

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/13):**

**BUTTER:** Grade AA closed at \$1.1450. The weekly average for Grade AA is \$1.1392 (-.0141).

**CHEESE:** Barrels closed at \$1.0000 and blocks at \$1.0450. The weekly average for barrels is \$0.9975 (-.0280) and blocks, \$1.0505 (-.0350).

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

**BUTTER:** Butter prices remain weak, although the overall market tone is steady. Fresh butter demand remains excellent and, in many instances, continues to outpace production. Due to good early fall demand, orders are being filled from current production and inventoried stocks. Butter stocks continue to run ahead of last year at this time, but are declining on a weekly basis. Churning schedules are seasonally active. Cream offerings to the churn are becoming more numerous as demand from other users slows seasonally. Ice cream production has declined quite sharply and production of other cream based dairy products has not increased significantly as of yet, but is expected to do so in the near future.

**CHEESE:** The cheese market remains weak. Cash prices continued to decline at the Chicago Mercantile Exchange, moving further below the government price support levels. This week, cash prices declined to levels last seen at the National Cheese Exchange in July/August 1978. Contacts believe that the wide spread between current cash cheese prices at the CME and CCC purchase prices, given time for necessary logistics, could force significant volumes of surplus cheese to clear to the government. This week, CCC started to purchase process cheese under the price support program, the first since the week ending September 1, 2000. Best interest continues for natural varieties for cutting/shredding. Cheese production is steady to lower. Some milk volumes are being shifted from cheese production over to butter/powder due to the better returns.

**FLUID MILK:** Milk production is steady to occasionally higher through most of the country. Cooler temperatures in the Southeast

have helped local milk receipts to rebound from recent levels. Shipments into the Southeast were lighter, causing some extra volumes to become available for manufacturing. Some milk is being shifted from cheese production over to butter/powder due to the very low cheese prices. Class I interest is fairly steady with recent weeks. Cream interest was slower and additional volumes were available for churning. Cream multiples were also trending lower.

**DRY PRODUCTS:** Some milk volumes are being shifted from cheese production over to butter/powder where plant capacity allows due to better returns. This is affecting the production patterns of some powders. The NDM market is steady with continued clearances to CCC helping to balance supplies. Also, seasonal increases in the milk solids content is increasing powder yields. The buttermilk market is steady to firm with prices unchanged to higher. Spot availability remains a problem for buyers seeking additional volumes. Some buttermilk deliveries are being delayed due to availability problems. In instances, the expected seasonal declines in buttermilk interest from ice cream accounts has yet to occur. The WPC market is mixed, producers feel supplies are tight to in balance. However, buyers are reporting purchases of current resale loads at prices below the average. Export demand for food use is fairly good and helping to clear some extra volumes. Domestic demand for WPC is slow, particularly from feed accounts. The whey market is generally steady. Export sales are steady. Domestic sales range from fair to occasionally good. Current supplies range from sold out through November to a little larger than desired, though generally adequate.

**CCC:** During the holiday abbreviated week of October 9 - 13, CCC purchases totaled 9,529,521 pounds of nonfortified NDM from the West and Midwest. CCC also purchased 925,748 pounds of Western fortified NDM. In addition, 79,200 pounds of process cheese was purchased from the Midwest, the first cheese purchased under the price support program since September 1, 2000.

\*\*\*\*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 OCTOBER 9	TUESDAY OCTOBER 10	WEDNESDAY OCTOBER 11	THURSDAY OCTOBER 12	FRIDAY OCTOBER 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0100 (N.C.)	\$ .9900 (-.0200)	\$ .9925 (+.0025)	\$ .9950 (+.0025)	\$1.0000 (+.0050)	-.0100	\$ .9975 (-.0280)
40# BLOCKS	\$1.0575 (-.0025)	\$1.0550 (-.0025)	\$1.0500 (-.0050)	\$1.0450 (-.0050)	\$1.0450 (N.C.)	-.0150	\$1.0505 (-.0350)
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	\$1.1375 (-.0025)	----	\$1.1350 (-.0025)	----	\$1.1450 (+.0100)	+.0050	\$1.1392 (-.0141)

\*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, OCTOBER 9, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS 40# BLOCKS: 1 @ \$1.0575, 1 @ \$1.0600, 1 @ \$1.0625, 1 @ \$1.0650, 1 @ \$1.0675, 2 @ \$1.0700

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

BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.1300, 1 @ \$1.1350, 1 @ \$1.1375; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1000; OFFERS UNCOVERED: 10 CARS GRADE AA: 3 @ \$1.1375, 1 @ \$1.1400, 1 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1700, 1 @ \$1.1800, 1 @ \$1.1900, 1 @ \$1.2000

TUESDAY, OCTOBER 10, 2000

CHEESE -- SALES: 1 CAR BARRELS @ \$0.9900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0100; 5 CARS 40# BLOCKS: 1 @ \$1.0550, 1 @ \$1.0575, 1 @ \$1.0650, 1 @ \$1.0675, 1 @ \$1.0800

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

WEDNESDAY, OCTOBER 11, 2000

CHEESE -- SALES: 10 CARS BARRELS: 2 @ \$0.9900, 8 @ \$0.9925; 6 CARS 40# BLOCKS: 1 @ \$1.0450, 1 @ \$1.0550, 1 @ \$1.0450, 1 @ \$1.0550, 1 @ \$1.0450, 1 @ \$1.0500; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$0.9925, 1 @ \$0.9900; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0000; 3 CARS 40# BLOCKS: 1 @ \$1.0550, 1 @ \$1.0650, 1 @ \$1.0750

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

BUTTER -- SALES: 4 CARS GRADE AA @ \$1.1350; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.0025, 3 @ \$1.0000; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.1350, 3 @ \$1.1375, 1 @ \$1.1500

THURSDAY, OCTOBER 12, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS: 2 @ \$0.9950, 1 @ \$0.9925; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0300; 7 CARS 40# BLOCKS: 1 @ \$1.0450, 1 @ \$1.0500, 1 @ \$1.0600, 1 @ \$1.0700, 2 @ \$1.1000, 1 @ \$1.1100

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

FRIDAY, OCTOBER 13, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$1.0000, 3 @ \$0.9950; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0300

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

BUTTER -- SALES: 14 CARS GRADE AA: 1 @ \$1.1325, 2 @ \$1.1350, 1 @ \$1.1375, 2 @ \$1.1350, 3 @ \$1.1375, 3 @ \$1.1400, 2 @ \$1.1450; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ \$1.1425, 1 @ \$1.1400, 3 @ \$1.1100; OFFERS UNCOVERED: 6 CARS GRADE AA: 2 @ \$1.1450, 1 @ \$1.1550, 3 @ \$1.1600

BUTTER MARKETS

NORTHEAST

The market tone remains mixed. Churning activity is somewhat heavier in the Northeast. Although surplus milk volumes are limited, recent declining cheese prices are encouraging more milk to be diverted toward butter/powder production when and where possible. Fresh butter demand continues to surpass current production schedules. Thus, inventories are being used to fill the order. Overall butter demand for both food service and retail needs is active. No significant promotional activity is occurring at this time, thus sales are reported to be seasonally steady. Conversations are starting to occur about upcoming holiday needs. Producers and handlers are optimistic about the last quarter of the year and are stating that with current inventories and projected butter production, they feel that stocks should be sufficient with prices holding in a narrow range of current levels. 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 remains mixed, although the market undertone is weak. Churning activity is reported to be more active this week. Additional cream offerings to local butter operations are heavier. Some butter producers attribute the additional cream offerings to milk diversions away from cheese production. In most instances, butter operations are taking advantage of the available offerings.

Fresh butter demand remains strong and continues to outpace current production. Even with heavier churning activity, inventories continue to be used to fill current orders. Stocks continue to run heavier than last year at this time, but are declining on a weekly basis. At this point, most butter producers and handlers feel that there should be sufficient butter stocks for the final quarter of the year.

WEST

Demand for fresh butter remains excellent. Buyers are looking for both bulk butter and prints. Good features are being finalized for the upcoming holidays. Cream offerings to the churn are becoming more numerous as demand from other sources slows seasonally. Stored butter stocks are declining at a regular pace. For the last ten weeks, the average weekly decline has been 3.8 million pounds. The most current week's decline was 1.8 million pounds, down to a total of 50.9 million pounds. Cumulative U.S. butter output for the first eight months of the year stands at 886.0 million pounds, up 3.4% from the same period last year. Contacts believe that the CME cash butter price will probably continue to move in a narrow range at least for the near term. However, they are concerned that the very weak cheese markets may have a negative impact on butter markets at some point. 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			
OCTOBER 7	1.2621 5,483,113	1.2096 6,552,871	1.0154 16,593,511	1.1445 3,021,006	0.1826 7,944,811

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

**CHEESE MARKETS**

**NORTHEAST**

Wholesale prices are sharply lower on all varieties except Swiss. Current interest has improved for some sellers as the weekly average price used by many in the industry for basing prices more closely reflects the current cash cheddar prices on the Chicago Mercantile Exchange. The current cash prices at the CME are far enough below the current CCC purchase prices that some producers are wondering when sales to CCC will start, at least from other areas of the country. Current cheese production remains seasonally light as producers try to balance cheese production with sales.

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

Cheddar 10#Prints	:	1.1250-1.5925
Cheddar Single Daisies	:	1.0825-1.5425
Cheddar 40#Block	:	1.2250-1.4025
Process 5# Loaf	:	1.2350-1.4100
Process 5# Sliced	:	1.2550-1.5125
Muenster	:	1.2850-1.4925
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is weak and heavy cheddar offerings continue to overwhelm demand. Cash prices of both barrels and blocks at the Chicago Mercantile Exchange declined further below the respective CCC purchase price of \$1.0920 for barrels and \$1.1220 for blocks. Contacts have stated that at the National Cheese Exchange when supplies were surplus in the past, traders dropped prices to recoup the extra cost associated with sales to CCC. Now at the CME, they believe that the question is more what price does it take to clear the market? Barrels at the CME declined to below the \$1.00 barrier for the first time since the summer of 1978. More cheddar producers and processors are preparing cheese for sales to CCC. For some, the problem has been having the proper package materials for CCC sales. Natural cuts and shreds are doing a seasonally moderate business but process activity remains light for retail and fairly good for food service. Mozzarella movement has been generally good. Cheese production is steady to slightly heavier, reflecting milk supplies. Cheese yields are improving seasonally.

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

Process American 5# Loaf	:	1.2250-1.6000
Brick And/Or Muenster 5#	:	1.6300-1.6400
Cheddar 40#Block	:	1.4500-2.1150
Monterey Jack 10#	:	1.6675-2.1150
Blue 5#	:	1.7850-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5150-2.2150
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	:	OCTOBER 9 - 13, 2000
BARRELS*	:	\$ .9900 - 1.0400 (NOMINAL)
	:	(-\$ .0400) (-.1150)
40# BLOCKS	:	\$1.0500 - 1.1350 (NOMINAL)
	:	(-\$ .0350) (-.1325)

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

**WEST**

Western natural and process cheese prices again moved sharply lower. Prices have declined more than 20 cents in the past few weeks. Swiss prices, however, are increasing as demand is very good and stocks are tight. August U.S. Swiss production totals 18.5 million pounds, up 3.3% from last year. Cheese production, overall, remains very heavy. Some firms are attempting to move as much milk as possible to butter/powder production or fluid sales. Even with these adjustments, American type production is at 304.5 million pounds, up 3.9% from last year and Italian type cheese output is up 5.7%, totaling 267.6 million pounds. Total cheese output in the Western region is up 6.1% from last year.

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

Process 5# Loaf	:	1.1775-1.4375
Cheddar 40#Block	:	1.2100-1.3500
Cheddar 10#Cuts	:	1.3900-1.6100
Monterey Jack 10#	:	1.4000-1.5600
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5400

**FOREIGN**

Imported cheese prices are still unchanged with domestic prices unchanged to mostly sharply lower. Interest in table type varieties continues to improve seasonally. The weak Euro versus the U.S. dollar remains a factor in imported prices. Supplies are generally adequate for current needs.

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	: 1.4275-2.9225*
Gorgonzola	:	3.2400-5.9400	: 1.9825-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.8425-2.8675*
Romano (Italy)	:	2.1000-2.5400	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.4425-1.7125*
Romano (Cows Milk)	:	-0-	: 2.6175-4.7925*
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

10/09/00	17,786	: 147,640
10/01/00	18,028	: 142,438
CHANGE	-242	: 5,202
% CHANGE	-1	: 4

FLUID MILK AND CREAM

E A S T

Milk production in the Eastern part of the country is reported to be rebounding slightly. Cool, and in instances cold, temperatures were common in many parts of the Northeast and Southeast this past week for this early in the fall. These cooling trends were favorable to the milk herd and milk receipts reflected an increase. Although milk production is slightly improved, surplus milk volumes continue to be reported as limited. This week, shipments out of the Northeast into the Southeast continued, although not quite as heavy as past weeks. This week, milk handlers reported slightly more milk was available for manufacturing. A slow down in milk shipments out of the region and a switch, when possible, from cheese to butter/powder was being reported. Eastern milk handlers are stating that with weak cheese prices at the CME, some Eastern cheese producers are limiting current cheese production and diverting the milk. Most butter/powder operations are welcoming this additional milk as they build butter inventories and generate skim powder which is limited in many Eastern operations. Cream markets are weak with availability increasing and prices declining. Pricing multiples are steady to lower with past weeks. Coupled with lower multiples, is a lower CME weekly butter price average, the basis for most cream pricing. Ice cream production is reported to be off quite sharply this week. Manufacturers stated that the cool temperatures virtually killed ice cream sales during the week. Cream cheese production is starting to increase seasonally.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4762-1.6146
DELIVERED EQUIVALENT ATLANTA	-	1.4878-1.6146 M 1.4993-1.5916
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5454-1.6262

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0700-1.1400
NORTHEAST- CLASS III - SPOT PRICES	- .8900-1.0000

M I D W E S T

SPOT SHIPMENTS:	LOADS
OCTOBER 6 - 12, 2000	21
PREVIOUS WEEK	21
COMPARABLE WEEK IN 1999	35

DESTINATIONS: TENNESSEE 21

Class I demand is steady to lighter, typical for the week after the stronger first of the month week sales. Manufacturing milk demand is mostly lighter with spot prices on a limited test from \$1.75 to 2.25 over class. Some slowdown in interstate milk demand is occurring from peak levels of about a month ago. A total of 35 loads of Wisconsin milk are direct shipped to Missouri, 21 to Tennessee, 12 to Kentucky and 1 to Ohio and pooled under other federal orders. Shipments to the Southeast from other upper Midwestern states continue, but generally volumes are easing lower seasonally. The current low cheese prices, cash barrels under \$1.00 at the Chicago Mercantile Exchange, are expected by many in the industry to cause the Class III milk price to decline sharply later in the year. A few seasonal increases are noted in plant milk receipts with a larger share of cows freshening, but most plant milk intakes are trending lower. Fat and protein tests on incoming milk

volumes are rebounding seasonally. Cream supplies were notably looser than in recent weeks. Cream prices are lower, reflecting declines in the cash butter price at the Chicago Mercantile Exchange and some slippage in the multiples. The fall harvest and tillage season continues after the fairly widespread killing frost through much of the upper tier of states. The availability of feed is not expected to be a problem in the upper tier of states.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 40.00	\$ 35.00- 39.00
REPLACEMENT HEIFER CALVES	\$310.00-390.00	\$180.00-350.00

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

	OCT 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.50- 42.75	\$ 33.00- 42.50

W E S T

The November Class 1 prices in California range from \$13.76 in the north to \$14.03 in the south. The statewide average Class 1 price based on production is \$13.82. The average is 8 cents lower than October and \$3.33 lower than November 1999. California milk production continues to be steady to slightly higher. Wide spread rainfall did little to affect milk output. Many areas welcomed rains to clear the air and refresh crops. Class 1 utilization is mainly steady as most bottlers and buyers are locked into fall buying patterns. Some expectations of feature activity over the holidays are being discussed for fluid milk. There is some shifting of milk from cheese to butter/powder production due to the sharp drop in cheese prices over the last two weeks. There are concerns of the effect that the lowest wholesales cheese prices since 1978 will have on milk prices in the coming months. Seasonal rainfalls are beginning to hit Arizona and cooler weather is predominant. Milk production is responding higher and load weights are increasing. Milk output is higher in New Mexico. Rain fell over some of the milk producing areas of the state, but didn't have any major impact yet. Milk supplies are generally being handled in normal marketing channels. Very little milk is said to have been moved to supplement needs in other regions. Cream markets are weak in the region with quotations on multiples hard to find this week, but nominally in the 115 to 125 FOB range. Declining butter prices and high transportation costs are hampering movements of cream out of the region. Surplus cream is moving toward churns and seasonal cream-based items. Heifer prices are firming back up even in the face of 20 year low milk prices. Prices in the past two weeks range from \$50-100 higher than they had been. Cow numbers continue to grow in the region as herds continue to expand and new start ups occur. Whole milking herds are being sold as a group to producers in Idaho from neighboring states. Some of these sales range from \$1350-1500 for every milking animal in the herd, top to bottom. Rain has been falling for most of the week in the northern Mountain States region. The moisture is very welcome and is not causing any milk production problems. Good quality hay is available, but stocks are tightening and prices are firm. Light rain and some stormy weather have been common over the Pacific Northwest. The milk flow is generally being called steady. Plants are operating on slightly reduced schedules. The corn silage harvest should be completed by the weekend. Quality and volumes look excellent.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 10/12/00 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 lower on a steady market. Attempts at diverting milk into NDM instead of cheese are being made to alleviate heavy cheese stocks. Currently, supplies are in balance due in part to continued movement into the CCC. Demand is down on Extra Grade compared to last week with some plants offering discounts. Grade A 50# bags are clearing well with demand often exceeding available supplies. High heat interest is strong. Many plants are not producing high heat and are working strictly from inventories. Offers are being noted on product from more than a year ago at prices competitive with the WPC market.

Includes EXTRA GRADE and GRADE A, low and medium heat  
 NONFAT DRY MILK: .9925 - 1.0400 MOSTLY: 1.0150 - 1.0250

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to higher on a steady to firm market. Spot sale prices are increasing, yet buyers are not able to find product. Aged product is being offered at competitive prices with the fresh product at prices within the range. Most spot buyers are looking to coastal regions for extra supplies and also finding buttermilk supplies tight. Demand is seasonally fair. Typical decreases in buttermilk movement into ice cream are less than anticipated for this time of year. Some producers are speculating that it will be another month before buttermilk prices begin to break. Buyers foresee changes as milk is diverted away from cheese and into the butter/powder mix.

BUTTERMILK: .9825 - 1.0300

**DRY WHEY - CENTRAL**

Prices are mixed on a generally steady market. Export activity alleviated heavy supplies and encouraged some prices higher. However, current production resale product is also being reportedly traded below the average. Production is steady to lower due to equipment delays and milk diversions away from cheese plants because of depressed cheese prices. Inventories are mostly in line for the light to fair demand with some plants reportedly sold out through November. Condensed supplies are tight in areas. Off grade product is available for the light interest at prices that vary with the quality.

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

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower on a mostly steady market. Feed demand is very light. Milk replacer supplies are often difficult to move, encouraging lower prices. With the Extra Grade market somewhat in balance, more effort in marketing off grade product is anticipated. Roller ground and delactose markets are unchanged on steady production schedules. Food demand for delactose is clearing supplies the best. Hog markets are generally steady with some early weaned pig prices trending higher. North Central veal prices are lower on a steady to weak market.

MILK REPLACER: .1400 - .1550  
 ROLLER GROUND: .1600 - .1825  
 DELACTOSE (Min. 20% protein): .3750 - .4000

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a steady market. Most fourth quarter contracts have been finalized. However, into some areas of Asia, negotiations continue as price changes were less than anticipated for foreign buyers. Demand is best into exports with some new interest being generated in Southeastern Asia and South America. Domestic plants are very competitive for export demand. Movement domestically is slow. Supplies are mixed with some plants shorting customers and others generally in line with current interest. Off grade product is readily available and competitive with the Extra Grade market for the lackluster feed demand. Higher mesh product continues to clear the market at 3-6 cents over the average.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
 EDIBLE: .1450 - .2100 MOSTLY: .1600 - .1700

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to lower on a mixed market. Most producers are reporting that supplies are in balance to somewhat short of needs with prices generally unchanged compared to last week. Buyers are increasingly reporting the purchase of current production resale product below the average. Export demand into food facilities is fairly good. Movement into Mexico, Canada, and Asia is consistent on a contractual basis with some spot loads clearing as well. Domestic demand is slow, especially into the feed sector. Condensed supplies vary depending upon location with excess product readily clearing into high protein plants. Off grade supplies are more than adequate for the light demand. Aged NDM is being offered to feed facilities at competitive prices with WPC.

EXTRA GRADE 34% PROTEIN: .7000 - .7725 MOSTLY: .7275 - .7375

**NONFAT DRY MILK - WEST**

Low/medium heat nonfat dry milk prices are unchanged. The market tone is quite steady. Market activity is consistent as of late with spot sales remaining on the light side. There remain heavy offerings to the CCC under the price support program to clear current stocks. There is powder available for spot and contract needs in the region. Pricing levels are variable among producers and vary slightly in a tight range. There are reports of lower priced NDM being offered for exporting. Production levels are said to be increasing with higher milk intakes and solids' levels. The decline in cheese prices below support levels is causing more milk to move to butter/powder and away from cheese production. High heat prices are steady. There is increased seasonal demand appearing. Product is available, but not immediately from every supplier. Dryers have time to make high heat when needed. For the week of October 2 - 6, net CCC purchases totaled 7.4 million pounds of nonfortified NDM 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 continue to move slightly higher in limited spot trading. Most sales are centered around contracts and many producers attempt to clear up prior orders. Currently, spot sales and contracts are being pushed back to be filled at a later date. Resale activity is light. Production levels are trending higher where churning is increasing. Stocks remain tight.

BUTTERMILK: .9400 - .9900 MOSTLY: .9400 - .9600

**DRY WHEY - WEST**

Range prices for Western whey declined fractionally while the mostly held steady. Some contacts are noting that stocks may be a little larger than desired at some locations. Export sales are steady with few new inquiries noted. Domestic buying interest ranges from fair to good. A number of operations are shifting milk into butter/powder production if capacity is available to improve the bottom line. Cumulative U.S. total dry whey output for the first eight months of the year totals 833.8 million pounds, up 6.2% from the same period in 1999. The increase of almost 49 million pounds means almost 1.5 million pounds of additional whey per week that needs to find a home in the marketplace.

NONHYGROSCOPIC: .1675 - .1950 MOSTLY: .1800 - .1875

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
October 6	\$1.0117	11,378,643
September 29	\$1.0105	13,012,129

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**

Nonfat dry milk markets and prices remain unchanged. Production of powder in the Eastern portion of the country remains light. Surplus milk volumes continue to be limited, although slightly more milk was reported to be available this week. Milk needs in Southeastern parts of the country were not quite as strong this week, thus shipments out of the Northeast were lower, along with some additional milk being diverted from cheese production towards butter/powder. Stocks of powder remain limited. Some Eastern handlers are having to reach to Western areas for needs.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:  
 LOW/MEDIUM HEAT: 1.0400 - 1.0800 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**

Buttermilk powder markets remain firm with prices unchanged and nominal. Stocks of buttermilk powder are limited. Most Eastern producers have no truckloads of powder to offer on the spot market. Resale loads continue to be reported as available above and below the reported price ranges. Much of the available resale powder is six months old or older. Churning activities are moderate, with slightly more milk reported available to butter/powder plants during the week. Condensed buttermilk sales are holding up quite well.

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

**DRY WHOLE MILK - NATIONAL**

Whole milk powder markets are generally steady at unchanged prices. In most instances, producers are just taking care of regular customer needs with minimal volumes available for spot sales. Surplus milk volumes in many areas of the country, especially in the East, are limited and competitive, thus whole milk powder output is lighter. The Kansas City Commodity Office announced the purchase of 450 metric tons of whole milk powder for use in the Food For Progress programs. The powder price ranged \$2,895 - 2,950 per ton and will be shipped to Tajikistan during the period of November 1 - 10.

F.O.B. PRODUCING PLANT: 1.2075 - 1.3200

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2000 THROUGH OCTOBER 6, 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**

Whey markets are generally steady at unchanged prices, although the market undertone is firm. Stocks of whey powder are reported to be limited. Some producers indicate that they are sold out through the balance of the month. Whey continues to clear to export. Recent declining cheese price levels at the CME are causing some cheese producers, where possible, to reduce cheese production schedules. This is causing concern with some whey buyers about available stocks in the near term. Some buyers are trying to secure firm commitments from suppliers for November and December deliveries.

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. Demand remains steady and continues to center around replacement needs. Production is seasonally steady. Stocks are fully adequate for current needs and are projected to be sufficient for upcoming year end holiday needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED

MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

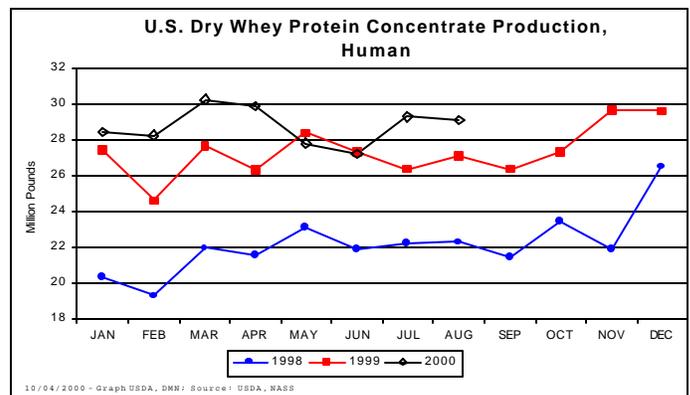
**CASEIN - NATIONAL**

Casein markets and prices remain firm. Although production in Europe is declining seasonally, late season milk volumes, when possible, are being directed toward cheese and casein production. In many instances, European stocks are in close balance to short, but most producers indicate that they will be meeting their contractual commitments. In the Oceania region, the production season is building seasonally, but stock availability is still unclear. At this point, Oceania producers are meeting early contractual commitments. Casein imports during July totaled 6,916,792 kg. Since January, imports have totaled 47,322,006 kg, 14% heavier than last year for the first seven months of the year. Milk protein concentrate imports through July total 37,673,005 kg, 63% more than the same seven months in 1999.

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

RENNET: 2.2500 - 2.3500

ACID: 2.3000 - 2.4500



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

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

Month	09/27	09/28	09/29	10/02	10/03	10/04	10/05	10/06	10/09	10/10
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt.</b>										
SEP 00	10.80 (1557) 3	10.80 (1491) 0	10.76 (1491) 0							
OCT 00	10.50 (1693) 37	10.50 (1695) 50	10.42 (1715) 29	10.35 (1710) 29	10.30 (1662) 114	10.21 (1680) 85	10.10 (1728) 160	10.05 (1751) 24	10.00 (1755) 26	10.03 (1734) 67
NOV 00	9.90 (1177) 39	9.85 (1176) 36	9.85 (1172) 11	9.95 (1175) 5	9.95 (1178) 16	9.89 (1173) 18	9.65 (1188) 44	9.68 (1187) 20	9.40 (1191) 11	9.40 (1197) 29
DEC 00	10.00 (960) 55	9.85 (954) 48	9.87 (954) 15	9.95 (956) 4	9.99 (957) 12	9.90 (969) 19	9.80 (993) 39	9.75 (1007) 24	9.70 (1018) 12	9.55 (1038) 41
JAN 01	10.00 (489) 43	9.86 (484) 18	10.00 (505) 21	10.05 (526) 23	10.05 (531) 7	10.00 (540) 12	9.85 (560) 21	9.93 (563) 10	9.90 (586) 37	9.85 (620) 64
FEB 01	10.00 (499) 47	10.00 (507) 11	10.00 (523) 23	10.05 (541) 25	10.05 (545) 4	10.00 (551) 7	9.85 (568) 28	9.90 (571) 6	9.90 (581) 12	9.80 (604) 42
MAR 01	10.10 (420) 13	9.90 (433) 15	9.96 (434) 17	10.05 (453) 23	10.05 (455) 2	10.05 (465) 12	9.90 (482) 24	9.95 (481) 8	9.90 (504) 32	9.90 (499) 36
APR 01	10.05 (320) 14	9.95 (351) 34	9.85 (351) 0	9.85 (358) 7	9.91 (359) 2	9.92 (367) 14	9.85 (383) 22	9.90 (385) 9	9.85 (389) 10	9.86 (391) 26
MAY 01	10.12 (438) 38	9.95 (486) 52	9.85 (486) 29	9.85 (493) 15	9.92 (494) 2	9.92 (500) 9	9.85 (511) 14	9.90 (514) 6	9.90 (511) 22	9.85 (512) 22

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

OCT 00	11.64 (309) 5	11.50 (309) 0	11.50 (322) 18	11.50 (322) 0	11.50 (322) 0	11.52 (322) 0	11.52 (322) 0	11.52 (322) 0	11.54 (322) 0	11.56 (322) 0
NOV 00	11.50 (344) 20	11.50 (344) 0	11.50 (344) 0	11.50 (344) 0	11.50 (344) 0	11.52 (344) 0	11.52 (344) 0	11.52 (344) 0	11.54 (344) 0	11.54 (344) 0
DEC 00	11.25 (263) 12	11.25 (268) 22	11.30 (268) 0	11.30 (268) 0	11.33 (268) 0	11.33 (268) 0	11.33 (268) 0	11.33 (268) 0	11.30 (268) 0	11.30 (268) 0
JAN 01	11.00 (93) 15	11.00 (93) 0	11.00 (93) 0	10.99 (93) 0	10.99 (93) 0	10.99 (93) 0	10.90 (93) 2	10.90 (93) 0	10.90 (93) 0	10.90 (93) 1
FEB 01	11.00 (91) 22	11.00 (90) 2	11.00 (89) 1	10.95 (89) 2	10.95 (89) 0	10.95 (89) 0	10.95 (89) 0	10.93 (89) 0	10.93 (89) 0	10.93 (89) 0
MAR 01	11.15 (68) 8	11.10 (69) 4	11.07 (71) 2	11.07 (71) 4	11.07 (71) 0	11.07 (71) 0	11.07 (71) 0	11.05 (71) 0	11.05 (71) 0	11.05 (71) 0
APR 01	11.20 (60) 14	11.11 (63) 4	11.15 (63) 0	11.15 (63) 0	11.15 (63) 0	11.15 (63) 2	11.00 (63) 0	10.98 (64) 1	10.98 (64) 0	10.98 (65) 1
MAY 01	11.20 (109) 28	11.10 (112) 11	11.15 (112) 0	11.15 (112) 0	11.15 (112) 0	11.15 (112) 0	11.15 (119) 7	11.13 (119) 0	11.13 (119) 0	11.13 (125) 6
JUN 01	11.64 (88) 14	11.55 (91) 33	11.50 (91) 3	11.50 (91) 0	11.50 (91) 0	11.50 (91) 0	11.50 (91) 0	11.48 (91) 0	11.48 (91) 0	11.48 (91) 0

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

OCT 00	112.50 (138) 9	112.90 (139) 1	110.00 (138) 1	109.50 (152) 9	108.00 (138) 2	109.00 (131) 10	112.00 (131) 0	109.00 (131) 0	109.00 (128) 5	107.75 (16) 1
MAR 01	102.00 (19) 0	102.00 (19) 0	102.00 (19) 0	102.00 (23) 4	100.02 (23) 0	101.00 (23) 0	101.00 (23) 0	101.00 (23) 0	101.00 (23) 0	101.00 (23) 0
MAY 01	106.00 (4) 0	106.00 (4) 0	106.00 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0
JUL 01	111.50 (3) 0	111.50 (3) 0	111.50 (3) 0	109.50 (3) 0	109.50 (4) 2	109.00 (4) 0	109.00 (4) 0	109.00 (4) 0	109.00 (4) 0	109.00 (4) 0

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

SEP 00	10.75 (74) 0	10.75 (74) 0								
OCT 00	10.60 (48) 0	10.60 (48) 0	10.45 (48) 0	10.40 (48) 0	10.35 (48) 0	10.20 (48) 0	10.15 (48) 0	10.10 (48) 0	10.00 (48) 0	10.00 (48) 0
NOV 00	10.05 (33) 0	9.95 (33) 0	9.85 (33) 0	9.90 (33) 0	9.90 (33) 0	9.90 (33) 0	9.70 (33) 0	9.70 (33) 0	9.50 (33) 0	9.50 (33) 0
DEC 00	10.00 (17) 0	10.00 (17) 0	9.85 (17) 0	9.95 (17) 0	9.95 (17) 0	9.95 (17) 0	9.75 (17) 0	9.90 (17) 0	9.70 (17) 0	9.60 (17) 0
JAN 01	10.00 (3) 0	10.00 (3) 0	9.90 (3) 0	10.00 (3) 0	10.00 (3) 0	10.00 (3) 0	9.90 (3) 0	9.90 (3) 0	9.90 (3) 0	9.90 (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 October 2 - 13, 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, although in some areas, a slight rebounding is being reported. This late season increase in milk volumes is being looked upon as quite favorable by many dairy product manufacturers. At this point, much of this late season milk volume is being directed towards cheese and casein production. Some producers and handlers are indicating that, although most of their seasons' milk volumes were fully committed early on, they are now reporting some late season product availability. This product availability is not significant, but will be adequate to carry them into the upcoming winter months. Although light, new buyer interest is being limited by the refund position held by a potential seller. Most trading is occurring on an internal market versus international at this time. Overall product prices are holding steady at this time, although many producers, handlers, and traders foresee prices will weaken by years' end.

**BUTTER/BUTTEROIL:** European butter markets are firm with prices stabilizing at higher prices than past weeks. Producers and handlers report that they feel butter markets have reached a price level that will not get too much higher. Stocks of butter are reported as mixed. Some producers have stocks available for immediate sales, while others report an in balance situation. Most sales center around an internal market. Some international, small lot, sales are being reported. Some recent sales are destined for Russia. At this point, European traders do not have a good grasp of what Russia's interest will be during the upcoming winter months.

82% BUTTERFAT: 1,450 - 1,560  
99% BUTTERFAT: 1,450 - 1,650

**SKIM MILK POWDER (SMP):** Skim milk powder markets are firm with prices basically unchanged. The recent limited supply situation for skim milk powder from Europe is changing as the end of the milk production season nears. Some late season milk production is generating some minimal volumes of uncommitted skim milk powder. These stocks are not significant, but are welcomed. European producers and handlers feel that much of the current availability will be absorbed into the internal feed market. Although prices will probably be higher than feed buyers are willing to pay, the availability is what is more important at this time or during the upcoming winter season.

1.25% BUTTERFAT: 2,100 - 2,350

**WHOLE MILK POWDER (WMP):** Whole milk powder prices and markets are generally unchanged. Stocks of whole milk powder remain limited and, for the most part, are being generated to fill previous commitments. New international buyer interest is slow and unaggressive for European sourced stocks, with potential buyers looking elsewhere due to known limited supplies in both Eastern and Western Europe.

26% BUTTERFAT: 1,900 - 2,150

**SWEET WHEY POWDER:** Whey markets are generally steady at unchanged prices. Whey stocks are reported to be readily available. Cheese production is seasonally quite strong for this time of the year. Late season milk production is being directed toward cheese and casein production, thus the outlook for additional whey stocks for upcoming needs is favorable.

NONHYGROSCOPIC: 475 - 575

**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe continues to decline seasonally. In most countries, dairy processors are making due with lighter milk volumes than in past years. Milk output in Eastern Europe continues to lag last year and producers and handlers do not foresee much improvement for the future. Stocks of manufactured dairy products are lighter due to lower milk intakes. Often, stocks are only available for internal markets. International sales activity remains light and unaggressive. Some Eastern European producers and handlers are questioning if they will regain a sales potential position in international markets that they once had. If their milk production continues to trend as it has this past year, they are expressing major concerns.

**OCEANIA**

**OVERVIEW:** Milk production trends in both New Zealand and Australia continue to climb seasonally, although recent weather conditions in New Zealand are less favorable for steady growth. Within the past 3 - 4 weeks, cooler and wet weather conditions were common over much of the milk production region. A mild winter, earlier than usual calving, and thus earlier than usual start to the current milk production season were favorable factors influencing the start of New Zealand milk production season, but now that strong growth is being slowed. Although milk production has slowed, New Zealand milk producers and handlers remain optimistic about the current production season. In Australia, conditions are much the same as in past weeks. Milk production continues to build on a steady basis. The overall market tone to the Oceania dairy industry is firm. Much of early and into mid season milk production and manufactured dairy products have been committed to regular and ongoing buyer needs. Some producers have fully committed their production into December, while others are reporting some availability for potential buyer interest. It is still too early to get a good picture on product availability out of the Oceania region above and beyond projected needs.

**BUTTER:** Butter markets are firm. Butter production is seasonally strong. In some instances, milk is being diverted away from cheese production and directed toward butter/powder. Demand is seasonally good, with some renewed buyer interest being reported from Russia. At this point, the Oceania region has the best potential to fill new buyer interest, especially with European stocks in close balance for their needs.

82% BUTTERFAT: 1,275 - 1,400

**CHEDDAR CHEESE:** Oceania cheese markets remain firm with prices basically unchanged. Demand for cheese out of Australia and New Zealand is seasonally active. Production schedules are mixed, depending on how dairy plants foresee future sales. The Japanese market is a major Oceania market, thus the recent health scare in that market is giving cause for close monitoring of market developments. At this point, most Oceania producers and handlers are optimistic about the situation and are proceeding with regular production schedules.

39% MAXIMUM MOISTURE: 1,800 - 1,950

**SKIM MILK POWDER (SMP):** Oceania skim milk powder markets are steady to firm. For the most part, Oceania powder stocks are fully committed for the near term, although some producers and handlers are reporting that current production is out pacing demand. Due to strong milk volumes throughout New Zealand and Australia, production schedules are generating some additional stocks that are not committed. It is still early in the production season to speculate how much additional powder will be generated. Cooler/wet weather conditions prevailed over the past few weeks in New Zealand, thus the early, strong, milk production growth has been slowed. Producers are stating that if these conditions prevail for an extended period of time, the whole production season and outlook could change very quickly.

1.25% BUTTERFAT: 2,150 - 2,250

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets remain firm at basically unchanged prices. The international market is active, although not a lot of sales activity is occurring outside of regular/ongoing buyer interest. There is still uncertainty about what additional volume of powder will be available above and beyond committed needs from this region as the current milk production season develops.

26% BUTTERFAT: 1,900 - 2,050

Exchange rates for selected foreign currencies: OCTOBER 9, 2000

.3942 Dutch Guilder	.4442 German Mark
.1324 French Franc	.4016 New Zealand Dollar
.1056 Mexican Peso	.5336 Australian Dollar
1.4491 British Pound	.0092 Japanese Yen
.2195 Polish Zloty	.8688 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1056) = 9.4697  
That is 1 US Dollar equals 9.4697 Mexican Pesos.  
Source: "Wall Street Journal"

**TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION, UNITED STATES, 1998 TO 2000  
(THOUSAND HEAD)**

1998			1999			2000		
Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows
Jan 3	105.0	50.4	Jan 2	90.6	40.9	Jan 1	89.9	44.3
10	143.8	68.0	9	119.0	54.5	8	115.8	57.7
17	127.0	60.2	16	128.8	56.1	15	115.5	56.8
24	127.6	62.5	23	122.4	56.6	22	111.1	52.9
31	126.0	61.5	30	112.6	54.3	29	104.6	51.2
Feb 7	120.2	58.3	Feb 6	109.4	54.7	Feb 5	102.5	51.9
14	112.0	54.7	13	111.6	54.0	12	107.2	54.0
21	108.5	56.6	20	105.1	52.5	19	103.8	51.5
28	112.4	56.1	27	104.8	50.4	26	102.7	53.7
Mar 7	108.5	54.9	Mar 6	107.4	51.2	Mar 4	101.8	55.6
14	95.0	50.0	13	102.9	49.1	11	102.2	55.1
21	104.6	52.3	20	103.5	49.3	18	99.5	53.9
28	109.4	54.4	27	113.5	52.3	25	101.7	54.6
Apr 4	110.0	54.0	Apr 3	102.3	47.7	Apr 1	100.0	52.3
11	105.1	50.3	10	99.1	47.6	8	97.5	48.8
18	106.5	49.6	17	104.3	48.2	15	99.3	48.8
25	111.2	51.5	24	105.2	47.1	22	97.9	47.8
May 2	106.7	47.9	May 1	103.1	47.2	29	98.1	46.7
9	107.4	47.3	8	103.2	44.3	May 6	101.2	47.2
16	108.3	46.9	15	108.7	46.2	13	103.1	46.8
23	110.6	47.4	22	112.5	47.3	20	104.0	46.3
30	101.1	43.0	29	111.8	45.0	27	108.3	47.7
Jun 6	113.7	47.6	Jun 5	87.2	39.4	Jun 3	90.7	41.3
13	108.6	46.0	12	99.9	43.4	10	105.0	46.4
20	105.3	45.0	19	99.3	43.9	17	101.6	45.2
27	107.9	44.9	26	99.8	44.0	24	102.8	47.3
Jul 4	98.4	40.5	Jul 3	101.0	46.0	Jul 1	104.7	47.4
11	105.8	44.2	10	84.7	38.9	8	75.4	37.0
18	108.5	44.6	17	102.2	45.9	15	103.7	48.6
25	104.9	44.1	24	101.8	47.6	22	99.1	48.1
Aug 1	110.5	46.6	31	95.2	46.6	29	92.0	45.9
8	117.7	47.9	Aug 7	97.7	46.0	Aug 5	93.8	46.1
15	111.2	48.2	14	107.7	51.2	12	92.8	45.8
22	107.2	48.4	21	108.2	52.3	19	95.3	46.2
29	113.6	48.7	28	107.3	51.0	26	103.5	50.4
Sep 5	114.4	49.7	Sep 4	108.3	49.8	Sep 2	108.7	52.1
12	99.2	43.4	11	92.8	44.5	9	89.6	45.4
19	117.5	50.8	18	107.3	49.5	16	106.9	50.5
26	114.8	49.2	25	112.0	52.6	23	107.8	51.0
Oct 3	111.2	49.0	Oct 2	111.5	51.3	30		
10	105.7	47.3	9	114.2	51.3	Oct 7		
17	111.6	47.3	16	116.5	51.5	14		
24	118.7	50.2	23	119.3	51.9	21		
31	131.8	54.3	30	124.9	55.4	28		
Nov 7	122.6	52.3	Nov 6	125.2	54.0	Nov 4		
14	125.6	52.1	13	127.0	55.6	11		
21	132.7	55.6	20	125.7	55.6	18		
28	103.7	44.9	27	100.7	45.3	25		
Dec 5	131.5	54.4	Dec 4	122.0	55.5	Dec 2		
12	128.1	56.3	11	118.1	55.5	9		
19	122.0	51.6	18	112.4	53.4	16		
26	80.4	34.0	25	88.2	42.9	23		
						30		

**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.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, OCTOBER 2000, WITH COMPARISONS <sup>1/</sup>												
CITY	OCT 1998			OCT 1999			SEP 2000			OCT 2000		
	Coop.	Federal Order	Differ-ence									
Dollars Per Hundredweight												
Atlanta, GA	19.22	18.07	1.15	19.42	18.87	0.55	16.27	14.94	1.33	16.32	14.99	1.33
Baltimore, MD	19.07	18.02	1.05	19.57	18.82	0.75	16.19	14.84	1.35	16.24	14.89	1.35
Boston, MA *	18.71	18.23	0.48	19.51	19.03	0.48	15.57	15.09	0.48	15.62	15.14	0.48
Carbondale, IL	18.36	17.00	1.36	19.51	17.80	1.71	15.75	14.04	1.71	15.80	14.09	1.71
Charlotte, NC	19.22	18.07	1.15	19.42	18.87	0.55	16.27	14.94	1.33	16.32	14.99	1.33
Chicago, IL	17.98	16.39	1.59	19.08	17.19	1.89	15.37	13.64	1.73	15.54	13.69	1.85
Cincinnati, OH	18.85	17.10	1.75	19.60	17.90	1.70	15.91	14.04	1.87	15.97	14.09	1.88
Cleveland, OH	18.49	16.99	1.50	19.29	17.79	1.50	15.61	13.84	1.77	15.77	13.89	1.88
Dallas, TX	18.40	18.15	0.25	18.95	18.95	0.00	15.64	14.84	0.80	15.69	14.89	0.80
Denver, CO	17.97	17.72	0.25	20.84	18.52	2.32	15.04	14.39	0.65	15.19	14.44	0.75
Des Moines, IA	17.39	16.54	0.85	18.74	17.34	1.40	14.68	13.64	1.04	14.73	13.69	1.04
Detroit, MI	17.81	16.84	0.97	18.64	17.64	1.00	14.89	13.64	1.25	14.89	13.69	1.20
Hartford, CT *	18.61	18.13	0.48	19.41	18.93	0.48	15.47	14.99	0.48	15.52	15.04	0.48
Houston, TX	18.94	18.69	0.25	19.49	19.49	0.00	16.24	15.44	0.80	16.29	15.49	0.80
Indianapolis, IN	18.44	16.89	1.55	19.14	17.69	1.45	15.71	13.84	1.87	15.77	13.89	1.88
Kansas City, MO	17.66	16.91	0.75	18.61	17.71	0.90	15.03	13.84	1.19	15.08	13.89	1.19
Louisville, KY	18.56	17.76	0.80	18.60	17.90	0.70	15.19	14.04	1.15	15.24	14.09	1.15
Memphis, TN	18.20	17.10	1.10	18.81	18.56	0.25	15.57	14.64	0.93	15.62	14.69	0.93
Miami, FL	21.99	19.17	2.82	21.99	19.97	2.02	18.78	16.14	2.64	18.83	16.19	2.64
Milwaukee, WI	17.89	16.30	1.59	18.99	17.10	1.89	15.32	13.59	1.73	15.49	13.64	1.85
Minneapolis, MN	17.02	16.19	0.83	18.24	16.99	1.25	14.53	13.54	0.99	14.70	13.59	1.11
New Orleans, LA	18.99	18.64	0.35	19.69	19.44	0.25	16.42	15.44	0.98	16.47	15.49	0.98
Oklahoma City, OK	18.41	17.76	0.65	19.36	18.56	0.80	15.49	14.44	1.05	15.54	14.49	1.05
Omaha, NE	17.49	16.74	0.75	18.79	17.54	1.25	14.73	13.69	1.04	14.78	13.74	1.04
Philadelphia, PA	19.10	18.08	1.02	19.50	18.88	0.62	16.36	14.89	1.47	16.41	14.94	1.47
Phoenix, AZ	17.51	17.51	0.00	18.31	18.31	0.00	14.34	14.19	0.15	14.39	14.24	0.15
Pittsburgh, PA	17.79	16.99	0.80	18.19	17.79	0.40	15.14	13.94	1.20	15.79	13.99	1.80
St. Louis, MO	18.36	17.00	1.36	19.51	17.80	1.71	15.55	13.84	1.71	15.60	13.89	1.71
Salt Lake City, UT	17.14	16.89	0.25	18.29	17.69	0.60	13.99	13.74	0.25	14.04	13.79	0.25
Seattle, WA	17.27	16.89	0.38	18.07	17.69	0.38	14.22	13.74	0.48	14.88	13.79	1.09
Spokane, WA	17.27	16.89	0.38	18.07	17.69	0.38	14.22	13.74	0.48	14.88	13.79	1.09
Springfield, MO	17.83	17.18	0.65	18.78	17.98	0.80	15.09	14.04	1.05	15.14	14.09	1.05
Washington, DC	19.07	18.02	1.05	19.57	18.82	0.75	16.19	14.84	1.35	16.24	14.89	1.35
Simple Average	18.33	17.42	0.91	19.15	18.22	0.93	15.48	14.32	1.16	15.60	14.37	1.23

\*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

<sup>1/</sup> Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OCTOBER 9 - 13, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	PERIOD ENDING 10/06/00	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-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	79,200	-0-	79,200	79,200	-0-	-0-	-0-
<b>TOTAL</b>	79,200	-0-	79,200	79,200	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	10,422,702	893,181	9,529,521	16,848,215	2,246,137	-0-	-0-
Fortified	925,748	-0-	925,748	925,748	661,248	-0-	-0-
<b>TOTAL</b>	11,348,450	893,181	10,455,269	17,773,963	2,907,385	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 9 - 13, 2000 =	3.0	122.5	COMPARABLE WEEK IN 1999 =	0.3
CUMULATIVE SINCE OCTOBER 1, 2000 =	4.6	207.7	CUMULATIVE SAME PERIOD LAST YEAR =	0.6
CUMULATIVE JANUARY 1 - OCTOBER 13, 2000 =	165.3	5,264.2	COMPARABLE CALENDAR YEAR 1999 =	41.6

\* 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 OCTOBER 9 - 13, 2000 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	79,200	171,930	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,357,591	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	79,200	-0-	429,827	-0-	17.8	0.0
WEST	-0-	-0-	-0-	-0-	17,344,136	2,907,385	82.2	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
<b>TOTAL</b>	-0-	-0-	79,200	-0-	17,773,963	2,907,385	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 09/23/00 & Comparable Week 1999 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10				
2000-Dairy cows HD (000)	0.2	1.0	6.1	4.4	21.5	2.4	0.9	0.8	11.2	2.4	51.0	1,920.3	47.3	48.7
1999-Dairy cows HD (000)	0.2	1.1	7.1	5.5	19.1	2.6	3.3	0.8	10.2	2.9	52.6	1,889.1	47.0	46.2
2000-All cows HD (000)	0.2	1.2	8.3	13.6	30.2	17.2	13.8	4.3	13.4	5.4	107.8	3,941.1		
1999-All cows HD (000)	0.3	1.3	9.8	14.5	25.8	16.6	20.1	3.9	12.7	7.2	112.0	4,093.2		

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)