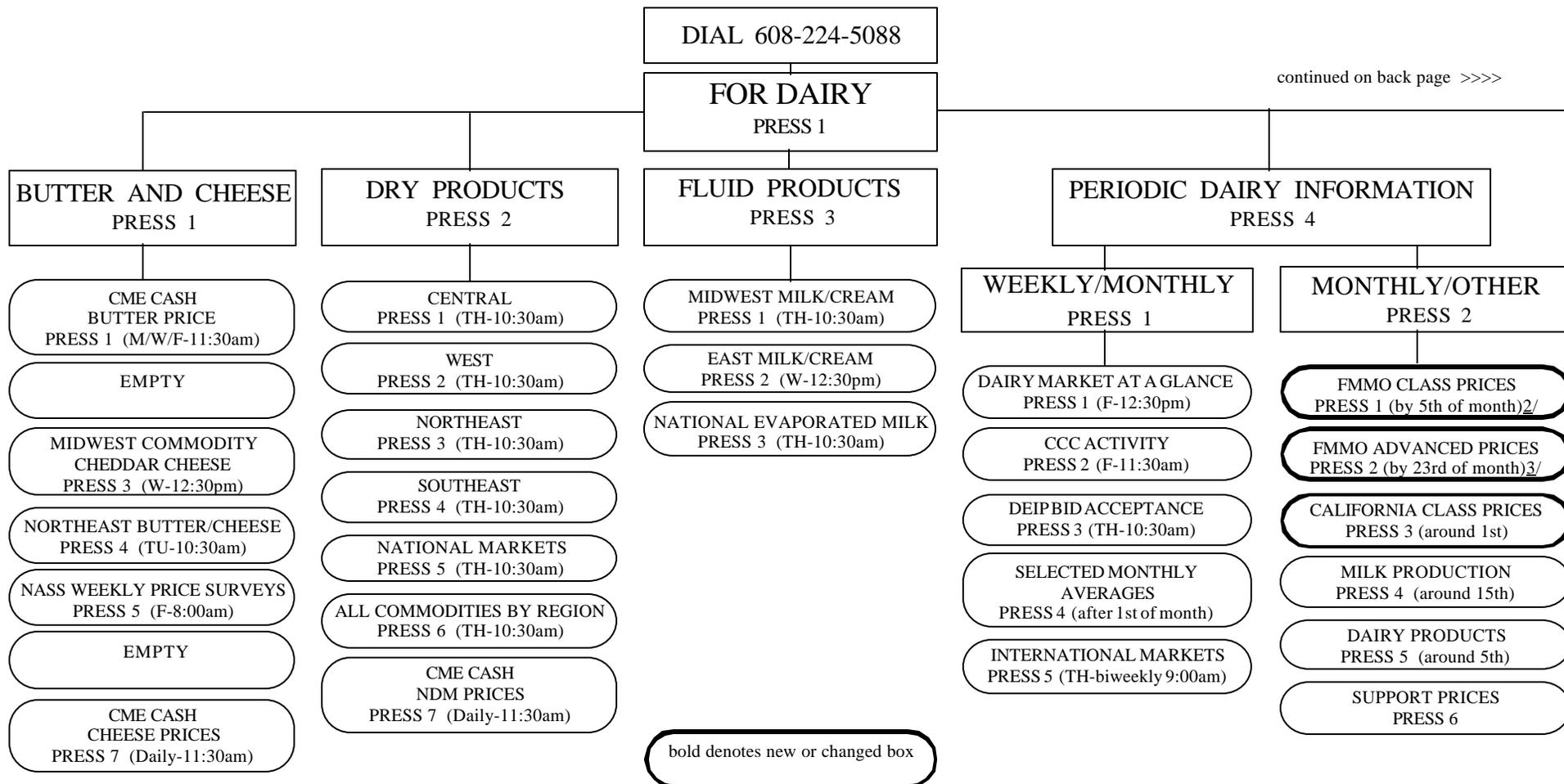


MARKET NEWS RECORDED INFORMATION SYSTEM

The system is accessible via a touch-tone telephone. Recorded instructions prompt the caller in the use of the system. By listening to menus and pressing the appropriate numbers, you will have access to the latest market information. Please note that you do not have to listen to the entire menu before pressing your number choice. Use the flowchart below as a guide for accessing dairy information. Release day and time (Central) are in parenthesis. 1/

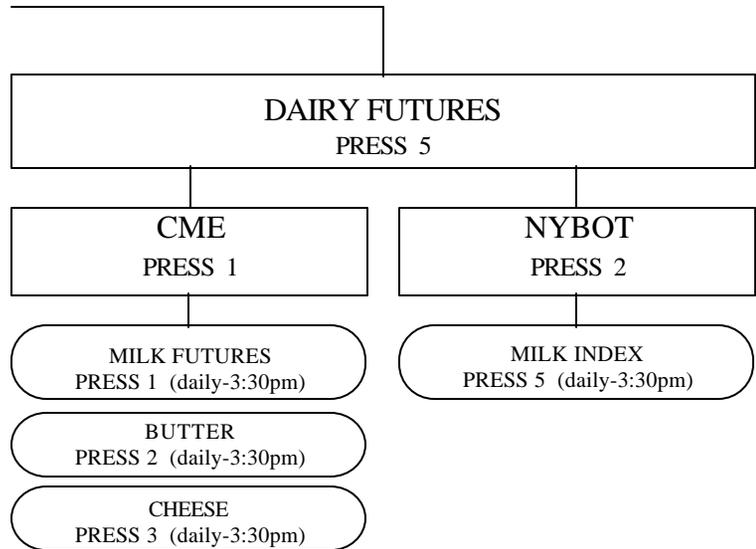


HINTS
 -press 8 to repeat a message
 -press 9 to back out one level
 -press * before exiting system
 (allows system to reset line for next user)

1/ Holidays may affect release days and times. 2/ Released at 9:30am CT on the Friday before the 5th, unless this date is a Friday. 3/ Released at 9:30am CT on the Friday before the 23rd of the month unless this date is a Friday.

EXAMPLE
 TO ACCESS CENTRAL & WESTERN DRY PRODUCTS:
 DIAL 608-224-5088
 --PRESS 1 FOR DAIRY MENU
 --PRESS 2 FOR DRY PRODUCTS MENU
 --PRESS 1 FOR CENTRAL PRICES
 (SYSTEM RETURNS TO DAIRY MENU)
 --PRESS 2 FOR DRY PRODUCTS MENU
 --PRESS 2 FOR WESTERN PRICES
 STAY ON LINE FOR DAIRY MENU
OR PRESS * KEY IF EXITING SYSTEM.

>>>> continued from front page



NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/11):
BUTTER: Grade AA closed at \$0.8800. The weekly average for Grade AA is \$0.9050 (-.0525).

CHEESE: Barrels closed at \$1.0800 and blocks at \$1.1100. The weekly average for barrels is \$1.0800 (-.0055) and blocks, \$1.1100 (N.C.).

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: Butter markets and prices are weak. Producers and handlers are reporting that it is difficult to establish a manageable production/marketing strategy when the cash price fluctuates as it has over the past month or so. They are analyzing price moves at the CME to see if they are able to discern a pattern over time that will help them make operational decisions. Churning schedules are seasonally quite active at most butter plants. Butter stocks are reported to be considerably heavier than last year at this time. Some traders report that it is very difficult to move bulk and print butter at current weakening prices. Most buyers continue to place orders for short term needs.

CHEESE: The cheese market is unsettled to weak. The volume of offerings continues to build and pressure the market. Current demand is generally fair at best. Buyers have little incentive to increase inventories heading into spring when milk production peaks. Current cheese production remains seasonally heavy.

FLUID MILK: Milk production trends are holding across most areas of the United States. In the West, milk output is mostly noted to be well above year ago levels with areas seeing 10% or more gains. There are concerns about handling milk volumes in the spring in the Northwest. Production is trending higher in the Southeast, following the break in recent colder weather. Florida's production is increasing slowly with surplus milk leaving the state for processing. Northeast output continues at a slow, steady upwards pace. Additional, surplus volumes are moving to manufacturing plants for processing. Midwestern milk supplies are seasonally heavy and plant operating schedules are well above year ago levels. Cream supplies are ample to excessive for class needs. Prices and multiples are lower.

DRY PRODUCTS: Nonfat dry milk prices are generally holding steady with slight price movements noted. Pricing levels have settled around the support price of \$1.01 in all production regions. Offerings are excessive of the current light demand and heavy offerings to the support program continue. Buttermilk prices continue to weaken. The lower prices have begun to stimulate some export interest. Production is seasonally active. Dry whey prices are

trending lower in weaker markets. Offerings are more available and demand has declined from recent weeks. WPC prices are steady to higher and being helped by better domestic and export demand. Lactose prices are steady. The market is in balance.

CCC: Net purchases for the week of February 7 - 11, totaled 10,182,311 pounds of nonfortified NDM. This included 3,118,771 pounds from the Midwest and 7,063,540 pounds from the West.

DECEMBER 1999 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 107.8 million pounds in December, 1.4% above December 1998 and 19.3% above November 1999. American type cheese production totaled 307.3 million pounds, 2.4% above December 1998 and 7.0% above November 1999. Total cheese output (excluding cottage cheese) was 698.2 million pounds, 4.4% above December 1998 and 2.7% above November 1999. Nonfat dry milk production, for human food, totaled 129.3 million pounds, 16.6% above December 1998 and 2.85% above November 1999. Dry whey production, for human food, was 99.1 million pounds, 4.8% above December 1998 and 8.1% above November 1999.

JANUARY 1 MILK COW INVENTORY SUMMARY (NASS): The number of milk cows in the United States as of January 1, 2000, totaled 9.19 million head, up 1% from 1999 but slightly below 1998. Milk replacement heifers totaled 3.95 million head, down 3% from 1999 and down 1% from 1998. On January 1, 2000, the number of milk cow replacements per 100 milk cows was 43.0, down from 44.6 on January 1, 1999, and down from 43.3 on January 1, 1998.

DAIRY SITUATION AND OUTLOOK (ERS): Soaring milk production and seasonally soft demand for many dairy products will leave early 2000 prices of milk and dairy products low. Cheese prices in mid-January were near the support purchase price, although no sales to the government had been made. Nonfat dry milk prices were solidly resting on the support purchase price and substantial purchases continued. Meanwhile, butter prices stayed below \$1 per pound, although they had recovered modestly from prices at the start of 2000. Dairy markets for 2000 may not be as weak as current prices imply. The 1999 race between rapidly growing dairy demand and jumps in milk production appears to continue. Although markets are currently dominated by seasonal weakness and large output, considerable uncertainty remains. Demand for most dairy products closed out 1999 on a very strong note. Sales of cheese and butter posted large gains, while fluid milk sales rose slightly.

****SPECIALS THIS ISSUE****

RECORDED MARKET NEWS INFORMATION / INTERNET HOME PAGE (blue sheet)
 DECEMBER 1999 DAIRY PRODUCTS HIGHLIGHTS (PAGE 7)
 JANUARY 1 MILK COW INVENTORY (PAGE 8)
 DAIRY SITUATION AND OUTLOOK (PAGE 9)

CLASS AND COMPONENT PRICES HIGHLIGHTS (PAGE 10)
 ANNOUNCED COOP CLASS 1 PRICES (PAGE 11)
 GRAPHS (PAGE 12)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

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

PRODUCT	MONDAY FEBRUARY 7	TUESDAY FEBRUARY 8	WEDNESDAY FEBRUARY 9	THURSDAY FEBRUARY 10	FRIDAY FEBRUARY 11	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0800 (-.0025)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	\$1.0800 (N.C.)	-.0025	\$1.0800 (-.0055)
40# BLOCKS	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	N.C.	\$1.1100 (N.C.)
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	\$.9300 (-.0325)	-----	\$.9050 (-.0250)	-----	\$.8800 (.0250)	-.0825	\$.9050 (-.0525)

*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 *****The CME will be closed on Monday February 21, 2000, due to Presidents' Day. *****

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 7, 2000

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.0825, 1 @ \$1.0800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1100
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 11 CARS GRADE AA: 1 @ \$0.9200, 2 @ \$0.9300, 1 @ \$0.9350, 2 @ \$0.9375, 1 @ \$0.9400, 1 @ \$0.9375, 1 @ \$0.9400, 1 @ \$0.9375, 1 @ \$0.9325; BIDS UNFILLED: 1 CAR GRADE AA @ \$0.8500; OFFERS UNCOVERED: 20 CARS GRADE AA: 1 @ \$0.9300, 4 @ \$0.9350, 1 @ \$0.9375, 3 @ \$0.9400, 5 @ \$0.9500, 1 @ \$0.9525, 2 @ \$0.9600, 1 @ \$0.9700, 2 @ \$0.9800

TUESDAY, FEBRUARY 8, 2000

CHEESE -- SALES: 2 CARS BARRELS @ \$1.0800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1100, 1 @ \$1.1200
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 9, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0500; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0800; 1 CAR 40# BLOCKS @ \$1.1100
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$0.8800, 1 @ \$0.8900, 1 @ \$0.9050; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$0.8700, 3 @ \$0.8500; OFFERS UNCOVERED: 20 CARS GRADE AA: 1 @ \$0.9075, 2 @ \$0.9100, 1 @ \$0.9150, 1 @ \$0.9175, 1 @ \$0.9225, 1 @ \$0.9250, 2 @ \$0.9275, 5 @ \$0.9300, 2 @ \$0.9400, 2 @ \$0.9500, 2 @ \$0.9600

THURSDAY, FEBRUARY 10, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1100, 1 @ \$1.1200
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 11, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1100
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$0.8800, 1 @ \$0.8900, 1 @ \$0.8825, 1 @ \$0.8850, 1 @ \$0.8825, 1 @ \$0.8800; BIDS UNFILLED: 14 CARS GRADE AA: 1 @ \$0.8700, 1 @ \$0.8600, 2 @ \$0.8525, 10 @ \$0.8500; OFFERS UNCOVERED: 9 CARS GRADE AA: 2 @ \$0.8975, 5 @ \$0.9000, 2 @ \$0.9050

BUTTER MARKETS

DECEMBER BUTTER PRODUCTION

During December, butter production in the United States totaled 107.8 million pounds, 1.4% above December 1998 and 19.3% above November 1999. The following are percentage changes from December 1998 for various states: CA +14.8%, MN -16.2%, NY +0.9%, OR -11.9%, PA +17.1%, WA +48.5%, and WI -1.2%. Cumulative output for the twelve months of 1999 totals 1.2 billion pounds, 7.0% higher than the same period in 1998.

price fluctuates as it has over the past month or so. Many feel that the market tone will probably remain weak for about two weeks with possible firmness after that. Current production remains quite active. Cream volumes continues to be readily available to local butter operations from both local and out of area sources. Print butter buying interest is fair at best with most orders being placed for short term or immediate needs. Bulk butter demand is fair and clearances are occurring at 1 1/2 - 4 cents a pound over various pricing bases.

NORTHEAST

The market tone remains unsettled as prices at the CME are now falling. It almost seems that CME prices are moving up and down in a two-week cycle. Confusion reigns as butter contacts wonder what is going on. They have a hard time figuring out what's happening particularly when one considers current butter production levels and cold storage holdings. Eastern area churning activity remains heavy. Bulk and print butter stocks are more than ample for the current, slow demand. Some traders report that it is very difficult to move bulk butter and print butter at current prices. Buyers are waiting for lower prices. Bulk movement is slow and still in the range of 3-5 cents over the CME price/average.

WEST

Print butter sales are being reported as steady at best. There is very little excitement in this market at this time after the brisk sales period at the end of the year. Little feature activity is noted and store prices remain relatively high. Bulk offerings from manufacturing plants continue to clear within the region and to other areas of the country. Some contacts note that it is taking longer for the butter to move and that producer stocks are building at some locations. Cream offerings remain very heavy in the region. Small volumes are clearing to other areas of the country. Contacts are analyzing price moves at the CME to see if they are able to discern a pattern over time that will help them to make marketing decisions. Current prices for bulk butter range from 5 cents under to flat market based on the CME with various time frames and averages involved. Inventories at CME approved warehouses have increased 44.5 million pounds over the past six weeks, 28.7% ahead of the same period in 1999.

CENTRAL

The butter market tone is weak. Producers and handlers are reporting that it is difficult to establish a manageable production/marketing strategy when the cash

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
FEBRUARY 5	1.1106 5,527,501	1.0842 9,108,587	1.0112 18,328,732	.9085 5,466,442	.1805 6,686,719

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 steady to fractionally lower and the market tone remains steady to weak. Demand has slowed during the past week or so. Production levels are moderate to heavy. Surplus milk volumes are quite heavy. However, good Class I demand during the past two weeks eased the volumes of milk moving to manufacturing plants during that time period. Cheese stocks are more than adequate to meet the slow to fair demand. Retail movement is just fair and food service orders are steady. Total cheese output during December 1999 was 698.2 million pounds, 4.4% more than December 1998 and 2.7% above November 1999.

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

Cheddar 10# Prints	:	1.1250-1.6150
Cheddar Single Daisies	:	1.1050-1.5650
Cheddar 40# Block	:	1.2500-1.4275
Process 5# Loaf	:	1.3050-1.4575
Process 5# Sliced	:	1.3250-1.5625
Muenster	:	1.3075-1.6100
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady to weak. This is a "buyer's market" due to the growing volume of product available. Some buyers anticipate prices could decline slightly if supplies continue to build. Buyers have little incentive to order for more than short term needs because few expect a major price increase soon. Some buyers are asking, and in instances, getting discounts on spot loads. Cheddar aging programs continue to absorb good volumes. Many plant operators are concerned about having sufficient plant capacity during the spring peak period and a few are trying to cull their poor quality milk producers. Cheese production is seasonally active. Estimated December 1999 total cheese output in selected Midwestern states compared with December 1998 is: Wisconsin 186.9 million pounds, up 4.8 million pounds (2.7%); Minnesota 59.9 million pounds, up 2.5 million pounds (-4.4%); Iowa 20.5 million pounds, down 1.1 million pounds (4.9%); and Missouri 13.4 million pounds, off 500,000 pounds (-3.6%).

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

Process American 5# Loaf	:	1.2650-1.4700
Brick And/Or Muenster 5#	:	1.4500-1.6700
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6100-2.1150
Blue 5#	:	1.8050-2.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5000-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.6850

MIDWEST COMMODITY CHEDDAR

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

CHEDDAR STYLES	:	FEBRUARY 7 - 11, 2000
BARRELS*	:	\$1.0750 - 1.1000 (NOMINAL)
	:	(-\$0.0075) (-.0050)
40# BLOCKS	:	\$1.0900 - 1.1425 (NOMINAL)
	:	(-\$0.0200)

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

WEST

Demand is beginning to appear more sluggish as buyers assess their stock levels versus projected needs. Many are approaching target stock levels that will leave them comfortable going into the summer and fall seasons. Most are commenting that they are very happy with the average price level for their inventories. Stocks of undergrade cheese are in reasonably good balance at the producer level. Production remains seasonally heavy. December U.S. Swiss cheese output totals 16.3 million pounds, up 4.2% from last year. December American cheese production for selected states is as follows: California up 13.0%, Idaho down 0.9%, Oregon up 13.3%, Utah up 15.9%, and Washington up 1.6%. American cheese production for calendar 1999 totals 3.59 billion pounds, up 7.8% from 1998. Italian cheese production is up 5.1% for the same period.

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

Process 5# Loaf	:	1.2400-1.5000
Cheddar 40# Block	:	1.2300-1.3700
Cheddar 10# Cuts	:	1.4100-1.6300
Monterey Jack 10#	:	1.4200-1.5800
Grade A Swiss Cuts 6 - 9#	:	2.1500-2.4000

FOREIGN

Prices and the market tone are steady. Stocks of most types and styles of cheese are adequate to meet current slow to fair demand. With U.S. prices so low, interest in imported cheese for further processing continues to be light.

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	: 1.4550-2.9500
Gorgonzola	:	3.2400-5.9400	: 2.0100-2.4900
Parmesan (Italy)	:	TFEWR	: 2.8700-3.3750
Romano (Italy)	:	2.1000-2.5400	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.4700-1.7500
Romano (Cows Milk)	:	-0-	: 2.6325-4.8200
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**

NOTE CORRECTIONS ON PREVIOUS WEEK CHEESE*

	BUTTER	:	CHEESE		CORRECTION	:	*CHEESE
02/07/00	14,669	:	116,470		01/31/00	:	116,210*
02/01/00	14,512	:	116,262		01/01/00	:	111,383
	CHANGE	:	157	:	208	:	4,827*
	% CHANGE	:	1	:	0	:	% CHANGE : 4*

Based on the historical relationship of the preliminary U.S. Cold Storage report of Dec. 31 and the selected centers storage report, the expected U.S. holdings as of Feb. 1 are:

Butter	59 million pounds plus or minus 4.50 percent
Cheese	466 million pounds plus or minus 2.27 percent

FLUID MILK AND CREAM

EAST

The following are final Class prices for January under the New Federal Order Reform: Class II \$11.43, Class III \$10.05, and Class IV \$10.73. These prices are the same for all orders. Product price averages used in computing Class prices are: butter \$0.8820, nonfat dry milk \$1.0115, cheese \$1.1517, and dry whey \$0.1857. The Class II butterfat price is \$0.9436 and the Class III/IV butterfat price is \$0.9366. For informational purposes December 1999 BFP was \$9.63. The cold weather that had been plaguing the Southeast broke and temperatures are back to more normal. The improved weather has prompted milk production to rebound. Florida's milk output is increasing at a slower pace but milk volumes are more than ample. Florida handlers expect to ship approximately 37 loads of excess milk out of state for processing. In the Middle Atlantic and Northeast, milk production continues a slow, steady increase. Milk supplies are heavier and surplus volumes are increasing. Bottled milk sales are steady to lighter in the Northeast. Following two weeks of storm induced sales, retail movement slowed in much of the region. In Florida, a late season for tourists is developing and milk sales are quite good. Surplus milk volumes are up and most plants are running what is termed comfortable schedules. Those Southeastern manufacturing plants that are running, are not yet doing so on a daily basis and processing heaviest volumes on weekends. The condensed skim market is unchanged for both Class II and III. Spot demand is seldom better than fair as users may still purchase dry solids at or below current condensed skim prices. The fluid cream market remains weak. Offerings are more than ample for Class II needs and many loads of excess cream are moving to local and out-of-region churning facilities. However, because so much excess cream is available, most butter makers are lowering the prices/multiples they are willing to pay. Class II demand is just fair. With the butter price average moving higher during the past week, buyers are showing a little more price resistance. Cream cheese output is mostly steady and ice cream production is seasonally moderate. Churning activity is heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT		
F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.1490-1.2783
DELIVERED EQUIVALENT ATLANTA	-	1.1490-1.2448 M 1.1682-1.2065
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2448-1.2994
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	-	.9000-1.0000

MIDWEST

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
FEBRUARY 4 - 10, 2000	14
PREVIOUS WEEK	16
COMPARABLE WEEK IN 1999	0

DESTINATIONS: MISSOURI 14

Class I interest is generally steady to lighter at more normal seasonal volumes. Milk supplies are seasonally heavy and plant operating schedules are well above year ago levels. Manufacturing milk interest is steady though increased patron intakes keeps some manufacturers

from actively seeking additional volumes. Reported surplus milk prices are generally moving at flat class/MCP up to +\$.50. Cream interest from ice cream accounts remains mixed, improved for some, but still off-season for others. Cream prices for Class II use are higher, reflecting generally higher cash butter prices at the Chicago Mercantile Exchange. Some ice cream makers still have problems finding qualified labor while finding outside freezer storage for additional production is a greater problem. Cream supplies are seasonally heavy and lower priced offerings from California are occasionally available. Milk intakes in the region are steady to generally slightly higher, but in general, remain slightly above year ago levels. Fat and protein tests on incoming milk volumes are slipping seasonally. Tested hay sold at Wisconsin auctions during the recent week for good quality (RFV 125-150) sold for \$45.00 - 75.00 per ton compared to \$42.50 - 100.00 per ton for comparable quality a year ago.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEBRUARY 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 42.00	\$ 33.50- 38.00
REPLACEMENT HEIFER CALVES	\$260.00-310.00	\$175.00-225.00

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

	FEBRUARY 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.50- 45.25	\$ 30.00- 41.75

WEST

Very little has changed from recent weeks to affect milk production in the Southwest. Weather conditions have generally been very good for milk cow comfort and output has responded accordingly. Low milk prices have cast a gloom over the industry, but many producers recognize that the low point in the cycle will end and they are continuing their business plan. California milk production levels remain strong and often double digit percentages above year ago levels. Producing plants are running heavy to process the milk supplies. Feed supplies are ample and reports of green chopping starting in the south. Alfalfa harvest is set to begin. Milk levels are coming up seasonally in Arizona. Processing capacity is able to handle current volumes. Milk production is higher in New Mexico. Overall, conditions remain favorable for production to continue to outpace year ago levels. Milk cows continue to be added and new facilities are being constructed. Feed costs and availability remain favorable. Cream prices are lower, reflecting the declining butter price at the CME. Butter makers are not wanting to make more butter with the market falling. Cream multiples are highly negotiable. Cream continues to move out of the region. Milk production in the Pacific Northwest remains very strong. Weather conditions continue to help maintain the strong output. Rain, sometimes heavy, continues to be common over much of the region. Temperatures are warmer than normal. Herd health problems appear to be normal. Feed supplies are adequate. Hay stocks are holding up well because of lower feeding rates based on warmer temperatures. Many flowers are beginning to bloom in the region. Conditions are also warm in Utah and Idaho. Temperatures in parts of the region were in the 60 degree neighborhood for part of the week. Wet feedlots are causing some increase in the SCC, but not to unusual levels. Contacts continue to wonder about plant capacity issues when the spring flush hits. Heifer prices in the region continue to soften slightly, but many are surprised at the amount of strength with the very low milk prices.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 02/10/00 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 lower on a weak market. Bulk load movement is occurring at the lower end of the range with brokers tending to show the best interest. Spot demand for single load shipments is light. Movement is good into regular commitments and government programs. Inventories are heavy and building as producers work on finalizing offerings with the government. Production is steady with most plants operating at capacity levels. Improved fluid demand is reducing milk intakes at some locations. Offerings are plentiful. High heat supplies are adequate to instances tight with demand steady to improved. Production of human food, nonfat dry milk during December 1999 totaled 129.3 million pounds, up 16.6% from December 1998 and 28.5% above November 1999. Month ending stocks, at 85.8 million pounds, are 52.5% above a year ago but 1.2% lower than November 1999.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9900 - 1.0150 MOSTLY: 1.0000 - 1.0125

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a steady to weak market. Product is clearing best at the lower end of the range. Most Central producers need to offer product at the lower end in order to effectively compete with prices on the West coast. Production is steady and inventories are building. Demand is light to improved at the lower prices. Bakery and blend operations are showing the best interest. Off grade and aged products are available at good discounts. Condensed supplies are plentiful as dryer time is limited with heavy NDM production. Dry buttermilk production during December 1999 totaled 4.7 million pounds, down 10.3% from December 1998 but 17.9% higher than November 1999. Month ending stocks, at 5.9 million pounds, are 49.2% above last year and 3.3% higher than last month.

BUTTERMILK: .6300 - .7700

DRY WHEY - CENTRAL

Prices are mixed on a steady to weak market. Some plants are sold out while others hold heavy inventories. Bulk load shipments are moving into export channels and brokerage firms at discounted prices. Sales at the lower end of the range are allowing some producers to obtain a better balance. Offers are plentiful and production is generally steady. Inquiries are increasing on export markets. Domestic demand is steady, best on regular commitments and into feed channels. Condensed product remains available for the light to fair interest. Production of human food, dry whey during December 1999 totaled 99.1 million pounds, 4.8% more than December 1998 and 8.1% above November 1999. Month ending stocks, at 47.6 million pounds, are 6.6% above a year ago and 1.7% higher than November 1999.

NONHYGROSCOPIC: .1500 - .1875 MOSTLY: .1700 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. Milk replacer supplies are heavy and offerings are plentiful. Roller ground movement is steady with some buyer resistance to current prices. Some producers may opt to store roller ground rather than move prices lower. The delactose market remains unchanged. Supplies are in balance to instances tight. Off grade delactose remains plentiful at good discounts. Hog markets are unchanged to higher and the North Central veal market is steady. Production of animal feed dry whey during December 1999 totaled 6.3 million pounds, 12.4% lower than a year ago but 9.9% more than November 1999. Month ending stocks, at 8.8 million pounds, are 81.4% above December 1998 but 2.7% lower than last month.

MILK REPLACER: .1300 - .1550
STANDARD: TFEWR
ROLLER GROUND: .1600 - .1850
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Spot movement is very light. Plant problems continue to be reported which is decreasing the available supplies of lactose. Most producer stocks are in balance or sold out. Additional inquiries are being reported from export and feed markets. A weak Euro is encouraging the competitiveness of European lactose. Feed grade product is very difficult to find. Some feed buyers are willing to pay market prices for lack of better alternatives. Higher mesh size product is clearing well at good premiums into pharmaceutical markets. Lactose production during December 1999 totaled 42.7 million pounds, up 9.0% from December 1998 and 3.2% above November 1999. Month ending stocks, at 20.7 million pounds, are 23.4% lower than a year ago but 14.0% more than last month. Production totals for selected regions with changes from 1998 include: East North Central, 9.8 million pounds, +18.1%; West North Central, 15.6 million pounds, +12.3%; and West, 16.0 million pounds, +2.7%.

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

EDIBLE: .1800 - .2500 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Supplies are in good balance throughout the country with some plants reportedly sold out. Export demand remains good as importers realize the lower cost advantage of using WPC instead of NDM. Nutraceutical interest continues to grow with trades reported at the higher end of the range. Feed and blend facilities continue to make inquiries on WPC with some hesitation as to whether the market is actually firming. Traders are reporting the market as "tight." Production is steady to instances lower at some locations. Condensed product is in good balance and clearing well into feed channels. Off grade supplies are plentiful and moving at substantial discounts. Production of human food WPC during December totaled 28.6 million pounds, up 17.2% from December 1998 but 2.1% lower than last month. Manufacturers' end-of-month stocks totaled 18.5 million pounds, 15.1% higher than a year ago but 2.3% below November 1999. Production totals for selected states with changes from 1998 include: California, 7.5 million pounds, -0.1%; Minnesota, 4.6 million pounds, -2.0%; and Wisconsin, 4.6 million pounds, +37.6%.

EXTRA GRADE 34% PROTEIN: .4100 - .5100 MOSTLY: .4350 - .4450

NONFAT DRY MILK - WEST

Prices are mostly steady at weak levels with an adjustment higher on the low end of the range. Production is at high levels. Offerings remain excessive of the current light demand. Buyers see little urgency to buy beyond immediate needs. Some additional medium heat sales are being negotiated due to recent DEIP bid acceptances. The volumes and delivery periods are not such to affect market supplies. High heat prices are unchanged. Supplies and demand are reported to be light. U.S. NDM production in December totaled 129.3 million pounds, up 16.6% from last year and 28.5% more than last month. Cumulative output for calendar year 1999 totals 1.378 billion pounds, up 21.3% from 1998. Stocks at the end of December were reported at 85.8 million pounds, up 52.5% from last year but 1.2% lower than last month. December production in California totaled 64.3 million pounds, up 30.3% from last year, and Washington output totaled 15.2 million pounds, up 32.0% from a year ago. During the week of January 31 - February 4, CCC net purchases totaled 12.8 million pounds of nonfortified NDM from Western and Midwestern sources.

Includes EXTRA GRADE and GRADE A

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

DRY BUTTERMILK - WEST

Pricing levels continue to erode as the market undertone remains weak. Buying interest is light domestically, but some producers have begun to utilize export channels. Stocks remain heavy. U.S. buttermilk powder production in December totaled 4.7 million pounds, down 10.3% from last year but 17.9% higher than November. Stocks at the end of the month were reported at 5.9 million pounds, up 49.2% from a year earlier and 3.3% above November.

BUTTERMILK: .5500 - .7150 MOSTLY: .6000 - .6100

DRY WHEY - WEST

Western whey prices range from steady to as much as one cent lower. The market undertone is definitely weaker. Stocks at more locations are building at a faster rate than desired. The buildup is being caused by both heavy production and lighter demand, especially from the Far East. The Chinese New Year celebrations have slowed sales to a crawl to that part of the world, as is normal. Most contacts speculate that it will take another two weeks to see much of a bump up in demand. Whey production in selected Western states for December compared to last year is as follows: California down 8.0%, Utah up 11.8%, and Washington up 67.3%.

NONHYGROSCOPIC: .1600 - .2000 MOSTLY: .1750 - .1825

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
February 4	\$1.0085	11,932,909
January 28	\$1.0088	7,722,740

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 slightly lower and the market tone is unchanged. Production levels are heavy as more surplus milk was available this week. Demand is fair and often for immediate needs. Some DEIP orders continue to be filled, but domestic spot interest could be better. Plant stocks range from balanced to long. There have been no offerings to CCC, but that topic has come up in some conversations. Production of human food, nonfat dry milk during December 1999 totaled 129.3 million pounds, up 16.6% from December 1998 and 28.5% above November 1999. Month ending stocks, at 85.8 million pounds, are 52.5% above a year ago but 1.2% less than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9900 - 1.0300 MOSTLY: 1.0000 - 1.0100
 HIGH HEAT: 1.0400 - 1.0950 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower. The market tone is weak. Some Eastern contacts are commenting about the price disparity between the East and the other regions. Spot sales are slow and the few orders there are, are being filled with lower-cost Midwest or Western powder. Locally, production is moderate to heavy and plant inventories are starting to build. Dry buttermilk production during December 1999 totaled 4.7 million pounds, down 10.3% from December 1998 but 17.9% more than November 1999. Month ending stocks, at 5.9 million pounds, are 49.2% more than a year ago and 3.3% above last month.

F.O.B. NORTHEAST: .7400 - .7550

DELVD SOUTHEAST: .6800 - .7700

DRY WHOLE MILK - NATIONAL

Prices are generally unchanged and the market tone is slightly improved. Recent DEIP acceptances for dry whole milk have been substantial. Since January 31, more than 3,600 MT have been accepted. Domestic demand is slow to fair. Drying schedules have been steady as many dryers are "tied up" making NDM. Dry whole milk production during December 1999 totaled 9.9 million pounds, up 2.0% from December 1998 but 3.4% below November 1999. Month ending stocks, at 6.4 million pounds, are 23.1% above a year ago and 10.0% more than last month.

F.O.B. PRODUCING PLANT: 1.0700 - 1.2500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH FEBRUARY 4, 2000
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	83,311	MT (183,667,431 LBS)
CHANGE	--	3,705	MT (8,168,043 LBS)
WHOLE MILK POWDER	--	8,258	MT (18,205,586 LBS)
CHANGE	--	2,405	MT (5,302,063 LBS)
CHEESE	--	1,374	MT (3,029,120 LBS)
CHANGE	--	18	MT (39,683 LBS)
BUTTERFAT	--	4,108	
MT (9,056,497 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 weak to steady. Production levels are steady and producer stocks, especially Extra Grade, are readily available for immediate shipment. Grade A stocks are adequate to fully adequate. Demand is seldom better than fair. For the most part, domestic buyers are ordering as needed and not buying too far ahead. Production of human food, dry whey during December 1999 totaled 99.1 million pounds, 4.8% more than December 1998 and 8.1% above November 1999. Month ending stocks, at 47.6 million pounds, are 6.6% above last year and 1.7% more than a month ago.

F.O.B. NORTHEAST: EXTRA GRADE .1725 - .1800

USPH GRADE A .1875 - .2000

DELVD SOUTHEAST: .1950 - .2200

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report and the market tone is steady. Offerings of off-grade dry whey are more than ample and spot demand is still slow, but improving in some instances. A few sales were noted in the \$.1625-.1675 range. Production of animal feed, dry whey during December 1999 totaled 6.3 million pounds, 12.4% less than a year ago but 9.9% more than November 1999.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand is fair as some retailers restock inventories. Production levels are steady, but milk volumes are increasing in most sections of the country. Canned evaporated milk production during December 1999 totaled 39.8 million pounds, 10.5% more than December 1998 but 16.8% less than November 1999. Month ending stocks, at 37.6 million pounds, are 4.9% more than a year ago but 7.9% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are firm. More domestic buyers are reporting that stocks of both rennet and acid are in limited supply. Most buyers are covered under contract, although some are reporting delays in deliveries of contracted volumes. Domestic buyers feel that prices will probably remain firm during the year.

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

RENNET: 1.8000 - 2.1000

ACID: 1.8500 - 2.1000

DECEMBER 1999 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 107.8 million pounds in December, 1.4 percent above December 1998 and 19.3 percent above November 1999. **AMERICAN TYPE CHEESE** production totaled 307.3 million pounds, 2.4 percent above December 1998 and 7.0 percent above November 1999. **TOTAL CHEESE** output (excluding cottage cheese) was 698.2 million pounds, 4.4 percent above December 1998 and 2.7 percent above November 1999. **NONFAT DRY MILK** production, for human food, totaled 129.3 million pounds, 16.6 percent above December 1998 and 2.85 percent above November 1999. **DRY WHEY** production, for human food, was 99.1 million pounds, 4.8 percent above December 1998 and 8.1 percent above November 1999. **ICE CREAM** (hard) production totaled 56.0 million gallons, 0.9 percent above December 1998 but 4.3 percent below November 1999.

PRODUCTION OF DAIRY PRODUCTS										
PRODUCT	DEC 1999	PERCENT CHANGE FROM:			PRODUCT	DEC 1999	PERCENT CHANGE FROM:			
	1,000 LBS.	DEC 1998	NOV 1999	YEAR TO DATE 1/		1,000 LBS.	DEC 1998	NOV 1999	YEAR TO DATE 1/	
BUTTER	107,790	1.4	19.3	7.0	DRY BUTTERMILK	4,700	-10.3	17.9	---	
CHEESE					YOGURT (PLAIN AND FLAVORED)	142,111	16.6	13.0	---	
AMERICAN TYPES 2/	* 307,254	2.4	7.0	7.8	CONDENSED WHEY, SOLIDS CONTENT 7/					
CHEDDAR	241,016	0.1	8.7	7.2	SWEET-TYPE, HUMAN FOOD	8,798	71.5	-1.1	---	
SWISS	16,262	4.2	1.4	---	SWEET-TYPE, ANIMAL FEED	1,104	-21.0	6.1	---	
BRICK & MUENSTER	7,612	-5.6	-3.8	---	DRY WHEY PRODUCTS					
CREAM & NEUFCHATEL	61,631	6.9	-4.7	---	DRY WHEY, HUMAN FOOD	99,118	4.8	8.1	---	
BLUE	4,270	22.8	-5.1	---	DRY WHEY, ANIMAL FEED	6,310	-12.4	9.9	---	
HISPANIC	6,939	8.5	-2.1	---	REDUCED LACTOSE AND MINERALS					
MOZZARELLA	225,186	6.8	0.8	7.2	HUMAN FOOD	7,903	16.1	-1.3	---	
OTHER ITALIAN TYPES	58,493	3.9	1.1	-2.7	ANIMAL FEED	3,153	13.1	3.6	---	
TOTAL ITALIAN TYPES	283,679	6.2	0.9	5.1	LACTOSE, HUMAN FOOD & ANIMAL FEED	42,656	9.0	3.2	---	
ALL OTHER TYPES	10,588	5.5	-2.2	---	WHEY PROTEIN CONCENTRATE					
TOTAL	698,235	4.4	2.7	5.9	HUMAN FOOD	28,557	17.2	-2.1	---	
COTTAGE CHEESE, CURD 3/	34,763	-2.2	-3.8	---	ANIMAL FEED	4,667	30.2	37.2	---	
COTTAGE CHEESE, CREAM 4/	26,767	-6.7	-6.4	-2.9	FROZEN PRODUCTS		1,000 GALLONS	PERCENT CHANGE FROM:		
COTTAGE CHEESE, LOWFAT 5/	25,833	-4.8	-4.8	-1.1	ICE CREAM (HARD)	55,967	0.9	-4.3	-1.7	
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (HARD)	6,303	-9.4	0.5	---	
WHOLE MILK	39,820	10.5	-16.8	---	ICE CREAM, LOWFAT (SOFT)	18,290	-3.5	-5.5	---	
DRY WHOLE MILK	9,902	2.0	-3.4	---	ICE CREAM, LOWFAT (TOTAL)	24,593	-5.1	-4.0	-5.5	
NONFAT DRY MILK, HUMAN FOOD	6/ 129,297	16.6	28.5	21.3	SHERBET (HARD)	3,195	-5.1	-7.6	0.9	
DRY SKIM MILK, ANIMAL FEED	480	32.6	10.9	---	YOGURT, TOTAL	4,791	-16.8	-4.2	-1.3	

MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	DEC 1999	PERCENT OF:		PRODUCT	DEC 1999	PERCENT OF:	
	1,000 LBS.	DEC 1998	NOV 1999		1,000 LBS.	DEC 1998	NOV 1999
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	47,551	6.6	1.7	HUMAN FOOD	18,471	15.1	-2.3
DRY WHEY, ANIMAL FEED	8,773	81.4	-2.7	ANIMAL FEED	765	-50.6	-54.0
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 9/	10,164	3.1	-6.1	CANNED EVAPORATED & CONDENSED WHOLE MILK	37,586	4.9	-7.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	20,730	-23.4	14.0	DRY WHOLE MILK	6,353	23.1	10.1
DRY BUTTERMILK, TOTAL	5,943	49.2	3.3	NONFAT DRY MILK FOR HUMAN FOOD	85,791	52.5	-1.2
				DRY SKIM MILK FOR ANIMAL FEED	1,124	4.7	22.6

1/ 1999 cumulative as percent change of 1998 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Mostly used for processing into creamed or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes combined Minnesota and Wisconsin production of 2,074,000 lbs. 7/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 137,007,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (2-00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2000, totaled 9.19 million head, up 1 percent from 1999 but slightly below 1998.

Milk replacement heifers totaled 3.95 million head, down 3 percent from 1999 and down 1 percent from 1998.

On January 1, 2000, the number of milk cow replacements per 100 milk cows was 43.0, down from 44.6 on January 1, 1999, and down from 43.3 on January 1, 1998.

MILK COW INVENTORY: Number by Class, January 1, 1999-2000

State	Milk Cows that Have Calved		Milk Cow Replacement		State	Milk Cows that Have Calved		Milk Cow Replacement	
	1999	2000	1999	2000		1999	2000	1999	2000
	1,000 Head					1,000 Head			
AL	27	27	9	10	NE	72	76	30	30
AK	0.9	0.9	0.4	0.4	NV	25	25	8	9
AZ	132	135	23	26	NH	20	19	10	10
AR	42	42	20	15	NJ	18	16	7	5
CA	1,440	1,490	720	720	NM	218	236	55	55
CO	83	83	45	40	NY	702	700	310	300
CT	29	28	12	12	NC	73	72	30	29
DE	10	10	2.7	2.5	ND	50	50	15	15
FL	157	156	40	40	OH	260	258	125	110
GA	90	90	29	35	OK	92	92	30	30
HI	9	9	4	4	OR	88	90	55	50
ID	302	332	135	160	PA	619	619	280	280
IL	125	120	60	60	RI	2.1	1.9	0.7	0.8
IN	137	138	62	60	SC	24	23	10	11
IA	220	215	120	110	SD	102	102	35	40
KS	84	88	45	40	TN	100	96	45	40
KY	135	130	55	45	TX	340	350	110	80
LA	64	61	15	12	UT	95	95	43	46
ME	42	41	20	18	VT	162	159	68	60
MD	86	86	29	33	VA	122	119	63	60
MA	25	25	12	10	WA	248	246	98	99
MI	300	300	145	125	WV	18	18	5	5
MN	545	540	290	290	WI	1,370	1,360	640	630
MS	39	36	17	15	WY	6	6	1	1
MO	165	158	75	65	U.S.	9,133	9,188	4,069	3,954
MT	18	18	10	10					

SOURCE: "Cattle," Mt An 2-1 (1-00), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

THE DAIRY SITUATION AND OUTLOOK

Dairy Prices To Fall in 2000. Soaring milk production and seasonally soft demand for many dairy products will leave early 2000 prices of milk and dairy products low. Cheese prices in mid-January were near the support purchase price, although no sales to the government had been made. Nonfat dry milk prices were solidly resting on the support purchase price and substantial purchases continued. Meanwhile, butter prices stayed below \$1 per pound, although they had recovered modestly from prices at the start of 2000.

Dairy markets for 2000 may not be as weak as current prices imply. The 1999 race between rapidly growing dairy demand and jumps in milk production appears to continue. Although markets are currently dominated by seasonal weakness and large output, considerable uncertainty remains.

Demand for most dairy products closed out 1999 on a very strong note. Sales of cheese and butter posted large gains, while fluid milk sales rose slightly. For the year, commercial disappearance rose more than 3 percent (milk equivalent, milkfat basis), following 1998's gain of more than 2 percent. Use increased in the face of prices well above those of most of the 1990's, in large part because of growth in the general economy.

Ironically, the major area of weakness in dairy demand has been for separated skim solids, those products that have had stable low prices. Use of nonfat dry milk declined again in 1999, as did apparent direct use of skim milk or other forms of wet solids in foods other than dairy products. These declines limited the increase in total sales on a milk equivalent, skim solids basis to just more than 1 percent, similar to the 1998 rise.

A robust economy is projected to keep dairy demand brisk in 2000, particularly if sales of separated skim solids manage to recover. Good demand and relatively low prices should generate large increases in commercial use.

Autumn milk production was almost 4 percent higher than a year earlier on the strength of slightly higher milk cow numbers and a large gain in milk per cow. The last quarter's increase brought total 1999 milk production 3.4 percent above 1998, the largest rise since 1985. Farmers boosted milk production in response to relatively high milk prices in 3 of the last 4 years, inexpensive concentrate feed, and ample alfalfa supplies.

Expected lower milk prices should start to trim growth in milk production as 2000 progresses. A larger number of weaker producers are expected to exit dairying, after relatively modest losses during 1998-99. However, the current momentum in milk production will not reverse quickly. Expanding producers are not likely to defer or even delay growth already planned, particularly since feed prices will remain fairly low. Output in 2000 is projected to increase more than 2 billion pounds.

Large production increases are likely to hold first-half milk and dairy product prices to relatively low levels, even if they recover slightly from current levels. Prices probably will not rise significantly until it becomes clear that low prices are slowing the production expansion. Seasonal increases in the second half are projected to be moderate, although stronger rises are possible if demand for skim solids recovers significantly. For all of 2000, farm milk prices could average as much as \$2 per cwt. below 1999's \$14.39, or \$3 below the 1998 record.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-67, January 28, 2000, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184.

CLASS AND COMPONENT PRICES HIGHLIGHTS

Component Price Information: Under the new Federal milk order reform pricing system, the butterfat price for January 2000 is \$0.9366 per pound. Thus, the Class II butterfat price is \$0.9436. The protein and other solids prices for January are \$2.1677 and \$0.0503 per pound, respectively. These component prices set the Class III skim milk price at \$7.02 per cwt. The January Class IV skim milk price is \$7.72 which is derived from the nonfat solids price of \$0.8574 per pound.

Product Price Averages: The product price averages for January are; butter \$0.8820, nonfat dry milk \$1.0115, cheese \$1.1517, and dry whey \$0.1857.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} ^{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	JANUARY 2000				FEBRUARY 2000
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
DOLLARS PER 100 POUNDS						
Northeast (Boston) ^{4/}	001	14.15	11.43	10.05	10.73	13.96
Appalachian (Charlotte) ^{5/}	005	14.00	11.43	10.05	10.73	13.81
Southeast (Atlanta) ^{6/}	007	14.00	11.43	10.05	10.73	13.81
Florida (Tampa) ^{7/}	006	14.90	11.43	10.05	10.73	14.71
Mideast (Cleveland) ^{8/}	033	12.90	11.43	10.05	10.73	12.71
Upper Midwest (Chicago) ^{9/}	030	12.70	11.43	10.05	10.73	12.51
Central (Kansas City) ^{10/}	032	12.90	11.43	10.05	10.73	12.71
Southwest (Dallas) ^{11/}	126	13.90	11.43	10.05	10.73	13.71
Arizona-Las Vegas (Phoenix) ^{12/}	131	13.25	11.43	10.05	10.73	13.06
Western (Salt Lake City) ^{13/}	135	12.80	11.43	10.05	10.73	12.61
Pacific Northwest (Seattle) ^{14/}	124	12.80	11.43	10.05	10.73	12.61
All-Market Average	---	13.48	---	---	---	13.29

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide 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 prices at other points are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

^{5/} Class I prices at other points are: Knoxville, minus \$0.20 and Louisville, minus \$0.90.

^{6/} Class I prices at other points are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

^{7/} Class I prices at other points are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

^{8/} Class I prices at other points are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

^{9/} Class I prices at other points are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

^{10/} Class I prices at other points are: 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 prices at other points are: 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 prices at other points is: Portland, same; and Spokane, same.

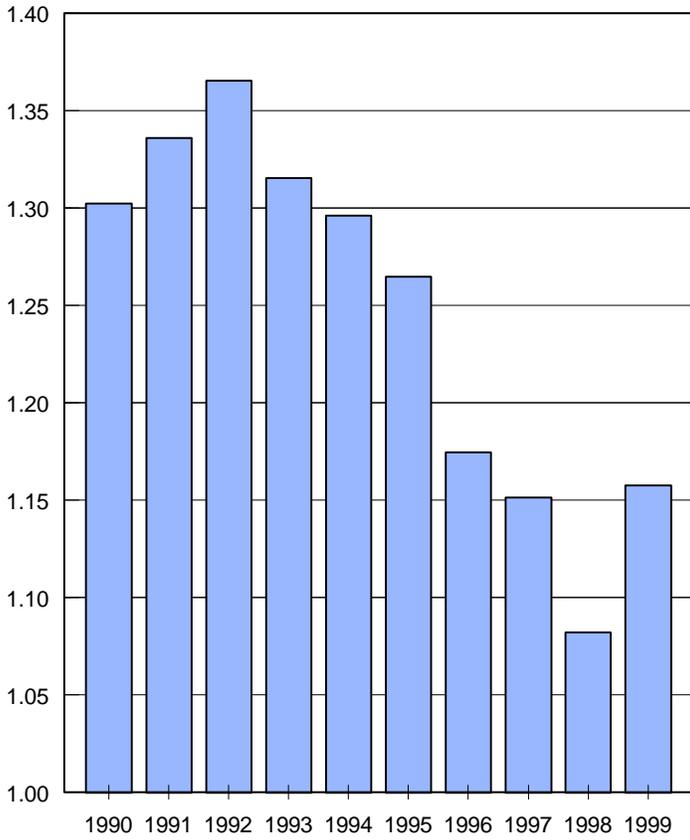
ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES 1/												
CITY	FEB 1998			FEB 1999			JAN 2000			FEB 2000		
	Federal Order	Coop.	Difference									
Dollars Per Hundredweight												
Atlanta, GA	16.37	17.57	1.20	20.42	21.57	1.15	14.00	15.75	1.75	13.81	15.56	1.75
Baltimore, MD	16.32	17.77	1.45	20.37	21.12	0.75	13.90	15.35	1.45	13.71	15.16	1.45
Boston, MA *	16.53	17.16	0.63	20.58	21.06	0.48	14.15	14.63	0.48	13.96	14.44	0.48
Carbondale, IL	15.30	17.16	1.86	19.35	20.71	1.36	13.10	14.81	1.71	12.91	14.62	1.71
Charlotte, NC	16.37	17.57	1.20	20.42	21.57	1.15	14.00	15.75	1.75	13.81	15.56	1.75
Chicago, IL	14.69	16.68	1.99	18.74	20.67	1.93	12.70	14.69	1.99	12.51	14.24	1.73
Cincinnati, OH	15.40	17.15	1.75	19.45	21.20	1.75	13.10	14.80	1.70	12.91	14.56	1.65
Cleveland, OH	15.29	17.04	1.75	19.34	20.84	1.50	12.90	14.30	1.40	12.71	14.21	1.50
Dallas, TX	16.45	16.70	0.25	20.50	20.75	0.25	13.90	15.20	1.30	13.71	15.01	1.30
Denver, CO	16.02	16.17	0.15	20.07	20.32	0.25	13.45	15.30	1.85	13.26	14.90	1.64
Des Moines, IA	14.84	16.23	1.39	18.89	19.74	0.85	12.70	14.10	1.40	12.51	13.81	1.30
Detroit, MI	15.14	16.13	0.99	19.19	20.19	1.00	12.70	13.95	1.25	12.51	13.76	1.25
Hartford, CT *	16.43	17.06	0.63	20.48	20.96	0.48	14.05	14.53	0.48	13.86	14.34	0.48
Houston, TX	16.99	17.24	0.25	21.04	21.29	0.25	14.50	15.80	1.30	14.31	15.61	1.30
Indianapolis, IN	15.19	17.03	1.84	19.24	20.79	1.55	12.90	14.45	1.55	12.71	14.36	1.65
Kansas City, MO	15.21	16.55	1.34	19.26	20.01	0.75	12.90	14.55	1.65	12.71	14.36	1.65
Louisville, KY	16.06	17.06	1.00	19.45	20.55	1.10	13.10	14.50	1.40	12.91	14.31	1.40
Memphis, TN	15.40	16.30	0.90	20.11	20.91	0.80	13.70	15.05	1.35	13.51	15.01	1.50
Miami, FL	17.47	19.89	2.42	21.52	23.89	2.37	15.20	18.32	3.12	15.01	18.06	3.05
Milwaukee, WI	14.60	16.59	1.99	18.65	20.58	1.93	12.65	14.60	1.95	12.46	14.19	1.73
Minneapolis, MN	14.49	15.82	1.33	18.54	19.37	0.83	12.60	13.95	1.35	12.41	13.50	1.09
New Orleans, LA	16.94	17.94	1.00	20.99	21.44	0.45	14.50	15.90	1.40	14.31	15.71	1.40
Oklahoma City, OK	16.06	16.81	0.75	20.11	20.86	0.75	13.50	14.90	1.40	13.31	14.71	1.40
Omaha, NE	15.04	16.38	1.34	19.09	19.84	0.75	12.75	14.00	1.25	12.56	13.81	1.25
Philadelphia, PA	16.38	17.80	1.42	20.43	21.15	0.72	13.95	15.37	1.42	13.76	15.18	1.42
Phoenix, AZ	15.81	15.81	0.00	19.86	19.86	0.00	13.25	13.85	0.60	13.06	13.71	0.65
Pittsburgh, PA	15.29	16.49	1.20	19.34	19.84	0.50	13.00	14.20	1.20	12.81	14.01	1.20
St. Louis, MO	15.30	17.16	1.86	19.35	20.71	1.36	12.90	14.61	1.71	12.71	14.42	1.71
Salt Lake City, UT	15.19	15.34	0.15	19.24	19.49	0.25	12.80	13.05	0.25	12.61	12.86	0.25
Seattle, WA	15.19	15.59	0.40	19.24	19.62	0.38	12.80	14.93	2.13	12.61	14.74	2.13
Spokane, WA	15.19	15.59	0.40	19.24	19.62	0.38	12.80	14.93	2.13	12.61	14.74	2.13
Springfield, MO	15.48	16.48	1.00	19.53	20.28	0.75	13.10	14.65	1.55	12.91	14.46	1.55
Washington, DC	16.32	17.77	1.45	20.37	21.12	0.75	13.90	15.35	1.45	13.71	15.16	1.45
Simple Average	15.72	16.85	1.13	19.77	20.66	0.89	13.38	14.85	1.47	13.19	14.64	1.45

*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.

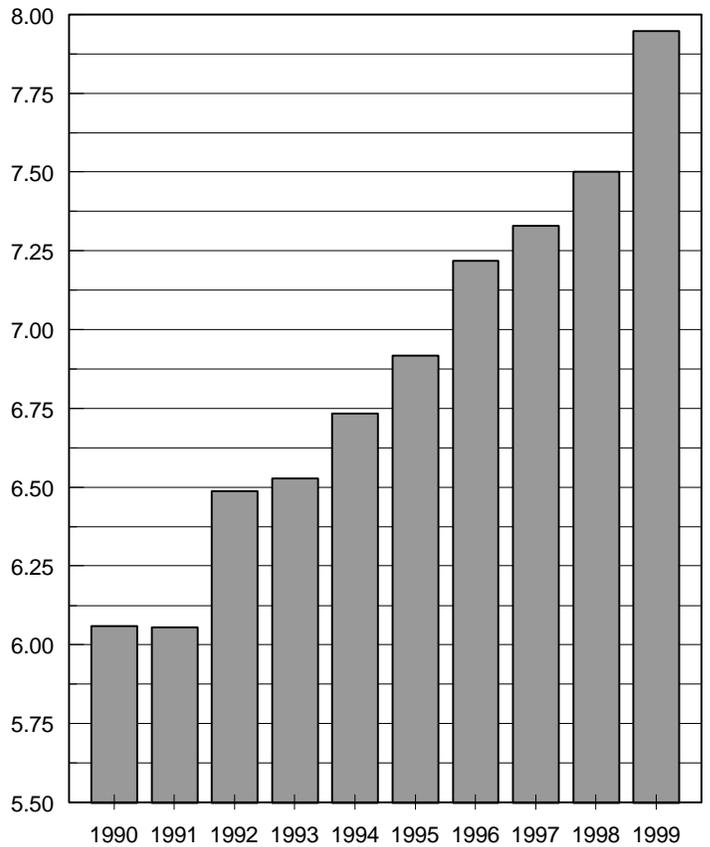
ANNUAL BUTTER PRODUCTION

BILLION POUNDS



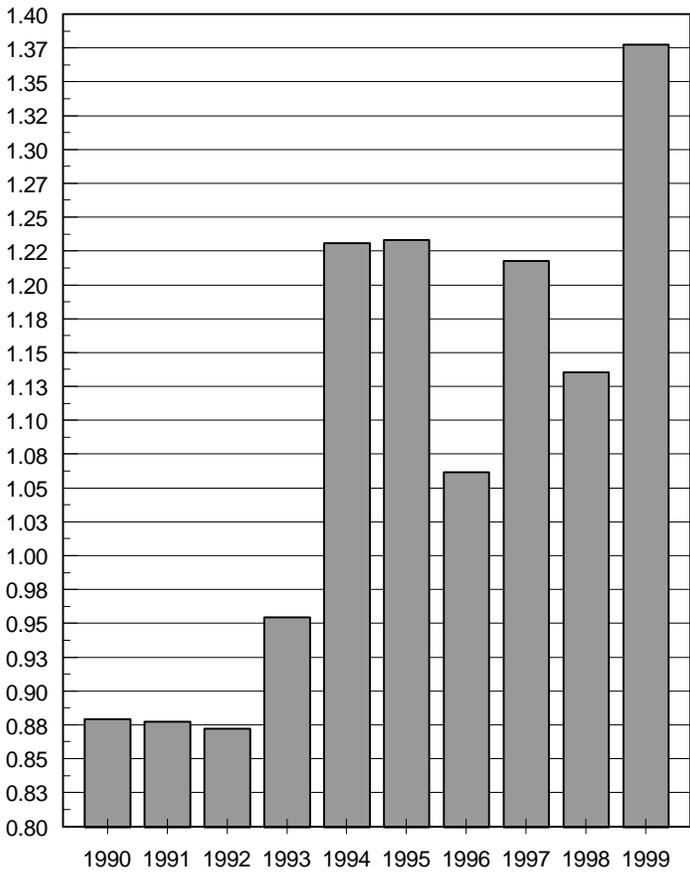
ANNUAL TOTAL CHEESE PRODUCTION

BILLION POUNDS



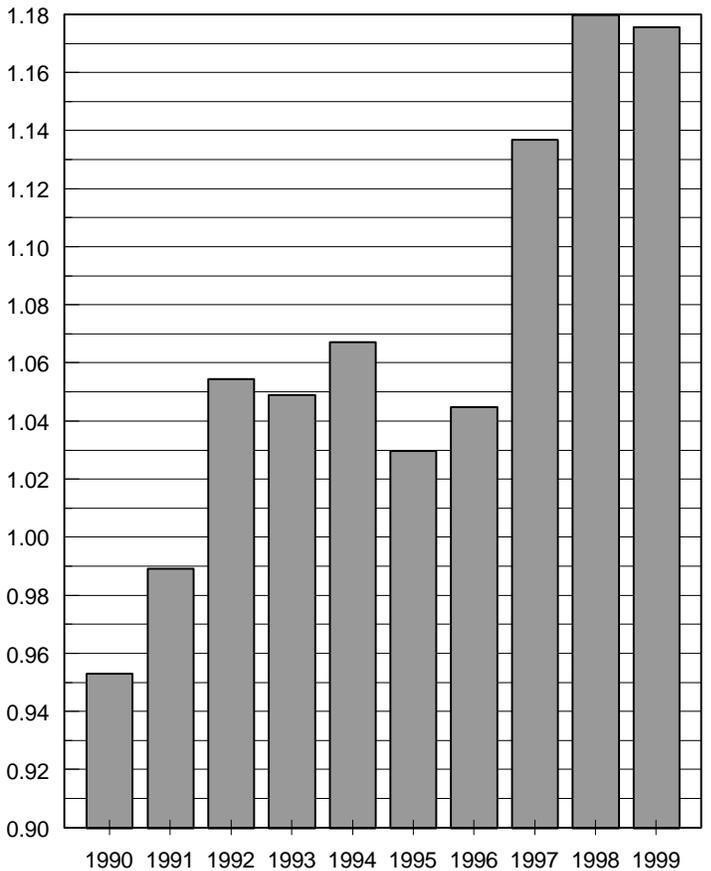
ANNUAL NDM PRODUCTION

BILLION POUNDS



ANNUAL WHEY PRODUCTION

BILLION POUNDS



CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF FEBRUARY 7 - 11, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 02/04/00	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	11,353,823	1,171,512	10,182,311	104,979,749	4,147,228	-0-	-0-
Fortified	-0-	-0-	-0-	5,077,653	-0-	-0-	-0-
TOTAL	11,353,823	1,171,512	10,182,311	110,057,402	4,147,228	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 7 - 11, 2000 =	2.2	118.5	COMPARABLE WEEK IN 1999 =	0.5
CUMULATIVE SINCE OCTOBER 1, 1999 =	24.2	1,281.1	CUMULATIVE SAME PERIOD LAST YEAR =	0.9
CUMULATIVE JANUARY 1 - FEBRUARY 11, 2000 =	13.0	687.9	COMPARABLE CALENDAR YEAR 1999 =	0.9

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

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

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 7 - 11, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	3,118,771	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	7,063,540	-0-
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
MIDWEST	-0-	-0-	-0-	-0-	6,948,988	-0-	6.3	0.0
WEST	-0-	-0-	-0-	-0-	103,020,230	4,147,228	93.6	100.0
EAST	-0-	-0-	-0-	-0-	88,184	-0-	0.1	0.0
TOTAL	-0-	-0-	-0-	-0-	110,057,402	4,147,228	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000

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 01/22/00 & Comparable Week 1999 1/ 2/

Regions*	U.S. TOTAL										WEEK : SINCE JAN 1	WEEK : SINCE JAN 1		
	1	2	3	4	5	6	7	8	9	10				
2000-Dairy cows HD (000)	0.2	0.8	6.2	5.0	20.5	3.1	0.8	1.1	11.5	3.6	52.9	211.7	47.6	49.0
1999-Dairy cows HD (000)	0.3	1.0	7.6	5.7	23.8	2.6	2.7	0.6	9.5	2.8	56.6	208.1	46.2	45.2
2000-All cows HD (000)	0.2	1.0	8.7	14.4	28.6	16.1	15.4	5.6	13.7	7.3	111.1	432.3		
1999-All cows HD (000)	0.3	1.1	10.5	16.3	33.4	18.7	17.9	5.0	11.6	7.6	122.4	460.8		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

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

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71										
Class II	11.43											
Class III	10.05											
Class IV	10.73											

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmorc_announce.htm