

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/10):**

BUTTER: Grade AA closed at \$2.0100. The weekly average for Grade AA is \$2.0067 (+.0325).

CHEESE: Barrels closed at \$1.6500 and blocks at \$1.7200. The weekly average for barrels is \$1.6185 (-.0125) and blocks, \$1.6800 (+.0100).

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 firm. Churning schedules across the country are mixed. An intense heat wave covered much of the country this week, thus reports indicate that overall milk production and cream availability are lower. Butter producers and handlers have varying opinions as to market conditions and inventory management. Some producers feel that the current cash butter price is too high and are selling their cream versus churning, while others are willing to procure additional cream offerings and inventory butter for future use. Butter stock levels are also receiving mixed opinions. Some producers are comfortable with their current stocks, while others continue to churn actively and procure additional offerings from local and out of area sources. Imported butter also continues to be made available to the domestic butter industry. Overall butter demand is fair. Retail orders are fair at best, occasionally stimulated by feature activity. Food service orders are referred to as "just OK" as buyers, especially in resort and vacation areas, monitor their inventories as the summer vacation season nears an end.

CHEESE: The cheese market is unsettled with a firmer undertone. Distributors are starting to shift the product mix toward early fall items, such as mozzarella. Supplies of current varieties are tightening seasonally. Current cheese production continues to decline, at least east of the Rockies, because of continued summer heat and humidity and milk shipments into the Southeast. Estimated January – June 2001 U.S. cheddar production, adjusted 2000 to the comparable number of days, totals 1.403 billion pounds, down 72.8 million pounds (-5.0%) from the same period in 2000. Cumulative total cheese output in 2001 totals 4.100 billion pounds, down 54.6 million pounds (-1.3%) from last year.

FLUID MILK: Most of the nation is in the grip of a heat wave. Temperatures in the 90's and 100's are common from coast to coast and border to border. The heat and humidity are taking their toll on cows and the milk flow is declining in all regions. Week-to-week milk production declines of 10% are common. Also, fat and protein tests on incoming milk are low and stated to be lower than normal. The declining milk flow comes at a time when schools are starting to reopen and bottling plants are taking more milk to meet school lunch needs. Milk is starting to move greater distances to meet the growing demand. Buyers are paying about \$4.00 per cwt. give-up charges to acquire desired volumes in some regions. Most buyers feel that this year, it will be more

difficult and costly to purchase milk. Surplus milk supplies are tighter in most parts of the country. Some plants, particularly in the West, are taking this slower operating time to perform plant maintenance. Most Eastern and Central region plants have been running on reduced schedules for several weeks. The fluid cream market is mixed. Demand is seasonally good, but a few regions do have extra that is clearing to the churns. Ice cream output is heavy, but the extremely high temperatures often hurt consumption patterns more than it helps. Condensed skim demand is improving particularly from cheese makers looking for solids to boost their yields.

DRY PRODUCTS: The NDM market is mostly steady with prices lower in the East. Production levels, reflecting surplus milk supplies, are lighter in most regions of the country. Domestically, the demand for NDM is often improved as utilization by cheese makers to boost yields is increasing. Export interest is steady at best. Producer stocks are in better balance and Western offers to CCC are markedly lower than the past few weeks. The dry buttermilk market is little changed, but prices in some regions have moved moderately lower. Production is light and demand is just fair at best. The dry whey market is mixed, mostly unsettled. Producers see a firm market as production is lower and stocks are light and, at time, short of needs while buyers see lower usage and building stocks from contract deliveries. Resellers note increased difficulty moving spot loads, even at prices lower than producers are currently offering. The WPC market is weak. Offerings are heavier and some users are reselling their contract deliveries to keep from building too large an inventory. Buyers are not eager to purchase additional WPC and are waiting for CCC to again offer NDM (see below).

CCC: During the week of August 6 – 10, CCC net purchases totaled 924,585 pounds of nonfortified NDM. There was a total purchase of 2,832,145 pounds less cancellations of 1,907,564 pounds.

ANNOUNCEMENT OF CCC SELL BACK OF NDM FOR ANIMAL FEED (FSA): The CCC announces Invitation 012 to RSC1, inviting competitive offers to buy from CCC 4,909,895 pounds of NDM in 25-KG bags for use other than human consumption. Offers are due by 11:00 AM CDT, August 21, 2001. CCC intends to issue similar invitations, approximately on a monthly basis, for an indefinite period of time.

JUNE DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 88.1 million pounds in June, 1.1% below June 2000 and 19.2% below May 2001. American type cheese production totaled 307.8 million pounds, 0.2% below a year ago and 0.6% below May. Total cheese output (excluding cottage cheese) was 683.6 million pounds, 1.7% below last June and 3.6% below May. Nonfat dry milk production, for human food, totaled 131.1 million pounds, 3.2% above June 2000 but 6.3% below last month. Dry whey production, for human food, was 99.9 million pounds, 2.4% above last June and 5.1% above May 2001.

****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 AUGUST 6	TUESDAY AUGUST 7	WEDNESDAY AUGUST 8	THURSDAY AUGUST 9	FRIDAY AUGUST 10	WEEKLY CHANGE*	WEEKLY AVERAGE
CHEESE BARRELS	\$1.6275 (N.C.)	\$1.6200 (-.0075)	\$1.5975 (-.0225)	\$1.5975 (N.C.)	\$1.6500 (+.0525)	(+.0225)	\$1.6185 (-.0125)
40# BLOCKS	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.7200 (+.0500)	(+.0500)	\$1.6800 (+.0100)
BUTTER GRADE AA	\$2.0000 (+.0450)	----	\$2.0100 (+.0100)	----	\$2.0100 (N.C.)	(+.0550)	\$2.0067 (+.0325)

*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 \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 6, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6300
 BUTTER -- SALES: 13 CARS GRADE AA: 2 @ \$1.9550, 1 @ \$1.9600, 2 @ \$1.9700, 3 @ \$1.9800, 1 @ \$1.9850, 1 @ \$1.9825, 1 @ \$1.9900, 1 @ \$2.0000, 1 @ \$1.9875; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$2.0000, 1 @ \$2.1000

TUESDAY, AUGUST 7, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.6200, 1 @ \$1.6225, 1 @ \$1.6250, 1 @ \$1.6275, 1 @ \$1.6300

WEDNESDAY, AUGUST 8, 2001

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.5975, 1 @ \$1.6300
 BUTTER -- SALES: 12 CARS GRADE AA: 4 @ \$2.0000, 5 @ \$2.0100, 2 @ \$2.0000, 1 @ \$2.0100; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.8500; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$2.0100, 1 @ \$2.0200, 1 @ \$2.0400, 1 @ \$2.0500

THURSDAY, AUGUST 9, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5900; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6075

FRIDAY, AUGUST 10, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6500; 2 CARS 40#BLOCKS: 1 @ \$1.7200, 1 @ \$1.7000; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.9100; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$2.1000

BUTTER MARKETS

JUNE BUTTER PRODUCTION

During June 2001, butter production in the United States totaled 88.1 million pounds, 1.1% less than June 2000 and 19.2% less than May 2001. Year to date production is down 7.8% when compared to the first six months of 2000. The following are percentage changes from June 2000 for various states: CA +5.0, NY + 72.1, PA -19.7%, and WI + 27.6%.

NORTHEAST

The market tone is again unsettled. The price of butter at the CME rebounded to the \$2.00 level on August 6. Many contacts felt that prices could have eased lower following last week's price declines at the CME. Some feel that prices are too high for current market conditions. Most reports indicate that bulk butter stocks are more than ample to cover current needs. Eastern production is up slightly as a plant is back on line after a week of maintenance. However, this operation is microfixing to meet print orders and selling a good portion of their cream to Class II channels. Also, the high retail prices are doing little to encourage consumption. Suppliers are anticipating fall needs and making arrangements to meet those needs. Western bulk continues to come across to Eastern buyers/producers. This is an ongoing activity since spring. In addition to the Western butter, imported butter is available (for use as an ingredient) at competitive prices. Milk and cream supplies are expected to tighten in the coming weeks. Despite this, few contacts at this time see a supply problem this fall. They expect additional tightness, but many have already purchased extra loads to carry them through those times. Food service orders are holding. 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 firm. The current cash price at the CME is over 80 cents higher than it was last year at this time and fully recovered the 25 cent decline in July.

Producers and handlers continue to have mixed comments as to where the current price should be. Opinions on stock availability and inventory management also are varied. Some producers continue to take full advantage of additional cream offerings, while others are staying within regular/ongoing sources. Some Midwestern butter operations are taking advantage of additional cream offerings from Western and Eastern sources. Stocks are reported to be in balance for current needs. Although, many producers feel that current prices are too high for inventory building, some continue to increase inventories for use later this year. Overall butter demand is fair. No significant retail feature activity is being reported to stimulate butter sales. Food service orders are seasonally active, although many vacation and resort areas are already considering order cutbacks as the summer vacation season will be coming to and end within the month. When available, bulk butter for spot sale is selling in a price range of 3 - 5 cents per pound over various pricing bases.

WEST

Bulk butter continues to clear reasonably well to other regions of the country. Print orders from retail outlets are fair while restaurant and food service accounts are rated as good. The cream market remains mixed. Some sellers report good movement while others see a slowing in demand. Ice cream demand for cream is mixed in this very hot week over much of the country. Some contacts report that sales seem to be off because it is too hot to go out, even for ice cream. US butter output for June totals 88.1 million pounds, down 1.1% from last year. Cumulative output for the first six months of the year totals 0.64 billion pounds, down 7.8% from the same period last year. CME weekly butter stocks declined by 1.96 million pounds for the current week and now stand at 70.7 million pounds. Stocks have declined 6.3 million pounds in the last six weeks. 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
	40# BLOCKS	BARRELS 38% MOISTURE			
AUGUST 4	1.6649 6,077,356	1.6417 8,324,456	0.9477 29,531,005	1.9434 3,703,530	0.2869 10,674,654

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

CHEESE MARKETS

NORTHEAST

Prices are unchanged to fractionally lower. The market tone is steady. At the CME, prices for both blocks and barrels have held relatively steady since early July. However, lower cheddar production in the East and Midwest is a concern to some contacts. Lighter milk volumes are expected during the next month or two and availability of current cheddar may tighten. Most Eastern producers report lighter production schedules because of the dwindling milk supply. Demand for cheddar is just fair, but orders for the last quarter of the year are expected to improve along typical patterns. Demand for mozzarella is improving, as colleges will soon reopen which usually signal an increased consumption of pizza. Process cheese orders are holding up nicely. During June, production of cheddar cheese in the Atlantic region totaled 14.6 million pounds, 3.6% more than June 2000, but 2.5% less than May 2001. Mozzarella output in the same region totaled 47.2 million pounds, 2.4% more than last June, but 3.7% less than May 2001.

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	:	1.8400-2.0025
Process 5# Sliced	:	1.8600-2.1200
Muenster	:	1.8750-2.0825
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is about steady. Milk supplies continue to tighten as the reopening of school nears and milk receipts wilt due to the continued heat and humidity. Declining milk volumes and low summer yields are reducing the current cheese volumes produced. More than a few plant operators, mainly specialty producers, are looking for additional sources of milk to help with orders. Current cheese movement is steady to occasionally improved, generally fair at best. Mozzarella is in better balance and lead times on orders at some plants are increasing. Process movement is steady at best. Estimated June total cheese output in selected Midwestern states compared to June 2000 is: Wisconsin, 178.3 million pounds, down 3.2 million pounds (-1.8%); Minnesota, 51.0 million pounds, off 10.4 million pounds (-16.9%); and Iowa, 22.8 million pounds, down 222,000 pounds (-1.0%). These 3 states accounted for over 36% of the U.S. total cheese production in June.

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

Process American 5# Loaf	:	1.8500-2.0400
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	:	AUGUST 6 - 10, 2001
BARRELS*	:	\$1.5975 - 1.6450 (NOMINAL)
	:	(-\$0.0350) (-.0050)
40# BLOCKS	:	\$1.6700 - 1.7050 (NOMINAL)
	:	(.0050)

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

WEST

Prices held about steady again for Western cheese as the CME trades in a narrow range. Top quality cheese is moving well. Both number one barrels and blocks are clearing the market in a very timely fashion. Undergrades are much more of a problem. Buyers that are able to use this type of cheese are looking for much deeper discounts than sellers are willing to give at this time. Heat this past week in the region is adversely affecting current cheese production. The mozzarella market is tight again after a slower period a few weeks ago. Swiss sales activity is generally rated as good for this time of the year. Swiss cheese production in June totaled 20.8 million pounds, up 4.1% from last year. American cheese production totals 307.8 million pounds, down 0.2% from the previous year. American cheese output compared to last year for selected Western states is as follows: California +22.4%, Idaho -9.2%, Oregon +4.6%, and Utah -27.9%. Cumulative American cheese production for the first six months of the year totals 1.8 billion pounds, down 4.9% from the same period in 2000.

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 and the market tone are unchanged. Demand for imported and domestically made table cheeses remains slow to fair. However, the call for imported cheeses used as ingredients or in processing remains good. Supplies of most types of cheese are about adequate to cover current needs. Cheese output in Europe continues to increase as more milk is being moved to cheese plants. Demand for cheese in Europe is improving and, at times, leaving less available for export.

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-
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
	08/06/01	42,381	:	132,466
	08/01/01	43,592	:	130,979
	CHANGE	-1,211	:	1,487
	% CHANGE	-3	:	1

The NASS Cold Storage estimates are being discontinued pending a review of this service.

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	4	0	0	0	17	0
SOUTHEAST STATES	140	0	42	0	0	0

The following are the July 2001 Class and component prices under the Federal Milk Order pricing system: Class II \$15.96 (down \$.09 from June), Class III \$15.46 (up \$.44); and Class IV \$14.81 (down \$.52). The following are product price averages used in computing Class prices: butter \$1.9094, NDM \$0.9634, cheese \$1.6573, and dry whey \$.2842. The Class II butterfat price is \$2.1953 and the Class III/IV butterfat price is \$2.1883. Hot weather continues to plague the East. Record high temperatures are being record in most of the Northeast. Cow comfort is a big issue and milk production is falling in all areas of the region. Along with the falling output, fat and protein tests (yields) are lower. The hot weather is also causing some plant efficiency problems. Fluid milk supplies are lighter, but the generally slow bottled milk sales are keeping surplus milk volumes fairly steady. More Southeastern schools are reopening next week and bottlers are ordering more milk. Handlers are pulling more milk in from Northern states. Florida's imports are not taking too much milk this week, but volumes are expected to jump next week when school lunch bottling "kicks in." So far, milk shipments into the Southeast are coming from New York, Massachusetts, Pennsylvania, Michigan, and Iowa. The condensed skim market is unchanged, but prices for Class III continue to inch higher at the low end of the range. Demand for wet solids is good, particularly from cheese makers trying to improve their yields and output. However, as wet solids' prices move higher, some users are looking to NDM as a less expensive source of solids. The fluid cream market is little changed. Demand is good, but offerings are heavier than some might expect when milk supplies are tightening. Reports indicate that quite a few loads of Eastern cream are moving to butter makers in the Midwest. Eastern butter makers are less eager to churn and build inventories at current butter prices. Most are using their inventories to fill retail orders. More often, these butter makers are selling their own cream on the spot market if they can. Spot prices are generally higher as the average price of butter at the CME increased more than two cents last week. Ice cream production is steady at seasonally heavy levels. The high cost of butterfat is still a big concern to most mix and ice cream makers. Cream cheese production is steady to a little heavier. Some producers are buying some extra loads of cream this week. Bottled cream sale are fair to good as UHT plants are taking in a little more cream this week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5665-2.6849
DELIVERED EQUIVALENT ATLANTA	-	2.5467-2.7244 M 2.5665-2.6652
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.6257-2.7244

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	- .9800-1.0300

M I D W E S T

Elevated heat indices (often over 100) continue to blanket the region. Most plant milk intakes are lower, showing the impact, some 10% or more from recent weeks. Often, the largest declines are associated with producers where cows spend more time outside, away from cooling equipment such as fans. Fat and protein tests on milk receipts are steady to occasionally lower, and low even for summer. The weather has also reduced refrigeration equipment efficiency or other mechanical problems, causing increased quality problems at some locations. Some handlers continue to see producer sellouts while taking

advantage of current high cattle prices. Milk supplies continue to tighten with some handlers receiving calls from plant operators they haven't heard from recently or before. Some spot interest continues to go unsatisfied. Class I interest is steady except where featured. At least a couple upper Midwestern bottlers are planning to start school milk bottling late next week. Spot manufacturing milk premiums paid, on limited sales range from \$3.75 to \$4.00 over class, offered prices around \$4.50 and up are being passed over. Some interest continues to go unsatisfied. Milk shipments are increasing seasonally as bottlers pull to start filling the school milk demand in the Southeast. At least 35 loads of Wisconsin milk are heading to Missouri as well as 21 supplemental loads split between Indiana and Ohio, 5 loads to Kentucky and 4 to Tennessee. Milk is also moving inter and intra-regionally from Michigan. Cream demand remains generally good, aided by heat stimulated ice cream demand. Crop maturation, at least on early-planted spring crops, is often slightly ahead of normal due to the extra heat units. Dry conditions in some areas continue to affect crop development in some areas of the region.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUGUST 2 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.00- 48.00	\$ 37.50- 42.00
REPLACEMENT HEIFER CALVES	\$360.00-535.00	\$270.00-360.00

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

	AUGUST 2 - 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 44.00- 50.00	\$ 35.00- 47.50

W E S T

June pool receipts of milk in California total 2.77 billion pounds, up 6.3% from last June. Receipts are down 0.5% from May on a daily average basis. Cumulative receipts for the first six months of the year total 16.5 billion pounds, up 3.9% from the same period in 2000. The June blend price is \$15.38. This is the highest blend price since January of 1999. The average fat test on incoming receipts is 3.57%. The percentage of receipts used in Class 1 products is 18.2%, the lowest on record. The quota price is \$16.46, up 76 cents from May and \$3.68 higher than last year. The base and overbase prices are \$14.76. Hot conditions with more humidity are taking a toll on the milking herd in California. Some are seeing signs of milk declines this week and more problems are expected next week. The real cause of the stress is that it is not cooling off all that much in the evenings. Therefore, the cows don't have much recovery time. Some manufacturing plants are not unhappy to see some milk supplies disappear. They would like less milk so that seasonal maintenance could be performed on their plants while they are down for a few days. Cream sales activity seems to be quite mixed. Some contacts state that demand from ice cream plants is very strong. Others state that it is too hot for ice cream sales and that demand for cream is therefore lighter. Hay prices continue to firm with feeder hay as high as \$120 and in short supply. Conditions seem to be getting worse in Arizona at this time. Temperatures remain hot, but now the humidity is getting bad as well. July milk was down substantially from the previous month and August doesn't look any better. These conditions are occurring earlier than normal. Little relief for the cattle is noted at night. Some of the warmest temperatures of the year are common over much of the Pacific Northwest this week. Conditions are also very dry. The weather pattern is expected to last about four days. Most contacts are not expecting much impact on milk supplies with this short duration. Culling rates are light. Heifer prices remain firm. Numbers noted at a major monthly sale in the region were up from the expected level. Hay quality available is not what producers had hoped for. Temperatures have been in the high 90's to low 100's for much of the past week in Utah and Idaho. Receipts are definitely declining more rapidly. Many more reports of water systems being shut down are noted. Hay growers and buyers are concerned as to what impact this situation will have on markets for the fall and winter season. Prices continue to firm and quality is not up to expectations.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/09/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher and the market tone is mostly steady. The hot and humid weather is deterring milk output and thereby NDM production. Milk is also moving away from the butter/powder mix and into fluid markets for school sessions and cheese production. Supplies are in balance to short of contractual interest. Western supplies are readily available at prices competitive with the Central region. High heat inventories are mostly sold out with Western product supplanting interest. Production of human food, nonfat dry milk during June 2001 totaled 131.1 million pounds, up 3.2% from June 2000 but 6.3% below May 2001. Month ending stocks, at 162.2 million pounds, are 20.5% below a year ago but 20.8% higher than May 2001.

Includes EXTRA GRADE and GRADE A, low and medium heat
 NONFAT DRY MILK: .9600 - 1.0350 MOSTLY: .9600 - .9750

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a mostly steady market. Western resellers are reportedly offering product into the Central region at delivered prices under the range. Producer stocks are mixed with some plants sold out and others holding loads to move. Production is very light as some plants cease production. Demand is light as buyers continue to await further market changes in response to reseller sales and changes in the NDM market. Dry buttermilk production during June 2001 totaled 3.5 million pounds, down 15.4% from June 2000 and 26.5% lower than May 2001. Month ending stocks, at 4.4 million pounds, are 40.5% below last year and 13.5% lower than last month.

BUTTERMILK: 1.0350 - 1.0875

DRY WHEY - CENTRAL

Prices are unchanged to lower on an unsettled market. Supplies remain mixed. Most producers are in balance to sold out on whey while a few are holding extra supplies due to shipment delays with feed buyers. Many plants are reporting production problems in the hot and humid weather. Export sales are slower, encouraging brokers to clear product domestically. Feed buyers are sometimes long on supplies and are reselling stocks. Condensed supplies and solids content are lower. Permeate and lactose remain attractive substitutes to whey. Production of human food, dry whey during June 2001 totaled 99.9 million pounds, 2.4% more than June 2000 and 5.1% above May 2001. Month ending stocks, at 38.6 million pounds, are 10.6% below a year ago but 26.7% more than May 2001.

NONHYGROSCOPIC: .2750 - .2975 MOSTLY: .2900 - .2975

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower and nominal on a generally steady market. Milk replacer supplies are increasing as a result of Extra Grade production problems in the hot and humid weather. Feed demand is light in response to current temperatures, encouraging lower prices. Roller ground movement is steady to better, with some export movement noted. Supplies are in balance to somewhat short of buyer interest. Delactose demand is strong into feed and food applications. Producer stocks are short of buyer interest on steady production schedules with output occasionally lower due to the humid weather. Production of animal feed dry whey during June 2001 totaled 6.8 million pounds, 22.5% lower than a year ago but 4.9% more than May 2001. Month ending stocks, at 5.6 million pounds, are 28.2% below a year ago but 10.8% higher than last month.

MILK REPLACER: .2300 - .2500
 ROLLER GROUND: .2800 - .3000
 DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Most product is clearing well on a contractual basis. Spot sales are generally noted on the domestic market as price resistance is being reported into export markets. Production is steady to slightly lower due to shifts in the milk supply and decreases in milk solids content. Some producers are stating that 3rd quarter movement is stronger than seasonally expected. However, some brokers are able to purchase product at a discount and are finding it difficult to clear supplies. Feed interest is good with some buyers paying the average for Extra Grade product as off grade supplies are sometimes unavailable. Lactose production during June 2001 totaled 47.3 million pounds, up 7.9% from June 2000 but 8.0% below May 2001. Month ending stocks, at 28.2 million pounds, are 0.9% higher than a year ago and 14.4% above last month. Production totals for selected regions with changes from 2000 include: East North Central, 9.8 million pounds, N.A.; West North Central, 14.0 million pounds, -11.4%; West, 20.6 million pounds, +9.0%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
 EDIBLE: .1800 - .2700 MOSTLY: .1950 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. Supplies are mixed yet generally trending heavier. On 8/9/01, the CCC invited competitive offers to buy 4,909,895 pounds of NDM for public release 8/23/01. Additional purchases of CCC NDM by the feed sector are expected to further weaken the WPC market. Currently, feed buyers are successfully diverting contractual loads as producers are opting to hold supplies rather than having feed buyers resell their WPC stocks on the market. Producers that cater to the food industry are less affected by feed buyer resistance and are able to gain standard premiums from the food sector. Efforts also continue to divert more WPC condensed into 80% and isolates. Export inquiries persist from Asian markets. Trader demand is skittish as many await another NDM sell back announcement and further adjustments in the market. Some manufacturers are reportedly competitive with the resale market at prices below the range. Production of human food WPC during June 2001 totaled 25.0 million pounds, up 1.3% from June 2000 and 2.2% above May 2001. Manufacturers end-of-month stocks totaled 14.5 million pounds, 5.9% lower than a year ago but 14.2% above last month. Production totals for selected states with changes from 2000 include: California, 8.0 million pounds, +6.9%; Minnesota, 3.7 million pounds, -17.0%; and Wisconsin, 4.7 million pounds, +4.6%.

EXTRA GRADE 34% PROTEIN: .7550 - .8050 MOSTLY: .7650 - .7950

NONFAT DRY MILK - WEST

Prices for low/medium heat NDM showed a little strength this week as a number of plants have inventories in very good shape at this point and feel comfortable asking higher prices for their limited stocks. Last week, 6.0 million pounds of NDM were offered to the CCC program from the West. This week, so far, offerings are much lighter than that. Production is lighter at a number of locations due to the hot weather. Demand is stronger from cheese plants for fortifying the vats as the solids content on incoming milk receipts is not good at all in those areas impacted by the heat. High heat prices are mixed with generally good demand. June US NDM production totals 131.1 million pounds, up 3.2% from last year. The Western region is up 4.1%. Cumulative output for the first six months of the year has reached 772.4 million pounds, down 5.3% from last year.

Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .9000 - 1.0250 MOSTLY: .9400 - .9500
 HIGH HEAT: .9700 - 1.0300

DRY BUTTERMILK - WEST

Buttermilk prices continue to soften in the Western region. Some producers remain sold out, but others are building some stocks and want to keep them clearing out. Buyers note that NDM prices continue to fall and they expect that at some point buttermilk powder prices will need to match up a little closer. Resale powder is coming out of warehouses at prices at least a couple of cents under the range. June US production totals 3.5 million pounds, down 15.4% from last year.

BUTTERMILK: 1.0000 - 1.0600 MOSTLY: 1.0300 - 1.0400

DRY WHEY - WEST

Western whey prices are mixed this week, moving both higher and lower. Most producers remain in a sold out position and have little concern about the market as their milk is declining quite rapidly due to the hot weather. Other manufacturers are more concerned about what the future holds and want to stay ahead of the curve. Prices needed to move lower to be in position to make some new export sales. The hot weather is certainly causing some dryer quality and efficiency problems. June US human whey production is 99.9 million pounds, up 2.4% from last year. Western region output is up 11.7% from last year.

NONHYGROSCOPIC: .2550 - .2850 MOSTLY: .2700 - .2750

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
August 3	\$.9262	20,446,130
July 27	\$.9375	14,271,757

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

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

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower throughout the region and nominal in the Northeast. Production of NDM in the East is lighter as surplus milk volumes and the continued good demand for condensed skim clear the solids. Eastern producers report limited stocks on hand and only a lackluster spot demand. Contracts are satisfactorily clearing any output that may occur. A few operations that are making NDM are producing high heat. Traders note that their sales are kind of "draggy" as buyers take only replacement volumes while they wait for prices to move lower. Those buyers that are making purchases are increasingly price sensitive. Production of human food, nonfat dry milk during June 2001 totaled 131.1 million pounds, up 3.2% from June 2000 but 6.3% below May 2001. Month ending stocks, at 162.2 million pounds, are 20.5% below a year ago but up 20.8% from a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9825 - 1.0200 MOSTLY: .9850 - 1.0000

HIGH HEAT: 1.0000 - 1.0350 MOSTLY: 1.0150 - 1.0300

DELVD SOUTHEAST:

ALL HEATS: .9900 - 1.0900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The market tone is unchanged. Prices are unchanged and nominal in the Northeast, generally lower in the Southeast. Lower f.o.b. prices in the West and Central regions result in lower delivered prices in the Southeast. Churning activity in the East is minimal and dry buttermilk output is limited. Producer stocks are light. Demand is slow to fair. Dry buttermilk production during June 2001 totaled 3.5 million pounds, down 15.4% from June 2000 and 26.5% less than May 2001. Month ending stocks, at 4.4 million pounds, are 40.5% less than last year and 13.5% less than a month ago.

F.O.B. NORTHEAST: 1.0450 - 1.0600

DELVD SOUTHEAST: 1.0700 - 1.0950

DRY WHOLE MILK - NATIONAL

Prices are nominal and often lower as producers adjust prices to the July Class IV milk price change (down \$.52 from June). Production levels remain light and geared to filling contracts. Spot orders remain slow. Dry whole milk production during June 2001 totaled 2.6 million pounds, down 77.2% from June 2000 and 17.4% below May 2001. Month ending stocks are no longer reported for this product.

F.O.B. PRODUCING PLANT: 1.4100 - 1.6000

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are generally unchanged. The market tone is mixed and somewhat confused. On one side of the market, we have producers who see less milk coming into their plants, lower dryer speed/efficiencies, and little top-quality product to offer. On the other side of the market, we have buyers who are waiting for prices to move lower and making purchases only as needed. So, demand is sluggish at the same time that output is light, an unusual market situation, a stalemate, if you will. Producers, particularly those with contracts to fill, fear that some contracts will have to be "shorted" because of lack of production. Traders report a continued soft market and difficulty moving spot sales. There have been reports of buyers/users wanting to resell some of their stocks because of slow usage and growing inventories because of contract deliveries. The weather is affecting product quality and quite a bit of "off condition" whey is on the market and not attracting much interest. Production of human food, dry whey during June 2001 totaled 99.9 million pounds, 2.4% more than June 2000 and 5.1% above May 2001. Month ending stocks, at 38.6 million pounds, are 10.6% below last year but 26.7% more than a month ago. Production of animal feed, dry whey during June totaled 6.8 million pounds, 22.5% less than a year ago but 4.9% above last month.

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. Producers are concerned by the higher Class III milk price and, because of competition, not being able to move evaporated milk prices higher. Production levels are steady to lighter as surplus milk volumes are tightening in most parts of the country. Producer inventories are more than adequate for current, replacement-type sales. Canned evaporated milk production during June 2001 totaled 34.3 million pounds, 21.6% less than June 2000 but 0.5% more than May 2001. Month ending stocks, at 72.8 million pounds, are 7.8% more than a year ago and 12.6% above last month.

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

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

CASEIN - NATIONAL

Rennet and acid casein markets remain firm. Often, buyers and sellers are stating that availability and stocks are lighter than desired. Buyers depleted their inventories earlier this year and some are having difficulty in re-establishing a workable margin. Shipments of casein are arriving on more of a regular schedule, although still lagging desired needs. Buyers question what impact new production from the Oceania region will have in the coming months. At this point, many feel that prices will remain firm and availability will still be questionable.

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

JUNE 2001 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 88.1 million pounds in June, 1.1 percent below June 2000 and 19.2 percent below May 2001. **AMERICAN TYPE CHEESE** production totaled 307.8 million pounds, 0.2 percent below June 2000 and 0.6 percent below May 2001. **TOTAL CHEESE** output (excluding cottage cheese) was 683.6 million pounds, 1.7 percent below June 2000 and 3.6 percent below May 2001. **NONFAT DRY MILK** production, for human food, totaled 131.1 million pounds, 3.2 percent above June 2000 but 6.3 percent below May 2001. **DRY WHEY** production, for human food, was 99.9 million pounds, 2.4 percent above June 2000 and 5.1 percent above May 2001. **ICE CREAM** (hard) production totaled 83.8 million gallons, 4.4 percent below June 2000 but 6.3 percent above May 2001.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUN 2001	PERCENT CHANGE FROM:			PRODUCT	JUN 2001	PERCENT CHANGE FROM:		
	1,000 LBS.	JUN 2000	MAY 2001	YEAR TO DATE <u>1/</u>		1,000 LBS.	JUN 2000	MAY 2001	YEAR TO DATE <u>1/</u>
BUTTER	88,125	-1.1	-19.2	-7.8	YOGURT (PLAIN AND FLAVORED)	176,999	6.9	-2.9	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT <u>6/</u>				
AMERICAN TYPES <u>2/</u>	307,844	-0.2	-0.6	-4.9	SWEET-TYPE, HUMAN FOOD	12,381	23.1	-8.1	---
CHEDDAR	243,215	1.1	-0.5	-5.5	SWEET-TYPE, ANIMAL FEED	912	-21.7	3.1	---
SWISS	20,788	4.1	-6.9	---	DRY WHEY PRODUCTS				
BRICK & MÜNSTER	7,611	-4.5	-6.2	---	DRY WHEY, HUMAN FOOD	99,937	2.4	5.1	---
CREAM & NEUFCHÂTEL	50,117	-13.4	-10.9	---	DRY WHEY, ANIMAL FEED	6,752	-22.5	4.9	---
HISPANIC	7,558	-4.5	-6.2	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	223,361	0.9	-2.9	1.4	HUMAN FOOD	8,233	20.6	-12.6	---
OTHER ITALIAN TYPES	48,375	-11.5	-11.5	-2.8	ANIMAL FEED	3,369	10.5	-4.3	---
TOTAL ITALIAN TYPES	271,736	-1.6	-4.5	0.5	LACTOSE, HUMAN FOOD & ANIMAL FEED	47,275	7.9	-8.0	---
ALL OTHER TYPES	17,977	3.5	-8.2	---	WHEY PROTEIN CONCENTRATE				
TOTAL	683,631	-1.7	-3.6	-1.8	HUMAN FOOD	24,980	1.3	2.2	---
COTTAGE CHEESE, CURD <u>3/</u>	37,357	-7.8	-9.4	---	ANIMAL FEED	4,307	9.2	-0.9	---
COTTAGE CHEESE, CREAM <u>4/</u>	31,387	-1.5	-7.9	1.0					
COTTAGE CHEESE, LOWFAT <u>5/</u>	30,231	-3.8	-11.6	0.2					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	34,264	-21.6	0.5	---	ICE CREAM (HARD)	83,847	-4.4	6.3	-4.0
DRY WHOLE MILK	2,558	-77.2	-17.4	---	ICE CREAM, LOWFAT (HARD)	9,411	2.0	9.0	---
NONFAT DRY MILK, HUMAN FOOD	131,051	3.2	-6.3	-5.3	ICE CREAM, LOWFAT (SOFT)	33,182	1.5	2.8	---
DRY SKIM MILK, ANIMAL FEED	688	44.2	43.0	---	ICE CREAM, LOWFAT (TOTAL)	42,593	1.6	4.1	2.8
DRY BUTTERMILK	3,525	-15.4	-26.5	---	SHERBET (HARD)	5,313	1.9	5.4	-2.5
					YOGURT (TOTAL)	7,992	-3.3	-0.8	-4.3

MANUFACTURERS' STOCKS, END OF MONTH <u>7/</u>							
PRODUCT	JUN 2001	PERCENT OF:		PRODUCT	JUN 2001	PERCENT OF:	
	1,000 LBS.	JUN 2000	MAY 2001		1,000 LBS.	JUN 2000	MAY 2001
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	38,562	-10.6	26.7	HUMAN FOOD	14,541	-5.9	14.2
DRY WHEY, ANIMAL FEED	5,614	-28.2	10.8	ANIMAL FEED	1,897	43.4	-5.7
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL <u>8/</u>	6,435	-42.9	6.1	CANNED EVAPORATED & CONDENSED WHOLE MILK	72,771	7.8	12.6
LACTOSE, HUMAN FOOD & ANIMAL FEED	28,226	0.9	14.4	DRY WHOLE MILK <u>9/</u>	---	---	---
DRY BUTTERMILK, TOTAL	4,372	-40.5	-13.5	NONFAT DRY MILK FOR HUMAN FOOD	162,181	-20.5	20.8
				DRY SKIM MILK FOR ANIMAL FEED <u>9/</u>	---	---	---

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

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, AUGUST 2001, WITH COMPARISONS 1/												
CITY	AUG 1999			AUG 2000			JUL 2001			AUG 2001		
	Coop.	Federal Order	Differ-ence									
Dollars Per Hundredweight												
Atlanta, GA	16.10	14.50	1.60	16.38	15.05	1.33	19.22	18.44	0.78	19.28	18.50	0.78
Baltimore, MD	15.96	14.45	1.51	16.30	14.95	1.35	19.79	18.34	1.45	19.85	18.40	1.45
Boston, MA *	15.14	14.66	0.48	15.68	15.20	0.48	19.49	18.59	0.90	20.25	18.65	1.60
Carbondale, IL	15.14	13.43	1.71	15.86	14.15	1.71	19.25	17.54	1.71	19.31	17.60	1.71
Charlotte, NC	16.10	14.50	1.60	16.38	15.05	1.33	19.22	18.44	0.78	19.28	18.50	0.78
Chicago, IL	14.51	12.82	1.69	15.53	13.75	1.78	18.91	17.14	1.77	19.01	17.20	1.81
Cincinnati, OH	15.23	13.53	1.70	16.02	14.15	1.87	19.32	17.54	1.78	19.43	17.60	1.83
Cleveland, OH	14.92	13.42	1.50	15.72	13.95	1.77	19.12	17.34	1.78	19.23	17.40	1.83
Dallas, TX	15.63	14.58	1.05	15.75	14.95	0.80	18.71	18.34	0.37	18.77	18.40	0.37
Denver, CO	15.90	14.15	1.75	15.15	14.50	0.65	18.59	17.89	0.70	18.65	17.95	0.70
Des Moines, IA	14.37	12.97	1.40	15.04	13.75	1.29	18.35	17.14	1.21	18.41	17.20	1.21
Detroit, MI	14.27	13.27	1.00	15.00	13.75	1.25	18.14	17.14	1.00	18.14	17.20	0.94
Hartford, CT *	15.04	14.56	0.48	15.58	15.10	0.48	19.39	18.49	0.90	20.15	18.55	1.60
Houston, TX	16.17	15.12	1.05	16.35	15.55	0.80	19.31	18.94	0.37	19.37	19.00	0.37
Indianapolis, IN	14.87	13.32	1.55	15.82	13.95	1.87	19.12	17.34	1.78	19.23	17.40	1.83
Kansas City, MO	14.59	13.34	1.25	15.24	13.95	1.29	18.55	17.34	1.21	18.61	17.40	1.21
Louisville, KY	14.73	13.53	1.20	15.30	14.15	1.15	18.54	17.54	1.00	18.60	17.60	1.00
Memphis, TN	15.44	14.19	1.25	15.83	14.75	1.08	18.72	18.14	0.58	18.78	18.20	0.58
Miami, FL	18.87	15.60	3.27	18.89	16.25	2.64	21.73	19.64	2.09	21.79	19.70	2.09
Milwaukee, WI	14.42	12.73	1.69	15.48	13.70	1.78	19.01	17.09	1.92	19.11	17.15	1.96
Minneapolis, MN	13.87	12.62	1.25	14.94	13.65	1.29	18.37	17.04	1.33	18.47	17.10	1.37
New Orleans, LA	16.22	15.07	1.15	16.53	15.55	0.98	19.37	18.94	0.43	19.43	19.00	0.43
Oklahoma City, OK	15.34	14.19	1.15	15.60	14.55	1.05	18.74	17.94	0.80	18.80	18.00	0.80
Omaha, NE	14.42	13.17	1.25	15.09	13.80	1.29	18.40	17.19	1.21	18.46	17.25	1.21
Philadelphia, PA	16.38	14.51	1.87	16.47	15.00	1.47	19.96	18.39	1.57	20.02	18.45	1.57
Phoenix, AZ	13.94	13.94	0.00	14.45	14.30	0.15	17.84	17.69	0.15	17.90	17.75	0.15
Pittsburgh, PA	15.07	13.42	1.65	15.25	14.05	1.20	19.34	17.44	1.90	19.40	17.50	1.90
St. Louis, MO	15.14	13.43	1.71	15.66	13.95	1.71	19.05	17.34	1.71	19.11	17.40	1.71
Salt Lake City, UT	13.57	13.32	0.25	14.10	13.85	0.25	17.49	17.24	0.25	17.55	17.30	0.25
Seattle, WA	15.38	13.32	2.06	14.33	13.85	0.48	17.82	17.24	0.58	17.68	17.30	0.38
Spokane, WA	15.38	13.32	2.06	14.33	13.85	0.48	17.82	17.24	0.58	17.68	17.30	0.38
Springfield, MO	14.91	13.61	1.30	15.20	14.15	1.05	18.34	17.54	0.80	18.40	17.60	0.80
Washington, DC	15.96	14.45	1.51	16.30	14.95	1.35	19.79	18.34	1.45	19.85	18.40	1.45
Simple Average	15.24	13.85	1.39	15.62	14.43	1.19	18.93	17.82	1.11	19.03	17.88	1.15

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

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

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JULY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for July 2001 is \$2.1883 per pound. Thus, the Class II butterfat price is \$2.1953. The protein and other solids prices for July are \$2.3175 and \$0.1510 per pound, respectively. These component prices set the Class III skim milk price at \$8.08 per cwt. The July Class IV skim milk price is \$7.41, which is derived from the nonfat solids price of \$0.8234 per pound.

Product Price Averages: The product price averages for July are; butter \$1.9094, nonfat dry milk \$0.9634, cheese \$1.6573, and dry whey \$0.2862.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} _{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	JULY 2001				AUGUST 2001
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
DOLLARS PER 100 POUNDS						
Northeast (Boston) ^{4/}	001	18.59	15.96	15.46	14.81	18.65
Appalachian (Charlotte) ^{5/}	005	18.44	15.96	15.46	14.81	18.50
Southeast (Atlanta) ^{6/}	007	18.44	15.96	15.46	14.81	18.50
Florida (Tampa) ^{7/}	006	19.34	15.96	15.46	14.81	19.40
Mideast (Cleveland) ^{8/}	033	17.34	15.96	15.46	14.81	17.40
Upper Midwest (Chicago) ^{9/}	030	17.14	15.96	15.46	14.81	17.20
Central (Kansas City) ^{10/}	032	17.34	15.96	15.46	14.81	17.40
Southwest (Dallas) ^{11/}	126	18.34	15.96	15.46	14.81	18.40
Arizona-Las Vegas (Phoenix) ^{12/}	131	17.69	15.96	15.46	14.81	17.75
Western (Salt Lake City) ^{13/}	135	17.24	15.96	15.46	14.81	17.30
Pacific Northwest (Seattle) ^{14/}	124	17.24	15.96	15.46	14.81	17.30
All-Market Average	---	17.92	15.96	15.46	14.81	17.98

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

^{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 market.

^{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 AUGUST 6 - 10, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 08/03/01	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	2,832,149	1,907,564	924,585	368,331,529	426,583,618	601,177,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	9,966,465	38,227,000	-0-
TOTAL	2,832,149	1,907,564	924,585	396,482,620	436,550,083	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 AUGUST 6 - 10, 2001 =	0.2	10.8	COMPARABLE WEEK IN 2000 =	2.5
CUMULATIVE SINCE OCTOBER 1, 2000 =	189.4	4,724.7	CUMULATIVE SAME PERIOD LAST YEAR =	158.3
CUMULATIVE JANUARY 1 - AUGUST 10, 2001 =	72.9	3,242.1	COMPARABLE CALENDAR YEAR 2000 =	147.1

* 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 AUGUST 6 - 10, 2001 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-1,451,439	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	2,376,024	-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	6,677,037	45,064,658	30.0	45.1
WEST	-0-	-0-	5,039,919	80,528	389,805,583	386,545,165	69.8	54.2
EAST	-0-	-0-	39,600	-0-	-0-	4,940,260	0.2	0.7
TOTAL	-0-	-0-	11,074,959	6,746,519	396,482,620	436,550,083	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 07/21/01 & 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	5.3	4.9	17.9	2.1	1.6	0.6	10.1	2.3	45.6	1,458.8	43.2	46.8
2000-Dairy	0.2	1.0	6.2	5.8	18.9	2.2	0.8	0.7	9.7	2.6	48.1	1,442.8	48.5	48.7
2001-All cows	0.2	0.8	7.2	13.9	25.9	15.9	17.2	4.1	14.3	6.0	105.6	3,118.2		
2000-All cows	0.2	1.1	8.4	14.2	26.7	14.3	12.4	3.7	12.3	5.8	99.1	2,960.9		

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	15.96					
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46					
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81					

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