

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/23):**

**BUTTER:** Grade AA closed at \$1.1575. The weekly average for Grade AA is \$1.1767 (-.0633).

**CHEESE:** Barrels closed at \$1.2275 and blocks at \$1.2600. The weekly average for barrels is \$1.2275 (+.0405) and blocks, \$1.2600 (+.0560).

**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 remain weak as producers and handlers continue to react to last week's CME storage report adjustment. Churning activity remains lighter than desired. Cream prices are reflective of the lower CME cash price, although in some areas, multiples are higher. Spot cream demand for other cream based products has improved. Butter stocks are sufficient to meet current needs. Buying interest is seasonally active. Food service orders are improved due to the summer vacation season with retail orders reported as strong, stimulated by scattered feature activity.

**CHEESE:** The cheese market is unsettled, but with a firm undertone starting to develop. Demand is uneven, good where buyers try to build extra inventory ahead of any additional anticipated price increase, but slower where buyers work off inventories acquired previously. Overall cheese production is trending lower as milk supplies decline seasonally. During the week of June 19 - 23, CCC received cancellations for 84,675 pounds of Midwestern blocks.

**FLUID MILK:** Milk production is moving off the seasonal peak in most sections of the country. The Southern tier of states continues to experience hot, dry weather and the rates of decline are more noticeable. Bottled milk sales are slowing seasonally now that most schools are on summer break. Retail demand is improved, but total Class I consumption usually falls during the summer. Manufacturing plants are easily handling the surplus milk. A few, scattered problems have hit some plants, but there was little disruption to the milk processing. The fluid cream market is firm and supplies are tight. West Coast cream is moving across the country to supplement local supplies.

**DRY PRODUCTS:** The NDM market is mixed and prices are both higher and lower. Drying schedules are lighter than expected for June. Producer stocks range from adequate to ample. Demand is steady and clearances to CCC remain quite heavy. The dry buttermilk market is firm as stocks are tightening along seasonal patterns. With prices moving higher, some buyers are showing more resistance. The dry whey market is firming. Production is steady, but with milk supplies easing lower, cheese and whey output are expected to follow. Demand is good. New export sales are helping to clear more product. The WPC prices continue their climb. Offerings are light and production levels are lagging orders

at many plants.

**CCC:** Net purchases reported for the week of June 19 - 23 totaled 12,705,620 pounds of nonfortified NDM; 10,665,042 pounds were from the West, 1,343,926 pounds were from the Midwest, and 696,652 pounds were from the East. There was cancellation of 84,675 pounds of block cheese from the Midwest.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the federal milk order pricing system, the base price for Class I milk for July is \$12.46. This price is derived from the advanced Class IV skim milk pricing factor of \$7.71 and the advanced butterfat pricing factor of \$1.4355 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 July is \$8.41 and the Class II nonfat solids price is \$0.9344 per pound. The following are the two-week product price averages: butter \$1.2911, nonfat dry milk \$1.0106, cheese \$1.1060, and dry whey \$0.1794.

**MAY MILK PRODUCTION (NASS):** Milk production in the 20 major states during May totaled 12.8 billion pounds, 2.6% above production in these same states in May 1999. April revised production, at 12.4 billion pounds, was 3.3% above April 1999. Production per cow averaged 1,638 pounds for May, 28 pounds (1.7%) above May 1999. The number of cows on farms was 7.80 million head, up 63,000 head (0.8%) from May 1999 and up 9,000 from April 2000.

**COLD STORAGE (USDA, NASS):** U.S. cold storage holdings of butter on May 31, 2000, total 137.2 million pounds, 0.5% more than a year earlier and 8.2% above April 2000. Natural American cheese holdings total 558.3 million pounds, down 0.1% from May 1999 but 1.9% more than a month ago. Nonfat dry milk holdings at the end of April total 456 million pounds, 15.4% more than a month earlier and more than double a year ago.

**FEDERAL MILK ORDER PRICE AND POOL SUMMARY (USDA, DAIRY PROGRAMS):** During May, about 10.2 billion pounds of milk were received from producers. This volume of milk is 1.3% lower than the adjusted May 1999 volume. Slightly more than 3.8 billion pounds of producer milk were used in Class I products, 3.0% higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilizations were; Class I - 38%, Class II - 11%, Class III - 44%, and Class IV - 7%. The weighted average statistical uniform price (blend price under old pricing system) was \$11.94 per cwt., \$0.31 more than last month, but \$0.59 less than last year.

## \*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

BUTTER, CHEESE, AND CLASS III MILK FUTURES (PAGE 7)  
INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)  
MAY COLD STORAGE HOLDINGS (PAGES 9-10)  
MAY MILK PRODUCTION (PAGE 11)  
FEDERAL MILK ORDER PRICE AND POOL SUMMARY (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 JUNE 19	TUESDAY JUNE 20	WEDNESDAY JUNE 21	THURSDAY JUNE 22	FRIDAY JUNE 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.2300 (N.C.)	\$1.2300 (N.C.)	\$1.2300 (N.C.)	\$1.2200 (-.0100)	\$1.2275 (+.0075)	(-.0025)	\$1.2275 (+.0405)
40# BLOCKS	\$1.2600 (N.C.)	\$1.2600 (N.C.)	\$1.2600 (N.C.)	\$1.2600 (N.C.)	\$1.2600 (N.C.)	(N.C.)	\$1.2600 (+.0560)
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	\$1.2000 (+.0200)	----	\$1.1725 (-.0275)	----	\$1.1575 (-.0150)	(-.0225)	\$1.1767 (-.0633)

\*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, JUNE 19, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.2350, 2 @ \$1.2400, 1 @ \$1.2500; 1 CAR 40# BLOCKS @ \$1.2700

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

BUTTER -- SALES: 6 CARS GRADE AA: 2 @ \$1.1800, 2 @ \$1.1900, 2 @ \$1.2000; BIDS UNFILLED: 13 CARS GRADE AA: 1 @ \$1.1800, 3 @ \$1.1500, 2 @ \$1.1450, 3 @ \$1.1300, 2 @ \$1.1200, 2 @ \$0.9100; OFFERS UNCOVERED: 9 CARS GRADE AA: 2 @ \$1.2100, 1 @ \$1.2150, 2 @ \$1.2200, 2 @ \$1.2300, 2 @ \$1.2400

TUESDAY, JUNE 20, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2350; 2 CARS 40# BLOCKS: 1 @ \$1.2650, 1 @ \$1.2700  
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 21, 2000

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.2250, 1 @ \$1.2300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2350; 3 CARS 40# BLOCKS: 1 @ \$1.2600, 1 @ \$1.2650, 1 @ \$1.2700

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

BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$1.1650, 1 @ \$1.1675, 1 @ \$1.1725; BIDS UNFILLED: 7 CARS GRADE AA: 1 @ \$1.1500, 2 @ \$1.1400, 1 @ \$1.1350, 1 @ \$1.1200, 2 @ \$1.1000; OFFERS UNCOVERED: 34 CARS GRADE AA: 5 @ \$1.1800, 1 @ \$1.1825, 1 @ \$1.1850, 2 @ \$1.1875, 11 @ \$1.1900, 1 @ \$1.1925, 2 @ \$1.1950, 1 @ \$1.1975, 4 @ \$1.2000, 2 @ \$1.2075, 2 @ \$1.2100, 2 @ \$1.2200

THURSDAY, JUNE 22, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.2200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.2275, 1 @ \$1.2300; 3 CARS 40# BLOCKS: 1 @ \$1.2600, 1 @ \$1.2650, 1 @ \$1.2700

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

FRIDAY, JUNE 23, 2000

CHEESE -- SALES: 4 CAR BARRELS: 1 @ \$1.2200, 1 @ \$1.2250, 1 @ \$1.2225, 1 @ \$1.2300; 6 CARS 40# BLOCKS: 1 @ \$1.2550, 1 @ \$1.2600, 1 @ \$1.2550, 1 @ \$1.2600, 1 @ \$1.2575, 1 @ \$1.2600; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CARS BARRELS @ \$1.2275; 1 CARS 40# BLOCKS @ \$1.2600

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

BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.1400, 1 @ \$1.1325, 1 @ \$1.1300, 1 @ \$1.1450, 1 @ \$1.1500; BIDS UNFILLED: 18 CARS GRADE AA: 1 @ \$1.1575, 1 @ \$1.1375, 1 @ \$1.1200, 1 @ \$1.1100, 1 @ \$1.1000, 2 @ \$1.0800, 5 @ \$1.0500, 5 @ \$1.0000, 1 @ \$0.9750; OFFERS UNCOVERED: 18 CARS GRADE AA: 5 @ \$1.1600, 2 @ \$1.1650, 2 @ \$1.1675, 3 @ \$1.1700, 1 @ \$1.1750, 3 @ \$1.1800, 2 @ \$1.1900

**BUTTER MARKETS**

**MAY MONTHLY COLD STORAGE**

According to NASS, May month-end cold storage figures for butter total 137.2 million pounds, 8.2% more than last months revised figure and 0.5% higher than May 1999.

**NORTHEAST**

Prices at the CME were sharply lower last week as revised storage stocks were the talk of the industry. The market tone remains unsettled. Some buyers are taking advantage of the lower prices and buying some extra loads to have on hand. Even some producers are purchasing bulk to have on hand. Print sales are just fair at retail; improved for the food service trade. As resort area trade improves, orders from outlets in those areas are growing. Churning activity is light to moderate. The lower prices for cream have given spot demand a boost which cuts into churning schedules. Bulk butter demand is unchanged and spot sales remain in the range of 3-5 cents over the CME price/average.

**CENTRAL**

Butter markets are weak. Producers and handlers indicate that the recently released, sharply higher, storage report is a major factor for recent cash price declines at the CME. Storage figures are more in line with what many producers and handlers had felt they should be at for this time of the year. Churning schedules are lighter than many producers would desire at this time. Cream availability has tightened at many locations in the Midwest. Butter producers indicate that Western cream sources last month are no longer available, thus most producers are having to

fill cream needs locally, and for the most part, are coming up short. Ice cream production continues to absorb a large percentage of available cream. Butter demand is still reported as strong. In many instances, current production is not keeping pace with demand, thus butter is being pulled from storage to meet current orders.

**WEST**

Contacts were not surprised at the weakness exhibited by cash butter trading at the CME following the adjustment/correction to the weekly CME butter stock's report. They were pleased to see some rebound in prices by trading on 6/19. Of as much interest to many people was the fact that in the last five weeks, butter stocks have increased by 5.85 million pounds compared to a decrease of 4.90 million pounds last year. This result is unrelated to the correction in the base number made last week. Churning activity is declining for three reasons. First, milk production is declining seasonally; second, fat tests on incoming milk receipts are declining at a faster rate due to more hot weather; and last, many organizations are selling a majority of their cream receipts to ice cream manufacturers. These factors mean that butter offerings are declining quite rapidly and demand remains quite good. These issues are leading many contacts to believe that there may still be quite a bit of upside potential in the market. Many people are also talking about the possibility of the Secretary of Agriculture changing the "tilt" between butter and powder. Many are convinced that it is a likely possibility. Current prices for bulk butter range from 5 cents under to 2 cents under the market based on the CME with various time frames and averages involved.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JUNE 17	1,0965 6,132,631	1,0982 11,061,321	1,0119 20,222,012	1,2804 2,998,948	0,1799 7,692,812

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

**CHEESE MARKETS**

**NORTHEAST**

Prices increased sharply on process and natural cheddar items and the market tone is firm. The CME weekly average for barrels increased 5.5 cents from the previous week and blocks jumped 7.5 cents. This is the largest single-week change since the week of November 8-12, 1999 when barrels fell 8.45 cents and blocks dropped 9.8 cents. Cheese output is about steady as milk production is probably past its peak in most of the East. Surplus milk supplies are steady to a bit heavier as schools in the Northeast are recessing for the summer. Cheese stocks range from light to balanced and demand is holding up quite well. Food service orders are improving as the resort area trade picks up. Retail sales are fair and helped by June Dairy Month promotions.

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

Cheddar 10# Prints	:	1.2425-1.7100
Cheddar Single Daisies	:	1.2000-1.6600
Cheddar 40# Block	:	1.3450-1.5200
Process 5# Loaf	:	1.3975-1.5700
Process 5# Sliced	:	1.4175-1.6750
Muenster	:	1.4025-1.7050
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is unsettled to firm. Some traders are expecting additional increases while others believe prices may have moved too far too fast. The rapid increase last week in cash prices at the CME (12.5 cents on blocks) have caused some buyers to work off inventory rather than purchase regular amounts and others to try to purchase ahead. In particular, customers offered price protection policies are ordering extra. Some processors and cutters are trying to package extra product ahead by working an extra Saturday or two, to shut down for an extended Independence Day holiday. Mozzarella demand seems to be holding up much better than expected for this time of year, but some concern remains whether or not it is being used short term or going into storage for use later. Swiss demand remains good with inventories at desirable to lighter than desired levels. Cheese production is generally lower. Cheese yields reflect lower fat and protein tests on incoming milk supplies.

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

Process American 5# Loaf	:	1.3675-1.4500
Brick And/Or Muenster 5#	:	1.4100-1.7650
Cheddar 40# Block	:	1.3900-2.1150
Monterey Jack 10#	:	1.5900-2.1150
Blue 5#	:	1.9000-1.9800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4500-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

**MIDWEST COMMODITY CHEDDAR**

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

CHEDDAR STYLES	:	JUNE 19 - 23, 2000
BARRELS*	:	\$1.1875 - 1.2400 (NOMINAL)
	:	(\$ .0550) (.0650)
40# BLOCKS	:	\$1.2250 - 1.2900 (NOMINAL)
	:	(\$ .0950) (.1100)

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

**WEST**

Natural and process cheese prices increased sharply following trading at the CME over the past week. Contacts remain somewhat surprised at the strength of the upturn this early in the season. As time goes on, they are beginning to feel more comfortable with it. Demand, overall, for natural and process cheese is rated as very good. Lots of feature activity is noted. Processors are scrambling to find enough supplies to meet their excellent needs. American cheese stocks at the end of May total 558.3 million pounds, down only slightly from last year. Swiss stocks, at 10.4 million pounds, are 13% below one year ago.

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

Process 5# Loaf	:	1.3400-1.6000
Cheddar 40# Block	:	1.3275-1.4675
Cheddar 10# Cuts	:	1.5075-1.7275
Monterey Jack 10#	:	1.5175-1.6775
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4500

**FOREIGN**

Domestic prices are up sharply with imported styles still reported as unchanged. The market tone is settling into its typical, slow summer pattern. Demand for imported or foreign-type cheese is just fair. A recent USDA report notes that licensed cheese imports during May totaled 23 million pounds, up 1.8 million pounds from last May. However, for the January-May 2000 period imports at 97.2 million pounds are down 3.7 million pounds (3.7%) from the same period in 1999. For the five-month period, Swiss and Cheddar are the categories showing the largest increase while Italian and NSPF (not specifically provided for) seeing the largest declines.

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	1.5450-3.0400*
Gorgonzola	:	3.2400-5.9400	2.1000-2.4900*
Parmesan (Italy)	:	TFEWR	2.9600-2.9850*
Romano (Italy)	:	2.1000-2.5400	-0-
Provolone (Italy)	:	3.4400-5.5000	1.5600-1.8400*
Romano (Cows Milk)	:	-0-	2.7350-4.9100*
Sardo Romano (Argentina)	:	2.6500-3.2900	-0-
Reggianito (Argentina)	:	2.6500-3.2900	-0-
Jarlsberg (Brand)	:	2.7400-3.3100	-0-
Swiss Cuts Switzerland	:	-0-	2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	-0-
Swiss Cuts Austrian	:	2.2500-2.7500	-0-
Edam	:	:	:
2 Pound	:	TFEWR	-0-
4 Pound	:	2.1900-3.0900	-0-
Gouda, Large	:	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	-0-

\* = Price change.

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
06/19/00	31,261	:	131,712
06/01/00	27,134	:	129,671
CHANGE	4,127	:	2,041
% CHANGE	15	:	2

FLUID MILK AND CREAM

E A S T

Regional Milk Market Administrators announced the following, April 2000 statistical uniform prices: Northeast \$12.90, Mideast \$12.21, Southeast \$13.40, Florida \$15.13, and Western New York (a state order) \$13.01 at the base cities/counties in the orders. During May, milk production in the 20 major states totaled 12.8 billion pounds, up 2.6% from May 1999. The following are the May to May changes for selected states: New York -2.3%, Pennsylvania +0.6%, Texas +1.7%, Florida +3.1%, Vermont +3.3%, Virginia +4.3%, and Kentucky +6.0%. Milk production is falling more rapidly in the Southeast and slowly moving off from the peak in the Northeast. Many Northeastern contacts wonder what happened to the flush. It never seemed to materialize as expected. Milk volumes are easing lower. However, as schools close for summer recess more surplus milk is available, but volumes are negligible and easily cleared. In the Southeast, temperatures are increasing and drought is still a problem in Georgia and other Gulf Coast states. Florida milk production is falling and milk volumes leaving the state have dropped significantly. This week, 59 loads of milk were scheduled to leave the state with only 10 loads moving to manufacturing plants. This compares to 67 loads last week and zero a year ago. Bottled milk sales are reported as slower where schools are closing this week, generally fair to good elsewhere. Manufacturing plants are operating on lighter schedules. Even in the Northeast, plants are not anywhere near capacity. Most Southeastern manufacturing plants are seeing more downtime now that less milk is coming out of Florida. The condensed skim market is steady and prices are unchanged to lower. Demand is reported as very good for Class III wet solids as prices per pound solids are very attractive when compared to NDM. The fluid cream market is firm. Supplies are tight and demand improving. Spot prices are generally lower following last week's drop in butter price at the CME. However, for sales involving the NASS average, prices are holding up quite high. Ice cream production is seasonally heavy and more producers are showing improved spot interest since butter prices dipped significantly last week. Churning activity is lighter, but still moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT		
F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5872-1.9000
DELIVERED EQUIVALENT ATLANTA	-	1.6120-1.7360 M 1.6864-1.7112
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6740-1.7112
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9900-1.1050
NORTHEAST- CLASS III - SPOT PRICES	-	.7600-.9000

M I D W E S T

WISCONSIN SPOT SHIPMENTS:	LOADS
JUNE 16 - 22, 2000	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	0

Class I demand is steady to occasionally lighter at midmonth. Manufacturing milk demand is good and buyers are surprised that surplus milk supplies have disappeared as quickly as they have. Milk shipments into the Missouri area with the volumes pooled under that area order continue. Demand from cheese plant operators has picked up along with higher cheese prices. Spot milk prices are steady to higher with premiums reported in the \$1.00 - 1.65 over class area. Cream prices are unsettled, the lower cash butter price at the Chicago Mercantile Exchange is offset by higher multiples in an attempt to net out similar prices. Ice cream demand is good as summer weather stimulates sales. Some producers are trying to fit in an extra day or two to produce additional

volumes in order to take a longer Independence Day break. Midwestern users are pulling supplemental cream loads from other parts of the country, including California. Milk intakes are nearly steady to slightly lower. For many operations the annual milk production peak came early and has gone, despite the lack of very much hot weather. Estimated May 2000 milk production for selected Midwestern states compared to May 1999 are: Wisconsin 2.065 billion pounds, up 2 million pounds (0.1%); Minnesota 840 million pounds, down 2 million pounds (0.2%); Michigan 469 million pounds, off 16 million pounds (3.3%); and Iowa 346 million pounds, up 10 million pounds (3.0%). Cow numbers were below May 1999 in each of these 4 states while output per cow was higher.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUN 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.50- 48.00	\$ 37.00- 41.50
REPLACEMENT HEIFER CALVES	\$260.00-335.00	\$200.00-265.00

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

	JUN 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 49.50	\$ 34.00- 46.25

W E S T

May U.S. milk production is estimated to total 12.8 billion pounds, up 2.6% from May 1999. This is the smallest increase noted in 2000. Cow numbers have been up for seven consecutive months, but production per cow increases have declined monthly since the first of the year. Most people believe that the slowing in production per cow is related to weather patterns and hay quality. May output for selected Western states compared to last year is as follows: Arizona up 5.4%, California up 4.8%, Idaho up 14.0%, New Mexico up 12.2%, and Washington up 2.1%. Cow numbers in these five states are up 99,000 head and production per cow is ahead of the U.S. average in all but California. California output per cow is up 1.1% from a year earlier while the U.S. average is up 1.7%. Current milk production in California is rebounding slightly from the very early season hot spell of a week ago. Milk volumes had fallen quite noticeably at many milk intakes. Proportionally, fat and solids tests are down even further. Conditions will be heating up again by late in the week. The impact has been strong enough that some plants have had to alter their product mix to meet commitments. Hay quality currently available has further reduced output in many areas. Hay is being brought in from Idaho, Utah, Nevada, and Oregon on a regular basis. Prices for good quality dairy hay are ranging from \$130-155 delivered. Demand for cream for all uses has picked up noticeably compared to just a few weeks ago. In state churning activity is declining. Additional stress on the milking herds in Arizona and New Mexico are noted because of very early season humidity. This is the second earliest start of the "monsoon season" in Arizona weather history. So far, temperatures are moderating at night and are staying below 110 degrees during the day. Milk receipts are declining at a somewhat faster rate. Milk output in the Pacific Northwest continues to be strong, but many believe that it is nearing the seasonal peak. Culling rates are light and heifer demand is easing. New crop hay is becoming more available at firming prices. Quality is somewhat variable, but improving as more hay is harvested without any moisture problems. Temperatures have moderated somewhat in Utah and Idaho. Conditions remain very dry. Some plants are stating that they are now past the peak in milk production. First cutting hay is done.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 06/22/00 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 unchanged to higher on a mostly steady market. Manufacturers continue to offer large quantities of NDM to the government. However, some producers are seeing less of a need to discount and are moving prices higher. Grade A product is tight and clearing well at the higher end of the range. Extra Grade supplies are in balance to heavy. Production varies depending upon the location. Southern supplies are decreasing with seasonal milk volumes. Northern plants are operating at or near capacity. Demand is fair into ice cream, cheese, bakery and dry blend facilities. Standard Grade NDM is a competitive substitute for WPC buyers.

Includes EXTRA GRADE and GRADE A, low and medium heat  
 NONFAT DRY MILK: 1.0000 - 1.0300 MOSTLY: 1.0000 - 1.0100

**DRY BUTTERMILK - CENTRAL**

Prices are higher on a firm market. Most movement is occurring on regular commitments with spot trading very light. Production schedules are seasonally reduced due to increases in condensed buttermilk demand. Offerings from Western producers and Eastern resellers are more price advantageous for some buyers. Demand is moderate for the limited supplies. Ingredient and baking companies are showing the best interest. Some off grade and aged supplies are being offered by resellers at prices below the range.

BUTTERMILK: .9000 - .9500

**DRY WHEY - CENTRAL**

Prices are higher on a steady to firm market. Export movement is good. International interest is increasing as supplies decrease in European producing areas. Cheese output is heavy and condensed whey supplies are plentiful. Some handlers are finding it difficult to place wet solids as dryers are already running full. Production is steady to instances lower as some plants experience production problems. Demand is steady into food and feed facilities. Off grade supplies are lower compared to last week and prices are higher.

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

**ANIMAL FEED WHEY - CENTRAL**

Prices are higher on a steady to firm market. Milk replacer supplies are decreasing and trading is light. Prices are moving higher along with increases in the Extra Grade market. Roller ground production and movement are generally unchanged. Delactose supplies are tight with some off grade product available at a slight discount. Some producers are unable to keep up with the demand. Production problems are being reported at some plants, yet output is generally unchanged. Early weaned pig prices are trending lower while lean hogs, barrows and gilts move higher. The North Central veal market is weak with some prices reported \$6 lower.

MILK REPLACER: .1500 - .1700  
 ROLLER GROUND: .1700 - .1850  
 DELACTOSE (Min. 20% protein): .3550 - .3650

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a weak market. Prices are anticipated to move lower in the 3rd quarter. Some finalized negotiations are being reported at lower prices. However, most buyers are opting to defer negotiations until 3rd quarter begins. Supplies are generally heavy and offerings are plentiful. Buyers are resisting current prices and trading is very light. Production continues strong due to the heavy interest in WPC. Off grade supplies are readily available for the limited interest at prices well below the bottom of the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
 EDIBLE: .1800 - .2550 MOSTLY: .1900 - .2000

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher on a firm market. Producers are still running behind on their orders and are unable to satisfy current demand. Preference is being given to domestic orders before product is exported. Inquiries remain heavy from both feed and food buyers. Premiums from resellers are lower at 1-2 cents over the average. Condensed is in better supply than dry product with some decreases anticipated as the manufacture of high protein and specific end use products increases. Off grade product is readily available and becoming difficult to clear due to substantial quality problems. Standard Grade NDM is a competitive source of protein for some buyers.

EXTRA GRADE 34% PROTEIN: .7325 - .7775 MOSTLY: .7325 - .7525

**NONFAT DRY MILK - WEST**

No price changes are noted for low/medium heat powder. Most sellers are calling it a quiet market. A number of plants are reporting less drying activity as they have less milk and/or condensed to run through their dryers. More contacts in the Western region are now discussing the possibility that the Secretary of Agriculture may, at some point, adjust the tilt between butter and powder as part of the support program. Support for this idea is mixed in the West. The high heat powder price range narrowed. Demand is being rated as good seasonally. High heat production is increasing. During the week of June 12-16, Western plants cleared 8.8 million pounds of powder to the government price support program. This was of a weekly net total of 12.0 million pounds. Contacts are also looking ahead to the announcement of the allocations for the new DEIP year in the next few weeks.

Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .9000 - 1.0200 MOSTLY: 1.0000 - 1.0100  
 HIGH HEAT: 1.0250 - 1.0650

**DRY BUTTERMILK - WEST**

Western buttermilk powder prices continue to firm. Offerings are clearing easily and any stocks are being held with confidence. There is some price resistance on the part of buyers, but most have no other good options. Production of buttermilk powder continues to decline as churning is slowing seasonally and condensed buttermilk sales remain strong.

BUTTERMILK: .8450 - .8850 MOSTLY: .8500 - .8700

**DRY WHEY - WEST**

Both range and mostly prices have a firming undertone and range from steady to fractionally higher. Stock levels appear to be more closely balanced in the region. Production varies from about steady to down slightly. Domestic demand is generally steady with some better movement noted in instances. Export sales are being categorized as steady.

NONHYGROSCOPIC: .1700 - .1875 MOSTLY: .1725 - .1750

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
June 16	\$1.0070	13,404,704
June 9	\$1.0062	13,813,784

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 mostly steady to higher and the market tone is unchanged. Drying schedules in the East and Southeast are often lighter as milk volumes fall seasonally and sales of Class III condensed skim hold at good levels. Priced on a per-pound-solids basis, Class III condensed skim is currently a more attractive purchase than NDM. Some plants are drying only a few days a week and taking this opportunity to make a little more high heat. Producer stocks range from light to ample and Eastern NDM was offered to CCC again this week. Commercial demand is just fair. This week, there were more conversations about world prices and how rapidly they have advanced and how close they are getting to the current U.S. price. Also, contacts eagerly await the announcement of the new DEIP allocations for the year starting July 1.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0100 - 1.0300 MOSTLY: 1.0175 - 1.0250  
 HIGH HEAT: 1.0650 - 1.1000 MOSTLY: 1.0650 - 1.0700

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to higher and nominal. The market tone is unchanged. Production levels are light as churning schedules slow and sales of condensed buttermilk improve. Producer stocks are closely balanced and most dryers have little to offer on a spot basis. Demand is fair with more reports of price resistance. Buyers are shopping for the best prices. In instances, there have been reports of substitution for buttermilk in formulas because of price and availability.

F.O.B. NORTHEAST: .8800 - .9000  
 DELVD SOUTHEAST: .8800 - .9500

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher within the range despite the drop in the CME butter price last week. The market tone is steady, but firming as more DEIP bids get accepted. For the period of June 1-21, more than 5,500 MT of dry whole milk DEIP bids have been accepted. With one week left in this year's DEIP, there are about 1,000 MT of dry whole milk allocations to be filled. Domestic, spot demand is slow to fair with most shipments to regular accounts. Producer stocks are closely balanced.

F.O.B. PRODUCING PLANT: 1.2050 - 1.3200

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1999 THROUGH JUNE 16, 2000  
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 101,383 MT (228,876,284 LBS)  
 Program-year and preallocated volumes are filled.

WHOLE MILK POWDER -- 15,868 MT (34,982,592 LBS)  
 CHANGE -- 1,900 MT (4,188,740 LBS)

CHEESE -- 3,808 MT (8,395,117 LBS)  
 CHANGE -- 101 MT (222,665 LBS)

BUTTERFAT -- 5,298 MT (11,679,970 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. March 31, 2000: USDA announced that that additional 8,232 MT of dry whole milk was made available under DEIP until June 30, 2000.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to higher and the market tone is firming. There are more instances of producers and traders asking for and getting premiums for any spot loads. Production levels are about steady, but surplus milk volumes are starting their seasonal decline. Demand for dry whey is improved, particularly for export. Domestic demand is also showing some signs of improvement. This may be due to the fact that prices have moved higher the past couple weeks and some buyers may be looking to get back in the market before the prices move much higher. Some sales this week were for delivery 6 - 8 weeks in the future. Producer stocks are well balanced and any spot loads are held with a little more confidence.

F.O.B. NORTHEAST: EXTRA GRADE .1850 - .2025  
 USPH GRADE A .1875 - .1950  
 DELVD SOUTHEAST: .2150 - .2400

**EVAPORATED MILK - NATIONAL**

Prices are unchanged on a steady market. Demand is fair and most sales center around replacement needs. Production levels are often lighter as surplus milk volumes are easing lower seasonally. Plant stocks are more than adequate to cover current needs.

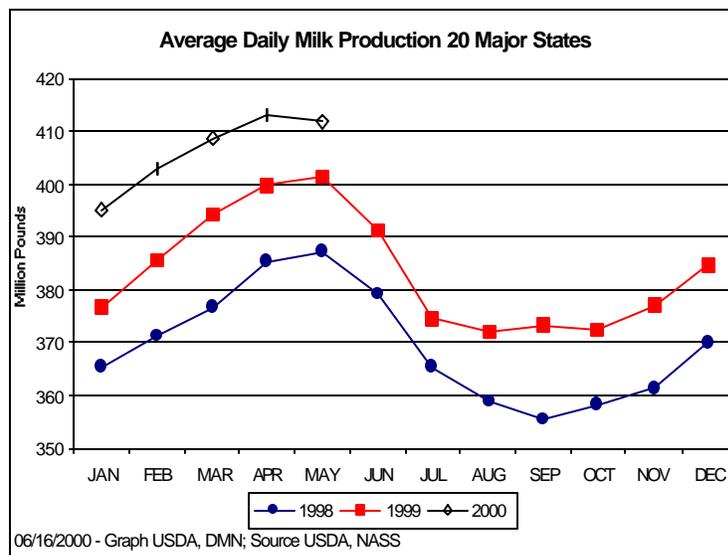
DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00  
 Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein markets are firm with prices unchanged to generally higher. Low, second quarter contract prices are still being reported at this time. In most instances, current sales are at or near the upper end of the reported price ranges. Deliveries of contracted volumes are generally running behind schedule, although producers/importers indicate that they will meet their commitments. Contract prices for the third quarter are higher and reports indicate that fourth quarter prices are anticipated to be even higher. Stocks are light and limited spot offerings are being quoted at prices much higher than the top end of the reported range for both rennet and acid.

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

RENNET: 2.0500 - 2.2000  
 ACID: 2.0700 - 2.2500



**COFFEE, SUGAR & COCOA EXCHANGE** (A subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES  
Selected settling prices, (open interest), and volume 1/

Month	06/07	06/08	06/09	06/12	06/13	06/14	06/15	06/16	06/19	06/20
<b>CSCE/NYBT - BFP -- Dollars per cwt.</b>										
JUN 00	9.72 (60) 4	9.73 (59) 0	9.73 (59) 2	9.65 (58) 1	9.63 (58) 0	9.63 (58) 0	9.60 (59) 1	9.60 (58) 0	9.60 (58) 0	9.53 (58) 0
JUL 00	11.34 (74) 0	11.30 (74) 0	11.30 (74) 0	11.50 (76) 2	11.53 (76) 0	11.42 (76) 0	11.60 (79) 6	11.60 (79) 0	11.60 (79) 0	11.53 (79) 0
AUG 00	11.93 (60) 0	11.98 (60) 0	11.98 (60) 0	12.20 (61) 1	12.30 (61) 0	12.20 (60) 1	12.35 (61) 1	12.50 (61) 0	12.60 (61) 0	12.50 (62) 0
SEP 00	12.48 (68) 0	12.48 (68) 0	12.48 (68) 0	12.48 (68) 0	12.65 (70) 2	12.53 (70) 0	12.55 (71) 1	12.75 (71) 0	12.80 (70) 1	12.73 (71) 0
OCT 00	12.43 (42) 0	12.43 (42) 0	12.43 (42) 0	12.48 (43) 3	12.63 (44) 5	12.60 (45) 0	12.55 (46) 1	12.55 (47) 1	12.75 (45) 0	12.75 (45) 0
NOV 00	11.98 (29) 0	11.98 (29) 0	11.98 (29) 0	11.95 (29) 0	12.08 (30) 4	12.05 (30) 0	12.05 (30) 0	12.05 (30) 0	12.05 (30) 0	12.15 (31) 1
DEC 00	11.73 (15) 0	11.73 (15) 0	11.73 (15) 0	11.85 (15) 0	11.90 (15) 0	11.83 (15) 0	11.83 (16) 1	11.83 (16) 0	11.83 (16) 0	11.93 (16) 0
JAN 01	11.20 (3) 4	11.30 (3) 0	11.30 (3) 0	11.30 (3) 0	11.30 (3) 0	11.30 (3) 0	11.30 (3) 0	11.30 (3) 0	11.15 (3) 0	11.15 (3) 0
FEB 01	11.10 (0) 0	11.10 (0) 0	11.10 (0) 0	11.10 (0) 0	11.10 (0) 0	11.10 (0) 0	11.10 (0) 0	11.10 (0) 0	10.95 (0) 0	10.95 (0) 0
MAR 01	11.00 (0) 0	11.00 (0) 0	11.00 (0) 0	11.00 (0) 0	11.00 (0) 0	11.00 (0) 0	11.00 (0) 0	11.00 (0) 0	10.85 (0) 0	10.85 (0) 0
<b>CME - BUTTER -- Cents per pound</b>										
JUL 00	134.25 (412) 8	133.50 (405) 42	130.25 (388) 13	128.00 (387) 13	124.00 (389) 16	119.00 (362) 34	115.05 (349) 29	117.50 (334) 17	118.00 (333) 3	117.00 (343) 6
SEP 00	137.00 (504) 4	136.00 (513) 16	135.00 (506) 5	133.00 (514) 9	128.00 (514) 2	123.00 (518) 13	118.50 (516) 31	122.00 (511) 26	121.00 (510) 2	120.00 (508) 12
OCT 00	139.00 (341) 2	137.25 (341) 6	134.00 (341) 4	132.00 (339) 3	130.00 (339) 0	125.00 (340) 2	120.00 (342) 4	121.50 (342) 10	122.00 (342) 3	122.00 (354) 18
<b>CME - BFP -- Dollars per cwt.</b>										
JUN 00	9.65 (1311) 61	9.65 (1301) 12	9.65 (1301) 4	9.60 (1296) 9	9.60 (1294) 13	9.58 (1292) 13	9.58 (1294) 41	9.55 (1294) 1	9.50 (1283) 11	9.45 (1277) 9
JUL 00	11.35 (1594) 26	11.31 (1600) 52	11.31 (1599) 46	11.60 (1601) 41	11.60 (1613) 55	11.35 (1607) 78	11.62 (1610) 14	11.55 (1612) 21	11.65 (1631) 35	11.50 (1649) 23
AUG 00	11.97 (1543) 15	11.97 (1567) 37	12.00 (1560) 68	12.20 (1563) 21	12.40 (1565) 37	12.05 (1576) 49	12.45 (1576) 16	12.51 (1575) 21	12.60 (1603) 36	12.50 (1631) 31
SEP 00	12.38 (1274) 35	12.40 (1282) 50	12.37 (1297) 24	12.53 (1299) 21	12.66 (1318) 42	12.46 (1326) 30	12.70 (1324) 15	12.77 (1320) 22	12.75 (1321) 10	12.65 (1319) 9
OCT 00	12.45 (1139) 31	12.45 (1157) 48	12.39 (1158) 2	12.52 (1152) 15	12.70 (1163) 20	12.39 (1173) 18	12.60 (1173) 9	12.63 (1174) 13	12.70 (1164) 11	12.70 (1165) 7
NOV 00	11.96 (715) 3	11.96 (731) 26	11.97 (732) 2	12.02 (734) 4	12.06 (739) 25	11.95 (739) 6	12.05 (739) 8	12.10 (741) 7	12.15 (743) 32	12.15 (739) 7
DEC 00	11.79 (615) 1	11.80 (623) 23	11.82 (618) 6	11.82 (618) 0	11.83 (618) 15	11.75 (619) 4	11.80 (621) 7	11.90 (621) 0	11.95 (629) 11	11.95 (630) 3
JAN 01	11.21 (88) 12	11.30 (88) 0	11.30 (86) 11	11.28 (90) 4	11.20 (91) 1	11.20 (93) 3	11.10 (94) 2	11.06 (94) 0	11.06 (94) 0	11.06 (94) 0
FEB 01	11.15 (31) 3	11.25 (31) 3	11.24 (39) 8	11.20 (49) 10	11.20 (50) 1	11.05 (52) 3	11.10 (52) 1	11.12 (52) 0	11.12 (52) 0	11.12 (52) 0
MAR 01	11.05 (32) 4	11.13 (30) 7	11.11 (34) 9	11.00 (35) 5	11.00 (35) 0	11.00 (39) 5	11.00 (39) 0	11.00 (39) 0	11.00 (39) 0	11.15 (39) 0

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

**NOTE:** The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 12 - 23, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Summer weather is impacting milk production through most of Europe. For the first quarter (January - March), milk production in the EU-15 was down about 0.5% from the previous year. The EU last week again lowered the export subsidies on skim and whole milk, adding additional strength to already firm powder markets. The EU also reduced the manufacturing allowance on casein by about 9.5 cents, making casein production less attractive compared to skim milk. This is the seventh reduction in EU export subsidies since October. For whole milk, no new export licenses are being issued until July, after the start of the new GATT year. Powder demand is good internationally and some demand is going unsatisfied. Powder availability is the main problem with deliveries continuing to run well behind. Butter is firming internally but international demand is still quiet.

**BUTTER/BUTTEROIL:** The butter market is firmer within the region with little new export interest at this time. Traders are looking ahead toward late summer/early fall for additional demand ahead of the holidays. Supplies are available if interest improves.

82% BUTTERFAT:	1,300 - 1,450
99% BUTTERFAT:	1,400 - 1,575

**SKIM MILK POWDER (SMP):** Skim milk prices are higher and the market remains firm. Product availability and delayed deliveries remain a problem. The tight skim market may cut casein production for some producers, in order to increase skim availability. Traders expect EU intervention stocks to fall to zero pounds in either July or August.

1.25% BUTTERFAT:	1,900 - 2,050
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**WHOLE MILK POWDER (WMP):** The whole milk market is firm, though not as strong as skim milk powder. Prices are higher. The cutting of export subsidies and the temporary stop in export licenses has done nothing to affect prices. Product availability remains the problem as delays continue.

26% BUTTERFAT:	1,925 - 2,050
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**SWEET WHEY POWDER:** The whey market is firming as animal feed users try to replace skim powder where formulations allow and this is adding to the firmness. Prices are also higher from international accounts. Production is trending lower.

NONHYGROSCOPIC:	485 - 625
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**OVERVIEW: EASTERN EUROPE:** High summer temperatures and dry conditions have affected milk production and manufactured product output in this area. Traders seeking supplies of commodities, particularly powders for export, are finding supplies are not available from this region either.

## OCEANIA

**OVERVIEW:** The current milk production season is over in Oceania. International powder interest is strong but relatively quiet for butter and cheese. Powder prices, including casein, are higher both for the limited spot quantities available and for committed but not yet priced Oceania product. Last week, the EU reduced subsidy rates for skim, whole milk, and casein which is helping to add additional support to these markets. Some international interest is going unsatisfied or delayed until the EU and US have product, and/or quotas available for export in the new GATT year. There is some concern that if international powder prices go too high, some users may reformulate their products and eliminate or reduce the volumes of dairy ingredients used in the future.

**BUTTER:** The butter market is steady. Demand is little changed from recent weeks and of a seasonal nature. Current stocks are mostly committed and orders are being shipped from inventory.

82% BUTTERFAT:	1,100 - 1,150
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**CHEDDAR CHEESE:** The cheese market remains steady and prices are little changed. Shipments are moving out of inventory as the production season is over. Light Russian interest is moving some extra product. Overall, uncommitted supplies are limited.

39% MAXIMUM MOISTURE:	1,775 - 1,850
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**SKIM MILK POWDER (SMP):** The skim market is firm and prices are sharply higher than 2 weeks ago. Prices are nominal. Supplies are tight and held with confidence. Spot product availability is limited. Customers are having difficulty in acquiring product throughout the world. There is some growing concern that if prices increase too far, some customers may reformulate and this would hurt demand next year.

1.25% BUTTERFAT:	1,900 - 1,950
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**WHOLE MILK POWDER (WMP):** The whole milk market is firm and prices are sharply higher and nominal. International interest remains strong. Uncommitted supplies are limited though shipments of previously sold product continue from inventory.

26% BUTTERFAT:	1,750 - 2,050
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Exchange rates for selected foreign currencies: JUNE 19, 2000

.4346 Dutch Guilder	.4896 German Mark
.1460 French Franc	.4740 New Zealand Dollar
.1014 Mexican Peso	.6020 Australian Dollar
1.5120 British Pound	.0095 Japanese Yen
.2275 Polish Zloty	.9577 Euro

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1014) = 9.8619$   
That is 1 US Dollar equals 9.8619 Mexican Pesos.

Source: Wall Street Journal

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

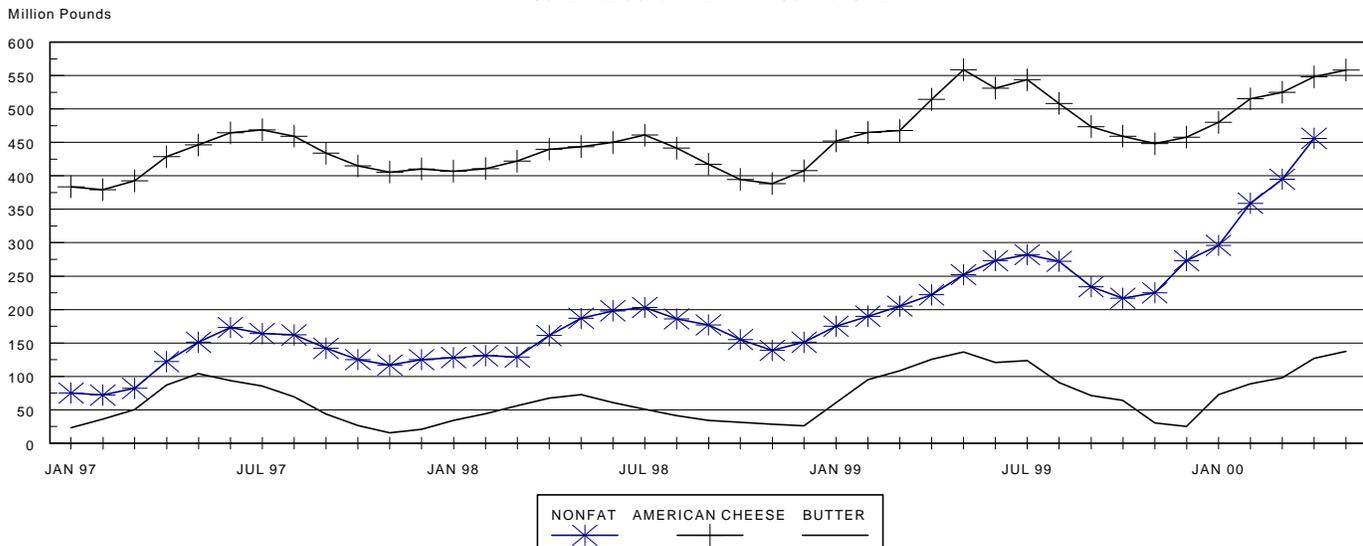
All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	APR 30, 1998	APR 30, 1999	REVISED APR 30, 2000	MAY 31, 1998	MAY 31, 1999	MAY 31, 2000
Butter	67,415	125,520	126,785	72,702	136,575	137,243
Cheese, Natural American	439,787	514,413	547,898	443,730	558,952	558,255
Cheese, Swiss	12,581	12,066	10,119	11,302	11,978	10,405
Cheese, Other Natural	105,252	162,172	190,576	113,449	170,359	197,826
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	398	67	229	308	257	441
Natural American Cheese	171	20	24	155	13	52

MAY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter*			Other Natural Cheese		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
New England	22,916	28,755	21,338	---	---	---	227	360	798
Middle Atlantic	45,059	48,078	45,929	---	---	---	12,997	8,618	8,287
East North Central	240,763	254,764	280,509	---	---	---	90,967	85,541	103,180
West North Central	68,929	148,119	119,799	---	---	---	1,561	64,217	73,643
South Atlantic	860	285	6,162	---	---	---	577	676	427
East South Central	213	244	0	---	---	---	1,827	207	194
West South Central	123	249	458	---	---	---	382	222	518
Mountain	12,750	14,440	8,569	---	---	---	782	866	310
Pacific	52,117	64,018	75,491	---	---	---	4,129	9,652	10,469
<b>TOTAL</b>	<b>443,730</b>	<b>558,952</b>	<b>558,255</b>	<b>72,702</b>	<b>136,575</b>	<b>137,243</b>	<b>113,449</b>	<b>170,359</b>	<b>197,826</b>

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE HOLDINGS  
COMBINED GOVERNMENT AND COMMERCIAL



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1999 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Million Pounds						Million Pounds						Million Pounds					
January	73	61	73	61	<u>3/</u>	<u>3/</u>	480	452	480	452	<u>3/</u>	<u>3/</u>	296	175	146	82	150	93
February	89	95	89	95	<u>3/</u>	<u>3/</u>	515	465	515	465	<u>3/</u>	<u>3/</u>	359	190	173	108	186	82
March	98	108	97	108	<u>3/</u>	<u>3/</u>	525	468	525	468	<u>3/</u>	<u>3/</u>	395	205	168	123	227	83
April	127	126	127	125	<u>3/</u>	<u>3/</u>	548	514	548	514	<u>3/</u>	<u>3/</u>	456	222	196	136	260	86
May	137	137	137	136	<u>3/</u>	<u>3/</u>	558	559	558	559	<u>3/</u>	<u>3/</u>		252		164		88
June		121		121		<u>3/</u>		539		539		<u>3/</u>		273		158		114
July		124		123		<u>3/</u>		545		545		<u>3/</u>		282		141		141
August		95		95		<u>3/</u>		511		511		<u>3/</u>		272		101		171
September		71		71		<u>3/</u>		475		475		<u>3/</u>		234		87		147
October		64		64		<u>3/</u>		459		459		<u>3/</u>		217		84		133
November		30		30		<u>3/</u>		448		448		<u>3/</u>		225		87		138
December		25		25		<u>3/</u>		458		458		<u>3/</u>		273		139		134

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Apr 30, 1998	Apr 30, 1999	Apr 30, 2000	May 31, 1998	May 31, 1999	May 31, 2000
	Thousand Pounds					
Butter	67,017	125,453	126,556	72,394	136,318	136,802
Natural American Cheese	439,616	514,393	547,874	443,575	558,939	558,203

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (6-00) and "Dairy Products," Da 2-6 (6-00), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

## MAY MILK PRODUCTION

Milk production in the 20 major States during May totaled 12.8 billion pounds, 2.6 percent above production in these same States in May 1999. April revised production, at 12.4 billion pounds was 3.3 percent above April 1999. The April revision represented a decrease of 0.3 percent or 42 million pounds from last months preliminary production estimate.

Production per cow in the 20 major States averaged 1,638 pounds for May, 28 pounds above May 1999.

The number of cows on farms in the 20 major States was 7.80 million head, up 63,000 head from May 1999 and up 9,000 from April 2000.

## MAY 2000 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1999	2000	1999	2000	1999	2000	% CHANGE FROM 1999
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	134	138	2,060	2,110	276	291	5.4
CA	1,459	1,513	1,825	1,845	2,663	2,791	4.8
FL	160	158	1,400	1,460	224	231	3.1
ID	314	342	1,710	1,790	537	612	14.0
IL	123	120	1,490	1,550	183	186	1.6
IN	136	147	1,445	1,480	197	218	10.7
IA	217	215	1,550	1,610	336	346	3.0
KY	133	133	1,120	1,185	149	158	6.0
MI	303	291	1,600	1,610	485	469	-3.3
MN	545	540	1,545	1,555	842	840	-0.2
MO	160	156	1,300	1,320	208	206	-1.0
NM	232	246	1,805	1,910	419	470	12.2
NY	702	690	1,530	1,520	1,074	1,049	-2.3
OH	260	262	1,530	1,550	398	406	2.0
PA	615	615	1,605	1,615	987	993	0.6
TX	345	350	1,515	1,520	523	532	1.7
VT	160	160	1,505	1,555	241	249	3.3
VA	122	120	1,345	1,425	164	171	4.3
WA	247	246	1,935	1,985	478	488	2.1
WI	1,366	1,354	1,510	1,525	2,063	2,065	0.1
20 STATE TOTAL	7,733	7,796	1,610	1,638	12,447	12,771	2.6

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

2/ Excludes milk sucked by calves.

**SOURCE:** "Milk Production," Da 1-1 (6-00), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, MAY

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for May have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During May, about 10.2 billion pounds of milk were received from producers. This volume of milk is 1.3 percent lower than the adjusted May 1999 volume. Slightly more than 3.8 billion pounds of producer milk were used in Class I products, 3.0 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilization percentages were; Class I – 38, Class II – 11, Class III - 44, and Class IV – 7. The weighted average statistical uniform price (blend price under old pricing system) was \$11.94 per cwt., \$0.31 more than last month, and \$0.59 less than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 2000										
FEDERAL MILK ORDER MARKETING AREA <sup>1/</sup>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <sup>3/</sup>
		TOTAL	CHANGE FROM PREV. YEAR <sup>2/</sup>	TOTAL	CHANGE FROM PREV. YEAR <sup>2/</sup>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,117.3	-4.4	868.0	2.9	41	18	29	12	12.90
Appalachian (Charlotte)	005	583.0	11.4	363.0	-2.5	62	15	12	11	13.68
Southeast (Atlanta)	007	662.9	11.3	406.5	1.5	61	10	20	9	13.40
Florida (Tampa)	006	254.7	6.4	214.8	3.6	84	8	2	6	15.13
Midwest (Cleveland)	033	1,133.7	-3.6	556.3	1.0	49	16	27	8	12.21
Upper Midwest (Chicago)	030	2,084.9	-12.8	350.8	2.9	17	4	79	<sup>4/</sup>	10.27
Central (Kansas City)	032	1,427.9	34.7	392.5	16.7	27	8	63	2	10.96
Southwest (Dallas)	126	737.9	-16.0	327.7	1.9	44	8	43	5	12.43
Arizona-Las Vegas (Phoenix)	131	292.0	12.7	81.8	3.7	28	4	32	36	11.79
Western (Salt Lake City)	135	388.1	4.0	88.8	-1.6	23	7	64	6	10.84
Pacific Northwest (Seattle)	124	494.2	-17.1	179.7	2.6	36	9	39	16	11.70
<b>ALL MARKET AVERAGE OR TOTAL</b>	<b>5/</b>	<b>10,176.6</b>	<b>-1.3</b>	<b>3,829.9</b>	<b>3.0</b>	<b>38</b>	<b>11</b>	<b>44</b>	<b>7</b>	<b>11.94</b>

<sup>1/</sup> Names in parentheses are principal pricing points of markets.

<sup>2/</sup> Previous year figures are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these changes; in some cases these adjustments are based on estimated data. No adjustments to previous year figures were made for handler regulation shifts that result from other than marketing area changes. Also in May 1999, there was milk not pooled due to disadvantageous price relationships.

<sup>3/</sup> Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

<sup>4/</sup> Less than 0.5 percent.

<sup>5/</sup> Due to a disadvantageous relationship between class prices and the location adjusted statistical uniform (blend) price in some markets, handlers elected not to pool milk that normally would have been associated with these markets.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JUNE 19 - 23, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 06/16/00	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	84,675	-84,675	1,162,919	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	5,583,600	-0-	-0-	-0-
<b>TOTAL</b>	-0-	84,675	-84,675	6,746,519	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	14,169,617	1,463,997	12,705,620	370,116,607	137,858,178	-0-	-0-
Fortified	-0-	-0-	-0-	5,313,347	118,457	-0-	-0-
<b>TOTAL</b>	14,169,617	1,463,997	12,705,620	375,429,954	137,976,635	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 19 - 23, 2000 =	2.0	147.1	COMPARABLE WEEK IN 1999 =	2.1
CUMULATIVE SINCE OCTOBER 1, 1999 =	144.9	4,436.8	CUMULATIVE SAME PERIOD LAST YEAR =	30.4
CUMULATIVE JANUARY 1 - JUNE 23, 2000 =	133.7	3,843.7	COMPARABLE CALENDAR YEAR 1999 =	30.4

\* 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 WEEK OF JUNE 19 - 23, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-84,675	-0-	-0-	1,343,926	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	10,665,042	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	696,652	-0-

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

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MI DWEST	-0-	-0-	6,665,991	-0-	44,534,045	11,982,721	49.2	8.7
WEST	-0-	-0-	80,528	-0-	325,969,181	125,993,914	50.0	91.3
EAST	-0-	-0-	-0-	-0-	4,926,728	-0-	0.8	0.0
<b>TOTAL</b>	-0-	-0-	6,746,519	-0-	375,429,954	137,976,635	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 06/03/00 & Comparable Week 1999 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10				
2000-Dairy cows HD (000)	0.2	0.7	4.8	4.3	17.1	1.8	0.7	0.6	8.9	2.2	41.3	1,166.9	45.5	49.5
1999-Dairy cows HD (000)	0.2	0.9	4.8	5.0	14.6	1.9	2.2	0.5	7.3	2.0	39.4	1,135.9	45.2	46.0
2000-All cows HD (000)	0.2	0.9	6.5	12.4	25.0	13.9	12.3	3.5	11.2	4.9	90.7	2,358.4		
1999-All cows HD (000)	0.3	0.9	6.0	11.3	20.4	13.1	15.7	3.1	10.6	5.9	87.2	2,469.0		

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.

BASIC FORMULA PRICE (BFP) (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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	9.63

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	10.84	10.93	11.48	11.70	12.46					
Class II	11.43	11.51	11.71	12.10	12.63							
Class III	10.05	9.54	9.54	9.41	9.37							
Class IV	10.73	10.80	11.00	11.38	11.91							

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/fmor\\_announce.htm](http://www.ams.usda.gov/dairy/fmor_announce.htm)