

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (07/23):**

BUTTER: Grade AA closed at \$1.3000. The weekly average for Grade AA is \$1.2733 (-.0417).

CHEESE: Barrels closed at \$1.6700 and blocks at \$1.7200. The weekly average for barrels is \$1.6145 (+.0750) and blocks, \$1.6755 (+.0850).

NONFAT DRY MILK: Extra Grade closed at \$1.0100 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0100 (N.C.) and Grade A is \$1.0500 (N.C.).

BUTTER: The market tone is unsettled. The AA cash butter price at the CME continued to weaken early in the week, but increased by week's end. Reports indicate that storage stocks of butter are more than twice the level of last year at this time, but are tight for fresh needs. Production levels are lighter as milk volumes are tightening and Class II cream use remains heavy. Demand is fair for retail and food service needs.

CHEESE: The cheese market remains firm. Many producers and handlers have mixed opinions as to where cheese markets are currently headed. Often, some shorting of orders, mainly on fresh varieties, is occurring and lead times on some specialty products have increased. Stock levels of cheese vary. Some buyers are comfortable in having heavier inventories as a cushion against potentially higher prices, while others continue to aggressively look for additional loads of cheese.

FLUID MILK: While milk production rebounded in some areas of the country, supplies are generally trending lower along a seasonal pattern. Temperatures, particularly in the Central and Eastern regions, are impeding milk production. Due to the potential for lighter receipts, some plants are more aggressive in procuring additional milk volumes. Missouri received 18 spot shipments from Wisconsin during the week. Cream continues to move well into ice cream production.

Prices are trending lower with AA butter prices. Supplies are in balance to instances tight.

DRY PRODUCTS: Fluctuations in the fluid milk supply are increasing interest in most dry product markets. Nonfat markets are unchanged. Production is dropping as milk is diverted to cheese and areas short in supply. Cheese makers are assessing their needs for increased usage of nonfat in cheese production. The buttermilk market continues to firm as butter production slows. Whey prices are unchanged to higher with Grade A product in the tightest position. Lactose prices are higher and supplies are tight. Whey protein concentrate prices moved lower with mixed interest.

CCC: During the week of July 19 - 23, CCC net purchases of nonfortified NDM totaled 3,961,073 pounds and 396,756 pounds of fortified.

COLD STORAGE (NASS & FSA): U.S. cold storage holdings of butter on June 30, 1999 total 121.5 million pounds, down 11.0% from a month earlier and more than double totals from June 30, 1998. Natural American cheese holdings total 473.8 million pounds, down 4.4% from last month but 5.2% more than a year ago. Nonfat dry milk holdings at the end of May total 250 million pounds, up 12.6% from April and 33.7% above May 1998.

FEDERAL MILK ORDER MARKET SUMMARY (AMS): During June, about 9.4 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 27.6% more than June 1998, and about 4.7% less than May 1999 on a daily average basis. Milk utilized in Class I products in June was 0.5% more than last year on an adjusted basis. The average blend price was \$12.83 per cwt., \$1.07 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$0.20; Class II, down \$0.20, Class III, down \$1.68; and Class III-A, down \$2.10.

****SPECIALS THIS ISSUE****

BUTTER AND BFP FUTURES (PAGE 7)

INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)

MONTHLY COLD STORAGE REPORT (PAGE 9-10)

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS (PAGE 11-12)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JULY 19	TUESDAY JULY 20	WEDNESDAY JULY 21	THURSDAY JULY 22	FRIDAY JULY 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5525 (+.0025)	\$1.5725 (+.0200)	\$1.6175 (+.0450)	\$1.6600 (+.0425)	\$1.6700 (+.0100)	+.1200	\$1.6145 (+.0750)
40# BLOCKS	\$1.6200 (+.0175)	\$1.6375 (+.0175)	\$1.6800 (+.0425)	\$1.7200 (+.0400)	\$1.7200 (N.C.)	+.1175	\$1.6755 (+.0850)
NONFAT DRY MILK EXTRA GRADE	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	N.C.	\$1.0100 (N.C.)
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	\$1.2600 (-.0100)	-----	\$1.2600 (N.C.)	-----	\$1.3000 (+.0400)	+.0300	\$1.2733 (-.0417)

*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

MONDAY, JULY 19, 1999

CHEESE -- SALES: 7 CARS BARRELS: 3 @ \$1.5500, 4 @ \$1.5525; 1 CAR 40# BLOCKS @ \$1.6175; BIDS UNFILLED: 16 CARS 40# BLOCKS: 2 @ \$1.6200, 2 @ \$1.6100, 4 @ \$1.6075, 4 @ \$1.6050, 4 @ \$1.6025; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5725
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.2600, 1 @ \$1.2700

TUESDAY, JULY 20, 1999

CHEESE -- SALES: 5 CARS BARRELS: 3 @ \$1.5525, 1 @ \$1.5625, 1 @ \$1.5725; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5650; 12 CARS 40# BLOCKS: 2 @ \$1.6375, 2 @ \$1.6325, 2 @ \$1.6300, 2 @ \$1.6250, 4 @ \$1.6200; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.5800, 1 @ \$1.5825, 1 @ \$1.5900
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 21, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6175; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.6025, 1 @ \$1.6000, 1 @ \$1.5975; 16 CARS 40# BLOCKS: 2 @ \$1.6800, 3 @ \$1.6775, 2 @ \$1.6650, 2 @ \$1.6500, 2 @ \$1.6425, 5 @ \$1.6375; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.6400, 1 @ \$1.6500
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2100; OFFERS UNCOVERED: NONE

THURSDAY, JULY 22, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 7 CARS BARRELS: 1 @ \$1.6600, 1 @ \$1.6500, 2 @ \$1.6450, 3 @ \$1.6175; 7 CARS 40# BLOCKS: 2 @ \$1.7200, 1 @ \$1.6975, 2 @ \$1.6800, 2 @ \$1.6400; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6900; 2 CARS 40# BLOCKS @ \$1.7500
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JULY 23, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.6700; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.6900
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA @ \$1.3000; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.2400, 1 @ \$1.2200, 1 @ \$1.2100; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.5400

BUTTER MARKETS

MONTHLY COLD STOARGE: According to NASS, June month-end cold storage figures for butter total 121.5 million pounds, 11.1% lighter than last month, but more than double June 1998 and 29.8% heavier than June 1997.

NORTHEAST

Prices at the CME fell rather sharply (.0825 cents) during last week's three trading sessions. The market tone is weak. Production levels are lighter as milk volumes are tightening and Class II cream use is increasing. Contacts continue to report that fresh butter is still tight, but frozen or stored butter is more than ample to meet current needs. Buyers are often just taking replacement volumes as most realize that stocks aren't as tight as many had expected. Traders are trying to clear some of their inventories before prices move much lower. Retail demand is still slow except when and where featured. Food service orders are seasonally good. Spot bulk sales continue in the range of 3 - 5 1/2 cents over the CME weekly average.

CENTRAL

The butter market is weak. Through mid-week, during cash trading at the CME, the trading level of AA butter has declined 9 1/4 cents to \$1.2600. This is the lowest cash price since mid May. Butter producers and handlers have mixed opinions as to the direction of the market for the near term. Stocks are reported to be tight for fresh butter, but more available for storage stocks. Commercial butter stocks are reported to be more than double the level they were last year at this time. Retail demand is seasonally active and occasionally spurred by feature activity. Food service orders are seasonally active as the summer vacation season is in full swing.

WEST

Some Western contacts believe that the butter market feels like it may be stabilizing again. Current churning activity is declining quite rapidly on a seasonal basis. Cream sales into the ice cream trade remain very strong. Current weather patterns should allow this trend to continue. Current butter offerings are a little on the short side, but stocks are sufficient to cover needs. Print orders are fair. Milk with any options on where it should go is heading into cheese at this time. Tests on farm milk receipts are declining more rapidly as the summer heat stress becomes more of a factor.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JULY 17	1.4925 3,790,843	1.4212 10,823,536	1.0063 20,825,361	1.3548 2,298,756	0.1733 7,192,048

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

CHEESE MARKETS

NORTHEAST

Prices of process and natural cheddar items are 6.5 - 11.25 cents higher. The market tone is firm, but some contacts wonder if prices are advancing too fast. Since June 7, blocks are up 30.5 cents and barrels have increased 27.25 cents. Demand is generally good as distributors try to buy ahead of the continuing upward price trend. In the East, cheese makers are producing as much cheese as milk volumes and schedules will allow. Typically, some plants would be down to 4-5 days a week production, but so far this year, they are holding up at 6-7 days per week. Some are still aggressively looking for more milk and/or condensed skim to help boost yields. Retail orders are fair as retail prices are becoming an issue. Food service orders are holding up at good, seasonal levels.

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

Cheddar 10# Prints	:	1.6075-2.0975
Cheddar Single Daisies	:	1.5800-2.0950
Cheddar 40# Block	:	1.7125-1.8975
Process 5# Loaf	:	1.7500-1.9075
Process 5# Sliced	:	1.7700-2.0275
Muenster	:	1.7875-2.0900
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market continues firm. The CME cash prices are close to those recorded during the comparable week in 1998(blocks \$1.6575 and barrels \$1.5075). Most traders expect higher prices, at least in the short term. Buyers are comfortable in having heavier inventories as a cushion against potentially higher prices. Cheese producers continue to have difficulty in keeping up with orders. Some shorting of orders, mainly on fresh varieties, is occurring and lead times on some specialty products have increased. Process movement continues good, but typically not at the hectic pace of a month ago. Aged cheddar remains tight to short of needs and some loads in storage are being "cashed out" early. Swiss demand remains good and uncommitted stocks are generally limited. Producers are expecting Swiss prices to increase along with milk prices. Cheese and milk production are steady to lower, reflecting the affect hot and often humid, summer weather has on cows. Cheese yields are at low summer levels.

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

Process American 5# Loaf	:	1.7200-1.8200
Brick And/Or Muenster 5#	:	1.8200-2.0575
Cheddar 40# Block	:	1.8200-2.1150
Monterey Jack 10#	:	2.0000-2.1150
Blue 5#	:	2.1850-2.4000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8900-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.6850

MIDWEST COMMODITY CHEDDAR

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

CHEDDAR STYLES	:	JULY 19 - 23, 1999
BARRELS*	:	\$1.5300 - 1.5825 (NOMINAL)
	:	(\$.1125) (.0450)
40# BLOCKS	:	\$1.5900 - 1.6375 (NOMINAL)
	:	(\$.0450) (.0500)

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

WEST

Western natural and process prices moved sharply higher in price this week following trading at the CME. Buyers continue to aggressively look for additional loads of cheese. Some needs are going unsatisfied or being delayed longer than desired. Much of the cheese being purchased is being used right away and not entering warehouses. U.S. warehouse stocks declined at the end of June for American cheese. Stocks are down 4.4% from May to 473.7 million pounds. Levels remain above 1998. Swiss stocks total 11.8 million pounds, up 3.1% from last year but 2.3% lower than last month. Production is declining seasonally, especially in the hot and humid areas of the country.

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

Process 5# Loaf	:	1.6850-1.9450
Cheddar 40# Block	:	1.7100-1.8500
Cheddar 10# Cuts	:	1.9000-2.1100
Monterey Jack 10#	:	1.9200-2.0725
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

FOREIGN

Domestic cheese prices are higher again this week. There are no reported changes on the imported styles. With domestic prices so high, interest in imported processing solids is improving. The market tone is seasonal as demand for table cheeses typically slows during the summer months. Stocks of most types are adequate to meet needs.

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	1.9425-2.5525*
Gorgonzola	:	3.2400-5.9400	2.4900-2.6075*
Parmesan (Italy)	:	TFEWR	3.3525-3.3825*
Romano (Italy)	:	2.1000-2.9000	-0-
Provolone (Italy)	:	3.4400-5.5000	1.9425-2.2275*
Romano (Cows Milk)	:	-0-	3.1225-5.3475*
Sardo Romano (Argentina)	:	2.6500-3.2900	-0-
Reggiano (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
07/19/99	16,111	:	128,867
07/01/99	14,960	:	121,941
CHANGE	1,151	:	6,926
% CHANGE	8	:	6

FLUID MILK AND CREAM

E A S T

During June, milk production in the 20 major states totaled 11.8 billion pounds, up 3.4% from June 1998. The following are June to June percentage changes for selected states: Kentucky -5.7, Virginia N/C, Texas -1.7, Pennsylvania +2.7, New York +3.0, Vermont +2.2, and Florida +10.2. On July 1, 1999, milk cows at 9.15 million were down 1% from July 1, 1998 and 2% below two years ago. Milk replacement heifers, at 3.7 million, are up 3% over 1998 and 1997 levels. While production has rebounded in some areas in the Northeast due to cooler temperatures, overall production continues to decline in a seasonal pattern. In Pennsylvania, farmers are facing the worst drought in 35 years and milk production volumes are generally falling. According to a local newspaper, beef and dairy farmers are having to dip into their winter feed supply as corn is withering and pastures are barren. Governor Ridge declared a drought emergency in 54 of the state's 67 counties. In Maryland's weekly crop report, about 25% of the state's corn crop and 20% of the soybean crop were in bad condition and 57% of pastures were rated as poor or very poor quality. At the end of last week, Florida did import 13 loads to supplement fluid needs. At the start of the present week, no imports are reported although shipments are anticipated by next week. Production in Florida is dropping rapidly as farmers face nearly 4 days without rain in hot summer temperatures. Class I sales are flat and bottling activity is down in the Northeast with fair to good movement in the Southeast. Excess milk supplies are easily diverted into cheese manufacturing facilities as cheese prices rise. Movement into Class II and III products is good for the seasonal demand. Class II condensed skim prices are unchanged to higher on a steady to fully steady market. With butter production and butterfat values falling and milk beginning to move South, Class II prices are anticipated to move higher. Fluid cream supplies are adequate to tight. Cheaper product from the West coast is less available for the mixed demand. Ice cream interest is good at heavy production levels with packaged cream movement unseasonably slow. Multiples are unchanged to higher. Some buyers are surprised that cream is not more available as churning activity declines. Cream prices are mostly lower due to a drop in the weekly AA butter average. The market tone on cream is mostly steady. Ice cream sales are up on hard ice cream, soft serve, and novelty items. Cream cheese production is steady for the fair to good demand.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.7095-1.8805
DELIVERED EQUIVALENT ATLANTA	-	1.6569-1.8410 M 1.7095-1.7884
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7567-1.9188

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	.8000-1.0500
------------------------------------	---	--------------

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 16 - 22, 1999	18
PREVIOUS WEEK	18
COMPARABLE WEEK IN 1998	24

DESTINATIONS:	MISSOURI	18
---------------	----------	----

Temperatures and humidity levels are high in the central part of the country. Up to this point, milk volumes remained quite heavy, but with the weather conditions at hand, milk handlers anticipate receipts to decline. Some are already reporting lighter intakes and presume that receipts will continue to edge lower. Due to the potential for lighter receipts, some plants are more aggressive in procuring additional milk volumes. Above the 18 spot loads reported above to Missouri, an additional 20 loads were direct shipped to Missouri along with 28 loads to Kentucky. These 48 loads are pooled under a Southern Federal order to supplement local production. Heavier orders are reported developing for

next week. Spot milk premiums range from \$2.00 - 3.00 over class. Demand for available cream supplies is aggressive. Most cream continues to enter Class II operations as ice cream production remains seasonally active. The current hot weather is one factor that cream buyers are stating for the strong cream demand. Cream pricing is somewhat less expensive due to the weaker AA cash butter market at the CME. Although this base is lower, some multiples are being adjusted to recover some of the weakness.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 15 - 21	PREVIOUS YR
SLAUGHTER COWS	\$ 37.00- 44.50	\$ 33.00- 38.50
REPLACEMENT HEIFER CALVES	\$220.00-265.00	\$105.00-150.00

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

	JUL 15 - 21	PREVIOUS YR
SLAUGHTER COWS	\$ 36.00- 46.00	\$ 33.00- 40.00

W E S T

U.S. milk production in the 20 states surveyed totaled 11.8 billion pounds in June, 3.4% higher than June 1998. Production levels were steady or higher in 14 of the 20 states. May 1999 production was unchanged at 3.5% above 1998 levels. Cow numbers in June were 7.729 million head, up 11,000 (+0.1%) from a year ago. Milk per cow was 3.2% higher. June output in the five Western states surveyed compared to 1998 is: Arizona, +5.2%; California, +9.0%; Idaho, +8.6%; New Mexico, +6.3%; and Washington, +2.2%. U.S. milk production for the first six months of the year totals 82.6 billion pounds, up 3.2% from the same period in 1998. Output for selected Western states compared to last year for the first six months is as follows: Arizona up 10.1%, California up 8.8%, Colorado down 2.0%, Idaho up 8.7%, New Mexico up 10.1%, Oregon up 7.0%, Utah up 5.2%, and Washington up 3.9%. Surprisingly, many areas of California are seeing milk volumes recover following sharp declines last week. The recovery in the far southern region is slower and not to the extent of the Central valley or more northern milk producing regions. Some contacts noted that their loss last week was near double digits, but they had recovered most of that loss this week. Temperatures are forecast to be below normal for the remainder of this week across many areas of the state. Milk is being brought into the state to supplement local shortages. Heifer demand is good and prices are high. Premium and good quality alfalfa offerings and demand are reported to be light to moderate throughout the state. Pricing levels are unsettled to firm with trading often very slow as buyers are waiting on the market. Lower quality alfalfa and hay prices are weaker. New Mexico milk production is often steady to slightly higher and seeing some recovery from weather related setbacks of recent weeks. Precipitation from seasonal rainfall continues over much of the milk producing areas of the state. Rain showers have delayed alfalfa harvest in most of the state. Depending on the area, second and third cuttings are taking place. Alfalfa prices are holding mostly steady and hay is reported to be mainly bought by local dairies. Arizona production is being impacted by hotter and humid conditions. Western cream prices are steady to weaker, reflecting the lower butter price. Demand is often only fair. Ice cream demand is fair to good and some contacts are surprised that demand is not better. Conditions are excellent for milk production in the Pacific Northwest. Temperatures are warming up, but the summer has generally been warmer than normal. Irrigation water is abundant for any cropping needs this year. Most contacts are calling current milk production levels excellent for mid July. Offerings of very good quality new crop hay are readily available. Some pressure on hay offering prices is apparent because of the volume being offered. Many producers in the region have a large portion of their winter concentrate needs contracted at very favorable prices. Warm seasonal temperatures have moved into Idaho and Utah. Milk production is holding up quite well because cool nights have been the rule so far. The stress on the milking herd will not be great until temperatures do not cool off at night. Most manufacturing plants in the region continue to run on extended schedules because of the volumes of milk still available. Many hay producers are working on finishing their second cutting of hay. Water will be plentiful for irrigation throughout the growing season. Some small grain is being cut at this time.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/22/99 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 unchanged on a steady market. Milk intakes at most plants are falling. Excess milk supplies are easily diverted into fluid and cheese facilities. Production of low heat is decreasing with some manufacturers increasing high heat supplies. Inventories are heavy on low heat and adequate to instances tight on high heat and Grade A product. High heat can be attained at a few cents over the average. Spot movement on low heat is slow. Offerings are adequate for the light interest and priced mostly at the average. Market changes are not anticipated in the near future.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0075 - 1.0300 MOSTLY: 1.0100 - 1.0150

DRY BUTTERMILK - CENTRAL

Prices are higher on a steady to fully steady market. Movement is marginal and spotty in nature. Interest is generated mostly by ice cream producers and bakeries. Inventories are adequate to instances tight. Producers still tend to move condensed supplies before drying any buttermilk. With butter production falling, available condensed volumes also decline and encourage interest in stocks of dry buttermilk. Some traders are seeing more phone calls on buttermilk but often find product difficult to move. Aged product is available at the lower end of the range. Demand is mostly fair to good.

BUTTERMILK: .7100 - .7600

DRY WHEY - CENTRAL

Prices are unchanged to higher on a steady to firm market. Supplies are mixed. Many producers are sold out or tight in supply while some traders report product available but difficult to move. Offerings are adequate for the light interest at the higher end of the range. Condensed supplies remain available to buyers interested in the trade. Production of dry whey is mostly steady to instances lower due to hot and humid weather and declines in cheese production. Some production problems have also been noted due to equipment failures. Exports continue to move product off of the domestic market. Domestic demand is fair to good. Grade A movement is strong and limited in supply.

NONHYGROSCOPIC: .1750 - .1900 MOSTLY: .1750 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are higher on milk replacer and unchanged on delactose and roller ground. Moving with the edible market, milk replacer whey prices adjusted upward. Reports from traders are mixed. Some report sales "better than expected" while others have minimal trades and see no improvement in the livestock sector. Production is steady to occasionally heavier due to hot and humid weather. The veal market is unsettled with a steady to weak undertone. The hog market is also unsettled with prices generally trending lower.

MILK REPLACER: .1475 - .1700
STANDARD: TFEWR
ROLLER GROUND: .1675 - .1825
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Inventories remain tight with some producers unable to fulfill any spot interest. Export movement is generally at the higher end of the range. Domestic demand is good from all outlets including the feed industry. Some feed buyers are purchasing edible product regardless of price. Off grade product is available just below the bottom of the range. Offerings are very light. Equipment failures at some plants have encouraged a tighter supply. Production is generally at capacity to occasionally lower due to fluctuations in the milk supply.

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

EDIBLE: .1750 - .2300 MOSTLY: .1750 - .1850

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. While whey prices rise, WPC continues to fall. Cheaper imports from Canada are reportedly appearing on the market. Supplies are plentiful and most burdensome in the West. Condensed is clearing well into feed channels and is receiving new interest from dryers. Demand is best in the Midwest where producers are able to generate a premium. Producers in the West continue to have difficulty in marketing WPC due to a lack of export and feed interest. Some resellers are now finding it opportune to buy WPC for future sales on improved markets. The undertone on the market is unsettled.

EXTRA GRADE 34% PROTEIN: .4000 - .4700 MOSTLY: .4350 - .4600

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are holding mostly steady. Market activity remains slow as buyers are reluctant to make purchases beyond immediate needs or to make additional purchases beyond contracts. There are reports of more DEIP interest and also cheese makers are assessing their needs for increased usage of NDM in cheese production. Surplus NDM continues to clear to the support program. For the week of July 12-16 clearances to CCC totaled 13.3 million pounds of nonfortified and 0.4 million pounds of fortified NDM, all but 0.3 million pounds coming from the West. High heat prices are unchanged in limited trading. Interest is very light to light for the limited offerings.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9800 - 1.0200 MOSTLY: .9800 - 1.0100
HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Prices are steady to slightly higher within the range. The market tone is firming slightly, but not at the level of most expectations for this season. Demand is generally fair for the limited offerings. Drying schedules are mostly limited as butter churning at most facilities is limited seasonally. Additional weakness in the butter market is often causing butter producers to balance stocks by selling cream. Additionally, sales of condensed buttermilk are moving well. Dry buttermilk stocks are light to moderate and often declining.

BUTTERMILK: .6700 - .7200 MOSTLY: .6800 - .6900

DRY WHEY - WEST

Western whey prices continue to firm slightly. Production is trending lower seasonally at most manufacturing plants. Powder offerings are lower and manufacturers are generally holding stocks with more confidence. Inventories range from sold out to adequate for any current need levels. Domestic demand is clearing good volumes of powder. Exporters are stating that interest is increasing slowly. Most contacts feel that there is a firming undertone to the market.

NONHYGROSCOPIC: .1650 - .1900 MOSTLY: .1700 - .1775

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 16, on powder sales of 12,163,459 pounds f.o.b. California manufacturing plants was \$1.0064 per pound. This compares to 11,822,814 pounds at \$1.0051 for the previous week ending July 9, 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 unchanged on a steady market. Some producers are now buying on the open market as regular production no longer suffices for current needs. Other manufacturers are now drying higher priced products such as whole milk and high heat instead of NDM. Milk intakes are down due to drops in the milk supply and heavy intakes from cheese facilities. Some producers anticipate price increases as milk volumes continue to drop seasonally. Supplies of NDM however remain plentiful. Demand is lackluster with DEIP interest providing the best movement. High heat inventories are adequate to tight for the fair demand.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0000 - 1.0400 MOSTLY: 1.0000 - 1.0100

HIGH HEAT: 1.0400 - 1.1100 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone is steady. Producers are reporting adequate to tight inventories. Demand is mixed. Some producers report a light demand while others see the market picking up with ice cream production. Traders are indifferent and have little to report on the buttermilk market. High heat and less than trucklot loads are clearing well at premiums. Improvement in the buttermilk market is anticipated as butter prices and production continue to fall.

F.O.B. NORTHEAST: .7000 - .7500

DELVD SOUTHEAST: .7300 - .7650

DRY WHOLE MILK - NATIONAL

Prices are unchanged on a steady market. Producers are generating whole milk on an as need basis. Spot movement is light with less activity noted compared to last week. Decreases in the milk supply have freed up some dryers allowing the production of whole milk. It is also anticipated that with price changes in the new month, whole milk production will become more attractive. The Kansas City Commodity Office announced the purchase of 700 MT (1,543,220 pounds) of dry whole milk, packed in 25 KG bags at prices ranging \$1.3971 - 1.4411 per pound. The purchases are for export distribution and purchased under invitation number 079B for shipment during the period August 25 - September 10, 1999.

F.O.B. PRODUCING PLANT: 1.2700 - 1.4000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH JULY 16, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 13,897 MT (30,637,326 LBS)
CHANGE -- 5,037 MT (11,104,570 LBS)

WHOLE MILK POWDER -- 0 MT

CHEESE -- 57 MT (125,662 LBS)

BUTTERFAT -- 0 MT

Allocations for the DEIP year beginning July 1, 1999, are:
Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT;
Cheese - 3,190 MT; Butterfat - 25,475 MT.
These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher on Grade A and unchanged on Extra Grade. The market tone is generally steady. Supplies are very tight on Grade A and first receiver trades are minimal. Many plants are reportedly sold out on Grade A product. Inventories on Extra Grade are adequate to instances long at steady to heavy production levels. Producers are holding inventories with confidence in anticipation of higher prices. Traders are finding it difficult to find buyers at these prices. Cheese production is steady to lower as milk supplies seasonally fall. The demand for Extra Grade whey is slow to fair.

F.O.B. NORTHEAST: EXTRA GRADE .1750 - .1850

USPH GRADE A .2100 - .2500

DELVD SOUTHEAST: .2025 - .2175

ANIMAL FEED WHEY - NORTHEAST

Prices are too few to report and the market tone is weak. Lackluster livestock markets are deterring interest in animal feed. The current hot weather also hinders consumption. Demand is slow and best on regular commitments. Inventories are adequate to fully adequate. Offerings are light.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

The market tone is steady and prices remain unchanged. Production is somewhat lighter as milk volumes seasonally decline. Inventories are adequate for the light to moderate demand. Market changes are not anticipated until the milk supply tightens going into the fall season.

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, although the market tone remains weak. Lower offering prices from non traditional sourcing countries are putting downward pricing pressure on regular sources. Domestic buyers continue to report that spot offerings at favorable prices are basically a regular occurrence at this time.

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

RENNET: 1.8200 - 1.9500

ACID: 1.8400 - 1.9500

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

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

Month	07/07	07/08	07/09	07/12	07/13	07/14	07/15	07/16	07/19	07/20
CSCE/NYBT - BFP -- Dollars per cwt.										
JUL 99	13.53 (137) 4	13.50 (137) 0	13.40 (137) 3	13.40 (137) 1	13.45 (135) 0	13.40 (137) 2	13.43 (138) 5	13.45 (138) 0	13.58 (138) 0	13.55 (139) 1
AUG 99	13.95 (148) 7	14.05 (154) 19	14.40 (154) 20	14.64 (163) 50	14.60 (168) 19	14.48 (169) 2	14.37 (171) 3	14.40 (171) 2	14.55 (174) 11	14.78 (175) 6
SEP 99	13.78 (154) 1	14.15 (158) 10	14.50 (171) 43	14.70 (180) 41	14.60 (184) 18	14.48 (184) 7	14.30 (187) 5	14.55 (192) 20	14.58 (192) 0	14.83 (193) 7
OCT 99	13.44 (134) 3	13.90 (139) 14	14.30 (148) 18	14.35 (153) 8	14.20 (156) 6	14.10 (158) 2	14.00 (162) 10	14.08 (165) 6	14.17 (167) 3	14.28 (167) 3
NOV 99	13.20 (94) 0	13.48 (95) 4	13.68 (97) 3	13.70 (98) 1	13.60 (97) 1	13.44 (98) 1	13.43 (99) 1	13.43 (100) 1	13.47 (100) 0	13.55 (101) 1
DEC 99	12.85 (67) 1	13.10 (68) 1	13.45 (72) 4	13.40 (73) 1	13.23 (73) 3	13.20 (75) 2	13.07 (77) 2	13.03 (79) 2	13.08 (79) 0	13.30 (82) 4
JAN 00	12.43 (15) 0	12.43 (15) 0	12.50 (15) 0	12.50 (16) 1	12.50 (16) 0	12.43 (17) 1	12.40 (17) 0	12.33 (17) 0	12.40 (17) 0	12.40 (17) 0
FEB 00	12.25 (7) 0	12.25 (7) 0	12.30 (7) 1	12.30 (7) 0	12.30 (7) 0	12.30 (7) 0	12.30 (7) 0	12.30 (7) 0	12.30 (8) 0	12.30 (8) 0
MAR 00	11.88 (0) 0	12.00 (1) 4	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0
CME - BUTTER -- Cents per pound										
JLY 99	133.00 (108) 15	132.475 (101) 0	135.25 (92) 1	135.50 (82) 2	135.00 (82) 0	131.50 (82) 0	132.25 (82) 0	126.00 (70) 2	126.00 (67) 2	125.00 (60) 5
SEP 99	138.00 (273) 15	136.00 (273) 0	136.00 (273) 0	136.025 (273) 0	136.125 (273) 0	134.50 (273) 0	135.75 (273) 6	130.75 (271) 8	127.00 (271) 2	127.00 (271) 0
OCT 99	140.00 (120) 1	137.00 (118) 7	137.00 (118) 0	137.025 (118) 0	137.925 (118) 0	136.00 (118) 0	136.00 (120) 2	133.00 (119) 1	129.00 (123) 5	128.75 (122) 6
FEB 00	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	130.00 (1) 0
MAR 00	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0	130.00 (1) 0
CME - BFP -- Dollars per cwt.										
JUL 99	13.57 (912) 7	13.47 (897) 23	13.40 (804) 123	13.43 (798) 21	13.42 (800) 13	13.41 (758) 48	13.48 (752) 7	13.50 (749) 23	13.60 (748) 4	13.60 (738) 34
AUG 99	13.90 (896) 10	14.00 (884) 67	14.47 (906) 42	14.67 (921) 74	14.63 (909) 67	14.43 (899) 38	14.40 (895) 41	14.50 (889) 47	14.52 (890) 14	14.75 (869) 57
SEP 99	13.86 (769) 13	14.25 (778) 25	14.50 (779) 30	14.70 (789) 50	14.59 (796) 50	14.40 (812) 32	14.33 (826) 24	14.53 (832) 24	14.60 (839) 16	14.80 (844) 47
OCT 99	13.55 (648) 9	13.94 (646) 22	14.34 (657) 33	14.36 (679) 47	14.20 (687) 25	14.03 (686) 20	14.01 (695) 32	14.07 (700) 12	14.15 (705) 16	14.28 (721) 37
NOV 99	13.25 (510) 11	13.45 (510) 9	13.74 (521) 12	13.79 (526) 16	13.59 (526) 2	13.50 (521) 24	13.42 (520) 9	13.45 (532) 15	13.45 (532) 0	13.60 (545) 28
DEC 99	12.89 (292) 4	13.15 (305) 15	13.40 (309) 5	13.44 (315) 24	13.29 (316) 1	13.15 (316) 5	13.09 (314) 10	13.09 (317) 5	13.09 (317) 0	13.29 (331) 24
JAN 00	12.37 (90) 0	12.35 (92) 2	12.53 (96) 5	12.54 (102) 6	12.49 (102) 0	12.40 (102) 0	12.40 (102) 0	12.40 (105) 2	12.36 (105) 1	12.45 (105) 3
FEB 00	12.22 (59) 0	12.30 (63) 4	12.30 (65) 2	12.22 (66) 1	12.22 (66) 0	12.22 (66) 0	12.22 (66) 0	12.22 (70) 6	12.22 (70) 0	12.30 (71) 3
MAR 00	11.97 (20) 2	12.05 (23) 3	12.06 (23) 0	12.07 (24) 1	12.07 (24) 0	12.07 (24) 0	12.07 (24) 0	12.07 (24) 0	12.07 (24) 0	12.07 (24) 0
APR 00	11.90 (8) 0	11.95 (8) 1	11.95 (8) 0	11.85 (8) 0	11.90 (9) 1	11.90 (10) 1	11.90 (10) 0	11.90 (10) 0	11.90 (11) 1	11.90 (11) 0
MAY 00	11.90 (1) 1	11.90 (1) 0	11.89 (1) 0	11.85 (1) 0	11.85 (3) 2	11.85 (3) 0	11.85 (3) 0	11.84 (3) 0	11.90 (4) 1	11.90 (4) 0

^{1/} At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for 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 July 12 - 23, 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: Milk production throughout Europe is declining seasonally. For the past few weeks, weather conditions have been nearly ideal thus the decline has not been enhanced by adverse weather conditions. During the past few days, a weak U.S. dollar is giving some slight strength to European dairy product prices, but most traders will not be taking advantage of the slight recovery due to slow/unaggressive international buyer interest. Stocks of most manufactured dairy products are fully sufficient for potential sales. Milk handlers that have options for dispositions of milk are basically going around in circles as to what to do with milk volumes at this time. Domestic sales are not clearing stocks sufficiently, thus inventories are building for most all manufactured dairy products. The dioxin scare has calmed dramatically, although some dairy products are still being held at various borders before entering the country. For the most part, dairy products have been reported clean of any dioxin residues.

BUTTER/BUTTEROIL: Butter markets are generally steady at unchanged prices. Stocks are reported to be readily available for domestic and international needs. Domestic buying interest is typical for this time of the year, although international sales are light. Butter stocks continue to enter PSA and are being offered to intervention. Butter stocks from Eastern Europe are reported being offered at the lower end of the reported range.

82% BUTTERFAT: 1,250 - 1,650
99% BUTTERFAT: 1,575 - 1,700

SKIM MILK POWDER (SMP): Skim powder markets are steady with prices unchanged to slightly higher due to a weaker U.S. dollar. Skim milk powder offerings continue to clear to intervention, but have slowed. At this time, many feel that the maximum level of 109,000 MT will not be reached. Since intervention opened, opinions have varied as to if maximum levels would be attained and now more are lowering their offering projections. Overall skim milk powder sales are light. European traders and suppliers are closely monitoring the U.S. DEIP activity. Some European traders feel that U.S. traders will slow their initial aggressive sales activity so that DEIP allocations can be spread out over more of the twelve-month period of the program.

1.25% BUTTERFAT: 1,200 - 1,360

WHOLE MILK POWDER (WMP): Whole milk powder prices are unchanged. Trading activity remains slow and unaggressive. European traders hope that significant international buyer interest resumes soon. Inventories are sufficient to meet immediate buyer interest and fresh milk volumes are readily available to fill future needs. Traders feel that once Oceania's milk production season resumes, more powder will be available and chances of securing potential sales will be greatly reduced.

26% BUTTERFAT: 1,375 - 1,580

SWEET WHEY POWDER: Whey markets are basically unchanged. International buying interest is slow and unaggressive. Whey stocks are reported to be fully sufficient to meet current and project needs should demand improve. European cheese production, although slightly lower than seasonal high levels, continues to provide more than ample volumes of whey.

NONHYGROSCOPIC: 400 - 500

OVERVIEW: EASTERN EUROPE: Eastern European dairy markets are much the same as past weeks. Milk output is seasonally lower and inventories of manufactured dairy products are fully sufficient to meet potential buyer interest.

OCEANIA

OVERVIEW: The Oceania milk production season is at seasonally low levels as producers in New Zealand and Australia prepare for the beginning of the new production year. The previously reported annual production figures for both countries remain the same. Australian contacts report over an 8% increase from last year with growth during the upcoming season projected to continue to climb. On the other hand, New Zealand's output lagged the previous season by nearly 5% but milk producers and handlers remain optimistic for the upcoming season. International sales activity remains light and unaggressive. The recent European dioxin scare caused an improved buyer inquiry of Oceania sourced dairy products, but now this buyer interest has greatly slowed. Overall stock levels of Oceania dairy products are reported to be in close balance. A slight sales flurry during the European dioxin scare cleared much of any additional dairy products available for sale, although butter stocks remain available for potential buyer interest.

BUTTER: Oceania butter markets are generally steady, although prices adjusted slightly higher on the low end of the reported range. For the most part, the milk production season has now ended in New Zealand and Australia, thus production of manufactured dairy products is quite limited. Butter orders are being filled with stocks previously inventoried. Overall sales are reported as slow and butter handlers indicate that additional stocks are available for potential sales.

82% BUTTERFAT: 1,200 - 1,300

CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices. Ongoing cheese sales to regular accounts are clearing the majority of available stocks, although some cheese remains uncommitted. Oceania traders anticipate Japanese buyer interest to increase in the near future. Usually this market resumes buying patterns in late July or August.

39% MAXIMUM MOISTURE: 1,700 - 1,750

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady although prices are lower. Oceania traders indicate that recent USDA DEIP allocations and the potential for international sales is cause for Oceania prices to edge slightly lower to be competitive should buyer interest develop. Stocks of Oceania powder are reported to be in close balance, thus traders feel that any significant buyer interest would probably not be able to be filled from this region at this time.

1.25% BUTTERFAT: 1,175 - 1,225

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Stocks are reported to be in close balance with very little available should buyer interest develop. The milk production season has now ended, thus whole milk handlers indicated that they are virtually out of the market until the new production season resumes.

26% BUTTERFAT: 1,400 - 1,500

Exchange rates for selected foreign currencies: July 19, 1999

.4673 Dutch Guilder	.5265 German Mark
.1570 French Franc	.5211 New Zealand Dollar
.1077 Mexican Peso	.6507 Australian Dollar
1.5800 British Pound	.0085 Japanese Yen
.2569 Polish Zloty	1.0297 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1077) = 9.2851$. That is 1 US Dollar equals 9.2851 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U. S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAY 31, 1997	MAY 31, 1998	REVISED MAY 31, 1999	JUN 30, 1997	JUN 30, 1998	JUN 30, 1999
Cream	---	---	---	---	---	---
Butter	104,162	72,702	136,575	93,663	60,550	121,537
Evap. & Cond. Milk	---	---	---	---	---	---
Cheese, Natural American	446,157	443,730	495,675	464,397	450,216	473,745
Cheese, Swiss	13,237	11,302	12,091	12,096	11,460	11,811
Cheese, Other Natural	124,933	113,449	168,932	128,352	122,041	189,433
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	1,259	308	257	644	300	257
Natural American Cheese	45	155	13	185	139	33

JUNE COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1997	1998	1999	1997	1998	1999*	1997	1998	1999
New England	23,221	22,805	28,238	9,389	---	---	337	303	498
Middle Atlantic	42,202	43,918	48,116	5,390	---	---	20,616	13,310	12,764
East North Central	247,377	240,239	251,574	47,051	---	---	88,745	99,083	91,730
West North Central	80,523	70,097	70,554	10,240	---	---	5,406	1,566	72,366
South Atlantic	263	746	661	796	---	---	5,955	779	801
East South Central	222	222	0	182	---	---	3,398	2,000	213
West South Central	5,622	219	348	237	---	---	206	426	235
Mountain	20,447	18,621	13,889	283	---	---	979	909	961
Pacific	44,520	53,349	60,365	20,095	---	---	2,710	3,665	9,865
TOTAL	464,397	450,216	473,745	93,663	60,550	121,537	128,352	122,041	189,433

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

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1998 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Million Pounds						Million Pounds						Million Pounds					
January	61	34	61	34	<u>3/</u>	<u>3/</u>	391	407	391	407	<u>3/</u>	<u>3/</u>	175	128	82	104	93	24
February	95	44	95	44	<u>3/</u>	<u>3/</u>	404	411	404	411	<u>3/</u>	<u>3/</u>	190	131	108	105	82	26
March	109	56	109	56	<u>3/</u>	<u>3/</u>	406	422	406	422	<u>3/</u>	<u>3/</u>	205	129	123	93	83	36
April	126	67	126	67	<u>3/</u>	<u>3/</u>	451	440	451	440	<u>3/</u>	<u>3/</u>	222	161	136	113	86	48
May	137	73	136	72	<u>3/</u>	<u>3/</u>	496	444	496	444	<u>3/</u>	<u>3/</u>	250	187	161	132	88	55
June	122	61	121	60	<u>3/</u>	<u>3/</u>	474	450	474	450	<u>3/</u>	<u>3/</u>		198		129		69
July		51		51		<u>3/</u>		461		461		<u>3/</u>		203		112		91
August		41		41		<u>3/</u>		442		441		<u>3/</u>		186		78		108
September		34		34		<u>3/</u>		417		417		<u>3/</u>		177		64		112
October		31		31		<u>3/</u>		395		394		<u>3/</u>		155		46		109
November		29		29		<u>3/</u>		389		389		<u>3/</u>		139		42		97
December		26		26		<u>3/</u>		408		408		<u>3/</u>		151		56		95

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	May 31, 1997	May 31, 1998	May 31, 1999	Jun 30, 1997	Jun 30, 1998	Jun 30, 1999
	Thousand Pounds					
Butter	102,903	72,394	136,318	93,019	60,250	121,280
Natural American Cheese	446,112	443,575	495,662	464,212	450,077	473,712

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

SOURCE: "Cold Storage," Co St 1 (7-99) and "Dairy Products," Da 2-6 (7-99), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR JUNE 1999. During June, about 9.4 billion pounds of milk were marketed under Federal orders. (Significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in June 1999 and 1998.) Producer deliveries were about 27.6 percent more than June 1998, and about 4.7 percent less than May 1999 on a daily average basis. Milk utilized in Class I products in June was 0.5 percent more than last year on an adjusted basis. Class I use this year represented 37 percent of producer milk deliveries compared to 48 percent in June 1998. The average blend price was \$12.83 per cwt., \$1.07 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$0.20; Class II, down \$0.20, Class III, down \$1.68; and Class III-A, down \$2.10.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 1999										
FEDERAL MILK ORDER MARKETING AREAS ^{1/}	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE ^{2/}		BUTTER-FAT DIFF. ^{3/}
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	518.3	4.2	217.1	1.7	42	43	13.51	14.40	16.1
New York/New Jersey (NY City)	2	994.8	-1.5	361.8	-5.0	36	38	13.13	14.13	16.1
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	561.1	4.2	205.3	-3.9	37	40	13.23	14.12	---
NORTHEAST REGION		2,074.2	1.4	784.2	-2.9	38	39	13.25	14.19	16.1
Carolina (Charlotte)	5	266.3	10.6	198.7	-0.5	75	83	14.22	14.70	16.1
Southeast (Atlanta/Birmingham)	7	459.7	4.2	375.7	4.2	82	82	14.47	14.73	16.1
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 ^{4/}	224.1	0.6	198.9	1.2	89	88	15.16	15.36	16.1
SOUTHEASTERN REGION		950.1	5.0	773.3	2.2	81	84	14.56	14.88	16.1
Michigan Upper Peninsula (Marquette)	44	5.2	17.1	3.9	-1.3	76	90	12.77	13.30	16.1
Southern Michigan (Detroit)	40 ^{5/}	369.2	-0.2	156.4	-2.8	42	43	12.74	13.46	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	298.3	5.9	139.1	3.5	47	48	12.63	13.45	---
Ohio Valley (Columbus)	33 ^{5/}	248.0	-3.6	122.7	-3.0	49	49	12.86	13.43	---
Indiana (Indianapolis)	49 ^{5/}	169.0	8.5	91.4	-2.8	54	60	13.02	13.41	---
Chicago Regional	30 ^{5/ 6/}	1,323.5	194.1	194.8	-15.2	15	51	11.94	13.23	---
Central Illinois (Peoria)	50 ^{5/}	17.6	15.9	10.8	-13.4	62	82	12.74	13.47	16.1
S. Illinois-E. Missouri (Alton)	32 ^{5/}	152.7	11.6	73.6	-9.5	48	59	12.85	13.46	16.1
Louisville-Lexington-Evansville	46	115.7	9.3	84.8	-3.3	73	83	13.42	14.03	16.1
Upper Midwest (Minneapolis)	68 ^{5/ 6/}	961.1	180.4	121.6	-1.0	13	36	11.71	13.10	---
Iowa (Des Moines)	79 ^{5/ 6/}	301.2	173.3	83.4	66.8	28	45	12.17	13.47	---
Nebraska/W. Iowa (Omaha/Sioux City)	65 ^{5/ 6/}	137.8	10.2	43.8	-6.7	32	38	12.35	13.36	---
Greater Kansas City/E. S. Dakota	64 ^{7/ 8/}	56.3	24.2	---	---	---	---	12.89	13.79	16.1
MIDWEST REGION	9/	4,099.2	74.1	1,126.4	-2.1	27	49	12.22	13.38	16.1

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106 <u>5/ 6/</u>	250.1	-1.2	113.8	2.7	45	44	13.16	14.00	16.1
Texas (Dallas)	126 <u>5/ 6/</u>	627.7	47.6	261.4	3.0	42	60	13.37	14.11	16.1
SOUTHWEST REGION		877.8	29.4	375.2	2.9	43	54	13.31	14.07	16.1
E. Colorado/W. Colorado (Denver)	137 <u>8/</u>	132.6	-6.1	65.3	-2.4	49	47	13.09	13.84	16.1
SW. Idaho/E. Oregon (Boise)	135 <u>5/ 6/</u>	300.9	101.6	14.8	-0.8	5	10	11.50	13.15	---
Great Basin (Salt Lake City)	139	180.2	9.5	74.9	4.0	42	44	12.66	13.41	---
Central Arizona (Phoenix)	131	233.2	3.9	77.5	2.0	33	34	12.87	14.15	16.1
New Mexico-West Texas (Albuquerque)	138 <u>5/ 6/</u>	102.9	-33.8	48.4	-2.6	47	32	12.84	12.80	16.1
Pacific Northwest (Seattle/Portland)	124 <u>6/</u>	463.7	-17.4	165.2	-1.2	36	30	12.69	13.87	---
FAR WEST REGION		1,413.4	1.2	446.1	-0.1	32	32	12.51	13.66	16.1
ALL-MKT. AVERAGE OR TOTAL	<u>9/ 10/</u>	9,414.7	27.6	3,505.3	-0.6	37	48	12.83	13.90	16.1
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		12,400.5	0.3	4,998.6	-0.7	40	41			
Southeastern Region		6,112.7	0.3	4,871.4	0.6	80	79			
Midwest Region		23,465.8	1.4	7,309.7	0.5	31	31			
Southwest Region		5,250.1	9.1	2,348.4	3.8	45	47			
Far West Region		8,590.7	-1.9	2,815.4	0.9	33	32			
ALL MARKET AVERAGE OR TOTAL	<u>9/ 11/</u>	55,819.9	1.2	22,343.5	0.7	40	40	14.24	13.94	---

1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$14.32. (4.0 minus 3.5 equals .5; 5 times \$.161 equals \$0.805; \$13.51 plus \$0.805 equals \$14.315.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1999, \$15.03 1998, \$15.55; and Southeastern Florida: 1999, \$15.72; and 1998, \$16.00. 5/ Due to a disadvantageous pricing situation in May 1998, handlers elected not to pool milk that normally would have been associated with the market. 6/ Due to a disadvantageous pricing situation in May 1999, handlers elected not to pool milk that normally would have been associated with the market. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted. 8/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1999, \$12.11; 1998, \$13.27 and Western Colorado: 1999, \$13.60; 1998, \$13.98. 9/ Data for Greater Kansas City/Eastern South Dakota are excluded; some of the data during this period could not be released without revealing individual business operations. See 7/ 10/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 500 million pounds in June 1999, and 2.2 billion pounds in June 1998. 11/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 4.2 billion pounds this year, and 3.5 billion pounds last year.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JULY 19 - 23, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 07/16/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	4,922,175	961,102	3,961,073	167,553,307	134,751,908	-0-	-0-
Fortified	396,756	-0-	396,756	1,705,369	-0-	-0-	-0-
TOTAL	5,318,931	961,102	4,357,829	169,258,676	134,751,908	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 19 - 23, 1999 =	1.0	50.7	COMPARABLE WEEK IN 1998 =	1.9
CUMULATIVE SINCE OCTOBER 1, 1998 =	37.2	1,970.2	CUMULATIVE SAME PERIOD LAST YEAR =	29.6
CUMULATIVE JANUARY 1 - JULY 23, 1999 =	37.2	1,968.9	COMPARABLE CALENDAR YEAR 1998 =	27.9

* 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

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 19 - 23, 1999 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	3,961,073	396,756
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MI DWEST	-0-	-0-	-0-	-0-	15,177,034	11,070,461	9.0	8.2
WEST	-0-	-0-	-0-	-0-	154,081,642	123,394,904	91.0	91.6
EAST	-0-	-0-	-0-	-0-	-0-	286,543	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	169,258,676	134,751,908	100.0	100.0

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

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

DOLLARS PER POUND

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

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

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

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/03/99 & Comparable Week 1998 1/ 2/

Regions*											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1			
1999-Dairy cows HD (000)	0.3	1.0	6.5	5.3	16.9	2.4	2.6	0.7	7.5	2.8	46.0	1,260.7	45.5	43.9
1998-Dairy cows HD (000)	0.3	1.4	5.2	3.5	16.4	1.7	1.7	0.8	7.5	2.0	40.5	1,401.8	41.2	46.7
1999-All cows HD (000)	0.3	1.0	9.0	13.4	23.8	13.7	17.7	3.4	11.0	7.8	101.0	2,873.2		
1998-All cows HD (000)	0.3	1.4	7.1	13.2	23.0	17.8	14.0	4.6	10.9	6.1	98.4	3,000.8		

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 PURCHASE 7/16 AND INVITATION 7/14

CHEDDAR BARRELS	AUGUST/SEPTEMBER DELIVERY		OFFERS ARE DUE JULY 21.	PUBLIC RELEASE IS SCHEDULED FOR 4:00 P.M. JULY 23.
	400,000			
	PURCHASE FOR AUGUST 1 - NOVEMBER 30 DELIVERY			
MOZZARELLA LMPs	POUNDS	322,560	\$1.6467-1.6546	

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
1999	16.27	10.27	11.62	11.81	11.26	11.42						