900 - 1.8000	2.0522	1.8513
-- Monterey Jack 10#	2.2100 - 2.3825	2.0775 - 2.2500	1.9375 - 2.1100	1.6100 - 1.7675	2.0441	1.8150
-- Grade A Swiss Cuts 6 - 9#	2.4200 - 2.5400	2.4200 - 2.5400	2.4200 - 2.5400	2.3900 - 2.5100	2.4721	2.4488
<b>FLUID AND DRY PRODUCTS</b>						
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)						
Delivered Equivalent:						
-- Northeast	1.5730 - 1.7875	1.6445 - 1.7875	1.6445 - 1.8161	1.5417 - 1.9129	1.7126	1.4968
-- Atlanta	1.6588 - 1.8590	1.6588 - 1.8590	1.6588 - 1.8590	1.6274 - 1.8843	1.7581	1.5409
-- Upper Midwest	1.5873 - 1.8876	1.6445 - 1.9305	1.6445 - 1.9305	1.7844 - 1.8558	1.7829	1.5109
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)						
Delivered Equivalent:						
-- Northeast	1.1500 - 1.5800	1.1500 - 1.5800	1.1500 - 1.5800	1.1500 - 1.5800	1.3650	1.1276
WISCONSIN FLUID MILK SHIPMENTS						
-- Loads Shipped from Wisconsin Shipping Points	12	23	11	0	0	46
NATIONAL EVAPORATED MILK (\$ per Case)						
(Case - 48 - 12 fluid oz cans)						
-- Delivered Major U.S. Cities	23.6200 - 33.0000	23.6200 - 33.0000	23.6200 - 33.0000	23.6200 - 33.0000	28.3100	27.7500

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 1999 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:REPORT NUMBER 1 :REPORT NUMBER 2 :REPORT NUMBER 3 :REPORT NUMBER 4 :				: 1999 : 1998	
	:-----:-----:-----:-----:				: Average : Average	
	: JAN 04 - 08	: JAN 11 - 15	: JAN 18 - 22	: JAN 25 - 29	: or Total	: or Total
<b>DRY PRODUCTS</b>						
<b>NONFAT DRY MILK</b>						
-- Central (f.o.b.)						
-- Low/Medium Heat	:: 1.0700 - 1.1525	:: 1.0800 - 1.1200	:: 1.0550 - 1.1000	:: 1.0400 - 1.0925	:: 1.0893	: N.A.
-- Mostly	:: 1.0900 - 1.1200	:: 1.0900 - 1.0950	:: 1.0600 - 1.0700	:: 1.0600 - 1.0650	:: 1.0821	: N.A.
-- West (f.o.b.)						
-- Low/Medium Heat	:: 1.0300 - 1.1000	:: 1.0280 - 1.0900	:: 1.0300 - 1.0800	:: 1.0150 - 1.0500	:: 1.0528	: 1.0388
-- Mostly	:: 1.0500 - 1.0800	:: 1.0400 - 1.0600	:: 1.0300 - 1.0500	:: 1.0200 - 1.0400	:: 1.0466	: 1.0313
-- High Heat	:: 1.1500 - 1.1700	:: 1.1500 - 1.1600	:: 1.1000 - 1.1600	:: 1.0600 - 1.1400	:: 1.1366	: 1.0588
-- Northeast (f.o.b.)						
-- Low/Medium Heat	:: 1.0700 - 1.1800	:: 1.0800 - 1.1500	:: 1.0700 - 1.1450	:: 1.0500 - 1.1400	:: 1.1108	: N.A.
-- High Heat	:: 1.1500 - 1.2000	:: 1.1500 - 1.1800	:: 1.1200 - 1.1800	:: 1.1000 - 1.1700	:: 1.1566	: N.A.
-- Mostly	:: 1.1500 - 1.1600	:: 1.1500 - 1.1600	:: 1.1500 - 1.1700	:: 1.1500 - 1.1600	:: 1.1561	: N.A.
-- Southeast (Delvd)						
-- Extra & Grade A	:: 1.1000 - 1.1850	:: 1.1000 - 1.1800	:: 1.1000 - 1.1800	:: 1.0900 - 1.1800	:: 1.1393	: 1.0725
<b>WHEY POWDER (Nonhygroscopic)</b>						
-- Central (f.o.b.)	:: 0.2000 - 0.2375	:: 0.1775 - 0.2325	:: 0.1750 - 0.2150	:: 0.1800 - 0.2000	:: 0.2026	: 0.2816
-- Mostly	:: 0.2275 - 0.2325	:: 0.1900 - 0.2150	:: 0.1800 - 0.2000	:: 0.1800 - 0.1900	:: 0.2025	: 0.2787
-- West (f.o.b.)	:: 0.2150 - 0.2450	:: 0.2100 - 0.2400	:: 0.2000 - 0.2400	:: 0.1900 - 0.2325	:: 0.2216	: 0.2454
-- Mostly	:: 0.2250 - 0.2350	:: 0.2200 - 0.2300	:: 0.2100 - 0.2250	:: 0.2000 - 0.2150	:: 0.2201	: 0.2445
-- Northeast Extra Grade (f.o.b.)	:: 0.2000 - 0.2375	:: 0.1900 - 0.2300	:: 0.1750 - 0.2300	:: 0.1875 - 0.2000	:: 0.2064	: 0.2849
-- Northeast Usph Grade A(f.o.b.)	:: 0.2400 - 0.2525	:: 0.1900 - 0.2475	:: 0.1900 - 0.2475	:: 0.2000 - 0.2225	:: 0.2240	: 0.2997
-- Southeast Extra Grade (Delvd)	:: 0.2325 - 0.2625	:: 0.2075 - 0.2500	:: 0.2075 - 0.2500	:: 0.2200 - 0.2250	:: 0.2320	: 0.3132
<b>WHEY PROTEIN CONCENTRATE</b>						
-- Central And West (f.o.b.)						
-- Extra Grade 34% Protein	:: 0.5000 - 0.5725	:: 0.4900 - 0.5550	:: 0.4800 - 0.5400	:: 0.4750 - 0.5350	:: 0.5189	: 0.6025
-- Mostly	:: 0.5300 - 0.5525	:: 0.5100 - 0.5400	:: 0.5000 - 0.5200	:: 0.4900 - 0.5100	:: 0.5195	: 0.6075
<b>ANIMAL FEED - WHEY</b>						
-- Central (f.o.b.)						
-- Milk Replacer	:: 0.1800 - 0.2000	:: 0.1500 - 0.1900	:: 0.1500 - 0.1700	:: 0.1500 - 0.1700	:: 0.1705	: 0.2656
-- Standard	:: 0.1500 - 0.1800	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	: 0.2524
-- Roller Ground	:: 0.2500 - 0.2600	:: 0.2500 - 0.2600	:: 0.2050 - 0.2150	:: 0.1925 - 0.2100	:: 0.2314	: 0.3080
-- Delactose	:: 0.3275 - 0.3575	:: 0.3275 - 0.3475	:: 0.3075 - 0.3475	:: 0.3075 - 0.3475	:: 0.3341	: 0.3538
-- Northeast (f.o.b.)						
-- Milk Replacer	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	:: TFEWR	: TFEWR
<b>BUTTERMILK (Min. 30% protein)</b>						
-- Central (f.o.b.)	:: 0.8200 - 0.8850	:: 0.8200 - 0.8525	:: 0.8000 - 0.8300	:: 0.7900 - 0.8000	:: 0.8252	: 0.9378
-- West (f.o.b.)	:: 0.8200 - 0.8700	:: 0.8100 - 0.8800	:: 0.7600 - 0.8400	:: 0.7400 - 0.8000	:: 0.8158	: 0.8850
-- Mostly	:: 0.8200 - 0.8400	:: 0.8100 - 0.8400	:: 0.7800 - 0.8200	:: 0.7500 - 0.7700	:: 0.8039	: 0.8896
-- Northeast (f.o.b.)	:: 0.8850 - 0.9500	:: 0.8800 - 0.9000	:: 0.8700 - 0.9000	:: 0.7950 - 0.8800	:: 0.8824	: 0.9637
-- Southeast (Delvd)	:: 0.8800 - 0.9200	:: 0.8625 - 0.8875	:: 0.8625 - 0.8875	:: 0.8350 - 0.8625	:: 0.8747	: 0.9482
<b>WHOLE MILK POWDER</b>						
-- National						
-- National (f.o.b.)	:: 1.6525 - 1.8200	:: 1.4200 - 1.8200	:: 1.4200 - 1.8200	:: 1.3900 - 1.8200	:: 1.6466	: 1.3000
<b>LACTOSE</b>						
-- Central And West (f.o.b.)	:: 0.1400 - 0.2000	:: 0.1400 - 0.2000	:: 0.1400 - 0.2000	:: 0.1400 - 0.2000	:: 0.1700	: 0.2200
-- Mostly	:: 0.1600 - 0.1750	:: 0.1600 - 0.1750	:: 0.1600 - 0.1750	:: 0.1600 - 0.1750	:: 0.1675	: 0.2175
<b>CASEIN - Edible - National (f.o.b.)</b>						
-- Nonrestricted - Rennet	:: 1.9500 - 2.1000	:: 1.9500 - 2.0500	:: 1.9500 - 2.0500	:: 1.9000 - 2.0500	:: 2.0000	: 2.1850
-- Nonrestricted - Acid	:: 1.9000 - 2.0500	:: 1.9000 - 2.0000	:: 1.9000 - 2.0000	:: 1.9000 - 2.0000	:: 1.9566	: 2.0750

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

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JANUARY 1999

COMMODITY	REPORT NUMBER 1 JAN 4 - 8	REPORT NUMBER 2 JAN 11 - 15	REPORT NUMBER 3 JAN 19 - 22	REPORT NUMBER 4 JAN 25 - 29	1999 * Monthly Average	1998 * Monthly Average
<b>CHEESE*</b>						
-- BARRELS						
--Monday	1.7975	1.5500	#	1.2200		
--Tuesday	1.7900	1.5500	1.3500	1.2200		
--Wednesday	1.6000	1.5300	1.2250	1.2200		
--Thursday	1.5600	1.5000	1.2250	1.2200		
--Friday	1.5600	1.4500	1.2200	1.2250	1.4217	1.3477
--Weekly Average**	1.6615	1.5160	1.2550	1.2210		
-- 40# BLOCKS						
--Monday	1.9000	1.6800	#	1.2500		
--Tuesday	1.8900	1.6800	1.3700	1.2500		
--Wednesday	1.6875	1.6800	1.2500	1.2500		
--Thursday	1.6800	1.6000	1.2500	1.2600		
--Friday	1.6800	1.4975	1.2500	1.2600	1.4929	1.4300
--Weekly Average**	1.7675	1.6275	1.2800	1.2540		
<b>NONFAT DRY MILK*</b>						
-- EXTRA GRADE						
--Monday	1.1050	1.0700	#	1.0650		
--Tuesday	1.0800	1.0700	1.0700	1.0600		
--Wednesday	1.0700	1.0700	1.0700	1.0600		
--Thursday	1.0700	1.0700	1.0700	1.0500		
--Friday	1.0700	1.0700	1.0700	1.0500	1.0689	N.A.
--Weekly Average**	1.0790	1.0700	1.0700	1.0570		
-- GRADE A						
--Monday	1.1525	1.0700	#	1.0700		
--Tuesday	1.1525	1.0700	1.0700	1.0700		
--Wednesday	1.0700	1.0700	1.0700	1.0700		
--Thursday	1.0700	1.0700	1.0700	1.0700		
--Friday	1.0700	1.0700	1.0700	1.0600	1.0782	N.A.
--Weekly Average**	1.1030	1.0700	1.0700	1.0680		

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

# Holiday, CME cash dairy markets closed.

## JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 1999, totaled 9.14 million head, down 1 percent from 1998 and down 2 percent from 1997.

Milk replacement heifers totaled 4.06 million head, up 2 percent from 1998 and slightly above 1997.

On January 1, 1999, the number of milk cow replacements per 100 milk cows was 44.4, up from 43.3 on January 1, 1998, and up from 43.6 on January 1, 1997.

## MILK COW INVENTORY: Number by Class, January 1, 1998-99

State	Milk Cows that Have Calved		Milk Cow Replacement		State	Milk Cows that Have Calved		Milk Cow Replacement	
	1998	1999	1998	1999		1998	1999	1998	1999
	1,000 Head					1,000 Head			
AL	28	27	11	9	NE	70	72	30	30
AK	0.9	0.9	0.3	0.3	NV	26	26	10	8
AZ	130	132	26	23	NH	20	21	8	10
AR	51	51	20	20	NJ	19	18	6	7
CA	1,400	1,440	670	710	NM	216	218	50	55
CO	84	83	45	45	NY	700	702	310	310
CT	30	28	13	12	NC	78	73	30	30
DE	10	10	2.6	2.7	ND	54	50	20	15
FL	160	157	40	40	OH	265	260	115	125
GA	96	90	32	29	OK	91	92	40	30
HI	9	9	4	4	OR	88	88	50	55
ID	280	302	135	135	PA	625	619	275	280
IL	130	125	65	60	RI	2.1	2.2	0.8	0.7
IN	135	137	60	62	SC	25	24	10	10
IA	225	220	100	120	SD	101	102	25	35
KS	79	84	40	45	TN	110	100	50	45
KY	145	135	55	55	TX	370	340	100	110
LA	66	64	16	15	UT	90	95	50	43
ME	41	43	19	20	VT	163	162	60	68
MD	86	86	29	29	VA	125	122	60	63
MA	27	24	10	13	WA	250	248	93	98
MI	300	300	140	145	WV	18	18	7	5
MN	555	545	290	290	WI	1,380	1,370	660	640
MS	46	39	19	17	WY	6	6	1	1
MO	175	165	75	75	U.S.	9,199	9,143	3,986	4,060
MT	18	18	8	10					

SOURCE: "Cattle," Mt An 2-1 (1-99), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION, UNITED STATES, JANUARY 1996 TO DATE  
(THOUSAND HEAD)

1996			1997			1998		
Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows
Jan 6	118.0	54.6	Jan 4	125.1	55.7	Jan 3	105.0	50.4
13	140.5	61.8	11	161.9	72.7	10	143.8	68.0
20	142.3	63.8	18	135.2	61.1	17	127.0	60.2
27	133.1	63.2	25	150.9	67.4	24	127.6	62.6
Feb 3	122.7	56.8	Feb 1	133.3	62.4	31	126.0	61.5
10	120.2	59.3	8	133.4	62.7	Feb 7	120.2	58.3
17	147.6	67.7	15	126.2	62.1	14	112.0	54.7
24	134.9	61.4	22	122.0	59.1	21	108.5	56.6
Mar 2	127.9	64.1	Mar 1	122.3	60.9	28	112.4	56.1
9	120.2	55.7	8	118.9	58.3	Mar 7	108.5	54.9
16	122.9	59.7	15	129.6	61.8	14	95.0	50.0
23	130.6	58.4	22	122.1	58.1	21	104.6	52.3
30	124.0	55.9	29	122.2	55.8	28	109.5	54.4
Apr 6	122.9	57.1	Apr 5	118.2	54.3	Apr 4	110.0	54.0
13	125.6	55.4	12	116.5	54.8	11	105.1	50.3
20	136.4	60.6	19	120.1	55.9	18	106.5	49.6
27	135.4	54.8	26	123.9	54.5	25	111.2	51.5
May 4	130.1	52.0	May 3	114.2	51.1	May 2	106.7	47.9
11	125.2	50.6	10	117.4	52.4	9	107.4	47.3
18	135.2	59.2	17	111.4	50.0	16	108.3	47.1
25	138.1	54.0	24	112.9	50.7	23	110.6	47.4
Jun 1	128.7	49.0	31	98.6	44.4	30	101.2	43.0
8	133.4	53.0	Jun 7	111.3	50.5	Jun 6	113.7	47.6
15	129.1	51.4	14	101.0	45.0	13	108.6	46.0
22	129.0	49.3	21	101.7	45.1	20	105.3	45.0
29	131.1	51.1	28	113.4	49.6	27	108.0	44.9
Jul 6	99.7	38.6	Jul 5	90.4	40.8	Jul 4	98.4	40.5
13	135.5	57.0	12	115.5	51.9	11	105.8	44.2
20	140.3	59.3	19	114.6	50.1	18	108.5	44.6
27	125.5	53.8	26	112.5	51.2	25	104.8	44.0
Aug 3	122.8	54.7	Aug 2	120.0	52.9	Aug 1	110.5	46.6
10	128.4	54.5	9	117.3	53.2	8	117.8	47.9
17	132.2	56.8	16	120.1	55.0	15	111.2	48.2
24	141.9	60.8	23	117.9	56.1	22	107.2	48.5
31	137.4	59.7	30	116.0	54.3	29	113.3	48.4
Sep 7	113.5	51.2	Sep 6	96.5	47.3	Sep 5	114.4	49.7
14	137.5	58.0	13	124.1	56.9	12	99.0	43.3
21	138.7	61.3	20	123.2	55.9	19	117.5	50.8
28	136.2	59.5	27	121.3	57.8	26	114.8	49.2
Oct 5	141.9	58.5	Oct 4	122.3	54.3	Oct 3	111.2	49.0
12	149.4	62.9	11	122.4	55.0	10	105.7	47.3
19	154.4	63.6	18	129.0	59.0	17	111.6	47.3
26	159.6	65.0	25	146.2	62.9	24	118.7	50.2
Nov 2	166.8	65.5	Nov 1	146.9	62.8	31	131.8	54.4
9	163.8	65.8	8	149.2	62.9	Nov 7	122.6	52.3
16	166.3	65.8	15	146.8	62.7	14	125.5	52.1
23	166.3	65.8	22	147.5	64.2	21	132.7	54.4
30	127.9	53.1	29	118.7	52.0	28	103.7	44.9
Dec 7	165.0	68.8	Dec 6	149.2	67.6	Dec 5	131.8	54.6
14	169.0	70.8	13	141.2	65.6	12	128.1	56.3
21	150.3	62.8	20	135.7	60.9	19	122.0	51.6
28	100.7	43.0	27	95.5	43.3	26	80.4	34.0

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.

**JANUARY 1999 DEIP BID ACCEPTANCE**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
<b>NONFAT DRY MILK</b>				
DECEMBER 1998		65,584		
01/07	CARIBBEAN, CENT & S. AM	335	JAN-MAR	\$978.66
01/11	CARIBBEAN, CENT & S. AM	1,171	JAN-AUG	\$980.11
01/11	ASIA & FSU	23	JAN-FEB	\$1,000
01/13	CARIBBEAN, CENT & S. AM	567	FEB-JUL	\$975
01/14	ASIA & FSU	315	MAR-APR	\$975
01/15	CARIBBEAN, CENT & S. AM	930	JAN-SEP	\$941
01/15	AFRICA & MIDDLE EAST	438	FEB-JUN	\$1,000
01/15	ASIA & FSU	105	FEB	\$975
01/15	CARIBBEAN, CENT & S. AM	17	FEB-APR	\$950
01/19	ASIA & FSU	210	FEB-APR	\$975
01/19	CARIBBEAN, CENT & S. AM	20	MAR	\$935
01/25	ASIA & FSU	300	FEB-MAR	\$950
JANUARY 1 - 31, 1999		<u>4,431</u>		
PROGRAM TO DATE		70,015		
REALLOCATED	CARIBBEAN & MEXICO	72	JAN-FEB	\$950
	CARIBBEAN & MEXICO	150	FEB-AUG	\$950
<b>WHOLE MILK POWDER</b>				
DECEMBER 1998		2,580		
01/05	CARIBBEAN, CENT & S. AM	500	JAN-MAY	\$1,350
01/26	CARIBBEAN, CENT & S. AM	16	FEB	\$1,350
01/29	CARIBBEAN, CENT & S. AM	560	JAN-SEP	\$1,350
JANUARY 1 - 31, 1999		<u>1,076</u>		
PROGRAM TO DATE		3,656		
<b>CHEESE</b>				
DECEMBER 1998		2,624		
01/04-P	CARIBBEAN, CENT & S. AM	311	JAN-JUL	\$1,443.02
01/05-P	CARIBBEAN, CENT & S. AM	62	JAN-JUL	\$1,438.03
JANUARY 1 - 31, 1999		<u>373</u>		
PROGRAM TO DATE		2,997		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ - MONTEREY JACK				
<b>BUTTEROIL/ANHYDROUS MILKFAT</b>				
DECEMBER 1998		0		
JANUARY 1 - 31, 1999		<u>0</u>		
PROGRAM TO DATE		0		
TOTAL MT				PROGRAM-TO-DATE
TOTAL BONUS VALUE				76,668
				\$79,707.000**

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

**SOURCE: FOREIGN AGRICULTURAL SERVICE**

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF FEBRUARY 1 - 5, 1999				CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES	
	TOTAL		CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/98	LAST YEAR	01/29/99	LAST YEAR	
<b>BUTTER</b>									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>									
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-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>									
Nonfortified	1,199,702	-0-	1,199,702	1,928,577	25,501,739	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	1,199,702	-0-	1,199,702	1,928,577	25,501,739	-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
WEEK OF FEBRUARY 1 - 5, 1999 =	0.3	14.0		0.8	44.3
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.4	22.4	CUMULATIVE SAME PERIOD LAST YEAR =	5.6	296.8
CUMULATIVE JANUARY 1 - FEBRUARY 5, 1999 =	0.4	21.2	COMPARABLE CALENDAR YEAR 1998 =	3.9	205.4

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

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

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-	1,928,577	25,391,564
EAST	-0-	-0-	-0-	110,175
<b>TOTAL</b>	-0-	-0-	1,928,577	25,501,739

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

Regions*	Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/16/99 & Comparable Week 1998 1/ 2/										U.S. TOTAL	% DAIRY OF ALL		
	1	2	3	4	5	6	7	8	9	10				
1999-Dairy cows HD (000)	0.2	0.8	6.2	7.0	21.3	2.9	3.4	0.7	10.6	3.1	56.1	151.5	43.6	44.8
1998-Dairy cows HD (000)	0.3	1.7	7.1	6.5	21.8	4.2	3.5	1.3	11.0	3.0	60.2	178.6	47.4	47.5
1999-All cows HD (000)	0.2	0.8	8.6	17.9	30.1	21.2	22.5	6.1	13.1	8.2	128.8	338.4		
1998-All cows HD (000)	0.3	1.7	9.6	17.5	31.4	17.3	20.9	7.6	12.9	7.9	127.0	375.8		

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 1/29

PROCESS	MARCH DELIVERY
2# PROCESS LOAF	950,400 \$1.4809-1.7040
5# PROCESS LOAF	990,000 \$1.3505-1.4245
PROCESS SLICED	158,400 \$1.4210
<b>CHEDDAR</b>	
BARRELS	80,000 \$1.2800

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 38,756,911

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