

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/06):**

BUTTER: Grade AA closed at \$1.4675. The weekly average for Grade AA is \$1.4692 (+.0850).

CHEESE: Barrels closed at \$1.8000 and blocks at \$1.8500. The weekly average for barrels is \$1.7400 (+.0450) and blocks, \$1.8095 (+.0480).

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. Churning schedules are slowing in many parts of the country as milk and cream supplies dwindle and usage in ice cream and cream cheese remains strong. Stocks of fresh butter continue to be limited with storage butter fully adequate for a steady, fair demand.

CHEESE: The cheese market is firm. Cash cheese prices are rapidly approaching the record highs of \$1.90 for blocks and \$1.86 for barrels. Many traders speculate that prices may soon surpass these records. Current offerings are short of needs. Producers are having problems filling orders after recent declines in milk receipts and low summer yields. Cumulative 6 month estimated U.S. cheddar cheese output totals 1.45 billion lbs, up 82.7 million lbs from 1998.

FLUID MILK: The heat wave last week has broken across the Midwest and Eastern areas of the country, but temperatures are still warm and the effects will be felt for quite some time. Milk production continues to decline, but the milder weather conditions has slowed the rate of decline. In the Midwest, reports of 10 - 20% declines in milk receipts were not uncommon. Fluid milk supplies in the East range from short to tight. In the Southeast, milk is short and imports from the Northeast, Upper Midwest, and Southwest were quite heavy. This was the first heavy demand period this year, thus finding trucks to ship the milk was a major problem. Southeastern handlers anticipate demand to remain quite strong into September. In the West, nearly ideal weather conditions and temperatures prevailed. California and the Northwest continues to realize strong production with most areas reporting receipts running ahead of last year. In Arizona, temperatures are hot and milk output continues to trend lower.

DRY PRODUCTS: The market tone for most dry dairy products is firm. The recent heat wave in many areas of the United States has caused milk production to decline quickly, thus the competition for milk is brisk. Recent firmness in cheese markets is attracting milk away from butter/powder plants, thus some producers are concern about having sufficient supplies of powder for fall needs. Buttermilk powder supplies range from in close balance to short. Condensed and liquid buttermilk is in good demand, drying schedules are lighter. Whey stocks vary from sold out to adequate. Some traders feel that some producers are holding stocks with more confidence.

CCC: During the week of August 2 - 6, CCC purchased a net total of 1,404,043 lbs of nonfortified and 132,276 lbs of fortified NDM.

BASIC FORMULA PRICE (AMS): The basic formula price (BFP) for July 1999 is \$13.59 per cwt. at 3.5% test. The BFP is \$2.17 higher than last month, but \$1.18 lower than July 1998. The BFP is the base month M/W price of \$11.74, plus a change of \$1.85, which is the change in the butter/powder/cheese formula from June to July. For July, the NASS average cheese price was \$1.4702. The butterfat differential is \$0.134. July Class III-A prices are: for Federal Orders 1 & 2, \$12.40; for Order 4, \$12.42; for Orders 124, 131, & 135, \$12.30, for other affected orders, \$12.37.

JULY AGRICULTURAL PRICE HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 1999 was down 1 point at 116, unchanged from July 1998. The index of prices received by farmers for dairy products increased 4 points during the month of July 1999 to 104. Compared with July 1998, the index was down 5 points (4.6%). On a 3.5% butterfat basis, prices received by farmers in July with changes from June were: for all milk, \$13.57, up \$0.57; for fluid grade milk, \$13.57, up \$0.57; and for manufacturing grade milk, \$12.88, up \$1.21.

JUNE 1999 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 90.6 million lbs in June, 29.7% heavier than June 1998, but 13.4% lighter than May. American type cheese production totaled 296.0 million lbs, 2.8% heavier than a year ago, but 5.9% lighter than last month. Total cheese output (excluding cottage cheese) was 670.9 million lbs, 4.5% more than June 1998, but 0.8% less than last month. Nonfat dry milk production for human food totaled 123.1 million lbs, 23.8% heavier than June 1998, but 10.3% lighter than May 1999. Dry whey production for human food totaled 90.9 million lbs, 5.7% less than last June and 2.6% lighter than last month.

DAIRY SITUATION AND OUTLOOK (ERS): Dairy prices remain caught between the upward pressure of brisk sales and the downward pressure of heavy supplies. Recently, price trends of major dairy products have shown big differences. April-June milk production rose 3% from a year earlier on the strength of large gains in milk per cow and only a tiny decline in milk cow numbers. Spring weather conditions were generally favorable and milk-feed price relationships were strong. Strong summer milk prices, low feed prices, and at least a modestly favorable forage situation should keep expansion in milk production strong through the rest of 1999. However, the very large growth feared by some does not appear to be materializing, mostly because herd expansions in the North remain somewhat conservative. Summer milk production is projected to rise about 3%, followed with a slightly smaller autumn increase from the recovering production of 1998.

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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 = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 2	TUESDAY AUGUST 3	WEDNESDAY AUGUST 4	THURSDAY AUGUST 5	FRIDAY AUGUST 6	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7125 (+.0025)	\$1.7200 (+.0075)	\$1.7250 (+.0050)	\$1.7425 (+.0175)	\$1.8000 (+.0575)	+.0900	\$1.7400 (+.0450)
40# BLOCKS	\$1.7875 (N.C.)	\$1.7950 (+.0075)	\$1.8050 (+.0100)	\$1.8100 (+.0050)	\$1.8500 (+.0400)	+.0625	\$1.8095 (+.0480)
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	\$1.4700 (N.C.)	-----	\$1.4700 (N.C.)	-----	\$1.4675 (-.0025)	-.0025	\$1.4692 (+.0850)

*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, AUGUST 2, 1999

CHEESE -- SALES: 4 CARS BARRELS @ \$1.7125; 2 CARS 40# BLOCKS @ \$1.7875; BIDS UNFILLED: 1 CAR BARRELS @ \$1.7125; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.7225, 1 @ \$1.7575

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

BUTTER -- SALES: 2 CARS : 1 @ \$1.4600, 1 @ \$1.4700; BIDS UNFILLED: 1 CAR @ \$1.4625; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.5000, 1 @ \$1.5500

TUESDAY, AUGUST 3, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.7200; 3 CARS 40# BLOCKS @ \$1.7950; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.7900, 2 @ \$1.7875; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.7600

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

WEDNESDAY, AUGUST 4, 1999

CHEESE -- SALES: 5 CARS BARRELS @ \$1.7250; 3 CARS 40# BLOCKS: 2 @ \$1.8025, 1 @ \$1.8050; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.7250, 1 @ \$1.7200; 5 CARS 40# BLOCKS: 1 @ \$1.8025, 1 @ \$1.7975, 3 @ \$1.7950; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.7650

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

BUTTER -- SALES: 4 CARS @ \$1.4700; BIDS UNFILLED: 3 CARS: 1 @ \$1.4700, 2 @ \$1.4000; OFFERS UNCOVERED: NONE

THURSDAY, AUGUST 5, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$1.7425, 3 @ \$1.7400; 10 CARS 40# BLOCKS: 2 @ \$1.8100, 3 @ \$1.8050, 5 @ \$1.8025; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.7750

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

FRIDAY, AUGUST 6, 1999

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.7775, 2 @ \$1.7900; BIDS UNFILLED: 5 CARS BARRELS: 1 @ \$1.8000, 4 @ \$1.7900; 17 CARS 40# BLOCKS: 1 @ \$1.8500, 2 @ \$1.8450, 2 @ \$1.8400, 2 @ \$1.8350, 2 @ \$1.8300, 2 @ \$1.8250, 1 @ \$1.8200, 1 @ \$1.8150, 4 @ \$1.8100; OFFERS UNCOVERED: NONE

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

BUTTER -- SALES: 11 CARS: 1 @ \$1.4500, 1 @ \$1.4600, 2 @ \$1.4650, 1 @ \$1.4600, 1 @ \$1.4550, 1 @ \$1.4500, 1 @ \$1.4525, 1 @ \$1.4625, 1 @ \$1.4650, 1 @ \$1.4675; BIDS UNFILLED: 1 CAR @ \$1.4300; OFFERS UNCOVERED: 5 CARS: 1 @ \$1.4675, 2 @ \$1.4700, 1 @ \$1.4750, 1 @ \$1.4800

BUTTER MARKETS

JUNE BUTTER PRODUCTION

During June, butter production in the United States totaled 90.6 million pounds, 29.7% heavier than June 1998, but 13.4% less than May 1999. For selected states, the following are percentage changes from June 1998: CA +34.2%, MN -20.0%, NY +28.0%, OR +15.8, WA +119.1, and WI +21.2%.

NORTHEAST

Following a week of price increases at the CME, the butter market is firm, but unsettled. Contacts still report a generally steady, but just fair demand for bulk and print butter. Churning activity is slowing as milk and cream supplies dwindle and cream usage in ice cream and cream cheese improves. Fresh butter is tight, but frozen supplies are still fully adequate to cover current needs. More microfixing is occurring to balance the lighter out put and meet the slow to fair print demand. Retail prices for print butter never fully reflected the butter price drops in late June and early July. Demand for bulk butter is just fair and spot bulk sales continue in the range of 3 - 5 1/2 cents over the CME weekly average. Butter imports during the first half of 1999 totaled 6.0 million pounds down 700,000 lbs. from the same period last year. The 1999 tariff-rate quota for butter is 14.0 million pounds.

CENTRAL

Butter prices and market conditions are reported to be basically stable at midweek. Most producers and handlers feel that the CME cash butter price will hold around current levels for the near future. Storage stocks are reported to be fully sufficient while fresh butter stocks are limited. Buying interest is mixed. Food service orders remain fairly strong as the summer vacation season continues and away from home

eating patterns remain typical. Retail orders are fair. Some scattered retail feature activity is occurring in conjunction with seasonal sweet corn availability. Many butter producers and handlers feel that they will have sufficient volumes of storage butter to carry them into early fall when churning typically improves.

WEST

Butter prices are trending higher across the region, following the increasing butter price at the CME. The CME Grade AA price has increased 21 cents from the most recent cycle's low point of \$1.2600 in mid-July. Print butter orders are often lower, attributed to more lackluster, seasonal buying disinterest at retail outlets. Retail prices are noted as "high" by most observers and quite often unresponsive to recent wholesale declines. Butter churning is higher in the region, most noticeably in California, where August class 3 prices make cream into ice cream more expensive. Cream demand into ice cream is lower. Bulk butter orders are fair to good for the limited offerings.

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 31	1,5774 5,275,623	1,5417 9,953,459	1,0055 25,519,819	1,3157 3,260,576	0,1751 3,897,277

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

CHEESE MARKETS

NORTHEAST

Prices are higher again this week and the market tone is firm. At the CME, the weekly average prices for blocks have jumped approximately 55 cents since the third week in May with barrel prices up about 50 cents during the same period. Although cheese is in good demand, these jumps have done little to boost retail sales. Wholesale demand is quite good as both distributors and end users try to buy ahead of anticipated price increases. Food service orders have been and are good as the summer tourist season has been a good one in most sections of the East. Cheese production in the Northeast is lighter. The recent heat wave and continuing drought have forced milk output to drop quite sharply over the past several weeks and some cheese plants have had to reduce operating schedules accordingly.

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

Cheddar 10# Prints	:	1.7775-2.2650
Cheddar Single Daisies	:	1.7500-2.2650
Cheddar 40# Block	:	1.8825-2.0675
Process 5# Loaf	:	1.9050-2.0625
Process 5# Sliced	:	1.9250-2.1825
Muenster	:	1.9575-2.2600
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market remains firm. Cash prices at the CME continue to increase with some traders wondering how high is high enough and will last year's record prices fall this year? Many firms are having difficulty passing on recent price increases fast enough to retain positive margins. Some plant operators are trying to reduce cheese deliveries after recent heat and humidity hurt milk intakes (often 10%+ declines) and very low summer fat tests and product yields. Extended periods of power outages in some areas such as Chicago during the recent heat and humidity forced some consumers, retailers, and restaurateurs to throw out perishable inventory and restock with fresh supplies. Others distributors report late order deliveries. Current cheese offerings are tight to mostly short of needs. Swiss producer prices are approaching the \$2.00 per pound for Grade A blocks due to the anticipated increase in milk prices. Some milk has been shifted out of butter/powder production due to better returns from cheese. Spot milk premiums, if available, are also sharply higher.

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

Process American 5# Loaf	:	1.8750-1.9400
Brick And/Or Muenster 5#	:	1.9400-2.2275
Cheddar 40# Block	:	1.9400-2.1150
Monterey Jack 10#	:	2.1150-2.2100
Blue 5#	:	2.3550-2.5200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0100-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.6850

MIDWEST COMMODITY CHEDDAR

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

CHEDDAR STYLES	:	AUGUST 2 - 6, 1999
BARRELS*	:	\$1.7050 - 1.7200 (NOMINAL)
	:	(\$.0800) (.0200)
40# BLOCKS	:	\$1.7825 - 1.8125 (NOMINAL)
	:	(\$.0875) (.0725)

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

WEST

Pricing levels at the CME continue to show strength and the higher prices are being passed on to buyers. Demand for cheese remains very good and natural cheddar blocks and barrels are in short supply. Indications that Swiss is in better supply as aged product is currently coming available during a lower demand time of year. Demand for Italian varieties is good and shorting the market. Milk production remains strong in the region and cheese plants are being kept full. The current tilt favors cheese production and cream, condensed skim, and NDM, are being used to maximize cheese yields.

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

Process 5# Loaf	:	1.8400-2.1000
Cheddar 40# Block	:	1.8800-2.0200
Cheddar 10# Cuts	:	2.0700-2.2800
Monterey Jack 10#	:	2.0900-2.2425
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

FOREIGN

Prices for domestic types are higher again this week and prices have jumped roughly 55 cents since the third week of May. The market tone is seasonal. Demand is mostly for replacement needs. However, as domestic prices increase, interest for some imported styles is picking up. According to a report by USDA's Foreign Agricultural Service, imports of licensed cheese during the first half of 1999 totaled 118.3 million pounds, up 23.5 million pounds (24.8%) from the same period last year. The 1999 tariff-rate quota for cheese is 292.3 million pounds.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:		
Roquefort	:	5.5000-6.8900	-0-
Blue	:	2.6400-3.1400	2.1125-2.7225*
Gorgonzola	:	3.2400-5.9400	2.4900-2.7900*
Parmesan (Italy)	:	TFEWR	3.5225-3.5525*
Romano (Italy)	:	2.1000-2.9000	-0-
Provolone (Italy)	:	3.4400-5.5000	2.1125-3.3975*
Romano (Cows Milk)	:	-0-	3.2925-5.5175*
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
08/01/99	14,803	:	125,478
07/01/99	14,960	:	121,941
CHANGE	-157	:	3,537
% CHANGE	-1	:	+3

Based on the historical relationship of the preliminary U.S. Cold Storage report of June 30 and the selected centers storage report, the expected U.S. holdings as of August 1 are:

Butter 120 million pounds plus or minus 3.24 percent
Cheese 487 million pounds plus or minus 3.25 percent

FLUID MILK AND CREAM

E A S T

The heat wave has broken, but temperatures are still quite high and its effects will be felt for quite some time. Also, drought conditions persist in many areas of the Middle Atlantic and Northeast. There have been reports in several states that cows have died of heat related causes and the lost milk volumes may not recover very quickly. Milk production continues to drop, but the milder weather has slowed declines. Fluid milk supplies range from short to tight in most of the region. Southeastern handlers are buying all the milk they can find. Florida imports total 142 loads this week which compares to 63 loads last week and 81 loads during the same week last year. Elsewhere in the Southeast, buyers brought in 160 loads of outside milk and, at midweek, more was needed. Milk came from MA, VT, NY, PA, MI, WI, and NM. Finding trucks to haul all these loads was a major problem. With this being the first big week of imports, shippers may not have been prepared. It is hoped that trucking will be less of a headache in the coming weeks. Class I demand is slow to fair, but some schools in the Southeast are opening this week and others soon to follow. Contacts are bracing themselves for a very active milk shipping period between now and late September. Fat and protein tests on incoming milk are very low. One contact commented that he couldn't remember fat tests being this low. Manufacturing plant receipts are lower and operations have slowed dramatically at some facilities. Class II, condensed skim sales are very brisk at unchanged prices. Shipments to Midwest and Southeastern buyers are common. However, demand for Class III wet solids is much slower as prices jumped well above current NDM prices. The fluid cream market is firm. Multiples are often higher and the CME prices have also increased. Less California cream is moving into the region, but if local cream prices jump too much, buyers may again look west for supplies. Demand is good and supplies are tight. Production of both hard and soft serve ice cream mix is seasonally heavy. Cream cheese output is also increasing. Churning activity is generally light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.8271-2.0209
DELIVERED EQUIVALENT ATLANTA	-	1.8271-1.9656 M 1.8548-1.9102
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8410-1.9932

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	.9000-1.0500
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NOTICE: Dairy Market News, at the request of the industry, is proposing to include an f.o.b. spot Class III condensed skim price range for the Northeast. This report would start in Report 35, Aug. 30-Sep. 3. If you have any comments or questions regarding this addition, please contact Alan Wagner at 608-224-5085 or E-mail at alan.wagner@usda.gov

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 30 - AUGUST 5, 1999	20
PREVIOUS WEEK	14
COMPARABLE WEEK IN 1998	8

DESTINATIONS: MISSOURI 20

Class I demand is steady to improved, bolstered by retail feature activity in some markets. Besides the loads reported above, 9 loads of Wisconsin milk are direct shipped to Missouri, 28 loads to Kentucky, 56 loads to Tennessee and pooled under a Southern federal order to supplement local offerings both this week and last week. Some demand

for milk from interstate accounts was going unsatisfied due to the lack of supply. Some plant operators in the upper tier of states saw local receipts in the 10 - 20%+ lower area, further south where the heat persisted longer, in the region 30%+. Some slight rebound in milk receipts has started to occur, but like bouncing a ball, the rebound is generally not as high as the decline. Fat and protein tests are also lower. Milk supplies have tightened considerably and premiums on spot milk supplies have increased dramatically. Multi-plant operations have shifted milk out of butter/powder production in favor of cheese due to much better returns. Milk sellers are hearing from "friends in the industry" not heard from in many months or years with most taking care of regular customers first. Reported spot milk prices paid of \$4.50 - 6.00 over for Class I and II and for manufacturing \$4.50 - 5.00 with some lower prices in the western part of the region where plant numbers are fewer. Crop conditions range from excellent to declining, depending on local moisture conditions, particularly during the recent bout of heat and humidity.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 29 - AUG 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 43.00	\$ 34.00- 38.00
REPLACEMENT HEIFER CALVES	\$200.00-285.00	\$145.00-185.00

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

	JUL 29 - AUG 4	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 45.00	\$ 35.00- 39.75

W E S T

The July 4a price (butter/powder) in California is \$12.45, 70 cents lower than last month and down \$3.06 from July 1998. The 4b price (cheese) is \$13.96, \$2.05 higher than last month but 40 cents lower than last year. (The July BFP used in federal orders will be released after this report is released, but expected to be around \$13.60.) Conditions remain incredibly favorable for milk production across most of the Southwest. Temperatures are nearly ideal for milk cow comfort in California. Production is increasing in most milksheds with levels above year ago numbers the rule. Increasing milk prices, coupled with low feed cost, provide incentives to keep cows milking as long as possible. More fresh cows are currently entering milk. Most plants are at or near capacity in the state. No problems handling the milk are being reported, even when plants are down for regularly scheduled maintenance. Handlers are moving cream around with more going to churns this week, following increases in Class 2 prices for cream into ice cream. Cream volumes into ice cream are down, but still active. Ice cream prices are around 25 cents per gallon higher following the price increase of cream. Milk continues to trend lower in Arizona with wetter conditions and moderate to high temperatures continuing. Hay harvesting is affected by the rainfall, but quality this year is reported as very good. Milk production in New Mexico is mostly steady with locally higher and lower levels noted. Milk production is following recent trends in the Pacific Northwest. Weather conditions have been good and milk output is above year ago levels. In Oregon, pasture growth is good and conditions are drier to allow for harvesting hay. Corn for silage is indicated to be showing good growth. Milk intakes are increasing for many plants. Milk supplies remain heavy in the Mountain States. Plant schedules are most often running at or near capacity to handle the volumes. Feed conditions in the region are good. Prices are holding for top quality feed, but often lower with unaggressive demand for lesser quality. Other feed prices remain affordable. With expected higher milk prices and the availability of low-priced feed, expectations are that milk will be plentiful in the region in the coming months. Heifer prices remain high and culling is selective.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/06/99 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 higher on a steady to fully steady market. Excess milk volumes are readily diverted into cheese facilities and areas short in supply which is decreasing milk intakes at some plants. Reduced milk production from the last heat wave is also affecting output and encouraging some plants to shut down. Producers are raising prices in anticipation of decreased supplies. Inventories are generally adequate for current needs. Demand is slow to fair with some continued movement into cheese for fortification. The high heat range is 1.05 - 1.08. Production of human food, nonfat dry milk during June 1999 totaled 123.1 million pounds, 23.8% higher than June 1998 but 10.3% below May 1999. Month ending stocks, at 158.3 million pounds, are 29.1% above a year ago but 3.3% lower than last month.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0400 MOSTLY: 1.0100 - 1.0300

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a steady to fully steady market. Most movement is occurring at .7400 - .7800. Production is steady to reduced as milk production seasonally declines. Producers continue to clear buttermilk as a fluid before utilizing dryers. Aged product is readily available at good discounts for the limited interest. Fresh buttermilk is tight as producers hold stocks with confidence. Dry buttermilk production during June 1999 totaled 3.3 million pounds, down 3.7% from June 1998 and 18.5% lower than May 1999. Month ending stocks, at 4.6 million pounds, are 11.9% lower than last year and 5.4% below last month.

BUTTERMILK: .7100 - .7800

DRY WHEY - CENTRAL

Prices are higher on a fully steady market. Supplies are mixed as some plants report adequate or fully adequate supplies while many others are sold out. Heat and milk production declines are having an impact on production, yet overall output is generally steady. Some traders are finding it difficult to trade why at these higher prices and cannot find interested buyers. Export and domestic movement is fair with ice cream and baking facilities generating the best interest. Production of human food, dry whey during June 1999 totaled 90.9 million pounds, 5.7% lower than June 1998 and 2.6% below May 1999. Month ending stocks, at 53.1 million pounds, are 58.2% higher than a year ago but down 4.3% from May 1999.

NONHYGROSCOPIC: .1775 - .1975 MOSTLY: .1825 - .1875

ANIMAL FEED WHEY - CENTRAL

Prices are higher on milk replacer and roller ground and unchanged on the balance. The market tone is mostly steady. Milk replacer quality product is tight in some areas. Product lower in quality is readily available for the light demand at heavy discounts. Trading is marginal as buyers purchase on an as need basis. Veal prices are steady to lower while hogs are showing some signs of improvement. Production of animal feed dry whey during June 1999 totaled 8.1 million pounds, 2.2% lower than a year ago and 3.6% below May 1999. Month ending stocks, at 7.3 million pounds, are 93.9% above June 1998 but 18.8% lower than last month.

MILK REPLACER: .1500 - .1775
STANDARD: TFEWR
ROLLER GROUND: .1775 - .1825
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. Production is dropping as available milk supplies and whey solids decline in the summer heat. Interest from export and feed markets remains strong. Inventories are adequate to tight. Off grade product is available below the bottom of the range. Some traders are opting not to buy at the higher prices. Offerings are light and many plants remain sold out. Lactose production during June 1999 totaled 37.0 million pounds, down 4.3% from June 1998 and 12.5% lower than May 1999. Month ending stocks, at 23.8 million pounds, are 30.7% lower than a year ago and down 17.3% from last month. Production totals for selected regions with changes from 1998 include: East North Central, 8.3 million pounds, -8.9%; West North Central, 12.7 million pounds, -22.7%; West, 14.4 million pounds, +23.6%.

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

EDIBLE: .1800 - .2300 MOSTLY: .1800 - .1900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a mixed market. Prices continue to move lower even as the whey market firms. Some producers are reporting premiums over the average while many others are moving product at a discount in both West and Midwest regions. Interest has somewhat improved as inquiries from the veal industry and novelty ice cream producers are being reported. Overall demand continues slow. Condensed is clearing well into the feed market. Off grade product is available just below the bottom of the range. The undertone remains unsettled. Production of human food WPC during June totaled 26.9 million pounds, up 32.9% from June 1998 but 4.1% lower than May 1999. Manufacturers' end-of-month stocks totaled 17.7 million pounds, 41.4% higher than a year ago and 11.1% above last month.

EXTRA GRADE 34% PROTEIN: .4000 - .4675 MOSTLY: .4275 - .4600

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are higher within the range and the market tone is showing slight firmness. Offerings continue to be available from most plants in the region. Producers continue to offer NDM to the government support program to balance stocks. Additional DEIP contracts have been made for delivery later this year. Demand is good from cheese producers across the country as they attempt to maximize cheese production by standardizing with NDM. Some contacts feel that fat continues to be worth more in cheese than in butter. High heat prices are unchanged. Offerings and demand are in good balance. U.S. NDM production in June totaled 123.1 million pounds, up 23.8% from last year but 10.3% less than last month. Stocks at the end of June were at 158.3 million pounds, up 29.1% from last year but 3.3% lower than last month. June production in California totaled 52.8 million pounds, up 26.1% from last year, and Washington output totaled 17.5 million pounds, up 39.6% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0200 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Prices for dry buttermilk are steady to higher within the range. The market tone is firm, but more unsettled than in recent weeks. Drying schedules are expected to increase as churning increases in August. Demand for condensed from ice cream producers remains good, but the demand is slow to carry over to powder. Offerings and demand are light and in close balance. Stocks remain light to moderate. U.S. buttermilk powder production in June totaled 3.3 million pounds, down 3.7% from last year and 18.5% lower than May. Stocks at the end of the month were at 4.6 million pounds, down 11.9% from a year earlier and 5.4% below May.

BUTTERMILK: .6800 - .7350 MOSTLY: .7000 - .7100

DRY WHEY - WEST

Western whey prices and the market tone are steady. There are reports of more whey being held in stocks, but offerings from other producers are said to be limited. Production is seasonally strong, reflecting higher cheese production levels. Demand is fair to good from export markets, but contacts are saying that higher than current prices may not work. Domestically, demand is fair at best and additional offerings are appearing. Demand from the feed sector is slow and offerings of off-spec material are moderate. June whey production for the U.S. totals 90.9 million pound, down 5.7% from last year and 2.6% lower than last month. Manufacturers' stock at the end of June total 53.1 million pounds, 58.2% heavier than June 1998, but 4.3% less than last month.

NONHYGROSCOPIC: .1700 - .1950 MOSTLY: .1700 - .1775

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
July 30	\$1.0065	16,299,825
July 23	\$1.0059	15,115,155

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by 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 often higher although the market tone is just steady. Eastern producers are making significantly less NDM. More than 300 loads of milk were shipped to Southeastern handlers this week and this trend could continue well into the fall. Couple this with sharply lower milk production and the very good Class II condensed skim and one has a scenario of limited drying. Producers, more cognizant of the their inventory situation, are limiting larger volume sales and raising prices. Demand is steady, but the prospect of higher prices has sparked a little more interest. Production of human food, nonfat dry milk during June 1999 totaled 123.1 million pounds, up 23.8% from June 1998 but down 10.3% from May 1999. Month ending stocks, at 158.3 million pounds, are 29.1% above a year ago but 3.3% less than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0100 - 1.0400 MOSTLY: 1.0200 - 1.0300
 HIGH HEAT: 1.0500 - 1.1100 MOSTLY: 1.0500 - 1.0600
 DELVD SOUTHEAST:
 ALL HEATS: 1.0400 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is firm. Churning activity is lighter and the call for liquid buttermilk is seasonally good. Drying schedules are slower. Most producers have little powder on hand to meet the generally steady demand. However, producers are getting a few more inquiries now that there is less powder to offer. Dry buttermilk production during June 1999 totaled 3.3 million pounds, down 3.7% from June 1998 and 18.5% less than May 1999. Month ending stocks, at 4.6 million pounds, are 11.9% less than a year ago and 5.4% below last month.

F.O.B. NORTHEAST: .7100 - .7500
 DELVD SOUTHEAST: .7300 - .7650

DRY WHOLE MILK - NATIONAL

Prices are steady to higher as producers react to last week's price increase on butter. Other producers are waiting for the July BFP to come out before making price changes. Production levels are steady to lighter as milk volumes are tightening in the Eastern half of the country. Spot demand is slow to fair, particularly now that prices are increasing. Dry whole milk production during June 1999 totaled 9.8 million pounds, down 30.7% from June 1998 and 14.9% below May 1999. Month ending stocks, at 7.8 million pounds, are 11.4% above a year ago but 4.3% less than last month.

F.O.B. PRODUCING PLANT: 1.3000 - 1.6000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH JULY 30, 1999
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	17,628	MT (38,862,688 LBS)
CHANGE	--	718	MT (1,582,903 LBS)
WHOLE MILK POWDER	--	8	MT (17,639 LBS)
CHANGE	--	8	MT (17,639 LBS)
CHEESE	--	181	MT (399,033 LBS)
CHANGE	--	120	MT (264,552 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 with Grade A nominal. The market tone is trying to firm. Lower surplus milk volumes plus seasonally lower yields are being felt at more cheese plants. With cheese output off, dry whey offerings are lighter. Grade A whey remains very tight and few spot sales are being reported. Some Grade A producers report being sold out for the remainder of the year. Extra Grade stocks are not as tight, but the recent hot weather did impact drying efficiencies and product quality. Producers report more inquiries for Extra Grade, but few new spot sales. Export interest is somewhat improved as the weak US Dollar is making our product a little more attractive to foreign buyers. Production of human food, dry whey during June 1999 totaled 90.9 million pounds, 5.7% less than June 1998 and 2.6% below May 1999. Month ending stocks, at 53.1 million pounds, are 58.2% above last year but 4.3% less than a month ago.

F.O.B. NORTHEAST: EXTRA GRADE .1775 - .2050
 USPH GRADE A .2175 - .2500
 DELVD SOUTHEAST: .2050 - .2200

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Milk replacer and other "off quality" dry whey offerings are more than ample for current needs. Spot demand from animal feed makers continues to be sluggish. Production of animal feed, dry whey during June 1999 totaled 8.1 million pounds, 2.2% less than a year ago and 3.6% less than May 1999.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Producers, anticipating sharply higher milk prices over the next few months are trying to make as much as possible. However, milk supplies, as a result of the recent heat wave, have been decreasing rather sharply. Demand is slow to fair, but buyers are also aware of pending higher milk prices and planning purchases accordingly. Canned evaporated milk production during June 1999 totaled 42.7 million pounds, 9.7% less than June 1998 and 3.2% less than May 1999. Month ending stocks, at 42.9 million pounds, are 10.3% less than a year ago but 5.0% 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 remain weak as prices ranged steady to lower. As in past weeks, casein buyers have been and remain in a favorable position to negotiate for future needs. In many instances, suppliers are working with potential buyers to fill their needs for the balance of the calendar year. Spot offerings continue to become available to domestic buyers at favorable prices, although many are not able to take advantage of the offerings due to already fully sourced supplies.

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

RENNET: 1.7200 - 1.9000
 ACID: 1.7500 - 1.9000

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	07/21	07/22	07/23	07/26	07/27	07/28	07/29	07/30	08/02	08/03
CSCE/NYBT - BFP -- Dollars per cwt.										
JUL 99	13.55 (140) 1	13.53 (141) 1	13.53 (141) 0	13.51 (142) 1	13.53 (142) 0	13.45 (141) 1	13.45 (141) 0	13.51 (142) 1	13.60 (141) 0	13.55 (142) 1
AUG 99	15.15 (178) 5	15.83 (186) 24	15.73 (230) 7	15.70 (198) 13	15.75 (198) 7	15.95 (197) 6	16.08 (199) 7	16.30 (203) 6	16.13 (204) 4	16.13 (205) 1
SEP 99	15.18 (198) 14	15.88 (207) 13	15.78 (203) 7	15.80 (210) 15	15.88 (215) 16	16.20 (219) 14	16.43 (219) 11	16.94 (229) 18	16.73 (234) 20	16.75 (245) 34
OCT 99	14.65 (171) 6	15.30 (178) 18	15.55 (184) 18	15.75 (189) 13	15.90 (194) 10	16.10 (197) 11	16.35 (199) 9	16.60 (215) 34	16.60 (218) 11	16.53 (221) 10
NOV 99	13.85 (103) 4	14.73 (114) 25	14.80 (117) 6	14.90 (121) 4	14.90 (122) 2	15.00 (121) 7	15.35 (127) 14	15.63 (133) 9	15.48 (136) 4	15.43 (141) 8
DEC 99	13.60 (82) 2	13.91 (82) 3	14.00 (84) 5	13.95 (84) 0	13.83 (84) 3	13.95 (89) 6	14.40 (92) 7	14.70 (98) 26	14.62 (99) 1	14.60 (100) 5
JAN 00	12.75 (20) 6	13.15 (22) 4	13.03 (24) 6	13.03 (24) 0	13.00 (24) 0	13.10 (25) 1	13.35 (29) 4	13.35 (29) 0	13.28 (29) 0	13.20 (30) 1
FEB 00	12.33 (8) 0	12.60 (9) 1	12.60 (9) 0	12.60 (9) 0	12.48 (9) 0	12.50 (9) 0	12.60 (9) 0	12.55 (9) 0	12.55 (9) 0	12.50 (9) 0
MAR 00	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	12.10 (1) 0	12.18 (1) 0	12.25 (1) 0	12.40 (2) 1	12.40 (2) 0	12.15 (2) 0
APR 00	11.85 (0) 0	11.88 (0) 0	11.90 (0) 0	11.90 (0) 0	11.90 (0) 0	11.90 (0) 0	11.90 (0) 0	11.90 (0) 0	11.90 (0) 0	11.90 (0) 0

CME - BUTTER -- Cents per pound

JLY 99	127.00									
SEP 99	128.025 (271) 3	129.025 (271) 0	131.50 (271) 0	134.525 (271) 0	136.00 (271) 0	139.00 (270) 8	140.00 (270) 0	140.00 (270) 0	140.00 (270) 0	145.00 (268) 2
OCT 99	128.75 (122) 0	129.525 (122) 0	132.025 (122) 0	136.10 (122) 1	138.10 (122) 0	140.00 (122) 5	140.025 (122) 0	140.025 (122) 0	140.025 (122) 0	145.025 (122) 0
FEB 00	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0
MAR 00	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0

CME - BFP -- Dollars per cwt.

JUL 99	13.60 (734) 9	13.55 (722) 36	13.50 (722) 20	13.50 (718) 16	13.52 (711) 15	13.45 (723) 74	13.50 (714) 13	13.49 (713) 15	13.60 (717) 3	13.60 (720) 2
AUG 99	15.17 (866) 54	15.80 (856) 98	15.61 (863) 53	15.80 (860) 29	15.75 (856) 27	15.95 (886) 58	16.15 (886) 39	16.31 (898) 41	16.20 (894) 31	16.13 (889) 14
SEP 99	15.20 (876) 53	15.85 (879) 85	15.70 (900) 80	15.90 (894) 35	15.91 (912) 59	16.20 (947) 40	16.46 (950) 57	16.95 (956) 56	16.75 (982) 62	16.81 (1008) 54
OCT 99	14.70 (731) 36	15.40 (747) 72	15.40 (784) 72	15.80 (793) 30	15.86 (798) 27	16.19 (829) 68	16.45 (838) 50	16.75 (871) 61	16.65 (918) 119	16.64 (930) 30
NOV 99	13.95 (542) 19	14.75 (569) 86	14.88 (579) 58	15.00 (589) 22	14.85 (608) 26	15.05 (630) 42	15.31 (642) 42	15.60 (651) 27	15.50 (655) 66	15.50 (666) 25
DEC 99	13.51 (350) 23	13.95 (362) 33	13.96 (378) 36	13.96 (380) 2	13.90 (379) 4	14.20 (390) 23	14.35 (405) 22	14.70 (420) 22	14.60 (432) 38	14.61 (438) 10
JAN 00	12.75 (108) 10	13.10 (114) 9	13.16 (116) 5	13.16 (119) 5	13.00 (119) 0	13.19 (122) 9	13.30 (133) 13	13.35 (134) 4	13.25 (135) 3	13.10 (140) 5
FEB 00	12.40 (72) 1	12.61 (72) 3	12.70 (73) 2	12.65 (73) 0	12.60 (73) 1	12.60 (73) 0	12.60 (73) 0	12.60 (73) 1	12.60 (74) 1	12.55 (75) 3
MAR 00	12.08 (24) 0	12.08 (24) 0	12.15 (25) 1	12.15 (25) 0	12.17 (27) 2	12.18 (27) 0	12.18 (27) 0	12.18 (27) 0	12.18 (29) 3	12.20 (31) 2
APR 00	11.90 (11) 0	11.90 (11) 0	11.88 (11) 0	11.88 (11) 0	11.85 (11) 0	11.85 (11) 0	11.85 (11) 0	11.85 (11) 0	11.80 (13) 3	11.80 (13) 0
MAY 00	11.90 (4) 0	11.90 (4) 0	11.88 (4) 0	11.88 (4) 0	11.88 (4) 0	11.88 (4) 0	11.88 (4) 0	11.88 (4) 0	11.80 (4) 0	11.80 (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 26 - August 6, 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 in most areas of Europe is declining on a steady basis. Weather conditions have been quite favorable in most areas, although in eastern areas of Western Europe moisture has been limited. The recent weak U.S. dollar against European currencies is giving strength to European dairy product prices. The firmer prices are receiving mixed reactions from potential buyers. The smaller buyer's or customers that need immediate shipment are displeased with the firmer prices while the larger buyer or ones that can postpone deliveries are steering away from purchases at this time. For the most part, stocks are reported to be fully sufficient for current needs. Although skim milk powder continues to clear to intervention, traders feel that the maximum level of 109,000 MT by the end of August will not be reached. Butter traders are indicating that some inquiries are starting to develop from potential Russian buyers.

BUTTER/BUTTEROIL: European butter markets are generally unchanged. Prices are mixed with some slightly lower offering prices, although the overall trend is higher due to the weak U.S. dollar. Butter stocks are reported to be readily available for domestic and international buyer interest. Butter handlers are indicating that some Russian buyer inquiries are starting to develop for upcoming winter needs. It is still too early to project what Russia's needs might be. Butter continues to clear to intervention and PSA storage programs.

82% BUTTERFAT: 1,235 - 1,600
99% BUTTERFAT: 1,575 - 1,710

SKIM MILK POWDER (SMP): Skim milk powder markets are basically steady, although prices are unchanged to generally higher. Price firmness is being attributed to the weak U.S. dollar against European currencies instead of supply/demand. Most traders anticipate prices to continue to firm as long as the dollar remains weak. Stocks of skim milk powder are reported to be readily available. The milk production season is on the downhill side, thus powder production is also declining. Demand is not clearing sufficient stocks for producers, thus stocks continue to clear to intervention. Most producers and handlers anticipate that intervention offerings will not reach the maximum 109,000 MT level by the end of the month. International buyer interest is classified as quiet.

1.25% BUTTERFAT: 1,300 - 1,360

WHOLE MILK POWDER (WMP): The whole milk powder market tone is firm. Prices are unchanged to higher. The price strength is in reaction to a weak U.S. dollar against European currencies. Although overall buyer interest has been slow, firmer prices are further slowing sales at this time. Stocks are reported to be sufficient for current needs.

26% BUTTERFAT: 1,425 - 1,580

SWEET WHEY POWDER: Whey powder prices are also following the firm trend of other manufactured dairy products. Stocks are reported to sufficient should international buyer interest develop. At this time, no significant new sales are being reported.

NONHYGROSCOPIC: 460 - 575

OVERVIEW: EASTERN EUROPE: Dry weather conditions prevail in many Eastern European countries. Due to the drier conditions, milk output is declining at a more accelerated rate, thus limiting milk to local manufacturing. Stocks of manufactured dairy products are reported to be sufficient for current buyer interest.

OCEANIA

OVERVIEW: Milk production in the Oceania region is seasonally low and on the threshold of a new production year. Cows will start calving by month's end. Milk producers and handlers are optimistic about the upcoming production season. Winter weather conditions have been quite mild in Australia and New Zealand, thus dairy herds will not have adverse conditions to bounce back. Lack of measurable moisture during the winter months is a concern in the dairy areas of Australia, but moisture levels are in better shape in New Zealand. Sales activity during the past month has been good for ongoing and contractual business, but new buyer interest has been limited. This buyer interest has pretty well cleaned up 1998-99 stocks with butter reported to still be available. Oceania traders are indicating that some buyer inquiry is developing from Russia for their upcoming winter needs. Overall prices for available Oceania products are generally higher in correlation with a weak U.S. dollar and a firmer European prices.

BUTTER: Butter markets are generally steady at unchanged prices. Stocks of Oceania produced butter are fully sufficient for ongoing contractual needs with additional volumes available for potential new buyer interest. At this point, no significant buyer interest is anticipated, although some inquiries are starting to surface for potential Russian buyer interest for their upcoming winter season.

82% BUTTERFAT: 1,200 - 1,300

CHEDDAR CHEESE: Oceania cheese markets are much the same as they have been over the past few months. Ongoing sales to regular customers continue to clear available cheese stocks. For the most part, Oceania traders indicate that cheese stocks are fully committed, thus inventories are in a comfortable position in relationship to projected needs.

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

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady, although prices are unchanged to higher. The strength to Oceania prices is not from a supply/demand situation, but rather to a weak U.S. dollar and firmer European prices. For the most part, stocks are reported to be fully committed with limited volumes available for potential new buyer interest. Most Oceania traders are comfortable with current conditions as New Zealand and Australia are on eve of their new milk production season.

1.25% BUTTERFAT: 1,195 - 1,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm with price basically unchanged. The strength to the current market is on the heels of a weak U.S. dollar and firmer European prices. The whole milk powder production season has ended in the Oceania region, thus current sales are being filled with inventoried product which is reported to be fully committed. Oceania traders are looking toward the upcoming milk production season with optimism in hopes of a good production and sales year.

26% BUTTERFAT: 1,400 - 1,500

Exchange rates for selected foreign currencies: August 2, 1999

.4854 Dutch Guilder	.5469 German Mark
.1631 French Franc	.5282 New Zealand Dollar
.1062 Mexican Peso	.6510 Australian Dollar
1.6177 British Pound	.0087 Japanese Yen
.2554 Polish Zloty	1.0696 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1062) = 9.4161$. That is 1 US Dollar equals 9.4161 Mexican Pesos.

Source: "Wall Street Journal"

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

COMMODITY	REPORT NUMBER 26		REPORT NUMBER 27		REPORT NUMBER 28		REPORT NUMBER 29		REPORT NUMBER 30		1999	1998
	JUL 01 - 02		JUL 05 - 09		JUL 12 - 16		JUL 19 - 23		JUL 26 - 30		Average	Average
	or Total		or Total		or Total		or Total		or Total		or Total	or Total

BUTTER

WHOLESALE SELLING DIFFERENTIALS, F.O.B. - BULK - 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.

CHEESE

MIDWEST COMMODITY CHEDDAR

-- Cheddar Barrel s	:: 1.4425 - 1.4625	:: 1.4050 - 1.4550	:: 1.4175 - 1.5375	:: 1.5300 - 1.5825	:: 1.6250 - 1.7000	:: 1.5289	: 1.5336
-- Cheddar 40# Blocks	:: 1.4850 - 1.5200	:: 1.4900 - 1.5300	:: 1.5450 - 1.5875	:: 1.5900 - 1.6375	:: 1.6950 - 1.7400	:: 1.5968	: 1.6264

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.6225 - 1.7300	:: 1.6150 - 1.7600	:: 1.6250 - 1.7600	:: 1.7200 - 1.8200	:: 1.7950 - 1.8700	:: 1.7418	: 1.6935
-- Brick And/Or Muenster 5#	:: 1.7300 - 1.9525	:: 1.7600 - 1.9675	:: 1.7600 - 1.9925	:: 1.8200 - 2.0575	:: 1.8700 - 2.1425	:: 1.9164	: 1.9785
-- Cheddar 40# Block	:: 1.7300 - 2.1150	:: 1.7600 - 2.1150	:: 1.7600 - 2.1150	:: 1.8200 - 2.1150	:: 1.8700 - 2.1150	:: 1.9563	: 1.8918
-- Monterey Jack 10#	:: 1.9100 - 2.1150	:: 1.9400 - 2.1150	:: 1.9400 - 2.1150	:: 2.0000 - 2.1150	:: 2.0500 - 2.1250	:: 2.0475	: 1.9959
-- Blue 5#	:: 2.0800 - 2.3100	:: 2.0950 - 2.3400	:: 2.1200 - 2.3400	:: 2.1850 - 2.4000	:: 2.2700 - 2.4500	:: 2.2701	: 2.3110
-- Mozzarella 5 - 6#	:: 1.8000 - 2.2150	:: 1.8300 - 2.2150	:: 1.8300 - 2.2150	:: 1.8900 - 2.2150	:: 1.9400 - 2.2150	:: 2.0413	: 1.9384
-- Grade A Swiss Cuts 6 - 9#	:: 2.3400 - 2.6850	:: 2.3400 - 2.6850	:: 2.3400 - 2.6850	:: 2.3400 - 2.6850	:: 2.3400 - 2.6850	:: 2.5125	: 2.3425

NORTHEAST (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.5025 - 1.9900	:: 1.5175 - 2.0050	:: 1.5425 - 2.0300	:: 1.6075 - 2.0975	:: 1.6925 - 2.1800	:: 1.8292	: 1.8072
-- Cheddar Single Dai sies	:: 1.4750 - 1.9900	:: 1.4900 - 2.0050	:: 1.5150 - 2.0300	:: 1.5800 - 2.0950	:: 1.6650 - 2.1800	:: 1.8151	: 1.7947
-- Cheddar 40# Block	:: 1.6075 - 1.7925	:: 1.6225 - 1.8075	:: 1.6475 - 1.8325	:: 1.7125 - 1.8975	:: 1.7975 - 1.9825	:: 1.7826	: 1.8243
-- Process 5# Loaf	:: 1.6350 - 1.7925	:: 1.6275 - 1.7850	:: 1.6375 - 1.7950	:: 1.7500 - 1.9075	:: 1.8250 - 1.9825	:: 1.7855	: 1.7754
-- Process 5# Sliced	:: 1.6550 - 1.9125	:: 1.6475 - 1.9050	:: 1.6575 - 1.9150	:: 1.7700 - 2.0275	:: 1.8450 - 2.1025	:: 1.8555	: 1.8091
-- Muenster	:: 1.6825 - 1.9850	:: 1.6975 - 2.0000	:: 1.7225 - 2.0250	:: 1.7875 - 2.0900	:: 1.8725 - 2.1750	:: 1.9164	: 1.9335
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	: 2.3775

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.5900 - 1.8500	:: 1.5825 - 1.8425	:: 1.5725 - 1.8325	:: 1.6850 - 1.9450	:: 1.7600 - 2.0200	:: 1.7775	: 1.8330
-- Cheddar 40# Block	:: 1.6050 - 1.7450	:: 1.6200 - 1.7600	:: 1.6450 - 1.7850	:: 1.7100 - 1.8500	:: 1.7950 - 1.9350	:: 1.7576	: 1.8289
-- Cheddar 10# Cuts	:: 1.7950 - 2.0050	:: 1.8100 - 2.0200	:: 1.8350 - 2.0450	:: 1.9000 - 2.1100	:: 1.9850 - 2.1950	:: 1.9826	: 2.0541
-- Monterey Jack 10#	:: 1.8150 - 1.9675	:: 1.8300 - 1.9825	:: 1.8550 - 2.0075	:: 1.9200 - 2.0725	:: 2.0050 - 2.1575	:: 1.9739	: 2.0384
-- Grade A Swiss Cuts 6 - 9#	:: 2.2900 - 2.4200	:: 2.2900 - 2.4200	:: 2.2900 - 2.4200	:: 2.2900 - 2.4200	:: 2.2900 - 2.4200	:: 2.3550	: 2.3754

FLUID AND DRY PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

Delivered Equivalent:

-- Northeast	:: 1.9403 - 2.1194	:: 1.7792 - 1.9738	:: 1.6756 - 1.9053	:: 1.7095 - 1.8805	:: 1.6553 - 1.8208	:: 1.8182	: 2.7377
-- Atlanta	:: 1.9403 - 2.0895	:: 1.7792 - 1.9460	:: 1.7026 - 1.8918	:: 1.6569 - 1.8410	:: 1.6298 - 1.7954	:: 1.7988	: 2.7289
-- Upper Midwest	:: 1.9403 - 2.0746	:: 1.8070 - 1.9321	:: 1.7567 - 1.9188	:: 1.6828 - 1.8673	:: 1.6553 - 1.8081	:: 1.8198	: 2.7018

SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)

Delivered Equivalent:

-- Northeast	:: 0.9000 - 1.1000	:: 0.8000 - 1.0000	:: 0.8000 - 1.0000	:: 0.8000 - 1.0500	:: 0.9000 - 1.0500	:: 0.9333	: 0.8098
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WISCONSIN FLUID MILK SHIPMENTS

-- Loads Shipped from Wisconsin Shipping Points

::	0	::	18	::	18	::	18	::	14	::	68	: 61
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NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)

-- Delivered Major U.S. Cities	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 27.5000	: 27.7500
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MONTHLY SUMMARY AND AVERAGES FOR JULY 1999 ^{1/} - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	: : REPORT NUMBER 26		: : REPORT NUMBER 27		: : REPORT NUMBER 28		: : REPORT NUMBER 29		: : REPORT NUMBER 30		1999	1998
	: : JUL 01 - 02		: : JUL 05 - 09		: : JUL 12 - 16		: : JUL 19 - 23		: : JUL 26 - 30		or Total	or Total
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central (f.o.b.)												
-- Low/Medium Heat	::	0.9900 - 1.0300	::	1.0000 - 1.0300	::	1.0075 - 1.0300	::	1.0075 - 1.0300	::	1.0075 - 1.0300	::	1.0172 : 1.0297
-- Mostly	::	1.0100 - 1.0150	::	1.0100 - 1.0150	::	1.0100 - 1.0150	::	1.0100 - 1.0150	::	1.0100 - 1.0150	::	1.0125 : 1.0300
-- West (f.o.b.)												
-- Low/Medium Heat	::	0.9700 - 1.0300	::	0.9700 - 1.0300	::	0.9800 - 1.0200	::	0.9800 - 1.0200	::	0.9900 - 1.0200	::	1.0012 : 1.0238
-- Mostly	::	0.9800 - 1.0100	::	0.9800 - 1.0100	::	0.9800 - 1.0100	::	0.9800 - 1.0100	::	0.9900 - 1.0100	::	0.9962 : 1.0283
-- High Heat	::	1.0200 - 1.0400	::	1.0200 - 1.0400	::	1.0200 - 1.0400	::	1.0200 - 1.0400	::	1.0200 - 1.0400	::	1.0300 : 1.0538
-- Northeast (f.o.b.)												
-- Low/Medium Heat	::	1.0000 - 1.0625	::	1.0000 - 1.0400	::	1.0000 - 1.0400	::	1.0000 - 1.0400	::	1.0050 - 1.0400	::	1.0217 : 1.0366
-- Mostly	::	1.0100 - 1.0300	::	1.0000 - 1.0100	::	1.0000 - 1.0100	::	1.0000 - 1.0100	::	1.0050 - 1.0150	::	1.0076 : N.A.
-- High Heat	::	1.0400 - 1.1100	::	1.0400 - 1.1100	::	1.0400 - 1.1100	::	1.0400 - 1.1100	::	1.0400 - 1.1100	::	1.0750 : 1.0836
-- Mostly	::	1.0400 - 1.0600	::	1.0400 - 1.0600	::	1.0400 - 1.0600	::	1.0400 - 1.0600	::	1.0400 - 1.0600	::	1.0500 : 1.0750
-- Southeast (Del vd)												
-- Extra & Grade A	::	1.0300 - 1.1300	::	1.0300 - 1.1300	::	1.0300 - 1.1300	::	1.0300 - 1.1300	::	1.0350 - 1.1300	::	1.0806 : 1.0713
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)												
-- Mostly	::	0.1700 - 0.1900	::	0.1700 - 0.1900	::	0.1700 - 0.1875	::	0.1750 - 0.1900	::	0.1750 - 0.1900	::	0.1809 : 0.2793
-- West (f.o.b.)												
-- Mostly	::	0.1625 - 0.1900	::	0.1625 - 0.1900	::	0.1625 - 0.1900	::	0.1650 - 0.1900	::	0.1700 - 0.1950	::	0.1780 : 0.2396
-- Mostly	::	0.1650 - 0.1725	::	0.1675 - 0.1725	::	0.1700 - 0.1750	::	0.1700 - 0.1775	::	0.1700 - 0.1775	::	0.1723 : 0.2351
-- Northeast Extra Grade (f.o.b.)	::	0.1750 - 0.1850	::	0.1750 - 0.1850	::	0.1750 - 0.1850	::	0.1750 - 0.1850	::	0.1775 - 0.1900	::	0.1809 : 0.2787
-- Northeast Usph Grade A (f.o.b.)	::	0.2100 - 0.2250	::	0.2100 - 0.2250	::	0.2100 - 0.2300	::	0.2100 - 0.2500	::	0.2100 - 0.2500	::	0.2240 : 0.2810
-- Southeast Extra Grade (Del vd)	::	0.1975 - 0.2175	::	0.2025 - 0.2175	::	0.2025 - 0.2175	::	0.2025 - 0.2175	::	0.2025 - 0.2175	::	0.2098 : 0.3158
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	::	0.4000 - 0.4800	::	0.4000 - 0.4775	::	0.4000 - 0.4750	::	0.4000 - 0.4700	::	0.4000 - 0.4675	::	0.4365 : 0.5629
-- Mostly	::	0.4450 - 0.4700	::	0.4425 - 0.4675	::	0.4400 - 0.4600	::	0.4350 - 0.4600	::	0.4350 - 0.4600	::	0.4505 : 0.5678
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	::	0.1400 - 0.1675	::	0.1400 - 0.1675	::	0.1400 - 0.1675	::	0.1475 - 0.1700	::	0.1475 - 0.1700	::	0.1561 : 0.2535
-- Standard	::	TFEWR	::	TFEWR : 0.2329								
-- Roller Ground	::	0.1675 - 0.1825	::	0.1675 - 0.1825	::	0.1675 - 0.1825	::	0.1675 - 0.1825	::	0.1675 - 0.1825	::	0.1750 : 0.2815
-- Dextrose	::	0.2600 - 0.3150	::	0.2600 - 0.3150	::	0.2600 - 0.3150	::	0.2600 - 0.3150	::	0.2600 - 0.3150	::	0.2875 : 0.3475
-- Northeast (f.o.b.)												
-- Milk Replacer	::	TFEWR	::	TFEWR : TFEWR								
BUTTERMILK (Min. 30% protein)												
-- Central (f.o.b.)												
-- West (f.o.b.)	::	0.6600 - 0.7000	::	0.6650 - 0.7000	::	0.6700 - 0.7200	::	0.6700 - 0.7200	::	0.6800 - 0.7350	::	0.6942 : 0.9298
-- Mostly	::	0.6600 - 0.6700	::	0.6700 - 0.6800	::	0.6700 - 0.6800	::	0.6800 - 0.6900	::	0.6900 - 0.7000	::	0.6812 : 0.9233
-- Northeast (f.o.b.)	::	0.6900 - 0.7300	::	0.7000 - 0.7500	::	0.7000 - 0.7500	::	0.7000 - 0.7500	::	0.7000 - 0.7500	::	0.7236 : 0.9433
-- Southeast (Del vd)	::	0.7100 - 0.7650	::	0.7300 - 0.7650	::	0.7300 - 0.7650	::	0.7300 - 0.7650	::	0.7300 - 0.7650	::	0.7465 : 0.9763
WHOLE MILK POWDER												
-- National												
-- National (f.o.b.)	::	1.2600 - 1.4100	::	1.2700 - 1.4000	::	1.2700 - 1.4000	::	1.2700 - 1.4000	::	1.2800 - 1.5000	::	1.3481 : 1.4889
LACTOSE												
-- Central And West (f.o.b.)												
-- Mostly	::	0.1675 - 0.2300	::	0.1700 - 0.2300	::	0.1700 - 0.2300	::	0.1750 - 0.2300	::	0.1750 - 0.2300	::	0.2011 : 0.2030
-- Mostly	::	0.1700 - 0.1800	::	0.1700 - 0.1800	::	0.1700 - 0.1800	::	0.1750 - 0.1850	::	0.1750 - 0.1850	::	0.1774 : 0.1850
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet	::	1.8500 - 1.9500	::	1.8500 - 1.9500	::	1.8200 - 1.9500	::	1.8200 - 1.9500	::	1.7200 - 1.9000	::	1.8714 : 2.1050
-- Nonrestricted - Acid	::	1.8400 - 1.9500	::	1.8400 - 1.9500	::	1.8400 - 1.9500	::	1.8400 - 1.9500	::	1.8500 - 1.9000	::	1.8902 : 2.0500

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

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JULY 1999

COMMODITY	REPORT NUMBER 26	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	1999 *	1998 *
	JUL 1 - 2	JUL 6 - 9	JUL 12 - 16	JUL 19 - 23	JUL 26 - 30	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		##	1.3500	1.2600	1.3325		
--Tuesday							
--Wednesday		1.3500	1.3250	1.2600	1.3500		
--Thursday							
--Friday	1.3700	1.3525	1.2700	1.3000	1.4700		
--Weekly Average**	1.3900	1.3513	1.3150	1.2733	1.3842	#	N.A.
CHEESE*							
-- BARRELS							
--Monday		##	1.5250	1.5525	1.6850		
--Tuesday		1.4200	1.5375	1.5725	1.6900		
--Wednesday		1.4075	1.5375	1.6175	1.6925		
--Thursday	1.4275	1.4075	1.5475	1.6600	1.6975		
--Friday	1.4200	1.4700	1.5500	1.6700	1.7100	1.5618	1.5249
--Weekly Average**	1.4355	1.4263	1.5395	1.6145	1.6950		
-- 40# BLOCKS							
--Monday		##	1.5775	1.6200	1.7275		
--Tuesday		1.5025	1.5875	1.6375	1.7500		
--Wednesday		1.5025	1.5925	1.6800	1.7625		
--Thursday	1.5000	1.5300	1.5925	1.7200	1.7800		
--Friday	1.5025	1.5700	1.6025	1.7200	1.7875	1.6307	1.6204
--Weekly Average**	1.5005	1.5263	1.5905	1.6755	1.7615		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		##	1.0100	1.0100	1.0100		
--Tuesday		1.0100	1.0100	1.0100	1.0100		
--Wednesday		1.0100	1.0100	1.0100	1.0100		
--Thursday	1.0100	1.0100	1.0100	1.0100	1.0100		
--Friday	1.0100	1.0100	1.0100	1.0100	1.0100	1.0100	N.A.
--Weekly Average**	1.0100	1.0100	1.0100	1.0100	1.0100		
-- GRADE A							
--Monday		##	1.0500	1.0500	1.0500		
--Tuesday		1.0500	1.0500	1.0500	1.0500		
--Wednesday		1.0500	1.0500	1.0500	1.0500		
--Thursday	1.0500	1.0500	1.0500	1.0500	1.0500		
--Friday	1.0500	1.0500	1.0500	1.0500	1.0500	1.0500	N.A.
--Weekly Average**	1.0500	1.0500	1.0500	1.0500	1.0500		

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

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

No monthly average calculated to avoid confusion with the average used by Federal orders.

July 4th observed, the CME was closed.

THE DAIRY SITUATION AND OUTLOOK*

Large Supplies, Brisk Demand Roil Dairy Markets. Dairy prices remain caught between the upward pressure of brisk sales and the downward pressure of heavy supplies. Recently, price trends of major dairy products have shown big differences. Dairy prices probably will continue to lack clear direction in coming months. April-June milk production rose 3 percent from a year earlier on the strength of large gains in milk per cow and only a tiny decline in milk cow numbers. Spring weather conditions were generally favorable and milk-feed price relationships were strong. Strong summer milk prices, low feed prices, and at least a modestly favorable forage situation should keep expansion in milk production strong through the rest of 1999. However, the very large growth feared by some does not appear to be materializing, mostly because herd expansions in the North remain somewhat conservative. Summer milk production is projected to rise about 3 percent, followed with a slightly smaller autumn increase from the recovering production of 1998.

Dairy Stocks Large. June 1 commercial stocks of dairy products were large—about 9 billion pounds, milk equivalent, on either a milkfat or skim solids basis. However, traders seemed generally comfortable with these large holdings, except possibly for nonfat dry milk. Strong sales and uncertainty about second-half markets probably have raised the desired level of commercial stocks. In addition, comparisons with earlier published data are misleading because some warehouses are now reporting that did not report earlier. Dairy product demand continues to benefit from brisk economic growth and consumer spending. Cheese sales remain brisk, even though the improvements in the stocks data will make the second-quarter commercial disappearance data seem weaker than it was. April-May butter sales matched the fairly strong levels of a year earlier, somewhat remarkable in light of generally high and volatile prices since early 1998. Meanwhile, fluid milk sales continued to run fractionally above a year earlier. On the other hand, use of nonfat dry milk was rather weak, in part because bulk condensed skim milk was readily available and attractively priced. In addition, high cream prices sharply limited use of nonfat dry milk in cheese production.

International Demand Soft. International dairy demand remains weak, with most purchases for quick use. Demand for dry milks has not yet recovered in Asia, while Russian butter demand has been substantially affected by economic woes. More recent problems in Brazil have reduced demand for dry milk and cheese imports. None of these demand weaknesses is expected to dissipate quickly. Demand weakness has led to soft international market prices, even though export supplies are only moderate. Despite the generally unaggressive behavior of international buyers, Dairy Export Incentive Program (DEIP) sales of nonfat dry milk have been fairly brisk. The May-June reallocations of unused allocations from previous years were completely used, and contract activity under the recently available allocations for the new July-June year has been sizable. These allocations enable countries preferring the United States as at least a partial supplier to re-enter the U.S. market.

Prices To Stay Unsettled. The path of cheese prices during the next few months is particularly uncertain. Since mid-June, prices have risen substantially in the face of heavy current and expected production and large stocks. Cheese plants now have a large advantage over butter-powder plants in competing for milk—an edge likely to persist. Under these conditions, the recent strength in cheese prices may be eroded by rising cheese supplies. However, underestimating cheese demand has been a common mistake in 1998 and thus far in 1999. Summer milk prices will be below those of 1998 but will be strong by the standards of most years. If cheese prices slip in late summer as expected, October-December average prices may not be much above the July-September average, and second-half prices may be about \$3 per cwt below the extraordinary 1998 levels. On the other hand, second-half prices could easily average more than \$1 higher than currently projected if cheese sales continue to absorb growth in production.

* This summary was developed by the Market Information Branch, Dairy Programs, AMS, USDA, Washington, D.C.

Source: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-61, July 27, 1999, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

JUNE 1999 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 90.6 million pounds in June, 29.7 percent above June 1998 but 13.4 percent below May 1999. **AMERICAN TYPE CHEESE** production totaled 296.0 million pounds, 2.8 percent above June 1998 but 5.9 percent below May 1999. **TOTAL CHEESE** output (excluding cottage cheese) was 670.9 million pounds, 4.5 percent above June 1998 but 0.8 percent below May 1999. **NONFAT DRY MILK** production, for human food, totaled 123.1 million pounds, 23.8 percent above June 1998 but 10.3 percent below May 1999. **DRY WHEY** production, for human food, was 90.9 million pounds, 5.7 percent below June 1998 and 2.6 percent below May 1999. **ICE CREAM** (hard) production totaled 88.3 million gallons, 0.7 percent below June 1998 but 16.0 percent above May 1999.

PRODUCTION OF DAIRY PRODUCTS										
PRODUCT	JUNE 1999	PERCENT CHANGE FROM:			PRODUCT	JUNE 1999	PERCENT CHANGE FROM:			
	1,000 LBS.	JUNE 1998	MAY 1999	YEAR TO DATE 1/		1,000 LBS.	JUNE 1998	MAY 1999	YEAR TO DATE 1/	
BUTTER	90,647	29.7	-13.4	8.4	DRY BUTTERMILK	3,307	-3.7	-18.5	---	
CHEESE					YOGURT (PLAIN AND FLAVORED)	147,780	-1.9	3.9	---	
AMERICAN TYPES 2/	* 295,972	2.8	-5.9	6.3	CONDENSED WHEY, SOLIDS CONTENT 7/					
CHEDDAR	233,366	2.4	-7.8	6.0	SWEET-TYPE, HUMAN FOOD	8,215	-17.7	22.6	---	
SWISS	18,198	-0.6	0.9	---	SWEET-TYPE, ANIMAL FEED	1,576	-29.5	-0.8	---	
BRICK & MUENSTER	7,871	-16.5	1.9	---	DRY WHEY PRODUCTS					
CREAM & NEUFCHATEL	61,805	13.9	20.0	---	DRY WHEY, HUMAN FOOD	90,853	-5.7	-2.6	---	
BLUE	4,228	21.0	-1.7	---	DRY WHEY, ANIMAL FEED	8,118	-2.2	-3.6	---	
HISPANIC	7,378	23.8	4.5	---	REDUCED LACTOSE AND MINERALS					
MOZZARELLA	209,704	5.6	-1.9	6.3	HUMAN FOOD	6,296	10.1	-11.3	---	
OTHER ITALIAN TYPES	54,223	1.4	12.6	-4.7	ANIMAL FEED	2,780	-3.6	-4.1	---	
TOTAL ITALIAN TYPES	263,927	4.7	0.8	3.9	LACTOSE, HUMAN FOOD & ANIMAL FEED	37,002	-4.3	-12.5	---	
ALL OTHER TYPES	11,478	6.7	4.1	---	WHEY PROTEIN CONCENTRATE					
TOTAL	670,857	4.5	-0.8	4.7	HUMAN FOOD	26,925	32.9	-4.1	---	
COTTAGE CHEESE, CURD 3/	39,824	-2.0	1.4	---	ANIMAL FEED	3,639	10.8	0.9	---	
COTTAGE CHEESE, CREAM 4/	30,400	-3.2	-2.2	-2.6	FROZEN PRODUCTS		1,000 GALLONS	PERCENT CHANGE FROM:		
COTTAGE CHEESE, LOWFAT 5/	31,710	0.1	5.3	-0.3	ICE CREAM (HARD)	88,295	-0.7	16.0	-4.4	
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (HARD)	9,533	-9.3	8.1	---	
WHOLE MILK	42,734	-9.7	-3.2	---	ICE CREAM, LOWFAT (SOFT)	32,335	-6.9	8.1	---	
DRY WHOLE MILK	9,798	-30.7	-14.9	---	ICE CREAM, LOWFAT (TOTAL)	41,868	-7.5	8.1	-9.0	
NONFAT DRY MILK, HUMAN FOOD	6/ 123,067	23.8	-10.3	16.9	SHERBET (HARD)	5,648	3.3	15.4	1.0	
DRY SKIM MILK, ANIMAL FEED	540	2.9	21.6	---	YOGURT, TOTAL	8,748	6.4	-2.4	8.0	

MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	JUN 1999	PERCENT OF:		PRODUCT	JUN 1999	PERCENT OF:	
	1,000 LBS.	JUN 1998	MAY 1999		1,000 LBS.	JUN 1998	MAY 1999
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	53,102	58.2	-4.3	HUMAN FOOD	17,734	41.4	11.1
DRY WHEY, ANIMAL FEED	7,253	93.9	-18.8	ANIMAL FEED	1,638	39.6	-36.6
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 9/	13,081	12.4	-4.6	CANNED EVAPORATED & CONDENSED WHOLE MILK	42,918	-10.3	5.0
LACTOSE, HUMAN FOOD & ANIMAL FEED	23,802	-30.7	-17.3	DRY WHOLE MILK	7,843	11.4	-4.3
DRY BUTTERMILK, TOTAL	4,612	-11.9	-5.4	NONFAT DRY MILK FOR HUMAN FOOD	158,347	29.1	-3.3
				DRY SKIM MILK FOR ANIMAL FEED	1,791	110.0	12.4

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 1,739,000 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 129,889,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (8-99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JULY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 1999 was down 1 point at 116. Compared with July 1998, the index was unchanged. The index of prices received by farmers for dairy products increased 4 points during the month of July 1999 to 104. Compared with July 1998, the index was down 5 points (4.6 percent).

On a 3.5 percent butterfat basis, prices received by farmers in July with changes from June were: for All Milk, \$13.57 per hundredweight (cwt.), up \$0.57; for Fluid Grade Milk, \$13.57 per cwt., up \$0.57; and for Manufacturing Grade Milk, \$12.88 per cwt, up \$1.21.

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

STATE	All-milk price <u>1/</u> <u>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	
	JUNE		JULY		JULY		JULY		JULY	
	1999	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	12.72	13.77	13.20	14.33	1,360	1,290	36.50	33.00	80.00	101.00
ID	12.28	13.68	13.31	14.19	1,350	1,180	35.70	32.90	86.00	84.00
MI	13.22	13.76	13.19	13.56	1,350	1,120	37.00	34.10	54.00	89.00
MN	12.88	14.00	14.81	15.00	1,260	1,030	40.00	36.20	62.00	67.50
NY	12.75	13.85	13.00	13.96	1,200	1,020	---	---	92.00	89.50
OH	13.22	13.25	13.01	13.03	1,270	1,070	37.50	34.90	88.00	96.50
PA	13.79	14.27	13.33	13.67	1,250	1,160	39.00	36.20	111.00	115.00
TX	13.45	14.25	13.29	13.70	1,310	1,120	37.40	32.50	70.00	91.00
WA	13.59	14.25	14.12	14.47	1,310	1,200	---	---	104.00	101.00
WI	12.50	14.00	14.59	14.96	1,300	1,060	39.90	35.70	48.00	78.00
U.S.	13.00	13.99	13.57	14.18	1,280	1,120	38.20	34.70	78.40	87.00

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 OTHER GENERAL PRICE MEASURES, U.S., APRIL 1999 WITH COMPARISONS

ITEM	JULY 1998	JUNE 1999 <u>2/</u>	JULY 1999 <u>3/</u>
PRICES RECEIVED BY FARMERS, dol. per cwt., 3.5 percent butterfat:			
All milk	14.18	13.00	13.57
Fluid grade milk	14.18	13.00	13.57
Manufacturing grade milk	13.97	11.67	12.88
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	102	98	94
Prices received by farmers for dairy products	109	100	104
Prices paid by farmers for commodities and services, interest taxes, and wage rates	116	117	116
Prices paid by farmers for production items	115	113	113
Prices paid by farmers for feed	111	100	97
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	3.00	3.17	3.65

1/ Partially revised. 2/ Preliminary. 3/ 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 (7-99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 2 - 6, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 07/30/99	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	3,755,238	2,351,195	1,404,043	170,797,200	136,478,855	-0-	-0-
Fortified	132,276	-0-	132,276	1,837,645	-0-	-0-	-0-
TOTAL	3,887,514	2,351,195	1,536,319	172,634,845	136,478,855	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 2 - 6, 1999 =	0.3	17.9	COMPARABLE WEEK IN 1998 =	0.3
CUMULATIVE SINCE OCTOBER 1, 1998 =	38.0	2,009.5	CUMULATIVE SAME PERIOD LAST YEAR =	30.0
CUMULATIVE JANUARY 1 - AUGUST 6, 1999 =	38.0	2,008.3	COMPARABLE CALENDAR YEAR 1998 =	28.3

* 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 AUGUST 2 - 6, 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-	1,404,043	132,276	
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-	15,434,971	11,322,654	8.9	8.3
WEST	-0-	-0-	-0-	-0-	157,199,874	124,869,658	91.1	91.5
EAST	-0-	-0-	-0-	-0-	-0-	286,543	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	172,634,845	136,478,855	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 07/17/99 & Comparable Week 1998 1/2/

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10				
1999-Dairy cows HD (000)	0.3	0.9	6.4	5.5	16.6	2.5	2.5	0.5	8.4	2.2	45.9	1,345.5	44.9	44.0
1998-Dairy cows HD (000)	0.3	1.5	5.4	4.7	16.7	2.0	2.5	0.9	8.2	2.5	44.6	1,490.6	41.1	46.3
1999-All cows HD (000)	0.3	1.1	8.9	14.0	23.2	15.1	17.0	3.6	12.0	7.0	102.2	3,060.1		
1998-All cows HD (000)	0.3	1.5	7.4	15.0	23.6	23.1	15.7	5.2	11.1	5.7	108.5	3,215.1		

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.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

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						