

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (08/11):**

BUTTER: Grade AA closed at \$1.1900. The weekly average for Grade AA is \$1.1950 (+.0107).

CHEESE: Barrels closed at \$1.0600 and blocks at \$1.2750. The weekly average for barrels is \$1.0520 (-.0060) and blocks, \$1.2215 (+.0765).

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

BUTTER: The butter market tone remains mixed. Stocks of butter continue to be reported as heavier than last year at this time. Churning schedules vary across the country, but for the most part, are declining seasonally. Some producers are reporting sharply lower production schedules. Milk production and butterfat tests are edging lower in most all areas of the U.S. Butter demand is fair. Food service orders, especially in resort and vacation areas, are now starting to decline as schools in many areas resume classes. On the other hand, retail orders are starting to show some strength as at-home eating patterns get re-established.

CHEESE: The cheese market is unsettled. The barrel market is weak as supplies exceed spot interest. The block market is in a better supply/demand position. Despite having barrels on the CME cash market below the CCC purchase price of \$1.07 since the August 1 session, no cheese purchases by CCC have occurred under the support program. Cheese production is trending seasonally lower but remains above year ago levels. Cumulative first 6-month U.S. cheddar output is estimated at 1.492 billion pounds, up 47.3 million pounds (3.3%) from the same period in 1999. Total cheese output in 2000 totals 4.180 billion pounds, up 241.5 million pounds (6.1%).

FLUID MILK: Milk production is generally steady to slightly lower. In Florida where schools began reopening this week, milk imports to supplement local receipts were minimal (14) and down sharply from a year ago. Fluid demand is expected to continue to increase over the next few weeks as additional schools across the country reopen for the new term. In the Northeast and upper Midwest, milk receipts have been holding up surprisingly well as heat stress has been minimal. In the Southwest, rain has cooled temperatures in New Mexico, keeping fluid intakes about steady. Higher temperatures in Arizona has receipts at low levels. Conditions have moderated in California, but receipts have not yet rebounded from recent stress reduced levels. In the Mountain States, continued dryness and heat continues and is helping to reduce fluid volumes. In the Northwest, conditions are good for late season production.

DRY PRODUCTS: The NDM, buttermilk and whey markets are all about steady. Heat and humidity continues to reduce dryer efficiencies in some areas. Milk supplies for manufacturing use are declining. Sales to CCC continue to help balance NDM production and demand. Buttermilk production is lighter

though demand is also steady to lighter. Whey interest is slower domestically and internationally. The WPC market is unsettled. Some feed order cancellations due to current prices of WPC and alternative products is impacting availability. Supplies are in balance as some extra volumes were cleared to exporters.

CCC: During the week of August 7 - 11, net CCC purchases totaled 10,573,199 pounds of nonfortified and 705,336 pounds of fortified NDM. Western sources sold 10,161,120 pounds of nonfortified and all of the fortified while the Midwest provided the 412,079 pounds.

JUNE 2000 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 91.2 million pounds in June, 3.6% below June 1999 and 18.1% below May 2000. American type cheese production totaled 310.6 million pounds, 5.6% above June 1999 but 4.9% below May. Total cheese output (excluding cottage cheese) was 698.8 million pounds, 4.4% above last June but 5.2% below May 2000. Nonfat dry milk production, for human food, totaled 128.5 million pounds, 8.4% above June 1999 but 6.8% below May. Dry whey production, for human food, was 95.9 million pounds, 4.1% above June 1999 but 4.0% below May.

WORLD DAIRY SITUATION AND OUTLOOK (FAS): Cow milk production in selected countries for 2000 is estimated at 390.5 million tons, up from the December forecast and more than 1% above 1999. Compared to the December forecasts, the United States with a 1.4 million-ton increase had the largest change. The estimate of milk cow numbers for 2000 has been revised to 127.9 million head, slightly lower than in 1999, mainly reflecting continued decline in Russia. Butter production in selected countries for 2000 is estimated at 5.6 million tons, up from both the December forecast and 1999. Prospects for international butter prices have not improved significantly since December. Cheese production is expected to reach 12.8 million tons in 2000, slightly above the December forecast, and 2% higher than revised 1999. NDM production in 2000 is estimated at 3.3 million tons, 2% above the December forecast. Compared to the December forecast, the export potential for NDM is up significantly as tight market conditions characterize the current situation. Bureau of the Census data for the first 5 months of 2000 show that the pace of U.S. dairy product exports is running ahead of that of 1999. For the first 5 months of 2000, the total value of dairy exports was \$406 million compared to \$347 in the same period of 1999. On a product basis, most of the increase is due to the higher value of NDM and whole milk powder exports under DEIP. Census data show that both quantity and value of NDM exports are up approximately 50%. Relative to non-DEIP commodities, thus far in 2000 the whey complex has shown the most growth.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

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

PRODUCT	MONDAY AUGUST 7	TUESDAY AUGUST 8	WEDNESDAY AUGUST 9	THURSDAY AUGUST 10	FRIDAY AUGUST 11	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0550 (-.0050)	\$1.0500 (-.0050)	\$1.0500 (N.C.)	\$1.0450 (-.0050)	\$1.0600 (+.0150)	N.C.	\$1.0520 (-.0060)
40# BLOCKS	\$1.1875 (+.0125)	\$1.1950 (+.0075)	\$1.2100 (+.0150)	\$1.2400 (+.0300)	\$1.2750 (+.0350)	+1.000	\$1.2215 (+.0765)
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 (+.0100)	----	\$1.1950 (-.0050)	----	\$1.1900 (-.0050)	N.C.	\$1.1950 (+.0117)

*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, AUGUST 7, 2000

CHEESE -- SALES: 6 CARS BARRELS: 2 @ \$1.0600, 1 @ \$1.0650, 1 @ \$1.0625, 1 @ \$1.0600, 1 @ \$1.0550; 4 CARS 40# BLOCKS: 1 @ \$1.1800, 2 @ \$1.1900, 1 @ \$1.1950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 20 CARS BARRELS: 2 @ \$1.0600, 2 @ \$1.0625, 1 @ \$1.0650, 1 @ \$1.0675, 3 @ \$1.0700, 1 @ \$1.0725, 1 @ \$1.0750, 1 @ \$1.0775, 1 @ \$1.0800, 1 @ \$1.0850, 1 @ \$1.0875, 3 @ \$1.0900, 1 @ \$1.0950, 1 @ \$1.1100; 3 CARS 40# BLOCKS: 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.2000
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 5 CARS: 1 @ \$1.1975, 1 @ \$1.1950, 2 @ \$1.1975, 1 @ \$1.2000; BIDS UNFILLED: 2 CARS: 1 @ \$1.1550, 1 @ \$1.1500; OFFERS UNCOVERED: 13 CARS: 2 @ \$1.2000, 2 @ \$1.2025, 1 @ \$1.2075, 1 @ \$1.2100, 1 @ \$1.2175, 5 @ \$1.2300, 1 @ \$1.2400

TUESDAY, AUGUST 8, 2000

CHEESE -- SALES: 6 CARS BARRELS: 1 @ \$1.0425, 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0450, 1 @ \$1.0475, 1 @ \$1.0500; 10 CARS 40# BLOCKS: 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1950, 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1950; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0300; OFFERS UNCOVERED: 15 CARS BARRELS: 1 @ \$1.0525, 2 @ \$1.0550, 2 @ \$1.0575, 2 @ \$1.0600, 2 @ \$1.0625, 2 @ \$1.0650, 2 @ \$1.0675, 2 @ \$1.0700; 2 CARS 40# BLOCKS @ \$1.2000
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 9, 2000

CHEESE -- SALES: 8 CARS BARRELS: 1 @ \$1.0475, 1 @ \$1.0500, 1 @ \$1.0475, 1 @ \$1.0500, 1 @ \$1.0475, 1 @ \$1.0500, 1 @ \$1.0475, 1 @ \$1.0500; 6 CARS 40# BLOCKS: 1 @ \$1.1950, 2 @ \$1.1975, 1 @ \$1.2000, 2 @ \$1.2100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 18 CARS BARRELS: 1 @ \$1.0500, 1 @ \$1.0550, 1 @ \$1.0575, 1 @ \$1.0600, 1 @ \$1.0625, 1 @ \$1.0650, 1 @ \$1.0675, 2 @ \$1.0700, 2 @ \$1.0725, 2 @ \$1.0750, 2 @ \$1.0775, 3 @ \$1.0800; 1 CAR 40# BLOCKS @ \$1.2200
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 11 CARS: 2 @ \$1.1875, 1 @ \$1.1900, 2 @ \$1.1925, 2 @ \$1.1950, 1 @ \$1.1925, 1 @ \$1.1950, 1 @ \$1.1925, 1 @ \$1.1950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 16 CARS: 3 @ \$1.1950, 3 @ \$1.1975, 5 @ \$1.2000, 1 @ \$1.2100, 1 @ \$1.2200, 1 @ \$1.2300, 1 @ \$1.2400, 1 @ \$1.2500

THURSDAY, AUGUST 10, 2000

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.0425, 2 @ \$1.0450, 1 @ \$1.0475; 5 CARS 40# BLOCKS: 2 @ \$1.2300, 1 @ \$1.2400, 1 @ \$1.2375, 1 @ \$1.2400; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 15 CARS BARRELS: 1 @ \$1.0450, 1 @ \$1.0475, 4 @ \$1.0500, 4 @ \$1.0600, 1 @ \$1.0650, 2 @ \$1.0700, 1 @ \$1.0800, 1 @ \$1.0900, 2 CARS 6-MONTH OLD 40# BLOCKS @ \$1.2900, 2 CARS 9-MONTH OLD 40# BLOCKS @ \$1.3800
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 11, 2000

CHEESE -- SALES: 8 CARS BARRELS: 1 @ \$1.0450, 1 @ \$1.0475, 1 @ \$1.0500, 1 @ \$1.0525, 2 @ \$1.0550, 1 @ \$1.0575, 1 @ \$1.0600; 3 CARS 40# BLOCKS: 1 @ \$1.2500, 1 @ \$1.2600, 1 @ \$1.2700; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2750; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.0650; 2 CARS 6-MONTH OLD 40# BLOCKS @ \$1.2900, 2 CARS 9-MONTH OLD 40# BLOCKS @ \$1.3800
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 10 CARS: 2 @ \$1.1900, 3 @ \$1.1925, 2 @ \$1.1900, 3 @ \$1.1925; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 22 CARS: 1 @ \$1.1900, 2 @ \$1.1925, 5 @ \$1.1950, 4 @ \$1.2000, 5 @ \$1.2475, 5 @ \$1.2500

BUTTER MARKETS

JUNE BUTTER PRODUCTION

During June 2000, butter production in the United States totaled 91.2 million pounds, 3.6% lower than June 1999 and 18.1% less than May 2000. Following are percentage changes from June 1999 for various states: CA +7.6%, MN -6.1, NY -22.0%, PA +17.2%, WA -26.4%, and WI -12.8%.

depending on cream availability. In most instances, cream supplies are sufficient to maintain steady production schedules, although lighter than desired. Some Midwestern butter handlers continue to import butter from other areas of the country, although in instances, recent cash price firmness has slowed this buyer interest. Some Midwestern buyers are able to take advantage of strong West Coast production and are getting deliveries of bulk butter at favorable prices.

NORTHEAST

The market tone is generally unchanged, but with cream supplies tightening and churning activity lighter, prices at the CME have increased during the past 6-7 trading sessions. Production levels are light and more suppliers are microfixing bulk to fill print orders. Demand for bulk and print is steady. Some Western bulk continues to be purchased to supplement local supplies. Sales of bulk butter, f.o.b. East, continue to be reported at a range of 3 - 5 cents over the CME price/average. For the North Atlantic region, June butter output was 9.0% more than June 1999, but 12.0% less than May 2000.

WEST

Western butter markets are much the same as elsewhere in the country. Production schedules vary depending on cream availability, but for the most part continue to run seasonally strong. For the most part, cream continues to be readily available, although milk production is declining and so are butterfat tests. Stocks of butter continue to be reported as heavier than last year at this time. CME stocks are reported to be about 15 million pounds heavier than the comparable week in 1999 and 1.5 million pounds heavier than last week. Some Western producers that have been selling bulk butter to Midwestern and Eastern buyers are stating that sales have slowed this week. Many are attributing this slow down to recent firm cash prices at the CME. Producers and handlers are indicating that most current sales are occurring for short term needs, although some inventorying is occurring outside of the Western region. 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.

CENTRAL

Butter markets are unsettled. The cash trading price has firmed and weakened during recent trading sessions. Butter stocks are reported to be readily available for the current fair buyer interest. Overall buying interest continues to center around short term or immediate buyer needs. Most butter buyers feel that prices will continue to fluctuate in a manageable range. Churning is seasonally active,

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
AUGUST 5	1.2212 5,669,043	1.1739 7,695,593	1.0049 17,238,287	1.1290 2,201,801	0.1952 6,977,699

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 sharply lower for natural cheddar and process items, unchanged on Swiss. The market tone is weak and unsettled. Recently, there have been some pretty wide price swings on cheese at the CME. These swings are doing little to give buyers confidence to buy cheese. Most buyers are making week-to-week purchases and hoping to buy a little extra when prices are at a low point. Production levels are lighter as milk supplies tighten seasonally. Also, the most recent U.S. cheese production figures show that total cheese output for the first half of 2000, is 6.1% heavier than the same period in 1999. Stocks of current cheddar are more than adequate to meet needs. Retail demand is just fair and food service orders are holding up quite well.

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

Cheddar 10# Prints	:	1.1850-1.6525
Cheddar Single Daisies	:	1.1425-1.6025
Cheddar 40# Block	:	1.2850-1.4625
Process 5# Loaf	:	1.2675-1.4425
Process 5# Sliced	:	1.2875-1.5450
Muenster	:	1.3450-1.6475
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled. The barrel market is still under pressure as spot offerings, generally attributed to the West, are available for a lackluster processor demand. Block and most other natural varieties are steady to firm and are generally in a better position. Cheese in storage remains a concern for some varieties. The wide spread between blocks and barrels on the cash market, though narrower than the record (daily) spread of more than 20 cents, is a problem for barrel producers competing with natural makers for milk. Process demand is lighter, impacted by higher meat prices than a year ago, especially from fast food outlets where promotional activity seems lighter. Inquiries about possible CCC sales have increased, at least on barrels and process. Increased temperatures and humidity are having a greater impact on milk intakes. Cheese yields are below normal at some cheese operations while others are seasonal. The reopening of schools in a couple weeks is expected to reduce the milk supply available for cheese production.

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

Process American 5# Loaf	:	1.2575-1.5900
Brick And/Or Muenster 5#	:	1.5500-1.7075
Cheddar 40# Block	:	1.5075-2.1150
Monterey Jack 10#	:	1.7250-2.1150
Blue 5#	:	1.8425-2.1200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5700-2.2150
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	:	AUGUST 7 - 11, 2000
BARRELS*	:	\$1.0500 - 1.0725 (NOMINAL)
	:	(-\$0.0100) (-.1150)
40# BLOCKS	:	\$1.1450 - 1.2200 (NOMINAL)
	:	(\$0.0050) (-.0825)

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

WEST

Process and natural cheese prices declined sharply based on last week's CME cash averages. Swiss prices held basically unchanged. Stocks of cheese are reported to be heavy. Some handlers are reporting offerings of off condition cheese are increasing, especially blocks. This is putting additional pressure on already weak barrel offerings. Producers and handlers are carefully monitoring the spread between barrels and 40# blocks at the CME. In most instances, it is not an option to switch from barrels to blocks. Supplies of natural cheese with a 20 - 30 days of age seem to be difficult to find. Overall demand for cheese is seasonally active. Most orders are being placed for immediate needs with no significant long term concerns arising.

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

Process 5# Loaf	:	1.2100-1.4700
Cheddar 40# Block	:	1.2700-1.4100
Cheddar 10# Cuts	:	1.4500-1.6700
Monterey Jack 10#	:	1.4600-1.6200
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4500

FOREIGN

Domestic cheese prices fell rather sharply. The market tone is unchanged. With U.S. cheese prices as low as they are, there is little interest for imported cheeses used in processing. This has been the case for much of 2000. Demand for table cheese is also seasonally slow, but better than expected on some varieties such as Blue and grating cheeses. Stocks range from light to adequate depending on type and country of origin.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4875-2.9825*
Gorgonzola	: 3.2400-5.9400	: 2.0425-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9025-2.9275*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5025-1.7725*
Romano (Cows Milk)	: -0-	: 2.6775-4.8525*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
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
08/07/00	33,042	:	143,551
08/01/00	34,007	:	144,058
CHANGE	-965	:	-507
% CHANGE	-3	:	N.C.

Based on the historical relationship of the preliminary U.S. Cold Storage report of June 30 and the selected centers storage report, the expected U.S. holdings as of August 1 are:

Butter	150 million pounds plus or minus 3.24 percent
Cheese	591 million pounds plus or minus 3.25 percent

FLUID MILK AND CREAM

E A S T

CORRECTION: In last week's report, it was incorrectly reported that Vermont enacted a law prohibiting cheese makers from using imported, dry MPC in cheese. In fact, Vermont officials were enforcing an existing FDA regulation and directed cheese plants to comply with said regulation. We are sorry for any confusion this misinterpretation may have caused.

The following are the July 2000 Class and component prices under the Federal Milk Order pricing system: Class II \$12.58 (down \$.50 from June), Class III \$10.66 (up \$1.20); and Class IV \$11.87 (down \$.51). Product price averages used in computing Class prices are: butter \$1.1547, NDM \$1.0102, cheese \$1.2189, and dry whey \$.1909. The Class II butterfat price is \$1.2761 and the Class III/IV butterfat price is \$1.2691. For informational purposes, the July 1999 BFP (Class III) was \$13.59. Milk production is holding relatively steady in most of the region. Florida contacts report that the hot weather is having less of an impact on milk output than previously anticipated. With some Florida schools opening this week, bottlers had enough milk from their own sources and only 17 loads were expected to be imported from the Middle Atlantic area. This compares to 24 loads last week and 141 loads during the same week last year. Further north, milk output is holding at seasonal levels. New England contacts report continued heavy rainfall in the region and milk production is holding up surprisingly well. It has not been as hot as other summers, but recent warm days have given corn growth a big boost. Bottled milk sales range from slow to fair and are often slower than late July. Surplus milk supplies are moderate and easily handled. Some plants are making renovation or preventive maintenance and those milk supplies are being cleared without difficulty. The condensed skim market is unchanged. Demand is holding and prices are unchanged this week. The fluid cream market is mixed. Offerings are not as tight as they have been, but spot prices are a bit higher as the average butter price at the CME did increase last week. In more instances, buyers were being called by suppliers looking to move cream. Ice cream production is steady to slower. Contacts report that all the recent rain in the Northeast has adversely affected ice cream consumption. Churning activity is moderate at those plants that are making butter. Some operations continue to sell their cream and not churn.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT		
F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5383-1.7513
DELIVERED EQUIVALENT ATLANTA	-	1.5146-1.7040 M 1.5856-1.6566
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6507-1.7158
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0500-1.1100
NORTHEAST- CLASS III - SPOT PRICES	-	.8300-1.0100

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
AUGUST 4 - 10, 2000	2
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	25

DESTINATIONS: KENTUCKY 2

Class I demand is still relatively flat at typical summer levels. Bottlers are preparing for the upcoming school milk business, expected to start in a week or two, depending on location and state regulation. Besides the spot loads reported, 48 loads of milk were shipped from Wisconsin to Missouri and another 14 loads to Kentucky and were pooled under those orders. Milk volumes shipped to Southern milk buyers also increased from other Midwestern states, but overall volumes continue to lag year ago levels. Milk supplies continue to tighten but seems less pressured than a year ago. Manufacturing

milk interest seems to have picked up somewhat. Reported spot milk prices in the \$1.50 over (fob) to \$2.00 over (delivered locally) area. Cream demand remains good and multiples are little changed from recent weeks. Ice cream demand remains seasonally good from some producers. Ice cream sales have lagged a bit for a few producers, possibly due to cooler than normal temperatures in the region. Milk intakes are generally just slightly lower than the previous week in the upper tier of states. For some plants, the expected seasonal milk production declines from the spring peak have been less than normal, keeping manufacturing schedules heavier than usual. Fat and protein tests on incoming milk volumes have also declined. Product yields are at low summer levels. Further south in the region, hotter weather is impacting milk intakes more severely, increasing the volumes of supplemental loads needed.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUGUST 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.50- 42.00	\$ 37.00- 42.50
REPLACEMENT HEIFER CALVES	\$270.00-360.00	\$220.00-285.00

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

	AUGUST 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 47.50	\$ 35.00- 45.00

W E S T

The impact of the hot and humid weather conditions have caused milk production to decline from 3 to 10% over the last couple of weeks in California. While conditions have moderated, the impact has not reversed to any great extent this week. The heat has also impacted solids and fat levels in the incoming milk. With milk declines, several plants in the state were looking for additional milk. Additionally, fluid milk sourcing is beginning for seasonal school startups over the next several weeks. Power shutoffs were not a factor this week following a disruptive week for many plants in the central and southern parts of California. Feed conditions remain good at affordable prices. Higher quality hay supplies are tighter in a steady to firmer market. Prices are steady to \$5 higher per ton. With less milk and lower fat levels, surplus cream has been less available. Demand is fair to good for the loads available. Demand was from ice cream producers and butter churners with steady to lighter volumes leaving the state. Cream multiples remain in the 115 to 132 FOB range. Milk production is steady to trending lower in New Mexico. Milk volumes are sufficient for local and prior contracted needs, but extra loads are not available to fill needs in other areas. Rainy weather continues, which is providing cooler daytime temperatures, but temperatures are still reaching into the 90's and humidity is high. Some problems are noted for feedlot conditions. Contacts are talking about the continued interest in additional dairies in New Mexico. Temperatures more than 100 degrees persist in Arizona. Milk production continues to be seasonally low, but with added cows, plant receipts are often higher than a year ago. The hot weather continues to cause equipment problems at plants. Milk production in the Pacific Northwest continues to follow trends of past weeks. For the most part, output continues to run ahead of last season, but is declining. Although temperatures are warm and moisture is limited, overall conditions are favorable for late season milk output. Very little weather related stress is being reported on the milking herd. Milk volumes remain plentiful to manufacturing facilities in the region, although school bottling schedules are starting to be discussed, thus a shift from manufacturing will soon be occurring. Feed stocks in the Northwest continue to be reported as quite plentiful. Favorable grain prices and slightly higher feeder hay prices than last year are being reported by dairy producers. Heifer auctions in the Northwest continue to receive strong prices for replacement animals. Heifer prices in the \$1,600 range are common. In the Mountain States, heat and dry conditions continue to prevail. Milk output is declining seasonally, but not at a significant pace. Milk volumes are reported to be sufficient to maintain steady manufacturing schedules. This region of the Northwest is also preparing for the upcoming school bottling season. Thus manufacturing schedules will be adjusted to reflect the shift in milk volumes.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/10/00 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 unchanged on a generally steady market. A firmer market is anticipated as schools re-open over the next few weeks. However, offerings into government programs from Central producers indicates that the market is not ready to move. Production is mostly steady to lower as milk volumes decline in the hot summer heat. Demand is fair, best into cheese facilities and brokerage firms. High heat supplies are tight and prices are trending higher. Production of human food, nonfat dry milk during June 2000 totaled 128.5 million pounds, up 8.4% from June 1999 but 6.8% below May 2000. Month ending stocks, at 171.2 million pounds, are 5.8% above a year ago but 13.1% lower than a month ago.

Includes EXTRA GRADE and GRADE A, low and medium heat
 NONFAT DRY MILK: 1.0100 - 1.0350 MOSTLY: 1.0150 - 1.0225

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a mixed market. Supplies are tight, encouraging manufacturers to hold the market steady. However, buyer resistance is strong. Traders are offering at a few cents under the average and finding product difficult to move. Aged product is available within the range. Buyers are working off of contracts and inventories before committing to any extra trades as the price is considered too high. Condensed supplies are tight with ice cream interest remaining strong. Dry buttermilk production during June 2000 totaled 3.7 million pounds, up 1.5% from June 1999 but 13.6% lower than May 2000. Month ending stocks, at 4.7 million pounds, are 9.1% below last year yet 9.1% higher than last month.

BUTTERMILK: .9825 - 1.0200

DRY WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. Supplies are mixed. Some plants are tight or sold out while others are running long and finding product difficult to move, especially on the export market. Spot trading is light. Buyers are postponing or canceling contracted shipments as buyer inventories are running long into some feed operations. Production is steady to lower as milk volumes decline and handlers prepare for school openings. Condensed supplies are tight at some locations for the light to fair spot interest. Production of human food, dry whey during June 2000 totaled 95.9 million pounds, 4.1% more than June 1999 but 4.0% below May 2000. Month ending stocks, at 41.9 million pounds, are 24.6% below a year ago and 10.7% lower than May 2000.

NONHYGROSCOPIC: .1600 - .2050 MOSTLY: .1900 - .1950

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a mostly steady market. Supplies of milk replacer product are in balance to occasionally long. Demand is somewhat improved over last week yet generally slow. Roller ground is clearing well at steady prices. Delactose supplies are mostly in balance to instances tight. Most product is being traded on contracts and spot sales are light. Production is generally unchanged for the fair to good demand. Prices are trending lower on early weaned pigs, lean hogs, barrows and gilts. The North Central veal market is steady to slightly firm. Production of animal feed dry whey during June 2000 totaled 8.4 million pounds, 23.7% higher than a year ago and 11.7% more than May 2000. Month ending stocks, at 9.2 million pounds, are 2.0% lower than June 1999 but 19.4% above last month.

MILK REPLACER: .1450 - .1750
 ROLLER GROUND: .1825 - .1975
 DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a weak market. Spot trading is very light. Inquiries are being noted from Southeast Asia, Mexico and Brazil. Movement is best on contracts and into brokerage firms. Feed interest is light as plenty of off grade is available at substantial discounts. Some supplies are reportedly clearing as low as 3 cents FOB. Production is generally steady although some declines are being noted due to decreases in the milk supply. Inventories are mixed with some plants running long while others are sold out and unable to fulfill current buyer interest. Lactose production during June 2000 totaled 43.7 million pounds, up 18.0% from June 1999 but 6.5% lower than May 2000. Month ending stocks, at 26.9 million pounds, are 28.6% higher than a year ago but 0.4% less than last month. Production totals for selected regions with changes from 1999 include: East North Central, 9.0 million pounds, +8.1%; West North Central, 15.7 million pounds, +23.7%; and West, 18.9 million pounds, +31.3%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 EDIBLE: .1225 - .2300 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mixed and the market tone continues unsettled. Many feed buyers are canceling contracted loads and waiting for the market to decline. Some producers are accepting the cancellations and fulfilling commitments into food accounts that were previously short of needs. Other producers are resisting cancellations and enforcing contracts as product cannot readily be placed elsewhere. Resellers are very anxious about holding any supplies and reportedly offering product 1-4 cents under the average. Manufacturers are resisting price decreases as supplies are generally in balance. However, some large shipments cleared at a discount into export markets. Canadian over quota NDM is a competitive substitute for WPC into feed facilities in Canada. Therefore, Canadian WPC producers are less resistant to price discounts. Some WPC imports are being delivered into the US at the average. The 80% market is very tight with plenty of inquiries from Asia and domestic beverage companies. Condensed supplies are often difficult to find for the fair to good demand. Production of human food WPC during June 2000 totaled 26.9 million pounds, down 1.5% from June 1999 and 3.2% lower than May 2000. Manufacturers' end-of-month stocks totaled 15.1 million pounds, 6.3% lower than a year ago but 16.3% above last month. Production totals for selected states with changes from 1999 include: California, 8.8 million pounds, +16.5%; Minnesota, 4.4 million pounds, +0.6%; and Wisconsin, 4.5 million pounds, +11.7%.

EXTRA GRADE 34% PROTEIN: .7525 - .8075 MOSTLY: .7700 - .7775
 NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are slightly higher on the bottom end of the range. The market tone remains weak with heavy sales continuing to the support program. Less discounting is evident as past sales have tightened inventories. Production is lower as milk receipts decline due to the hot weather. High heat prices are unchanged and trading levels are limited. Production is light to moderate with some producers making some extra loads for future contract and spot needs. During the week of July 31 - August 4, CCC net purchases totaled 9.6 million pounds of nonfortified NDM and 1.6 million pounds of fortified NDM under the price support program. All purchases were from the West. U.S. NDM production in June totaled 128.5 million pounds, up 8.4% from last year but 6.8% less than last month. Unadjusted, cumulative U.S. NDM production through June is running 8.7% ahead of 1999. June production in California totaled 57.5 million pounds, up 8.7% from last year, and Washington output totaled 16.3 million pounds, down 6.5% from a year ago. Stocks at the end of June were reported at 171.2 million pounds, up 5.8% from last year but 13.1% lower than last month.

Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0000 - 1.0225 MOSTLY: 1.0000 - 1.0100
 HIGH HEAT: 1.0300 - 1.0700

DRY BUTTERMILK - WEST

Prices and the market tone are steady. Drying activity in the region is mixed. Lower milk receipts and fat tests are providing less cream to churns. Also, condensed sales are moderately active. Buying interest remains on the light side, although more seasonal accounts are searching. Some buyers sense that the market may decline and don't want to make purchases or they are finding better deals in the resale market. Conversely, some producers are currently having to short contract customers. U.S. buttermilk powder production in June totaled 3.7 million pounds, up 1.5% from last year but 13.6% lower than May. Stocks at the end of June were reported at 4.7 million pounds, down 9.1% from a year earlier but 9.1% above May.

BUTTERMILK: .8800 - .9650 MOSTLY: .8800 - 9000

DRY WHEY - WEST

Whey markets are generally steady at unchanged prices. Western producers and handlers continue to watch what is happening in other areas of the country and wondering if this will impact Western prices. At this time, stocks are reported to be readily available for steady domestic sales. Export interest has slowed somewhat. Milk production in the West is declining seasonally, thus is cheese and whey output. Heat and humidity levels continue to impact dryer efficiencies. Human food whey production in the U.S. during June totaled 95.9 million pounds, 4.1% heavier than last June, but 4.0% less than May 2000. Compared to last June, whey output in CA was 36.3% heavier, UT was 18.5% lower, and WA was 53.9% more.

NONHYGROSCOPIC: .1725 - .2025 MOSTLY: .1800 - .1875
CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
August 4	\$1.0080	13,039,678
July 28	\$1.0075	14,536,151

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 Dept. 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 unchanged and the market tone is steady. Production levels are steady to lighter as milk supplies tighten seasonally and sales of condensed skim remain good. Demand for NDM is holding up quite well. Most Eastern producers are in much better supply situations than a year ago. Some operations are making powder as needed to fill orders while others do dry daily. Export sales continue as DEIP contracts are being filled. However, it is unknown when FAS will again accept bids for new DEIP sales. With the world price for NDM near the U.S. price, foreign buyers are taking a closer look at purchasing U.S. NDM outside of DEIP. Some rumored sales have taken place, but to date, there has been no confirmation of such sales. Production of human food, nonfat dry milk during June 2000 totaled 128.5 million pounds, up 8.4% from June 1999 but 6.8% below May 2000. Month ending stocks, at 171.2 million pounds, are 5.8% above a year ago but 13.1% less than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0175 - 1.0500 MOSTLY: 1.0300 - 1.0350

HIGH HEAT: 1.0700 - 1.1000 MOSTLY: 1.0800 - 1.0850

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices remain nominal and are unchanged. The market tone is less firm. Producers have little to offer on the spot market, but contacts note that end users with inventories, as well as resellers, are moving dry buttermilk at prices below the current range. Production levels are lighter and plant stocks range tight to balanced. Dry buttermilk production during June 2000 totaled 3.7 million pounds, up 1.5% from June 1999 but 13.6% less than May 2000. Month ending stocks, at 4.7 million pounds, are 9.1% less than last June but 9.1% above a month ago.

F.O.B. NORTHEAST: .8800 - .9000

DELVD SOUTHEAST: .9300 - .9550

DRY WHOLE MILK - NATIONAL

Prices are steady to fractionally lower. The market tone is unchanged. With the announcement of the July Class IV milk price as 51-cents lower than June, some dry whole milk producers adjusted their prices for powder. Demand is steady and mostly contractual. Spot interest is light. Dry whole milk production during June 2000 totaled 11.4 million pounds, up 18.6% from June 1999 but 1.7% below May 2000. Month ending stocks, at 11.4 million pounds, are 44.1% above a year ago but 16.7% less than last month.

F.O.B. PRODUCING PLANT: 1.2025 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH AUGUST 4, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged. The market tone is steady, but there are reports of weakness in other regions. Eastern producers have little product to offer on the spot market. Some producers report being sold out for a month or two while others are committed for the balance of the year. Grade A is in the tightest position. Traders, however, report little demand on the spot market and difficulty moving their extra product. Spot, domestic demand ranges from slow to fair. Export interest is quite good, especially to Central and South America. Production of human food, dry whey during June 2000 totaled 95.9 million pounds, 4.1% more than June 1999 but 4.0% below May 2000. Month ending stocks, at 41.9 million pounds, are 24.6% below last year and 10.7% less than a month ago. Production of animal feed, dry whey during June totaled 8.4 million pounds, 23.7% more than June 1999 and 11.7% more than May 2000.

F.O.B. NORTHEAST: EXTRA GRADE .1975 - .2050

USPH GRADE A .2000 - .2100

DELVD SOUTHEAST: .2200 - .2400

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. The recent jump in Class III milk prices has had an effect on production. Demand is mostly for replacement needs, but retailers are starting to think about their needs for the last quarter of the year. Canned evaporated milk production during June 2000 totaled 43.7 million pounds, 1.0% more than June 1999 and 20.7% more than May 2000. Month ending stocks, at 29.6 million pounds, are 32.9 less than a year ago but 7.2% above last month.

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 remain firm with prices basically unchanged. Stocks are limited, although an occasional spot offering is appearing at higher prices, which in most instances, is quickly absorbed. Production in Europe continues to edge seasonally lower. Producers, although not heavy with stocks, feel that they will meet contracted volumes. Production in the Oceania region is just getting underway, thus it is still too early to project what availability will be for contracted and spot needs. Due to uncertainty in stock availability for the balance of the calendar year, many domestic buyers feel that stocks will remain limited and prices firm.

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

RENNET: 2.1800 - 2.2600

ACID: 2.1800 - 2.2900

WORLD DAIRY SITUATION AND OUTLOOK*

Dairy Production and Trade Developments

Cow milk production in selected countries for 2000 is estimated at 390.5 million tons, up from the December forecast and more than 1 percent above 1999. Compared to the December forecasts, the United States with a 1.4 million-ton increase had the largest change. The estimate of milk cow numbers for 2000 has been revised to 127.9 million head, slightly lower than in 1999, mainly reflecting continued decline in Russia.

Butter production in selected countries for 2000 is estimated at 5.6 million tons, up from both the December forecast and 1999. Prospects for international butter prices have not improved significantly since December. Total 2000 butter exports are expected to be above 1999 as Oceania boosted its sales, but EU exports have been depressed.

Cheese production is expected to reach 12.8 million tons in 2000, slightly above the December forecast, and 2 percent higher than revised 1999. Compared to 1999, the United States and Oceania account for most of the increase in total production. Export prospects for cheese are unchanged compared to the December forecast but are up significantly from 1999. The EU is forecast to show the largest increase.

Nonfat dry milk (NDM) production in 2000 is estimated at 3.3 million tons, 2 percent above the December forecast. Compared to the December forecast, the export potential for NDM is up significantly as tight market conditions characterize the current situation. International prices have strengthened sufficiently to allow some non-subsidized exports to move from both the United States and the EU.

Exports of Total Dairy Products from the United States

Bureau of the Census data for the first 5 months of 2000 show that the pace of U.S. dairy product exports is running ahead of that of 1999. For the first 5 months of 2000, the total value of dairy exports was \$406 million compared to \$347 in the same period of 1999. On a product basis, most of the increase is due to the higher value of nonfat dry milk (NDM) and whole milk powder (WMP) exports under the Dairy Export Incentive Program (DEIP). Most exports of butter and butteroil, nonfat dry milk, and whole milk powder (WMP) are made with DEIP assistance. Census data show the both quantity and value of NDM exports are up approximately 50 percent.

Relative to non-DEIP commodities, thus far in 2000 the whey complex has shown the most growth. This is especially true for dried whey and whey protein concentrate. Most other dairy products such as cheese, ice cream, infant formula and lactose are running ahead of last year, often by 10 percent or more. Even fresh milk and condensed milk exports which have tended to decline in recent years, are running ahead of last year's pace.

On a regional basis, the value of shipments to Canada is running ahead of last year and, at least temporarily has put that country in top spot. The pace of exports to Mexico is down slightly, mainly due to the pattern of DEIP shipments rather than to a decline in demand. Exports to Japan, the number 3 market are up more than 10 percent reflecting the renewed growth in the Pacific Rim countries. Direct shipments to China have also shown strong growth.

* This summary was derived from the ADairy: World Markets and Trade®, FD 1-00, July 2000, Foreign Agricultural Service, USDA. For more information contact Authur Coffing at (202) 720-3761.

JUNE 2000 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 91.2 million pounds in June, 3.6 percent below June 1999 and 18.1 percent below May 2000. **AMERICAN TYPE CHEESE** production totaled 310.6 million pounds, 5.6 percent above June 1999 but 4.9 percent below May 2000. **TOTAL CHEESE** output (excluding cottage cheese) was 698.8 million pounds, 4.4 percent above June 1999 but 5.2 percent below May 2000. **NONFAT DRY MILK** production, for human food, totaled 128.5 million pounds, 8.4 percent above June 1999 but 6.8 percent below May 2000. **DRY WHEY** production, for human food, was 95.9 million pounds, 4.1 percent above June 1999 but 4.0 percent below May 2000. **ICE CREAM** (hard) production totaled 86.9 million gallons, 3.6 percent below June 1999 but 4.5 percent above May 2000.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUN 2000	PERCENT CHANGE FROM:			PRODUCT	JUN 2000	PERCENT CHANGE FROM:		
	1,000 LBS.	JUN 1999	MAY 2000	YEAR TO DATE 1/		1,000 LBS.	JUN 1999	MAY 2000	YEAR TO DATE 1/
BUTTER	91,153	-3.6	-18.1	2.8	DRY BUTTERMILK	3,659	1.5	-13.6	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	158,777	4.0	1.5	---
AMERICAN TYPES 2/	* 310,593	5.6	-4.9	4.4	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	241,624	4.4	-7.0	3.3	SWEET -TYPE, HUMAN FOOD	10,058	-3.1	17.8	---
SWISS	19,562	0.1	-4.6	---	SWEET -TYPE, ANIMAL FEED	1,165	-25.3	-13.4	---
BRICK & MUENSTER	8,065	11.2	4.5	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	57,808	-0.2	8.3	---	DRY WHEY, HUMAN FOOD	95,934	4.1	-4.0	---
BLUE 3/					DRY WHEY, ANIMAL FEED	8,406	23.7	11.7	---
HISPANIC	7,302	-2.3	-8.5	C	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	220,276	3.6	-9.5	7.8	HUMAN FOOD	7,462	18.1	-7.1	---
OTHER ITALIAN TYPES	58,176	6.5	-2.5	13.5	ANIMAL FEED	3,043	9.5	-11.5	---
TOTAL ITALIAN TYPES	278,452	4.2	-8.2	9.0	LACTOSE, HUMAN FOOD & ANIMAL FEED	43,693	18.0	-6.5	---
ALL OTHER TYPES	17,063	6.4	-4.3	---	WHEY PROTEIN CONCENTRATE				
TOTAL	698,845	4.4	-5.2	6.1	HUMAN FOOD	26,908	-1.5	-3.2	---
COTTAGE CHEESE, CURD 4/	40,714	0.9	-0.8	---	ANIMAL FEED	3,661	-5.4	-6.5	---
COTTAGE CHEESE, CREAM 5/	32,051	2.8	1.7	-0.2	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
COTTAGE CHEESE, LOWFAT 6/	31,748	-1.6	-1.3	0.4	ICE CREAM (HARD)	86,859	-3.6	4.5	2.3
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (HARD)	9,392	-4.4	2.4	---
WHOLE MILK	43,708	1.0	20.7	---	ICE CREAM, LOWFAT (SOFT)	32,260	0.7	9.5	---
DRY WHOLE MILK	11,446	18.6	-1.7	---	ICE CREAM, LOWFAT (TOTAL)	41,652	-0.5	7.8	-2.5
NONFAT DRY MILK, HUMAN FOOD	7/ 128,541	8.4	-6.8	8.7	SHERBET (HARD)	5,316	-6.5	-4.5	-0.3
DRY SKIM MILK, ANIMAL FEED	491	-7.5	-5.9	---	YOGURT (TOTAL)	8,594	-11.3	-5.3	-11.7

MANUFACTURERS' STOCKS, END OF MONTH 9/

PRODUCT	JUN 2000	PERCENT OF:		PRODUCT	JUN 2000	PERCENT OF:	
	1,000 LBS.	JUN 1999	MAY 2000		1,000 LBS.	JUN 1999	MAY 2000
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD				HUMAN FOOD	15,052	-6.3	16.3
DRY WHEY, ANIMAL FEED	9,235	-2.0	19.4	ANIMAL FEED	1,339	-18.2	-13.3
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 10/	11,412	-10.8	2.5	CANNED EVAPORATED & CONDENSED WHOLE MILK	29,633	-32.9	7.2
LACTOSE, HUMAN FOOD & ANIMAL FEED	26,857	28.6	-0.4	DRY WHOLE MILK	11,365	44.1	-16.7
DRY BUTTERMILK, TOTAL	4,679	-9.1	9.1	NONFAT DRY MILK FOR HUMAN FOOD	171,231	5.8	-13.1
				DRY SKIM MILK FOR ANIMAL FEED	964	-51.9	30.1

1/ 2000 cumulative as percent change of 1999 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Not shown when individual plant operations could be disclosed. Included in All Other Types of Cheese. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 1,705,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Stocks held by manufacturers at all points and in transit. 10/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 129,256,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (8-00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES 1/												
CITY	AUG 1998			AUG 1999			JUL 2000			AUG 2000		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	16.18	17.48	1.30	14.50	16.10	1.60	15.56	16.64	1.08	15.05	16.38	1.33
Baltimore, MD	16.13	17.18	1.05	14.45	15.96	1.51	15.46	16.81	1.35	14.95	16.30	1.35
Boston, MA **	16.34	16.82	0.48	14.66	15.14	0.48	15.71	16.19	0.48	15.20	15.68	0.48
Carbondale, IL	15.11	16.47	1.36	13.43	15.14	1.71	14.66	16.37	1.71	14.15	15.86	1.71
Charlotte, NC	16.18	17.48	1.30	14.50	16.10	1.60	15.56	16.64	1.08	15.05	16.38	1.33
Chicago, IL	14.50	16.09	1.59	12.82	14.51	1.69	14.26	16.11	1.85	13.75	15.53	1.78
Cincinnati, OH	15.21	16.96	1.75	13.53	15.23	1.70	14.66	16.38	1.72	14.15	16.02	1.87
Cleveland, OH	15.10	16.60	1.50	13.42	14.92	1.50	14.46	16.08	1.62	13.95	15.72	1.77
Dallas, TX	16.26	16.51	0.25	14.58	15.63	1.05	15.46	16.01	0.55	14.95	15.75	0.80
Denver, CO	15.83	16.08	0.25	14.15	15.90	1.75	15.01	15.66*	0.65*	14.50	16.25	1.75
Des Moines, IA	14.65	15.38	0.73	12.97	14.37	1.40	14.26	15.30	1.04	13.75	15.04	1.29
Detroit, MI	14.95	15.81	0.86	13.27	14.27	1.00	14.26	15.26	1.00	13.75	15.00	1.25
Hartford, CT **	16.24	16.72	0.48	14.56	15.04	0.48	15.61	16.09	0.48	15.10	15.58	0.48
Houston, TX	16.80	17.05	0.25	15.12	16.17	1.05	16.06	16.61	0.55	15.55	16.35	0.80
Indianapolis, IN	15.00	16.55	1.55	13.32	14.87	1.55	14.46	16.18	1.72	13.95	15.82	1.87
Kansas City, MO	15.02	15.67	0.65	13.34	14.59	1.25	14.46	15.40	0.94	13.95	15.24	1.29
Louisville, KY	15.87	16.67	0.80	13.53	14.73	1.20	14.66	15.56	0.90	14.15	15.30	1.15
Memphis, TN	15.21	16.31	1.10	14.19	15.44	1.25	15.26	16.09	0.83	14.75	15.83	1.08
Miami, FL	17.28	20.25	2.97	15.60	18.87	3.27	16.76	19.15	2.39	16.25	18.89	2.64
Milwaukee, WI	14.41	16.00	1.59	12.73	14.42	1.69	14.21	16.06	1.85	13.70	15.48	1.78
Minneapolis, MN	14.30	15.03	0.73	12.62	13.87	1.25	14.16	15.37	1.21	13.65	14.94	1.29
New Orleans, LA	16.75	17.35	0.60	15.07	16.22	1.15	16.06	16.79	0.73	15.55	16.53	0.98
Oklahoma City, OK	15.87	16.52	0.65	14.19	15.34	1.15	15.06	15.86	0.80	14.55	15.60	1.05
Omaha, NE	14.85	15.50	0.65	13.17	14.42	1.25	14.31	15.35	1.04	13.80	15.09	1.29
Philadelphia, PA	16.19	17.21	1.02	14.51	16.38	1.87	15.51	16.98	1.47	15.00	16.47	1.47
Phoenix, AZ	15.62	15.62	0.00	13.94	13.94	0.00	14.81	15.41	0.60	14.30	14.45	0.15
Pittsburgh, PA	15.10	15.90	0.80	13.42	15.07	1.65	14.56	15.86	1.30	14.05	15.25	1.20
St. Louis, MO	15.11	16.47	1.36	13.43	15.14	1.71	14.46	16.17	1.71	13.95	15.66	1.71
Salt Lake City, UT	15.00	15.15	0.15	13.32	13.57	0.25	14.36	14.61	0.25	13.85	14.10	0.25
Seattle, WA	15.00	15.38	0.38	13.32	15.38	2.06	14.36	14.84	0.48	13.85	14.33	0.48
Spokane, WA	15.00	15.38	0.38	13.32	15.38	2.06	14.36	14.84	0.48	13.85	14.33	0.48
Springfield, MO	15.29	15.94	0.65	13.61	14.91	1.30	14.66	15.46	0.80	14.15	15.20	1.05
Washington, DC	16.13	17.18	1.05	14.45	15.96	1.51	15.46	16.81	1.35	14.95	16.30	1.35
Simple Average	15.53	16.45	0.92	13.85	15.24	1.39	14.94	16.03*	1.09*	14.43	15.66	1.23

* Revised.

**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.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JULY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for July 2000 is \$1.2691 per pound. Thus, the Class II butterfat price is \$1.2761. The protein and other solids prices for July are \$1.9726 and \$0.0557 per pound, respectively. These component prices set the Class III skim milk price at \$6.44 per cwt. The July Class IV skim milk price is \$7.70 which is derived from the nonfat solids price of \$0.8561 per pound.

Product Price Averages: The product price averages for July are; butter \$1.1547, nonfat dry milk \$1.0102, cheese \$1.2189, and dry whey \$0.1909.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/ 2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	JULY 2000				AUGUST 2000
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
DOLLARS PER 100 POUNDS						
Northeast (Boston) <u>4/</u>	001	15.71	12.58	10.66	11.87	15.20
Appalachian (Charlotte) <u>5/</u>	005	15.56	12.58	10.66	11.87	15.05
Southeast (Atlanta) <u>6/</u>	007	15.56	12.58	10.66	11.87	15.05
Florida (Tampa) <u>7/</u>	006	16.46	12.58	10.66	11.87	15.95
Midwest (Cleveland) <u>8/</u>	033	14.46	12.58	10.66	11.87	13.95
Upper Midwest (Chicago) <u>9/</u>	030	14.26	12.58	10.66	11.87	13.75
Central (Kansas City) <u>10/</u>	032	14.46	12.58	10.66	11.87	13.95
Southwest (Dallas) <u>11/</u>	126	15.46	12.58	10.66	11.87	14.95
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	14.81	12.58	10.66	11.87	14.30
Western (Salt Lake City) <u>13/</u>	135	14.36	12.58	10.66	11.87	13.85
Pacific Northwest (Seattle) <u>14/</u>	124	14.36	12.58	10.66	11.87	13.85
All-Market Average	---	15.04	12.58	10.66	11.87	14.53

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 \$0.30 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 are: Portland, same; and Spokane, same.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 7 - 11, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 08/04/00	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-	1,162,919	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	5,583,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	6,746,519	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	10,573,199	-0-	10,573,199	426,583,618	173,546,332	-0-	-0-
Fortified	705,336	-0-	705,336	9,966,465	2,102,165	-0-	-0-
TOTAL	11,278,535	-0-	11,278,535	436,550,083	175,648,497	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 7 - 11, 2000 =	2.5	131.3	COMPARABLE WEEK IN 1999 =	0.7
CUMULATIVE SINCE OCTOBER 1, 1999 =	158.3	5,148.2	CUMULATIVE SAME PERIOD LAST YEAR =	38.6
CUMULATIVE JANUARY 1 - AUGUST 11, 2000 =	147.1	4,555.1	COMPARABLE CALENDAR YEAR 1999 =	38.6

* 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 AUGUST 7 - 11, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	412,079	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	10,161,120	705,336
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MI DWEST	-0-	-0-	6,665,991	-0-	45,064,658	15,434,971	45.1	8.8
WEST	-0-	-0-	80,528	-0-	386,545,165	160,213,526	54.2	91.2
EAST	-0-	-0-	-0-	-0-	4,940,260	-0-	0.7	0.0
TOTAL	-0-	-0-	6,746,519	-0-	436,550,083	175,648,497	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# Barrel \$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 07/22/00 & 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	1.0	6.2	5.8	18.9	2.2	0.8	0.7	9.7	2.6	48.1	1,486.9	48.5	48.7
1999-Dairy cows HD (000)	0.3	1.0	6.7	5.5	17.5	2.2	2.5	0.6	8.7	2.7	47.6	1,445.6	46.8	45.8
2000-All cows HD (000)	0.2	1.1	8.4	14.2	26.7	14.3	12.4	3.7	12.3	5.8	99.1	3,050.7		
1999-All cows HD (000)	0.3	1.2	9.1	13.5	24.4	14.2	16.9	3.4	11.8	7.0	101.8	3,156.7		

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

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	11.95				
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58					
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66					
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87					

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