

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (3/12):**

BUTTER: Grade AA closed at \$1.3450. The weekly average for Grade AA is \$1.3558 (N/A).

CHEESE: Barrels closed at \$1.2975 and blocks at \$1.3300. The weekly average for barrels is \$1.2920 (-.0010) and blocks, \$1.3300 (N.C.).

NONFAT DRY MILK: Extra Grade closed at \$1.0325 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0350 (-.0025) and Grade A is \$1.0500 (N.C.).

BUTTER: Butter markets remain unsettled and the market tone is mixed. Producers and handlers are now adjusting to the CME's three days a week cash trading and how this will impact current markets. At this time, no trade consensus has been reached as to how butter/cream should be priced. Churning schedules across the country are seasonally active. Cream supplies are available to butter operations as ice cream production has not taken off yet for the season. In instances, some butter operations are looking for additional cream volumes to maintain full plant capacity. Butter orders are good for current Lenten and upcoming Easter/Passover needs.

CHEESE: The cheese market is steady on blocks; slightly firmer on barrels. Supplies of barrels are a little tighter while block offerings are fully adequate. Movement is fair for natural styles; improving on process. Cheese production is seasonally heavy as most plants are being offered increasing volumes of surplus milk.

FLUID MILK: With a \$6.00 drop in the BFP, Class prices in all orders will be adjusting accordingly. Milk production and the amount of milk received by manufacturers is increasing. Class I sales improved mostly in the East due to winter storms. Many manufacturing schedules are at or near full capacity.

DRY PRODUCTS: NDM and Buttermilk markets are steady to weak with producers in the East in the best position. Prices are unchanged to lower. The whey market is steady and unchanged across the country. Manufacturing schedules continue heavy as excess milk supplies continue to grow.

CCC: During the week of March 8 - 12, CCC purchased 4,882,167 pounds of NDM from Western producers.

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 1999 was unchanged at 115. Compared with February 1998, the index was down 2 points (1.7%). The index of prices received by farmers for dairy products declined 10 points during the month of February 1999 to 123. Compared with February 1998, the index was up 10 points (8.8%). On a 3.5% butterfat basis, prices received by farmers in February with changes

from January were: for All Milk, \$15.64, down \$1.36; Fluid Grade, \$15.75, down \$1.37; and for Manufacturing Grade Milk, \$12.79, down \$1.93.

JANUARY 1999 DAIRY PRODUCTS HIGHLIGHTS (NASS):

Butter production was 122.3 million pounds in January, 7.7% above January 1998 and 20.3% above December 1998. American type cheese production totaled 288.6 million pounds, 1.9% above January 1998 but 3.0% below December 1998. Total cheese output (excluding cottage cheese) was 633.9 million pounds, 2.9% above January 1998 but 5.1% below December 1998. Nonfat dry milk, for human food, totaled 119.2 million pounds, 14.9% above January 1998 and 11.3% above December 1998. Dry whey production, for human food, was 88.8 million pounds, 6.6% below January 1998 and 4.8% below December 1998.

CONSUMER PRICE INDEX (BLS): The January Consumer Price Index (CPI) for all food is 163.6 up 2.3% from January 1998. The dairy products index, at 161.2 is up 8.7% from a year ago. The January to January changes in selected dairy products are: fresh whole milk +10.2%, cheese +8.7%, and butter +31.0%.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the period of October-December 1998 totaled 40.5 billion pounds, 3.2% more than the comparable period in 1997. Comparing disappearance levels with a year ago: butter, American cheese, other cheese, NDM and fluid milk products were all higher. During 1998, commercial disappearance of dairy products was 2.5% above 1997 levels.

USDA NEWS RELEASE: On March 8, 1999, USDA announced a \$200 million program to assist dairy farmers. Dairy farmers will get payments of up to \$5,000 each under the new Dairy Income Loss Assistance program. USDA will make payments based on a dairy operation's first 26,000 cwt. of milk produced in 1998 or 1997, whichever is the highest, targeted to family-sized operations.

MAILBOX MILK PRICES (USDA, DAIRY PROGRAMS): In December 1998, mailbox milk prices reported for selected Federal milk orders averaged \$17.80 per cwt., \$.33 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$17.32, up \$.35; Southeast, \$18.71, up \$.81 Midwest, \$18.17, up \$.27 and West, \$16.95 up \$.29. Compared to December 1997, mailbox milk prices increased \$3.35 per cwt. on the average. Regional changes from the previous year were: +\$3.14 in the Northeast, +\$3.14 in the Southeast, +\$3.57 in the Midwest, and +\$3.19 in the West.

****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 MAR 8 | TUESDAY MAR 9 | WEDNESDAY MAR 10 | THURSDAY MAR 11 | FRIDAY MAR 12 | WEEKLY CHANGE* | WEEKLY AVERAGE# |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|----------------------|-------------------|----------------------|
| CHEESE BARRELS | \$1.2850 (N.C.) | \$1.2850 (N.C.) | \$1.2950 (+.0100) | \$1.2975 (+.0025) | \$1.2975 (N.C.) | +.0125 | \$1.2920 (-.0010) |
| 40# BLOCKS | \$1.3300 (N.C.) | \$1.3300 (N.C.) | \$1.3300 (N.C.) | \$1.3300 (N.C.) | \$1.3300 (N.C.) | N.C. | \$1.3300 (N.C.) |
| NONFAT DRY MILK EXTRA GRADE | \$1.0375 (N.C.) | \$1.0375 (N.C.) | \$1.0350 (-.0025) | \$1.0325 (-.0025) | \$1.0325 (N.C.) | -.0050 | \$1.0350 (-.0025) |
| GRADE A | \$1.0500 (N.C.) | \$1.0500 (N.C.) | \$1.0500 (N.C.) | \$1.0500 (N.C.) | \$1.0500 (N.C.) | N.C. | \$1.0500 (N.C.) |
| BUTTER GRADE AA | \$1.3625 (N.C.) | | \$1.3600 (-.0025) | | \$1.3450 (-.0150) | -.0175 | \$1.3558 (N/A) |

*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 - March 8 - 12, 1999

MONDAY, MARCH 8, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2850

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

BUTTER -- SALES: 1 CAR GRADE AA @ \$1.3550; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ \$1.3625, 1 @ \$1.3300, 1 @ \$1.3100, 1 @ \$1.3000, 1 @ \$1.2000; OFFERS UNCOVERED: 7 CARS GRADE AA: 1 @ \$1.4150, 1 @ \$1.4200, 1 @ \$1.4250, 1 @ \$1.4400, 1 @ \$1.4500, 1 @ \$1.4900, 1 @ \$1.5000

TUESDAY, MARCH 9, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2950

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

WEDNESDAY, MARCH 10, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2950; 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.0350

BUTTER -- SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.3225, 1 @ \$1.3200, 1 @ \$1.2000; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.3600, 1 @ \$1.3625

THURSDAY, MARCH 11, 1999

CHEESE -- SALES: 4 CARS BARRELS: 3 @ \$1.2950, 1 @ \$1.2975; 2 CARS 40# BLOCKS: 1 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: 3 CARS BARRELS @ \$1.2950; OFFERS UNCOVERED: 3 CARS BARRELS: 2 @ \$1.2975, 1 @ \$1.3050; 1 CAR 40# BLOCKS @ \$1.3300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.0325

FRIDAY, MARCH 12, 1999

CHEESE -- SALES: 10 CARS BARRELS: 5 @ \$1.2975, 1 @ \$1.2950, 3 @ \$1.2975, 1 @ \$1.2950; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.2975, 1 @ \$1.2400, 2 CARS 40# BLOCKS: 1 @ \$1.2700, 1 @ \$1.2500; OFFERS UNCOVERED: 4 CARS 40# BLOCKS @ \$1.3300

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

BUTTER -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.3200; OFFERS UNCOVERED: 7 CARS GRADE AA: 1 @ \$1.3450, 2 @ \$1.3575, 1 @ \$1.3600, 1 @ \$1.4000, 1 @ \$1.4500, 1 @ \$1.5000

BUTTER MARKETS

JANUARY BUTTER PRODUCTION

During January 1999, butter production in the United States totaled 122.3 million pounds, 7.7% more than January 1998 and 20.3% higher than last month. Production percentage changes versus last January for various states are: CA -1.8%, MN +30.5, NY + 0.7%, OR +19.8%, PA +26.2%, WA +7.4%, and WI +6.7%.

NORTHEAST

The market tone is mostly steady. Premium structures are unchanged to lower. At the March 5 trading session of the CME, the butter close was up 1/2 cent to \$1.3625. Expanded three-day-a-week trading has increased interest in the butter trade, yet actual sales are seasonally slow with spot trading at a minimum. Producer stocks are adequate and building. Churning activity remains heavy with the available excess volumes of milk. Some butter makers are still searching for surplus cream. Anticipation remains high for market demand during the upcoming Lenten/Easter/Passover season.

CENTRAL

The butter market tone is mixed. Butter producers and handlers are now pricing butter differently since cash butter trading has gone to 3 times a week at the CME versus once a week. Basically there is no industry consensus on how butter should/will be priced. Churning schedules in the Midwest are seasonally quite active. Cream supplies are sufficient to the point that most plants are able to maintain near capacity production schedules. Butter orders continue to develop quite well

for current Lenten and upcoming Easter sales. Stocks are reported to be readily available for near term needs. Butter producers are also putting additional production away for future use. Some Midwestern buyers continue to look to other areas of the country to secure additional bulk butter stocks.

WEST

Western butter price differentials firmed fractionally this week. Print orders are coming in very strong related to the Lenten season and the upcoming Easter holiday. Bulk continues to clear reasonably well. A few churning operations are building some stocks. Butter production is increasing seasonally. Cream offerings are heavy. Most surplus cream is clearing to the churns at this time. Interest from ice cream accounts is expected to increase as we move into April because of the calendar and because of pricing system changes that take place on April 1. The fact of three days per week trading at the CME has not resulted in any kind of consensus as to how butter/cream should be priced in the future.

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 MARCH 5, 1999 CLOSE = \$1.3625

| STYLE | NORTHEAST | CENTRAL | WEST |
|-------|-----------|----------|----------|
| BULK | 0 TO +5 | +1 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 | | | |
| MARCH 6 | 1.3098 5,909,313 | 1.2766 11,020,845 | 1.0177 15,414,774 | 1.3407 4,062,819 | 0.1882 5,271,254 |

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

NORTHEAST

CHEESE MARKETS

WEST

The market tone is generally steady. Prices are unchanged on natural cheddar items and slightly higher on processed. For nearly a month, the CME has reported no change on 40# blocks. Excess volumes of milk encourage cheese production with most plants running at full capacity. Output is steadily increasing with some plants preparing aged product for summer and fall markets. Cheese stocks are adequate for the seasonally slow to fair demand.

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

| | | |
|-----------------------------|---|---------------|
| Cheddar 10# Prints | : | 1.3300-1.8175 |
| Cheddar Single Daisies | : | 1.3025-1.8175 |
| Cheddar 40# Block | : | 1.4725-1.6175 |
| Process 5# Loaf | : | 1.4825-1.6325 |
| Process 5# Sliced | : | 1.5025-1.7325 |
| Muenster | : | 1.5100-1.8125 |
| Grade A Swiss Cuts 10 - 14# | : | 2.3500-2.5500 |

MIDWEST

The cheese market is steady to weak. Current interest is unsettled on barrels and process after the recent barrel price decline at the CME. Some barrels producers' stocks remain tight for current commitments while others do have some available. Fast food promotions have been aiding process sales. Block offerings are about adequate in the Midwest. Swiss prices are being adjusted to reflect lower milk price. Cheese production remains seasonally heavy as milk intakes, in general, remain well above year ago levels. Milk continues to enter the region from other parts of the country for processing. Wisconsin cheddar cheese output during January totaled 63.2 million pounds, down 1.8 million pounds (2.8%) from January 1998 and Minnesota produced 48.0 million pounds, up 2.2 million pounds (4.7%).

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

| | | |
|---|---|---------------|
| Process American 5# Loaf | : | 1.4725-1.9000 |
| Brick And/Or Muenster 5# | : | 1.8000-1.8900 |
| Cheddar 40# Block | : | 1.5925-2.1150 |
| Monterey Jack 10# | : | 1.7825-2.1150 |
| Blue 5# | : | 1.9275-2.4200 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.6625-2.2150 |
| Grade A Swiss Cuts 6 - 9# | : | 2.5400-2.6850 |

MIDWEST COMMODITY CHEDDAR

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

| | | |
|----------------|---|-----------------------------|
| CHEDDAR STYLES | : | MARCH 8 - 12, 1999 |
| : | : | |
| BARRELS* | : | \$1.2825 - 1.3025 (NOMINAL |
| : | : | (-\$.0025) (-.0025) |
| 40# BLOCKS | : | \$1.3200 - 1.3600 (NOMINAL) |

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

Cheese prices are generally holding steady in the Western region. Recent trends continue with process cheese in the tightest position and natural styles more available. More cheese is entering aging programs, but some contacts wonder about the quality of some of the cheese going in and whether it will actually make aged cheese. Total U.S. cheese production in January was estimated at 633.9 million pounds, up 2.9% from a year earlier. Output in selected Western states compared to last year is as follows: California up 7.8%, Idaho up 11.4%, Utah up 17.9%, and Washington down 16.4%. Swiss production in January totaled 18.6 million pounds, virtually unchanged from January 1998.

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

| | | |
|---------------------------|---|---------------|
| Process 5# Loaf | : | 1.4425-1.7000 |
| Cheddar 40# Block | : | 1.4525-1.5925 |
| Cheddar 10# Cuts | : | 1.6425-1.8525 |
| Monterey Jack 10# | : | 1.6625-1.8150 |
| Grade A Swiss Cuts 6 - 9# | : | 2.3000-2.4800 |

FOREIGN

Prices are mostly unchanged. Domestic prices have held for the past two weeks and some buyers are reentering the market for replacement volumes. Last week's snow storms in New England and predicted snow fall this week have some distributors very active this week. According to reports, prices quoted on the EU cheese market have fallen since the first of the year. This may be a result of the typically slow early-year demand. Cheese output of 1998 in the EU is projected to be up 0.5% from 1997.

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 | : 1.6650-2.2750 |
| Gorgonzola | : | 3.2400-5.9400 | : 2.3200-2.4900 |
| Parmesan (Italy) | : | TFEWR | : 3.0750-3.1050 |
| Romano (Italy) | : | 2.1000-2.9000 | : -0- |
| Provolone (Italy) | : | 3.4400-5.5000 | : 1.6650-1.9550 |
| Romano (Cows Milk) | : | -0- | : 2.8450-5.0800 |
| 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.

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

| | | | |
|----------|---|--------|-----------|
| | : | BUTTER | : CHEESE |
| | : | | : |
| 03/08/99 | : | 17,662 | : 97,596 |
| 03/01/99 | : | 16,171 | : 103,484 |
| CHANGE | : | 1,491 | : -5,888 |
| % CHANGE | : | 9 | : -6 |

FLUID MILK AND CREAM

EAST

Following the announcement of the February BFP, Eastern Milk Market Administrators announced changes to their class prices. The February BFP is \$10.27, down \$6.00 from January, the largest single month drop on record. In all Eastern orders the April Class I & II prices will be \$6.00 lower than March. The February Class III prices are \$6.01 below January in orders 1, 2, and 4, and \$6.00 lower in order 36. The January Class III-A is \$12.80 in orders 1 & 2, \$12.82 in order 4, and \$12.78 in all other Eastern orders. The butterfat differential is \$0.139. Milk production is moving along typical seasonal patterns and continues to increase. Output remains heaviest in the Gulf States with milk being diverted to nearby areas to alleviate surplus supplies. Florida, a regular importer, shipped out 100-110 loads. Favorable weather conditions have encouraged production with heavy increases anticipated for next week. Milk in the Northeast is not being shipped out unless necessary as excess milk supplies are diverted to manufacturing outlets. According to production statistics reported by NASS, total milk production increased by 12.7 and 11.6 percent from February to March in respective 1998 and 1997 years for the Eastern states of KY, VA, PA, FL, TX, VT, and NY. Class I sales and bottling activity in the Northeast have increased due to a recent snow storm. Some minor shipment delays were noted in the upper Northeast regions. Sales in the Southeast remain slow. Class I and II milk prices have reportedly slowed movement and increased diversions into Class III manufacturing facilities. Most plants continue to run at full capacity with cheese makers moving quite a bit of milk for summer and fall aged production. The condensed skim market is mostly steady to instances weaker due to the product's high price. Prices are unchanged to lower. Some buyers and users are looking forward to an April drop in Class II prices. The cream market is mostly steady. Prices are mixed with a 1/2 cent increase in butter prices at the CME and multiples are generally unchanged to lower. Cream supplies are adequate to plentiful for the fair demand. Butter makers continue to show interest in cream with ice cream and cream cheese makers beginning to show themselves on the market. Churning activity remains heavy as butter makers prepare for the upcoming holiday. Ice cream production is seasonally fair.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

| | | |
|--|---|-----------------------------------|
| F.O.B. Producing Plants: Northeast | - | 1.5668 - 1.7985 |
| Delivered Equivalent Atlanta | - | 1.5747 - 1.8191 M 1.6290 - 1.6968 |
| F.O.B. Producing Plants: Upper Midwest | - | 1.6827 - 1.7849 |

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

| | | |
|------------------------------------|---|-----------------|
| F.O.B. Producing Plants: Northeast | - | 1.1500 - 1.5500 |
|------------------------------------|---|-----------------|

MIDWEST

WISCONSIN SPOT SHIPMENTS:

| | | |
|-------------------------|-------|---|
| MARCH 05 - 11, 1999 | LOADS | 0 |
| PREVIOUS WEEK | | 0 |
| COMPARABLE WEEK IN 1998 | | 0 |

The February 1999 BFP manufacturing milk price was \$10.27 at a 3.5% test, down \$6.00 from January. The \$6.00 drop was the largest single month drop on record. The February Class III-A milk price in most of the Midwest is \$12.78, down 34 cents from January. The butterfat differential is \$0.139. A snow storm hit much of the Upper Midwest early this week which sparked a round of panic, retail buying of milk and other staples where the storm was predicted to hit. Therefore, there was rush on Grade A milk deliveries to bottling plants and stores. This demand did ease as the week progressed. Also, many colleges are on or starting spring break which does impact bottling schedules. Milk production in the Midwest is increasing and volumes are more typical for May-June rather than February-March. The early-week surge in bottling eased surplus volumes slightly and pay prices range from fifty cents

under Class up to Class. Despite the bump in bottled milk sales, manufacturing plants were still generally full and contacts expect them to stay that way through spring. The fluid cream market is mostly weak with ample offerings for slow to fair Class II demand. Prices are slightly higher following last Friday's increased butter close at the CME.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

| | | |
|---------------------------|-----------------|-----------------|
| | MAR 05 - 10 | PREVIOUS YEAR |
| SLAUGHTER COWS | \$ 33.50- 38.00 | \$ 33.00- 40.00 |
| REPLACEMENT HEIFER CALVES | \$140.00-220.00 | \$110.00-150.00 |

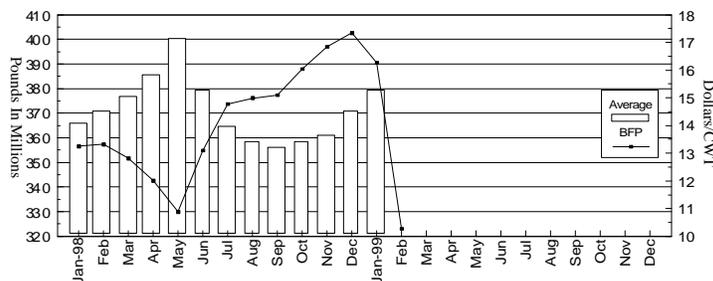
SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

| | | |
|----------------|-----------------|-----------------|
| | MAR 05 - 10 | PREVIOUS YEAR |
| SLAUGHTER COWS | \$ 30.00- 43.25 | \$ 35.00- 41.00 |

WEST

Milk production in the southwestern part of the United States continues to show steady growth. In southern most areas of the region, milk receipts are indicating that peak production is probably at hand while further north, production continues to increase. Milk volumes throughout the entire Southwest are reported to be heavy. Most milk handlers are reporting that weather conditions are nearly ideal for strong spring milk production. Milk volumes are heavy to the point that most manufacturing facilities are running at or very near capacity levels. At some plants, manufacturing schedules are being extended to process all of the milk offerings. Cream volumes continue to be readily available to local operations. For the most part, butter operations are absorbing the majority of available cream as ice cream production still has not increased seasonally. Cream handlers anticipate increased ice cream production the early part of April. Weather patterns in the Pacific Northwest have moderated and turned more spring like. Spring floods remain a great concern. Milk production continues to be strong and most plants are anticipating that by the end of March they will be at full capacity. Heifers remain in tight supply. Culling rates are beginning to increase as milk prices begin to decline seasonally. Cull cow prices have increased from their low point earlier this year. Feed prices remain very reasonable and some producers are beginning to contract feed needs for the new crop year for this fall and into next year. Milk producers are satisfied with the hay quality that they are getting in relation to the price and to concentrate costs. Most snow is again gone from the milk producing areas of Utah and Idaho. Conditions are somewhat muddy and some additional herd health concerns are noted. Milk production continues to grow seasonally.

Average Daily Milk Production for the Month vs. The BFP 1998 - 1999 YTD



CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/11/99 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 steady to fractionally lower and the market tone remains weak. Drying facilities are very busy as volumes of surplus milk are much heavier than expected for this time of year. Spot demand is fair. Export interest continues to be fairly good, but 1998/99 DEIP program-year (July-June) allocations for NDM (84,212 MT) have been filled. Production of human food, NDM during January totaled 119.2 million pounds, up 14.9% from January 1998 and up 11.3% from December. Month ending stocks, at 82.2 million pounds, are 21.0% below a year ago but 46.4% more than last month.

Includes EXTRA GRADE and GRADE A, low and medium heat
NONFAT DRY MILK: .10100 - 1.0375 MOSTLY: 1.0100 - 1.0300

DRY BUTTERMILK - CENTRAL

Prices and the market tone are unchanged. Some traders note that there seems to be a little more interest from buyers. They attribute this to users having to replenish depleted stocks. Producers report slow, steady spot demand. Production levels are moderate to heavy. Dry buttermilk production during January 1999 totaled 6.1 million pounds, up 8.3% from January 1998 and 24.5% higher than December 1998. Month ending stocks, at 5.0 million pounds, are 33.9% more than a year ago and 23.2% more than last month.

BUTTERMILK: .6900 - .7400

DRY WHEY - CENTRAL

Prices and the market tone are unchanged. However, there are a few, scattered signs of weakness. Producers report decent movement and balanced stocks while traders report slow demand and heavier than desired inventories. Production remains heavy. Demand is slow to fair, but there are indications that export interest is improving. Export interest is, however, price sensitive. Production of human food, dry whey during January 1999 totaled 88.8 million pounds, down 6.6% from January 1998 and 4.8% less than December 1998. Month ending stocks, at 40.4 million pounds, are 18.5% above a year ago but 9.4% below last month.

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

ANIMAL FEED WHEY - CENTRAL

Little has changed in the animal feed market. Demand is still slow and stocks of "off grade" whey are more than ample. During January, production of animal feed, dry whey totaled 7.3 million pounds, 11.4% more than last January and 6.4% more than December 1998. Month-ending stocks were 8.4 million pounds, more than double a year ago and 52.8% more than last month. Reduced lactose and minerals animal feed, dry whey production during January totaled 2.6 million pounds, 1.3% less than last year and 6.5% below December 1998.

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

LACTOSE - CENTRAL AND WEST

Prices are mostly unchanged to fractionally lower. The market tone is showing a few more signs of weakness. Spot demand is slow to fair and stocks are accumulating at some plants. Others, particularly those with contracts to fill, are well balanced and see a steady market. Second quarter contracts are being negotiated, but there is some question whether first quarter prices can be maintained. Lactose production during January totaled 38.3 million pounds, up 3.4% from a year ago but 2.4% below December 1998. Month ending stocks, at 25.5 million pounds, are 21.3% higher than a year ago but 5.6% less than last month. The following are regional production totals, with changes from 1998: East North Central, 8.6 million pounds, -8.1%; West North Central, 13.5 million pounds, -14.7%, and West, 14.3 million pounds, +40.5%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .1500 - .2050 MOSTLY: .1600 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower and the market tone is steady to weak. Production levels are moderate to heavy and producer stocks are growing at more plants. Demand is slow to fair. Production of human food, WPC during January totaled 26.6 million pounds, up 43.3% from January 1998 and 9.1% above December 1998. Manufacturers' end-of-month stocks totaled 21.2 million pounds, 93.8% higher than a year earlier and 32.1% above a month ago.

EXTRA GRADE 34% PROTEIN: .4600 - .5125 MOSTLY: .4750 - .4975

NONFAT DRY MILK - WEST

Nonfat dry milk markets remain weak and unsettled. Prices are unchanged to lower. Low/medium heat powder prices are below support levels. In many of these instances, producers are clearing heavier than desired stocks at these levels and then once again firming their prices. Stocks of low heat powder are heavy, while high heat volumes are minimal. For the most part, producers of NDM are keeping milk volumes flowing by producing low heat powder versus high heat at this time. During the week of March 1 - 5, Western producers offered 3,793,992 pounds of NDM to the CCC under the price support program. During January, production of NDM in California totaled 51.0 million pounds, up 8.2% from last year, and Washington output totaled 15.5 million pounds, up 27.3% from a year ago.

Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9925 - 1.0200 MOSTLY: 1.0100 - 1.0150
HIGH HEAT: 1.0300 - 1.0500

DRY BUTTERMILK - WEST

Buttermilk powder markets remain weak. Buying interest is slow and unaggressive. Churning schedules in the Western part of the country are quite active, thus heavy volumes of buttermilk are clearing to the dryer. Condensed buttermilk sales are also light. Buttermilk powder production in January totaled 6.1 million pounds, up 8.3% from last year and 24.5% higher than December. Stocks at the end of the month were reported at 5.1 million pounds, up 33.9% from a year earlier and 23.2% higher than December.

BUTTERMILK: .6800 - .7200 MOSTLY: .7000 - .7200

DRY WHEY - WEST

No price changes are noted for Western whey powder. Domestic interest is generally being called steady. Export interest is called mixed. Some contacts are noting improved buyer interest while others are seeing some softness in the market. A new export tender should be finalized this week for the Japanese market. January edible whey production for selected Western states compared to last year is as follows: California down 1.5%, Utah down 12.3%, and Washington down 11.4%.

NONHYGROSCOPIC: .1900 - .2100 MOSTLY: .1900 - .2000

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended March 5, on powder sales of 9,338,965 pounds f.o.b. California manufacturing plants was \$1.0175 per pound. This compares to 6,981,071 pounds at \$1.0198 for the previous week ending February 26, 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

The market tone is steady to weak. Lower prices have cleared product allowing some stabilization to the market. Prices are unchanged to lower. Some contacts see this as the potential bottom to the market and cannot foresee lower prices. Production is steady as milk volumes continue to increase. Producer stocks are in balance with current demand. Movement is slow to fair with contracts and some export activity offering the best interest. Drying schedules are heavy due to the excessive milk supplies and lackluster condensed skim sales. Production of human food, nonfat dry milk during January 1999 totaled 119.2 million pounds, up 14.9% from January 1998 and up 11.3% from December 1998. Month ending stocks, at 82.2 million pounds, are 21% below a year ago but 46.4% more than December.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0100 - 1.0500 MOSTLY: 1.0200 - 1.0400
HIGH HEAT: 1.0500 - 1.1500 MOSTLY: 1.0600 - 1.1100

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The market tone is steady to weak with mixed prices. Lower prices have encouraged processors to divert product as fluid rather than drying. With ice cream makers picking up more fluid buttermilk, dry product supplies are in better balance. Demand continues slow with spot trading at a minimum. Discounting is less prevalent at moderate to heavy production levels. Dry buttermilk production during January 1999 totaled 6.1 million pounds, up 8.3% from January 1998 and 24.5% higher than December 1998. Month ending stocks, at 5.0 million pounds, are 33.9% more than a year ago and 23.2% more than last month.

F.O.B. NORTHEAST: .7150 - .7300

DELVD SOUTHEAST: .7100 - .7750

DRY WHOLE MILK - NATIONAL

The market tone is steady with prices unchanged to mostly lower. A drop in the milk price yielded lower whole milk prices. Producer stocks are in balance with current needs. The 1998/99 DEIP program-year (July-June) allocations for whole milk have been filled. Dry whole milk production during January 1999 totaled 11.0 million pounds, down 13.9% from January 1998 and 11.2% above December 1998. Month ending stocks, at 5.7 million pounds, are 13.7% below a year ago but 10.9% more than last month.

F.O.B. PRODUCING PLANT: 1.1500 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH MARCH 5, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 84,212 MT (185,653,773 LBS)
CHANGE -- 7,908 MT (17,433,976 LBS)

Program's allocation has been filled.

WHOLE MILK POWDER -- 5,003 MT (11,029,613 LBS)
Program's allocation has been filled.

CHEESE -- 3,011 MT (6,638,051 LBS)

BUTTERFAT -- 0 MT

REALLOCATED NDM -- 26,258 MT (57,888,386 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

The market tone is steady with prices generally unchanged. Excessive milk volumes continue to encourage heavy cheese production. Export activity is keeping whey supplies in better balance yet product remains long in some areas. Demand is slow with light spot trading. Production is anticipated to increase as cheese plants are running at near full capacity levels. Production of human food, dry whey during January 1999 totaled 88.8 million pounds, 6.6% less than January 1998 and 4.8% less than December 1998. Month ending stocks, at 40.4 million pounds, are 18.5% above a year ago and 9.4% lower than December.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1900

USPH GRADE A .1950 - .2100

DELVD SOUTHEAST: .2100 - .2250

ANIMAL FEED WHEY - NORTHEAST

The market tone is steady and prices are too few to report. Light demand continues as the livestock industry reduces its' need for feed products. Movement is limited to regular shipments and light spot interest. Production of animal feed, dry whey during January 1999 totaled 7.3 million pounds, 11.4% higher than a year ago and 6.4% more than December 1998. Month ending stocks, at 8.4 million pounds, are 208.9% above a year ago and 52.8% higher than last month.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

The market tone is steady with prices unchanged to lower. Excessive milk supplies allow for steady production. Producer stocks are adequate for the slow to fair demand. Canned evaporated milk production during January 1999 totaled 29.1 million pounds, 27.7% less than January 1998 and 19.2% less than December 1998. Month ending stocks, at 41.7 million pounds, are 8.7% more than a year ago and 16.4% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

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

CASEIN - NATIONAL

Casein markets and prices are generally unchanged from last week. The market tone remains unsettled and weak. Domestic buyers continue to report readily available stocks from sourcing countries. For the most part, domestic users do not anticipate any problems procuring and receiving rennet and acid shipments for the balance of this and the second quarter of this year.

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

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 1999 was unchanged at 115. Compared with February 1998, the index was down 2 points (1.7 percent). The index of prices received by farmers for dairy products declined 10 points during the month of February 1999 to 123. Compared with February 1998, the index was up 10 points (8.8 percent).

On a 3.5 percent butterfat basis, prices received by farmers in February with changes from January were: for All Milk, \$15.64 per hundredweight (cwt.), down \$1.36; Fluid Grade Milk, \$15.75 per cwt., down \$1.37; and for Manufacturing Grade Milk, \$12.79 per cwt., down \$1.93.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., FEBRUARY 1999 WITH COMPARISONS

| STATE | All-milk price <u>1/3/</u> | | | | Milk cows <u>5/</u> | | Cows <u>6/</u> | | All hay baled <u>7/</u> | |
|-------|----------------------------|----------------|------------------|----------------|---------------------|------|------------------|----------------|-------------------------|--------|
| | Dollars per cwt. | | Dollars per cwt. | | Dollars per head | | Dollars per cwt. | | Dollars per ton | |
| | JANUARY | | FEBRUARY | | FEBRUARY | | FEBRUARY | | FEBRUARY | |
| | 1999 <u>2/</u> | 1998 <u>2/</u> | 1999 <u>4/</u> | 1998 <u>2/</u> | 1999 | 1998 | 1999 <u>7/</u> | 1998 <u>8/</u> | 1999 | 1998 |
| CA | 15.79 | 13.57 | 15.14 | 13.32 | | | 33.50 | 33.50 | 78.00 | 123.00 |
| ID | 14.10 | 13.25 | 10.75 | 13.66 | | | 34.10 | 34.00 | 72.00 | 102.00 |
| MI | 17.71 | 14.43 | 16.94 | 14.82 | | | 33.10 | 34.40 | 80.00 | 102.00 |
| MN | 16.56 | 14.64 | 12.11 | 14.50 | | | 35.50 | 36.70 | 64.00 | 89.00 |
| NY | 17.64 | 14.25 | 16.12 | 14.49 | | | --- | --- | 105.00 | 108.00 |
| OH | 18.04 | 14.46 | 18.03 | 14.62 | | | 33.00 | 34.90 | 96.00 | 116.00 |
| PA | 17.89 | 15.14 | 18.11 | 15.21 | | | 35.60 | 36.00 | 116.00 | 151.00 |
| TX | 17.77 | 15.13 | 17.73 | 15.18 | | | 34.30 | 35.30 | 88.00 | 63.00 |
| WA | 16.68 | 13.88 | 13.76 | 14.36 | | | --- | --- | 101.00 | 117.00 |
| WI | 16.28 | 14.35 | 12.04 | 14.28 | | | 35.80 | 36.80 | 67.00 | 100.00 |
| U.S. | 17.00 | 14.38 | 15.64 | 14.38 | | | 34.60 | 36.00 | 79.00 | 97.20 |

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., FEBRUARY 1999 WITH COMPARISONS 1/

| ITEM | FEBRUARY 1998 | JANUARY 1999 <u>2/</u> | FEBRUARY 1999 <u>3/</u> |
|--|---------------|------------------------|-------------------------|
| PRICES (converted to 3.5 percent butterfat) received by farmers for: | | | |
| All milk Dol. per cwt. | 14.38 | 17.00 | 15.64 |
| Fluid grade milk Dol. per cwt. | 14.48 | 17.12 | 15.75 |
| Manufacturing grade milk Dol. per cwt. | 13.04 | 14.72 | 12.79 |
| INDEX NUMBERS for: | | | |
| Prices received by farmers for dairy products (1990-92 = 100) Index | 113 | 133 | 123 |
| Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index | 117 | 115 | 115 |
| PARITY PRICE for all milk Dol. per cwt. | 29.10 | 30.00 | 30.30 |
| PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt. | 26.45 | 27.33 | 27.60 |
| MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u> | 2.75 | 4.09 | 3.85 |

1/ Parity prices are based on data for the current month. Parity price equivalent during 1999 is 91.1% of the parity price of all milk sold to plants, compared with 90.9% in 1998. 2/ Partially revised. 3/ Preliminary. 4/ Reporting change; the feed price measure used to compute the previous data series has been discontinued. For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (2/99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JANUARY 1999 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 122.3 million pounds in January, 7.7 percent above January 1998 and 20.3 percent above December 1998. **AMERICAN TYPE CHEESE** production totaled 288.6 million pounds, 1.9 percent above January 1998 but 3.0 percent below December 1998. **TOTAL CHEESE** output (excluding cottage cheese) was 633.9 million pounds, 2.9 percent above January 1998 but 5.1 percent below December 1998. **NONFAT DRY MILK** production, for human food, totaled 119.2 million pounds, 14.9 percent above January 1998 and 11.3 percent above December 1998. **DRY WHEY** production, for human food, was 88.8 million pounds, 6.6 percent below January 1998 and 4.8 percent below December 1998. **ICE CREAM** (hard) production totaled 57.6 million gallons, 0.8 percent below January 1998 but 4.7 percent above December 1998.

| PRODUCTION OF DAIRY PRODUCTS | | | | | | | | | |
|-------------------------------|------------|----------------------|----------|-----------------|-----------------------------------|---------------|----------------------|----------|-----------------|
| PRODUCT | JAN 1999 | PERCENT CHANGE FROM: | | | PRODUCT | JAN 1999 | PERCENT CHANGE FROM: | | |
| | 1,000 LBS. | JAN 1998 | DEC 1998 | YEAR TO DATE 1/ | | 1,000 LBS. | JAN 1998 | DEC 1998 | YEAR TO DATE 1/ |
| BUTTER | 122,276 | 7.7 | 20.3 | 7.7 | DRY BUTTERMILK | 6,066 | 8.3 | 24.5 | --- |
| CHEESE | | | | | YOGURT (PLAIN AND FLAVORED) | 109,703 | -13.6 | -1.7 | --- |
| AMERICAN TYPES 2/ | * 288,638 | 1.9 | -3.0 | 1.9 | CONDENSED WHEY, SOLIDS CONTENT 7/ | | | | |
| CHEDDAR | 232,060 | 1.4 | -2.6 | 1.4 | SWEET-TYPE, HUMAN FOOD | 6,206 | -32.1 | 22.0 | --- |
| SWISS | 18,647 | --- | 5.4 | --- | SWEET-TYPE, ANIMAL FEED | 1,204 | -48.5 | -13.9 | --- |
| BRICK & MUENSTER | 7,301 | -19.4 | -9.8 | --- | DRY WHEY PRODUCTS | | | | |
| CREAM & NEUFCHATEL | 44,459 | 3.0 | -24.3 | --- | DRY WHEY, HUMAN FOOD | 88,782 | -6.6 | -4.8 | --- |
| BLUE | 4,386 | 47.1 | 26.4 | --- | DRY WHEY, ANIMAL FEED | 7,251 | 11.4 | 6.4 | --- |
| HISPANIC | 6,162 | 5.3 | -3.7 | --- | REDUCED LACTOSE AND MINERALS | | | | |
| MOZZARELLA | 200,543 | 6.3 | -4.5 | 6.3 | HUMAN FOOD | 6,828 | 22.6 | 0.3 | --- |
| OTHER ITALIAN TYPES | 54,649 | -1.4 | -1.3 | -1.4 | ANIMAL FEED | 2,607 | -1.3 | -6.5 | --- |
| TOTAL ITALIAN TYPES | 255,192 | 4.5 | -3.8 | 4.5 | LACTOSE, HUMAN FOOD & ANIMAL FEED | 38,279 | 3.4 | -2.4 | --- |
| ALL OTHER TYPES | 9,089 | 4.8 | -10.8 | --- | WHEY PROTEIN CONCENTRATE | | | | |
| TOTAL | 633,874 | 2.9 | -5.1 | 2.9 | HUMAN FOOD | 26,576 | 43.3 | 9.1 | --- |
| COTTAGE CHEESE, CURD 3/ | 34,689 | -3.6 | 0.3 | --- | ANIMAL FEED | 3,439 | 14.2 | -4.1 | --- |
| COTTAGE CHEESE, CREAMED 4/ | 25,922 | -9.5 | -9.9 | -9.5 | FROZEN PRODUCTS | 1,000 GALLONS | PERCENT CHANGE FROM: | | |
| COTTAGE CHEESE, LOWFAT 5/ | 26,814 | -4.9 | -0.8 | -4.9 | ICE CREAM (HARD) | 57,637 | -0.8 | 4.7 | -0.8 |
| CANNED EVAPORATED & CONDENSED | | | | | ICE CREAM, LOWFAT (HARD) | 6,825 | 5.5 | -5.6 | --- |
| WHOLE MILK | 29,142 | -27.7 | -19.2 | --- | ICE CREAM, LOWFAT (SOFT) | 13,518 | -11.4 | -17.2 | --- |
| DRY WHOLE MILK | 10,980 | -13.9 | 11.2 | --- | ICE CREAM, LOWFAT (TOTAL) | 20,343 | -6.4 | -13.7 | -6.4 |
| NONFAT DRY MILK, HUMAN FOOD | 6/ 119,191 | 14.9 | 11.3 | 14.9 | SHERBET (HARD) | 3,181 | -8.0 | -4.7 | -8.0 |
| DRY SKIM MILK, ANIMAL FEED | 401 | 18.6 | 20.4 | --- | YOGURT | 5,792 | -1.8 | -2.3 | -1.8 |

| MANUFACTURERS' STOCKS, END OF MONTH 8/ | | | | | | | |
|---|------------|-------------|----------|--|------------|-------------|----------|
| PRODUCT | JAN 1999 | PERCENT OF: | | PRODUCT | JAN 1999 | PERCENT OF: | |
| | 1,000 LBS. | JAN 1998 | DEC 1998 | | 1,000 LBS. | JAN 1998 | DEC 1998 |
| DRY WHEY PRODUCTS | | | | WHEY PROTEIN CONCENTRATE | | | |
| DRY WHEY, HUMAN FOOD | 40,405 | 18.5 | -9.4 | HUMAN FOOD | 21,197 | 93.8 | 32.1 |
| DRY WHEY, ANIMAL FEED | 8,412 | 208.9 | 52.8 | ANIMAL FEED | 2,262 | 87.3 | 46.1 |
| REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 9/ | 10,248 | 19.1 | 4.0 | CANNED EVAPORATED & CONDENSED WHOLE MILK | 41,710 | 8.7 | 16.4 |
| LACTOSE, HUMAN FOOD & ANIMAL FEED | 25,540 | 21.3 | -5.6 | DRY WHOLE MILK | 5,724 | -13.7 | 10.9 |
| DRY BUTTERMILK, TOTAL | 5,041 | 33.9 | 23.2 | NONFAT DRY MILK FOR HUMAN FOOD | 82,242 | -21.0 | 46.4 |
| | | | | DRY SKIM MILK FOR ANIMAL FEED | 1,291 | 63.6 | 20.1 |

1/ 1999 cumulative as percent change of 1998 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Mostly used for processing into creamed or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes combined Minnesota and Wisconsin production of 2,916,000 lbs. 7/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 128,346,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (3-99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for February 1999 is \$10.27 per hundredweight at 3.5 percent butterfat. The February Basic Formula Price is the January base month Minnesota-Wisconsin (M-W) price of \$14.72 at 3.5 percent minus a change of \$4.45, which is the change in the butter/powder/cheese formula from January to February 1999. The February 1999 Basic Formula Price is \$6.00 less than last month and \$3.05 less than the February 1998 Basic Formula Price. This Basic Formula Price is the Class III price for February 1999 and is to be used in April 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 13.9 cents. **MILK COMPONENT CONTENTS.** For the January 1999 base month M-W price, the butterfat content was 3.91 percent, protein 3.26 percent, and solids-not-fat 8.66 percent. For the February 1999 Basic Formula Price, the butterfat content was 3.87 percent, protein 3.23 percent, and solids-not-fat 8.63 percent.

| FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/ | | | | | | | | | | | | | | | |
|--|--------------|----------------------|-------|----------|-------|-----------|-------|-------------|-------|---------|-------|----------------------|---------|----------|--|
| FEDERAL MILK ORDER MARKETING AREAS 2/ | ORDER NUMBER | FEBRUARY | | | | | | | | MARCH | | | APRIL | | |
| | | 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 | |
| | | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1999 | 1999 | |
| | | DOLLARS | | | | | | | | DOLLARS | | | | | |
| New England (Boston) | 1 3/ | 20.58 | 16.53 | 17.64 | 13.59 | 10.29 | 13.34 | 12.80 | 12.91 | 19.51 | 16.49 | 16.57 | 13.51 | 10.57 | |
| New York/New Jersey (NY City) | 2 4/ | 20.48 | 16.43 | 17.72 | 13.67 | 10.37 | 13.42 | 12.88 | 12.99 | 19.41 | 16.39 | 16.65 | 13.41 | 10.65 | |
| Middle Atlantic (Philadelphia/Baltimore/Washington, DC) | 4 5/ | 20.37 | 16.32 | 17.64 | 13.59 | 10.31 | 13.36 | 12.82 | 12.93 | 19.30 | 16.28 | 16.57 | 13.30 | 10.57 | |
| Carolina (Charlotte) | 5 | 20.42 | 16.37 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 19.35 | 16.33 | 16.57 | 13.35 | 10.57 | |
| Southeast (Atlanta/Birmingham) | 7 | 20.42 | 16.37 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 19.35 | 16.33 | 16.57 | 13.35 | 10.57 | |
| Upper Florida (Jacksonville/Tallahassee) | 6 | 20.92 | 16.87 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 19.85 | 16.83 | 16.57 | 13.85 | 10.57 | |
| Tampa Bay | 12 | 21.22 | 17.17 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 20.15 | 17.13 | 16.57 | 14.15 | 10.57 | |
| Southeastern Florida (Miami) | 13 | 21.52 | 17.47 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 20.45 | 17.43 | 16.57 | 14.45 | 10.57 | |
| Michigan Upper Peninsula (Marquette) | 44 | 18.69 | 14.64 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 17.62 | 14.60 | 16.57 | 11.62 | 10.57 | |
| Southern Michigan (Detroit) | 40 6/ | 19.09 | 15.04 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 18.02 | 15.00 | 16.57 | 12.02 | 10.57 | |
| E. Ohio/W. PA. (Cleveland/Pittsburgh) | 36 | 19.34 | 15.29 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 18.27 | 15.25 | 16.57 | 12.27 | 10.57 | |
| Ohio Valley (Columbus) | 33 | 19.38 | 15.33 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 18.31 | 15.29 | 16.57 | 12.31 | 10.57 | |

| FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/ | | | | | | | | | | | | | | | |
|--|--------------|----------------------|-------|----------|-------|-----------|-------|-------------|-------|---------|-------|----------------------|---------|----------|------|
| FEDERAL MILK ORDER MARKETING AREAS 2/ | ORDER NUMBER | FEBRUARY | | | | | | | | MARCH | | | APRIL | | |
| | | 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 | |
| | | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1999 |
| DOLLARS | | | | | | | | | | DOLLARS | | | | | |
| Indiana (Indianapolis) | 49 | 19.24 | 15.19 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 18.17 | 15.15 | 16.57 | 12.17 | 10.57 | |
| Chicago Regional | 30 | 18.74 | 14.69 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 17.67 | 14.65 | 16.57 | 11.67 | 10.57 | |
| Central Illinois (Peoria) | 50 | 18.95 | 14.90 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 17.88 | 14.86 | 16.57 | 11.88 | 10.57 | |
| S. Illinois/E. Missouri (Alton) | 32 | 19.26 | 15.21 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 18.19 | 15.17 | 16.57 | 12.19 | 10.57 | |
| Louisville/Lexington/Evansville | 46 | 19.45 | 15.40 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 18.38 | 15.36 | 16.57 | 12.38 | 10.57 | |
| Upper Midwest (Minneapolis) | 68 | 18.54 | 14.49 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 17.47 | 14.45 | 16.57 | 11.47 | 10.57 | |
| E. South Dakota (Sioux Falls) | 76 | 18.84 | 14.79 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 17.77 | 14.75 | 16.57 | 11.77 | 10.57 | |
| Iowa (Des Moines) | 79 | 18.89 | 14.84 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 17.82 | 14.80 | 16.57 | 11.82 | 10.57 | |
| Nebraska/W. IA. (Omaha/Sioux City) | 65 | 19.09 | 15.04 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 18.02 | 15.00 | 16.57 | 12.02 | 10.57 | |
| Greater Kansas City | 64 | 19.26 | 15.21 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 18.19 | 15.17 | 16.57 | 12.19 | 10.57 | |
| Southwest Plains (Oklahoma City) | 106 | 20.11 | 16.06 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 19.04 | 16.02 | 16.57 | 13.04 | 10.57 | |
| Texas (Dallas) | 126 | 20.50 | 16.45 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 19.43 | 16.41 | 16.57 | 13.43 | 10.57 | |
| Eastern Colorado (Denver) | 137 | 20.07 | 16.02 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 19.00 | 15.98 | 16.57 | 13.00 | 10.57 | |
| Western Colorado (Grand Junction) | 134 | 19.34 | 15.29 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 18.27 | 15.25 | 16.57 | 12.27 | 10.57 | |
| SW Idaho/Eastern Oregon (Boise) | 135 | 18.84 | 14.79 | 17.64 | 13.59 | 10.27 | 13.32 | 12.75 | 12.80 | 17.77 | 14.75 | 16.57 | 11.77 | 10.57 | |
| Great Basin (Salt Lake City) | 139 | 19.24 | 15.19 | 17.64 | 13.59 | 10.27 | 13.32 | --- | --- | 18.17 | 15.15 | 16.57 | 12.17 | 10.57 | |
| Central Arizona (Phoenix) | 131 | 19.86 | 15.81 | 17.64 | 13.59 | 10.27 | 13.32 | 12.75 | 12.80 | 18.79 | 15.77 | 16.57 | 12.79 | 10.57 | |
| New Mexico/West Texas (Albuquerque) | 138 | 19.69 | 15.64 | 17.64 | 13.59 | 10.27 | 13.32 | 12.78 | 12.89 | 18.62 | 15.60 | 16.57 | 12.62 | 10.57 | |
| Pacific Northwest (Seattle/Portland) | 124 | 19.24 | 15.19 | 17.64 | 13.59 | 10.27 | 13.32 | 12.75 | 12.80 | 18.17 | 15.15 | 16.57 | 12.17 | 10.57 | |
| SIMPLE AVERAGE | --- | 19.66 | 15.61 | 17.64 | 13.59 | 10.28 | 13.33 | 12.78 | 12.88 | 18.59 | 15.57 | 16.57 | 12.59 | 10.57 | |

* 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 April 1999 is \$13.51 per 100 pounds or \$1.16 per gallon (\$13.51 divided by 11.63 equals \$1.1617).

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.

| ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES 1/ | | | | | | | | | | | | |
|--|---------------|-------|------------|---------------|-------|------------|---------------|-------|------------|---------------|-------|------------|
| CITY | MAR 1997 | | | MAR 1998 | | | FEB 1999 | | | MAR 1999 | | |
| | Federal Order | Coop. | Difference |
| Dollars Per Hundredweight | | | | | | | | | | | | |
| Atlanta, GA | 15.02 | 16.53 | 1.51 | 16.33 | 17.33 | 1.00 | 20.42 | 21.57 | 1.15 | 19.35 | 20.50 | 1.15 |
| Baltimore, MD | 14.97 | 16.02 | 1.05 | 16.28 | 17.73 | 1.45 | 20.37 | 21.12 | 0.75 | 19.30 | 20.05 | 0.75 |
| Boston, MA | 15.18 | 16.31 | 1.13 | 16.49 | 17.12 | 0.63 | 20.58 | 21.06 | 0.48 | 19.51* | 19.99 | 0.48 |
| Carbondale, IL | 13.95 | 16.07 | 2.12 | 15.26 | 17.16 | 1.90 | 19.35 | 20.71 | 1.36 | 18.28 | 19.64 | 1.36 |
| Charlotte, NC | 15.02 | 17.26 | 2.24 | 16.33 | 17.33 | 1.00 | 20.42 | 21.57 | 1.15 | 19.35 | 20.50 | 1.15 |
| Chicago, IL | 13.34 | 15.32 | 1.98 | 14.65 | 16.68 | 2.03 | 18.74 | 20.67 | 1.93 | 17.67 | 19.60 | 1.93 |
| Cincinnati, OH | 14.05 | 15.55 | 1.50 | 15.36 | 17.11 | 1.75 | 19.45 | 21.20 | 1.75 | 18.38 | 20.13 | 1.75 |
| Cleveland, OH | 13.94 | 15.24 | 1.30 | 15.25 | 17.00 | 1.75 | 19.34 | 20.84 | 1.50 | 18.27 | 19.77 | 1.50 |
| Dallas, TX | 15.10 | 15.66 | 0.56 | 16.41 | 16.66 | 0.25 | 20.50 | 20.75 | 0.25 | 19.43 | 19.68 | 0.25 |
| Denver, CO | 14.67 | 14.82 | 0.15 | 15.98 | 16.13 | 0.15 | 20.07 | 20.32 | 0.25 | 19.00 | 19.25 | 0.25 |
| Des Moines, IA | 13.49 | 15.01 | 1.52 | 14.80 | 16.23 | 1.43 | 18.89 | 19.74 | 0.85 | 17.82 | 18.67 | 0.85 |
| Detroit, MI | 13.79 | 14.52 | 0.73 | 15.10 | 16.10 | 1.00 | 19.19 | 20.19 | 1.00 | 18.12 | 19.12 | 1.00 |
| Hartford, CT | 15.08 | 16.21 | 1.13 | 16.39 | 17.02 | 0.63 | 20.48 | 20.96 | 0.48 | 19.41* | 19.89 | 0.48 |
| Houston, TX | 15.64 | 16.20 | 0.56 | 16.95 | 17.20 | 0.25 | 21.04 | 21.29 | 0.25 | 19.97 | 20.22 | 0.25 |
| Indianapolis, IN | 13.84 | 15.56 | 1.72 | 15.15 | 16.99 | 1.84 | 19.24 | 20.79 | 1.55 | 18.17 | 19.72 | 1.55 |
| Kansas City, MO | 13.86 | 15.33 | 1.47 | 15.17 | 16.55 | 1.38 | 19.26 | 20.01 | 0.75 | 18.19 | 18.94 | 0.75 |
| Louisville, KY | 14.71 | 15.36 | 0.65 | 16.02 | 17.02 | 1.00 | 19.45 | 20.55 | 1.10 | 18.38 | 19.48 | 1.10 |
| Memphis, TN 2/ | 14.05 | 15.30 | 1.25 | 15.36 | 16.26 | 0.90 | 20.11 | 20.91 | 0.80 | 19.04 | 19.84 | 0.80 |
| Miami, FL | 16.12 | 18.96 | 2.84 | 17.43 | 19.89 | 2.46 | 21.52 | 23.89 | 2.37 | 20.45 | 22.82 | 2.37 |
| Milwaukee, WI | 13.25 | 15.23 | 1.98 | 14.56 | 16.59 | 2.03 | 18.65 | 20.58 | 1.93 | 17.58 | 19.51 | 1.93 |
| Minneapolis, MN | 13.14 | 14.63 | 1.49 | 14.45 | 15.82 | 1.37 | 18.54 | 19.37 | 0.83 | 17.47 | 18.30 | 0.83 |
| New Orleans, LA | 15.59 | 16.48 | 0.89 | 16.90 | 17.25 | 0.35 | 20.99 | 21.44 | 0.45 | 19.92 | 20.37 | 0.45 |
| Oklahoma City, OK | 14.71 | 15.60 | 0.89 | 16.02 | 16.77 | 0.75 | 20.11 | 20.86 | 0.75 | 19.04 | 19.79 | 0.75 |
| Omaha, NE | 13.69 | 15.16 | 1.47 | 15.00 | 16.38 | 1.38 | 19.09 | 19.84 | 0.75 | 18.02 | 18.77 | 0.75 |
| Philadelphia, PA | 15.03 | 16.03 | 1.00 | 16.34 | 17.76 | 1.42 | 20.43 | 21.15 | 0.72 | 19.36 | 20.08 | 0.72 |
| Phoenix, AZ | 14.46 | 14.46 | 0.00 | 15.77 | 15.77 | 0.00 | 19.86 | 19.86 | 0.00 | 18.79 | 18.79 | 0.00 |
| Pittsburgh, PA | 13.94 | 14.74 | 0.80 | 15.25 | 16.45 | 1.20 | 19.34 | 19.84 | 0.50 | 18.27 | 18.77 | 0.50 |
| St. Louis, MO | 13.95 | 16.07 | 2.12 | 15.26 | 17.16 | 1.90 | 19.35 | 20.71 | 1.36 | 18.28 | 19.64 | 1.36 |
| Salt Lake City, UT | 13.84 | 13.99 | 0.15 | 15.15 | 15.30 | 0.15 | 19.24 | 19.49 | 0.25 | 18.17 | 18.42 | 0.25 |
| Seattle, WA | 13.84 | 14.14 | 0.30 | 15.15 | 15.58 | 0.43 | 19.24 | 19.62 | 0.38 | 18.17 | 18.55 | 0.38 |
| Spokane, WA | 13.84 | 14.14 | 0.30 | 15.15 | 15.58 | 0.43 | 19.24 | 19.62 | 0.38 | 18.17 | 18.55 | 0.38 |
| Springfield, MO | 14.13 | 15.08 | 0.95 | 15.44 | 16.44 | 1.00 | 19.53 | 20.28 | 0.75 | 18.46 | 19.21 | 0.75 |
| Washington, DC | 14.97 | 16.02 | 1.05 | 16.28 | 17.73 | 1.45 | 20.37 | 21.12 | 0.75 | 19.30 | 20.05 | 0.75 |
| Simple Average | 14.37 | 15.55 | 1.18 | 15.68 | 16.79 | 1.11 | 19.77 | 20.66 | 0.89 | 18.70 | 19.59 | 0.89 |

*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.

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

| Month and Year | All Food | | Dairy Products | | Fresh Whole Milk | | Cheese | | Butter | | Meat, Poultry, Fish and Eggs | |
|---------------------------------|---------------|--------------|----------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|------------------------------|--------------|
| | CPI 2/ | Pct. Chg. 3/ | CPI 2/ | Pct. Chg. 3/ | CPI 2/ | Pct. Chg. 3/ | CPI 2/ | Pct. Chg. 3/ | CPI 2/ | Pct. Chg. 3/ | CPI 2/ | Pct. Chg. 3/ |
| NOV 1998 | 162.1 | 2.3 | 155.9 | 6.1 | 151.9 | 4.1 | 158.2 | 7.4 | 187.0 | 51.5 | 147.9 | -0.9 |
| DEC 1998 | 162.3 | 2.3 | 157.6 | 6.6 | 155.2 | 6.4 | 159.0 | 7.2 | 168.9 | 31.7 | 147.3 | -0.7 |
| JAN 1999 | 163.6 | 2.3 | 161.2 | 8.7 | 160.5 | 10.2 | 161.4 | 8.7 | 163.3 | 31.0 | 146.4 | -1.3 |
| U.S. City Average Retail Prices | | | | | | | | | | | | |
| Month | Whole Milk 4/ | | Lowfat Milk 4/ | | Butter 5/ | | Process Cheese 6/ | | Natural Cheese 7/ | | Ice Cream 8/ | |
| | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 |
| Dollars | | | | | | | | | | | | |
| NOVEMBER | 2.800 | 2.678 | 2.651 | 2.427 | 3.623 | 2.360 | 3.803 | 3.497 | 3.657 | 3.392 | 3.373 | 2.928 |
| DECEMBER | 2.859 | 2.672 | 2.758 | 2.409 | 3.176 | 2.430 | 3.738 | 3.439 | 3.759 | 3.458 | 3.301 | 3.022 |
| | | | | | | | | | | | | |
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| JANUARY | 2.940 | 2.632 | 2.852 | 2.577 | 3.002 | 2.353 | 3.814 | 3.538 | 3.748 | 3.518 | 3.379 | 3.041 |

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100; except Other Dairy Products which is Dec. 1997 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--OCTOBER-DECEMBER AND YEAR-TO-DATE 1997-98 1/

| Item | Oct.-Dec. 1997 | Percent change 4/ | Oct.-Dec. 1998 | Percent change 4/ | Jan.-Dec. 1997 | Percent change 4/ | Jan.-Dec. 1998 | Percent change 4/ |
|--------------------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|
| | Million Pounds | | | | | | | |
| MILK | | | | | | | | |
| Production | 38,031 | 0.4 | 38,937 | 2.4 | 156,091 | 1.6 | 157,441 | 0.9 |
| Marketings | 37,671 | 0.5 | 38,597 | 2.5 | 154,662 | 1.7 | 156,091 | 0.9 |
| Beginning Commercial Stocks 2/ | 5,939 | 20.3 | 5,793 | -2.5 | 4,704 | 14.8 | 4,889 | 3.9 |
| Imports 2/ | 882 | -12.2 | 1,410 | 59.9 | 2,696 | -7.4 | 4,591 | 70.3 |
| Total Supply 3/ | 44,492 | 2.4 | 45,800 | 2.9 | 162,062 | 1.9 | 165,571 | 2.2 |
| Ending Commercial Stocks 2/ | 4,889 | 3.9 | 5,274 | 7.9 | 4,889 | 3.9 | 5,274 | 7.9 |
| Net Removals 2/ | 391 | 1,957.9 | 49 | -87.5 | 1,090 | 1,152.9 | 366 | -66.4 |
| Commercial Disappearance 3/ | 39,212 | 1.3 | 40,477 | 3.2 | 156,083 | 1.1 | 159,931 | 2.5 |
| SELECTED PRODUCTS 5/ | | | | | | | | |
| Butter | 287.6 | -7.6 | 294.0 | 2.2 | 1,108.7 | -5.7 | 1,095.7 | -1.2 |
| American Cheese | 815.4 | 0.4 | 838.6 | 2.8 | 3,268.7 | 1.5 | 3,329.7 | 1.9 |
| Other Cheese | 1,185.5 | 3.5 | 1,233.5 | 4.0 | 4,365.6 | 3.2 | 4,451.1 | 2.0 |
| Nonfat Dry Milk | 194.5 | -7.5 | 207.8 | 6.8 | 893.9 | -11.2 | 855.2 | -4.3 |
| Fluid Milk Products 6/ | 14,163.3 | 0.2 | 14,206.3 | 0.3 | 55,382.4 | -0.1 | 55,174.5 | -0.4 |

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

GLICKMAN ANNOUNCES RELIEF FOR DAIRY FARMERS AS MILK PRICES FALL

SPRINGFIELD, IL, March 8, 1999 -- Agriculture Secretary Dan Glickman today announced a \$200 million program to assist dairy farmers facing greatly reduced milk prices. Dairy farmers will get payments of up to \$5,000 each under the new Dairy Income Loss Assistance program.

The fall in the basic formula price (BFP) for milk, the U.S. Department of Agriculture's benchmark dairy indicator, announced March 5, was the sharpest monthly decline of milk prices ever, and more than twice the previous record monthly decline. As a result, USDA expects farmers' milk receipts to be substantially lower over the next several months.

"Smaller dairy farmers are already being hurt by conditions beyond their control," said Glickman, in remarks to the National Farmers Union today. "More declines in the price of milk will put many of them in serious financial difficulties. This payment program will help many of them survive this decrease in prices."

Under Glickman's plan, USDA will make payments based on a dairy operations first 26,000 hundredweight (cwt) of milk produced in 1998 or 1997, whichever is the highest, targeted to family-sized operations, the plan is based on a level roughly equivalent to the annual production of a herd of 150 cows.

All dairy farmers who produced milk during the last quarter of calendar year 1998 are eligible. The final payment rate per hundredweight, will be calculated after sign-up ends. But currently, USDA estimates that it will be between 18 and 20 cents per cwt, and that maximum benefits under the program will be about \$5,000 per dairy operation.

Farmers may apply at their local USDA Farm Service Agency office from April 12 until May 21, 1999. USDA will publish further program details in the federal register soon.

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

In December 1998, mailbox milk prices reported for selected Federal milk orders averaged \$17.80 per cwt., \$.33 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$17.32, up \$.35; Southeast, \$18.71, up \$.81 Midwest, \$18.17, up \$.27 and West, \$16.95 up \$.29. Compared to December 1997, mailbox milk prices increased \$3.35 per cwt. on the average. Regional changes from the previous year were: +\$3.14 in the Northeast, +\$3.14 in the Southeast, +\$3.57 in the Midwest, and +\$3.19 in the West.

| Federal milk order <u>1/</u> | Mailbox Milk Price <u>2/</u> | | |
|------------------------------|----------------------------------|---------------|---------------|
| | December 1997 | November 1998 | December 1998 |
| | <u>Dollars per hundredweight</u> | | |
| New England | 14.08 | 16.66 | 17.01 |
| New York-New Jersey | 14.15 | 17.13 | 17.58 |
| Middle Atlantic | 14.38 | 17.09 | 17.08 |
| Northeast Average <u>3/</u> | 14.18 | 16.97 | 17.32 |
| Carolina | 15.33 | 17.88 | 18.57 |
| Southeast | 14.81 | 17.26 | 18.06 |
| Florida <u>4/</u> | 17.21 | 19.18 | 20.14 |
| Southeast Average <u>3/</u> | 15.57 | 17.90 | 18.71 |
| Southern Michigan | 14.29 | 17.19 | 17.30 |
| Eastern Ohio-Western Pa. | 14.48 | 17.33 | 17.85 |
| Ohio Valley | 14.49 | 17.25 | 17.82 |
| Indiana | 14.48 | 17.22 | 17.64 |
| Chicago Regional <u>5/</u> | 14.75 | 18.21 | 18.40 |
| S. Illinois-E. Missouri | 14.32 | 16.89 | 17.63 |
| Louis.-Lex.-Evans. | 14.46 | 17.09 | 17.90 |
| Upper Midwest <u>5/</u> | 14.68 | 18.33 | 18.54 |
| Nebraska-Western Iowa | 14.40 | 17.52 | 17.98 |
| Iowa | 14.50 | 17.98 | 18.07 |
| Midwest Average <u>3/</u> | 14.60 | 17.90 | 18.17 |
| Texas | 14.59 | 17.07 | 17.39 |
| Southwest Plains | 13.84 | 16.53 | 17.02 |
| Eastern Colorado | 13.47 | 16.93 | 17.42 |
| S.W. Idaho-E. Oregon | 13.57 | 16.86 | 17.55 |
| Great Basin | 12.99 | 16.69 | 17.00 |
| New Mexico-West Texas | 13.54 | 16.28 | 16.72 |
| Pacific Northwest | 13.48 | 16.43 | 16.41 |
| West Average <u>3/</u> | 13.76 | 16.66 | 16.95 |
| All-Market Average <u>3/</u> | 14.45 | 17.47 | 17.80 |

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.

