

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/01):
BUTTER: Grade AA closed at \$1.2150. The weekly average for Grade AA is \$1.2333 (-.0700).

CHEESE: Barrels closed at \$1.4100 and blocks at \$1.4400. The weekly average for barrels is \$1.4300 (-.0475) and blocks, \$1.4820 (-.0615).

NONFAT DRY MILK: Both Extra Grade and Grade A closed the week at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0380 (-.0120).

BUTTER: The market tone remains unsettled and weak. Churning schedules across the country are fairly active. Cream volumes have not fully cleared into Class II channels and more is available to butter makers. Stocks of frozen butter are more than ample for current needs with fresh butter supplies in close balance. Butter demand is seasonally fair for this time of the fall. Some buyers are looking toward the year end holiday period and preparing for retail promotional activity. Most producers and handlers are expecting that year end features and typical good buying patterns will stimulate strong fourth quarter sales.

CHEESE: The cheese market continues weak with prices still declining. Sluggish demand is unable to clear spot offerings so plant inventories continue to grow. Most current interest centers on immediate needs. Sellers expect sales to improve when prices stabilize, especially for the usually strong fall/holiday sales period. Producers have been reluctant to purchase outside milk with cheese prices falling and plant inventories growing. Cheese production remains well above year ago levels.

FLUID MILK: Milk production is steady to higher with the Northwestern region showing the strongest gains. Bottling activity is unchanged to better in the Midwest as handlers anticipate a stronger early October demand. The condensed skim market is weak. Prices are expected to be higher in October which is deterring interest. The cream market is also weak. Offerings of cream are increasing and multiples are declining. Cream prices are lower due to declines in the weekly average AA butter price at the CME. Cream moving into ice cream is down in the Midwest and steady to instances better in the East. Cream cheese production and butter churning activity is increasing at some plants in the East.

DRY PRODUCTS: The NDM and whey markets are mixed. NDM in the East is trending higher as it is used in place of higher priced condensed

skim. Prices in the rest of the country are steady to lower as excess milk supplies are diverted to NDM production facilities. Whey prices are unchanged to higher in the West, steady to instances lower in the Midwest, and unchanged in the East. The buttermilk market is steady to firm for the light demand. Tight supplies and reduced production schedules are supporting the higher prices. WPC and lactose markets are generally steady with some price reductions noted in each respective range.

CCC: During the week of September 27 - October 1, CCC net purchases totaled 1,785,267 pounds of nonfortified NDM and 661,046 pounds of fortified NDM from Western sources.

During the fiscal year, October 1, 1998 - September 30, 1999, CCC purchased no butter or cheese, and 186,065,303 pound of NDM under the dairy support program. The 98/99 purchases compare to no butter or cheese purchases and 121,272,543 pounds of NDM during the 97/98 fiscal year.

FEDERAL MILK ORDER REFORM HALTED (AMS): On September 28, 1999, Judge William Sessions, U.S. District Court in Burlington, VT, issued an order that temporarily restrains USDA from implementing the Federal Milk Order Reform scheduled to take effect October 1, 1999. The court's decision affects the entire milk order system. As a result, the 31-order Federal Milk Order Program will continue to operate as it has in the past, until such time as current litigation is resolved. Class I and II prices for October, announced on September 3, 1999, will be applicable. (See Vol. 66, Rpt. 36, pages 13-14.)

CONSUMER PRICE INDEX (BLS): The August Consumer Price Index (CPI) for all food is 164.2, is up 2.0% from a year ago. The CPI for dairy products is 156.5, 4.0% above 1998. The August to August changes in selected dairy products are: fresh whole milk +1.3%, cheese +6.5%, and butter -7.1%.

COMMERCIAL DISAPPEARANCE (ERS & AMS): Commercial disappearance of dairy products during the period of May - July 1999 totals 41.1 billion pounds, 0.6% less than the comparable period in 1998. The YTD total for dairy products is 93.4 billion pounds, 0.8% more than the 1998 YTD total. Comparing disappearance levels with a year ago: American cheese and NDM were lower while butter, other cheese, and fluid milk products were higher.

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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 SEPTEMBER 27	TUESDAY SEPTEMBER 28	WEDNESDAY SEPTEMBER 29	THURSDAY SEPTEMBER 30	FRIDAY OCTOBER 1	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4525 (-.0025)	\$1.4375 (-.0150)	\$1.4250 (-.0125)	\$1.4250 (N.C.)	\$1.4100 (-.0150)	-.0450	\$1.4300 (-.0475)
40# BLOCKS	\$1.5000 (-.0200)	\$1.4975 (-.0025)	\$1.4975 (N.C.)	\$1.4750 (-.0225)	\$1.4400 (-.0350)	-.0800	\$1.4820 (-.0615)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0300 (-.0200)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	-.0200	\$1.0380 (-.0120)
BUTTER GRADE AA	\$1.2575 (-.0325)	-----	\$1.2275 (-.0300)	-----	\$1.2150 (-.0125)	-.0750	\$1.2333 (-.0700)

*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 **NOTICE: The CME and Dairy Market News will be closed on Monday, October, 11, for Columbus Day.**

CHICAGO MERCANTILE EXCHANGE

MONDAY, SEPTEMBER 27, 1999

CHEESE -- SALES: 9 CARS 40# BLOCKS: 1 @ \$1.5050, 8 @ \$1.5000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.4525, 4 @ \$1.4550; 4 CARS 40# BLOCKS @ \$1.5200
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS @ \$1.2575; BIDS UNFILLED: 2 @ \$1.2500; OFFERS UNCOVERED: 10 CARS: 2 @ \$1.2700, 1 @ \$1.2800, 1 @ \$1.2875, 5 @ \$1.2900, 1 @ \$1.3300

TUESDAY, SEPTEMBER 28, 1999

CHEESE -- SALES: 22 CARS 40# BLOCKS: 2 @ \$1.4975, 12 @ \$1.4950, 6 @ \$1.4925, 1 @ \$1.5000, 1 @ \$1.4975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 8; CARS BARRELS: 2 @ \$1.4375, 6 @ \$1.4525; 1 CAR 40# BLOCKS @ \$1.5000
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 29, 1999

CHEESE -- SALES: 19 CARS 40# BLOCKS: 17 @ \$1.4950, 2 @ \$1.4975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 2 @ \$1.4250, 2 @ \$1.4375
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$0.9800; OFFERS UNCOVERED: 1 CAR GRADE A @ \$1.0300
 BUTTER -- SALES: 18 CARS: 2 @ \$1.1950, 1 @ \$1.2000, 2 @ \$1.1975, 1 @ \$1.1950, 3 @ \$1.2000, 1 @ \$1.1975, 1 @ \$1.1950, 1 @ \$1.2000, 1 @ \$1.2075, 1 @ \$1.2100, 1 @ \$1.2200, 1 @ \$1.2225, 1 @ \$1.2250, 1 @ \$1.2275; BIDS UNFILLED: 3 CARS: 1 @ \$1.2175, 1 @ \$1.2150, 1 @ \$1.1975; OFFERS UNCOVERED: 9 CARS: 1 @ \$1.2275, 2 @ \$1.2300, 1 @ \$1.2400, 2 @ \$1.2500, 1 @ \$1.2525, 1 @ \$1.2550, 1 @ \$1.2575

THURSDAY, SEPTEMBER 30, 1999

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.4950, 1 @ \$1.4925; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.4250; 10 CARS 40# BLOCKS: 2 @ \$1.4750, 1 @ \$1.4800, 1 @ \$1.4850, 1 @ \$1.4950, 5 @ \$1.4975
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 1, 1999

CHEESE -- SALES: 13 CARS 40# BLOCKS: 1 @ \$1.4500, 4 @ \$1.4475, 4 @ \$1.4375, 3 @ \$1.4350, 1 @ \$1.4400; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.4100, 4 @ \$1.4250, 6 CARS 40# BLOCKS: 2 @ \$1.4725, 4 @ \$1.4750
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS: 1 @ \$1.2150, 2 @ \$1.2200

NOTICE: The CME will be closed on Monday, October 11 for the observance of Columbus Day.

BUTTER MARKETS

NORTHEAST

The market tone ranges from unsettled to weak. As of the September 27 trading, cash prices for butter at the CME have declined more than nine cents in the last six trading sessions. Contacts are a little surprised that prices didn't hold longer in the low to mid one thirties as many had predicted. Increasing volumes of cream have not fully cleared into Class II channels and more is available to butter makers. Locally, butter output is moderate. Many producers do not want to make butter when prices are falling. Fresh butter stocks remain tight, but frozen butter supplies are more than ample to meet current needs. Print orders are slow to fair. Some parts of the East are still recovering from the damages/flooding caused by Hurricane Floyd. Food service orders are steady, at best.

CENTRAL

The butter market tone remains weak. Prices continue to follow the cash decline of AA butter at the CME. Although prices continue to edge lower, butter production is seasonally quite active. Cream volumes are reported to be readily available to local butter operations. Butter stocks are fully sufficient for current and projected needs. Stock reports indicate that frozen butter is more than double the level of last year at this time, while fresh butter stocks are also more available. Overall demand for butter remains fairly strong. Retail orders are starting to improve as retailers prepare for the upcoming holiday season. Early indications are that retail feature activities are being scheduled prior to the Thanksgiving/Christmas holiday period. Although prices are edging lower, buyers are taking advantage of available

stocks at current prices so that deliveries for promotional activities are on schedule. Food service orders are also slightly stronger, but they typically further improve as the holidays near.

WEST

Some Western contacts are somewhat surprised that prices continue to fall this rapidly in this current price cycle. Prices are off more than 12 cents at the CME in the last three weeks. Churning activity is somewhat heavier as more cream is available and more manufacturers would sooner make butter than some types of cheese. Demand for fresh bulk is fair. Print orders from food service accounts have settled into a normal fall pattern. Retail sales are somewhat disappointing at this point in time. Contacts are expecting that year end features will stimulate some additional interest. A number of producers are microfixing butter out of the freezer at this time to meet current needs. Stocks remain heavy compared to last year.

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			
SEPTEMBER 25	1.7021 4,140,788	1.5018 8,159,673	1.0186 17,622,564	1.3090 3,283,208	0.1920 5,244,810

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

CHEESE MARKETS

NORTHEAST

Prices continue to drop and the market tone remains weak. Production levels are moderate and some producers are not as prone to taking milk volumes beyond contracted or their own volumes. Most do not want to make too much cheese when prices are dropping as regularly or as fast as they have been since late August. Distributors and retailers are also limiting their purchases to replacement volumes. Stocks of cheddar and other natural items are more than adequate for current needs. Demand for cheese is just fair at retail, mostly steady for food service needs. Damages from, and the effects of, Hurricane Floyd are still being felt and food product distribution is still not back to normal in some areas.

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

Cheddar 10# Prints	:	1.5575-2.0475
Cheddar Single Daisies	:	1.5375-1.9975
Cheddar 40# Block	:	1.6825-1.8600
Process 5# Loaf	:	1.6875-1.8475
Process 5# Sliced	:	1.7075-1.9400
Muenster	:	1.7400-2.0425
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Traders are hopeful prices will stabilize soon for the usually strong fall sales period. Cash prices continue to decline, compared to last year when prices were increasing steadily. Cheese offerings are increasing and some buyers are noticing increased age on some incoming bulk supplies as producers try to FIFO (first in, first out) product to extend shelf life due to sluggish sales. Plant inventories are increasing and order lead times are down on most bulk items. Demand continues to center on regular accounts and orders to fill immediate needs. Otherwise, spot interest remains light. Some Swiss producers are passing along price increases. Cheese output remains seasonally heavy, bolstered by near steady milk intakes and below year ago interstate milk shipments. Cheese yields continue to increase seasonally.

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

Process American 5# Loaf	:	1.6575-2.1000
Brick And/Or Muenster 5#	:	2.1000-2.1025
Cheddar 40# Block	:	1.9025-2.1150
Monterey Jack 10#	:	2.0925-2.2800
Blue 5#	:	2.2375-2.6800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9725-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.4600-2.6850

MIDWEST COMMODITY CHEDDAR

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

CHEDDAR STYLES	:	SEPTEMBER 27 - OCTOBER 1
BARRELS*	:	\$1.4250 - 1.4875 (NOMINAL)
	:	(-\$0.0525) (-.0175)
40# BLOCKS	:	\$1.4875 - 1.5750 (NOMINAL)
	:	(-\$0.0500) (-.1050)

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

WEST

Western cheese prices continue to weaken in response to price declines at the CME. Slowness in the natural market is becoming more apparent as the downtrend continues. Buyers are taking a wait and see attitude, even if it is for only a short period of time. While they wait, prices will likely have declined further. End user inventories are generally not that large, so this strategy can only be pushed so far. Stocks are backing up at the producer level. Processing solids and barrels are also not moving well. With enough discount, undergrades have cleared from the market reasonably well. Swiss movement is good and it is likely to stay that way through the fall with current production patterns. Italian type cheese is in short supply.

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

Process 5# Loaf	:	1.6250-1.8850
Cheddar 40# Block	:	1.6625-1.8025
Cheddar 10# Cuts	:	1.8425-2.0625
Monterey Jack 10#	:	1.8525-2.0225
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.5100

FOREIGN

Domestic prices are lower again this week. The market tone is unchanged, but with domestic prices dropping since late August, many distributors are limiting purchases and working down their inventories. Demand for foreign-type cheese is slow to fair and normal for this time of year.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.8950-2.5050*
Gorgonzola	: 3.2400-5.9400	: 2.4450-2.5325*
Parmesan (Italy)	: TFEWR	: 3.3050-3.3300*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.9050-2.1800*
Romano (Cows Milk)	: -0-	: 3.0750-5.3000*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 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
09/27/99	22,208	128,470
09/01/99	11,548	122,126
CHANGE	10,660	6,344
% CHANGE	92	5

FLUID MILK AND CREAM

E A S T

The major topic of conversation this week has been the pending federal order reform and changes to milk pricing. Late Tuesday, a U.S. District Court Judge in Vermont postponed the implementation of the federal reforms to allow time for hearing arguments in a lawsuit filed by four Northeastern dairy cooperatives. One major effect of this ruling is that it extends the Northeast Dairy Interstate Compact which was going to end when the reform went into effect. Milk production is mostly steady to slightly higher. Florida's output is starting to move off its annual low point now that the temperatures are more moderate. In the rest of the Southeast, milk production is also starting to move a little higher. Milk imports into the Southeast are down from last week. Florida's imports total 147 loads, down from 205 loads last week and 166 during the same week a year ago. Imports into other Southeastern states were 98 loads. This compares to 283 loads last week and 315 a year ago. Bottled milk sales are termed as "flat." However, milk needs in the still-flooded areas have been spotty. In the Northeast, milk supplies are fully adequate and surplus volumes are up slightly. The condensed skim market is weak. October prices are expected to be even higher now that the federal order reform program has been, at least temporarily, blocked. Prices are sharply higher at the high end of the range for Class II and contacts expect October Class II prices to be about equal or higher than Class III. Demand for wet solids is slow which is forcing more into dryers. The fluid cream market is weaker as offerings increase in most of the region. Volumes are tightest early in the week, longest after midweek. Demand is slow and pricing multiples are starting to ease lower. More excess cream is available to local and out-of-region butter makers. Ice cream accounts continue to take contracted volumes, but with lower prices, some are picking up a few extra loads of cream. Cream cheese output is picking up seasonally and producers are taking more cream now that prices are moderating. Churning activity is up in some plants, steady in others.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6161-1.8377
DELIVERED EQUIVALENT ATLANTA	-	1.6291-1.8246 M 1.6682-1.7595
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7157-1.8507

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.1600-1.5000
NORTHEAST- CLASS III - SPOT PRICES	- 1.3500-1.5000

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
SEPTEMBER 24 - 30, 1999	35
PREVIOUS WEEK	35
COMPARABLE WEEK IN 1998	20

DESTINATIONS: KENTUCKY 14, MISSOURI 21

Class I milk sales within the region are about steady and unspectacular for the end of the month. Bottling schedules have picked up late in the week for the anticipated stronger early October demand. Besides the milk shipments reported, 24 loads of Wisconsin milk are "direct shipped" to Kentucky, 28 loads to Georgia, and 21 loads to Missouri and are pooled under a Southern federal order. Another 12 loads of Wisconsin and Indiana milk were shipped to Ohio for Class II use. Milk shipments from other Midwestern states to the Southeast also are lighter and, in most recent weeks, below year ago levels. In fact, a few handlers comment that perhaps the only reason some loads may

be moving is that Southern buyers contracted for a minimum volume. Local spot milk demand is light and unaggressive and prices received are nominal but trending lower. Ice cream production has slowed seasonally and producers are using less cream. However, cream cheese production is seasonally active. Milk intakes are little changed, typically about steady to slightly higher. Manufacturing schedules remain well above year ago levels, something not popular with declining cheese and butter prices. Much welcomed rain in some areas slowed the fall harvest for a few days and may again allow tillage operations to occur. Many producers, especially purebred breeders, are also spending time at the big dairy show in Madison.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 28.00- 33.00
REPLACEMENT HEIFER CALVES	\$300.00-375.00	\$165.00-220.00

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

	SEP 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 45.75	\$ 28.00- 36.25

W E S T

August pool receipts of milk in California total 2.532 billion pounds, up 13.9% from last year. Cumulative pool output through eight months of 1999 total 19.7 billion pounds, up 11.1% from the same period in 1998. The August blend price is \$14.80, at a fat test of 3.58%, which is \$1.91 higher than July. The percentage of receipts used in Class 1 products is 21.24%. The August quota price is \$16.14 and the base and overbase prices are \$14.44. These prices are \$1.74 higher than last month but 70 cents lower than August 1998. Milk production remains strong in the Southwest. California milk output is leveling off at high levels. Weather conditions are holding steady with recent weeks. Very little stress is on the milk herd across most of the state. Feed supplies are available and affordable. New Mexico milk production is rebounding slowly to recent good weather conditions. Cows are taking more feed but milk response is not up to expectations. The hay situation is improving as better quality alfalfa is being made from later cuttings. Earlier cuttings were often affected by rains and poor drying conditions. Availability of lower quality forage is plentiful. Arizona is seeing hot weather conditions. This is having some impact on the milking herds. Cream is more available and multiples are declining. Several factors are at work. The main one is the decline in the butter price at the CME. Butter producers are caught between not wanting to produce butter in a declining market and starting to build stocks for upcoming holiday needs. Contacts are noting that demand is lower for cream. Buyers in other regions are finding more cream locally. Temperatures are now more seasonal in the Pacific Northwest. Milk production remains heavier than anticipated for this time of year. Tests are increasing seasonally on producer milk. Conditions are generally also dry which is allowing the harvesting of corn silage to progress at a rapid pace. Yields and quality of the silage appears to be excellent. Some producers are stating that they have already run out of storage space in pits, bunkers, or bags. Heifer prices remain firm and they are hard to find. It is a seller's market. Culling rates will be lower for the next few weeks as harvesting takes center stage over other operations. Hay quality is excellent in the region, but prices are firming slowly. Exporters and dairy buyers are both stepping up purchases. Quite a bit of feeder quality hay is leaving the region, heading for Montana. Frost has hit much of southern Idaho and northern Utah. This is not expected to cause any problems and should increase the pace of silage harvesting. Some growers are trying to harvest one last cutting of alfalfa. Milk supplies remain strong for fall levels. Heifer prices are commonly above \$1,600 in the region and are still not readily available at those numbers. Plants continue to operate on quite heavy schedules. They are pleased to see that the solids content on incoming receipts is increasing seasonally.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/27/99 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 to lower on a generally steady market. As available milk supplies increase, production of NDM is also increasing at some locations. Plants are also expecting more milk as cheese prices continue to fall and milk is diverted to NDM facilities. Demand is slow to fair. Buyers see no need to build inventories and are comfortable with current supplies. Producer stocks are generally in balance. High heat is trading 5-7 cents above the top of the range.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0250 - 1.0700 MOSTLY: 1.0300 - 1.0550

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a steady to firm market. Plants are either sold out or tight on their supplies of fresh buttermilk. Production is light as movement remains best on condensed. Offers are being reported above the range. Product with 1-6 months age is being traded at prices within the range. Production from last year has reportedly cleared.

BUTTERMILK: .7950 - .8400

DRY WHEY - CENTRAL

Prices are unchanged to lower and the market tone is mixed. Manufacturers and resellers are offering at prices above and below the average. Some multiple load shipments are being traded at the lower end of the range. Demand is reported as "lethargic" as regular commitments suffice current buyer needs. Export movement is good into Mexico and some Asian countries. Available condensed supplies have generally increased as producers divert supplies regularly used for drying into fluid channels. Dry product stocks are in balance and building at some locations.

NONHYGROSCOPIC: .1800 - .2125 MOSTLY: .2000 - .2050

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and the market tone is steady. Plenty of product is being reported as available. Trades are minimal and demand is lackluster. Inventories are in balance to instances long. Some negotiations are being made for 2000 on delactose. U.S. inventory of all hogs and pigs on September 1, 1999, was 60.7 million head. This was 4% below September 1998, but slightly above June 1, 1999. Sows farrowing during June-August totaled 2.93 million head, 4% below last year. August veal production totaled 20.0 million pounds, slightly above August a year ago. Calf slaughter totaled 119 thousand head, down 5% from August 1998. The veal market is trending firm and the Midwest barrow and gilt market is steady to weak.

MILK REPLACER: .1475 - .1975
STANDARD: TFEWR
ROLLER GROUND: .1775 - .2125
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on a mixed market. Some domestic sales and exports are moving at the lower end of the range. Some producers are still able to get premiums on their lactose and look forward to a strong 4th quarter. Most 4th quarter contracts have been settled. Some producers are holding out for better prices and others continue to negotiate with foreign markets. Some foreign buyers are showing some price resistance with competitively priced EU product available. Feed demand is improved over last week. Inventories are in balance to instances tight for the steady production.

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

EDIBLE: .1700 - .2300 MOSTLY: .1875 - .1925

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a mostly steady market. Producers are unable to obtain the premium prices of weeks past. Stocks are tight in the Midwest, yet product can be had both above and below the range. While inventories on the West Coast are reduced, product remains available. Demand is slow to fair with product clearing into Mexican and Asian markets. Some feed buyers are negotiating deals for 2000. Condensed product remains tight and clears well into feed and process cheese facilities.

EXTRA GRADE 34% PROTEIN: .4050 - .4650 MOSTLY: .4300 - .4600

NONFAT DRY MILK - WEST

Prices for low/medium heat NDM are unchanged to instances lower within the range. The market tone is mainly steady. Demand is fair to good from regular accounts. Very little advanced buying is taking place. DEIP orders continue to be filled for some new and existing accounts. Sales to the support program continue to be used to balance output. Production remains very active in the region. Balancing plants are receiving more milk than projected. Stocks range from light to moderate. High heat NDM prices are higher in light trading. Buying interest is occasionally higher as buyers assess nearby needs. Additional demand is expected in coming months, but is slow to develop. Added production is often hard to juggle because of the need to process high milk supplies in the region. Historically, milk output is lower in October, allowing producers to make high heat for later needs. During the week of September 20 - 24, CCC net purchases were 1.7 million pounds of nonfortified NDM from Western and Eastern producers.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0050 - 1.0325 MOSTLY: 1.0100 - 1.0250
HIGH HEAT: 1.0400 - 1.0500

DRY BUTTERMILK - WEST

The dry buttermilk market remains rather lackluster in pricing and tone. Offerings and demand are both on the light side. Drying is showing incremental increases as butter churning activity builds in the region. Producers continue to sell as much liquid and condensed buttermilk as possible. Stocks remain light to moderate with fresh production the tightest.

BUTTERMILK: .7100 - .7900 MOSTLY: .7200 - .7600

DRY WHEY - WEST

Western range prices held steady this week, but the mostly increased fractionally. Stock levels vary across the region. Some operations are sold out into October while others have powder available for immediate delivery. Those that are in good shape continue to ask and receive premiums for their product. Some producers report that output is lower as they move milk supplies out of some types of cheese production into other outlets. Export activity is generally steady. Animal feed sales remain slow.

NONHYGROSCOPIC: .1800 - .2050 MOSTLY: .1875 - .1950

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
September 24	\$1.0136	11,818,561
September 17	\$1.0146	11,475,547

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 unchanged to slightly higher. The market tone is firmer. Producers are less inclined to make new sales at the low end of the ranges and fewer large-volume sales are being made. Production levels are increasing as milk output starts to inch higher and the demand for condensed skim slows. October's prices for Class II condensed skim are going to be sharply higher and buyers who can are quickly switching to NDM for their solids. In all likelihood, October's Class III condensed skim prices will also be above NDM prices. Producer stocks range from light to fully adequate. High heat powder remains in the tightest position. Demand is improving and is pretty well clearing most of the current output.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:			
LOW/MEDIUM HEAT:	1.0500 - 1.0700	MOSTLY:	1.0500 - 1.0600
HIGH HEAT:	1.0800 - 1.1100	MOSTLY:	1.0800 - 1.0900
DELVD SOUTHEAST:			
ALL HEATS:	1.0600 - 1.1300		

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone remains firm. Production levels are light to moderate. Cream availability increased this week and more was sent to churns. Plant stocks of dry buttermilk are tight. Many producers do not have full truckloads on hand. Churning activity is up slightly from past weeks. This week, cream supplies were not as tight and some excess cream did clear to churning facilities. Sales of condensed buttermilk remain quite good. Demand for dry buttermilk is brisk and easily clearing any new offerings. Some older powder is reportedly available at slightly discounted prices.

F.O.B. NORTHEAST:	.8000 - .8400
DELVD SOUTHEAST:	.8200 - .8450

DRY WHOLE MILK - NATIONAL

Prices are unchanged. With butter prices continuing to fall and new Class III milk prices due out next week, contacts expect price changes next week. The market tone is steady. Offerings are closely balanced with needs. There have been reports that some Western producers have stopped making dry whole milk now that they have filled existing contracts. Most output is geared to filling contracts. Spot domestic demand is sluggish and new export sales are slow to develop. Reports indicate that imported dry whole milk is available and, like domestic, not easy to move on the spot market.

F.O.B. PRODUCING PLANT:	1.3800 - 1.7100
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH SEPTEMBER 24, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	40,326	MT (88,902,699 LBS)
CHANGE	--	3,704	MT (8,165,838 LBS)
WHOLE MILK POWDER	--	76	MT (167,550 LBS)
CHANGE	--	48	MT (105,821 LBS)
CHEESE	--	879	MT (1,937,843 LBS)
CHANGE	--	171	MT (376,987 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 steady and the market tone is a little unsettled. Grade A prices remain nominal. Production schedules are moderate and plant stocks are balanced on Extra Grade and continued tight on Grade A. Producers and traders report a relatively lackluster demand. After a slight improvement in both sales and demand in late August and early September, there seems to be less buyer interest and more price resistance. Contracts are clearing most of producers' output, but resellers are reporting very little activity and some inventory accumulation. Contacts report that offerings are increasing from some Midwestern producers.

F.O.B. NORTHEAST:	EXTRA GRADE	.1900 - .2125
	USPH GRADE A	.2125 - .2500
DELVD SOUTHEAST:		.2200 - .2425

ANIMAL FEED WHEY - NORTHEAST

Prices are still too few to report. The market tone is weak. Spot demand for animal feed quality, dry whey remains slow. Buyers/users are taking contracted volumes, but additional purchases are limited. Offerings of "off spec" dry whey are readily available to cover any interest.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are light to moderate. A little more milk was available in many areas of the country this week. The shipments of Grade A milk into the Southeast were down from last week which pushed a little more milk into manufacturing channels. Producer stocks are adequate. Demand is seasonally fair.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$24.68 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.	

CASEIN - NATIONAL

Casein prices are unchanged, although the market tone remains weak. Domestic buyers anticipate stocks of both acid and rennet to be in good supply and available as they enter the final quarter of the year. Spot offerings continue to be made available to domestic buyers.

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

RENNET:	1.7500 - 1.9000
ACID:	1.7800 - 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	09/15	09/16	09/17	09/20	09/21	09/22	09/23	09/24	09/27	09/28
CSCE/NYBT - BFP -- Dollars per cwt.										
SEP 99	15.90 (313) 1	15.90 (313) 0	15.95 (313) 2	15.85 (312) 1	15.90 (312) 0	15.95 (312) 0	15.87 (312) 0	16.10 (313) 1	16.05 (313) 0	16.02 (313) 0
OCT 99	13.35 (273) 0	13.35 (273) 0	13.28 (274) 1	13.20 (273) 1	13.30 (273) 0	13.33 (273) 0	13.30 (272) 3	13.31 (272) 0	13.20 (272) 0	13.15 (272) 0
NOV 99	12.80 (166) 0	12.75 (167) 1	12.75 (167) 0	12.75 (167) 0	12.83 (168) 1	12.83 (168) 0	12.80 (169) 1	12.80 (169) 0	12.78 (170) 1	12.85 (171) 1
DEC 99	12.75 (125) 0	12.65 (126) 1	12.55 (126) 0	12.60 (126) 0	12.65 (127) 1	12.70 (127) 0	12.70 (127) 1	12.70 (127) 0	12.65 (128) 1	12.70 (128) 0
JAN 00	12.23 (41) 0	12.15 (42) 1	12.13 (44) 3	12.15 (46) 2	12.20 (47) 1	12.23 (47) 0	12.23 (47) 0	12.20 (47) 0	12.20 (47) 0	12.25 (48) 1
FEB 00	11.98 (18) 0	11.98 (18) 0	11.93 (19) 1	11.90 (20) 1	11.90 (20) 0	11.90 (20) 0	11.95 (21) 1	11.95 (21) 0	11.95 (21) 0	11.93 (21) 0
MAR 00	11.95 (7) 0	11.95 (8) 1	11.83 (9) 1	11.83 (9) 0	11.83 (9) 0	11.85 (9) 0	11.83 (9) 0	11.83 (9) 0	11.83 (9) 0	11.85 (9) 0
APR 00	11.66 (5) 0	11.66 (5) 0	11.63 (6) 1	11.63 (7) 1	11.63 (7) 0	11.63 (7) 0	11.63 (7) 0	11.63 (7) 0	11.60 (7) 0	11.60 (7) 0
MAY 00	11.69 (6) 0	11.69 (6) 0	11.69 (6) 0	11.65 (7) 1	11.65 (8) 1	11.65 (8) 0	11.65 (8) 0	11.65 (8) 0	11.65 (8) 0	11.65 (8) 0
JUN 00	11.85 (1) 0	11.85 (1) 0	11.85 (1) 0	11.88 (1) 0	11.90 (1) 0	11.90 (1) 0	11.90 (1) 0	11.90 (1) 0	11.90 (1) 0	11.90 (1) 0
JUL 00	12.20 (2) 0	12.30 (2) 0	12.30 (2) 0	12.30 (2) 0	12.35 (2) 0	12.35 (2) 0	12.40 (2) 0	12.38 (2) 0	12.35 (2) 0	12.35 (2) 0

CME - BUTTER -- Cents per pound

SEP 99	132.25 (29) 1	132.25 (28) 1	131.25 (27) 1	130.75 (24) 0	130.00					
OCT 99	132.50 (117) 3	131.75 (117) 1	130.75 (113) 5	130.75 (113) 0	130.00 (109) 13	129.00 (111) 10	127.75 (107) 4	127.50 (108) 12	125.00 (107) 6	120.00 (106) 4
FEB 00	116.00 (3) 0	116.00 (3) 0	116.00 (3) 0	116.00 (3) 0	116.00 (3) 0	116.00 (3) 0	115.00 (3) 1	115.00 (3) 0	117.00 (3) 0	117.00 (3) 0
MAR 00	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.00 (3) 1	115.00 (4) 1	117.00 (4) 0	117.00 (4) 0

CME - BFP -- Dollars per cwt.

SEP 99	15.89 (1388) 2	15.89 (1391) 25	15.95 (1361) 58	15.90 (1357) 11	15.95 (1335) 39	15.94 (1333) 3	15.94 (1338) 27	16.08 (1354) 45	16.04 (1352) 2	16.04 (1367) 19
OCT 99	13.40 (1189) 19	13.25 (1201) 12	13.26 (1207) 11	13.25 (1207) 3	13.39 (1208) 3	13.40 (1210) 4	13.34 (1211) 2	13.36 (1212) 1	13.30 (1211) 0	13.24 (1209) 20
NOV 99	12.80 (983) 28	12.75 (980) 7	12.80 (973) 7	12.80 (973) 0	12.83 (975) 3	12.85 (977) 2	12.83 (977) 0	12.83 (976) 0	12.78 (980) 2	12.85 (983) 6
DEC 99	12.75 (800) 19	12.67 (803) 11	12.65 (805) 8	12.65 (807) 2	12.65 (807) 1	12.65 (807) 0	12.65 (809) 3	12.65 (809) 0	12.60 (809) 1	12.70 (818) 13
JAN 00	12.25 (318) 0	12.10 (320) 6	12.10 (323) 3	12.20 (326) 4	12.20 (326) 0	12.20 (326) 0	12.24 (327) 1	12.24 (327) 0	12.21 (327) 1	12.25 (330) 4
FEB 00	11.91 (169) 0	11.99 (170) 1	11.99 (170) 0	11.99 (170) 0	11.99 (170) 2	11.99 (170) 0	11.99 (170) 0	11.99 (170) 0	11.90 (173) 3	11.99 (173) 2
MAR 00	11.92 (112) 0	11.90 (119) 9	11.90 (119) 0	11.85 (119) 0	11.85 (125) 6	11.85 (125) 1	11.85 (125) 0	11.85 (125) 0	11.85 (125) 0	11.85 (130) 5
APR 00	11.73 (71) 0	11.65 (72) 1	11.70 (73) 2	11.70 (73) 0	11.70 (73) 0	11.70 (74) 1	11.70 (74) 0	11.70 (74) 0	11.70 (74) 0	11.70 (74) 0
MAY 00	11.67 (48) 0	11.66 (55) 8	11.70 (55) 1	11.70 (55) 0	11.66 (55) 1	11.65 (58) 3	11.65 (58) 0	11.65 (58) 0	11.70 (58) 0	11.65 (61) 3
JUN 00	11.80 (48) 0	11.75 (49) 1	11.75 (49) 0	11.75 (49) 0	11.75 (49) 0	11.75 (49) 0	11.75 (49) 5	11.75 (49) 0	11.75 (49) 0	11.76 (49) 0
JUL 00	12.30 (9) 0	12.40 (9) 0	12.40 (9) 0	12.40 (9) 0	12.45 (9) 0	12.45 (9) 0	12.45 (14) 10	12.45 (14) 0	12.45 (14) 0	12.45 (14) 0

CME - CHEDDAR CHEESE -- Cents per pound

DEC 99	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0
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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 September 20 - October 1, 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 continues its seasonal decline in many Western European countries, although reports indicate that milk output in the United Kingdom and France is slightly heavier than last year at this time. Weather conditions throughout Western Europe have been quite favorable for early fall. The milk decline is more gradual, thus the milk production season is being extended a little longer. Demand for fresh milk and cream is heavier at this time and into October as consumers prepare for the upcoming holiday season, thus limiting already lighter offerings to local manufacturing. Stocks of manufactured dairy products vary. Stocks of cheese are reported to be lighter than desired, thus, when possible, milk is being directed toward cheese production versus other manufactured products. Skim milk powder stocks have tightened, prices continue to firm, and early offerings of powder to intervention are available and being sold back to the trade. International buying interest is clearing some volumes of butter, cheese, and skim milk powder to Russia, Mexico, and Northern Africa. Although sales volumes are not significantly heavy at this time, traders continue to question their ability to compete should buyer interest continue or new sales develop. Traders indicate that it is still unclear to them what demand potential, especially to Russia, will be during the upcoming winter months.

BUTTER/BUTTEROIL: European butter markets are steady to firm. Butter offerings to PSA have been strong, thus butter stocks are reported to be sufficient for potential buyer interest. Butter production has slowed as most milk is being directed towards cheese production versus other manufactured dairy products. Demand for butter is not overly aggressive at this time, although some sales have occurred for Russian delivery. The major question at hand is to what extent will Russian buyer interest develop during the upcoming winter months.

82% BUTTERFAT: 1,300 - 1,600
99% BUTTERFAT: 1,575 - 1,725

SKIM MILK POWDER (SMP): Skim milk powder market are firm in Eastern and Western Europe. Prices are higher. Stocks vary, but generally are reported to be tight. Offerings to intervention were quite active during the open season, thus privately held stocks are not as heavy as many producers and handlers would like to have. Late in the milk production season, cheese supplies tightened to the point that available milk is being directed toward cheese production, thus limiting expected milk volumes to butter/powder plants. Some early offerings to intervention are now available and being sold back. Some skim milk powder sales activity is occurring and is expected to continue into the winter months, although availability of powder is a concern.

1.25% BUTTERFAT: 1,340 - 1,425

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices, although the market tone is weak. Production is seasonally lower, but further reduced by the flow of milk toward cheese production and the lack of whole milk sales. Whole milk stocks are light. Some traders are concerned about powder availability should buyer interest develop during upcoming months. At this time, some small lot sales are occurring, but no significant future activity is scheduled at this time.

26% BUTTERFAT: 1,450 - 1,650

SWEET WHEY POWDER: Whey powder markets are generally steady although prices are higher. Stocks of whey are more available due to heavier, late season cheese production. Outside of filling the European portion of the recent Japanese whey tender, whey sales have been light and unaggressive.

NONHYGROSCOPIC: 450 - 525

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe continues to decline seasonally. Reports indicate that milk output in some Eastern European countries is annually trailing last year at this time, while other countries are comparable to the previous year. Stocks of manufactured dairy products vary. In many instances, inventories are lighter than desired for this time of the fall. This situation has some Eastern European traders concerned about their ability to compete internationally during the upcoming winter season.

OCEANIA

OVERVIEW: Early season milk production is reported to be strong in both New Zealand and Australia. Weather conditions in the milk producing areas have been nearly ideal for early spring production growth. Milk volumes in Australia are running much the same as last year nationally, although nearly 14% heavier in Victoria, the major milk producing region of the country. In New Zealand, overall milk output for the first 3 months (June - August) of the season is reported to be 7% heavier than last season with August output running 4% above a year ago. At this point, milk producers and handlers are forecasting a strong production year. As milk volumes increase, manufacturing facilities continue to increase production schedules. Ongoing sales to regular buyers are being filled with minimal year end carry over stocks from last production season and mainly new production. New international buyer interest is slow in developing, although sales are occurring. Russia, Mexico, and Northern Africa are showing the most buyer interest at this time. Oceania traders are optimistic about being able to fill potential new buyer interest during their current production season.

BUTTER: Oceania butter markets and prices are basically unchanged. Overall buyer interest remains light. Russian buyer inquiries continue to occur with some sales developing. Oceania traders state that they are still unclear as to the potential volume of butter Russia might be interested in during upcoming months. Outside of this buyer interest, international sales are light and unaggressive. Butter production continues to increase seasonally in Australia and New Zealand as a strong milk production season develops.

82% BUTTERFAT: 1,200 - 1,250

CHEDDAR CHEESE: Oceania cheese production continues to build seasonally. Prices and the market tone are basically steady. Cheese stocks are sufficient to maintain on schedule shipments to regular/ongoing buyers. Some Oceania traders are not overly optimistic about cheese sales during the upcoming months. Traditional markets for Oceania produced cheese have maintained ongoing orders, although sales volumes have been lighter.

39% MAXIMUM MOISTURE: 1,650 - 1,750

SKIM MILK POWDER (SMP): Nonfat dry milk powder markets are steady to firm. Prices are generally higher. Demand for skim milk powder is the most active of the manufactured dairy products at this time. Mexico and Northern Africa have been destinations of recent sales. Stocks of skim milk powder are reported to be sufficient for current and projected future needs. Milk production in both countries is strong, thus milk volumes directed toward butter/powder operations are readily absorbed.

1.25% BUTTERFAT: 1,300 - 1,375

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are generally steady. Buyer interest is occurring, but no significant sales are being reported. Oceania milk production is increasing seasonally, thus milk volumes to produce whole milk powder are readily available. For the most part, powder is only generated once an order has been placed and finalized.

26% BUTTERFAT: 1,400 - 1,500

Exchange rates for selected foreign currencies: September 27, 1999

.4748 Dutch Guilder	.5350 German Mark
.1595 French Franc	.5169 New Zealand Dollar
.1071 Mexican Peso	.6524 Australian Dollar
1.6451 British Pound	.0095 Japanese Yen
.2455 Polish Zloty	1.0464 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1071) = 9.3371. That is 1 US Dollar equals 9.3371 Mexican Pesos.

Source: "Wall Street Journal"

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

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	1999	1998
	SEP 01 - 03	SEP 06 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30	Average	Average
						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	1.6000 - 1.7625	1.5400 - 1.6225	1.4850 - 1.5275	1.4775 - 1.5050	1.4250 - 1.4875	1.5324	1.6462
-- Cheddar 40# Blocks	1.7500 - 1.9500	1.7000 - 1.7875	1.6600 - 1.7125	1.5375 - 1.6800	1.4875 - 1.5750	1.6726	1.7100

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	1.9225 - 2.2000	1.7925 - 2.2000	1.7075 - 2.2000	1.6750 - 2.2000	1.6575 - 2.1000	1.9590	1.8732
-- Brick And/Or Muenster 5#	2.2000 - 2.3850	2.2000 - 2.2325	2.1775 - 2.2000	2.1275 - 2.2000	2.1000 - 2.1025	2.1862	2.0712
-- Cheddar 40# Block	2.1150 - 2.2000	2.0250 - 2.2000	1.9700 - 2.2000	1.9200 - 2.2000	1.9025 - 2.1150	2.0801	1.9522
-- Monterey Jack 10#	2.1150 - 2.3800	2.1150 - 2.3800	2.1150 - 2.3800	2.1100 - 2.3800	2.0925 - 2.2800	2.2352	2.0393
-- Blue 5#	2.5125 - 2.7800	2.3600 - 2.7800	2.3050 - 2.7800	2.2550 - 2.7800	2.2375 - 2.6800	2.5407	2.4168
-- Mozzarella 5 - 6#	2.2150 - 2.2700	2.0950 - 2.2700	2.0400 - 2.2700	1.9900 - 2.2700	1.9725 - 2.2150	2.1551	1.9836
-- Grade A Swiss Cuts 6 - 9#	2.4000 - 2.6850	2.4000 - 2.6850	2.4000 - 2.6850	2.4000 - 2.6850	2.4600 - 2.6850	2.5482	2.4425

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 10# Prints	1.9325 - 2.4225	1.7800 - 2.2700	1.7250 - 2.2150	1.6750 - 2.1650	1.5575 - 2.0475	1.9663	1.9337
-- Cheddar Single Dai sies	1.9125 - 2.4225	1.7600 - 2.2700	1.7050 - 2.2150	1.6550 - 2.1650	1.5375 - 1.9975	1.9515	1.9212
-- Cheddar 40# Block	2.0650 - 2.2350	1.9125 - 2.0825	1.8575 - 2.0275	1.8075 - 1.9775	1.6825 - 1.8600	1.9381	1.9037
-- Process 5# Loaf	1.9525 - 2.1100	1.8225 - 1.9800	1.7375 - 1.8950	1.7075 - 1.8650	1.6875 - 1.8475	1.8467	1.8942
-- Process 5# Sliced	1.9725 - 2.1900	1.8425 - 2.0700	1.7575 - 1.9850	1.7275 - 1.9550	1.7075 - 1.9400	1.9013	1.9388
-- Muenster	2.1150 - 2.4175	1.9625 - 2.2650	1.9075 - 2.2100	1.8575 - 2.1600	1.7400 - 2.0425	2.0551	2.0237
-- 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	1.8875 - 2.1475	1.7575 - 2.0175	1.6725 - 1.9325	1.6425 - 1.9025	1.6250 - 1.8850	1.8332	1.9389
-- Cheddar 40# Block	2.0375 - 2.1775	1.8850 - 2.0250	1.8300 - 1.9700	1.7800 - 1.9200	1.6625 - 1.8025	1.8963	1.8965
-- Cheddar 10# Cuts	2.2175 - 2.4375	2.0650 - 2.2850	2.0100 - 2.2300	1.9600 - 2.1800	1.8425 - 2.0625	2.1163	2.1223
-- Monterey Jack 10#	2.2275 - 2.3975	2.0750 - 2.2450	2.0200 - 2.1900	1.9700 - 2.1400	1.8525 - 2.0225	2.1013	2.1085
-- Grade A Swiss Cuts 6 - 9#	2.3500 - 2.5100	2.3500 - 2.5100	2.3500 - 2.5100	2.3800 - 2.5100	2.3800 - 2.5100	2.4364	2.4062

FLUID AND DRY PRODUCTS

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

-- Northeast - f.o.b	1.8734 - 2.0249	1.7532 - 1.9272	1.7685 - 1.9710	1.6668 - 1.9088	1.6161 - 1.8377	1.8287	3.6473
-- Atlanta - dlvd. equiv.	1.8596 - 2.0112	1.7670 - 1.9272	1.7820 - 1.9440	1.6803 - 1.9088	1.6291 - 1.8246	1.8281	3.6431
-- Upper Midwest - f.o.b	1.8155 - 1.9836	1.7822 - 1.9272	1.7955 - 1.9170	1.7475 - 1.9356	1.7157 - 1.8507	1.8447	3.5906

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

-- Northeast - f.o.b	0.9000 - 1.2200	1.1800 - 1.2500	1.1800 - 1.2500	1.1600 - 1.2500	1.1600 - 1.5000	1.2124	0.9298
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SPOT PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)

-- Northeast - f.o.b	1.3500 - 1.5000	1.3500 - 1.5000	1.3500 - 1.5000	1.3500 - 1.5000	1.3500 - 1.5000	1.4250	N.A.
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WISCONSIN FLUID MILK SHIPMENTS

-- Loads Shipped from Wisconsin Shipping Points	51	41	41	35	35	203	255
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NATIONAL EVAPORATED MILK (\$ per Case)

(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	23.6200 - 33.0000	23.6200 - 33.0000	24.6800 - 33.0000	24.6800 - 33.0000	24.6800 - 33.0000	28.6633	28.3100

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

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	1999	1998
	SEP 01 - 03	SEP 06 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30	Average	Average
						or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Low/Medium Heat	:: 1.0300 - 1.0650	:: 1.0300 - 1.0700	:: 1.0300 - 1.0700	:: 1.0250 - 1.0700	:: 1.0250 - 1.0700	:: 1.0486	:: 1.1007
-- Mostly	:: 1.0350 - 1.0550	:: 1.0350 - 1.0550	:: 1.0350 - 1.0550	:: 1.0350 - 1.0550	:: 1.0300 - 1.0550	:: 1.0445	:: 1.0814
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.0000 - 1.0350	:: 1.0050 - 1.0300	:: 1.0050 - 1.0325	:: 1.0050 - 1.0325	:: 1.0050 - 1.0325	:: 1.0183	:: 1.0944
-- Mostly	:: 1.0100 - 1.0200	:: 1.0100 - 1.0250	:: 1.0100 - 1.0250	:: 1.0100 - 1.0250	:: 1.0100 - 1.0250	:: 1.0171	:: 1.1057
-- High Heat	:: 1.0300 - 1.0550	:: 1.0400 - 1.0450	:: 1.0400 - 1.0450	:: 1.0400 - 1.0450	:: 1.0400 - 1.0500	:: 1.0430	:: 1.1311
-- Northeast (f.o.b.)							
-- Low/Medium Heat	:: 1.0300 - 1.0700	:: 1.0300 - 1.0700	:: 1.0300 - 1.0700	:: 1.0400 - 1.0700	:: 1.0500 - 1.0700	:: 1.0531	:: 1.0857
-- Mostly	:: 1.0500 - 1.0600	:: 1.0500 - 1.0600	:: 1.0500 - 1.0600	:: 1.0500 - 1.0600	:: 1.0500 - 1.0600	:: 1.0550	TFEWR
-- High Heat	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0600 - 1.1100	:: 1.0800 - 1.1100	:: 1.0800 - 1.1100	:: 1.0893	:: 1.1138
-- Mostly	:: 1.0600 - 1.0900	:: 1.0600 - 1.0900	:: 1.0600 - 1.0900	:: 1.0800 - 1.0900	:: 1.0800 - 1.0900	:: 1.0793	:: 1.1090
-- Southeast (Del vd)							
-- Extra & Grade A	:: 1.0600 - 1.1300	:: 1.0650 - 1.1300	:: 1.0650 - 1.1300	:: 1.0650 - 1.1300	:: 1.0600 - 1.1300	:: 1.0967	:: 1.1193
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)							
-- Mostly	:: 0.2000 - 0.2250	:: 0.2000 - 0.2250	:: 0.2000 - 0.2250	:: 0.2000 - 0.2125	:: 0.1800 - 0.2125	:: 0.2079	:: 0.2840
-- West (f.o.b.)							
-- Mostly	:: 0.1725 - 0.1950	:: 0.1775 - 0.2000	:: 0.1775 - 0.2050	:: 0.1800 - 0.2050	:: 0.1800 - 0.2050	:: 0.1902	:: 0.2470
-- Northeast Extra Grade (f.o.b.)							
-- Mostly	:: 0.1775 - 0.1800	:: 0.1775 - 0.1875	:: 0.1825 - 0.1900	:: 0.1850 - 0.1900	:: 0.1875 - 0.1950	:: 0.1857	:: 0.2400
-- Northeast Usph Grade A (f.o.b.)							
-- Mostly	:: 0.2000 - 0.2200	:: 0.2025 - 0.2150	:: 0.1900 - 0.2150	:: 0.1900 - 0.2125	:: 0.1900 - 0.2125	:: 0.2042	:: 0.2825
-- Southeast Extra Grade (Del vd)							
-- Mostly	:: 0.2400 - 0.2600	:: 0.2400 - 0.2600	:: 0.2400 - 0.2600	:: 0.2125 - 0.2500	:: 0.2125 - 0.2500	:: 0.2420	:: 0.2900
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.4000 - 0.4700	:: 0.4000 - 0.4700	:: 0.4000 - 0.4850	:: 0.4050 - 0.4850	:: 0.4050 - 0.4650	:: 0.4392	:: 0.6090
-- Mostly	:: 0.4300 - 0.4600	:: 0.4300 - 0.4600	:: 0.4300 - 0.4600	:: 0.4300 - 0.4600	:: 0.4300 - 0.4600	:: 0.4450	:: 0.6104
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1475 - 0.1950	:: 0.1475 - 0.1975	:: 0.1475 - 0.1975	:: 0.1475 - 0.1975	:: 0.1475 - 0.1975	:: 0.1723	:: 0.2552
-- Standard	:: TFEWR	:: TFEWR	:: 0.2277				
-- Roller Ground	:: 0.1775 - 0.2100	:: 0.1775 - 0.2125	:: 0.1775 - 0.2125	:: 0.1775 - 0.2125	:: 0.1775 - 0.2125	:: 0.1948	:: 0.2935
-- Delactose	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2600 - 0.3150	:: 0.2875	:: 0.3440
-- Northeast (f.o.b.)							
-- Milk Replacer	:: TFEWR	:: TFEWR	TFEWR				
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)							
-- West (f.o.b.)	:: 0.7400 - 0.8200	:: 0.7400 - 0.8200	:: 0.7600 - 0.8200	:: 0.7900 - 0.8300	:: 0.7950 - 0.8400	:: 0.7967	:: 0.9781
-- Mostly	:: 0.7000 - 0.7800	:: 0.7200 - 0.7800	:: 0.7100 - 0.7800	:: 0.7100 - 0.7900	:: 0.7100 - 0.7900	:: 0.7474	:: 0.9914
-- Northeast (f.o.b.)							
-- Mostly	:: 0.7100 - 0.7600	:: 0.7200 - 0.7600	:: 0.7200 - 0.7600	:: 0.7200 - 0.7600	:: 0.7200 - 0.7600	:: 0.7393	:: 0.9819
-- Southeast (Del vd)							
-- Mostly	:: 0.7500 - 0.8000	:: 0.7500 - 0.8000	:: 0.7500 - 0.8400	:: 0.7800 - 0.8400	:: 0.8000 - 0.8400	:: 0.7967	:: 0.9708
WHOLE MILK POWDER							
-- National							
-- National (f.o.b.)	:: 1.3300 - 1.6000	:: 1.4000 - 1.7000	:: 1.4000 - 1.7000	:: 1.3800 - 1.7100	:: 1.3800 - 1.7100	:: 1.5357	:: 1.6854
LACTOSE							
-- Central And West (f.o.b.)							
-- Mostly	:: 0.1800 - 0.2300	:: 0.1800 - 0.2300	:: 0.1800 - 0.2300	:: 0.1800 - 0.2300	:: 0.1700 - 0.2300	:: 0.2040	:: 0.2011
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 1.7500 - 1.9000	:: 1.7500 - 1.9000	:: 1.7500 - 1.9000	:: 1.7500 - 1.9000	:: 1.7500 - 1.9000	:: 1.8250	:: 2.0750
-- Nonrestricted - Acid	:: 1.7800 - 1.9000	:: 1.7800 - 1.9000	:: 1.7800 - 1.9000	:: 1.7800 - 1.9000	:: 1.7800 - 1.9000	:: 1.8400	:: 2.0250

1/ Prices for all products 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.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR SEPTEMBER 1999

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	1999 *	1998 *
	SEP 1 - 3	SEP 6 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA		#					
--Monday			1.3500	1.3200	1.2575		
--Tuesday							
--Wednesday	1.3300	1.3500	1.3450	1.3000	1.2275		
--Thursday							
--Friday	1.3400	1.3500	1.3375	1.2900		##	N. A.
--Weekly Average**	1.3383	1.3500	1.3442	1.3033	---		
CHEESE*							
-- BARRELS		#					
--Monday			1.5000	1.4950	1.4525		
--Tuesday		1.5500	1.4950	1.4875	1.4375		
--Wednesday	1.6000	1.5400	1.4950	1.4775	1.4250		
--Thursday	1.5900	1.5150	1.4950	1.4725	1.4250		
--Friday	1.5900	1.5000	1.4950	1.4550		1.4996	1.6937
--Weekly Average**	1.6115	1.5263	1.4960	1.4775	---		
-- 40# BLOCKS		#					
--Monday			1.7000	1.5750	1.5000		
--Tuesday		1.7000	1.6900	1.5500	1.4975		
--Wednesday	1.7500	1.7400	1.6700	1.5375	1.4975		
--Thursday	1.7000	1.7050	1.6425	1.5350	1.4750		
--Friday	1.7000	1.7000	1.6000	1.5200		1.6183	1.7165
--Weekly Average**	1.7670	1.7113	1.6605	1.5435	---		
NONFAT DRY MILK*							
-- EXTRA GRADE		#					
--Monday			1.0300	1.0300	1.0300		
--Tuesday		1.0300	1.0300	1.0300	1.0300		
--Wednesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Thursday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Friday	1.0300	1.0300	1.0300	1.0300		1.0300	1.1463
--Weekly Average**	1.0300	1.0300	1.0300	1.0300	---		
-- 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	1.0300		
--Thursday	1.0500	1.0500	1.0500	1.0500	1.0300		
--Friday	1.0500	1.0500	1.0500	1.0500		1.0481	1.1542
--Weekly Average**	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.
 # CME closed for observance of Labor Day.
 ## No monthly average calculated to avoid confusion with the average used by Federal orders.

AUGUST 1999 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY - AUGUST 1999		28,308		
09/02	CARIBBEAN, CENT & S. AM	276	SEP-NOV	\$1,002.83
09/03	AFRICA & MIDDLE EAST	100	SEP-OCT	\$1,050
09/08	AFRICA & MIDDLE EAST	504	SEP-OCT	\$1,050
09/09	AFRICA & MIDDLE EAST	504	OCT-JAN	\$1,050
09/10	AFRICA & MIDDLE EAST	300	SEP-FEB	\$1,050
09/10	CARIBBEAN, CENT & S. AM	668	SEP-MAR	\$990.54
09/13	CARIBBEAN, CENT & S. AM	120	SEP-MAR	\$1,010
09/14	AFRICA & MIDDLE EAST	72	SEP-DEC	\$1,050
09/14	CARIBBEAN, CENT & S. AM	4,518	SEP-DEC	\$990
09/15	CARIBBEAN, CENT & S. AM	500	SEP	\$990
09/15	ASIA & FSU	35	SEP-DEC	\$1,000
09/16	CARIBBEAN, CENT & S. AM	400	SEP-DEC	\$1,010
09/17	ASIA & FSU	300	SEP-MAR	\$995
09/17	CARIBBEAN, CENT & S. AM	17	SEP-NOV	\$990
09/20	AFRICA & MIDDLE EAST	200	SEP-FEB	\$1,010
09/21	CARIBBEAN, CENT & S. AM	227	SEP-DEC	\$965
09/23	AFRICA & MIDDLE EAST	175	OCT-DEC	\$990
09/23	CARIBBEAN, CENT & S. AM	102	SEP-NOV	\$960
09/24	CARIBBEAN, CENT & S. AM	3,000	OCT-NOV	\$910
09/29	CARIBBEAN, CENT & S. AM	300	SEP-FEB	\$960
09/30	CARIBBEAN, CENT & S. AM	2,645	OCT-DEC	\$911.89
09/30	ASIA & FSU	3,000	JAN-APR	\$950
SEPTEMBER 1 - 30, 1999		<u>17,963</u>		
WHOLE MILK POWDER				
JULY - AUGUST 1999		28		
09/20	CARIBBEAN, CENT & S. AM	31	OCT-FEB	\$1,450
09/22	CARIBBEAN, CENT & S. AM	17	SEP-OCT	\$1,450
09/30	CARIBBEAN, CENT & S. AM	2,000	SEP-JUN	\$1,450
SEPTEMBER 1 - 30, 1999		<u>2,048</u>		
CHEESE				
JULY - AUGUST 1999		326		
09/09-M	AFRICA & MIDDLE EAST	20	OCT-MAR	\$1,600
09/10-M	AFRICA & MIDDLE EAST	22	SEP-NOV	\$1,600
09/13-C	CARIBBEAN, CENT & S. AM	76	SEP-MAY	\$1,570
09/13-M	AFRICA & MIDDLE EAST	22	SEP-NOV	\$1,600
09/15-M	AFRICA & MIDDLE EAST	242	SEP-MAY	\$1,600
09/21-P	CARIBBEAN, CENT & S. AM	171	SEP-NOV	\$1,545
09/28-V	AFRICA & MIDDLE EAST	3	SEP-DEC	\$1,500
SEPTEMBER 1 - 30, 1999		<u>556</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V - VARIETAL				
BUTTERFAT				
JULY - AUGUST, 1999		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
PROGRAM TO DATE				
TOTAL MT				49,229
TOTAL BONUS VALUE				\$52,292,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**
 ** On May 13, 1999, Sec. Glickman reallocated an additional 20,000 MT of NDM, 7,500 MT of Whole Milk Powder & 1,270 MT of Cheese for the current program year.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
JUN 1999	163.6	2.2	156.1	5.4	149.6	3.6	159.9	7.4	143.9	7.5	147.2	0.6
JUL 1999	163.8	2.1	155.7	5.1	148.7	3.6	159.4	5.4	147.7	-2.9	147.3	0.3
AUG 1999	164.2	2.0	156.5	4.0	149.5	1.3	162.7	6.5	148.7	-7.1	148.5	0.2
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Dollars											
JUNE	2.704	2.622	2.640	2.552	2.648	2.613	3.779	3.516	3.672	3.432	3.306	3.051
JULY	2.706	2.628	2.628	2.540	2.670	2.879	3.736	3.636	3.603	3.440	3.238	3.133
AUGUST	2.719	2.717	2.624	2.569	2.722	2.985	3.866	3.479	3.763	3.575	3.250	3.147

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

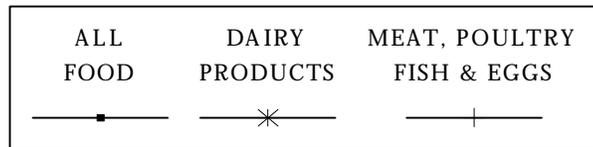
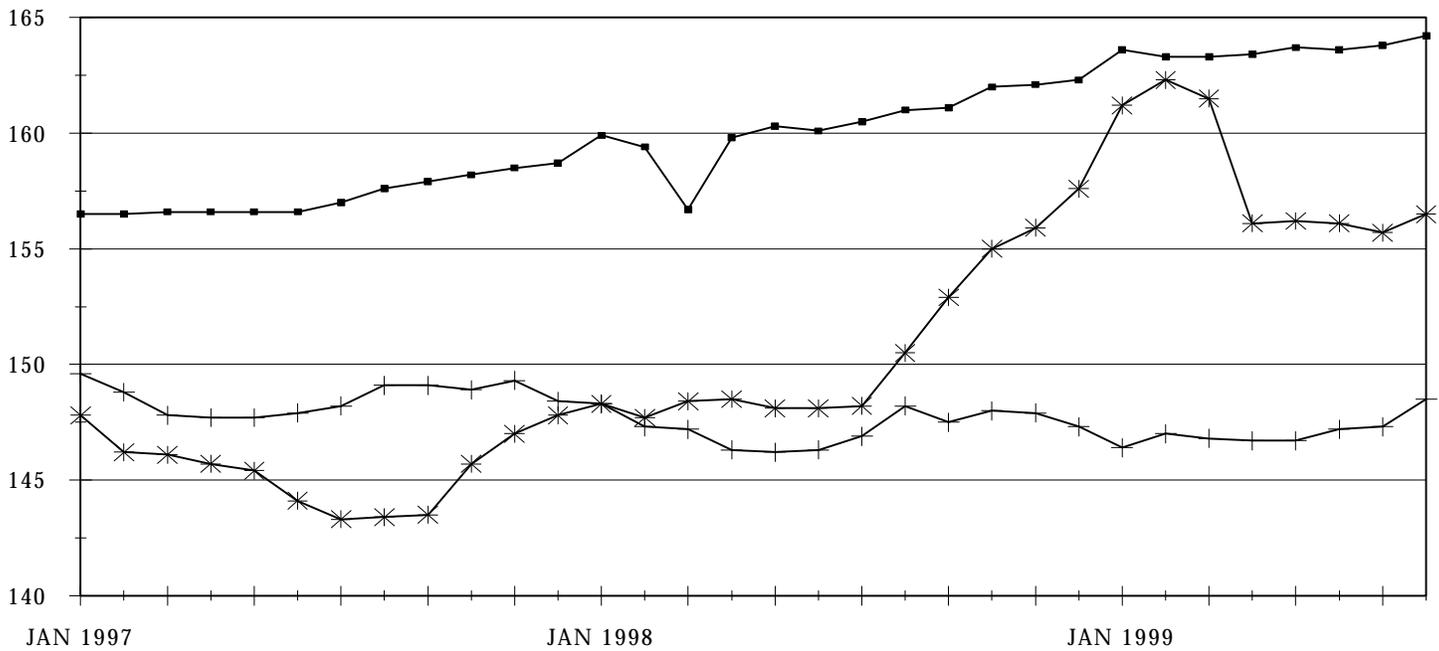
COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—MAY-JULY AND YEAR-TO-DATE 1998-99 ^{1/}

Item	May-Jul.	Percent	May-Jul.	Percent	Jan.-Jul.	Percent	Jan.-Jul.	Percent
	1998	change ^{4/}	1999	change ^{4/}	1998	change ^{4/}	1999	change ^{4/}
	Million Pounds							
MILK								
Production	40,473	0.0	41,460	2.4	93,152	0.5	95,928	3.0
Marketings	40,130	0.1	41,132	2.5	92,361	0.5	95,173	3.0
Beginning Commercial Stocks ^{2/}	6,554	-6.4	8,362	27.6	4,889	3.9	5,274	7.9
Imports ^{2/}	1,282	111.2	1,104	-13.9	2,276	67.6	2,562	12.6
Total Supply ^{3/}	47,966	0.5	50,598	5.5	99,526	1.6	103,009	3.5
Ending Commercial Stocks ^{2/}	6,565	-10.7	9,435	43.7	6,565	-10.7	9,435	43.7
Net Removals ^{2/}	53	-84.6	64	20.8	288	-41.8	171	-40.6
Commercial Disappearance ^{3/}	41,348	3.3	41,099	-0.6	92,673	2.9	93,403	0.8
SELECTED PRODUCTS ^{5/}								
Butter	264.9	4.3	284.0	7.2	657.8	3.0	649.3	-1.3
American Cheese	850.0	2.7	820.4	-3.5	1,943.8	2.7	1,995.2	2.6
Other Cheese	1,099.4	2.9	1,148.3	4.4	2,488.3	2.6	2,591.7	4.2
Nonfat Dry Milk	201.6	-18.6	177.0	-12.2	502.1	-12.8	452.6	-9.9
Fluid Milk Products ^{6/}	13,373.9	-0.2	13,511.9	1.0	31,812.6	-0.6	32,134.5	1.0

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

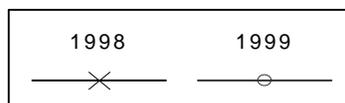
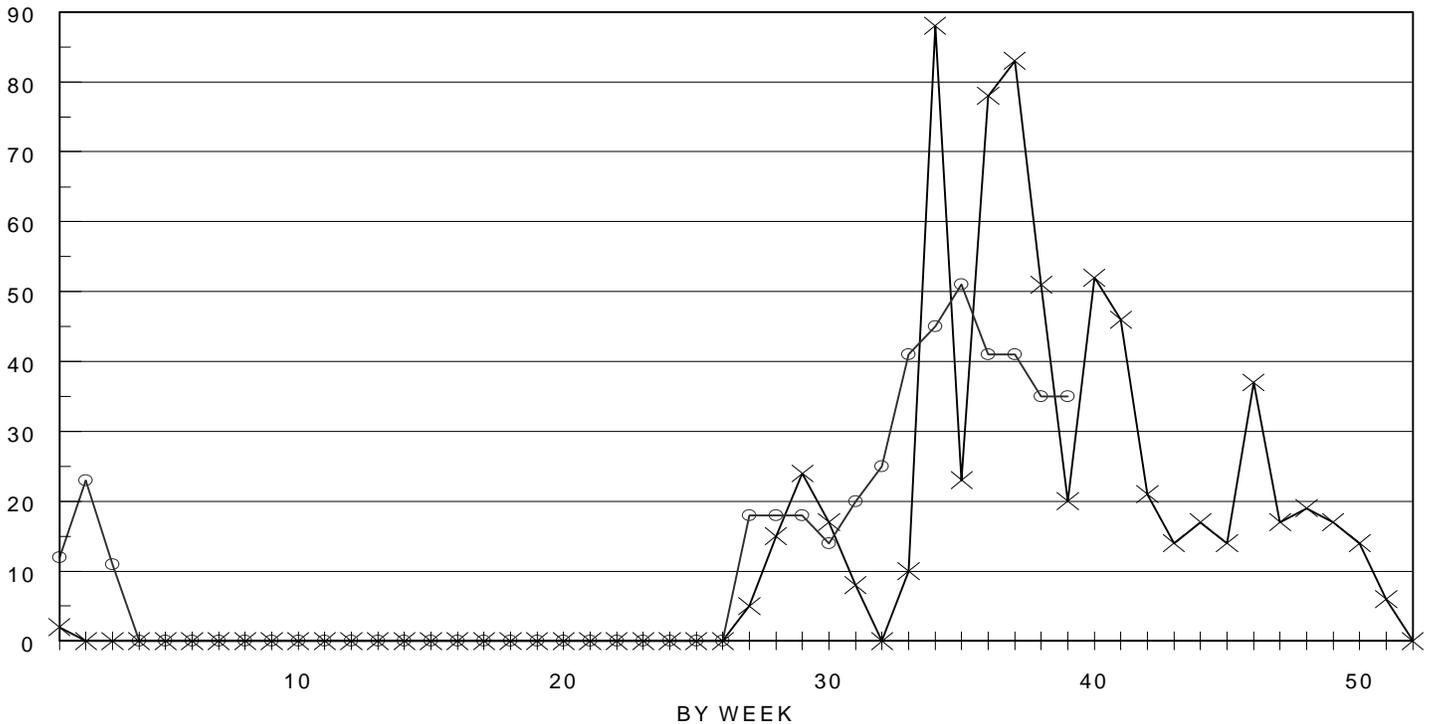
CONSUMER PRICE INDEX

PERCENT



FROM: U.S. DEPT OF LABOR, BLS "PRODUCER PRICE INDEX"
1982-1984= 100

WISCONSIN SPOT MILK SHIPMENTS



CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF SEPTEMBER 27 - 30, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 09/24/99	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	2,499,444	714,177	1,785,267	183,180,851	121,272,543	-0-	42,802,000
Fortified	661,046	-0-	661,046	2,884,452	-0-	-0-	-0-
TOTAL	3,160,490	714,177	2,446,313	186,065,303	121,272,543	-0-	42,802,000

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 27 - 30, 1999 =	0.5	28.5	COMPARABLE WEEK IN 1998 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1998 =	40.9	2,165.8	CUMULATIVE SAME PERIOD LAST YEAR =	26.7
CUMULATIVE JANUARY 1 - SEPTEMBER 30, 1999 =	40.9	2,165.8	COMPARABLE CALENDAR YEAR 1998 =	25.0

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

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

CCC ADJUSTED PURCHASES FOR THE WEEK OF SEPTEMBER 27 - 30, 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-	1,785,267	661,046	
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	11,550,729	8.3	9.6
WEST	-0-	-0-	-0-	-0-	170,539,392	109,435,271	91.7	90.2
EAST	-0-	-0-	-0-	-0-	90,940	286,543	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	186,065,303	121,272,543	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 09/11/99 & Comparable Week 1998 1/2/

Regions*	U.S. TOTAL										WEEK SINCE JAN 1:	WEEK SINCE JAN 1:
	1	2	3	4	5	6	7	8	9	10		
1999-Dairy cows HD (000)	0.2	0.8	5.8	4.9	16.1	2.5	2.3	0.6	9.0	2.3	44.5	1,788.2
1998-Dairy cows HD (000)	0.2	1.4	5.1	4.7	15.6	2.4	2.5	0.8	8.4	2.3	47.9	46.1
1999-All cows HD (000)	0.2	1.0	8.0	11.9	23.2	12.9	15.6	3.5	10.8	5.8	92.8	3,879.0
1998-All cows HD (000)	0.3	1.4	7.0	14.8	21.7	17.8	15.5	4.4	10.5	5.8	99.2	4,093.8

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.

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.

CCC MARKET PRICE PURCHASES 9/29

MOZZARELLA

OCTOBER DELIVERY

MOZZARELLA LMPS	1,008,000	\$1.5150-1.7350
MOZZARELLA LITE SHRED	40,320	\$1.8900

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	13.59	15.79				