

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/3):**

**BUTTER:** Grade AA closed at \$1.9550. The weekly average for Grade AA is \$1.9742 (+.0225).

**CHEESE:** Barrels closed at \$1.6275 and blocks at \$1.6700. The weekly average for barrels is \$1.6310 (-.0015) and blocks, \$1.6700 (N.C.).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

**BUTTER:** Butter markets are generally firm. Churning schedules across the country vary, depending on cream availability and inventory considerations. Some butter operations are selling their cream to other buyers and filling orders from inventoried stocks. Overall butter demand is seasonally fair. Stocks of butter vary from in balance to lighter than desired. Some producers and handlers are supplementing their domestic supply with imported stocks. Butter imports, subject to licensing requirements, during June totaled 3,184,326 pounds. Cumulative imports for the first six months of 2001 total 11.6 million pounds compared to 7.5 million pounds for the comparable period last year. The tariff-rate quota for 2001 is 6,977,000 KG (nearly 15.4 million pounds). High tier imports for June totaled 5,563,507 pounds. Cumulative totals for the period January–June 2001 are slightly higher than 8 million pounds. The current year figure compares to 52,629 pounds during the same period in 2000. New Zealand is the leading sourcing country followed by Norway and Australia.

**CHEESE:** The cheese market is steady. Current demand is generally fair at best. Many packagers and processors are still having difficulty filling a 40-hour schedule. Most buyers are making purchases just for regular needs. Some preparations for the reopening of schools is occurring with the improvement of mozzarella interest. Overall, cheese production continues to fall because of declines in milk receipts due to summer heat and increased milk shipments into the Southeast. A few producers are worried about being able to meet cheese commitments in the near future.

**FLUID MILK:** With some school openings, milk supplies are tightening in the South and encouraging milk movement from the North into southern sectors. Weather conditions in California are favorable for production. However, in other regions, production is hampered by heat and humidity. Class I demand is generally steady. Condensed skim is clearing well into cheese plants. However, with NDM prices trending lower than condensed skim, some users are switching to NDM. Higher cream prices are deterring some seasonal demand. Cream supplies are becoming more available, even with good ice cream demand. Higher heifer prices and feed availability continue to cause anxiety for producers along with adequate water for current crop production.

**DRY PRODUCTS:** Dry product markets are generally steady to instances weak. Some NDM prices are moving lower in response to an increase in sales to the CCC and monthly changes in price reporting. Lower milk volumes, in

response to hot weather and school openings, are reducing NDM production schedules in some areas. Buttermilk markets are unchanged to lower. While substantially lower prices are being reported in the West and East, Central prices are not falling in line. Some buyers are waiting for price adjustments in response to lower NDM prices. Production is higher in the West and unchanged to lower in the rest of the country. Whey markets are mostly steady to somewhat unsettled. Western prices are trending higher while other regions show some weakness. Production is being hampered by hot and humid weather in some areas. WPC trading is light with price resistance noted from the feed sector. Lactose supplies are generally tight for the fair to good demand.

**CCC:** During the week of July 30 – August 2, CCC net purchases included 4,410,776 pounds of Western nonfortified NDM and 1,583,715 pounds of Midwestern nonfortified NDM totaling 5,994,491.

**JULY AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2001 was unchanged at 124. Compared with July 2000, the index was up 4 points (3.3%). The index of prices received by farmers for dairy products advanced 2 points during the month of July 2001 to 125. Compared with July 2000, the index was up 29 points (30.2%). Prices received by farmers in July with changes from June were: for All Milk, \$16.30, up \$.20; for Fluid Grade Milk, \$16.30, up \$.10; and for Manufacturing Grade Milk, \$15.40, up \$.30.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the July 2001 prices under the Federal Milk Order pricing system with changes from the month prior: Class II \$15.96 (-\$.09), Class III \$15.46 (+\$.44); and Class IV \$14.81 (-\$.52). Product price averages used in computing Class prices are: butter \$1.9094, NDM \$0.9634, cheese \$1.6573, and dry whey \$0.2862. The Class II butterfat price is \$2.1953 and the Class III/IV butterfat price is \$2.1883. Further information may be found at: [www.ams.usda.gov/dairy/mib/classprcacnmt.pdf](http://www.ams.usda.gov/dairy/mib/classprcacnmt.pdf)

**USDA ANNOUNCES DEIP ALLOCATIONS FOR 2001/2002 (FAS):** On 8/2/01, the USDA announced new one-year allocations under the Dairy Export Incentive Program (DEIP) for the July-June 2001/2002 year. DEIP allocations will be made available for 68,201 MT of NDM, 21,097 MT of butterfat, and 3,030 MT of various cheeses when invitations for offers are issued. USDA's Commodity Credit Corporation will facilitate export sales of these products through the payment of bonuses. Sales of NDM, butterfat, and eligible cheeses will be made through normal commercial channels at competitive world prices. Individual product/country allocations will be specified in the invitations for offers. Country/region quantities may be limited by the applicable invitation. Further information can be found on the FAS website: <http://www.fas.usda.gov> or by calling the FAS Operations Division at 202-720-3224 or 202-720-6211.

\*\*\*\*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 JULY 30	TUESDAY JULY 31	WEDNESDAY AUGUST 1	THURSDAY AUGUST 2	FRIDAY AUGUST 3	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE BARRELS	\$1.6325 (N.C.)	\$1.6325 (N.C.)	\$1.6325 (N.C.)	\$1.6300 (-.0025)	\$1.6275 (-.0025)	-.0050	\$1.6310 (-.0015)
40# BLOCKS	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	N.C.	\$1.6700 (N.C.)
BUTTER GRADE AA	\$1.9875 (N.C.)	----	\$1.9800 (-.0075)	----	\$1.9550 (-.0250)	-.0325	\$1.9742 (+.0225)

\*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](http://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, JULY 30, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6325  
 BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.9825, 1 @ \$1.9800, 1 @ \$1.9875, 1 @ \$1.9850, 1 @ \$1.9875; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.7500; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$2.0500, 1 @ \$2.0800

TUESDAY, JULY 31, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6325

WEDNESDAY, AUGUST 1, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 8 CARS GRADE AA: 1 @ \$1.9800, 1 @ \$1.9850, 2 @ \$1.9875, 1 @ \$2.0000, 1 @ \$2.0200, 1 @ \$2.0300, 1 @ \$2.0500

THURSDAY, AUGUST 2, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6300

FRIDAY, AUGUST 3, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6275  
 BUTTER — SALES: 11 CARS GRADE AA: 9 @ \$1.9500, 1 @ \$1.9525, 1 @ \$1.9550; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS GRADE AA: 2 @ \$1.9550, 1 @ \$1.9650, 1 @ \$1.9675, 1 @ \$1.9700, 1 @ \$1.9725, 2 @ \$1.9800, 1 @ \$2.0000, 1 @ \$2.1000

BUTTER MARKETS

NORTHEAST

The market tone is a little more stable. The AA price at the CME seems to have found a plateau. (Assuming that three consecutive sessions closing at the same price is a plateau.) Eastern churning activity is lighter as some producers continue to sell their cream and use inventoried stocks to fill print orders. Both milk and cream supplies are tightening seasonally, but supplies of bulk butter are sufficient to meet needs. Western bulk continues to be “imported” as contracts are in place through most of the second half of the year. Retail sales remain slow as reports of prices in the \$4.00-5.00 range are common. Food service orders are holding up nicely. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5–8.0 cents over the CME price/average.

CENTRAL

Butter markets are generally firm. Churning activity is reported to be heavier in the Central part of the country this week. Some Central butter operations are taking advantage of outside cream offerings which are supplementing local supplies. Stocks of butter continue to be reported as lighter than desired by many producers and handlers. Domestic production continues to be generated to fill retail and food service needs with some imports being used to meet manufacturing needs. Butter imports, subject to licensing requirements, during June totaled 3,184,326 pounds. Cumulative total imports for the first six months of 2001 total 11.6 million pounds compared to 7.5 million pounds for the comparable period

WEST

last year. The tariff-rate quota for 2001 is 6,977,000 KG (nearly 15.4 million pounds). High tier imports for June totaled 5,563,507 pounds. Cumulative totals for the period January–June 2001 are slightly higher than 8 million pounds. This current year figure compares to 52,629 pounds during the same period in 2000. New Zealand is the leading sourcing country followed by Norway and Australia. Overall butter demand is fair. Producers and handlers indicate that sales patterns are typical for this time of the summer. When available, bulk butter for spot sale is selling in a price range of 3–5 cents per pound over various pricing bases.

Bulk butter sales are reported to be about steady over the past few weeks. Print sales into retail channels are somewhat slower because of the high retail prices for print butter. Food service and restaurant activity is rated as good. Some contacts are reporting that more cream is available for sale than has been the case for the past few weeks. Demand for ice cream is good, but some manufacturers are beginning to cut back on production schedules seasonally. CME weekly butter stocks declined by 2.16 million pounds this past week. This is the largest weekly decline this year. Current prices for bulk butter range from 6 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
JULY 28	1.6703 6,968,406	1.6402 7,485,113	0.9563 20,637,565	1.8606 3,092,898	0.2888 9,636,796	2.3612 1,888,538	2.3904 4,085,231

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

**CHEESE MARKETS**

**NORTHEAST**

Prices and the market tone are unchanged. At the CME, with the exception of a few changes, prices have held relatively steady during the month of July. Cheese output in the Northeast is light to moderate as surplus milk volumes are tightening along seasonal patterns. Also, the demand for Class I milk in the Southeast is growing and expected to impact milk availability in the Northeast in the coming weeks. Cheese stocks are adequate to ample to meet the current slow to fair demand. With prices being relatively stable during July, buyers/distributors are taking normal volumes. Some are even trying to build a little inventory in anticipation of tighter supplies and lower output in the months to come. Retail sales are just fair and food service orders are holding at fairly good levels.

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

Cheddar 10# Prints	:	1.7150-2.1850
Cheddar Single Daisies	:	1.6725-2.1325
Cheddar 40# Block	:	1.8100-1.9925
Process 5# Loaf	:	1.8425-2.0050
Process 5# Sliced	:	1.8625-2.1225
Muenster	:	1.8750-2.0825
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is steady, though with a firmer undertone developing. High heat indices, the combination of temperature and humidity, continue to adversely impact milk production. Some plants have been reporting sizeable declines in milk receipts and below year ago fat and protein test levels as well. This is reducing the current cheese volume produced. A few larger producers are worried about meeting regular commitments if receipts drop much farther. An increasing number of cheese plant operators are unsuccessfully looking for additional milk. However, current movement remains fair at best for many processors and packagers. Some packaging operations are still having problems in filling regular weekly schedules due to orders. A few buyers are willing to reduce deliveries on commitments since they don't need the cheese right now. Mozzarella demand is improving as pizza outlets prepare for the reopening of schools. Clearing undergrades to processors is difficult except at sharp discounts.

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

Process American 5# Loaf	:	1.8525-2.0400
Brick And/Or Muenster 5#	:	1.9900-2.2650
Cheddar 40# Block	:	1.9800-2.1150
Monterey Jack 10#	:	2.1400-2.2925
Blue 5#	:	2.4100-2.6300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0200-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.6850

**MIDWEST COMMODITY CHEDDAR**

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

CHEDDAR STYLES	:	JULY 30 - AUGUST 3, 2001
BARRELS*	:	\$1.6325 - 1.6500
	:	
40# BLOCKS	:	\$1.6700 - 1.7000
	:	

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

**WEST**

Prices are generally steady for Western cheese based on the stability of the CME in recent weeks. Buyers are making purchases on a regular basis for current needs. Contacts are certainly curious about the future direction and magnitude of price changes, but there is no consensus as to what the results might be. Processors seem to be very careful in making purchases at this time. They are doing a lot of price shopping and looking for bargains. Some are using imported cheese to meet their needs while others may be using these as a bargaining tool. Current blocks seem to be more available than earlier in the summer at some locations. Demand is rated as fair. Some contacts report that storage holdings of blocks are heavier than they have been in quite a while. The mozzarella market is back to a very balanced position again. Demand normally escalates as the fall approaches and schools commence. Swiss prices have been firm this summer with stocks in close balance.

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

Process 5# Loaf	:	1.7825-2.0425
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**

Prices are unchanged and the market tone is steady. Demand for imported and/or domestically made varieties of table cheeses is seasonally slow. The call for imported cheeses used in process cheese is quite good. Domestically, the declining milk supply is hampering the output of some varieties. U.S. imports of high-tier (above quota) cheeses for the January-June period are up from a year ago for all categories listed. American-type increased nearly 2 million KG (4.39 million lbs) or 81.9%. Blue-mold imports rose 172,003 KG (379,000 pounds) or nearly 5 times the volume a year ago. Imports under the other cheese NSPF category totaled 119,346 KG (263,110 lbs), nearly double the same period last year. Other categories like cheddar, Edam/Gouda, Italian-type, and Gruyere-processed all showed significant percentage increases from the first six months of 2000.

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	: 2.0175-3.5125
Gorgonzola	:	3.2400-5.9400	: 2.4900-3.5850
Parmesan (Italy)	:	TFEWR	: 3.4325-3.4975
Romano (Italy)	:	2.1000-2.9900	: -0-
Provolone (Italy)	:	3.4400-5.5000	: 2.0250-2.2450
Romano (Cows Milk)	:	-0-	: 3.2075-5.3850
Sardo Romano (Argentine)	:	2.6500-3.2900	: -0-
Reggianito (Argentine)	:	2.6500-3.2900	: -0-
Jarlsberg-(Brand)	:	2.7500-3.5900	: -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	:	2.1900-2.9500	: -0-
Gouda, Large	:	2.3900-2.6800	: -0-

\* = Price change.

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

	BUTTER	:	CHEESE
07/30/01	44,400	:	129,988
07/01/01	42,110	:	133,513
CHANGE	2,290	:	-3,525
% CHANGE	5	:	-3

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	0	0	0	24	0
SOUTHEAST STATES	42	0	42	0	0	0

Hot weather continues to cover much of the East. Milk output is falling at varying rates, but generally slower rates than early July. Fluid milk supplies are lighter, but so far, Florida has not had to reach beyond normal sources for extra milk. However, Florida and other Southeastern states do have some schools open next week and the demand for milk will likely increase. Some Northeast milk is being shipped on a regular basis to handlers in the Carolinas and other Southeastern states. So far, most bottlers or milk suppliers to bottling plants report slow demand for Class I milk. This is a little surprising as we start a new month, a time when bottled milk sales usually improve slightly. In the Northeast, Class I milk sales are seldom better than fair, but a few instances of improvement were noted. Surplus milk volumes are light to moderate and easily cleared. Some cheese plants were taking extra milk and some are taking more condensed skim to keep their production levels and yields at acceptable levels. Prices for condensed skim are mixed. Class II prices are moving a little lower while Class prices are moving higher. Despite the price increases, a few buyers still only want to use wet solids. Other users are making the switch to NDM now that f.o.b. powder prices are often below \$1.00. The fluid cream market is also mixed. Demand is seasonally good, but cream volumes are heavy and quite a few loads did clear to Midwestern butter makers. Spot prices are higher as both the range of multiples and the CME butter price increased. The weekly average butter price jumped 10.75 cents and cream prices moved up accordingly. Class II cream demand is seasonally fair to good, but higher prices are having a dampening effect. The very hot weather is both helping and hurting consumption. In resort areas, sales of soft serve and hard ice cream are good. Conversely, the heat often tends to keep people home and not dining out. The cream cheese production is about steady. Churning activity is lighter. Most butter makers are selling their cream and using inventoried stocks to fill orders.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5372-2.6543
DELIVERED EQUIVALENT ATLANTA	-	2.5177-2.6443 M 2.5372*-2.5958
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.6055-2.6933

\*CORRECTION: LAST WEEK'S SOUTHEAST MOSTLY PRICE FOR CREAM SHOULD HAVE BEEN

\$2.3975 - 2.4712

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0500-1.1400
NORTHEAST- CLASS III - SPOT PRICES	- .9400-1.0300

M I D W E S T

After a short reprieve, elevated summer temperatures and humidity returned to the Midwest. Milk intakes rebounded at least briefly, but plant operators and handlers were expecting additional declines to start again. Milk supplies have tightened further and spot demand for additional loads is increasing. Handlers, including those from other parts of the country, are actively seeking additional milk supplies. Class I premiums paid for fluid in the area ranged from \$2.00 to 4.20 over class. On a limited number of loads, spot manufacturing milk prices range from \$3.65 to 4.00 over class. However, seemingly larger numbers of orders are going unsatisfied due to availability. Handlers and plant operators remain concerned about milk availability as schools reopen. Fat and protein tests on incoming loads remain at low summer levels, keeping manufactured product yields down. Also, elevated somatic cell counts are occurring for some producers. Class I demand is steady to occasionally

improved, aided by retail feature activity. Milk is moving to Southern handlers with at least 7 spot loads needed between Kentucky and Tennessee bottlers. Milk from Wisconsin and Minnesota is also moving into the Missouri area. Milk from Michigan is moving into the Southeast. Cream demand remains seasonal, though some Eastern offerings were cleared for churning. Ice cream production remains seasonally good with inventories declining seasonally. One ice cream manufacturer mentioned that some consumers seem to be "settling" for a lower quality product than usual as a means of saving money. Some locations have remained short of precipitation and crop damage, at least short term, is occurring mainly on reduced hay/haylage yields. Some corn may not recover from the drought conditions. Many pastures and lawns had turned brown. On August 1-2, heavy precipitation fell in parts of Wisconsin causing flooded roads and fields.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUL 26 - AUG 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.00- 48.00	\$ 38.00- 44.00
REPLACEMENT HEIFER CALVES	\$460.00-550.00	\$255.00-325.00

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

	JUL 26 - AUG 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.00- 52.25	\$ 36.00- 48.00

W E S T

The July 4a price (butter/powder) in California is \$14.38, down 76 cents from June but \$2.53 higher than last year. The July 4b (cheese) is \$14.96, up 14 cents from June and \$4.32 higher than last year. California pool receipts for June were not available for inclusion in this report. Weather conditions returned to mostly favorable for milk production across much of the state of California. Milk receipts and load weights are holding up favorably and several contacts were again seeing slight increases in milk intakes. The fluctuations have been noted as "interesting" this year. A long and sustained heat cycle has not yet materialized, but contacts say that August is usually the worst month for heat. While milk prices remain favorable for producers, input costs remain high for hay and cow replacements. Class I sales are holding steady seasonally in the state. Processing plants across the state are running well with only scheduled down days disrupting milk movements. Conditions in New Mexico are showing few changes. Milk output is declining seasonally and temperatures remain hot. More milk is being used to supply other areas, but not at levels that were expected earlier in the year. Arizona milk production ranges from steady to seasonally lower at levels below last year. High temperatures continue to reach over 100 degrees. Western cream multiples range from 127 to 135 FOB. More cream is available than in past weeks and more is backing into churns. Last week, cream sales were better. Condensed skim is moving into cheese plants. Conditions remain generally favorable for good, strong milk production in the Pacific Northwest. The weather has been cool with enough local rain or irrigation water to keep pastures and forage crops in generally good shape. There is certainly a concern about forage quality and quantity during the coming winter season. Supplies may be enough of a problem to put a limit on milk production. A new cheese plant in the region began the start up/testing phase of coming on line last weekend. Comments are noted this week that more cream is becoming available on the market. Some milking herd managers have given up, at least for the time being, looking for close up bred heifers. Prices are just too high and feed availability is also a concern. Generally moderate temperatures are helping a little bit with the short irrigation water supplies in Utah and Idaho. The record low humidity levels may be offsetting some of this advantage. Even with some of these positive factors, many irrigation systems will be shutting off the water over the next two weeks. There is concern whether there will be enough water to get the silage corn crop mature. No more water will further tighten the all ready short hay supplies. Milk production has come back a little in those areas impacted by an earlier heat wave.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 08/02/01 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 lower and the market tone is steady to weak. Prices are adjusting lower in order to compete with more attractively priced Western product. In addition, Central region suppliers offered product to the CCC, reducing prices on the lower end of the range. Hot and humid temperatures are decreasing milk output and encouraging milk volumes to move south. As a consequence, NDM production is lighter with some plants no longer able to offer supplies on a spot basis. Demand is mostly emanating from cheese plants and brokerage firms. High heat interest is generally steady and moving at standard premiums. Standard Grade supplies are tight. Depending upon the location of the buyer with respect to the producer, some plants are trading Standard Grade at prices above the average.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9000 - 1.0350 MOSTLY: .9600 - .9750

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged and nominal on a mostly steady market. Buyers continue to await changes in the buttermilk market with respect to the NDM market. Some producers are also finding it difficult to market buttermilk at this price level and thereby feel that the market is overstated. However, at other locations, supplies remain tight and prices continue firm on the high side of the range. Production is mostly steady with condensed supplies clearing well into ice cream. Resale trades on January 2001 supplies are reportedly available at prices below the range. Western supplies are also competitive with the Central region, encouraging buyers to source their product out west.

BUTTERMILK: 1.0350 - 1.1400

**DRY WHEY - CENTRAL**

Prices are unchanged to lower on an unsettled market. Supplies are mixed. Some producers are sold out and delaying shipments to regular contacts while at other locations, supplies are running a little long, resulting in lower premiums. Multiple load shipments into export markets are reportedly available at a discount. With decreasing milk supplies, lower prices are not anticipated to linger. However, with feed operations delaying pick up and opting for finance charges or reselling contracted loads, some producer inventories are increasing. Rather than competing with their own supplies on the resale market, some producers are attempting to redirect contracted feed loads. With the hot and humid temperatures, less milk is available and dryers are more difficult to operate, resulting in lower whey production. Producers expect excess supplies to be well cleared by the end of August. Although often tight in supply, lactose and permeate remain attractive substitutes to whey into some feed and food operations.

NONHYGROSCOPIC: .2850 - .3000 MOSTLY: .2925 - .2975

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged and nominal on a generally steady market. Milk replacer supplies are light and movement is slow. With the hot and humid weather, Extra Grade production is anticipated to falter, encouraging milk replacer output. Roller ground movement is steady and production is generally unchanged. Delatose production is slowing in response to weather changes, encouraging even tighter supplies. June veal production totaled 16 million pounds, 16% below a year ago. June pork production totaled 1.46 billion pounds, down 5% from the previous year. Early weaned pig prices are steady to lower while North Central veal prices are trending steady to higher.

MILK REPLACER: .2425 - .2650  
 ROLLER GROUND: .2800 - .3000  
 DELACTOSE (Min. 20% protein): .4150 - .4300

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Demand is mixed with some price resistance noted and some increased interest. A few producers are unable to satisfy contractual commitments into Asia and are thereby shorting loads. EU supplies are also reportedly tight, encouraging a firm market. Lactose supplies are being imported into the US from the EU and exported from the US into the EU. While most producer supplies are tight, some locations are surprisingly discounting into feed facilities. Feed demand is strong for the very tight off grade supplies. Production is steady to lower as hot and humid weather takes its toll on solid content and milk output. Most plants are operating at capacity. Demand is best on 100 and 200 mesh into edible markets.

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

EDIBLE: .1750 - .2700 MOSTLY: .1950 - .2200

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a cautiously steady market. Feed buyers continue to wait for market adjustments in response to CCC aged NDM sales. However with nominal trading, the market is not weakening. Offerings are being reported at a discount. Some feed buyers that received NDM from the sell back are seeking release from their WPC contracts. They are asking producers to divert their shipments. In the event this is not possible, feed buyers are informing producers that they will then sell their contracted supplies at a discount or take the finance charges stated in the contract. Buyers and traders are generally hesitant to buy at the current price level as prices are expected to drop. However, some export markets and food buyers are seeking spot loads and are willing to pay current market prices. In addition, with milk solid content decreasing and milk volumes deterring with the hot weather and school openings, production is anticipated to decrease. Some producers are also diverting more condensed WPC into isolates and 80% protein in order to defer any inventory problems in response to the sell back and changing feed demands. Off grade supplies are tight for the good interest.

EXTRA GRADE 34% PROTEIN: .7600 - .8250 MOSTLY: .7700 - .8000

**NONFAT DRY MILK - WEST**

Low/medium heat prices are unchanged this week, but are expected to decline as a new pricing period becomes effective. The market tone remains weak. Offerings continue to the CCC under the price support program. As prices decline further, direct exporting of NDM is expected to remain an option. Drying schedules remain higher than anticipated in the region to process the fairly steady milk supplies. Overall, weather conditions have been favorable for milk production and cheese production is being monitored to effectively balance with sales. The trade is still waiting news on new DEIP allocations. The House Agricultural Committee ordered reported H.R. 2646, a bill that will provide continuation of the milk price support program and DEIP program through 2011. Buying interest remains light as buyers await lower future prices. High heat prices are lower as producers seek to keep powder moving. Demand is light beyond contracts and buyers also expect further declines. During the week of July 23 - 27, CCC net purchases totaled 3.2 million pounds of Western nonfortified NDM.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - 1.0250 MOSTLY: .9300 - .9500  
 HIGH HEAT: .9400 - 1.0500

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are lower and the market tone is weaker. Following several weeks of steady prices, producers were lowering prices to move product that had been slow to move. While not burdensome, stock levels were building for some producers. Buyers are securing resale buttermilk and other products for formulations. Production is higher at some locations that are making more butter.

BUTTERMILK: 1.0200 - 1.1000 MOSTLY: 1.0300 - 1.0600

**DRY WHEY - WEST**

Western whey prices are as much as one cent higher this week. The market has a firm undertone. Many producers are in a sold out position currently. Many buyers have to go to resellers or end users to make purchases at a premium to the market to find needed supplies. Stocks at the producer level are minimal. Production of whey powder is expected to decline seasonally over the next few weeks. Sales of condensed whey are strong at some locations which is also limiting drying schedules.

NONHYGROSCOPIC: .2650 - .2850 MOSTLY: .2675 - .2800

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
July 27	\$ .9375	14,271,757
July 20	\$ .9450	18,502,484

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 weaker and prices are often lower. The base price used by the large, national marketing agency to price NDM throughout much of the country fell nearly five cents from last month. The full effect of the price drop is not yet felt as the "July price" was still in effect the first two days of the week. The lower NDM prices spurred more buyers to come back into the market. Some producers report that traders have already scheduled to pick up many loads now that the price has dropped. Production levels are lighter at most operations. The tighter milk supply and continued good demand for condensed skim are keeping drying schedules lighter than expected. This is most noted in the Southeast where milk volumes are in the tightest position. Demand for NDM is about steady. However, the drop in prices has stimulated or renewed interest for NDM, particularly now that condensed skim prices are moving a little higher. There still has been no announcement regarding the 2001/02 DEIP allocations.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:	
LOW/MEDIUM HEAT:	.9825 - 1.0900 MOSTLY: .9850 - 1.0000
HIGH HEAT:	1.0125 - 1.1100 MOSTLY: 1.0150 - 1.0600
DELVD SOUTHEAST:	
ALL HEATS:	.9900 - 1.0900

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and nominal in the Northeast. The market tone is unchanged. Production levels are lighter as some large butter producing plants are selling their cream rather than churn. This lack of churning further tightens the supply of buttermilk. Locally, stocks of dry buttermilk are tight. Demand is slow to fair.

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

**DRY WHOLE MILK - NATIONAL**

Prices are steady and nominal. Production levels are light as most producers are limiting output to meeting orders. Spot orders are slow.

F.O.B. PRODUCING PLANT:	1.4650 - 1.6000
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**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are unchanged and nominal in the East. The market tone more is still unsettled. Eastern cheese and whey production are lighter as surplus milk supplies tighten. Also, the very hot weather is slowing drying times and causing quality problems at some plants. This tends to further tighten producer stocks of Extra Grade and Grade A. Conversely, more "off grade" product is available at a time when animal feed buyers are showing little interest in making additional purchases. Most Eastern producers report being sold out or behind on shipping schedules. Some traders do have stocks to offer on the resale market, but most are trying clear any inventories they may have. Under current market conditions, most see more downside price risk than profit potential. Spot demand is lackluster at best.

F.O.B. NORTHEAST:	EXTRA GRADE	.2950 - .3000
	USPH GRADE A	.2900 - .3100
DELVD SOUTHEAST:		.3175 - .3375

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production is steady to lighter as surplus milk supplies tighten. Also, the demand for Class I milk in the Southeast is expected to increase in the near future, which will further tighten surplus milk availability. Demand is fair and producer stocks are adequate. Producers are waiting to see what the August Class III milk price change will be. Most expect a moderate (approximately 40-cent) increase from July's price.

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 and prices remain steady to firm. Shipments once again are arriving on a more regular basis, although still behind anticipated deliveries. Overall, stocks are lighter than desired by many buyers. Buyers are questioning how long will it take for them to once again rebuild their inventories to comfortable levels as they were early in the year. Buyers anticipate that prices will remain firm until supply can become balanced with the good demand.

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

RENNET:	2.5000 - 2.7300
ACID:	2.5500 - 2.6500

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	07/18	07/19	07/20	07/23	07/24	07/25	07/26	07/27	07/30	07/31
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt.</b>										
JUL 01	15.33 (2844) 11	15.36 (2849) 10	15.37 (2854) 0	15.37 (2854) 1	15.35 (2855) 1	15.37 (2855) 108	15.40 (2861) 17	15.41 (2862) 1	15.39 (2862) 0	15.40 (2862) 0
AUG 01	14.95 (2879) 58	15.12 (2885) 29	15.20 (2886) 25	15.39 (2875) 7	15.33 (2880) 9	15.33 (2881) 81	15.30 (2882) 3	15.29 (2880) 58	15.39 (2898) 2	15.35 (2906) 55
SEP 01	14.80 (2848) 43	15.00 (2879) 43	15.00 (2896) 41	15.36 (2915) 24	15.30 (2912) 14	15.41 (2921) 26	15.35 (2950) 48	15.25 (2945) 7	15.33 (2958) 25	15.35 (2960) 6
OCT 01	13.80 (2369) 28	13.90 (2387) 35	14.10 (2416) 40	14.69 (2440) 33	14.60 (2449) 16	14.70 (2452) 19	14.68 (2448) 15	14.68 (2456) 17	14.76 (2462) 9	14.75 (2468) 22
NOV 01	12.96 (1828) 1	13.07 (1827) 16	13.17 (1842) 33	13.55 (1849) 18	13.60 (1853) 10	13.70 (1859) 12	13.75 (1860) 18	13.70 (1862) 7	13.75 (1863) 1	13.75 (1868) 26
DEC 01	12.75 (1512) 2	12.80 (1511) 13	12.91 (1538) 42	13.23 (1543) 7	13.20 (1559) 23	13.25 (1561) 3	13.25 (1564) 6	13.25 (1567) 4	13.25 (1568) 2	13.29 (1571) 9
JAN 02	12.00 (411) 1	12.05 (421) 11	12.10 (472) 61	12.30 (472) 3	12.20 (475) 6	12.24 (476) 2	12.10 (476) 2	12.10 (476) 0	12.10 (477) 1	12.11 (478) 3
FEB 02	11.85 (306) 11	11.87 (309) 3	11.87 (309) 2	11.95 (311) 6	11.90 (314) 7	11.93 (332) 27	11.99 (338) 7	11.95 (338) 0	11.95 (339) 1	11.97 (343) 10
MAR 02	11.80 (246) 4	11.85 (248) 6	11.90 (249) 1	11.95 (254) 9	11.90 (258) 6	11.90 (262) 6	11.93 (261) 1	11.94 (263) 3	11.99 (269) 13	11.98 (273) 6
APR 02	11.76 (156) 5	11.81 (156) 5	11.86 (152) 5	11.96 (156) 9	11.92 (159) 8	11.91 (172) 12	11.96 (172) 1	11.96 (172) 0	11.95 (180) 15	11.95 (186) 9
MAY 02	11.61 (95) 2	11.61 (95) 0	11.61 (101) 6	11.80 (104) 5	11.80 (107) 4	11.76 (107) 0	11.76 (108) 1	11.75 (108) 0	11.75 (113) 16	11.75 (121) 8
JUN 02	12.00 (75) 6	12.00 (82) 9	12.03 (82) 0	12.03 (83) 3	12.01 (87) 5	12.00 (89) 2	12.00 (90) 0	11.95 (91) 2	11.55 (91) 0	11.75 (91) 0
JUL 02	12.25 (22) 6	12.25 (23) 1	12.30 (23) 0	12.30 (23) 0	12.30 (23) 0	12.30 (24) 1	12.20 (24) 0	12.20 (24) 0	12.20 (24) 0	12.20 (24) 0
AUG 02	12.60 (13) 6	12.60 (15) 2	12.60 (15) 0	12.60 (15) 0	12.60 (15) 0	12.60 (15) 0	12.60 (15) 0	12.60 (15) 0	12.60 (15) 0	12.60 (15) 0
SEP 02	13.00 (14) 5	13.00 (16) 3	13.00 (16) 0	13.00 (16) 0	13.00 (16) 0	13.00 (16) 0	13.00 (16) 0	13.00 (16) 0	13.00 (16) 0	13.00 (16) 0

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

JUL 01	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0	14.75 (361) 0
AUG 01	14.30 (325) 2	14.30 (325) 0	14.30 (325) 0	14.50 (325) 0	14.50 (325) 0	14.50 (325) 3	14.50 (325) 0	14.65 (325) 0	14.65 (325) 0	14.65 (325) 0
SEP 01	14.30 (282) 0	14.30 (282) 0	14.30 (282) 0	14.30 (282) 0	14.30 (282) 0	14.30 (282) 3	14.30 (282) 0	14.50 (282) 0	14.50 (282) 0	14.50 (282) 0
OCT 01	14.06 (352) 0	14.06 (352) 0	14.06 (352) 0	14.06 (352) 0	14.06 (352) 0	14.06 (352) 3	14.06 (352) 0	14.30 (352) 0	14.30 (352) 0	14.30 (352) 0
NOV 01	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0	13.90 (244) 0
DEC 01	13.05 (131) 0	13.05 (131) 0	13.05 (131) 0	13.05 (131) 0	13.05 (131) 0	13.05 (131) 0	13.05 (131) 0	13.10 (131) 0	13.11 (131) 0	13.11 (131) 0
JAN 02	12.80 (24) 5	12.80 (24) 0	12.80 (24) 0	12.80 (24) 0	12.80 (24) 0	12.80 (26) 3	12.80 (26) 0	12.80 (26) 0	12.80 (26) 0	12.80 (26) 0

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

JUL 01	182.00 (34) 1	184.00 (34) 0	184.00 (8) 0							
SEP 01	183.00 (116) 0	184.00 (116) 0	184.00 (114) 4	185.02 (114) 4	186.52 (114) 1	191.52 (114) 0	196.75 (115) 1	196.75 (115) 0	196.75 (113) 5	196.00 (110) 3
OCT 01	182.00 (21) 0	182.00 (21) 0	182.00 (21) 0	182.00 (21) 0	183.50 (21) 0	188.50 (21) 0	194.00 (22) 1	194.50 (22) 0	195.00 (22) 0	195.00 (22) 2
DEC 01	154.00 (2) 0	154.00 (2) 0	154.00 (2) 0	154.00 (2) 0	155.00 (2) 0	160.00 (2) 0	160.00 (2) 0	160.00 (2) 0	160.00 (2) 0	160.00 (2) 0

**CME – NONFAT DRY MILK FUTURES -- Cents per pound**

JUL 01	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0	96.22 (3) 0
AUG 01	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0	95.75 (5) 0
SEP 01	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0
OCT 01	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0	93.75 (9) 0
NOV 01	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0
DEC 01	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 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 July 23 - August 3, 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:** International dairy markets from a European perspective are very quiet. Typically at this time of the year, buyer interest and sales are slow. This is the summer vacation/ holiday period and trading activity usually slows. Although many traders attribute the slowness to holidays, overall international buyers interest is not aggressive. Some traders are surprised at the lighter than anticipated Ramadan demand, especially looking at the calendar and the timelines that are needed to get product delivered and placed before the start of the holiday in November. Milk production in most areas of Europe is declining. In some areas, the decline is more aggressive than others, influenced by warm temperatures. Milk availability for manufacturing remains competitive. Producers and handlers are trying to place the milk, when possible, in plants of most efficiency to generate products of most need. Stocks are reported to be available for buyer interest, although many handlers and traders do not have a good feel as to the extent of the offerings. Traders indicate that hopefully, producers are able to generate some inventory for future sales opportunities and then be able to better balance stocks and orders without depleting stocks to uncomfortable levels.

**BUTTER/BUTTEROIL:** European butter markets and prices are generally steady. Stocks of butter are building slowly. Most sales activity centers around internal or domestic needs. International sales are slow. Producers, handlers, and traders are quite surprised at the slow buyer interest for upcoming Ramadan needs. Traders state that the timeline is narrowing for placing orders, shipment, and distribution before the holiday begins.

82% BUTTERFAT: 1,500 - 1,630  
99% BUTTERFAT: 1,600 - 1,875

**SKIM MILK POWDER (SMP):** Skim milk powder markets are generally holding steady at unchanged prices. European producers, handlers, and traders continue to adjust to the recent subsidy cut. At the time being, no price adjustments are occurring or anticipated to be made due to the light international buyer interest. Most traders state that this is typically a slow sales period. Stocks of powder are reported to be available, although total volumes are not fully known.

1.25% BUTTERFAT: 2,020 - 2,150

**WHOLE MILK POWDER (WMP):** whole milk powder markets and prices are unchanged. International sales activity is slow and unaggressive. Stocks of powder are light, although most powder is generated once an order is placed and sourced. Surplus milk volumes are not excessive, thus inventory buildup is not occurring and potentially may be limited should buyer interest develop.

26% BUTTERFAT: 1,950 - 2,000

**SWEET WHEY POWDER:** Whey powder markets are steady to firm. Stocks are in relatively good shape as cheese production remains strong. Sales activity is light, although some sales are occurring, destined for the U.S.

NONHYGROSCOPIC: 450 - 600

**OVERVIEW: EASTERN EUROPE:** Milk output in Eastern Europe continues to edge seasonally lower. Producers, handlers, and traders indicate that international sales activity is slow with most sales centering around domestic or internal needs. Stocks are available should buyer interest improve.

## OCEANIA

**OVERVIEW:** Most producers and handlers in the Oceania region are looking forward to the new milk production year. Handlers are indicating that calving is starting to occur in northern areas of New Zealand. Manufacturing plants are once again slowly gearing up to handle the increasing milk volumes. In Australia, the start of the new production season is still a few weeks off, although most are very optimistic about upcoming production. In Australia, the most recent season ended not as positively as projected and overall output was 2 - 3% lighter than the previous year. This was the first production season in about a decade that annual production lagged the previous year. The winter season in the Oceania region is having mixed weather patterns. In New Zealand, colder than usual temperatures are being recorded for this time of the year, while warmer temperatures are being reported in southern areas of Australia. Lack of sufficient moisture continues in many Oceania areas. Trading activity from the Oceania region continues to be filled from inventoried stocks. Producers and handlers are closely monitoring their inventory situation and in instances, are concerned about having adequate volumes to fill contracts. Some are indicating that they may have to delay shipments for a short time until new production comes on line. Handlers state that they hopefully will not have to reach too far into the upcoming production season to fill needs.

**BUTTER:** Butter markets in Australia and New Zealand are generally steady at unchanged prices. Stocks of butter are in close balance for end of contract year deliveries. Contracts are being filled from inventoried stocks. Some producers and handlers are hopeful that they will be able to fulfill commitments with existing stocks without having to reach into new production which is soon to resume.

82% BUTTERFAT: 1,300 - 1,500

**CHEDDAR CHEESE:** Oceania cheese markets are unsettled, although prices are generally steady. There continues to be some buyer resistance at this time due to higher than desired prices. Some buyers are looking to other sources for alternative supplies, but many of these inquiries are going unfilled. Most producers and handlers are closely monitoring their inventories as orders continue to be filled from inventoried stocks, which are declining seasonally. Some handlers are concerned about having sufficient stocks to fill late season contracts.

39% MAXIMUM MOISTURE: 2,250 - 2,300

**SKIM MILK POWDER (SMP):** Oceania skim milk powder markets are generally steady. At this point, most trading activity out of the Oceania region is centering around previously made contracts. Orders are being filled from inventoried stocks with some handlers concerned about having sufficient volumes to meet those commitments. In instances of shortage, they will be delaying deliveries and filling those needs with new production which is light and just getting underway at this time.

1.25% BUTTERFAT: 2,100 - 2,150

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady at unchanged prices. Producers and handlers are closely watching their stock situation as shipments continue to deplete inventories. Often producers are concerned about having sufficient volumes to fulfill their commitments before the new milk production season resumes and new whole milk powder becomes available. No significant new sales are being reported, although buyers are starting to inquire about upcoming availability.

26% BUTTERFAT: 2,050 - 2,150

Exchange rates for selected foreign currencies: JULY 30, 2001

.3968 Dutch Guilder	.4471 German Mark
.1333 French Franc	.4126 New Zealand Dollar
.1092 Mexican Peso	.5056 Australian Dollar
1.4259 British Pound	.0080 Japanese Yen
.2366 Polish Zloty	.8744 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1092)= 9.1575.  
That is 1 US Dollar equals 9.1575 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR JULY 2001 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	REPORT NUMBER 31	2001	2000
	Average					Average	Average
	JUL 02 - 06	JUL 09 - 13	JUL 16 - 20	JUL 23 - 27	JUL 30 - 31	or Total	or Total
<b>CHEESE</b>							
<b>MIDWEST COMMODITY CHEDDAR</b>							
-- Cheddar Barrels	:: 1.5925 - 1.6400	:: 1.6275 - 1.6425	:: 1.6300 - 1.6475	:: 1.6325 - 1.6500	:: 1.6325 - 1.6500	:: 1.6344	:: 1.2125
-- Cheddar 40# Blocks	:: 1.6675 - 1.6975	:: 1.6700 - 1.7000	:: 1.6700 - 1.7000	:: 1.6700 - 1.7000	:: 1.6700 - 1.7000	:: 1.6845	:: 1.2521
<b>WISCONSIN (WSP, Delivered, LTL)</b>							
-- Process American 5# Loaf	:: 1.8125 - 2.0200	:: 1.8475 - 2.0200	:: 1.8500 - 2.0200	:: 1.8525 - 2.0400	:: 1.8525 - 2.0400	:: 1.9349	:: 1.4841
-- Brick And/Or Muenster 5#	:: 1.9900 - 2.2625	:: 1.9900 - 2.2650	:: 1.9900 - 2.2650	:: 1.9900 - 2.2650	:: 1.9900 - 2.2650	:: 2.1273	:: 1.6641
-- Cheddar 40# Block	:: 1.9800 - 2.1150	:: 1.9800 - 2.1150	:: 1.9800 - 2.1150	:: 1.9800 - 2.1150	:: 1.9800 - 2.1150	:: 2.0475	:: 1.8213
-- Monterey Jack 10#	:: 2.1400 - 2.2900	:: 2.1400 - 2.2925	:: 2.1400 - 2.2925	:: 2.1400 - 2.2925	:: 2.1400 - 2.2925	:: 2.2160	:: 1.9213
-- Blue 5#	:: 2.4075 - 2.6100	:: 2.4100 - 2.6100	:: 2.4100 - 2.6100	:: 2.4100 - 2.6300	:: 2.4100 - 2.6300	:: 2.5131	:: 2.0166
-- Mozzarella 5 - 6#	:: 2.0000 - 2.2150	:: 2.0000 - 2.2150	:: 2.0000 - 2.2150	:: 2.0200 - 2.2150	:: 2.0200 - 2.2150	:: 2.1108	:: 1.8813
-- Grade A Swiss Cuts 6 - 9#	:: 2.4000 - 2.6850	:: 2.4000 - 2.6850	:: 2.4000 - 2.6850	:: 2.4300 - 2.6850	:: 2.4300 - 2.6850	:: 2.5475	:: 2.3425
<b>NORTHEAST (WSP, Delivered, LTL)</b>							
-- Cheddar 10# Prints	:: 1.7125 - 2.1825	:: 1.7150 - 2.1850	:: 1.7150 - 2.1850	:: 1.7150 - 2.1850	:: 1.7150 - 2.1850	:: 1.9495	:: 1.5120
-- Cheddar Single Daisies	:: 1.6700 - 2.1300	:: 1.6725 - 2.1325	:: 1.6725 - 2.1325	:: 1.6725 - 2.1325	:: 1.6725 - 2.1325	:: 1.9020	:: 1.4658
-- Cheddar 40# Block	:: 1.8075 - 1.9900	:: 1.8100 - 1.9925	:: 1.8100 - 1.9925	:: 1.8100 - 1.9925	:: 1.8100 - 1.9925	:: 1.9008	:: 1.4683
-- Process 5# Loaf	:: 1.8050 - 1.9650	:: 1.8375 - 2.0000	:: 1.8400 - 2.0025	:: 1.8425 - 2.0050	:: 1.8425 - 2.0050	:: 1.9146	:: 1.5120
-- Process 5# Sliced	:: 1.8250 - 2.0825	:: 1.8575 - 2.1175	:: 1.8600 - 2.1200	:: 1.8625 - 2.1225	:: 1.8625 - 2.1225	:: 1.9833	:: 1.5735
-- Muenster	:: 1.8725 - 2.0800	:: 1.8750 - 2.0825	:: 1.8750 - 2.0825	:: 1.8750 - 2.0825	:: 1.8750 - 2.0825	:: 1.9783	:: 1.5895
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	:: 2.4500
<b>WEST COAST (WSP, Delivered, LTL)</b>							
-- Process 5# Loaf	:: 1.7425 - 2.0025	:: 1.7775 - 2.0375	:: 1.7775 - 2.0375	:: 1.7825 - 2.0425	:: 1.7825 - 2.0425	:: 1.9025	:: 1.4973
-- Cheddar 40# Block	:: 1.7900 - 1.9525	:: 1.7900 - 1.9525	:: 1.7900 - 1.9525	:: 1.7900 - 1.9525	:: 1.7900 - 1.9525	:: 1.8713	:: 1.4333
-- Cheddar 10# Cuts	:: 1.9700 - 2.1900	:: 1.9700 - 2.1900	:: 1.9700 - 2.1900	:: 1.9700 - 2.1900	:: 1.9700 - 2.1900	:: 2.0800	:: 1.6533
-- Monterey Jack 10#	:: 1.9800 - 2.1400	:: 1.9800 - 2.1400	:: 1.9800 - 2.1400	:: 1.9800 - 2.1400	:: 1.9800 - 2.1400	:: 2.0600	:: 1.6333
-- Grade A Swiss Cuts 6 - 9#	:: 2.3500 - 2.5400	:: 2.3500 - 2.5400	:: 2.3500 - 2.5400	:: 2.3500 - 2.5400	:: 2.3500 - 2.5400	:: 2.4450	:: 2.3250
<b>FLUID PRODUCTS</b>							
<b>SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)</b>							
-- Northeast - f.o.b	:: 2.6288 - 2.7692	:: 2.5742 - 2.7117	:: 2.2750 - 2.5116	:: 2.3053 - 2.5450	:: 2.5372 - 2.6543	:: 2.5378	:: 1.6386
-- Atlanta - dlvd. equiv.	:: 2.5686 - 2.7692	:: 2.5152 - 2.6724	:: 2.2932 - 2.4752	:: 2.3741 - 2.5081	:: 2.5177 - 2.6443	:: 2.5206	:: 1.6348
-- Upper Midwest - f.o.b	:: 2.6087 - 2.7492	:: 2.5545 - 2.6921	:: 2.4024 - 2.4934	:: 2.4436 - 2.5380	:: 2.6055 - 2.6933	:: 2.5631	:: 1.6595
<b>PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.</b>							
-- Class II	:: 1.0500 - 1.1500	:: 1.0500 - 1.1500	:: 1.0500 - 1.1500	:: 1.0500 - 1.1500	:: 1.0500 - 1.1400	:: 1.0995	:: 1.0775
-- Class III	:: 0.8000 - 0.9600	:: 0.8000 - 0.9900	:: 0.9000 - 0.9900	:: 0.9000 - 1.0300	:: 0.9400 - 1.0300	:: 0.9293	:: 0.9018
<b>NATIONAL EVAPORATED MILK (\$ per Case)</b>							
<b>(Case - 48 - 12 fluid oz cans)</b>							
-- Delivered Major U.S. Cities	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 22.0000 - 33.0000	:: 27.5000	:: 26.5000

MONTHLY SUMMARY AND AVERAGES FOR JULY 2001 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	REPORT NUMBER 31	2001	2000
	JUL 02 - 06	JUL 09 - 13	JUL 16 - 20	JUL 23 - 27	JUL 30 - 31	Average or Total	Average or Total
<b>DRY PRODUCTS</b>							
<b>NONFAT DRY MILK</b>							
-- Central (f. o. b.)							
-- Low/Medium Heat	0.9900 - 1.0650	0.9700 - 1.0650	0.9000 - 1.0550	0.9600 - 1.0550	0.9000 - 1.0350	1.0027	1.0225
-- Mostly	1.0000 - 1.0250	0.9800 - 1.0250	0.9600 - 1.0250	0.9600 - 1.0250	0.9600 - 0.9750	0.9963	1.0168
-- West (f. o. b.)							
-- Low/Medium Heat	0.8950 - 1.0225	0.8950 - 1.0250	0.8950 - 1.0250	0.8950 - 1.0250	0.8950 - 1.0250	0.9598	1.0060
-- Mostly	0.9600 - 1.0150	0.9400 - 0.9700	0.9300 - 0.9700	0.9300 - 0.9500	0.9300 - 0.9500	0.9550	1.0050
-- High Heat	1.0300 - 1.0700	0.9900 - 1.0500	0.9800 - 1.0500	0.9800 - 1.0500	0.9400 - 1.0500	1.0210	1.0520
-- Northeast (f. o. b.)							
-- Low/Medium Heat	1.0300 - 1.0900	1.0300 - 1.0900	1.0150 - 1.0900	1.0150 - 1.0900	0.9825 - 1.0900	1.0542	1.0279
-- Mostly	1.0350 - 1.0550	1.0350 - 1.0550	1.0350 - 1.0550	1.0350 - 1.0550	0.9850 - 1.0000	1.0400	1.0249
-- High Heat	1.0575 - 1.1100	1.0575 - 1.1100	1.0575 - 1.1100	1.0575 - 1.1100	1.0125 - 1.1100	1.0816	1.0850
-- Mostly	1.0625 - 1.0825	1.0625 - 1.0825	1.0625 - 1.0825	1.0625 - 1.0825	1.0150 - 1.0600	1.0692	1.0754
-- Southeast (Delvd)							
-- Extra & Grade A	1.0600 - 1.1500	1.0600 - 1.1500	0.9900 - 1.1100	0.9900 - 1.1100	0.9900 - 1.0900	1.0726	1.0700
<b>WHEY POWDER (Nonhygroscopic)</b>							
-- Central (f. o. b.)	0.2900 - 0.3075	0.2900 - 0.3075	0.2850 - 0.3050	0.2850 - 0.3050	0.2850 - 0.3000	0.2964	0.1970
-- Mostly	0.2925 - 0.2975	0.2925 - 0.2975	0.2925 - 0.2975	0.2925 - 0.2975	0.2925 - 0.2975	0.2950	0.1968
-- West (f. o. b.)	0.2500 - 0.2800	0.2550 - 0.2850	0.2550 - 0.2950	0.2550 - 0.2850	0.2650 - 0.2850	0.2707	0.1855
-- Mostly	0.2650 - 0.2725	0.2625 - 0.2775	0.2625 - 0.2775	0.2625 - 0.2775	0.2675 - 0.2800	0.2701	0.1806
-- Northeast Extra Grade (f. o. b.)	0.2950 - 0.3000	0.2950 - 0.3000	0.2950 - 0.3000	0.2950 - 0.3000	0.2950 - 0.3000	0.2975	0.1999
-- Northeast Usph Grade A(f. o. b.)	0.2900 - 0.3100	0.2900 - 0.3100	0.2900 - 0.3100	0.2900 - 0.3100	0.2900 - 0.3100	0.3000	0.2037
-- Southeast Extra Grade (Delvd)	0.3175 - 0.3425	0.3175 - 0.3425	0.3175 - 0.3400	0.3175 - 0.3400	0.3175 - 0.3375	0.3292	0.2300
<b>WHEY PROTEIN CONCENTRATE</b>							
-- Central And West (f. o. b.)							
-- Extra Grade 34% Protein	0.7600 - 0.8250	0.7600 - 0.8250	0.7600 - 0.8250	0.7600 - 0.8250	0.7600 - 0.8250	0.7925	0.7820
-- Mostly	0.7900 - 0.8000	0.7900 - 0.8000	0.7700 - 0.8000	0.7700 - 0.8000	0.7700 - 0.8000	0.7893	0.7803
<b>ANIMAL FEED - WHEY</b>							
-- Central (f. o. b.)							
-- Milk Replacer	0.2500 - 0.2850	0.2500 - 0.2850	0.2500 - 0.2850	0.2425 - 0.2650	0.2425 - 0.2650	0.2629	0.1715
-- Roller Ground	0.2800 - 0.3075	0.2800 - 0.3075	0.2800 - 0.3075	0.2800 - 0.3000	0.2800 - 0.3000	0.2925	0.1884
-- Delactose	0.4150 - 0.4300	0.4150 - 0.4300	0.4150 - 0.4300	0.4150 - 0.4300	0.4150 - 0.4300	0.4225	0.3829
<b>BUTTERMILK (Min. 30% protein)</b>							
-- Central (f. o. b.)	1.0550 - 1.1400	1.0550 - 1.1400	1.0550 - 1.1400	1.0350 - 1.1400	1.0350 - 1.1400	1.0942	0.9881
-- West (f. o. b.)	1.0400 - 1.1000	1.0400 - 1.1000	1.0400 - 1.1000	1.0400 - 1.1000	1.0200 - 1.1000	1.0690	0.9116
-- Mostly	1.0500 - 1.0800	1.0500 - 1.0800	1.0500 - 1.0800	1.0500 - 1.0800	1.0300 - 1.0600	1.0631	0.8870
-- Northeast (f. o. b.)	1.0450 - 1.0600	1.0450 - 1.0600	1.0450 - 1.0600	1.0450 - 1.0600	1.0450 - 1.0600	1.0525	0.8900
-- Southeast (Delvd)	1.0850 - 1.1550	1.0850 - 1.1550	1.0850 - 1.1550	1.0850 - 1.1550	1.0850 - 1.1550	1.1200	0.9250
<b>WHOLE MILK POWDER</b>							
-- National (f. o. b.)	1.4650 - 1.6000	1.4650 - 1.6000	1.4650 - 1.6000	1.4650 - 1.6000	1.4650 - 1.6000	1.5325	1.2578
<b>LACTOSE</b>							
-- Central And West (f. o. b.)	0.1750 - 0.2575	0.1750 - 0.2575	0.1750 - 0.2575	0.1750 - 0.2700	0.1750 - 0.2700	0.2183	0.1932
-- Mostly	0.1950 - 0.2200	0.1950 - 0.2200	0.1950 - 0.2200	0.1950 - 0.2200	0.1950 - 0.2200	0.2075	0.1776
<b>CASEIN - Edible - National (f. o. b.)</b>							
-- Nonrestricted - Rennet	2.4500 - 2.7300	2.4500 - 2.7300	2.4500 - 2.7300	2.4500 - 2.7300	2.5000 - 2.7300	2.5924	2.2200
-- Nonrestricted - Acid	2.4500 - 2.6500	2.4500 - 2.6500	2.5000 - 2.6500	2.5000 - 2.6500	2.5500 - 2.6500	2.5667	2.2350

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

CHICAGO MERCANTILE EXCHANGE AVERAGE S FOR JULY 2001

COMMODITY	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	REPORT NUMBER 31	2001 *	2000 *
	JUL 2 - 6	JUL 9 - 13	JUL 16 - 20	JUL 23 - 27	JUL 30 - 31	Monthly Average	Monthly Average
<b>BUTTER*</b>							
-- GRADE AA							
-- Monday	1.9900	1.9000	1.8025	1.8800	1.9875		
-- Tuesday	#						
-- Wednesday		1.8000	1.8650	1.9875			
-- Thursday							
-- Friday	1.9400	1.7600	1.8650	1.9875		1.8971	1.1790
-- Weekly Average**	1.9650	1.8200	1.8442	1.9517			
<b>CHEESE*</b>							
-- BARRELS							
-- Monday	1.6200	1.6300	1.6325	1.6325	1.6325		
-- Tuesday	1.6300	1.6275	1.6325	1.6325	1.6325		
-- Wednesday	#	1.6325	1.6325	1.6325			
-- Thursday	1.6300	1.6325	1.6325	1.6325			
-- Friday	1.6300	1.6325	1.6325	1.6325		1.6312	1.1916
-- Weekly Average**	1.6275	1.6310	1.6325	1.6325			
-- 40# BLOCKS							
-- Monday	1.6700	1.6700	1.6675	1.6700	1.6700		
-- Tuesday	1.6700	1.6700	1.6700	1.6700	1.6700		
-- Wednesday	#	1.6700	1.6700	1.6700			
-- Thursday	1.6700	1.6700	1.6700	1.6700			
-- Friday	1.6700	1.6700	1.6700	1.6700		1.6699	1.2345
-- Weekly Average**	1.6700	1.6700	1.6695	1.6700			
<b>NONFAT DRY MLK*</b>							
-- EXTRA GRADE							
-- Monday	1.0300	1.0300	0.9900	0.9900	0.9900		
-- Tuesday	1.0300	1.0300	0.9900	0.9900	0.9900		
-- Wednesday	#	1.0300	0.9900	0.9900			
-- Thursday	1.0300	1.0300	0.9900	0.9900			
-- Friday	1.0300	1.0300	0.9900	0.9900		1.0071	1.0300
-- Weekly Average**	1.0300	1.0300	0.9900	0.9900			
-- GRADE A							
-- Monday	1.0400	1.0200	1.0000	1.0000	1.0000		
-- Tuesday	1.0400	1.0200	1.0000	1.0000	1.0000		
-- Wednesday	#	1.0200	1.0000	1.0000			
-- Thursday	1.0400	1.0200	1.0000	1.0000			
-- Friday	1.0400	1.0000	1.0000	1.0000		1.0114	1.0300
-- Weekly Average**	1.0400	1.0160	1.0000	1.0000			

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

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

# The CME was closed for the July 4th Holiday.

## JULY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2001 was unchanged at 124. Compared with July 2000, the index was up 4 points (3.3 percent). The index of prices received by farmers for dairy products advanced 2 points during the month of July 2001 to 125. Compared with July 2000, the index was up 29 points (30.2 percent).

Prices received by farmers in July with changes from June were: for All Milk, \$16.30 per hundredweight (cwt.), up \$.20; for Fluid Grade Milk, \$16.30 per cwt., up \$.10; and for Manufacturing Grade Milk, \$15.40 per cwt., up \$.30.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JULY 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	
	JUNE		JULY		JULY		JULY		JULY	
	2001	2000 2/	2001 4/	2000 2/	2001 4/	2000 2/	2001 7/	2000 8/	2001	2000
CA	15.11	11.61	15.00	11.85	1,650	1,500	38.00	37.50	110.00	78.00
ID	14.70	10.60	14.80	11.00	1,760	1,400	40.00	37.60	123.00	92.00
MI	16.20	12.90	16.40	13.20	1,600	1,350	43.50	40.00	72.00	57.00
MN	16.10	12.00	16.30	12.40	1,570	1,260	47.00	41.70	60.00	55.00
NY	16.90	13.00	17.00	13.20	1,500	1,250	---	---	116.00	113.00
OH	16.30	12.70	16.50	12.90	1,500	1,300	44.00	40.70	81.00	94.00
PA	17.70	13.70	18.00	13.90	1,650	1,330	45.20	40.30	107.00	124.00
TX	16.80	13.30	17.10	13.50	1,640	1,380	41.10	36.20	79.00	76.00
WA	16.40	12.80	16.40	13.00	1,700	1,300	---	---	123.00	110.00
WI	16.10	11.40	16.50	12.00	1,520	1,300	43.60	40.60	45.00	30.00
U.S.	16.10	12.30	16.30	12.60	1,590	1,350	42.80	39.20	96.30	80.20

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.

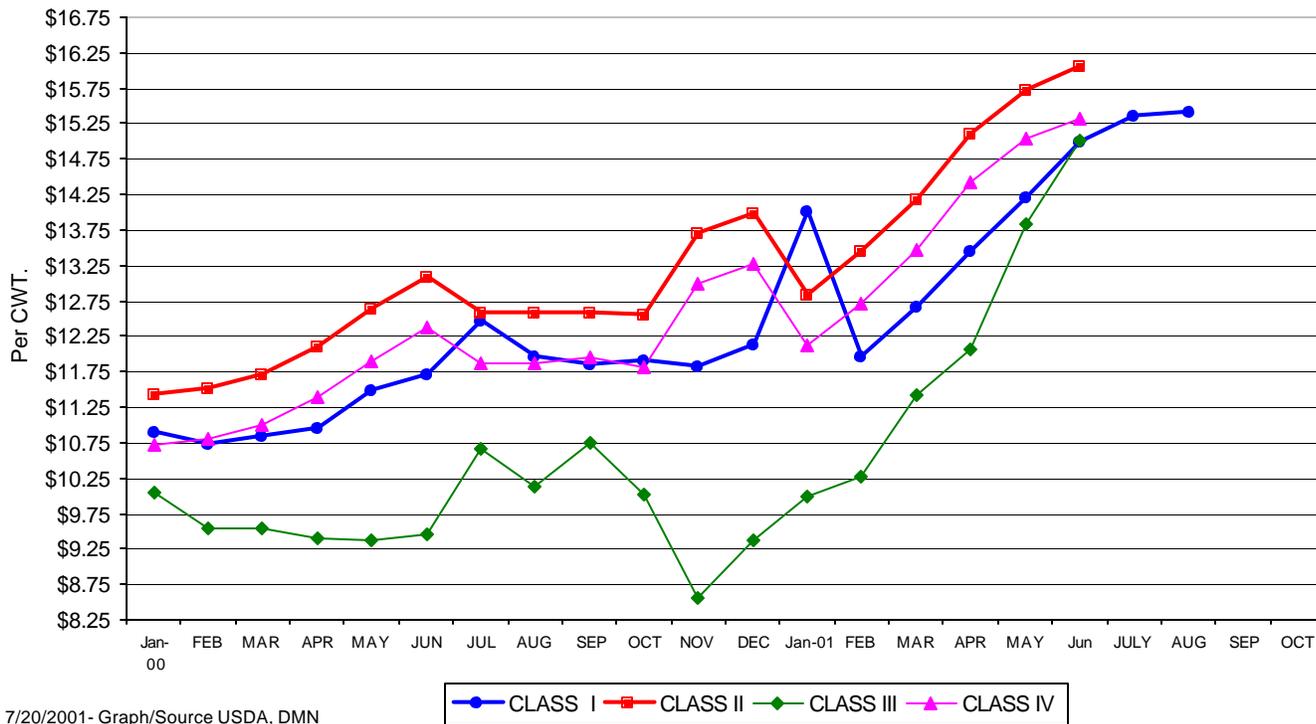
## MILK AND OTHER GENERAL PRICE MEASURES, U.S., JULY 2001 WITH COMPARISONS

ITEM	JULY 2000	JUNE 2001 2/	JULY 2001 3/
<b>PRICES RECEIVED BY FARMERS, dol. per cwt., at reported butterfat test:</b>			
All milk	12.60	16.10	16.30
Fluid grade milk	12.60	16.20	16.30
Manufacturing grade milk	10.80	15.10	15.40
<b>INDEX NUMBERS (1990-92=100):</b>			
Prices received by farmers for all farm products	96	107	106
Prices received by farmers for dairy products	96	123	125
Prices paid by farmers for commodities and services, interest taxes, and wage rates	120	124	124
Prices paid by farmers for production items	116	120	120
Prices paid by farmers for feed	100	107	110
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.29	3.73	3.61

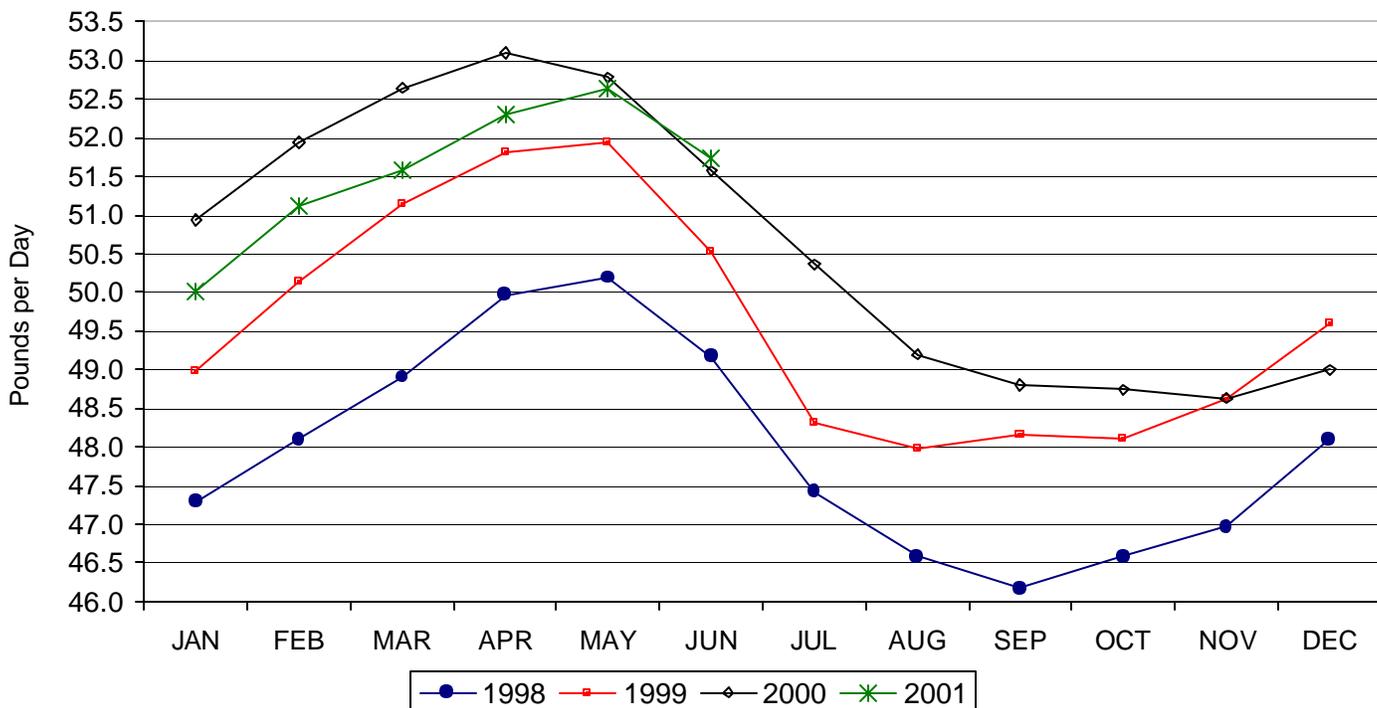
1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (7-01), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

### 2000 - 01 FEDERAL MILK ORDER CLASS PRICES



### 20 States Daily Ave Milk Output Per Cow



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

	FOR THE WEEK OF JULY 30 - AUGUST 3			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 07/27/01	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	1,162,919	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,583,600	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	11,074,959	6,746,519	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	5,994,491	-0-	5,994,491	367,406,944	416,010,419	601,177,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	9,261,129	38,227,000	-0-
<b>TOTAL</b>	5,994,491	-0-	5,994,491	395,558,035	425,271,548	639,404,000	-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 JULY 30 - AUGUST 3, 2001 =	1.7	69.8	COMPARABLE WEEK IN 2000 =	2.5	130.7
CUMULATIVE SINCE OCTOBER 1, 2000 =	189.2	4,713.9	CUMULATIVE SAME PERIOD LAST YEAR =	155.8	5,017.0
CUMULATIVE JANUARY 1 - AUGUST 3, 2001 =	72.7	3,231.4	COMPARABLE CALENDAR YEAR 2000 =	144.6	4,423.8

\* 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 JULY 30 - AUGUST 3, 2001 (POUNDS)**

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,583,715	-0-	
WEST	-0-	-0-	-0-	-0-	-0-	-0-	4,410,776	-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	8,128,476	44,652,579	30.2	45.8
WEST	-0-	-0-	5,039,919	80,528	387,429,559	375,678,709	69.6	53.5
EAST	-0-	-0-	39,600	-0-	-0-	4,940,260	0.2	0.7
<b>TOTAL</b>	-0-	-0-	11,074,959	6,746,519	395,558,035	425,271,548	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 07/14/01 & 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	0.6	5.8	5.0	19.4	2.0	2.2	0.8	9.0	2.3	47.4	1,413.2	45.5	46.9
2000-Dairy	0.2	0.9	5.7	4.8	20.0	2.4	0.7	0.6	10.4	2.9	48.6	1,394.7	46.9	48.7
2001-All cows	0.2	0.8	7.8	15.0	26.8	14.2	16.7	4.8	11.7	6.2	104.1	3,012.6		
2000-All cows	0.2	1.1	7.9	14.5	28.4	14.8	13.2	3.4	13.9	6.3	103.7	2,861.8		

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	15.40				
II	12.82	13.43	14.17	15.10	15.72	16.05						
III	9.99	10.27	11.42	12.06	13.83	15.02						
IV	12.13	12.70	13.46	14.41	15.04	15.33						

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)