

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/29):**

BUTTER: Grade AA closed at \$2.0000. The weekly average for Grade AA is \$2.0067 (+.0042).

CHEESE: Barrels closed at \$1.6100 and blocks at \$1.6575. The weekly average for barrels is \$1.5930 (-.0345) and blocks, \$1.6675 (+.0005).

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: Butter markets remain firm. Butter stocks are building on a weekly basis, although they continue to trail last year's level. Imported butter continues to arrive on U.S. shores to supplement local production. Current imports, subject to licensing requirements and high-tier (above quota) levels, are sharply higher versus 2000. Australia and New Zealand are the major sourcing countries. During January–May, 2001, licensed butter imports totaled 8.4 million pounds compared to 4.5 million pounds during the comparable period in 2000. High-tier imports total 2.5 million pounds compared to 33,695 pounds during the same five month period last year. Buying interest is fair at best with most orders being places for short term or immediate needs. More butter handlers are speculating that overall butter sales are slowing due to current price levels.

CHEESE: The cheese market is unsettled to weak. Bulk cheese needs and finished product deliveries are expected to be reduced by the Independence Day holiday next week. Process cheese movement is typically stronger than natural. Many plants have an uncommitted load or two available for sale while others are hard pressed to meet orders. Cheese production is showing seasonal declines, reflecting lower milk intakes and reduced cheese yields. Any extra milk generated over the holiday will be welcomed by plants operating on diminished schedules.

FLUID MILK: Milk production is declining through most, if not all, of the country due to summer heat, as well as humidity and biting insects. California has cooled off and a rebound in receipts is expected if conditions continue. Class I sales are at average to slow summer levels. Manufacturing schedules are generally lighter as the total milk volumes decline. Dryer efficiencies are also lower in summer and plant capacity is reduced. Florida continues to export surplus milk to nearby regions though handlers are preparing to start importing fairly soon. Recent rains in the Pacific Northwest are doing little long term to alleviate the drought but are helping current crop conditions. Plans for handling any extra holiday surplus milk are underway but limited extra volumes are expected to be generated.

DRY PRODUCTS: The NDM market is unsettled as buyers and sellers sort out demand and needs at various prices. This week, the first offerings of NDM were made at the new, lower CCC purchase price of \$.90 per pound. Also, exporters are waiting for the new DEIP year allocations, that will start July 1. Drying schedules are steady to lower as milk volumes decline seasonally. Some additional high heat product is being produced. The buttermilk market is fairly steady with offerings limited due to increased sales of condensed and reduced churning. The whey market is steady to firm and production is lighter.

More buyers are limiting purchases to needs. The WPC market is steady. Buyers are limiting purchases to current needs. Recent CCC off-condition NDM sale activity is continuing to affect demand as buyers look for cheaper sources of animal feed ingredients.

CCC: During the week of June 25 - 29, CCC purchased 15,923,797 pounds of Western and 359,080 pounds of Midwestern nonfortified NDM.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the June 2001 prices under the Federal Milk Order pricing system: Class II \$16.05 (+ \$.33), Class III \$15.02 (+ \$1.19); and Class IV \$15.33 (+ \$.29). Product price averages used in computing Class prices are: butter \$1.9263, NDM \$1.0148, cheese \$1.6211, and dry whey \$.2764. The Class II butterfat price is \$2.2159 and the Class III/IV butterfat price is \$2.2089. Further information may be found at: www.ams.usda.gov/dairy/mib/classprcacnmt.pdf

CONSUMER PRICE INDEX (BLS): The May 2001 CPI for all food is 172.5, up 3.1% from May 2000. The dairy products index at 164.7, is 3.2% more than a year ago. The following are the May to May changes for selected products: fresh whole milk up 5.8%, cheese 2.0% higher, and butter up 28.6%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during January – April 2001 totals 54.6 billion pounds, up 2.3% from the same period in 2000. Comparing disappearance levels with year earlier levels: butter is down 5.0%; American cheese, up 3.8%; Other cheese, 3.3% higher; NDM, 42.0% more; and fluid milk product, up 0.3%

DAIRY SITUATION AND OUTLOOK (ERS): The 1% dip in May milk production hinted at some recovery after declines of more than 2% from a year earlier in March and April. However, weakness in milk per cow has not dissipated quickly, and full recovery probably will be lengthy. Milk per cow evidently was damaged significantly by winter weather stress and very tight supplies of good forage. These indicators imply only gradual recovery in milk per cow, even though milk-feed ratios are projected to be relatively high. Returns over concentrate costs in 2001 are projected to rise about a third and to match the 1998 record. For the year, cow numbers are expected to average about 1% below 2000. Milk production is projected to move above a year earlier this autumn. However, 2001's total is expected to be about 1% below a year earlier, the first decline since 1996 and only the second decrease of that size since 1984. Dairy demand stays strong, despite a number of recent economic uncertainties. The demand strength was shown in the rapid increases in prices instead of the amount sold. May 1 commercial dairy stocks were much smaller than a year earlier and up relatively little from January 1. Rebuilding these lean stocks will help absorb the early portion of the expected recovery in milk production. Wholesale butter and cheese prices are expected to hold fairly steady during the rest of the year, possibly weakening somewhat as milk production starts to expand towards yearend. However, the low commercial stocks, new DEIP allocations beginning in July, and the apparent firmness in international powder markets suggest that any price declines might be limited, at least until well into autumn. Faster-than-expected expansion in milk production could cause prices to crumble sooner than projected, but second-half prices should be relatively strong in any case.

****SPECIALS THIS ISSUE****

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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 25	TUESDAY JUNE 26	WEDNESDAY JUNE 27	THURSDAY JUNE 28	FRIDAY JUNE 29	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5850 (-.0325)	\$1.6000 (+.0150)	\$1.5800 (-.0200)	\$1.5900 (+.0100)	\$1.6100 (+.0200)	-.0075	\$1.5930 (-.0345)
40# BLOCKS	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6575 (-.0125)	-.0125	\$1.6675 (+.0005)
BUTTER GRADE AA	\$2.0100 (+.0100)	-----	\$2.0100 (N.C.)	-----	\$2.0000 (-.0100)	N.C.	\$2.0067 (+.0042)

*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 25, 2001

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.5850, 1 @ \$1.6000, 1 @ \$1.6175, 1 @ \$1.6200
 BUTTER -- SALES: 10 CARS: 2 @ \$1.9900, 1 @ \$1.9925, 1 @ \$1.9900, 1 @ \$1.9925, 3 @ \$2.0000, 1 @ \$2.0050, 1 @ \$2.0100; BIDS UNFILLED: 4 CARS: 2 @ \$1.9950, 1 @ \$1.9025, 1 @ \$1.9000; OFFERS UNCOVERED: 4 CARS: 1 @ \$2.0100, 1 @ \$2.0200, 1 @ \$2.0500, 1 @ \$2.1000

TUESDAY, JUNE 26, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6000; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 27, 2001

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.5825, 1 @ \$1.5800, 1 @ \$1.6000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.5800, 1 @ \$1.5900, 1 @ \$1.6000, 1 @ \$1.6100
 BUTTER -- SALES: 3 CARS: 1 @ \$2.0100, 1 @ \$2.0200, 1 @ \$2.0100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS: 1 @ \$2.0100, 1 @ \$2.0200, 1 @ \$2.0300, 1 @ \$2.0400, 1 @ \$2.0500

THURSDAY, JUNE 28, 2001

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 29, 2001

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.6000, 1 @ \$1.6100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.6575, 1 @ \$1.6700
 BUTTER -- SALES: 7 CARS: 1 @ \$1.9975, 2 @ \$2.0000, 1 @ \$2.0050, 1 @ \$2.0000, 2 @ \$2.0050; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 9 CARS: 1 @ \$2.0000, 1 @ \$2.0025, 1 @ \$2.0050, 1 @ \$2.0075, 2 @ \$2.0100, 1 @ \$2.0200, 1 @ \$2.0300, 1 @ \$2.0500

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

BUTTER MARKETS

NORTHEAST

The market tone remains firm. In recent trading, the butter price at the CME has bounced around the \$2.00 – 2.01 level. Butter output in the East has been off during the past couple weeks as some producers sell their cream and do some microfixing to fill print orders. Bulk butter is still readily available from Western producers and, in fact, bulk is regularly being shipped to Eastern producers and suppliers to supplement needs. This is a typical occurrence during the summer and fall months. Retail demand is slow to fair. Current retail prices are a deterrent to consumption. Food service orders are fair to good, particularly in resort or vacation areas. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5 – 8.0 cents over the CME price/average.

tier (above quota) levels, are sharply higher versus 2000. Australia and New Zealand are the major sourcing countries. During the first five months of 2001, licensed butter imports totaled 8.4 million pounds compared to 4.5 million pounds during 2000 with high-tier imports totaling 2.5 million pounds compared to 33,695 pounds last year. Overall butter sales are referred to as fair at best. Most food service and retail orders are being placed for short or near term needs. When available, bulk butter for spot sale is selling in a price range of 3 – 5 cents per pound over various pricing bases, although most producers and handlers are holding additional stocks with confidence.

CENTRAL

The market tone remains firm. The cash price at the CME continues to trade at levels \$.80 above last year at this time. Most producers and handlers continue to take advantage of available cream offerings at this time, although most are not pleased with current prices in relationship with inventorying programs. Stocks of butter continue to lag last year at this time, although the margin between years is narrowing. Some handlers are stating that current prices are probably slowing butter sales, thus stocks are not clearing as readily as if prices were lower. Imported butter continues to arrive on U.S. shores to supplement local production. Current imports, subject to licensing requirements and high-

WEST

Some contacts state that bulk butter sales have slowed due to the higher prices this early in the year. Print sales seem to be holding up reasonably well. Food service orders continue at good levels. Warmer temperatures and more summer vacations are stimulating cream demand from ice cream plants. Some contacts are wondering what impact, if any, the resumption of sales of NDM to the CCC program at 90 cents per pound will have on the product mix between butter/powder and cheese. CME weekly butter stocks increased by only 880,000 pounds this week. This is the smallest weekly increase in eight weeks. Stocks trail last year at this time by 17.6 million pounds. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JUNE 23	1,6339 7,336,767	1,6142 10,188,992	1,0118 13,857,520	1,9672 2,586,223	0,2879 10,175,201

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

CHEESE MARKETS

NORTHEAST

For the fifteenth consecutive week, the CME weekly 40# block average price has increased. The market tone is quite firm, but the trading level for barrels at the CME has decreased 5 cents in just two trading sessions (6/22 & 25). With barrel prices falling, buyers are a little more reluctant to place new orders in case prices fall further. Eastern cheese makers report reduced receipts of surplus milk and cheese output is off accordingly. Producer stocks are more than sufficient to meet current needs. Retail demand is slowing as June Dairy Month promotions are coming to an end and retailers are working down existing stocks before reordering. Food service orders are steady to improved as more outlets are opening for the summer season.

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

Cheddar 10# Prints	:	1.7125-2.1825
Cheddar Single Daisies	:	1.6700-2.1300
Cheddar 40# Block	:	1.8075-1.9900
Process 5# Loaf	:	1.8400-2.0000
Process 5# Sliced	:	1.8600-2.1175
Muenster	:	1.8725-2.0800
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady, though with an unsettled undertone. Many processors and packagers will be down for an extra day or two next week for the holiday observance and shipments will be affected. This will reduce the need for bulk cheese. Recent declines in cash barrel prices at the Chicago Mercantile Exchange are contributing to the general uneasiness with current prices. Many cheese producers have extra cheese in inventory. Spot interest remains on the light side, centered on short-term replacement needs. At least a few in the industry feel that consumer demand may have slowed after they became accustomed to lower prices and/or promotional activity on cheese. Process cheese interest remains generally stronger than many natural varieties. At current barrel prices, imports of cheese for processing solids are an attractive alternative. Some larger, delayed increases in Swiss prices are being passed along to buyers. With continued weakness in mozzarella, some production of non-traditional mozzarella has shifted back to American types. Cheese production is generally lower, as milk receipts wilt due to summer temperatures, humidity, and insects.

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

Process American 5# Loaf	:	1.8475-2.0200
Brick And/Or Muenster 5#	:	1.9900-2.2625
Cheddar 40# Block	:	1.9800-2.1150
Monterey Jack 10#	:	2.1400-2.2900
Blue 5#	:	2.4075-2.6100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0000-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.6850

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 25 - 29, 2001
BARRELS*	:	\$1.5900 - 1.6425 (NOMINAL)
	:	(-\$0.0300) (.0075)
40# BLOCKS	:	\$1.6675 - 1.6975 (NOMINAL)
	:	(\$0.0075) (.0075)

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

WEST

For the fifteenth consecutive week, natural and process cheese prices increased in the Western region following the CME cash market. Sales activity is somewhat mixed. Some buyers are working down inventories with the hope that they might see lower prices in the near future. Manufacturers seem to believe that prices have the potential to go higher. Current barrels bound for processing seem to be moving well. Under grade cheese solids for processing are not moving well. The reported problem is competition from imported cheese being delivered at very competitive prices from Europe. Current blocks are clearing adequately. Some interest in aged cheese is developing, but bid prices are on the low side when the carrying costs are taken into account. Swiss cheese sales activity is listed as good for this season of the year. Offers of mozzarella cheese seem to be increasing. Some reports are noted that commercial warehouse space for block cheese storage is limited at this time because of the heavy amounts currently in storage.

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

Process 5# Loaf	:	1.7775-2.0375
Cheddar 40# Block	:	1.7900-1.9525
Cheddar 10# Cuts	:	1.9700-2.1900
Monterey Jack 10#	:	1.9800-2.1400
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.5400

FOREIGN

Domestic cheese prices are higher again this week. The market tone is seasonal at best. Most orders are for replacement volumes, particularly at a time when U.S. cheese prices are so high. Because of the high prices at the CME and in the U.S. market in general, demand for imported cheese used for further processing is quite good. Through May 2001, imports of "high-tier" (above quota) cheese are up in all categories. Some of the largest gains from the same period last year were: Cheddar (+47,362 Kg), American type (+1,836,618 Kg), and Italian-type (+326,442 Kg).

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 2.0150-3.5100*
Gorgonzola	: 3.2400-5.9400	: 2.4900-3.5825*
Parmesan (Italy)	: TFEWR	: 3.4300-3.4550*
Romano (Italy)	: 2.1000-2.9900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 2.0225-2.2425*
Romano (Cows Milk)	: -0-	: 3.2050-5.3825*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 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
06/25/01	41,716	:	130,636
06/01/01	27,814	:	127,749
CHANGE	13,902	:	2,887
% CHANGE	50	:	2

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	75	0	70	0	0
SOUTHEAST STATES	0	0	0	0	0	0

The base price for Class I milk for July 2001 is \$15.34 per cwt., up \$0.35 from June 2001. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for July is \$8.58, down two cents from June. Earlier this week, the Attorneys General for all six New England states announced that they had reached an antitrust settlement with the fluid milk processor who controls approximately 70% of New England's bottle milk business. According to some contacts and their "way of thinking," a few of the details of the settlement appear confusing or puzzling. This week, hot weather continues to cover most of the region. The high temperatures and humidity are taking more of a toll on cows. Milk output is falling from the Northern areas to Florida. The rates of decline vary. Fat and protein tests on the incoming milk are dropping along seasonal patterns. Florida's output continues to drop, but milk volumes are still excessive of Class I needs and shipments out of state continue. Bottled milk sales are seldom better than fair and reported as "down right poor" in some parts of the region. Manufacturing plants are operating on reduced schedules. The most notable drops in scheduling seem to be in the Southeast where most plants that are running are doing so only 3-4 days a week. Some handlers are preparing to take in "outside milk" starting next week. They may not need it right now, but most contracts of this nature start July 1. The condensed skim market is a little firmer, but prices are unchanged. Offerings are not as difficult to clear as they were a few weeks ago. Spot demand is still light as most deliveries are to meet contracts. Drying schedules are generally lighter due to the better demand and lighter volumes of surplus milk coming into butter/powder plants. The fluid cream market is firm. Demand is good, best early in the week. Spot prices are higher as both the weekly CME butter average and multiples moved higher. Most suppliers report an improved demand, but a few did have loads to clear late in the week. Others, however, were looking for additional loads for Thursday delivery. Some non-Grade A cream was moving to Midwestern churning facilities. Cream cheese output is improving and a few extra or spot loads of cream were purchased. Ice cream production is seasonally heavy. The hot weather is giving consumption a boost, particularly soft serve. Sales of frozen novelties are also very good. Churning activity is slower as some butter makers are selling their cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.6233-2.7635
DELIVERED EQUIVALENT ATLANTA	-	2.5632-2.7635 M 2.6433-2.703
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.6233-2.7434

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0500-1.1500
NORTHEAST- CLASS III - SPOT PRICES	-	.8000-.9600

M I D W E S T

Milk production is declining in the Upper Midwest as warm seasonal temperatures, elevated humidity, and insects reduce cow comfort. Temperatures in the 90s were noted in Minnesota and in parts of Wisconsin. Fat and protein tests on incoming loads are also slipping seasonally. Reported spot manufacturing milk prices range from \$1.25 fob to well over \$3.00 delivered, mainly in the \$1.50 - 2.00 fob area. These are good prices for surplus sellers during the time of year when milk is often being discounted to find a manufacturing home. Projections for next week's holiday are for an irregular week with most users expecting to use nearly regular volumes on adjusted

schedules. However, a few plants are reported to be closing for a week or two of summer shutdown, which may temporarily increase the pool of surplus milk. Handlers/buyers from the South are interested in securing additional milk supplies for summer and fall anticipated needs with some deals already made. Cream demand is good and supplies have tightened. Cream prices are higher, reflecting the higher cash butter average at the Chicago Mercantile Exchange and steady to slightly higher multiples. Ice cream, whipped cream, and dip demand and production remain strong. About a dozen loads of Wisconsin milk were shipped into the St. Louis area along with regular shipments. Class I interest is steady to slow for summer levels. Cottage cheese demand continues to hold up better than expected. Some bottlers are featuring reduced fat varieties to generate extra cream for other products. Some farmers continue to plant crops in finally dry fields as well as the hay harvest, both first and second cuttings. Crop spraying is far behind on many fields due to wet conditions.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 44.00- 51.00	\$ 40.00- 45.00
REPLACEMENT HEIFER CALVES	\$380.00-505.00	\$240.00-325.00

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

	JUNE 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 54.50	\$ 36.00- 49.00

W E S T

California pool receipts of milk for the month of May total 2.88 billion pounds, up 5.3% from May 2000. The blend price at a fat test of 3.59% is \$14.64. This is the highest blend price since August of 1999. The May quota price is \$15.70, up \$1.05 from April and \$3.46 higher than last year at this time. The percentage of receipts used in Class 1 products is 19.12%. The base/overbase price is \$14.00. Weather conditions are improved throughout all of California. Temperatures are 20-30 degrees cooler than last week with some rain showers. The hot conditions that lasted more than a week did bring down milk production across much of the state. Contacts are expecting some rebound over the next week to ten days if these less stressful conditions prevail. A further complication for good milk production is the amount of biting flies noted this summer. The early wet conditions are getting the blame for this. No power disruptions were noted which surprised many in the industry. More power was available for purchase and plants that had been down for repairs are now mostly back online. Manufacturing plants are noting very good sales activity for condensed skim and cream. Prices for dairy quality hay are firm and quantities are limited. Hay harvested recently has been classified as "summer hay" because of the extremely hot temperatures. This type of hay normally only makes either low-end dairy hay or high-end feeder. Conditions in Arizona have improved with temperatures now only in the low 100's. Nights are cooling down reasonably well. Production conditions are being called mid-summer even though it is still June. The real culprit is the high humidity. Yields produced by the current milk receipts are low and declining. Most producers attending the New Mexico Dairy Day were upbeat and optimistic. Many are implementing or reviewing expansion plans. The major limiting factor that they see is the shortage of heifers and their high prices. They wonder if it pays to expand if they cannot fill up the lot with animals. Hay is more expensive, but it is available. Shower activity and cooler temperatures were common over the Pacific Northwest. The rain is not enough to ease the general drought, but it is enough to help crops develop in the short run. Milk in the region remains strong. Hay is available, but prices are increasing. Heifers are not readily available. Warmer conditions are again moving into the northern Mountain States region. Milk output is hanging in there stronger than anticipated. Water shut off notices are beginning to appear. Hay buyers are becoming more concerned about volumes that will be available for purchase this fall and winter.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/28/01 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 lower on an unsettled market. Industry trade meetings deterred market activity during the week. However, unexpected sales to the government ensued, causing angst among speculators with respect to future NDM and milk prices. Production is unchanged to lower on low heat as warm summer temperatures reduce milk output. High heat production is increasing in order to guarantee contractual agreements and thereby reducing low heat output. Manufacturers are noting some price resistance as Western low heat supplies can be readily delivered in the Central region underneath the current Central market. Condensed skim sales are strong.

Includes EXTRA GRADE and GRADE A, low and medium heat
 NONFAT DRY MILK: .9000 - 1.0650 MOSTLY: 1.0275 - 1.0500

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a mostly steady market. Condensed buttermilk movement continues strong into ice cream facilities, reducing supplies available for drying. Stocks remain tight and trading interest is light. Market changes in the NDM market are not being reflected in the buttermilk market. Some producers speculate that buttermilk will not move in line with changes in the NDM market as the end uses are no longer directly substitutable. Buyers noted the change on the high side of the range from the week prior and expressed some chagrin as the change did not seem warranted. Offers below the average are currently slow to clear.

BUTTERMILK: 1.0550 - 1.1400

DRY WHEY - CENTRAL

Prices are unchanged on a steady to firm market. Production is unchanged to lower due to seasonal changes in the milk supply. Summer heat and humidity are taking a toll on some production lines, also reducing output. Trading activity is light due in part to trade attendance at industry meetings. Most manufacturers are reporting supplies as tight or sold out. Resellers are offering aged product as low as 1 cent under the average. With the current higher prices, buyers and traders are reluctant to hold product and are generally buying on an as needed basis. Manufacturers believe more price increases are to come as the milk supply is not anticipated to improve. Buyers feel the market has peaked and await price declines as more milk is shifted away from the butter/powder mix and into cheese.

NONHYGROSCOPIC: .2900 - .3075 MOSTLY: .2925 - .2975

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher and nominal on a generally steady market. Milk replacer supplies are more available than the week prior. Manufacturers are no longer trading at the Extra Grade average and are instead trading at standard discounts compared to the Extra Grade market. Roller ground production is mostly steady. Some plants that previously experienced equipment problems are now up and running, increasing output. However, with lower milk supplies compared to last year, supplies are generally tight. Delactose prices remain unchanged for the good demand. Buyers are willing to take additional supplies when available. Production is steady to lower due to the summer heat and humidity. May veal production totaled 16 million pounds, 15% below May a year ago and 1 million pounds below the previous record low. Pork production totaled a May record 1.56 billion pounds, up 1% from the previous May record high occurring last year. Early weaned pig markets are weak while the North Central veal trade is steady to firm.

MILK REPLACER: .2500 - .2800
 ROLLER GROUND: .2800 - .3075
 DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Spot trading is light. More negotiations are being finalized for third quarter. However, some Asian markets continue to delay in anticipation of negotiating prices more comparable to second quarter. Production is mostly steady. Demand is best on 200 mesh and off grade product. Feed buyers continue to seek spot loads of off grade lactose or permeate as a substitute to higher priced whey. Both buyers and sellers suspect the market may be near a peak, especially as European markets become more active in the trade. Producer stocks are tight with some manufacturers unable to satisfy current commitments. Reseller interest is good on light offerings.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 EDIBLE: .1675 - .2575 MOSTLY: .1925 - .2025

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady market. The first round of the CCC NDM sell back had no impact on the WPC market with only 93,578 pounds clearing at \$0.7050. The current offering of 3,939,988 pounds is anticipated to heavily encourage market decreases. Buyers are price resistant on WPC and buying only on an as needed basis as strategies evolve regarding the next round of bidding, closing 7/10/01 and publicly announced 7/12/01. Some buyers are planning on bidding close to the \$0.7050 acceptance in an effort to guarantee an award. Others plan to bid lower than their previous bid because of the larger sum of product to be cleared. Production is mostly steady to somewhat lower due to production problems in the humid weather. Movement is best into export markets. Off grade supplies are fair for the good demand.

EXTRA GRADE 34% PROTEIN: .7750 - .8250 MOSTLY: .7900 - .8000

NONFAT DRY MILK - WEST

The low/medium heat price range moved sharply lower this week as a significant volume of powder was offered to the CCC price support program at the new, lower support price of 90 cents per pound. Offerings occurred on Monday and Wednesday of this week from two different producer groups. There are indications that more organizations will be offering powder shortly. Some contacts in the West were somewhat surprised by the timing of the offerings and their magnitude. A very small volume of aged NDM powder was sold back to the trade from government stocks for use in animal feed applications last week at a price of 70.5 cents per pound. This program is likely to continue as more offerings have been announced. Some buyers are taking a wait and see attitude until things settle down in the market, while others are aggressively looking for additional powder at this time. The new DEIP year program is expected to be announced in the very near future. Volumes eligible will be the same as last year. The industry is wondering how aggressive buyers and sellers will be this summer and how the bonuses will shake out. High heat prices and activity are steady at this point in time. The changing market in the low heat end of the market is not having any short-term impact on the high heat market. Sales activity is good, mostly on a to order basis.

Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .9000 - 1.0250 MOSTLY: .9600 - 1.0175
 HIGH HEAT: 1.0300 - 1.0700

DRY BUTTERMILK - WEST

Prices for Western buttermilk powder are holding fully steady. Demand remains strong for any available supplies. Some order shipments are being delayed until powder becomes available. Condensed sales are very strong which are limiting the volumes entering the dryer. Churning activity is also light due to excellent cream sales. Ice cream production is very heavy at this time and it is absorbing increasing volumes of butterfat.

BUTTERMILK: 1.0400 - 1.1000 MOSTLY: 1.0500 - 1.0800

DRY WHEY - WEST

Prices had been steady for the past few weeks for Western whey powder. Demand is rated as very good and stocks at the producer level are in close balance to tight. Export shipments are steady, but new orders are slower in developing. Stocks of powder are very light across the country. The price spread between the West and the rest of the country is on the wide side of normal. This is putting some upward pressure on prices. Production is holding up reasonably well for this time of the summer. The heat of last week over much of the West may impact supplies more severely in the near future.

NONHYGROSCOPIC: .2500 - .2800 MOSTLY: .2650 - .2725

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
June 22	\$1.0025	8,340,586
June 15	\$1.0039	9,807,625

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

The market tone is unsettled. Prices are mostly steady and nominal in the Northeast. Some fractional declines were noted for a few spot sales. This week saw Western and Midwestern NDM being sold to CCC at the new, 90-cent price. This was a surprise to some in the industry, but it also raises many questions with regard to how producers are going to price their product to commercial buyers. The major offeror (to CCC) wants to hold their pricing structure (based on NASS figures) to commercial buyers. This may or may not "fly" with buyers since it appears that there will be at least a 10-cent price-gap between selling to CCC and commercial sales. Contacts report that commercial sales may slow while users who have stocks use them before reordering. Also, there are other, Western producers who have been selling NDM in the mid-90s. Production of NDM in the East is slowing as surplus milk volumes are declining along seasonal patterns. The steady demand for condensed skim and lighter milk volumes are keeping drying schedules lighter than expected. Also, milk shipments to the deficit areas are likely to begin in two to three weeks, which will further reduce milk volumes at butter/powder plants. In the East, producers have little or no uncommitted stocks on hand. Spot demand is usually filled via the resale market.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0300 - 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 remain nominal and unchanged. Churning activity is lighter as demand for cream improves and less is moving to local churns. Producer stocks are closely balanced and most have barely enough on hand to meet existing contracts. Demand is fair to good. Sales of condensed buttermilk are improving as the "ice cream season" is in full swing. Dry buttermilk is still a rather inexpensive source of butterfat, which makes it an attractive ingredient in some applications.

F.O.B. NORTHEAST: 1.0450 - 1.0600
 DELVD SOUTHEAST: 1.0850 - 1.1550

DRY WHOLE MILK - NATIONAL

Prices remain nominal and steady and the market tone is unchanged. Demand is generally contractual with few spot sales reported. Production is light and as needed to fill orders. Producer stocks remain closely balanced.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH JUNE 22, 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

The market tone is firm and prices steady to slightly higher. Eastern prices remain nominal as few spot sales are occurring. In fact, many dryers are having difficulties meeting contract, shipping schedules. The lighter volumes of milk are impacting cheese output and the hot weather is starting to affect dryer efficiencies and, occasionally, quality. Few Eastern producers have any dry whey on hand for immediate shipment. Demand is slow to fair and often for immediate needs. More buyers are exhibiting resistance to current pricing, but with the milk supply expected to tighten during the summer months, it doesn't appear that dry whey output will increase any time soon. Traders continue to offer product at competitive prices. Also, users who find they have more than they need are trying to sell their excess while prices are high. Some animal feeders are unhappy with the current situation, particularly if they are under contract to purchase whey at a time when their need for it is slow.

F.O.B. NORTHEAST: EXTRA GRADE .2950 - .3000
 USPH GRADE A .2900 - .3100
 DELVD SOUTHEAST: .3175 - .3425

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Most producers are anxiously waiting for the June Class III milk price announcement. Most expect a significant (more than a dollar) jump from the May price. This should spur additional efforts to move evaporated milk prices higher. Demand for canned evaporated milk is seasonally slow to fair.

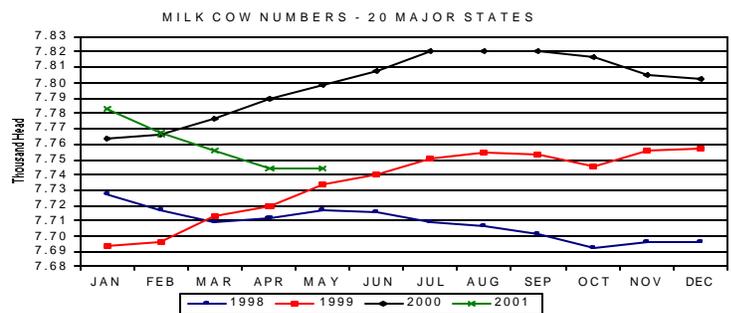
DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00
 Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain firm as the end of the second quarter nears. Producers, handlers, and importers anticipate prices to be higher for future deliveries. The recent casein refund (subsidy) adjustment announcement in Europe is expected to increase European casein prices on a f.o.b. basis. Shipments from the Oceania region are basically as scheduled. Their milk production season has now basically ended for the season, thus deliveries are being filled from inventoried stocks. Casein availability from Europe remains questionable. European producers are hopeful that they will be able to fill customer needs, although strong cheese production is absorbing a significant portion of a declining milk supply.

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



CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAR 2001	171.7	3.1	163.2	2.6	159.8	4.4	164.0	1.0	152.3	13.5	160.1	5.1
APR 2001	171.9	3.2	163.4	1.7	162.3	4.6	162.4	-0.7	154.7	18.1	160.7	5.1
MAY 2001	172.5	3.1	164.7	3.2	165.1	5.8	165.3	2.0	170.9	28.6	160.8	4.5
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese		Natural Cheese		Ice Cream ^{8/}	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Dollars											
MARCH	2.760	2.748	2.677	2.681	2.970	2.408	3.723	3.845	3.846	3.810	3.660	3.275
APRIL	2.845	2.773	2.652	2.711	3.009	2.300	3.738	3.747	3.883	3.790	3.651	3.338
MAY	2.893	2.782	2.564	2.714	3.262	2.379	3.862	3.692	3.964	3.740	3.633	3.347

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

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-FEBRUARY-APRIL AND YEAR-TO-DATE 2000-2001 ^{1/}

Item	Feb.-Apr. 2000	Percent change ^{2/}	Feb.-Apr. 2001	Percent change ^{2/}	Jan.-Apr. 2000	Percent change ^{2/}	Jan.-Apr. 2001	Percent change ^{2/}
	Million Pounds							
MILK								
Production	42,756	4.8	41,349	-2.2	57,024	3.9	55,365	-2.1
Marketings	42,433	4.9	41,038	-2.2	56,590	4.0	54,946	-2.1
Beginning Commercial Stocks ^{3/}	8,309	20.1	7,705	-7.3	6,143	16.5	6,839	11.3
Imports ^{3/}	1,045	-2.1	1,184	13.3	1,310	-11.9	1,617	23.4
Total Supply ^{4/}	51,787	6.9	49,927	-2.7	64,043	4.7	63,402	-0.3
Ending Commercial Stocks ^{3/}	9,927	11.1	8,769	-11.7	9,927	11.1	8,769	-11.7
Net Removals ^{3/}	263	205.8	48	-81.7	351	228.0	79	-77.5
Commercial Disappearance ^{4/}	41,597	5.5	41,110	-0.1	53,765	3.1	54,554	2.3
SELECTED PRODUCTS ^{5/}								
Butter	316.5	3.6	289.2	-7.6	397.7	-1.0	381.3	-5.0
American Cheese	880.4	4.2	878.2	0.9	1,146.3	4.1	1,199.3	3.8
Other Cheese	1,200.2	5.9	1,221.9	2.9	1,544.3	7.6	1,607.3	3.3
Nonfat Dry Milk	147.1	-27.5	234.7	61.3	197.2	-26.8	281.6	42.0
Fluid Milk Products ^{6/}	13,800.6	-1.7	13,653.1	0.0	18,554.2	-1.3	18,456.6	0.3

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

THE DAIRY SITUATION AND OUTLOOK

Milk Output May Be Recovering -- The 1-percent dip in May milk production hinted at some recovery after declines of more than 2 percent from a year earlier in March and April. However, weakness in milk per cow has not dissipated quickly, and full recovery probably will be lengthy. Meanwhile, exit of farms from dairying remains more pronounced, and stronger farms face some obstacles to further expansion. Milk per cow evidently was damaged significantly by winter weather stress and very tight supplies of good forage. The early cuttings of the 2001 alfalfa crop were generally disappointing in quality, and sometimes in quantity, and the May 1 stocks of all hay were down sharply. These indicators imply only gradual recovery in milk per cow, even though milk-feed ratios are projected to be relatively high. Milk cow numbers have slipped thus far in 2001, in contrast to the rising numbers of a year ago. Returns over concentrate costs in 2001 are projected to rise about a third and to match the 1998 record. These returns should apply the brakes to declines in milk cow numbers, although producer caution about over-reacting to a single year's returns probably will result in small continued declines during the second half. For the year, cow numbers are expected to average about 1 percent below 2000. Milk production is projected to move above a year earlier this autumn. However, 2001's total is expected to be about 1 percent below a year earlier, the first decline since 1996 and only the second decrease of that size since 1984. The size and widespread nature of the milk production weakness meant that most manufactured products would share in the contraction. Supplies of milk for manufacturing are expected to recover as autumn nears. However, competition for these supplies probably will stay brisk.

Dairy Demand Holds -- Dairy demand stays strong, despite a number of recent economic uncertainties. However, lower milk production forestalled any increases in commercial use of milkfat, even if seasonal increases in commercial stocks were held to minimal levels. The demand strength was shown in the rapid increases in prices instead of the amount sold. Milk production declines were far less limiting to skim solids sales than to milkfat sales because of the continuing surplus of skim solids. May 1 commercial dairy stocks were much smaller than a year earlier and up relatively very little from January 1. Rebuilding these lean stocks will help to absorb the early portion of the expected recovery in milk production.

Support Purchase Prices Changed -- On May 31, 2001, the support purchase price of nonfat dry milk was reduced more than 10 cents per pound to 90 cents. The support purchase price for butter was raised 20 cents per pound, to 85.48 cents, to compensate for the drop in powder price. The shift of value from nonfat dry milk to butter was prompted by the continuing large surplus of skim solids while milkfat markets have been quite tight. Support purchases continued large this spring until it was no longer possible to sell at the old support purchase price. Prospects for additional removals during 2001 are unclear. Large purchases might not resume until almost yearend. Small amounts of domestic surplus might be absorbed by commercial exports without much effect on international prices. Under such circumstances, interest in the new DEIP allocations that become available on July 1 might be rather muted as well.

Dairy Prices Robust -- Wholesale butter and cheese prices are expected to hold fairly steady during the rest of the year, possibly weakening somewhat as milk production starts to expand towards yearend. Prices of nonfat dry milk are in a most interesting position and ultimately may be the key to dairy prices during the rest of the year. Second-half production will almost certainly exceed normal second-half domestic needs. However, the low commercial stocks, new DEIP allocations beginning in July, and the apparent firmness in international powder markets suggest that any price declines might be limited, at least until well into autumn. Much will hinge on whether international markets can absorb the U.S. excess without a significant effect on international prices. Spring milk prices will average more than \$3 per cwt. above those of a year earlier and second-half prices are projected to rise a similar amount. The annual average is projected to be up almost \$3 and to be near the 1998 average. Faster-than-expected expansion in milk production could cause prices to crumble sooner than projected, but second-half prices should be relatively strong in any case. Retail dairy prices have risen briskly in recent months. Even so, retail dairy prices have not kept pace with farm prices. Retail prices are projected to rise an average of about 5 percent in 2001.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-84, June 27, 2001, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184. Also, please note that this summary has been condensed from the original by the Market Information Branch, Dairy Programs, AMS.

FEDERAL MILK ORDER ADVANCE PRICES, JULY

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for July 2001 is \$15.34 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$7.88 and the advanced butterfat pricing factor of \$2.2104. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** -- The advanced Class IV skim milk pricing factor is \$7.88. Thus, the Class II skim milk price for July is \$8.58 per cwt., and the Class II nonfat solids price is \$0.9533. **Product Price Averages** -- The two-week product price averages for July are; butter \$1.9275, nonfat dry milk \$1.0158, cheese \$1.6232, and dry whey \$0.2753.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	July 2001		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	18.59	11.13	2.2429
Appalachian (Charlotte) ^{5/}	005	18.44	10.98	2.2414
Southeast (Atlanta) ^{6/}	007	18.44	10.98	2.2414
Florida (Tampa) ^{7/}	006	19.34	11.88	2.2504
Mideast (Cleveland) ^{8/}	033	17.34	9.88	2.2304
Upper Midwest (Chicago) ^{9/}	030	17.14	9.68	2.2284
Central (Kansas City) ^{10/}	032	17.34	9.88	2.2304
Southwest (Dallas) ^{11/}	126	18.34	10.88	2.2404
Arizona-Las Vegas (Phoenix) ^{12/}	131	17.69	10.23	2.2339
Western (Salt Lake City) ^{13/}	135	17.24	9.78	2.2294
Pacific Northwest (Seattle) ^{14/}	124	17.24	9.78	2.2294
All-Market Average		17.92	10.46	2.2362

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} 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. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. ^{6/} 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. ^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. ^{8/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{9/} Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. ^{10/} 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. ^{11/} 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. ^{12/} Class I price at Las Vegas is minus \$0.35. ^{13/} Class I price at Boise is minus \$0.30. ^{14/} Class I prices at other cities are: Portland, same; and Spokane, same.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 25 - 29, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 06/22/01	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	1,162,919	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,583,600	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	6,746,519	-0-	-0-
NONFAT DRY MILK							
Nonfortified	17,150,392	867,515	16,282,877	334,587,702	379,361,908	558,070,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	5,313,347	38,227,000	-0-
TOTAL	17,150,392	867,515	16,282,877	362,738,793	384,675,255	596,297,000	-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 25 - 29, 2001 =	3.6	189.5	COMPARABLE WEEK IN 2000 =	2.0
CUMULATIVE SINCE OCTOBER 1, 2000 =	182.0	4,331.9	CUMULATIVE SAME PERIOD LAST YEAR =	146.9
CUMULATIVE JANUARY 1 - JUNE 29, 2001 =	65.5	2,849.3	COMPARABLE CALENDAR YEAR 2000 =	135.7

* 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 25 - 29, 2001 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	359,080	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	15,923,797	-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	6,665,991	5,535,879	45,049,342	31.1	48.6
WEST	-0-	-0-	5,039,919	80,528	357,202,914	334,699,185	68.7	50.6
EAST	-0-	-0-	39,600	-0-	-0-	4,926,728	0.2	0.8
TOTAL	-0-	-0-	11,074,959	6,746,519	362,738,793	384,675,255	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 06/09/01 & Comparable Week 2000

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1			
2001-Dairy	0.2	0.7	5.2	4.6	20.0	2.2	1.5	0.8	8.9	1.9	46.1	1,198.9	43.0	47.7
2000-Dairy	0.2	0.8	5.5	4.3	20.2	1.9	0.6	0.7	9.5	2.6	46.4	1,169.2	44.2	49.3
2001-All cows	0.2	0.9	6.9	14.2	28.6	14.8	17.5	5.0	12.6	6.4	107.1	2,513.6		
2000-All cows	0.2	1.0	7.7	13.5	29.4	15.9	13.8	4.2	13.1	6.1	105.0	2,373.6		

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	15.34					
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