

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (11/16):**

**BUTTER:** Grade AA closed at \$1.3800. The weekly average for Grade AA is \$1.3742 (+.0559).

**CHEESE:** Barrels closed at \$1.1600 and blocks at \$1.2700. The weekly average for barrels is \$1.1700 (-.0030) and blocks, \$1.2435 (+.0300).

**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 remains steady to firm. The cash price at the CME continues to adjust higher. Many producers and handlers are questioning how much higher will the butter price go. Stocks of butter are basically in balance for current needs, although in instances, producers are not able to keep up with demand for fresh butter. Orders are slightly lower this week as most stocks are in stores and restaurants for the upcoming Thanksgiving holiday. Some fill-in orders are being reported and are anticipated to occur early next week. For the most part, butter prices at the retail level have declined and good sales are reflective of lower prices. Food service orders are increasing along more normal seasonal patterns than in past weeks.

**CHEESE:** The cheese market is unsettled to firm. Prices continue to trend irregularly higher. The widening block/barrel spread is becoming a concern for barrel producers. Cheese demand has increased as post-Thanksgiving orders are being prepared. Next week, transportation schedules, particularly longer hauls, will be interrupted by the holiday. Bulk cheese needs are lower as packagers and processors will close for the holiday. Overtime has increased at more packaging operations. Current cheese supplies are tight and the lead time on orders has increased. Cheese production is near the annual low levels and some producers are seeking additional milk sources to help fill orders.

**FLUID MILK:** National milk production is seasonally higher, especially in response to the recent mild weather. Fluid milk demands are expected to ease over the holiday, encouraging more milk intakes into manufacturing facilities. Production of Class II items is increasing in response to anticipated holiday demand. Condensed skim movement is improved compared to the week prior. Demand is most notable into cheese and ice cream facilities. The fluid cream market is firm and multiples are higher. Excess cream supplies generated over the Thanksgiving Holiday are expected to be diverted into churns, increasing the current light churning activity reported.

**DRY PRODUCTS:** Holiday milk supplies are expected to increase dry product production. Discussions of potential tilt changes and lower world skim prices are encouraging producers to keep their NDM stocks light. NDM prices are mostly unchanged on steady to seasonally heavier production schedules. Buttermilk supplies are clearing well on contracts. Churning

activity is expected to increase over the holiday, encouraging higher buttermilk output. Whey markets are firm. Supplies are generally short of buyer interest. Some 2002 contracts are being negotiated with minimal resolution. WPC continues to show signs of weakness. Brokers and end-users are selling excess stocks at a loss. Lactose prices are unchanged and the market tone is firm. Supplies are tight, encouraging buyer interest in 2002 contracts.

**CCC:** During the week of November 12 - 16, adjusted purchases totaled 4,947,798 pounds of Western NDM under the price support program.

**NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES (WASDE):** Forecast milk production in 2001/02 is slightly lower than last month as the number of cows is reduced slightly. Forecasts for 2001/02 Class III and Class IV prices are lowered from last month because of expectations for weaker cheese and butter prices. The 2001/02 all milk price forecast is reduced to \$13.00-\$13.80.

**JUNE MAILBOX MILK PRICES (DAIRY PROGRAMS):** In June 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.95, \$.66 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$18.36 in Florida to \$14.77 in New Mexico. In June 2000, the Federal milk order all-market average mailbox price was \$12.02, \$3.93 lower.

**SEPTEMBER FLUID MILK SALES (AMS, CDF):** During September, about 4.2 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.5% lower than September 2000. On an individual product basis, sales of low fat (1%) milk increased from September 2000, while sales of whole milk, reduced fat (2%) milk, fat-free (skim) milk and buttermilk decreased from a year earlier. The data for both years have been adjusted for calendar composition. Total year to date fluid milk products sales are 0.7% lower compared to the year prior.

**OCTOBER MILK PRODUCTION (NASS):** Milk production in the 20 major States during October totaled 11.8 billion pounds, down 0.2 percent from October 2000. September revised production, at 11.4 billion pounds, was down 0.6% from September 2000. The September revision represented an increase of 0.1% or 15 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,526 pounds for October, 15 pounds above October 2000.

**ERRATA:** Note for the page entitled "Release Dates for Price Data" published on page 12 of Volume 68, Report 44, the time period for class and component prices issued on August 2, 2002 should be 7/6, 13, 20, 27 instead of the 7/16, 13, 20, 27 listed.

**\*\*\*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 NOVEMBER 12	TUESDAY NOVEMBER 13	WEDNESDAY NOVEMBER 14	THURSDAY NOVEMBER 15	FRIDAY NOVEMBER 16	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1700 (-.0100)	\$1.1750 (+.0050)	\$1.1700 (-.0050)	\$1.1750 (+.0050)	\$1.1600 (-.0150)	-.0200	\$1.1700 (-.0030)
40# BLOCKS	\$1.2300 (N.C.)	\$1.2300 (N.C.)	\$1.2375 (+.0075)	\$1.2500 (+.0125)	\$1.2700 (+.0200)	+.0400	\$1.2435 (+.0300)
BUTTER							
GRADE AA	\$1.3700 (+.0200)	----	\$1.3725 (+.0025)	----	\$1.3800 (+.0075)	+.0300	\$1.3742 (+.0559)

\*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.) NOTE: The CME will be closed on Thursday and Friday, November 22-23, 2001.

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, NOVEMBER 12, 2001

CHEESE -- SALES: 2 CARS BARRELS @ \$1.1700; 10 CARS 40# BLOCKS: 1 @ \$1.2250, 1 @ \$1.2175, 1 @ \$1.2200, 1 @ \$1.2225, 6 @ \$1.2300; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.2200, 1 @ \$1.2100; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2400  
 BUTTER -- SALES: 3 CARS: 1 @ \$1.3650, 1 @ \$1.3675, 1 @ \$1.3700; BIDS UNFILLED: 1 CAR @ \$1.2900; OFFERS UNCOVERED: 1 CAR @ \$1.3900

TUESDAY, NOVEMBER 13, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1750; OFFERS UNCOVERED: NONE

WEDNESDAY, NOVEMBER 14, 2001

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.1650, 2 @ \$1.1700; 9 CARS 40# BLOCKS: 1 @ \$1.2250, 1 @ \$1.2275, 3 @ \$1.2300, 2 @ \$1.2350, 2 @ \$1.2400; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1650; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.1750; 2 CARS 40# BLOCKS: 1 @ \$1.2375, 1 @ \$1.2400  
 BUTTER -- SALES: 5 CARS: 2 @ \$1.3675, 1 @ \$1.3725, 1 @ \$1.3750, 1 @ \$1.3725; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR @ \$1.3900

THURSDAY, NOVEMBER 15, 2001

CHEESE -- SALES: 3 CARS BARRELS @ \$1.1700; 2 CARS 40# BLOCKS: 1 @ \$1.2475, 1 @ \$1.2500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1750; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.2100

FRIDAY, NOVEMBER 16, 2001

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.1575, 1 @ \$1.1600; BIDS UNFILLED: 5 CARS 40# BLOCKS: 1 @ \$1.2700, 1 @ \$1.2650, 2 @ \$1.2600, 1 @ \$1.2550; OFFERS UNCOVERED: 6 CARS BARRELS: 1 @ \$1.1625, 1 @ \$1.1650, 1 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1900  
 BUTTER -- SALES: 19 CARS: 8 @ \$1.3800, 1 @ \$1.3850, 1 @ \$1.3775, 3 @ \$1.3750, 1 @ \$1.3725, 1 @ \$1.3700, 1 @ \$1.3675, 1 @ \$1.3725, 1 @ \$1.3800, 1 @ \$1.3750; BIDS UNFILLED: 1 CAR @ \$1.3800; OFFERS UNCOVERED: NONE

**BUTTER MARKETS**

**NORTHEAST**

The market tone remains unsettled, but (through 11/12/01) the CME price for butter has moved higher for the past five trading sessions. Most Thanksgiving orders have been filled and should be "in store." However, some late orders are being filled at the wholesale level. Churning activity was a little lighter last week as cream usage in holiday items improved. Bulk and packaged butter stocks are readily available to meet current needs. However, some improved demand for fresh butter is going unsatisfied. Retail features are, or should be, in "full swing" as we approach Thanksgiving. Food service orders are improved as restaurants prepare for a typically good dining out period, starting with Thanksgiving and ending just after the first of the year. 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 remain unsettled, although the cash price continues to increase from the \$1.25 level of a few weeks ago. Many producers and handlers continue to question at what point will the cash price level off. Stocks of butter appear to be in good balance for most needs. Churning activity is mixed, depending on cream availability and price. Butter orders this week are reported to be somewhat lighter than past weeks as most orders have been placed and shipped for upcoming Thanksgiving needs. Near term orders are expected to be lighter and for fill-in needs prior to the holiday. Some buyers are looking ahead to the

year-end holidays and placing orders for those needs. Often, much of this buyer interest has already been placed and stocks are earmarked or have already been shipped. Some retailers have scheduled feature activity during December which is expected to clear good volumes of print butter. Food service orders are off when compared to last year at this time, but are recovering slowly from lighter sales of the past few months. When available, bulk butter for spot sale is selling in a price range of 3-5 cents per pound over various pricing basis.

**WEST**

Many store buyers are going back to suppliers to attempt to order additional loads of butter to meet the good demand that is clearing butter off store shelves at a faster rate than anticipated. Butter manufacturers are not able to meet all these short run needs in a timely fashion. Shelf prices on butter are coming down and feature activity is better than anticipated. Food service orders are also increasing along more normal seasonal patterns. Contacts believe that butter prices at the CME might continue to increase slowly for the next few weeks, but then decline after mid-December. Offerings of cream are lighter and they are clearing more easily. CME weekly butter stocks declined by 5.2 million pounds to total 30.6 million pounds. Stocks have declined by more than ten million pounds over the last two weeks and are down by 25%. Current butter demand is being fueled by the needs for the upcoming holidays. Current prices for bulk butter range from 3 1/2 cents under to flat market based on the CME with various time frames and averages involved.

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

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
NOVEMBER 10	1.2292 7,467,857	1.1820 8,998,393	0.9385 15,971,843	1.2819 5,739,442	0.2811 11,343,162

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

**CHEESE MARKETS**

**NORTHEAST**

Prices moved fractionally lower and the market tone is slightly firmer with Thanksgiving orders being filled. Also, holiday gift pack items are in seasonally good demand. Retail orders should have been placed and in store, but some late orders are being filled. This week's holiday did shorten the workweek for some wholesalers, but it was often business as usual for most distributors. Cheese output was up slightly last week as some producers who had been running 3-4 days a week have stepped up production schedules to 5 days a week. Demand for aged cheddar is typically good during the holidays and this year's prices are "not too bad" as much of the early-year cheddar was put into aging programs at a relatively low price. Food service orders are good this week as restaurants prepare for the generally good Thanksgiving business and the beginning of the Christmas shopping season.

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

Cheddar 10# Prints	:	1.2575-1.7275
Cheddar Single Daisies	:	1.2150-1.6750
Cheddar 40# Block	:	1.3525-1.5350
Process 5# Loaf	:	1.3825-1.5425
Process 5# Sliced	:	1.4025-1.6600
Muenster	:	1.4175-1.6250
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

**MIDWEST**

The cheese market is steady to fully steady. Prices continue to fluctuate on the Chicago Mercantile Exchange cash cheese market, but are trending higher. Cash cheese prices have recovered 4 - 7 cents from the recent mid-October lows. With the holiday next week, bulk cheese needs are expected to decline as most cutters and packagers closed for an extra day or two. Between Thanksgiving and deer hunting holidays, few truckers plan to travel far from home next week so more deliveries will be in local regions. Also a few, mainly smaller, plants try to reduce production schedules during deer hunting season by selling some milk. Overtime and/or hours have increased at more packaging operations. Overall cheese supplies are tight to adequate. Some buyers are still out searching for an occasional load or are having to wait for an order to be made. Process demand has picked up for food service and about steady for retail. Swiss and baby Swiss demand is seasonally good. Swiss stocks are in balance though most producers have not really lowered their prices significantly due to high price paid for milk in current supplies. The majority of holiday gift pack orders and deliveries are still a couple weeks away. Cheese production is steady to slightly higher where milk intakes have started to recover. Good seasonal fat and protein levels in milk receipts are providing higher cheese yields.

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

Process American 5# Loaf	:	1.3925-1.9500
Brick And/Or Muenster 5#	:	1.7900-1.8025
Cheddar 40# Block	:	1.6225-2.1150
Monterey Jack 10#	:	1.8350-2.1150
Blue 5#	:	1.9925-2.4400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6825-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2175-2.6900

**MIDWEST COMMODITY CHEDDAR**

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

CHEDDAR STYLES	:	NOVEMBER 12 - 16, 2001
BARRELS*	:	\$1.1650 - 1.1875 (NOMINAL)
	:	(-\$ .0025) (-.0025)
40# BLOCKS	:	\$1.2125 - 1.2425 (NOMINAL)
	:	(\$ .0075) (-.0050)

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

**WEST**

Prices generally moved fractionally lower. Most contacts still feel that a bottom has been put in. In fact, some are surprised that more strength is showing up on the butter side of the market than on the cheese side. Current demand for most styles and types of cheese is excellent. Cheese manufacturers are searching for additional supplies of milk to increase production in the short run. They are having some success. Manufacturers note that fat and protein on incoming milk receipts seem to be higher than historical measures in general. Swiss sales are rated as very good going into the end of the year holidays. Mozzarella demand from pizza manufacturers is excellent.

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

Process 5# Loaf	:	1.3250-1.5850
Cheddar 40# Block	:	1.3325-1.4950
Cheddar 10# Cuts	:	1.5125-1.7325
Monterey Jack 10#	:	1.5225-1.6825
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5800

**FOREIGN**

Prices for domestic styles and types are fractionally lower. The market tone is improving as the holiday season historically signals an improved demand for imported table cheeses. Stocks are often light on soft ripened varieties that, according to some, are coming under intense sampling and inspection before clearing customs. Other varieties seem to be in better supply/demand balance. Imports are light and typical for this time of year when licenses are nearly full or turned back in to avoid penalties (lower volumes next year) the following year.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.5600-3.0550*
Gorgonzola	3.2400-5.9400	2.0600-2.4900*
Parmesan (Italy)	TFEWR	2.9775-3.0300*
Romano (Italy)	2.1000-2.9900	-0-
Provolone (Italy)	3.4400-5.5000	1.5675-1.7875*
Romano (Cows Milk)	-0-	2.7475-4.9275*
Sardo Romano (Argentine)	2.6500-3.2900	-0-
Reggianito (Argentine)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.5900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.9500	-0-
Gouda, Large	2.3900-2.6800	-0-

\* = Price change.

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

	BUTTER	: CHEESE
11/12/01	21,308	: 124,730
11/01/01	24,443	: 124,923
CHANGE	-3,135	: -193
% CHANGE	-13	: N.C.

## 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	26	0	66	0	59	0
SOUTHEAST STATES	35	0	35	0	21	0

Regional Milk Market Administrators announced the following, October 2001 uniform prices: Northeast \$16.04, Mideast \$15.03, Southeast \$16.70, Florida \$18.30, and Western New York (a state order) \$14.69 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) The annual Northeast Regional Dairy Outlook Conference was held on November 8 and brought together economists and statisticians for the purpose of reviewing regional production and price statistics for the past year and developing projections for the upcoming year. While there were some localized exceptions, the participants generally noted that crop and growing conditions had been pretty good during 2001. Supplies of forages and corn silage should be plentiful, but the quality may at times be troublesome. The group forecast another year of declining milk production for the region, although at a much lower rate than the projected 2000-2001 production decline of 2.6%. Milk production is steady to slightly heavier in most of the East. Some of the larger gains in milk output have been reported in the Carolinas and parts of Georgia. Fluid milk supplies are a little tighter as bottlers order additional loads of milk to meet the usually good sales just prior to Thanksgiving. Milk sales into Florida and other Southeastern states are often lower as local needs ease and milk output increases. Surplus milk volumes are lighter this week and butter/powder plant operating schedules are below anticipated levels. However, with Thanksgiving week, surplus milk volumes typically increase as schools close for all or part of the week. Bottled milk sales this week were effected by many schools being closed for the observance of Veteran's Day. The condensed skim market is improved with prices often lower. Demand for wet solids is fairly brisk from some cheese makers as well as some ice cream makers. The fluid cream market is firm. Demand is improved and prices are generally higher as the CME butter average increased 4.33 cents last week. Some ice cream producers are stepping up their schedules in preparation for being down for various periods of time over the Thanksgiving holiday. Egg nog production was heavier early this week, but slowing now that most orders have been filled. Bottled cream production and sales are improving. Cream cheese and sour cream production are still increasing, but cream supplies are tighter and spot purchases at higher multiples than they were a couple weeks ago. Churning activity is light, but butter producers expect more cream to churn next week.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6479-1.7928
DELIVERED EQUIVALENT ATLANTA	-	1.6479-1.8061 M 1.6742-1.7665
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5820-1.7929

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0000-1.0800
NORTHEAST- CLASS III - SPOT PRICES	- .9800-1.0800

## M I D W E S T

Class I demand is seasonally good and bottlers were on active production schedules between holiday item and regular product orders. Milk supplies remain tight and reported Class I premiums were in the \$2.00 – 3.00 over area on a light test. Production is active for dips as well as whipped and sour cream. It seems that bottlers will likely be only down on next Thursday for the holiday though school accounts will be off and disposing of holiday surplus supplies will be minimal. Manufacturing milk interest is generally good though for the holidays (deer hunting and Thanksgiving) production schedules are being adjusted, mainly for deer hunting. Limited sales of manufacturing milk were reported this week. Premiums are expected to dip for the upcoming weekend and after Wednesday (11/21) next week. More manufacturing plant operators have discovered how much money they lost during October from the difference between milk prices and manufactured product returns. Some operations feel milk intakes have hit

bottom and are rebounding, at least temporarily, while most others are still seeing slight declines. Fat and protein levels are at good seasonal levels, providing good manufactured product yields. Cream demand is seasonally strong, mainly for use in holiday items more so than ice cream. Cream prices are higher, reflecting the additional increase in the Chicago Mercantile Exchange butter average. Condensed skim prices range from \$0.95 – 1.06, depending on class. Some producers are already complaining that feed quality is causing some of the problems with production per cow. Unseasonably warm weather, temperature well into the 60's, has helped extend the grazing season though many fewer animals will remain on pasture during deer hunting. Most of the crops are out of the fields and fall tillage is continuing. Others are cleaning and putting away equipment for winter.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOVEMBER 8-14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 37.50	\$ 35.00- 40.00
REPLACEMENT HEIFER CALVES	\$400.00-600.00	\$270.00-365.00

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

	NOVEMBER 8-14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 42.50	\$ 33.00- 45.00

## W E S T

September pool receipts of milk in California total 2.697 billion pounds, 6.1% higher than last year. Cumulative pool output through nine months of 2001 totals 24.8 billion pounds, up 4.4% from the comparable period in 2000. The September blend price, at a fat test of 3.62%, is \$16.11, 45 cents higher than August. The percentage of receipts used in Class 1 products is 19.66%. The September quota price is \$16.95 and the base and overbase prices are \$15.25. These prices are 25 cents higher than last month and \$3.64 higher than September 2000. Widespread rain fell across much of central and southern California, often the first measurable precipitation in over a month for these locations. Where the rain was the heaviest, there were reports of muddied lots. The extent of follow-up weather will determine if the conditions will affect milk production and quality. The benefits of snow in the mountains of the state are being lauded. General milk intake patterns are little changed across the state. Rates are mostly higher than year ago levels. Production plants are not expected to have problems balancing the holiday milk next week. Smaller plants are said to be taking down days. Balancing plants should be active around Thanksgiving. Fluid milk orders are slightly higher. Retail orders are increased for next week and offset the loss of school milk orders for the several days of vacation. New Mexico milk production is steady to slightly higher at generally favorable levels. Milk is moving to normal channels and expected to be handled efficiently over the holiday. Hay prices remain high and quality is often less than desired. Dairies are planning to have to feed lower quality hay and this most likely will negatively affect milk volumes and quality over the winter. Other feedstuffs are available and priced reasonably. The Western fluid cream market remains firm this week, but is more unsettled heading into the holiday week. Indications are that production of holiday items remains very good. Butter production is active as additional orders are placed for current and future needs. Ice cream production is measured, especially in California, due to price considerations. Cream multiples are higher and are in the 115 to 132 range, FOB. Good rainfall continues to be noted over coastal areas of both Washington and Oregon. Some areas are even experiencing minor flooding problems. With an apparent shift in weather patterns, many are now considering that the worst of the drought from this year may be about over. Conditions are warm enough that there is very little snow at higher elevations at this point. The milking herds are facing very little stress from these weather conditions. The storms are having very little impact on areas east of the mountains. Some showers are noted, but things remain dry. Milk production continues to decline along normal seasonal patterns. Most manufacturing plants are noting close to normal fall/holiday demand patterns. A number of plants are looking for additional, short-term milk supplies. Cream offerings are lighter than a few weeks ago and offerings are clearing more easily. Most dairy producers have the majority of their hay needs covered for the winter-feeding season, but they are not satisfied with the quality. Heifers remain hard to find and expensive in the region. Some rain has fallen over Utah and Idaho, but not nearly enough to state that the drought is over. Plants in the region are purchasing outside milk to increase production in the short run. No problems are expected with additional milk supplies that might be available during the Thanksgiving holiday period. Heifer prices have recovered any recent declines and remain very strong.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 11/15/01 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 weak market. Supplies are in better balance compared to the week prior. More milk cleared into fluid channels, alleviating milk influges into dryers. However, milk intakes into some dryers are expected to increase over the holiday, increasing NDM output. With foreboding thoughts of a possible change in the tilt, manufacturers aim to keep their floor stocks relatively clear into the new year. Multiple load shipments are reportedly available at a discount in order to compete with cheaper West coast supplies. Demand is best into some cheese and broker operations. High heat production is steady for the contractual interest.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9450 - .9700 MOSTLY: .9550 - .9700

**DRY BUTTERMILK - CENTRAL**

Prices are generally unchanged and nominal on a steady market. Offers of condensed and dry product are increasing while trading activity is generally light. Production is unchanged to lower due to tighter cream supplies and a consequent decrease in churning activity. However, some plants are expecting an increase in buttermilk output over the holiday due to an increase in available milk supplies. Demand is mostly on a contractual basis with some light spot activity. Some buyers continue to await decreases in the market before buying additional supplies. Resale movement is very light.

BUTTERMILK: 1.0400 - 1.1150

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on a steady to firm market. While production is slowly increasing and more output is expected over the holiday week, plant supplies are generally tight. Discounts reported only a few weeks ago are being replaced by premium prices. Movement is mostly domestic as current prices continue to deter export interest. Contractual negotiations for 2002 are moving along very slowly. Some buyers are asking for their December shipments now in order to satisfy shortages seen in the current month. At some locations, plants will not be able to satisfy increased contractual needs or spot activity until January. Permeate supplies are a good substitute into some feed facilities. However, supplies are tight at prices 16-20 cents FOB dependent upon protein content and quality.

NONHYGROSCOPIC: .2925 - .3025 MOSTLY: .2925 - .3000

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to higher on a steady market. Milk replacer supplies are generally in balance for the light to fair interest. While some producers readily cleared their stocks without any price resistance, others had to negotiate to lower prices in order to clear loads. Some roller ground prices adjusted higher with the Extra Grade market. Supplies of roller ground are in balance to somewhat tighter than expected due to a decrease in available whey supplies. The delactose market remains unaffected by changes in the WPC market. Demand is strong with some shipment delays noted. Early weaned pig and North Central veal markets are generally steady for the light interest.

MILK REPLACER: .2300 - .2650

ROLLER GROUND: .2775 - .2900

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

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a steady to firm market. Some contracts for first quarter are finalized at higher prices. Because of the current insufficiency of supply, some buyers are seeking an early affirmation on supplies for 2002. Export interest is strong. Some US firms are competing for export markets while others cannot compete due to limited supplies. EU stocks are reportedly non-competitive on an export basis as stocks are reportedly tight. Domestic interest is being expressed by feed and confectionary plants. However, with tight stocks, movement is very light. Producers are generally unsure of how long firm prices will continue, especially with the undetermined schedules of plant expansions. Off grade supplies are difficult to find for the good interest.

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

EDIBLE: .2000 - .2675 MOSTLY: .2050 - .2300

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to lower on a steady to weak market. Contractual negotiations for the coming months and new year are generally trending lower. While supplies of condensed WPC are clearing relatively well, dry product movement is mixed. Some plant stocks are in balance to tight while at other locations, stocks are building due to decreased demand from the feed sector. Some feed facilities are selling excess stocks of WPC at a discount to the current market. Brokers are also clearing stocks at a loss. Spot movement is being noted into export markets. Production is mostly steady with some low protein supplies readily available for the good interest.

EXTRA GRADE 34% PROTEIN: .7000 - .7675 MOSTLY: .7325 - .7650

**NONFAT DRY MILK - WEST**

Minor price changes are noted on the ends of the low/medium heat range, but the market tone remains weak. Production levels are higher seasonally as more milk is available. Increases are expected next week because of the holiday at balancing plants. NDM demand is mostly light and excess product is clearing to the support program. DEIP commitments are being made, but not at levels to balance the market. There are concerns about the falling world SMP prices and the impact they have on DEIP sales. The trade is abuzz about the possibility and merits of a tilt change that would lower NDM prices. During the week of November 5 - 9, Western producers offered adjusted purchases of 7,561,459 pounds of NDM to the CCC. No price changes have been reported for high heat NDM. Several producers are noting that sales are slower than anticipated. Spot sales are typically limited and buyers are generally in good shape with their upcoming needs.

\*\*\*Report 45 correction on top end of low/medium heat mostly range:

LOW/MEDIUM HEAT: .8950 - 1.0225 MOSTLY: .9000 - .9450\*\*\*

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9000 - 1.0250 MOSTLY: .9000 - .9450

HIGH HEAT: .9650 - 1.0400

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are unchanged and the market tone remains steady in generally light spot trading. Buying activity is centered on contracts and producers are still playing catch-up with past orders. Production is occasionally higher where more butter is being churned, but there are dryer issues as more NDM is being dried. Stocks are mostly light.

BUTTERMILK: 1.0300 - 1.0750 MOSTLY: 1.0400 - 1.0500

**DRY WHEY - WEST**

The Western whey market continues to have a firm undertone. Range prices narrowed while the mostly price held steady. Producer whey stocks range from balanced to short of needs. Domestic sales activity is rated as fair to good. New export sales are slow to develop. Many overseas buyers are trying to reformulate to take whey out of the equation. Other buyers are looking to Europe to acquire whey with the quality available open to question. Whey production is a little higher as cheese plants attempt to increase production.

NONHYGROSCOPIC: .2675 - .2900 MOSTLY: .2675 - .2800

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
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November 9	\$ .9251	8,725,655
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November 2	\$ .9246	13,340,948
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Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

## NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

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

## NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to slightly lower. Despite the price adjustments, the market tone is quite firm. Eastern drying is moderate at best and plant stocks are light. Most producers report having little or no powder in inventory that is not committed. Sales of condensed skim have been and are expected to remain good. This is keeping drying to a minimum. The holiday week may bring additional volumes of surplus milk, which would be welcomed by many producers. Milk shipments to Florida and other Southeast states are declining and this will allow more Northeastern milk to "stay at home" for processing. Demand for NDM is fair to good and spot needs are often filled via the resale market. Recently, USDA, contracted to exchange CCC-owned low heat NDM for medium heat NDM for use in export programs. Some of this "swapped" NDM is now on the market and selling at prices below the bottom of the current low heat price range.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9600 - 1.0000 MOSTLY: .9625 - .9775

HIGH HEAT: .9800 - 1.0200 MOSTLY: .9900 - 1.0200

DELVD SOUTHEAST:

ALL HEATS: .9900 - 1.0300

## DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady and the market tone remains quite firm. Production levels have been light, but churning activity is expected to pick up during Thanksgiving week. Producer inventories are minimal. Most have little or no powder on hand for spot sales. Demand is fairly good and mostly from regular accounts.

F.O.B. NORTHEAST: 1.0000 - 1.0500

DELVD SOUTHEAST: 1.0650 - 1.0950

## DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower. Despite the price declines, the market tone is steady. Production levels are light to moderate, mostly light as output is geared toward meeting orders. Few producers have dry whole milk "on the floor" ready for immediate shipment. However, some producers may step up production in coming weeks, if they have the dryer-time. This would be a way to use butterfat at a time when cream prices are low. Spot demand is seldom better than fair.

F.O.B. PRODUCING PLANT: 1.2000 - 1.4000

## DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH NOVEMBER 9, 2001  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 360 MT (793,656 LBS)  
CHANGE -- 360 MT (793,656 LBS)

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 are unchanged to higher on Extra Grade, unchanged on Grade A. The market tone remains firm. Eastern producers continue to report that they are sold out for the next several weeks with some oversold through the end of the year. In some instances, producers have had to cancel shipments/contracts because of production shortfalls. Cheese output in the Northeast is increasing slowly as more milk is available and orders for cheese are improving. Spot demand is mixed. Those users who need it are looking for dry whey while others seem to be following seasonal patterns and working inventories down before the end of the year. Most spot sales are on the resale side of the market and there is occasional difficulty finding plant or brand specific whey. Producers continue to report difficulty finding "outside" whey to dry. Traders note that market activity remains quiet. Export interest has slowed as U.S. prices are not as competitive on the world market as they were a few weeks ago. Producers and buyers are negotiating next year's contracts and most producers are asking for higher premiums. Historically, during the negotiations (often late November and early December) market conditions are such that producers have not been in the strongest position. This year it appears that they (the producers) are in a much better bargaining position.

F.O.B. NORTHEAST: EXTRA GRADE .2825 - .3000

USPH GRADE A .2900 - .3100

DELVD SOUTHEAST: .3175 - .3350

## EVAPORATED MILK - NATIONAL

Prices and the market tone are generally steady. For the most part, Thanksgiving needs have been shipped. Demand has been quite brisk as retailers stock up for both Thanksgiving and the year-end holiday season. Production levels are light to moderate, but some plants may see more surplus milk offered to them during the holiday week. Plant stocks are adequate to meet most needs. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 700 for delivery January-March 2001. The award is for 5,030,640 pounds at prices ranging \$0.4350-\$0.6108 per pound.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00

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

## CASEIN - NATIONAL

Casein markets for both acid and rennet remain unchanged. As in recent weeks, stocks are adequate for current needs with deliveries occurring as scheduled. Conversations continue as to what impact the field test of government owned NDM to be converted into casein may have on domestic and imported markets. Concerns about trade issues, especially if government owned powder continues to be sold at lower prices than the current market after the test and would this be considered a subsidy to the domestic dairy industry.

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

RENNET: 2.4000 - 2.7300

ACID: 2.4500 - 2.6500

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES\*

Forecast milk production in 2001/02 is slightly lower than last month as the number of cows is reduced slightly. Forecasts for 2001/02 Class III and Class IV prices are lowered from last month because of expectations for weaker cheese and butter prices. The 2001/02 all milk price forecast is reduced to \$13.00-\$13.80 per cwt.

Item	1999/00 1/	2000/01 Projection 1/		2001/02 Projection 1/		
		October	November	October	November	
<b>BILLION POUNDS</b>						
SUPPLY						
BEGINNING COMMERCIAL STOCKS 2/	7.4	8.9	8.9	8.0	8.8	
PRODUCTION	167.4	165.2	165.3	169.0	168.9	
FARM USE	1.3	1.3	1.3	1.2	1.2	
MARKETINGS	166.1	164.0	164.0	167.7	167.7	
IMPORTS 2/	4.6	5.5	5.5	4.7	4.7	
TOTAL COMMERCIAL SUPPLY 2/	178.2	178.4	178.4	180.4	181.1	
USE						
COMMERCIAL USE 2/ 3/	168.5	170.1	169.3	172.3	172.9	
ENDING COMMERCIAL STOCKS 2/	8.9	8.0	8.8	8.0	8.0	
CCC NET REMOVALS:						
MILKFAT BASIS 4/	0.8	0.3	0.3	0.2	0.2	
SKIM SOLIDS BASIS 4/	8.5	6.3	6.3	2.5	2.6	
<b>DOLLARS PER CWT.</b>						
MILK PRICES 5/						
BASIC FORMULA/CLASS III PRICE 6/	9.99	12.29	12.29	11.85-12.65	11.25-12.05	
CLASS IV 7/	11.51	13.88	13.88	11.85-12.85	11.40-12.40	
ALL MILK 8/	12.61	14.46	14.48	13.55-14.35	13.00-13.80	
<b>MILLION POUNDS</b>						
CCC PRODUCT NET REMOVALS 4/						
BUTTER	11	0	0	5	5	
CHEESE	17	16	16	3	3	
NONFAT DRY MILK	690	525	525	210	220	
DRY WHOLE MILK	34	3	3	0	0	
		QUARTERLY 9/			ANNUAL 9/	
		2001 IV	2002 I	2002 II	2001	2002
<b>BILLION POUNDS</b>						
MILK PRODUCTION	40.9	42.3	43.9	165.5	169.9	
<b>DOLLARS PER CWT.</b>						
ALL MILK PRICE 5/ 8/	14.95-15.25	12.85-13.45	11.95-12.85	15.05-15.15	12.75-13.65	
CLASS III PRICE 5/ 6/	12.50-12.80	11.10-11.70	10.50-11.40	13.05-13.15	11.20-12.10	
CLASS IV PRICE 5/ 7/	12.10-12.40	11.35-11.95	11.15-12.05	13.70-13.80	11.55-12.45	

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-380, World Agricultural Outlook Board, USDA, November 9, 2001.

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

In June 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.95 per cwt., \$.66 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$18.36 in Florida to \$14.77 in New Mexico. In June 2000, the Federal milk order all-market average mailbox price was \$12.02, \$3.93 lower.

Reporting Area	Mailbox Milk Price <sup>2/</sup>					
	January 2001	February 2001	March 2001	April 2001	May 2001	June 2001
	<u>Dollars per hundredweight</u>					
Northeast Federal Milk Order	13.19	13.22	14.03	14.37	15.43	16.19
Appalachian States <sup>3/</sup>	14.64	14.04	14.65	15.24	15.95	16.41
Southeast States <sup>4/</sup>	14.99	14.23	14.79	15.33	16.10	16.82
Florida	16.66	15.90	16.54	17.05	17.69	18.36
Ohio	13.02	12.75	13.80	14.57	15.24	15.94
Michigan	12.85	12.64	13.61	14.23	15.12	15.71
Wisconsin	12.38	12.52	13.55	14.12	15.36	16.05
Minnesota	12.33	12.57	13.45	14.03	15.33	15.90
Illinois	12.37	12.35	13.16	13.73	15.04	16.08
Northern Missouri <sup>5/</sup>	12.25	12.15	12.99	13.48	14.61	15.65
Southern Missouri <sup>6/</sup>	13.56	12.94	13.69	14.11	15.03	15.77
Corn Belt States <sup>7/</sup>	12.19	12.26	13.13	13.72	14.80	15.62
Western Texas <sup>8/</sup>	13.12	12.76	13.70	14.17	15.00	15.70
New Mexico	12.21	12.01	12.96	13.47	14.20	14.77
Idaho	11.14	11.46	12.48	13.16	14.19	15.03
Utah	11.37	11.44	12.54	13.05	14.26	14.90
Northwest States <sup>9/</sup>	12.39	12.51	13.37	14.02	14.82	15.35
All Federal Order Areas <sup>10/</sup>	12.97	12.91	13.79	14.29	15.29	15.95
California <sup>11/</sup>	12.01	12.23	12.95	13.71	14.54	15.23

<sup>1/</sup> 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. <sup>2/</sup> 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. <sup>3/</sup> Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. <sup>4/</sup> Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. <sup>5/</sup> All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. <sup>6/</sup> The counties listed in <sup>5/</sup> and all those to the south of these. <sup>7/</sup> Includes Iowa, Kansas, and Nebraska. <sup>8/</sup> All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. <sup>9/</sup> Includes Oregon and Washington. <sup>10/</sup> Weighted average of the information for all selected reporting areas in Federal milk orders. <sup>11/</sup> Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

SEPTEMBER FLUID MILK SALES

During September, about 4.2 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.5 percent lower than September 2000. On an individual product basis, sales of low fat (1%) milk increased from September 2000, while sales of whole milk, reduced fat (2%) milk, fat-free (skim) milk and buttermilk decreased from a year earlier. The data for both years have been adjusted for calendar composition.

Editor’s Note: This data also can be found at [www.ams.usda.gov/dairy/mmos.htm](http://www.ams.usda.gov/dairy/mmos.htm).

PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, SEPTEMBER 2001, WITH COMPARISONS <sup>1/</sup>

Product Name/ Marketing Area (Order Number) <sup>2/</sup>	Sales		Change from: <sup>3/</sup>	
	Sep	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <sup>4/</sup>	1,453	13,489	-1.4	-1.4
Reduced Fat Milk (2%)	1,322	12,134	-0.2	0.4
Low Fat Milk (1%) <sup>5/</sup>	724	6,118	1.6	0.9
Fat-Free Milk (Skim)	634	5,782	-2.6	-2.4
Buttermilk	44	417	-7.0	-4.6
Total Fluid Milk Products <sup>2/</sup>	4,184	38,009	-0.5	-0.7
Northeast (001)	796	7,227	1.3	-0.1
Appalachian (005)	278	2,580	-3.5	-3.1
Southeast (007)	403	3,675	-0.9	0
Florida (006)	221	2,100	0.6	0.8
Mideast (033)	521	4,718	-2.8	-3.9
Upper Midwest (030)	362	3,233	0.9	-0.1
Central (032)	380	3,436	-1.0	0.4
Southwest (126)	342	3,083	1.6	0
Arizona-Las Vegas (131)	100	916	0.9	2.5
Western (135)	71	658	-3.8	-0.6
Pacific Northwest (124)	179	1,617	-2.1	0.3
California (---)	530	4,765	-0.5	-0.5

<sup>1/</sup> These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. <sup>2/</sup> Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include the products listed plus miscellaneous products and eggnog. <sup>3/</sup> Percent changes have been adjusted for calendar composition. <sup>4/</sup> Includes flavored whole milk. <sup>5/</sup> Includes flavored fat-reduced milk.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

**Foreign Agricultural Service  
Summaries From Recently Released Reports  
-Importing Countries-**

**VENEZUELA**

Venezuela's total dry milk production consists of 38,000 tons of whole powdered milk and 3,000 tons of nonfat dry milk. Production of both whole and nonfat dry milk is not expected to show significant changes in 2002 because current inventories are still high and consumption is expected to remain steady. Venezuela is a milk deficit country. Dry milk imports, which usually cover between 35 and 50% of total consumption, make up the shortfall. Imports of powdered milk were 67,000 MT in 2000. Dry milk imports are projected to remain the same in 2001 and are forecast to increase up to 70,000 MT in 2002. Most imports of dry milk come from New Zealand, the European Union and the United States. Numerous world suppliers compete for the Venezuelan dry milk market.

**PEOPLES REPUBLIC OF CHINA**

Powdered milk and whey imports in 2001 took 90 percent of China's total dairy imports, while the share for the first half of 2001 rose to 95 percent. Whey imports are being supported by strong growth in feed demand. Barring any increases in prices, imports of powdered milk and whey are expected to continue to grow in the next couple of years. Fluid milk imports should also grow, but probably not as quickly as imports of powdered milk due to domestic competition.

After China joins the WTO, most Chinese dairy tariff rates will drop. By 2004, the yogurt rate will drop from 50% to 10%. The rate for buttermilk, curdled milk and cream will drop from 50% to 20%. The rate for butter, dairy spreads and other fats derived from milk will drop from 50% to 30-35%. Cheeses will drop from 50% to 12-30%. Chinese traditionally have not consumed much cheese and butter. However, as income and living standards rise, and Western influences grow, these products are becoming more popular, particularly at foreign fast-food chain restaurants. Domestic butter and cheese consumption relies heavily on imports. Therefore, tariff drops in these product areas are particularly significant. Hong Kong is by far China's largest export market for both fluid and powdered milk. With domestic demand so strong, it is very likely that Chinese dairy exports will continue to be restricted to donations, and to the Hong Kong market. In 2000, as has been the case for several years, China exported a significant amount of powdered milk to Iraq as a donation. During the first half of 2001, however, these exports dropped sharply.

**MOROCCO**

Morocco will continue to import over 5,000 MT of skimmed milk powder to be used primarily by milk processing factories for making milk derivatives (such as yogurt) but also by other food processors (such as biscuit and ice cream manufacturers). Under the Morocco-EU Free Trade Agreement (effective March 2000), Morocco agreed to import up to 3,300 MT per year of European skimmed milk powder at a reduced tariff rate of 30% ad valorem compared to the normal tariff rate of 60 percent. The tariff concession is to presumably keep the traditional flow of milk powder coming from Europe into Morocco. Imports of skimmed milk powder are not subject to licensing but importers must apply for a license from the GOM to benefit from the 50% reduction in customs duty for European milk powder.

Morocco phased out the requirement to add starch (5 part per thousand) to imported skimmed milk powder which used to limit significantly the number of potential suppliers from the U.S. This starch requirement was used by the GOM to detect if the fluid milk was reconstituted because reconstitution of milk was prohibited in Morocco. In December 2000, the GOM renewed its prohibition of milk reconstitution but from pasteurized milk only. It now allowed (under license requirement) the reconstitution of milk from UHT and sterilized milk.

**THAILAND**

NDM imports in 2001 and 2002 are forecast to increase in line with an overall recovery in sales of processed fluid milk and condensed milk exports. Contrarily, WMP imports are estimated to drop both in 2001 and 2002, as the higher import duty for WMP against that of NDM has lured dairy processors to switch to using NDM. NDM imports are mainly supplied by Australia, New Zealand, and the EU countries. The U.S. has captured only a small market share in the Thai market due to its lack of price competitiveness. The U.S. has become the leading supplier of whey to Thailand since 1995. Its market share was nearly 50% in 2000.

**Foreign Agricultural Service  
Summaries From Recently Released Reports  
-Exporting Countries-**

**ARGENTINA**

Argentine milk production in 2002 is projected to fall to 9.2 million metric tons (MMT), back to roughly 1997's level. A weak domestic market plus significantly lower purchases from Brazil have put downward pressure on farmgate milk prices and thus affected total output. Argentine exports of dairy products for 2002 are projected to increase from 2001's low level because processors will export stocks built up in spring of 2001. Nonetheless, exports will be lower than the level of 1998-2000 because of reduced milk output and to the fact that Brazil is purchasing less every year. Mexico has become a very good market for Argentine dairy products. From January to August 2001 it imported 10,300 MT, 70% more than the same period last year. The main products shipped were whole dry milk, followed by nonfat dry milk, cheese and butterfat. Other markets which have grown are Chile, Algeria, Venezuela and Colombia.

**NEW ZEALAND**

Cheese production in 2001/02 is forecast to increase 5% to 295,000 MT with higher exports expected. The cheese market continues positive although the EU market reportedly has adjusted to earlier shifts due to FMD and BSE concerns. Butter production for the 2001/02 season is forecast to decrease 3% to 345,000 MT. The New Zealand Dairy Board is looking in the longer run to diversify away from its dependence on relatively weak and volatile butter markets such as in Russia and the Middle East and concentrate on producing more cheese and whole milk powders. Whole milk powder production (includes infant formula) is forecast to increase 7% in the 2001/02 year to 530,000 MT. Exports for whole milk powder are forecast to increase 7.5%. Strong foreign import demand is projected to lead to a continued shift in product powder mix to WMP in the long term. Effective October 16, 2001, the merged dairy giant Fonterra came into effect, and currently controls 95% of all milk production.

**AUSTRALIA**

Australian milk production fell three percent to 10,685 TMT in 2000/01 due to below average seasonal conditions. Milk production is forecast to rebound nearly two percent in 2001/02, reaching 11,038 TMT. Cheese production is forecast to increase three percent in 2001/02 to 361 TMT with exports down only slightly. Butter production is forecast to rise slightly in 2001/02 with exports forecast to increase eight percent. SMP production is forecast to remain flat in 2001/02 with exports forecast to fall 8%. WMP production is forecast to rise slightly in 2001/02 with exports forecast to rise 4%.

**BRAZIL**

The outlook is favorable in 2002 for increasing milk and milk products production in Brazil with higher producers prices, lower imports of powdered milk and cheese, improved dairy operations and on farm productivity, and consolidation of the milk processing industry. Although fluid milk consumption declined in 2001 because of a faltering economy, the Government of Brazil is committed to increasing the quality of fluid milk, providing domestic production incentives, and enhancing export market opportunities especially for powdered milk. Since 1999, the United States has dropped its cheese exports to Brazil by more than 80%, compared with the other two major suppliers, such as Argentina (down 22%) and Uruguay (down 14%).

**POLAND**

Traditionally, Poland has been selling NFDm to EU countries for re-export to North Africa and Middle Eastern countries. Since 1994, Poland started selling NFDm directly to North African and Asian customers. It is forecast that in 2002, high exports of NFDm will continue as a result of higher output. Polish exports of WDM in the first half of 2001 amounted to 4,882 tons. The majority of WDM was exported to the EU and Algeria. The United States accounted for 44% of Poland's cheese exports in 2000 in comparison to 16% in 1999. The Polish dairy industry continues to seek enlargement of the U.S. import quota for cheese due to its high profitability. In the first half of 2001, butter was exported to Russia, Ukraine and the EU. However, 1,712 tons of butter was also exported to the U.S. compared to zero and 16 tons for all of 1999 and 2000 respectively.

## OCTOBER MILK PRODUCTION

Milk production in the 20 major States during October totaled 11.8 billion pounds, down 0.2 percent from October 2000. September revised production, at 11.4 billion pounds, was down 0.6 percent from September 2000. The September revision represented an increase of 0.1 percent or 15 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,526 pounds for October, 15 pounds above October 2000.

The number of cows on farms in the 20 major States was 7.72 million head, 95,000 head less than October 2000, and 1,000 head less than September 2001.

## OCTOBER 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	1,620	1,680	227	235	3.5
CA	1,545	1,605	1,735	1,755	2,681	2,817	5.1
FL	156	152	1,120	1,130	175	172	-1.7
ID	356	369	1,760	1,810	627	668	6.5
IL	119	114	1,400	1,390	167	158	-5.4
IN	148	154	1,345	1,390	199	214	7.5
IA	215	206	1,490	1,480	320	305	-4.7
KY	131	126	1,040	1,030	136	130	-4.4
MI	302	300	1,580	1,560	477	468	-1.9
MN	530	505	1,435	1,400	761	707	-7.1
MO	152	141	1,180	1,085	179	153	-14.5
NM	261	273	1,690	1,750	441	478	8.4
NY	674	670	1,430	1,460	964	978	1.5
OH	264	256	1,360	1,375	359	352	-1.9
PA	618	596	1,470	1,500	908	894	-1.5
TX	345	317	1,275	1,235	440	391	-11.1
VT	158	152	1,445	1,445	228	220	-3.5
VA	119	118	1,285	1,290	153	152	-0.7
WA	248	247	1,860	1,865	461	461	---
WI	1,336	1,281	1,430	1,430	1,910	1,832	-4.1
20 STATE TOTAL	7,817	7,722	1,511	1,526	11,813	11,785	-0.2

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

2/ Excludes milk sucked by calves.

**SOURCE:** "Milk Production," Da 1-1 (11-01), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

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

	FOR THE WEEK OF NOVEMBER 12 - 16, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 11/09/01	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-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	233,938	-0-	-0-
Process	-0-	-0-	-0-	-0-	950,400	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	1,184,338	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	4,947,798	-0-	4,947,798	17,677,652	52,947,922	611,739,000	-0-
Fortified	-0-	-0-	-0-	-0-	8,466,553	38,227,000	-0-
<b>TOTAL</b>	4,947,798	-0-	4,947,798	17,677,652	61,414,475	649,966,000	-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 NOVEMBER 12 - 16, 2001 =	1.1	57.6	COMPARABLE WEEK IN 2000 =	5.8	98.2
CUMULATIVE SINCE OCTOBER 1, 2001 =	3.9	205.8	CUMULATIVE SAME PERIOD LAST YEAR =	24.4	726.6
CUMULATIVE JANUARY 1 - NOVEMBER 16, 2001 =	77.3	3,476.0	COMPARABLE CALENDAR YEAR 2000 =	185.1	5,905.6

\* 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 NOVEMBER 12 - 16, 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-	4,947,798	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	950,400	-0-	1,299,802	-0-	37.1
WEST	-0-	-0-	-0-	233,938	17,677,652	60,114,673	100.0	62.9
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	1,184,338	17,677,652	61,414,475	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 10/27/01 & 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	0.7	6.3	5.3	21.1	2.2	0.7	0.9	12.7	2.4	52.5	2,118.5	41.8	45.8
2000-Dairy	0.2	0.9	6.2	5.3	21.8	2.4	1.5	0.7	12.1	2.8	54.1	2,143.5	45.8	48.5
2001-All cows	0.2	1.0	8.7	14.9	32.1	18.9	18.5	5.6	17.2	8.7	125.7	4,625.6		
2000-All cows	0.2	1.1	8.5	15.8	30.2	16.8	17.5	5.3	14.8	8.0	118.2	4,412.6		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44	14.21	14.99	15.34	15.40	15.56	15.93	15.76	
II	12.82	13.43	14.17	15.10	15.72	16.05	15.96	15.98	16.24	13.53		
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60		
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81	15.06	15.59	12.77		

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)