

## NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (9/21):**

**BUTTER:** Grade AA closed at \$2.0700. The weekly average for Grade AA is \$2.1242 (-.0596).

**CHEESE:** Barrels closed at \$1.6825 and blocks at \$1.7250. The weekly average for barrels is \$1.6820 (+.0020) and blocks, \$1.7230 (+.0030).

**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:** The butter market is about steady, but not as firm as it has been. The price at the CME (through today's trading) has declined for seven consecutive trading sessions. Churning activity is increasing in many parts of the country as more cream is now available to butter makers. With prices moving lower and more cream to churn, many butter makers have lowered the price they are willing to pay for spot cream. Bulk and packaged butter stocks are fully adequate for current needs. Overall, demand is just fair.

**CHEESE:** The cheese market is steady to fully steady. Current cheese supplies are tight to adequate, depending on variety. Some order shorting or delays are occurring. Food service promotions are stimulating extra process sales. Current demand is moderate. Manufacturing schedules remain seasonally light due to limited milk supplies. Cheese yields are recovering seasonally. On September 14, CCC announced the sale of 629,248 pounds of aged barrels at \$1.51 - 1.58 per pound. CCC is inviting offers for a second opportunity to purchase 2.4 million pounds of barrels and nearly 3 million pounds of blocks remaining in inventory with offers due September 24.

**FLUID MILK:** National milk production is steady to higher as cooler fall temperatures encourage output. Class I demand, aided by retail activity and the increased consumer behavior to eat at home after the tragedy last week, is fair to good. Bottling activity is slower compared to last week, yet milk shipments continue out of the Midwest at premiums of \$3.00 - \$5.70. Surplus milk volumes are appearing at some manufacturing facilities in the East. However in the Midwest, some plants are turning away orders due to a lack of available milk volumes. Demand for condensed skim is good into cheese facilities. Cream supplies are increasing in response to lower ice cream production schedules. The cream market is weaker and multiples are lower with increased movement into cream cheese and churns.

**DRY PRODUCTS:** Trading is light on most dry products and production is increasing as milk production slowly rebounds. NDM supplies are tight, especially in the East and parts of the Central region. Western bagged product is readily available direct from the plant and from some resellers. Spot purchases are generally on an as needed basis. Supplies of condensed buttermilk in the East and areas of the Midwest are higher as ice cream demand begins to wane. Heavier condensed supplies are increasing drying schedules yet dry buttermilk supplies remain tight and often short of buyer interest. Whey markets are mostly steady with some signs of weakness noted as export and feed buyers resist current price levels. However, with dryers operating at less than capacity, supplies are tight at some locations, encouraging producers to project firmer markets. Lactose prices are unchanged with higher prices expected in the 4th quarter. Premiums and discounts on WPC are lower and trading is light. Much of the trade continues to await any significant impact from the sale of CCC NDM that is a known WPC substitute into some feed facilities.

**CCC:** During the week of September 17 - 21, CCC cancellations included 476,192 pounds of Western NDM. There were no CCC purchases for the current week.

**AUGUST MILK PRODUCTION (NASS):** Milk production in the 20 major States during August totaled 11.8 billion pounds, down 0.8% from August 2000. July revised production, at 12.0 billion pounds, was down 1.5% from July 2000. The July revision represented a decrease of 0.3% or 33 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,529 pounds for August, 4 pounds above August 2000. The number of cows on farms was 7.74 million head, 82,000 head less than August 2000, and 7,000 head less than July 2001.

**SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES (WASDE):** Forecast milk production in 2001/02 is slightly lower than last month as slower growth in milk per cow more than offsets the slower rate of decline in cow numbers. Forecasts for 2000/01 and 2001/02 Class III and Class IV prices are raised from last month as dairy product prices remain strong. The 2001/02 all milk price forecast is raised to \$13.70-\$14.50.

**AUGUST FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS):** During August, about 10.0 billion pounds of milk were received from producers. This volume of milk is 4.7% higher than the August 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.1%.) About 3.9 billion pounds of producer milk were used in Class I products, 0.5% higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilizations were: Class I = 39%, Class II = 12%, Class III = 42%, and Class IV = 7%. The weighted average statistical uniform price was \$16.84 per cwt., \$0.24 higher than last month, and \$4.35 higher than last year.

**APRIL MAILBOX MILK PRICES (DAIRY PROGRAMS):** In April 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.29, \$0.50 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$17.05 in Florida to \$13.05 in Utah. In April 2000, the Federal milk order all-market average mailbox price was \$11.66, \$2.63 lower.

**SALE OF CCC-OWNED NDM, INVITATION 013 (FSA):** The Commodity Credit Corporation (CCC) invites competitive offers to buy from the CCC 4,631,551 pounds of Nonfat Dry Milk (NDM) packed in 25-KG bags. The NDM will be sold for use other than human consumption subject to the terms and conditions of Announcement RSC1. CCC intends to issue similar invitations, approximately on a monthly basis for an indefinite period of time. Offers are due 11:00 A.M. CDT, September 25, 2001 with a public release of awards reported at 4:00 P.M. CDT, September 27, 2001. Further information is available at: <ftp://ftp.fsa.usda.gov/public/dairy/RSCINV13.TXT>

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the base price for Class I milk for October 2001 is \$15.93. This price is derived from the advanced Class III skim milk pricing factor of \$7.38 and the advanced butterfat pricing factor of \$2.5160 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for October is \$8.00 and the Class II nonfat solids price is \$0.8889 per pound. The following are the two-week product price averages: butter \$2.1781, nonfat dry milk \$0.9506, cheese \$1.7136, and dry whey \$0.2876.

## \*\*\*\*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 SEPTEMBER 17	TUESDAY SEPTEMBER 18	WEDNESDAY SEPTEMBER 19	THURSDAY SEPTEMBER 20	FRIDAY SEPTEMBER 21	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.6800 (N.C.)	\$1.6825 (+.0025)	\$1.6825 (N.C.)	\$1.6825 (N.C.)	\$1.6825 (N.C.)	(+.0025)	\$1.6820 (+.0020)
40# BLOCKS	\$1.7200 (N.C.)	\$1.7225 (+.0025)	\$1.7225 (N.C.)	\$1.7250 (+.0025)	\$1.7250 (N.C.)	(+.0050)	\$1.7230 (+.0030)
BUTTER GRADE AA	\$2.1675 (-.0025)	----	\$2.1350 (-.0325)	----	\$2.0700 (-.0650)	(-.1000)	\$2.1242 (-.0596)

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

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, SEPTEMBER 17, 2001

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.7150, 1 @ \$1.7200; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6700; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7200

BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS @ \$2.0500; OFFERS UNCOVERED: 2 CARS: 1 @ \$2.1675, 1 @ \$2.1700

TUESDAY, SEPTEMBER 18, 2001

CHEESE — SALES: 9 CARS 40# BLOCKS: 1 @ \$1.7175, 1 @ \$1.7200, 1 @ \$1.7150, 1 @ \$1.7200, 1 @ \$1.7125, 1 @ \$1.7150, 3 @ \$1.7200; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6825; 1 CAR 40# BLOCKS @ \$1.7225; OFFERS UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 19, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6800; OFFERS UNCOVERED: NONE

BUTTER — SALES: 14 CARS: 1 @ \$2.1175, 1 @ \$2.1200, 2 @ \$2.1150, 1 @ \$2.1175, 1 @ \$2.1200, 1 @ \$2.1225, 1 @ \$2.1200, 1 @ \$2.1325, 1 @ \$2.1350, 1 @ \$2.1375, 1 @ \$2.1300, 1 @ \$2.1325, 1 @ \$2.1350; BIDS UNFILLED: 5 CARS @ \$2.1000; OFFERS UNCOVERED: 3 CARS: 1 @ \$2.1375, 1 @ \$2.1600, 1 @ \$2.1675

THURSDAY, SEPTEMBER 20, 2001

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.7250, 1 @ \$1.7225, 1 @ \$1.7250; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 21, 2001

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6800; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 13 CARS: 1 @ \$2.0700, 1 @ \$2.1000, 1 @ \$2.1075, 1 @ \$2.1200, 1 @ \$2.1225, 1 @ \$2.1250, 1 @ \$2.1275, 2 @ \$2.1300, 2 @ \$2.1325, 2 @ \$2.1350

**BUTTER MARKETS**

**NORTHEAST**

The market tone is unsettled. Through 9/17, the price at the CME has closed lower for five consecutive sessions. Contacts feel that prices are poised for a drop. The futures contracts that are being delivered, plus the availability of imported butter, plus increasing output does send a weaker signal to contacts in the market. Churning activity was up slightly in the East as more surplus milk and lower demand for cream were reported last week. Demand remains lackluster. Retail sales are seldom better than fair, mostly slow. Food service orders are steady to slower in and around NYC and D.C. "Things" are getting back to normal, but visitors to the D.C. area did report "quiet streets" most of the week following the attack. 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**

The butter market remains unsettled. Through trading on September 19, the butter price at the CME has declined for six consecutive trading sessions. Churning activity is heavier. More cream is reportedly available and there seems to be a reluctance to buy more cream to churn (depending on price) when butter prices are falling. Stocks of both bulk and packaged butter are fully adequate to ample to cover current needs. Reports of imported butter being

offered at prices well below current CME levels continue. Also, September butter futures contracts are being delivered, which seems to be having a dampening effect on the market. Retail demand is just fair and food service orders are about steady. When available, bulk butter for spot sale is selling in a price range of 3 – 5 cents per pound over various pricing basis.

**WEST**

Demand for bulk butter is more mixed at this time. Contacts are watching the slowly weakening CME market over the last six trading sessions and are wondering if they should delay any purchases for future needs. Print orders are moving out in an orderly fashion. Retail prices remain at historically high levels. Cream demand is lackluster. Demand from ice cream plants is slowing seasonally and churns are not sure they want to churn additional expensive butter at this time. Weekly butter stocks at CME approved warehouses declined 1.7 million pounds this past week to 50.8 million pounds. In the last eight weeks, stocks have declined 23.0 million pounds compared to 31.6 million pounds for the same period last year. Current prices for bulk butter range from 3 cents under to flat market based on the CME with various time frames and averages involved.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
SEPTEMBER 15	1.7239 7,076,061	1.6866 9,427,632	0.9488 21,651,554	2.1771 4,043,617	0.2870 9,938,933

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 and the market tone is steady. As a result of the tragic events on September 11, the CME was closed two days last week and the "shortened" week saw little trading activity occurring. Cheese output in the East is steady to slightly heavier. More surplus milk was available because of the school and business closings in the effected areas. Distributors in the New York Metro area and, to a lesser degree, outside of D.C. have had to adjust their ordering and delivery schedules. Most are unsure when and if their needs and orders will settle into some semblance of normalcy. Cheese supplies are adequate for current needs. Retail demand is about steady in areas away from NYC and D.C. Food service orders are equally as disrupted by Tuesday's events.

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

Cheddar 10# Prints	:	1.7650-2.2350
Cheddar Single Daisies	:	1.7225-2.1825
Cheddar 40# Block	:	1.8600-2.0425
Process 5# Loaf	:	1.8900-2.0500
Process 5# Sliced	:	1.9100-2.1675
Muenster	:	1.9250-2.1325
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is mostly steady. Cash prices at the Chicago Mercantile Exchange increased fractionally on September 18 though some traders questioned the wisdom and/or need for a price increase. Current cheese varieties are typically tight to adequate with some plants having problems in filling orders on certain varieties. Many processors and packagers are seeing little change to order volumes. A few reports indicate orders seemed to disappear for a few days after the tragic events in the East last week. However, packaging activity has increased at a few other operations. Food service promotional activity is stimulating extra process sales for suppliers. Many buyers are keeping just a good current working inventory. Swiss supplies are tight and availability is still affected by low summer yields. Milk production is fairly steady at many plants. Cheese yields continue to improve seasonally as fat and protein levels on incoming milk volumes improve seasonally. Some plant operators are also noting improvement in their milk quality. On September 14, CCC announced the sale of 629,248 pounds of aged barrels at \$1.51 - 1.58 per pound. CCC is inviting offers for a second opportunity to purchase 2.4 million pounds of barrels and nearly 3 million pounds of blocks remaining in inventory with offers due September 24.

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

Process American 5# Loaf	:	1.8975-2.1000
Brick And/Or Muenster 5#	:	2.0600-2.3100
Cheddar 40# Block	:	2.0400-2.1300
Monterey Jack 10#	:	2.1400-2.3425
Blue 5#	:	2.4600-2.7100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0900-2.2175
Grade A Swiss Cuts 6 - 9#	:	2.4550-2.6900

**MIDWEST COMMODITY CHEDDAR**

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

CHEDDAR STYLES	:	SEPTEMBER 17 - 21, 2001
BARRELS*	:	\$1.6800 - 1.6950 (NOMINAL)
	:	
40# BLOCKS	:	\$1.7200 - 1.7700 (NOMINAL)
	:	(.0100)

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

**WEST**

Prices held steady for natural and process items in the Western region based on steady average prices at the CME last week. Manufacturers are closely monitoring their cheese inventory levels to keep them in a balanced position. Demand for process cheese is increasing due to some national promotions being implemented by some of the major national fast food chains. Demand for current blocks is rated as fair. Swiss manufacturers feel that their stock positions are in good shape for the fall demand season. Demand for mozzarella cheese is excellent, which is normal for the fall season when schools and colleges are back in session. Manufacturers are happy to see that fat and protein tests on incoming loads are increasing seasonally. Contacts are thankful that the tragedy of last week has not impacted the cheese industry more than it has.

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

Process 5# Loaf	:	1.8300-2.0900
Cheddar 40# Block	:	1.8400-2.0025
Cheddar 10# Cuts	:	2.0200-2.2400
Monterey Jack 10#	:	2.0300-2.1900
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5800

**FOREIGN**

Prices are unchanged. The market tone, particularly in the NY Metro area, has been disrupted by the events of September 11. The WTC housed, among other businesses, offices of import brokers and others who worked with importing and exporting. The effects of the loss of lives and business records will be felt for quite some time to come. Distributors' schedules have been severely disrupted and most are trying to get back to normal as fast and as best they can. Demand for imported or foreign-type cheese is slow to fair.

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	2.0675-3.5625
Gorgonzola	:	3.2400-5.9400	2.4900-2.6350
Parmesan (Italy)	:	TFEWR	3.4825-3.5375
Romano (Italy)	:	2.1000-2.9900	-0-
Provolone (Italy)	:	3.4400-5.5000	2.0750-2.2950
Romano (Cows Milk)	:	-0-	3.2575-5.4350
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
09/17/01	29,089	:	124,450
09/01/01	31,213	:	128,050
CHANGE	-2,124	:	-3,600
% CHANGE	-7	:	-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	104	0	64	0	135	0
SOUTHEAST STATES	150	0	149	0	99	0

Regional Milk Market Administrators announced the following, August 2001 uniform prices: Northeast \$17.53 (record high), Mideast \$16.54, Southeast \$17.87, Florida \$19.19, and Western New York (a state order) \$16.96 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) During August, milk production in the 20 major states totaled 11.83 billion pounds, down 0.8% from August 2000. The following are the August-to-August changes for selected states: Virginia & Kentucky are unchanged, Texas -10.9%, Pennsylvania -3.7%, Vermont -3.4%, Florida +0.6% and New York +0.7%. Things are slowly getting back to normal in the Northeast. Contacts note that people are still staying at home which helps retail sales and home consumption of dairy products, but tends to slow food service needs for dairy and other food products. Milk movement is satisfactory. Those plants bottling milk in and around the New York Metro area are getting desired volumes. For the East, as a whole, demand for bottled milk is fair and a little slower than last week's surge in sales. Some retail feature activity is also being reported, which does help retail demand. Milk production is generally steady, but cooler weather is helping milk output in several areas. Last week, heavy rains dumped more than ten inches of rain on some counties in Florida. Following the passage of the tropical storm, cooler weather prevails and some rebounding of milk production is evident. However, all the rain did create muddy conditions in feedlots and there were increased instances of mastitis. Surplus milk volumes available to manufacturing plants have increased at most locations. A few contacts continue to report steady to lower receipts. The need for milk in Florida did increase this week and the number of loads "imported" did jump to 104. The need for milk in the other Southeast states held about steady with last week. The condensed skim market is little changed from past weeks. Demand easily clears current offerings and dryers are not making too much NDM at this time. In some instances, plants are having to cancel wet solids orders because they don't have enough milk to meet all needs. Prices are unchanged. The fluid cream market is weaker. Offerings are generally heavy and multiples are lower. Buyers report being called by more traders who are trying to move cream. Demand is generally slow as buyers may be holding off on purchases to see if the CME butter price reacts lower to recent developments. Quite a bit of excess cream is looking for a home this week. Both local and Midwest butter makers are being offered more cream. Ice cream output is steady at light to moderate levels. Some operations are still "running pretty hard" while others are "in the fall mode." Cream cheese output is typically heavy for this time of year. Sour cream production is moderate to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT	
F.O.B. PRODUCING PLANTS: NORTHEAST	- 2.7297-2.9481
DELIVERED EQUIVALENT ATLANTA	- 2.7516-3.0136 M 2.7734-2.8826
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	- 2.8389-3.0355
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS	
F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0500-1.1100
NORTHEAST- CLASS III - SPOT PRICES	- 1.0000-1.0800

M I D W E S T

Class I demand remains good, aided by some scattered retail feature activity. Milk supplies are showing the usual pattern of being tightest at midweek and slightly more available by the weekend. Class I spot premiums range from \$3.00 - 5.70, mostly around \$4.00. Milk shipments out of upper Midwest are continuing with generally stable, mostly contracted volumes. Manufacturing milk interest is still strong with many plants having difficulty in meeting orders or turning some away due to available milk supply. Spot manufacturing milk demand continues to exceed supply. Reported spot manufacturing premiums on a light test range from \$2.50 - \$4.00. Any extra loads are easily absorbed. Most manufacturing plants are operating on light, seasonal levels. Cream supplies are more available. Lower ice

cream use, butter deliveries against the futures, an increase in cream caused by the increase in standardized milk used for school lunch programs, and the rebound in fat tests are factors for the extra cream and weaker butter prices. Condensed skim prices, depending on class, range from \$1.0425 - 1.1500. Good condensed interest continues from cheese manufacturers trying to best utilize the seasonal increases in fat in milk receipts. Plant milk intakes are fairly steady with recent weeks. Fat and protein tests continue to edge slowly higher seasonally. Milk quality is also slowly improving despite recent wet weather. A few reports indicate milk quality this summer was generally below most summers. The August initial estimated milk production in selected Midwestern states compared with August 2000 is: Wisconsin 1.84 billion pounds, down 127 million pounds (-6.5%); Minnesota 714 million pounds, off 47 million pounds (-6.2%); Michigan 480 million pounds, 5 million pounds lower (-1.0%), and Iowa 305 million pounds, down 20 million pounds (-6.2%). The combined total decline registered by these 4 states, 199 million pounds is nearly twice (100 million pounds) the total decline recorded by the 20 major states during August. Also, in these 4 states, Michigan cow numbers are unchanged from a year ago with the other 3 showing cow numbers below year ago.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 13 - 19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 46.00	\$ 36.50- 41.00
REPLACEMENT HEIFER CALVES	\$550.00-650.00	\$350.00-400.00

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

	SEP 13 - 19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 43.00- 47.50	\$ 35.00- 47.00

W E S T

The October Class I prices in California range from \$17.73 in the north to \$18.01 in the south. The statewide average Class I price based on production is \$17.79. The average is \$0.63 higher than September and \$3.89 higher than October 2000. Milk production across most of California continues to run at levels higher than last year. Weather conditions have been favorable recently and patterns are continuing. There are more cows being added to herds in the state despite higher prices for replacement animals. Production per cow levels are slightly higher than a year ago according to recent statistics and stated to be hurt by cows being kept in the milking string longer. The higher milk prices are providing strong incentives to do this and if the animal is pregnant, the calf provides another incentive. Feed prices are often higher for hay, but producers are able to afford the costs. Quality, dairy type hay is tight and prices are higher. Fluid milk orders are noted to be slightly higher this week. New Mexico milk production has shown little change recently. Cow numbers continue to increase in the state and production levels are higher than last year. Expansions and new facilities are being filled. Milk prices are favorable. Milk is generally being handled through normal outlets. Arizona production is steady to slightly higher and appears to be coming off of seasonal low levels. Fat levels and protein (to a slightly lesser extent) are higher in the incoming milk. Processing capacity is adequate in the state. Western cream multiples are trending slightly lower and the butter price is declining at the CME. Cream sales have slowed and slightly compounded by the lack of tanker transportation out of the region. Sales to some ice cream accounts have slowed as demand for ice cream products switch seasonally. Western multiples were in a wide range of 112 to 130, FOB. August US milk production in the 20 survey states totals 11.8 billion pounds, down 0.8% from August 2000. Output for selected Western states compared to last year is as follows: Arizona -2.3%, California +4.9%, Idaho +7.2%, New Mexico +7.5%, and Washington +0.2%. Better feeding causing production per cow to increase for the first time this year caused the increase in California output. The 20-state cow herd is declining again after posting some decent gains. The herd was down 11,000 head over the last two months. Conditions remain excellent for milk production in the Pacific Northwest. Temperatures are cooler and rainfall is very spotty. Chopping corn for silage is occurring at a fast pace. Quality and quantity look to be very good. Many dairy producers are counting on this to help them average down the high cost of forage. Manufacturing plants are operating on reduced schedules. Some scattered shower activity is hurting the hay harvest in parts of the Mountain States region. This will hurt the amount of good dairy hay available, but will add to the stock of feeder hay for dairy and beef herds. Some facilities are cutting back a day or two on processing milk as availability declines seasonally.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 09/20/01 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 nominal on a steady to firm market. Production is unchanged to slightly higher as some seasonal increases in milk volumes are noted. Some plants are working off of inventories with no anticipation of drying until late November. Contractual commitments are generally being met with some producers buying product from the West to satisfy demand. Spot interest is lighter than the week prior with most interest emanating from cheese facilities. High heat is clearing well into contractual commitments on steady production schedules.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9600 - 1.0275 MOSTLY: .9600 - 1.0275

**DRY BUTTERMILK - CENTRAL**

Prices are mixed on a mostly steady market. Demand for condensed buttermilk is declining as ice cream production slows. Dry buttermilk production is increasing as more condensed is diverted into dryers. More cream is also available for churning, encouraging buttermilk production. However, available dry buttermilk is light and spot trading is slow. Resale movement is nominal with brokers making inquiries to plants on available supplies. Buttermilk product is available at prices below the range for the light to fair interest.

BUTTERMILK: 1.0500 - 1.0900

**DRY WHEY - CENTRAL**

Prices are mixed on an unsettled market. Many producers are reporting tight supplies, encouraging shipment delays and contractual shortages. However, some plants are noting an increase in inventories due to price resistance in feed and export markets. Edible buyers are taking product at a premium while feed and brokerage companies are taking product at a discount. Reseller supplies are trading at a premium. Production is unchanged to slightly higher due to seasonal increases in the milk supply. Available condensed supplies are in better balance than the week prior yet still insufficient of current demand into some plants.

NONHYGROSCOPIC: .2600 - .3250 MOSTLY: .2900 - .2975

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower and nominal on a generally steady market. Milk replacer supplies are heavier than the week prior. Demand is fair to good with some buyers gaining more attractive deals off of the West coast. Roller ground supplies are sufficient to meet the current demand. Delactose supplies are extremely short of buyer interest with producers often canceling or shorting orders. Feed customers are often the first to be shorted with producers showing more allegiance to the edible market that pays a higher price for delactose supplies. Feed buyers are hoping to gain some relief on protein by bidding on some of the CCC NDM sell back product. Some EU delactose supplies are available for the good interest. Early weaned pig markets are steady and veal demand is light.

MILK REPLACER: .2000 - .2700  
 ROLLER GROUND: .2750 - .3000  
 DELACTOSE (Min. 20% protein): .4150 - .4300

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Contracts continue to be finalized for the 4th quarter with prices trending higher. Some plants are just beginning to offer for the 4th quarter and are experiencing some resistance from buyers, especially in Asia. Spot sales are light as many plants are tight on supplies. Some producers are even picking up additional loads from competitor plants to satisfy commitments. However, some brokers are able to purchase product at a discount and can clear supplies readily into export markets. Many export suppliers are uncertain of future market conditions given the potential for currency fluctuations and an economic recession in the wake of the East coast terrorist attacks. Production is generally unchanged. Offgrade supplies remain tight for the good feed interest.

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 mixed and the market tone is cautiously steady. Supplies are mixed depending on the customer base of each plant. Those that cater to the feed industry are running a little long on supplies while edible suppliers are in a good position with product often short of buyer interest. Demand is good into process cheese and ingredient blends. Some plants are supplanting the needs of their competitors. Export inquiries are being noted from Asia and the Middle East. A total of 4,631,551 pounds of CCC NDM is being offered for use other than human consumption. Feed buyers and brokers are expected to bid by September 25 with a public release of awards on September 27. Purchases of CCC NDM are anticipated to impact WPC contractual agreements in 2002. New Zealand 80% WPC is available at competitive prices to the 34% market. Off grade supplies are tight for the good interest.

EXTRA GRADE 34% PROTEIN: .7500 - .7950 MOSTLY: .7650 - .7950

**NONFAT DRY MILK - WEST**

Prices are lower on the bottom end of the low/medium heat range, but overall pricing levels have steadied for many producers. Contacts are noting that NDM in totes is the hardest product to find. Product in bags is readily available from many producers and resellers. Export sales booked directly are being filled. There is no new information currently on the DEIP program. Drying schedules are still active. Condensed skim sales remain active at prices lower than NDM. Seasonal interest is developing for high heat NDM and buying interest is increasing slightly. Prices were up on the top of the range. Production levels are steady to fill current and contract orders. During the week of September 10 - 14, CCC did not purchase any dairy products under the price support program. CCC did announce an exchange program for 11.5 million pounds of CCC-owned low heat powder for medium heat powder to use in export donation programs.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9200 - 1.0225 MOSTLY: .9300 - .9500  
 HIGH HEAT: .9700 - 1.0200

**DRY BUTTERMILK - WEST**

Prices are higher on the bottom end of the range and the market tone is steady to firm. Offerings directly from producers range from light to slightly higher. Some producers are behind on orders, while others are having product available for the first time in a couple of weeks. Drying of buttermilk remains rather limited and expected to continue until butter producers start to churn instead of selling cream. Demand for dry buttermilk is fair to good for the light offerings and often being filled in the resale market. Stocks are light.

BUTTERMILK: 1.0200 - 1.0600 MOSTLY: 1.0400 - 1.0500

**DRY WHEY - WEST**

No price changes are noted this week for Western whey powder. The undertone appears to be about steady. The tragedy on the East Coast last week seems to have caused an overall lack of activity in the market. Most contacts feel that by next week things will return to normal. Domestic demand is steady. Producer inventory levels are holding steady. Export interest is fair with little aggressiveness noted. Interest from edible accounts is good, but interest from animal feed buyers is slow.

NONHYGROSCOPIC: .2600 - .2900 MOSTLY: .2650 - .2800

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
September 14	\$.9417	13,469,722
September 7	\$.9433	6,364,039

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 and the market tone are unchanged. Eastern producers report little change in their drying schedules. The demand for condensed skim remains good. This is clearing volumes sufficient enough to keep drying to a minimum. This week, plant renovations/repairs were reported and this reduced drying capabilities for part of the week. Demand is about steady and some producers have little or no NDM on the floor. Those that do have an inventory are holding it to meet regular account needs. Eastern plants that are part of the national marketing agency have little NDM on hand, but powder is available from plants in other regions. Traders and producers note that market activity is quiet. Spot buyers are purchasing for immediate needs.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9675 - 1.0050 MOSTLY: .9700 - .9775  
HIGH HEAT: 1.0000 - 1.0250 MOSTLY: 1.0050 - 1.0200

DELVD SOUTHEAST:

ALL HEATS: .9900 - 1.0600

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Production levels are steady to slightly heavier as most Eastern butter makers had more cream offered to them this week. Sales of condensed buttermilk are easing lower seasonally, but still in the fair to good category. Stocks of buttermilk powder are light and most producers have little, if any, available for spot sale. Spot demand is just fair.

F.O.B. NORTHEAST: 1.0450 - 1.0600

DELVD SOUTHEAST: 1.0700 - 1.0950

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to lower as the CME butter price (through 9/19) has slipped in each of its last six trading sessions. Production levels are limited to meeting orders and for the most part, orders are slow. Producer stocks remain light.

F.O.B. PRODUCING PLANT: 1.4325 - 1.5750

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH SEPTEMBER 14, 2001  
WITH CHANGES FROM PREVIOUS REPORT

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Eastern prices are unchanged and nominal. The market tone is little changed. However, more reports indicate that a few "cracks" are appearing in the current market tone. Eastern producers are, for the most part, sold out and barely able to keep pace with contract delivery schedules. There are reports that individual plants do have product to offer, but these offerings are often whey of suspect quality or lacking desired approvals. However, many producers are contracted for a good portion of their output and dry whey is moving well. From this point of view, the market tone is firm. Traders, however, are having some difficulty moving dry whey and report demand as slow to, at best, fair. Buyers are staying as current as they can as many feel prices could move lower in the coming weeks. With milk supplies relatively tight and cheese and dry whey production not up to capacity, producers do not see the need to move prices lower. Offerings of animal feed whey are lighter as some has been moved, but overall demand from the feed channels has been and is slow.

F.O.B. NORTHEAST: EXTRA GRADE .2950 - .3000

USPH GRADE A .2900 - .3100

DELVD SOUTHEAST: .3175 - .3375

**EVAPORATED MILK - NATIONAL**

The market tone remains highly competitive and prices are unchanged. One producer does continue to offer discounted prices to gain market share. Production levels are moderate as milk supplies are increasing slightly in more areas of the country. Demand is fair to good as fall orders are being placed and shipped. The Kansas City Commodity office announced the issuance of EVD-1, invitation 690 inviting competitive offers to sell to CCC 2,643,840 pounds of evaporated milk for delivery November - December 2001. Offers are due by midnight CDT, October 4, 2001.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 33.00

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

**CASEIN - NATIONAL**

No changes were reported for both casein types this week. The market tone is noted to be firmer for rennet than for acid. Supplies are adequate for current needs and contracts are being filled in a timely basis. Rennet demand is good as imitation and analog cheese business is good. Contacts are indicating that concerns about import paperwork and clearances do not seem that severe as of now. There are some channels that are affected. Fourth quarter pricing levels are being negotiated and there are contacts that don't feel the market is as firm as others. Final pricing levels should be in place in a couple of weeks.

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

## AUGUST MILK PRODUCTION

Milk production in the 20 major States during August totaled 11.8 billion pounds, down 0.8 percent from August 2000. July revised production, at 12.0 billion pounds, was down 1.5 percent from July 2000. The July revision represented a decrease of 0.3 percent or 33 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,529 pounds for August, 4 pounds above August 2000.

The number of cows on farms in the 20 major States was 7.74 million head, 82,000 head less than August 2000, and 7,000 head less than July 2001.

## AUGUST 2001 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2000	2001	2000	2001	2000	2001	% CHANGE FROM 2000
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	140	140	1,555	1,520	218	213	-2.3
CA	1,533	1,595	1,750	1,765	2,683	2,815	4.9
FL	156	153	1,120	1,150	175	176	0.6
ID	355	372	1,790	1,830	635	681	7.2
IL	120	115	1,400	1,370	168	158	-6.0
IN	147	154	1,327	1,340	195	206	5.6
IA	215	207	1,510	1,475	325	305	-6.2
KY	132	128	1,015	1,045	134	134	---
MI	302	302	1,605	1,590	485	480	-1.0
MN	530	510	1,435	1,400	761	714	-6.2
MO	153	144	1,130	1,025	173	148	-14.5
NM	255	268	1,730	1,770	441	474	7.5
NY	682	673	1,480	1,510	1,009	1,016	0.7
OH	263	258	1,390	1,400	366	361	-1.4
PA	619	598	1,485	1,480	919	885	-3.7
TX	348	322	1,185	1,140	412	367	-10.9
VT	160	152	1,455	1,480	233	225	-3.4
VA	120	118	1,250	1,270	150	150	---
WA	247	247	1,940	1,945	479	480	0.2
WI	1,343	1,282	1,465	1,435	1,967	1,840	-6.5
20 STATE TOTAL	7,820	7,738	1,525	1,529	11,928	11,828	-0.8

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

**SOURCE:** "Milk Production," Da 1-1 (9-01), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES\*

Forecast milk production in 2001/02 is slightly lower than last month as slower growth in milk per cow more than offsets the slower rate of decline in cow numbers. Forecasts for 2000/01 and 2001/02 Class III and Class IV prices are raised from last month as dairy product prices remain strong. The 2001/02 all milk price forecast is raised to \$13.70-\$14.50 per cwt.

Item	1999/00	2000/01 Projection <u>1/</u>		2001/02 Projection <u>1/</u>	
	<u>1/</u>	August	September	August	September
<b>BILLION POUNDS</b>					
SUPPLY					
BEGINNING COMMERCIAL STOCKS <u>2/</u>	7.4	8.9	8.9	7.7	7.7
PRODUCTION	167.4	165.3	165.3	169.3	169.2
FARM USE	1.3	1.3	1.3	1.2	1.2
MARKETINGS	166.1	164.1	164.1	168.1	167.9
IMPORTS <u>2/</u>	4.6	5.2	5.3	4.7	4.7
TOTAL COMMERCIAL SUPPLY <u>2/</u>	178.2	178.2	178.3	180.5	180.3
USE					
COMMERCIAL USE <u>2/ 3/</u>	168.5	170.2	170.3	172.3	172.1
ENDING COMMERCIAL STOCKS <u>2/</u>	8.9	7.7	7.7	8.0	8.0
CCC NET REMOVALS:					
MILKFAT BASIS <u>4/</u>	0.8	0.3	0.3	0.2	0.2
SKIM SOLIDS BASIS <u>4/</u>	8.5	6.7	6.5	2.1	2.0
<b>DOLLARS PER CWT.</b>					
MILK PRICES <u>5/</u>					
BASIC FORMULA/CLASS III PRICE <u>6/</u>	9.99	12.15-12.25	12.25-12.35	11.75-12.65	11.90-12.70
CLASS IV <u>7/</u>	11.51	13.65-13.85	13.80-14.00	12.10-13.20	12.30-13.30
ALL MILK <u>8/</u>	12.61	14.40-14.50	14.40-14.50	13.50-14.40	13.70-14.50
<b>MILLION POUNDS</b>					
CCC PRODUCT NET REMOVALS <u>4/</u>					
BUTTER	11	0	0	5	5
CHEESE	17	16	16	6	6
NONFAT DRY MILK	690	560	540	175	170
DRY WHOLE MILK	34	3	3	0	0
		QUARTERLY <u>9/</u>		ANNUAL <u>9/</u>	
		2001 III	2001 IV	2002 I	2001
					2002
<b>BILLION POUNDS</b>					
MILK PRODUCTION	40.7	41.0	42.4	165.7	170.0
<b>DOLLARS PER CWT.</b>					
ALL MILK PRICE <u>5/ 8/</u>	16.30-16.50	16.60-17.10	13.50-14.30	15.40-15.60	13.00-14.00
CLASS III PRICE <u>5/ 6/</u>	15.50-15.70	14.55-15.05	11.40-12.20	13.55-13.75	11.25-12.25
CLASS IV PRICE <u>5/ 7/</u>	15.10-15.30	14.60-15.10	11.70-12.50	14.35-14.55	11.75-12.75

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order

Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-378, World Agricultural Outlook Board, USDA, September, 14, 2001.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, AUGUST

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for August have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During August, about 10.0 billion pounds of milk were received from producers. This volume of milk is 4.7 percent higher than the August 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.1 percent.) About 3.9 billion pounds of producer milk were used in Class I products, 0.5 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilization percentages were; Class I = 39%, Class II = 12%, Class III = 42%, and Class IV = 7%. The weighted average statistical uniform price was \$16.84 per cwt., \$0.24 higher than last month, and \$4.35 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF AUGUST 2001										
FEDERAL MILK ORDER MARKETING AREA <sup>1/</sup>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <sup>2/</sup>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,036.7	6.2	889.5	2.5	44	20	31	5	17.53
Appalachian (Charlotte)	005	517.2	3.4	386.9	2.6	75	15	5	5	18.01
Southeast (Atlanta)	007	596.4	5.2	409.3	-1.6	69	12	15	4	17.87
Florida (Tampa)	006	218.6	-0.7	198.8	-1.8	91	7	1	1	19.19
Mideast (Cleveland)	033 <sup>3/</sup>	1,539.6	30.0	571.9	-1.2	37	16	44	3	16.54
Upper Midwest (Chicago)	030 <sup>3/</sup>	1,558.1	-15.9	338.8	-1.7	22	4	73	1	16.06
Central (Kansas City)	032 <sup>3/</sup>	1,528.9	7.8	418.2	0.4	27	7	61	5	16.29
Southwest (Dallas)	126 <sup>3/</sup>	694.8	-3.8	357.2	2.1	51	12	34	3	17.43
Arizona-Las Vegas (Phoenix)	131	220.8	-7.6	81.9	-3.1	37	8	37	18	16.39
Western (Salt Lake City)	135 <sup>3/</sup>	456.5	48.0	91.0	6.5	20	11	47	22	16.04
Pacific Northwest (Seattle)	124	628.3	2.1	174.1	-0.7	28	6	34	32	15.99
<b>ALL MARKET AVERAGE OR TOTAL</b>	<u>3/</u>	9,995.8	4.7	3,917.6	0.5	39	12	42	7	16.84

<sup>1/</sup> Names in parentheses are the major city in the principal pricing point of the market.

<sup>2/</sup> Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

<sup>3/</sup> Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 60 million pounds of milk that normally would have been associated with these markets. In August 2000, the estimated not-pooled volume of milk was 300 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +2.1.

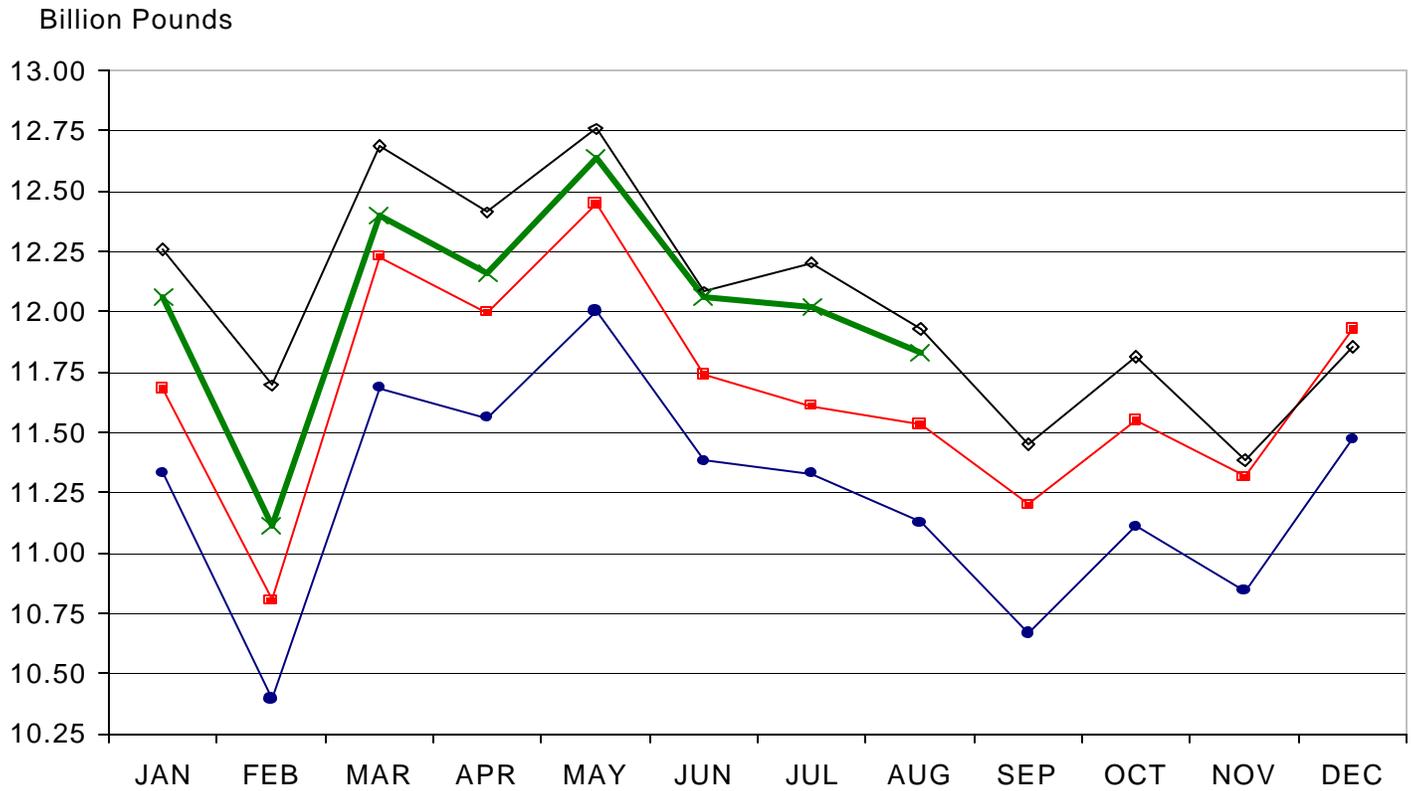
**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, APRIL 2001, WITH COMPARISONS**

In April 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.29 per cwt., \$0.50 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$17.05 in Florida to \$13.05 in Utah. In April 2000, the Federal milk order all-market average mailbox price was \$11.66, \$2.63 lower.

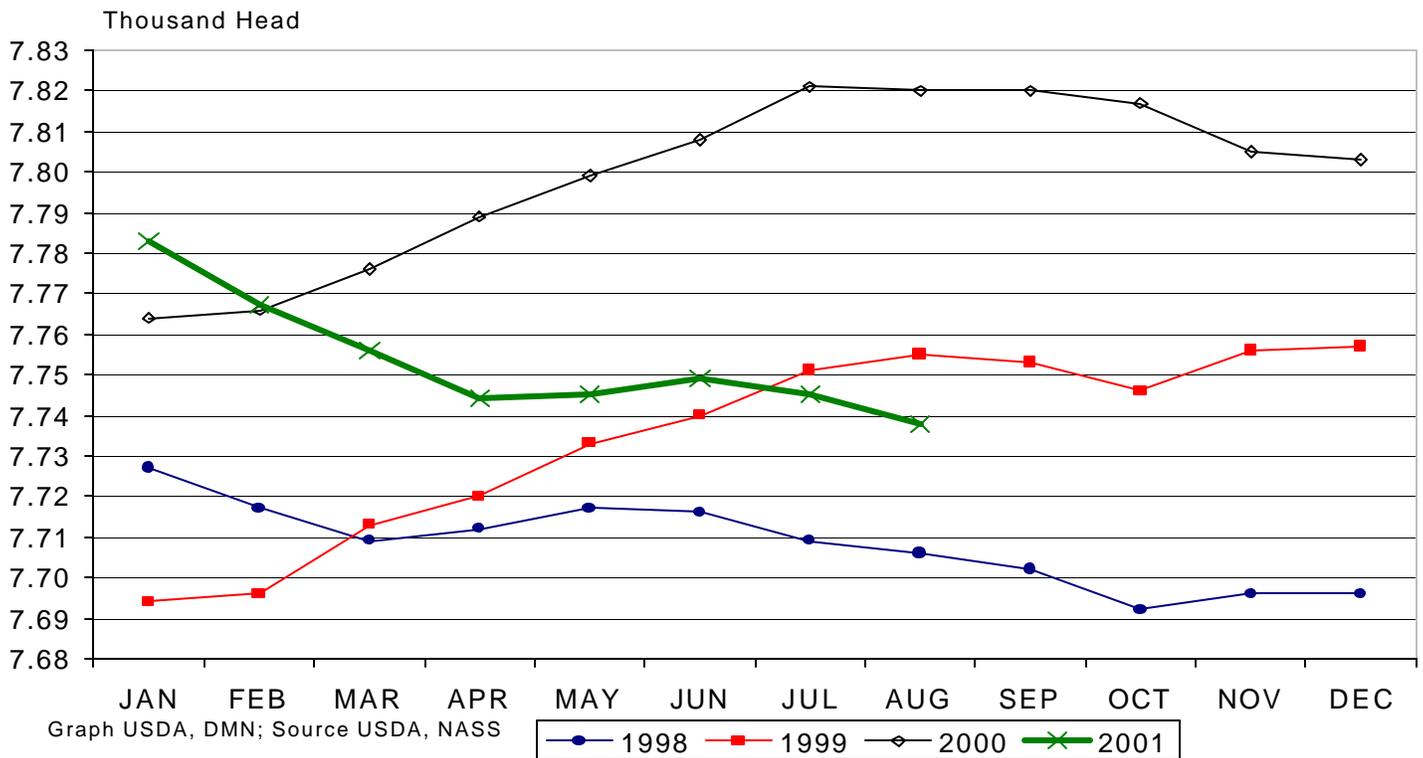
Reporting Area	Mailbox Milk Price <u>2/</u>			
	January 2001	February 2001	March 2001	April 2001
	<u>Dollars per hundredweight</u>			
Northeast Federal Milk Order	13.19	13.22	14.03	14.37
Appalachian States <u>3/</u>	14.64	14.04	14.65	15.24
Southeast States <u>4/</u>	14.99	14.23	14.79	15.33
Florida	16.66	15.90	16.54	17.05
Ohio	13.02	12.75	13.80	14.57
Michigan	12.85	12.64	13.61	14.23
Wisconsin	12.38	12.52	13.55	14.12
Minnesota	12.33	12.57	13.45	14.03
Illinois	12.37	12.35	13.16	13.73
Northern Missouri <u>5/</u>	12.25	12.15	12.99	13.48
Southern Missouri <u>6/</u>	13.56	12.94	13.69	14.11
Corn Belt States <u>7/</u>	12.19	12.26	13.13	13.72
Western Texas <u>8/</u>	13.12	12.76	13.70	14.17
New Mexico	12.21	12.01	12.96	13.47
Idaho	11.14	11.46	12.48	13.16
Utah	11.37	11.44	12.54	13.05
Northwest States <u>9/</u>	12.39	12.51	13.37	14.02
All Federal Order Areas <u>10/</u>	12.97	12.91	13.79	14.29
California <u>11/</u>	12.01	12.23	12.95	13.71

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

### MILK PRODUCTION - 20 MAJOR STATES



### MILK COW NUMBERS - 20 MAJOR STATES



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

	FOR THE WEEK OF SEPTEMBER 17 - 21, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 09/14/01	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	5,781,600	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	11,074,959	6,944,519	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	-0-	476,192	-476,192	370,751,587	464,516,393	601,394,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	16,322,661	38,227,000	-0-
<b>TOTAL</b>	-0-	476,192	-476,192	398,902,678	480,839,054	639,621,000	-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 SEPTEMBER 17 - 21, 2001 =	-0.1	-5.5	COMPARABLE WEEK IN 2000 =	1.1	56.8
CUMULATIVE SINCE OCTOBER 1, 2000 =	190.1	4,752.9	CUMULATIVE SAME PERIOD LAST YEAR =	169.9	5,665.7
CUMULATIVE JANUARY 1 - SEPTEMBER 21, 2001 =	73.5	3,270.3	COMPARABLE CALENDAR YEAR 2000 =	158.7	5,072.6

\* Factors used for Fat Solids Basis Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22  
 \*\*Factors used for Skim Solids Basis Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

**CCC ADJUSTED PURCHASES FOR THE WEEK OF SEPTEMBER 17 - 21, 2001 (POUNDS)**

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-476,192	-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	6,863,991	6,677,037	45,924,294	29.9	43.3
WEST	-0-	-0-	5,039,919	80,528	392,225,641	429,974,500	69.9	56.1
EAST	-0-	-0-	39,600	-0-	-0-	4,940,260	0.2	0.6
<b>TOTAL</b>	-0-	-0-	11,074,959	6,944,519	398,902,678	480,839,054	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 09/01/01 & 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	WEEK SINCE JAN 1		
2001-Dairy	0.2	0.8	5.5	5.2	17.7	2.7	0.5	0.8	11.5	2.5	47.4	1,729.4	44.1	46.4
2000-Dairy	0.2	0.9	6.3	5.0	21.3	2.3	1.1	0.8	11.6	2.4	52.1	1,729.3	47.9	48.8
2001-All cows	0.2	0.9	7.5	14.7	27.2	15.1	15.0	4.4	14.7	7.7	107.4	3,742.3		
2000-All cows	0.2	1.0	8.6	14.7	30.0	17.0	13.2	3.8	14.4	5.9	108.7	3,546.9		

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	15.56			
II	12.82	13.43	14.17	15.10	15.72	16.05	15.96	15.98				
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55				
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81	15.06				

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)