

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (09/22):**

BUTTER: Grade AA closed at \$1.2025. The weekly average for Grade AA is \$1.1917 (+.0284).

CHEESE: Barrels closed at \$1.2500 and blocks at \$1.2975. The weekly average for barrels is \$1.2715 (+.0005) and blocks, \$1.3155 (-.0035).

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 about steady, but prices have increased at the CME for five of the last six trading sessions which does lend a note of firmness to the market. Churning activity is light to moderate. Surplus milk volumes available to butter makers are tight in the East and many plants are operating on reduced schedules. Further west, milk volumes are not as tight and butter/powder plants are operating on near-normal schedules. Demand for bulk and packaged butter is fair to good, generally fair.

CHEESE: The cash cheese market is still struggling to maintain cash prices around current levels at the Chicago Mercantile Exchange due to seasonally large volumes of offerings. Current cheese offerings have tightened from previous months after schools reopened. Increased long term cheese production capacity, mainly in the West, continues to exceed commercial sales at current price levels. Best interest remains on natural varieties and for specialty types, particularly those with shorter shelf lives. Cream cheese production is seasonally active.

FLUID MILK: Milk production is following seasonal patterns across the country. In the Southwest, the milk flow is lower. Record high temperatures invaded the milk producing areas of the region, causing milk production to slip from 2 to 10% in California. The lower receipts were compounded by declines in the solids levels. Milk output is about steady in the Pacific Northwest and Mountain States. In the Midwest, milk receipts are little changed with slightly higher tests noted. Demand for manufacturing milk remains strong. Northeastern milk production is mostly steady. Fluid milk supplies are tight with some handlers reportedly not getting enough milk for their Class I needs. Weather conditions were milder in the Southeast, allowing for recovery in milk output. Supplemental milk continues to be brought into Florida and other Southeastern states. Cream markets are holding mostly steady across the country. Supplies are generally available for needs. Churning is increasing at some locations. Demand remains good from cream cheese producers.

DRY PRODUCTS: Slight price increases are noted for nonfat dry milk. Suppliers are increasing prices in all regions. Production levels are lower seasonally, but NDM continues to move to the support program to clear surpluses. Dry buttermilk prices are higher. Offerings are light with many producers short of supplies to fill contracts. Production is often increasing as butter churning moves higher. Dry whey markets are showing some additional

weakness. Supplies are adequate to long for the current demand. They manufacturing is moving higher in many areas. Lactose prices are lower. Upcoming fourth quarter contract prices are being negotiated at current to lower pricing levels. More export inquiries are being noted. The WPC market is showing some weakness.

CCC: During the week of September 18 - 22, CCC purchases totaled 3,820,191 lbs. of nonfortified and 1,057,555 lbs. of fortified NDM from the West and Midwest.

FEDERAL MILK ORDER ADVANCE PRICES (DAIRY PROGRAMS): Under the federal milk order pricing system, the base price for Class I milk for October 2000 is \$11.89. This price is derived from the advanced Class IV skim milk pricing factor of \$7.76 and the advanced butterfat pricing factor of \$1.2566 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for October is \$8.46 and the Class II nonfat solids price is \$0.9400 per pound. The following are the two-week product price averages: butter \$1.1444, nonfat dry milk \$1.0168, cheese \$1.2380, and dry whey \$0.1856.

MILK PRODUCTION (NASS): Milk production in the 20 major states during August totaled 12.0 billion lbs., 4.0% above output in these same states in August 1999. July revised production, at 12.2 billion lbs., was 5.4% above July 1999. Production per cow averaged 1,530 lbs. for August, 43 lbs. (2.9%) above August 1999. The number of cows on farms was 7.84 million head, up 89,000 (1.1%) head from August 1999 and up 10,000 from July 2000.

COLD STORAGE (NASS): U.S. cold storage holdings of butter on August 31, 2000, total 100.8 million lbs., down 26.3% from July 31, 2000 but 11.1% higher than August 1999. Natural American cheese holdings total 595.1 million lbs., a decline of 3.0% from a month ago but up 17.1% from last August.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During August, about 9.5 billion lbs. of milk were received from producers. This volume of milk is 46.4% higher than the adjusted August 1999 volume. About 3.9 billion lbs. of producer milk were used in Class I products, 1.7% higher than the previous year. The all-market average Class utilizations were; Class I - 41%, Class II - 11%, Class III - 43%, and Class IV - 5%. The weighted average statistical uniform price (blend price under old pricing system) was \$12.49, \$0.22 less than last month, and \$1.40 less than last year.

JULY FLUID MILK SALES (AMS & CDFA): During July, about 4.1 billion lbs. of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.8% lower than July 1999. Total fluid milk sales for the January-July 2000 period were 0.6% lower than the same period last year.

****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 SEPTEMBER 18	TUESDAY SEPTEMBER 19	WEDNESDAY SEPTEMBER 20	THURSDAY SEPTEMBER 21	FRIDAY SEPTEMBER 22	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2900 (N.C.)	\$1.2750 (-.0150)	\$1.2750 (N.C.)	\$1.2675 (-.0075)	\$1.2500 (-.0175)	-.0400	\$1.2715 (+.0005)
40# BLOCKS	\$1.3250 (-.0050)	\$1.3225 (-.0025)	\$1.3200 (-.0025)	\$1.3125 (-.0075)	\$1.2975 (-.0150)	-.0325	\$1.3155 (-.0035)
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	\$1.1775 (+.0100)	----	\$1.1950 (+.0175)	----	\$1.2025 (+.0075)	+.0350	\$1.1917 (+.0284)

*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 18, 2000

CHEESE -- SALES: 15 CARS 40# BLOCKS: 3 @ \$1.3275, 1 @ \$1.3250, 6 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3250; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS 40# BLOCKS: 1 @ \$1.3275, 5 @ \$1.3300; 3 CARS 4-MONTH OLD 40# BLOCKS @ \$1.2400
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 10 CARS: 2 @ \$1.1700, 1 @ \$1.1750, 1 @ \$1.1725, 1 @ \$1.1750, 1 @ \$1.1725, 3 @ \$1.1750, 1 @ \$1.1775; BIDS UNFILLED: 8 CARS: 1 @ \$1.1725, 1 @ \$1.1400, 2 @ \$1.1250, 1 @ \$1.1225, 1 @ \$1.1125, 2 @ \$1.1000; OFFERS UNCOVERED: 10 CARS: 1 @ \$1.1775, 2 @ \$1.1800, 3 @ \$1.1900, 1 @ \$1.1975, 2 @ \$1.2000, 1 @ \$1.2050

TUESDAY, SEPTEMBER 19, 2000

CHEESE -- SALES: 7 CARS BARRELS: 2 @ \$1.2700, 1 @ \$1.2800, 1 @ \$1.2725, 1 @ \$1.2800, 1 @ \$1.2700, 1 @ \$1.2750; 17 CARS 40# BLOCKS: 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3200, 3 @ \$1.3225, 1 @ \$1.3250, 2 @ \$1.3200, 1 @ \$1.3225, 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3250; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS BARRELS: 3 @ \$1.2750, 1 @ \$1.2800, 2 @ \$1.2900; 3 CARS 40# BLOCKS: 1 @ \$1.3225, 1 @ \$1.3300, 1 @ \$1.3350
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 20, 2000

CHEESE -- SALES: 6 CARS 40# BLOCKS: 1 @ \$1.3175, 1 @ \$1.3200, 1 @ \$1.3175, 1 @ \$1.3200, 1 @ \$1.3175, 1 @ \$1.3200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 2 @ \$1.2750, 2 @ \$1.2850; 8 CARS 40# BLOCKS: 1 @ \$1.3200, 4 @ \$1.3225, 3 @ \$1.3250
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.1875, 2 @ \$1.1900, 2 @ \$1.1950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 16 CARS: 2 @ \$1.1975, 2 @ \$1.2000, 1 @ \$1.2050, 5 @ \$1.2100, 1 @ \$1.2150, 5 @ \$1.2200

THURSDAY, SEPTEMBER 21, 2000

CHEESE -- SALES: 8 CARS BARRELS: 1 @ \$1.2600, 3 @ \$1.2700, 1 @ \$1.2550, 2 @ \$1.2650, 1 @ \$1.2725; 6 CARS 40# BLOCKS: 1 @ \$1.3150, 2 @ \$1.3125, 1 @ \$1.3150, 1 @ \$1.3100, 1 @ \$1.3125; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 8 CARS BARRELS: 1 @ \$1.2675, 5 @ \$1.2750, 2 @ \$1.2800; 7 CARS 40# BLOCKS: 2 @ \$1.3125, 2 @ \$1.3150, 1 @ \$1.3175, 1 @ \$1.3200, 1 @ \$1.3300
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 22, 2000

CHEESE -- SALES: 14 CARS BARRELS: 3 @ \$1.2400, 2 @ \$1.2450, 1 @ \$1.2200, 1 @ \$1.2300, 1 @ \$1.2350, 3 @ \$1.2375, 2 @ \$1.2400, 1 @ \$1.2500; 9 CARS 40# BLOCKS: 2 @ \$1.3075, 2 @ \$1.3100, 1 @ \$1.3125, 1 @ \$1.2975, 1 @ \$1.3000, 2 @ \$1.2975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2600; 6 CARS 40# BLOCKS: 2 @ \$1.3000, 2 @ \$1.3200, 2 @ \$1.3350
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR @ \$1.2050; BIDS UNFILLED: 2 CARS: 1 @ \$1.1025, 1 @ \$1.1000; OFFERS UNCOVERED: 5 CARS: 1 @ \$1.2025, 1 @ \$1.2050, 1 @ \$1.2075, 1 @ \$1.2200, 1 @ \$1.2300

BUTTER MARKETS

AUGUST MONTHLY COLD STORAGE: According to NASS, August month-end cold storage figures for butter total 100.8 million pounds, 11.1% more than last year, but 26.3% lower than the revised July 2000 figure.

NORTHEAST

The market tone is mixed and through September 18, prices at the CME have been steady to higher in the past four trading sessions. Churning activity in the East is moderate. Tighter surplus milk supplies and continued good demand for Class II cream are some factors keeping excess cream volumes relatively light. There have been no reports that butter stocks are tight. One producer/printer did indicate that bulk butter was being offered through several traders, but the asking price was too high. Demand for butter is fair, but it does not appear that suppliers/printers/producers do not want to build too large of an inventory at this time. Most feel that current stocks and contracted volumes are sufficient to carry them through the holiday season. Retail and food service orders are about steady. Sales of bulk butter, f.o.b. East, are reported in a range of 3 - 6 cents over the CME price/average.

CENTRAL

The butter market remains unsettled with prices rising. The CME cash price for butter has moved higher during four of the last five trading sessions. Butter stocks

are still more than ample for needs, but occasional tightness is noted on fresh/unfrozen butter. Churning activity is about steady. Cream volumes are tight early in the week, but readily available after midweek. Some printers continue to purchase Western butter to supplement their own output or local sources of supply. Retail and food service demand for packaged butter is holding fairly steady.

WEST

Bulk butter continues to move well from the Western region to other areas of the country. Buyers want fresh butter at this time. Some Western producers are a bit surprised at the current strength even with heavy production and stocks. Print sales are holding up well. Some manufacturers that normally stock up their own warehouses for fall needs are now starting that process again. Production, overall, is declining seasonally. Less cream is available for churning because of production declines and a good call for cream continuing from other users. Weekly butter stocks at the CME continue to decline quite rapidly. This past week, inventories were reduced by 4.1 million pounds to 60.7 million pounds. Stocks have declined 43.1 million pounds from the summer peak thirteen weeks ago. Current prices for bulk butter range from 4 cents under to flat 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 16	1.2843 5,071,644	1.2107 5,966,910	1.0126 18,661,546	1.1384 3,009,720	0.1870 7,916,691

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 mixed, process is up, natural cheddar styles are fractionally lower, and Swiss is unchanged. The market tone is unsettled as prices at the CME have moved higher and lower in the past few weeks. Some contacts wonder why prices are moving as they are. To many, it is not supply/demand driven as there is no shortage of cheese. A glimpse at cheese trading at the CME during the past month shows that most sales occur on offers rather than bids. This, by itself tells us that cheddar cheese is readily available in the marketplace. Current production levels in the East are lighter as less surplus milk is available to local cheese makers. At the plant level, demand for cheese is fair to good. Retail and food service orders are mostly steady.

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

Cheddar 10# Prints	:	1.3575-1.8250
Cheddar Single Daisies	:	1.3150-1.7750
Cheddar 40# Block	:	1.4575-1.6350
Process 5# Loaf	:	1.4800-1.6550
Process 5# Sliced	:	1.5000-1.7575
Muenster	:	1.5175-1.7250
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market continues to struggle as seasonally heavy volumes of cheddar offerings continue to be available for purchase on the Chicago Mercantile Exchange cash market. Most producers are active in trying to reduce inventory positions. The wide barrel/block price spread during August lead to the shifting of some cheese production from barrels over to blocks. This has seemed to increased block offerings in recent days on the Chicago Mercantile Exchange at the expense of barrels. Best interest is for specialty items and/or shorter shelf life varieties such as pepper jack, colby-jack, and muenster rather than current cheddar blocks or barrels. Medium and sharp cheddar interest is improving seasonally, though profit margins are not as good as recent years due to increased supplies. Process movement is generally steady with the best interest generally from year-round fast food accounts. Milk intakes are generally little changed but the fat and protein content are increasing seasonally. Extra seasonal milk shipments, mainly to bottlers, both within and outside the region, are reducing cheese plant schedules and current cheese offerings.

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

Process American 5# Loaf	:	1.4700-1.6000
Brick And/Or Muenster 5#	:	1.6300-1.8825
Cheddar 40# Block	:	1.6300-2.1150
Monterey Jack 10#	:	1.8300-2.1150
Blue 5#	:	2.0175-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6500-2.2150
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 18 - 22, 2000
BARRELS*	:	\$1.2700 - 1.3050 (NOMINAL)
	:	(\$.0275) (-.0250)
40# BLOCKS	:	\$1.3200 - 1.3750 (NOMINAL)
	:	(\$.0175) (-.0075)

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

WEST

Cheese prices were somewhat mixed with process higher and natural fractionally lower. Some manufacturers report that they are able to sell enough natural cheese to remain current, but others report that they are falling behind on sales. Some buyers believe that there is not much additional upside potential left and they are planning to wait for prices to soften. Many believe this will happen sooner rather than later. With this strategy in mind, some buyers are working to reduce their current holdings and then replenish them with, what they hope will be, cheaper product in the near future. This strategy has some risk of course, but these buyers seem to believe that the upside potential is minimal with the current fundamentals. Swiss sales activity is excellent. Inventories range from balanced for this season to tight. Plants are operating on heavy schedules and buying outside milk if they need to in order to maximize output. Mozzarella demand is excellent and offerings are often not large enough to fill needs in a timely fashion. Cold storage stocks are being depleted and less than top quality product is selling well.

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

Process 5# Loaf	:	1.4225-1.6825
Cheddar 40# Block	:	1.4450-1.5850
Cheddar 10# Cuts	:	1.6250-1.8450
Monterey Jack 10#	:	1.6350-1.7950
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4900

FOREIGN

Prices are unchanged to lower and the market tone is steady. Demand for foreign type cheese is getting back to typical fall/winter patterns. Stocks of most types of cheese are adequate to cover current needs. Some ocean freight problems and increases in freight rates are a concern to importers. The Euro remains weak against the Dollar and some cheese importers choose to wait on purchases to see what the Euro will do.

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	: 1.6600-3.1550*
Gorgonzola	:	3.2400-5.9400	: 2.2150-2.4900*
Parmesan (Italy)	:	TFEWR	: 3.0750-3.1000*
Romano (Italy)	:	2.1000-2.5400	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.6750-1.9450*
Romano (Cows Milk)	:	-0-	: 2.8500-5.0250*
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
09/18/00	21,301	:	136,422
09/01/00	24,718	:	140,186
CHANGE	-3,417	:	-3,764
% CHANGE	-14	:	-3

FLUID MILK AND CREAM

E A S T

Regional Milk Market Administrators announced the following, August 2000 uniform prices: Northeast \$13.39, Mideast \$12.49, Southeast \$14.15, Florida \$15.68, and Western New York (a state order) \$13.39 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) During August, milk production in the 20 major states totaled 12.0 billion pounds, up 4.0% from August 1999. The following are the August to August changes for selected states: New York -0.4%, Virginia +0.6%, Florida +1.8%, Pennsylvania +2.7%, Vermont +3.5%, Kentucky +6.2%, and Texas +8.7%. Fluid milk supplies are tight and more contacts are commenting about this topic. The Market Administrator for the Northeast Area is investigating the need for an increase in the shipping percentages. This investigation is a result of numerous requests by handlers who claim that adequate milk supplies are not available for Class I needs. Nearly all contacts are commenting on the tight milk supply, but some of those feel that adequate volumes are available to bottlers and that price is more of an issue than availability. This week, milk production is mostly steady. Some small drops are reported in the Northeast while slight gains are noted in the Southeast where temperatures have moderated and some much needed rain fell as a result of Hurricane Gordon. The rainfall, though welcome, was not enough to break the drought. However, milk output in Florida and neighboring states has not changed appreciably as a result of the rains and cooler weather. Surplus milk volumes are very light and some plants have had to reduce operating schedules. Milk shipments to the Southeast continue. Florida handlers have 146 loads scheduled this week. This compares to 111 loads last week and 205 loads during this week last year. Handlers in other Southeastern state brought in 179 loads this week which compares to 171 loads last week and 283 a year ago. At midweek, contacts indicate that orders for milk from bottling plants range from steady to slightly reduced. Some cancellations are being reported, particularly in the Southeast, now that bottled milk sales are settling into typical, fall patterns. The condensed skim market is little changed. Demand is very good and supplies are tight. Spot prices are steady. Suppliers continue to have some difficulty making enough to cover contracted volumes. The tighter milk supply is impacting wet solids availability in the Northeast. The fluid cream market is little changed. Supplies are tight early in the week; ample late in the week. Demand is holding up quite well from ice cream makers and steady to improved from cream cheese producers. Spot prices are up slightly as the weekly average butter price at the CME increased 1.7 cents from the previous week. Churning activity is light to moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. PRODUCING PLANTS: NORTHEAST	- 1.5356-1.6635
DELIVERED EQUIVALENT ATLANTA	- 1.5123-1.6752 M 1.5821-1.6286
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	- 1.5821-1.6984
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	- .8600-1.0300

M I D W E S T

SPOT SHIPMENTS:	
SEPTEMBER 15 - 21, 2000	LOADS 25
PREVIOUS WEEK	28
COMPARABLE WEEK IN 1999	35

DESTINATIONS: OHIO 4, TENNESSEE 21

Class I demand is fairly steady with recent weeks. A total of 42 loads of Wisconsin milk are direct shipped to Missouri, 21 to Tennessee and 17 to Kentucky and pooled under other federal orders. Also, 6 loads from both Wisconsin and Minnesota were sent to Ohio for Class II use. Manufacturing milk demand is still strong seasonally with buyers balking at the higher asking prices. Manufacturing milk prices were about steady to lower, often in the \$2.00 - 3.00 over class area. A plant breakdown did cause extra manufacturing milk to back up but offerings seemed to be absorbed with minimum problem.

Milk receipts are generally little changed week to week but protein and fat tests are inching higher seasonally. August milk production in selected Midwestern states compared with August 1999 is: Wisconsin 1.974 billion pounds, up 48 million pounds (2.5%); Minnesota 755 million pounds, down 7 million pounds (-0.9%); Michigan 482 million pounds, an increase of 18 million pounds (3.9%), and Iowa 325 million pounds, up 23 million pounds (7.6%). Production per cow increases over August 1999 offset the decline in cow numbers in 3 of these states. Indiana continued to lead the 20 states surveyed in year to year increases in milk production, up 20.9% in August due to a 15,000 increase in cows (11.0%) and a 9.2% increase in output per cow. At least in the upper tier of Midwestern states, unseasonably mild August temperatures provided minimal stress and helped improve the output per cow. The fall harvest is underway, but wet conditions from recent rains in scattered areas are hampering efforts while others are well underway.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.50- 41.00	\$ 32.50- 38.00
REPLACEMENT HEIFER CALVES	\$350.00-400.00	\$270.00-370.00

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

	SEP 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 47.00	\$ 31.50- 44.00

W E S T

U.S. milk production in the 20 states surveyed totaled 12.0 billion pounds in August, 4.0% higher than August 1999. Production levels were higher in 18 of the 20 states. July 2000 production was revised higher to 5.4% above 1999 levels. Cow numbers in August were 7.84 million head, up 89,000 (+1.1%) from a year ago. Milk per cow was 2.9% higher. August output in the five Western states surveyed compared to 1999 is: Arizona, +2.3%; California, +3.6%; Idaho, +12.7%, New Mexico, +14.8%; and Washington, +1.1%. Hot weather conditions return to California this week with record high temperatures set. The influx of heat was compounded in areas where temperatures did not cool off at night. Milk production is reported to be down - ranging from only a couple of percentage points to around 10%. Additionally, power conditions in the state were taxed and stage two power alerts were issued. This meant that plants with interruptible power contracts were asked to shut down. However, most of the downtimes were minimal. Comments were noted that the high temperatures that necessitate power outages also cause declines in milk needing to be processed. So, there were only minor milk logistic problems. There continues to be milk shifted around between butter/powder operations and cheese plants. Current returns would suggest the milk go to cheese, but some processors are working through cheese stocks. Declines are also noted in fat and solid's content of incoming milk. Demand for cream is fair to good. Churning is more active where cream sales have slowed. Multiples have increased to from the low 120's to the mid 130's FOB West Coast. However, higher fuel costs are leading to increasing fuel surcharges from trucking firms. In New Mexico, milk output is said to be holding mostly steady to lower. Weather conditions are cooling and more favorable. Milk is generally staying local to supply plants in the region. Few shipments are moving out of the area. Milk production in the Pacific Northwest is being categorized as steady at this point. Manufacturing plants are able to operate on somewhat reduced schedules. Harvesting of corn silage for winter needs is starting in earnest with quality and yield looking good. Enough rain has fallen to revitalize some pastures for some additional fall feed. Hay growers are trying to finish their last cutting of alfalfa. Some are having problems with heavy morning dew and some rain showers. Culling in the region remains light with heifer demand strong. Warm temperatures are again common over the northern Mountain States region. Cattle stress is very moderate and not much of a concern. Conditions are cooling off again with the possibility of some frost by the weekend. Many growers may be done harvesting corn silage by that time. Contacts are questioning the quality and availability of hay supplies for this winter. Hay growers are holding stocks with great confidence. Buyers are concerned about the situation if it turns out to be a bad winter season.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/21/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a generally steady market. Grade A product is trading at the upper end of the range and in good demand. Some plants are also generating premiums due to plant locations. Fluid movement is down in areas, encouraging NDM production. However, some plants continue to operate on reduced schedules as milk volumes readily clear South. Plants continue to offer product to the government with increased government bagging noted. Production of high heat is generally on an as needed basis for the very good demand. Standard grade product is a competitive substitute for Extra Grade depending on the quality with prices in the lower 90's.

Includes EXTRA GRADE and GRADE A, low and medium heat
 NONFAT DRY MILK: 1.0100 - 1.0400 MOSTLY: 1.0150 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices continue nominal and unchanged on a mostly steady market. Unconfirmed trades are being reported below the market. In general, fresh product remains scant with aged product trading within the range. Production is very light with producers unable to satisfy any extra spot interest. Demand is fair. Central buyers prefer cheaper coastal product where available or instead opt to wait for market declines. Producers continue to anticipate production shortages until November. Off grade product is very difficult to find.

BUTTERMILK: .9825 - 1.0200

DRY WHEY - CENTRAL

Prices are mixed on a steady to weak market. While producers are generally in a better position, discounting continues to be reported. Brand and location specific plants are contracting into October as current supplies are unavailable. Production is steady to higher as cheese output increases at some locations. Resale product is readily available below the average. Product is often difficult to move, especially due to the lackluster interest from the feed sector. Export movement is alleviating some inventories. Heavy off grade supplies are a competitive substitute into some markets, encouraging buyers to bid lower. Condensed supplies are available for the light to fair interest.

NONHYGROSCOPIC: .1625 - .1850 MOSTLY: .1700 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on a mostly steady market. Lackluster feed interest is encouraging minimal trading into feed markets. Some Extra Grade manufacturers are opting not to sell their milk replacer supplies until excess Extra Grade product is cleared. Inventories are in balance to heavy and building. Delactose demand is good with feed buyers readily taking additional supplies. Production is unchanged with some plants unable to meet any extra spot demand. Roller ground movement is unchanged with some adjustments noted due to the price change in the Extra Grade market. U.S. feed grain production in 2000 is forecast at a record 285 million metric tons, down almost 2 million from a month ago but up 22 million from 1999.

MILK REPLACER: .1300 - .1500
 ROLLER GROUND: .1650 - .1900
 DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices and the market tone are mixed. Plants that were previously burdened with supplies are now in a better position. However, product continues to be reported at a discount. Plentiful off grade supplies are a competitive substitute for Extra Grade lactose. Fourth quarter contracts reported are generally lower than third quarter, yet in line with the current market. Spot interest is very light with the higher mesh sizes clearing best into pharmaceuticals. Inquiries from Asia and Mexico are being noted. Production is unchanged to lower with production problems noted at some plants.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 EDIBLE: .1300 - .2300 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a steady to weak market. Inventories are mixed. Plants that predominantly cater to the feed industry are running long while others are sold out or in balance. Resale product continues to be offered below the average. Trading is very light, especially into the feed sector. Manufacturer sales to brokers are increasing at prices slightly below the average. Export contracts for October are being noted in the upper 60's. Production is steady to lower. Plant problems are being reported that may have an impact on future WPC supplies. Condensed availability varies depending on location. High protein interest is strong with product often difficult to find. Off grade is readily available at substantial discounts for the fair demand.

EXTRA GRADE 34% PROTEIN: .7200 - .7875 MOSTLY: .7375 - .7475

NONFAT DRY MILK - WEST

Low/medium heat NDM is slightly higher for the mostly range. This is reflective of producers increasing offering prices in the region as the trend of spot trades around \$1.01 are more common. There remains heavy offering to the CCC at the support price of \$1.01. Discounting is less evident than even a few weeks ago. Production levels are steady to often lower and reflect declining milk receipts. Some seasonal increase in demand is noted, especially for high heat. Prices are unchanged for high heat. Some producers are making more high heat to have on hand for anticipated sales. For the week of September 11 - 15, net CCC purchases totaled 6.6 million pounds of nonfortified and 1.3 million pounds of fortified, from Western and Midwestern suppliers.

Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0000 - 1.0225 MOSTLY: 1.0000 - 1.0150
 HIGH HEAT: 1.0300 - 1.0750

DRY BUTTERMILK - WEST

Dry buttermilk prices are higher for both the range and mostly. Supplies remain on the light side. Production is increasing where butter production is increasing seasonally. However, several producers are behind on contract orders and are having to play catch up before offering current production on the spot market. Sales of condensed buttermilk have slowed. Demand for dry buttermilk remains fair. Some buyers remain cautious of the higher prices and look for alternatives.

BUTTERMILK: .9300 - .9650 MOSTLY: .9300 - .9500

DRY WHEY - WEST

The Western whey market ranges from steady to slightly weaker. Some contacts are noting a weaker undertone to the market due to some increasing inventory levels at some manufacturing plants. Domestic demand is fair with exports noted to be about steady. Western production is somewhat variable, but a general seasonal decline is noted. Western producers are watching market developments in other areas of the country with interest.

NONHYGROSCOPIC: .1700 - .2000 MOSTLY: .1800 - .1875

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
September 15	\$1.0096	13,001,471
September 8	\$1.0056	11,873,490

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are higher and the market tone remains firm. Most contacts report tight stocks in the East. Demand for milk from Class I channels is excellent and leaving surplus milk volumes well short of desired levels. Condensed skim sales remain good which further reduces drying schedules. Some plants have all but stopped making NDM and are busy "fixing up the place." Traders report limited availability in the East and are bringing in Western or Midwestern NDM to fill their needs. In some cases, Western NDM could be delivered below current f.o.b. asking prices. However, this may not be the case for very long as membership in a marketing agency is growing which would, in all likelihood, level NDM prices across much of the country. Demand for NDM is mostly steady.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0400 - 1.0500 MOSTLY: 1.0400 - 1.0450
 HIGH HEAT: 1.0900 - 1.1000 MOSTLY: 1.0900 - 1.0950

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

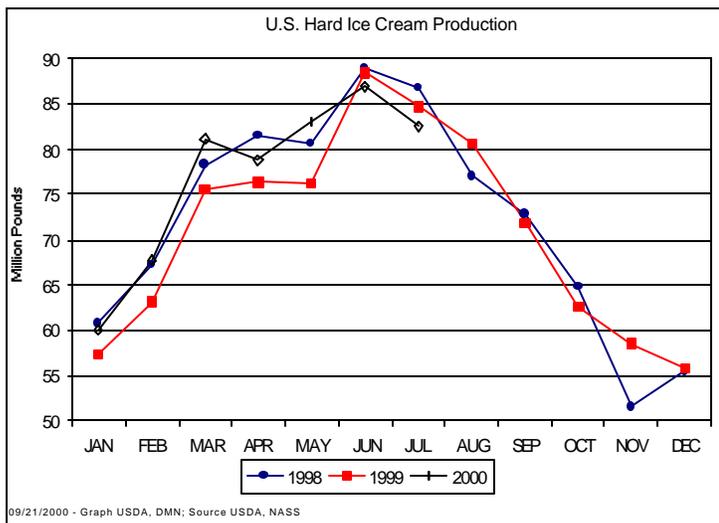
Prices remain nominal and are higher. The tight supply situation and slower production levels are adding a firm tone to the market. However, demand is little changed from previous weeks. Churning activity this week is light to moderate, but additional volumes of excess cream were available late in the week. Producers have little dry buttermilk on hand for immediate or spot shipment. The market tone is firm and local producers have little on hand for immediate delivery. Most powder is clearing to regular or contract buyers.

F.O.B. NORTHEAST: .9500 - .9800
 DELVD SOUTHEAST: .9700 - 1.0000

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production is lighter. Surplus milk volumes are very light in the Eastern part of the country where the excellent demand for Class I milk is pulling nearly all the milk from some plants that can and do make dry whole milk. Plant stocks are light and demand is unchanged.

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



DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are generally steady on both Extra Grade and Grade A. The market tone is unchanged to a bit firmer. In the East, milk supplies are reported as tight and some cheese makers have had to cut back on operating schedules because of lighter milk receipts. From the reduced production stand point, the dry whey market is firmer. However, demand has not really improved enough to push prices higher. Most Eastern producers report being pretty well sold out through most of October. Export sales are clearing a nice portion of the current output, but domestic spot demand is reported as lackluster. Some users are coming back into the market, but most are quite price conscious. Resellers indicate a slow spot market and little market activity at this time. Most contacts expect some typical fall firmness to develop. Supplies of feed quality, dry whey are lighter than they have been as less "off-grade" is being produced. Demand from feed makers is about steady.

F.O.B. NORTHEAST: EXTRA GRADE .1850 - .1950
 USPH GRADE A .1900 - .2050
 DELVD SOUTHEAST: .2100 - .2250

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are about steady. Surplus milk volumes, particularly in the eastern portion of the country, are tight. Some plants are reducing operating schedules to accommodate the reduction in milk receipts. Demand is about steady, but buyers/retailers are beginning to prepare for fourth quarter needs. Producer stocks are sufficient to cover current needs.

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

CASEIN - NATIONAL

After registering increases last week, pricing levels are unchanged. The market is noted to be firmer heading into the fourth quarter. Production is beginning to pick up seasonally in Oceania, but the product mix remains a question. Returns are being evaluated and producers are contemplating whether to make less caseins in favor of WPC and MPC.

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

RENNET: 2.1800 - 2.3000
 ACID: 2.1800 - 2.4000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH SEPTEMBER 15, 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.

AUGUST MILK PRODUCTION

Milk production in the 20 major states during August totaled 12.0 billion pounds, 4.0 percent above production in these same states in August 1999. July revised production, at 12.2 billion pounds was 5.4 percent above July 1999. The July revision represented an increase of 0.3 percent or 37 million pounds from last months preliminary production estimate.

Production per cow in the 20 major states averaged 1,530 pounds for August, 43 pounds above August 1999.

The number of cows on farms in the 20 major states was 7.84 million head, up 89,000 head from August 1999 and up 10,000 from July 2000.

AUGUST 2000 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1999	2000	1999	2000	1999	2000	% CHANGE FROM 1999
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	135	140	1,580	1,555	213	218	2.3
CA	1,472	1,533	1,770	1,760	2,605	2,698	3.6
FL	158	156	1,045	1,080	165	168	1.8
ID	324	357	1,770	1,810	573	646	12.7
IL	121	120	1,280	1,400	155	168	8.4
IN	136	151	1,300	1,420	177	214	20.9
IA	216	215	1,400	1,510	302	325	7.6
KY	132	133	975	1,030	129	137	6.2
MI	303	301	1,530	1,600	464	482	3.9
MN	550	530	1,385	1,425	762	755	-0.9
MO	157	153	1,000	1,130	157	173	10.2
NM	235	255	1,635	1,730	384	441	14.8
NY	702	690	1,450	1,470	1,018	1,014	-0.4
OH	259	263	1,440	1,455	373	383	2.7
PA	615	619	1,455	1,485	895	919	2.7
TX	346	348	1,095	1,185	379	412	8.7
VT	160	161	1,430	1,470	229	237	3.5
VA	121	120	1,280	1,300	155	156	0.6
WA	247	247	1,915	1,935	473	478	1.1
WI	1,366	1,352	1,410	1,460	1,926	1,974	2.5
20 STATE TOTAL	7,755	7,844	1,487	1,530	11,534	11,998	4.0

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

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (9-00), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 1999 ANNUAL, JANUARY-JUNE 1999-2000

COMMODITY SUMMARY OF U.S. IMPORTS OF DAIRY PRODUCTS 1/

Commodity	Quantity (in Metric Tons)			Value (In \$1,000)		
	Jan.-Dec. 1999	Jan.-Jun. 1999	Jan.-Jun. 2000	Jan.-Dec. 1999	Jan.-Jun. 1999	Jan.-Jun. 2000
Milk and Cream <u>2/</u>	16,816	9,964	4,642	16,972	9,362	5,213
Other Fluid Products <u>2/ 3/</u>	172	87	77	28,884	12,730	11,471
Dried Dairy Products	16,911	7,390	9,991	21,926	9,089	12,182
Cheese, Quota	147,642	61,441	61,321	491,074	213,294	211,754
Cheese, Non-quota	52,372	22,578	27,693	224,088	101,087	111,154
Butter	17,977	8,268	6,608	32,680	16,385	10,288
Casein	65,960	30,943	34,283	238,774	113,483	132,869
Milk Protein Concentrate	54,725	23,125	37,626	151,197	64,933	111,198
Other, Dairy Products	43,763	21,837	27,437	86,483	45,118	55,634
Total <u>4/</u>	---	---	---	1,292,078	585,481	661,763

1/ Data may differ from U.S. Customs Service data, which is used to administer dairy import quotas. Differences are due to transshipments, errors in classification, and processing lags. 2/ Quantity shown in kiloliters. 3/ Includes ice cream and yogurt. 4/ Total volume not shown due to the use of mixed units.

COMMODITY SUMMARY OF U.S. EXPORTS OF DAIRY PRODUCTS

Commodity	Quantity (in Metric Tons) <u>1/</u>			Value (In \$1,000)		
	Jan.-Dec. 1999	Jan.-Jun. 1999	Jan.-Jun. 2000	Jan.-Dec. 1999	Jan.-Jun. 1999	Jan.-Jun. 2000
Butter & Milkfat	3,208	2,023	6,100	4,511	2,574	5,061
Cheese & Curd	38,341	17,535	21,776	130,203	59,196	64,781
Casein	5,164	2,624	2,083	25,537	13,066	10,355
Dry Whole Milk & Cream	17,656	4,480	8,795	21,528	4,650	8,693
Condensed & Evaporated Milk	4,821	1,848	3,167	3,646	1,883	2,691
Nonfat Dry Milk	141,315	47,449	64,665	192,938	65,490	90,157
Ice Cream	39,590	22,464	23,113	84,508	45,053	49,519
Whey	---	---	---	126,194	59,508	76,281
Yogurt & Other Fermented Milk	---	---	---	7,824	3,733	4,056
Other Dairy Products	---	---	---	298,488	157,212	162,168
Total <u>1/</u>	---	---	---	895,377	412,365	473,762
Fluid Milk & Cream <u>2/</u>	18,277	7,503	8,064	16,226	6,717	7,265
Total Milk & Products <u>1/</u>	---	---	---	911,603	419,082	481,027

1/ Volume information for whey, yogurt and other fermented milk, other dairy products, and total milk and products is not available as these commodities are reported in mixed units. 2/ Quantity shown in kiloliters.

SOURCE: "Foreign Agriculture Circular: Dairy, Livestock, and Poultry: U.S. Trade and Prospects", FDLP 08-00, September 2000, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. Data provided by U.S. Department of Commerce, Bureau of the Census. For further information, contact Arthur Coffing at (202) 720-3761.

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

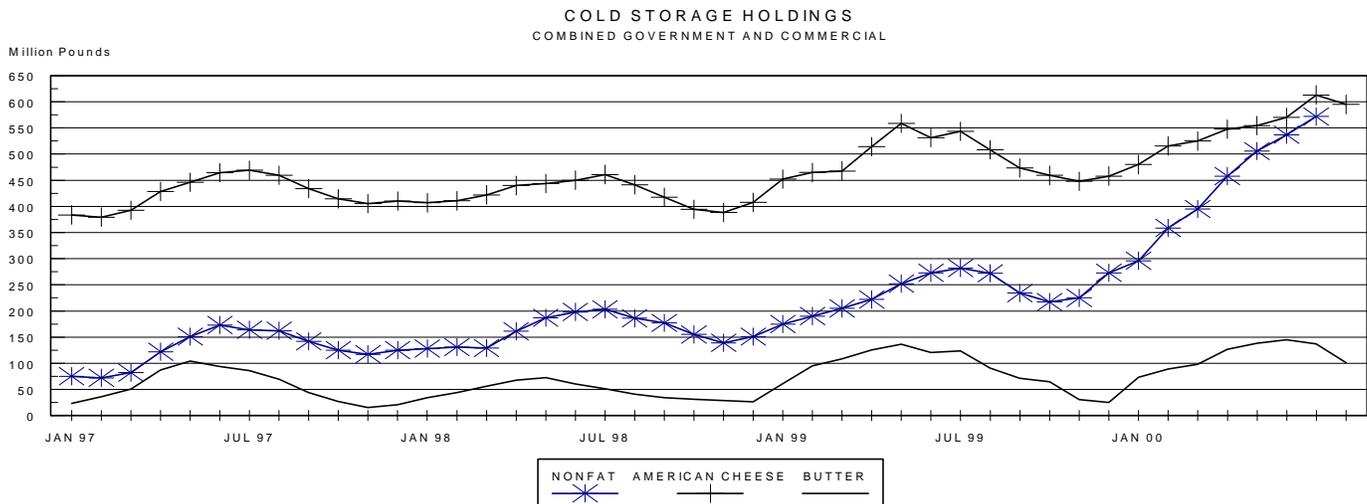
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under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

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUL 31, 1998	JUL 31, 1999	REVISED JUL 31, 2000	AUG 31, 1998	AUG 31, 1999	AUG 31, 2000
Butter	50,979	123,552	136,849	41,070	90,728	100,836
Cheese, Natural American	461,123	543,642	613,243	441,605	508,305	595,122
Cheese, Swiss	10,823	10,590	8,459	11,560	9,919	6,113
Cheese, Other Natural	123,875	194,486	213,013	123,603	176,473	200,617
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	285	334	391	216	258	388
Natural American Cheese	288	48	163	209	50	402

AUGUST COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter*			Other Natural Cheese		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
New England	23,683	28,314	22,198	---	---	---	330	661	1,136
Middle Atlantic	39,251	45,505	54,069	---	---	---	13,193	13,285	11,996
East North Central	238,919	245,756	302,672	---	---	---	101,188	91,373	99,112
West North Central	68,042	113,822	126,180	---	---	---	1,261	60,341	75,351
South Atlantic	617	398	5,633	---	---	---	550	1,374	646
East South Central	223	0	0	---	---	---	2,026	179	194
West South Central	306	304	487	---	---	---	310	206	521
Mountain	14,867	11,416	9,133	---	---	---	980	842	1,390
Pacific	55,697	62,790	74,750	---	---	---	3,765	8,212	10,271
TOTAL	441,605	508,305	595,122	41,070	90,728	100,836	123,603	176,473	200,617

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



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1999 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Million Pounds						Million Pounds						Million Pounds					
January	73	61	73	61	<u>3/</u>	<u>3/</u>	480	452	480	452	<u>3/</u>	<u>3/</u>	296	175	146	82	150	93
February	89	95	89	95	<u>3/</u>	<u>3/</u>	515	465	515	465	<u>3/</u>	<u>3/</u>	359	190	173	108	186	82
March	98	108	97	108	<u>3/</u>	<u>3/</u>	525	468	525	468	<u>3/</u>	<u>3/</u>	395	205	168	123	227	83
April	127	126	127	125	<u>3/</u>	<u>3/</u>	548	514	548	514	<u>3/</u>	<u>3/</u>	458	222	197	136	260	86
May	138	137	138	136	<u>3/</u>	<u>3/</u>	555	559	555	559	<u>3/</u>	<u>3/</u>	506	252	197	164	309	88
June	145	121	144	120	<u>3/</u>	<u>3/</u>	570	531	570	531	<u>3/</u>	<u>3/</u>	537	273	171	158	366	114
July	137	124	136	123	<u>3/</u>	<u>3/</u>	613	544	613	544	<u>3/</u>	<u>3/</u>	572	282	166	141	406	141
August	101	91	100	90	<u>3/</u>	<u>3/</u>	595	508	595	508	<u>3/</u>	<u>3/</u>		272		101		171
September		71		71		<u>3/</u>		475		475		<u>3/</u>		234		87		147
October		64		64		<u>3/</u>		459		459		<u>3/</u>		217		84		133
November		30		30		<u>3/</u>		448		448		<u>3/</u>		225		87		138
December		25		25		<u>3/</u>		458		458		<u>3/</u>		273		139		134

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

COMMERCIALY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jul 31, 1998	Jul 31, 1999	Jul 31, 2000	Aug 31, 1998	Aug 31, 1999	Aug 31, 2000
	Thousand Pounds					
Butter	50,694	123,218	136,458	40,854	90,470	100,448
Natural American Cheese	460,835	543,594	613,080	441,396	508,255	594,720

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

SOURCE: "Cold Storage," Co St 1 (9-00) and "Dairy Products," Da 2-6 (9-00), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, AUGUST

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for August have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During August, about 9.5 billion pounds of milk were received from producers. This volume of milk is 46.4 percent higher than the adjusted August 1999 volume. About 3.9 billion pounds of producer milk were used in Class I products, 1.7 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilizations were; Class I – 41%, Class II – 11%, Class III – 43%, and Class IV – 5%. The weighted average statistical uniform price (blend price under old pricing system) was \$12.49 per cwt., \$0.22 less than last month, and \$1.40 less than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF AUGUST 2000										
FEDERAL MILK ORDER MARKETING AREA ^{1/}	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE ^{3/}
		TOTAL	CHANGE FROM PREV. YEAR ^{2/}	TOTAL	CHANGE FROM PREV. YEAR ^{2/}	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,918.2	-2.8	867.9	1.3	45	19	31	5	13.39
Appalachian (Charlotte)	005	500.3	1.6	377.1	-2.4	75	15	5	5	14.40
Southeast (Atlanta)	007	567.1	7.3	415.8	2.0	73	11	13	3	14.15
Florida (Tampa)	006	220.2	7.3	202.4	11.2	92	5	2	1	15.68
Midwest (Cleveland)	033	1,184.7	29.3	578.8	0.5	49	16	31	4	12.49
Upper Midwest (Chicago)	030	1,852.0	175.7	344.7	-13.4	19	4	77	^{4/}	10.97
Central (Kansas City)	032	1,418.6	216.1	416.7	24.2	30	7	61	2	11.61
Southwest (Dallas)	126	722.6	53.9	349.9	3.1	48	12	34	6	13.16
Arizona-Las Vegas (Phoenix)	131	238.9	26.2	84.6	0.9	36	7	36	21	12.20
Western (Salt Lake City)	135	308.5	144.9	85.4	-9.1	28	8	62	2	11.53
Pacific Northwest (Seattle)	124	615.3	23.2	175.3	1.8	28	8	33	31	11.94
ALL MARKET AVERAGE OR TOTAL	^{5/}	9,546.4	46.4	3,898.3	1.7	41	11	43	5	12.49

^{1/} Names in parentheses are principal pricing points of markets.

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

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

^{4/} Less than 0.5 percent.

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

JULY FLUID MILK SALES

During July, about 4.1 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.8 percent lower than July 1999. On an individual product basis, sales of whole milk, low fat (1%) milk, and buttermilk increased from July 1999, while sales of fat-free (skim) milk and reduced fat (2%) milk decreased from a year earlier. Total fluid milk sales for the January-July 2000 period were 0.6 percent lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation (see 2/ below) and data for both years have been adjusted for calendar composition.

Editor's Note: Beginning with this report, individual marketing area data are included. For some areas, the data for 1999 are largely estimated due to Federal milk order consolidation. See www.ams.usda.gov/dairy/mmhos.htm for this data for January-June.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY
FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2000, WITH COMPARISONS 1/**

Product Name/ Marketing Area (Order Number) <u>2/</u>	Sales		Change from: <u>3/</u>	
	Jul	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <u>4/</u>	1,516	10,642	1.6	1.6
Reduced Fat Milk (2%)	1,310	9,370	-1.4	-1.0
Low Fat Milk (1%) <u>5/</u>	545	4,711	2.0	3.1
Fat-Free Milk (Skim)	640	4,615	-6.9	-7.5
Buttermilk	48	341	1.5	1.8
Total Fluid Milk Products <u>2/</u>	4,065	29,732	-0.8	-0.6
Northeast (001)	779	5,663	0.9	0
Appalachian (005)	285	2,058	-5.1	-1.2
Southeast (007)	386	2,843	-0.3	-0.8
Florida (006)	221	1,630	0.7	0.9
Mideast (033)	514	3,831	-3.2	-0.8
Upper Midwest (030)	340	2,516	1.5	1.6
Central (032)	362	2,643	-1.4	-2.6
Southwest (126)	326	2,373	-0.6	-0.6
Arizona-Las Vegas (131)	95	691	-2.7	-3.6
Western (135)	69	513	2.2	7.3
Pacific Northwest (124)	172	1,247	-0.2	-2.0
California (---)	516	3,723	0.9	0.7

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. 2/ Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include plain, flavored, and miscellaneous whole milk products, plain, flavored, and miscellaneous reduced fat, low fat, and fat-free milk products, eggnog, and buttermilk. 3/ For all marketing areas combined, data for 1999 have been estimated based on the change in population within Federal milk order marketing areas that has occurred as a result of the new consolidated marketing areas that came into effect in January 2000. For individual marketing areas, 1999 data are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these marketing area changes, mainly based on population. Percent changes are based on this estimated 1999 data. Percent changes also have been adjusted for calendar composition, including the extra day in February 2000. 4/ Includes flavored whole milk. 5/ Includes flavored fat-reduced milk.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF SEPTEMBER 18 - 22, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 09/15/00	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	4,164,058	343,867	3,820,191	464,516,393	181,395,584	-0-	-0-
Fortified	1,057,555	-0-	1,057,555	16,322,661	2,223,406	-0-	-0-
TOTAL	5,221,613	343,867	4,877,746	480,839,054	183,618,990	-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 18 - 22, 2000 =	1.1	56.8	0.4	19.9
CUMULATIVE SINCE OCTOBER 1, 1999 =	169.9	5,608.9	40.4	2,137.3
CUMULATIVE JANUARY 1 - SEPTEMBER 22, 2000 =	158.7	5,015.8	40.4	2,136.1

* 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 18 - 22, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	85,899	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	3,734,292	1,057,555
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-	6,863,991	-0-	45,924,294	15,434,971	43.3	8.4
WEST	-0-	-0-	80,528	-0-	429,974,500	168,093,079	56.1	91.6
EAST	-0-	-0-	-0-	-0-	4,940,260	90,940	0.6	0.0
TOTAL	-0-	-0-	6,944,519	-0-	480,839,054	183,618,990	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# Barrels \$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 09/02/00 & 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	6.3	5.0	21.3	2.3	1.1	0.8	11.6	2.4	52.1	1,773.4	47.9	48.8
1999-Dairy cows HD (000)	0.2	0.9	6.6	5.9	18.2	2.5	2.6	0.6	9.6	2.6	49.8	1,742.5	46.0	46.1
2000-All cows HD (000)	0.2	1.0	8.6	14.7	30.0	17.0	13.2	3.8	14.4	5.9	108.7	3,636.8		
1999-All cows HD (000)	0.2	1.1	9.1	14.0	25.0	16.4	18.7	4.0	12.6	7.2	108.3	3,781.1		

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	11.89		
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