

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (9/28):

BUTTER: Grade AA closed at \$1.7500. The weekly average for Grade AA is \$1.8008 (-.3234).

CHEESE: Barrels closed at \$1.6400 and blocks at \$1.7000. The weekly average for barrels is \$1.6465 (-.0355) and blocks, \$1.7080 (-.0150).

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 remain weak as the cash price has declined 47.50 cents since late August. The current price is the lowest cash price since mid April 2001. Cream supplies for churning are reported to be readily available, although most butter producers are hesitant to buy expensive cream for churning. In many instances, cream sellers are financially having to work with butter producers or get stuck with unsold cream. Domestic stocks of butter are reported to be heavier than last year at this time. Along with domestic production, imported butter continues to enter the U.S. During the first eight months of 2001, butter imports, subject to licensing requirements, totaled 13.1 million pounds versus 12.2 million during the comparable 2000 period. Along with quota butter, 24.3 million pounds of high-tier or over quota butter entered the U.S. compared to 94,000 pounds during January – August 2000. Overall butter orders have slowed somewhat following national issues of the past two weeks. Retail orders have basically remained seasonally steady, although food service orders are lighter.

CHEESE: The cheese market is unsettled to weak. Consumer demand continues to be affected by the events in the East. Offerings are generally adequate for needs though some tightness is still occasionally noted on certain current varieties and Swiss. Buyers are trying to limit inventory with most spot purchases for immediate needs. Cheese output is little changed; slight declines in milk receipts may be offset by improved yields. On September 27, CCC announced the sale of 326,475 pounds of aged barrels at \$1.2700 – 1.3500 per pound and 167,011 pounds of blocks at \$1.5300 per pound. CCC offers for sale its remaining 4.9 million pounds of inventory with offers due October 9.

FLUID MILK: Milk production patterns in most areas of the U.S., outside of the Southwest, are increasing seasonally. In the Northeast, milk output is rebounding and milk supplies are not as tight as they have been. In the Middle Atlantic area and Southeast, the milk flow is improving along seasonal patterns. As milk production recovers in the Southeast, milk shipments into the region are expected to ease in the coming weeks. Milk output in the Central part of the country is holding basically steady with past weeks. In many instances, demand continues to exceed supply and milk supplies are limited for full needs. In the Southwestern part of the country, hot weather conditions have slowed and basically halted the recovery trend of the past few weeks. In the Northwest, milk production is increasing seasonally, but some producers are noticing that the lower quality hay available is hurting output. Cream markets are in disarray across most of the country. With the cash butter price falling nearly 50 cents since late August, cream buyers are very hesitant to make any additional purchases at this time. Most of the surplus cream is eventually ending up in the churn, but is certainly taking some negotiations to get it done. The condensed skim market is little changed and prices are generally steady. Demand is fair to good, but NDM does make an attractive alternative in some instances.

DRY PRODUCTS: NDM markets are generally steady across the country, with prices basically unchanged. Drying schedules are light to moderate, reflecting the volumes of surplus milk and continued decent demand for condensed skim. Powder stocks are most

available in the Western region, which is the major source for powder for needs elsewhere in the country. This has been the third consecutive week that no surplus NDM has been offered to CCC. Buttermilk powder markets are steady to firm. Buttermilk supplies remain tight yet condensed buttermilk volumes are increasing as cream supplies are diverted into churns. Some contacts are wondering if production is about to increase because of problems in selling cream over the past week or so. With the butter market declining as fast as it is, cream is getting hard to sell and the only real final option is the churn. The whey protein market is little changed from recent weeks. The Kansas City commodity office announced the sale of 4,631,551 pounds of NDM for use other than human consumption at prices ranging \$0.6290 - 0.6460 per pound.

CCC: During the week of September 24 - 28, there were no purchases or cancellations of dairy products to CCC. USDA's fiscal year (October 1 – September 30) has now come to a close. For the twelve months, CCC net purchases of NDM totaled 398,902,678 pounds compared to 489,983,235 for previous fiscal year and 11,074,959 pounds of cheese compared to 6,944,519 pounds for the previous 12 month period. There were no purchases of butter during the current or previous fiscal years. As of September 21, there are no uncommitted stocks of butter or cheese, but 638,844,000 pounds of NDM are available.

COLD STORAGE (NASS): According to NASS, August U.S. cold storage holdings of butter total 112.3 million pounds, 22.9% lighter than a month ago, but 10.9% heavier than last August. Natural American cheese holdings total 507.5 million pounds, 5.3% lower than a month ago and 16.7% less than a year ago. Nonfat dry milk holdings at the end of July total 964 million pounds, 19 million pounds heavier than last month and 368 million pounds more than last July.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first seven months of 2001 totals 97.2 billion pounds, 1.2% higher than the same period in 2000. Comparing disappearance levels with year earlier levels: butter is -4.3%; American cheese, +4.1%; Other cheese, +2.8%; NDM, +22.5%; and fluid milk product, -0.2%.

CONSUMER PRICE INDEX (BLS): The August CPI for all food is 173.9, up 3.1% from August 2000. The dairy products index at 168.9, is up 4.9% from a year ago. The following are the August to August changes for selected products: fresh whole milk +5.6%, cheese +4.1%, and butter +33.9%.

DAIRY SITUATION AND OUTLOOK (ERS): Demand for dairy products stayed strong through most of the summer, although a series of recent economic developments and uncertain consumer reaction to recent events might foretell the end of the extraordinary demand growth of recent years. Even so, dairy demand probably will stay fairly strong through yearend. Growth in dairy product demand in 2002 is expected to be less than any year since at least 1997. However, weakening in demand probably will not be sudden or even very dramatic. The expected adjustments likely will develop gradually because of the nature of the probable adjustments and because economic deterioration is not projected to be major. For all of 2001, milk production and average milk cow numbers are projected to decline 1%. Milk production is expected to post a large increase in 2002, with relatively flat cow numbers and brisk growth in milk per cow. However, insufficient supplies of good forage and replacement heifers are threats to the projected growth. With milk production projected to start posting increases from a year ago, wholesale prices are expected to peak relatively early and slowly slide as the end of 2001 nears. Large increases in milk output are projected to drop wholesale prices in 2002.

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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 24	TUESDAY SEPTEMBER 25	WEDNESDAY SEPTEMBER 26	THURSDAY SEPTEMBER 27	FRIDAY SEPTEMBER 28	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6700 (-.0125)	\$1.6600 (-.0100)	\$1.6325 (-.0275)	\$1.6300 (-.0025)	\$1.6400 (+.0100)	(-.0425)	\$1.6465 (-.0355)
40# BLOCKS	\$1.7100 (-.0150)	\$1.7100 (N.C.)	\$1.7100 (N.C.)	\$1.7100 (N.C.)	\$1.7000 (-.0100)	(-.0250)	\$1.7080 (-.0150)
BUTTER							
GRADE AA	\$1.9000 (-.1700)	---	\$1.7525 (-.1475)	---	\$1.7500 (-.0025)	(-.3200)	\$1.8008 (-.3234)

*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, SEPTEMBER 24, 2001

CHEESE -- SALES: 8 CARS 40# BLOCKS: 1 @ \$1.7175, 1 @ \$1.7200, 1 @ \$1.7050, 4 @ \$1.7075, 1 @ \$1.7100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.6700, 1 @ \$1.6875; 3 CARS 40# BLOCKS: 1 @ \$1.7225, 1 @ \$1.7250, 1 @ \$1.7300
 BUTTER -- SALES: 7 CARS: 5 @ \$2.0100, 2 @ \$1.9000; BIDS UNFILLED: 1 CAR @ \$1.8500; OFFERS UNCOVERED: 8 CARS: 1 @ \$1.9075, 1 @ \$1.9700, 2 @ \$2.0000, 1 @ \$2.0050, 1 @ \$2.0350, 2 @ \$2.0700

TUESDAY, SEPTEMBER 25, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6600; 2 CARS 40# BLOCKS: 1 @ \$1.7100, 1 @ \$1.7150

WEDNESDAY, SEPTEMBER 26, 2001

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6325; 5 CARS 40# BLOCKS: 1 @ \$1.7000, 1 @ \$1.7075, 3 @ \$1.7100; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.7000; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.6600; 2 CARS 40# BLOCKS @ \$1.7100
 BUTTER -- SALES: 15 CARS: 1 @ \$1.7500, 2 @ \$1.7550, 2 @ \$1.7450, 1 @ \$1.7350, 1 @ \$1.7250, 1 @ \$1.7100, 1 @ \$1.7050, 2 @ \$1.7075, 1 @ \$1.7200, 2 @ \$1.7500, 1 @ \$1.7525; BIDS UNFILLED: 20 CARS : 1 @ \$1.7450, 2 @ \$1.7375, 4 @ \$1.7350, 1 @ \$1.7000, 1 @ \$1.6900, 1 @ \$1.6700, 5 @ \$1.6600, 5 @ \$1.6500; OFFERS UNCOVERED: 11 CARS: 1 @ \$1.7525, 1 @ \$1.7600, 1 @ \$1.7700, 1 @ \$1.7850, 1 @ \$1.8500, 3 @ \$1.8600, 3 @ \$1.9000

THURSDAY, SEPTEMBER 27, 2001

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.6325, 1 @ \$1.6300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.6325; 5 CARS 40# BLOCKS @ \$1.7100

FRIDAY, SEPTEMBER 28, 2001

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.6300, 1 @ \$1.6400; 6 CARS 40# BLOCKS: 2 @ \$1.7025, 1 @ \$1.7000, 1 @ \$1.7100, 1 @ \$1.7025, 1 @ \$1.7000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.6400; 5 CARS 40# BLOCKS: 1 @ \$1.7075, 4 @ \$1.7100
 BUTTER -- SALES: 9 CARS: 6 @ \$1.7300, 2 @ \$1.7400, 1 @ \$1.7500; BIDS UNFILLED: 9 CARS: 1 @ \$1.7475, 1 @ \$1.7425, 1 @ \$1.7300, 1 @ \$1.7100, 5 @ \$1.6500; OFFERS UNCOVERED: 1 CAR @ \$1.7525

BUTTER MARKETS

AUGUST MONTHLY COLD STORAGE

According to NASS, August month-end cold storage figures for butter total 112.3 million pounds, 10.8% more than last year, but 22.9% lighter than July holdings.

NORTHEAST

The market tone is weak. Through 9/24, the price at the CME has closed lower for eight consecutive sessions and during those sessions, the price has fallen 32.5 cents. Churning activity remains moderate to heavy as more cream has been available during the past week or two. As reported in the NASS Cold Storage report, butter supplies continue to run ahead of year ago levels. Eastern suppliers indicate no trouble getting stocks they need. Demand is just fair. Buyers have been waiting for lower prices and, if history is any indication, they may step back from the market to see where the price will settle out. Retail sales are slow to fair. Food service orders are steady. 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 weak as the cash price at the CME declined sharply. In nine consecutive trading sessions through midweek, the cash price has declined 47.25 cents. The current level is the lowest cash price since mid April 2001. Many producers and handlers question how much further the price will adjust before stabilizing. Some are also questioning if the price will maintain a lower level for the balance of the year or will the it once again firm. Although stocks are reported to be heavier than last year at this time, some feel that many handlers do not have sufficient stocks to carry them through the final quarter of the year. Churning activity has slowed due to the weakening price. Due to this, many butter operators

are taking a firm stance on cream offerings, especially pricing. In many instances, cream sellers are having to work with butter producers or get stuck holding unsold cream. Some butter shortages are being covered by imports. During the first eight months of 2001, butter imports, subject to licensing requirements, totaled 13.1 million pounds versus 12.2 million during the comparable 2000 period. Along with quota butter, 24.3 million pounds of high-tier or over quota butter entered the U.S. compared to 94,000 pounds during January – August 2000. Overall butter demand has slowed somewhat over the past few weeks, especially food service. When available, bulk butter for spot sale is selling in a price range of 3 – 5 cents per pound over various pricing basis.

WEST

CME cash butter prices have fallen 47.25 cents since the end of August. Manufacturers are hesitant to buy expensive cream to churn into butter as prices decline. Some contacts believe that prices are moving lower to curtail the importation of butter at this time of year. The US has imported more than 37 million pounds through the end of August. Most Western producers have been monitoring their own inventory levels since prices moved above \$2 very carefully and will not be impacted very much by the recent price declines. Print orders have slowed some due to national issues of the past two weeks. Weekly CME butter stocks declined by 3.7 million pounds this past week to 47.1 million pounds. Over the last ten weeks, removals have averaged 2.7 million pounds per week. This compares to 3.5 million pounds per week last year over the same period. Current prices for bulk butter range from 5 cents under to flat market based on the CME with various time frames and averages involved.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
SEPT. 22	1.7133 6,979,009	1.6851 9,042,637	0.9516 20,233,057	2.1394 4,485,171	0.2884 10,042,527	2.7339 1,853,752	2.7466 3,095,638

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 fractionally higher, but the market tone has a weaker tendency. Following the most recent *Cold Storage* report, more contacts are skeptical about future price increases. The report showed a revision higher for July's total cheese holdings. The revision was often cited as a major reason for the cheese price drop during the September 24 trading session. August's holdings are below a month ago and quite a bit below August 2000. Cheese output is steady at moderate levels in the East. Milk supplies during the past week or two have not been as tight and cheese makers have been operating 5-6 days a week. Cheese stocks are generally adequate to meet the steady to improved demand. Holiday orders are being thought about and gift pack items are being made. Mozzarella and process continue to be in the best demand. Retail movement is just fair. Food service orders, outside of lower Manhattan, are getting back to more normal levels.

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

Cheddar 10# Prints	:	1.7675-2.2375
Cheddar Single Daisies	:	1.7250-2.1850
Cheddar 40# Block	:	1.8625-2.0450
Process 5# Loaf	:	1.8925-2.0525
Process 5# Sliced	:	1.9125-2.1700
Muenster	:	1.9275-2.1350
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Recent price declines on the Chicago Mercantile Exchange cash cheese market are impacting orders as buyers delay purchases while prices decline. Overall, demand is lackluster and often somewhat disappointing for fall. Buyers are also working down inventories where possible. Most processors have operating capacity available if business improves. At least some of the demand slowdown is attributed to the problems in the East with the hope that demand will rebound as consumers resume normal activities such as dining out and traveling. The hotel, restaurant, and institutional segment seems to be the most affected while retail is irregular but close to normal. Process demand remains moderate, aided by several fast food promotions. More plants are catching up with bulk cheese orders, in part due to cancellations of some orders and seasonally improving cheese yields. Spot interest is typically for specialty items, and then often for quick delivery. Current cheddar supplies are about adequate. Swiss supplies remain tight.

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

Process American 5# Loaf	:	1.9025-2.1000
Brick And/Or Muenster 5#	:	2.0900-2.3125
Cheddar 40# Block	:	2.0600-2.1325
Monterey Jack 10#	:	2.1400-2.3450
Blue 5#	:	2.4625-2.7400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1100-2.2175
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 24 - 28, 2001

BARRELS*	:	\$1.6325 - 1.6825 (NOMINAL)
	:	(-\$0.0475) (-.0125)
40# BLOCKS	:	\$1.7000 - 1.7425 (NOMINAL)
	:	(-\$0.0200) (-.0275)

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

WEST

Prices for natural and process cheese held steady in the Western region for another week. Contacts note that CME cash prices are moving somewhat lower this week and are watching their own inventory levels very closely. Most feel that a good indication of what may come this fall is the fact that according to monthly Cold Storage numbers, stocks at the end of August for natural American cheese total 507.5 million pounds, down 17% from last year or more than 100 million pounds. Stocks are also down 5% from the revised July number. Most manufacturers are noting reduced weekly manufacturing schedules as milk supplies decline seasonally. Demand is generally best for process cheese due to some ongoing national chain restaurant promotions that are featuring process cheese. Some contacts are surprised to see the weakness at the CME for barrel cheese when buying interest is this strong. Most contacts believe that Swiss cheese is in good shape going into the fall buying season. Swiss stocks at the end of August are 10.7 million pounds, down 21% from last year and down 7% from July.

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 generally steady to fractionally higher on domestic styles. The market tone is improving slightly along seasonal patterns. Supplies are adequate to meet the current, slow to fair demand. During the first eight months of 2001, total cheese imports under license totaled 75,402,724 KG, 1,240,405 KG (1.7%) more than the same period last year. High-tier (above quota/license) cheese imports for the January-August period totaled 9,037,837 KG, 3,531,981 KG (64.2%) greater than a year earlier.

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	2.0700-2.5650*
Gorgonzola	:	3.2400-5.9400	2.4900-2.6375*
Parmesan (Italy)	:	TFEWR	3.4850-3.5400*
Romano (Italy)	:	2.1000-2.9900	-0-
Provolone (Italy)	:	3.4400-5.5000	2.0775-2.2975*
Romano (Cows Milk)	:	-0-	3.2600-5.4375*
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
09/24/01	28,850	:	125,516
09/01/01	31,213	:	128,050
CHANGE	-2,363	:	-2,534
% CHANGE	-8	:	-2

FLUID MILK AND CREAM

E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	102	0	104	0	138	0
SOUTHEAST STATES	145	0	150	0	111	0

Cooler temperatures prevail over much of the East and milk output is rebounding in most areas. In New England and New York, milk production is inching higher and milk supplies are not as tight as they have been. Also, fat and protein tests on incoming milk are improving in all parts of the region. In the Middle Atlantic area and Southeast, the milk flow is improving along seasonal patterns. Milk shipments into the Southeast are about steady this week, but contacts expect the volumes to begin easing in coming weeks now that local milk production is increasing and demand is basically steady. For most of the East, bottled milk sale are steady and have settled into typical school-year patterns. Surplus milk volumes are moderate and easily cleared. The condensed skim market is little changed and prices are steady. Demand is fair to good, but NDM does make an attractive alternative in some instances. To say the fluid cream market is weak is almost an understatement. Some contacts have not experienced such a market scenario. With the CME butter price in a rapid decent, fluid cream is becoming burdensome. Supplies are long and demand from all classes of use has come to a stand still. Many cancellations were noted as buyers/users do not want to take cream, based on last week's CME butter average. Few, if any spot sales were noted this week and prices are dramatically lower. Suppliers have cream to move and are finding few takers, regardless of price. As some contacts put it, "price is not a factor, we just have to find a home for it" and "it's a buyers' market, but there are no buyers." When butter prices are falling as quickly as they currently are, it is not uncommon for cream buyers to "step back" from the market. There is no sense making ice cream, sour cream, cream cheese, butter and other high-fat products if you don't have to when butter prices are falling. Ice cream production is slowing seasonally, but any spot cream purchases that were going to be made have been delayed until the CME butter price "finds its level." Cream sales priced below the butter price, fob, were noted and butter makers are offering to take cream, but priced on the CME butter average of the week of October 1 - 5. Market situations like this have happened in the past, but this change in market conditions came on very abruptly and has left traders and producers of cream looking for answers and buyers. Bottlers of UHT cream have also slowed their production lines. This could be due to the seasonality of bottled cream sales or they too, are taking advantage of the falling prices. Churning activity is limited despite all the cream that is available. At the time of this report, (9/26) excess cream volumes were heavy and quite a few late-week loads were still looking for a home.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.7500-2.8889
DELIVERED EQUIVALENT ATLANTA	-	2.1850-2.7615 M 2.1850-2.2800
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.4428-2.8677

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 retail feature activity. This is causing problems with finding enough milk, particularly at midweek. Class I spot premiums are in the \$4.00-5.50 over range, mostly under \$5.00. Manufacturing milk premiums, on a light test, range from \$2.00 fob to 4.50 over, delivered.

Manufacturing milk interest is still strong though a few more loads were occasionally available, mainly around the weekend. Milk supplies remain very tight seasonally. Cream demand is weak and reported prices are nominal as demand is limited even in a buyers' market. Cash butter prices have tumbled sharply on the Chicago Mercantile Exchange and buyers are trying to wait for possible additional declines. Sellers are having difficulty in moving any spot loads of cream. At least a few deals made are reported to be using next week's average as a base. Condensed skim demand is good as plant operators try to maximize product yields. With skim prices expected to increase sharply for Class III next month, sellers anticipate increased demand for NDM and less for condensed though demand is strong before month end. Reported condensed prices range from \$1.05 - 1.15, depending on class. Plant milk receipts seem to be steady to slightly lower seasonally. A few reports indicate that despite good quality feed currently available, many cows are not responding as anticipated. Others are reporting conception rates were hurt perhaps due to the heat stress this summer. Fat and protein tests on incoming milk receipts continue to edge higher. Corn silage and alfalfa are being chopped after the patchy frost that occurred early in the week in parts of the upper tier of states.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 45.00	\$ 36.50- 42.00
REPLACEMENT HEIFER CALVES	\$470.00-650.00	\$300.00-400.00

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

	SEP 20 - 26	PREVIOUS YEAR
SLAUGHTER COWS	\$ 42.00- 46.00	\$ 33.00- 46.00

W E S T

Hot weather conditions continue to plague the Southwest. Temperatures at and above 105 degrees are common. It is cooling off reasonably well at night, but the heat stress is slowing any seasonal milk rebound that had started in this part of the region. Hay quality and supply seem to be in better shape in the Southwest than in most other parts of the Western region. Heifer prices and availability continue to limit the amount of growth possible in the region. Cream markets are in disarray in the West as well as much of the rest of the country. With butter prices falling 42.25 cents since the end of August, cream buyers are very hesitant to make any additional purchases at this time. Most of the surplus cream is eventually ending up in the churn, but it is certainly taking some negotiations to get it done. Further clouding the issue is the fact that the California bi-monthly class prices are being announced for October. They will probably move somewhat lower, but they are not likely to respond fast enough to allow the market to follow what is happening to the butterfat market. This may make it more difficult to move cream out of the region. Scattered shower activity was common over northern California and into Oregon and Washington early in the week. Localized good shower activity was noted, but general rainfall was not enough to do a lot of good. Some late hay harvesting is being impacted by the showers and hay quality will likely be down graded somewhat. Much of the corn silage harvest is completed. Prices are higher this year as dairy producers scramble to line up additional feedstuffs to cover their winter needs. Milk production in the Northwest is increasing seasonally, but some producers are noticing that the lower quality hay available is hurting output. Temperatures have been 10-15 degrees warmer than normal for this season of the year. This is adding to the crop stress in the region because of the continued drought. Many are commenting that most of the straw from the small grain harvest in the region is being baled this year to supplement forage supplies. Milk supplies are about on track with earlier estimates.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 09/27/01 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 and nominal on a steady to firm market. Production is steady to higher as excess milk supplies were diverted into the dryer over the weekend. However, by the end of the week, drying schedules were lighter and trending unchanged from the week prior. Supplies and offerings remain light. Demand into cheese facilities is good. Ice cream interest is light to fair. Brokers are making inquiries. High heat supplies and production remain unchanged with product clearing well into contractual commitments.

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 unchanged to higher on a steady to firm market. Dry buttermilk supplies remain tight yet condensed volumes are increasing as cream supplies are diverted into churns. Demand for condensed buttermilk is lighter as ice cream interest wanes. Drying schedules are unchanged to higher. Producers are making a good effort to sell condensed supplies to avoid the expense of drying. Plants expect to dry more once discounts on condensed supplies supersede drying costs. Buttermilk product remains available at prices below the range.

BUTTERMILK: 1.0500 - 1.1150

DRY WHEY - CENTRAL

Prices continue mixed on an unsettled market. Supplies are varied. While some plants are shorting orders, others are suggesting the market is soft as price resistance continues to be reported from feed and export markets. Inventories are tight to instances long with spot trading activity very light. Most movement is occurring on regular contracts. Some plants do not expect spot load availability until late October while others have supplies readily available. Brokers are finding the market difficult to trade given buy end price resistance. Some feed users are looking to permeate as a substitute. Whey production is mostly steady to higher with good condensed interest into WPC/lactose firms and feed plants.

NONHYGROSCOPIC: .2875 - .3000 MOSTLY: .2900 - .2975

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher and nominal on a generally steady market. Milk replacer prices are higher due in part to the improved quality available this week compared to the week prior. Supplies are mostly in balance with demand. Roller ground movement is unchanged and production is steady. Delactose interest continues strong with some resale supplies trading above the range. Stocks remain tight with some producers shorting contracted loads. August veal production totaled 17 million pounds, 1% below August a year ago. Calf slaughter totaled 94,200 head, down 6% from August 2000. Hog kill totaled 8.37 million head, 3% below August 2000.

MILK REPLACER: .2300 - .2900

ROLLER GROUND: .2750 - .3000

DELACTOSE (Min. 20% protein): .4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged higher within the range on a firm market. While some fourth quarter contracts have been finalized, many are yet to be determined. Negotiations are expected to continue into the fourth quarter as some buyers await further market information before committing to a sale. However, because of tight availability at many plants, some buyers are seeking contractual arrangements into 2002. Demand is good into candy facilities as holiday production schedules increase. Some export loads are available at a discount to brokers. Off grade supplies are light for the good 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 unchanged and the market tone is mostly steady. Public release of CCC NDM awards is expected today, 9/27/01 at 4:00 P.M. CDT. Traders continue to await changes in the WPC market in response to the sell back. Supplies remain mixed with some plants running long while others are shorting contractual shipments. Offers are being reported as low as .7500 for the very nominal interest. Buyers suspect that the market will trend lower and therefore are not willing to take current offering prices. However, brand specific product is said to be trading at a premium with some resale loads trading above the range. Production is generally unchanged with some plants vying for condensed WPC supplies. Demand is best from cheese and ingredient companies. Export inquiries are lighter this week compared to the week prior. Off grade supplies are readily available for the good demand.

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

NONFAT DRY MILK - WEST

The low/medium heat powder price range is holding steady with the mostly showing some additional strength. The supply demand situation for Western NDM powder seems to be in close balance. There have been no net offers of powder to CCC since the first week of September. Production, in general, is seasonally lighter. Powder demand is excellent with much of it leaving the region for points east. Powder in totes is in the tightest position. Direct export sales seem to be more variable this week. No new information is available on the DEIP program. More contacts are speculating about the possibility of another butter/powder tilt in the future. More interest is noted for high heat NDM due to seasonal demand. High heat prices are holding steady.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9200 - 1.0225 MOSTLY: .9300 - .9600

HIGH HEAT: .9700 - 1.0200

DRY BUTTERMILK - WEST

Prices continue to firm for Western buttermilk powder. Stocks are generally rated as tight. Current churning levels and sales of condensed buttermilk are limiting the amount of dry buttermilk available. Some contacts are wondering if production is about to increase because of problems in selling cream over the past week or so. With the butter market declining as fast as it is, cream is getting hard to sell. The only real final option is the churn, which may mean more buttermilk down the road.

BUTTERMILK: 1.0300 - 1.0750 MOSTLY: 1.0400 - 1.0500

DRY WHEY - WEST

Western whey prices continue to hold steady. Domestic demand is rated about steady. New export orders are slower to develop at this time. Many manufacturers state that their inventories remain in good shape. A few are reporting that stocks are beginning to grow at a faster pace than desired. Production levels range from about steady to lighter. A number of plants are reporting that they are down a day or two per week due to lower milk supplies.

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

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
September 21	\$.9467	12,466,528
September 14	\$.9417	13,469,722

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 and nominal in the Northeast. The market tone is unchanged. Eastern drying schedules are light to moderate, reflecting the volumes of surplus milk and continued decent demand for condensed skim. Some plants are drying quite a bit, while others have little or no drying taking place. Eastern producers have little powder "on the floor" for immediate sale. The steady spot demand is often filled through resales and/or Western NDM. Many buyers are not purchasing too far ahead as they prefer to stay relatively current. Trade rumors, and we wish to emphasize rumors, regarding another CCC price tilt adjustment continue to surface and they do seem to have some impact on purchasing strategies.

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 little changed from past weeks. Northeastern, f.o.b. prices remain nominal. Production levels are steady to slightly heavier. Fluid cream supplies are more than ample and butter makers, though taking as much as they can, are particularly frugal in their paying strategies. Dry buttermilk stocks are limited and most Eastern producers have very little on hand. Most are just meeting their contract shipping schedules. Demand for both dry and condensed buttermilk is just fair.

F.O.B. NORTHEAST: 1.0450 - 1.0600

DELVD SOUTHEAST: 1.0700 - 1.0950

DRY WHOLE MILK - NATIONAL

Prices are nominal and unchanged. The market tone is steady. Production levels are limited and generally geared to filling contracts. Producer stocks remain light. Spot demand is seldom better than slow.

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

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH SEPTEMBER 21, 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

Prices and the market tone are unchanged. The Northeast prices remain nominal. Dry whey output in the East is moderate, occasionally light. Most producers are barely able to get caught up with contract shipping schedules. Some continue to report being sold out for the remainder of the year. With cheese production holding at lighter than normal levels, whey supplies are tight. Contacts who purchase condensed whey to supplement their own supply report a continued difficulty finding any to purchase. Therefore, their drying schedules are down accordingly. Because of tighter fluid milk supplies and/or processing equipment upgrades, cheese makers who historically had extra condensed whey to sell do not have any at this time. Demand for dry whey is mostly steady, but contacts report that buyers are picking up contract loads in a more timely manner. This tends to indicate that users, hoping for lower prices, may have waited until most of their inventories had been used before getting more. Spot demand is fair at best. Demand from animal feed users/makers is slow to fair and offerings of "off spec" product are more than ample to meet needs.

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. Market conditions remain highly competitive. Production levels are holding quite steady, but more milk is available in some parts of the country. Demand is fair to improved as retailers start to order for anticipated fall needs.

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

Prices are holding steady during the final week of the quarter, although the market tone is unsettled. There appears to be pricing differences between buyers and sellers as 4th quarter contracts are negotiated and finalized. Stocks of both rennet and acid are mixed. Some domestic buyers that source stocks from India are especially concerned about future deliveries due to the unrest in this part of the world, thus are questioning availability from other sources. The milk production season in Europe is nearing the end, thus new casein production is quite limited. Many producers and handlers feel that they will have sufficient volumes to meet buyer needs for the next six months, with minimal volumes uncommitted.

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

RENNET: 2.5000 - 2.7300

ACID: 2.5500 - 2.6500

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	09/12	09/13	09/14	09/17	09/18	09/19	09/20	09/21	09/24	09/25
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
SEP 01	CLOSED	15.74 (3268) 20	15.79 (3268) 15	15.80 (3264) 40	15.82 (3168) 5	15.84 (3150) 1	15.84 (3149) 15	15.86 (3125) 1	15.88 (3132) 24	15.88 (3137) 32
OCT 01		15.23 (2779) 18	15.20 (2789) 38	15.30 (2813) 71	15.34 (2803) 28	15.37 (2811) 29	15.31 (2823) 19	15.35 (2872) 151	15.10 (2867) 86	14.77 (2865) 92
NOV 01		14.32 (2081) 20	14.48 (2088) 24	14.50 (2112) 38	14.50 (2125) 44	14.55 (2121) 13	14.46 (2125) 16	14.52 (2158) 69	14.20 (2160) 53	13.75 (2209) 124
DEC 01		13.25 (1774) 12	13.39 (1775) 10	13.40 (1780) 25	13.40 (1793) 37	13.45 (1795) 3	13.42 (1799) 5	13.38 (1808) 50	13.06 (1819) 28	12.85 (1854) 58
JAN 02		12.45 (612) 6	12.50 (610) 9	12.50 (613) 3	12.45 (619) 10	12.55 (622) 5	12.50 (626) 4	12.49 (634) 11	12.32 (664) 39	12.17 (687) 33
FEB 02		12.02 (483) 5	12.05 (492) 16	12.08 (495) 11	12.15 (511) 35	12.25 (511) 3	12.23 (511) 0	12.17 (517) 11	12.05 (541) 26	11.94 (553) 24
MAR 02		12.03 (422) 8	12.05 (424) 9	12.08 (431) 11	12.15 (448) 26	12.25 (458) 10	12.18 (459) 3	12.16 (465) 28	12.05 (483) 31	11.95 (496) 23
APR 02		12.00 (276) 10	12.03 (280) 21	12.08 (284) 7	12.10 (293) 12	12.20 (304) 13	12.20 (304) 1	12.19 (306) 26	12.05 (322) 24	11.93 (340) 29
MAY 02		12.01 (226) 10	12.05 (231) 13	12.07 (236) 12	12.10 (248) 13	12.20 (258) 17	12.20 (258) 2	12.18 (262) 10	12.06 (287) 34	11.98 (302) 24
JUN 02		12.18 (196) 1	12.15 (193) 8	12.19 (196) 8	12.25 (207) 21	12.35 (216) 13	12.32 (228) 19	12.31 (230) 4	12.23 (264) 50	12.15 (273) 11
JUL 02		12.55 (97) 0	12.55 (99) 5	12.56 (103) 7	12.60 (103) 1	12.60 (104) 1	12.60 (104) 0	12.60 (105) 2	12.57 (108) 3	12.55 (109) 2
AUG 02		12.60 (83) 0	12.60 (83) 0	12.61 (86) 6	12.64 (86) 2	12.69 (86) 2	12.70 (88) 2	12.70 (88) 1	12.71 (91) 7	12.70 (93) 2
SEP 02		12.60 (54) 1	12.60 (54) 2	12.61 (57) 4	12.61 (58) 2	12.60 (58) 1	12.60 (58) 0	12.60 (58) 1	12.60 (58) 1	12.60 (59) 1
OCT 02		12.40 (46) 0	12.40 (46) 0	12.40 (48) 3	12.40 (49) 4	12.50 (52) 3	12.50 (52) 0	12.50 (55) 3	12.43 (56) 4	12.50 (57) 1
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
SEP 01	CLOSED	15.80 (285) 1	15.75 (285) 0	15.75 (285) 0	15.75 (285) 0	15.75 (285) 0	15.75 (285) 0	15.75 (285) 0	15.75 (285) 0	15.75 (285) 0
OCT 01		15.35 (366) 1	15.15 (366) 0	15.15 (366) 0	15.15 (366) 0	15.15 (366) 0	15.10 (366) 0	15.05 (366) 0	14.95 (366) 0	14.85 (361) 5
NOV 01		14.60 (260) 0	14.50 (260) 0	14.50 (260) 0	14.50 (260) 0	14.50 (260) 0	14.40 (260) 0	14.40 (260) 0	14.25 (260) 0	14.25 (260) 0
DEC 01		13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0	13.65 (143) 0
JAN 02		13.10 (33) 0	13.10 (33) 0	13.10 (33) 0	13.05 (36) 3	13.05 (41) 5	13.00 (42) 1	12.70 (44) 2	12.65 (44) 0	12.65 (45) 1
FEB 02		13.00 (47) 0	13.00 (47) 0	13.00 (47) 0	12.90 (47) 0	12.90 (47) 0	12.90 (47) 0	12.70 (49) 2	12.60 (49) 0	12.60 (53) 6
CME - BUTTER FUTURES -- Cents per pound										
SEP 01	CLOSED	219.50 (23) 0	217.00 (16) 4	216.75 (16) 0	215.50 (14) 0	213.50 (14) 0				
OCT 01		218.00 (30) 0	217.00 (30) 2	217.00 (32) 2	215.00 (32) 0	214.00 (32) 0	212.00 (32) 0	207.00 (32) 0	197.00 (32) 0	191.00 (32) 1
DEC 01		181.00 (9) 0	179.00 (9) 0	178.50 (9) 0	178.00 (9) 0	178.00 (9) 0	178.00 (9) 0	178.00 (9) 0	173.00 (9) 0	173.00 (9) 0
MAR 02		150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	150.00 (8) 0	150.00 (9) 1	150.00 (9) 0
MAY 02		152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0	152.00 (9) 0
CME - NONFAT DRY MILK FUTURES -- Cents per pound										
SEP 01	CLOSED	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0	95.00 (5) 0
OCT 01		93.80 (8) 0	93.80 (8) 0	93.85 (8) 0	93.85 (8) 0	93.85 (8) 0	93.85 (8) 0	93.85 (8) 0	93.85 (8) 0	93.85 (8) 0
NOV 01		93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0	93.80 (6) 0
DEC 01		93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0	93.75 (6) 0

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

INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 17 - 28, 2001

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: European milk production continues to edge lower as the season winds down. Reports indicate that overall milk production appears to be heavier than last year at this time. Handlers attribute the stronger finish to the season. First, clearances of cull cows to slaughter are lighter than in past seasons. Some feel that with the recent animal health issues in Europe, producers are holding onto healthy animals longer than usual even though the cow might not be as profitable. Second, weather conditions during the whole production season have been more favorable than in years past. The stronger than anticipated finish to the season is not having a totally positive impact on market conditions. Stocks of manufactured dairy product in Western Europe are adequate to fill internal needs with some additional for potential buyer interest. At this time, new international sales activity is reported to be quite light and unaggressive. Unsettled economic conditions in some buyer countries, an overall cautious consumer awareness, and European prices higher than some potential buyers are willing to pay, are some factors producers and handlers are attributing to slow sales. Stocks of European products are available, but are limited should a large buyer interest develop.

BUTTER/BUTTEROIL: European butter markets are steady to weak. Demand for butter is basically centered on internal or domestic needs. International buyer interest is slow and unaggressive. Much of the slow demand is being attributed to the knowledge of buyers that butter stocks in the international market place are limited and when available, more competitively priced elsewhere in the world.

82% BUTTERFAT:	1,450 - 1,600
99% BUTTERFAT:	1,600 - 1,875

SKIM MILK POWDER (SMP): European skim milk powder markets are generally steady at unchanged prices. Overall sales into the international market are light and unaggressive. Some traders that still hold export subsidies are also not reporting significant sales at this time. The overall tone to the market is very quiet. Producers, handlers, and traders feel that recent economic difficulties in some buyer countries, along with recent cautiousness by many buyers, is adding to the market slowdown.

1.25% BUTTERFAT:	2,050 - 2,200
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Stocks of powder are in balance for needs with no excessive volumes being reported should significant new buyer interest develop. Often, whole milk powder is not generated unless orders are in place and at this time, international sales activity is slow.

26% BUTTERFAT:	1,900 - 2,050
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SWEET WHEY POWDER: Whey markets are basically steady at unchanged prices. Buyer interest is light, with producers and handlers indicating that European prices are higher than potential buyers are willing to pay. Cheese production remains seasonally strong, thus whey is available should buyer interest return.

NONHYGROSCOPIC:	500 - 700
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OVERVIEW: EASTERN EUROPE: Milk production continues to trend lower seasonally, but is also reported to be stronger than last season at this time. Producers and handlers report that some international sales activity continues to occur, but no significant sales are being reported. As in Western Europe, Eastern European stocks are sufficient to meet internal or nearby demand, although not excessive for substantial new buyer interest.

OCEANIA

OVERVIEW: Milk production in the Oceania region continues to build on a seasonal/steady cycle. In New Zealand, milk output is continuing to increase as spring weather patterns are reported to be favorable, although moisture levels are not as positive as would be desired. At this time, lighter moisture volumes are not having a negative impact on overall milk output, but could be detrimental later in the season. In Australia, the season's start is behind New Zealand and early reports indicate that milk volumes are increasing from one week to the next. In both countries, producers and handlers are very optimistic about the new production season. Milk handlers are prepared to process the increasing volumes of milk. At this point, much of early season product production has been earmarked for clearance or entering warehouses for future deliveries. Producers and handlers indicate that overall buyer interest is slow, although some buyer interest is starting to develop. Traders feel that economic influences and consumer confidence are two factors that are limiting sales at this time. Overall, prices are basically steady. Some producers and handlers feel that prices may ease somewhat for some products which might stimulate buyer interest, but on the other hand, indicate that cheese and whole milk powder demand is anticipated to be stronger and will potentially absorb a larger portion of available milk than in past years.

BUTTER: Butter markets are generally steady at unchanged prices. The milk production season is just getting underway in the region, thus milk is being directed toward products of most need. At this time, butter/powder orders are not overly aggressive, although production is occurring. For the most part, early season butter production has been sold or is earmarked for future needs.

82% BUTTERFAT:	1,350 - 1,450
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CHEDDAR CHEESE: Oceania cheese markets remain firm with prices basically unchanged. Demand for cheese has been and is anticipated to remain strong during the current milk production season. Orders from regular customers continue to be placed with some orders possibly going to be stronger due to herd health problems in some buyer countries. Stocks of cheese are low, although most current production has already been sold and pinpointed for future delivery.

39% MAXIMUM MOISTURE:	2,250 - 2,350
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SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady at unchanged prices, although some producers and handlers feel that prices might weaken slightly to encourage product sales. At this point, skim powder demand is reported to be light and unaggressive. Most are attributing overall slow sales to unsettled economic conditions in areas of the world and buyer uncertainty. Producers and handlers report that stocks of powder would be sufficient to meet new buyer interest should it develop in the near future.

1.25% BUTTERFAT:	2,000 - 2,100
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm. Some Oceania producers and handlers indicate that they feel whole milk and cheese will be products of most demand during the current milk production season. In light of this anticipated demand, early season milk volumes are being directed, when possible, toward production of these products. In most instances though, stocks of powder are not being generated and warehoused for potential sale, but are already sold or earmarked for future needs.

26% BUTTERFAT:	2,000 - 2,050
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Exchange rates for selected foreign currencies: SEPTEMBER 24, 2001

.4158 Dutch Guilder	.4685 German Mark
.1397 French Franc	.4027 New Zealand Dollar
.1058 Mexican Peso	.4913 Australian Dollar
1.4638 British Pound	.0085 Japanese Yen
.2387 Polish Zloty	.9163 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1058) = 9.4518$. That is 1 US Dollar equals 9.4518 Mexican Pesos.
Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

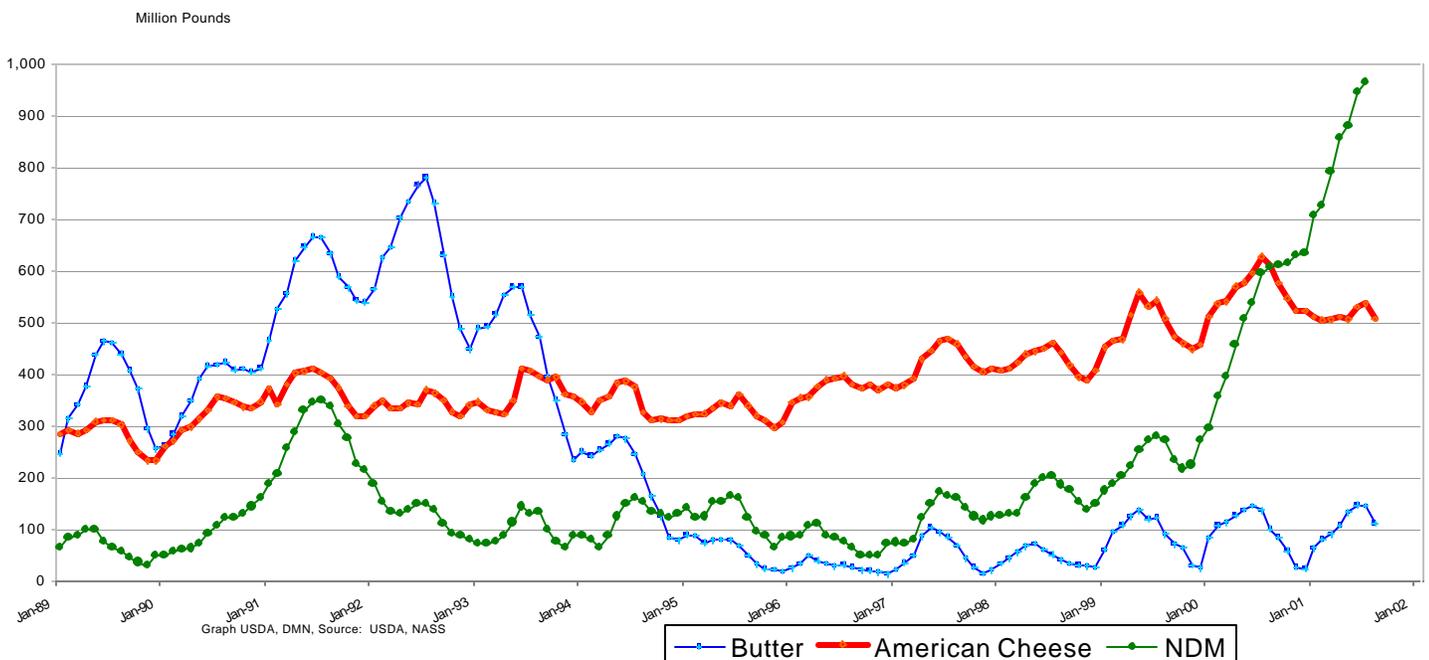
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JULY 31, 1999	JULY 31, 2000	REVISED JULY 31, 2001	AUG 31, 1999	AUG 31, 2000	AUG 31, 2001
Butter	123,552	136,928	145,486	90,728	101,328	112,262
Cheese, Natural American	543,642	628,284	535,889	508,305	609,658	507,548
Cheese, Swiss	10,590	14,906	11,479	9,919	13,443	10,673
Cheese, Other Natural	194,486	227,075	213,126	176,473	216,797	203,711
U.S. GOVERNMENTOWNED COLD STORAGE HOLDINGS						
Butter	334	391	815	258	388	1,065
Natural American Cheese	48	163	1,600	50	402	1,495

AUGUST COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
New England	28,314	22,198	23,032	---	---	---	661	1,136	430
Middle Atlantic	45,505	53,921	56,606	---	---	---	13,285	12,005	36,879
East North Central	245,756	305,077	226,295	---	---	---	91,373	102,089	85,543
West North Central	113,822	124,900	95,410	---	---	---	60,341	77,623	60,398
South Atlantic	398	5,661	4,790	---	---	---	1,374	646	204
East South Central	0	0	0	---	---	---	179	194	164
West South Central	304	487	332	---	---	---	206	521	186
Mountain	11,416	10,152	13,655	---	---	---	842	6,362	6,524
Pacific	62,790	87,262	87,428	---	---	---	8,212	16,221	13,383
TOTAL	508,305	609,658	507,548	90,728	101,328	112,262	176,473	216,797	203,711

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

U.S. Cold Storage Holdings



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2000 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Million Pounds						Million Pounds						Million Pounds					
January	64	82	63	82	<u>3/</u>	<u>3/</u>	510	512	508	512	2	<u>3/</u>	708	296	145	146	563	150
February	81	108	81	107	<u>3/</u>	<u>3/</u>	505	536	503	536	2	<u>3/</u>	726	359	138	173	589	186
March	90	114	90	114	1	<u>3/</u>	505	541	503	541	2	<u>3/</u>	791	395	123	168	668	227
April	108	127	107	127	1	<u>3/</u>	511	570	509	570	2	<u>3/</u>	858	458	127	197	731	260
May	132	138	132	138	1	<u>3/</u>	506	578	504	578	2	<u>3/</u>	882	506	134	197	747	309
June	148	146	147	145	1	<u>3/</u>	530	597	528	597	2	<u>3/</u>	945	537	166	171	779	366
July	145	137	145	137	1	<u>3/</u>	536	628	534	628	2	<u>3/</u>	964	596	161	190	803	406
August	112	101	111	101	1	<u>3/</u>	508	610	506	609	1	<u>3/</u>		606		152		454
September		85		85		<u>3/</u>		577		576		1		611		130		481
October		58		58		<u>3/</u>		547		546		1		614		121		493
November		27		27		<u>3/</u>		523		522		1		631		110		521
December		24		24		<u>3/</u>		523		521		1		635		119		516

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jul 31, 1999	Jul 31, 2000	Jul 31, 2001	Aug 31, 1999	Aug 31, 2000	Aug 31, 2001
	Thousand Pounds					
Butter	123,218	136,537	144,671	90,470	100,940	111,197
Natural American Cheese	543,594	628,121	534,289	508,255	609,256	506,053

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (9-01) and "Dairy Products," Da 2-6 (9-01), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
JUN 2001	173.0	3.4	166.9	4.6	167.0	6.4	166.8	3.2	178.7	30.0	161.7	4.4
JUL 2001	173.5	3.2	168.3	4.9	168.3	5.9	168.6	4.5	186.3	35.2	162.3	4.2
AUG 2001	173.9	3.1	168.9	4.9	167.6	5.6	169.5	4.1	185.5	33.9	162.4	3.6
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Dollars											
JUNE	2.911	2.763	2.674	2.637	3.385	2.525	3.949	3.822	3.968	3.758	3.703	3.546
JULY	2.933	2.781	2.697	2.666	3.549	2.718	3.928	3.628	4.064	3.823	3.720	3.461
AUGUST	2.890	2.807	2.691	2.696	3.616	2.686	3.918	3.649	4.100	3.947	3.841	3.542

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

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

Item	May-Jul. 2000	Percent change ^{2/}	May-Jul. 2001	Percent change ^{2/}	Jan.-Jul. 2000	Percent change ^{2/}	Jan.-Jul. 2001	Percent change ^{2/}
	Million Pounds							
MILK								
Production	42,918	3.3	42,431	-1.1	99,942	3.7	97,816	-1.7
Marketings	42,589	3.4	42,110	-1.1	99,179	3.7	97,076	-1.7
Beginning Commercial Stocks ^{3/}	9,927	11.1	8,749	-11.9	6,143	16.5	6,839	11.3
Imports ^{3/}	1,299	18.0	1,751	34.8	2,609	0.8	3,368	29.1
Total Supply ^{4/}	53,815	5.0	52,610	-2.2	107,931	4.3	107,283	-0.2
Ending Commercial Stocks ^{3/}	10,846	15.0	9,971	-8.1	10,846	15.0	9,971	-8.1
Net Removals ^{3/}	239	273.4	28	-88.3	590	245.0	107	-81.9
Commercial Disappearance ^{4/}	42,730	2.4	42,611	-0.3	96,495	2.8	97,205	1.2
SELECTED PRODUCTS ^{5/}								
Butter	288.3	-5.0	271.6	-5.8	686.0	-3.2	653.2	-4.3
American Cheese	896.9	3.0	917.5	2.3	2,043.2	3.1	2,117.9	4.1
Other Cheese	1,234.6	8.9	1,233.3	-0.1	2,778.9	7.7	2,842.7	2.8
Nonfat Dry Milk	224.8	25.4	230.9	2.7	422.0	-6.3	515.0	22.5
Fluid Milk Products ^{6/}	13,410.0	-0.8	13,280.6	-1.0	31,964.2	-1.0	31,737.2	-0.2

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

FEDERAL MILK ORDER ADVANCE PRICES, OCTOBER

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for October 2001 is \$15.93 per cwt. 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. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** -- The advanced Class IV skim milk pricing factor is \$7.30. Thus, the Class II skim milk price for October is \$8.00 per cwt., and the Class II nonfat solids price is \$0.8889. **Product Price Averages** -- The two-week product price averages for October are; butter \$2.1781, nonfat dry milk \$0.9506, cheese \$1.7136, and dry whey \$0.2876.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	October 2001		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	19.18	10.63	2.5485
Appalachian (Charlotte) ^{5/}	005	19.03	10.48	2.5470
Southeast (Atlanta) ^{6/}	007	19.03	10.48	2.5470
Florida (Tampa) ^{7/}	006	19.93	11.38	2.5560
Mideast (Cleveland) ^{8/}	033	17.93	9.38	2.5360
Upper Midwest (Chicago) ^{9/}	030	17.73	9.18	2.5340
Central (Kansas City) ^{10/}	032	17.93	9.38	2.5360
Southwest (Dallas) ^{11/}	126	18.93	10.38	2.5460
Arizona-Las Vegas (Phoenix) ^{12/}	131	18.28	9.73	2.5395
Western (Salt Lake City) ^{13/}	135	17.83	9.28	2.5350
Pacific Northwest (Seattle) ^{14/}	124	17.83	9.28	2.5350
All-Market Average		18.51	9.96	2.5418

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. ^{6/} Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. ^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. ^{8/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{9/} Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. ^{10/} Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. ^{11/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{12/} Class I price at Las Vegas is minus \$0.35. ^{13/} Class I price at Boise is minus \$0.30. ^{14/} Class I prices at other cities are: Portland, same; and Spokane, same.

THE DAIRY SITUATION AND OUTLOOK

Dairy Demand Still Holds - Dairy product demand stayed strong through most of the summer. But, a series of recent economic developments and uncertain consumer reaction to recent events might foretell the end of the extraordinary demand growth of recent years. Even so, dairy demand probably will stay fairly strong through yearend. Growth in dairy product demand in 2002 is expected to be less than any year since at least 1997. However, weakening in demand probably will not be sudden or even very dramatic. The expected adjustments likely will develop gradually because of the nature of the probable adjustments and because economic deterioration is not projected to be major.

Milk Production Barely Recovering - Recovery in milk production was painfully slow this summer, despite the strong expansion incentive provided by recent milk prices. Milk cow numbers started to slip once again after a brief spring plateau. Ironically, the high prices for milk may have encouraged some producers to exit earlier than planned in order to maximize the sales value of their herd. Milk per cow continues to be plagued by forage quality and weather. Also, farmers may be holding on to an unusually large number of low producing cows. Milk production is projected to show a small increase this autumn, mostly because milk per cow is expected to finally pull away from a year earlier. For all of 2001, milk production and average milk cow numbers are projected to decline about 1 percent. Milk production is expected to post a large increase in 2002, with relatively flat cow numbers and brisk growth in milk per cow. However, insufficient supplies of good forage and replacement heifers are threats to the projected growth.

Stocks Lower - August 1 stocks were almost 1 billion pounds, milk equivalent, milkfat basis, and (almost 2 billion pounds on a skim solids basis) below a year earlier. Brisk movement and production shortfalls of butter and cheese trimmed stocks. Commercial stocks going into autumn probably are adequate but may not be comfortable. Holdings are still relatively large. However, the need for stocks may be particularly large because the recovery in production may not be adequate to keep up with demand and because expected market conditions will be relatively risky.

Dairy Prices Strong - Holiday season demand will tend to tighten both the milkfat and skim solids markets during the next month or two. However, it probably will be more muted than normal simply because it apparently began unusually early. In addition, seasonal celebrations may be more subdued than during recent years. With milk production projected to start posting increases from a year ago, wholesale prices are expected to peak relatively early and slowly slide as the end of 2001 nears. Large increases in milk output are projected to drop wholesale prices in 2002. However, demand is expected to remain fairly robust for most of the year unless a major recession were to develop. Second-half milk prices received by farmers are expected to average about \$4 per cwt. higher than a year earlier. Even though wholesale prices may be slipping this autumn, the very high wholesale prices of recent months assure fairly high milk prices. The projected second-half prices would bring the 2001 average price of all milk very close to the 1998 record of \$15.50 per cwt. Milk prices are projected to decline an average of about \$2 per cwt. in 2002 under the twin pressures of large increases in milk production and slowing growth in dairy product demand. Even so, prices are expected to stay well above the average of 2000, when farm milk prices dropped to the 1980-95 trend. Large increases are expected in the retail prices of milk and dairy products during the rest of the year. Retail prices are projected to average 6 to 7 percent higher than a year earlier during the second half, compared with an increase of less than 3 percent in the first half. Retail price increases have lagged wholesale and farm price increases by a substantial margin. Retail dairy prices are expected to rise 1 to 3 percent in 2002 as farm prices decline and the spread increases substantially.

SOURCE: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-87, September 26, 2001, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184. Also, please note that this summary has been condensed from the original by the Market Information Branch, Dairy Programs AMS.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF SEPTEMBER 24 - 28, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 09/21/01	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	5,781,600	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	6,944,519	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	370,751,587	473,131,550	600,617,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	16,851,685	38,227,000	-0-
TOTAL	-0-	-0-	-0-	398,902,678	489,983,235	638,844,000	-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 24 - 28, 2001 =	0.0	0.0	COMPARABLE WEEK IN 2000 =	2.0	106.4
CUMULATIVE SINCE OCTOBER 1, 2000 =	190.1	4,752.9	CUMULATIVE SAME PERIOD LAST YEAR =	171.9	5,772.2
CUMULATIVE JANUARY 1 - SEPTEMBER 28, 2001 =	73.5	3,270.3	COMPARABLE CALENDAR YEAR 2000 =	160.7	5,179.0

* 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 24 - 28, 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-	-0-	-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	46,281,783	29.9	42.8
WEST	-0-	-0-	5,039,919	80,528	392,225,641	438,761,192	69.9	56.6
EAST	-0-	-0-	39,600	-0-	-0-	4,940,260	0.2	0.6
TOTAL	-0-	-0-	11,074,959	6,944,519	398,902,678	489,983,235	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 09/08/01 & 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	0.8	4.9	4.8	15.4	2.6	0.8	0.9	10.9	1.9	43.3	1,772.7	47.3	46.2
2000-Dairy	0.2	0.9	5.5	4.2	18.1	2.2	1.0	0.9	10.1	2.2	45.4	1,774.7	50.7	48.8
2001-All cows	0.2	0.8	6.2	12.9	23.9	10.8	13.8	3.9	13.2	5.8	91.5	3,833.8		
2000-All cows	0.2	1.0	7.5	11.1	25.6	13.2	10.7	3.4	12.4	4.4	89.6	3,636.5		

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	15.93		
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