

# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



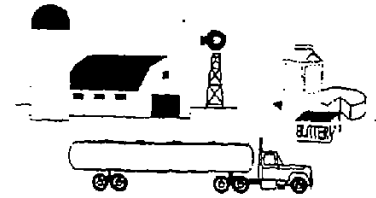
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Data for December 1999

Issued January 2000

## Summary of Four Orders - December 1999

Producer milk during December 1999 totaled 591.1 million pounds, 6.55 % above a year ago. Producer weighted average fat test, 3.65%; 0.04% below last month and 0.09% below a year ago. Producer milk classified in Class I totaled 214.2 million pounds, 10.48% below a year ago.

## Market Highlights December 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	259,110,277	9,154,589	—	138,245,116	184,617,592
	2,773,304,095	108,046,515	---	1,419,708,738	1,859,650,515
Change - Prior Year to Date	8.95%	-2.83%	---	-7.02%	-8.34%
- Same Month Last Year	13.77%	-3.70%	---	3.31%	0.48%
<b>Class I Producer Milk</b>					
Year to Date	69,126,418	1/ 74,330,863	1/ 74,330,863	1/ 70,725,079	1/ 70,725,079
	976,148,634	1/ 853,307,711	1/ 853,307,711	1/ 870,762,555	1/ 870,762,555
Change - Prior Year to Date	-2.34%	1/ 2.28%	1/ 2.28%	1/ -2.92%	1/ -2.92%
- Same Month Last Year	-18.19%	1/ -0.22%	1/ -0.22%	1/ -11.88%	1/ -11.88%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	14,123,044	1/ 6,967,939	1/ 6,967,939	1/ 7,980,138	1/ 7,980,138
	15,933,514	1/ 4,204,368	1/ 4,204,368	1/ 10,829,950	1/ 10,829,950
<b>Percent Utilization of Producer Milk</b>					
Class I	26.68%	1/ 50.43%	1/ 50.43%	1/ 38.31%	1/ 38.31%
Class II	2.73%	1/ 13.24%	1/ 13.24%	1/ 10.91%	1/ 10.91%
Class III	70.59%	1/ 36.33%	1/ 36.33%	1/ 50.78%	1/ 50.78%

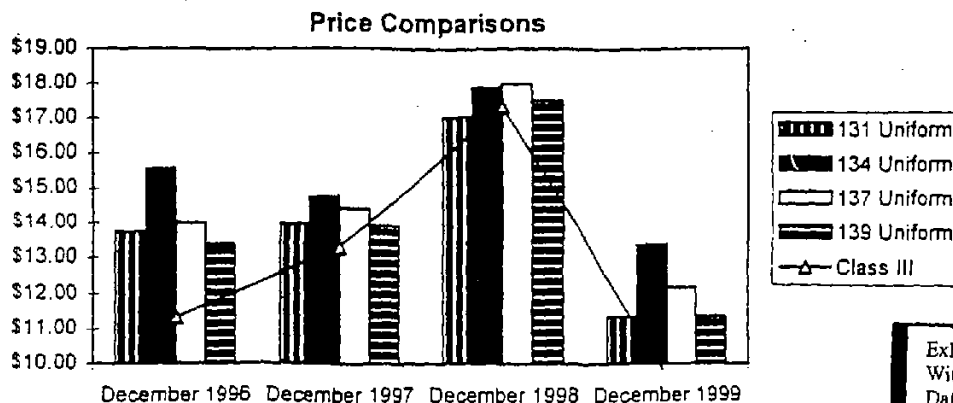


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 Wit: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Cropper & Assoc., Ltd.  
 E. Cropper # 50491

1/ Order 134 Administratively Confidential Data - Combined with Order 137.

**Producer Prices**

Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$11.34	\$13.37	\$12.16	\$11.34
Butterfat Differential (.1%)	\$0.086	\$0.086	\$0.086	\$0.086
Skim Price per cwt.	\$8.330	\$10.360	\$9.150	---
Fat Price per cwt.	\$94.330	\$96.360	\$95.150	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$1.71
139 Producer Protein Price Per Pound	---	---	---	\$1.94
139 Producer Butterfat Price Per Pound	---	---	---	\$0.93

**Handler Prices**

		<u>Class Prices per cwt at 3.5% Fat</u>					
<b>139 Component Prices</b>	<b>Fat per Pound</b>	Class I	\$14.01	\$13.49	\$14.22	\$13.39	
	\$0.93	Class II	\$11.79	\$11.79	\$11.79	\$11.79	
		Class III	\$9.63	\$9.63	\$9.63	\$9.63	
		Class III-A	\$10.66	---	---	---	
		<u>Skim and Fat Values per cwt</u>					
<b>Protein per Pound</b>	\$1.94	Class I	Skim	\$11.000	\$10.480	\$11.210	---
			Fat	\$97.000	\$96.480	\$97.210	---
<b>Skim Milk per cwt</b>	\$6.62	Class II	Skim	\$8.780	\$8.780	\$8.780	---
			Fat	\$94.780	\$94.780	\$94.780	---
		Class III	Skim	\$6.620	\$6.620	\$6.620	---
			Fat	\$92.620	\$92.620	\$92.620	---
		Class III-A	Skim	\$7.650	---	---	---
			Fat	\$93.650	---	---	---

**Prices Common to All Federal Orders**

	December 1999	November 1999	December 1998
Basic Formula Price at 3.5% Fat	\$9.63	\$9.79	\$17.34
Butterfat Differential per .1% Fat	\$0.086	\$0.107	\$0.132
Protein Test	3.29%	3.33%	3.30%
Change in Gross Values from Preceding Month	-\$0.85	-\$2.20	\$0.28
Base Month Price at Test	\$10.97	\$12.47	\$17.91
Base Month Price at 3.5% Fat	\$10.48	\$11.99	\$17.06
Equivalent Grade A Butter Price 1/	\$0.8263	\$0.9825	\$1.3231
Central States Nonfat Dry Milk Price	\$1.0168	\$1.0343	\$1.1490
Western States Nonfat Dry Milk Price for Class III-A	\$1.0132	\$1.0210	\$1.1106
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.1319	\$1.2143	\$1.8707

<b>Regional Milk Production Costs, December 1999 2/</b>					
Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.64	\$19.01	Corn Belt	\$13.81	\$20.29
Southeast	\$14.22	\$18.79	Southern Plains	\$12.11	\$16.10
Upper Midwest	\$12.74	\$17.84	Pacific	\$9.81	\$11.99

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-194-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**—New York, Pennsylvania, and Vermont; **Southeast**—Florida and Georgia; **Upper Midwest**—Michigan, Minnesota, and Wisconsin; **Corn Belt**—Iowa, Missouri, and Ohio; **Southern Plains**—Texas; **Pacific**—Arizona, California, and Washington.

## December 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Data</b>					
Number of Producers	146	19	---	198	509
Daily Average	57,249	15,543	---	22,523	11,700
Average Fat Percent	3.56%	3.76%	---	3.66%	3.75%
Change From Last Month	-0.14%	0.06%	---	0.02%	0.04%
Change From Last Year	-0.14%	0.00%	---	-0.09%	-0.03%
Average Protein Percent	---	---	---	---	3.30%
Change From Last Month	---	---	---	---	-0.03%
Change From Last Year	---	---	---	---	-0.01%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.43%
Pool Distribut. Plants Shrinkage					
Skim	2.48%	1/	1.69%	1/	1.56%
Butterfat	4.97%	1/	2.42%	1/	1.57%
<b>Producer-Handler Data</b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	4,931,301	2,461,449
Daily Average	R	0	---	31,815	11,343
Class I Route Disp. as a % of Production	R	0.0%	---	49.4%	73.7%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>December 1999</u>	<u>December 1998</u>	<u>December 1997</u>
Total Producer Milk Receipts	591,127,574	554,792,979	562,393,875
Daily Average	19,068,631	17,896,548	18,141,738
Current Month % Change From Year Ago	6.55%	-1.35%	-0.02%
Total Producer Milk in Class I	214,182,360	239,252,052	232,292,089
Daily Average	6,909,108	7,717,808	7,493,293
Current Month % Change From Year Ago	-10.48%	3.00%	3.75%
Total Producer-Handlers	13	13	14
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.65%	-----	-----
Change From Last Month	-0.04%	-----	-----
Change From Last Year	-0.09%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.  
R Restricted Information

Classification of Producer Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	19,752,236	21,459,832	12,333,271
Low Fat 2%	36,248,055	26,970,912	26,786,126
Low Fat 1%	9,640,525	11,171,358	13,775,475
Skim Milk	12,610,813	11,278,544	8,403,890
Buttermilk	728,102	725,938	582,956
Flavored Milk/Drink	3,671,634	4,024,433	4,676,619
Nonpool Plants	3/	363,668	4,265,979
Ending Inventory	6,641,911	5,460,866	5,426,851
Shrinkage	1,098,018	181,357	159,970
<b>1/ Total Class I Milk</b>	<b>90,391,294</b>	<b>81,636,908</b>	<b>76,411,137</b>
<b>2/ Less: Other Receipts</b>	<b>21,264,876</b>	<b>7,306,045</b>	<b>5,686,058</b>
<b>1/ Producer Milk Class I</b>	<b>69,126,418</b>	<b>74,330,863</b>	<b>70,725,079</b>
<b>Percent Fat in Class I</b>	<b>2.23%</b>	<b>1.99%</b>	<b>1.84%</b>
<b>Class II Milk</b>			
Half and Half	2,907,440	3,344,330	593,831
Light/Heavy Cream	690,266	1,626,571	843,738
Sour Cream	4/	1,394,534	1,174,798
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	7,159,116	15,261,773	11,072,423
Nonpool Plants	5,486,012	3,696,624	8,440,458
Ending Inventory	140,401	734,123	134,561
<b>1/ Total Class II Milk</b>	<b>16,383,235</b>	<b>26,057,955</b>	<b>22,259,809</b>
<b>2/ Less: Other Receipts</b>	<b>9,315,918</b>	<b>6,543,753</b>	<b>2,112,231</b>
<b>1/ Producer Milk Class II</b>	<b>7,067,317</b>	<b>19,514,202</b>	<b>20,147,578</b>
<b>Percent Fat in Class II</b>	<b>7.84%</b>	<b>7.31%</b>	<b>6.91%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	251,563	154,995	281,405
Other Class III Uses	181,839,584	570,615	43,885,832
Nonpool Plants	5/	52,688,906	56,055,744
Ending Inventory	10,185,674	2,030,659	3,338,077
Shrinkage	1,307,437	1,441,579	1,234,278
<b>1/ Total Class III Milk</b>	<b>193,584,258</b>	<b>56,886,754</b>	<b>104,795,336</b>
<b>1/ Less: Other Receipts</b>	<b>10,667,716</b>	<b>3,332,114</b>	<b>11,050,401</b>
<b>1/ Producer Milk Class III</b>	<b>182,916,542</b>	<b>53,554,640</b>	<b>93,744,935</b>
<b>Percent Fat in Class III</b>	<b>3.91%</b>	<b>4.66%</b>	<b>4.51%</b>
<b>1/ Total Producer Milk</b>	<b>259,110,277</b>	<b>147,399,705</b>	<b>184,617,592</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)**  
**December 1999 Delivery Period (21 Fluid Processing Plants Pooled--Operated by 15 Handlers)**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Anderson-Erickson Dairy Co.	Des Moines	IA			3	
Brigham Young University	Provo	UT				4
Brown Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy)	City of Industry	5		5	5
	(Cream o' Weber Dairy, Inc.)	Salt Lake City				6
Dillon Dairy Co.	Denver	CO			8	
Driftwood Dairy	El Monte	CA	5			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralpna Grocery Co.)	Compton	5			4
	(Smith's Food & Drug Ctrs, Inc.)	Layton				6
		Tolleson	6			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gosner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		8		
Graves Dairy	Bellvue	CO			2	
Hain & Ellen Hattinga Dairy	Yuma	AZ	2			
Heritage Foods, LLC	Santa Ana	CA	5			
Ideal Dairy, Inc.	Richfield	UT				2
Johnny's Dairy	Riverdale	UT				2
KDK, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID			1	1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Midwest Mix Company	Sulphur Springs	TX	5			
Mine Creamery	Amarillo	TX			3	
Mil Fresh, Inc.	Visalia	CA				5
Morgan's Dairy, Inc.	Idaho Falls	ID				2
Morris Foods, Inc.	Omaha	NE			3	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jerseymaid)	City of Commerce				5
		Denver		3	6	
		Tempe	6			
Santee Dairies, Inc.	City of Industry	CA				4
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Boise				3
		Delta		6		3
		Englewood			6	
		Greeley		3	6	
		Lincoln			3	
		Pocatello				6
		Salt Lake City				6
Sulza Foods Corp.	(Morningstar Foods, Inc.)	Gustine	5		5	5
	(Swiss Dairy)	Riverside				5
	(Robinson Dairy, Inc.)	Denver			6	
	(Model Dairy, Inc.)	Reno	5			5
	(Morningstar Foods, Inc.)	Sulphur Springs		5		
United Dairymen of Arizona		Tempe	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	2	2
2	Producer Handler Plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	2	2	6	5
4	Exempt Distributing Plant	0	0	0	6
5	Partially Regulated Plant	11	1	5	10
6	Pool Plant	4	2	9	9

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,  
OCTOBER 1999, WITH COMPARISONS**

In October 1999, mailbox milk prices reported for selected Federal milk orders averaged \$14.70 per cwt., \$.69 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.20, down \$.06; Southeast, \$17.12, up \$1.01; Midwest, \$14.30, down \$1.28 and West, \$13.92 down \$.85. Compared to October 1998, mailbox milk prices decreased \$2.49 per cwt. on the average. Regional changes from the previous year were: -\$1.68 in the Northeast, -\$3.55 in the Southeast, -\$3.21 in the Midwest, and -\$2.68 in the West.

Federal milk order 1/	Mailbox Milk Price 2/		
	October 1998	September 1999	October 1999
	<u>Dollars per hundredweight</u>		
New England	16.66	14.96	15.06
New York-New Jersey	16.90	15.55	15.11
Middle Atlantic	17.12	14.97	15.57
Northeast Average 3/	16.88	15.26	15.20
Carolina	17.78	15.98	17.17
Southeast	16.98	15.38	16.15
Florida 4/	18.99	17.94	19.29
Southeast Average 3/	17.67	16.11	17.12
Southern Michigan	16.88	15.21	15.64
Eastern Ohio-Western Pa.	17.33	15.49	15.55
Ohio Valley	17.25	15.33	15.96
Indiana	17.06	15.17	16.29
Chicago Regional 5/	17.79	16.59	13.58
S. Illinois-E. Missouri	16.19	15.05	16.35
Louis.-Lex.-Evans.	16.91	15.47	16.93
Upper Midwest 5/	17.79	15.99	13.52
Nebraska-Western Iowa	16.84	15.30	13.82
Iowa	17.52	15.90	13.93
Midwest Average 3/	17.51	15.58	14.30
Texas	16.83	15.46	15.21
Southwest Plains	16.26	15.03	14.62
Eastern Colorado	16.65	15.17	15.09
S.W. Idaho-E. Oregon	16.43	14.61	11.80
Great Basin	16.04	14.64	14.06
New Mexico-West Texas	15.98	14.70	13.87
Pacific Northwest	16.97	14.13	13.64
West Average 3/	16.60	14.77	13.92
All-Market Average 3/	17.19	15.39	14.70

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

## GLICKMAN ANNOUNCES \$125 MILLION IN AID TO DAIRY FARMERS

WASHINGTON, January 19, 2000--Agriculture Secretary Dan Glickman today announced that USDA is providing \$125 million in direct cash payments to assist dairy farmers who have been hurt by low prices. An additional \$200 million in aid was distributed last summer.

"Dairy farmers are being squeezed by market conditions that don't allow them a fair price for their product," said Glickman. "This assistance is sorely needed to help keep many small- and medium-size dairy producers in business until prices stabilize."

To distribute limited resources equitably among all dairy producers, the Dairy Market Loss Assistance program provides payments based on an operation's milk production in 1997 or 1998, up to the first 26,000 hundredweight of production. All dairy farmers who produced milk during the last quarter of calendar year 1998 are eligible for the program.

Eligible dairy farmers who did not participate in the program last summer must sign up at their local Farm Service Agency offices or USDA Service Centers from January 24 to February 28, 2000. Farmers who participating in last summer's program will automatically receive payments and do not need to reapply for assistance. The dollar amount of payments will be calculated after sign-up is complete.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--AUGUST-OCTOBER AND YEAR-TO-DATE 1998-99 <sup>1/</sup>

Item	Aug.-Oct. 1998	Percent change <sup>2/</sup>	Aug.-Oct. 1999	Percent change <sup>2/</sup>	Jan.-Oct. 1998	Percent change <sup>2/</sup>	Jan.-Oct. 1999	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK <sup>3/</sup></b>								
Production	38,313	0.5	39,752	3.8	131,465	0.5	135,701	3.2
Marketings	37,970	0.5	39,424	3.8	130,331	0.5	134,618	3.3
Beginning Commercial Stocks	6,565	-10.7	9,432	43.9	4,889	3.9	5,274	7.9
Imports	1,523	111.2	1,384	-9.1	3,799	82.7	3,946	3.9
Total Supply	46,058	0.4	50,240	9.1	139,019	1.9	143,838	3.5
Ending Commercial Stocks	5,433	4.4	6,991	28.7	5,433	4.4	6,991	28.7
Net Removals	43	-85.9	80	86.0	331	-58.7	251	-24.2
Commercial Disappearance	40,582	0.6	43,169	6.4	133,255	2.2	136,596	2.4
<b>SELECTED PRODUCTS <sup>4/</sup></b>								
Butter	271.7	-2.7	305.8	12.6	929.5	1.2	952.5	2.5
American Cheese	841.0	0.2	980.3	16.6	2,784.8	1.9	2,988.9	7.3
Other Cheese	1,140.1	-1.7	1,225.9	7.5	3,628.4	1.2	3,803.6	4.8
Nonfat Dry Milk	221.3	16.1	235.6	6.5	723.4	-5.6	686.9	-5.0
Fluid Milk Products <sup>5/</sup>	14,108.6	-0.5	14,064.6	-0.3	45,939.5	-0.5	46,199.3	0.6

<sup>1/</sup> 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 <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Commercial disappearance in product pounds. <sup>5/</sup> 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. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

## DECEMBER MILK PRODUCTION UP 3.8 PERCENT

Milk production in the 20 major states during December totaled 11.9 billion pounds, 3.8 percent above production in these same states in December 1998. November revised production, at 11.3 billion pounds, was up 4.5 percent from November 1998. The November revision represented an increase of 0.1 percent or 11 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major states averaged 1,536 pounds for December 1999, 47 pounds above December 1998. The number of cows on farms in the 20 major states was 7.76 million head, 52,000 head above December 1998 and 2,000 head above November 1999.

The July-September quarterly production of milk for the U.S. was 40.4 billion pounds, up 3.8 percent from the October-December period in 1998. The average number of milk cows in the U.S. during October-December quarter was 9.18 million head, 41,000 head more than the same period last year.

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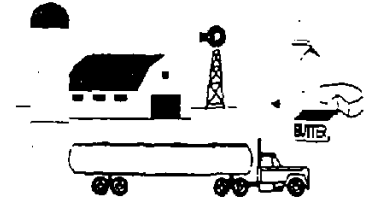


# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



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Data for November 1999

Issued December 1999

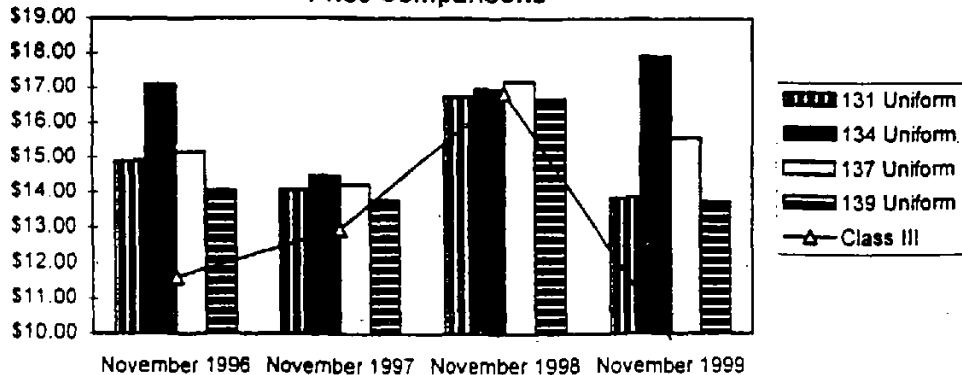
## Summary of Four Orders - November 1999

Producer milk during November 1999 totaled 504 million pounds, 5.12 % above a year ago. Producer weighted average fat test, 3.69%; 0.06% above last month and 0.02% below a year ago. Producer milk classified in Class I totaled 215 million pounds, 5.61% below a year ago.

## Market Highlights November 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	225,309,004 2,514,193,818	8,890,729 98,891,926	— ---	131,275,365 1,281,463,622	138,566,452 1,675,032,923
Change - Prior Year to Date	8.48%	-2.75%	—	-8.01%	-9.22%
- Same Month Last Year	5.86%	-2.90%	—	6.05%	3.61%
<b>Class I Producer Milk</b>					
Year to Date	82,871,292 907,022,216	1/ 1/	74,914,642 778,976,848	1/ 1/	57,230,686 800,037,476
Change - Prior Year to Date	-0.87%	1/	2.52%	1/	-2.04%
- Same Month Last Year	-1.25%	1/	7.80%	1/	-23.06%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	13,950,327 3,548,475	1/ 1/	7,373,214 4,359,732	1/ 1/	5,942,323 18,928,475
<b>Percent Utilization of Producer Milk</b>					
Class I	36.79%	1/	53.45%	1/	41.30%
Class II	4.83%	1/	13.43%	1/	5.06%
Class III	58.38%	1/	33.12%	1/	53.64%

## Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

**November 1999 Delivery Period**

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$13.85	\$17.91	\$15.55	\$13.72
Butterfat Differential (.1%)	\$0.107	\$0.107	\$0.107	\$0.107
Skim Price per cwt.	\$10.105	\$14.165	\$11.805	---
Fat Price per cwt.	\$117.105	\$121.165	\$118.805	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$3.93
139 Producer Protein Price Per Pound	---	---	---	\$1.75
139 Producer Butterfat Price Per Pound	---	---	---	\$1.13

**Handler Prices**

<b>139 Component Prices</b>	
Fat per Pound	\$1.13
Protein per Pound	\$1.75
Skim Milk per cwt	\$6.05

**Class Prices per cwt at 3.5% Fat**

	Central AZ	Western CO	Eastern CO	Great Basin
Class I	\$18.78	\$18.26	\$18.99	\$18.16
Class II	\$16.56	\$16.56	\$16.56	\$16.56
Class III	\$9.79	\$9.79	\$9.79	\$9.79
Class III-A	\$11.46	---	---	---

**Skim and Fat Values per cwt**

Class		Central AZ	Western CO	Eastern CO	Great Basin
Class I	Skim	\$15.035	\$14.515	\$15.245	---
	Fat	\$122.035	\$121.515	\$122.245	---
Class II	Skim	\$12.815	\$12.815	\$12.815	---
	Fat	\$119.815	\$119.815	\$119.815	---
Class III	Skim	\$6.045	\$6.045	\$6.045	---
	Fat	\$113.045	\$113.045	\$113.045	---
Class III-A	Skim	\$7.715	---	---	---
	Fat	\$114.715	---	---	---

**Prices Common to All Federal Orders**

	November 1999	October 1999	November 1998
Basic Formula Price at 3.5% Fat	\$9.79	\$11.49	\$16.84
Butterfat Differential per .1% Fat	\$0.107	\$0.110	\$0.178
Protein Test	3.33%	3.36%	3.30%
Change in Gross Values from Preceding Month	-\$2.20	-\$3.60	\$0.58
Base Month Price at Test	\$12.47	\$15.43	\$17.41
Base Month Price at 3.5% Fat	\$11.99	\$15.09	\$16.26
Equivalent Grade A Butter Price 1/	\$0.9825	\$1.0348	\$1.6547
Central States Nonfat Dry Milk Price	\$1.0343	\$1.0451	\$1.1250
Western States Nonfat Dry Milk Price for Class III-A	\$1.0210	\$1.0268	\$1.1168
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.2143	\$1.4388	\$1.8317

**Regional Milk Production Costs, November 1999 2/**

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.45	\$18.81	Corn Belt	\$13.67	\$20.14
Southeast	\$14.07	\$18.63	Southern Plains	\$11.99	\$15.97
Upper Midwest	\$12.62	\$17.71	Pacific	\$9.73	\$11.91

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-694-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## November 1999 Delivery Period

	Central AZ <u>Order 131</u>	Western CO <u>Order 134</u>	134 & 137 <u>Combined</u>	Eastern CO <u>Order 137</u>	Great Basin <u>Order 139</u>
<b>Producer Data</b>					
Number of Producers	101	19	—	201	493
Daily Average	74,359	15,598	—	21,770	9,369
Average Fat Percent	3.70%	3.70%	—	3.64%	3.71%
Change From Last Month	0.09%	0.15%	—	0.01%	0.06%
Change From Last Year	0.03%	-0.02%	—	-0.09%	-0.04%
Average Protein Percent	—	—	—	—	3.33%
Change From Last Month	—	—	—	—	0.03%
Change From Last Year	—	—	—	—	0.03%
Avg. Prot. %, Class II & III Producer Sk. Milk	—	—	—	—	3.46%
Pool Distribut. Plants Shrinkage					
Skim	1.35%	1/	2.09%	1/	1.20%
Butterfat	3.06%	1/	2.18%	1/	0.85%
<b>Producer-Handler Data</b>					
Number of Producer-Handlers	1	0	—	5	7
Production	R	0	—	4,638,502	2,272,604
Daily Average	R	0	—	30,923	10,822
Class I Route Disp. as a % of Production	R	0.0%	—	49.5%	78.1%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>November 1999</u>	<u>November 1998</u>	<u>November 1997</u>
Total Producer Milk Receipts	504,041,550	479,512,420	523,303,115
Daily Average	16,801,385	15,983,747	17,443,437
Current Month % Change From Year Ago	5.12%	-8.37%	-2.75%
Total Producer Milk in Class I	215,016,620	227,797,042	217,591,095
Daily Average	7,167,221	7,593,235	7,253,037
Current Month % Change From Year Ago	-5.61%	4.69%	-4.88%
Total Producer-Handlers	13	13	14
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.69%	—	—
Change From Last Month	0.06%	—	—
Change From Last Year	-0.02%	—	—

1/ Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

## November 1999 Utilization and Classification of Pool Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	21,097,921	20,628,071	9,278,918
Low Fat 2%	34,189,573	25,610,371	21,329,675
Low Fat 1%	8,919,131	11,163,907	11,228,069
Skim Milk	11,675,720	11,012,520	6,042,788
Buttermilk	729,515	707,557	523,602
Flavored Milk/Drink	5,049,619	4,246,497	5,080,221
Nonpool Plants	3/	381,747	4,013,907
Ending Inventory	7,383,470	6,272,942	4,842,454
Shrinkage	33,503	494,217	48,943
<b>1/ Total Class I Milk</b>	<b>89,078,452</b>	<b>80,517,829</b>	<b>62,388,577</b>
<b>2/ Less: Other Receipts</b>	<b>6,207,160</b>	<b>5,603,187</b>	<b>5,157,891</b>
<b>1/ Producer Milk Class I</b>	<b>82,871,292</b>	<b>74,914,642</b>	<b>57,230,686</b>
<b>Percent Fat in Class I</b>	<b>1.93%</b>	<b>1.93%</b>	<b>1.79%</b>
<b>Class II Milk</b>			
Half and Half	3,193,487	3,964,053	482,812
Light/Heavy Cream	777,517	2,206,723	910,352
Sour Cream	4/	1,390,378	534,753
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	7,079,764	16,407,085	1,881,433
Nonpool Plants	1,714,937	2,834,796	5,014,772
Ending Inventory	149,737	862,724	127,874
<b>1/ Total Class II Milk</b>	<b>12,915,442</b>	<b>27,665,759</b>	<b>8,951,996</b>
<b>2/ Less: Other Receipts</b>	<b>2,022,141</b>	<b>8,845,052</b>	<b>1,943,485</b>
<b>1/ Producer Milk Class II</b>	<b>10,893,301</b>	<b>18,820,707</b>	<b>7,008,511</b>
<b>Percent Fat in Class II</b>	<b>12.08%</b>	<b>8.43%</b>	<b>15.84%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	253,349	169,983	274,553
Other Class III Uses	133,266,743	562,285	36,565,576
Nonpool Plants	5/	45,414,407	39,719,995
Ending Inventory	7,694,972	3,581,162	4,775,164
Shrinkage	1,292,231	1,500,725	711,781
<b>1/ Total Class III Milk</b>	<b>142,507,295</b>	<b>51,228,562</b>	<b>82,047,069</b>
<b>2/ Less: Other Receipts</b>	<b>10,962,884</b>	<b>4,797,817</b>	<b>7,719,814</b>
<b>1/ Producer Milk Class III</b>	<b>131,544,411</b>	<b>46,430,745</b>	<b>74,327,255</b>
<b>Percent Fat in Class III</b>	<b>4.12%</b>	<b>4.47%</b>	<b>4.04%</b>
<b>1/ Total Producer Milk</b>	<b>225,309,004</b>	<b>140,166,094</b>	<b>138,566,452</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**COOPERATIVE ASSOCIATIONS and HANDLERS (Orders 131, 134, 137, and 139)**  
**November 1999 Delivery Period (22 Fluid Processing Plants Pooled—Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code In Applicable Orders			
			131	134	137	139
Anderson-Erickson Dairy Co.	Des Moines	IA			3	
Bingham Young University	Provo	UT				4
Brown Dairy, Inc.	Hoytsville	UT				2
Calciague, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				8
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy)	City of Industry	5		5	5
	(Cream o' Weber Dairy, Inc.)	Salt Lake City				6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Ethington Dairy	Gilbert	AZ	6			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralpsh Grocery Co.)	Compton	6			4
	(Smith's Food & Drug Ctrs, Inc.)	Layton				5
	Tolleson	AZ	6			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellevue	CO			2	
Hein & Ellen Holdings Dairy	Tuma	AZ	2			
Heritage Foods, LLC	Santa Ana	CA	5			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID			1	1
Max Wilkinson Rosehill Dairy	Borgan	UT				2
West Mix Company	Sulphur Springs	TX	5			
Milk Creamery	Amarillo	TX			3	
Natural Fresh, Inc.	Visalia	CA				5
Reed's Dairy, Inc.	Idaho Falls	ID				2
Roberts Foods, Inc.	Omaha	NE			3	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Burrury	KY				3
Safeway Stores, Inc.	(Von's/Jerseysmaid)	City of Commerce				5
	Denver	CO		3	6	
	Tampa	AZ	6			
Santee Dairies, Inc.	City of Industry	CA				4
Shanrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Bl. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Boise				3
		Delta		6		3
		Englewood			6	
		Greeley		3	6	
		Lincoln			3	
		Pocatello				6
		Salt Lake City				6
Sulza Foods Corp.	(Morningstar Foods, Inc.)	Gustine	5		5	5
	(Swiss Dairy)	Riverside				5
	(Robinson Dairy, Inc.)	Denver			6	
	(Model Dairy, Inc.)	Reno	6			5
	(Morningstar Foods, Inc.)	Sulphur Springs	5			
United Dairyman of Arizona		Tampa	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	2	2
2	Producer Handler Plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	2	2	6	5
4	Exempt Distributing Plant	0	0	0	6
5	Partially Regulated Plant	12	0	5	11
6	Pool Plant	6	2	9	8

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,  
SEPTEMBER 1999, WITH COMPARISONS**

In September 1999, mailbox milk prices reported for selected Federal milk orders averaged \$15.39 per cwt., \$1.53 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.26, up \$1.41; Southeast, \$16.11, up \$1.92; Midwest, \$15.58, up \$1.61 and West, \$14.77 up \$1.30. Compared to September 1998, mailbox milk prices decreased \$.93 per cwt. on the average. Regional changes from the previous year were: -\$.85 in the Northeast, -\$1.41 in the Southeast, -\$3.75 in the Midwest, and -\$1.15 in the West.

Federal milk order <sup>1/</sup>	Mailbox Milk Price <sup>2/</sup>		
	September 1998	August 1999	September 1999
	<u>Dollars per hundredweight</u>		
New England	16.02	13.92	14.96
New York-New Jersey	16.03	14.07	15.55
Middle Atlantic	16.43	13.19	14.97
Northeast Average <sup>3/</sup>	16.11	13.85	15.26
Carolina	17.49	14.06	15.98
Southeast	16.60	13.35	15.38
Florida <sup>4/</sup>	19.55	16.22	17.94
Southeast Average <sup>3/</sup>	17.52	14.19	16.11
Southern Michigan	15.95	13.46	15.21
Eastern Ohio-Western Pa.	16.35	13.52	15.49
Ohio Valley	16.43	12.81	15.33
Indiana	16.72	12.88	15.17
Chicago Regional <sup>5/</sup>	16.38	16.06	16.59
S. Illinois-E. Missouri	15.90	12.78	15.05
Louis.-Lex.-Evans.	16.41	13.21	15.47
Upper Midwest <sup>5/</sup>	16.44	16.16	15.99
Nebraska-Western Iowa	15.87	14.60	15.30
Iowa	16.12	15.06	15.90
Midwest Average <sup>3/</sup>	16.33	13.97	15.58
Texas	16.22	14.02	15.46
Southwest Plains	15.25	13.24	15.03
Eastern Colorado	15.77	13.12	15.17
S.W. Idaho-E. Oregon	15.09	14.72	14.61
Great Basin	15.15	13.43	14.64
New Mexico-West Texas	15.12	13.21	14.70
Pacific Northwest	16.70	13.19	14.13
West Average <sup>3/</sup>	15.92	13.47	14.77
All-Market Average <sup>3/</sup>	16.32	13.86	15.39

<sup>1/</sup> Federal milk orders for which information could be released. <sup>2/</sup> Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. <sup>3/</sup> Weighted average of the information for the orders listed in the region or for all selected orders combined. <sup>4/</sup> Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. <sup>5/</sup> May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

## FEDERAL MILK ORDER REFORMS TO BE IMPLEMENTED JAN. 1, 2000

WASHINGTON, Dec. 14, 1999 — In response to President Clinton's signing of the Consolidated Appropriations Act 2000, the current 31 federal milk marketing orders will be consolidated into 11 orders and several other important reforms, including the minimum pricing of Class I (drinking) milk, will be implemented Jan. 1, 2000.

The act requires that the federal order reform final rule be implemented as published in the Federal Register on Sept. 1, 1999, with changes made to the Class I price structure. The act mandates that Class I milk be priced utilizing the Option 1 A-Location Specific Class I Differentials contained in the proposed rule published Jan. 30, 1998, as corrected and modified through April 2, 1999. Implementation of the final rule had been delayed because of a temporary restraining order issued by the U.S. District Court for the District of Vermont.

In addition, the legislation requires USDA to conduct a hearing to reconsider the Class III and Class IV milk prices, with the resulting pricing formulas being implemented by Jan. 1, 2001. It also requires that USDA establish a dairy forward pricing pilot program within 90 days of enactment of the legislation. More information on the implementation of these mandates will be available in the future.

The milk marketing order program ensures the fair marketing and pricing of milk. Milk marketing orders classify milk by use, set minimum prices that handlers must pay for each class of milk, and provide for paying average prices to all dairy farmers who supply a marketing order. In the 1996 Farm Bill, Congress mandated that USDA reform the program.

The Federal Milk Marketing Order reform process lasted more than three years and involved the dairy industry, the general public, and academia. The process included detailed regulatory impact, small business, and civil rights analyses and extensive efforts to collect public views. USDA received more than 8,000 comments during the process.

The final rule implementing the reforms will appear in the Dec. 17 Federal Register. For copies of the rule and additional information, contact John F. Borovics, Order Formulation Branch, Dairy Programs, AMS, USDA, Room 2969-S, 1400 Independence Avenue, S.W., Washington, D.C. 20250-6456; telephone (202) 720-6274 or any current market administrator office.

The rule and additional background information can be accessed on the web at [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

### AMS NEWS RELEASE No. 316-99

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## NOVEMBER MILK PRODUCTION UP 4.4 PERCENT

Milk production in the 20 major states during November totaled 11.3 billion pounds, 4.4 percent above production in these same states in November 1998. October revised production, at 11.6 billion pounds, was 4.0 percent above October 1998. The October revision represented a decrease of 0.3 percent or 29 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major states averaged 1,458 pounds for November 1999, 51 pounds or 3.6 percent above November 1998. The number of cows on farms in the 20 major states was 7.76 million head, up 58,000 head from November 1998 and up 7,000 from October 1999.

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# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



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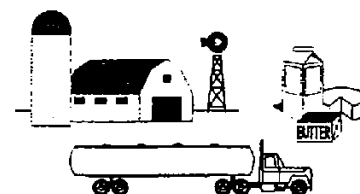
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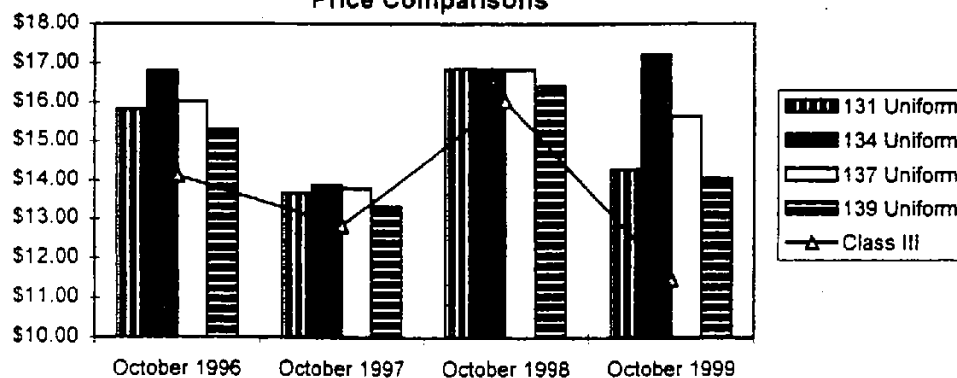
## Summary of Four Orders - October 1999

Producer milk during October 1999 totaled 526.2 million pounds, 2.24 % below a year ago. Producer weighted average fat test, 3.63%; 0.08% above last month and 0% below a year ago. Producer milk classified in Class I totaled 213.4 million pounds, 12.66% below a year ago.

## Market Highlights October 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	223,646,223	9,089,949	---	131,523,850	161,890,892
	2,288,884,814	90,001,197	---	1,150,188,257	1,536,466,471
Change - Prior Year to Date	8.74%	-2.73%	---	-9.38%	-10.22%
- Same Month Last Year	6.63%	-7.27%	---	1.38%	-14.31%
<b>Class I Producer Milk</b>					
Year to Date	82,625,624	1/ 71,593,855	1/ 71,593,855	1/ 59,161,682	1/ 59,161,682
	824,150,924	1/ 704,062,206	1/ 704,062,206	1/ 742,806,790	1/ 742,806,790
Change - Prior Year to Date	-0.83%	1/ 1.99%	1/ 1.99%	1/ 0.06%	1/ 0.06%
- Same Month Last Year	-5.86%	1/ -3.82%	1/ -3.82%	1/ -27.96%	1/ -27.96%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	15,689,878	1/ 7,468,277	1/ 7,468,277	1/ 6,401,636	1/ 6,401,636
	3,810,670	1/ 4,735,148	1/ 4,735,148	1/ 18,348,202	1/ 18,348,202
<b>Percent Utilization of Producer Milk</b>					
Class I	36.94%	1/ 50.92%	1/ 50.92%	1/ 36.54%	1/ 36.54%
Class II	4.75%	1/ 14.55%	1/ 14.55%	1/ 5.22%	1/ 5.22%
Class III	58.31%	1/ 34.53%	1/ 34.53%	1/ 58.24%	1/ 58.24%

## Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## October 1999 Delivery Period

	Central AZ Order 131	W. ern CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$14.30	\$17.20	\$15.63	\$14.06
Butterfat Differential (.1%)	\$0.110	\$0.110	\$0.110	\$0.110
Skim Price per cwt.	\$10.450	\$13.350	\$11.780	---
Fat Price per cwt.	\$120.450	\$123.350	\$121.780	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$2.57
139 Producer Protein Price Per Pound	---	---	---	\$2.21
139 Producer Butterfat Price Per Pound	---	---	---	\$1.18

### Handler Prices

		Class Prices per cwt at 3.5% Fat					
<b>139 Component Prices</b> Fat per Pound \$1.18  Protein per Pound \$2.19  Skim Milk per cwt \$7.64	Class I	\$18.31	\$17.79	\$18.52	\$17.69		
	Class II	\$16.09	\$16.09	\$16.09	\$16.09		
	Class III	\$11.49	\$11.49	\$11.49	\$11.49		
	Class III-A	\$11.61	---	---	---		
		Skim and Fat Values per cwt					
		Class I	Skim	\$14.460	\$13.940	\$14.670	---
			Fat	\$124.460	\$123.940	\$124.670	---
		Class II	Skim	\$12.240	\$12.240	\$12.240	---
			Fat	\$122.240	\$122.240	\$122.240	---
		Class III	Skim	\$7.640	\$7.640	\$7.640	---
			Fat	\$117.640	\$117.640	\$117.640	---
		Class III-A	Skim	\$7.760	---	---	---
			Fat	\$117.760	---	---	---

### Prices Common to All Federal Orders

	October 1999	September 1999	October 1998
Basic Formula Price at 3.5% Fat	\$11.49	\$16.26	\$16.04
Butterfat Differential per .1% Fat	\$0.110	\$0.126	\$0.273
Protein Test	3.36%	3.25%	3.29%
Change in Gross Values from Preceding Month	-\$3.60	\$0.78	\$0.86
Base Month Price at Test	\$15.43	\$15.66	\$15.76
Base Month Price at 3.5% Fat	\$15.09	\$15.48	\$15.18
Equivalent Grade A Butter Price 1/	\$1.0348	\$1.2493	\$2.3189
Central States Nonfat Dry Milk Price	\$1.0451	\$1.0486	\$1.1180
Western States Nonfat Dry Milk Price for Class III-A	\$1.0268	\$1.0258	\$1.1158
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.4388	\$1.8023	\$1.7534

### Regional Milk Production Costs, October 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.83	\$19.18	Corn Belt	\$13.98	\$20.44
Southeast	\$14.39	\$18.94	Southern Plains	\$12.27	\$16.24
Upper Midwest	\$12.88	\$17.96	Pacific	\$9.93	\$12.11

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-694-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## October 1999 Delivery Period

	Central AZ <u>Order 131</u>	Western CO <u>Order 134</u>	134 & 137 <u>Combined</u>	Eastern CO <u>Order 137</u>	Great Basin <u>Order 139</u>
<b>Producer Data</b>					
Number of Producers	101	19	---	202	506
Daily Average	71,430	15,433	---	21,003	10,321
Average Fat Percent	3.61%	3.55%	---	3.63%	3.65%
Change From Last Month	0.04%	0.15%	---	0.11%	0.11%
Change From Last Year	0.03%	-0.15%	---	-0.04%	-0.02%
Average Protein Percent	---	---	---	---	3.30%
Change From Last Month	---	---	---	---	0.10%
Change From Last Year	---	---	---	---	0.01%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.43%
<b>Pool Distribut. Plants Shrinkage</b>					
Skim	1.02%	1/	1.88%	1/	1.26%
Butterfat	2.55%	1/	2.44%	1/	1.58%
<b>Producer-Handler Data</b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	4,401,131	2,430,403
Daily Average	R	0	---	28,394	11,200
Class I Route Disp. as a % of Production	R	0.0%	---	49.6%	71.0%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>October 1999</u>	<u>October 1998</u>	<u>October 1997</u>
Total Producer Milk Receipts	526,150,914	538,192,995	543,185,538
Daily Average	16,972,610	17,361,064	17,522,114
Current Month % Change From Year Ago	-2.24%	-0.92%	-1.86%
Total Producer Milk in Class I	213,381,161	244,319,576	245,506,919
Daily Average	6,883,263	7,881,277	7,919,578
Current Month % Change From Year Ago	-12.66%	-0.48%	1.96%
Total Producer-Handlers	13	13	14
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.63%	-----	-----
Change From Last Month	0.08%	-----	-----
Change From Last Year	0.00%	-----	-----

Order 134 Administratively Confidential Data - Combined with Order 137.  
R Restricted Information

**October 1999 Utilization and Classification of Pool Handler Receipts**

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	21,172,620	20,883,537	9,259,566
Low Fat 2%	35,427,244	25,960,783	22,210,098
Low Fat 1%	9,280,280	10,987,458	10,548,494
Skim Milk	12,538,940	11,192,231	6,805,034
Buttermilk	693,068	667,925	505,678
Flavored Milk/Drink	4,942,469	3,895,301	5,604,305
Nonpool Plants	3/	399,390	4,394,839
Ending Inventory	5,881,700	4,707,227	4,849,788
Shrinkage	16,694	334,592	147,281
<b>1/ Total Class I Milk</b>	<b>89,953,015</b>	<b>79,028,444</b>	<b>64,325,083</b>
2/ Less: Other Receipts	7,327,391	7,434,589	5,163,401
<b>1/ Producer Milk Class I</b>	<b>82,625,624</b>	<b>71,593,855</b>	<b>59,161,682</b>
<b>Percent Fat in Class I</b>	<b>1.91%</b>	<b>1.96%</b>	<b>1.84%</b>
<b>Class II Milk</b>			
Half and Half	3,381,758	3,208,630	476,209
Light/Heavy Cream	484,069	1,173,996	541,474
Sour Cream	4/	1,239,055	430,417
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	6,140,611	14,459,461	1,224,716
Nonpool Plants	1,666,418	4,364,839	6,204,419
Ending Inventory	130,490	1,090,443	116,999
<b>1/ Total Class II Milk</b>	<b>11,803,346</b>	<b>25,536,424</b>	<b>8,994,234</b>
2/ Less: Other Receipts	1,187,533	5,078,391	542,986
<b>1/ Producer Milk Class II</b>	<b>10,615,813</b>	<b>20,458,033</b>	<b>8,451,248</b>
<b>Percent Fat in Class II</b>	<b>12.00%</b>	<b>7.51%</b>	<b>10.82%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	225,744	132,141	271,982
Other Class III Uses	122,204,438	717,548	43,695,303
Nonpool Plants	5/	44,475,171	51,637,515
Ending Inventory	10,885,406	6,067,597	5,801,554
Shrinkage	1,000,807	1,481,406	704,670
<b>1/ Total Class III Milk</b>	<b>134,316,395</b>	<b>52,873,863</b>	<b>102,111,024</b>
2/ Less: Other Receipts	3,911,609	4,311,952	7,833,062
<b>1/ Producer Milk Class III</b>	<b>130,404,786</b>	<b>48,561,911</b>	<b>94,277,962</b>
<b>Percent Fat in Class III</b>	<b>11.49%</b>	<b>4.45%</b>	<b>4.15%</b>
<b>1/ Total Producer Milk</b>	<b>223,646,223</b>	<b>140,613,799</b>	<b>161,890,892</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)**  
**October 1999 Delivery Forecast (24 Fluid Processing Plants Pool) - Operated by 16 Handlers**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Anderson-Erickson Dairy Co.	Des Moines	IA			3	
Bingham Young University	Provo	UT				4
Brown Dairy, Inc.	Haytsville	UT				2
Chicopee, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy)	City of Industry	CA	5	5	5
	(Cream o' Weber Dairy, Inc.)	Salt Lake City	UT			6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Ethington Dairy	Gilbert	AZ	6			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralpha Grocery Co.)	Compton	CA	5		4
	(Smith's Food & Drug Ctrs, Inc.)	Layton	UT			5
		Tolleson	AZ	6		3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3			6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Ellen Holdings Dairy	Yuma	AZ	2			
Heritage Foods, LLC	Santa Ana	CA	5			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID			1	1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Midwest Mix Company	Sulphur Springs	TX	5			
Monsie's Creamery	Amarillo	TX			3	
Natural Fresh, Inc.	Visalia	CA				5
Northern Dairy, Inc.	Idaho Falls	ID				2
Roberts Foods, Inc.	Omaha	NE			3	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jerseymaid)	City of Commerce	CA			5
		Denver	CO		3	6
		Tempe	AZ	6		
Santee Dairies, Inc.	City of Industry	CA				4
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Siades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Boise	ID			3
		Delta	CO		6	3
		Englewood	CO			6
		Greeley	CO		3	6
		Lincoln	NE			3
		Pocatello	ID			6
		Salt Lake City	UT			6
Suiza Foods Corp.	(Morningstar Foods, Inc.)	Gustine	CA	5	5	5
	(Swiss Dairy)	Riverside	CA			5
	(Robinson Dairy, Inc.)	Denver	CO		6	
	(Model Dairy, Inc.)	Reno	NV	5		5
	(Morningstar Foods, Inc.)	Sulphur Springs	TX	5		
United Dairyman of Arizona		Tempe	AZ	1		
				6		
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6

Code	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	2	2
2	Producer Handler Plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	2	2	5	5
4	Exempt Distributing Plant	0	0	0	6
5	Partially Regulated Plant	12	0	5	11
6	Pool Plant	8	2	9	8

**Federal Milk Order Reform Final Decision: Comparison of Class I Base Price and Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover (Current) <sup>1/</sup>	Class I Base Price (Final) <sup>1/</sup>	Class II Price		Class III Price		Class III-A/TV Price		
			Current	Final	Current	Final	Current	Final	
1999			Dollars per cwt.						
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45	
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71	
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56	
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26	
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53	
June	11.81	11.16	12.11	13.84	11.42	11.04	13.29	13.14	
July	11.26	13.04	11.56	13.50	13.59	12.92	12.37	12.79	
August	11.42	12.88	11.72	13.46	15.79	15.61	12.62	12.77	
September	13.59	15.26	13.89	13.29	16.26	15.60	12.37	12.67	
October	15.79	16.54	16.09	12.50	11.49	12.48	11.78	11.83	
November	16.26	12.90							

<sup>1/</sup> In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The Class I mover for January 1999 is the Basic Formula Price for November 1998. The Class I base price for January 1999 is the figure computed using December 1998 data.

**Federal Milk Order Reform Final Decision: Producer Component Prices and Somatic Cell Adjustment**

Year and Month	Butterfat	Protein	Other Solids	Somatic Cell Adjustment
	Dollars per pound			Rate
January	1.5871	3.2928	0.0792	.00086
February	1.4444	2.0006	0.0544	.00065
March	1.4487	2.0428	0.0565	.00065
April	1.1000	2.5104	0.0491	.00066
May	1.1757	2.1984	0.0381	.00062
June	1.6426	1.6992	0.0352	.00064
July	1.5430	2.4431	0.0366	.00073
August	1.5296	3.3421	0.0455	.00086
September	1.4771	3.3853	0.0539	.00085
October	1.2357	2.6138	0.0593	.00070

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,  
AUGUST 1999, WITH COMPARISONS**

In August 1999, mailbox milk prices reported for selected Federal milk orders averaged \$13.86 per cwt., \$.55 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$13.85, up \$.71; Southeast, \$14.19, up \$.23; Midwest, \$13.97, up \$.54 and West, \$13.47 up \$.63. Compared to August 1998, mailbox milk prices decreased \$1.18 per cwt. on the average. Regional changes from the previous year were: \$.90 in the Northeast, -\$1.56 in the Southeast, -\$1.23 in the Midwest, and -\$1.12 in the West.

Federal milk order 1/	Mailbox Milk Price 2/		
	August 1998	July 1999	August 1999
	<u>Dollars per hundredweight</u>		
New England	14.68	13.47	13.92
New York-New Jersey	14.73	13.09	14.07
Middle Atlantic	14.87	12.81	13.19
Northeast Average 3/	14.75	13.14	13.85
Carolina	15.21	13.96	14.06
Southeast	15.03	13.08	13.35
Florida 4/	17.83	15.70	16.22
Southeast Average 3/	15.75	13.96	14.19
Southern Michigan	14.47	12.78	13.46
Eastern Ohio-Western Pa.	14.71	13.10	13.52
Ohio Valley	14.52	12.63	12.81
Indiana	14.47	12.62	12.88
Chicago Regional 5/	15.68	13.91	16.06
S. Illinois-E. Missouri	14.26	12.65	12.78
Louis.-Lex.-Evans.	14.52	12.96	13.21
Upper Midwest 5/	15.31	13.99	16.16
Nebraska-Western Iowa	14.71	13.34	14.60
Iowa	15.19	13.32	15.06
Midwest Average 3/	15.20	13.43	13.97
Texas	14.81	13.40	14.02
Southwest Plains	14.17	12.68	13.24
Eastern Colorado	14.44	12.53	13.12
S.W. Idaho-E. Oregon	14.19	12.83	14.72
Great Basin	13.86	12.43	13.43
New Mexico-West Texas	14.02	12.45	13.21
Pacific Northwest	14.92	12.64	13.19
West Average 3/	14.59	12.84	13.47
All-Market Average 3/	15.04	13.31	13.86

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

## FEDERAL MILK ORDER REFORM

On November 29, 1999, President Clinton signed the Omnibus Consolidated Appropriations Act, 2000, legislating implementation of the final rule effective January 1, 2000. The legislation mandates that Class I milk be priced utilizing the Option 1A-Location Specific Class I Differentials contained in the proposed rule published on January 30, 1998 (63 FR 4802) as corrected and modified through April 2, 1999. These corrections and modifications were published in the Federal Register on February 25, 1998 (63 FR 9686) and July 14, 1999 (64 FR 37892). The legislation further requires USDA to conduct a hearing to reconsider the Class III and Class IV prices contained in the final rule, with new pricing formulas to be implemented by January 1, 2001, and requires that USDA establish a dairy forward pricing pilot program within 90 days of enactment of the legislation. More information on the implementation of these mandates will be available in the future.

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# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139

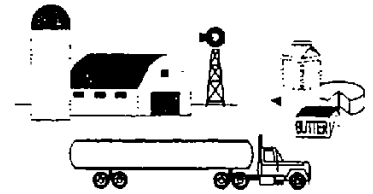


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Home Page: <http://members.aol.com/fmma131>

Data for September 1999

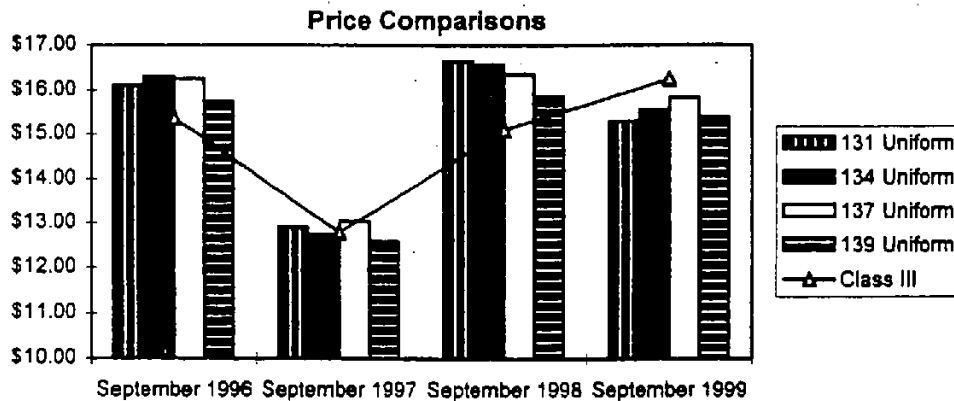
Issued October 1999

## Summary of Four Orders - September 1999

Producer milk during September 1999 totaled 355.3 million pounds, 25.99 % below a year ago. Producer weighted average fat test, 3.55%; 0.06% above last month and 0.04% above a year ago. Producer milk classified in Class I totaled 221.3 million pounds, 5.02% below a year ago.

## Market Highlights September 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	187,029,225	8,451,258	---	83,211,564	76,572,176
	2,065,238,591	80,911,248	---	1,018,664,407	1,374,575,579
Change - Prior Year to Date	8.98%	-2.20%	---	-10.61%	-9.71%
- Same Month Last Year	10.36%	-11.11%	---	-32.91%	-56.75%
<b>Class I Producer Milk</b>					
Year to Date	82,502,096	1/ 71,664,773	1/ 632,468,351	1/ 67,092,093	1/ 683,645,108
	741,525,300	1/ 632,468,351	1/ 632,468,351	1/ 683,645,108	1/ 683,645,108
Change - Prior Year to Date	-0.24%	1/ 2.69%	1/ 2.69%	1/ 3.55%	1/ 3.55%
- Same Month Last Year	-3.54%	1/ 2.16%	1/ 2.16%	1/ -13.18%	1/ -13.18%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	14,622,331	1/ 7,376,219	1/ 7,376,219	1/ 5,907,287	1/ 5,907,287
	2,306,867	1/ 3,397,245	1/ 3,397,245	1/ 19,406,116	1/ 19,406,116
<b>Percent Utilization of Producer Milk</b>					
Class I	44.11%	1/ 78.18%	1/ 78.18%	1/ 87.62%	1/ 87.62%
Class II	6.36%	1/ 18.63%	1/ 18.63%	1/ 6.54%	1/ 6.54%
Class III	49.53%	1/ 3.19%	1/ 3.19%	1/ 5.84%	1/ 5.84%



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## September 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$15.29	\$15.55	\$15.83	\$15.39
Butterfat Differential (.1%)	\$0.126	\$0.126	\$0.126	\$0.126
Skim Price per cwt.	\$10.880	\$11.140	\$11.420	---
Fat Price per cwt.	\$136.880	\$137.140	\$137.420	---
139 Weighted Average Differential Price Per cwt.	---	---	---	-\$0.87
139 Producer Protein Price Per Pound	---	---	---	\$3.56
139 Producer Butterfat Price Per Pound	---	---	---	\$1.38

### Handler Prices

		Class Prices per cwt at 3.5% Fat			
		Class I	Class II	Class III	Class III-A
<b>139 Component Prices</b>	<b>Fat per Pound</b>	\$16.11	\$13.89	\$16.26	\$12.17
	\$1.38	\$15.59	\$13.89	\$16.26	---
	<b>Protein per Pound</b>	\$11.700	\$9.480	\$11.850	\$7.760
	\$3.52	\$137.700	\$135.480	\$137.850	\$133.760
<b>Skim Milk per cwt</b>	\$11.85	\$11.180	\$9.480	\$11.850	---
	<b>Skim and Fat Values per cwt</b>	\$11.700	\$9.480	\$11.850	---
	\$11.85	\$137.700	\$135.480	\$137.850	---
	\$11.85	\$11.180	\$9.480	\$11.850	---
		\$137.700	\$135.480	\$137.850	---
		\$11.700	\$9.480	\$11.850	---
		\$137.700	\$135.480	\$137.850	---
		\$11.700	\$9.480	\$11.850	---
		\$137.700	\$135.480	\$137.850	---

### Prices Common to All Federal Orders

	September 1999	August 1999	September 1998
Basic Formula Price at 3.5% Fat	\$16.26	\$15.79	\$15.10
Butterfat Differential per .1% Fat	\$0.126	\$0.136	\$0.325
Protein Test	3.25%	3.10%	3.20%
Change in Gross Values from Preceding Month	\$0.78	\$2.46	\$0.41
Base Month Price at Test	\$15.66	\$13.45	\$14.91
Base Month Price at 3.5% Fat	\$15.48	\$13.33	\$14.69
Equivalent Grade A Butter Price 1/	\$1.2493	\$1.3063	\$2.6666
Central States Nonfat Dry Milk Price	\$1.0486	\$1.0384	\$1.1007
Western States Nonfat Dry Milk Price for Class III-A	\$1.0258	\$1.0224	\$1.1063
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.8023	\$1.7213	\$1.6556

### Regional Milk Production Costs, September 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.79	\$19.10	Corn Belt	\$13.92	\$20.34
Southeast	\$14.35	\$18.85	Southern Plains	\$12.23	\$16.17
Upper Midwest	\$12.82	\$17.87	Pacific	\$9.90	\$12.05

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-694-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**—New York, Pennsylvania, and Vermont; **Southeast**—Florida and Georgia; **Upper Midwest**—Michigan, Minnesota, and Wisconsin; **Corn Belt**—Iowa, Missouri, and Ohio; **Southern Plains**—Texas; **Pacific**—Arizona, California, and Washington.

## September 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Data</b>					
Number of Producers	101	19	---	193	317
Daily Average	66,150	15,148	---	19,836	12,350
Average Fat Percent	3.57%	3.40%	---	3.52%	3.54%
Change From Last Month	0.02%	0.06%	---	0.10%	0.09%
Change From Last Year	0.12%	-0.15%	---	-0.02%	-0.01%
Average Protein Percent	---	---	---	---	3.20%
Change From Last Month	---	---	---	---	0.07%
Change From Last Year	---	---	---	---	0.01%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.32%
<b>Pool Distribut. Plants Shrinkage</b>					
Skim	1.90%	1/	2.07%	1/	1.88%
Butterfat	3.87%	1/	3.05%	1/	2.28%
<b>Producer-Handler Data</b>					
Number of Producer-Handlers	1	0	---	5	6
Production	R	0	---	4,057,801	1,792,954
Daily Average	R	0	---	27,052	9,961
Class I Route Disp. as a % of Production	R	0.0%	---	53.9%	78.1%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	September 1999	September 1998	September 1997
Total Producer Milk Receipts	355,264,223	480,041,746	500,632,266
Daily Average	11,842,141	16,001,392	16,687,742
Current Month % Change From Year Ago	-25.99%	-4.11%	-5.70%
Total Producer Milk in Class I	221,258,962	232,959,080	234,010,168
Daily Average	7,375,299	7,765,303	7,800,339
Current Month % Change From Year Ago	-5.02%	-0.45%	5.80%
Total Producer-Handlers	12	13	14
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.55%	-----	-----
Change From Last Month	0.06%	-----	-----
Change From Last Year	0.04%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

## September 1999 Utilization and Classification of Pool Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	21,386,904	20,282,823	13,911,080
Low Fat 2%	34,532,140	25,176,785	25,256,951
Low Fat 1%	9,489,236	10,964,777	10,331,938
Skim Milk	11,954,767	11,013,731	7,063,837
Buttermilk	679,368	682,528	711,242
Flavored Milk/Drink	5,018,007	3,917,759	5,701,813
Nonpool Plants	3/	367,218	3,943,165
Ending Inventory	6,169,283	6,099,818	5,770,466
Shrinkage	350,657	491,902	388,839
<b>1/ Total Class I Milk</b>	<b>89,580,362</b>	<b>78,997,341</b>	<b>73,079,331</b>
2/ Less: Other Receipts	7,078,266	7,332,568	5,987,238
<b>1/ Producer Milk Class I</b>	<b>82,502,096</b>	<b>71,664,773</b>	<b>67,092,093</b>
<b>Percent Fat in Class I</b>	<b>1.94%</b>	<b>1.94%</b>	<b>1.90%</b>
<b>Class II Milk</b>			
Half and Half	2,321,750	2,848,216	1,043,406
Light/Heavy Cream	433,670	1,179,785	866,099
Sour Cream	4/	1,331,455	508,061
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	5,992,787	14,872,832	1,408,472
Nonpool Plants	4,108,962	995,457	2,015,577
Ending Inventory	107,594	1,161,483	211,340
<b>1/ Total Class II Milk</b>	<b>12,964,763</b>	<b>22,389,228</b>	<b>6,052,955</b>
2/ Less: Other Receipts	1,078,075	5,308,699	1,045,513
<b>1/ Producer Milk Class II</b>	<b>11,886,688</b>	<b>17,080,529</b>	<b>5,007,442</b>
<b>Percent Fat in Class II</b>	<b>10.27%</b>	<b>8.51%</b>	<b>14.06%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	128,391	127,792	256,862
Other Class III Uses	92,108,882	592,669	230,952
Nonpool Plants	5/	808,019	3,349,855
Ending Inventory	3,302,812	2,751,227	2,288,826
Shrinkage	1,537,437	1,464,150	1,005,168
<b>1/ Total Class III Milk</b>	<b>97,077,522</b>	<b>5,743,857</b>	<b>7,131,663</b>
2/ Less: Other Receipts	4,437,081	2,826,337	2,659,022
<b>1/ Producer Milk Class III</b>	<b>92,640,441</b>	<b>2,917,520</b>	<b>4,472,641</b>
<b>Percent Fat in Class III</b>	<b>4.16%</b>	<b>12.64%</b>	<b>16.37%</b>
<b>1/ Total Producer Milk</b>	<b>187,029,225</b>	<b>91,662,822</b>	<b>76,572,176</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)**  
**September 1999 Delivery Period (24 Fluid Processing Plants Pool-Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Alber Farms, Inc.	Santa Ana	CA	5			
Anderson Dairy, Inc.	Las Vegas	NV				6
Anderson-Erickson Dairy Co.	Des Moines	IA			3	
Brigham Young University	Provo	UT				4
Brown Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Salt Lake City	UT		1	1	1
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy)	City of Industry	CA	5	5	5
	(Cream o'Weber Dairy, Inc.)	Salt Lake City	UT			6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Ethington Dairy	Gilbert	AZ	6			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	Compton	CA	5			4
	(Ralphs Grocery Co.)	Layton	UT			5
	(Smith's Food & Drug Ctrs, Inc.)	Tolleson	AZ			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Ellen Hettinga Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jarome	ID			1	1
Max Wilkinson Rosehill Dairy	Morgan	UT				6
Midwest Mix Company	Sulphur Springs	TX	6			
Mona Creamery	Amarillo	TX			3	
Morgan's Dairy, Inc.	Idaho Falls	ID				2
Morris Foods, Inc.	Omaha	NE			3	
Muckkyle Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jerseymaid)	City of Commerce	CA			5
		Denver	CO		3	6
		Tempe	AZ	6		
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Boise	ID			3
		Delta	CO	6		3
		Englewood	CO		6	
		Greeley	CO	3	6	
		Lincoln	NE		3	
		Pocatello	ID			6
		Salt Lake City	UT			5
Suiza Foods Corp.	(Morningstar Foods, Inc.)	Gustine	CA	5	5	5
	(Swiss Dairy)	Riverside	CA			5
	(Robinson Dairy, Inc.)	Denver	CO		6	
	(Model Dairy, Inc.)	Reno	NV	5		5
United Dairymen of Arizona		Tempe	AZ	1		
				6		
Utah State Prison		Draper	UT			4
Utah State University		Logan	UT			4
Western Quality Foods		Cedar City	UT	8	5	5
Winder Dairy, Inc.		Salt Lake City	UT			6
White Knight Corp.		Wyoming	MI	3		

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	2	3
2	Producer/Handler plant	1	0	6	6
3	Other Order Pool Plant with Route Disposition in Marketing Area	3	2	6	5
4	Exempt Distributing Plant	0	0	0	6
5	Partially Regulated Plant	11	0	5	10
6	Pool Plant	8	2	9	8

**Federal Milk Order Reform Final Decision: Comparison of Class I Base Price and Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover (Current) 1/	Class I Base Price (Final) 1/	Class II Price		Class III Price		Class III-A/IV Price	
			Current	Final	Current	Final	Current	Final
1999			Dollars per cwt.					
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53
June	11.81	11.16	12.11	13.84	11.42	11.04	13.29	13.14
July	11.26	13.04	11.56	13.50	13.59	12.92	12.37	12.79
August	11.42	12.88	11.72	13.46	15.79	15.61	12.62	12.77
September	13.59	15.26	13.89	13.29	16.26	15.60	12.37	12.67
October	15.79	16.54						

1/ In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The Class I mover for January 1999 is the Basic Formula Price for November 1998. The Class I base price for January 1999 is the figure computed using December 1998 data.

**Federal Milk Order Reform Final Decision: Producer Component Prices and Somatic Cell Adjustment**

Year and Month	Butterfat	Protein	Other Solids	Somatic Cell Adjustment
	Dollars per pound			
January	1.5871	3.2928	0.0792	.00086
February	1.4444	2.0006	0.0544	.00065
March	1.4487	2.0428	0.0565	.00065
April	1.1000	2.5104	0.0491	.00066
May	1.1757	2.1984	0.0381	.00062
June	1.6426	1.6992	0.0352	.00064
July	1.5430	2.4431	0.0366	.00073
August	1.5296	3.3421	0.0455	.00086
September	1.4771	3.3853	0.0539	.00085

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1998 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk						
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/		
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	
	Million Pounds						Million Pounds						Million Pounds						
January	61	34	61	34	3/	3/	391	407	391	407	3/	3/	175	128	82	104	93	24	
February	95	44	95	44	3/	3/	404	411	404	411	3/	3/	190	131	108	105	82	26	
March	109	56	109	56	3/	3/	406	422	406	422	3/	3/	205	129	123	93	83	36	
April	126	67	126	67	3/	3/	451	440	451	440	3/	3/	222	161	136	113	86	48	
May	137	73	136	72	3/	3/	496	444	496	444	3/	3/	252	187	164	132	88	55	
June	121	61	121	60	3/	3/	539	450	539	450	3/	3/	273	198	158	129	114	69	
July	124	51	123	51	3/	3/	545	461	545	461	3/	3/	282	203	141	112	141	91	
August	95	41	95	41	3/	3/	511	442	511	441	3/	3/	276	186	106	78	171	108	
September	74	34	74	34	3/	3/	471	417	471	417	3/	3/		177		64		112	
October		31		31		3/		395		394		3/		155		46			109
November		29		29		3/		389		389		3/		139		42			97
December		26		26		3/		408		408		3/		151		56			95

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	Aug 31, 1997	Aug 31, 1998	Aug 31, 1999	Sep 30, 1997	Sep 30, 1998	Sep 30, 1999
	Thousand Pounds					
Butter	68,905	40,854	94,906	43,437	33,908	73,841
Natural American Cheese	459,165	441,396	510,799	433,771	417,317	471,438

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

SOURCE: "Cold Storage," Co St 1 (10-99) and "Dairy Products," Da 2-6 (10-99), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Storage," Agricultural Stabilization and Conservation Service.

## FEDERAL MILK ORDER REFORM HALTED

On September 28, 1999, Judge William Sessions III, U.S. District Court in Burlington, Vermont, issued an order that temporarily restrains USDA from implementing the Federal Milk Order Reform scheduled to take effect October 1, 1999. Judge Sessions found "that the public interest would be best served by maintaining the status quo for a more thorough review of the issues." A hearing on the case has been scheduled for mid-December 1999.

Kathleen Merrigan, Administrator of the Agriculture Marketing Service, stated, "We are disappointed by the decision to issue a temporary restraining order... At this time we will delay implementation of the final decision. The current 31 orders will continue to operate as they have in the past, until current litigation can be resolved." Class I and Class II prices for October, announced on September 3, 1999, will be applicable.

Several other suits have been filed to stop the new order provisions. In the Federal District Court for the District of Columbia, a hearing on the arguments has been scheduled for late December.

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# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139

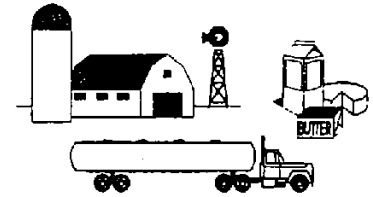


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Home Page: <http://members.aol.com/fmma131>

Data for August 1999

Issued September 1999

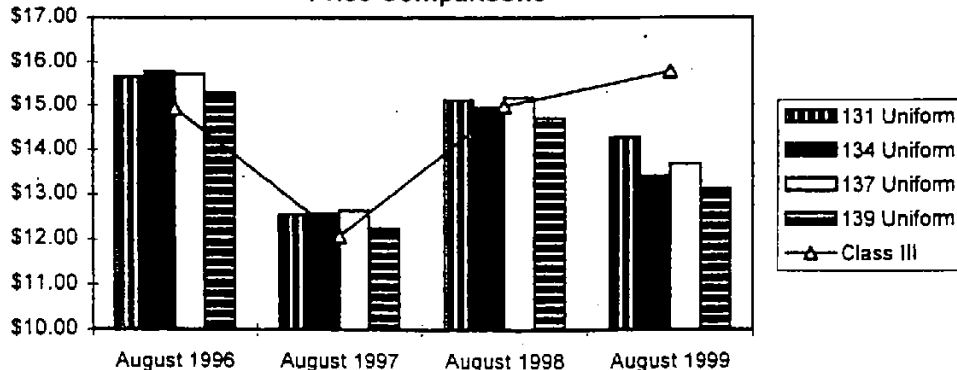
## Summary of Four Orders - August 1999

Producer milk during August 1999 totaled 380.1 million pounds, 3.79 % below a year ago. Producer weighted average fat test, 3.49%; 0.03% above last month and 0.01% above a year ago. Producer milk classified in Class I totaled 234.8 million pounds, 6.13% above a year ago.

## Market Highlights August 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	189,251,341	9,109,203	---	83,966,259	97,812,235
Change - Prior Year to Date	8.84%	-1.04%	---	-7.88%	-3.53%
- Same Month Last Year	15.89%	-7.09%	---	-34.58%	4.44%
<b>Class I Producer Milk</b>					
Year to Date	83,786,494	1/ 73,619,260	1/ 560,803,578	1/ 77,440,580	1/ 616,553,015
Change - Prior Year to Date	0.19%	1/ 2.76%	1/ 7.95%	1/ 8.31%	1/ 5.77%
- Same Month Last Year	2.70%	1/ 7.95%	1/ 8.31%	1/ 5.77%	1/ 8.31%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	14,754,635	1/ 7,476,228	1/ 7,495,180	1/ 9,903,592	1/ 9,903,592
<b>Percent Utilization of Producer Milk</b>					
Class I	44.28%	1/ 79.10%	1/ 79.17%	1/ 17.25%	1/ 3.58%
Class II	7.99%	1/ 19.22%	1/ 1.68%	1/ 17.25%	1/ 3.58%
Class III	47.73%	1/ 1.68%	1/ 1.68%	1/ 17.25%	1/ 3.58%

Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## August 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$14.28	\$13.41	\$13.68	\$13.11
Butterfat Differential (.1%)	\$0.136	\$0.136	\$0.136	\$0.136
Skim Price per cwt.	\$9.520	\$8.650	\$8.920	---
Fat Price per cwt.	\$145.520	\$144.650	\$144.920	---
139 Weighted Average Differential Price Per cwt.	---	---	---	-\$2.68
139 Producer Protein Price Per Pound	---	---	---	\$3.41
139 Producer Butterfat Price Per Pound	---	---	---	\$1.47

### Handler Prices

		Class Prices per cwt at 3.5% Fat					
<b>139 Component Prices</b>	Fat per Pound \$1.47	Class I	\$13.94	\$13.42	\$14.15	\$13.32	
		Class II	\$11.72	\$11.72	\$11.72	\$11.72	
		Class III	\$15.79	\$15.79	\$15.79	\$15.79	
		Class III-A	\$12.49	---	---	---	
		Skim and Fat Values per cwt					
Protein per Pound \$3.43		Class I	Skim	\$9.180	\$8.660	\$9.390	---
			Fat	\$145.180	\$144.660	\$145.390	---
Skim Milk per cwt \$11.03		Class II	Skim	\$6.960	\$6.960	\$6.960	---
			Fat	\$142.960	\$142.960	\$142.960	---
	Class III	Skim	\$11.030	\$11.030	\$11.030	---	
		Fat	\$147.030	\$147.030	\$147.030	---	
	Class III-A	Skim	\$7.730	---	---	---	
			Fat	\$143.730	---	---	---

### Prices Common to All Federal Orders

	August 1999	July 1999	August 1998
Basic Formula Price at 3.5% Fat	\$15.79	\$13.59	\$14.99
Butterfat Differential per .1% Fat	\$0.136	\$0.134	\$0.245
Protein Test	3.10%	3.07%	3.09%
Change in Gross Values from Preceding Month	\$2.46	\$1.85	\$0.70
Base Month Price at Test	\$13.45	\$11.98	\$14.40
Base Month Price at 3.5% Fat	\$13.33	\$11.74	\$14.29
Equivalent Grade A Butter Price 1/	\$1.3063	\$1.2544	\$2.0830
Central States Nonfat Dry Milk Price	\$1.0384	\$1.0172	\$1.0463
Western States Nonfat Dry Milk Price for Class III-A	\$1.0224	\$1.0098	\$1.0550
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.7213	\$1.4702	\$1.6320

### Regional Milk Production Costs, August 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.49	\$18.82	Corn Belt	\$13.65	\$20.08
Southeast	\$14.11	\$18.64	Southern Plains	\$12.01	\$15.97
Upper Midwest	\$12.59	\$17.66	Pacific	\$9.70	\$11.87

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-394-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## August 1999 Delivery Period

	<u>Central AZ</u> <u>Order 131</u>	<u>Western CO</u> <u>Order 134</u>	<u>134 &amp; 137</u> <u>Combined</u>	<u>Eastern CO</u> <u>Order 137</u>	<u>Great Basin</u> <u>Order 139</u>
<b><u>Jucer Data</u></b>					
Number of Producers	101	19	---	170	382
Daily Average	65,536	15,778	---	21,599	12,498
Average Fat Percent	3.55%	3.34%	---	3.42%	3.45%
Change From Last Month	0.04%	0.03%	---	0.02%	0.03%
Change From Last Year	0.09%	-0.12%	---	-0.07%	-0.05%
Average Protein Percent	---	---	---	---	3.13%
Change From Last Month	---	---	---	---	0.04%
Change From Last Year	---	---	---	---	-0.01%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.24%
<b>Pool Distribut. Plants Shrinkage</b>					
Skim	1.10%	1/	1.71%	1/	2.75%
Butterfat	2.59%	1/	2.09%	1/	1.90%
<b><u>Producer-Handler Data</u></b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	4,283,476	2,151,658
Daily Average	R	0	---	27,635	9,915
Class I Route Disp. as a % of Production	R	0.0%	---	51.7%	73.3%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>August 1999</u>	<u>August 1998</u>	<u>August 1997</u>
Total Producer Milk Receipts	380,139,038	395,094,193	495,374,951
Daily Average	12,262,550	12,744,974	15,979,837
Current Month % Change From Year Ago	-3.79%	-20.24%	-9.65%
Total Producer Milk in Class I	234,846,334	221,280,073	225,174,368
Daily Average	7,575,688	7,138,067	7,263,689
Current Month % Change From Year Ago	6.13%	-1.73%	-4.00%
Total Producer-Handlers	13	14	15
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.49%	-----	-----
Change From Last Month	0.03%	-----	-----
Change From Last Year	0.01%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

## August 1999 Utilization and Classification of Producer Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	22,808,739	20,745,317	15,496,918
Low Fat 2%	34,915,318	26,020,836	31,362,361
Low Fat 1%	9,551,858	10,590,131	13,293,185
Skim Milk	12,116,877	11,271,487	8,835,987
Buttermilk	668,911	747,137	818,626
Flavored Milk/Drink	3,921,105	2,657,231	4,625,670
Nonpool Plants	3/	341,058	1,758,978
Ending Inventory	5,897,133	6,386,122	6,338,641
Shrinkage	36,698	270,355	1,034,081
<b>1/ Total Class I Milk</b>	<b>89,916,639</b>	<b>79,029,674</b>	<b>83,564,447</b>
2/ Less: Other Receipts	6,130,145	5,410,414	6,123,867
<b>1/ Producer Milk Class I</b>	<b>83,786,494</b>	<b>73,619,260</b>	<b>77,440,580</b>
<b>Percent Fat in Class I</b>	<b>1.97%</b>	<b>1.93%</b>	<b>1.88%</b>
<b>Class II Milk</b>			
Half and Half	2,403,657	3,231,531	1,077,761
Light/Heavy Cream	393,325	1,353,680	924,437
Sour Cream	4/	1,395,933	1,037,477
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	6,100,735	16,891,182	12,416,378
Nonpool Plants	7,109,765	1,085,397	3,403,336
Ending Inventory	147,021	711,769	216,429
<b>1/ Total Class II Milk</b>	<b>16,154,503</b>	<b>24,669,492</b>	<b>19,075,818</b>
2/ Less: Other Receipts	1,028,337	6,784,202	2,209,138
<b>1/ Producer Milk Class II</b>	<b>15,126,166</b>	<b>17,885,290</b>	<b>16,866,680</b>
<b>Percent Fat in Class II</b>	<b>7.01%</b>	<b>8.23%</b>	<b>8.23%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	152,499	138,626	256,317
Other Class III Uses	91,233,820	599,148	666,947
Nonpool Plants	5/	609,113	1,851,975
Ending Inventory	3,287,657	2,160,243	2,394,043
Shrinkage	1,057,549	1,354,159	1,632,696
<b>1/ Total Class III Milk</b>	<b>95,731,525</b>	<b>4,861,289</b>	<b>6,801,978</b>
2/ Less: Other Receipts	5,392,844	3,290,377	3,297,003
<b>1/ Producer Milk Class III</b>	<b>90,338,681</b>	<b>1,570,912</b>	<b>3,504,975</b>
<b>Percent Fat in Class III</b>	<b>4.42%</b>	<b>17.97%</b>	<b>15.03%</b>
<b>1/ Total Producer Milk</b>	<b>189,251,341</b>	<b>93,075,462</b>	<b>97,812,235</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)  
August 1999 Delivery Period (24 Fluid Processing Plants Pooled--Operated by 18 Handlers)**

Handler	City	State	Type of Plant by Code In Applicable Orders			
			131	134	137	139
Albion Farms, Inc.	Santa Ana	CA	5			
Anderson Dairy, Inc.	Las Vegas	NV				6
Anderson-Erickson Dairy Co.	Des Moines	IA			3	
Arden Young University	Provo	UT				4
Brown Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	8			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Salt Lake City	UT		1	1	1
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				6
	(Alta-Dena Certified Dairy)	City of Industry	CA	6	5	5
	(Cream o'Webber Dairy, Inc.)	Salt Lake City	UT			6
Dillon Dairy Co.	Denver	CO			8	
Driftwood Dairy	El Monte	CA	6			
Ethington Dairy	Gilbert	AZ	6			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralphe Grocery Co.) (Smith's Food & Drug Ctrs, Inc.)	Compton Layton	CA UT	6		4
		Tolleson	AZ	6		3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gosner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		8		
Graves Dairy	Belivue	CO			2	
Hain & Eilen Holdings Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	4
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID			1	1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Meat Mix Company	Sulphur Springs	TX	6			
Meadow Gold Creamery	Amarillo	TX			3	
Mesa Dairy, Inc.	Idaho Falls	ID				2
Mesa Foods, Inc.	Omaha	NE			3	
Moulton Dairy, Inc.	Denver	CO			6	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jerseymaid)	City of Commerce Denver Tempe	CA CO AZ		3 6	5
		City of Industry	CA			4
Santee Dairies, Inc.	Ontario	CA				1
Security Milk Producers Assn.	Phoenix	AZ	6		3	3
Shamrock Foods Co.	Arvada	CO			6	
Shoenberg Farms, Inc.	Colorado Springs	CO			6	
Sinton Dairy Foods Co., LLC	MT. Pleasant	UT				2
Slades Dairy	Boise	ID				3
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Delta Englewood Greeley Lincoln Pocatello Salt Lake City	CO CO CO NE ID UT		6 8 3	3
		Gustine	CA	5	6	5
Sulza Foods Corp.	(Morningstar Foods, Inc.) (Swiss Dairy) (Model Dairy, Inc.)	Riverside Reno	CA NV			5
		Tempe	AZ	1		6
United Dairymen of Arizona						
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	2	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	2	2	6	6
4	Exempt Distributing Plant	0	0	0	7
5	Partially Regulated Plant	11	0	5	9
6	Pool Plant	6	2	9	8

**HIGHLIGHTS OF FEDERAL MILK ORDER REFORM  
AND PRICE DATA RELEASE DATES**

The consolidation of Federal milk orders was mandated by the 1996 Farm Bill, which restricts the number of milk orders to between 10 and 14 orders. The Farm Bill also authorized the Secretary to make additional reforms to the Federal milk order program such as the method of deriving Class I prices for fluid milk and prices for manufactured milk. The deadline for implementation of consolidation and reform is October 1, 1999.

The Class I pricing system established under Federal order reform uses a pricing surface based on the results of a Cornell University transportation model developed to determine the relative values of milk at various geographic locations. The objective of the model is to identify the most efficient transportation network for moving milk from the points of supply to the points of demand. The Class I pricing surface was then raised to a level that will assure an adequate supply of milk for fluid use at all points by assuring that the price at the lowest point on the surface will attract an adequate supply of milk for fluid use.

The BFP (Class III price) and the Class III-A price will be replaced with Class III and Class IV prices based on product price formulas utilizing butter, cheese, nonfat dry milk, and dry whey prices as reported by NASS. Specifically, these formulas will determine: 1) butterfat prices per pound for milk used in Classes II, III, and IV from a butter price; 2) protein and other solids prices for milk used in Class III products from cheese, butter, and dry whey prices; and 3) a nonfat solids price for milk used in Class IV products from nonfat dry milk product prices.

The Class I price mover will be the higher of a Class III or Class IV advance pricing factor computed and announced on or before the 23<sup>rd</sup> of the month for the following month. This mover plus the Class I differential will set the Class I price. The formulas will use the most recent 2-week reported NASS prices for cheese, butter, dry whey, and nonfat dry milk to estimate the Class III or Class IV price for milk used in manufacturing. Use of the most recent 2-week average of prices will reduce the time lag in the relationship between Class I prices and the prices for milk used in manufactured dairy products.

The Class II skim milk price will be computed by adding \$0.70 to the Class IV skim milk advanced pricing factor and be announced on or before the 23<sup>rd</sup> day of the month for the following month. The Class II butterfat price will be announced on or before the 5<sup>th</sup> day of the following month and will be computed by adding .007 cent per pound to the butterfat price used in Class III and Class IV.

Some classification changes will go into effect. All milk used in eggnog will be classified as Class I milk. The current Class III-A will be eliminated and a new Class IV will be established for all orders that will include milk used to make butter and all dried milk products. Although there had been a proposal to change its classification, cream cheese will continue to be classified in Class III.

Release dates for price information have been revised under Federal milk order reform. The Class I price, Class II skim and nonfat solids prices, and advance pricing factors will be released on the Friday before the 23<sup>rd</sup> of the month unless this date is a Friday. The Class II price, Class II butterfat price, Class III and Class IV milk prices, and component prices will be released on the Friday before the 5<sup>th</sup> of the month unless this date is a Friday. Please note that the release time for all prices will be 10:30 A.M. EST/EDST. Release dates for October through December 1999 are shown below.

Month to Which Prices Apply	Class I Price, Class II Skim and Nonfat Solids Prices, and Advance Pricing Factors		Class II Price and Class II Butterfat Price, Class III and Class IV Milk Prices and Component Prices	
	Release Date	Time Period of NASS Prices 1/	Release Date	Time Period of NASS Prices 1/
October	September 17	9/4, 11	November 5	10/2, 9, 16, 23, 30
November	October 22	10/9, 16	December 3	11/6, 13, 20, 27
December	November 19	11/6, 13	December 30	12/4, 11, 18, 25

1/ Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

**Federal Milk Order Minimum Advance Prices Highlights**

**Base Price for Class I.** Under the new Federal milk order reform pricing system, the base price for Class I for October 1999 is \$16.54 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$11.75 and the advanced butterfat pricing factor of \$1.4859. Class I differentials specific to each order are added to the base price to determine the Class I price. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$7.75. Thus, the Class II skim milk price for October is \$8.45 per cwt. and the Class II nonfat solids price is \$0.9389. **Product Price Averages.** The two-week product price averages for September are; butter \$1.3324, nonfat dry milk \$1.0155, cheese \$1.8008, and dry whey \$0.1872.

FEDERAL MILK ORDER MINIMUM CLASS I PRICE INFORMATION 1/ 2/				
Federal Milk Order Marketing Area 3/	October 1999			
	Order Number	Class I Price (3.5%)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) 4/	001	19.29	14.50	1.5134
Appalachian (Charlotte) 5/	005	19.09	14.30	1.5114
Southeast (Atlanta) 6/	007	19.44	14.65	1.5149
Florida (Tampa) 7/	006	20.74	15.95	1.5279
Midwest (Cleveland) 8/	033	18.54	13.75	1.5059
Upper Midwest (Chicago) 9/	030	18.49	13.70	1.5054
Central (Kansas City) 10/	032	18.44	13.65	1.5049
Southwest (Dallas) 11/	126	18.64	13.85	1.5069
Arizona-Las Vegas (Phoenix) 12/	131	18.09	13.30	1.5014
Western (Salt Lake City) 13/	135	18.04	13.25	1.5009
Pacific Northwest (Seattle) 14/	124	17.99	13.20	1.5004

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/ Name in parentheses is principal pricing point of market.

4/ Class I price at other points is: New York City, minus \$0.25; Philadelphia, minus \$0.55; Baltimore, minus \$0.70; and Washington, DC, minus \$0.70.

5/ Class I price at other points is: Knoxville, minus \$0.30 and Louisville, minus \$0.60.

6/ Class I price at other points is: New Orleans, plus \$0.15; Memphis, minus \$0.05; Nashville, minus \$0.85; and Springfield, Mo., minus \$1.20.

7/ Class I price at other points is: Miami, plus \$0.55; Orlando, same; and Jacksonville, minus \$0.40.

8/ Class I price at other points is: Cincinnati, plus \$0.05; Indianapolis, same; Pittsburgh, minus \$0.05; and Detroit, minus \$0.15.

9/ Class I price at other points is: Milwaukee, same; and Minneapolis, minus, \$0.35.

10/ Class I price at other points is: St. Louis, plus \$0.20; Des Moines, same; Omaha, same; Oklahoma City, same; and Denver, minus \$0.35.

11/ Class I price at other points is: Houston, plus \$0.85; San Antonio, plus \$0.55; Albuquerque, same; and El Paso, minus \$0.35.

12/ Class I price at Las Vegas is plus \$0.70.

13/ Class I price at Boise is minus \$0.15.

14/ Class I price at other points is: Portland, same; and Spokane, minus \$0.10.

Federal Milk Order Reform Final Decision: Product Price Averages

The National Agricultural Statistics Service (NASS) began collecting, in September 1998, weekly prices and volume traded for butter, nonfat dry milk and dry whey. Monthly and two-week averages of these new price series, along with those already collected for cheese, will be used in the Federal milk order Final Decision pricing formulas. Listed below are these averages for the time period September 1998 to date. This table will be updated on a monthly basis as the data become available.

Year and Time Period	Product Price Averages <sup>1/</sup> For:									
	Class I/II					Class III/IV				
	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey
	<u>Dollars per pound</u>					<u>Dollars per pound</u>				
<u>1998</u>										
Sep	9/4,11	2.5918	1.5842	1.0466	0.2624	9/4,11,18,25	2.6726	1.6260	1.0518	0.2637
Oct	10/9,16	2.4828	1.7597	1.0705	0.2563	10/2,9,16,23	2.5081	1.7607	1.0732	0.2544
Nov	11/6,13	2.0889	1.8269	1.0745	0.2426	10/30,11/6,13,20,27	1.9260	1.8278	1.0745	0.2425
Dec	12/4,11	1.3049	1.8552	1.0834	0.2450	12/4,11,18,25	1.3563	1.8643	1.0864	0.2436
<u>1999</u>										
Jan	1/9,16	1.4165	1.8198	1.0715	0.2213	1/2,9,16,23,30	1.4154	1.7225	1.0637	0.2137
Feb	2/6,13	1.2957	1.2824	1.0411	0.1909	2/6,13,20,27	1.2984	1.2925	1.0359	0.1897
Mar	3/6,13	1.3437	1.3056	1.0180	0.1913	3/6,13,20,27	1.3019	1.3064	1.0169	0.1917
Apr	4/10,17	1.0032	1.3154	1.0056	0.1842	4/3,10,17,24	1.0160	1.3126	1.0071	0.1845
May	5/8,15	0.9960	1.2639	1.0055	0.1748	5/1,8,15,22,29	1.0781	1.2499	1.0069	0.1739
Jun	6/5,12	1.4352	1.2422	1.0067	0.1717	6/5,12,19,26	1.4609	1.2786	1.0046	0.1711
Jul	7/10,17	1.3705	1.4548	1.0058	0.1724	7/3,10,17,24	1.3793	1.4583	1.0054	0.1724
Aug	8/7,14	1.4208	1.6849	1.0087	0.1773	7/31,8/7,14,21,28	1.3683	1.7154	1.0089	0.1810

<sup>1/</sup> These averages are the average of the applicable weekly prices weighted by the sales volume for the week. See the columns labeled "weeks ending" for applicable weeks. The most recently released information for the week will be used. Once an average price has been computed, it will not be revised even if NASS issues revised data for a week used to compute the average. However, for the period September-December 1998, as NASS was developing the three new price series, these averages were changed to include revisions issued after the average's scheduled computation date.



**Federal Milk Order Reform Final Decision: Comparison of Class I Mover and Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover <sup>1/</sup>		Class II Price		Class III Price		Class III-A/IV Price	
	Current	Final	Current	Final	Current	Final	Current	Final
1999	<u>Dollars per cwt.</u>							
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53
June	11.81	11.16	12.11	13.84	11.42	11.04	13.29	13.14
July	11.26	13.04	11.56	13.50	13.59	12.92	12.37	12.79
August	11.42	12.88	11.72	13.46	15.79	15.61	12.62	12.77
September	13.59	15.26						

<sup>1/</sup> In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The current Class I mover for January 1999 is the Basic Formula Price for November 1998. The final Class I mover for January 1999 is the figure computed for December 1998.

**Federal Milk Order Reform Final Decision: Producer Component Prices and Somatic Cell Adjustment**

Year and Month	Butterfat	Protein	Other Solids	Somatic Cell Adjustment
	<u>Dollars per pound</u>			
January	1.5871	3.2928	0.0792	.00086
February	1.4444	2.0006	0.0544	.00065
March	1.4487	2.0428	0.0565	.00065
April	1.1000	2.5104	0.0491	.00066
May	1.1757	2.1984	0.0381	.00062
June	1.6426	1.6992	0.0352	.00064
July	1.5430	2.4431	0.0366	.00073
August	1.5296	3.3421	0.0455	.00086

## MARKET ADMINISTRATORS ANNOUNCED

On September 10, 1999, Richard M. McKee, Deputy Administrator, Dairy Programs, announced the Market Administrator designations for the amended marketing orders. The amended designation for each of these current Market Administrators will take effect on October 1, 1999.

Amended Marketing Order(s)	Designated Market Administrator
Northeast	Erik F. Rasmussen
Appalachian	Arnold M. Stallings
Southeast & Florida	Sue L. Mosley
Mideast	Marvin A. Baumer
Central	Donald R. Nicholson
Upper Midwest	H. Paul Kyburz
Southwest	J. Richard Fleming
Pacific Northwest, Western & Arizona-Las Vegas	James R. Daugherty

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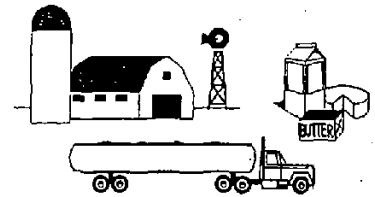
Federal Milk Market Administrator  
U.S. Department of Agriculture  
5501 N. 19th Avenue, Suite 230  
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# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



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Data for July 1999

Issued August 1999

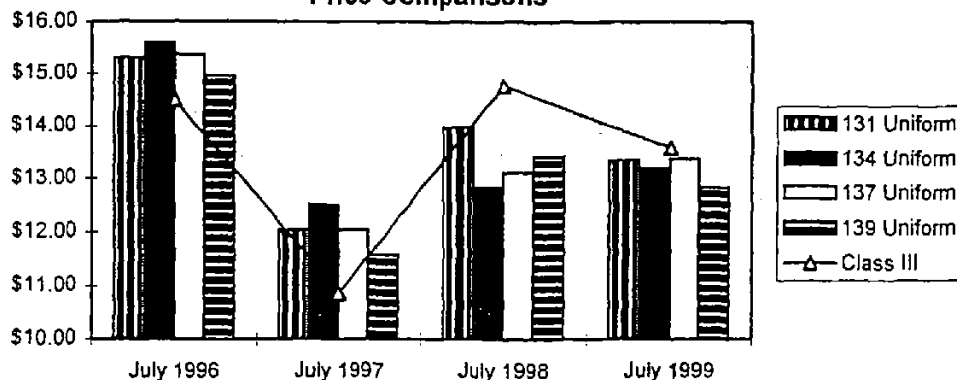
## Summary of Four Orders - July 1999

Producer milk during July 1999 totaled 407.9 million pounds, 10.37 % below a year ago. Producer weighted average fat test, 3.46%; 0.04% below last month and 0% below a year ago. Producer milk classified in Class I totaled 227.4 million pounds, 1.03% above a year ago.

## Market Highlights July 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>	204,938,850	8,516,861	—	87,020,137	107,414,470
Year to Date	1,688,958,025	63,350,787	—	851,486,584	1,200,191,168
Change - Prior Year to Date	8.11%	-0.10%	—	-4.02%	-4.12%
- Same Month Last Year	4.94%	-3.01%	—	8.73%	-37.17%
<b>Class I Producer Milk</b>	80,160,831	1/	70,335,404	1/	76,905,940
Year to Date	575,236,710	1/	487,184,318	1/	539,112,435
Change - Prior Year to Date	-0.17%	1/	2.02%	1/	5.41%
- Same Month Last Year	-2.24%	1/	2.42%	1/	3.35%
<b>Sold Outside Marketing Area (48 States)</b>	13,400,107	1/	7,416,524	1/	8,427,929
From Outside Marketing Area	2,404,460	1/	4,086,173	1/	9,229,070
<b>Percent Utilization of Producer Milk</b>					
Class I	39.11%	1/	73.62%	1/	71.60%
Class II	6.40%	1/	24.80%	1/	20.84%
Class III	54.49%	1/	1.58%	1/	7.56%

Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## July 1999 Delivery Period

	Central-AZ Order 131	Wes. CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$13.35	\$13.19	\$13.38	\$12.84
Butterfat Differential (.1%)	\$0.134	\$0.134	\$0.134	\$0.134
Skim Price per cwt.	\$8.660	\$8.500	\$8.690	—
Fat Price per cwt.	\$142.660	\$142.500	\$142.690	—
139 Weighted Average Differential Price Per cwt.	—	—	—	-\$0.75
139 Producer Protein Price Per Pound	—	—	—	\$2.78
139 Producer Butterfat Price Per Pound	—	—	—	\$1.43

### Handler Prices

<b>139 Component Prices</b>	
Fat per Pound	\$1.43
Protein per Pound	\$2.80
Skim Milk per cwt	\$8.90

#### Class Prices per cwt at 3.5% Fat

Class	Central-AZ	Wes. CO	Eastern CO	Great Basin
Class I	\$13.78	\$13.26	\$13.99	\$13.16
Class II	\$11.56	\$11.56	\$11.56	\$11.56
Class III	\$13.59	\$13.59	\$13.59	\$13.59
Class III-A	\$12.30	—	—	—

#### Skim and Fat Values per cwt

Class	Skim	Fat	Central-AZ	Wes. CO	Eastern CO	Great Basin
Class I	Skim		\$9.090	\$8.570	\$9.300	—
	Fat		\$143.090	\$142.570	\$143.300	—
Class II	Skim		\$6.870	\$6.870	\$6.870	—
	Fat		\$140.870	\$140.870	\$140.870	—
Class III	Skim		\$8.900	\$8.900	\$8.900	—
	Fat		\$142.900	\$142.900	\$142.900	—
Class III-A	Skim		\$7.610	—	—	—
	Fat		\$141.610	—	—	—

### Prices Common to All Federal Orders

	July 1999	June 1999	July 1998
Basic Formula Price at 3.5% Fat	\$13.59	\$11.42	\$14.77
Butterfat Differential per .1% Fat	\$0.134	\$0.161	\$0.223
Protein Test	3.07%	3.16%	3.07%
Change in Gross Values from Preceding Month	\$1.85	\$0.19	\$1.60
Base Month Price at Test	\$11.98	\$11.51	\$13.47
Base Month Price at 3.5% Fat	\$11.74	\$11.23	\$13.17
Equivalent Grade A Butter Price 1/	\$1.2544	\$1.4031	\$1.9185
Central States Nonfat Dry Milk Price	\$1.0172	\$1.0139	\$1.0297
Western States Nonfat Dry Milk Price for Class III-A	\$1.0098	\$1.0056	\$1.0324
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.4702	\$1.2747	\$1.5656

### Regional Milk Production Costs, July 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.14	\$18.46	Corn Belt	\$13.43	\$19.85
Southeast	\$13.75	\$18.28	Southern Plains	\$11.74	\$15.70
Upper Midwest	\$13.40	\$17.46	Pacific	\$9.57	\$11.74

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-694-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## July 1999 Delivery Period

	<u>Central AZ Order 131</u>	<u>Western CO Order 134</u>	<u>134 &amp; 137 Combined</u>	<u>Eastern CO Order 137</u>	<u>Great Basin Order 139</u>
<b><u>Producer Data</u></b>					
Number of Producers	100	18	---	191	388
Daily Average	67,684	15,263	---	22,256	12,434
Average Fat Percent	3.51%	3.31%	---	3.40%	3.42%
Change From Last Month	-0.04%	-0.07%	---	-0.06%	-0.06%
Change From Last Year	0.02%	-0.12%	---	-0.02%	-0.03%
Average Protein Percent	---	---	---	---	3.09%
Change From Last Month	---	---	---	---	-0.03%
Change From Last Year	---	---	---	---	-0.03%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.20%
<b>Pool Distribut. Plants Shrinkage</b>					
Skim	0.67%	1/	1.33%	1/	1.19%
Butterfat	2.17%	1/	2.31%	1/	1.51%
<b><u>Producer-Handler Data</u></b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	4,395,766	2,118,732
Daily Average	R	0	---	28,360	9,764
Class I Route Disp. as a % of Production	R	0.0%	---	53.0%	74.6%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>July 1999</u>	<u>July 1998</u>	<u>July 1997</u>
Total Producer Milk Receipts	407,890,318	455,066,427	542,989,667
Daily Average	13,157,752	14,679,562	17,515,796
Current Month % Change From Year Ago	-10.37%	-16.19%	-1.45%
Total Producer Milk in Class I	227,402,175	225,087,696	221,310,659
Daily Average	7,335,554	7,260,893	7,139,054
Current Month % Change From Year Ago	1.03%	1.71%	1.09%
Total Producer-Handlers	13	14	14
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.46%	-----	-----
Change From Last Month	-0.04%	-----	-----
Change From Last Year	0.00%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.  
R Restricted Information

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	22,711,849	20,831,617	16,765,244
Low Fat 2%	35,216,367	25,840,924	30,072,022
Low Fat 1%	8,284,129	10,291,826	13,394,000
Skim Milk	11,603,063	11,237,823	9,188,093
Buttermilk	650,070	729,045	792,673
Flavored Milk/Drink	2,498,717	1,896,835	5,987,986
Nonpool Plants	3/	335,358	1,407,587
Ending Inventory	5,264,628	4,377,769	5,789,719
Shrinkage	15,739	122,497	50,557
<b>1/ Total Class I Milk</b>	<b>86,244,562</b>	<b>75,663,694</b>	<b>83,447,881</b>
2/ Less: Other Receipts	6,083,731	5,328,290	6,541,941
<b>1/ Producer Milk Class I</b>	<b>80,160,831</b>	<b>70,335,404</b>	<b>76,905,940</b>
<b>Percent Fat in Class I</b>	<b>1.98%</b>	<b>1.96%</b>	<b>1.89%</b>
<b>Class II Milk</b>			
Half and Half	2,976,109	3,104,566	1,064,829
Light/Heavy Cream	420,846	1,388,150	980,832
Sour Cream	4/	1,328,341	935,721
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	6,041,913	17,031,590	11,474,794
Nonpool Plants	4,772,957	7,964,409	9,648,585
Ending Inventory	117,248	708,839	174,079
<b>1/ Total Class II Milk</b>	<b>14,329,073</b>	<b>31,525,895</b>	<b>24,278,840</b>
2/ Less: Other Receipts	1,220,219	7,834,291	1,890,667
<b>1/ Producer Milk Class II</b>	<b>13,108,854</b>	<b>23,691,604</b>	<b>22,388,173</b>
<b>Percent Fat in Class II</b>	<b>7.08%</b>	<b>7.00%</b>	<b>6.07%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	154,488	156,706	233,556
Other Class III Uses	113,660,888	699,943	1,528,216
Nonpool Plants	5/	460,081	6,286,043
Ending Inventory	4,052,555	3,139,628	3,531,709
Shrinkage	628,913	1,106,511	1,112,666
<b>1/ Total Class III Milk</b>	<b>118,496,844</b>	<b>5,562,869</b>	<b>12,692,190</b>
2/ Less: Other Receipts	6,827,679	4,052,879	4,571,833
<b>1/ Producer Milk Class III</b>	<b>111,669,165</b>	<b>1,509,990</b>	<b>8,120,357</b>
<b>Percent Fat in Class III</b>	<b>4.19%</b>	<b>13.34%</b>	<b>10.63%</b>
<b>1/ Total Producer Milk</b>	<b>204,938,850</b>	<b>95,536,998</b>	<b>107,414,470</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)**  
**July 1999 Delivery Period (23 Fluid Processing Plants Pooled--Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Alber Farms, Inc.	Santa Ana	CA	5			
Anderson Dairy, Inc.	Las Vegas	NV				6
Anderson-Erickson Dairy Co.	Des Moines	IA			3	
Brigham Young University	Provo	UT				4
Brown Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy)	City of Industry	5		5	5
	(Cream o'Weber Dairy, Inc.)	Salt Lake City				6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Fred Meyer, Inc.	(Ralphs Grocery Co.)	Compton	5			4
	(Smith's Food & Drug Ctrs, Inc.)	Layton				6
		Tolleson	6			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Ellen Hettinga Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	4
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID				1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Midwest Mix Company	Sulphur Springs	TX		5		
Mons Creamery	Amarillo	TX			3	
Moss Dairy, Inc.	Idaho Falls	ID				2
Morris Foods, Inc.	Omaha	NE			3	
Robinson Dairy, Inc.	Denver	CO			6	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jerseymaid)	City of Commerce				5
		Denver	6	3	6	
		Tempe				4
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Boise				3
		Delta		6		3
		Englewood			6	
		Greeley		3	6	
		Lincoln			3	
		Pocatello				6
		Salt Lake City				6
Sulza Foods Corp.	(Morningstar Foods, Inc.)	Gustine	5		5	5
	(Swiss Dairy)	Riverdale				6
	(Model Dairy, Inc.)	Reno	5			5
United Dairymen of Arizona		Tempe	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6
White Knight Corp.	Wyoming	MI				3

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	1	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	1	2	7	5
4	Exempt Distributing Plant	0	0	0	7
5	Partially Regulated Plant	10	1	5	9
6	Pool Plant	5	2	9	9

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,  
MAY 1999, WITH COMPARISONS**

In May 1999, mailbox milk prices reported for selected Federal milk orders averaged \$12.37 per cwt., \$.32 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$12.33, up \$.42; Southeast, \$13.59, up \$.82; Midwest, \$12.33, up \$.06 and West, \$11.91 up \$.53. Compared to May 1998, mailbox milk prices decreased \$.46 per cwt. on the average. Regional changes from the previous year were: -\$.80 in the Northeast, -\$1.19 in the Southeast, -\$.23 in the Midwest, and -\$.32 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	May 1998	April 1999	May 1999
	<u>Dollars per hundredweight</u>		
New England	13.46	12.29 *	12.50 **
New York-New Jersey	12.79	11.86	12.30
Middle Atlantic	13.55	11.60	12.20
Northeast Average <u>3/</u>	13.13	11.91 *	12.33
Carolina	14.99	12.89	13.65
Southeast	14.06	12.00	12.87
Florida <u>4/</u>	15.92	14.09	15.06
Southeast Average <u>3/</u>	14.78	12.77	13.59
Southern Michigan	13.28	12.33	12.62
Eastern Ohio-Western Pa.	13.12	11.96	12.72
Ohio Valley	13.33	11.91	12.55
Indiana	13.50	11.87	12.83
Chicago Regional <u>5/</u>	12.24	12.34	12.28
S. Illinois-E. Missouri	12.85	11.85	12.61
Louis.-Lex.-Evans.	13.84	12.02	12.91
Upper Midwest <u>5/</u>	12.24	12.61	12.11
Nebraska-Western Iowa	12.14	11.75	11.71
Iowa	12.16	12.18	12.12
Midwest Average <u>3/</u>	12.56	12.27	12.33
Texas	13.02	11.52	12.19
Southwest Plains	12.03	11.19	11.71
Eastern Colorado	12.48	11.67	12.21
S.W. Idaho-E. Oregon	10.91	11.53	11.27
Great Basin	11.58	11.23	11.40
New Mexico-West Texas	11.90	10.80	11.49
Pacific Northwest	12.65	11.46	12.10
West Average <u>3/</u>	12.23	11.38	11.91
All-Market Average <u>3/</u>	12.83	12.05 *	12.37

\* Revised.

\*\* Estimated.

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.



**Federal Milk Order Reform Final Decision: Comparison of Class I Mover and Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover <sup>1/</sup>		Class II Price		Class III Price		Class III-A/IV Price	
	Current	Final	Current	Final	Current	Final	Current	Final
1999	Dollars per cwt.							
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53
June	11.81	11.16	12.11	13.84	11.42	11.04	13.29	13.14
July	11.26	13.04	11.56	13.50	13.59	12.92	12.37	12.79
August	11.42	12.88						

<sup>1/</sup> In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The current Class I mover for January 1999 is the Basic Formula Price for November 1998. The final Class I mover for January 1999 is the figure computed for December 1998.

**Federal Milk Order Reform Final Decision: Producer Component Prices and Somatic Cell Adjustment**

Year and Month	Butterfat	Protein	Other Solids	Somatic Cell Adjustment
Dollars per pound				
January	1.5871	3.2928	0.0792	.00086
February	1.4444	2.0006	0.0544	.00065
March	1.4487	2.0428	0.0565	.00065
April	1.1000	2.5104	0.0491	.00066
May	1.1757	2.1984	0.0381	.00062
June	1.6426	1.6992	0.0352	.00064
July	1.5430	2.4431	0.0366	.00073

## JULY MILK PRODUCTION UP 2.3 PERCENT

Milk production in the 20 major states during July totaled 11.6 billion pounds, 2.3 percent above production in these same states in July 1998. July milk production was 1.2 percent below June 1999, compared to a decrease of 0.7 percent for the same period in 1998. June revised production, at 11.7 billion pounds, was 2.8 above June 1999.

Production per cow in the 20 major states averaged 1,469 pounds for July 1999, 28 pounds above July 1998. The number of cows on farms in the 20 major states was 7.74 million head, up 27,000 head from July 1998 and up 6,000 from June 1999.

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# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139

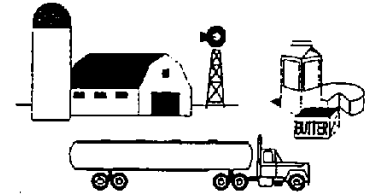


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Data for June 1999

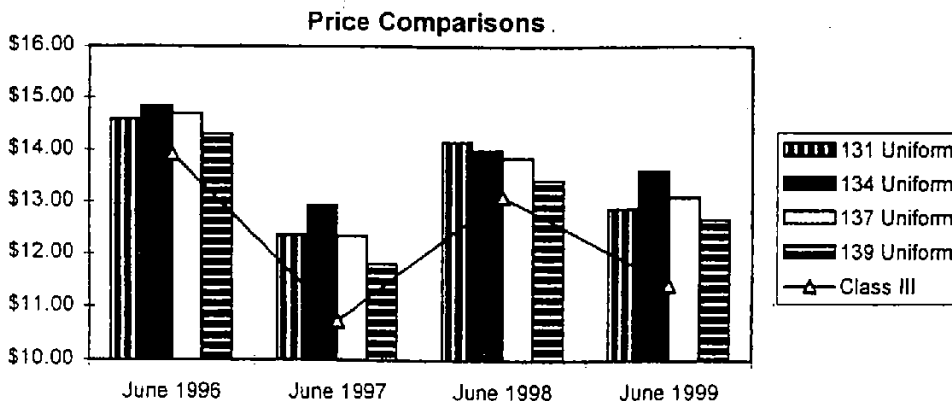
Issued July 1999

## Summary of Four Orders - June 1999

Producer milk during June 1999 totaled 546 million pounds, 2.98 % above a year ago. Producer weighted average fat test, 3.5%; 0.05% below last month and 0% below a year ago. Producer milk classified in Class I totaled 217.7 million pounds, 1.31% above a year ago.

## Market Highlights June 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	233,180,675	8,352,932	---	124,208,899	180,218,974
Change - Prior Year to Date	8.56%	0.36%	---	-5.29%	1.10%
- Same Month Last Year	3.93%	-1.11%	---	-6.56%	9.48%
<b>Class I Producer Milk</b>					
Year to Date	77,479,939	1/	65,316,420	1/	74,921,308
Change - Prior Year to Date	0.18%	1/	1.96%	1/	5.76%
- Same Month Last Year	2.01%	1/	-2.37%	1/	3.99%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	13,224,617	1/	6,601,668	1/	9,371,449
Percent Utilization of Producer Milk					
Class I	33.23%	1/	49.27%	1/	41.57%
Class II	6.58%	1/	14.01%	1/	15.06%
Class III	60.19%	1/	36.72%	1/	43.37%



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## June 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$12.87	\$13.60	\$13.09	\$12.66
Butterfat Differential (.1%)	\$0.161	\$0.161	\$0.161	\$0.161
Skim Price per cwt.	\$7.235	\$7.965	\$7.455	---
Fat Price per cwt.	\$168.235	\$168.965	\$168.455	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$1.24
139 Producer Protein Price Per Pound	---	---	---	\$1.78
139 Producer Butterfat Price Per Pound	---	---	---	\$1.67

### Handler Prices

#### Class Prices per cwt at 3.5% Fat

<b>139 Component Prices</b>
Fat per Pound \$1.67
Protein per Pound \$1.76
Skim Milk per cwt \$5.79

Class I	\$14.33	\$13.81	\$14.54	\$13.71	
Class II	\$12.11	\$12.11	\$12.11	\$12.11	
Class III	\$11.42	\$11.42	\$11.42	\$11.42	
Class III-A	\$13.21	---	---	---	
<b>Skim and Fat Values per cwt</b>					
Class I	Skim	\$8.695	\$8.175	\$8.905	---
	Fat	\$169.695	\$169.175	\$169.905	---
Class II	Skim	\$6.475	\$6.475	\$6.475	---
	Fat	\$167.475	\$167.475	\$167.475	---
Class III	Skim	\$5.785	\$5.785	\$5.785	---
	Fat	\$166.785	\$166.785	\$166.785	---
Class III-A	Skim	\$7.575	---	---	---
	Fat	\$168.575	---	---	---

### Prices Common to All Federal Orders

	June 1999	May 1999	June 1998
Basic Formula Price at 3.5% Fat	\$11.42	\$11.26	\$13.10
Butterfat Differential per .1% Fat	\$0.161	\$0.111	\$0.217
Protein Test	3.16%	3.16%	3.13%
Change in Gross Values from Preceding Month	\$0.19	-\$0.43	\$2.05
Base Month Price at Test	\$11.51	\$12.00	\$11.35
Base Month Price at 3.5% Fat	\$11.23	\$11.69	\$11.05
Equivalent Grade A Butter Price 1/	\$1.4031	\$1.0389	\$1.8468
Central States Nonfat Dry Milk Price	\$1.0139	\$1.0228	\$1.0289
Western States Nonfat Dry Milk Price for Class III-A	\$1.0056	\$1.0025	\$1.0275
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.2747	\$1.2661	\$1.4038

### Regional Milk Production Costs, June 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.28	\$18.51	Corn Belt	\$13.52	\$19.84
Southeast	\$13.86	\$18.26	Southern Plains	\$11.85	\$15.71
Upper Midwest	\$12.48	\$17.44	Pacific	\$9.61	\$11.74

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-394-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## June 1999 Delivery Period

	<u>Central AZ</u> <u>Order 131</u>	<u>Western CO</u> <u>Order 134</u>	<u>134 &amp; 137</u> <u>Combined</u>	<u>Eastern CO</u> <u>Order 137</u>	<u>Great Basin</u> <u>Order 139</u>
<b>Processor Data</b>					
Number of Producers	100	18	----	203	522
Daily Average	77,727	15,468	----	20,396	11,508
Average Fat Percent	3.55%	3.38%	----	3.46%	3.48%
Change From Last Month	0.00%	-0.06%	----	-0.07%	-0.08%
Change From Last Year	0.05%	-0.09%	----	-0.03%	-0.02%
Average Protein Percent	----	----	----	----	3.12%
Change From Last Month	----	----	----	----	-0.05%
Change From Last Year	----	----	----	----	-0.02%
Avg. Prot. %, Class II & III Producer Sk. Milk	----	----	----	----	3.24%
<b>Pool Distribut. Plants Shrinkage</b>					
Skim	0.68%	1/	1.77%	1/	0.58%
Butterfat	2.52%	1/	3.06%	1/	0.54%
<b>Producer-Handler Data</b>					
Number of Producer-Handlers	1	0	----	5	7
Production	R	0	----	4,258,605	2,065,156
Daily Average	R	0	----	28,391	9,834
Class I Route Disp. as a % of Production	R	0.0%	----	56.6%	74.2%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>June 1999</u>	<u>June 1998</u>	<u>June 1997</u>
Total Producer Milk Receipts	545,961,480	530,171,924	549,557,824
Daily Average	18,198,716	17,672,397	18,318,594
Current Month % Change From Year Ago	2.98%	-3.53%	-2.16%
Total Producer Milk in Class I	217,717,667	214,897,713	206,714,848
Daily Average	7,257,256	7,163,257	6,890,495
Current Month % Change From Year Ago	1.31%	3.96%	3.92%
Total Producer-Handlers	13	14	14
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.50%	-----	-----
Change From Last Month	-0.05%	-----	-----
Change From Last Year	0.00%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

## June 1999 Utilization and Classification of Pool Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	20,855,825	19,151,307	15,900,315
Low Fat 2%	34,887,040	23,692,682	30,018,160
Low Fat 1%	8,465,040	9,659,906	12,512,487
Skim Milk	11,738,633	10,585,925	9,062,932
Buttermilk	667,701	688,177	1,122,626
Flavored Milk/Drink	2,428,779	1,958,845	4,100,662
Nonpool Plants	3/	299,375	2,702,177
Ending Inventory	5,503,907	4,323,201	6,073,115
Shrinkage	31,741	189,674	30,038
<b>1/ Total Class I Milk</b>	<b>84,578,666</b>	<b>70,549,092</b>	<b>81,522,512</b>
2/ Less: Other Receipts	7,098,727	5,232,672	6,601,204
<b>1/ Producer Milk Class I</b>	<b>77,479,939</b>	<b>65,316,420</b>	<b>74,921,308</b>
<b>Percent Fat in Class I</b>	<b>1.97%</b>	<b>1.97%</b>	<b>1.88%</b>
<b>Class II Milk</b>			
Half and Half	2,870,959	2,986,761	998,925
Light/Heavy Cream	396,944	1,272,762	936,325
Sour Cream	4/	1,267,263	1,025,351
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	6,168,524	17,028,153	12,230,239
Nonpool Plants	7,029,404	2,261,846	14,136,611
Ending Inventory	147,736	827,272	163,107
<b>1/ Total Class II Milk</b>	<b>16,613,567</b>	<b>25,644,057</b>	<b>29,490,558</b>
2/ Less: Other Receipts	1,273,758	7,076,281	2,346,966
<b>1/ Producer Milk Class II</b>	<b>15,339,809</b>	<b>18,567,776</b>	<b>27,143,592</b>
<b>Percent Fat in Class II</b>	<b>7.30%</b>	<b>7.79%</b>	<b>6.22%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	141,518	138,678	232,176
Other Class III Uses	151,787,142	731,154	43,937,369
Nonpool Plants	5/	47,443,991	43,112,091
Ending Inventory	6,715,476	4,870,876	5,598,059
Shrinkage	625,410	1,371,149	512,793
<b>1/ Total Class III Milk</b>	<b>159,269,546</b>	<b>54,555,848</b>	<b>93,392,488</b>
2/ Less: Other Receipts	18,908,619	5,878,213	15,238,414
<b>1/ Producer Milk Class III</b>	<b>140,360,927</b>	<b>48,677,635</b>	<b>78,154,074</b>
<b>Percent Fat in Class III</b>	<b>4.02%</b>	<b>3.78%</b>	<b>4.05%</b>
<b>1/ Total Producer Milk</b>	<b>233,180,675</b>	<b>132,561,831</b>	<b>180,218,974</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)  
June 1999 Delivery Period (23 Fluid Processing Plants Pooled-Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code In Applicable Orders			
			131	134	137	139
Ar Farms, Inc.	Santa Ana	CA	5			
erson Dairy, Inc.	Las Vegas	NV				6
am Young University	Provo	UT				4
m Dairy, Inc.	Hoytsville	UT				2
acique, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			5	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy) City of Industry	CA	5		5	5
	(Cream o'Webber Dairy, Inc.) Salt Lake City	UT				6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Farmers Dairies	El Paso	TX	3			
Frad Meyer, Inc.	(Ralphs Grocery Co.) Compton	CA	5			4
	(Smith's Food & Drug Ctrs, Inc.) Layton	UT				6
	Tollason	AZ	6			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hain & Ellen Hettinga Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	4
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID			1	1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Midwest Mix Company	Sulphur Springs	TX	5			
Creamery	Amarillo	TX			3	
s Dairy, Inc.	Idaho Falls	ID				2
ts Foods, Inc.	Omaha	NE			3	
inson Dairy, Inc.	Denver	CO			5	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Danver	CO			6	
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jerseymaid) City of Commerce	CA				5
	Denver	CO		3	6	
	Tempe	AZ	6			
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.) Boise	ID				3
	Delta	CO		6		3
	Englewood	CO			5	
	Greeley	CO		3	6	
	Lincoln	NE			3	
	Pocatello	ID				8
	Salt Lake City	UT				6
Sulza Foods Corp.	(Morningstar Foods, Inc.) Gustine	CA	5		5	5
	(Swiss Dairy) Riverside	CA				5
	(Model Dairy, Inc.) Reno	NV	5			5
United Dairymen of Arizona	Tempe	AZ	1			
			8			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				5
White Knight Corp.	Wyoming	MI	3			

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	2	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	3	2	5	5
4	Exempt Distributing Plant	0	0	0	7
5	Partially Regulated Plant	11	0	5	9
6	Pool Plant	5	2	9	10

Federal Milk Order Reform Final Decision: Product Price Averages

The National Agricultural Statistics Service (NASS) began collecting, in September 1998, weekly prices and volume traded for butter, nonfat dry milk and dry whey. Monthly and two-week averages of these new price series, along with those already collected for cheese, will be used in the Federal milk order Final Decision pricing formulas. Listed below are these averages for the time period September 1998 to date. This table will be updated on a monthly basis as the data become available.

Year and Time Period	Product Price Averages <sup>1/</sup> For:									
	Class I/II					Class III/IV				
	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey
	<u>Dollars per pound</u>					<u>Dollars per pound</u>				
<u>1998</u>										
Sep	9/4,11	2.5918	1.5842	1.0466	0.2624	9/4,11,18,25	2.6726	1.6260	1.0518	0.2637
Oct	10/9,16	2.4828	1.7597	1.0705	0.2563	10/2,9,16,23	2.5081	1.7607	1.0732	0.2544
Nov	11/6,13	2.0889	1.8269	1.0745	0.2426	10/30,11/6,13,20,27	1.9260	1.8278	1.0745	0.2425
Dec	12/4,11	1.3049	1.8552	1.0834	0.2450	12/4,11,18,25	1.3563	1.8643	1.0864	0.2436
<u>1999</u>										
Jan	1/9,16	1.4165	1.8198	1.0715	0.2213	1/2,9,16,23,30	1.4154	1.7225	1.0637	0.2137
Feb	2/6,13	1.2957	1.2824	1.0411	0.1909	2/6,13,20,27	1.2984	1.2925	1.0359	0.1897
Mar	3/6,13	1.3437	1.3056	1.0180	0.1913	3/6,13,20,27	1.3019	1.3064	1.0169	0.1917
Apr	4/10,17	1.0032	1.3154	1.0056	0.1842	4/3,10,17,24	1.0160	1.3126	1.0071	0.1845
May	5/8,15	0.9960	1.2639	1.0055	0.1748	5/1,8,15,22,29	1.0781	1.2499	1.0069	0.1739
Jun	6/5,12	1.4352	1.2422	1.0067	0.1717	6/5,12,19,26	1.4609	1.2786	1.0046	0.1711

<sup>1/</sup> These averages are the average of the applicable weekly prices weighted by the sales volume for the week. See the columns labeled "weeks ending" for applicable weeks. The most recently released information for the week will be used. Once an average price has been computed, it will not be revised even if NASS issues revised data for a week used to compute the average. However, for the period September-December 1998, as NASS was developing the three new price series, these averages were changed to include revisions issued after the average's scheduled computation date.



**Federal Milk Order Reform Final Decision: Comparison of Class I Mover and Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover <sup>1/</sup>		Class II Price		Class III Price		Class III-A/IV Price	
	Current	Final	Current	Final	Current	Final	Current	Final
1999	<u>Dollars per cwt.</u>							
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53
June	11.81	11.16	12.11	13.85	11.42	11.04	13.29	13.14
July	11.26	13.04						

<sup>1/</sup> In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The current Class I mover for January 1999 is the Basic Formula Price for November 1998. The final Class I mover for January 1999 is the figure computed for December 1998.

**Federal Milk Order Reform Final Decision: Producer Component Prices and Somatic Cell Adjustment**

Year and Month	Butterfat	Protein	Other Solids	Somatic Cell Adjustment
	<u>Dollars per pound</u>			
January	1.5871	3.2928	0.0792	.00086
February	1.4444	2.0006	0.0544	.00065
March	1.4487	2.0428	0.0565	.00065
April	1.1000	2.5104	0.0491	.00066
May	1.1757	2.1984	0.0381	.00062
June	1.6426	1.6992	0.0352	.00064

## REFERENDUM ORDER

On July 14, 1999, Enrique E. Figueroa, Administrator, Agricultural Marketing Service, issued a Referendum order to determine whether producers favor the issuance of the orders regulating the handling of milk in the 11 consolidated marketing areas formed from the current 31 Federal milk marketing orders. The 31 current Federal milk order marketing areas are merged and, in some cases, expanded and/or divided, to create 11 order areas. The provisions of the Federal milk marketing orders are set forth in the final decision issued March 12, 1999, and corrected by a document on July 8, 1999.

The referendum on the issuance of the consolidated orders, as merged and amended, will be concluded on August 6, 1999. The order cannot be made effective unless its issuance is approved by at least two-thirds of the voting producers or two-thirds of the producer milk of voting producers.

## CORRECTIONS TO FINAL RULE

The Agricultural Marketing Service (AMS), USDA, published in the **Federal Register** of April 2, 1999, a final decision that consolidated the current 31 Federal milk orders into 11 orders to comply with the 1996 Farm Bill and made other order changes. Inadvertent errors and omissions were made in the supplementary information and in the regulatory text. On July 8, 1999, AMS published a document that makes corrections to the final decision. These corrections do not change the conclusions contained in the final decision and do not substantively alter the regulatory provisions.

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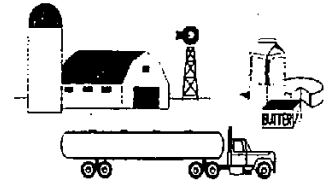
Federal Milk Market Administrator  
U.S. Department of Agriculture  
5501 N. 19th Avenue, Suite 230  
Phoenix, AZ 85015-2449

# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



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Data for May 1999

Issued June 1999

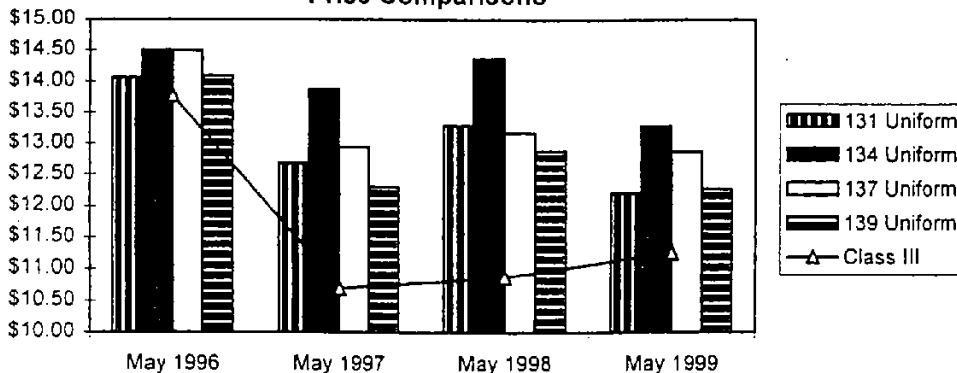
## Summary of Four Orders - May 1999

Producer milk during May 1999 totaled 589.9 million pounds, 4.97 % above a year ago. Producer weighted average fat test, 3.55%; 0.04% below last month and 0.04% above a year ago. Producer milk classified in Class I totaled 220.6 million pounds, 2.19% above a year ago.

## Market Highlights May 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>	259,159,902	8,800,844	---	125,769,458	196,137,847
Year to Date	1,250,838,500	46,480,994	---	640,257,548	912,557,724
Change - Prior Year to Date	9.47%	0.23%	---	-5.03%	-0.40%
- Same Month Last Year	6.11%	-0.46%	---	-9.26%	15.20%
<b>Class I Producer Milk</b>	78,861,031	1/	66,793,047	1/	74,921,217
Year to Date	417,595,940	1/	351,532,494	1/	387,285,187
Change - Prior Year to Date	-0.16%	1/	2.80%	1/	6.11%
- Same Month Last Year	-1.28%	1/	1.77%	1/	6.54%
Sold Outside Marketing Area (48 States)	14,293,510	1/	7,023,649	1/	7,902,049
From Outside Marketing Area	1,889,569	1/	2,953,555	1/	10,264,313
<b>Percent Utilization of Producer Milk</b>					
Class I	30.43%	1/	49.63%	1/	38.20%
Class II	5.85%	1/	13.96%	1/	13.59%
Class III	63.72%	1/	36.41%	1/	48.12%

## Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## May 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$12.21	\$13.28	\$12.87	\$12.27
Butterfat Differential (.1%)	\$0.111	\$0.111	\$0.111	\$0.111
Skim Price per cwt.	\$8.325	\$9.395	\$8.985	---
Fat Price per cwt.	\$119.325	\$120.395	\$119.985	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$1.01
139 Producer Protein Price Per Pound	---	---	---	\$2.25
139 Producer Butterfat Price Per Pound	---	---	---	\$1.18

### Handler Prices

		Class Prices per cwt at 3.5% Fat					
<b>139 Component Prices</b>	<b>Fat per Pound</b>						
	\$1.18	Class I	\$14.14	\$13.62	\$14.35	\$13.52	
		Class II	\$11.92	\$11.92	\$11.92	\$11.92	
		Class III	\$11.26	\$11.26	\$11.26	\$11.26	
		Class III-A	\$11.43	---	---	---	
		<b>Skim and Fat Values per cwt</b>					
<b>Protein per Pound</b>	\$2.26	Class I	<b>Skim</b>	\$10.255	\$9.735	\$10.465	---
			<b>Fat</b>	\$121.255	\$120.735	\$121.465	---
<b>Skim Milk per cwt</b>	\$7.38	Class II	<b>Skim</b>	\$8.035	\$8.035	\$8.035	---
			<b>Fat</b>	\$119.035	\$119.035	\$119.035	---
		Class III	<b>Skim</b>	\$7.375	\$7.375	\$7.375	---
			<b>Fat</b>	\$118.375	\$118.375	\$118.375	---
		Class III-A	<b>Skim</b>	\$7.545	---	---	---
			<b>Fat</b>	\$118.545	---	---	---

### Prices Common to All Federal Orders

	May 1999	April 1999	May 1998
Basic Formula Price at 3.5% Fat	\$11.26	\$11.81	\$10.88
Butterfat Differential per .1% Fat	\$0.111	\$0.095	\$0.175
Protein Test	3.16%	3.18%	3.15%
Change in Gross Values from Preceding Month	-\$0.43	-\$0.05	-\$0.94
Base Month Price at Test	\$12.00	\$12.34	\$12.25
Base Month Price at 3.5% Fat	\$11.69	\$11.86	\$11.82
Equivalent Grade A Butter Price 1/	\$1.0389	\$0.9398	\$1.4945
Central States Nonfat Dry Milk Price	\$1.0228	\$1.0228	\$1.0348
Western States Nonfat Dry Milk Price for Class III-A	\$1.0025	\$1.0105	\$1.0315
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.2661	\$1.3131	\$1.2034

### Regional Milk Production Costs, May 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.59	\$18.78	Corn Belt	\$13.67	\$19.94
Southeast	\$14.22	\$18.55	Southern Plains	\$12.10	\$15.93
Upper Midwest	\$12.59	\$17.52	Pacific	\$9.69	\$11.79

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-394-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## May 1999 Delivery Period

	<u>Central AZ</u> <u>Order 131</u>	<u>Western CO</u> <u>Order 134</u>	<u>134 &amp; 137</u> <u>Combined</u>	<u>Eastern CO</u> <u>Order 137</u>	<u>Great Basin</u> <u>Order 139</u>
<b><u>Producer Data</u></b>					
Number of Producers	99	19	---	210	530
Daily Average	84,444	14,942	---	19,319	11,938
Average Fat Percent	3.55%	3.44%	---	3.53%	3.56%
Change From Last Month	-0.03%	-0.01%	---	-0.05%	-0.07%
Change From Last Year	0.04%	-0.07%	---	0.03%	0.04%
Average Protein Percent	---	---	---	---	3.17%
Change From Last Month	---	---	---	---	-0.04%
Change From Last Year	---	---	---	---	0.00%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.29%
Pool Distribut. Plants Shrinkage					
Skim	1.09%	1/	1.66%	1/	1.58%
Butterfat	2.46%	1/	1.89%	1/	1.43%
<b><u>Producer-Handler Data</u></b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	4,212,054	2,079,159
Daily Average	R	0	---	27,175	9,581
Class I Route Disp. as a % of Production	R	0.0%	---	57.6%	75.7%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>May 1999</u>	<u>May 1998</u>	<u>May 1997</u>
Total Producer Milk Receipts	589,868,051	561,917,018	576,701,878
Daily Average	19,028,002	18,126,355	18,603,286
Current Month % Change From Year Ago	4.97%	-2.56%	-2.75%
Total Producer Milk in Class I	220,575,295	215,842,752	224,140,234
Daily Average	7,115,332	6,962,669	7,230,330
Current Month % Change From Year Ago	2.19%	-3.70%	-1.61%
Total Producer-Handlers	13	14	14
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.55%	-----	-----
Change From Last Month	-0.04%	-----	-----
Change From Last Year	0.04%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

## May 1999 Utilization and Classification of Pool Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	20,836,159	19,386,669	14,855,267
Low Fat 2%	33,343,747	24,006,265	29,250,330
Low Fat 1%	9,183,176	10,646,650	12,883,582
Skim Milk	11,943,060	10,935,306	9,126,422
Buttermilk	699,525	656,944	885,473
Flavored Milk/Drink	3,947,086	3,297,189	5,682,263
Nonpool Plants	3/	288,904	3,990,052
Ending Inventory	6,675,191	4,336,407	6,229,561
Shrinkage	27,130	376,439	315,299
<b>1/ Total Class I Milk</b>	<b>86,655,074</b>	<b>73,930,773</b>	<b>83,218,249</b>
2/ Less: Other Receipts	7,794,043	7,137,726	8,297,032
<b>1/ Producer Milk Class I</b>	<b>78,861,031</b>	<b>66,793,047</b>	<b>74,921,217</b>
<b>Percent Fat in Class I</b>	<b>1.93%</b>	<b>1.90%</b>	<b>1.82%</b>
<b>Class II Milk</b>			
Half and Half	3,014,335	2,947,124	1,017,365
Light/Heavy Cream	450,728	1,294,482	953,055
Sour Cream	4/	1,103,437	1,041,458
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	6,216,595	14,874,332	12,019,053
Nonpool Plants	6,563,497	2,708,110	13,009,100
Ending Inventory	111,569	561,362	190,134
<b>1/ Total Class II Milk</b>	<b>16,356,724</b>	<b>23,488,847</b>	<b>28,230,165</b>
2/ Less: Other Receipts	1,189,436	4,704,492	1,580,531
<b>1/ Producer Milk Class II</b>	<b>15,167,288</b>	<b>18,784,355</b>	<b>26,649,634</b>
<b>Percent Fat in Class II</b>	<b>6.71%</b>	<b>7.69%</b>	<b>6.41%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	140,430	134,949	236,907
Other Class III Uses	165,630,106	554,293	42,093,768
Nonpool Plants	5/	43,847,428	53,349,267
Ending Inventory	4,820,802	6,152,333	7,829,126
Shrinkage	1,019,907	1,149,742	1,234,518
<b>1/ Total Class III Milk</b>	<b>171,611,245</b>	<b>51,838,745</b>	<b>104,743,586</b>
2/ Less: Other Receipts	6,479,662	2,845,845	10,176,590
<b>1/ Producer Milk Class III</b>	<b>165,131,583</b>	<b>48,992,900</b>	<b>94,566,996</b>
<b>Percent Fat in Class III</b>	<b>4.04%</b>	<b>4.15%</b>	<b>4.13%</b>
<b>1/ Total Producer Milk</b>	<b>259,159,902</b>	<b>134,570,302</b>	<b>196,137,847</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)  
May 1999 Delivery Period (23 Fluid Processing Plants Pooled-Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Alma Farms, Inc.	Santa Ana	CA	5			
Anderson Dairy, Inc.	Las Vegas	NV				6
Arden Young University	Provo	UT				4
Arrow Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				5
	Salt Lake City	UT		1	1	1
	Smithfield	UT				5
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy)	City of Industry	CA	5		5
	(Cream o' Weber Dairy, Inc.)	Salt Lake City	UT			6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralphs Grocery Co.)	Compton	CA	5		4
	(Smith's Food & Drug Ctrs, Inc.)	Layton	UT			5
		Tolleson	AZ	6		3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Ellen Hettinga Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	4
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID				1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
West Mix Company	Sulphur Springs	TX	5			
Creamery	Amerillo	TX			3	
g Dairy, Inc.	Idaho Falls	ID				2
ts Foods, Inc.	Omaha	NE			3	
Robinson Dairy, Inc.	Denver	CO			6	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jarvismaid)	City of Commerce	CA			5
		Denver	CO		3	6
		Tempe	AZ	6		
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Boise	ID			3
		Delta	CO	6		3
		Englewood	CO		6	
		Greeley	CO	3	6	
		Lincoln	NE		3	
		Pocatello	ID			6
		Salt Lake City	UT			6
Suiza Foods Corp.	(Morningstar Foods, Inc.)	Gustine	CA	5		5
	(Swiss Dairy)	Riverside	CA			5
	(Model Dairy, Inc.)	Reno	NV	5		5
United Dairymen of Arizona		Tempe	AZ	1		
				6		
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6
White Knight Corp.	Wyoming	MI	3			

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	1	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	3	2	5	5
4	Exempt Distributing Plant	0	0	0	7
5	Partially Regulated Plant	11	0	5	9
6	Pool Plant	5	2	9	10

## THE DAIRY SITUATION AND OUTLOOK\*

**Dairy Price Adjustments Have Come.** The dairy industry has undergone a major price adjustment, as large gains in milk production finally overcame very strong demand for dairy products. With expansion momentum already established in milk production, inexpensive feed is likely to lead to large output gains throughout 1999. Although dairy demand is expected to continue to reflect the strength of the general economy, commercial use is not likely to absorb supplies except at prices far below the 1998 records. Sales of all dairy products in January-March rose 2 percent from a year earlier on a skim solids basis and almost 2 percent on a milkfat basis, very dramatic gains in light of higher prices. Retail prices averaged 9 percent higher, while wholesale buyers faced prices that ranged from about unchanged to sharply higher depending on the product. The increase in winter sales may have been slightly misleading. Some of the movement undoubtedly went to restore pipeline holdings depleted by the very tight markets of late 1998. In addition, milkfat users, anxious to avoid repetition of last year's mistakes, were much more aggressive about arranging fat supplies for the second half of the year. Even so, the demand strength that made 1998 such an extraordinary year clearly persisted in 1999.

**Milk Output Surging.** January-March milk output rose more than 3 percent from a year earlier, as the lagged effects of relatively favorable 1996-98 returns trimmed declines in milk cow numbers and boosted milk per cow. Milk cow numbers were down 0.4 percent from a year earlier and only slightly below the third quarter of 1998. Financially strong producers have begun to accelerate expansion plans after a period of devoting improved returns to buttressing their financial position. These expansions have put substantial pressure on prices of replacement heifers, with very high prices reported across the country. Record milk-feed price ratios and very favorable weather triggered a surge in January-March milk per cow, despite still-tight supplies of dairy-quality forage. Winter's almost 4 percent jump from a year earlier brought milk per cow close to the long-run trend for the first time in about 4 years. January-April production illustrated the probable pattern for milk production during the rest of 1999 and into 2000. Returns over concentrate cost and the milk-feed price ratio will trail the 1998 records but will stay generally above 1997 or the early 1990's. These milk-feed relationships likely will sustain the expansion begun last autumn. For all of 1999, milk output is projected to increase about 3 percent, with large rises persisting until the end. Milk cow numbers during the rest of the year are expected to stay near the early 1999 levels, as growth in new and expanding herds offsets a still-substantial exit of milk producers.

**Dairy Prices Remain Unsettled.** Wholesale dairy product prices are likely to be unsettled in coming months. Milk production will be near its seasonal peak and will be above a year earlier, while stocks are fairly large. On the other hand, product movement is expected to be heavy as demand stays brisk. Cheese prices may fluctuate as traders attempt to discover the appropriate price level. Butter prices may have begun moderate seasonal rises, although they probably will continue to be unsteady. Nonfat dry milk prices are not likely to stray much from the support purchase price before at least autumn. Limited seasonal rises in the Basic Formula Price (BFP) during the second half may be the strongest effect of the surge in milk production. The second half average BFP is projected to be the lowest since the early 1990's. For the year, the BFP is expected to average below \$12.00 per cwt, down sharply from 1998's \$14.20. The decline in the average price of all milk will not be as sharp because of the high prices of milk for fluid use in early 1999. Even so, average milk prices are projected to fall almost \$2.00 per cwt this year. Retail prices of dairy products during January-March were more than 9 percent higher than a year earlier, reflecting the carryover effects of the high farm and wholesale prices of late 1998. Retail prices are projected to decline as 1999 progresses but will be much above a year earlier until late in the year. After declining significantly in 1998, the farm-retail spread will widen sharply in 1999. For the year, retail prices are projected to increase 4 to 5 percent.

\* This summary was developed by the Market Information Branch, Agricultural Marketing Service, USDA, Washington, D.C.

Source: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-59, May 25, 1999, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.



**Federal Milk Order Reform Final Decision: Comparison of Class I Mover and Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover <sup>1/</sup>		Class II Price		Class III Price		Class III-A/IV Price	
	Current	Final	Current	Final	Current	Final	Current	Final
1999	<u>Dollars per cwt.</u>							
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53
June	11.81	11.16						

<sup>1/</sup> In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The current Class I mover for January 1999 is the Basic Formula Price for November 1998. The final Class I mover for January 1999 is the figure computed for December 1998.

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## MAY MILK PRODUCTION UP 3.5 PERCENT

Milk production in the 20 major states during May totaled 12.4 billion pounds, up 3.5 percent from production in these same states in May 1998. April revised production, at 12.0 billion pounds, was up 3.5 percent from April 1998.

Production per cow in the 20 major states averaged 1,610 pounds for May 1999, 54 pounds above May 1998. The number of cows on farms in the 20 major states was 7.72 million head, 3,000 head more than May 1998 and 8,000 head more than April 1999.

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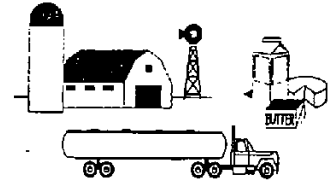
Federal Milk Market Administrator  
U.S. Department of Agriculture  
5501 N. 19th Avenue, Suite 230  
Phoenix, AZ 85015-2449

# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



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Data for April 1999

Issued May 1999

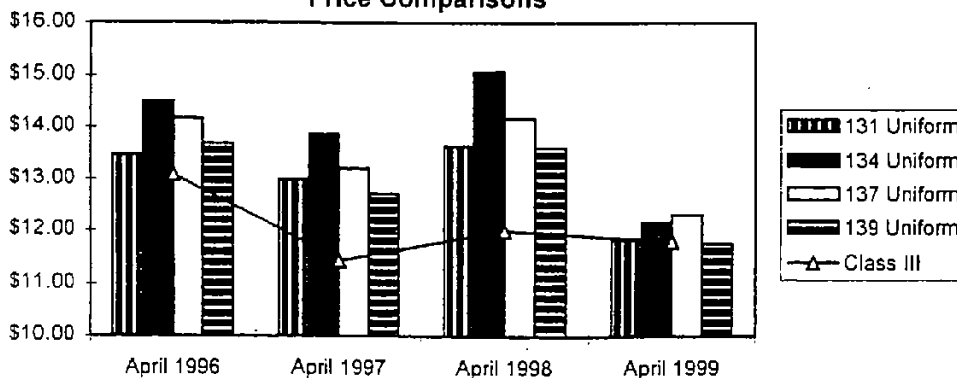
## Summary of Four Orders - April 1999

Producer milk during April 1999 totaled 534.2 million pounds, 2.46 % below a year ago. Producer weighted average fat test, 3.59%; 0.01% above last month and 0.03% above a year ago. Producer milk classified in Class I totaled 242.9 million pounds, 9.28% above a year ago.

### Market Highlights April 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	256,924,340	9,120,400	---	121,596,245	146,566,625
	991,678,598	37,680,150	---	514,488,090	716,419,877
Change - Prior Year to Date	10.38%	0.39%	---	-3.94%	-3.96%
- Same Month Last Year	9.03%	7.24%	---	-5.53%	-16.15%
<b>Class I Producer Milk</b>					
Year to Date	87,285,751	1/	73,957,692	1/	81,631,786
	338,734,909	1/	284,739,447	1/	312,363,970
Change - Prior Year to Date	0.11%	1/	3.05%	1/	6.01%
- Same Month Last Year	5.92%	1/	9.31%	1/	13.09%
Sold Outside Marketing Area (48 States)	14,222,845	1/	7,525,441	1/	8,826,788
From Outside Marketing Area	2,175,105	1/	2,933,648	1/	9,757,257
<b>Percent Utilization of Producer Milk</b>					
Class I	33.97%	1/	56.58%	1/	55.70%
Class II	5.86%	1/	11.24%	1/	15.90%
Class III	60.17%	1/	32.18%	1/	28.40%

Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## April 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$11.83	\$12.16	\$12.31	\$11.76
Butterfat Differential (.1%)	\$0.095	\$0.095	\$0.095	\$0.095
Skim Price per cwt.	\$8.505	\$8.835	\$8.985	---
Fat Price per cwt.	\$103.505	\$103.835	\$103.985	---
139 Weighted Average Differential Price Per cwt.	---	---	---	-\$0.05
139 Producer Protein Price Per Pound	---	---	---	\$2.57
139 Producer Butterfat Price Per Pound	---	---	---	\$1.03

### Handler Prices

		Class Prices per cwt at 3.5% Fat					
		Class I	Class II	Class III	Class III-A		
<b>139 Component Prices</b>	<b>Fat per Pound</b>	\$12.79	\$12.27	\$13.00	\$12.17		
	\$1.03	\$10.57	\$10.57	\$10.57	\$10.57		
	<b>Protein per Pound</b>	\$11.81	\$11.81	\$11.81	\$11.81		
	\$2.58	\$10.94	---	---	---		
<b>Skim Milk per cwt</b>	\$8.49	<b>Skim and Fat Values per cwt</b>					
		Class I	Skim	\$9.465	\$8.945	\$9.675	---
			Fat	\$104.465	\$103.945	\$104.675	---
		Class II	Skim	\$7.245	\$7.245	\$7.245	---
			Fat	\$102.245	\$102.245	\$102.245	---
		Class III	Skim	\$8.485	\$8.485	\$8.485	---
			Fat	\$103.485	\$103.485	\$103.485	---
		Class III-A	Skim	\$7.615	---	---	---
	Fat	\$102.615	---	---	---		

### Prices Common to All Federal Orders

	April 1999	March 1999	April 1998
Basic Formula Price at 3.5% Fat	\$11.81	\$11.62	\$12.01
Butterfat Differential per .1% Fat	\$0.095	\$0.132	\$0.142
Protein Test	3.18%	3.19%	3.15%
Change in Gross Values from Preceding Month	-\$0.05	\$0.07	-\$0.69
Base Month Price at Test	\$12.34	\$12.05	\$13.17
Base Month Price at 3.5% Fat	\$11.86	\$11.55	\$12.70
Equivalent Grade A Butter Price 1/	\$0.9398	\$1.2027	\$1.2856
Central States Nonfat Dry Milk Price	\$1.0228	\$1.0239	\$1.0426
Western States Nonfat Dry Milk Price for Class III-A	\$1.0105	\$1.0207	\$1.0328
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.3131	\$1.3092	\$1.3072

### Regional Milk Production Costs, April 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$15.12	\$20.64	Corn Belt	\$15.31	\$21.83
Southeast	\$15.65	\$20.27	Southern Plains	\$13.42	\$17.42
Upper Midwest	\$14.23	\$19.43	Pacific	\$11.68	\$14.00

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-694-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## April 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Data</b>					
Number of Producers	99	19	---	211	561
Daily Average	86,507	16,001	---	19,621	12,025
Average Fat Percent	3.58%	3.45%	---	3.58%	3.63%
Change From Last Month	0.02%	-0.05%	---	0.00%	0.02%
Change From Last Year	0.01%	-0.13%	---	0.05%	0.05%
Average Protein Percent	---	---	---	---	3.21%
Change From Last Month	---	---	---	---	-0.01%
Change From Last Year	---	---	---	---	0.01%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.34%
<b>Pool Distribut. Plants Shrinkage</b>					
Skim	0.79%	1/	1.52%	1/	1.47%
Butterfat	2.37%	1/	2.19%	1/	1.56%
<b>Producer-Handler Data</b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	4,183,351	1,998,788
Daily Average	R	0	---	27,889	9,518
Class I Route Disp. as a % of Production	R	0.0%	---	60.8%	93.6%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	April 1999	April 1998	April 1997
Total Producer Milk Receipts	534,207,610	547,655,246	585,443,967
Daily Average	17,806,920	18,255,175	19,514,799
Current Month % Change From Year Ago	-2.46%	-6.45%	0.69%
Total Producer Milk in Class I	242,875,229	222,251,135	223,429,169
Daily Average	8,095,841	7,408,371	7,447,639
Current Month % Change From Year Ago	9.28%	-0.53%	-2.67%
Total Producer-Handlers	13	14	16
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.59%	-----	-----
Change From Last Month	0.01%	-----	-----
Change From Last Year	0.03%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.  
R Restricted Information

## April 1999 Utilization and Classification of Producer Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	21,657,752	20,053,767	16,404,855
Low Fat 2%	36,034,930	25,331,334	31,520,548
Low Fat 1%	9,430,070	11,392,742	13,671,754
Skim Milk	12,802,767	11,370,861	9,976,382
Buttermilk	705,339	701,231	783,480
Flavored Milk/Drink	4,664,193	3,885,634	5,527,702
Nonpool Plants	3/	271,663	3,274,254
Ending Inventory	7,465,083	6,223,981	7,985,174
Shrinkage	32,115	238,110	143,116
<b>1/ Total Class I Milk</b>	<b>92,792,249</b>	<b>79,469,323</b>	<b>89,287,265</b>
2/ Less: Other Receipts	5,506,498	5,511,631	7,655,479
<b>1/ Producer Milk Class I</b>	<b>87,285,751</b>	<b>73,957,692</b>	<b>81,631,786</b>
<b>Percent Fat in Class I</b>	<b>1.94%</b>	<b>1.90%</b>	<b>1.84%</b>
<b>Class II Milk</b>			
Half and Half	3,079,360	2,795,653	1,043,553
Light/Heavy Cream	535,372	1,189,109	929,869
Sour Cream	4/	1,211,701	949,983
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	5,978,273	14,439,577	11,611,587
Nonpool Plants	7,340,508	2,030,546	11,155,190
Ending Inventory	163,793	697,465	175,359
<b>1/ Total Class II Milk</b>	<b>17,097,306</b>	<b>22,364,051</b>	<b>25,865,541</b>
2/ Less: Other Receipts	2,054,172	7,677,881	2,556,010
<b>1/ Producer Milk Class II</b>	<b>15,043,134</b>	<b>14,686,170</b>	<b>23,309,531</b>
<b>Percent Fat in Class II</b>	<b>6.12%</b>	<b>9.76%</b>	<b>6.48%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	140,482	152,873	257,672
Other Class III Uses	159,626,990	518,632	42,817,904
Nonpool Plants	5/	41,653,303	4,515,033
Ending Inventory	4,254,615	1,121,078	3,693,774
Shrinkage	777,641	1,160,493	1,330,456
<b>1/ Total Class III Milk</b>	<b>164,799,728</b>	<b>44,606,379</b>	<b>52,614,839</b>
2/ Less: Other Receipts	10,204,273	2,533,596	10,989,531
<b>1/ Producer Milk Class III</b>	<b>154,595,455</b>	<b>42,072,783</b>	<b>41,625,308</b>
<b>Percent Fat in Class III</b>	<b>4.27%</b>	<b>4.36%</b>	<b>5.53%</b>
<b>1/ Total Producer Milk</b>	<b>256,924,340</b>	<b>130,716,645</b>	<b>146,566,625</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)**  
**April 1999 Delivery Period (23 Fluid Processing Plants Pooled--Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Farms, Inc.	Santa Ana	CA	5			
son Dairy, Inc.	Las Vegas	NV				6
am Young University	Provo	UT				4
n Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Alta-Dena Certified Dairy) City of Industry	CA	5		5	5
	(Cream o'Webber Dairy, Inc.) Salt Lake City	UT				6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralphs Grocery Co.) Compton	CA	5			4
	(Smith's Food & Drug Clrs, Inc.) Layton	UT				6
	Tolleson	AZ	6			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3			6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Eilon Hattinga Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	4
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID				1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
West Mix Company	Sulphur Springs	TX	5			
Creamery	Amarillo	TX			3	
s Dairy, Inc.	Idaho Falls	ID				2
ta Foods, Inc.	Omaha	NE			3	
Robinson Dairy, Inc.	Denver	CO			6	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY			3	3
Safeway Stores, Inc.	(Von's/Jerseymaid) City of Commerce	CA				5
	Denver	CO		3	6	
	Tempe	AZ	6			
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Simon Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.) Boise	ID				3
	Delta	CO		6		3
	Englewood	CO			6	
	Greeley	CO		3	6	
	Lincoln	NE			3	
	Pocatello	ID				6
	Salt Lake City	UT				6
Suiza Foods Corp.	(Morningstar Foods, Inc.) Gustine	CA	5		5	5
	(Swiss Dairy) Riverside	CA				5
	(Model Dairy, Inc.) Reno	NV	5			5
United Dairymen of Arizona	Tempe	AZ	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6
White Knight Corp.	Wyoming	MI	3			

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	1	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	3	2	5	5
4	Exempt Distributing Plant	0	0	0	7
5	Partially Regulated Plant	11	0	5	9
6	Pool Plant	5	2	9	10

**Federal Milk Order Reform Final Decision: Product Price Averages**

The National Agricultural Statistics Service (NASS) began collecting, in September 1998, weekly prices and volume traded for butter, nonfat dry milk and dry whey. Monthly and two-week averages of these new price series, along with those already collected for cheese, will be used in the Federal milk order Final Decision pricing formulas. Listed below are these averages for the time period September 1998 to date. This table will be updated on a monthly basis as the data become available.

Year and Time Period	Product Price Averages 1/ For:									
	Class I/II					Class III/IV				
	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey
	<u>Dollars per pound</u>					<u>Dollars per pound</u>				
<u>1998</u>										
Sep	9/4,11	2.5918	1.5842	1.0466	0.2624	9/4,11,18,25	2.6726	1.6260	1.0518	0.2637
Oct	10/9,16	2.4828	1.7597	1.0705	0.2563	10/2,9,16,23	2.5081	1.7607	1.0732	0.2544
Nov	11/6,13	2.0889	1.8269	1.0745	0.2426	10/30,11/6,13,20,27	1.9260	1.8278	1.0745	0.2425
Dec	12/4,11	1.3049	1.8552	1.0834	0.2450	12/4,11,18,25	1.3563	1.8643	1.0864	0.2436
<u>1999</u>										
Jan	1/9,16	1.4165	1.8198	1.0715	0.2213	1/2,9,16,23,30	1.4154	1.7225	1.0637	0.2137
Feb	2/6,13	1.2957	1.2824	1.0411	0.1909	2/6,13,20,27	1.2984	1.2925	1.0359	0.1897
Mar	3/6,13	1.3437	1.3056	1.0180	0.1913	3/6,13,20,27	1.3019	1.3064	1.0169	0.1917
Apr	4/10,17	1.0032	1.3154	1.0056	0.1842	4/3,10,17,24	1.0160	1.3126	1.0071	0.1845

1/ These averages are the average of the applicable weekly prices weighted by the sales volume for the week. See the columns labeled "weeks ending" for applicable weeks. The most recently released information for the week will be used. Once an average price has been computed, it will not be revised even if NASS issues revised data for a week used to compute the average. However, for the period September-December 1998, as NASS was developing the three new price series, these averages were changed to include revisions issued after the average's scheduled computation date.



**Federal Milk Order Reform Final Decision: Comparison of Class I Mover and Class Prices to Current Pricing Provisions**

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover <sup>1/</sup>		Class II Price		Class III Price		Class III-A/IV Price	
	Current	Final	Current	Final	Current	Final	Current	Final
1999	<u>Dollars per cwt.</u>							
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05		11.64		11.26
May	11.62	11.67						

<sup>1/</sup> In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The current Class I mover for January 1999 is the Basic Formula Price for November 1998. The final Class I mover for January 1999 is the figure computed for December 1998.

## APRIL MILK PRODUCTION UP 3.4 PERCENT

Milk production in the 20 major states during April totaled 12.0 billion pounds, up 3.4 percent from production in these same states in April 1998. March revised production, at 12.2 billion pounds, was up 4.6 percent from March 1998.

Production per cow in the 20 major states averaged 1,553 pounds for April 1999, 52 pounds above April 1998. The number of cows on farms in the 20 major states was 7.71 million head, 1,000 head less than April 1998 but 4,000 head more than March 1999.

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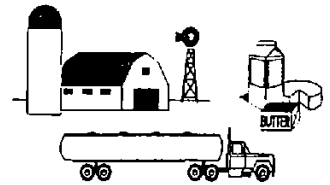
Federal Milk Market Administrator  
U.S. Department of Agriculture  
5501 N. 19th Avenue, Suite 230  
Phoenix, AZ 85015-2449

# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



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Data for March 1999

Issued April 1999

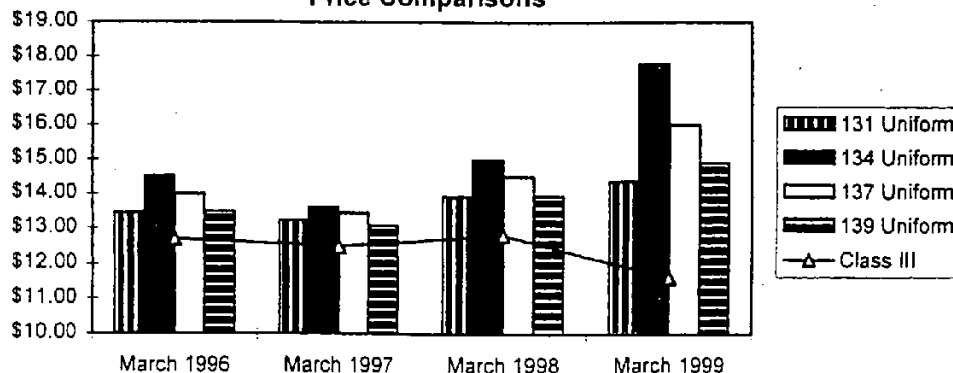
## Summary of Four Orders - March 1999

Producer milk during March 1999 totaled 607.3 million pounds, 7.32 % above a year ago. Producer weighted average fat test, 3.58%; 0.05% below last month and 0.02% below a year ago. Producer milk classified in Class I totaled 240.9 million pounds, 1.8% above a year ago.

### Market Highlights March 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	264,688,971	9,591,603	---	130,814,776	202,163,955
	734,754,258	28,559,750	---	392,891,845	569,853,252
Change - Prior Year to Date	10.86%	-1.61%	---	-3.44%	-0.23%
- Same Month Last Year	15.29%	-2.45%	---	0.19%	3.23%
<b>Class I Producer Milk</b>					
Year to Date	85,968,505	1/	73,669,479	1/	81,311,083
	251,449,158	1/	210,781,755	1/	230,732,184
Change - Prior Year to Date	-1.76%	1/	1.02%	1/	3.72%
- Same Month Last Year	0.50%	1/	1.44%	1/	3.54%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	14,009,003	1/	7,766,334	1/	7,942,012
	2,014,866	1/	3,170,930	1/	9,263,633
<b>Percent Utilization of Producer Milk</b>					
Class I	32.48%	1/	52.47%	1/	40.22%
Class II	4.69%	1/	11.68%	1/	11.09%
Class III	62.83%	1/	35.85%	1/	48.69%

Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## March 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$14.38	\$17.80	\$16.01	\$14.91
Butterfat Differential (.1%)	\$0.132	\$0.132	\$0.132	\$0.132
Skim Price per cwt.	\$9.760	\$13.180	\$11.390	---
Fat Price per cwt.	\$141.760	\$145.180	\$143.390	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$3.29
139 Producer Protein Price Per Pound	---	---	---	\$2.11
139 Producer Butterfat Price Per Pound	---	---	---	\$1.39

### Handler Prices

		<u>Class Prices per cwt at 3.5% Fat</u>					
<b>139 Component Prices</b>	<b>Fat per Pound</b>	Class I	\$18.79	\$18.27	\$19.00	\$18.17	
	\$1.39	Class II	\$16.57	\$16.57	\$16.57	\$16.57	
	<b>Protein per Pound</b>	Class III	\$11.62	\$11.62	\$11.62	\$11.62	
	\$2.12	Class III-A	\$12.33	---	---	---	
<b>Skim Milk per cwt</b>	\$7.00	<u>Skim and Fat Values per cwt</u>					
		Class I	Skim	\$14.170	\$13.650	\$14.380	---
			Fat	\$146.170	\$145.650	\$146.380	---
		Class II	Skim	\$11.950	\$11.950	\$11.950	---
			Fat	\$143.950	\$143.950	\$143.950	---
		Class III	Skim	\$7.000	\$7.000	\$7.000	---
			Fat	\$139.000	\$139.000	\$139.000	---
		Class III-A	Skim	\$7.710	---	---	---
	Fat	\$139.710	---	---	---		

### Prices Common to All Federal Orders

	March 1999	February 1999	March 1998
Basic Formula Price at 3.5% Fat	\$11.62	\$10.27	\$12.81
Butterfat Differential per .1% Fat	\$0.132	\$0.139	\$0.135
Protein Test	3.19%	3.23%	3.18%
Change in Gross Values from Preceding Month	\$0.07	-\$4.45	-\$0.37
Base Month Price at Test	\$12.05	\$15.28	\$13.67
Base Month Price at 3.5% Fat	\$11.55	\$14.72	\$13.18
Equivalent Grade A Butter Price 1/	\$1.2027	\$1.2253	\$1.2505
Central States Nonfat Dry Milk Price	\$1.0239	\$1.0437	\$1.0467
Western States Nonfat Dry Milk Price for Class III-A	\$1.0207	\$1.0392	\$1.0367
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.3092	\$1.3010	\$1.3793

### Regional Milk Production Costs, March 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$13.76	\$18.81	Corn Belt	\$13.85	\$19.77
Southeast	\$14.86	\$19.21	Southern Plains	\$12.89	\$16.72
Upper Midwest	\$12.89	\$17.58	Pacific	\$10.68	\$12.78

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-694-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## March 1999 Delivery Period

	<u>Central AZ</u> <u>Order 131</u>	<u>Western CO</u> <u>Order 134</u>	<u>134 &amp; 137</u> <u>Combined</u>	<u>Eastern CO</u> <u>Order 137</u>	<u>Great Basin</u> <u>Order 139</u>
<b><u>Producer Data</u></b>					
Number of Producers	100	19	---	211	556
Daily Average	85,384	16,285	---	19,999	11,729
Average Fat Percent	3.56%	3.50%	---	3.58%	3.61%
Change From Last Month	-0.05%	-0.09%	---	-0.04%	-0.04%
Change From Last Year	-0.03%	-0.14%	---	-0.02%	0.00%
Average Protein Percent	---	---	---	---	3.22%
Change From Last Month	---	---	---	---	-0.02%
Change From Last Year	---	---	---	---	0.03%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.35%
Pool Distribut. Plants Shrinkage					
Skim	1.71%	1/	2.09%	1/	1.57%
Butterfat	2.56%	1/	3.28%	1/	1.99%
<b><u>Producer-Handler Data</u></b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	4,367,958	1,983,223
Daily Average	R	0	---	28,180	9,139
Class I Route Disp. as a % of Production	R	0.0%	---	58.3%	84.7%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>March 1999</u>	<u>March 1998</u>	<u>March 1997</u>
Total Producer Milk Receipts	607,259,305	565,816,934	588,821,034
Daily Average	19,589,010	18,252,159	18,994,227
Current Month % Change From Year Ago	7.32%	-3.91%	1.44%
Total Producer Milk in Class I	240,949,067	236,684,679	224,313,036
Daily Average	7,772,551	7,634,990	7,235,904
Current Month % Change From Year Ago	1.80%	5.52%	-2.30%
Total Producer-Handlers	13	14	16
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.58%	-----	-----
Change From Last Month	-0.05%	-----	-----
Change From Last Year	-0.02%	-----	-----

1. Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

## March 1999 Utilization and Classification of Producer Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	22,081,700	20,435,078	15,877,070
Low Fat 2%	36,874,305	25,940,357	31,958,154
Low Fat 1%	10,008,152	11,136,521	13,042,788
Skim Milk	13,664,492	11,763,345	9,978,854
Buttermilk	805,958	718,256	801,260
Flavored Milk/Drink	4,431,061	3,732,833	5,606,575
Nonpool Plants	3/	322,774	2,749,904
Ending Inventory	4,566,662	4,425,603	7,342,347
Shrinkage	252,873	555,593	162,290
<b>1/ Total Class I Milk</b>	<b>92,685,203</b>	<b>79,030,360</b>	<b>87,519,242</b>
2/ Less: Other Receipts	6,716,698	5,360,881	6,208,159
<b>1/ Producer Milk Class I</b>	<b>85,968,505</b>	<b>73,669,479</b>	<b>81,311,083</b>
<b>Percent Fat in Class I</b>	<b>1.88%</b>	<b>1.92%</b>	<b>1.87%</b>
<b>Class II Milk</b>			
Half and Half	3,232,786	3,148,583	1,087,673
Light/Heavy Cream	535,068	1,543,405	979,738
Sour Cream	4/	1,279,766	1,137,140
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	6,294,702	14,380,570	11,108,050
Nonpool Plants	3,431,080	1,774,966	10,743,479
Ending Inventory	168,208	796,401	204,669
<b>1/ Total Class II Milk</b>	<b>13,661,844</b>	<b>22,923,691</b>	<b>25,260,749</b>
2/ Less: Other Receipts	1,247,829	6,518,345	2,840,715
<b>1/ Producer Milk Class II</b>	<b>12,414,015</b>	<b>16,405,346</b>	<b>22,420,034</b>
<b>Percent Fat in Class II</b>	<b>10.00%</b>	<b>9.16%</b>	<b>7.60%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	141,641	142,191	235,291
Other Class III Uses	163,969,266	612,670	40,902,098
Nonpool Plants	5/	49,495,485	60,334,244
Ending Inventory	9,453,213	4,218,931	5,394,162
Shrinkage	1,467,980	1,416,350	1,418,512
<b>1/ Total Class III Milk</b>	<b>175,032,100</b>	<b>55,885,627</b>	<b>108,284,307</b>
2/ Less: Other Receipts	8,725,649	5,554,073	9,851,469
<b>1/ Producer Milk Class III</b>	<b>166,306,451</b>	<b>50,331,554</b>	<b>98,432,838</b>
<b>Percent Fat in Class III</b>	<b>3.94%</b>	<b>4.17%</b>	<b>4.14%</b>
<b>1/ Total Producer Milk</b>	<b>264,688,971</b>	<b>140,406,379</b>	<b>202,163,955</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)  
March 1999 Delivery Period (23 Fluid Processing Plants Pooled Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Alber Farms, Inc.	Santa Ana	CA	5			
Anderson Dairy, Inc.	Las Vegas	NV				6
Agri Grain North America	(Alta-Dena Certified Dairy)	City of Industry	5		5	4
Albham Young University	Provo	UT				4
Brown Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	5			
Certified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				5
	(Cream of Weber Dairy, Inc.)	Salt Lake City				6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralpchs Grocery Co.)	Compton	5			4
	(Smith's Food & Drug Ctr., Inc.)	Layton				6
	Tolleson	AZ	6			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Ellen Hettinga Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
Kohler Mix Specialties, Inc.	White Bear Lake	MN	5		5	4
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID				1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
West Mix Company	Sulphur Springs	TX	5		5	
ns Creamery	Amarillo	TX			3	
rd's Dairy, Inc.	Idaho Falls	ID				2
erts Foods, Inc.	Omaha	NE			3	
obinson Dairy, Inc.	Denver	CO			6	
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY			3	3
Safeway Stores, Inc.	(Von's/Jerseysmaid)	City of Commerce				5
	Denver	CO		3	6	
	Tempe	AZ	6			
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	MT. Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.)	Boise				3
	Delta	CO		6		3
	Englewood	CO		3	6	
	Greeley	CO		3	6	
	Lincoln	NE			3	
	Pocatello	ID				6
	Salt Lake City	UT				6
Suiza Foods Corp.	(Morningstar Foods, Inc.)	Gustine	5		5	6
	(Swiss Dairy)	Riverside				6
	(Model Dairy, Inc.)	Reno	5			5
United Dairymen of Arizona	Tempe	AZ	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	6
Winder Dairy, Inc.	Salt Lake City	UT				6
White Knight Corp.	Wyoming	MI	3		3	

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	1	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	3	3	7	5
4	Exempt Distributing Plant	0	0	0	8
5	Partially Regulated Plant	11	0	6	8
6	Pool Plant	5	2	9	10

## GLICKMAN ANNOUNCES MILK MARKETING ORDER REFORMS

On March 31, 1999, Agriculture Secretary Dan Glickman announced a major overhaul of the 60-year old federal milk marketing order program that will significantly streamline and improve the nation's wholesale milk pricing system.

"These reforms will help make sure that America's dairy farmers receive a fair price and that American consumers continue to enjoy an abundant, affordable supply of milk," said Glickman. "Our changes will also simplify the wholesale milk pricing system, making it more market-oriented and more equitable."

The milk marketing order program ensures the fair marketing and pricing of milk. It is not a dairy support program. The current dairy support program expires on December 31, 1999, unless Congress chooses to extend it.

Milk marketing orders classify milk by use, set minimum prices that handlers must pay for each class of milk, and provide for paying average prices to all dairy farmers who supply a particular region.

Though the program does not set retail prices, these reforms are expected to reduce the average price of drinking milk by about two cents per gallon.

The reforms announced include --

Consolidating the current 31 federal milk marketing orders into 11.

Replacing the basic formula price (BFP), which is currently used to establish minimum prices for milk used in nearly all dairy products, with a Class III price for cheese and a Class IV price for butter and dry milk products. These new prices will be determined monthly and will be the same in all markets. This change better reflects the value of milk components (protein, butterfat, nonfat solids) used in manufactured dairy products.

Setting monthly prices for drinking milk (Class I) by using either the Class III or IV price (whichever is higher) plus a differential that varies by location.

Adopting a national system of class I prices that is based, in part, on market distribution costs.

Determining monthly prices for milk used for soft products (Class II), such as yogurt and ice cream, by adding 70 cents to the Class IV price.

Standardizing and consolidating certain details in the orders to provide consistent definitions of key terms and reporting requirements.

The newly consolidated orders must be approved by either two-thirds of producers in a marketing area or by producers who supply two-thirds of the milk in a marketing area. USDA will conduct producer referendums later this year. If approved by referendum, the changes will take effect on October 1, 1999.

The Secretary's final decision was published in the Federal Register on April 2, 1999. The decision and additional background information can be accessed on the web at [www.ams.usda.gov/dairy/reform](http://www.ams.usda.gov/dairy/reform).

This press release has been retyped by the Market Administrator's office from the original USDA Release Number 0144-99.



## Federal Milk Marketing Order Reform Final Decision

**Background.** The 1996 farm bill mandates USDA to reform the Federal milk marketing order (FMMO) program. Although the farm bill only specified that there be fewer orders, it also authorizes the Secretary to make other reforms to the FMMO program. The farm bill authorizes the creation of a Federal order for California, if producers in California want to establish an order within the FMMO program. The farm bill mandates that reforms be implemented by April 4, 1999, and that USDA use an "informal" rulemaking process to proceed with the reforms. Congress has extended the deadline for implementation of this reform until October 1, 1999.

**What's in the Final Decision?** The final decision covers all aspects of the FMMO program, and contains provisions dealing with the following components of the FMMO program:

**Consolidation** - In accordance with the farm bill, the final decision provides for 11 milk marketing order areas, consolidating the present 31 milk marketing order areas.

**Classified Pricing** - The final decision provides changes to the level and manner in which milk is priced according to its use. For milk in the highest valued category, fluid use (Class I), two pricing options were presented in the proposed rule. The final decision adopts a Class I pricing structure that meets fluid milk demand by generating sufficient revenue for dairy farmers. It also provides incentives for greater structural efficiencies in milk assembly and distribution. These goals are achieved by adopting a Class I pricing surface based in part on the transportation costs of milk.

The Class II price will be set at 70 cents over the Class IV price in all Federal orders. The skim milk used in Class II would be advance priced in a manner similar to that described for Class I products, below. Class II products are soft manufactured products such as ice cream and yogurt, and fluid cream products. These products are considered to have a higher value than the storable, hard manufactured products in Class III and IV, but a somewhat lower value than highly perishable Class I products. Class III and Class IV prices are outlined in the section below on the Basic Formula Price.

**Basic Formula Price (BFP)** - The BFP has gradually become less representative of competitive conditions for milk for manufacturing uses over time. The current BFP is based on the Minnesota-Wisconsin price for unregulated Grade B (manufacturing-grade) milk (a dwindling share of all milk produced in those States and nationally) and a product formula updater to reflect current competitive conditions for manufactured products. The final decision replaces the BFP with Class III and Class IV prices based on multiple component pricing, which continues the tie between the price of milk used in fluid products and the price of milk used in manufactured products. The Class I price mover, announced on or before the 23 of the month, will be based on the most recent 2-week estimate of the Class III or Class IV price for milk used in manufacturing, whichever is higher. To establish Class I prices, Class I differentials will be added to this base price. Use of the most recent 2-week average of prices will reduce the time lag in Class I prices relative to manufactured dairy product prices. Similarly, advance pricing for Class II, but using the Class IV price as a base price, will reduce the time lag in Class II prices relative to manufactured dairy product prices.

**Classification & Identical Provisions** - Many orders have similar provisions. Over time, each milk order has been amended to contain provisions that may be unique, but some provisions may be very similar to those in other orders. The identical provisions section of the final decision streamlines provisions, terms, and definitions applicable to all orders. The classification section recommends uniform provisions and makes minor changes from the current system of classification according to end use.

**Informal Rulemaking Process for Reform.** Congress authorized the use of informal rulemaking to reform the FMMO program. Since passage of the 1996 farm bill, USDA has sought public input to assist in developing the proposals for reform that are contained in the final decision. USDA took comments from interested parties into account prior to, and after, publication of the proposed rule. Comments were considered in the preparation of the final decision. Prior to October 1, a referendum will be held to determine approval for each milk marketing order by at least two-thirds of the producers affected by each new order.

Final decisions materials can be found at the Government Printing Office (paper copy of decision), 202-512-1800; Input Solutions, Inc. (CD-ROM copy of decision) [www.inputsolutions.com/](http://www.inputsolutions.com/); or Internet (decision and other materials) [www.ams.usda.gov/dairy/reform](http://www.ams.usda.gov/dairy/reform). For further information, contact your local Federal milk order market administrator or John Groves, Chief, Order Formulation Branch at 202-720-7183.

## MARCH MILK PRODUCTION UP 4.0 PERCENT

Milk production in the 20 major states during March totaled 12.1 billion pounds, up 4.0 percent from production in these same states in March 1998. February revised production, at 10.8 billion pounds, was up 4.0 percent from February 1998.

Production per cow in the 20 major states averaged 1,577 pounds for March 1999, 62 pounds above March 1998. The number of cows on farms in the 20 major states was 7.70 million head, 5,000 head less than March 1998 but 2,000 head more than February 1999.

The January-March quarterly production of milk for the U.S. was 40.5 billion pounds, up 3.3 percent from the January-March period in 1998. The average number of milk cows in the U.S. during January-March quarter was 9.13 million head, 42,000 head less than the same period last year.

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*To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326W, Jamie L. Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an Equal Opportunity provider and employer.*

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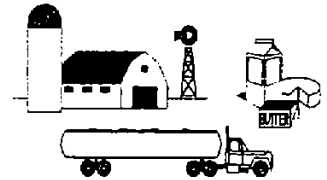
Federal Milk Market Administrator  
U.S. Department of Agriculture  
5501 N. 19th Avenue, Suite 230  
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# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139



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Data for February 1999

Issued March 1999

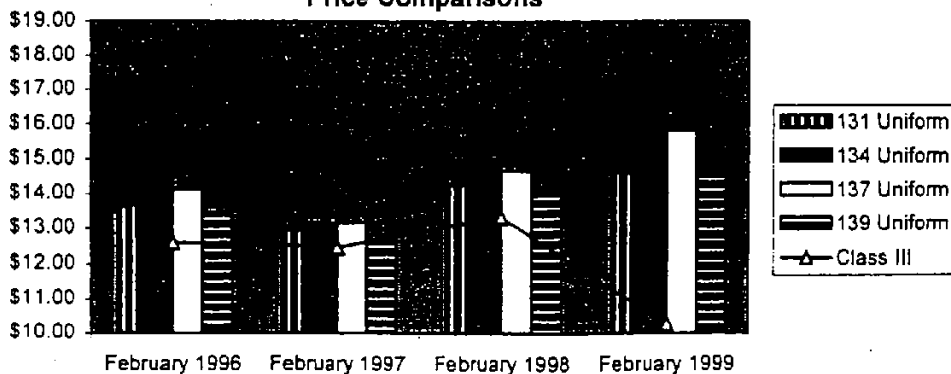
## Summary of Four Orders - February 1999

Producer milk during February 1999 totaled 542.9 million pounds, 3.01 % above a year ago. Producer weighted average fat test, 3.63%; 0.05% below last month and 0.01% below a year ago. Producer milk classified in Class I totaled 217.9 million pounds, 1.26% above a year ago.

## Market Highlights February 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>					
Year to Date	228,667,770	9,216,351	---	123,351,295	181,643,316
Change - Prior Year to Date	8.51%	-1.18%	---	-5.15%	-2.04%
- Same Month Last Year	10.68%	-0.07%	---	-7.36%	2.01%
<b>Class I Producer Milk</b>					
Year to Date	79,242,216	1/ 65,941,973	1/ 137,112,276	1/ 72,733,693	1/ 149,421,101
Change - Prior Year to Date	-2.90%	1/ 0.79%	1/ 0.89%	1/ 3.81%	1/ 6.73%
- Same Month Last Year	-3.01%	1/ 0.89%	1/ 0.89%	1/ 6.73%	1/ 6.73%
<b>Sold Outside Marketing Area (48 States)</b>					
From Outside Marketing Area	13,131,219	1/ 6,817,848	1/ 2,520,410	1/ 7,329,404	1/ 8,625,388
<b>Percent Utilization of Producer Milk</b>					
Class I	34.66%	1/ 49.74%	1/ 49.74%	1/ 40.04%	1/ 40.04%
Class II	4.74%	1/ 11.39%	1/ 11.39%	1/ 10.71%	1/ 10.71%
Class III	60.60%	1/ 38.87%	1/ 38.87%	1/ 49.25%	1/ 49.25%

## Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## February 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	Eastern CO Order 137	Great Basin Order 139
<b>Producer Prices</b>				
Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$14.62	\$18.22	\$15.84	\$14.73
Butterfat Differential (.1%)	\$0.139	\$0.139	\$0.139	\$0.139
Skim Price per cwt.	\$9.755	\$13.355	\$10.975	---
Fat Price per cwt.	\$148.755	\$152.355	\$149.975	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$4.46
139 Producer Protein Price Per Pound	---	---	---	\$1.62
139 Producer Butterfat Price Per Pound	---	---	---	\$1.44

### Handler Prices

<u>139 Component Prices</u>		<u>Class Prices per cwt at 3.5% Fat</u>					
Fat per Pound	\$1.44	Class I	\$19.86	\$19.34	\$20.07	\$19.24	
Protein per Pound	\$1.62	Class II	\$17.64	\$17.64	\$17.64	\$17.64	
Skim Milk per cwt	\$5.41	Class III	\$10.27	\$10.27	\$10.27	\$10.27	
		Class III-A	\$12.75	---	---	---	
		<u>Skim and Fat Values per cwt</u>					
		Class I	Skim	\$14.995	\$14.475	\$15.205	---
			Fat	\$153.995	\$153.475	\$154.205	---
		Class II	Skim	\$12.775	\$12.775	\$12.775	---
			Fat	\$151.775	\$151.775	\$151.775	---
		Class III	Skim	\$5.405	\$5.405	\$5.405	---
			Fat	\$144.405	\$144.405	\$144.405	---
		Class III-A	Skim	\$7.885	---	---	---
			Fat	\$146.885	---	---	---

### Prices Common to All Federal Orders

	February 1999	January 1999	February 1998
Basic Formula Price at 3.5% Fat	\$10.27	\$16.27	\$13.32
Butterfat Differential per .1% Fat	\$0.139	\$0.137	\$0.140
Protein Test	3.23%	3.26%	3.21%
Change in Gross Values from Preceding Month	-\$4.45	-\$1.08	\$0.06
Base Month Price at Test	\$15.28	\$17.92	\$13.70
Base Month Price at 3.5% Fat	\$14.72	\$17.35	\$13.26
Equivalent Grade A Butter Price 1/	\$1.2253	\$1.3322	\$1.2963
Central States Nonfat Dry Milk Price	\$1.0437	\$1.0893	\$1.0521
Western States Nonfat Dry Milk Price for Class III-A	\$1.0392	\$1.0914	\$1.0418
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.3010	\$1.7595	\$1.4163

### Regional Milk Production Costs, February 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$14.37	\$19.61	Corn Belt	\$14.12	\$20.12
Southeast	\$16.24	\$21.02	Southern Plains	\$13.81	\$17.92
Upper Midwest	\$13.17	\$17.98	Pacific	\$11.19	\$13.38

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-694-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## February 1999 Delivery Period

	<u>Central AZ</u> <u>Order 131</u>	<u>Western CO</u> <u>Order 134</u>	<u>134 &amp; 137</u> <u>Combined</u>	<u>Eastern CO</u> <u>Order 137</u>	<u>Great Basin</u> <u>Order 139</u>
<b><u>Producer Data</u></b>					
Number of Producers	100	19	---	217	538
Daily Average	81,667	17,324	---	20,301	12,058
Average Fat Percent	3.61%	3.59%	---	3.62%	3.65%
Change From Last Month	-0.04%	-0.07%	---	-0.06%	-0.07%
Change From Last Year	-0.02%	-0.04%	---	-0.03%	0.00%
Average Protein Percent	---	---	---	---	3.24%
Change From Last Month	---	---	---	---	-0.02%
Change From Last Year	---	---	---	---	0.01%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.37%
Pool Distribut. Plants Shrinkage					
Skim	1.36%	1/	1.49%	1/	2.16%
Butterfat	2.73%	1/	2.61%	1/	2.00%
<b><u>Producer-Handler Data</u></b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	3,768,799	1,756,476
Daily Average	R	0	---	26,920	8,962
Class I Route Disp. as a % of Production	R	0.0%	---	58.7%	84.0%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>February 1999</u>	<u>February 1998</u>	<u>February 1997</u>
Total Producer Milk Receipts	542,878,732	527,032,875	514,652,363
Daily Average	19,388,526	18,822,603	18,380,442
Current Month % Change From Year Ago	3.01%	2.41%	-2.18%
Total Producer Milk in Class I	217,917,882	215,210,998	213,672,607
Daily Average	7,782,782	7,686,107	7,631,165
Current Month % Change From Year Ago	1.26%	0.72%	-1.47%
Total Producer-Handlers	13	15	16
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.63%	-----	-----
Change From Last Month	-0.05%	-----	-----
Change From Last Year	-0.01%	-----	-----

1/ Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

## February 1999 Utilization and Classification of Producer Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	19,193,682	17,970,689	14,275,025
Low Fat 2%	33,511,052	23,007,193	28,960,201
Low Fat 1%	9,185,004	9,949,608	12,278,939
Skim Milk	12,657,489	10,420,754	8,926,511
Buttermilk	707,230	650,929	699,767
Flavored Milk/Drink	4,207,670	3,629,897	5,074,199
Nonpool Plants	3/	892,003	2,641,108
Ending Inventory	6,376,700	4,368,811	5,892,188
Shrinkage	50,420	129,634	601,715
<b>1/ Total Class I Milk</b>	<b>85,889,247</b>	<b>71,019,518</b>	<b>79,349,653</b>
<b>2/ Less: Other Receipts</b>	<b>6,647,031</b>	<b>5,077,545</b>	<b>6,615,960</b>
<b>1/ Producer Milk Class I</b>	<b>79,242,216</b>	<b>65,941,973</b>	<b>72,733,693</b>
<b>Percent Fat in Class I</b>	<b>1.87%</b>	<b>1.90%</b>	<b>1.84%</b>
<b>Class II Milk</b>			
Half and Half	2,713,545	2,641,552	964,032
Light/Heavy Cream	532,635	1,168,299	844,664
Sour Cream	4/	1,116,614	991,447
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	5,312,227	12,154,849	9,613,297
Nonpool Plants	3,241,816	1,917,438	8,190,636
Ending Inventory	142,825	705,129	186,692
<b>1/ Total Class II Milk</b>	<b>11,943,048</b>	<b>19,703,881</b>	<b>20,790,768</b>
<b>2/ Less: Other Receipts</b>	<b>1,093,248</b>	<b>4,597,895</b>	<b>1,335,498</b>
<b>1/ Producer Milk Class II</b>	<b>10,849,800</b>	<b>15,105,986</b>	<b>19,455,270</b>
<b>Percent-Fat in Class II</b>	<b>9.55%</b>	<b>8.33%</b>	<b>6.43%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	132,318	136,773	171,153
Other Class III Uses	142,953,128	622,303	36,074,638
Nonpool Plants	5/	50,555,751	53,668,083
Ending Inventory	7,051,125	5,880,655	7,365,617
Shrinkage	1,217,780	1,132,396	1,353,856
<b>1/ Total Class III Milk</b>	<b>151,354,351</b>	<b>58,327,878</b>	<b>98,633,347</b>
<b>2/ Less: Other Receipts</b>	<b>12,778,597</b>	<b>6,808,191</b>	<b>9,178,994</b>
<b>1/ Producer Milk Class III</b>	<b>138,575,754</b>	<b>51,519,687</b>	<b>89,454,353</b>
<b>Percent Fat in Class III</b>	<b>4.14%</b>	<b>4.45%</b>	<b>4.53%</b>
<b>1/ Total Producer Milk</b>	<b>228,667,770</b>	<b>132,567,646</b>	<b>181,643,316</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)  
February 1999 Delivery Period (23 Fluid Processing Plants Pooled--Operated by 17 Handlers)**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Bohr Farms, Inc.	Santa Ana	CA	5			
Benson Dairy, Inc.	Las Vegas	NV				8
Brangrain North America	(Alta-Dena Certified Dairy) City of Industry	CA	5		5	4
Brigham Young University	Provo	UT				4
Brown Dairy, Inc.	Hoytville	UT				2
Cacique, Inc.	City of Industry	CA	8			
Certified Grocers of CA, Ltd.	Los Angeles	CA				8
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co.	Buena Park	CA				8
	(Cream of Weber Dairy, Inc.) Salt Lake City	UT				6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	8			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc.	(Ralphs Grocery Co.) (Smith's Food & Drug Ctrs, Inc.) Compton	CA	5			4
	Layton	UT				6
	Tolleson	AZ	8			3
Gillette Dairy, Inc.	Rapid City	SD				5
Gosner Foods, Inc.	Logan	UT	3			3
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellevue	CO			2	
Heid & Ellen Hettings Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greely	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID				1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Midwest Mix Company	Sulphur Springs	TX	8			5
Mina Creamery	Amarillo	TX				3
Mud's Dairy, Inc.	Idaho Falls	ID				2
Narta Foods, Inc.	Omaha	NE				3
Robinson Dairy, Inc.	Denver	CO				6
Rockview Farms	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO				6
Ryan Milk Co., Inc.	Murray	KY				3
Safeway Stores, Inc.	(Von's/Jerseymaid) City of Commerce	CA				5
	Denver	CO		3		6
	Tempe	AZ	6			
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	8			3
Shoenberg Farms, Inc.	Arvada	CO				6
Sinton Dairy Foods Co., LLC	Colorado Springs	CO				6
Slades Dairy	ML Pleasant	UT				2
Southern Foods Group LP	(Meadow Gold Dairy, Inc.) Boise	ID				3
	Delta	CO		6		3
	Englewood	CO				6
	Greely	CO		3		6
	Lincoln	NE				3
	Pocatello	ID				6
	Salt Lake City	UT				6
Sulza Foods Corp.	(Morningstar Foods, Inc.) (Swiss Dairy) (Model Dairy, Inc.) Guadalupe	CA	5			5
	Riverside	CA				5
	Reno	NV	8			5
United Dairymen of Arizona	Tempe	AZ	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5			5
Winder Dairy, Inc.	Salt Lake City	UT				6
White Knight Corp.	Wyoming	MI				3

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	1	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	2	2	7	5
4	Exempt Distributing Plant	0	0	0	7
5	Partially Regulated Plant	10	0	5	8
6	Pool Plant	5	2	9	10

## THE DAIRY SITUATION AND OUTLOOK\*

**Dairy Markets Changing.** Dairy market conditions in 1999 and 2000 are expected to differ dramatically from the sluggish milk production and record milk prices of 1998. Recent relatively high producer returns are expected to unleash a surge of milk production sufficient to overtake projected milk demand and drop milk prices sharply. However, the timing of these developments is highly uncertain. The full brunt of the production expansion is projected to arrive in 2000, although an earlier appearance is a distinct possibility.

**Milk Production Expansion Begins.** A number of cross-currents affected 1998 milk production. Concentrate feed prices began the year somewhat high but fell considerably as the year progressed. Weather effects were quite adverse in some regions at some times, but were quite favorable at other places and times. Supplies of top quality forage stayed tight but supplies of lesser quality alfalfa were large. But the key feature of last year's milk production was the failure of output, for most of the year, to respond to high prices. Except for weather-related aberrations, milk production was essentially flat from late 1995 until the autumn of 1998. Milk cow numbers at the end of 1999 are not expected to be much below current levels. Although the exit of dairy farmers may not change much, the pressure of recent returns should spur expanding producers to pick up the pace. Even without optimal forage conditions, milk per cow should post a large gain, although it may not fully return to trend after the sluggishness of recent years. Expansion in milk production is projected to accelerate gradually during 1999. Output is expected to rise about 2 percent this year, with gains in milk per cow exceeding 2 percent and easily outweighing the fractional decline in cow numbers. The greatest growth in milk production is not projected to occur until late 1999 or 2000. However, the incentives to expand output have been so large that a surge in production is a possibility at any time.

**Dairy Demand to Soften.** Brisk economic growth and consumer willingness to spend boosted dairy product demand in 1998. Consumers bought 2 percent more dairy products on a milkfat basis and 1 percent more on a skim solids basis, even though retail dairy prices averaged 4 percent above 1997. Demand for milkfat was particularly strong with sales of butter, cream, cream cheese, and ice cream showing relatively little effect of extremely high prices. Meanwhile, cheese sales rose almost 2 percent, commercial disappearance of nonfat dry milk was about unchanged, and fluid sales slipped fractionally. Dairy demand is expected to be fairly strong in 1999, but probably will not match that of 1998. Economic growth is projected to be strong, but consumers may not spend with such exuberance. Sales will also be affected by carry-over effects from the high wholesale prices of 1998. Some wholesale buyers probably will make purchasing adjustments based on their experiences of last year--not just current prices. At retail, current year-to-year price increases probably are larger than at any time in 1998. The projected increase in 1999 milk production will mean that significantly larger quantities will have to clear commercial markets this year. However, the somewhat softer demand means that they probably will do so only at lower prices.

International dairy markets have been mostly adrift. Export supplies have been moderate, in part because of lower output in New Zealand. However, demand softness has kept prices below a year earlier. Prospects appear dim for substantive improvements in 1999 international dairy markets. Exports under the Dairy Export Incentive Program (DEIP) will be large in 1999, but there will be a hiatus in new contracts for nonfat dry milk as some key allocations will be exhausted before midyear. In addition, the shrinking amounts allowed under WTO mean that DEIP cannot absorb a large surplus.

**Dairy Prices Lower.** Wholesale prices of cheese and butter have been on a roller coaster ride that may not yet have ended. Exchange prices of cheese have recovered modestly after January's 65-cent plunge, evidently a correction to an over-reaction and very similar to the earlier pattern of butter prices. Cheese prices may edge somewhat higher before seasonally rising milk production erodes them this spring. Butter prices may stay unsettled. Farm milk prices are expected to regain some stability by late spring-early summer--but at levels much below the second half of 1998 or the start of 1999. The expansion in milk production has begun to overcome dairy demand increases, bringing about a price adjustment. A moderate seasonal increase in milk prices is expected during the second half of the year. For all of 1999, farm milk prices are projected to be about \$14.00 to \$14.75 per cwt., down about \$1.00 from the 1998 record but still much higher than in most of the nineties. A faster-than-expected expansion in milk output would, of course, reduce 1999 milk prices. Retail dairy product prices are expected to peak during the first half of 1999 and then decline slightly or hold about steady during the second half. Compared with a year earlier, retail prices probably will be 6 to 7 percent higher during the first half, with the increases diminishing substantially in the second. The farm-retail price spread is expected to grow considerably after the 4-percent decrease in 1998.

\* This summary was developed by the Market Information Branch, Agricultural Marketing Service, USDA, Washington, D.C.

Source: "Livestock, Dairy, and Poultry Monthly", LDP-M-56, February 24, 1999, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.



## GLICKMAN ANNOUNCES RELIEF FOR DAIRY FARMERS AS MILK PRICES FALL

Agriculture Secretary Dan Glickman announced on March 8, 1999, a \$200 million program to assist dairy farmers facing greatly reduced milk prices. Dairy farmers will get payments of up to \$5,000 each under the new Dairy Income Loss Assistance program.

The fall in the basic formula price (BFP) for milk, the U.S. Department of Agriculture's benchmark dairy indicator, announced March 5, was the sharpest monthly decline of milk prices ever, and more than twice the previous record monthly decline. As a result, USDA expects farmers' milk receipts to be substantially lower over the next several months.

"Smaller dairy farmers are already being hurt by conditions beyond their control," said Glickman, in remarks to the National Farmers Union today. "More declines in the price of milk will put many of them in serious financial difficulties. This payment program will help many of them survive this decrease in prices."

Under Glickman's plan, USDA will make payments based on a dairy operations first 26,000 hundredweight (cwt) of milk produced in 1998 or 1997, whichever is the highest. Targeted to family-sized operations, the plan is based on a level roughly equivalent to the annual production of a herd of 150 cows.

All dairy farmers who produced milk during the last quarter of calendar year 1998 are eligible. The final payment rate per hundredweight, will be calculated after sign-up ends. But currently, USDA estimates that it will be between 18 and 20 cents per cwt, and that maximum benefits under the program will be about \$5,000 per dairy operation.

Farmers may apply at their local USDA Farm Service Agency office from April 12 until May 21, 1999. USDA will publish further program details in the federal register soon.

Reprinted from Dairy Market News, March 8 - 12, 1999, Volume 66, Report 10

## PROCEDURE FOR DETERMINING THE BUTTER PRICE AVERAGE FOR USE IN FEDERAL MILK ORDERS

Grade AA Butter spot call (cash market) contract on the Chicago Mercantile Exchange (CME) is used to compute the butterfat differential and the Basic Formula Price under Federal milk orders. Beginning on March 8, 1999, the trading of this contract was expanded, from once a week on Friday, to three times a week on Monday, Wednesday, and Friday. The procedure to determine the monthly average of this price series for use in Federal milk orders will be changed to incorporate the additional trading days' price quotes.

Prior to the March 8th change, the following procedure was used to compute the CME Grade AA Butter price monthly average. A price was assigned to each day of the month by applying the Friday trading day price level to that day and to the succeeding days, weekends and national holidays included, until the next trading day, usually Friday. (The next trading day could be another day depending on holidays.) An average of the daily price quotes for the month was computed. This procedure is called time weighting. This procedure followed the generally standard industry practice of settling current sales transactions based the previous week's CME price quote.

At the present time, there is no industry consensus on how the additional price quotes will be used in settling sales transactions. However, some industry members have indicated that they likely will use the simple average of the price quotes for the previous week. It might be pointed out that when the CME initiated daily trading on the Cheddar cheese spot call contract, the cheese industry generally adopted the weekly average as the basis for settling sales transactions in the following week.

It has been decided that, for use in Federal milk orders, the monthly average CME Grade AA Butter price will be based on the simple average of the price quotes during the week. A similar time-weighting process will be followed. In this case, a price will be assigned to each day of the month by applying the simple average of the price quotes during the week to the following Saturday through Friday, national holidays included. An average of the daily price quotes for the month will be computed. This procedure both is comparable to the current method and takes advantage of the additional price quotes. For March 1999, the old procedure will be followed through the 12th, with the price on the 5th also assigned to the 12th, and the new procedure will begin on the 13th. The new procedure will be used exclusively beginning with the monthly average for April 1999.

Prepared by Dairy Programs, Agricultural Marketing Service, USDA. Comments can be directed to John Rourke of the Market Information Branch, 202-720-7461.

Reprinted from Dairy Market News, March 15 - 19, 1999, Volume 66, Report 11

## FEBRUARY MILK PRODUCTION UP 4.3 PERCENT

Milk production in the 20 major States during February totaled 10.8 billion pounds, up 4.3 percent from production in these same States in February 1998. January revised production, at 11.7 billion pounds, was up 3.5 percent from January 1998.

Production per cow in the 20 major States averaged 1,407 pounds for February, 60 pounds above February 1998. The number of cows on farms in the 20 major States was 7.70 million head, 16,000 head less than February 1998 and 4,000 head less than January 1999.

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*To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326W, Jamie L. Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an Equal Opportunity provider and employer.*

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# MILK MARKET INFORMATION

Federal Orders 131, 134, 137, and 139

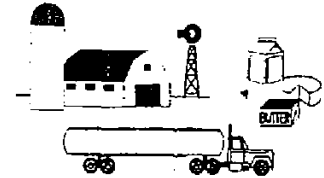


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Data for January 1999

Issued February 1999

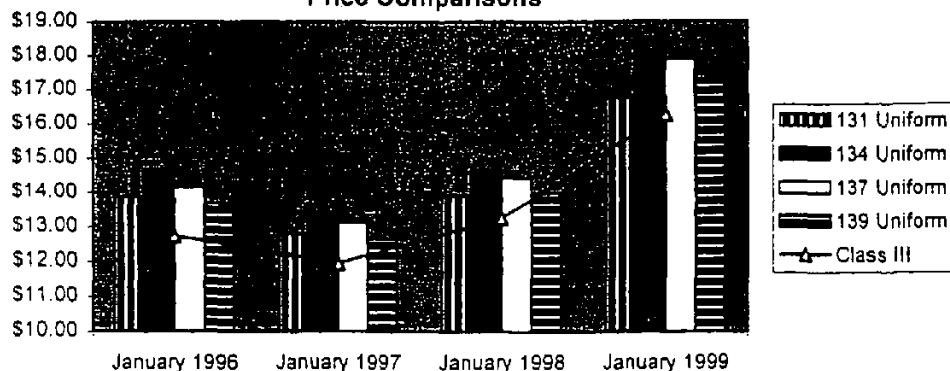
## Summary of Four Orders - January 1999

Producer milk during January 1999 totaled 575.9 million pounds, 0.19 % below a year ago. Producer weighted average fat test, 3.68%; 0.06% below last month and 0% below a year ago. Producer milk classified in Class I totaled 234.1 million pounds, 0.46% below a year ago.

### Market Highlights January 1999 Delivery Period

	Central AZ Order 131	Western CO Order 134	134 & 137 Combined	Eastern CO Order 137	Great Basin Order 139
<b>Producer Milk</b>	241,397,517	9,751,796	---	138,725,774	186,045,981
Change - Prior Year to Date	6.53%	-2.21%	---	-3.10%	-5.70%
<b>Class I Producer Milk</b>	86,238,437	1/	71,170,303	1/	76,687,408
Change - Prior Year to Date	-2.79%	1/	0.70%	1/	1.18%
Sold Outside Marketing Area (48 States)	15,055,546	1/	7,494,591	1/	7,705,526
From Outside Marketing Area	2,032,187	1/	2,894,934	1/	9,642,249
<b>Percent Utilization of Producer Milk</b>					
Class I	35.73%	1/	47.93%	1/	41.22%
Class II	6.25%	1/	11.30%	1/	10.14%
Class III	58.02%	1/	40.77%	1/	48.64%

### Price Comparisons



1/ Order 134 Administratively Confidential Data - Combined with Order 137.

## January 1999 Delivery Period

Central AZ <u>Order 131</u>	West CO <u>Order 134</u>	Eastern CO <u>Order 137</u>	Great Basin <u>Order 139</u>
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### Producer Prices

Uniform Price per cwt at 3.5% Fat (Subject to Loc. Adj.)	\$16.76	\$18.53	\$17.91	\$17.44
Butterfat Differential (.1%)	\$0.137	\$0.137	\$0.137	\$0.137
Skim Price per cwt.	\$11.965	\$13.735	\$13.115	---
Fat Price per cwt.	\$148.965	\$150.735	\$150.115	---
139 Weighted Average Differential Price Per cwt.	---	---	---	\$1.17
139 Producer Protein Price Per Pound	---	---	---	\$3.40
139 Producer Butterfat Price Per Pound	---	---	---	\$1.48

### Handler Prices

<b>139 Component Prices</b>	
Fat per Pound	\$1.48
Protein per Pound	\$3.40
Skim Milk per cwt	\$11.48

#### Class Prices per cwt at 3.5% Fat

Class I	\$19.36	\$18.84	\$19.57	\$18.74
Class II	\$17.14	\$17.14	\$17.14	\$17.14
Class III	\$16.27	\$16.27	\$16.27	\$16.27
Class III-A	\$13.14	---	---	---

#### Skim and Fat Values per cwt

Class I	Skim	\$14.565	\$14.045	\$14.775	---
	Fat	\$151.565	\$151.045	\$151.775	---
Class II	Skim	\$12.345	\$12.345	\$12.345	---
	Fat	\$149.345	\$149.345	\$149.345	---
Class III	Skim	\$11.475	\$11.475	\$11.475	---
	Fat	\$148.475	\$148.475	\$148.475	---
Class III-A	Skim	\$8.345	---	---	---
	Fat	\$145.345	---	---	---

### Prices Common to All Federal Orders

	January 1999	December 1998	January 1998
Basic Formula Price at 3.5% Fat	\$16.27	\$17.34	\$13.25
Butterfat Differential per .1% Fat	\$0.137	\$0.132	\$0.114
Protein Test	3.26%	3.30%	3.23%
Change in Gross Values from Preceding Month	-\$1.08	\$0.28	-\$0.02
Base Month Price at Test	\$17.92	\$17.91	\$13.81
Base Month Price at 3.5% Fat	\$17.35	\$17.06	\$13.27
Equivalent Grade A Butter Price 1/	\$1.3322	\$1.3231	\$1.1061
Central States Nonfat Dry Milk Price	\$1.0893	\$1.1490	\$1.0593
Western States Nonfat Dry Milk Price for Class III-A	\$1.0914	\$1.1106	\$1.0443
National Cheese Exchange Cheddar Cheese 40-lb. Blocks	\$1.7595	\$1.8707	\$1.4165

### Regional Milk Production Costs, January 1999 2/

Region	Total Cash Expenses	Economic Costs	Region	Total Cash Expenses	Economic Costs
Northeast	\$14.55	\$20.00	Corn Belt	\$14.36	\$20.57
Southeast	\$18.55	\$24.10	Southern Plains	\$14.63	\$19.06
Upper Midwest	\$13.73	\$18.82	Pacific	\$11.36	\$13.61

1/ CME, Grade A Butter Price Prior to June 1998.

2/ United States Department of Agriculture, Economic Research Service. For further information, contact Sara Short, 202-394-5588. Costs are dollars per 100 pounds (cwt.). Regions are defined as: **Northeast**--New York, Pennsylvania, and Vermont; **Southeast**--Florida and Georgia; **Upper Midwest**--Michigan, Minnesota, and Wisconsin; **Corn Belt**--Iowa, Missouri, and Ohio; **Southern Plains**--Texas; **Pacific**--Arizona, California, and Washington.

## January 1999 Delivery Period

	<u>Central AZ</u> <u>Order 131</u>	<u>Western CO</u> <u>Order 134</u>	<u>134 &amp; 137</u> <u>Combined</u>	<u>Eastern CO</u> <u>Order 137</u>	<u>Great Basin</u> <u>Order 139</u>
<b><u>Producer Data</u></b>					
Number of Producers	101	19	---	253	538
Daily Average	77,099	16,557	---	17,688	11,155
Average Fat Percent	3.65%	3.66%	---	3.68%	3.72%
Change From Last Month	-0.05%	-0.10%	---	-0.07%	-0.06%
Change From Last Year	-0.01%	0.00%	---	0.00%	0.03%
Average Protein Percent	---	---	---	---	3.26%
Change From Last Month	---	---	---	---	-0.05%
Change From Last Year	---	---	---	---	0.01%
Avg. Prot. %, Class II & III Producer Sk. Milk	---	---	---	---	3.39%
Pool Distribut. Plants Shrinkage					
Skim	1.88%	1/	1.35%	1/	2.44%
Butterfat	2.60%	1/	2.85%	1/	2.03%
<b><u>Producer-Handler Data</u></b>					
Number of Producer-Handlers	1	0	---	5	7
Production	R	0	---	3,980,980	1,991,212
Daily Average	R	0	---	25,684	9,176
Class I Route Disp. as a % of Production	R	0.0%	---	59.2%	81.7%

### Combined Market Data Federal Orders 131, 134, 137, and 139

	<u>January 1999</u>	<u>January 1998</u>	<u>January 1997</u>
Total Producer Milk Receipts	575,921,068	577,020,374	572,068,333
Daily Average	18,578,099	18,613,560	18,453,817
Current Month % Change From Year Ago	-0.19%	0.87%	1.89%
Total Producer Milk in Class I	234,096,148	235,184,176	243,930,197
Daily Average	7,551,489	7,586,586	7,868,716
Current Month % Change From Year Ago	-0.46%	-3.59%	1.20%
Total Producer-Handlers	13	14	16
Total P-H Production	R	R	R
Daily Average	R	R	R
Current Month % Change From Year Ago	R	R	R
Average Fat Percent	3.68%	-----	-----
Change From Last Month	-0.06%	-----	-----
Change From Last Year	0.00%	-----	-----

Order 134 Administratively Confidential Data - Combined with Order 137.

R Restricted Information

# January 1999 Utilization and Classification of Pool Handler Receipts

	Central AZ Order 131	Western CO & Eastern CO Order 134 and Order 137	Great Basin Order 139
<b>Class I Milk</b>			
Whole Milk	21,411,982	20,055,167	14,552,766
Low Fat 2%	37,269,525	25,697,398	32,014,947
Low Fat 1%	9,492,668	11,004,033	13,515,436
Skim Milk	13,411,096	11,637,398	9,488,785
Buttermilk	718,572	684,028	707,741
Flavored Milk/Drink	4,067,057	3,870,969	5,217,403
Nonpool Plants	3/	795,704	1,903,256
Ending Inventory	6,348,463	4,177,801	5,968,538
Shrinkage	383,593	195,573	850,609
<b>1/ Total Class I Milk</b>	<b>93,102,956</b>	<b>78,118,071</b>	<b>84,219,481</b>
2/ Less: Other Receipts	6,864,519	6,947,768	7,532,073
<b>1/ Producer Milk Class I</b>	<b>86,238,437</b>	<b>71,170,303</b>	<b>76,687,408</b>
<b>Percent Fat in Class I</b>	<b>1.91%</b>	<b>1.92%</b>	<b>1.83%</b>
<b>Class II Milk</b>			
Half and Half	3,781,224	2,816,676	981,174
Light/Heavy Cream	408,692	777,972	767,097
Sour Cream	4/	1,189,332	1,066,038
Cottage Cheese, Yogurt, Ice Cream Mixes & Other	5,940,383	13,201,939	10,165,488
Nonpool Plants	5,803,036	2,008,811	7,443,209
Ending Inventory	166,195	615,198	149,096
<b>1/ Total Class II Milk</b>	<b>16,099,530</b>	<b>20,609,928</b>	<b>20,572,102</b>
2/ Less: Other Receipts	1,000,935	3,829,460	1,709,545
<b>1/ Producer Milk Class II</b>	<b>15,098,595</b>	<b>16,780,468</b>	<b>18,862,557</b>
<b>Percent Fat in Class II</b>	<b>9.31%</b>	<b>7.40%</b>	<b>6.79%</b>
<b>Class III Milk</b>			
Skim Equivalent Fortification	132,857	131,417	162,515
Other Class III Uses	138,853,832	768,509	33,414,368
Nonpool Plants	5/	56,358,549	55,984,099
Ending Inventory	10,300,098	6,030,169	7,042,489
Shrinkage	1,523,087	1,121,267	1,543,152
<b>1/ Total Class III Milk</b>	<b>150,809,874</b>	<b>64,409,911</b>	<b>98,146,623</b>
2/ Less: Other Receipts	10,749,389	3,883,112	7,650,607
<b>1/ Producer Milk Class III</b>	<b>140,060,485</b>	<b>60,526,799</b>	<b>90,496,016</b>
<b>Percent Fat in Class III</b>	<b>4.11%</b>	<b>4.72%</b>	<b>4.67%</b>
<b>1/ Total Producer Milk</b>	<b>241,397,517</b>	<b>148,477,570</b>	<b>186,045,981</b>

1/ May not add due to rounding.

2/ Includes Opening Inventory, Other Source, and Overages.

3/ Included with Class I Fluid Products.

4/ Included with other Class II Use.

5/ Included with other Class III Use.

**Cooperative Associations and Handlers (Orders 131, 134, 137, and 139)**  
**January 1999 Delivery Period (23 Fluid Processing Plants Pooled) Operated by 17 Handlers**

Handler	City	State	Type of Plant by Code in Applicable Orders			
			131	134	137	139
Alma Farms, Inc.	Santa Ana	CA	5			
Alma Dairy, Inc.	Las Vegas	NV				6
Alma Dairy, Inc. (Alta-Dena Certified Dairy)	City of Industry	CA	5		5	4
Alma Dairy, Inc.	Provo	UT				4
Alma Dairy, Inc.	Hoytsville	UT				2
Cacique, Inc.	City of Industry	CA	5			
Cartified Grocers of CA, Ltd.	Los Angeles	CA				5
Colorado State Penitentiary	Canon City	CO			2	
Country Boy Dairy	North Ogden	UT				2
Dairy Farmers of America, Inc.	Beaver	UT				6
	Salt Lake City	UT		1	1	1
	Smithfield	UT				6
Dairy Gold Foods Co.	Cheyenne	WY			6	
Dean Foods Co. (Cream o' Weber Dairy, Inc.)	Buena Park	CA				5
	Salt Lake City	UT				6
Dillon Dairy Co.	Denver	CO			6	
Driftwood Dairy	El Monte	CA	5			
Farmers Dairies	El Paso	TX	3			
Fred Meyer, Inc. (Ralphs Grocery Co.)	Compton	CA	5			4
	(Smith's Food & Drug Ctrs., Inc.)	Layton				6
	Tolleson	AZ	6			3
Gillette Dairy, Inc.	Rapid City	SD			5	
Gossner Foods, Inc.	Logan	UT	3		3	6
Graff Dairy, LLC	Grand Junction	CO		6		
Graves Dairy	Bellvue	CO			2	
Hein & Ellen Hettings Dairy	Yuma	AZ	2			
Ideal Dairy, Inc.	Richfield	UT				2
Jackson & Company	Phoenix	AZ	6			
Johnny's Dairy	Riverdale	UT				2
K D K, Inc.	Draper	UT				6
Karl's Farm Dairy, Inc.	North Glenn	CO			2	
LDS Church	Salt Lake City	UT				4
Longmont Dairy Farm	Longmont	CO			2	
Lowell-Paul Dairy, Inc.	Greeley	CO			2	
Magic Valley Quality Milk Producers, Inc.	Jerome	ID				1
Max Wilkinson Rosehill Dairy	Morgan	UT				2
Midwest Mix Company	Sulphur Springs	TX			5	
Plains Creamery	Amarillo	TX			3	
Plains Dairy, Inc.	Idaho Falls	ID				2
Plains Foods, Inc.	Omaha	NE			3	
Plains Dairy, Inc.	Denver	CO			6	
Plains Dairy, Inc.	Downey	CA	5			5
Royal Crest Dairy, Inc.	Denver	CO			6	
Ryan Milk Co., Inc.	Murray	KY			3	3
Safeway Stores, Inc. (Von's/Jerseymaid)	City of Commerce	CA				5
	Denver	CO		3	6	
	Tempe	AZ	6			
Santee Dairies, Inc.	City of Industry	CA				4
Security Milk Producers Assn.	Ontario	CA				1
Shamrock Foods Co.	Phoenix	AZ	6		3	3
Shoenberg Farms, Inc.	Arvada	CO			6	
Sinton Dairy Foods Co., LLC	Colorado Springs	CO			6	
Slades Dairy	Mt. Pleasant	UT				2
Southern Foods Group LP (Meadow Gold Dairy, Inc.)	Boise	ID				3
	Delta	CO		6		3
	Englewood	CO		3	6	
	Greeley	CO		3	6	
	Lincoln	NE			3	
	Pocatello	ID				6
	Salt Lake City	UT				6
Sulza Foods Corp. (Morningstar Foods, Inc.)	Gustine	CA	5		5	5
	(Swiss Dairy)	Riverside				5
	(Model Dairy, Inc.)	Reno	5			5
United Dairymen of Arizona	Tempe	AZ	1			
			6			
Utah State Prison	Draper	UT				4
Utah State University	Logan	UT				4
Western Quality Foods	Cedar City	UT	5		5	5
Winder Dairy, Inc.	Salt Lake City	UT				6

Codes	Description	# of Each Code			
		131	134	137	139
1	Cooperative Association	1	1	1	3
2	Producer Handler plant	1	0	5	7
3	Other Order Pool Plant with Route Disposition in Marketing Area	2	3	6	5
4	Exempt Distributing Plant	0	0	0	7
5	Partially Regulated Plant	9	0	5	8
6	Pool Plant	5	2	9	10

## WORLD DAIRY SITUATION AND OUTLOOK\*

**Production:** Cow milk production in selected countries for 1998 is estimated at 384.9 million metric tons, up 1 percent from 1997. Strong production growth in Brazil, India, China, Argentina, and Australia accounts for most of the global growth. The European Union (EU) is expected to be the only major producer that shows a significant decline. For 1999, cow milk production is forecast to increase another 2.6 million tons at the global level. On-going economic problems may cause Russian milk production to again decline significantly after leveling off in 1998. Milk cow numbers continued trending downward in most countries during 1998, reaching 129.9 million head, but rising output per-cow allowed milk production to increase. A further small decline in cow numbers is forecast for 1999; however, higher per cow yields due to continuing genetic improvement and better management is expected to facilitate another increase in milk production. For the major dairy products, only non-fat dry milk (NDM) production, at 3.1 million tons, is down in 1998. Output of cheese, butter, and whole milk powder (WMP), estimated at 12.2, 5.3, and 2.7 million tons respectively, each showed some growth in 1998. For 1999, butter and NDM production are forecast to gain another 3 to 4 percent, while cheese and WMP will grow, but at a slower rate.

**Trade:** International trade flows for the major dairy products weakened in 1998 with butter showing the largest decline. Global butter exports in 1998 are now estimated at 707,000 tons, 8 percent below 1997 due to significantly lower shipments by the EU. On the import side, reduced imports by Russia and increased imports by the United States are the major significant changes. For 1999, global butter exports are forecast to increase 1 to 2 percent with Australia and New Zealand accounting for the growth. Total cheese exports in 1998 are estimated at 994,000 tons, down 2 percent from 1997. The rapid growth that occurred in 1997 was mainly due to a surge in Russian imports which is not being repeated in 1998. Total cheese exports may decline again in 1999, since only Japan, of the top 4 importers, is expected to show a small increase. Preliminary trade data for NDM indicate a modest decline from last year's level. Even with increased DEIP activity, the United States will not offset the declines by Oceania and Europe. NDM exports are expected to show further growth in 1999 as imports by Russia and various Asian countries show modest increases.

**Prices:** During the past year, dairy prices have sagged primarily due to the continuing financial erosion of Asian economies and the economic turmoil roiling through Russia. In the case of NDM, prices have plunged from \$1,600 per ton (FOB) early in the year to a low of around \$1,325 per ton in the late fall. Even NDM prices in the EU, which in past years had served as a bellwether for exporters, became largely irrelevant as export prices dropped well below EU intervention prices. Nevertheless, there are indications of some recovery which may help stabilize markets. For example, in Asia, the economies of such countries as the Philippines remain relatively healthy and demand for NDM is strong. Similarly in Mexico, where strong domestic use in the last quarter of 1998 led to significant purchases of NDM that caused world prices to surge by more than \$100 per ton in the space of 2-3 weeks. Consequently, there is a sense that NDM prices have bottomed-out and are experiencing a modest recovery. Cheese markets have also experienced some growth particularly in Japan and the United States, where imports in 1998 are expected to exceed previous year levels. However, concerns about the loss of the Russian cheese market will undoubtedly continue to undermine any resurgence in prices. In the case of WMP and butter, there is a similar weak undertone. Though indications are that butteroil trade remains active. In summary, while prices for some dairy products appear to have stabilized or even improved, there is still apprehension regarding the outlook.

\* Prepared by Market Information Branch, Dairy Programs, AMS, USDA.

Source: "Dairy: World Markets and Trade," FD 3-98, December 1998, Foreign Agricultural Service, USDA. For further information contact Arthur Coffing at (202) 720-3761.



ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK\*

The 1998/99 milk supply and use forecasts are little changed from last month. Milk price forecasts for 1998/99 are lowered slightly to reflect the impact of expected product price changes. Milk production prior to 1998 is adjusted to reflect historical revisions in cow numbers and milk production released by the National Agricultural Statistics Service on January 19.

U.S. MILK SUPPLY AND USE

Item	1996/97 1/	1997/98 Projection 1/		1998/99 Projection 1/		
		January	February	January	February	
<b>BILLION POUNDS</b>						
<b>SUPPLY</b>						
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.9	5.9	5.9	5.8	5.8	
PRODUCTION	155.9	157.0	156.9	159.9	159.9	
FARM USE	1.4	1.4	1.4	1.3	1.3	
MARKETINGS	154.5	155.6	155.5	158.6	158.6	
IMPORTS 2/	2.8	4.0	4.0	3.8	3.8	
TOTAL COMMERCIAL SUPPLY 2/	162.2	165.6	165.5	168.1	168.1	
<b>USE</b>						
COMMERCIAL USE 2/ 3/	155.6	159.1	159.0	162.0	162.0	
ENDING COMMERCIAL STOCKS 2/	5.9	5.8	5.8	5.8	5.8	
CCC NET REMOVALS:						
MILKFAT BASIS 4/	0.7	0.7	0.7	0.3	0.3	
SKIM SOLIDS BASIS 4/	2.7	4.5	4.5	3.5	3.3	
<b>DOLLARS PER CWT.</b>						
PRICES RECEIVED BY FARMERS 5/						
BASIC FORMULA (BFP)	11.88	13.28	13.28	13.45-13.95	13.35-13.85	
ALL MILK 6/	13.53	14.56	14.56	15.15-15.65	14.95-15.45	
<b>MILLION POUNDS</b>						
CCC PRODUCT NET REMOVALS 4/						
BUTTER	24	21	21	5	5	
CHEESE	10	8	8	7	7	
NONFAT DRY MILK	222	368	368	285	275	
		QUARTERLY 7/			ANNUAL 7/	
		1999 I	1999 II	1999 III	1998	1999
<b>BILLION POUNDS</b>						
MILK PRODUCTION	39.9	41.5	39.5	157.9	160.6	
<b>DOLLARS PER CWT.</b>						
ALL MILK PRICE 4/ 5/	16.55-16.85	13.00-13.60	12.55-13.45	15.38	14.05-14.75	
BASIC FORMULA PRICE 4/	13.60-13.90	11.55-12.15	11.55-12.45	14.20	12.25-12.95	

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/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ 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, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-347, World Agricultural Outlook Board, USDA, February 10, 1999.

## JANUARY MILK PRODUCTION UP 3.7 PERCENT

Milk production in the 20 major States during January totaled 11.7 billion pounds, up 3.7 percent from production in these same States in January 1998. December revised production, at 11.5 billion pounds, was up 3.7 percent from December 1997.

Production per cow in the 20 major States averaged 1,523 pounds for January, 57 pounds above January 1998. The number of cows on farms in the 20 major States was 7.71 million head, 19,000 head less than January 1998 but 1,000 head more than December 1998.

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