

2000 OFFICIAL MONTHLY AVERAGE RELEASE TIMES

<u>MONTH</u>	<u>RELEASE DAY AND TIME *</u>
JANUARY	FRI, FEB 4 @ 9:00AM
FEBRUARY	FRI, MAR 3 @ 9:00AM
MARCH	MON, APR 3 @ 9:00AM
APRIL	MON, MAY 1 @ 9:00AM
MAY	FRI, JUN 2 @ 9:00AM
JUNE	MON, JUL 3 @ 9:00 AM
JULY	FRI, AUG 4 @ 9:00AM
AUGUST	FRI, SEP 1 @ 9:00AM
SEPTEMBER	MON, OCT 2 @ 9:00AM
OCTOBER	FRI, NOV 3 @ 9:00AM
NOVEMBER	FRI, DEC 1 @ 9:00AM
DECEMBER	TUE, JAN 2, 2001 @ 9:00AM

* Central Time. Release times may vary, depending on CME cash trading dates.

Federal Milk Order Reform Price Information

Release Dates for Price Data

Listed below are the release dates for price data applicable to January through December 2000, for the new Federal milk order reform pricing system. The advance pricing factors will be released on the Friday before the 23rd of the month unless this date is a Friday. (Since NASS will be releasing a "Dairy Product Prices" report on Thursday, December 23, the January Advanced Prices and Pricing Factors will be released on this date.) Likewise, the price information to be released by the 5th of the month will be released on the Friday before this date unless this date is a Friday. The release time for all release dates, except December 23, is 10:30 a.m. EST/EDST. For 12/23, the release time is 3:00 p.m. EST.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices <u>1/</u>	Release Date	Time Period of NASS Prices <u>1/</u>
January	December 23	12/11, 18	February 4	1/1, 8, 15, 22, 29
February	January 21	1/8, 15	March 3	2/5, 12, 19, 26
March	February 18	2/5, 12	March 31	3/4, 11, 18, 25
April	March 17	3/4, 11	May 5	4/1, 8, 15, 22, 29
May	April 21	4/8, 15	June 2	5/6, 13, 20, 27
June	May 19	5/6, 13	June 30	6/3, 10, 17, 24,
July	June 23	6/10, 17	August 4	7/1, 8, 15, 22, 29
August	July 21	7/8, 15	September 1	8/5, 12, 19, 26
September	August 18	8/5, 12	September 29	9/2, 9, 16, 23
October	September 22	9/9, 16	November 3	9/30, 10/7, 14, 21, 28
November	October 20	10/7, 14	December 1	11/4, 11, 18, 25
December	November 17	11/4, 11	January 5	12/2, 9, 16, 23, 30

1/ Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

From: www.ams.usda.gov/dairy/fmo_release.htm

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/17):
BUTTER: Grade AA closed at \$0.9050. The weekly average for Grade AA is \$0.9050 (-.0017).

CHEESE: Barrels closed at \$1.1500 and blocks at \$1.1475. The weekly average for barrels is \$1.1780 (+.0460) and blocks, \$1.1810 (+.0340).

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

BUTTER: The market tone is unsettled. Contacts expect price declines in the near future as more cream will be available during the holiday period. Many Class II cream users will be closed for up to two weeks which will force more cream into churning facilities. Demand for butter has, for the most part, reached its holiday peak. Most Christmas/New Year's orders should be "in store" by now. The call for bulk, particularly frozen, is just fair. Print sales are good, spurred by lower prices and widespread feature activity. Bulk and print butter stocks are fully adequate to ample for current needs.

CHEESE: The cheese market is weak. Cash cheese prices had been firm early in the week, but were falling by midweek and lost most of the recent advances. Cheese cutters remain very active, but with the upcoming holiday period, bulk cheese volumes needed will decline. Delivery schedules are also interrupted during the holidays. Most manufacturing plants are scheduling year end holiday surplus milk volumes at prices below class. Cheese production remains well above year ago levels.

FLUID MILK: Milk production is increasing in more areas of the country and, in those areas where output is steady, it is often ahead of year earlier levels. Fluid milk volumes were a little tighter early this week as bottlers prepare for increased retail sales, but also for slower school lunch needs. Surplus milk volumes are expected to be much heavier over the holiday period, but most contacts expect no problem processing it. There are reports that some manufacturing facilities will run themselves out of milk and clean up on December 31. They would restart shortly after the new year, just in case Y2K does create problems. The processing-time lost, could cause milk volumes to back up more than expected.

DRY PRODUCTS: The market tones for most dry, dairy products are typical for this time of year. However, some extra shipments of NDM and dry whey have been noted as users, on the slight chance that Y2K will bring problems, are taking care to have some on hand. The NDM market is steady to weaker. Most producers expect significant increases in surplus milk volumes over the next two weeks. The dry whey market is mostly steady with prices across the country somewhat mixed. Stocks are generally well balanced, but output is expected to increase during the next two weeks when more milk is available. The lactose and WPC market tones are unchanged and prices steady. The dry buttermilk market is showing more signs of weakness and prices are often lower.

CCC: During the week of December 13 - 17, net purchases totaled 8,680,665 pounds of nonfortified and 661,228 pounds of fortified NDM from the West and the Midwest.

SEPTEMBER MAILBOX MILK PRICES (AMS): In September 1999, mailbox milk prices reported for selected Federal milk orders averaged \$15.39 per cwt., \$1.53 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.26, up \$1.41; Southeast, \$16.11, up \$1.92; Midwest, \$15.58, up \$1.61 and West, \$14.77 up \$1.30. Compared to September 1998, mailbox milk prices, on average, decreased \$.93 per cwt.

NOVEMBER MILK PRODUCTION (NASS): Milk production in the 20 major states during November totaled 11.3 billion pounds, up 4.4% from production in these same states in November 1998. October revised production, at 11.6 billion pounds, was up 4.0% from October 1998. The October revision represented a decrease of 0.3% or 29 million pounds from last month's preliminary production estimate. Production per cow averaged 1,458 pounds for November, 51 pounds (3.6%) above November 1998. The number of cows on farms was 7.76 million head, 58,000 head (0.7%) more than November 1998 and 7,000 head more than October 1999.

YEAR 2000 SUPPORT PRICES (FSA): The USDA, FSA announced that the Commodity Credit Corporation purchase prices for butter, NDM, and cheese bought under the Milk Price Support Program will remain unchanged. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, extends the program through calendar year (CY) 2000 at the 1999 support price. The CCC purchase prices for manufactured dairy products remain: butter, \$0.6500; block Cheddar cheese, \$1.1000; barrel cheese, \$1.0700; and nonfortified NDM, \$1.0100. The Secretary of Agriculture is permitted by the Agricultural Market Transition Act to change the purchase prices twice during CY 2000, and will, therefore, review the purchase prices for butter and nonfat dry milk periodically throughout the year, and adjust them if necessary.

OCTOBER FLUID MILK SALES HIGHLIGHTS (AMS): During October, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.2% below the previous year and 0.8% below September 1999 on an adjusted daily average basis. Sales of whole milk products were 1.4% above the previous year; sales of fat-reduced milk products were 1.2% below the previous year. Total fluid milk sales were higher in the Southwest and Far West; lower in the Northeast, Southeast, and Midwest. Total fluid milk sales for the January-October 1999 period were 0.9% higher than the same period last year.

MILK SUPPLY AND USE ESTIMATES (WAOB): Dairy supply and demand forecasts are little changed, but prices are lowered due to weakness in product prices. The role of the Basic Formula Price (BFP) will end effective December 31, 1999, under Federal order reforms currently being implemented. The BFP will be replaced with a Class III price. The average 1999/2000 "Basic Formula/Class III" price will include the BFP for October-December 1999 and the Class III price from January-September 2000.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

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

PRODUCT	MONDAY DECEMBER 13	TUESDAY DECEMBER 14	WEDNESDAY DECEMBER 15	THURSDAY DECEMBER 16	FRIDAY DECEMBER 17	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1900 (+.0250)	\$1.2100 (+.0200)	\$1.1900 (-.0200)	\$1.1500 (-.0400)	\$1.1500 (N.C.)	-.0150	\$1.1780 (+.0460)
40# BLOCKS	\$1.2100 (+.0250)	\$1.2200 (+.0100)	\$1.1800 (-.0400)	\$1.1475 (-.0325)	\$1.1475 (N.C.)	-.0375	\$1.1810 (+.0340)
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	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER							
GRADE AA	\$.9050 (-.0025)	-----	\$.9050 (N.C.)	-----	\$.9050 (N.C.)	-.0025	\$.9050 (-.0017)

*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 will be closed on December 24 and 31.***

CHICAGO MERCANTILE EXCHANGE

MONDAY, DECEMBER 13, 1999

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.2100; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1900; 1 CAR 40# BLOCKS @ \$1.2050; OFFERS UNCOVERED: 2 CARS 40# BLOCKS @ \$1.2100

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

BUTTER -- SALES: 1 CAR @ \$0.9050; BIDS UNFILLED: 4 CARS: 1 @ \$0.9050, 1 @ \$0.8025, 2 @ \$0.8000; OFFERS UNCOVERED: 1 CAR @ \$0.9400

TUESDAY, DECEMBER 14, 1999

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.1900, 2 @ \$1.2000, 1 @ \$1.2100; 1 CAR 40# BLOCKS @ \$1.2200; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1850; OFFERS UNCOVERED: NONE

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

WEDNESDAY, DECEMBER 15, 1999

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.1900, 1 @ \$1.1850; 3 CARS 40# BLOCKS: 2 @ \$1.2000, 1 @ \$1.1800; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.1900, 2 @ \$1.1200; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.2075; 8 CARS 40# BLOCKS: 2 @ \$1.1800, 2 @ \$1.2000, 1 @ \$1.2025, 1 @ \$1.2100, 2 @ \$1.2200

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

BUTTER -- SALES: 3 CARS @ \$0.9050; BIDS UNFILLED: 4 CARS @ \$0.8000; OFFERS UNCOVERED: 5 CARS: 1 @ \$0.9150, 1 @ \$0.9250, 1 @ \$0.9350, 1 @ \$0.9450, 1 @ \$0.9550

THURSDAY, DECEMBER 16, 1999

CHEESE -- SALES: 6 CARS BARRELS: 2 @ \$1.1875, 2 @ \$1.1650, 2 @ \$1.1500; 2 CARS 40# BLOCKS @ \$1.1500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1075; OFFERS UNCOVERED: 4 CARS BARRELS: 2 @ \$1.1875, 2 @ \$1.1900; 5 CARS 40# BLOCKS: 1 @ \$1.1475, 1 @ \$1.1500, 1 @ \$1.1875, 2 @ \$1.1900

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

FRIDAY, DECEMBER 17, 1999

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.1475, 1 @ \$1.1500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1500; 1 CAR 40# BLOCKS @ \$1.1475

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

BUTTER -- SALES: 4 CARS @ \$0.9050; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

USDA ANNOUNCES 2000 SUPPORT PRICES FOR MILK AND MILK PRODUCTS

December 15, 1999 -- The U.S. Department of Agriculture announced today that the Commodity Credit Corporation (CCC) purchase prices for butter, nonfat dry milk, and cheese bought under the Milk Price Support Program will remain unchanged. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000, extends the program through calendar year (CY) 2000 at the 1999 support price of \$9.90 per hundredweight (cwt) of milk with an annual average milkfat content of 3.67 percent.

The CCC purchase prices for these manufactured dairy products remain as follows: butter, \$0.6500 per pound; block Cheddar cheese, \$1.1000 per pound; barrel cheese, \$1.0700 per pound; and nonfat dry milk, \$1.0100 per pound.

The Secretary of Agriculture is permitted by the Agricultural Market Transition Act to change the purchase prices twice during CY 2000, and will, therefore, review the purchase prices for butter and nonfat dry milk periodically throughout the year, and adjust them if necessary.

There are currently no uncommitted inventories of butter, nonfat dry milk, or cheese. Further terms and conditions for purchases of dairy products will be contained in subsequent announcements.

NOTE: Farm Service Agency (FSA) news releases and media advisories are available on the World Wide Web at FSA's Home Page: <http://www.fsa.usda.gov/pas/news/releases/index.htm>

BUTTER MARKETS

NORTHEAST

The market tone is fairly steady. However, many contacts feel that this leveling of prices is only temporary and prices will start to move lower once Christmas/New Year's orders have been filled. Churning activity is starting to increase as surplus milk supplies increase along seasonal patterns. Butter stocks are more than ample to meet current needs. Fresh butter is readily available and frozen stocks remain very heavy. Retail orders are improving as the holiday baking season is in full swing. Also, retail features are more prevalent. Food service orders are holding up at typically good, late-December levels.

CENTRAL

Butter markets remain generally weak. Holiday demand is clearing good volumes, but supplies are more than adequate to meet needs. Churning activity is moderate despite milk and cream supplies starting to increase. Demand for cream is also seasonally high and keeping clearances to butter plants lighter than expected. However, butter makers, from a historical stand point, are expecting more cream to be offered during the last couple weeks of the year. Widespread retail features are in effect. Coupled with the traditional home baking season, retail butter sales are improved. Food service orders are holding up quite well.

WEST

Food service orders for print butter are excellent compared to the last few years. The generally strong economy is helping to spur additional restaurant sales activity. Features on print butter are stimulating additional sales at the retail level also. Demand is rated as excellent for the holiday season. Contacts are somewhat concerned about the sales potential for the first quarter of 2000. They don't see quite the same strength from the demand side. Butter production in the region is heavy. Cream offerings range from ample to burdensome. A number of manufacturing plants are making more butter than they really want to, but the cream needs to be processed. Fresh and frozen butter inventories are sufficient for all trade needs.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCK-LOAD 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			
DECEMBER 11	1.1142 4,536,716	1.0909 8,103,490	1.0127 18,063,623	0.9524 2,734,943	0.1868 8,742,532

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

CHEESE MARKETS

NORTHEAST

Prices have rebounded slightly, but the market tone is, for the most part, unchanged. Some contacts note that the recent price upturn is a result of continued good demand and some companies trying to lessen year-end inventory value "write downs." Other contacts wonder if these higher prices can be held through the holidays and into the new year. Cheese production is increasing as milk supplies move up seasonally. Cheddar stocks are fully adequate for current needs. Holiday gift pack items continue to move quite well, but are slowing as most orders have been filled. Mozzarella sales are holding up very well, but may slow as colleges start winter breaks. Retail sales are steady and food service orders are good as restaurants experience good business during this Christmas shopping season.

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

Cheddar 10# Prints	:	1.1625-1.6525
Cheddar Single Daisies	:	1.1425-1.6025
Cheddar 40# Block	:	1.2875-1.4650
Process 5# Loaf	:	1.3450-1.4950
Process 5# Sliced	:	1.3650-1.5975
Muenster	:	1.3450-1.6475
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Cash cheese prices at the CME had been increasing for about a week, but traders are concerned how long before buyers and producers may try to reduce inventory for year end considerations. Some traders express the feeling that producer reaction to recent declines in milk prices (BFP of \$9.79) and a second large inventory write down during the calendar year are also contributing factors in the recent strength. Natural interest in general remains seasonally good. Cutting schedules remain strong. Natural cheese orders for next week appear more irregular. Process interest is mixed but ranges from fair to good. Current barrel interest is generally good. Many buyers continue to be shorted on orders of domestic blue, but imported product is helping to bridge the gap. Cheese inventories seem to be declining for producers, while aging programs remain fairly active for next year's needs. Cheese production remains seasonally heavy.

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

Process American 5# Loaf	:	1.3125-1.6800
Brick And/Or Muenster 5#	:	1.5600-1.7075
Cheddar 40# Block	:	1.5075-2.1150
Monterey Jack 10#	:	1.6925-2.1150
Blue 5#	:	1.8425-2.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5775-2.2150
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	:	DECEMBER 13 - 17, 1999
BARRELS*	:	\$1.1325 - 1.2100 (NOMINAL)
	:	(\$0.0250) (.0800)
40# BLOCKS	:	\$1.1475 - 1.2200 (NOMINAL)
	:	(\$0.0275) (.0650)
() Change from previous week. * If steel, barrel returned.		

WEST

Natural and process cheese prices are firming in response to trading activity at the CME. Most contacts are a little surprised at the strength noted with milk and cheese production as heavy as they are. The betting from the West is that prices will soften as holiday needs are covered. Some buyers are scaling up purchases to beat the possibility of further price increases. Other buyers are thinking that the current market is only temporary and that it will soften again in the near future so they are holding off on making purchases until the market turns again. Swiss sales activity is rated as excellent for the year end holidays. Mozzarella demand is very good with buyers from other regions looking for additional product in the West with only limited success. Good quality is very hard to find and it is expensive, but demand for it is excellent.

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

Process 5# Loaf	:	1.2875-1.5475
Cheddar 40# Block	:	1.2675-1.4075
Cheddar 10# Cuts	:	1.4475-1.6675
Monterey Jack 10#	:	1.4575-1.6275
Grade A Swiss Cuts 6 - 9#	:	2.2700-2.4500

FOREIGN

Prices for domestically made cheeses are up as CME trading levels have been on an upturn since last week. Prices for imported types are mostly unchanged. The holidays often see improvement in consumption of traditional cheeses. Distributors are maintaining inventories as light as possible for year end considerations. Food service orders are holding up as restaurants experience good business at this time of year. Retail movement is fair to good.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4975-2.0975*
Gorgonzola	: 3.2400-5.9400	: 2.0475-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9075-2.9325*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5075-1.7875*
Romano (Cows Milk)	: -0-	: 2.6700-4.8550
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -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
12/13/99	5,878	: 104,083
12/01/99	6,193	: 110,847
CHANGE	-315	: -6,764
% CHANGE	-5	: -6

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced November 1999 uniform (blend) prices: Federal Order (F.O.) 1 is \$15.41; F.O. 2, \$14.52; F.O. 4, \$15.72; F.O. 36, \$15.24; and Western NY Milk Market Area, \$14.49. Milk production is increasing more rapidly in Florida and other Southeastern states. Output in the Middle Atlantic and the Northeast is increasing, but at more seasonal rates. Fluid milk supplies are reported as tight early this week, but most long time contacts know, this tight supply will quickly turn around when bottling plant schedules slow later this week. Most manufacturing plant contacts are bracing themselves for the surge of surplus milk during the next two weeks. Most are well prepared and expect little problem clearing all the milk. Bottling schedules are heavy in all areas of the East as bottlers fill next week's orders. However, school lunch needs will drop off to just about zero early next week and hold there until the New Years' weekend. Florida is not taking in any Northeastern milk and only a portion of committed loads from nearby states. Handlers in other Southeastern states are in their last week of taking the 28 non-pooled milk from the Midwest. A year ago, Florida handlers brought in 40 loads and about 40-45 additional loads went into other Southeastern states. Manufacturing plants are running well below capacity, but contacts do expect heavy volumes of surplus milk over the holiday period. Condensed skim prices have moved lower for Class II while unchanged to lower for Class III. Demand for both classes is slow to fair. The fluid cream market is quite firm early this week, but suppliers almost all note the demand drops off significantly after Thursday. Currently, supplies are termed as tight, but loosening quickly. Prices are steady to lower as there was little change in both the CME average and multiples. Some distressed cream is being offered around as many ice cream plants will be down for various periods of time and cream suppliers are looking for outlets during the holidays. Cream cheese output is holding up very well. Bottled cream sales are seasonally good. Egg nog production is in full swing and should hold at these levels until early next week. Churning activity is moderate to heavier.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.1606-1.2694
DELIVERED EQUIVALENT ATLANTA	-	1.1606-1.2694 M 1.1787-1.2331
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.1606-1.2512

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0500-1.2500
NORTHEAST- CLASS III - SPOT PRICES	- .9000-9500

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 10 - 16, 1999	14
PREVIOUS WEEK	14
COMPARABLE WEEK IN 1998	14

DESTINATIONS: MISSOURI 14

Class I demand is irregular, generally steady, but heavier where feature activity is underway or soon to start. Besides the loads reported above, another 5 loads of Wisconsin milk are direct shipped to Missouri along with 13 loads to Kentucky and 17 loads to Georgia and pooled under a Southern federal order to supplement local offerings. Manufacturing milk interest is generally moderate though spot offerings at the current time are light. Spot manufacturing milk demand runs in the \$1.35 to \$1.70 over area. Milk handlers and others have been trying to set up plant commitments for anticipated year end surplus milk supplies. Many firms try to secure space ahead of time to keep from being forced to take sharply discounted last chance prices that occur during the period. Many plants are trying to keep a little extra breathing space while picking up some extra loads. Milk receipts seem to be increasing more consistently, some reports of a larger number of late year cow freshenings are affecting some local facility's receipts. Overall, milk quality has improved and fat and protein tests are seasonal. A few operations are trying to weed out the quality problem

producers to give them adequate time to find a new buyer. The initial estimated milk production in selected Midwestern states compared with 1998 is: Wisconsin 1.8 billion pounds, off 6 million pounds (0.3%); Minnesota 752 million pounds, up 14 million pounds (1.9%); Michigan 440 million pounds, up 5 million pounds (1.1%), and Iowa 305 million pounds, down 7 million pounds (2.2%). Snow is not widespread in the upper tier of states though temperatures have recently become more seasonal.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 43.00	\$ 29.00- 34.00
REPLACEMENT HEIFER CALVES	\$240.00-350.00	\$170.00-230.00

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

	DEC 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 43.00	\$ 29.00- 38.00

W E S T

U.S. milk production in the 20 states surveyed totaled 11.3 billion pounds in November, 4.4% higher than November 1998. Production levels were steady or higher in 13 of the 20 states. October 1999 production was revised lower to 4.0% above 1998 levels. Cow numbers in November were 7.755 million head, up 58,000 (+0.8%) from a year ago. Milk per cow was 3.6% higher. November output in the five Western states surveyed compared to 1998 is: Arizona, +7.2%; California, +12.1%; Idaho, +14.9%; New Mexico, +11.7%; and Washington, +2.1%. Conditions remain favorable for milk production gains across the Southwest. The weather and feed conditions continue to be positive influences on milk increases in the region. Concerns continue to be expressed by contacts about processors who plan to stop operations late on December 31. The goal of these processors will be to shut the plant down on the 31st and have no production going and all processing equipment clean in case of any Y2K problems. They would then fire up all equipment shortly after the new year when all utility systems are active. The stoppage of milk processing for any time during the holiday period traditionally has caused problems, but to what extent any stoppage would accentuate this is not comforting to contacts. A dispute between fluid milk handlers and suppliers in Arizona is disrupting milk shipments. Local milk is moving to processing channels in and out of the state, while milk from other regions is entering for fluid needs. The extent of the impact is being assessed. In California, milk is being handled effectively. Volumes are high versus a year ago, but processing plants are able to handle the milk. Production levels also are good in New Mexico. Cream demand is fair to good but slowing as orders for seasonal cream-based items are filled along with holiday butter orders. More cream is entering churns. Wet weather conditions, especially centered on the Oregon and Washington border along the coast, continue to cause localized problems. Transportation issues are causing the most concern because of low level flooding and road washouts. Milk production is holding above seasonal trend lines. Feed and forage stocks for the winter feeding season are in place and should lead to continued heavy levels of milk output. Demand for heifers is holding the price stable at high levels. Culling rates remain quite light with prices on the low end of acceptable. Producers know that they will be under financial stress this winter because of low milk prices, but they don't see cutting back milk production as the first or best option. Plants are discussing how they will handle production runs at the end of the year. Many are looking at not being operational over the Y2K time period. How this strategy will impact the overall milk processing capabilities has not been fully analyzed yet. More industry people are expressing some concern about capacity issues along with possible transportation problems. Spotty rain/snow over parts of Utah and Idaho has helped to alleviate some of the stress on fall seeded crops and alfalfa stands. Conditions are still very dry, but weather patterns seem to be finally changing from a high pressure dominated system to a more normal storm track with the possibility of storms every four or five days. Milk production is very strong and it is expected to remain that way through most of the winter production season. Producers continue to look for heifers and they are still bidding up their prices. When an expanded or new facility is ready to go, not populating it with cows is not an option.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/16/99 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.

****NOTICE: Due to the year end holidays, prices for Reports 51 & 52 will be released at 2:00 CST on Wednesdays, 12/ 22 & 29.****

NONFAT DRY MILK - CENTRAL

Prices are lower on a weak market. Offerings to the government are again being considered by producers with some movement being reported for the current week. As of December 15, the USDA announced that CCC purchase prices for butter, NDM, and cheese will remain unchanged during 2000. However, the Secretary of Agriculture retains the option to change purchase prices twice during 2000. Bulk loads of NDM continue to move at the lower end of the range. Some suppliers are willing to lower their prices now in order to clear inventories and gain more of the market before holiday milk arrives. Production is steady as inventories continue to build. Demand is slow and best on regular commitments. Lower West coast prices are creating some marketing problems for Midwest producers. High heat demand is good as bakeries continue to prepare for upcoming celebrations. Off grade product is available at good discounts.

Includes EXTRA GRADE and GRADE A, low and medium heat
 NONFAT DRY MILK: 1.0000 - 1.0300 MOSTLY: 1.0200 - 1.0300

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady to weak market. Trading is very light at current price levels. West coast product is beginning to filter into the Midwest. Offers are reportedly competitive with West coast prices. Aged product is available well below the range. Some buyers are opting not to contract as much dry buttermilk for next year as adequate supplies are anticipated to be available. Production is steady and inventories are mostly in balance. Condensed continues to clear well with build ups anticipated as churning activity increases over the holiday.

BUTTERMILK: .7700 - .8500

DRY WHEY - CENTRAL

Prices are slightly higher on a mostly steady market. Brand specific product is generating premiums and encouraging higher market prices. Feed interest is picking up in the colder temperatures. Purchases are mostly on an as need basis with most buyers preferring not to hold heavy inventories at the year end. Increased movement is anticipated into Mexico in 2000 as some regular suppliers divert product to alternative markets. Supplies are expected to increase with excess holiday milk available to cheese facilities over the next few weeks. Current stocks are mostly in balance and production is steady.

NONHYGROSCOPIC: .1800 - .1950 MOSTLY: .1800 - .1850

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on a steady market. Some increased movement is being noted into milk replacer facilities which may tighten supplies. However, increased movement of milk during the holidays may encourage heavier supplies and deter market strength. Delactose is clearing well into food facilities with average sales into feed markets. Roller ground movement is fairly good compared to sales at this time last year. Barrow, gilt, and early weaned pig prices are moving higher. North Central veal prices are lower on a generally steady market.

MILK REPLACER: .1300 - .1700
 STANDARD: TFEWR
 ROLLER GROUND: .1675 - .1900
 DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices remain unchanged on a steady to firm market. Many contract negotiations for the first quarter are moving higher with trades in Japan proving the most difficult to settle. Dutch producers are reportedly very competitive with US producers on the export market. Competitive EU freight costs still remain an issue with some producers. Production is generally strong and inventories are in balance to tight. Some producers are expecting plant capacity increases in the new year due to the good demand. Candy makers are taking in a good amount of lactose for Valentine's Day and other upcoming holidays. Off grade product is somewhat tight for the increasing feed demand. Some sales are being reported at the lower end of the range. Extra grade movement is also moving into export feed channels with some buyers willing to pay prices at the average or higher.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 EDIBLE: .1700 - .2450 MOSTLY: .1900 - .2000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. Contract negotiations continue with some producers settling at prices above the average. Some suppliers are looking to increase their share in food and export markets as feed demand is often too volatile. Increased movement is being noted into feed facilities. Milk replacer producers are not sure if the renewed interest is because of good demand or preemptory buying due to Y2K. Export sales into nutraceuticals is generating good premiums. Lower domestic prices are encouraging export inquiries. Domestic spot trades are light. Inventories are mixed with Midwest producers in the best position. Condensed product continues to move well with supplies beginning to loosen at prices 4-6 below the average.

EXTRA GRADE 34% PROTEIN: .4050 - .4650 MOSTLY: .4250 - .4450

NONFAT DRY MILK - WEST

Nonfat dry milk prices are holding mostly steady with a higher price recorded on the top end of the range. The market undertone remains weak. Production is increasing seasonally and expected to be heavy over the end of year holiday period in attempts to balance surplus milk volumes. Spot demand is light and DEIP orders are slowing. High heat offerings and demand are relatively light. Production is trending lower as producers are concerned about the throughput of milk volumes. During the week of December 6 - 10, CCC net purchases totaled 6.8 million pounds of nonfortified and fortified NDM from Western sources, the largest offering since July.

Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .9800 - 1.0300 MOSTLY: 1.0000 - 1.0150
 HIGH HEAT: 1.0200 - 1.0450

DRY BUTTERMILK - WEST

Prices continue to erode at the bottom end of the range for dry buttermilk. Offerings are increasing and demand is slow to fair. Buyers are generally reluctant to make purchases, but the wide spread between regions has buyers from other areas purchasing from the West and shipping to customers. Drying is seasonally active as churning levels increase and condensed orders slow. Stock levels are building at most locations.

BUTTERMILK: .6500 - .8000 MOSTLY: .6700 - .7100

DRY WHEY - WEST

Some additional weakness was noted for Western whey powder this week. Offering prices were reduced at some locations to make sure powder continues to clear out at a reasonably steady pace. Other operations are finding sales activity strong enough to clear stocks on a timely basis. Some additional export sales did occur near the bottom of the range. Powder production continues at levels well above trend lines. Some contacts feel that some buyers are placing additional orders before the end of the year to alleviate the possibility of any Y2K problems. They feel that this strategy may lead to very slow sales activity for the first part of January. With the very strong milk production reported nationally this week, contacts are also concerned with the probable production levels for cheese and whey for the coming months.

NONHYGROSCOPIC: .1750 - .2225 MOSTLY: .1950 - .2050

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEKENDING	PRICE	POUNDS
December 10	\$1.0115	11,101,450
December 3	\$1.0125	12,692,841

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.

****NOTICE: Due to the year end holidays, prices for Reports 51 & 52 will be released at 2:00 CST on Wednesdays, 12/ 22 & 29.****

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally lower and the market tone is little changed. Production is starting to increase as holiday surplus milk volumes start to build. Most Eastern producers' inventories are closely balanced and they welcome the additional output to help replenish their inventories. Conversely, some producers are offering multi-load, large volume deals at or below the low end of the low heat range. To date, there have been no reported sales at prices below \$1.01. Demand is fair as some buyers try to use up existing stocks before the end of the year. Some orders for delivery after January 1 have been noted. Earlier this week, USDA, FSA announced that the support purchase price for NDM will remain at \$1.01 for nonfortified for calendar year 2000. However, the Secretary of Agriculture is permitted to adjust the price relationship between NDM and butter twice a year.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0100 - 1.0500 MOSTLY: 1.0100 - 1.0300
 HIGH HEAT: 1.0450 - 1.1100 MOSTLY: 1.0700 - 1.0850

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are often lower and the market tone is weaker. Production levels are increasing as more cream is available and being offered to butter makers. However, as the year end holiday surplus milk supply jumps, dryer time could be at a premium and there may be more of an effort to move condensed. Producer stocks are closely balanced, but some dryers are making an effort to clear stocks before the end of the year. Demand is slow to fair.

F.O.B. NORTHEAST: .7800 - .8250
 DELVD SOUTHEAST: .8100 - .8400

DRY WHOLE MILK - NATIONAL

Prices are steady to lower as producers adjust prices due to lower milk and butterfat prices. Production levels are up slightly, but still mostly geared to meeting contracts. However, as surplus milk volumes increase during the holidays, dry whole milk may slow as dryer time is taken with skim. Spot interest is generally light. Some new, small volume DEIP bids have been accepted.

F.O.B. PRODUCING PLANT: 1.0800 - 1.2500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH DECEMBER 10, 1999
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	67,305	MT (148,380,603 LBS)
CHANGE	--	1,115	MT (2,458,129 LBS)
WHOLE MILK POWDER	--	4,258	MT (9,387,187 LBS)
CHANGE	--	77	MT (169,754 LBS)
CHEESE	--	1,150	MT (2,535,290 LBS)
BUTTERFAT	--	2,312	MT (5,097,035 LBS)
CHANGE	--	306	MT (674,608 LBS)

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 range from mostly steady to fractionally higher. The market tone is steady to slightly firmer. Contacts report that whey is clearing better than expected for this time of year. Normally, dry whey sales slow at the end of the year, but producers report good clearances. Apparently, some buyers are taking on extra volumes. There are concerns about Y2K and whey users want product on hand "just in case." Production levels are steady, but some producers report that less condensed whey is available to dryers. Most cheese makers do expect sharply higher cheese and dry whey production during the upcoming holiday season. Export interest is holding up fairly well. Producer stocks are quite well balanced and some are sold out for several weeks.

F.O.B. NORTHEAST: EXTRA GRADE .1825 - .1900
 USPH GRADE A .1900 - .2100
 DELVD SOUTHEAST: .1950 - .2225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone has improved slightly. Some suppliers have reported moving some additional volumes of animal feed quality whey in recent weeks. This may be due to some feeders "stocking up" for possible Y2K issues or just the fact that producers want to empty their warehouses and are offering lower prices.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand, at the producer level is slowing as most orders are in stores. Retail feature activity is wide spread and clearing typical good volumes of canned evaporated milk. Producer stocks are light, but most producers expect to replenish stocks during the year end holidays when milk is often available at attractive prices. The Kansas City Commodity office announced the issuance of EVD-1, invitations 620 and 621 inviting competitive offers to sell to CCC 1,395,360 and 1,872,720 pounds of evaporated milk for delivery in February and March 2000, respectively. The Kansas City Commodity office announced the purchase of 293,760 pounds of canned evaporated milk under EVD-1, invitation 622 at \$.4140-.4295 per pound for delivery in January. Invitation 622 was a supplemental invitation and numbered after 620 and 621 were issued.

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

Pricing levels for both casein types are unchanged. The tone to both markets is steady to firm. The market is in balance with contacts noting that supplies are available for contracted commitments, but tighter for any current spot needs. Currency valuations are affecting pricing levels. Buyers continue to be cautious of increasing offering prices, to some extent due to the depressed levels of dairy commodities in the United States. While direct substitutions are not always possible, the effects of viable alternatives to even part of a market can cause demand disruptions.

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

RENNET: 1.8000 - 1.9000
 ACID: 1.8500 - 2.0000

ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES 1/												
CITY	DEC 1997			DEC 1998			NOV 1999			DEC 1999		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	15.91	17.11	1.20	19.12	20.27	1.15	19.34	19.89	0.55	14.57	16.07	1.50
Baltimore, MD	15.86	17.31	1.45	19.07	19.82	0.75	19.29	20.04	0.75	14.52	15.27	0.75
Boston, MA *	16.07	16.70	0.63	19.28	19.76	0.48	19.50	19.98	0.48	14.73	15.21	0.48
Carbondale, IL	14.84	16.83	1.99	18.05	19.41	1.36	18.27	19.98	1.71	13.50	15.21	1.71
Charlotte, NC	15.91	17.11	1.20	19.12	20.27	1.15	19.34	19.89	0.55	14.57	16.07	1.50
Chicago, IL	14.23	16.35	2.12	17.44	19.37	1.93	17.66	19.55	1.89	12.89	14.78	1.89
Cincinnati, OH	14.94	16.84	1.90	18.15	19.90	1.75	18.37	20.17	1.80	13.60	15.40	1.80
Cleveland, OH	14.83	16.73	1.90	18.04	19.54	1.50	18.26	19.76	1.50	13.49	15.09	1.60
Dallas, TX	15.99	16.49	0.50	19.20	19.45	0.25	19.42	19.42	0.00	14.65	15.70	1.05
Denver, CO	15.56	15.71	0.15	18.77	19.02	0.25	18.99	20.74	1.75	14.22	15.97	1.75
Des Moines, IA	14.38	15.90	1.52	17.59	18.44	0.85	17.81	19.21	1.40	13.04	14.44	1.40
Detroit, MI	14.68	15.44	0.76	17.89	18.71	0.82	18.11	19.11	1.00	13.34	14.34	1.00
Hartford, CT *	15.97	16.60	0.63	19.18	19.66	0.48	19.40	19.88	0.48	14.63	15.11	0.48
Houston, TX	16.53	17.03	0.50	19.74	19.99	0.25	19.96	19.96	0.00	15.19	16.24	1.05
Indianapolis, IN	14.73	16.57	1.84	17.94	19.49	1.55	18.16	19.61	1.45	13.39	14.94	1.55
Kansas City, MO	14.75	16.22	1.47	17.96	18.71	0.75	18.18	19.08	0.90	13.41	14.81	1.40
Louisville, KY	15.60	16.60	1.00	18.81	19.61	0.80	18.37	19.07	0.70	13.60	14.90	1.30
Memphis, TN	14.94	15.84	0.90	18.15	19.25	1.10	19.03	19.38	0.35	14.26	15.51	1.25
Miami, FL	17.01	19.88	2.87	20.22	22.79	2.57	20.44	22.46	2.02	15.67	18.64	2.97
Milwaukee, WI	14.14	16.26	2.12	17.35	19.28	1.93	17.57	19.46	1.89	12.80	14.69	1.89
Minneapolis, MN	14.03	15.49	1.46	17.24	18.07	0.83	17.46	18.71	1.25	12.69	13.94	1.25
New Orleans, LA	16.48	17.48	1.00	19.69	20.14	0.45	19.91	20.16	0.25	15.14	16.29	1.15
Oklahoma City, OK	15.60	16.60	1.00	18.81	19.56	0.75	19.03	19.83	0.80	14.26	15.56	1.30
Omaha, NE	14.58	16.05	1.47	17.79	18.54	0.75	18.01	19.26	1.25	13.24	14.49	1.25
Philadelphia, PA	15.92	17.34	1.42	19.13	19.85	0.72	19.35	19.97	0.62	14.58	15.20	0.62
Phoenix, AZ	15.35	15.35	0.00	18.56	18.56	0.00	18.78	18.78	0.00	14.01	15.51	1.50
Pittsburgh, PA	14.83	16.03	1.20	18.04	18.54	0.50	18.26	18.66	0.40	13.49	13.89	0.40
St. Louis, MO	14.84	16.83	1.99	18.05	19.41	1.36	18.27	19.98	1.71	13.50	15.21	1.71
Salt Lake City, UT	14.73	14.88	0.15	17.94	18.19	0.25	18.16	18.41	0.25	13.39	13.64	0.25
Seattle, WA	14.73	15.13	0.40	17.94	18.32	0.38	18.16	18.54	0.38	13.39	15.38	1.99
Spokane, WA	14.73	15.13	0.40	17.94	18.32	0.38	18.16	18.54	0.38	13.39	15.38	1.99
Springfield, MO	15.02	16.02	1.00	18.23	18.98	0.75	18.45	19.25	0.80	13.68	14.98	1.30
Washington, DC	15.86	17.31	1.45	19.07	19.82	0.75	19.29	20.04	0.75	14.52	15.27	0.75
Simple Average	15.26	16.46	1.20	18.47	19.36	0.89	18.69	19.60	0.91	13.92	15.25	1.33

*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

MILK SUPPLY AND DEMAND ESTIMATES*

Dairy supply and demand forecasts are little changed but prices are lowered due to weakness in product prices. The role of the Basic Formula Price (BFP) will end effective December 31, 1999, under Federal order reforms currently being implemented. The BFP will be replaced with a Class III price. The average 1999/2000 "Basic Formula/Class III" price will include the BFP for October-December 1999 and the Class III price from January-September 2000.

U.S. MILK SUPPLY, USE AND PRICES

Item	1997/98 <u>1/</u>	1998/99 Projection <u>1/</u>		1999/00 Projection <u>1/</u>		
		November	December	November	December	
BILLION POUNDS						
SUPPLY						
BEGINNING COMMERCIAL STOCKS <u>2/ 23/</u>	5.9	5.8	5.8	7.4	7.5	
PRODUCTION	156.5	161.3	161.2	164.8	164.4	
FARM USE	1.4	1.3	1.3	1.3	1.3	
MARKETINGS	155.2	159.9	159.9	163.5	163.1	
IMPORTS <u>2/</u>	4.0	4.8	4.8	3.7	3.7	
TOTAL COMMERCIAL SUPPLY <u>2/</u>	165.1	170.5	170.5	174.6	174.3	
USE						
COMMERCIAL USE <u>2/ 3/</u>	158.6	162.9	162.8	167.4	167.1	
ENDING COMMERCIAL STOCKS <u>2/</u>	5.8	7.4	7.5	6.6	6.6	
CCC NET REMOVALS:						
MILKFAT BASIS <u>4/</u>	0.7	0.3	0.3	0.5	0.5	
SKIM SOLIDS BASIS <u>4/</u>	4.5	5.4	5.4	4.2	4.2	
DOLLARS PER CWT.						
MILK PRICES <u>5/</u>						
BASIC FORMULA/CLASS III PRICE <u>6/</u>	13.28	14.04	14.04	10.75-11.45	10.40-11.00	
ALL MILK <u>7/</u>	14.60	15.37	15.37	12.40-13.10	12.25-12.85	
MILLION POUNDS						
CCC PRODUCT NET REMOVALS <u>4/</u>						
BUTTER	21	1	1	15	15	
CHEESE	8	6	6	6	6	
NONFAT DRY MILK	368	449	449	350	350	
		QUARTERLY <u>8/</u>		ANNUAL <u>8/</u>		
		1999 IV	2000 I	2000 II	1999	2000
BILLION POUNDS						
MILK PRODUCTION	39.9	41.6	42.6	162.1	164.8	
DOLLARS PER CWT.						
ALL MILK PRICE <u>5/ 7/</u>	13.50-13.70	11.50-12.00	11.60-12.40	14.25-14.35	12.35-13.15	
BASIC FORMULA/CLASS III PRICE <u>5/ 6/</u>	10.25-10.45	9.90-10.40	10.25-11.05	12.40-12.50	10.95-11.75	

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Class III price beginning January 1, 2000. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

*The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-357, World Agricultural Outlook Board, USDA, December 10, 1999.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
SEPTEMBER 1999, WITH COMPARISONS**

In September 1999, mailbox milk prices reported for selected Federal milk orders averaged \$15.39 per cwt., \$1.53 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.26, up \$1.41; Southeast, \$16.11, up \$1.92; Midwest, \$15.58, up \$1.61 and West, \$14.77 up \$1.30. Compared to September 1998, mailbox milk prices decreased \$.93 per cwt. on the average. Regional changes from the previous year were: -\$.85 in the Northeast, -\$1.41 in the Southeast, -\$.75 in the Midwest, and -\$1.15 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	September 1998	August 1999	September 1999
	<u>Dollars per hundredweight</u>		
New England	16.02	13.92	14.96
New York-New Jersey	16.03	14.07	15.55
Middle Atlantic	16.43	13.19	14.97
Northeast Average <u>3/</u>	16.11	13.85	15.26
Carolina	17.49	14.06	15.98
Southeast	16.60	13.35	15.38
Florida <u>4/</u>	19.55	16.22	17.94
Southeast Average <u>3/</u>	17.52	14.19	16.11
Southern Michigan	15.95	13.46	15.21
Eastern Ohio-Western Pa.	16.35	13.52	15.49
Ohio Valley	16.43	12.81	15.33
Indiana	16.72	12.88	15.17
Chicago Regional <u>5/</u>	16.38	16.06	16.59
S. Illinois-E. Missouri	15.90	12.78	15.05
Louis.-Lex.-Evans.	16.41	13.21	15.47
Upper Midwest <u>5/</u>	16.44	16.16	15.99
Nebraska-Western Iowa	15.87	14.60	15.30
Iowa	16.12	15.06	15.90
Midwest Average <u>3/</u>	16.33	13.97	15.58
Texas	16.22	14.02	15.46
Southwest Plains	15.25	13.24	15.03
Eastern Colorado	15.77	13.12	15.17
S.W. Idaho-E. Oregon	15.09	14.72	14.61
Great Basin	15.15	13.43	14.64
New Mexico-West Texas	15.12	13.21	14.70
Pacific Northwest	16.70	13.19	14.13
West Average <u>3/</u>	15.92	13.47	14.77
All-Market Average <u>3/</u>	16.32	13.86	15.39

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

FEDERAL MILK ORDER REFORMS TO BE IMPLEMENTED JAN. 1, 2000

WASHINGTON, Dec. 14, 1999 — In response to President Clinton's signing of the Consolidated Appropriations Act 2000, the current 31 federal milk marketing orders will be consolidated into 11 orders and several other important reforms, including the minimum pricing of Class I (drinking) milk, will be implemented. Jan. 1, 2000.

The act requires that the federal order reform final rule be implemented as published in the Federal Register on Sept. 1, 1999, with changes made to the Class I price structure. The act mandates that Class I milk be priced utilizing the Option 1A-Location Specific Class I Differentials contained in the proposed rule published Jan. 30, 1998, as corrected and modified through April 2, 1999. Implementation of the final rule had been delayed because of a temporary restraining order issued by the U.S. District Court for the District of Vermont.

In addition, the legislation requires USDA to conduct a hearing to reconsider the Class III and Class IV milk prices, with the resulting pricing formulas being implemented by Jan. 1, 2001. It also requires that USDA establish a dairy forward pricing pilot program within 90 days of enactment of the legislation. More information on the implementation of these mandates will be available in the future.

The milk marketing order program ensures the fair marketing and pricing of milk. Milk marketing orders classify milk by use, set minimum prices that handlers must pay for each class of milk, and provide for paying average prices to all dairy farmers who supply a marketing order. In the 1996 Farm Bill, Congress mandated that USDA reform the program.

The Federal Milk Marketing Order reform process lasted more than three years and involved the dairy industry, the general public, and academia. The process included detailed regulatory impact, small business, and civil rights analyses and extensive efforts to collect public views. USDA received more than 8,000 comments during the process.

The final rule implementing the reforms will appear in the Dec. 17 Federal Register. For copies of the rule and additional information, contact John F. Borovics, Order Formulation Branch, Dairy Programs, AMS, USDA, Room 2969-S, 1400 Independence Avenue, S.W., Washington, D.C. 20250-6456; telephone (202) 720-6274 or any current market administrator office.

The rule and additional background information can be accessed on the web at www.ams.usda.gov/dairy.

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NOVEMBER MILK PRODUCTION

Milk production in the 20 major States during November totaled 11.3 billion pounds, 4.4 percent above production in these same States in November 1998. October revised production, at 11.6 billion pounds, was 4.0 percent above October 1998. The October revision represented a decrease of 0.3 percent or 29 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,458 pounds for November, 51 pounds or 3.6 percent above November 1998.

The number of cows on farms in the 20 major States was 7.76 million head, up 58,000 head from November 1998 and up 7,000 from October 1999.

NOVEMBER 1999 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1998	1999	1998	1999	1998	1999	% CHANGE FROM 1998
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	132	135	1,675	1,755	221	237	7.2
CA	1,436	1,484	1,590	1,725	2,283	2,560	12.1
FL	158	156	1,115	1,095	176	171	-2.8
ID	299	329	1,600	1,670	478	549	14.9
IL	126	121	1,350	1,330	170	161	-5.3
IN	138	136	1,300	1,275	179	173	-3.4
IA	221	215	1,410	1,420	312	305	-2.2
KY	136	131	965	1,000	131	131	---
MI	298	294	1,460	1,495	435	440	1.1
MN	545	545	1,355	1,380	738	752	1.9
MO	166	160	1,125	1,140	187	182	-2.7
NM	218	235	1,610	1,670	351	392	11.7
NY	702	700	1,320	1,360	927	952	2.7
OH	262	259	1,310	1,380	343	357	4.1
PA	620	618	1,380	1,420	856	878	2.6
TX	341	348	1,285	1,290	438	449	2.5
VT	161	160	1,335	1,345	215	215	---
VA	123	121	1,185	1,290	146	156	6.8
WA	247	244	1,740	1,800	430	439	2.1
WI	1,368	1,364	1,325	1,325	1,813	1,807	-0.3
²⁰ STATE TOTAL	7,697	7,755	1,407	1,458	10,829	11,306	4.4

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (12-99), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

OCTOBER FLUID MILK SALES HIGHLIGHTS

During October, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.2 percent below the previous year and 0.8 percent below September 1999 on an adjusted daily average basis. Sales of whole milk products were 1.4 percent above the previous year; sales of fat-reduced milk products were 1.2 percent below the previous year. Total fluid milk sales were higher in the Southwest and Far West regions, and lower in the Northeast, Southeastern, and Midwest regions. Total fluid milk sales for the January-October 1999 period were 0.9 percent higher than the same period last year.

SUMMARY OF PACKAGED SALES OF WHOLE MILK PRODUCTS, FAT-REDUCED MILK PRODUCTS, AND TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, OCTOBER 1999 WITH COMPARISONS 1/

Region 4/	Whole Milk Products 2/				Fat-reduced Milk Products 3/				Total Fluid Products			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Oct	Year to date	Prev. year 5/	Year to date 5/	Oct	Year to date	Prev. year 5/	Year to date 5/	Oct	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	344	3,347	0.1	-0.9	466	4,508	-1.7	0.2	810	7,856	-0.8	-0.2
Southeastern	345	3,427	2.1	3.5	446	4,378	-2.0	0.1	791	7,805	-0.2	1.6
Midwest	267	2,603	1.2	2.5	923	8,949	-1.9	0.3	1,190	11,553	-1.0	0.8
Southwest	175	1,729	1.7	2.9	214	2,061	-1.1	0.7	389	3,790	0.2	1.7
Far West	345	3,373	2.2	1.8	702	6,741	0.3	0.6	1,047	10,115	1.1	1.0
All Areas Combined	1,476	14,479	1.4	1.8	2,751	26,638	-1.2	0.4	4,227	41,117	-0.2	0.9

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 89 percent of total fluid milk sales in the U.S. 2/ Whole milk products include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk products include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 66, report #15. Midwest excludes Nebraska-Western Iowa. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, SEPTEMBER 1999, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk 2/	1,454	1.9	1.8
Reduced Fat Milk (2%)	1,309	1.4	1.2
Low Fat Milk (1%) 3/	685	2.0	2.0
Fat-Free Milk (Skim)	672	-3.6	-1.9
Buttermilk	48	4.7	-2.0
Total Fluid Milk Products 4/	4,183	0.9	1.0

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Nebraska-Western Iowa market, which is a non-comparable market, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. 2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk. 4/ Includes miscellaneous products.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF DECEMBER 13 - 17, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 12/10/99	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	8,929,098	248,433	8,680,665	27,656,959	103,384	-0-	9,912,000
Fortified	661,228	-0-	661,228	3,399,829	-0-	-0-	-0-
TOTAL	9,590,326	248,433	9,341,893	31,056,788	103,384	-0-	9,912,000

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF DECEMBER 13 - 17, 1999 =	2.1	108.7	COMPARABLE WEEK IN 1998 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1999 =	6.8	361.5	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - DECEMBER 17, 1999 =	47.7	2,526.1	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 DECEMBER 13 - 17, 1999 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	495,334	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	8,185,331	661,228
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MI DWEST	-0-	-0-	-0-	-0-	753,271	-0-	2.4	0.0
WEST	-0-	-0-	-0-	-0-	30,303,517	103,384	97.6	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	31,056,788	103,384	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 11/27/99 & Comparable Week 1998 1/2/

Regions*	U.S. TOTAL										% DAIRY OF ALL		
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1:	WEEK SINCE JAN 1	
1999-Dairy cows HD (000)	0.2	0.8	5.5	4.5	18.3	1.9	1.9	0.5	9.6	2.1	45.3	2,362.2	45.7
1998-Dairy cows HD (000)	0.2	1.1	6.6	4.3	18.3	1.8	2.5	0.7	7.5	2.0	44.9	2,419.4	43.3
1999-All cows HD (000)	0.2	0.9	7.7	11.3	25.2	14.2	17.1	4.0	12.9	7.1	100.7	5,163.3	
1998-All cows HD (000)	0.2	1.1	9.0	9.8	26.3	16.4	17.5	5.7	10.4	7.2	103.7	5,389.7	

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	13.59	15.79	16.26	11.49	9.79	