

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (09/08):
BUTTER: BUTTER: Grade AA closed at \$1.1450. The weekly average for Grade AA is \$1.1463 (-0570).

CHEESE: Barrels closed at \$1.2800 and blocks at \$1.3275. The weekly average for barrels is \$1.2525 (+.0650) and blocks, \$1.3275 (+.0345).

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

BUTTER: The market tone is weak. Recent cash trading at the Chicago Mercantile Exchange has the butter price declining. Churning schedules across the country over the past holiday weekend were heavier. Cream was readily available and continues so into the current week. Lower ice cream production and increased standardization for school milk needs are providing the additional cream volumes for butter operations. Overall butter demand is lighter as many buyers assess inventories following the holiday weekend before placing new orders. Butter inventories are about steady with last week. Lighter sales and increased production are two factors causing overall stocks to basically hold steady.

CHEESE: The cash cheese market continues to struggle higher as increased current cheddar production has persisted longer into late summer than normal. Manufacturing milk supplies have tightened with the reopening of schools, causing cheese production to decline. Ample supplies of medium and sharp cheddar remain in storage and weigh on aged prices. Estimated cumulative cheddar cheese output for the first 7 months of 2000 (adjusted to remove Feb. 29) totals 1.737 billion pounds, up 68.0 million pounds (3.6%) from the same period in 1999. Total cheese output for the same period in 2000 totals 4.843 billion pounds, up 255.1 million pounds (5.6%) from 1999.

FLUID MILK: The Labor Day holiday weekend caused only limited interruptions in milk volumes moving to bottlers. No reports of distressed milk or prices over the long holiday weekend were received. Imports of milk into the Southeast were lighter than the previous week with schools closed for an extra day. Additional schools were opening after the holiday so bottlers were increasing their use. Milk receipts were affected, as usual, by local weather conditions. Increased temperatures combined with humidity, late last week into early this week reduced milk receipts in the Midwest and Northeast. Temperatures have since cooled, but early indications do not show that milk receipts fully recovered. Further South, high temperatures continue to affect milk production. In New Mexico, production was slightly reduced by the return of summer heat.

In Arizona, fluid volumes have moderated along with the weather. In California, milk receipts continue to show slight increases. Production is trending lower seasonally in the Northwest as weather conditions seem fall-like. In Utah and Idaho, schedules at manufacturing plants are lighter.

DRY PRODUCTS: The holiday caused slight temporary increases in dry product production and often slowed demand. The NDM market is generally steady with extra supplies continuing to clear to CCC from the West. Production was heavier over the weekend but plant capacity was not tested. Buttermilk is steady to occasionally firm. Any additional production was not enough to increase offerings sufficiently to soften prices. The WPC market is cautiously steady. Feed users are looking at cheaper alternatives to WPC and this may affect future interest. The whey markets are steady to weak. Production is trending lower with the reopening of schools with supplies ranging from tight at some locations to long at others.

CCC: During the week of September 4 - 8, net CCC purchases totaled 8,701,893 pounds of nonfortified and 1,322,560 pounds of fortified NDM from the West. There was also a cancellation of 85,979 pounds of nonfortified from the Midwest.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2000 declined 1 point to 119. Compared with August 1999, the index was up 4 points (3.5%). The index of prices received by farmers for dairy products declined 1 point during the month of August 2000 to 96. Compared with August 1999, the index was down 20 points (17.2%). Prices received by farmers in August with changes from July were: for All Milk, \$12.50 per hundredweight (cwt.), down \$.20; Fluid Grade Milk, \$12.50 per cwt., down \$.20; and for Manufacturing Grade Milk, \$10.60 per cwt., down \$.10.

JULY 2000 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 87.1 million pounds in July, 2.7% above July 1999 but 5.1% below June 2000. American type cheese production totaled 323.3 million pounds, 8.0% above July 1999 and 4.1% above June 2000. Total cheese output (excluding cottage cheese) was 686.9 million pounds, 5.7% above July 1999 but 1.6% below June 2000. Nonfat dry milk production, for human food, totaled 122.1 million pounds, 22.9% above July 1999 but 4.9% below June 2000. Dry whey production, for human food, was 91.8 million pounds, 1.3% above July 1999 but 4.7% below June 2000.

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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 SEPTEMBER 4	TUESDAY SEPTEMBER 5	WEDNESDAY SEPTEMBER 6	THURSDAY SEPTEMBER 7	FRIDAY SEPTEMBER 8	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	H	\$1.2200 (N.C.)	\$1.2400 (+.0200)	\$1.2700 (+.0300)	\$1.2800 (+.0100)	+.0600	\$1.2525 (+.0650)
40# BLOCKS	O	\$1.3300 (-.0050)	\$1.3250 (-.0050)	\$1.3275 (+.0025)	\$1.3275 (N.C.)	-.0075	\$1.3275 (+.0345)
NONFAT DRY MILK EXTRA GRADE	L	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	D	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
	A						
BUTTER GRADE AA	Y	----	\$1.1475 (-.0225)	----	\$1.1450 (-.0025)	-.0250	\$1.1463 (-.0570)

*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, SEPTEMBER 4, 2000 - NO TRADING - HOLIDAY

TUESDAY, SEPTEMBER 5, 2000

CHEESE -- SALES: 15 CARS BARRELS: 1 @ \$1.2200, 1 @ \$1.2175, 1 @ \$1.2200, 1 @ \$1.2175, 1 @ \$1.2200, 1 @ \$1.2175, 1 @ \$1.2100, 1 @ \$1.2125, 1 @ \$1.2025, 1 @ \$1.1975, 2 @ \$1.2075, 1 @ \$1.2175, 1 @ \$1.2175, 1 @ \$1.2200; 8 CARS 40# BLOCKS: 1 @ \$1.3300, 1 @ \$1.3325, 6 @ \$1.3300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 16 CARS BARRELS: 4 @ \$1.2200, 5 @ \$1.2300, 2 @ \$1.2350, 5 @ \$1.2400; 12 CARS 40# BLOCKS: 2 @ \$1.3300, 2 @ \$1.3325, 5 @ \$1.3350, 1 @ \$1.3375, 2 @ \$1.3400; 2 CARS 40# BLOCKS - SIX MONTHS OLD @ \$1.3000
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 6, 2000

CHEESE -- SALES: 10 CARS BARRELS: 1 @ \$1.2200, 2 @ \$1.2250, 3 @ \$1.2275, 2 @ \$1.2300, 1 @ \$1.2350, 1 @ \$1.2400; 10 CARS 40# BLOCKS: 1 @ \$1.3275, 1 @ \$1.3250, 2 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3250, 3 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS @ \$1.2400; 10 CARS 40# BLOCKS: 1 @ \$1.3250, 5 @ \$1.3275, 4 @ \$1.3300
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 12 CARS GRADE AA: 1 @ \$1.1575, 1 @ \$1.1600, 4 @ \$1.1575, 2 @ \$1.1550, 1 @ \$1.1500, 1 @ \$1.1550, 2 @ \$1.1475; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.1425, 3 @ \$1.1000; OFFERS UNCOVERED: 18 CARS GRADE AA: 2 @ \$1.1475, 2 @ \$1.1525, 2 @ \$1.1550, 3 @ \$1.1575, 4 @ \$1.1600, 1 @ \$1.1625, 1 @ \$1.1650, 3 @ \$1.1700

THURSDAY, SEPTEMBER 7, 2000

CHEESE -- SALES: 14 CARS BARRELS: 1 @ \$1.2350, 2 @ \$1.2400, 2 @ \$1.2500, 1 @ \$1.2525, 1 @ \$1.2550, 1 @ \$1.2575, 2 @ \$1.2525, 1 @ \$1.2550, 1 @ \$1.2575, 1 @ \$1.2600, 1 @ \$1.2700; 11 CARS 40# BLOCKS: 2 @ \$1.3250, 2 @ \$1.3225, 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3200, 2 @ \$1.3250, 2 @ \$1.3275; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2700; 8 CARS 40# BLOCKS: 1 @ \$1.3275, 2 @ \$1.3300, 1 @ \$1.3325, 4 @ \$1.3350
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 8, 2000

CHEESE -- SALES: 6 CARS BARRELS: 2 @ \$1.2750, 4 @ \$1.2800; 8 CARS 40# BLOCKS: 1 @ \$1.3275, 4 @ \$1.3250, 1 @ \$1.3275, 1 @ \$1.3250, 1 @ \$1.3275; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 2 @ \$1.2800, 1 @ \$1.2900; 11 CARS 40# BLOCKS: 2 @ \$1.3275, 3 @ \$1.3300, 3 @ \$1.3325, 3 @ \$1.3350; 2 CARS SIX-MONTH OLD 40# BLOCKS @ \$1.3000
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 21 CARS GRADE AA: 1 @ \$1.1400, 1 @ \$1.1350, 3 @ \$1.1400, 8 @ \$1.1425, 1 @ \$1.1450, 3 @ \$1.1425, 4 @ \$1.1450; BIDS UNFILLED: 3 CARS GRADE AA: 2 @ \$1.1350, 1 @ \$1.1000; OFFERS UNCOVERED: 9 CARS GRADE AA: 3 @ \$1.1475, 2 @ \$1.1500, 1 @ \$1.1550, 3 @ \$1.1600

BUTTER MARKETS

JULY BUTTER PRODUCTION

During July 2000, butter production in the United States totaled 87.1 million pounds, 2.7% above July 1999 but 5.1% less than June 2000. Following are percentage changes from July 1999 for various states: CA +28.5%, MN +4.6, NY -49.9%, PA +15.6%, WA -25.5%, and WI -5.2%.

NORTHEAST

The market tone is mixed. Recent cash trading firmness was offset by a sharp decline on Friday September 1. This downward adjustment was a surprise to many producers due to lower churning schedules and declining inventories. Although churning activities have been lighter and inventories are declining, most butter handlers are not overly concerned about having sufficient butter stocks for the balance of the year. Churning schedules over the past holiday weekend were heavier as additional volumes of cream were available to local butter operations. Butter producers anticipate cream volumes to remain more available in the near term as ice cream production declines seasonally and standardized cream volumes increase. Butter demand is light early in the week as buyers assess inventories following the Labor Day holiday weekend before re-ordering. Sales of bulk butter, f.o.b. East, are reported in a range of 3 - 6 cents over the CME price/average.

CENTRAL

Butter markets are unsettled as cash prices at the CME continue to edge lower. Butter producers indicate that churning activity over the past holiday weekend was

heavier. Most producers anticipated cream offerings to be heavier and they were. Early in the week, cream offerings remained readily available. The additional volumes of cream are being attributed to slower ice cream demand and production and improved volumes of standardized cream from school bottling. Butter stocks, although lighter than last week, are reported to be in good balance for current needs. Overall demand is light early in the week as buyers assess inventories prior to re-ordering. Producers and handlers feel that butter demand will now center around retail more so than food service now that the summer vacation season has ended and students have returned to classes.

WEST

Print retail orders are rated as good. A number of churns are increasing output seasonally to store the butter for fall needs. Food service orders are holding up better than expected for this period after the traditional summer vacation season. Demand for cream is lighter than anticipated for early September. Contacts are not sure why this is the case. Many want to wait a few weeks into the fall school season before they attempt to analyze what may happen with butter markets this fall. Most are assuming a normal fall price increase. The question is how far up with butter production up 2.9% for the first seven months of the year nationally. July Western output is up 8.6% from last year. 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			
SEPTEMBER 2	1.2298 6,279,825	1.1123 7,200,193	1.0176 20,638,955	1.1742 2,607,235	0.1854 6,041,589

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

CHEESE MARKETS

NORTHEAST

Wholesale prices are fractionally higher on cheddar and muenster, a few cents higher on process. Movement was generally light just after the long holiday weekend as buyers reassess holiday clearances before reordering. Current cheese offerings are adequate. Mozzarella sales are seasonal. Cheese production is seasonally light as manufacturing milk supplies are reduced with the reopening of schools.

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

Cheddar 10# Prints	:	1.3300-1.7975
Cheddar Single Daisies	:	1.2875-1.7475
Cheddar 40# Block	:	1.4300-1.6075
Process 5# Loaf	:	1.3975-1.5725
Process 5# Sliced	:	1.4175-1.6750
Muenster	:	1.4900-1.6975
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market continues to struggle to maintain or increase prices. Typically prices move higher much easier than lower but prices are much more difficult to raise this year. Current cheese offerings are in much better overall balance in the Midwest, but continued heavy Western supplies continue to weight down the market, particularly barrels. New orders were slow in developing after the long holiday weekend. Most cutters are not hard pressed to fill orders. Process demand is steady to slower as summer travel/tourist season is over for the year. Blue cheese and muenster interest is seasonally good. Many buyers continue to use inventory accumulated earlier for part of their needs. Aged cheddar, less than 1 year old, offerings are increasing with prices highly competitive. Cheese production is lighter as increased school and Southern milk demand reduces the supply of milk available for manufacturing.

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

Process American 5# Loaf	:	1.3875-1.5600
Brick And/Or Muenster 5#	:	1.5900-1.8550
Cheddar 40# Block	:	1.5900-2.1150
Monterey Jack 10#	:	1.7900-2.1150
Blue 5#	:	1.9900-2.1600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6100-2.2150
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	:	SEPTEMBER 4 - 8, 2000
BARRELS*	:	\$1.1875 - 1.2500 (NOMINAL)
	:	(\$.0250) (.0475)
40# BLOCKS	:	\$1.3125 - 1.3475 (NOMINAL)
	:	(\$.0425) (.0050)

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

WEST

Natural items are up fractionally in price, process items are up a few cents, and Swiss cheese is up moderately. Current blocks are probably moving as well as anything at this season. Mozzarella remains very tight. Process sales have slowed somewhat. Production patterns were pretty much unchanged over the holiday weekend. Not much extra surplus milk appeared that was looking for processing capacity. Swiss cheese production in July was 9.9% above last year. July American cheese production for the U.S. totaled 323.3 million pounds, up 8.0% from last year. American cheese output for selected Western states compared to last year is as follows: California up 17.0%, Idaho up 7.7%, Oregon down 1.9%, Utah down 8.9%, and Washington up 29.8%.

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

Process 5# Loaf	:	1.3400-1.6000
Cheddar 40# Block	:	1.4175-1.5575
Cheddar 10# Cuts	:	1.5975-1.8175
Monterey Jack 10#	:	1.6075-1.7675
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4900

FOREIGN

Prices are fractionally higher on domestic varieties and unchanged on imported. Stocks of some EU cheese are tight as milk supplies in Europe remain snug. Current supplies are adequate. Some delays are noted on arrivals of imported varieties due to shipment delays and higher freight rates on incoming vessels.

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	: 1.6325-3.1275*
Gorgonzola	:	3.2400-5.9400	: 2.1875-2.4900*
Parmesan (Italy)	:	TFEWR	: 3.0475-3.0725*
Romano (Italy)	:	2.1000-2.5400	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.6475-1.9175*
Romano (Cows Milk)	:	-0-	: 2.8225-4.9975*
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
09/04/00	23,837	:	139,287
08/01/00	34,007	:	144,058
CHANGE	-10,170	:	-4,771
% CHANGE	-30	:	-3

Based on the historical relationship of the preliminary U.S. Cold Storage report of July 31, 2000 and the selected centers storage report, the expected U.S. holdings as of September 1, 2000 are:

Butter 99 million pounds plus or minus 4.34 percent
Cheese 582 million pounds plus or minus 5.30 percent

FLUID MILK AND CREAM

E A S T

Milk production patterns in the Northeast are seasonally steady for this time of the year. Recent high temperatures have moderated over the past week. Cooler temperatures along with rain have caused some production patterns to recover somewhat and for the most part, declines have slowed. Milk volumes remain limited for most fall needs. Some producers and handlers felt that the past holiday weekend would have generated additional volumes of milk for manufacturing, but this did not occur. Most handlers stated that the holiday weekend came and went with very little difficulty or disruption. School bottling pipelines continue to be filled. In Philadelphia, the public schools have not yet returned to classes, thus bottling pipelines for this need are still not filled. In Florida, the milk situation is much the same. Scheduled loads of milk totaled about 140 late last week, but by Monday, deliveries were cut to under 100. Typically in other years during the holiday weekend, orders had been heavier than needed and cancellations were common, this year was no different. Milk handlers indicate that although outside milk demand is lighter this week, they anticipate additional milk volumes to resume to pre holiday levels once weekend surpluses are cleared and regular bottling schedules return. In other Southeast areas, milk needs were much the same and imports of additional milk continued from Michigan, Arizona, the Northeast, and other nearby states. Cream markets are generally steady with prices steady to slightly lower. Although the base price increased slightly, cream multiples for the most part are lower. Cream supplies are readily available. In many instances, cream was looking for a home. Ice cream production was lighter going into the holiday weekend and remains so early in the week. Cream handlers feel that ice cream stocks are readily available, thus overall production schedules will be lighter, thus more cream will be available to butter operations and other cream users. Heavier volumes of standardized cream are also becoming available. Condensed skim markets are generally steady. Demand for condensed skim is seasonally active and stocks are reported to be in good balance.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT		
F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5402-1.6846
DELIVERED EQUIVALENT ATLANTA	-	1.5405-1.6846 M 1.5884-1.6244
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6245-1.7689
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES -		1.0500-1.1200
NORTHEAST- CLASS III - SPOT PRICES	-	.8300-1.0300

M I D W E S T

SPOT SHIPMENTS:	LOADS
SEPTEMBER 1 - 7, 2000	25
PREVIOUS WEEK	21
COMPARABLE WEEK IN 1999	41

DESTINATIONS: PENNSYLVANIA 4, TENNESSEE 21

Class I demand was irregular as usual around the long holiday weekend. A total of 42 loads of Wisconsin milk are direct shipped to Missouri and 18 to Kentucky and pooled under other federal orders. Additional volumes of milk are being shipped from Iowa, Michigan, and Minnesota to various locations including Missouri and Indiana and further South. Stair stepping milk to the South seems to be used with regularity this fall. Cottage cheese and dip interest remains especially strong in some markets. Manufacturing milk demand is very good, aided by recent cheese price increases and the usually stronger fall cheese demand, especially on short shelf life varieties such as muenster. Reported spot manufacturing milk prices ranged from \$1.85 to \$2.75 over class for the light volume available. Cream demand was lighter around the holiday but has improved after the weekend was over. More standardized cream is showing up from bottlers and is helping to fill the cream demand. Cream prices are often

higher due to higher average cash butter price at the Chicago Mercantile Exchange. Elevated temperatures and humidity late last week caused plant milk intakes to decline, although temperatures cooled off on the holiday. The hotter weather pushed along lagging crop maturities in the upper tier of Midwestern states. In the mid-section of the region, temperatures cooled off early this week but milk intakes have shown little sign of a rebound from recent weeks of heat stressed levels. The fall harvest is underway with silos/pits and bags being filled with late cutting haylage and/or corn silage. Corn and soybeans, especially on hills and along line fences are at least starting to turn color.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 31 - SEP 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 41.50	\$ 33.00- 39.00
REPLACEMENT HEIFER CALVES	\$350.00-435.00	\$275.00-350.00

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

	AUG 31 - SEP 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 45.50	\$ 33.50- 43.00

W E S T

The extended Labor Day weekend caused processors no difficulties in handling milk supplies. Milk was handled in a very orderly fashion without the need to ship milk or components any great distance or to distress prices. The impact of a milk strike by milk producers was not felt by processors in the region. Milk output continues to show slight increases in many areas of Central and Southern California. Additional moderate weather conditions prevailed over most of the state with warm temperatures and no significant precipitation. The feed situation remains favorable - supplies are adequate at low to moderate pricing levels. Milk production levels have moderated in Arizona as weather conditions were not as severe as in past weeks and cows have adjusted to the conditions. Milk handling is fair to good with some milk being shipped to nearby states for fluid needs. Fluid needs within the state are higher with school sessions beginning. New Mexico milk output had stabilized, but a return of record temperatures and a second summer has dairy producers resuming heat abatement procedures to keep cows more comfortable. Generally cows have only lost a pound or two of production during the latest spell and solids' levels are said to be holding. The talk is that new dairies are continuing to be built in New Mexico. Several facilities have plans to add more cows. Cream multiples generally continue to run in the 115 to 135 FOB range. Demand was light late last week and into the holiday weekend, but picked up as the week began. The weakness in the butter market is affecting cream prices and buyers are assessing future price considerations versus later product needs. Milk production continues to decline seasonally in the Pacific Northwest along normal patterns. Weather conditions are being called more fall-like. Temperatures are cooler and some shower activity is noted after quite a dry spell. Corn for silage is maturing rapidly and the harvest is expected to begin 2-3 weeks earlier than normal. Quality looks very good. Hay quality and prices continue to be a concern for many producers in the region. Only very light culling is noted as producers attempt to maintain a certain level of cash flow in the face of low milk prices. Heifer demand remains strong, fueled by demand from expanding operations. Manufacturing plants are operating on reduced schedules as the milk flow declines and schools start their fall term. Discussion of the moderate rainfall over much of northern Utah and southern Idaho dominated conversations this week. This is the first significant widespread rain since spring. It will help finish out the growing season and get fall seeded crops off to a good start. All grades of hay remain in tight supply. Beef stock coming off the range early has really stimulated demand for feeder quality hay and low end dairy hay. Production schedules at manufacturing plants are off a bit seasonally. One plant closing in the region has been delayed for the time being and an equipment problem at another operation should only be of a short duration.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/07/00 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 steady market. While school closings for the Labor Day holiday increased available milk supplies, warm temperatures continue to decrease overall volumes. Drying schedules remain seasonally reduced. Demand is fair with some spot interest from cheese and blending operations. Some plants are no longer bagging product for the government, however, CCC purchases continue. Producer inventories are in balance with current interest. High heat production is light for the generally good demand. Production of human food, nonfat dry milk during July 2000 totaled 122.1 million pounds, up 22.9% from July 1999 but 4.9% below June 2000. Month ending stocks, at 166.0 million pounds, are 15.5% above a year ago but 2.8% lower than a month ago.

Includes EXTRA GRADE and GRADE A, low and medium heat
 NONFAT DRY MILK: 1.0100 - 1.0375 MOSTLY: 1.0150 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices are nominal and unchanged on a mostly steady market. Production is light with most supplies clearing readily into ice cream in the condensed form. Inventories are tight with some manufacturers unable satisfy any spot interest. Demand is mixed. While some plants are able to gain premiums on less than trucklot orders, brokers are finding it difficult to market imported coastal buttermilk at a discount. Dry buttermilk production during July 2000 totaled 3.4 million pounds, up 17.5% from July 1999 but 4.3% lower than June 2000. Month ending stocks, at 4.6 million pounds, are 1.5% above last year yet 30.1% lower than last month.

BUTTERMILK: .9825 - 1.0200

DRY WHEY - CENTRAL

Prices are unchanged on a steady to weak market. Trading is light due in part to the holiday. Offerings are fair with resale and aged product readily available under the average. Some buyers are beginning to base their purchases on potential year-end inventories. Buyers are also bidding lower and meeting resistance from producers. Inventories are mixed with some plants in balance to somewhat short while others are running long. Condensed is readily available for the light interest. Production of human food, dry whey during July 2000 totaled 91.8 million pounds, 1.3% more than July 1999 but 4.7% below June 2000. Month ending stocks, at 48.3 million pounds, are 5.4% below a year ago but 15.8% higher than June 2000.

NONHYGROSCOPIC: .1600 - .1900 MOSTLY: .1750 - .1850

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on generally steady markets. Trading was light due to the holiday weekend. Milk replacer supplies are in balance to heavy. Buyers and sellers are showing no urgency in moving product. Some roller ground prices adjusted with the Extra Grade market last week. Delactose demand is good into food and feed facilities. Supplies are mixed. Producers report tight or in balance supplies while buyers state that product is readily available upon request. Early weaned pig prices are lower while lean hog, barrow and gilt prices are trending higher. The North Central veal market is firm. Production of animal feed dry whey during July 2000 totaled 8.8 million pounds, 19.9% higher than a year ago and 4.3% more than June 2000. Month ending stocks, at 9.6 million pounds, are 3.7% higher than July 1999 and 4.0% above last month.

MILK REPLACER: .1300 - .1500
 ROLLER GROUND: .1650 - .1850
 DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a market that is showing signs of stabilizing. While some plants remain burdened with lactose, many plants are in balance or sold out as negotiations commence for the fourth quarter. Production is unchanged to seasonally lower. Movement is best on higher mesh product, especially on export markets. Domestic demand is slow with feed interest lackluster. Scant inquiries are being noted by infant formula firms. Export inquiries are increasing as buyers continue to test the market. Off grade supplies continue to be readily available for the light interest. Lactose production during July 2000 totaled 40.0 million pounds, up 5.8% from July 1999 but 8.3% lower than June 2000. Month ending stocks, at 24.6 million pounds, are 32.5% higher than a year ago but 12.2% less than last month. Production totals for selected regions with changes from 1999 include: East North Central, 8.8 million pounds, +5.1%; West North Central, 14.6 million pounds, +12.8%; and West, 16.2 million pounds, +9.8%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 EDIBLE: .1225 - .2300 MOSTLY: .1650 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are generally unchanged on a cautiously steady market. Trading is light due in part to the Labor Day holiday. Some increased movement is being seen into the feed sector as buyers replenish depleted supplies. Feed facilities are seeing increasing demand in alternative and cheaper milk replacers that do not use WPC in the formulation. Resale product is available below the range. Manufacturer stocks are mostly in balance to sometimes long. Plants that predominately cater to the feed industry are heavier than most other plants due to buyer contract cancellations during August. Condensed is clearing well into feed and high protein operations with availability somewhat improved over last week. WPC 80% interest is generally strong into domestic and export markets with most plants unable to satisfy spot demand. Production of human food WPC during July 2000 totaled 28.7 million pounds, up 9.0% from July 1999 and 5.6% higher than June 2000. Manufacturers' end-of-month stocks totaled 18.1 million pounds, 14.3% higher than a year ago and 17.2% above last month. Production totals for selected states with changes from 1999 include: California, 9.0 million pounds, +22.4%; Minnesota, 3.5 million pounds, +1.4%; and Wisconsin, 4.9 million pounds, +8.7%.

EXTRA GRADE 34% PROTEIN: .7425 - .7925 MOSTLY: .7525 - .7725

NONFAT DRY MILK - WEST

The market for low/medium NDM was slow over and coming out of the Labor Day holiday weekend. Buying interest remains rather subdued. Production levels were often higher to process surplus milk volumes, but plants were not stressed to handle the supplies. High heat prices are higher, reflecting seasonal interest developing in the market. Producers are testing higher offering prices. For the week of August 28 - September 1, net CCC purchases totaled 6.3 million pounds of nonfortified and 1.0 million pounds of fortified, all from Western suppliers. U.S. NDM production in July totaled 122.1 million pounds, up 22.9% from last year but 4.9% less than June. Unadjusted, cumulative U.S. NDM production through July is running 10.4% ahead of 1999. July production in California totaled 58.8 million pounds, up 18.4% from last year, and Washington output totaled 16.2 million pounds, down 7.3% from a year ago. Stocks at the end of July were reported at 166.0 million pounds, up 15.5% from last year but 2.8% 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 - 1.0750

DRY BUTTERMILK - WEST

Pricing levels are higher in a slightly firmer market tone. Plant offerings are light with limited availability from resellers. Some producers are behind on contract sales. Drying schedules were mixed over the holiday weekend. Producers' stocks are often lighter than desired at this time. U.S. buttermilk powder production in July totaled 3.4 million pounds, up 17.5% from last year but 4.3% lower than June. Stocks at the end of July were reported at 4.6 million pounds, up 1.5% from a year earlier but 30.1% below June.

BUTTERMILK: .9200 - .9650 MOSTLY: .9200 - .9300

DRY WHEY - WEST

Prices are generally steady for Western whey powder. Contacts believe that it will take a few weeks for the market to decide on what direction is appropriate. In a few weeks they believe that the fall milk situation will stabilize with Labor Day past and all schools in session. Some pressure is being felt by stock levels higher than desired at some locations. An export tender due in at the end of the week may offer some relief. U.S. edible whey production in July totaled 91.8 million pounds, up 1.3% from last year. Stocks at the end of the month are 48.3 million pounds, down 5.4% from last year.

NONHYGROSCOPIC: .1700 - .2025 MOSTLY: .1800 - .1875

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
September 1	\$1.0080	14,405,070
August 25	\$1.0098	15,436,313

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

Powder prices are steady to slightly lower with an unchanged market tone. Milk volumes in the Northeast and Southeast are tight. School bottling has geared up to full schedules in most areas now that the Labor Day holiday has past, thus limiting milk to local manufacturing. Also limiting milk volumes in the Northeast is the strong Class I demand from the Southeast. Overall powder demand remains slow and unaggressive with much of the sales activity centering around replacement needs. Stocks of powder range from sold out to moderate at the producer level. Production of human food, nonfat dry milk during July 2000 totaled 122.1 million pounds, up 22.9% from July 1999 but 4.9% below June 2000. Month ending stocks, at 166.0 million pounds, are 15.5% above a year ago but 2.8% less than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0150 - 1.0500 MOSTLY: 1.0300 - 1.0350
HIGH HEAT: 1.0800 - 1.1000 MOSTLY: 1.0800 - 1.0850

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and remain nominal. Stocks of powder are not heavy. Churning schedules during the past holiday weekend and early in the week were heavier, thus some additional buttermilk powder was generated. Current demand remains just fair and buyers continue to look for good prices. Powder priced below the range continues to be reported available through resellers. Condensed buttermilk demand has tapered off quite sharply now that ice cream production is seasonally much lower. Dry buttermilk production during July 2000 totaled 3.4 million pounds, up 17.5% from July 1999 but 4.3% less than June 2000. Month ending stocks, at 4.6 million pounds, are 1.5% more than last July but 30.1% less than a month ago.

F.O.B. NORTHEAST: .9300 - .9800

DELVD SOUTHEAST: .9500 - .9850

DRY WHOLE MILK - NATIONAL

Whole milk powder markets and prices are steady. Production schedules during the past holiday weekend were slightly improved, but dropped quickly once demand for bottling resumed. Whole milk powder output will be limited for the near term until bottling pipelines become balanced. Stocks of whole milk powder are in balance for a steady, fair demand. Dry whole milk production during July 2000 totaled 9.0 million pounds, up 0.7% from July 1999 but 20.0% below June 2000. Month ending stocks, at 9.3 million pounds, are 29.8% above a year ago but 19.5% less than last month.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH SEPTEMBER 1, 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 steady to slightly lower. The market tone is weaker, influenced by a weaker marketing trend in the Midwest. For the most part, stock are in close balance and fully committed through the balance of the month. Current domestic and export demand is keeping stocks cleared. Production of human food, dry whey during July 2000 totaled 91.8 million pounds, 1.3% more than July 1999 but 4.7% below June 2000. Month ending stocks, at 48.3 million pounds, are 5.4% below last year but 15.8% more than a month ago. Production of animal feed, dry whey during July totaled 8.7 million pounds, 19.9% more than July 1999 and 4.3% more than June 2000.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1950

USPH GRADE A .1900 - .2050

DELVD SOUTHEAST: .2100 - .2250

EVAPORATED MILK - NATIONAL

Prices and the market tone remain unchanged. Production schedules are somewhat lighter this week as milk volumes tighten. School bottling pipelines are being refilled now that most all schools have resumed classes, thus limiting milk for other uses. Once these pipelines are balanced, evaporated milk output is expected to resume regular production schedules. Canned evaporated milk production during July 2000 totaled 29.2 million pounds, 23.6% less than July 1999 and 33.1% lower than June 2000. Month ending stocks, at 65.3 million pounds, are 24.2% more than a year ago and 4.5% 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 and prices remain firm. Stocks of rennet and acid for spot sales are limited. In most instances, casein needs have been fully contracted, but the concern is timely delivery. Production in Europe is declining seasonally while the Oceania production season is just getting under way. In Europe, most producers feel that they will be able to meet contracted volumes, although late season deliveries might be difficult. In the Oceania region, it is still too early to project what supplies will be from there, but early reports are indicating that the season is getting off to a very positive start.

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

AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2000 declined 1 point to 119. Compared with August 1999, the index was up 4 points (3.5 percent). The index of prices received by farmers for dairy products declined 1 point during the month of August 2000 to 96. Compared with August 1999, the index was down 20 points (17.2 percent).

Prices received by farmers in August with changes from July were: for All Milk, \$12.50 per hundredweight (cwt.), down \$.20; Fluid Grade Milk, \$12.50 per cwt., down \$.20; and for Manufacturing Grade Milk, \$10.60 per cwt., down \$.10.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., AUGUST 2000 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JULY		AUGUST		AUGUST		AUGUST		AUGUST	
	2000 2/	1999 2/	2000 4/	1999 2/	2000	1999	2000 7/	1999 8/	2000	1999
CA	11.80	13.28	11.70	15.10	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		37.50	36.00	76.00	74.00
ID	11.00	13.80	10.80	16.00		38.00	36.30	91.00	90.00	
MI	13.60	13.30	13.70	13.90		37.50	36.50	57.00	61.00	
MN	12.50	14.38	12.20	16.63		41.00	36.80	55.00	58.00	
NY	13.70	13.60	13.60	14.50		---	---	104.00	107.00	
OH	13.10	13.30	12.60	13.70		39.00	34.20	94.00	108.00	
PA	13.90	14.60	13.70	15.00		38.70	36.60	115.00	126.00	
TX	13.50	14.40	13.90	15.10		35.60	34.40	78.00	73.00	
WA	12.80	14.50	12.70	15.10		---	---	105.00	100.00	
WI	12.10	14.27	11.90	16.34		39.00	37.90	35.00	45.00	
U.S.	12.70	13.80	12.50	15.10			38.60	36.30	80.50	77.40

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., AUGUST 2000 WITH COMPARISONS

ITEM	AUGUST 1999	JULY 2000 1/	AUGUST 2000 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	15.10	12.70	12.50
Fluid grade milk	15.00	12.70	12.50
Manufacturing grade milk	15.30	10.70	10.60
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	99	98	97
Prices received by farmers for dairy products	116	97	96
Prices paid by farmers for commodities and services, interest taxes, and wage rates	115	120	119
Prices paid by farmers for production items	111	116	116
Prices paid by farmers for feed	97	100	97
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.85	3.32	3.42

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (8/00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JULY 2000 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 87.1 million pounds in July, 2.7 percent above July 1999 but 5.1 percent below June 2000. **AMERICAN TYPE CHEESE** production totaled 323.3 million pounds, 8.0 percent above July 1999 and 4.1 percent above June 2000. **TOTAL CHEESE** output (excluding cottage cheese) was 686.9 million pounds, 5.7 percent above July 1999 but 1.6 percent below June 2000. **NONFAT DRY MILK** production, for human food, totaled 122.1 million pounds, 22.9 percent above July 1999 but 4.9 percent below June 2000. **DRY WHEY** production, for human food, was 91.8 million pounds, 1.3 percent above July 1999 but 4.7 percent below June 2000. **ICE CREAM (hard)** production totaled 82.5 million gallons, 4.8 percent below July 1999 and 5.0 percent below June 2000.

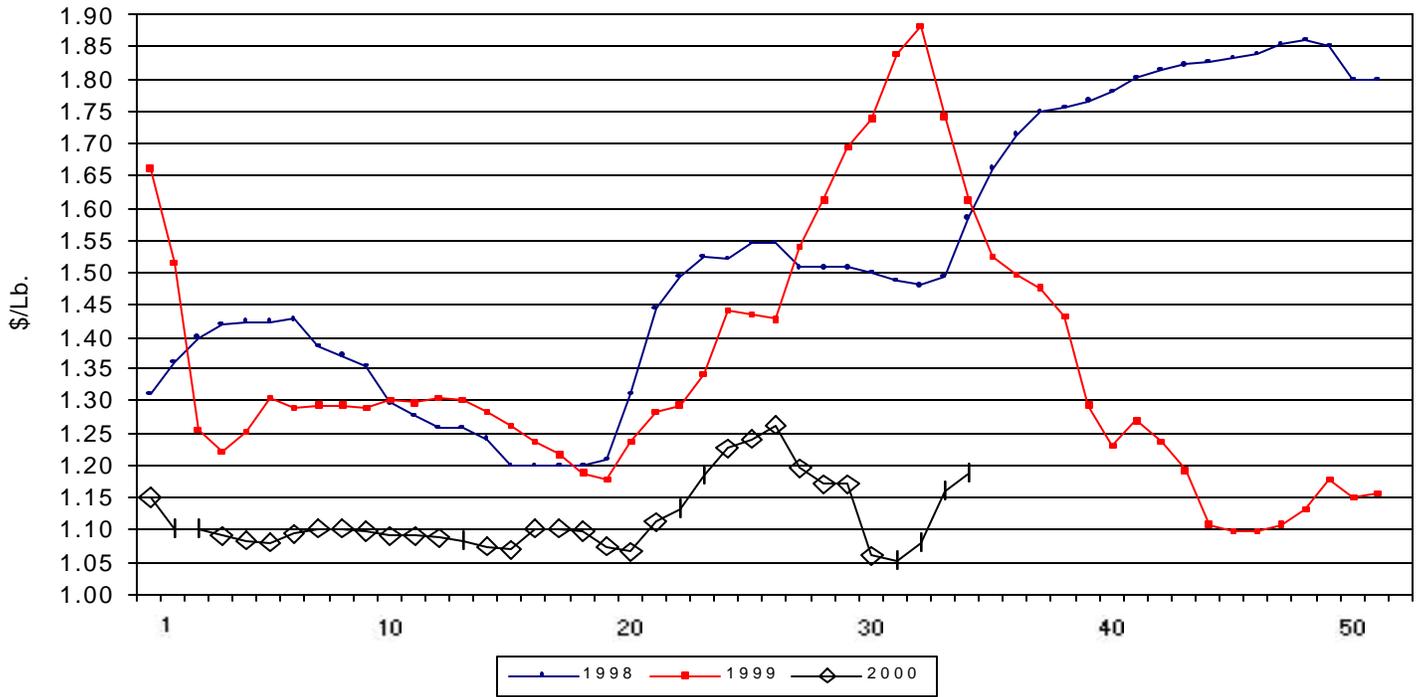
PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUL 2000	PERCENT CHANGE FROM:			PRODUCT	JUL 2000	PERCENT CHANGE FROM:		
	1,000 LBS.	JUL 1999	JUN 2000	YEAR TO DATE ^{1/}		1,000 LBS.	JUL 1999	JUN 2000	YEAR TO DATE ^{1/}
BUTTER	87,090	2.7	-5.1	2.9	YOGURT (PLAIN AND FLAVORED)	140,351	2.9	-12.7	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT ^{6/}				
AMERICAN TYPES ^{2/}	323,325	8.0	4.1	4.9	SWEET-TYPE, HUMAN FOOD	10,073	1.8	0.1	---
CHEDDAR	253,275	8.9	4.8	4.1	SWEET-TYPE, ANIMAL FEED	1,153	-23.4	-1.0	---
SWISS	19,307	9.9	-1.3	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,577	8.9	-5.7	---	DRY WHEY, HUMAN FOOD	91,797	1.3	-4.7	---
CREAM & NEUFCHATEL	51,668	6.3	-10.7	---	DRY WHEY, ANIMAL FEED	8,757	19.9	4.3	---
HISPANIC	8,550	21.0	9.2	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	211,074	0.5	-4.2	6.8	HUMAN FOOD	5,888	-9.9	-13.8	---
OTHER ITALIAN TYPES	49,287	9.9	-12.6	12.5	ANIMAL FEED	3,121	11.0	2.4	---
TOTAL ITALIAN TYPES	260,361	2.1	-5.9	7.9	LACTOSE, HUMAN FOOD & ANIMAL FEED	39,993	5.8	-8.3	---
ALL OTHER TYPES	16,066	4.9	-5.1	---	WHEY PROTEIN CONCENTRATE				
TOTAL	686,854	5.7	-1.6	6.0	HUMAN FOOD	28,707	9.0	5.6	---
COTTAGE CHEESE, CURD ^{3/}	38,242	-5.6	-5.4	---	ANIMAL FEED	3,711	0.8	1.4	---
COTTAGE CHEESE, CREAM ^{4/}	30,216	-5.3	-5.1	-1.1					
COTTAGE CHEESE, LOWFAT ^{5/}	30,380	-4.8	-4.0	-0.4					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS			PERCENT CHANGE FROM:
WHOLE MILK	29,222	-23.6	-33.1	---	ICE CREAM (HARD)	82,547	-4.8	-5.0	1.2
DRY WHOLE MILK	9,016	0.7	-20.0	---	ICE CREAM, LOWFAT (HARD)	8,058	-12.2	-14.2	---
NONFAT DRY MILK, HUMAN FOOD	122,057	22.9	-4.9	10.4	ICE CREAM, LOWFAT (SOFT)	31,773	0.5	-1.4	---
DRY SKIM MILK, ANIMAL FEED	625	51.0	28.6	---	ICE CREAM, LOWFAT (TOTAL)	39,831	-2.4	-4.3	-2.5
DRY BUTTERMILK	3,365	17.5	-4.3	---	SHERBET (HARD)	4,771	-10.4	-10.3	-2.0
					YOGURT (TOTAL)	8,551	1.1	---	-10.0

MANUFACTURERS' STOCKS, END OF MONTH ^{7/}							
PRODUCT	JUL 2000	PERCENT OF:		PRODUCT	JUL 2000	PERCENT OF:	
	1,000 LBS.	JUL 1999	JUN 2000		1,000 LBS.	JUL 1999	JUN 2000
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	48,345	-5.4	15.8	HUMAN FOOD	18,076	14.3	17.2
DRY WHEY, ANIMAL FEED	9,575	3.7	4.0	ANIMAL FEED	1,335	-4.4	-0.3
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL ^{8/}	11,624	-15.1	3.1	CANNED EVAPORATED & CONDENSED WHOLE MILK	65,252	24.2	4.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	24,573	32.5	-12.2	DRY WHOLE MILK	9,268	29.8	-19.5
DRY BUTTERMILK, TOTAL	4,613	1.5	-30.1	NONFAT DRY MILK FOR HUMAN FOOD	165,964	15.5	-2.8
				DRY SKIM MILK FOR ANIMAL FEED	890	-56.8	2.1

^{1/} 2000 cumulative as percent change of 1999 cumulative. ^{2/} Whole milk cheese, including Cheddar, colby, monterey and jack. ^{3/} Mostly used for processing into creamed or lowfat cottage cheese. ^{4/} Fat content 4 percent or more. ^{5/} Fat content less than 4 percent. ^{6/} Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. ^{7/} Stocks held by manufacturers at all points and in transit. ^{8/} Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

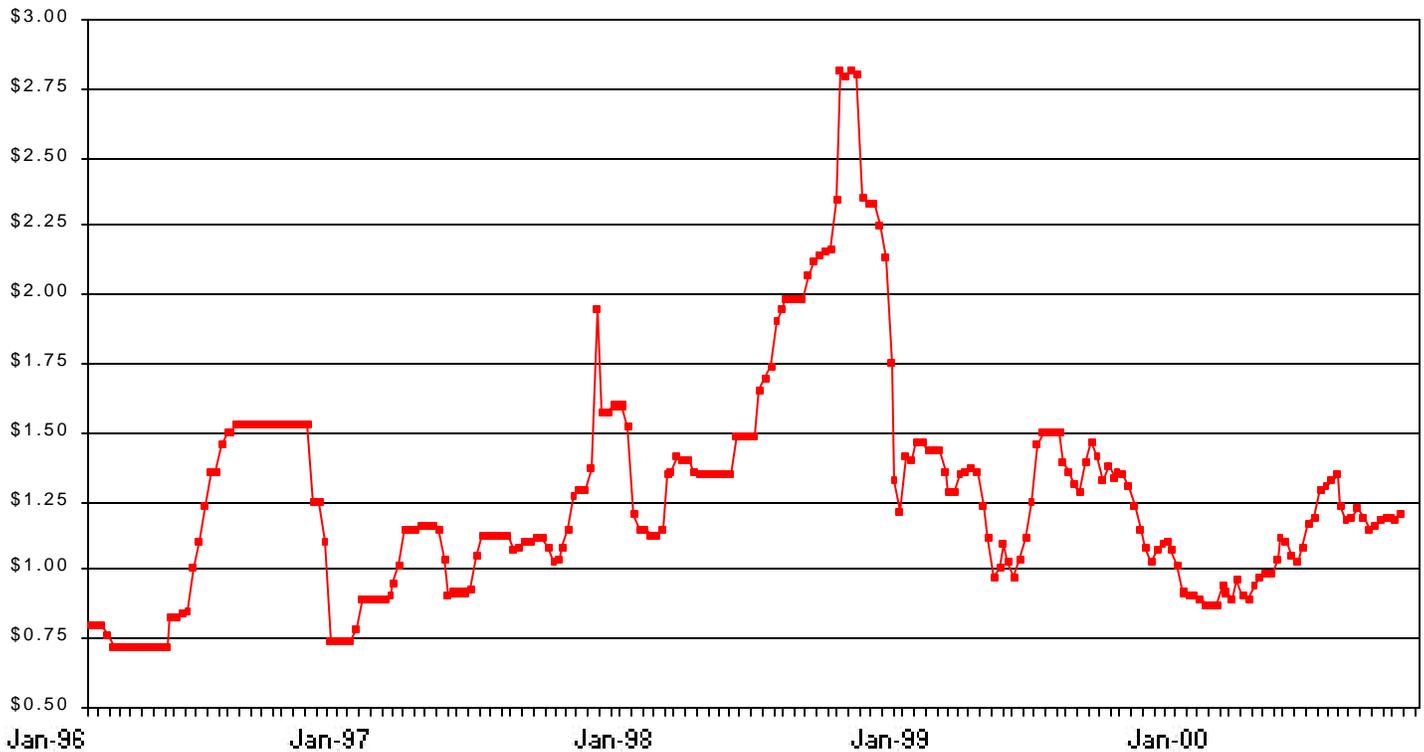
SOURCE: "Dairy Products," Da 2-6 (9-00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CME Weekly Average Cash Barrels



Graph USDA, DMN; Source CME

CME Grade AA Cash Butter Prices



FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, AUGUST

Component Price Information: Under the Federal milk order pricing system, the butterfat price for August 2000 is \$1.2659 per pound. Thus, the Class II butterfat price is \$1.2729. The protein and other solids prices for August are \$1.7952 and \$0.0577 per pound, respectively. These component prices set the Class III skim milk price at \$5.91 per cwt. The August Class IV skim milk price is \$7.71 which is derived from the nonfat solids price of \$0.8567 per pound.
Product Price Averages: The product price averages for August are; butter \$1.1520, nonfat dry milk \$1.0108, cheese \$1.1660, and dry whey \$0.1929.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} _{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	AUGUST 2000				SEPTEMBER 2000
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
DOLLARS PER 100 POUNDS						
Northeast (Boston) ^{4/}	001	15.20	12.56	10.13	11.87	15.09
Appalachian (Charlotte) ^{5/}	005	15.05	12.56	10.13	11.87	14.94
Southeast (Atlanta) ^{6/}	007	15.05	12.56	10.13	11.87	14.94
Florida (Tampa) ^{7/}	006	15.95	12.56	10.13	11.87	15.84
Mideast (Cleveland) ^{8/}	033	13.95	12.56	10.13	11.87	13.84
Upper Midwest (Chicago) ^{9/}	030	13.75	12.56	10.13	11.87	13.64
Central (Kansas City) ^{10/}	032	13.95	12.56	10.13	11.87	13.84
Southwest (Dallas) ^{11/}	126	14.95	12.56	10.13	11.87	14.84
Arizona-Las Vegas (Phoenix) ^{12/}	131	14.30	12.56	10.13	11.87	14.19
Western (Salt Lake City) ^{13/}	135	13.85	12.56	10.13	11.87	13.74
Pacific Northwest (Seattle) ^{14/}	124	13.85	12.56	10.13	11.87	13.74
All-Market Average	---	14.53	12.56	10.13	11.87	14.42

^{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 SEPTEMBER 4 - 8, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 09/01/00	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-	5,781,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	6,944,519	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	9,663,605	1,047,691	8,615,914	454,114,763	178,295,382	-0-	-0-
Fortified	1,322,560	-0-	1,322,560	13,951,036	2,223,406	-0-	-0-
TOTAL	10,986,165	1,047,691	9,938,474	468,065,799	180,518,788	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 4 - 8, 2000 =	2.2	115.7	COMPARABLE WEEK IN 1999 =	0.2
CUMULATIVE SINCE OCTOBER 1, 1999 =	167.1	5,517.0	CUMULATIVE SAME PERIOD LAST YEAR =	39.7
CUMULATIVE JANUARY 1 - SEPTEMBER 8, 2000 =	155.9	4,923.9	COMPARABLE CALENDAR YEAR 1999 =	39.7

* 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 SEPTEMBER 4 - 8, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-85,979	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	8,701,893	1,322,560
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	6,863,991	-0-	45,666,511	15,434,971	43.9	8.5
WEST	-0-	-0-	80,528	-0-	417,459,028	165,083,817	55.4	91.5
EAST	-0-	-0-	-0-	-0-	4,940,260	-0-	0.7	0.0
TOTAL	-0-	-0-	6,944,519	-0-	468,065,799	180,518,788	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 & 60# Blocks \$1.1220; 500# Barrel \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

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 08/19/00 & 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	0.9	5.7	4.6	18.5	2.3	0.9	0.7	10.1	2.4	46.2	1,670.9	48.5	48.8
1999-Dairy cows HD (000)	0.3	1.0	7.5	5.8	20.5	2.4	2.6	0.7	9.1	2.5	52.3	1,641.7	48.3	46.0
2000-All cows HD (000)	0.2	1.1	7.1	13.5	26.4	13.9	11.7	3.5	12.3	5.5	95.3	3,424.6		
1999-All cows HD (000)	0.3	1.2	10.3	13.8	28.4	14.4	17.3	3.8	12.1	6.6	108.2	3,565.5		

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	11.84			
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56				
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13				
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87				

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