

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (1/05):
BUTTER: Grade AA closed at \$1.1400. The weekly average for Grade AA is \$1.1338 (+.0038).

CHEESE: Barrels closed at \$1.0700 and blocks at \$1.0925. The weekly average for barrels is \$1.0850 (-.0338) and blocks, \$1.0900 (-.0550).

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 markets are generally steady, although the market undertone is mixed. Some producers and handlers feel that the cash price will remain stable for the near future while others feel that further weakness will prevail. Churning activity over the past year end holiday period was quite active. Cream stocks were readily available. In instances, the available cream was priced too high and some butter producers passed up the purchase opportunity. Stocks of butter are now starting to build. Production is surpassing current demand. For the most part, buying interest is slow and unaggressive with most orders being placed for short term or immediate needs.

CHEESE: The cheese market is unsettled to weak. At the Chicago Mercantile Exchange, cash cheese prices retreated from last week and are both below the government support prices. New orders are slow in developing in 2001. Cheese production is generally lighter after the extra holiday milk was processed. During the holiday abbreviated week of January 1 - 5, CCC purchased 103,169 pounds of blocks and 356,400 pounds of process from the Midwest. Cumulative 11 month cheddar production (adjusting for Feb. 29) is 2.65 billion pounds, up 74.5 million pounds (2.9%) from the same period in 1999. Cumulative total cheese output is estimated at 7.56 billion pounds, up 322.3 million pounds (4.5%) from last year.

FLUID MILK: Weather is again a factor in milk production and transportation. In the East, snowstorms in the urban area from Philadelphia to Boston disrupted deliveries from bottlers and to other plants. Storm forecasts caused a round of panic buying at the retail level and store shelves were often empty. In the South Central area some milk is still being lost due to ice storms a week or so ago. Many areas of Arkansas were still without electricity at midweek. Across the country, manufacturing operations came through the holiday period with few problems and surplus milk volumes were cleared easily. Bottled milk sales and production returned to more normal levels over the New Year's weekend. The fluid cream market is improving after being slow during the holidays. Many ice cream plants shut down for the last week to ten days of the year and they are now getting back on line.

DRY PRODUCTS: The NDM market is mostly steady, but prices have moved higher and lower as a new pricing system is being instituted by a national marketing agency. Buyer reaction to the new system is mixed. The dry whey market remains firm. Some extra product was made during the holiday

period, but this only allowed producers to get partially caught up on orders. Prices for dry whey have been moving steadily higher for more than two months and buyers are starting to show more resistance. The WPC market is firm and prices moved higher this week. Offerings from the producers are limited and any spot needs are usually filled from the resale market. The lactose market is steady though prices moved fractionally higher. Producer offerings range from light to sold out and domestic demand is steady to slightly improved.

CCC: During the week of January 1 - 5, CCC net purchases included: 9,989,736 pounds of nonfortified NDM, 264,484 pounds of fortified NDM, 103,169 pounds of blocks, and 356,400 pounds of process cheese. The cheese was all Midwest and the NDM all came from the West. The CCC announced 370.4 million pounds of NDM as uncommitted as of December 29.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the December 2000 prices under the Federal Milk Order pricing system: Class II \$13.97 (up \$.29), Class III \$9.37 (up \$.80); and Class IV \$13.27 (up \$.27). Product price averages used in computing Class prices are: butter \$1.4698, NDM \$1.0158, cheese \$1.0898, and dry whey \$.2172. The Class II butterfat price is \$1.6604 and the Class III/IV butterfat price is \$1.6534. Further information may be found at: www.ams.usda.gov/dairy/mib/classprcacnmt.pdf

SUPPORT PRICES FOR MILK AND MILK PRODUCTS (FSA): The U.S. Department of Agriculture announced that the Commodity Credit Corporation (CCC) purchase prices for butter, nonfat dry milk, and cheese bought under the Milk Price Support Program will remain unchanged for now, but will be reconsidered as the 2001 calendar year begins. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, extends the program through calendar year 2001 at the 2000 support price of \$9.90 per hundredweight of milk with an annual average milkfat content of 3.67% milkfat. The CCC purchase prices for these dairy products are currently: butter, \$0.6680; block Cheddar cheese, \$1.1220; barrel cheese, \$1.0920; and nonfat dry milk, \$1.0100. These current purchase prices became effective July 31, 2000.

DECEMBER AGRICULTURAL PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2000 was unchanged at 121 and is up 4 points (3.4%) from last December. The index of prices received by farmers for dairy products advanced 3 points during the month of December 2000 to 99 which is up 6 points (6.5%) from December 1999. Prices received by farmers in December with changes from November were: for All Milk, \$12.90 per hundredweight, up \$.30; Fluid Grade Milk, \$13.00, up \$.40; and for Manufacturing Grade Milk, \$10.80, up \$.40.

****SPECIALS THIS ISSUE****

BUTTER AND CLASS III & IV FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 DECEMBER MONTHLY AVERAGES AND SUMMARY (PAGES 9-11)

DECEMBER DEIP PURCHASES (PAGE 12)
 DECEMBER AGRICULTURAL PRICES HIGHLIGHTS (PAGE 13)
 GRAPHS (PAGE 14)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 1	TUESDAY JANUARY 2	WEDNESDAY JANUARY 3	THURSDAY JANUARY 4	FRIDAY JANUARY 5	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	No	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0700 (-.0200)	-.0200	\$1.0850 (-.0338)
40# BLOCKS	Trading	\$1.0900 (-.0300)	\$1.1000 (+.0100)	\$1.0775 (-.0225)	\$1.0925 (+.0150)	-.0275	\$1.0900 (-.0550)
BUTTER GRADE AA	Holiday	----	\$1.1275 (N.C.)	----	\$1.1400 (+.0125)	+.0125	\$1.1338 (+.0038)

*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 (NOTE: The NDM daily/weekly prices are no longer reported here. Extra Grade and Grade A prices are \$1.0300. They last changed 9/1999. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 1, 2001

HOLIDAY - NO TRADING

TUESDAY, JANUARY 2, 2001

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.0875, 1 @ \$1.0900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0950

WEDNESDAY, JANUARY 3, 2001

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.0700, 1 @ \$1.0900, 1 @ \$1.0800, 1 @ \$1.0900; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0900

BUTTER -- SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1200, 1 @ \$1.0500; OFFERS UNCOVERED: NONE

THURSDAY, JANUARY 4, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0775

FRIDAY, JANUARY 5, 2001

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.0850, 1 @ \$1.0725, 1 @ \$1.0925; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0700

BUTTER -- SALES: 1 CAR GRADE AA @ \$1.1400; BIDS UNFILLED: 14 CARS GRADE AA: 1 @ \$1.1350, 2 @ \$1.1300, 3 @ \$1.1275, 2 @ \$1.1250, 2 @ \$1.1225, 2 @ \$1.1200, 2 @ \$1.0500; OFFERS UNCOVERED: NONE

Dairy Market News will resume reporting of CME nonfat dry milk sales, bids, and offers, should trading activity occur.

BUTTER MARKETS

NORTHEAST

The market tone remains weak. Prices at the CME continue to decline, but at a much slower rate. Contacts still expect further price erosion and most buyers are adopting a wait and see posture with regard to building inventories for anticipated 2001 needs. Speculators and end users are waiting to see where prices will "settle out" before purchasing. Despite the recent, holiday induced drop in butter stocks, there are still more than sufficient volumes in storage to cover current needs. Eastern producers are now more self sufficient (higher output and lower demand) and less or no West Coast butter is being shipped cross country. Now that the holiday needs have been filled, orders are slow and producers are starting to rebuild stocks. Retail sales are slow to fair and retailers are working off pre-holiday stocks before reordering. Food service orders are steady to slower. 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 cash price at the CME has held steady in recent trading sessions. Many producers and handlers feel that these prices will probably hold at this level for quite some time. A factor that some producers are concerned about is the influence butter prices have on milk pricing. Some state that fluctuating pricing on the cash market could be more of a factor of milk pricing versus supply/demand of butter.

Churning schedules over the year end holidays were active. Cream supplies were readily available, but in instances, the price was too high and butter operations did not take advantage of all available supplies. Stocks of butter are sufficient to meet current needs. In most instances, butter production is surpassing current demand, thus inventories are once again starting to build. Most current orders are being placed for short term or immediate replacement needs. Bulk butter is available for spot sale with prices ranging from 1 to 3 cents over various pricing bases.

WEST

Print butter sales are slow this week. Buyers continue to assess their needs following the good holiday sales period. Many are wondering if prices may possibly decline further in the new year. Bulk sales are good and clearing stock levels quite well. Shipments are moving out of the region to other parts of the country. Cream sales are also improving. Inventories are generally on the lighter side with buyers likely to stockpile some butter during the first quarter. The weekly CME butter report in approved warehouses is growing as it normally does at the start of a new year. Stocks got down to 9.67 million pounds and have now grown back to 13.58 million pounds. Current prices for bulk butter nominally range from 4 cents under to flat market based on the CME with various time frames and averages involved.

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

<u>WEEK ENDING</u>	<u>40# BLOCKS</u>	<u>CHEESE BARRELS</u> 39% MOISTURE	<u>BARRELS</u> 38% MOISTURE	<u>NDM</u>	<u>BUTTER</u>	<u>DRY WHEY</u>
DECEMBER 30	1,1101 5,301,274	1,1042 7,359,652	1,1223 7,359,652	1,0144 13,165,542	1,1129 3,141,494	0,2329 3,975,477

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

CHEESE MARKETS

NORTHEAST

Prices are mixed, but the market tone remains weak. Prices at the CME have moved lower during late-year trading sessions, but the weekly average for blocks did show an increase from the previous week. Production levels were a little higher during the holiday period, but with schools reopening the demand for Class I milk is taking more milk. Overall, demand for cheese is fair to good. For food service, orders are holding up while retail movement is slow to fair. Distributors are back to work after the second consecutive holiday weekend and most are very active trying to fill/restock customer inventories. At the producer level, cheese demand is good for mozzarella and fair for cheddar.

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

Cheddar 10# Prints	:	1.1875-1.6575
Cheddar Single Daisies	:	1.1450-1.6050
Cheddar 40# Block	:	1.2850-1.4650
Process 5# Loaf	:	1.3300-1.5025
Process 5# Sliced	:	1.3525-1.6050
Muenster	:	1.3475-1.5550
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled as traders sort out the supply/demand situation after the holidays. Current block prices on the Chicago Mercantile Exchange again moved below the CCC support price of \$1.1220 while barrels are just fractionally below the \$1.0920. New orders are generally slow to develop right after the holiday as buyers assess current inventory and anticipated demand. Mozzarella remains tight to just in balance. Current cheese production is mostly lighter as many schools are back in session and the diverted fluid supplies disappeared after the holidays. Some clearances of Midwestern cheese to CCC continue, but with delays in lab results, it remains difficult to determine when the cheese was produced. The Kansas City Commodity Office is seeking offers to sell to CCC an additional 6.0 - 14.5 million pounds of mozzarella for shipment in February through June 2001. Offers are due January 5.

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

Process American 5# Loaf	:	1.3175-1.4800
Brick And/Or Muenster 5#	:	1.4700-1.7400
Cheddar 40# Block	:	1.4700-2.1150
Monterey Jack 10#	:	1.6700-2.1150
Blue 5#	:	1.8850-2.0900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0950-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 1 - 5, 2001
BARRELS*	:	\$1.0900 - 1.1050 (NOMINAL)
	:	(-\$.0425) (-.0400)
40# BLOCKS	:	\$1.0900 - 1.1550 (NOMINAL)
	:	(-\$.0525) (-.0375)

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

WEST

Market prices are generally reflecting some weakness following recent trading at the CME. Processors continue to look for reasonably priced solids for first quarter needs. Current block demand is fair. Mozzarella supplies remain a bit on the short side. To compound this issue, CCC is looking for offers of mozzarella for the first quarter. Swiss sales at the end of the year were good. Stocks are in very good shape with most producers trying to maximize production. Milk supplies to cheese operations over the holiday period were not as heavy as in the past few years. The offerings were handled in a very orderly fashion.

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

Process 5# Loaf	:	1.2700-1.5300
Cheddar 40# Block	:	1.2675-1.4075
Cheddar 10# Cuts	:	1.4475-1.6675
Monterey Jack 10#	:	1.4575-1.6175
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5400

FOREIGN

Domestic cheese prices are fractionally higher and imported styles are unchanged. The market tone is slower now that the holidays are over. Some lingering demand is expected to continue through January. Stocks of most types of cheese are adequate. Distributors are active this week after two, holiday shortened work-weeks.

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	: 1.4900-2.9850*
Gorgonzola	:	3.2400-5.9400	: 2.0400-2.4900*
Parmesan (Italy)	:	TFEWR	: 2.9050-2.9300*
Romano (Italy)	:	2.1000-2.5400	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 1.4975-1.7750*
Romano (Cows Milk)	:	-0-	: 2.6800-4.8550*
Sardo Romano (Argentina)	:	2.6500-3.2900	: -0-
Reggiano (Argentina)	:	2.6500-3.2900	: -0-
Jarlsberg-(Brand)	:	2.7400-3.3100	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-
Swiss Cuts Austrian	:	2.2500-2.7500	: -0-
Edam	:	:	:
2 Pound	:	TFEWR	: -0-
4 Pound	:	2.1900-3.0900	: -0-
Gouda, Large	:	2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	: -0-

* = Price change.

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

Note: 2 additional Western locations have been added in 2001, increasing this week's total by 42.4% for butter and 0.2% for cheese from what original sample numbers would have been. The adjusted December 1 weekly and U.S. estimate have been adjusted to include the new facilities.

		BUTTER	: CHEESE
	01/01/01	7,758	: 133,996
(Adj)	12/01/00	6,166	: 130,093
	CHANGE	1,592	: 3,903
	% CHANGE	26	: 3

Based on the historical relationship of the preliminary U.S. Cold Storage report of Nov 30, 2000 and the selected centers storage report, the expected U.S. holdings as of Jan 1, 2001 are:

Butter 34 million pounds plus or minus 0.93 percent
Cheese 532 million pounds plus or minus 2.00 percent

FLUID MILK AND CREAM

E A S T

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
Florida	0	20	0	128	0	0
Other Southeast States	0	0	0	0	0	0

NOTICE: This week we are starting to show the milk imports and/or exports, with comparisons, for Florida and other Southeastern states in a table format. This is a change from our usual narrative format and should be easier to follow and interpret.

Another snow storm has disrupted milk sales and transportation schedules. This is the third or fourth week in a row that weather has caused problems somewhere in the East. Eastern urban centers from Philadelphia north got as much as 2 feet of snow over the holiday weekend. Retailers were screaming for milk as they could not keep it on the shelves. Most bottlers were running flat out to keep pace with the excellent orders. Besides the storm induced retail sales, schools are reopening this week and those pipelines were being refilled. Southern bottlers were also dealing with some panic buying plus schools reopening. Some schools in Florida will not reopen until next week. Milk output was hard to get a handle on because of the storms delaying farm pick ups. Most contacts report lower milk production in the Northeast while steady to slightly higher output is noted in the Southeast. Florida handlers had to clear some milk out of state, but volumes are lighter. Handlers in other Southeastern states did have milk to move around to cover for the milk normally picked up in Arkansas and Oklahoma. Parts of those states are still without power. Surplus milk supplies are lighter because of the great demand for bottled milk. Most contacts at manufacturing plants report one of the easiest holiday seasons in memory. There were few, if any, mechanical problems and most operations were caught up by Wednesday. The condensed skim market is little changed. Offerings are up slightly, but prices are holding. Fewer loads moved into Class III channels and few spot sales of Class II or III were noted. Some operations, despite the high cost of natural gas, did dry some skim rather than sell at distressed prices. The fluid cream market is firming. Supplies are tightening as demand improves with the reopening of some ice cream plants. Suppliers who had cream to sell last week, when regular buyers were closed, are now pretty well cleaned up. Spot prices are mostly lower. The CME weekly average butter price was more than a penny lower and multiples were mixed, mostly lower. Use in UHT bottled cream and sour cream is steady to lighter. Cream cheese output is mostly steady. Churning activity was moderate to heavy over the holidays, but lighter now that cream demand is getting back to more normal levels.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. PRODUCING PLANTS: NORTHEAST	1.3334-1.5594
DELIVERED EQUIVALENT ATLANTA	1.3108-1.5594 M 1.4916-1.5368
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	1.4464-1.5820
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS	
F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	.7200-1.0100

M I D W E S T

Class I demand recovered quickly after the holidays as bottlers prepared for the reopening of schools in the new year. Despite reports of a few temporary plant breakdowns, the New Year weekend was probably even less of a problem handling extra fluid than the Christmas weekend. Strong Class I interest was causing extra loads to move from manufacturing plants by midweek to help with orders. Some loads offered for sale to manufacturing firms by bottlers were later canceled. Cottage cheese and dip interest remains fairly good. Milk supplies, after the holidays, have returned to being tight in most of the upper Midwest. Some weekend surplus was cleared to manufacturing with little, if any, reported moving in from any great distance. Most spot manufacturing prices ranged from \$.25 below class to right around class over the holiday

weekend. Manufacturing milk buyers were starting to offer premiums again after the holiday. A total of 17 loads of Wisconsin milk was shipped into Missouri. Cream demand is spotty as some operations, such as ice cream, are waiting until February to step up production to build pre-season inventory. Some late year additional interest in spot cream was noted by a few sellers. Large increases in fuel prices such as natural gas are an issue for manufacturing plants trying to maintain profitability. As temperatures moderated closer to seasonal levels, plant milk intakes were steady to slightly higher. Fat and protein tests on incoming milk supplies remain at good early winter levels. Farm sellouts and thoughts of sellouts due to low milk prices remain a concern for plant operators. Despite record December total snowfall in many locations in the upper tier of states, limited attempts at harvesting some of the remaining standing corn continues. The deep snow has hindered manure hauling for many producers. Keeping snow levels manageable on roofs remains a concern for producers and homeowners.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 28 - JAN 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.50- 43.00	\$ 34.00- 40.00
REPLACEMENT HEIFER CALVES	\$150.00-265.00	\$280.00-360.00

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

	DEC 28 - JAN 3	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 46.00	\$ 30.00- 42.00

W E S T

The December 4a price (butter/powder) in California is \$13.14, down 22 cents from November but \$2.42 higher than last year. The December 4b (cheese) is \$9.39, up 68 cents from November but 28 cents lower than last year. The California Department of Food and Agriculture (CDFA) has received petitions calling for temporary fuel surcharge relief and temporary utility cost relief. The petitions seek temporary Class 1, 2, and 3 price increases to help dairy producers offset increases in fuel surcharges and utility costs. A hearing on these petitions is set for January 12. The year-end holidays typically create headaches in handling surplus milk supplies. However, the trade reports that this year was one of the best on record. There were localized areas that reported problems, but overall, the problems were manageable. Plant capacity was ample in California to handle surplus milk. The trend in milk production is mostly steady at levels near a year ago to slightly higher. Fluid milk orders were higher across much of the state as many schools resumed schedules and milk pipelines were filled ahead of orders. Retail demand is back to normal following the holiday weeks. Cream markets were returning to pre holiday mode following several weeks of turmoil. Local churning was higher to process cream not wanted in other areas. Ice cream producers are taking more cream. Butter makers are assessing the butter market and would like to make more butter at this time. Multiples are nominally 110 to mid 130's FOB, but not fully tested. At the lower multiples, processors are losing money. Milk production in Arizona is trending steady to seasonally higher. Processing capacity was ample to handle milk in the state. Milk output is steady to slightly higher in New Mexico at levels generally above a year ago. There were some problems handling milk over Christmas weekend due to a plant breakdown, but other plants were able to handle the extra loads. The plant was down four days before operations returned to normal. Milk production remains seasonally strong in the Pacific Northwest. Temperatures are much cooler and moisture is in the forecast. Conditions have been dryer than normal, so the rain/snow is welcome. Producers did get their Dairy Market Loss Assistance checks from the government this past week. Many commented that they really needed the money to get through the end of the year. Many herds in the region are up for sale, but the demand for these animals is much slower than a few weeks ago. Transportation problems are easing now that the end of the year holidays are past. This is helping with product sales and with procurement of feedstuffs. Dairy producers are looking for hay after the holidays and prices are showing a firmer undertone. Culling rates remain light, but they may pick up in January. Most of the time culling is more aggressive after the end of the year holidays. Cold and foggy conditions are common over northern Utah and southern Idaho. Stress on the milking herds from these conditions is light so far. Butterfat tests are seasonally strong on producer receipts.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/04/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a steady market. Strength in the Grade A market is encouraging some plants to impose higher premiums on their product. However, with some plants occasionally filtering supplies into the CCC, the Extra Grade market is trending steady. Distressed milk supplies from holiday schedules were less than anticipated and well below volumes of last year. Production is unchanged and inventories are in balance. Demand is strong on NDM totes and steady on contractual commitments. High heat production is on an as needed basis for the good demand. Supplies are tight at premiums 2-10 cents over the average.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0750 MOSTLY: 1.0300 - 1.0350

DRY BUTTERMILK - CENTRAL

Prices are higher on a firm market. While churning activity is increasing, supplies remain short of current interest. Condensed is clearing well with some plants buying additional loads to dry in order to satisfy the good demand. Movement is best on regular commitments into seasoning and ingredient companies. Supplies remain tight with no gains anticipated until significant increases in the milk supply are noted. Aged product is being offered at delivered prices below the range.

BUTTERMILK: 1.0100 - 1.0700

DRY WHEY - CENTRAL

Prices are higher on a firm market. Price increases continue to perplex buyers, especially in the feed industry. Supplies remain tight with some plants sold out and unable to trade on a spot basis. Inquiries are being noted from domestic and export markets. Increases in production normally anticipated for this time of year are not being realized as distressed milk volumes were not significant over the holidays. Lactose is again being mentioned as a substitute into feed and edible formulas. Some producers are speculating that the market may be nearing a peak. Contracts are heavier this year than last. Off grade supplies are tight.

NONHYGROSCOPIC: .2625 - .2850 MOSTLY: .2625 - .2675

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher on a firm market. While some buyers are resisting current milk replacer prices, others see milk replacer as a welcome bargain compared to the Extra Grade market. Supplies are tight for the good demand. Roller ground production is steady and stocks are mixed with some plants sold out and others running a little long. The delactose market is firm in response to higher whey and WPC prices and increased demand. While the average continues to be the main price indicator for the market, some producers are diverting to alternative pricing mechanisms that may inhibit further reporting of the delactose market. All animal feed manufacturers are feeling the pinch of increasing energy prices. Early weaned pigs and feeder pigs are trading higher while lean hogs trend lower. Veal markets are mostly steady.

MILK REPLACER: .2100 - .2200
ROLLER GROUND: .2475 - .2725
DELACTOSE (Min. 20% protein): .3950 - .4050

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady market. Supplies are mixed. Most plants are in balance or sold out while others, that predominantly cater to the domestic front, are running a little long. Export movement is good, especially into Japan, China and Mexico. Tighter supplies in Europe due to BSE may account for the increased export movement on a spot and contractual basis. Domestic interest is fair and somewhat improved over the month and quarter prior. Higher whey prices are encouraging buyers to inquire on lactose availability. Extra Grade 30-60 mesh is available at the lower end of the range. Off grade supplies are tighter than in previous weeks and trading at prices below the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2100 MOSTLY: .1625 - .1725

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. While extra volumes of condensed were available over the holidays, increases in production are insufficient to compensate the current strong demand. Inventories are generally in balance with some manufacturers shorting buyers of contractual loads. Inquiries from Asia and Mexico are often being turned down due to a lack of supplies. Market strength is partly explained by the increased demand for protein in Europe. Heavy interest in condensed WPC for high protein and feed facilities is also encouraging a firm market. Inquiries from domestic food and feed facilities are heavy. Contracts on WPC are heavier than last year. Off grade demand is good and supplies are tight.

EXTRA GRADE 34% PROTEIN: .7475 - .7800 MOSTLY: .7475 - .7675

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are slightly higher in light to moderate trading. The market tone is steady to weak. Offering to the CCC at the support price of \$1.01 continue to be used to clear the market and help producers balance stocks. High energy and fuel costs continue to plague producers. Producers would like to move milk away from dryers if possible, but production was moderate to heavy over the year end. Milk volumes were not as heavy nor stressed as in years' past. NDM demand is fair with the spot market movements limited. Buyers are assessing the effects of new contract pricing agreements. NDM stocks range from light to heavy. For the week of December 25 - 29, CCC net purchases totaled 10.0 million pounds of nonfortified and 0.5 million pounds of fortified NDM, most from the West. For calendar year 2000, CCC purchased 558,074,132 pounds of NDM compared to 236,917,513 pounds during 1999.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0275 MOSTLY: 1.0050 - 1.0150
HIGH HEAT: 1.0400 - 1.0700

DRY BUTTERMILK - WEST

Dry buttermilk prices are slightly higher on the top end of the range, but are holding mostly steady. Trading activity remains light, especially for spot sales. Production was higher over the end of year holidays, reflecting increased churning activity. Some seasonal demand is expected to show up in the near term. Stocks are only slightly higher.

BUTTERMILK: .9700 - 1.0300 MOSTLY: .9800 - .9900

DRY WHEY - WEST

Prices continue to increase for Western whey powder. Many buyers are reporting that they now have to pay premiums to get supplies in any kind of a timely fashion. New buyers, those that do not have a regular relationship with a producer, are most often going unsatisfied. No new sales of Western powder into the Central region to satisfy shortfalls are noted. Western stocks are very light and held with increasing confidence. Production did perk up a bit over the holidays when some additional surplus milk became available, but even this did not help the supply situation much. There continues to be a very firm undertone to the market.

NONHYGROSCOPIC: .2000 - .2650 MOSTLY: .2050 - .2200

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
December 29	\$1.0102	10,839,509
December 22	\$1.0095	13,496,456

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 for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are both lower and higher and still nominal in the Northeast. The lower prices do not reflect a weakness in the market nor do the higher prices reflect firmness, but rather the implementation of a new pricing structure. Production was heavier during the holiday period, but surplus milk supplies have returned to a relatively tight position. The additional holiday milk did provide most producers with the opportunity to make some NDM. This was the first powder some plants made in many weeks and having some to sell was welcomed. Demand is fair as more buyers experience the new pricing system first hand; some state that it will be a learning process. Others are looking for sources outside the marketing agency. Some buyers are pleased that NDM is again available from Eastern producers. For much of the fall, most Eastern producers had little or no NDM available for sale and Western powder was substituted. Currently, condensed skim spot sales are lighter which provides more skim to dry. The high costs of natural gas and other fuels continue to be a factor in decisions on whether or not to dry.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 1.0850 MOSTLY: 1.0450 - 1.0700
HIGH HEAT: 1.0600 - 1.1200 MOSTLY: 1.0800 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and nominal in the Northeast, unchanged to moderately higher delivered in the Southeast. Production was up over the holiday period and a few producers have powder on hand to offer. For the most part, dry buttermilk is clearing satisfactorily. Some butter makers are moving all the buttermilk as a liquid rather than dry it. As more ice cream plants get back on line after the holidays, demand for liquid/condensed buttermilk has improved. Churning activity in the East is moderate.

F.O.B. NORTHEAST: .9800 - 1.0000
DELVD SOUTHEAST: 1.0100 - 1.1000

DRY WHOLE MILK - NATIONAL

Prices are mostly steady to lower and the market tone is unchanged. The butter price at the CME has changed little in the past few trading sessions. This has allowed dry whole milk producers, particularly in the West, to maintain their prices. Production levels are steady to heavier as more milk was available during the year end holiday period. However, surplus milk volumes have tightened now that schools are back in session and taking more milk. Plant stocks remain closely balanced and demand is slow to fair.

F.O.B. PRODUCING PLANT: 1.2275 - 1.3500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH DECEMBER 29, 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 higher again this week as many Eastern producers base their prices on the Central States market that did increase again last week. The market tone is firm. Some extra whey was dried during the holiday period which allowed producers to get partially caught up on orders. Most are barely able to keep pace with contract deliveries. Some operations did shut down their dryers on Christmas and New Years Days. Others are not taking any new orders and those that are taking orders are doing so for delivery in February or March. A lot relates to how much surplus milk is available to Eastern cheese plants in coming weeks. Demand for dry whey is very good, but buyers are showing more concern with the rising prices. Animal feed makers are starting to look for alternatives, but at the same time, they are not turning away too many offers of "off grade" dry whey. Traders and buyers are having little success finding dry whey at the producer level and are having to look to the resale market for spot loads. Northeast prices remain nominal.

F.O.B. NORTHEAST: EXTRA GRADE .2625 - .2725
USPH GRADE A .2575 - .2725
DELVD SOUTHEAST: .2925 - .3200

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand is slow to fair and following normal, post-holiday patterns. Production levels are moderate, but surplus milk volumes over the holidays were not as heavy as some had expected. Current production is generally going to replenish inventories.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

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

CASEIN - NATIONAL

Casein markets remain firm with prices generally higher across both price ranges. A new quarter is at hand, thus contract prices are higher. As the fourth quarter of 2000 wound down, some buyers indicated that their calendar year deliveries were lighter than projected. Many indicated that lighter production from the sourcing countries was the main reason. Firm international skim milk prices and aggressive skim sales were the major factors for lighter casein output for many. Most domestic buyers feel that the casein market situation during the coming year will probably be much the same as it has been for the last half of 2000, firm prices and limited supplies.

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

RENNET: 2.3000 - 2.5000
ACID: 2.4500 - 2.5500

CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

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

Month	12/20	12/21	12/22	12/25	12/26	12/27	12/28	12/29	01/01	01/02
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
DEC 00	9.23 (1106) 2	9.20 (1044) 10	9.35 (1044) 0	NO TRADING	9.35 (1047) 3	9.43 (1045) 0	9.38 (1063) 19	9.38 (1028) 0	NO TRADING	9.38 (1028) 3
JAN 01	9.81 (843) 19	9.77 (850) 8	9.88 (847) 7		9.90 (846) 4	9.99 (788) 128	9.90 (811) 87	9.85 (821) 17		9.80 (830) 12
FEB 01	9.84 (785) 38	9.80 (790) 11	9.81 (790) 2		9.81 (791) 24	9.85 (785) 24	9.82 (794) 51	9.82 (787) 42		9.82 (789) 18
MAR 01	10.00 (643) 33	10.00 (643) 0	10.01 (642) 3		10.01 (645) 28		10.00 (643) 11	10.00 (643) 4		9.97 (644) 5
APR 01	10.11 (598) 12	10.07 (598) 0	10.07 (598) 0		10.07 (600) 7	10.10 (603) 3	10.05 (604) 4	10.07 (606) 2		10.02 (611) 5
MAY 01	10.15 (694) 15	10.08 (694) 0	10.08 (694) 1		10.08 (694) 2	10.09 (693) 4	10.09 (693) 1	10.05 (695) 7		10.07 (696) 1
JUN 01	10.55 (519) 22	10.58 (529) 17	10.56 (533) 5		10.60 (541) 8	10.65 (544) 3	10.61 (550) 6	10.60 (550) 0		10.55 (551) 1
JUL 01	11.13 (376) 23	11.14 (382) 7	11.05 (384) 2		11.10 (385) 1	11.14 (388) 3	11.10 (388) 0	11.02 (388) 4		11.06 (395) 7
AUG 01	11.44 (437) 26	11.43 (447) 24	11.44 (449) 2		11.44 (450) 1	11.43 (443) 13	11.39 (443) 1	11.34 (446) 7		11.32 (453) 7
SEP 01	11.49 (357) 43	11.47 (362) 7	11.45 (365) 3		11.45 (366) 1	11.44 (368) 17	11.43 (369) 1	11.40 (371) 5		11.40 (373) 3
OCT 01	11.47 (297) 26	11.45 (302) 10	11.45 (300) 10		11.45 (301) 1	11.44 (302) 17	11.42 (304) 2	11.40 (306) 2		11.40 (342) 40
NOV 01	11.13 (154) 17	11.16 (154) 1	11.10 (155) 3		11.10 (155) 1	11.09 (155) 2	11.08 (157) 3	11.05 (157) 0		11.05 (158) 1
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
DEC 00	13.40 (320) 0	13.40 (320) 0	13.34 (320) 0	NO TRADING	13.30 (320) 0	13.34 (282) 6	13.30 (269) 0	13.30 (269) 0	NO TRADING	13.23 (274) 5
JAN 01	11.75 (223) 25	11.85 (223) 0	11.85 (223) 0		11.80 (224) 1	11.89 (224) 1	11.88 (224) 0	11.88 (224) 0		11.88 (230) 6
FEB 01	11.70 (193) 42	11.80 (193) 0	11.80 (193) 0		11.80 (196) 3	11.80 (196) 0	11.80 (198) 2	11.90 (198) 0		11.90 (203) 5
MAR 01	11.75 (122) 2	11.90 (122) 0	11.90 (122) 0		11.90 (124) 2	11.89 (124) 0	11.89 (126) 2	11.90 (126) 0		11.90 (126) 0
APR 01	11.80 (128) 6	11.95 (128) 0	11.95 (128) 0		11.88 (128) 0	11.88 (128) 0	11.87 (132) 7	11.95 (141) 9		11.99 (141) 0
MAY 01	11.80 (172) 0	11.80 (172) 0	11.90 (172) 0		11.90 (173) 1	11.90 (173) 0	11.90 (173) 0	11.90 (175) 2		12.00 (175) 0
JUN 01	12.00 (122) 1	12.00 (122) 0	12.00 (122) 0		12.01 (123) 1	12.01 (123) 0	12.01 (123) 0	12.01 (125) 6		12.10 (125) 0
JUL 01	12.20 (125) 1	12.20 (125) 0	12.20 (125) 0		12.25 (129) 4	12.21 (129) 0	12.21 (129) 0	12.21 (129) 0		12.21 (129) 0
AUG 01	12.51 (64) 2	12.55 (64) 0	12.55 (64) 0		12.55 (64) 0	12.55 (64) 0	12.55 (66) 2	12.55 (66) 0		12.55 (66) 0
SEP 01	12.55 (26) 5	12.60 (26) 0	12.60 (26) 0		12.60 (29) 5	12.65 (29) 0	12.65 (37) 10	12.69 (44) 7		12.70 (44) 0
OCT 01	12.69 (41) 4	12.70 (47) 6	12.69 (47) 0		12.69 (57) 10	12.69 (57) 3	12.68 (58) 2	12.70 (63) 5		12.69 (63) 0
NOV 01	12.55 (40) 2	12.55 (45) 5	12.68 (50) 5		12.68 (67) 17	12.67 (67) 0	12.67 (79) 12	12.70 (84) 5		12.70 (84) 0
CME - BUTTER FUTURES -- Cents per pound										
MAR 01	114.02 (78) 0	114.25 (78) 0	117.25 (78) 0	NO TRADING	117.25 (80) 2	117.75 (80) 0	117.75 (82) 2	116.75 (87) 5	NO TRADING	117.00 (87) 0
MAY 01	118.00 (21) 0	118.00 (21) 0	118.00 (21) 0		119.00 (21) 0	120.00 (21) 0	120.00 (21) 0	120.00 (21) 0		120.00 (21) 0
JUL 01	121.50 (14) 0	122.50 (14) 0	122.50 (16) 2		123.50 (27) 13		123.50 (33) 6	123.50 (33) 0		123.50 (33) 0
SEP 01	126.00 (7) 0	126.75 (27) 26	127.00 (27) 0		127.00 (30) 3	128.25 (30) 0	128.25 (32) 2	128.25 (34) 2		127.75 (34) 0
OCT 01	127.50 (2) 0	127.50 (2) 0	127.50 (2) 0		127.50 (2) 0	127.50 (2) 0	127.50 (2) 0	127.50 (2) 0		127.50 (2) 0
NYBOT - MILK INDEX -- Dollars per cwt.										
DEC 00	9.25 (17) 0	9.25 (17) 0	9.25 (17) 0	NO TRADING	9.40 (17) 0	9.40 (17) 0	9.40 (17) 0	9.40 (17) 0	NO TRADING	9.40 (17) 0
JAN 01	9.75 (3) 0	9.75 (3) 0	9.75 (3) 0		9.80 (3) 0	9.85 (3) 0	9.85 (3) 0	9.85 (3) 0		9.85 (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 December 26, 2000 - January 5, 2001

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: The dairy situation in Western Europe is basically quiet as it has been during the past year-end holidays. A few buyers have returned to the market following the holidays, but for the most part, European traders do not foresee too much buyer interest for the balance of the month. Some buyers that have returned to the market are asking for specific origin products and finding availability to be limited or if sourced, too expensive. The fluctuating U.S. dollar and refund uncertainties are making sales transactions difficult to finalize at this time. Stocks of manufactured dairy products in Europe remain limited. Buyers now and before the holiday were transacting business for February or March deliveries. In many instances, producers have already fully committed their first quarter's production. Some buyers question that if supplies are already in close balance or already committed, what will the situation be for the balance of the year from Europe. Buyers are indicating that stocks in the Oceania region are not as plentiful as many had anticipated, thus international prices remain firm and stocks are not readily available.

BUTTER/BUTTEROIL: European butter and butteroil markets are basically steady, although a slight firmness occurred in butteroil pricing. This is basically due to the limited butteroil volumes. Butter production in Eastern and Western Europe is seasonally light and available milk is clearing to other manufactured dairy products at this time. Stocks of butter are sufficient to meet local needs with minimal international buyer interest being reported.

82% BUTTERFAT:	1,250 - 1,400
99% BUTTERFAT:	1,400 - 1,650

SKIM MILK POWDER (SMP): Skim powder markets remain firm at unchanged prices. Stocks are limited for immediate needs, although buyers are booking deliveries for February and/or March. It is reported that many producers have already committed a large percentage of their first quarter production. Some buyers are trying to secure a source for second quarter production, but at this time, many producers are not acknowledging these inquiries.

1.25% BUTTERFAT:	2,100 - 2,250
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices, although the undertone remains firm. Stocks are limited for immediate shipment with most activity occurring for shipments in February or March. This February or March commitment will basically clear all production from many producers. Although shipments are scheduled for the next few months, minimal new sales activity is occurring this close to the recent holidays.

26% BUTTERFAT:	1,900 - 2,150
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SWEET WHEY POWDER: Whey powder markets remain firm with prices basically unchanged. Demand remains strong, especially from the calf feed industry. Feed buyers are looking to alternative protein sources due to the recent ban of animal meal in feed rations. Stocks of whey powder are quickly absorbed, thus minimal volumes are available on an immediate shipment basis.

NONHYGROSCOPIC:	550 - 700
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OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe is reported to be holding steady at seasonally low levels. Some slightly higher receipts are being reported, but for the most part, production patterns are typical for this time of the winter. Stocks remain in close balance and are mostly fully committed or completely gone. Buyer interest is reported to be slow.

OCEANIA

OVERVIEW: Milk production patterns in Australia and New Zealand continue to be much the same as in recent weeks. Output has surpassed the seasonal peak and is now on a downward trend. Many milk handlers indicate that this peak arrived a little earlier than anticipated, thus overall milk output did not attain the levels many had anticipated. Stocks of manufactured dairy products in the Oceania region are reported to be in close balance. In most instances, stocks already generated have been fully committed and a large percentage of upcoming production is also spoken for. Due to this supply situation, there are minimal volumes of dairy products available for spot sale. Sales activity at this time is slow. Most buyers are now just returning to the market following the recent year-end holidays. Many traders are not expecting too much buyer interest until later in the month.

BUTTER: Oceania butter prices are steady to slightly lower. Stocks of butter are in close balance with needs and no significant surplus is available for spot sales. Overall demand is steady. Most sales are reported to be occurring with regular and ongoing customers. Much of this sales activity occurred prior to the holidays and no new sales are being reported. It is still very close to the holiday season and many buyers have not returned to the market.

82% BUTTERFAT:	1,275 - 1,350
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CHEDDAR CHEESE: Oceania cheese markets are generally steady, although a firmer price undertone is developing. Overall demand remains fairly steady. Stocks are reported to be sufficient for current and future needs, but inventories are not heavy. In most instances, production schedules are being adjusted to maximize the most efficient utilization of available milk volumes. In both Australia and New Zealand, milk production is not as positive as had been previously forecast.

39% MAXIMUM MOISTURE:	1,950 - 2,050
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SKIM MILK POWDER (SMP): Skim milk powder prices are unchanged, although the market tone remains firm. Stocks of powder are reported to be in close balance for current needs. Most traders indicate that insignificant volumes are available for spot buyer interest. International sales continue, but many buyers are hesitant to pay current offering prices when stocks are available. No new sales are being reported at this time as many buyers are just returning to the market following the recent holidays.

1.25% BUTTERFAT:	2,175 - 2,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Milk production in Oceania is not as positive as many milk handlers had earlier projected. Due to the milk supply, milk volumes in Australia and New Zealand are being directed to the product of most demand and best financial return. Stocks of whole milk powder are sufficient to meet current needs, although no significant volumes are available for spot sale. Many powder handlers in the region indicate that most of their production is committed at this time.

26% BUTTERFAT:	2,000 - 2,150
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Exchange rates for selected foreign currencies: JANUARY 2, 2001

.4310 Dutch Guilder	.4856 German Mark
.1448 French Franc	.4449 New Zealand Dollar
.1020 Mexican Peso	.5593 Australian Dollar
1.5007 British Pound	.0087 Japanese Yen
.2452 Polish Zloty	.9498 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1020= 9.8039 That is 1 US Dollar equals 9.8039 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2000 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 48	REPORT NUMBER 49	REPORT NUMBER 50	REPORT NUMBER 51	REPORT NUMBER 52	2000	1999
	DEC 01	DEC 04 - 08	DEC 11 - 15	DEC 18 - 22	DEC 25 - 29	Average	Average
CHEESE							
MIDWEST COMMODITY CHEDDAR							
-- Cheddar Barrel s	1.0500 - 1.0700	1.0700 - 1.0900	1.0900 - 1.1000	1.1025 - 1.1350	1.1325 - 1.1450	1.1042	1.1484
-- Cheddar 40# Blocks	1.0700 - 1.1325	1.0850 - 1.1475	1.0950 - 1.1525	1.1100 - 1.1450	1.1425 - 1.1925	1.1304	1.1568
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	1.2525 - 1.5000	1.2725 - 1.5000	1.2900 - 1.4800	1.3025 - 1.4800	1.3325 - 1.4800	1.3907	1.4980
-- Brick And/Or Muenster 5#	1.4700 - 1.6775	1.4700 - 1.6925	1.4700 - 1.6975	1.4700 - 1.7025	1.4700 - 1.7375	1.5873	1.6360
-- Cheddar 40# Block	1.4700 - 2.1150	1.4700 - 2.1150	1.4700 - 2.1150	1.4700 - 2.1150	1.4700 - 2.1150	1.7925	1.8076
-- Monterey Jack 10#	1.6700 - 2.1150	1.6700 - 2.1150	1.6700 - 2.1150	1.6700 - 2.1150	1.6700 - 2.1150	1.8925	1.8995
-- Blue 5#	1.8225 - 2.0900	1.8375 - 2.0900	1.8425 - 2.0900	1.8475 - 2.0900	1.8825 - 2.0900	1.9698	2.0163
-- Mozzarella 1a 5 - 6#	1.5000 - 2.2150	1.5000 - 2.2150	1.4700 - 2.2150	1.4700 - 2.2150	1.4700 - 2.2150	1.8470	1.8926
-- Grade A Swiss Outs 6 - 9#	2.0950 - 2.6850	2.0950 - 2.6850	2.0950 - 2.6850	2.0950 - 2.6850	2.0950 - 2.6850	2.3900	2.5523
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	1.1250 - 1.5925	1.1400 - 1.6075	1.1450 - 1.6125	1.1525 - 1.6200	1.1850 - 1.6550	1.3866	1.4050
-- Cheddar Single Dai sies	1.0825 - 1.5425	1.0975 - 1.5575	1.1025 - 1.5625	1.1100 - 1.5700	1.1425 - 1.6025	1.3401	1.3700
-- Cheddar 40# Block	1.2250 - 1.4025	1.2375 - 1.4175	1.2425 - 1.4225	1.2500 - 1.4300	1.2825 - 1.4625	1.3402	1.3738
-- Process 5# Loaf	1.2650 - 1.4350	1.2800 - 1.4550	1.3000 - 1.4750	1.3125 - 1.4850	1.3425 - 1.5150	1.3917	1.4233
-- Process 5# Sliced	1.2850 - 1.5375	1.3000 - 1.5575	1.3200 - 1.5775	1.3325 - 1.5875	1.3625 - 1.6175	1.4529	1.4851
-- Muenster	1.2850 - 1.4925	1.3000 - 1.5075	1.3050 - 1.5125	1.3125 - 1.5200	1.3450 - 1.5525	1.4164	1.4938
-- Grade A Swiss Outs 10 - 14#	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.4500	2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	1.2025 - 1.4625	1.2225 - 1.4825	1.2425 - 1.5025	1.2525 - 1.5125	1.2825 - 1.5425	1.3760	1.4211
-- Cheddar 40# Block	1.2100 - 1.3500	1.2250 - 1.3650	1.2300 - 1.3700	1.2350 - 1.3750	1.2675 - 1.4075	1.3065	1.3359
-- Cheddar 10# Outs	1.3900 - 1.6100	1.4050 - 1.6250	1.4100 - 1.6300	1.4150 - 1.6350	1.4475 - 1.6675	1.5265	1.5559
-- Monterey Jack 10#	1.4000 - 1.5600	1.4150 - 1.5750	1.4200 - 1.5800	1.4250 - 1.5850	1.4575 - 1.6175	1.5065	1.5409
-- Grade A Swiss Outs 6 - 9#	2.3000 - 2.5400	2.3000 - 2.5400	2.3000 - 2.5400	2.3000 - 2.5400	2.3000 - 2.5400	2.4200	2.3593
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	2.3874 - 2.6028	2.3900 - 2.6388	1.6875 - 2.4904	1.6000 - 1.7500	1.3130 - 1.5984	1.9855	1.1975
-- Atlanta - dlvd. equiv.	2.4053 - 2.6028	2.4739 - 2.6571	2.3015 - 2.4904	1.6250 - 1.7500	1.3130 - 1.5755	2.0763	1.1977
-- Upper Midwest - f.o.b	2.3335 - 2.5130	2.4739 - 2.5655	2.1984 - 2.4045	1.6100 - 1.7500	1.4614 - 1.5984	2.0524	1.1894
PRICES OF CLASS II CONDENSED SKIM (\$ per lb. wet solids)							
-- Northeast - f.o.b	1.0700 - 1.1500	1.0700 - 1.1500	1.0700 - 1.1500	1.0700 - 1.1500	1.0700 - 1.1500	1.1100	1.1759
SPOT PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)							
-- Northeast - f.o.b	0.7000 - 1.0100	0.7000 - 1.0100	0.7200 - 1.0100	0.7200 - 1.0100	0.7200 - 1.0100	0.8620	0.9337
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points	0	0	0	0	0	0	48
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	20.0000 - 33.0000	20.0000 - 33.0000	20.0000 - 33.0000	20.0000 - 33.0000	20.0000 - 33.0000	26.5000	28.8400

MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2000 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, C/L/TL)

COMMODITY	: REPORT NUMBER 48 :		: REPORT NUMBER 49 :		: REPORT NUMBER 50 :		: REPORT NUMBER 51 :		: REPORT NUMBER 52 :		2000	1999
	DEC 01	DEC 04 - 08	DEC 11 - 15	DEC 18 - 22	DEC 25 - 29	Average		Average		or Total	or Total	
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central (f.o.b.)												
-- Low/Medium Heat	:: 1.0100 - 1.0600 ::	:: 1.0250 - 1.0600 ::	:: 1.0300 - 1.0600 ::	:: 1.0300 - 1.0600 ::	:: 1.0100 - 1.0700 ::	: 1.0429		: 1.0168				
-- Mostly	:: 1.0250 - 1.0275 ::	:: 1.0250 - 1.0300 ::	:: 1.0300 - 1.0350 ::	:: 1.0300 - 1.0350 ::	:: 1.0300 - 1.0350 ::	: 1.0309		: 1.0262				
-- West (f.o.b.)												
-- Low/Medium Heat	:: 1.0000 - 1.0200 ::	:: 1.0000 - 1.0200 ::	:: 1.0000 - 1.0200 ::	:: 1.0000 - 1.0250 ::	:: 1.0000 - 1.0250 ::	: 1.0111		: 1.0039				
-- Mostly	:: 1.0000 - 1.0150 ::	:: 1.0000 - 1.0150 ::	:: 1.0000 - 1.0150 ::	:: 1.0050 - 1.0150 ::	:: 1.0050 - 1.0150 ::	: 1.0086		: 1.0075				
-- High Heat	:: 1.0300 - 1.0750 ::	:: 1.0300 - 1.0750 ::	:: 1.0300 - 1.0750 ::	:: 1.0400 - 1.0800 ::	:: 1.0400 - 1.0800 ::	: 1.0559		: 1.0325				
-- Northeast (f.o.b.)												
-- Low/Medium Heat	:: 1.0500 - 1.0800 ::	:: 1.0500 - 1.0800 ::	:: 1.0500 - 1.0800 ::	:: 1.0500 - 1.0800 ::	:: 1.0500 - 1.0800 ::	: 1.0650		: 1.0289				
-- Mostly	:: 1.0600 - 1.0650 ::	:: 1.0600 - 1.0650 ::	:: 1.0600 - 1.0650 ::	:: 1.0600 - 1.0650 ::	:: 1.0600 - 1.0650 ::	: 1.0625		: 1.0209				
-- High Heat	:: 1.1000 - 1.1200 ::	:: 1.1000 - 1.1200 ::	:: 1.1000 - 1.1200 ::	:: 1.1000 - 1.1200 ::	:: 1.1000 - 1.1200 ::	: 1.1100		: 1.0759				
-- Mostly	:: 1.1100 - 1.1150 ::	:: 1.1100 - 1.1150 ::	:: 1.1100 - 1.1150 ::	:: 1.1100 - 1.1150 ::	:: 1.1100 - 1.1150 ::	: 1.1125		: 1.0737				
-- Southeast (Delvd)												
-- Extra & Grade A	:: 1.0450 - 1.1350 ::	:: 1.0500 - 1.1350 ::	:: 1.0550 - 1.1500 ::	:: 1.0550 - 1.1500 ::	:: 1.0550 - 1.1500 ::	: 1.0994		: 1.0848				
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)												
-- Mostly	:: 0.2200 - 0.2300 ::	:: 0.2250 - 0.2400 ::	:: 0.2375 - 0.2475 ::	:: 0.2475 - 0.2575 ::	:: 0.2575 - 0.2675 ::	: 0.2456		: 0.1819				
-- West (f.o.b.)												
-- Mostly	:: 0.1725 - 0.2250 ::	:: 0.1800 - 0.2300 ::	:: 0.1800 - 0.2375 ::	:: 0.1900 - 0.2400 ::	:: 0.1900 - 0.2500 ::	: 0.2111		: 0.2004				
-- Northeast Extra Grade (f.o.b.)												
-- Mostly	:: 0.1900 - 0.2000 ::	:: 0.1900 - 0.2050 ::	:: 0.1950 - 0.2050 ::	:: 0.1975 - 0.2100 ::	:: 0.2025 - 0.2150 ::	: 0.2018		: 0.1998				
-- Northeast Extra Grade (f.o.b.)												
-- Mostly	:: 0.2200 - 0.2250 ::	:: 0.2250 - 0.2375 ::	:: 0.2350 - 0.2500 ::	:: 0.2425 - 0.2525 ::	:: 0.2525 - 0.2625 ::	: 0.2429		: 0.1855				
-- Northeast Usph Grade A (f.o.b.)												
-- Mostly	:: 0.2175 - 0.2300 ::	:: 0.2250 - 0.2400 ::	:: 0.2300 - 0.2425 ::	:: 0.2350 - 0.2600 ::	:: 0.2475 - 0.2675 ::	: 0.2418		: 0.1990				
-- Southeast Extra Grade (Delvd)												
-- Mostly	:: 0.2450 - 0.2850 ::	:: 0.2550 - 0.2950 ::	:: 0.2550 - 0.3000 ::	:: 0.2725 - 0.3100 ::	:: 0.2800 - 0.3100 ::	: 0.2832		: 0.2079				
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 0.7225 - 0.7625 ::	:: 0.7225 - 0.7625 ::	:: 0.7225 - 0.7625 ::	:: 0.7350 - 0.7800 ::	:: 0.7425 - 0.7800 ::	: 0.7500		: 0.4355				
-- Mostly	:: 0.7275 - 0.7375 ::	:: 0.7275 - 0.7375 ::	:: 0.7325 - 0.7375 ::	:: 0.7425 - 0.7525 ::	:: 0.7425 - 0.7525 ::	: 0.7399		: 0.4350				
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.1900 - 0.2000 ::	:: 0.1900 - 0.2000 ::	:: 0.1950 - 0.2125 ::	:: 0.2100 - 0.2200 ::	:: 0.2100 - 0.2200 ::	: 0.2062		: 0.1500				
-- Roller Ground	:: 0.2000 - 0.2200 ::	:: 0.2100 - 0.2275 ::	:: 0.2175 - 0.2350 ::	:: 0.2275 - 0.2475 ::	:: 0.2375 - 0.2600 ::	: 0.2309		: 0.1788				
-- Dextrose	:: 0.3750 - 0.4000 ::	:: 0.3750 - 0.4000 ::	:: 0.3750 - 0.4000 ::	:: 0.3750 - 0.4000 ::	:: 0.3750 - 0.4000 ::	: 0.3875		: 0.2875				
BUTTERMILK (Min. 30% protein)												
-- Central (f.o.b.)												
-- West (f.o.b.)	:: 0.9500 - 1.0100 ::	:: 0.9500 - 1.0200 ::	:: 0.9500 - 1.0200 ::	:: 0.9700 - 1.0200 ::	:: 0.9700 - 1.0200 ::	: 0.9893		: 0.7304				
-- Mostly	:: 0.9600 - 0.9800 ::	:: 0.9600 - 0.9800 ::	:: 0.9600 - 0.9800 ::	:: 0.9700 - 0.9900 ::	:: 0.9800 - 0.9900 ::	: 0.9755		: 0.6983				
-- Northeast (f.o.b.)												
-- Mostly	:: 0.9800 - 1.0000 ::	:: 0.9800 - 1.0000 ::	:: 0.9800 - 1.0000 ::	:: 0.9800 - 1.0000 ::	:: 0.9800 - 1.0000 ::	: 0.9900		: 0.8076				
-- Southeast (Delvd)												
-- Mostly	:: 1.0000 - 1.0300 ::	:: 1.0000 - 1.0300 ::	:: 1.0100 - 1.0300 ::	:: 1.0100 - 1.0500 ::	:: 1.0100 - 1.0500 ::	: 1.0230		: 0.8274				
WHOLE MILK POWDER												
-- National												
-- National (f.o.b.)	:: 1.2275 - 1.4550 ::	:: 1.2275 - 1.5000 ::	:: 1.2275 - 1.4700 ::	:: 1.2275 - 1.3700 ::	:: 1.2275 - 1.3700 ::	: 1.3296		: 1.1830				
LACTOSE												
-- Central And West (f.o.b.)												
-- Mostly	:: 0.1550 - 0.2100 ::	:: 0.1550 - 0.2100 ::	:: 0.1550 - 0.2100 ::	:: 0.1550 - 0.2100 ::	:: 0.1550 - 0.2100 ::	: 0.1825		: 0.2075				
-- Mostly	:: 0.1600 - 0.1700 ::	:: 0.1600 - 0.1700 ::	:: 0.1600 - 0.1700 ::	:: 0.1600 - 0.1700 ::	:: 0.1600 - 0.1700 ::	: 0.1650		: 0.1950				
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet												
-- Nonrestricted - Acid	:: 2.3000 - 2.4500 ::	:: 2.3000 - 2.4500 ::	:: 2.3000 - 2.4500 ::	:: 2.3000 - 2.4500 ::	:: 2.3000 - 2.4500 ::	: 2.3750		: 1.9359				

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR DECEMBER 2000

COMMODITY	: REPORT NUMBER 48 :		: REPORT NUMBER 49 :		: REPORT NUMBER 50 :		: REPORT NUMBER 51 :		: REPORT NUMBER 52 :		2000 *	1999 *
	DEC 1	DEC 4 - 8	DEC 11 - 15	DEC 18 - 22	DEC 26 - 29	Average	Monthly	Monthly	Average	Average		
BUTTER*												
-- GRADE AA												
--Monday		1.8525	1.3000	1.1500	#							
--Tuesday												
--Wednesday		1.8000	1.2500	1.1450	1.1325							
--Thursday												
--Friday	1.8525	1.5000	1.2000	1.1300	1.1275	1.3700	0.8988					
--Weekly Average**	1.8325	1.7175	1.2500	1.1417	1.1300							
CHEESE*												
-- BARRELS												
--Monday		1.0900	1.0950	1.1200	#							
--Tuesday		1.0900	1.1000	1.1350	1.1350							
--Wednesday		1.0900	1.1000	1.1350	1.1400							
--Thursday		1.0900	1.1050	1.1350	1.1100							
--Friday	1.0900	1.0950	1.1100	1.1350	1.0900	1.1095	1.1475					
--Weekly Average**	1.0710	1.0910	1.1020	1.1320	1.1188							
-- 40# BLOCKS												
--Monday		1.1150	1.0950	1.1250	#							
--Tuesday		1.1050	1.0950	1.1400	1.1650							
--Wednesday		1.1025	1.1150	1.1450	1.1650							
--Thursday		1.0900	1.1150	1.1400	1.1300							
--Friday	1.1175	1.1000	1.1250	1.1600	1.1200	1.1233	1.1545					
--Weekly Average**	1.0985	1.1025	1.1090	1.1420	1.1450							
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday		1.0300	1.0300	1.0300	#							
--Tuesday		1.0300	1.0300	1.0300	1.0300							
--Wednesday		1.0300	1.0300	1.0300	1.0300							
--Thursday		1.0300	1.0300	1.0300	1.0300							
--Friday	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300					
--Weekly Average**	1.0300	1.0300	1.0300	1.0300	1.0300							
-- GRADE A												
--Monday		1.0300	1.0300	1.0300	#							
--Tuesday		1.0300	1.0300	1.0300	1.0300							
--Wednesday		1.0300	1.0300	1.0300	1.0300							
--Thursday		1.0300	1.0300	1.0300	1.0300							
--Friday	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300	1.0300					
--Weekly Average**	1.0300	1.0300	1.0300	1.0300	1.0300							

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

No trading - Christmas Day

DECEMBER 2000 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY - NOVEMBER 2000		12,750		
DECEMBER 1 - 31, 2000		0		
CHEESE				
JULY - NOVEMBER 2000		3,030*		
DECEMBER 1 - 31, 2000		0		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V - VARIETAL				
BUTTERFAT				
JULY - NOVEMBER 2000		0		
DECEMBER 1 - 31, 2000		0		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				PROGRAM TO DATE
TOTAL BONUS VALUE				15,780
				\$5,692.000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

* Program year allocations are filled

DECEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2000 was unchanged at 121. Compared with December 1999, the index up 4 points (3.4 percent). The index of prices received by farmers for dairy products advanced 3 points during the month of December 2000 to 99. Compared with December 1999, the index was up 6 points (6.5 percent).

Prices received by farmers in December with changes from November were: for All Milk, \$12.90 per hundredweight (cwt.), up \$.30; Fluid Grade Milk, \$13.00 per cwt., up \$.40; and for Manufacturing Grade Milk, \$10.80 per cwt., up \$.40.

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

STATE	All-milk price ^{1/} ^{3/}				Milk cows ^{5/}		Cows ^{6/}		All hay baled ^{7/}	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	NOVEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER	
	2000 ^{2/}	1999 ^{2/}	2000 ^{4/}	1999 ^{2/}	2000	1999	2000 ^{7/}	1999 ^{8/}	2000	1999
CA	11.99	12.94	12.40	11.35	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		34.00	34.00	97.00	83.00
ID	10.70	11.20	11.10	11.00			33.60	34.30	99.00	82.00
MI	12.70	16.00	13.10	12.60			35.00	36.50	63.00	81.00
MN	11.80	12.40	12.20	11.77			37.00	35.90	61.00	61.00
NY	13.90	15.40	14.40	12.50			---	---	115.00	115.00
OH	12.70	15.90	13.10	12.80			37.00	34.10	79.00	106.00
PA	14.40	17.10	14.70	13.50			37.20	36.80	113.00	136.00
TX	13.40	15.80	13.50	13.70			35.90	32.30	67.00	67.00
WA	12.60	14.90	13.10	13.00			---	---	112.00	98.00
WI	11.50	12.53	12.00	11.44			36.40	36.40	53.00	55.00
U.S.	12.60	14.40	12.90	12.20	36.10	35.10	85.10	72.00		

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

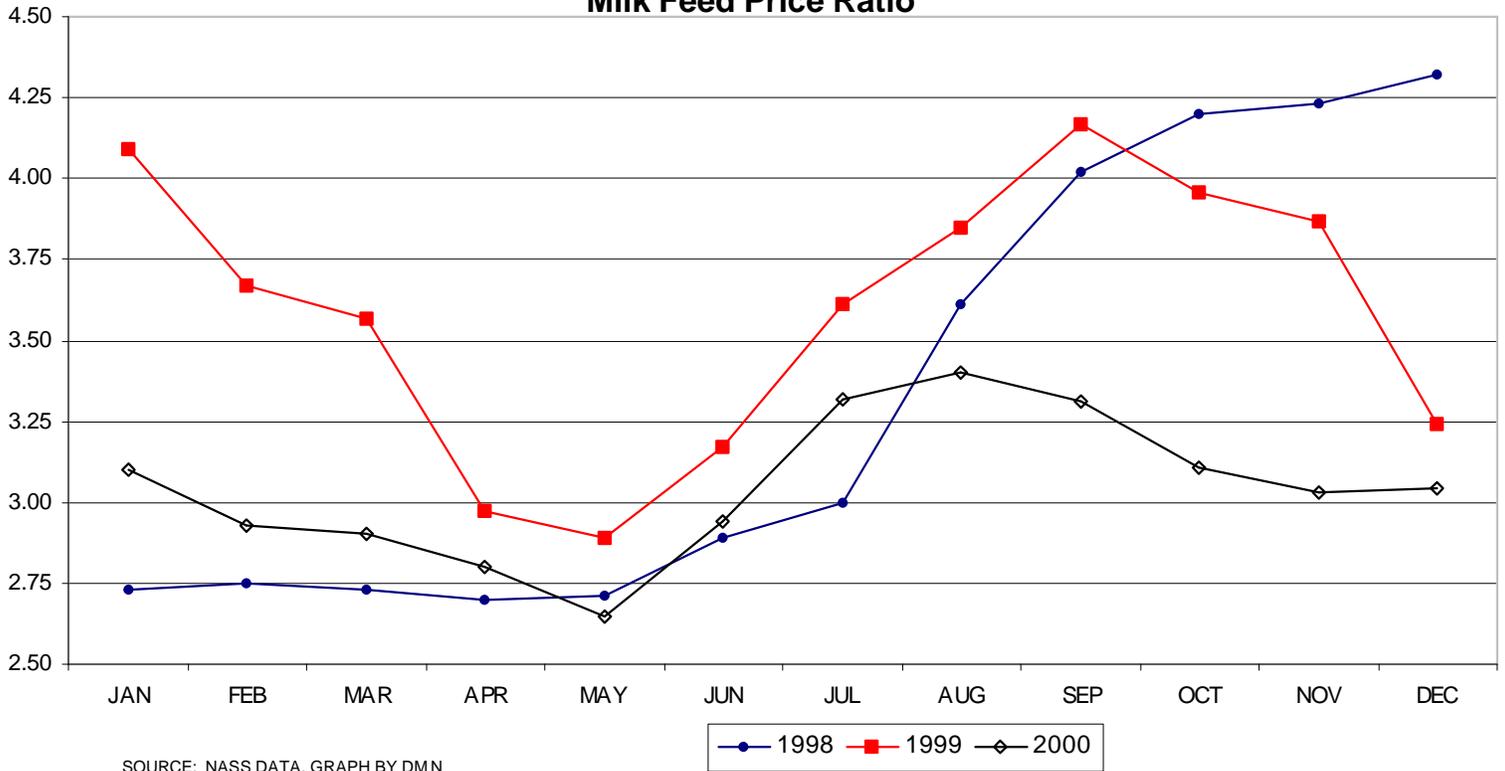
MILK AND OTHER GENERAL PRICE MEASURES, U.S., DECEMBER 2000 WITH COMPARISONS

ITEM	DECEMBER 1999	NOVEMBER 2000 ^{1/}	DECEMBER 2000 ^{2/}
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	12.20	12.60	12.90
Fluid grade milk	12.30	12.60	13.00
Manufacturing grade milk	10.80	10.40	10.80
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	91	98	98
Prices received by farmers for dairy products	93	96	99
Prices paid by farmers for commodities and services, interest taxes, and wage rates	117	121	121
Prices paid by farmers for production items	113	117	118
Prices paid by farmers for feed	98	102	103
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk ^{3/}	3.24	3.03	3.04

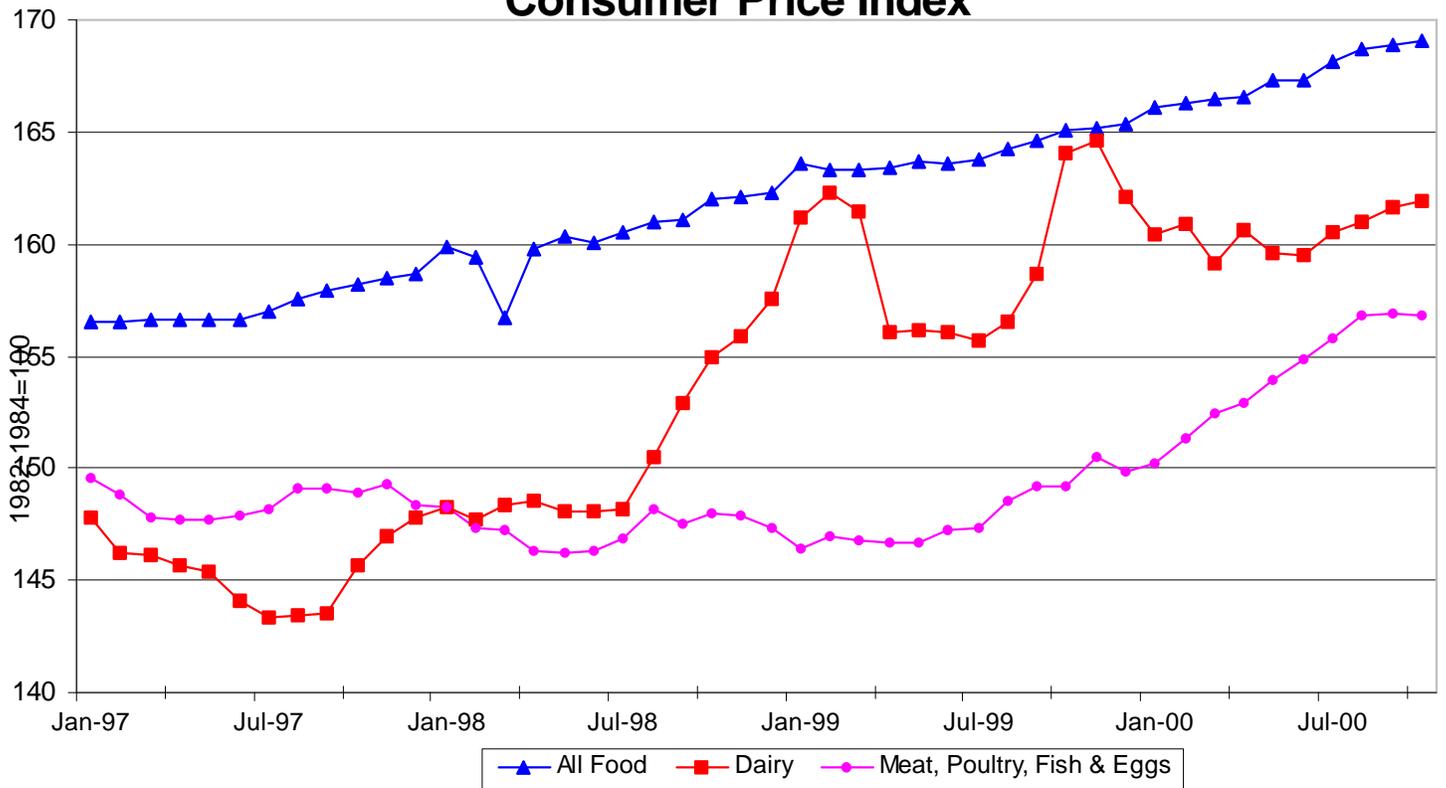
^{1/} Partially revised. ^{2/} Preliminary. ^{3/} For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (12/00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

Milk Feed Price Ratio



Consumer Price Index



CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 1 - 5, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	PERIOD ENDING 12/29/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	103,169		-0-	103,169	3,192,637	-0-	-0-
Barrel	-0-		-0-	-0-	3,530,979	-0-	-0-
Process	356,400		-0-	356,400	3,524,400	-0-	-0-
TOTAL	459,569		-0-	459,569	10,248,016	-0-	-0-

NONFAT DRY MILK :							
	Nonfort	Fortified					
Nonfort	10,112,918		123,182	9,989,736	109,738,032	56,656,089	338,727,000
Fortified	264,484		-0-	264,484	19,562,679	3,490,769	31,720,000
TOTAL	10,377,402		123,182	10,254,220	129,300,711	60,146,858	370,447,000

#AI though an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 1 - 5, 2001 =	8.9	123.9	COMPARABLE WEEK IN 2000 =	2.0	107.0
CUMULATIVE SINCE OCTOBER 1, 2000 =	125.4	1,606.5	CUMULATIVE SAME PERIOD LAST YEAR =	13.2	700.1
CUMULATIVE JANUARY 1 - 5, 2001 =	8.9	123.9	COMPARABLE CALENDAR YEAR 2000 =	2.0	107.0

* 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 JANUARY 1 - 5, 2001 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	103,169	-0-	356,400	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,989,736	264,484
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
MI DWEST	-0-	-0-	5,534,470	-0-	1,557,739	1,683,323	41.8	2.8
WEST	-0-	-0-	4,673,946	-0-	127,742,972	58,375,351	57.9	97.1
EAST	-0-	-0-	39,600	-0-	-0-	88,184	0.3	0.1
TOTAL	-0-	-0-	10,248,016	-0-	129,300,711	60,146,858	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 & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/16/00 & Comparable Week 1999

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	0.6	5.7	5.2	20.6	2.8	3.3	0.9	11.6	2.9	54.0	2,587.8	49.8	48.7
1999-Dairy cows HD (000)	0.2	0.9	6.6	4.8	21.6	2.7	1.7	1.0	10.7	3.1	53.4	2,525.3	47.5	45.8
2000-All cows HD (000)	0.2	0.8	7.7	15.4	26.8	14.1	16.8	5.5	13.9	7.4	108.5	5,317.9		
1999-All cows HD (000)	0.3	1.1	9.2	13.9	29.0	14.4	17.5	5.7	13.3	8.0	112.4	5,510.6		

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 2000-2001 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2001	FEB 2001
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13	13.99	
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68	13.97		
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37		
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00	13.27		

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