NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/30):
BUTTER: Grade AA closed at $0.8750 on 12/29. The weekly average for Grade AA is $0.8750 (-.0175).
CHEESE: Barrels closed at $1.1850 and blocks at $1.2000. The weekly average for barrels is $1.1563 (+.0063) and blocks, $1.1675 (+.0237).
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 remains unsettled. Butter producers and handlers still have mixed opinions as to the cash price level now that holiday orders have been filled. Some look for further price decreases while others anticipate a more stable price. Looking back over the past Thanksgiving/ Christmas orders, producers and handlers are very pleased with butter sales during the final quarter of the year. Butter stocks and production were heavy during the holiday period and strong sales have cleared sizable volumes, thus inventories are in better shape than many butter handlers anticipated they would be. Buying interest for this final week of the year is light.

CHEESE: The cheese market is unsettled. Recent cash price increases on 40# blocks have producers and handlers questioning the firmness in that market. Cheese production is seasonally heavy as surplus milk is readily available to cheese plants. Many firms are monitoring year end inventories. Overall cheese demand has slowed as most buyers work off inventories acquired prior to Christmas and are holding off replacement orders until the new year.

FLUID MILK: Milk production continues to increase with the most significant gains noted in the Southern regions of the country. Distressed volumes are more of a concern due to school and plant closings over the holidays. Loads were trading at $0.75 to $1.50 under class during the week and are expected to be around $7.50 for the holiday weekend. Manufacturers are operating at capacity yet are unable to sufficiently handle excess volumes of cream, condensed skim, and milk. Lack of truckers is hampering some movement. Class I & II demand is light. Bottling activity is erratic as handlers adjust to holiday schedules. Ice cream and cream cheese production is seasonally down. Cream offerings are heavy with supplies being diverted to local and out of region butter plants. Y2K is nearly a non-issue at most plants with some reservations over equipment operations. As a result, some plants are shutting down just prior to the midnight hour.

DRY PRODUCTS: Prices are unchanged to lower and markets are generally steady to weak. NDM manufacturers are operating at capacity with some operators unable to keep up with the burdensome holiday milk volumes. Demand is lackluster with CCC offers providing the best outlet for product movement. Eastern and Midwestern producers lowered prices to stimulate a better interest in NDM. Lack of available dryer time and generally good clearance of condensed are allowing Western and Midwestern manufacturers to hold prices steady on buttermilk. Prices in the East moved lower. Trading on whey is very light at the year end. Prices across the country are generally unchanged while inventories build with heavy cheese production. Lactose and WPC markets are generally steady with some anticipated improvements due to decreases in milk production in Oceania and Europe.

CCC: For the period of December 23-31, net purchases totaled 14,152,757 pounds of nonfortified from Western, Midwestern, and Eastern producers. For the calendar year 1999, CCC purchased no butter or cheese under the price support program but 236,917,513 pounds of NDM. This compares to no butter or cheese purchases in 1998 and 113,524,252 pounds of NDM. This also compares to no butter or cheese and 39,768,717 pounds of NDM purchased during 1997. Purchases for the first purchase quarter of 1999/2000 were 50,955,594 pounds of NDM compared to 103,384 last year.

CONSUMER PRICE INDEX (BLS): The November Consumer Price Index (CPI) for all food is 165.2, up 1.9% from November 1998. The dairy products index at 164.6, is 5.6% higher than a year ago. The November to November changes for selected dairy products are: fresh whole milk up 9.1%, cheese 4.7% higher, and butter down 27.5%.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the new federal milk order reform pricing system, the base price for Class I milk for January 2000 is $10.90. This price is derived from the advanced Class IV skim milk pricing factor of $7.72 and the advanced butterfat pricing factor of $0.9854 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for January is $8.42 and the Class II nonfat solids price is $0.9356 per pound. The two-week product price averages for December are: butter $0.9220, nonfat dry milk $1.0125, cheese $1.1268, and dry whey $0.1870.

****SPECIALS THIS ISSUE****

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FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (PAGE 8)

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 27	TUESDAY DECEMBER 28	WEDNESDAY DECEMBER 29	THURSDAY DECEMBER 30	FRIDAY DECEMBER 31	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.1400 (-.0100)	$1.1400 (N.C.)	$1.1600 (+.0200)	$1.1850 (+.0250)	CME	+.0350	$1.1563 (+.0063)
40# BLOCKS	$1.1300 (-.0200)	$1.1600 (+.0300)	$1.1800 (+.0200)	$1.2000 (+.0200)	CASH	+.0500	$1.1675 (+.0237)
NONFAT DRY MILK							
EXTRA GRADE	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	DAIRY	N.C.	$1.0300 (N.C.)
GRADE A	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	MARKETS	N.C.	$1.0300 (N.C.)
BUTTER							
GRADE AA	$.8750 (-.0100)	----	$.8750 (N.C.)	----	CLOSED	-.0100	$.8750 (-.0175)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, DECEMBER 27, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.1400; 2 CARS 40# BLOCKS: 1 @ $1.1300, 1 @ $1.1500
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: 2 CARS GRADE AA: 1 @ $0.8650, 1 @ $0.8750; BIDS UNFILLED: 1 CAR GRADE AA @ $0.7500; OFFERS UNCOVERED: NONE

TUESDAY, DECEMBER 28, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.1600; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.2000
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, DECEMBER 29, 1999

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ $1.1700, 1 @ $1.1800; BIDS UNFILLED: 1 CAR BARRELS @ $1.1600; 1 CAR 40# BLOCKS @ $1.1800; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.1900, 1 @ $1.2000
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, DECEMBER 30, 1999

CHEESE -- SALES: 6 CARS BARRELS: 1 @ $1.1700, 1 @ $1.1850, 3 @ $1.1800, 1 @ $1.1850, 16 CARS 40# BLOCKS: 2 @ $1.1900, 1 @ $1.2000, 2 @ $1.1975, 1 @ $1.2000, 1 @ $1.1975, 1 @ $1.2000, 1 @ $1.1975, 1 @ $1.1950, 1 @ $1.2000, 1 @ $1.1950, 1 @ $1.2000, 1 @ $1.1900, 1 @ $1.2000, 1 @ $1.1900; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.2000; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.1850, 2 CARS 40# BLOCKS: 1 @ $1.2300, 1 @ $1.2400
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, DECEMBER 31, 1999 -- NO TRADING

BUTTER MARKETS

NORTHEAST

The market tone is weak. Prices at the CME have moved slowly, but steadily lower since December 20. Many contacts still expect further price declines and it's a matter of how fast prices will fall. Some, other contacts are expecting/hoping that butter prices will hold at or near current levels. Production levels are heavier as volumes of surplus milk and cream are heavier. Manufacturing plants are running at capacity trying to clear all the surplus milk. Butter demand is slower as most year-end needs have been filled. Distributors are making last minute deliveries. Retail sales are slower. Food service orders are about steady.

CENTRAL

Butter markets remain weak. Butter producers and handlers state that sales during the past Thanksgiving/Christmas holiday period were very good. Many were surprised at the level of sales and how they reduced inventories. Producers are stating that orders this week are lighter. Orders being placed are for immediate fill-in needs only. Most buyers anticipate the cash price to continue to weaken, thus they are delaying future orders until the new year. Most producers are prepared for the upcoming New Year holiday period. For the most part, producers will be maintaining regular production schedules throughout the upcoming weekend. Most Midwestern producers do not anticipate any Y2K related problems that may disrupt production for any extended period of time. Cream volumes are reported to be readily available to butter operations.

WEST

Butter sales are reported to be very good as early numbers come in for the Christmas holiday. Some replacement orders and late fill-ins are noted, but activity is generally called quiet this week between the year end holidays. A number of contacts have stated that trucks are harder to find than they can remember for the last few years. Reasons given are the good economy overall and strong production for most agricultural commodities in the West. Most manufacturing plants are planning to end the calendar year with very minimal inventories on hand. Many believe that prices may falter in the new year and they also believe that production will be very heavy so that stocks may be replenished very easily. Weekly cold storage stocks indicate a continued good draw down of butter inventories. Cream offerings remain heavy.

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

	CHEESE				
	40# BLOCKS	BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
WEEK ENDING					
	*	*	*	*	*
DECEMBER 25	*	*	*	*	*

The NASS Dairy Products Price survey for the week ending December 25, will be released on Thursday, December 30 at 3:00pm Eastern Time and is not available for publishing in this report. The data can be found on the Internet address listed below or on our recorded information system. (608-244-5088 -- press 1, 1, 5)

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

CHEESE MARKETS

NORTHEAST

Prices are generally lower on process and natural items, but unchanged on Swiss. The market tone is weak as prices at the CME have been moving steadily lower since December 15. Cheese production is increasing as surplus milk volumes reach burdensome proportions. All manufacturing plants are full and there is still milk looking for a home. Some cheese plants are able to take in milk at very attractive prices. Cheddar and mozzarella offerings are generally adequate to meet current needs. Demand for cheese is often slower as year end needs have already been delivered. Distributors are fairly active with last minute or fill-in orders. Retail sales are slower, but food service orders are holding up quite well.

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

Cheddar 10# Prints	:	1.1600-1.6500
Cheddar Single Daisies	:	1.1400-1.6000
Cheddar 40# Block	:	1.2850-1.4625
Process 5# Loaf	:	1.3600-1.5125
Process 5# Sliced	:	1.3800-1.6175
Muenster	:	1.3425-1.6450
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Year end holidays continue to affect shipments and processing schedules. Many buyers and sellers are also working on inventory positioning. Most processors and packagers plan to operate on reduced days until January. Many are preparing orders for delivery next year. Trucking is not a concern to local accounts, but over the road shipments continue to be affected during the holidays. Swiss prices are steady to lower as producers pass on declines associated with lower priced milk. Bulk cheese offerings are increasing as extra milk is flowing back from bottlers during the holiday period. Many plants have limited, if any, extra space left for additional volumes of surplus milk.

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

Process American 5# Loaf	:	1.3300-1.6400
Brick And/Or Muenster 5#	:	1.5200-1.7050
Cheddar 40# Block	:	1.5050-2.1150
Monterey Jack 10#	:	1.6900-2.1150
Blue 5#	:	1.8400-2.1700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5750-2.2150
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 27 - 31, 1999
BARRELS*	:	$1.1400 - 1.1725 (NOMINAL)
	:	(-$.0100) (-.0200)
40# BLOCKS	:	$1.1300 - 1.1750 (NOMINAL)
	:	($.0100) (-.0350)

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

WEST

Prices faltered again this week for most Western cheese following trading at the CME. Order placements this week are slow because of holiday and transportation issues. Trucks are harder to find than in any of the last few years. Plants were hard pressed to clear all the surplus milk supplies over the Christmas holiday weekend. They are uncertain about conditions for the end of the year. Fluid operations should begin to gear up again for normal sales, but this may be offset by plants closing down for short periods of time over the year end transition. Most contacts are looking forward to a normal trading week again in January.

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

Process 5# Loaf	:	1.3050-1.5650
Cheddar 40# Block	:	1.2650-1.4050
Cheddar 10# Cuts	:	1.4450-1.6650
Monterey Jack 10#	:	1.4550-1.6250
Grade A Swiss Cuts 6 - 9#	:	2.2700-2.4200

FOREIGN

Prices are steady to lower and the market tone is less firm. Holiday orders have, for the most part, been shipped and demand for future deliveries is slow to develop. Importers are typically less active this time of year and are starting to place orders for import under next year's licenses. Retail sales of imported, table cheeses are fairly good. This is normal for a New Years' party season.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.4950-2.0950*
Gorgonzola	3.2400-5.9400	2.0450-2.4900*
Parmesan (Italy)	TFEWR	2.9050-2.9300*
Romano (Italy)	2.1000-2.5400	-0-
Provolone (Italy)	3.4400-5.5000	1.5050-1.7850*
Romano (Cows Milk)	-0-	2.6675-4.8525
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-

* = Price change.

FLUID MILK AND CREAM

EAST

Under the new Federal milk order reform pricing system, the base price for Class I milk for January 2000 is $10.90 per cwt. Class I differentials specific to each order are added to the base price to determine the Class I price. Milk production is increasing in most sections of the East. The largest gains in output are seen in Florida and other Southeastern states. Some Christmas snow storms across parts of the Southeast had little or no impact on milk pickups or movement. The biggest topic of conversation this week is all the surplus milk looking for a home over the Christmas holidays. Some contacts say that this year's volumes are the heaviest in many years. This is due to the combination of increased milk output, the fact that there are fewer plants to process it than there were several years ago, and some plant expansion projects were not completed as hoped for. This week, Florida handlers exported 71 loads of milk which compares to 66 loads moved out of state during the same week last year. Trucks to haul all these surplus fluid products are in short supply and high demand. At some plants, trucks were lined up and had to wait many hours to unload. Distressed loads of milk, condensed skim and cream were reported this week. Bottlers restarted over the weekend, but volumes processed were lighter than desired. Manufacturing plants were at or beyond capacity. So far, no major mechanical problems were reported. However, there is still more milk than most plants could handle. The condensed skim market is weak and offerings are much heavier than current demand can clear. Many Class II users are down for the holidays and further adding to the need for outlets. This week, like last, there have been quite a few sales at distressed prices. Interest for deliveries in January are slightly improved, but pricing, under the new reformed Federal order system is still confusing to some buyers and sellers. The fluid cream market is also weak. Spot prices are lower as both the CME average butter price and multiples are lower. Cream offerings are excessive and clearances to local and out of region butter plants are heavy. Finding trucks to haul all these additional loads is a growing problem. Ice cream production is seasonally light. Cream cheese output is also slower.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.0085-1.1156
Delivered Equivalent Atlanta	-	1.0264-1.1425 M 1.0710-1.1156
F.O.B. Producing Plants: Upper Midwest	-	1.0175-1.1870

PRICES OF CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:

Northeast- Class II - includes monthly formula prices	-	.9900-1.2000
Northeast- Class III - spot prices	-	.8400-.9500

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 23 - 28, 1999	8
PREVIOUS WEEK	12
COMPARABLE WEEK IN 1998	0

DESTINATIONS: MISSOURI 8

Class I demand is lighter, reflecting the reductions normally associated with the closing of schools for year end holidays. The holiday also reduced the need for out of area shipments. This has caused increased volumes to back up into manufacturing facilities, both locally and from other areas of the country. Plant managers are keeping a close eye on outside milk purchases to make sure the facilities have enough capacity to handle the surplus. A few plants had breakdowns, causing some extra loads to be diverted to other plants, but with discounts, the milk seemed to be clear. Bottling schedules were erratic again this week as bottlers try to balance orders around the holidays. Surplus milk offerings were again moving from $.75 to $1.50 under class during the week to $7.50 or so for holiday weekend supplies. Labor shortages are keeping some plants from operating some potential hours during the holidays. Finding over the road truckers is also a problem with some fluid and cream deals. Local milk intakes are increasing from their recent annual low period, generally in November, limiting some plants' ability to handle surplus. Cream demand is generally lighter and prices are lower to reflect lower cash prices on the CME butter market and declines in multiples. More seasonal weather, including snow and colder temperatures, blankets the region.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 22 - 27	PREVIOUS YEAR
SLAUGHTER COWS	$ 34.00- 41.00	$ 32.00- 37.00
REPLACEMENT HEIFER CALVES	$300.00-350.00	$165.00-220.00

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

	DEC 22 - 27	PREVIOUS YEAR
SLAUGHTER COWS	$ 33.00- 44.50	$ 28.00- 38.00

WEST

November pool receipts of milk in California total 2.487 billion pounds, up 11.3% from last year. Cumulative pool output through eleven months of 1999 totals 27.2 billion pounds, up 11.3% from the same period in 1998. The November blend price is $12.72, at a fat test of 3.74%, which is 84 cents lower than October. The percentage of receipts used in Class 1 products is 21.55%. The November quota price is $13.81 and the base and overbase prices are $12.11. These prices are 74 cents lower than last month and $4.04 lower than November 1998. Milk production remains well above year ago levels in California. Conditions remain ideal for milk output. Weather conditions continue to be ideal for overall cow comfort in most milk producing areas. In Arizona, milk production also is above year ago levels. Problems with a dryer during the Christmas holiday weekend caused problems with processing and some condensed skim had to be dumped. New Mexico production is ending the year on a slight upswing at levels above last year. Added dairies and cows are contributing to increased milk supplies. Plant capacity is a concern over the New Year's holiday weekend. Typically, this weekend creates problems in processing surplus milk supplies. Compounding the problem this year are concerns over Y2K and computer related equipment functions. While plant equipment has been tested and passed, several processors want the additional protection of not having production going when the clock strikes midnight on New Year's Eve. The extent of a few plants doing this would hurt the ability to handle surplus milk. Even with the expected down time, most milk volumes are finding homes so far. Processors hope for no equipment failures from other more traditional problems. Cream supplies were building later in the week as shipments out of the region declined. Demand is slower with holiday and trucking issues. Cream is being placed in local churns for processing. Weather conditions continue to be ideal for strong milk production in the Pacific Northwest. A major storm moving in from the north over the weekend may change things somewhat. Most plants in the region are stating that they will not close down for the transition time into the new year. They believe that their equipment and computers are in good shape and they don't want to lose any hours of operation that they feel they need to process the surplus supplies. However, technical computer people will be standing by. Feed and hay needs are well covered into the new year. Conditions remain mild in the northern Mountain region. Some contacts are becoming more concerned about the dry conditions. Very little snow is in the mountains and no snow is found in the valleys. Manufacturing plants expect to be hard pressed to handle surplus offerings this weekend.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/29/99 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 steady to weak market. Demand is very slow with the best movement being reported on regular commitments and into blends. Lower prices are reportedly available below the range on multiple load shipments. Bulk loads are difficult to move with it being the year end and most buyers are already in good balance. Production is generally unchanged with producer inventories continuing to build. Government purchases are not being reported by Midwest producers. High heat trade is very light and production is minimal. Producers and traders are hoping that trade will improve after the new year.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0000 - 1.0250 MOSTLY: 1.0200 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices remain unchanged on a steady market. Producers are reluctant to change their prices and traders are reporting very minimal activity in the Midwest as Western prices are often more attractive. Aged product is being traded 3-7 cents below the range and clearing well. Production is steady and inventories are in balance. Some producers continue to make product for inside use only. Condensed demand remains good into ice cream.

BUTTERMILK: .7700 - .8500

DRY WHEY - CENTRAL

Prices are unchanged on a steady market. Trading is generally at the average with standard premiums noted on brand specific product. Inventories are mixed with some producers sold out and others running a little long. Demand is good into milk replacer facilities and some food applications. Staffing problems because of the holiday week are causing some delays in product movement. Truckers are also difficult to find. Some negotiations on contracts for the new year continue. Condensed whey remains plentiful and available for the light demand. Off grade product is in good supply at usual discounts.

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

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on a steady market. Milk replacer whey is in good supply. The short holiday week and the end of the year are deterring some interest in purchasing extra product. Some producers are anticipating an improved demand in the new year as a result of the recently released hog inventory numbers. Roller ground and delactose continue to move best on regular commitments. Off grade declatose is available for the good interest. Production is steady on all feed whey items. The USDA hog and pig inventory for December 1999 was 4% below December 1998 and 2% below September 1999. Breeding inventory was down 7% from December 1998 and down 1% from September 1999. Barrow, gilt, and veal prices are moving lower while early weaned pig prices move higher.

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. Some negotiations continue on first quarter contracts with most trades settled. A few plants have excess product to move on the spot market. Most producers are reporting supplies as tight, sold out, or over sold. Inquiries from China have increased. Movement remains good into Asia and Mexico. Domestic demand is steady into infant formula and candy facilities. Feed buyers still hold a good interest in extra grade lactose. Off grade product remains difficult to find. Some producers anticipate increased demand in the new year as European milk production reaches seasonal lows and Oceania milk production seasonally declines.

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 to higher on a mostly steady market. Inventories are mixed with some producers sold out or tight while others are in balance to a little long. Product movement was better at the beginning of week as some buyers preferred to receive product before the new year arrived. Most plants are operating at capacity. Condensed supplies are more plentiful than in past weeks yet product continues to clear well into feed channels. New interest in dry WPC is appearing from Asian markets. Some producers anticipate an improved demand as imports from the Oceania region have reportedly decreased and encouraged some veal buyers to look for alternative domestic supplies. Movement into Class II products is generally steady for the light to fair demand.

EXTRA GRADE 34% PROTEIN: .4050 - .4700 MOSTLY: .4250 - .4450

NONFAT DRY MILK - WEST

Prices are unchanged for both NDM series. Low/medium heat production is seasonally active at high levels to process surplus milk supplies in the region. Production levels are expected to remain high over the upcoming holiday weekend. More output is being bagged for offering to the CCC under the price support program. Offerings and sales less than the support price of $1.01 continue to be used to clear surpluses by others not offering to the government. Orders have slowed as the typically light demand has enveloped the marketplace. Producer inventories are building. During the period of December 20 - 22, CCC net purchases totaled 5.7 million pounds of nonfortified and fortified NDM from Western and Midwestern sources.

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

No price changes were reported in limited holiday trading. Offerings and demand are balanced at light levels. Production is moderate to heavy as additional churning and lighter condensed buttermilk orders are offset by the lack of dryer time available to dry buttermilk. Stocks are light to moderate and building.

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

DRY WHEY - WEST

Western whey prices held steady this week. Market activity is generally light as is normal for the week between the year end holidays. The Western market is in fairly close balance at this time. Some contacts are expressing some concern about supplies and offerings during the first quarter. Most believe that cheese and milk production will remain heavy into the new year. This may lead to some pressure on markets. Production is currently seasonally heavy.

NONHYGROSCOPIC: .1700 - .2200 MOSTLY: .1925 - .2025

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
December 24	$1.0091	10,579,636
December 17	$1.0109	9,727,286

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 steady to lower and the market tone is often weaker. With buying interest so slow, more producers have adjusted asking prices a little lower to stimulate some interest. Dryers are, for the most part, all running at capacity levels. Milk volumes are seasonally burdensome and most butter/powder plants have trucks lined up waiting to unload. Those producers who were comfortable with their inventories are now rebuilding, but those with more than they wanted going into the holidays are concerned about stock growth. Demand is slow at best and buyers are looking for better bargains if they make small volume or large volume purchases. Those plants with DEIP deals to fill are more comfortable with current output levels. Through December 23, DEIP bid allocations accepted account for 59,954MT or 78.7% of this program-year total. Reallocated volumes are nearly 100% of the proportioned volumes for the first six months of the program.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:	
LOW/MEDIUM HEAT:	1.0000 - 1.0500 MOSTLY: 1.0100 - 1.0300
HIGH HEAT:	1.0400 - 1.1000 MOSTLY: 1.0500 - 1.0700
DELVD SOUTHEAST:	
ALL HEATS:	1.0400 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower within the range. Production levels are up, but most dryers are trying to clear as much condensed as possible to avoid tying up dryer time. Spot demand has been fairly decent, but prices are often lower. Producer stocks are still closely balanced, but some accumulation has been noted. Churning activity is very active and cream supplies are more than excessive.

F.O.B. NORTHEAST:	.7800 - .8000
DELVD SOUTHEAST:	.8100 - .8300

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are often lighter as dryers, burdened with too much surplus milk, make NDM so as to process the milk more quickly. Spot demand remains slow to fair and stocks are adequate to cover current needs. Through December 23, DEIP dry whole milk bid acceptances total 4,463MT, 46.1% of the programs total.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH DECEMBER 23, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	72,547	MT (159,937,116 LBS)
CHANGE	--	2,427	MT (5,350,564 LBS)
WHOLE MILK POWDER	--	4,463	MT (9,839,130 LBS)
CHANGE	--	8	MT (17,637 LBS)
CHEESE	--	1,169	MT (2,577,177 LBS)
CHANGE	--	19	MT (41,887 LBS)
BUTTERFAT	--	2,831	MT (6,241,223 LBS)
CHANGE	--	500	MT (1,102,300 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 are mostly unchanged and the market tone is steady. Dry whey production is heavy as most cheese plants are operating at capacity. Stocks are closely balanced and a few plant contacts report being sold out for the next several weeks as they fill orders. Other operations have dry whey on hand for immediate shipment. Demand is about steady and what many would expect for the last week of a year. Orders for delivery in early January are fair to good. With respect to market activity, both producers and traders report a very slow week.

F.O.B. NORTHEAST:	EXTRA GRADE	.1825 - .1875
	USPH GRADE A	.1925 - .2050
DELVD SOUTHEAST:		.1950 - .2225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is little changed from last week. Spot demand is slow as most buyers have enough product to carry them into next year. Any new orders are for delivery in January. Traders and producers report a quiet week for animal feed sales.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are heavier as more surplus milk is available across the country. Some producers are being offered attractive prices if they can take in more milk. Demand is slower as seasonal needs have been met and buyers are working off inventories before reordering. Producer stocks are being replenished.

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 markets are generally steady at unchanged prices, although the market tone is firm. Domestic buyers continue to report that prices for both acid and rennet are higher than their last purchase. Stocks are sufficient for contracted volumes but not that available on a spot basis. European and Oceania sources are reporting lighter than desired stock levels. Oceania production is declining seasonally, while Europe is nearing the start of a new production season.

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

RENNET:	1.8000 - 1.9500
ACID:	1.8500 - 2.0500

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/
SEP 1999	164.6	2.2	158.7	3.8	152.8	1.3	164.6	6.8	144.9	-17.9	149.2	1.2
OCT 1999	165.1	1.9	164.1	5.9	162.8	7.9	167.4	6.8	143.9	-25.9	149.2	0.8
NOV 1999	165.2	1.9	164.6	5.6	165.7	9.1	165.7	4.7	135.6	-27.5	150.5	1.8

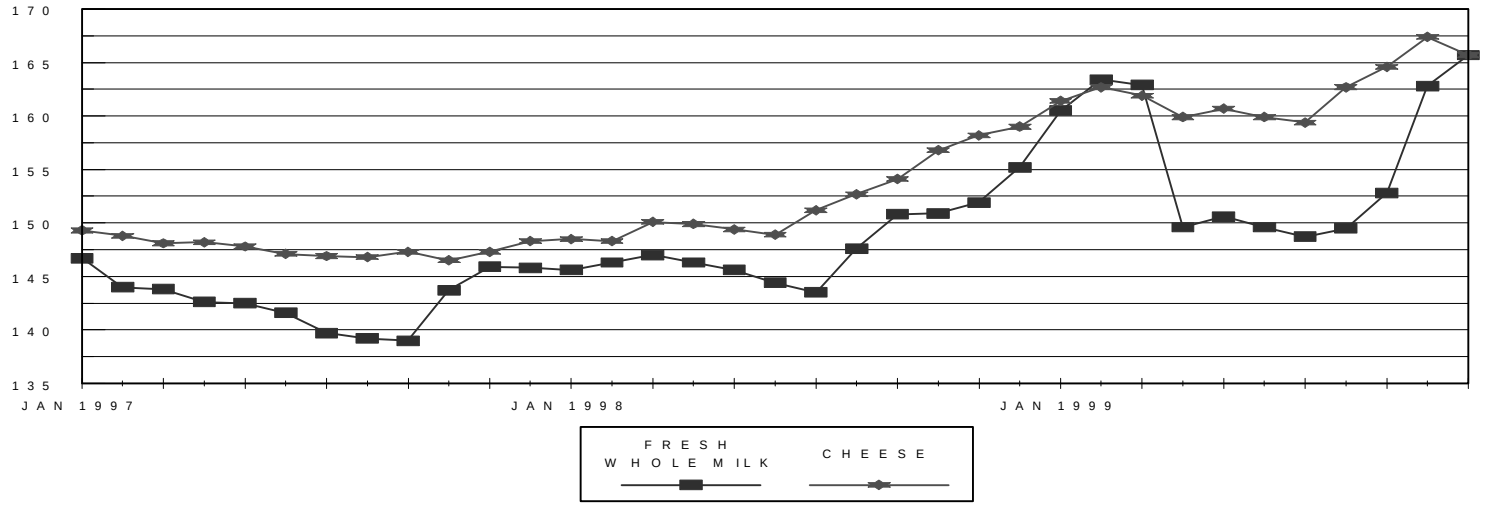
U.S. City Average Retail Prices

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											
SEPTEMBER	2.794	2.757	2.725	2.622	2.628	3.387	3.884	3.617	3.808	3.587	3.280	3.184
OCTOBER	2.964	2.785	2.892	2.658	2.858	3.802	3.858	3.630	4.007	3.671	3.380	3.272
NOVEMBER	2.981	2.800	2.942	2.651	2.449	3.623	3.789	3.803	3.918	3.657	3.338	3.373

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.

CONSUMER PRICE INDEX

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



Federal Milk Order Advance Prices Highlights, January 2000

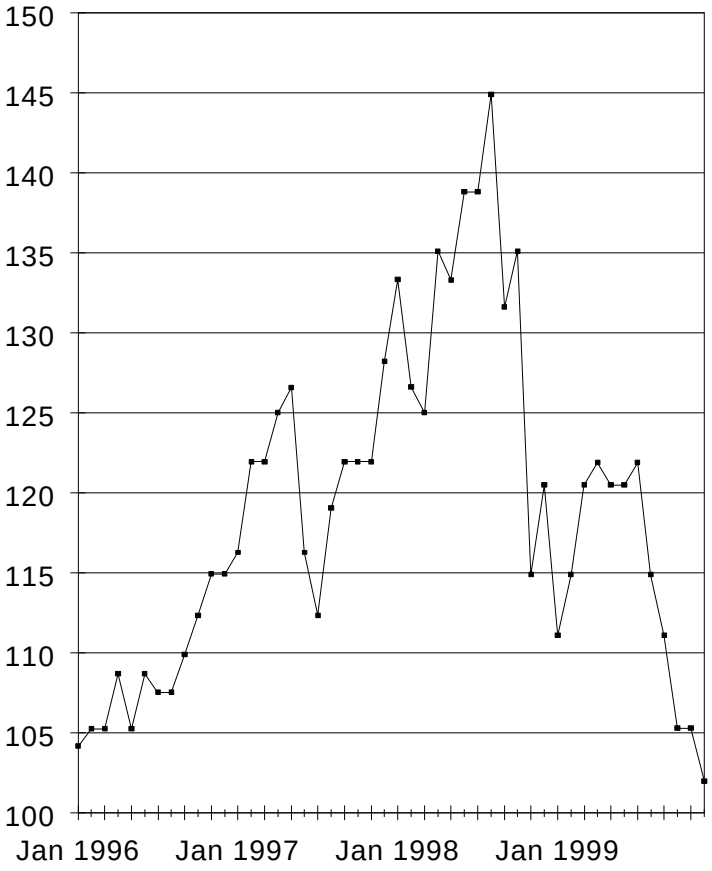
Class I Base Price. Under the new Federal milk order reform pricing system, the Class I base price for January 2000 is $10.90 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of $7.72 and the advanced butterfat pricing factor of $0.9854. Class I differentials specific to each order are added to the base price to determine the Class I price. **Class II Price Information.** The advanced Class IV skim milk pricing factor is $7.72. Thus, the Class II skim milk price for January is $8.42 per cwt., and the Class II nonfat solids price is $0.9356. **Product Price Averages.** The two-week product price averages for December are; butter $0.9220, nonfat dry milk $1.0125, cheese $1.1268, and dry whey $0.1870.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/

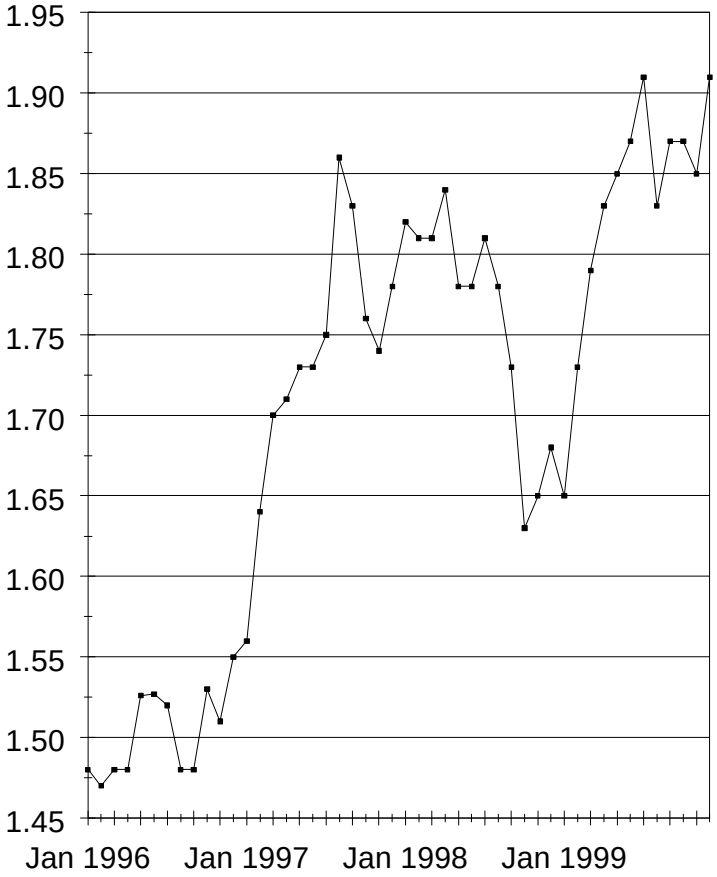
Federal Milk Order Marketing Area 3/	Order Number	January 2000		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		$ per cwt.	$ per cwt.	$ per pound
Northeast (Boston) 4/	001	14.15	10.97	1.0179
Appalachian (Charlotte) 5/	005	14.00	10.82	1.0164
Southeast (Atlanta) 6/	007	14.00	10.82	1.0164
Florida (Tampa) 7/	006	14.90	11.72	1.0254
Mideast (Cleveland) 8/	033	12.90	9.72	1.0054
Upper Midwest (Chicago) 9/	030	12.70	9.52	1.0034
Central (Kansas City) 10/	032	12.90	9.72	1.0054
Southwest (Dallas) 11/	126	13.90	10.72	1.0154
Arizona-Las Vegas (Phoenix) 12/	131	13.25	10.07	1.0089
Western (Salt Lake City) 13/	135	12.80	9.62	1.0044
Pacific Northwest (Seattle) 14/	124	12.80	9.62	1.0044

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk.
2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
3/ Names in parentheses are principal pricing points of markets.
4/ Class I price at other points is: New York City, minus $0.10; Philadelphia, minus $0.25; Baltimore, minus $0.25; and Washington, DC, minus $0.25.
5/ Class I price at other points is: Knoxville, minus $0.30 and Louisville, minus $0.90.
6/ Class I price at other points is: New Orleans, plus $0.50; Memphis, minus $0.30; Nashville, minus $0.50; and Springfield, Mo., minus $0.90.
7/ Class I price at other points is: Orlando, same; Miami, plus $0.30; and Jacksonville, minus $0.30.
8/ Class I price at other points is: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20.
9/ Class I price at other points is: Milwaukee, minus $0.05; and Minneapolis, minus, $0.10.
10/ Class I price at other points is: Des Moines, minus $0.20; Omaha, minus $0.15; Oklahoma City, plus $0.60; St. Louis, same; and Denver, plus $0.55.
11/ Class I price at other points is: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75.
12/ Class I price at Las Vegas is minus $0.35.
13/ Class I price at Boise is minus $0.30.
14/ Class I price at other points is: Portland, same; and Spokane, same.

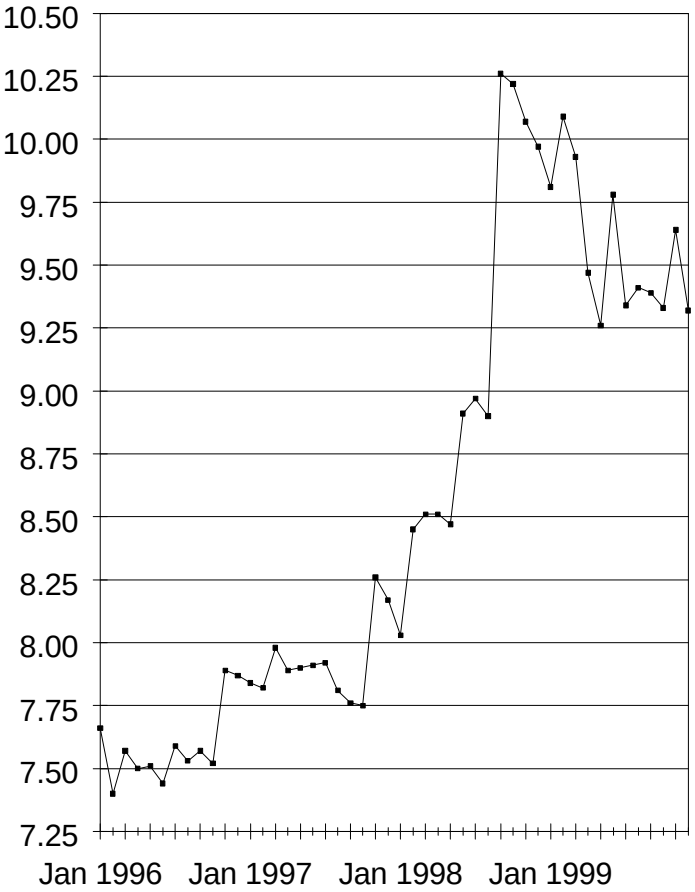
JAPANESE YEN



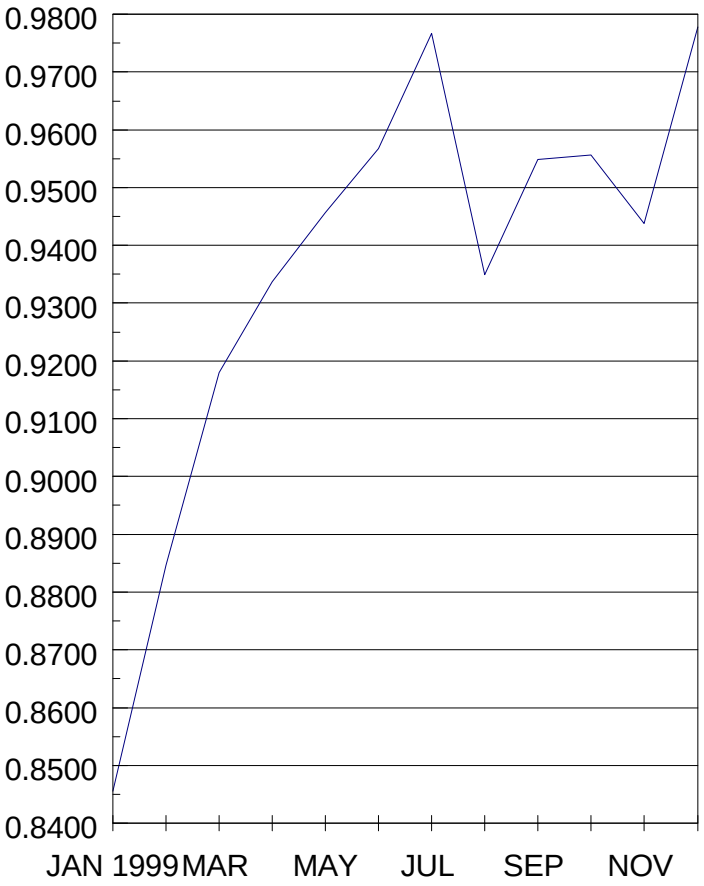
GERMAN MARK



MEXICAN PESO



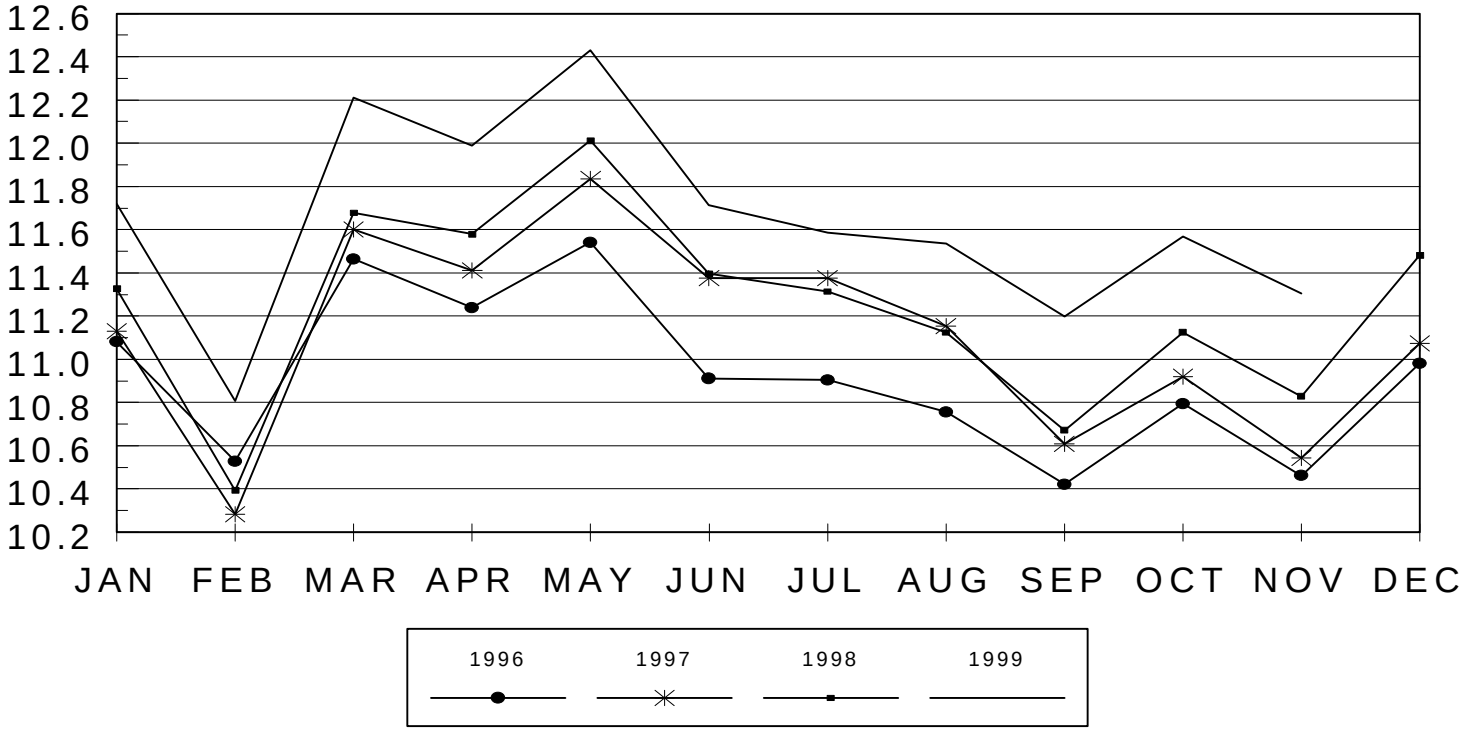
EURO



EQUIVALENT TO $1 U.S.

MILK PRODUCTION - TOP 20 STATES

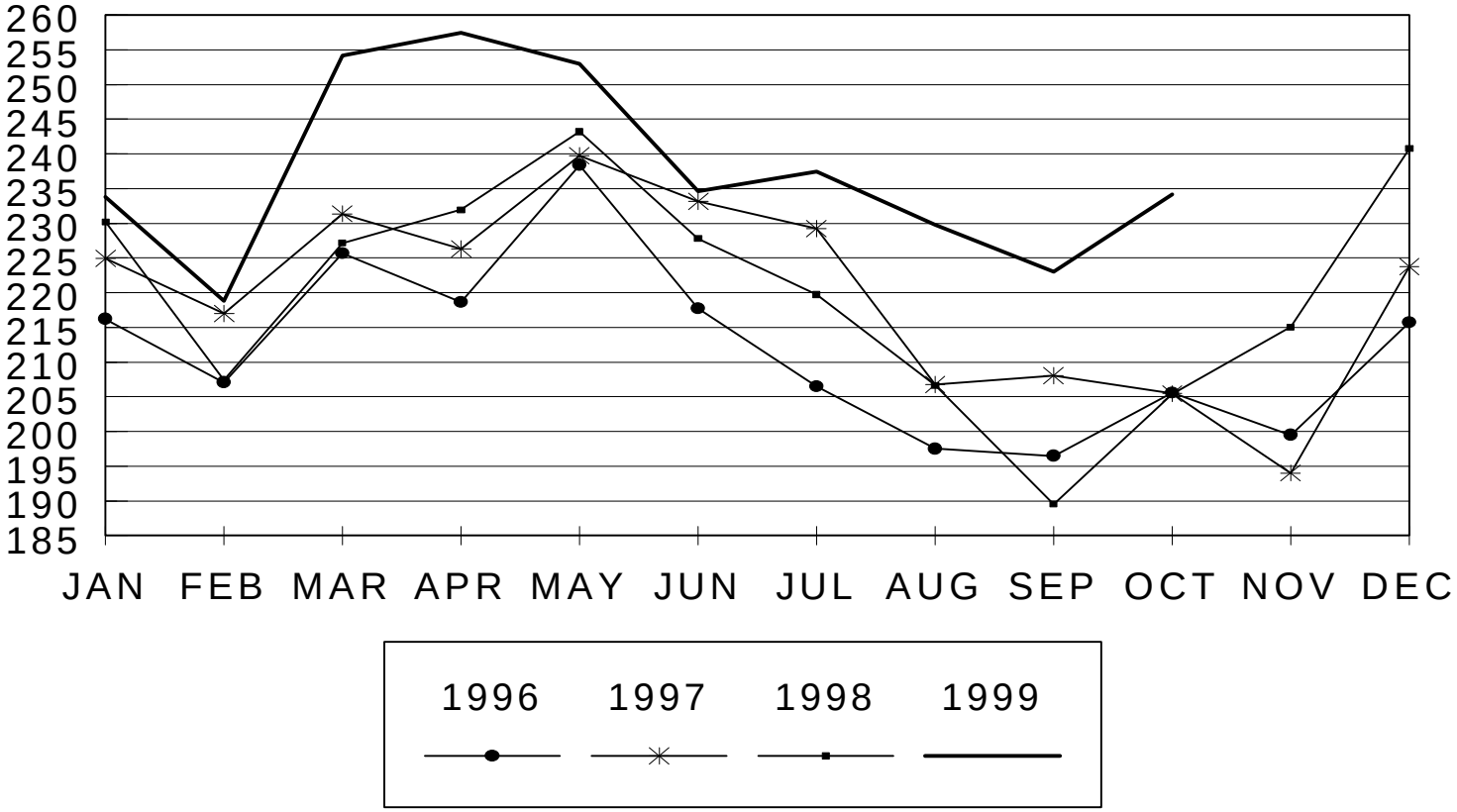
BILLION POUNDS



NASS DATA, GRAPH BY DAIRY MARKET NEWS

U.S. CHEDDAR CHEESE PRODUCTION

MILLION POUNDS



CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF DECEMBER 23 - 31			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 12/24/99	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	14,152,757	-0-	14,152,757	47,464,825	103,384	-0-	-0-
Fortified	-0-	-0-	-0-	3,490,769	-0-	-0-	-0-
TOTAL	14,152,757	-0-	14,152,757	50,955,594	103,384	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF DECEMBER 23 - 31, 1999 =	3.1	164.7	COMPARABLE WEEK IN 1998 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1999 =	11.2	593.1	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	1.2
CUMULATIVE JANUARY 1 - DECEMBER 31, 1999 =	52.1	2,757.7	COMPARABLE CALENDAR YEAR 1998 =	25.0	1,321.4

* 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 PERIOD OF DECEMBER 23 - 31, 1999 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	500,157	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	13,564,416	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	88,184	-0-

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

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	-0-	-0-	1,511,365	-0-	3.0	0.0
WEST	-0-	-0-	-0-	-0-	49,356,045	103,384	96.8	100.0
EAST	-0-	-0-	-0-	-0-	88,184	-0-	0.2	0.0
TOTAL	-0-	-0-	-0-	-0-	50,955,594	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 12/11/99 & Comparable Week 1998 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
1999-Dairy cows HD (000)	0.2	1.0	8.1	5.6	21.2	2.2	1.9	1.7	10.8	2.7	55.5	2,473.2	47.0	45.8
1998-Dairy cows HD (000)	0.2	1.4	8.4	5.8	21.2	2.4	3.2	0.9	9.8	2.9	56.3	2,530.1	44.0	44.8
1999-All cows HD (000)	0.2	1.2	11.3	14.7	28.6	15.9	17.8	6.1	14.4	7.9	118.1	5,403.4		
1998-All cows HD (000)	0.3	1.4	11.3	17.6	29.9	18.2	20.3	7.5	12.7	8.9	128.1	5,649.3		

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	