

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/08):**  
**BUTTER:** Grade AA closed at \$1.9525. The weekly average for Grade AA is \$1.9508 (+.0433).

**CHEESE:** Barrels closed at \$1.6150 and blocks at \$1.6500. The weekly average for barrels is \$1.6150 (+.0087) and blocks, \$1.6490 (+.0127).

**NONFAT DRY MILK:** Extra Grade closed at \$1.0300 and Grade A closed at \$1.0400. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0400 (N.C.).

**BUTTER:** The butter markets are firm. The recent announcement of the butter/powder tilt adjustment is having little impact on current butter markets. Stocks remain lighter than desired and cash prices are significantly higher than the new butter support price of \$0.8548. Churning schedules are seasonally moderate depending on cream availability. Butter orders are fair at best with most producers and handlers holding on to surplus butter stocks with confidence for future needs.

**CHEESE:** The cheese market is steady. Current demand is centered on short-term needs. Process demand is generally stronger than on many natural varieties. While a few extra loads of various cheese varieties are available on occasion, supply and demand are fairly close to being in balance. Seasonal milk production increases have been somewhat limited and are not causing price weakness. Estimated cumulative cheddar cheese output during the first 4 months of 2001 totals 913.2 million pounds, down 65.9 million pounds (-6.7%) from the equivalent number of days during the first third of 2000. Cumulative total cheese production during 2001 totals 2.705 billion pounds, down 24.2 million pounds (-0.9%) from the comparable period in 2000.

**FLUID MILK:** Overall, milk production is about steady across the U.S. Output is dropping in the southern portions of the country, steady to slightly higher in the northern tier of states. Bottled milk sales are often slower as schools close for the summer and the loss of school lunch contracts is, in spots, pushing more milk into manufacturing. Surplus milk volumes are a little lighter in the south; steady to slightly heavier in northern plants. In the West where power (electricity) consumption is a large and growing concern, alfalfa growers and users are concerned with this year's hay crop and its quality, volume, and cost. The fluid cream market is improving seasonally, but there continues to be an ample volume of excess cream available to butter makers should they want it.

**DRY PRODUCTS:** The NDM market is somewhat unsettled. Last week's "tilt" change by USDA lowered the support purchase price of NDM to \$.9000 per pound. This happened nearly at the same time as the base price for most of the NDM sold in the U.S. increased about a quarter of a cent. Commercial demand seems little changed and sales to CCC (at the old price of \$1.0032) are steady to a bit lighter. Drying activity this week ranges from mostly steady to lighter. The dry whey market continues to reflect strength. Prices moved higher again this week and production levels are lighter than

desired. Many producers are sold out and barely able to meet shipping schedules. Most spot sales are occurring within the resale market. The lactose market remains firm and prices moved higher. Producer stocks are mixed and range from tight to fully adequate. The WPC market is cautiously steady. This week's announcement by USDA, FSA that CCC-owned NDM will be sold for animal feed is the cause of much discussion for feed makers and suppliers with stocks to clear. The price for the CCC-owned powder is not yet known and the source of some speculation.

**CCC:** During the week of June 4-8, CCC net purchases totaled 7,295,355 pounds of Midwestern and Western nonfortified NDM.

**APRIL DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 105.7 million pounds in April, 5.4% below April 2000 but 3.7% above March 2001. American type cheese production totaled 293.2 million pounds, 6.2% below April 2000 and 2.1% below March 2001. Total cheese output (excluding cottage cheese) was 671.9 million pounds, 3.2% below April 2000 and 5.9% below March 2001. Human food, nonfat dry milk production totaled 131.2 million pounds, 10.0% below April 2000 but 8.4% above March 2001. Dry whey production, for human food, was 89.7 million pounds, 5.4% below April 2000 and 4.7% below March 2001.

**MAY AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2001 was unchanged at 123. Compared with May 2000, the index is up 4 points (3.4%). The index of prices received by farmers for dairy products advanced 8 points during the month of May 2001 to 118, up 26 points (28.3%) from May 2000. Prices received by farmers in May with changes from April were: All Milk, \$15.40 per hundredweight, up \$1.00; Fluid Grade Milk, \$15.40, up \$.90; and Manufacturing Grade Milk, \$13.90, up \$1.00.

**ANNOUNCEMENT OF CCC-OWNED NDM FOR SALE AS ANIMAL FEED (FSA):** The Commodity Credit Corporation invites competitive offers to buy from CCC 733,978 pounds of NDM packed in 25 KG bags. The NDM will be sold for animal feed use subject to the terms and conditions of Announcement RSC1.

**NOTICE OF HEARING (AMS, DAIRY PROGRAMS):** A public hearing is being held to consider proposals that would prevent the pooling of milk on the Upper Midwest Federal milk marketing order that is already pooled on a State milk marketing order that has marketwide pooling. Additionally, a proposal that would provide for separate pooling provisions for milk from areas outside of the states comprising the Upper Midwest order will also be considered. A proposal to change the advance payment to dairy farmers by milk handlers for milk delivered during the first half of the month will also be considered. The hearing will convene at 9:00 a.m. on Tuesday, June 26, 2001 at the Radisson Hotel South, 7800 Normandale Blvd. Bloomington, MN 55439. For further information contact Gino Tosi at 202-690-1366 or e-mail Gino.Tosi@usda.gov

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

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

PRODUCT	MONDAY JUNE 4	TUESDAY JUNE 5	WEDNESDAY JUNE 6	THURSDAY JUNE 7	FRIDAY JUNE 8	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARELS	\$1.6150 (N.C.)	\$1.6150 (N.C.)	\$1.6150 (N.C.)	\$1.6150 (N.C.)	\$1.6150 (N.C.)	N.C.	\$1.6150 (+.0087)
40# BLOCKS	\$1.6450 (N.C.)	\$1.6500 (+.0050)	\$1.6500 (N.C.)	\$1.6500 (N.C.)	\$1.6500 (N.C.)	+.0050	\$1.6490 (+.0127)
BUTTER GRADE AA	\$1.9500 (+.0400)	----	\$1.9500 (N.C.)	----	\$1.9525 (+.0025)	+.0425	\$1.9508 (+.0433)

\*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 reported here when changes occur. The Extra Grade price is \$1.0300 and Grade A price is \$1.0400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 4, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 3 CARS: 1 @ \$1.9200, 1 @ \$1.9350, 1 @ \$1.9500; BIDS UNFILLED: 2 CARS: 1 @ \$1.9425, 1 @ \$1.6500; OFFERS UNCOVERED: 1 CAR @ \$2.2500

TUESDAY, JUNE 5, 2001

CHEESE -- SALES: 5 CARS 40# BLOCKS: 4 @ \$1.6450, 1 @ \$1.6500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 6, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS @ \$1.9500; BIDS UNFILLED: 2 CARS: 1 @ \$1.9500, 1 @ \$1.9000; OFFERS UNCOVERED: NONE

THURSDAY, JUNE 7, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 8, 2001

CHEESE -- SALES: 14 CARS 40# BLOCKS: 12 @ \$1.6550, 1 @ \$1.6525, 1 @ \$1.6500; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.6450; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS: 1 @ \$1.9500, 1 @ \$1.9475, 1 @ \$1.9500, 1 @ \$1.9525; BIDS UNFILLED: 5 CARS: 2 @ \$1.9375, 1 @ \$1.8825, 2 @ \$1.8800; OFFERS UNCOVERED: NONE

Dairy Market News will report CME nonfat dry milk activity only on the sessions when trading occurs.

BUTTER MARKETS

APRIL BUTTER PRODUCTION

During April 2001, butter production in the United States totaled 105.7 million pounds, 5.4% less than April 2000 but 3.7% higher than March 2001. The following are percentage changes from April 2000 for various states: CA -8.0, NY +10.0%, PA -23.9%, and WI +11.0%.

NORTHEAST

The market tone remains firm. The CME price for AA butter did move up four cents in Monday's (6/4) trading. This was a little surprising to some contacts, particularly those who thought the price might hold around the \$1.90 level. Churning activity was steady to slightly higher. Stocks of bulk and packaged butter were not as tight, but there is still concern about availability during August and September. Western butter is regularly being purchased and stored by some Eastern suppliers. Demand for packaged butter is fair at best as retail prices are high. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5 - 8.0 cents over the CME price/average. Butter production during April in the North Atlantic region was 14.9% below April 2000 and down 4.5% from March 2001.

CENTRAL

The market tone remains firm. The recent announcement of the butter/powder tilt adjustment is having little impact on current butter markets. Stocks remain limited and cash prices are significantly higher than the new butter support price of \$.8548 per pound. Stocks of butter continue to lag last year at this time. Most producers and handlers are trying to build sufficient volumes of butter for future

needs, with many concerned about having adequate volumes for end of year needs. Midwestern buyers continue to report being offered imported butter to supplement their stock holdings. Often these imported offerings are being bypassed unless they have an immediate need. Overall butter demand is fair at best. Most orders continue to be placed for short term or immediate needs. Retail orders are fair as some retailers indicate that, in instances, consumer buying patterns are lower, possibly due to higher prices. When available, bulk butter for spot sale is selling in a price range of 3 - 5 cents per pound over various pricing bases.

WEST

Some Western contacts were a bit surprised at the strength in the CME cash market on Monday (up 4 cents). Most had assumed that butter would continue to trade in a very narrow range. Bulk sales out of the region continue to occur, but interest is not overly aggressive. Print orders are coming back in slowly as end users assess their inventory levels after the Memorial Day holiday weekend. Ice cream demand in the Southwest is good based on unseasonably high temperatures. Ice cream plants are continuing to look for cream supplies. California cream prices adjusted higher on June 1 with the new prices being in effect through the end of July. Ice cream plants are paying the higher prices. Weekly CME stocks grew by 2.35 million pounds this past week reaching 71.2 million pounds. Stocks have grown by 17.6 million pounds since Easter. April butter production in the Western region stands at 41.1 million pounds, down 11.0% from a year earlier. Total US butter production for the first four months of the year has reached 447.2 million pounds (unadjusted), down 10.7% from the same period in 2000. Current prices for bulk butter nominally range from 2 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	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
JUNE 2	1.5790 6,503,570	1.5760 8,605,254	1.0150 22,647,400	1.8879 4,153,197	0.2672 8,522,922	2.2896 2,015,361	2.3798 4,459,250

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

**CHEESE MARKETS**

**NORTHEAST**

Prices continue to move higher on process, cheddar, and Muenster. The market tone is firm. Production in the East is steady to slightly heavier now that more milk is starting to show up as milk output hits its peak and Class I usage lags. Cheese stocks are not that tight and some contacts wonder why prices at the CME continue their upward spiral. Retail demand is seldom better than fair, but June Dairy Month promotions are now in effect and should give a little boost to sales. Food service orders are improved seasonally. For the U.S., American type, mozzarella, Swiss and total cheese production during April was below last April's output. In the Atlantic region, the April cheddar cheese output was down 4.5% and mozzarella production fell 5.7% from a year ago.

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

Cheddar 10# Prints	:	1.6825-2.1525
Cheddar Single Daisies	:	1.6400-2.1000
Cheddar 40# Block	:	1.7775-1.9600
Process 5# Loaf	:	1.8175-1.9700
Process 5# Sliced	:	1.8375-2.0925
Muenster	:	1.8425-2.0500
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is about steady. Spot offerings, depending on variety, are slightly more than adequate. Demand is mostly for short term needs. Some buyers are also working down their cheese inventory before reordering. Mozzarella sales are steady to slower seasonally. Additional mozzarella supplies are also available from the West. Process interest remains steady around good levels. Natural demand is steady to generally a little lighter, but generally moderate. Current repeat orders from many vacation areas after Memorial Day weekend seem lighter due to less than ideal weather conditions. At least a few plants still have a delivery backlog from the holiday weekend. Current cheese production is steady to slightly higher, though in much of the upper Midwest the spring flush has been slow to develop. Cheese yields are drifting lower as are fat and protein levels in incoming milk supplies. Additional supplies of milk are being diverted to cheese production as schools close for the summer.

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

Process American 5# Loaf	:	1.8275-1.9500
Brick And/Or Muenster 5#	:	1.9100-2.2325
Cheddar 40# Block	:	1.9100-2.1150
Monterey Jack 10#	:	2.1400-2.2600
Blue 5#	:	2.3750-2.5400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9200-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.1450-2.6850

**MIDWEST COMMODITY CHEDDAR**

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

CHEDDAR STYLES	:	JUNE 4 - 8, 2001
BARRELS*	:	\$1.6175 - 1.6300 (NOMINAL)
	:	(\$0.0375) (.0275)
40# BLOCKS	:	\$1.6375 - 1.6750 (NOMINAL)
	:	(\$0.0250) (.0325)

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

**WEST**

Milk supplies were handled very easily over the past holiday weekend. Some contacts were surprised that as much milk showed up as did. Milk supplies in the Southwest are declining seasonally, while output in the Northwest remains strong. Good quality current cheese continues to move very well. Some processors are taking lower volumes of solids. Some are reportedly utilizing imported cheese solids at very competitive prices. Swiss demand ranges from fair to good. Swiss cheese production in April for the US was 20.8 million pounds, up 10.3% from last year at this time. American cheese output totaled 293.2 million pounds in April, down 6.2% from a year earlier. American output for selected Western states compared to last year is as follows: California +15.7%, Idaho -3.3%, Oregon +0.4%, and Utah -17.3%. The Western region overall, was up 5.3% in April. Mozzarella production was down 3.1% from April 2000.

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

Process 5# Loaf	:	1.7575-2.0175
Cheddar 40# Block	:	1.7600-1.9225
Cheddar 10# Cuts	:	1.9400-2.1600
Monterey Jack 10#	:	1.9500-2.1100
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.5400

**FOREIGN**

Prices for domestic styles are higher again this week. The market tone is seasonally weaker. As we get into the summer season, imported and foreign type cheese demand usually subsides, particularly table cheeses. However, with the CME cheese prices well above \$1.60 and a weaker Euro, importers may take advantage of both situations by purchasing more cheese. Reports indicate that the good demand for EU and other European countries' cheeses will, in all likelihood, result in increased cheese output this spring and summer.

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	1.9850-3.4800*
Gorgonzola	:	3.2400-5.9400	2.4900-2.5525*
Parmesan (Italy)	:	TFEWR	3.4000-3.4250*
Romano (Italy)	:	2.1000-2.9900	-0-
Provolone (Italy)	:	3.4400-5.5000	1.9925-2.2125*
Romano (Cows Milk)	:	-0-	3.1750-5.3525*
Sardo Romano (Argentina)	:	2.6500-3.2900	-0-
Reggianito (Argentina)	:	2.6500-3.2900	-0-
Jarlsberg-(Brand)	:	2.7400-3.5900	-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	:	2.3900-2.6800	-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
06/04/01	27,077	:	128,355
06/01/01	27,814	:	126,630
CHANGE	-737	:	1,725
% CHANGE	-3	:	1

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

Butter 116 million pounds plus or minus 4.13 percent  
Cheese 528 million pounds plus or minus 2.83 percent

**FLUID MILK AND CREAM**

**E A S T**

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	120	0	160	0	62
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is falling slowly from its peak in the Southeast and is at or very near the peak in the Northeast. In New England and much of New York, cool, rainy weather persists and the milk flow is holding. In the Middle Atlantic states, milk output is steady to lower. Milk production is falling throughout the Southeast. Florida handlers are still exporting milk, but volumes are lighter. Schools around Miami are still in session and when these schools recess later this month, there should be additional milk to clear. Schools in most other Southeastern states have closed for the summer or are very close to doing so. In the Northeast, most schools are in session until late June. Bottled milk sales are steady at fair levels. Reports of increased orders late last week did ease some processing schedules over the weekend. In the Southeast, surplus milk volumes are lighter and some manufacturing plants were idled, at least temporarily, and others operated on weekends. In the Northeast, manufacturing plant receipts of surplus milk were about steady and operating schedules were steady at light to moderate levels. Some of the larger operations have plenty of plant capacity should it be needed. The condensed skim market is little changed. Spot prices are about steady, but with increasing class prices, many suppliers would like to see prices for wet solids move higher. So far, few producers have pushed for higher Class II or III condensed skim prices because of the slow to occasionally fair demand. Some operations have moved a little more condensed which reduces the need to dry. The fluid cream market is about steady. Demand is fair to good and prices are steady to lower due to the slight dip in last week's CME average butter price. However, Monday's trading saw a 4-cent jump in the cash butter price at the CME. Ice cream and soft serve mix sales range from steady to improved. However, the cooler weather covering much of the East is doing little to help consumption. Cream cheese output is increasing as early June is often a time when producers look to build a little inventory for fall needs and it is usually a time of plentiful cream availability. Bottled cream sales are improving as strawberry season moves north. Churning activity is about steady, but a little lighter than the previous, holiday weekend.

**FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES**

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.4036-2.5942
DELIVERED EQUIVALENT ATLANTA	-	2.3653-2.5561 M 2.4036-2.4416
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.4798-2.5751

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0800-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .8000- .9600

**M I D W E S T**

Class I usage is easing lower as additional schools close for the summer. Retail feature activity is aiding sales in some markets. However, additional volumes of milk are going into manufacturing channels rather than to the bottle. Manufacturing milk demand remains fairly good although a few plant problems caused a few hiccups with spot demand and availability. Manufacturing milk premiums continue during the traditional peak production period when sellers are often discounting prices to find a buyer. Reported spot manufacturing milk premiums range from \$1.25 - 1.95, mostly around \$1.50 over class. Class II condensed skim prices reported are at \$1.12 - 1.13. Cream demand is generally good, as users, including ice cream, remain seasonally strong. The sharp increase in the California cream price is causing prices to jump for those

purchasing supplemental supplies from the West. Despite cool, often damp weather through much of the Midwest, ice cream inventories are at best holding their own for producers despite active operating schedules. Milk users are wondering if higher producer prices may stimulate regional milk receipts, and if so, how long will it take. Milk receipts are showing some signs of a slight seasonal increase though they continue to lag. The increases appear to be closer to normal in Michigan than in most of the other upper tier states. The cool, generally wet conditions are causing elevated SCC counts for some producers. The first cutting harvest is being slowed by wet conditions with numerous cut fields rained on before harvest, lowering the feed quality. The wet conditions have also stopped crop spraying and any late planting. Corn growth is slow due to limited sunlight and cool conditions. Cattle are having problems keeping up with the lush pasture growth.

**WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)**

	MAY 31 - JUN 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.50- 50.00	\$ 38.00- 43.50
REPLACEMENT HEIFER CALVES	\$370.00-505.00	\$300.00-350.00

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

	MAY 31 - JUN 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 51.50	\$ 37.00- 47.25

**W E S T**

The May 4a price (butter/powder) in California is \$14.77, up 45 cents from April and \$2.83 higher than last year. This compares to the Federal Order Class IV price for May at \$15.04. The May 4b price (cheese) is \$14.16, up \$2.04 from April and \$4.99 higher than last year. This compares to the Federal Order Class III price for May at \$13.83. Milk production is mostly steady in central and southern California following on the heels of milder temperatures. Hotter weather patterns are forecast to return this week. The state continues to see milk per cow output levels below year ago levels. The impact of more cows in the state is what is keeping total production above year ago levels in the 2 to 4% range. These do vary, even in local milksheds. Milk is being handled efficiently in the state in normal, expected areas. There are processors that would take additional milk. Higher milk prices are reaching the farm level and are helping to offset higher prices for animals, hay, and energy. Hot temperatures in Arizona continue to be above normal. Cooler nighttime temperatures are helping to ease the full effect on milk cows. Milk output remains below a year ago at levels steady with last week. Western cream markets are unsettled, following the announcement of new class prices for California. Cream is more available in the region and buying interest is mixed. Demand is still seasonally good from ice cream producers as good weather is increasing demand for ice cream at retail, shops, and food service outlets. Cream is also going into butter production within systems. Multiples this week are higher, running in the 122 to 134 range. Cooler temperatures are common over much of the Pacific Northwest. Scattered frost is hurting the prospects of the first cutting of hay in eastern Washington and Oregon. New crop hay offerings are light and prices are very firm. The quality of the loads sampled so far looks quite good. Buyers are concerned about availability and prices for later in the summer. Heifer prices in the region continue to firm. A good portion of a sale last week sold at prices over \$2000 per head. The number sold were about half the volume expected. Milk production in the region continues to increase seasonally. Milk output in Utah and Idaho is holding about steady. Weather conditions range from moderate to cooler than normal. Good progress is being made on the first cutting of hay. Yields are lower than expected. Factors given for this lack of tonnage range from dry conditions, cooler temperatures, less irrigation water being available, and trying to cut back on input costs (fertilizer and weed control programs).

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 06/07/01 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 mixed on a generally steady market. Offers to the CCC are again occurring on product produced prior to the inception of the new support price of \$0.9000. However, at some locations, manufacturer prices are higher in reflection of spot negotiations benchmarked on the stronger markets reported during May. Trading is light as the industry begins to reflect on the announcement of the new support price. The undertone is that the impact of the change will not be noted in NDM or class prices until mid-July. High heat demand is good for the limited offerings. Production of human food, nonfat dry milk during April 2001 totaled 131.2 million pounds, down 10.0% from April 2000 but 8.4% above March 2001. Month ending stocks, at 129.3 million pounds, are 44.2% below a year ago but 4.8% more than March 2001.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0025 - 1.0650 MOSTLY: 1.0275 - 1.0500

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged on a generally steady market. Movement is slower compared to the week prior. Production is unchanged to lower as the influx of milk from the Memorial Day holiday dissipates. Condensed movement is increasing into ice cream facilities, deterring dry production at some locations. Producer stocks are mostly in balance with some locations holding a few extra loads to move. Resale offers are light. Dry buttermilk production during April 2001 totaled 4.7 million pounds, down 13.0% from April 2000 but 1.0% higher than March 2001. Month ending stocks, at 3.7 million pounds, are 28.8% below last year and 14.8% below last month.

BUTTERMILK: 1.0550 - 1.1300

**DRY WHEY - CENTRAL**

Prices are higher on a firm market. Supplies are generally tight. However, feed buyers looking to resell their whey stocks are finding it difficult to clear product at a premium. In addition, producers are refusing to meet buyer requests to divert excess contracted loads. Spot trading is slowing as prices move higher. Resistance is being noted on export markets with competitively priced EU stocks available. Production is steady with decreases anticipated once summer temperatures finally arrive. The undertone is mixed as to whether the CCC sell back will have an impact on whey markets. Production of human food, dry whey during April 2001 totaled 89.7 million pounds, 5.4% less than April 2000 and 4.7% below March 2001. Month ending stocks, at 32.3 million pounds, are 30.5% below a year ago and 5.8% less than March 2001.

NONHYGROSCOPIC: .2800 - .2950 MOSTLY: .2850 - .2900

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a firm market. Milk replacer and roller ground prices continue to adjust to changes in the Extra Grade market. Milk replacer supplies are tight with some producers offering at the Extra Grade average. Roller ground supplies are mostly in balance, yet production is unchanged to lower. Delactose demand remains strong despite the CCC sell back announcement. Limited supplies of off grade delactose are trading within the range. Production of animal feed dry whey during April 2001 totaled 6.2 million pounds, 6.7% lower than a year ago but 18.4% more than March 2001. Month ending stocks, at 4.4 million pounds, are 27.7% below a year ago and 10.7% lower than last month.

MILK REPLACER: .2450 - .2800  
ROLLER GROUND: .2650 - .2950  
DELACTOSE (Min. 20% protein): .4150 - .4300

**LACTOSE - CENTRAL AND WEST**

Prices are higher on a firm market. Producers are offering higher for third quarter in anticipation of tight supplies. Current stocks are mixed with some plants running somewhat long and others short on contractual commitments. Domestic demand is good due in part to an increased interest from the feed sector. Export movement is fair to good with some price resistance noted as EU supplies tend to be more attractively priced. Off grade supplies are decreasing and trading at prices within the range. Lactose production during April 2001 totaled 46.0 million pounds, up 4.7% from April 2000 but 3.8% below March 2001. Month ending stocks, at 25.9 million pounds, are 0.5% higher than a year ago but 7.7% below last month. Production totals for selected regions with changes from 2000 include: East North Central, 9.6 million pounds, N.A.; West North Central, 14.9 million pounds, -4.3%; West, 19.1 million pounds, +3.9%.

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

EDIBLE: .1675 - .2300 MOSTLY: .1925 - .2025

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a cautiously steady market. Because bidding on CCC NDM will occur over a 2 week span, the trade is slow to react to any impact the sell back may have on the WPC market. Price discovery of the sell back supplies as well as the denaturation method used will aid in determining the competitiveness of the CCC NDM. However, suppliers and resellers are cautious of holding any aged or off grade supplies and are therefore readily clearing limited stocks at substantial discounts. Export and domestic movement into food accounts remains unchanged with some renewed interest into ice cream accounts. Production of human food WPC during April 2001 totaled 22.5 million pounds, down 11.7% from April 2000 and 9.4% below March 2001. Manufacturers end-of-month stocks totaled 12.4 million pounds, 17.2% lower than a year ago but 12.9% above last month. Production totals for selected states with changes from 2000 include: California, 7.5 million pounds, +4.6%; Minnesota, 2.9 million pounds, -39.4%; and Wisconsin, 3.9 million pounds, -7.3%.

EXTRA GRADE 34% PROTEIN: .7900 - .8250 MOSTLY: .7900 - .8000

**NONFAT DRY MILK - WEST**

The NDM complex is unsettled following the change in the NDM support price. The USDA announced on May 31 that the CCC will decrease the support price of NDM by 10.32 cents to \$0.9000 per pound. The change is effective May 31. Powder produced on or before May 31 can still be offered until June 13. This week, NDM prices are slightly higher for the low/medium heat mostly range, reflecting actual, reported price changes. The lower support price of 90 cents is not reported in this week's range because no sales have been made to the CCC at that price, although some NDM did move at the prior support price. Should sales at the new support price occur, they will be reflected in the price series. Production levels are mixed in the region, but are tending to be seasonally lower. Buying interest is subdued because of the CCC announcement. Contacts are assessing the effect this will have on nearby and future prices. High heat prices are higher. Seasonal interest is fair to occasionally good. Production is light with some additional powder being made. During the week of May 28 - June 1, CCC net purchases totaled 8.0 million pounds of nonfortified NDM from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9975 - 1.0325 MOSTLY: 1.0025 - 1.0250  
HIGH HEAT: 1.0450 - 1.0900

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are moving slightly higher on the top end of the range. Production levels are steady to occasionally higher where more churning is taking place. Demand is not as aggressive as in prior weeks. Some contacts are noting more price resistance. The unsettledness in the NDM market may be carrying over to the dry buttermilk market. Dry buttermilk offerings remain light.

BUTTERMILK: 1.0200 - 1.0900 MOSTLY: 1.0400 - 1.0700

**DRY WHEY - WEST**

Western whey prices range from steady to fractionally higher. Buyers continue to often pay premiums for spot loads of powder, but the level is often lower than a few weeks ago. No discounting is being reported by any contacts. Some additional price resistance is noted especially from export buyers. Prices are forcing them to look further at alternatives. Stock levels remain balanced and production is declining seasonally at some locations. April US edible whey production is down 5.4% from a year earlier and stocks are down 30.5% from the same time period. April output for the Western region is up 1.4% from a year ago.

NONHYGROSCOPIC: .2500 - .2750 MOSTLY: .2650 - .2700

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
June 1	\$1.0099	14,017,109
May 25	\$1.0105	12,973,348

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 steady to higher. Northeastern prices remain nominal. The base, used to market a large portion of the NDM in the country, moved fractionally higher for June's sales. This is despite the fact that USDA lowered the support purchase price of NDM to \$.9000 effective for powder made on or after May 31, 2001. Since that announcement, there has been a lot of conversation regarding how, and at what level, NDM is going to be priced, but there has been no move to push prices lower. The major marketing agency is sticking to its pricing structure. Other producers don't want to lower NDM prices when they can't get a corresponding higher price for their butter. It is a wait and see attitude with respect to pricing. Also, CCC announced the selling of CCC-owned NDM for use in animal feed. This week, drying schedules are mixed, mostly steady. Less milk is available in the Southeast, but up slightly at some Northeast plants. Demand is steady and plant stocks remain light. Production of human food, nonfat dry milk during April 2001 totaled 131.2 million pounds, down 10.0% from April 2000 but 8.4% above March 2001. Month ending stocks, at 129.3 million pounds, are 44.2% below a year ago but up 4.8% from a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0325 - 1.0900 MOSTLY: 1.0375 - 1.0650

HIGH HEAT: 1.0600 - 1.1100 MOSTLY: 1.0650 - 1.1000

DELVD SOUTHEAST:

ALL HEATS: 1.0625 - 1.1500

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to higher and nominal. The market tone is unchanged. Production levels are moderate to occasionally lighter as local churning activity has eased slightly. Producer stocks are closely balanced and demand is fair to good. Dry buttermilk production during April 2001 totaled 4.7 million pounds, down 13.0% from April 2000 but 1.0% more than March 2001. Month ending stocks, at 3.7 million pounds, are 28.8% less than last year and 14.8% less than a month ago.

F.O.B. NORTHEAST: 1.0450 - 1.0600

DELVD SOUTHEAST: 1.0850 - 1.1550

**DRY WHOLE MILK - NATIONAL**

Prices are often higher following the increase in the May Class IV milk price. There is little change in the market tone. Production levels are generally light and just enough to meet orders. Spot demand is slow and producer stocks remain closely balanced. Dry whole milk production during April 2001 totaled 3.3 million pounds, down 73.3% from April 2000 but 15.7% above March 2001. Month ending stocks are not reported for this product any longer.

F.O.B. PRODUCING PLANT: 1.4400 - 1.6000

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2000 THROUGH JUNE 1, 2001  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)  
This program-year allocation is filled.

CHEESE -- 3,030 MT (6,679,938 LBS)  
This program-year 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 fractionally higher and the market tone remains firm. Eastern producers are pretty well sold out and expect this summer's production to be down from year earlier levels. In fact, some Eastern producers are already operating only 5-6 days a week instead of their normal daily production schedules. Contacts report that the strength in the market is supply driven. Eastern producers are barely able to meet contract shipping schedules and some are not entertaining new spot inquiries. For many, this policy will be in effect until they get caught up, which could be well into fall. Demand is generally good and export inquiries continue. Any spot interest is usually filled via the resale market. Production of human food, dry whey during April 2001 totaled 89.7 million pounds, 5.4% less than April 2000 and 4.7% below March 2001. Month ending stocks, at 32.3 million pounds, are 30.5% below last year and 5.8% less than a month ago. Production of animal feed, dry whey during April totaled 6.2 million pounds, 6.7% less than a year ago but 18.4% above last month.

F.O.B. NORTHEAST: EXTRA GRADE .2800 - .2925

USPH GRADE A .2825 - .2900

DELVD SOUTHEAST: .3050 - .3400

**EVAPORATED MILK - NATIONAL**

Prices are unchanged, but some contacts continue to be amazed by the fact that some producers are maintaining their prices in the face of sharply higher milk prices and growing costs of production. Production levels are about steady. Plant stocks are more than sufficient to cover current needs. Demand is fair. Canned evaporated milk production during April 2001 totaled 38.6 million pounds, 11.5% more than April 2000 and 14.4% more than March 2001. Month ending stocks, at 59.0 million pounds, are 11.1% more than a year ago and 10.3% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

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

**CASEIN - NATIONAL**

Casein markets remain firm, although prices are holding steady. Shipments of casein from the Oceania region are arriving basically as scheduled. For the most part, Oceania supplies are fully committed, thus additional inquiries are going unfilled. European shipments continue to arrive, although slowed by the additional paperwork requirements due to the recent foot and mouth disease situation. European stock availability continues to be a concern with producers and buyers. Milk production in many areas of Western Europe has peaked. Light milk volumes for full manufactured dairy product needs will continue to tighten.

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

RENNET: 2.4500 - 2.6500

ACID: 2.4500 - 2.6500

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	05/23	05/24	05/25	05/28	05/29	05/30	05/31	06/01	06/04	06/05
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**CME - (CLASS III) MILK FUTURES -- Dollars per cwt.**

MAY 01	13.82 (1736) 2	13.82 (1741) 8	13.80 (1743) 3	NO TRADING	13.82 (1743) 0	13.82 (1744) 2	13.84 (1701) 0	13.83		
JUN 01	14.45 (2310) 69	14.59 (2319) 14	14.59 (2349) 73		14.85 (2359) 55	15.00 (2366) 53	15.05 (2380) 42	14.90 (2388) 10	15.00 (2387) 6	15.04 (2400) 16
JUL 01	14.51 (2563) 92	14.80 (2563) 37	14.95 (2573) 19		15.35 (2592) 29	15.60 (2606) 76	15.65 (2627) 79	15.47 (2660) 49	15.60 (2664) 27	15.61 (2668) 27
AUG 01	14.47 (2515) 80	14.79 (2517) 33	14.93 (2525) 35		15.23 (2551) 44	15.60 (2549) 93	15.65 (2587) 91	15.46 (2625) 56	15.62 (2635) 27	15.62 (2645) 11
SEP 01	14.47 (2476) 80	14.82 (2491) 30	14.91 (2500) 10		15.22 (2525) 35	15.60 (2540) 92	15.65 (2572) 71	15.45 (2605) 66	15.61 (2610) 24	15.62 (2626) 27
OCT 01	13.70 (2101) 52	13.90 (2116) 33	13.95 (2125) 24		14.35 (2135) 35	14.45 (2152) 61	14.55 (2193) 76	14.40 (2217) 49	14.75 (2236) 55	14.70 (2243) 28
NOV 01	13.22 (1621) 17	13.35 (1633) 23	13.45 (1640) 19		13.70 (1639) 23	13.88 (1646) 28	13.93 (1678) 59	13.81 (1690) 13	13.90 (1699) 31	13.95 (1702) 12
DEC 01	12.66 (1320) 34	12.75 (1355) 47	12.78 (1379) 38		12.95 (1389) 41	13.03 (1405) 35	13.04 (1403) 30	12.92 (1412) 13	12.96 (1420) 20	13.00 (1424) 6
JAN 02	11.64 (328) 12	11.75 (329) 3	11.79 (331) 4		11.98 (337) 37	12.08 (341) 6	12.17 (344) 4	12.05 (349) 12	12.07 (351) 12	12.15 (353) 4
FEB 02	11.54 (238) 5	11.60 (243) 8	11.68 (243) 0		11.80 (258) 26	11.90 (257) 0	11.95 (259) 5	11.85 (260) 13	11.90 (260) 1	11.91 (261) 4
MAR 02	11.50 (175) 6	11.50 (179) 5	11.52 (182) 3		11.70 (184) 22	11.75 (185) 1	11.75 (189) 5	11.60 (195) 8	11.60 (196) 1	11.60 (196) 0
APR 02	11.49 (98) 4	11.52 (98) 0	11.51 (100) 2		11.70 (113) 22	11.77 (114) 2	11.78 (113) 3	11.65 (113) 7	11.65 (113) 0	11.65 (113) 0
MAY 02	11.55 (24) 2	11.60 (24) 0	11.60 (24) 0		11.60 (39) 20	11.66 (40) 1	11.70 (42) 6	11.65 (43) 7	11.68 (43) 0	11.68 (43) 0
JUN 02	12.15 (13) 0	12.20 (13) 3	12.20 (13) 0		12.20 (35) 32	12.25 (35) 0	12.25 (35) 0	12.15 (36) 6	12.15 (36) 6	12.15 (36) 0
JUL 02	12.69 (1) 0	12.69 (1) 0	12.69 (1) 0		12.69 (1) 0	12.69 (1) 0	12.69 (1) 0	12.68 (1) 0	12.64 (1) 0	12.64 (1) 0
AUG 02	12.85 (1) 0	12.85 (1) 0	12.85 (1) 0		12.85 (1) 0	12.85 (1) 0	12.85 (1) 0	12.83 (1) 0	12.79 (1) 0	12.78 (1) 0

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

MAY 01	14.90 (346) 0	14.90 (346) 0	14.90 (346) 0	NO TRADING	14.90 (346) 0	14.90 (346) 0	15.07 (330) 0	15.04		
JUN 01	15.20 (316) 0	15.20 (316) 0	15.20 (316) 0		15.20 (316) 0	15.20 (316) 0	15.20 (316) 1	14.81 (316) 0	15.05 (316) 0	15.05 (313) 3
JUL 01	15.25 (336) 0	15.25 (336) 0	15.25 (336) 0		15.25 (336) 0	15.25 (336) 0	15.25 (336) 6	14.80 (335) 6	15.50 (335) 0	15.50 (335) 0
AUG 01	15.40 (326) 0	15.40 (327) 1	15.50 (327) 0		15.50 (327) 0	15.50 (327) 2	15.48 (317) 22	14.95 (317) 0	15.05 (317) 0	15.05 (314) 4
SEP 01	15.25 (298) 1	15.25 (298) 0	15.30 (298) 0		15.30 (298) 0	15.30 (300) 2	15.30 (275) 30	14.90 (270) 5	15.05 (270) 0	15.05 (264) 6
OCT 01	14.85 (355) 3	15.00 (355) 0	15.00 (355) 0		15.00 (355) 0	15.00 (356) 1	14.87 (334) 28	14.65 (330) 8	14.55 (331) 1	14.50 (322) 15
NOV 01	14.05 (291) 0	14.20 (291) 0	14.20 (291) 0		14.20 (291) 0	14.20 (291) 0	14.18 (279) 20	13.90 (281) 12	14.25 (282) 1	14.20 (265) 23
DEC 01	13.85 (118) 0	13.85 (118) 0	13.85 (118) 0		13.85 (118) 0	13.86 (118) 0	13.86 (118) 0	13.82 (119) 1	13.86 (119) 0	13.86 (119) 0
JAN 02	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0		13.20 (1) 0	13.20 (1) 0	13.20 (1) 0	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0

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

JUL 01	193.00 (111) 2	193.00 (113) 6	193.00 (113) 3	NO TRADING	192.50 (113) 0	193.00 (113) 1	193.00 (119) 9	193.00 (120) 1	193.00 (120) 0	193.00 (119) 3
SEP 01	195.50 (93) 0	196.00 (97) 5	195.00 (97) 0		195.00 (98) 1	195.00 (98) 0	195.00 (104) 7	196.00 (104) 1	196.00 (104) 0	196.00 (104) 5
OCT 01	186.00 (9) 0	186.00 (11) 2	186.00 (11) 0		186.00 (11) 0	186.00 (11) 0	186.00 (11) 0	186.00 (11) 0	186.00 (11) 0	186.00 (12) 1
DEC 01	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0		167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0

<sup>1/</sup> At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 28 - June 8, 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:** In many areas of Western Europe, the milk production season has peaked and reports continue to indicate that overall milk output is lagging last year's volumes. Most reports indicate that volumes are lighter with a 2% decline a common figure. The recent foot and mouth disease situation in Europe is one of the factors milk handlers feel has caused lower output. Early reports indicate that milk volumes in the UK and Netherlands are off the greatest. This overall lower production trend has many European dairy producers and handlers very concerned. Carryover inventories of manufactured dairy products in Europe are low, thus most producers and handlers are trying to rebuild workable stock levels during the current production year. At this point, demand is basically centering around internal or domestic needs. International buyer interest is slow although in many instances, producers and handlers are comfortable with slower sales activity. Prices for most European produced dairy products are holding steady. Producers, handlers, and traders are closely monitoring international markets. Late last week, the U.S. Department of Agriculture announced that its Commodity Credit Corporation decreased the price of nonfat dry milk by 10.32 cents per pound or about \$225 per ton. European producers and handlers are unsure as to what impact or how soon this adjustment might affect their marketing strategies. At this point, markets and prices are basically unchanged.

**BUTTER/BUTTEROIL:** European butter markets remain firm. Milk production in many areas of Europe is reported to have peaked, thus already lighter than desired milk volumes will become even more competitive. For butter/powder production, milk volumes are not excessive, thus most butter/powder producers are taking full advantage of milk offerings. At this time, butter stocks are balanced and PSA offerings are lighter than last year. No significant international sales activity is being reported with most sales activity centering around internal or domestic needs.

82% BUTTERFAT:	1,450 - 1,500
99% BUTTERFAT:	1,400 - 1,600

**SKIM MILK POWDER (SMP):** European skim milk powder markets are steady, although the undertone is unsettled. European and other world skim powder producers, handlers, and traders are closely monitoring world skim prices following the announcement of a lower support price in the United States. Most indicate that it is too early to project what impact this will have on prices, but most feel that firmer prices will not be realized due to lighter than desired world skim supplies. At this point, skim milk powder supplies in Europe are lower than desired and the outlook for significant increases is not developing.

1.25% BUTTERFAT:	2,050 - 2,200
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady at unchanged prices. Whole milk powder stocks are not excessive with most production centered around current needs. At this time, international sales are slow with most market activity centering around domestic needs. Milk volumes in Eastern and Western Europe are lower than last year, thus competition for milk for various manufactured dairy product, including full cream milk powder, will be active.

26% BUTTERFAT:	1,900 - 2,100
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**SWEET WHEY POWDER:** Whey powder markets are steady at unchanged prices. Stocks of European whey powder are building as cheese production continues to run ahead of last year at this time. Up to this point, some international buyer interest remains cautious in procuring European sourced dairy products, with some whey buyers specifically stating that they do not want Western European sourced product.

NONHYGROSCOPIC:	450 - 500
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**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe continues to increase gradually. As in Western Europe, Eastern European milk production is reported to be trailing last year at this time. Overall milk volumes are lower, thus most manufacturing plants are taking full advantage of current offerings. Stocks of manufactured dairy products in Eastern Europe are low, thus current output is being absorbed into internal or domestic needs with surplus being inventoried for future use.

## OCEANIA

**OVERVIEW:** For the most part, the milk production season has come to a close in New Zealand with output in Australia very close to an end. Preliminary projections have milk output in New Zealand running between 7 - 8% ahead of last year on an annual basis with milk volumes in Australia trailing last season by 3.5% for the first ten months. In Australia, this is the first season since the 1987 - 88 year that milk production has been this negative. Producers and handlers of manufactured dairy products feel that they will have sufficient volumes of inventoried stocks to carry them through the next few months, prior to the start of the new production season in August/September. Although stocks are adequate, many traders are stating that additional buyer inquiries continue to occur. In most instances, this additional buyer interest is going unfilled. For the most part, Oceania prices are holding steady, although Oceania handlers and traders are closely monitoring the world market situation. In Europe, the foot and mouth disease outbreak situation continues to hinder regular product movement. Another factor that may impact international skim powder markets and prices is the lowering of the CCC purchase price in the United States. Oceania traders indicate that it is still too early to project the total impact, but many feel that this adjustment will probably lower world market prices. At this point, the world supply of skim milk powder is limited with the U.S. probably in the greatest position to acknowledge and fill international buyer needs.

**BUTTER:** Butter markets are steady to firm in the Oceania region. Stocks are reported to be in close balance for future needs. Producers and handlers report that recent spot sales to the U.S. have basically cleared any additional volumes of butter in both Australia and New Zealand. As far as acknowledging additional spot buyer interest, traders feel that they will be out of the market for the next few months, until the new milk production season resumes in August/September.

82% BUTTERFAT:	1,300 - 1,350
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**CHEDDAR CHEESE:** Oceania cheese markets remain firm. Demand for cheese continues to be strong from regular and ongoing customers. For the most part, stocks are reported to be in close balance for contracted and projected needs, with minimal volumes available for spot buyer interest. During the next few months, orders from the Oceania region will be filled from inventoried stocks.

39% MAXIMUM MOISTURE:	2,100 - 2,250
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**SKIM MILK POWDER (SMP):** Skim milk powder markets are mixed at unchanged prices, although the undertone is unsettled. Oceania producers and handlers are closely monitoring the international market and what impact the lowering of the U.S. CCC skim milk powder price will have on prices. For the time being, prices are holding steady due to the very recent adjustment. Oceania handlers are aware of the international supply situation and feel that with the U.S. lowering its' support price and having surplus stocks, many feel that international prices will probably soften.

1.25% BUTTERFAT:	2,075 - 2,200
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to firm. Producers, handlers and traders indicate that stocks are basically fully committed. In New Zealand, a strong finish to the end of the milk production season allowed for some additional powder to be generated, which will cushion already snug supplies. Spot international buyer interest is active, although most inquiries are going unfilled.

26% BUTTERFAT:	2,050 - 2,150
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Exchange rates for selected foreign currencies: JUNE 4, 2001

.3839 Dutch Guilder	.4325 German Mark
.1290 French Franc	.4105 New Zealand Dollar
.1091 Mexican Peso	.5076 Australian Dollar
1.4145 British Pound	.0084 Japanese Yen
.2505 Polish Zloty	.8460 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1091)= 9.1659  
That is 1 US Dollar equals 9.1659 Mexican Pesos.

Source: "Wall Street Journal"

## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MAY

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for May 2001 is \$2.1191 per pound. Thus, the Class II butterfat price is \$2.1261. The protein and other solids prices for May are \$1.9108 and \$0.1229 per pound, respectively. These component prices set the Class III skim milk price at \$6.65 per cwt. The May Class IV skim milk price is \$7.90 which is derived from the nonfat solids price of \$0.8780 per pound.

**Product Price Averages:** The product price averages for May are; butter \$1.8527, nonfat dry milk \$1.0180, cheese \$1.5129, and dry whey \$0.2590.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/</sup> <sub>2/</sub>						
FEDERAL MILK ORDER MARKETING AREAS <sup>3/</sup>	ORDER NUMBER	MAY 2001				JUNE 2001
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
DOLLARS PER 100 POUNDS						
Northeast (Boston) <sup>4/</sup>	001	17.46	15.72	13.83	15.04	18.24
Appalachian (Charlotte) <sup>5/</sup>	005	17.31	15.72	13.83	15.04	18.09
Southeast (Atlanta) <sup>6/</sup>	007	17.31	15.72	13.83	15.04	18.09
Florida (Tampa) <sup>7/</sup>	006	18.21	15.72	13.83	15.04	18.99
Mideast (Cleveland) <sup>8/</sup>	033	16.21	15.72	13.83	15.04	16.99
Upper Midwest (Chicago) <sup>9/</sup>	030	16.01	15.72	13.83	15.04	16.79
Central (Kansas City) <sup>10/</sup>	032	16.21	15.72	13.83	15.04	16.99
Southwest (Dallas) <sup>11/</sup>	126	17.21	15.72	13.83	15.04	17.99
Arizona-Las Vegas (Phoenix) <sup>12/</sup>	131	16.56	15.72	13.83	15.04	17.34
Western (Salt Lake City) <sup>13/</sup>	135	16.11	15.72	13.83	15.04	16.89
Pacific Northwest (Seattle) <sup>14/</sup>	124	16.11	15.72	13.83	15.04	16.89
All-Market Average	---	16.79	15.72	13.83	15.04	17.57

<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63—the approximate number of gallons in 100 pounds of milk.

<sup>2/</sup> Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

<sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the market.

<sup>4/</sup> Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

<sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

<sup>6/</sup> Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

<sup>7/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

<sup>8/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

<sup>9/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

<sup>10/</sup> Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

<sup>11/</sup> Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

<sup>12/</sup> Class I price at Las Vegas is minus \$0.35.

<sup>13/</sup> Class I price at Boise is minus \$0.30.

<sup>14/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

## MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2001 was unchanged at 123. Compared with May 2000, the index is up 4 points (3.4 percent). The index of prices received by farmers for dairy products advanced 8 points during the month of May 2001 to 118. Compared with May 2000, the index was up 26 points (28.3 percent).

Prices received by farmers in May with changes from April were: for All Milk, \$15.40 per hundredweight (cwt.), up \$1.00; Fluid Grade Milk, \$15.40 per cwt., up \$.90; and for Manufacturing Grade Milk, \$13.90 per cwt., up \$1.00.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 2001 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	
	APRIL		MAY		MAY		MAY		MAY	
	2001 2/	2000 2/	2001 4/	2000 2/	2001	2000	2001 7/	2000 8/	2001	2000
CA	13.30	11.02	14.30	11.18			40.50	37.00	126.00	100.00
ID	12.90	10.30	13.50	10.30			39.90	38.30	93.00	76.00
MI	14.60	12.60	15.40	13.00			43.50	40.50	63.00	74.00
MN	14.40	11.60	15.50	11.50			47.00	41.40	61.00	68.00
NY	15.40	12.60	16.10	12.80			---	---	100.00	92.00
OH	14.50	12.30	15.20	12.60			43.00	40.60	98.00	126.00
PA	16.30	13.10	16.70	13.50			44.70	40.90	101.00	129.00
TX	15.10	13.00	16.00	13.10			41.60	36.30	86.00	81.00
WA	14.80	12.70	15.60	12.50			---	---	111.00	103.00
WI	14.30	11.20	15.60	11.20			45.00	40.20	46.00	43.00
U.S.	14.40	11.90	15.40	12.00			43.40	38.90	106.00	89.40

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

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., MAY 2001 WITH COMPARISONS

ITEM	MAY 2000	APRIL 2001 1/	MAY 2001 2/
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test:			
All milk	12.00	14.40	15.40
Fluid grade milk	12.10	14.50	15.40
Manufacturing grade milk	10.10	12.90	13.90
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	100	106	108
Prices received by farmers for dairy products	92	110	118
Prices paid by farmers for commodities and services, interest taxes, and wage rates	119	123	123
Prices paid by farmers for production items	116	120	119
Prices paid by farmers for feed	106	105	104
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	2.63	3.32	3.41

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 (5/01), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**APRIL 2001 DAIRY PRODUCTS HIGHLIGHTS**

**BUTTER** production was 105.7 million pounds in April, 5.4 percent below April 2000 but 3.7 percent above March 2001. **AMERICAN TYPE CHEESE** production totaled 293.2 million pounds, 6.2 percent below April 2000 and 2.1 percent below March 2001. **TOTAL CHEESE** output (excluding cottage cheese) was 671.9 million pounds, 3.2 percent below April 2000 and 5.9 percent below March 2001. **NONFAT DRY MILK** production, for human food, totaled 131.2 million pounds, 10.0 percent below April 2000 but 8.4 above March 2001. **DRY WHEY** production, for human food, was 89.7 million pounds, 5.4 percent below April 2000 and 4.7 percent below March 2001. **ICE CREAM** (hard) production totaled 78.6 million gallons, 2.1 percent below April 2000 but 2.3 percent above March 2001.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	APR 2001	PERCENT CHANGE FROM:			PRODUCT	APR 2001	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 2000	MAR 2001	YEAR TO DATE 1/		1,000 LBS.	APR 2000	MAR 2001	YEAR TO DATE 1/
BUTTER	105,722	-5.4	3.7	-10.7	YOGURT (PLAIN AND FLAVORED)	162,763	1.9	-5.4	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	293,247	-6.2	-2.1	-6.4	SWEET -TYPE, HUMAN FOOD	10,316	3.9	2.4	---
CHEDDAR	228,487	-7.5	-2.7	-7.5	SWEET -TYPE, ANIMAL FEED	1,055	-0.8	-12.1	---
SWISS	20,801	10.3	0.0	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,395	4.1	-8.8	---	DRY WHEY, HUMAN FOOD	89,696	-5.4	-4.7	---
CREAM & NEUFCHATEL	53,621	-0.8	-12.2	---	DRY WHEY, ANIMAL FEED	6,244	-6.7	18.4	---
HISPANIC	7,902	2.5	-1.9	C	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	215,048	-3.1	-9.3	3.3	HUMAN FOOD	8,431	21.3	21.8	---
OTHER ITALIAN TYPES	56,605	2.1	-8.4	-0.5	ANIMAL FEED	3,174	-4.8	-5.7	---
TOTAL ITALIAN TYPES	271,653	-2.1	-9.1	2.5	LACTOSE, HUMAN FOOD & ANIMAL FEED	45,994	4.7	-3.8	---
ALL OTHER TYPES	17,235	6.8	-2.4	---	WHEY PROTEIN CONCENTRATE				
TOTAL	671,854	-3.2	-5.9	-1.7	HUMAN FOOD	22,451	-11.7	-9.4	---
COTTAGE CHEESE, CURD 3/	36,552	-5.8	-4.7	---	ANIMAL FEED	4,146	14.2	0.4	---
COTTAGE CHEESE, CREAM 4/	29,826	-0.2	-8.3	0.3					
COTTAGE CHEESE, LOWFAT 5/	29,598	0.5	-8.6	-0.2					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS			PERCENT CHANGE FROM:
WHOLE MILK	38,640	11.5	14.4	---	ICE CREAM (HARD)	78,557	-2.1	2.3	-3.3
DRY WHOLE MILK	3,307	-73.3	15.7	---	ICE CREAM, LOWFAT (HARD)	8,285	7.3	0.0	---
NONFAT DRY MILK, HUMAN FOOD	131,170	-10.0	8.4	-9.0	ICE CREAM, LOWFAT (SOFT)	28,239	9.6	9.6	---
DRY SKIM MILK, ANIMAL FEED	383	-16.9	26.4	---	ICE CREAM, LOWFAT (TOTAL)	36,524	9.0	7.3	2.4
DRY BUTTERMILK	4,749	-13.0	1.0	---	SHERBET (HARD)	4,311	-7.3	-5.2	-3.6
					YOGURT (TOTAL)	7,521	1.3	-4.6	-2.7

MANUFACTURERS' STOCKS, END OF MONTH 7/							
PRODUCT	APR 2001	PERCENT OF:		PRODUCT	APR 2001	PERCENT OF:	
	1,000 LBS.	APR 2000	MAR 2001		1,000 LBS.	APR 2000	MAR 2001
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD				HUMAN FOOD	12,417	-17.2	12.9
DRY WHEY, ANIMAL FEED	4,395	-27.7	-10.7	ANIMAL FEED	2,414	61.3	26.5
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	5,891	-51.5	10.1	CANNED EVAPORATED & CONDENSED WHOLE MILK	58,969	11.1	10.3
LACTOSE, HUMAN FOOD & ANIMAL FEED	25,887	0.5	-7.7	DRY WHOLE MILK 9/	---	---	---
DRY BUTTERMILK, TOTAL	3,695	-28.8	-14.8	NONFAT DRY MILK FOR HUMAN FOOD	129,277	-44.2	4.8
				DRY SKIM MILK FOR ANIMAL FEED 9/	---	---	---

1/ 2001 cumulative as percent change of 2000 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. 9/ Information for these products was not shown in current report.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, JUNE 2001, WITH COMPARISONS 1/												
CITY	JUN 1999			JUN 2000			MAY 2001			JUN 2001		
	Coop.	Federal Order	Differ-ence									
Dollars Per Hundredweight												
Atlanta, GA	16.04	14.89	1.15	16.13	14.80	1.33	18.28	17.31	0.97	18.72	18.09	0.63
Baltimore, MD	16.35	14.84	1.51	16.25	14.70	1.55	18.96	17.21	1.75	19.74	17.99	1.75
Boston, MA *	15.53	15.05	0.48	15.43	14.95	0.48	17.94	17.46	0.48	19.62	18.24	1.38
Carbondale, IL	15.53	13.82	1.71	15.61	13.90	1.71	18.12	16.41	1.71	18.90	17.19	1.71
Charlotte, NC	16.04	14.89	1.15	16.13	14.80	1.33	18.28	17.31	0.97	18.72	18.09	0.63
Chicago, IL	15.10	13.21	1.89	15.17	13.50	1.67	17.66	16.01	1.65	18.58	16.79	1.79
Cincinnati, OH	15.62	13.92	1.70	15.60	13.90	1.70	18.14	16.41	1.73	18.92	17.19	1.73
Cleveland, OH	15.31	13.81	1.50	15.30	13.70	1.60	17.94	16.21	1.73	18.72	16.99	1.73
Dallas, TX	15.22	14.97	0.25	15.50	14.70	0.80	17.55	17.21	0.34	17.99	17.99	0.00
Denver, CO	16.29	14.54	1.75	14.90	14.25	0.65	17.46	16.76	0.70	18.24	17.54	0.70
Des Moines, IA	14.36	13.36	1.00	14.69	13.50	1.19	17.22	16.01	1.21	18.00	16.79	1.21
Detroit, MI	14.62	13.66	0.96	14.53	13.50	1.03	17.01	16.01	1.00	17.79	16.79	1.00
Hartford, CT *	15.43	14.95	0.48	15.33	14.85	0.48	17.84	17.36	0.48	19.52	18.14	1.38
Houston, TX	15.76	15.51	0.25	16.10	15.30	0.80	18.15	17.81	0.34	18.59	18.59	0.00
Indianapolis, IN	15.26	13.71	1.55	15.40	13.70	1.70	17.94	16.21	1.73	18.72	16.99	1.73
Kansas City, MO	14.73	13.73	1.00	14.89	13.70	1.19	17.17	16.21	0.96	17.95	16.99	0.96
Louisville, KY	14.92	13.92	1.00	14.85	13.90	0.95	17.41	16.41	1.00	18.19	17.19	1.00
Memphis, TN	15.38	14.58	0.80	15.58	14.50	1.08	17.68	17.01	0.67	18.12	17.79	0.33
Miami, FL	18.36	15.99	2.37	18.64	16.00	2.64	20.79	18.51	2.28	21.23	19.29	1.94
Milwaukee, WI	15.01	13.12	1.89	15.12	13.45	1.67	17.76	15.96	1.80	18.68	16.74	1.94
Minneapolis, MN	14.01	13.01	1.00	14.47	13.40	1.07	17.12	15.91	1.21	18.04	16.69	1.35
New Orleans, LA	15.91	15.46	0.45	16.28	15.30	0.98	18.33	17.81	0.52	18.77	18.59	0.18
Oklahoma City, OK	15.58	14.58	1.00	15.35	14.30	1.05	17.61	16.81	0.80	18.39	17.59	0.80
Omaha, NE	14.56	13.56	1.00	14.69	13.55	1.14	17.27	16.06	1.21	18.05	16.84	1.21
Philadelphia, PA	16.38	14.90	1.48	16.42	14.75	1.67	19.13	17.26	1.87	19.91	18.04	1.87
Phoenix, AZ	14.33	14.33	0.00	14.65	14.05	0.60	16.71	16.56	0.15	17.49	17.34	0.15
Pittsburgh, PA	15.07	13.81	1.26	15.10	13.80	1.30	18.51	16.31	2.20	19.29	17.09	2.20
St. Louis, MO	15.53	13.82	1.71	15.41	13.70	1.71	17.92	16.21	1.71	18.70	16.99	1.71
Salt Lake City, UT	13.96	13.71	0.25	13.85	13.60	0.25	16.36	16.11	0.25	17.14	16.89	0.25
Seattle, WA	15.38	13.71	1.67	14.08	13.60	0.48	16.49	16.11	0.38	17.27	16.89	0.38
Spokane, WA	15.38	13.71	1.67	14.08	13.60	0.48	16.49	16.11	0.38	17.27	16.89	0.38
Springfield, MO	15.00	14.00	1.00	14.95	13.90	1.05	17.21	16.41	0.80	17.99	17.19	0.80
Washington, DC	16.35	14.84	1.51	16.25	14.70	1.55	18.96	17.21	1.75	19.74	17.99	1.75
Simple Average	15.40	14.24	1.16	15.36	14.18	1.18	17.80	16.69	1.11	18.58	17.47	1.11

\*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.

1/ 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.

**SALE OF CCC-OWNED NONFAT DRY MILK, INVITATION 010 TO ANNOUNCEMENT RSC1**

The Commodity Credit Corporation (CCC) invites competitive offers to buy from CCC 733,978 pounds of Nonfat Dry Milk (NDM) packed in 25 KG bags. The NDM will be sold for animal feed use subject to the terms and conditions of Announcement RSC1.

The NDM will be sold delivered in-store at the point(s) of storage.

All offers must be submitted in an original and one copy of the offer form. Master copies of Offer Form KC-327-RSC was provided with Announcement RSC1, Appendix 1. This offer form can also be accessed on the internet at <http://www.fsa.usda.gov/daco/Announcement/Dairy/dairyannon.htm> under the Dairy Announcements heading. Your company will need to reproduce copies of the master offer form for this and future invitations. All information required by the offer form must be supplied.

Offers, modifications, or withdrawals must be addressed as shown in this invitation. Failure to address a bid or a bid modification to the Dairy Bid Box or failure to properly identify the envelope as required in this invitation may result in the bid or the bid modification, if applicable, to be considered nonresponsive by the Contracting Officer.

Letter Offers Due: 11:00 A.M. CDT, June 19, 2001

Regular Mail: Kansas City Commodity Office  
ATTN: Dairy Bid Box  
P.O. Box 419205  
Kansas City, MO 64141-6205

Express Mail/Hand-Delivered: Kansas City Administrative Office  
ATTN: Dairy Bid Box  
6501 Beacon Drive  
Room G42-A  
Kansas City, MO 64133-4676  
(7:00 A.M. - 5:00 P.M. CDT)

Notification to Successful offerors by: Midnight CDT, June 20, 2001

Public Release of Awards: 4:00 P.M. CDT, June 21, 2001

Internet: [www.fsa.usda.gov/daco/default](http://www.fsa.usda.gov/daco/default)  
FSA-BBS: FSA Bulletin Board System (FSA-BBS)  
FSA Telecommunications Help Desk  
1-800-255-2434

CCC reserves the right to accept or reject any and all offers, in whole or in part. In that respect, CCC reserves the right to accept the single offer or combination of offers which yields the greatest total financial return to CCC. Failure to accept shall be construed as a rejection of the offer(s).

Further information on the Announcement or this Invitation for offers may be obtained by contacting:

Dairy and Domestic Operations Division  
Dairy Procurement and Inventory Branch  
Telephone 816-823-1153

**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF JUNE 4 - 8, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 06/01/01	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	3,050,083	1,206,947	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,583,600	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	11,074,959	6,790,547	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	7,870,733	575,378	7,295,355	316,834,662	345,420,749	549,305,000	-0-
Fortified	-0-	-0-	-0-	28,051,923	5,313,347	38,128,000	-0-
<b>TOTAL</b>	7,870,733	575,378	7,295,355	344,886,585	350,734,096	587,433,000	-0-

#Although 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, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)**

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 4 - 8, 2001 =	1.6	84.9	COMPARABLE WEEK IN 2000 =	3.0	159.9
CUMULATIVE SINCE OCTOBER 1, 2000 =	178.1	4,124.1	CUMULATIVE SAME PERIOD LAST YEAR =	139.8	4,149.8
CUMULATIVE JANUARY 1 - JUNE 8, 2001 =	61.6	2,641.5	COMPARABLE CALENDAR YEAR 2000 =	128.6	3,556.6

\* Factors used for Fat 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 JUNE 4 - 8, 2001 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,187,708	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,107,647	-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-	5,995,440	6,710,019	4,689,782	40,907,884	31.7	50.7
WEST	-0-	-0-	5,039,919	80,528	340,196,803	306,462,543	68.1	48.8
EAST	-0-	-0-	39,600	-0-	-0-	3,363,669	0.2	0.5
<b>TOTAL</b>	-0-	-0-	11,074,959	6,790,547	344,886,585	350,734,096	100.0	100.0

**SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001**

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

**BUTTER** Bulk \$.8548 per pound; 1# Prints \$.8848

**CHEESE** 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

**NONFAT DRY MILK** Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/19/01 & Comparable Week 2000

Regions* (000 HEAD)	WEEK										U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK
2001-Dairy	0.2	0.7	4.9	5.0	18.2	2.1	1.4	0.8	9.4	2.2	44.8	1,065.2	42.3	48.4
2000-Dairy	0.2	0.9	5.5	4.5	19.9	2.0	0.6	0.6	9.6	2.7	46.5	1,033.8	44.7	50.0
2001-All cows	0.2	0.8	6.6	15.5	26.8	14.5	18.0	4.9	11.9	6.6	105.8	2,201.9		
2000-All cows	0.2	1.1	7.5	13.2	28.6	16.7	14.8	4.0	11.8	6.2	104.0	2,069.6		

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.

**CLASS III (2000) AND BFP (1998-99) MILK PRICES, (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
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

**FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44	14.21	14.99						
II	12.82	13.43	14.17	15.10	15.72							
III	9.99	10.27	11.42	12.06	13.83							
IV	12.13	12.70	13.46	14.41	15.04							

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)