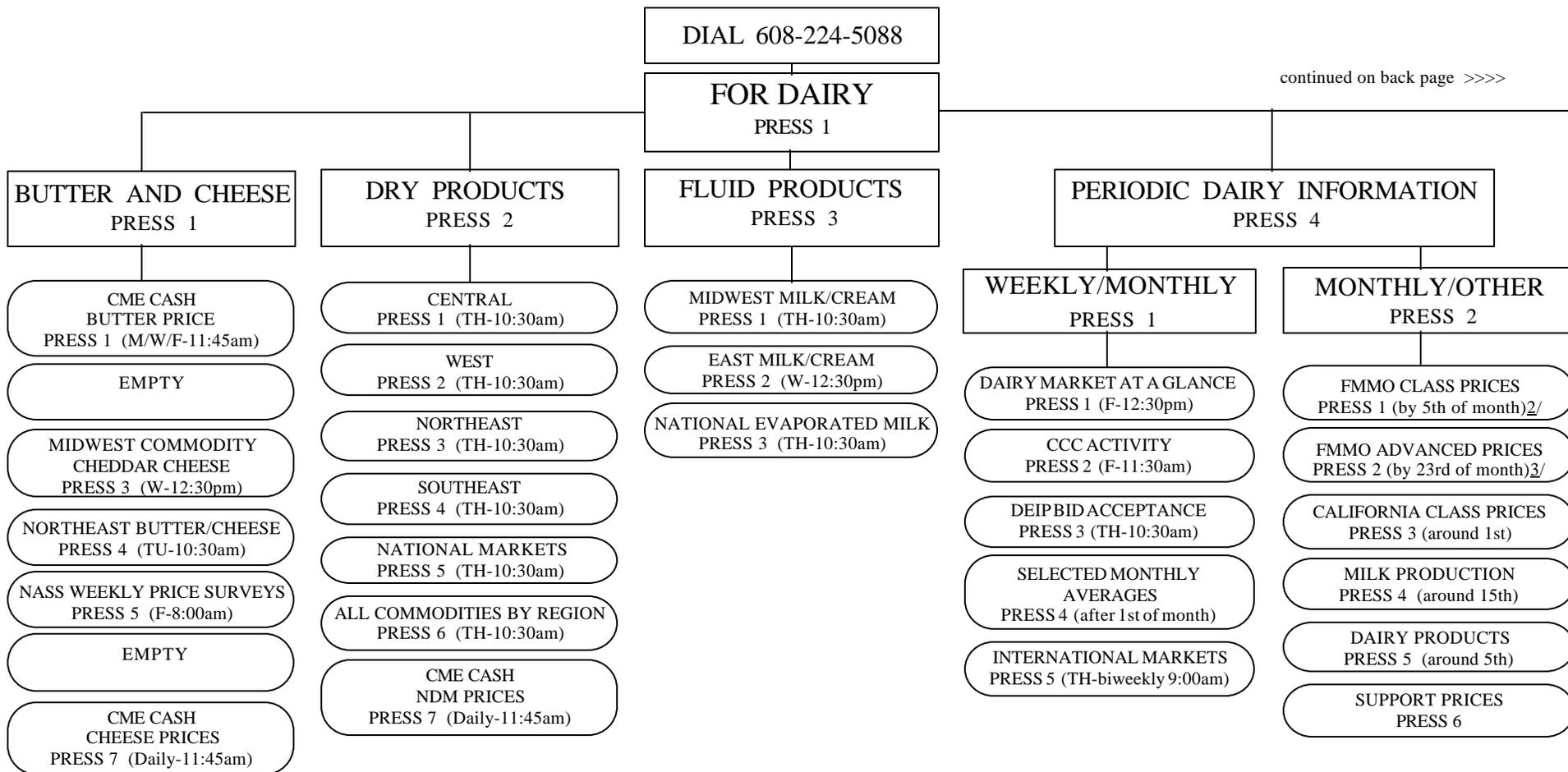


# MARKET NEWS RECORDED INFORMATION SYSTEM

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



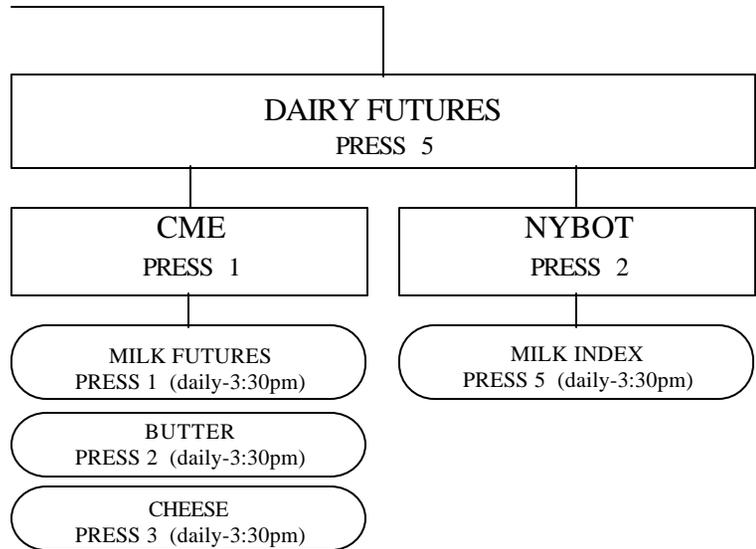
continued on back page >>>>

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

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

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

>>>> continued from front page



**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (09/29):**

**BUTTER:** Grade AA closed at \$1.1700. The weekly average for Grade AA is \$1.1817 (-.0100).

**CHEESE:** Barrels closed at \$1.0300 and blocks at \$1.1100. The weekly average for barrels is \$1.1555 (-.1160) and blocks, \$1.2175 (-.0980).

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

**BUTTER:** The butter market tone is mixed. Churning schedules are seasonally active, although cream supplies are tighter and higher priced than butter producers would desire. Demand for fresh butter continues to outpace production, thus inventoried stocks are being tapped to fill many orders. Storage stocks are reported to be running ahead of last year at this time, although declining from the previous week. Producers and handlers have mixed opinions as to having sufficient butter stocks to carry them through the balance of the year. Many feel that upcoming production and storage stocks should be in close balance. Current demand is seasonally active. Some scattered retail feature activity is clearing good volumes with food service orders also seasonally strong.

**CHEESE:** The cheese market is weak. Prices declined sharply this week on the Chicago Mercantile Exchange (CME) cash cheese market. On Friday (9/29) both barrels and blocks closed below the CCC purchase prices; \$1.0920 for barrels and \$1.1220 for blocks. Movement is spotty, as some buyers delay purchases in order to wait for potentially lower prices. Current cheese offerings remain seasonally heavy and sales on the CME are moving extra loads for some sellers. Cheese production remains well above year ago levels. Ample aged cheddar offerings are available from storage.

**FLUID MILK:** Milk production is trending unchanged to higher due to cooler temperatures, especially in the Southern half of the nation. Increases in output are decreasing some seasonal fluid movement from Northern operations. Bottled milk sales are generally steady with some decreased interest noted in parts of the Southeast and increased movement in the Pacific Northwest. Manufacturing production schedules are lighter. Condensed skim movement is good for the light offerings. Prices are higher reflecting tighter supplies. Cream movement is unchanged to somewhat reduced compared to last week with less regional movement out of the West. Some prices are higher due to the increase in last week's CME AA butter average. However, multiples are unchanged to lower with Western producersexpressing the most desire to negotiate. Optimal feed prices and weather conditions are anticipated this fall,

encouraging herd expansions in most parts of the country, especially the Midwest and West.

**DRY PRODUCTS:** The NDM market is mixed. In the East, supplies are tight with some plants importing Western supplies to satisfy current interest. In the Central, NDM is generally steady. Extra Grade is being offered to the government while Grade A 50# bags are short of needs. In the West, the market is steady to weak. Supplies are plentiful with heavy offerings to the government. Direct exporting of NDM is occurring in both the Central and Western regions into Mexico and Algeria. Buttermilk markets are mostly unchanged due to limited supplies and good condensed sales. Whey movement is comparable to the NDM market with Eastern suppliers holding the best position. In the Central and Western markets, some plants are diverting milk away from cheese to reduce heavier than anticipated supplies of cheese and whey. The WPC market is steady while prices are mixed. Supplies vary depending upon respective plant marketability and location. Plants catering to the feed industry are holding extra supplies while manufacturers predominately trading with the food sector are short of needs. Lactose continues to clear slowly into the fourth quarter. However, supplies are in better balance and discounting is less available. Lactose prices are unchanged as the market awaits finalized negotiations for the fourth quarter.

**CCC:** During the week of September 25 - 29, CCC purchases totaled 8,615,157 pounds of nonfortified and 529,024 pounds of fortified NDM from the West and Midwest. During the fiscal year, October 1, 1999 - September 30, 2000, CCC purchased no butter, 6,944,519 pounds of cheese and 489,983,235 pounds of NDM under the price support program. The current year totals compare to no butter or cheese and 186,065,303 pounds of NDM during the 98/99 fiscal year.

**CONSUMER PRICE INDEX (BLS):** The August 2000 CPI for all food is 168.7, up 2.7% from August 1999. The dairy products index at 161.0, is up 2.9% from last year. The following are the August to August changes for selected products: fresh whole milk, +6.2%; cheese, +0.1%; and butter, -6.9%.

**COMMERCIAL DISAPPEARANCE (ERS,AMS):** Commercial disappearance of dairy products during May-July 2000 totals 42.6 billion pounds, up 2.0% from the same period in 1999. Comparing disappearance levels with year earlier levels: butter, -2.8%; American cheese, +1.5%; other cheese, +8.0%; NDM, +33.7%; and fluid milk products, -0.8%.

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

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AUGUST CONSUMER PRICE INDEX (PAGE 10)

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FEDERAL MILK ORDER ADVANCE PRICES, OCTOBER (PAGE 9)

**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 25	TUESDAY SEPTEMBER 26	WEDNESDAY SEPTEMBER 27	THURSDAY SEPTEMBER 28	FRIDAY SEPTEMBER 29	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2500 (N.C.)	\$1.2300 (-.0200)	\$1.1475 (-.0825)	\$1.1200 (-.0275)	\$1.0300 (-.0900)	-.2200	\$1.1555 (-.1160)
40# BLOCKS	\$1.2900 (-.0075)	\$1.2775 (-.0125)	\$1.1950 (-.0825)	\$1.2150 (+.0200)	\$1.1100 (-.1050)	-.1875	\$1.2175 (-.0980)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.2000 (-.0025)	----	\$1.1750 (-.0250)	----	\$1.1700 (-.0050)	-.0325	\$1.1817 (-.0100)

\*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 25, 2000

CHEESE -- SALES: 13 CARS BARRELS: 1 @ \$1.2300, 1 @ \$1.2350, 1 @ \$1.2300, 1 @ \$1.2150, 1 @ \$1.2100, 1 @ \$1.2200, 1 @ \$1.2250, 1 @ \$1.2350, 3 @ \$1.2400, 1 @ \$1.2450, 1 @ \$1.2500; 6 CARS 40# BLOCKS: 1 @ \$1.2950, 1 @ \$1.2975, 2 @ \$1.2825, 1 @ \$1.2875, 1 @ \$1.2900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 2 @ \$1.2600, 1 @ \$1.2700; 4 CARS 40# BLOCKS: 1 @ \$1.2925, 1 @ \$1.2950, 1 @ \$1.2975, 1 @ \$1.3100  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 15 CARS: 1 @ \$1.1900, 1 @ \$1.1925, 1 @ \$1.1950, 1 @ \$1.1900, 1 @ \$1.1925, 1 @ \$1.1875, 2 @ \$1.1900, 1 @ \$1.1875, 3 @ \$1.1900, 1 @ \$1.1950, 1 @ \$1.1975, 1 @ \$1.2000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 8 CARS: 2 @ \$1.2000, 2 @ \$1.2025, 1 @ \$1.2050, 1 @ \$1.2075, 1 @ \$1.2100, 1 @ \$1.2200

TUESDAY, SEPTEMBER 26, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 12 CARS BARRELS: 1 @ \$1.2300, 1 @ \$1.2475, 2 @ \$1.2500, 2 @ \$1.2550, 3 @ \$1.2600, 3 @ \$1.2700; 11 CARS 40# BLOCKS: 1 @ \$1.2775, 1 @ \$1.2800, 1 @ \$1.2825, 1 @ \$1.2850, 1 @ \$1.2875, 4 @ \$1.2900, 2 @ \$1.3000  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 27, 2000

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.2600, 1 @ \$1.2350; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS BARRELS: 1 @ \$1.1475, 1 @ \$1.1500, 3 @ \$1.2300, 3 @ \$1.2350, 2 @ \$1.2400; 19 CARS 40# BLOCKS: 1 @ \$1.1950, 2 @ \$1.2000, 1 @ \$1.2100, 2 @ \$1.2150, 1 @ \$1.2250, 1 @ \$1.2400, 1 @ \$1.2500, 1 @ \$1.2525, 1 @ \$1.2575, 1 @ \$1.2600, 2 @ \$1.2675, 2 @ \$1.2700, 3 @ \$1.2775  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 15 CARS: 1 @ \$1.1850, 2 @ \$1.1875, 3 @ \$1.1800, 1 @ \$1.1725, 2 @ \$1.1700, 2 @ \$1.1750, 2 @ \$1.1725, 2 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 20 CARS: 2 @ \$1.1750, 1 @ \$1.1775, 1 @ \$1.1800, 1 @ \$1.1825, 1 @ \$1.1850, 1 @ \$1.1875, 1 @ \$1.1900, 1 @ \$1.1925, 2 @ \$1.1975, 5 @ \$1.2000, 2 @ \$1.2100, 2 @ \$1.2200

THURSDAY, SEPTEMBER 28, 2000

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.2050, 1 @ \$1.2150; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.1200, 3 @ \$1.2000; 3 CARS 40# BLOCKS: 1 @ \$1.2475, 2 @ \$1.2500  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 29, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$1.0300; 5 CARS 40# BLOCKS: 3 @ \$1.0900, 1 @ \$1.1000, 1 @ \$1.1100; BIDS UNFILLED: 2 CARS BARRELS @ \$1.0000; OFFERS UNCOVERED: 15 CARS BARRELS: 1 @ \$1.0550, 2 @ \$1.0600, 2 @ \$1.0800, 2 @ \$1.0825, 2 @ \$1.0850, 2 @ \$1.0875, 2 @ \$1.0900, 2 @ \$1.0925; 3 CARS 40# BLOCKS: 1 @ \$1.1150, 2 @ \$1.1200  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS: 1 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS: 1 @ \$1.1700, 1 @ \$1.1725, 2 @ \$1.1750, 1 @ \$1.1775, 1 @ \$1.1800, 2 @ \$1.1900, 2 @ \$1.2000

BUTTER MARKETS

NORTHEAST

The market tone remains mixed. At the CME, the butter price on Monday, September 25 adjusted fractionally lower after two weeks of steady advances. Churning activity in the East continues in the range of light to moderate. Surplus milk volumes are tight and some butter/powder plants have had to reduce operations. Those plants that are churning have their own cream and are looking for any additional cream they can find. Bulk and print stocks are more than adequate to meet current demand. Printers and producers are already planning for the holidays ahead and building stocks to meet anticipated needs. Current retail and food service demand is fair. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

CENTRAL

The butter market tone is weaker. The cash price at the CME has declined 2 3/4 cents through midweek. Producers and handlers continue to indicate that butter stocks are in better shape than they were last year at this time. Churning activity is seasonally active, although cream supplies are not readily available. Butter

producers indicate that orders for this time of the year are quite good. Some scattered feature activity is stimulating retail sales while food service orders are seasonally steady. Producers and handlers are still unsettled as to opinions about sufficient stocks to carry them through the upcoming holiday season, but for the most part, they feel that inventories and upcoming production should meet year-end needs.

WEST

Fresh butter continues to move well with fresh being the key word. There is plenty of storage butter, but most buyers are looking at fresh at this time. Butter production is lower at many locations. The call for cream is still reasonably good. More complaints are surfacing about transportation problems. The problems are related to both availability and cost. Trucks are very hard to find and rates are up because of higher fuel costs. Costs to go across the country are up one to two cents. CME weekly butter stocks stand at 57.8 million pounds, compared to 47.4 million pounds this week last year. In the last five weeks, stocks declined 21.7 million pounds compared to 18.1 million pounds over the same period last year. Current prices for bulk butter range from 5 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 23	1.2902 4,601,839	1.2389 5,976,703	1.0143 13,838,465	1.1589 3,159,042	0.1858 5,855,298

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 unchanged to fractionally lower. The market tone is unsettled as prices at the CME have moved both higher and lower during the past several weeks. Cheese output in the East is lighter and reflecting the tight supply of surplus milk. Some plants have had to reduce operating schedules at least a day a week because of the lack of milk. Cheese stocks are more than ample for the generally good demand. Some producers report that sales of mozzarella are currently outpacing cheddar. Retail and food service orders are steady.

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

Cheddar 10# Prints	:	1.3550-1.8225
Cheddar Single Daisies	:	1.3125-1.7725
Cheddar 40# Block	:	1.4550-1.6325
Process 5# Loaf	:	1.4800-1.6550
Process 5# Sliced	:	1.5000-1.7575
Muenster	:	1.5150-1.7225
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market continues to struggle with larger than normal fall volumes of cheese. Also, many buyers have larger than normal inventories upon which to draw. While cheese volumes produced within the region are not too far from in balance, ample reserves remain available from the West. Best interest remains for natural varieties other than cheddar. Current cutting and shredding activity is seasonally moderate to occasionally good. Process interest is still best from fast food accounts. Medium and sharp cheddar offerings are ample for the seasonally improving interest. Cheese yields are increasing seasonally as fat and protein tests rebound from summer lows.

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#	:	1.6300-1.8800
Cheddar 40# Block	:	1.6300-2.1150
Monterey Jack 10#	:	1.8300-2.1150
Blue 5#	:	2.0150-2.2000
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 25 - 29, 2000
BARRELS*	:	\$1.2500 - 1.2650 (NOMINAL)
	:	(-\$ .0200) (-.0400)
40# BLOCKS	:	\$1.2900 - 1.3525 (NOMINAL)
	:	(-\$ .0300) (-.0225)

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

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

	BUTTER	:	CHEESE
		:	
09/25/00	21,164	:	138,584
09/01/00	24,718	:	140,186
CHANGE	-3,554	:	-1,602
% CHANGE	-14	:	-1

**WEST**

Prices are steady in this week's report, but they are expected to decline next week following cash market trading. Buyers are not aggressive in looking for cheese. Most of them are working down their own inventories before reordering what they hope and expect will be cheaper replacement cheese. Offerings are increasing dramatically from cheese manufacturers. Heavy offers are especially noted for undergrade cheese with some age on it. Discounts on this cheese are growing. The problems on natural and process cheese are not carrying over to mozzarella and Swiss cheese. Mozzarella is expected to be tight all fall pizza season. Swiss is also tight with some buyers not getting the volumes of cheese that they thought they would. Cold storage stocks of Swiss cheese are 38.4% less than last week at 6.1 million pounds. Natural stocks stand at 595.1 million pounds, 17.1% ahead of last year.

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 mostly steady with fractional declines noted on domestic styles. The market tone is unchanged. Stocks range from light to fully adequate and demand is fair. Most imports are for table cheeses. The Euro, despite recent small gains, is still weak and some importers are placing orders. We are nearing the final quarter of the year and import licenses not used or expected to be used may be surrendered to the licensing authority by October 2 for reallocation. Importers (license holders) surrender licenses that they cannot use to avoid a penalty (reduced license) for the following year.

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	:	1.6575-3.1525*
Gorgonzola	:	3.2400-5.9400	:	2.2125-2.4900*
Parmesan (Italy)	:	TFEWR	:	3.0725-3.0975*
Romano (Italy)	:	2.1000-2.5400	:	-0-
Provolone (Italy)	:	3.4400-5.5000	:	1.6725-1.9425*
Romano (Cows Milk)	:	-0-	:	2.8475-5.0225*
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.

FLUID MILK AND CREAM

E A S T

Cooler weather prevails over most of the East. Occasional frost has hit the "North Country," highs in the 60's are common in the Middle Atlantic and Mid-South states, and the Deep South is not getting into the 90's. Rain has covered much of the Southeast and eased drought conditions. Milk production is rebounding in the Southeast while steady to seasonally lower in the Northeast. Fluid milk supplies are still tight, but not as tight as they were last week. Bottled milk sales are steady to slower. Contacts report slower sales of bottled milk in the South which is easing the need for "outside" milk. This week, Florida handlers have 135 loads scheduled which includes some late-week cancellations. This volume compares to 146 loads last week and 147 a year ago. Handlers in other Southeastern states expect to bring in 99 loads this week. This compares to 179 last week and 97 last year. No milk was shipped in from the Southwest this week. Surplus milk volumes, though growing slightly, are still tighter than desired. Most manufacturing plants are operating on reduced schedules. The condensed skim market remains firm. Offerings are light and easily cleared. Prices moved higher reflecting the tighter supply, good demand, and anticipated higher milk prices. Because of the tight supply of surplus milk, some wet solids suppliers have had to turn away inquiries for spot loads. The fluid cream market tone is unchanged. Offerings are tight early in the week and long after Wednesday. Spot prices are often higher as last week's average butter price at the CME advanced nearly 3 cents. Cream cheese output is steady and producers are able to get enough cream from our regular sources and did cut back on spot purchases. Ice cream production is mixed, often steady. Some plants have slowed output due to seasonal consideration while others continue to "pump it out" at near-summer levels. Churning activity is 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	-	1.5373-1.7160
DELIVERED EQUIVALENT ATLANTA	-	1.5492-1.7160 M 1.5969-1.6445
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6207-1.7399
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0600-1.1400
NORTHEAST- CLASS III - SPOT PRICES	-	.8900-1.0300

M I D W E S T

WISCONSIN SPOT SHIPMENTS:	LOADS
SEPTEMBER 22 - 28, 2000	25
PREVIOUS WEEK	25
COMPARABLE WEEK IN 1999	35
DESTINATIONS:	
OHIO	4
TENNESSEE	21

Class I demand is somewhat stronger this week, as bottlers prepare for the first of the month. Spot shipments out of state continue, although others shipped and pooled under other federal orders are lighter. Shippers attribute the lighter demand to various factors. Milk production in other areas of the country is rebounding slightly, plants that needed milk in the past are cleaning up carryover volumes this week, and numerous plants are reviewing their current and upcoming needs before the new month arrives. Manufacturing milk

demand during the week was also reported as somewhat lighter. Prices range from \$1.75 to \$3.65 over class III delivered. Overall milk production in the Midwestern part of the country is holding up quite well. Producers and handlers are indicating that very favorable weather conditions and reasonably priced feed are two factors that are contributing to strong milk output for this time of the year. Some producers are crunching numbers and finding that with current conditions, debt load, physical facilities, and feed availability, they would be able to enlarge their milking herd and are planning to do so.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.50-42.00	\$ 34.00-39.00
REPLACEMENT HEIFER CALVES	\$300.00-400.00	\$300.00-375.00

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

	SEP 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00-46.00	\$ 32.00-45.75

W E S T

Weather conditions have moderated across most of California, following last week's hot temperatures. Additionally, the rolling power outages ceased after minimal disruptions and plants affected returned to normal operating and procurement schedules. The number of cows has increased from last year and production continues to be higher than a year ago. In the far northern milk producing regions, milk production levels remain good. Conditions remain decent for early fall - sunny and dry days leading to continued good pasture growth. In the Central Valley, milk production is steady to higher. In the south, milk output and solids are noted to be higher. Fluid milk sales are said to be good seasonally with supplies and demand in balance as orders become more predictable. Feeding conditions remain good at mainly good prices. Higher quality alfalfa prices are steady to higher with more dairies buying. There remains good demand for other feed supplies. Cream sales have slowed, especially out of the region. Multiples have been under stress and are lower. Multiples range from 120 to the low 130's FOB west coast and are more negotiable than in recent weeks. Offerings are heavier at weeks' end. Cooler weather conditions have helped increase milk output in Arizona. High temperatures dropped below 100 degrees and nighttime readings are declining. This follows a record setting week of high daytime temperatures. There remains some lingering effect of the recent heat, but production is indicated to be increasing. Milk production in the Pacific Northwest may be starting to rebound somewhat from the late summer doldrums. Manufacturing plants continue to run on reduced schedules as the milk starts to come back and because of the heavy call for fluid milk for the bottle. Fat and protein tests are increasing seasonally. The corn silage harvest is well underway and may finish up by next week. Quality and volumes look good. Pasture quality is improving and some late season hay continues to be made. Hay curing is slow at this time of the year. Therefore, the quality of this hay may be questionable. Some light snow fell over parts of northern Utah and southern Idaho. Light frost was also common. The frost is late enough to not cause any real cropping problems and any moisture is welcome. Herd expansions continue at a strong pace. Milk production, while down seasonally, is heavy. Most milk producers are hoping for a mild winter related to hay availability and prices. Hay stocks are tight and prices are firm. If the winter is bad, most producers believe that hay will become a real problem. They are also concerned about carry out stocks next spring.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 09/28/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are unchanged on a generally steady market. Extra Grade demand improved over last week, yet plants continue to offer powder to the government. Domestic interest is emanating from cheese, infant formula, dry blend, bakery, ice cream and brokerage operations. Export inquiries and shipments are also being noted. Grade A 50# bags remain in good demand with plants unable to satisfy extra spot interest. Production is mixed. In some areas, milk is readily clearing into fluid channels, minimizing or eliminating dryer schedules. At other locations, milk supplies are building due to the cooler weather and milk diversions away from cheese, encouraging dryers to re-open for production. High heat demand is strong. Production varies with some plants producing on an as needed basis and others working solely off of current stocks.

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 are nominal and unchanged on a mostly steady market. Trading is very light with most transactions occurring with the coastal regions. Producers are drying product on an as needed basis and meeting regular commitments. Condensed continues to clear well into ice cream. Feed buyers searching for buttermilk are being left empty handed as supplies are scant. Churning activity is light to generally meet print butter needs. Offers are being reported at the lower end of the range, yet most producers anticipate steady prices throughout October.

BUTTERMILK: .9825 - 1.0200

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on a mostly steady market. Producers are in a better balance with less discounting noted. Some manufactures are sold out and unable to meet regular commitments while buyers report that product is readily available when needed. Brand and location specific product tends to gain better premiums. Demand is improving into edible markets with some contracted buyers requesting extra loads. Feed demand is fair at best with some improved movement over last week. Brokers are bidding lower and meeting seller resistance. Production is mixed. Some plants are operating full schedules on cheese and whey while others are diverting excess fluid milk to dryers to alleviate heavy cheese supplies. Off grade is trading higher and inventories are lower.

NONHYGROSCOPIC: .1650 - .1950 MOSTLY: .1700 - .1800

**ANIMAL FEED WHEY - CENTRAL**

Prices are mixed as markets adjust to changes in the Extra Grade market. As manufacturers are more comfortable with their Extra Grade stocks, milk replacer stocks are also tightening. Overall demand remains light with buyers bidding lower and meeting resistance from sellers. Roller ground prices adjusted lower with the Extra Grade market. Competitively priced lactose and permeate are also encouraging lower prices. However, increases in feed demand from the hog sector are anticipated to deter further price declines. The delactose market is mixed. Food grade product is tight with increases in the production of process cheese. Feed grade product is reportedly available for the fair interest. U.S. inventory of all hogs and pigs on September 1, 2000, was 60.2 million head. This was 1% below September 1999, but 1% above June 1, 2000. August veal production totaled 17 million pounds, 11% below the previous record low for August set a year ago. Barrow, gilt and lean hog prices are trending higher while early weaned pigs prices are moving lower. The North Central veal undertone is steady to weak.

MILK REPLACER: .1400 - .1550  
 ROLLER GROUND: .1600 - .1850  
 DELACTOSE (Min. 20% protein): .3750 - .4000

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to higher on a steady market. Most producers are more confident with their supplies and inquiries are increasing as the fourth quarter nears. Brokers are bidding below the range and meeting seller resistance. Demand is best into domestic food accounts. Feed buyers are searching for bargains and finding that Extra Grade discounts are less available. However, feed grade product is trading a few cents below the range. Trade remains good on the higher mesh product with some manufacturers unable to fulfill orders. Production is mostly steady with some plants increasing output and others experiencing plant problems or slight decreases in milk availability. Permeate supplies are readily available at competitive prices for the good demand.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
 EDIBLE: .1450 - .2300 MOSTLY: .1600 - .1700

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are mixed on a generally steady market. Supplies are mixed. Some plants are shorting regular contracts while others are holding inventories beyond anticipated needs for this time of the year. Some fourth quarter contracts were arranged at prices within the range. Asian interest continues fairly good while Mexican demand is mixed. Some manufacturers report steady contractual shipments while others report difficulty in selling product on a spot basis due to the high price. Condensed supplies are very tight with one producer rejecting a bid at 1 over the average due to a lack of supplies. Feed buyers are again testing the market. Discounts are reportedly available through resellers and some manufacturers that cater to feed facilities are reportedly acquiescing to negotiations. High protein demand remains strong with producers unable to keep up with current interest. Off grade availability varies depending upon location at prices just below the range.

EXTRA GRADE 34% PROTEIN: .7300 - .7725 MOSTLY: .7375 - .7475

**NONFAT DRY MILK - WEST**

Prices are lower on the low/medium heat price range. The market tone is steady to weak. There remains weekly heavy offerings to the support program to clear NDM. Powder that does not make grade for CCC and older stocks are being offered to the trade at a discount and producers not offering to the government often have stocks to move. Discounting was noted by several producers this week. Direct exporting continues to take place, although details are often elusive. Production was higher this week, especially where milk volumes rebounded. High heat prices are also lower on the bottom end of the range. Supplies are mostly adequate for current and nearby needs. Seasonal demand is higher. For the week of September 18 - 22, net CCC purchases totaled 3.8 million pounds of nonfortified and 1.1 million pounds of fortified, from Western and Midwestern suppliers.

Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .9900 - 1.0225 MOSTLY: 1.0000 - 1.0150  
 HIGH HEAT: 1.0200 - 1.0750

**DRY BUTTERMILK - WEST**

Dry buttermilk prices and the market tone are fully steady. Supplies and demand are light, but generally in balance with each other. Production levels are beginning to increase, although not at all locations. Some additional seasonal accounts have entered the market, but many of these sales had been anticipated. Demand has been somewhat tempered by higher prices and buyers continue to evaluate and buy alternates. Stock levels remain light.

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

**DRY WHEY - WEST**

Prices range from steady to slightly lower. The market tone is generally steady with perhaps a slightly weaker undertone. Most contacts are viewing this as a balanced stable market at this time. Some concerns are noted concerning stocks a bit heavier than desired going into the fall season. Production at some locations is heavier than anticipated. Other manufacturers are producing less as they shift some milk out of cheese into butter/powder. Export sales are steady with little new interest noted.

NONHYGROSCOPIC: .1700 - .1975 MOSTLY: .1800 - .1875

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEKENDING	PRICE	POUNDS
September 22	\$1.0089	10,417,502
September 15	\$1.0096	13,001,471

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 generally unchanged to higher and prices are nominal. Few spot sales are being reported. The market tone is firm. In the East, drying schedules are limited by the tighter supply of surplus milk and the continued good call for condensed skim. In some cases, condensed skim suppliers have discontinued selling Class III wet solids so that they may make some NDM. Eastern producers report having little or no NDM on the floor for immediate sale and shipment. Some have purchased Western NDM to supplement their needs. Also, more producers are now allocating their own powder to regular accounts and not entertaining inquiries from new buyers. Traders report a brisk demand for NDM and many have been buying Western powder to fill their needs.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0400 - 1.0700 MOSTLY: 1.0400 - 1.0450  
HIGH HEAT: 1.0900 - 1.1000 MOSTLY: 1.0900 - 1.0950

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1100

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices remain nominal and are unchanged to higher. However, resale loads are noted both below and above the current range. Most of the resales are powder with some (6 - 10 months) age and prices vary with the degree of need. Production levels are light as churning activity is moderate, although slightly heavier than last week. Also, condensed buttermilk sales are holding up quite well. Most Eastern producers have no truckload quantities of powder to offer on the spot market. Reports indicate that dry buttermilk is relatively tight in all areas of the country.

F.O.B. NORTHEAST: .9600 - .9800  
DELVD SOUTHEAST: .9700 - 1.0000

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged. Production is light particularly east of the Rockies, but some is being made to fill contracts. Plant stocks are light and spot demand is seldom better than fair.

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

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2000 THROUGH SEPTEMBER 22, 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 lower as some producers do follow the price trends in the Central Area. Other producers have held prices where they were last week because they have little or no powder to sell on the spot market. Most Eastern producers report being sold out for the next several weeks. Current production levels are lighter and some producers are looking for extra, condensed whey to process. However, reports from the East and Midwest indicate that condensed whey is in limited supply. Export interest is holding up, but some plant contacts are unable to make new sales because of their lower output and limited stocks. Domestic demand is fair to good.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1950  
USPH GRADE A .1850 - .2050  
DELVD SOUTHEAST: .2100 - .2250

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production is steady. A little more surplus milk is available in the eastern half of the country. However, processing schedules are basically unchanged. Demand is about steady and mostly for replacement volumes. Holiday needs are being projected and buyers/retailers are preparing for the year-end holidays. Producer stocks are fully adequate for 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**

Prices are unchanged as the final week of the current quarter comes to an end. Prices are reported to be higher for the fourth and final quarter of the 2000. Production in Europe is declining seasonally while Oceania output is on the rise. European producers are reporting that they feel that they will meet contractual commitments. Although Oceania's production is on the increase, casein availability is still unclear. At this point, casein stocks appear to be in balance for early season deliveries. Most domestic buyers anticipate casein stocks to remain in close balance to tight with prices remaining firm into 2001.

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

**CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES**

Selected settling prices, (open interest), and volume 1/

Month	09/13	09/14	09/15	09/18	09/19	09/20	09/21	09/22	09/25	09/26
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt.</b>										
SEP 00	10.71 (1595) 86	10.69 (1586) 5	10.71 (1581) 4	10.73 (1571) 22	10.73 (1564) 10	10.73 (1556) 32	10.73 (1556) 16	10.75 (1556) 0	10.75 (1556) 61	10.80 (1556) 0
OCT 00	10.70 (1654) 53	10.79 (1661) 11	10.75 (1661) 8	10.81 (1640) 31	10.85 (1637) 29	10.86 (1684) 211	10.79 (1715) 51	10.70 (1741) 34	10.63 (1748) 30	10.65 (1723) 51
NOV 00	10.31 (1121) 63	10.31 (1128) 40	10.35 (1128) 0	10.35 (1136) 11	10.30 (1151) 49	10.25 (1171) 89	10.20 (1179) 19	10.14 (1185) 7	10.10 (1188) 5	10.14 (1191) 22
DEC 00	10.45 (894) 24	10.39 (919) 29	10.37 (919) 7	10.35 (916) 4	10.28 (919) 3	10.20 (922) 15	10.18 (935) 20	10.12 (947) 49	10.05 (958) 14	10.10 (962) 48
JAN 01	10.48 (382) 36	10.40 (382) 1	10.35 (383) 1	10.34 (382) 3	10.25 (382) 22	10.24 (398) 28	10.20 (406) 15	10.21 (408) 4	10.10 (422) 21	10.10 (465) 71
FEB 01	10.45 (329) 7	10.40 (330) 1	10.35 (337) 13	10.35 (339) 11	10.25 (345) 7	10.25 (370) 30	10.20 (392) 33	10.20 (393) 3	10.10 (407) 16	10.10 (471) 83
MAR 01	10.52 (292) 30	10.45 (295) 5	10.40 (301) 20	10.35 (312) 14	10.35 (317) 7	10.35 (324) 9	10.30 (326) 3	10.25 (332) 8	10.15 (349) 21	10.16 (413) 81
APR 01	10.46 (193) 28	10.46 (220) 28	10.38 (225) 8	10.38 (230) 5	10.36 (233) 7	10.35 (266) 41	10.35 (271) 6	10.30 (283) 17	10.20 (291) 17	10.15 (315) 31
MAY 01	10.60 (284) 44	10.45 (296) 18	10.46 (338) 46	10.42 (338) 0	10.41 (346) 10	10.40 (367) 33	10.40 (369) 10	10.31 (396) 54	10.20 (407) 27	10.20 (418) 39
JUN 01	10.95 (107) 1	10.90 (108) 10	10.86 (111) 3	10.85 (121) 10	10.89 (121) 0	10.85 (164) 72	10.85 (166) 2	10.75 (168) 9	10.69 (172) 5	10.64 (176) 13

**CME - CLASS IV MILK FUTURES - Dollars per cwt.**

OCT 00	11.60 (299) 2	11.60 (299) 0	11.60 (309) 16	11.60 (309) 0	11.60 (307) 4	11.69 (307) 1	11.75 (307) 0	11.75 (307) 0	11.75 (309) 4	11.77 (3090) 1
NOV 00	11.51 (304) 16	11.40 (304) 0	11.40 (305) 1	11.40 (305) 0	11.40 (303) 62	11.50 (339) 60	11.51 (342) 3	11.52 (342) 5	11.45 (342) 1	11.50 (342) 0
DEC 00	11.40 (215) 5	11.30 (215) 0	11.30 (216) 1	11.30 (216) 0	11.30 (216) 0	11.30 (220) 8	11.25 (230) 10	11.25 (240) 10	11.25 (246) 9	11.25 (251) 6
JAN 01	11.25 (74) 5	11.25 (74) 0	11.25 (74) 0	11.20 (74) 0	11.20 (74) 0	11.20 (74) 0	11.20 (74) 0	11.19 (79) 5	11.09 (79) 0	11.08 (79) 1
FEB 01	11.25 (54) 5	11.30 (59) 5	11.30 (66) 12	11.26 (73) 14	11.25 (73) 0	11.25 (74) 1	11.20 (76) 5	11.14 (76) 0	11.14 (76) 0	11.09 (76) 1
MAR 01	11.35 (31) 0	11.35 (36) 5	11.35 (52) 26	11.32 (54) 5	11.32 (59) 5	11.30 (59) 0	11.30 (56) 12	11.30 (68) 15	11.25 (68) 2	11.25 (68) 0
APR 01	11.40 (24) 0	11.40 (24) 0	11.40 (29) 5	11.35 (34) 11	11.35 (39) 15	11.34 (39) 0	11.35 (39) 0	11.36 (47) 29	11.30 (47) 5	11.30 (52) 10
MAY 01	11.50 (65) 0	11.50 (67) 2	11.50 (67) 0	11.50 (67) 0	11.50 (75) 8	11.40 (75) 0	11.40 (75) 0	11.40 (80) 5	11.30 (86) 12	11.30 (91) 10
JUN 01	11.90 (50) 4	11.85 (58) 10	11.84 (56) 2	11.84 (56) 0	11.84 (56) 0	11.84 (56) 0	11.84 (57) 2	11.84 (71) 35	11.70 (76) 10	11.70 (81) 10
JUL 01	11.95 (81) 51	11.95 (93) 14	11.95 (101) 24	11.91 (101) 5	11.90 (101) 3	11.90 (101) 7	11.90 (101) 0	11.90 (101) 10	11.85 (105) 4	11.85 (105) 1

**CME- BUTTER FUTURES -- Cents per pound**

SEP 00	113.37 (58) 0	112.00 (56) 0	112.00 (7) 2	113.00 (9) 3	113.00 (18) 15	116.00 (10) 0				
OCT 00	113.00 (208) 6	111.25 (205) 3	111.00 (188) 27	111.75 (182) 7	113.00 (164) 20	116.00 (164) 0	116.00 (164) 0	116.00 (163) 1	115.75 (151) 22	114.50 (147) 6
MAR 01	105.02 (13) 0	105.02 (13) 0	105.02 (13) 0	105.02 (13) 0	105.02 (13) 0	105.02 (15) 2	107.00 (15) 0	107.00 (15) 0	107.00 (15) 0	107.00 (19) 10
MAY 01	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (4) 2
JUL 01	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 2

**NYBOT - MILK INDEX -- Dollars per cwt.**

SEP 00	10.70 (74) 0	10.70 (74) 0	10.70 (74) 0	10.70 (74) 0	10.75 (74) 0	10.70 (74) 0	10.65 (74) 0	10.70 (74) 0	10.65 (74) 0	10.75 (74) 0
OCT 00	10.70 (48) 0	10.80 (48) 0	10.80 (48) 0	10.80 (48) 0	10.85 (48) 0	10.83 (48) 0	10.80 (48) 0	10.75 (48) 0	10.65 (48) 0	10.65 (48) 0
NOV 00	10.25 (33) 0	10.35 (33) 0	10.30 (33) 0	10.30 (33) 0	10.30 (33) 0	10.25 (33) 0	10.25 (33) 0	10.20 (33) 0	10.15 (33) 0	10.15 (33) 0
DEC 00	10.50 (17) 0	10.40 (17) 0	10.40 (17) 0	10.40 (17) 0	10.30 (17) 0	10.20 (17) 0	10.20 (17) 0	10.20 (17) 0	10.05 (17) 0	10.10 (17) 0
JAN 01	10.50 (3) 0	10.35 (3) 0	10.40 (3) 0	10.40 (3) 0	10.30 (3) 0	10.25 (3) 0	10.25 (3) 0	10.20 (3) 0	10.10 (3) 0	10.10 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 18 - 29, 2000

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

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** European milk production continues to decline seasonally. In most production areas, annual production is nearly at the bottom of the seasonal cycle. Production of manufactured dairy products is also declining. In most instances, manufacturers are diverting milk towards the area of most need. Early on in the current milk production season, much of the seasons manufactured dairy products were fully committed. Now as the milk production season nears the end, producers and handlers are trying to fill those commitments. In instances, producers and handlers are having difficulty making timely shipments and are having to source their needs elsewhere. On the other hand, some producers are reporting slightly more available stocks. These situations are being uncovered by previous commitments now being fully filled and additional end of season production is now starting to become available. Overall, prices remain unchanged and firm, although handlers and traders are questioning how long will they remain so, before a possible weakening might occur.

**BUTTER/BUTTEROIL:** European butter markets are generally steady at unchanged prices. Stocks are reported to be in close balance for current, fair at best, demand. No significant new buyer interest is being reported at this time. The upcoming Ramadan holiday in the Middle East might stir buyer interest with Russian buyer interest still unclear. Butter/powder production is seasonally light as end of season milk volumes are being directed toward cheese output.

82% BUTTERFAT: 1,400 - 1,500  
99% BUTTERFAT: 1,425 - 1,600

**SKIM MILK POWDER (SMP):** Skim milk powder prices remain firm, although the market tone is somewhat unsettled. Lack of supply continues to limit significant sales activity. Most producers continue to fill previously made commitments, although scattered reports are indicating that some late season uncommitted production is starting to surface. Traders and handlers are still unclear as to the volume of this additional powder and what potential impact it will have on prices as the winter season approaches.

1.25% BUTTERFAT: 2,100 - 2,350

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady at unchanged prices. Powder availability is limited due to the strong demand for other milk based products and previous commitments. Overall demand has been and continues to be light. Producers and handlers do not foresee much change in this market until next spring, once the new milk production season resumes, at the earliest.

26% BUTTERFAT: 1,900 - 2,150

**SWEET WHEY POWDER:** Whey powder markets are generally steady at unchanged prices. Stocks of whey are readily available. Heavier than usual late season cheese production is generating heavier than usual whey volumes for this time of the year. Firm European prices are limiting sales activity, although overall buying interest is light.

NONHYGROSCOPIC: 475 - 575

**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe continues to follow the trend of all season. In most instances, milk output has not attained last year's levels, thus overall dairy product supplies have been lighter. Stocks of manufactured dairy products are lower this year, thus less has been committed to outside sales. Much of the season's output was committed early on in the season, thus producers are trying to finish those orders as the milk production season comes to a close.

## OCEANIA

**OVERVIEW:** Milk production in both New Zealand and Australia continues to climb toward the seasonal peak. Early reports are indicating that overall output continues to run ahead of last year at this time. Manufacturing schedules are increasing accordingly in the region. Strong international buyer interest from regular and new buyers is keeping stocks in very close balance. Often, significant new buyer interest is going unfilled at this time. Active buyer interest in butter, often from oil-rich Middle Eastern countries is reducing uncommitted production of butter in the region. Japanese reaction to recent health scares related to dairy products is impacting consumer confidence and demand. This is reducing the demand for some dairy products in the region. Due to this unsettling demand situation, milk is being diverted from various manufactured dairy products and towards others. Currency adjustments are affecting prices, but probably not as much as in Europe with the currency intervention on the Euro late last week.

**BUTTER:** Butter production in the Oceania region continues to seasonally increase. Potential market developments with cheese are causing more milk to be directed towards butter/powder, thus stocks are being generated at a faster rate than earlier anticipated. Strong international butterfat interest is occurring, particularly from Muslim countries for the upcoming Ramadan holiday in late November. Although butter production is increasing, firm demand is clearing good volumes, thus overall stock levels are not heavy at this time. In many instances, butter stocks are being committed to regular/ongoing buyers, with new buyer interest lighter from the region.

82% BUTTERFAT: 1,250 - 1,350

**CHEDDAR CHEESE:** Cheese prices are unchanged, although the market tone is unsettled. The recent health scare related to dairy products in the Japanese market is impacting consumer confidence and potential cheese demand. Oceania producers are closely monitoring developments in this markets and, in instances, are already adjusting production schedules. Stocks at this point are sufficient to meet current and near term needs. Most shipments are filling regular/ongoing buyer needs.

39% MAXIMUM MOISTURE: 1,800 - 1,900

**SKIM MILK POWDER (SMP):** Skim milk powder markets remain firm. Butter/powder production is increasing seasonally. A recent market development and potentially lighter cheese demand is causing some milk handlers to divert milk away from cheese towards butter/powder. With heavier butter/powder production, skim stocks are heavier than previously anticipated for this time of the season, although strong international demand is keeping stocks in close balance. At this time, most sales from the Oceania region are to regular/ongoing buyers with strong international buyer interest going unfilled.

1.25% BUTTERFAT: 2,150 - 2,250

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady at unchanged prices. Demand for whole milk powder is seasonally active, although not as strong as other milk powders. Whole milk powder production is increasing seasonally, although not as strong as other manufactured dairy products. Stocks of powder are reported to be in close balance with current demand. At this time, shipments of powder are to regular/ongoing customers, with new buyer interest needs not fully filled.

26% BUTTERFAT: 1,900 - 2,050

Exchange rates for selected foreign currencies: SEPTEMBER 25, 2000

.3968 Dutch Guilder	.4470 German Mark
.1333 French Franc	.4138 New Zealand Dollar
.1060 Mexican Peso	.5495 Australian Dollar
1.4523 British Pound	.0093 Japanese Yen
.2194 Polish Zloty	.8744 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1060) = 9.4339  
That is 1 US Dollar equals 9.4339 Mexican Pesos.

Source: "Wall Street Journal"

FEDERAL MILK ORDER ADVANCE PRICES, OCTOBER

**Class I Base Price:** Under the Federal milk order pricing system, the Class I base price for October 2000 is \$11.89 per cwt. 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. Class I differentials specific to each order are added to the base price to determine the Class I price. **Class II Price Information:** The advanced Class IV skim milk pricing factor is \$7.76. Thus, the Class II skim milk price for October is \$8.46 per cwt., and the Class II nonfat solids price is \$0.9400. **Product Price Averages:** The two-week product price averages for October are; butter \$1.1444, nonfat dry milk \$1.0168, cheese \$1.2380, and dry whey \$0.1856.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	October 2000		
		Class I Price (3.5 %) \$ per cwt.	Class I Skim Milk Price \$ per cwt.	Class I Butterfat Price \$ per pound
Northeast (Boston) <u>4/</u>	001	15.14	11.01	1.2891
Appalachian (Charlotte) <u>5/</u>	005	14.99	10.86	1.2876
Southeast (Atlanta) <u>6/</u>	007	14.99	10.86	1.2876
Florida (Tampa) <u>7/</u>	006	15.89	11.76	1.2966
Mideast (Cleveland) <u>8/</u>	033	13.89	9.76	1.2766
Upper Midwest (Chicago) <u>9/</u>	030	13.69	9.56	1.2746
Central (Kansas City) <u>10/</u>	032	13.89	9.76	1.2766
Southwest (Dallas) <u>11/</u>	126	14.89	10.76	1.2866
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	14.24	10.11	1.2801
Western (Salt Lake City) <u>13/</u>	135	13.79	9.66	1.2756
Pacific Northwest (Seattle) <u>14/</u>	124	13.79	9.66	1.2756
All-Market Average		14.47	10.34	1.2824

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 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.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
JUN 2000	167.3	2.3	159.5	2.2	156.9	4.9	161.7	1.1	137.5	-4.4	154.9	5.2
JUL 2000	168.1	2.6	160.5	3.1	158.9	6.9	161.4	1.3	137.8	-6.7	155.8	5.8
AUG 2000	168.7	2.7	161.0	2.9	158.7	6.2	162.9	0.1	138.5	-6.9	156.8	5.6
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Lowfat Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese		Natural Cheese		Ice Cream <sup>8/</sup>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Dollars												
JUNE	2.763	2.704	2.637	2.640	2.525	2.648	3.822	3.779	3.758	3.672	3.546	3.306
JULY	2.781	2.706	2.666	2.628	2.718	2.670	3.628	3.736	3.823	3.603	3.461	3.238
AUGUST	2.807	2.719	2.696	2.624	2.686	2.722	3.649	3.866	3.947	3.763	3.542	3.250

NA = Not available. <sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS MAY-JULY AND YEAR-TO-DATE 1999-2000 <sup>1/</sup>

Item	May-Jul.	Percent	May-Jul.	Percent	Jan.-Jul.	Percent	Jan.-Jul.	Percent
	1999	change <sup>4/</sup>	2000	change <sup>4/</sup>	1999	change <sup>4/</sup>	2000	change <sup>4/</sup>
Million Pounds								
<b>MILK</b>								
Production	41,537	2.7	42,882	3.2	95,984	3.1	99,853	3.5
Marketings	41,192	2.7	42,547	3.3	95,189	3.1	99,078	3.6
Beginning Commercial Stocks <sup>2/</sup>	8,939	36.3	9,520	6.5	5,274	7.9	6,135	16.3
Imports <sup>2/</sup>	1,105	-13.8	1,299	17.6	2,592	13.9	2,609	0.7
Total Supply <sup>3/</sup>	51,236	6.9	53,366	4.2	103,055	3.6	107,822	4.2
Ending Commercial Stocks <sup>2/</sup>	9,436	43.7	10,536	11.7	9,436	43.7	10,536	11.7
Net Removals <sup>2/</sup>	64	20.8	239	273.4	171	-40.6	590	245.0
Commercial Disappearance <sup>3/</sup>	41,736	1.0	42,591	2.0	93,448	0.9	96,696	3.0
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	304.0	7.0	295.5	-2.8	703.8	0.6	702.9	-0.7
American Cheese	887.4	5.2	900.8	1.5	2,001.9	3.5	2,072.3	3.1
Other Cheese	1,137.9	3.5	1,228.5	8.0	2,568.4	3.2	2,785.5	8.0
Nonfat Dry Milk	176.3	-13.5	235.7	33.7	448.5	-11.0	433.9	-3.6
Fluid Milk Products <sup>6/</sup>	13,515.3	0.9	13,413.0	-0.8	28,329.5	1.0	28,599.7	-1.0

NA = Not available.

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. <sup>2/</sup> Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. <sup>3/</sup> Totals may not add because of rounding. <sup>4/</sup> From year earlier on a daily average basis. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF SEPTEMBER 25 - 29, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 09/22/00	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-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-
<b>TOTAL</b>	-0-	-0-	-0-	6,944,519	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	8,987,545	372,388	8,615,157	473,131,550	183,180,851	-0-	-0-
Fortified	529,024	-0-	529,024	16,851,685	2,884,452	-0-	-0-
<b>TOTAL</b>	9,516,569	372,388	9,144,181	489,983,235	186,065,303	-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 25 - 29, 2000 =	2.0	106.4	COMPARABLE WEEK IN 1999 =	0.5
CUMULATIVE SINCE OCTOBER 1, 1999 =	171.9	5,772.2\$	CUMULATIVE SAME PERIOD LAST YEAR =	40.9
CUMULATIVE JANUARY 1 - SEPTEMBER 29, 2000 =	160.7	5,179.0\$	COMPARABLE CALENDAR YEAR 1999 =	40.9

\$#Last week's total should have been 5,665.7\$ and 5,072.6\$

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

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

CCC ADJUSTED PURCHASES FOR THE WEEK OF SEPTEMBER 25 - 29, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	357,489	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	8,257,668	529,024
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-	46,281,783	15,434,971	42.8	8.3
WEST	-0-	-0-	80,528	-0-	438,761,192	170,539,392	56.6	91.7
EAST	-0-	-0-	-0-	-0-	4,940,260	90,940	0.6	0.0
<b>TOTAL</b>	-0-	-0-	6,944,519	-0-	489,983,235	186,065,303	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 09/09/00 & Comparable Week 1999 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1		
2000-Dairy cows HD (000)	0.2	0.9	5.5	4.2	18.1	2.2	1.0	0.9	10.1	2.2	45.4	1,818.8	50.7	48.8
1999-Dairy cows HD (000)	0.2	0.8	5.8	4.9	16.1	2.5	2.3	0.6	9.0	2.3	44.5	1,787.0	48.0	46.1
2000-All cows HD (000)	0.2	1.0	7.5	11.1	25.6	13.2	10.7	3.4	12.4	4.4	89.6	3,726.4		
1999-All cows HD (000)	0.2	1.0	8.0	11.9	23.2	12.9	15.6	3.5	10.8	5.8	92.8	3,873.9		

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	12.58			
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76			
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94			

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